



Virginia International Gateway, Portsmouth

FY2025 OPERATIONAL PLAN: EXECUTIVE SUMMARY

July 1, 2024

TABLE OF CONTENTS

Introduction to and Overview of the FY25 Operational Plan	2
Appendix: FY25 Budget Summary	18
Appendix: Components of the FY25 Operational Plan Required by the Code of Virginia	22

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 FY25 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, 2024
- This FY25 Operational Plan is the annual business plan for implementing the Strategic Plan for Economic Development of the Commonwealth of Virginia (FY25–FY29), approved by the VEDP Board of Directors in June of 2024, pursuant to the Code of Virginia, §2.2-2237.1
- FY25 is the second 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 Logistics), focusing on ecosystem building around core sectors, and collaborating across government and with partners to build ecosystems
- The 11 major initiatives contained in this FY25 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 FY25 Operational Plan is based primarily upon the goals, strategies, and initiatives outlined in the five-year Strategic Plan (FY25–FY29)

- 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
- The five-year Strategic Plan was updated this year, and the FY25 Operational Plan's components and Major Initiatives reflect the updated goals, strategies, and initiatives of the FY25–FY29 Strategic Plan
- This year's Operational Plan includes strategies and initiatives to strengthen the Innovative Framework for Economic Growth, which provides new tools to accomplish key elements of the Strategic Plan

The goals of this FY25 Operational Plan include:

- Strengthen implementation of 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)
- Ongoing updates to the internal Operational Plan tracker, which are reported to the Board and the Administration on at least a quarterly basis

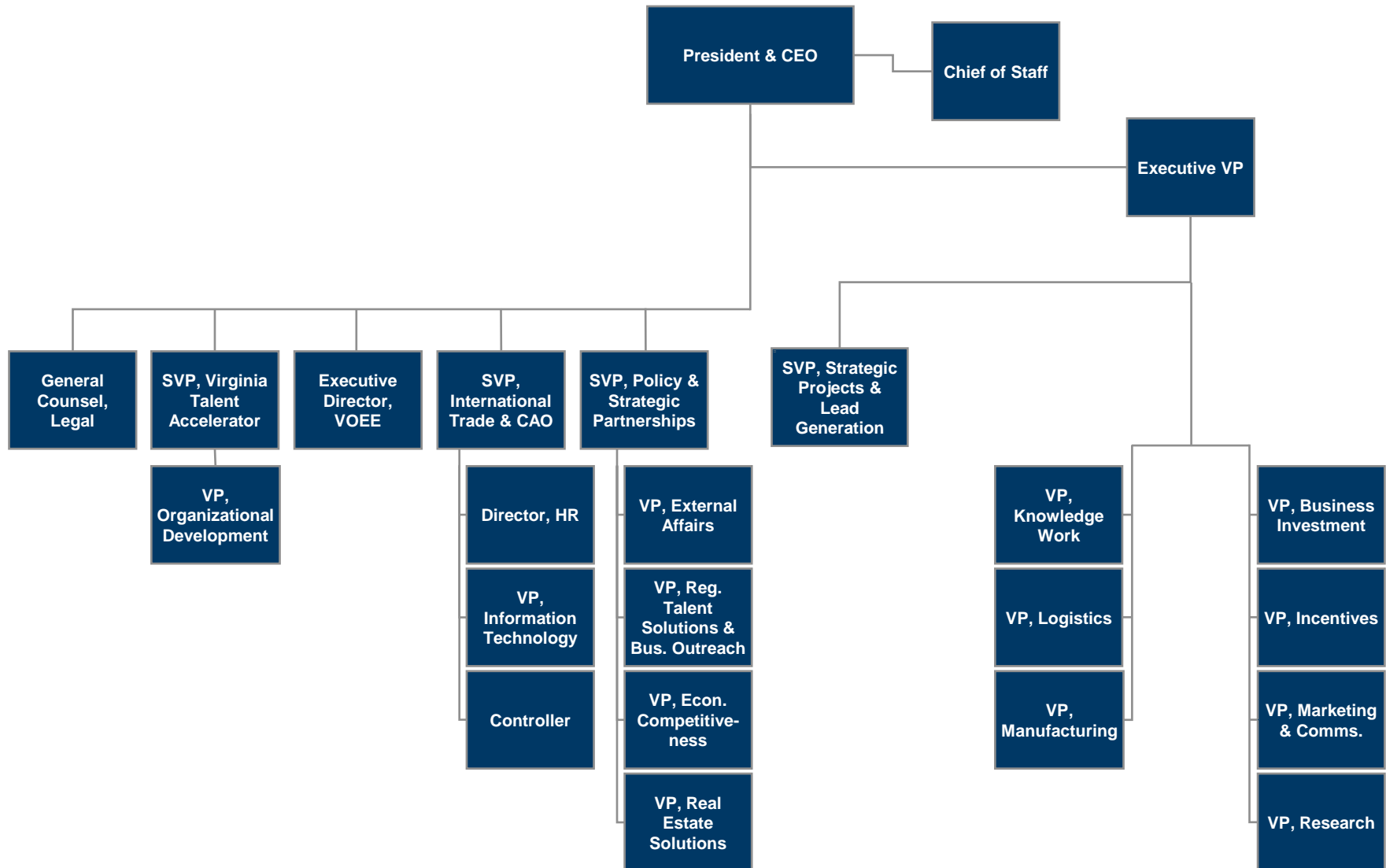
VEDP ORGANIZATIONAL OVERVIEW (1 OF 2)

Division	Overview
Business Investment	Coordinates and manages assigned projects, in collaboration with internal and external partners, to provide best-in-class service to our clients interested in relocating or expanding in Virginia
Economic Competitiveness	Develops medium- to long-term strategies, and policy and budget proposals 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	Oversees the administration and coordination of all VEDP-administered incentives, aligning with incentives offered by other entities in the Commonwealth
Information Technology	Plans, implements, provides security for, and supports VEDP's technology platforms
International Trade	Supports growth and expansion of Virginia companies by increasing international sales and optimizing international supply chains through targeted programs that increase managerial capabilities and improve networks in key countries and regions
Knowledge Work	Develops and implements strategies to promote employment growth within the Software and Cybersecurity, Business and Financial Services, and Aerospace and Defense Innovation industries
Legal Services	Advises on legal aspects of legislation, rules, and contracts; drafts incentive agreements and NDAs; responds to FOIA requests; and generally manages all legal activity for VEDP
Logistics	Develops and implements strategies to promote employment growth within the Transportation and Logistics industries; supports target sectors in supply chain analysis as a competitive advantage

VEDP ORGANIZATIONAL OVERVIEW (2 OF 2)

Division	Overview
Manufacturing	Develops and implements strategies to promote employment growth within the Advanced Materials, Food & Beverage, and Biopharmaceuticals industries
Marketing and Communications	Manages Virginia's (and VEDP's) business brand and builds awareness of the Commonwealth's advantages among C-level executives, site consultants (nationally and globally), and key talent markets
Real Estate Solutions	Analyzes industrial market conditions affecting real estate demand and works with partners to develop a diverse statewide real estate portfolio to address the dynamic trends and win investment in Virginia
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	Serves as a strategic partner and enabler to client-facing teams across the agency; supports all stages of the client lifecycle: conducting analysis to better understand core industries and Virginia's competitive advantages, supporting lead generation and project management, and maintaining the Return-on-Investment model; houses critical enabling functions, including Salesforce and the Application Development team, allowing VEDP to operate efficiently and effectively
Strategic Projects and Lead Generation	Focuses on high-profile engagements (foreign direct investment, site consultant cultivation, Governor-led marketing missions, transformational projects) and lead generation for 12 target industries
Talent Accelerator	Supports the human capital needs of new and expanding businesses by delivering world-class, customized 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

FY25 ORGANIZATIONAL CHART



VIRGINIA ECONOMIC DEVELOPMENT PARTNERSHIP BOARD OF DIRECTORS – FY25

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OVERVIEW OF THE STRATEGIC PLAN FOR ECONOMIC DEVELOPMENT OF THE COMMONWEALTH OF VIRGINIA (FY25–FY29)

- In FY24, VEDP developed an updated Strategic Plan for Economic Development of the Commonwealth (FY25–FY29) 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 FY25–FY29 Strategic Plan contains a set of 37 initiatives focusing on developing Virginia’s human capital, strengthening the Commonwealth’s economic competitiveness, and building VEDP’s capabilities
- This FY25 Operational Plan is the annual business plan for implementing the Strategic Plan; the 11 major initiatives contained in the operational plan are derived from the initiatives outlined in the Strategic Plan for FY25–FY29, as well as efforts associated with the Innovative Framework for Economic Growth

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
- The FY25–FY29 Strategic Plan has been shaped by the Innovative Framework for Economic Growth, which requires aggressive, focused leadership from VEDP in three broad areas of activity:
 - “Sector Depth” aims to increase capacity and expertise in three core sectors (Knowledge Work, Manufacturing, and Logistics)
 - “Robust Ecosystems” aims to proactively implement strategies to enhance the business climate 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 (FY25–FY29), implementation of which begins July 1, 2024
- The Strategic Plan includes five transformational goals, the achievement of which requires the implementation of 12 strategies
- The Strategic Plan also outlines a set of 37 initiatives that detail how VEDP will execute the plan's strategies
- Some of the initiatives in the Strategic Plan will require new funding to implement
- VEDP's FY25 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

FOUNDATIONAL STRATEGIC EFFORTS, PARTNER ENGAGEMENT, & THE INNOVATIVE FRAMEWORK LED TO THE FY25-29 STRATEGIC PLAN

<p>Prior Strategic Plans for Commonwealth + Op Plans</p>	<p>Governor's Econ. Development Policy (2022)</p>
<p>Taskforce for Rural Virginia Economic Growth (2023)</p>	<p>VEDP International Trade Plan (2019 & 2024)</p>



+ PARTNER ENGAGEMENT & INNOVATIVE FRAMEWORK



FY25-29 Strategic Plan for Economic Development of the Commonwealth

The FY25-29 Strategic Plan casts a vision to integrate recent VEDP efforts and drive partner engagement across Virginia to realize the impacts of these plans

UPDATED FY25–FY29 TRANSFORMATIONAL GOALS FOR THE COMMONWEALTH AND VEDP

Transformational Goal	Description
1. Robust state job growth	Position Virginia to achieve a growth rate among that of the top 10 states in the U.S.
2. Every region wins	Ensure that every region participates in the growth of the Commonwealth
3. Best state business climate	Cultivate a leading business climate and sector-specific ecosystems
4. Top state for talent	Establish Virginia as a top state for talent retention, attraction, development, and alignment
5. Most innovative, collaborative, and effective state EDO	Solidify VEDP’s position as one of America’s top state EDOs through an innovative strategy, collaborative approach, and effective outcomes

THE FY25–FY29 STRATEGIC PLAN IDENTIFIES 12 STRATEGIES TO BE IMPLEMENTED OVER A 5-7 YEAR PERIOD, SUBJECT TO FUNDING

Enhance VA's human capital development engine

By improving the Commonwealth's human capital attractiveness and readiness, Virginia will position itself for growth in key sectors

Specific strategies:

1. Retain and attract talent to drive growth in target industries and key demographic groups
2. Align and promote K-12 and higher-ed career programs that develop skills for and exposure to core sectors
3. Support the workforce through targeted talent solutions and improved access to childcare and housing

Strengthen VA's economic competitiveness

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

Specific strategies:

4. Improve Virginia's infrastructure assets to accelerate industry and international trade growth
5. Reduce Virginia's cost of doing business by streamlining taxes, incentives, and regulatory burdens
6. Enhance Virginia's innovation ecosystem and living environment to cultivate key industries and attract talent
7. Increase economic development capacity and investment in rural regions and small metros






Build 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:


8. Cultivate world-class talent development and knowledge management at VEDP
9. Leverage Sector Teams to strengthen ecosystem development and attraction efforts
10. Deepen alignment with strategic partners to deliver on shared goals
11. Deliver programs and services that support existing businesses and grow international trade
12. Maintain best-in-class marketing/branding, lead generation, and project management functions

PROGRESS IS BEING 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 among that of the top 10 states in the U.S.	
2. Every region wins	Ensure that every region participates in the growth of the Commonwealth	
3. Best state business climate	Cultivate a leading business climate and sector-specific ecosystems	
4. Top state for talent	Establish Virginia as a top state for talent retention, attraction, development, and alignment	
5. Most innovative, collaborative, and effective state EDO	Solidify VEDP's position as one of America's top state EDOs through an innovative strategy, collaborative approach, and effective outcomes	

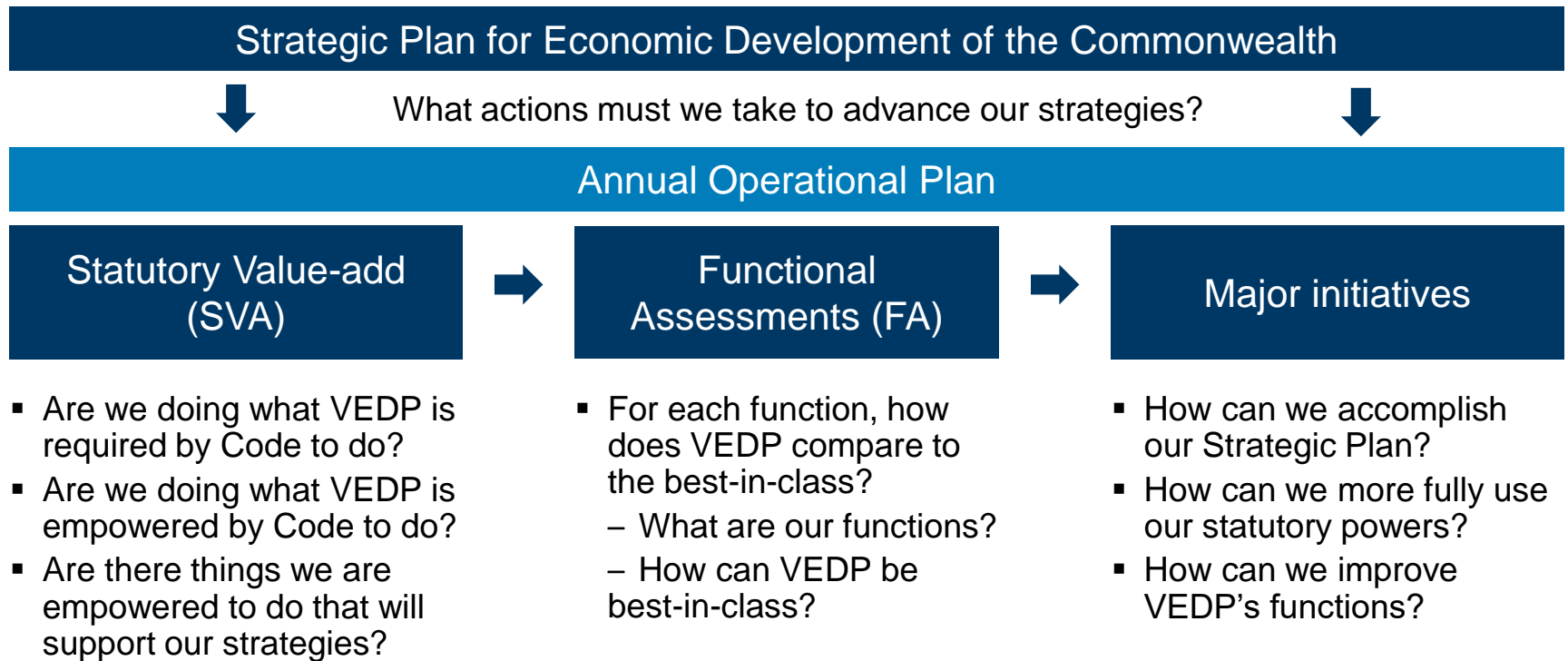
 On track to achieve long-term goals with no major concerns

 Will make progress against long-term goals but concerns

 Will likely not meet goal

 Not started

ELEMENTS OF THE OPERATIONAL PLAN ENABLE VEDP TO ACCOMPLISH THE STRATEGIC PLAN



Additional Elements

Miscellaneous Sections

Introduction, budget, performance metrics, and appendix sections required by Code

TABLE OF CONTENTS

Introduction to and Overview of the FY25 Operational Plan	2
Appendix: FY25 Budget Summary	18
Appendix: Components of the FY25 Operational Plan Required by the Code of Virginia	22

VIRGINIA ECONOMIC DEVELOPMENT PARTNERSHIP FY2025 BUDGET SUMMARY

Revenue Sources

	<u>FY2025</u>	<u>FY2024</u>	<u>Change</u>
Revenue			
COV General Fund Budgeted	\$ 54,267,478	\$ 53,257,755	\$ 1,009,723
Obligated Carry Forward Funds	15,126,179	17,039,688	(1,913,509)
Participation and Mission Fees	500,000	500,000	-
Other Revenue	1,000,000	1,000,000	-
Total Revenue	<u>\$ 70,893,657</u>	<u>\$ 71,797,443</u>	<u>\$ (903,786)</u>

VIRGINIA ECONOMIC DEVELOPMENT PARTNERSHIP FY2025 BUDGET SUMMARY (CONT'D)

Budgeted Expenditure Summary

	FY25		FY24		\$ Change	% Change
	Dollars	Staff	Dollars	Staff		
Division Budgets						
Talent Accelerator Program	\$17,474,500	40	\$17,166,658	36	307,842	2%
VOEE	1,998,338	6	1,089,778	4	908,560	83%
RTSBO	1,713,905	10	1,675,646	9	38,259	2%
International Trade	11,949,576	30	11,823,610	30	125,966	1%
BI Project Management	3,257,588	17	3,194,966	17	62,622	2%
Strategic Projects & Lead Generation	3,403,859	16	3,352,575	16	51,284	2%
Innovative Framework Sector Teams	3,591,620	19	2,000,000	15	1,591,620	80%
Research	3,466,001	25	3,375,513	25	90,488	3%
Marketing & Communications	4,656,724	14	4,606,390	14	50,334	1%
Economic Competitiveness	1,441,038	9	1,406,251	9	34,787	2%
Real Estate Solutions	1,591,617	8	1,537,477	6	54,140	4%
Information Technology	1,471,726	9	1,239,553	9	232,173	19%
Incentives	1,209,639	8	1,187,018	8	22,621	2%
Administration	5,495,847	24	5,383,742	24	112,105	2%
Total Division Budgets	\$62,721,978	235	\$59,039,177	222	3,682,801	6%
Pass Throughs, Grants and Projects	8,171,679	-	12,758,266	-	(4,586,587)	-36%
Total VEDP Budget	\$70,893,657	235	\$71,797,443	222	(903,786)	-1%

VIRGINIA ECONOMIC DEVELOPMENT PARTNERSHIP FY2025 BUDGET SUMMARY (CONT'D)

Budgeted Expenditure Detail

Pass Throughs, Grants, and Projects	<u>FY2025</u>	<u>FY2024</u>
Virginia Business Ready Sites Development and Characterization	\$ 3,671,679	\$ 8,008,266
Brownfields Restoration and Redevelopment Fund	2,250,000	2,250,000
Offshore Wind Supply Chain Development Program	2,250,000	2,500,000
Total Pass Throughs, Grants, and Projects	<u>\$ 8,171,679</u>	<u>\$ 12,758,266</u>

TABLE OF CONTENTS

Introduction to and Overview of the FY25 Operational Plan 2

Appendix: FY25 Budget Summary 18

Appendix: Components of the FY25 Operational Plan Required by the Code of Virginia 22

COMPONENTS OF THIS FY25 OPERATIONAL PLAN REQUIRED BY THE CODE OF VIRGINIA

This section of the FY25 Operational Plan contains the two components required by statute, itemized below:

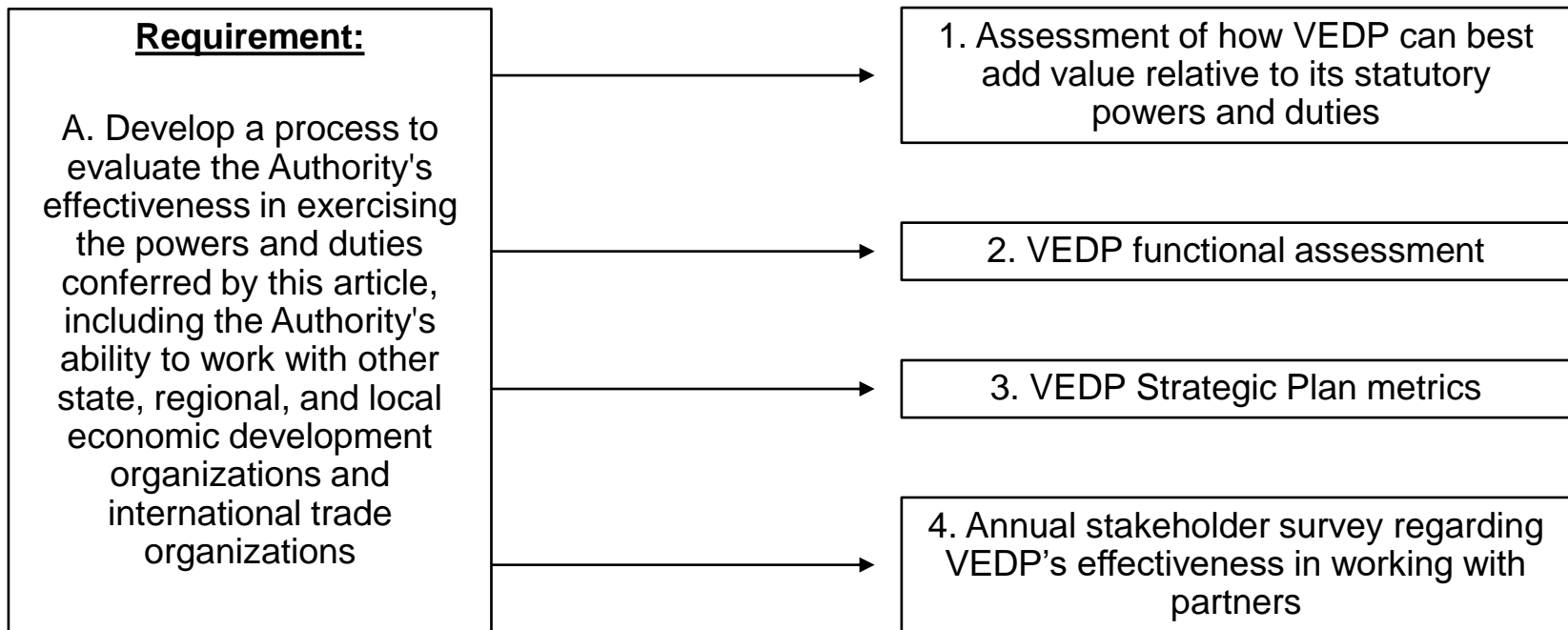
Virginia Code § 2.2-2237.1. Board of directors to develop strategic plan for economic development; marketing plan; operational plan; submission

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:

