

In accordance with Section 2.2-3705.7 (33) of the Code of Virginia of 1950, as amended, the Virginia Economic Development Partnership Authority hereby designates all portions of this Operational Plan to be protected from disclosure under the Virginia Freedom of Information Act, except for the Executive Summary.

# FY2024 OPERATIONAL PLAN: EXECUTIVE SUMMARY

American Woodmark,  
Frederick County

June 30, 2023

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# INTRODUCTION

- The Virginia Economic Development Partnership Authority (VEDP) was established by the General Assembly in 1995 (Code of Virginia, § 2.2-2234 et seq.)
- VEDP is given broad powers in its enabling legislation “...to encourage, stimulate and support the development and expansion of the economy of the Commonwealth.”
- This FY24 Operational Plan has been prepared in accordance with Code of Virginia, § 2.2-2237.1 D.2. and the Virginia Budget, which require that an Operational Plan be completed and submitted to the Chairmen of the House Appropriations and Senate Finance and Appropriations Committees and to the Director of the Department of Planning and Budget prior to July 1, 2023
- This FY24 Operational Plan is the annual business plan for implementing the Strategic Plan for Economic Development of the Commonwealth of Virginia (FY21–FY25), approved by the VEDP Board of Directors in late 2020, pursuant to the Code of Virginia, §2.2-2237.1
- FY24 will be the first year of implementation of the Innovative Framework for Economic Growth, which will allow VEDP to fully realize the vision of the Strategic Plan; the Framework will accelerate economic growth in Virginia through deepening sector expertise in three core sectors (Knowledge work, Manufacturing, and Transportation / Logistics), focusing on ecosystem building around core sectors, and collaborating across government and with partners to build ecosystems
- The 10 major initiatives contained in this FY24 Operational Plan are largely derived from the initiatives outlined in the updated Strategic Plan as well as recent strategic planning efforts associated with the Innovative Framework for Economic Growth

# THE OPERATIONAL PLAN GUIDES VEDP'S ACTIONS THROUGHOUT THE YEAR

**This FY24 Operational Plan is based primarily upon the goals, strategies, and initiatives outlined in the five-year Strategic Plan (FY21–FY25)**

- The annual plan is the result of a VEDP-wide effort that identified improvement areas and new ideas for the coming year and translated those ideas into a plan for action
- This year's Operational Plan effort included the development of an Innovative Framework for Economic Growth, which provides new tools to accomplish key elements of the Strategic Plan

**The goals of this FY24 Operational Plan include:**

- Implement the Innovative Framework for Economic Growth
- Build clarity and alignment regarding VEDP's strategic direction
- Outline major priorities with deliverables and deadlines for the year
- Ensure improved accountability for performance
- Deliver upon functional improvement opportunities identified by VEDP team members

**Progress against this Operational Plan\* will be reviewed throughout the year through the following activities:**

- Regular updates at senior team meetings
- Regular internal meetings of each VEDP division (e.g., Business Investment, International Trade)
- Quarterly update meetings between each division head (e.g., Vice Presidents and Managing Directors) and their respective reports
- Ongoing updates to the Operational Plan tracker

\*The implementation timelines outlined in the Operational Plan are subject to adjustment based on VEDP project activities and/or changes in priorities

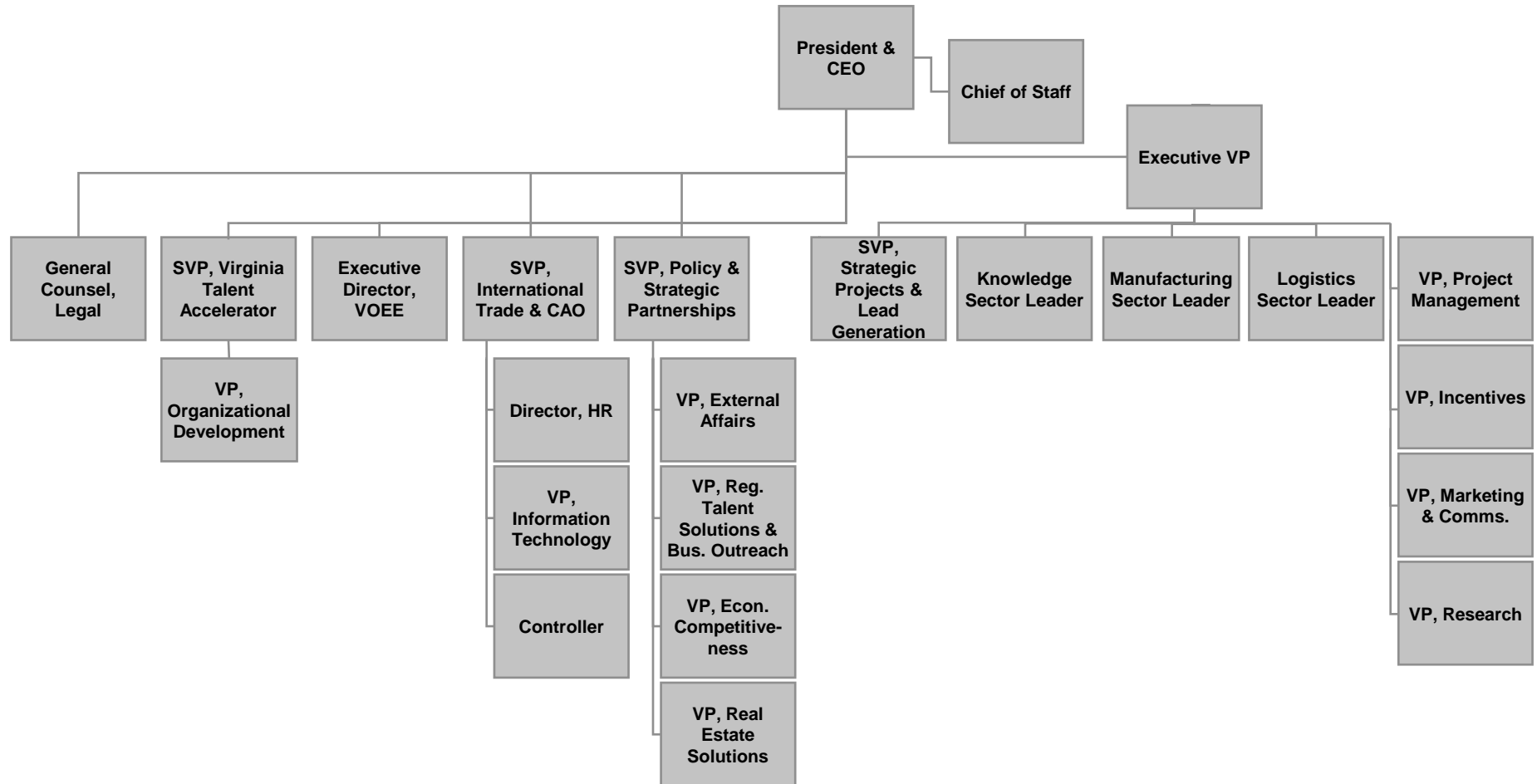
# VEDP ORGANIZATIONAL OVERVIEW (1 OF 2)

<b>Division</b>	<b>Overview</b>
Economic Competitiveness	Develops medium-to-long-term strategies to improve the foundations for state, regional, and local economic growth
External Affairs	Coordinates and manages legislative and budgetary initiatives and cultivates relationships with local, state, and federal elected officials, as well as relationships with VEDP's economic development partners across the Commonwealth
Fiscal and Support Services	Manages all accounting and budget-related work and provides facilities, fleet management, and procurement services
Human Resources	Manages employee lifecycle, talent management, talent acquisition, retention, performance management, employee engagement, learning and development, benefits, and total rewards
Incentives	Reviews, vets, tracks, and coordinates economic development incentives administered by VEDP and those offered by the Commonwealth or a locality in conjunction with VEDP
Information Technology	Plans, implements, provides security for, and supports VEDP's technology platforms
Internal Audit	Performs periodic audits on operations, accounts, and transactions and reports findings to the VEDP Board
International Trade	Supports growth and expansion of Virginia's local firms seeking international markets and optimizes international supply chains through the administration of targeted programs to increase managerial capabilities and improve networks in key countries and regions
Knowledge Sector	Develops and implements strategies to promote employment growth within the Business Services, Software and Cybersecurity, Financial Services, and Aerospace and Defense Innovation industries
Legal Services	Advises on legal aspects of legislation, rules, and contracts; manages legal activities for VEDP; drafts incentive agreements and NDAs; and responds to FOIA requests
Logistics Sector	Develops and implements strategies to promote employment growth within the Transportation and Logistics industries

## VEDP ORGANIZATIONAL OVERVIEW (2 OF 2)

Division	Overview
Manufacturing Sector	Develops and implements strategies to promote employment growth within the Advanced Materials, Food Processing & Manufacturing, and Biopharmaceuticals industries
Marketing and Communications	Manages Virginia's business brand (and VEDP's) and builds awareness of the Commonwealth's advantages among C-level executives and site consultants nationally and globally
Project Management	Coordinates projects and provides solutions for new and existing companies interested in relocating to or expanding in Virginia
Real Estate Solutions	Supports business attraction and expansion efforts by strategically developing a comprehensive statewide portfolio of project-ready sites and buildings and engaging economic development projects to address real estate needs
Regional Talent Solutions and Business Outreach (RTSBO)	Supports growth and retention of Virginia companies through business outreach to foster relationships and understand challenges; collaborates with partners and promotes programs, services, and incentives to support companies' growth; engages in statewide and regional initiatives to support talent development ecosystems
Research	Creates customized, relevant, and insightful analysis and data visualizations that promote a common understanding of Virginia's full value proposition, with a central focus on fast-turn, high-priority, tailored client service (e.g., RFP responses, site recommendations)
Strategic Projects and Lead Generation	Focuses specialized expertise on high-profile engagements, ensuring coverage across other sector opportunities, and leading cross-cutting lead generation activities
Talent Accelerator	Supports the human capital needs of new and expanding businesses by delivering world-class, customized workforce recruitment and training solutions in partnership with the Virginia Community College System; collaborates with VOEE to assist with talent initiatives
Virginia Office of Education Economics	Provides a unified, consistent source of analysis for policy development and implementation related to talent development; offers resources and expertise related to education and labor market alignment

# VEDP WILL IMPLEMENT A NEW ORGANIZATIONAL STRUCTURE IN FY24 TO DRIVE THE INNOVATIVE FRAMEWORK



# VIRGINIA ECONOMIC DEVELOPMENT PARTNERSHIP BOARD OF DIRECTORS – FY24

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Retired President and CEO, First Bank & Trust Co.

**The Honorable Caren Merrick, Vice Chair**

Secretary of Commerce and Trade, Commonwealth of Virginia,  
*Ex Officio Member*

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**Nancy Howell Agee**

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**Mimi Rainero Coles**

Marketing and Business Development Vice President,  
Permatile Concrete Products Company

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**The Honorable Stephen Cummings**

Secretary of Finance, Commonwealth of Virginia,  
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**Nick Rush**

Agent, Krupin Partners LLC

**William D. Sessoms, Jr.**

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**Steven David Stone**

Equity Principal, Offit Kurman

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# OVERVIEW OF THE STRATEGIC PLAN FOR ECONOMIC DEVELOPMENT OF THE COMMONWEALTH OF VIRGINIA (FY21–FY25)

- In late 2020, VEDP produced an updated Strategic Plan for Economic Development of the Commonwealth (FY21–FY25) in accordance with § 2.2-2237.1 of the Code of Virginia
- As required by Code, the Strategic Plan identifies specific goals and objectives for VEDP, as well as quantifiable metrics and performance measures for each goal and objective; the Plan also includes a systematic assessment of how VEDP can best add value in carrying out each of its statutory powers and duties
- Key economic development partners were integrally involved in the strategic planning process, including state, regional, and local economic development agencies and organizations and international trade organizations
- The Strategic Plan contains a set of 35 initiatives, including three initiatives developed in response to the 2020 pandemic
- This FY24 Operational Plan is the annual business plan for implementing the Strategic Plan; the 10 major initiatives contained in the operational plan are derived from the initiatives outlined in the Strategic Plan for FY21–FY25, as well as recent strategic planning efforts associated with the Innovative Framework for Economic Growth
- The Strategic Plan, in accordance with the Code of Virginia, will be updated in FY24; VEDP will leverage our existing Strategic Plan, the Innovative Framework for Economic Growth, other core documents, and feedback from partners to develop the updated five-year plan

# FRAMEWORK FOR IMPLEMENTING VEDP'S STRATEGIC PLAN

- Economic development is a combination of activities intended to create jobs, increase wages, and/or achieve industry diversification
  - VEDP will primarily focus on growing the Commonwealth's economy and bringing the greatest number of high-quality jobs to Virginia's regions
  - VEDP will typically avoid actively recommending incentives or investments in projects that grow a region, community, or business at the expense of other regions, communities, or businesses
- VEDP will strive to make its incentive and investment recommendations based on public return-on-investment (ROI) analyses
- Starting in FY24, VEDP will begin implementing the Innovative Framework for Economic Growth, which requires aggressive, focused leadership from VEDP in three broad areas of activity:
  - “Sector Depth” aims to create expertise in three core sectors (Knowledge work, Manufacturing, and Transportation / Logistics)
  - “Robust Ecosystems” aims to proactively implement strategies to promote employment growth for those core sectors
  - “Commonwealth Collaboration” aims to collaborate across government and with partners to build ecosystems that will maximize the growth and development of core sectors
- Much of economic development's ecosystem-building is done at the regional or local level (e.g., site selection process, marketing leverage, business environment, economic relationships), so strengthening our collaboration among partners will be key to the Innovative Framework's success

# ENHANCING VEDP'S AND OUR PARTNERS' STRATEGIC CAPABILITIES: AN INNOVATIVE FRAMEWORK FOR ECONOMIC GROWTH

## Our Goal:

Deliver nation-leading economic performance by building an economic development enterprise that positions Virginia as an unparalleled business location

### Sector Depth

Developing deeper sector-based focus, expertise, and alignment

### Robust Ecosystems

Putting greater, coordinated focus on strengthening ecosystems that will generate greater project-based and organic employment growth

### Commonwealth Collaboration

Building a new “whole-of-government” approach aligned with local / regional partners to deliver impact in more direct, holistic ways

### Success looks like:

- Virginia is a leading state for employment growth in target sectors, generating nation-leading economic performance
- More people are moving to Virginia than moving away
- Overall project wins have increased, including an increase in transformational project wins

## IMPLEMENTATION DETAILS OF THE STRATEGIC PLAN

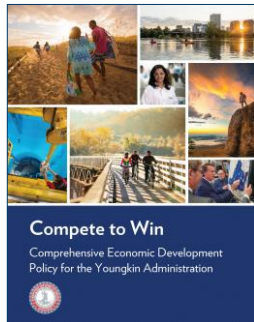
- The current Strategic Plan for Economic Development of the Commonwealth of Virginia adopted by the VEDP Board is a five-year plan (FY21–FY25), implementation of which began July 1, 2021
- The Strategic Plan includes five transformational goals, the achievement of which requires the implementation of 14 strategies
- Some of the initiatives in the Strategic Plan will require new funding to implement
- VEDP's FY24 Operational Plan is based on the initiatives outlined in the Strategic Plan as well as recent strategic planning efforts associated with the Innovative Framework for Economic Growth
- VEDP is planning to update its strategic plan in FY24 in accordance with the Code of Virginia; new initiatives will reflect the vision of VEDP's Innovative Framework for Economic Growth

# PARTNER ENGAGEMENT, THE INNOVATIVE FRAMEWORK, AND CORE STRATEGIC EFFORTS WILL DRIVE THE STRATEGIC PLAN REFRESH

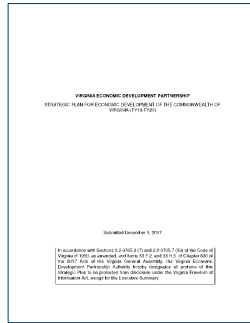
## Innovative Framework & Core Strategic Efforts



Innovative Framework for Econ. Growth (2023)



Governor's Econ. Development Policy (2022)



FY21-25 VEDP Strategic Plan (2021)



VEDP Rural Think Tank + SWSS Study (2022)



Third-party expert analysis (2023)



VEDP International Trade Plan (2019 & 2023)



Partner Engagement



## 2023 VEDP Strategic Plan Update

The 2023 VEDP Strategic Plan update casts a vision for how recent VEDP efforts will work together and how we will engage with partners across Virginia to realize the impacts of these plans.

# TRANSFORMATIONAL GOALS FOR THE COMMONWEALTH AND VEDP

<b>Transformational Goal</b>	<b>Description</b>
<b>1. Robust state job growth</b>	Position Virginia to achieve a growth rate (measured by employment and median earned income of workers) among that of the top 5-10 states in the U.S.
<b>2. Every region wins</b>	Ensure that every region participates in the growth of the Commonwealth (i.e., all with positive growth in employment and median earned income of workers)
<b>3. Best state for business</b>	Restore Virginia to its previous leadership position near the top of the national business climate rankings (i.e., average position among the top 3-5 states)
<b>4. Top state EDO</b>	Reestablish VEDP as one of America's most effective state economic development organizations (principally to better enable accomplishment of the top three transformational goals)
<b>5. Super collaborator</b>	Exhibit collaboration and coordination as hallmarks of VEDP (i.e., place a central focus on the "P" in VEDP)

# THE STRATEGIC PLAN IDENTIFIES 14 STRATEGIES TO BE IMPLEMENTED OVER A 5- TO 7-YEAR PERIOD, SUBJECT TO FUNDING

## Enhance VA's economic competitiveness

*By improving Virginia's "product" – its human and physical capital – Virginia will continue to be the top state for business and a top place to call home*

### Specific strategies:

1. Strengthen Virginia's human capital development engine
2. Assemble an ample, strategic portfolio of project-ready sites and buildings across Virginia
3. Rigorously assess and steadily improve Virginia's state, regional, and local economic competitiveness
4. Leverage public-private partnerships to strengthen Virginia's digital infrastructure (i.e., broadband)
5. Place a special focus on achieving growth in Virginia's rural regions and small metros

## Enhance VEDP's capabilities

*By improving VEDP's abilities to develop and execute economic development strategies and programs, Virginia will be well-positioned to compete now, and in the future*

### Specific strategies:

6. Cultivate world-class execution at VEDP
7. Implement robust marketing/branding, lead generation, and site consultant cultivation programs
8. Strengthen and expand business and international trade development programs
9. Become a national leader in incentives administration






## Cultivate target industry growth clusters


*By improving VEDP's capabilities and enhancing VA's economic competitiveness, Virginia will be better positioned to compete and win projects in target clusters*


### Specific strategies:


10. Push new boundaries as a U.S. leader in information technology
11. Assemble a world-class transportation and logistics hub
12. Position Virginia's manufacturing base to be future-ready
13. Create business services and operations centers of excellence (e.g., HQs)
14. Capitalize on Virginia's unique assets to become a leader in promising disruptive technologies


# PROGRESS HAS BEEN MADE ON ALL FIVE TRANSFORMATIONAL GOALS, BUT MUCH WORK REMAINS TO FULLY ACHIEVE THEM

Transformational Goal	Description	Outlook
1. Robust state job growth	Position Virginia to achieve a growth rate (measured by employment and median earned income of workers) among that of the top 5-10 states in the U.S.	
2. Every region wins	Ensure that every region participates in the growth of the Commonwealth (i.e., all with positive growth in employment and median earned income of workers)	
3. Best state for business	Restore Virginia to its previous leadership position near the top of the national business climate rankings (i.e., average position among the top 3-5 states)	
4. Top state EDO	Reestablish VEDP as one of America's most effective state economic development organizations (principally to better enable accomplishment of the top three transformational goals)	
5. Super collaborator	Exhibit collaboration and coordination as hallmarks of VEDP (i.e., place a central focus on the "P" in VEDP)	

 On track to achieve long-term goals with no major concerns

 Will make progress against long-term goals but concerns (typically due to funding challenges)

 Will likely not meet goal (typically due to lack of funding)

 Not started



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# PROPOSED FY24 OPERATIONAL PLAN MAJOR INITIATIVES

#	Major initiative	Owner (Support)
1	Implement cross-divisional Innovative Framework to deliver nation-leading economic performance	Burkart (ELT)
2	Build specialized sector teams to engage market stakeholders and cultivate ecosystems	Welch
3	Execute a whole-of-government approach to economic development aligned with local and regional partners	Devan
4	Update the Strategic Plan per Code of Virginia to reflect economic changes and new VEDP and stakeholder priorities	Devan (Watkins)
5	Expand real estate programs by leveraging site development funding and private sector collaboration	Dreiling
6	Enhance partner engagement strategies to align diverse stakeholders around a shared vision for the economy	Riley
7	Execute on VOEE's priority deliverables including the supply-demand dashboard and the skills initiative	McKay
8	Continue to build out the best customized workforce recruitment and training incentive program in the U.S.	Grundmann
9	Update and execute the goals and initiatives of the International Trade Plan	Agee (Devan)
10	Launch and implement priority components of the HR Talent Management strategy	Agee (Cox, Boone)

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# PERFORMANCE METRICS AND GOALS FOR FY24

Metric	FY24 Goal
<b>VEDP-assisted project announcements</b>	
Capital investment (\$B)	\$4.0
Direct jobs	13,000
<i>Estimated total jobs*</i>	28,200
<b>VEDP International Trade programs</b>	
Companies enrolled	495
Projected international sales (\$M)	900
Projected trade-supported jobs	8,000

\*Estimated total direct, indirect, and induced jobs using multiplier of 2.172 based on historic project trends

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# VIRGINIA ECONOMIC DEVELOPMENT PARTNERSHIP FY2024 BUDGET SUMMARY

## Revenue Sources

	<u>FY2024</u>	<u>FY2023</u>	<u>Change</u>
<b>Revenue</b>			
COV General Fund Budgeted	\$ 52,855,577	\$ 50,011,992	\$ 2,843,585
Obligated Carry Forward Funds	16,908,266	14,329,666	2,578,600
Participation and Mission Fees	500,000	475,000	25,000
Other Revenue	1,000,000	348,100	651,900
<b>Total Revenue</b>	<b><u>\$ 71,263,843</u></b>	<b><u>\$ 65,164,758</u></b>	<b><u>\$ 6,099,085</u></b>

# VIRGINIA ECONOMIC DEVELOPMENT PARTNERSHIP FY2024 BUDGET SUMMARY (CONT'D)

## Budgeted Expenditure Summary

	FY24		FY23		\$	%
	Dollars	Staff	Dollars	Staff	Change	Change
<b>Division Budgets</b>						
Talent Solutions (Note A)	\$19,698,482	49	\$17,332,268	46	2,366,214	14%
International Trade	12,123,610	30	11,756,814	30	366,796	3%
BI and Sector Teams (Note B)	8,547,541	48	6,976,701	40	1,570,840	23%
Research	3,375,513	25	3,291,507	25	84,006	3%
Marketing & Communications	4,606,390	14	4,559,844	14	46,546	1%
Economic Competitiveness	1,106,251	9	1,075,198	9	31,053	3%
Real Estate Solutions	1,537,477	6	1,518,000	6	19,477	1%
Information Technology	1,239,553	9	1,210,227	9	29,326	2%
Incentives	1,187,018	8	1,158,969	8	28,049	2%
Administration	5,083,742	24	4,983,064	24	100,678	2%
<b>Total Division Budgets</b>	<b>\$58,505,577</b>	<b>222</b>	<b>\$53,862,592</b>	<b>211</b>	<b>4,642,985</b>	<b>9%</b>
<b>Pass Throughs, Grants and Projects</b>	<b>12,758,266</b>	<b>-</b>	<b>11,302,166</b>	<b>-</b>	<b>1,456,100</b>	<b>13%</b>
<b>Total VEDP Budget</b>	<b>\$71,263,843</b>	<b>222</b>	<b>\$65,164,758</b>	<b>211</b>	<b>6,099,085</b>	<b>9%</b>

## VIRGINIA ECONOMIC DEVELOPMENT PARTNERSHIP FY2024 BUDGET SUMMARY (CONT'D)

- A. Talent Solutions FY24 budget includes \$17,166,658 for the Talent Accelerator Program, \$1,675,646 for Regional Talent Solutions and Business Outreach, and \$856,178 for VOOE.
- B. In FY24, Business Investment (BI) will evolve into separate divisions for Project Management, and Strategic Projects and Lead Generation. Additionally, the FY24 budget reflects the addition of 15 staff for the Innovative Framework for Economic Growth, funded partially with 7 current BI positions, for a net staff increase of 8.



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# COMPONENTS OF THIS FY24 OPERATIONAL PLAN REQUIRED BY THE CODE OF VIRGINIA

This section of the FY24 Operational Plan contains the two components required by statute, itemized below:

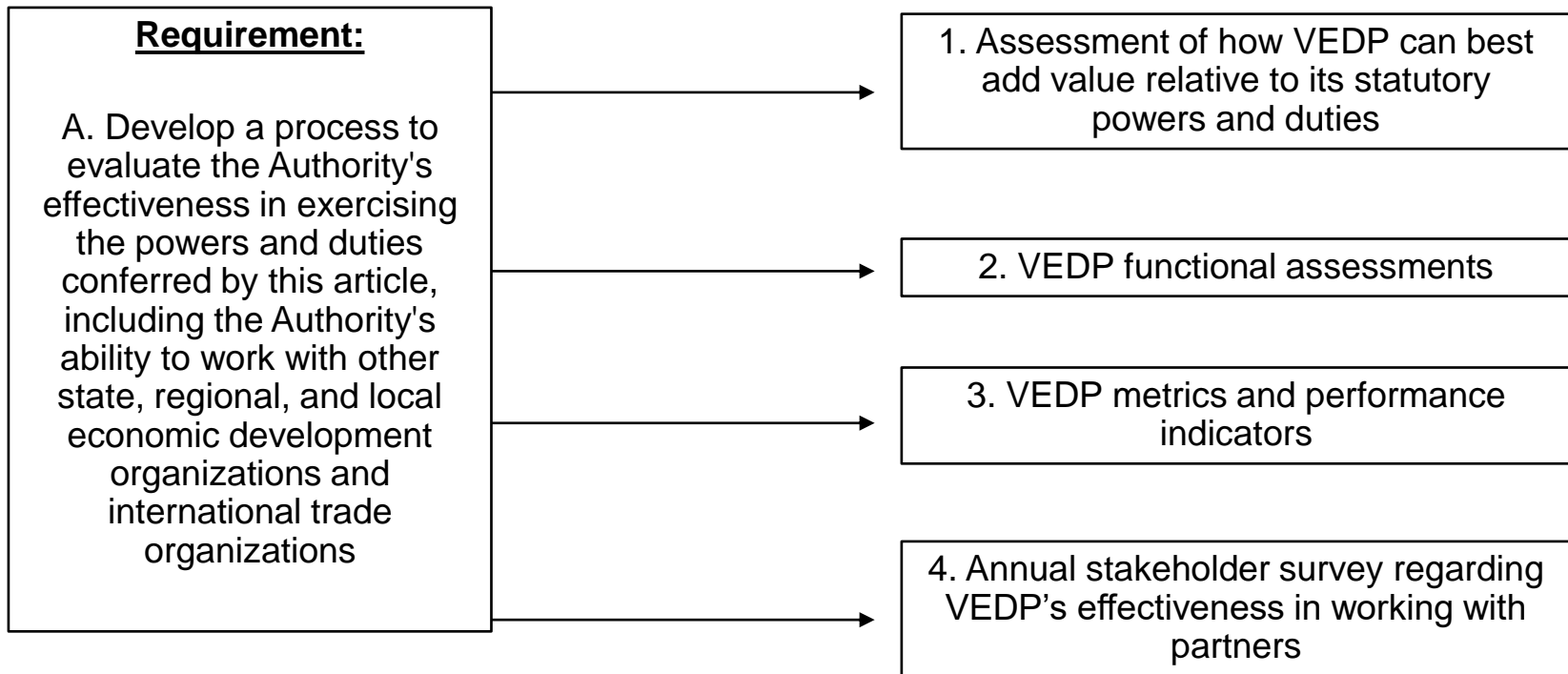
## Virginia Code § 2.2-2237.1. Board of directors to develop strategic plan for economic development; marketing plan; operational plan; submission

2. An operational plan for carrying out the powers and duties of the Authority. The operational plan of the Authority shall, at a minimum, include:

- a. A process to evaluate the Authority's effectiveness in exercising the powers and duties conferred by this article, including the Authority's ability to work with other state, regional, and local economic development organizations and international trade organizations; and
- b. A strategy for coordinating with state agencies that administer economic development incentive programs and relevant executive branch committees, councils, authorities, and commissions to maximize the effectiveness of state economic development programs and activities.

# VEDP WILL CONTINUE TO EVALUATE ITS EFFECTIVENESS IN EXERCISING ITS POWERS AND DUTIES

VEDP's approach to addressing this statutory requirement includes four components:



# VEDP DEVELOPED A STRATEGY FOR COORDINATING WITH KEY STAKEHOLDERS

VEDP's approach to addressing this statutory requirement includes two components:

