

Strategic Plan

(2012-2014 Version 1)

Virginia Economic Development Partnership (310)
Agency Plan

Mission Statement

The Virginia Economic Development Partnership's (VEDP) mission is to enhance the quality of life and raise the standard of living for all Virginians, in collaboration with Virginia communities, through aggressive business recruitment, expansion assistance, and trade development, thereby building the tax base and creating higher income employment opportunities.

Vision Statement

The Virginia Economic Development Partnership (VEDP) is a marketing organization that seeks to attract business investment and employment creation to the Commonwealth and promote the export of Virginia products and services. To succeed as an organization every member of the VEDP team must understand his or her role in fulfilling that mission and operate according to our common organizational principles and strategy.

Information Technology

Current Operational IT Investments

The Information Technology (IT) Division provides support to the Virginia Economic Development Partnership and the Virginia Tourism Corporation. IT is responsible for the planning, security and operation of all network infrastructure components. The network is comprised of a Windows Local Area Network/Wide Area Network, modern voice-over-IP telecommunications system, geographic information system (GIS), co-location facility, and presentation and video-conferencing rooms. The computer network consists of 16 servers and 250 personal computers geographically dispersed over 25 facilities. Three public websites (YesVirginia.org, VirginiaAllies.org, and VirginiaScan) and other applications are critical to the economic development marketing process and fall under its support.

The presentation facilities are supported by GIS data layers developed in-house or obtained from local, state, federal, and commercial sources. Access to these data and their presentation in an appealing and understandable format is essential to Virginia's superior position in the marketing of sites and its products and services for export.

In addition, the IT division provides technical and marketing support to the regional and local economic development organizations through, and maintenance of, VirginiaScan, a web-enabled industrial site marketing and data management tool. Currently, VirginiaScan is used as a web-enabled marketing tool by at least several regional and local economic development organizations.

Factors Impacting the Current Agency IT

The use of technology has always been a priority for VEDP. This is evidenced by its use of technology in every aspect of the economic development process. From the use of automated and web-based research tools, data development for geo-referenced presentation, web-based tools for companies needing location information, and our community-based customers that need assistance in having their site and infrastructure information available to the public.

Proposed IT Solutions

It should be noted that VEDP has entered into a Service Level Agreement (SLA) with the Virginia Information Technology Agency (VITA) that recognizes VEDP's standing as an authority organized within the Commonwealth of Virginia. The enabling legislation creating VEDP precludes it from using the Commonwealth's Treasury and Comptroller mechanisms and exempts it from the Virginia Public Procurement Act and the Virginia Personnel Act. As a result, VITA and VEDP have agreed to an SLA that commits the parties to cooperation and information sharing and recognizes that an Information Technology Strategic Plan (ITSP) is not required.

Specifically, the exclusion is articulated in the Exclusions and Special Notations section of the Executive Agreement signed by VITA. The section reads as follows:

2.3.2 The VEDP Authority is required to develop annually a Board approved operational plan. Because the Information Technology Division is central to and part of VEDP's annual operational plan, VEDP is not required to submit an ITSP. This has been the case since the inception of VEDP. A copy of VEDP's operations plan is available to VITA at any time.

Financial Overview

The Virginia Economic Development Partnership (VEDP) is funded with substantially all general fund support through an appropriation from the Commonwealth of Virginia. Only two percent of its budget comes through charging fees to companies for participation in various missions and shows and from interest on cash balances. VEDP receives its appropriation in 12 equal installments throughout the year.

Budget Component	2013 GF	2013 NGF	2014 GF	2014 NGF
Base	18,699,713	0	18,699,713	0
Changes to Base	-850,247	0	-874,967	0
Total	17,849,466	0	17,824,746	0

Agency Goals

- Recruit new and expanding businesses to invest dollars and create jobs in Virginia and promote international sales of Virginia products and services

Goal Summary and Alignment

Long Term Goal

Be a national leader in the preservation and enhancement of our economy.

Societal Indicator: Employment Growth

Programs and Service Areas for Agency

- 53412: Economic Development Services

Customers

Pre-Defined Customer Group	User Specified Customer Group	Customers Served Annually	Potential Annual Customers	Projected Trend in # of Customers
Unemployed	Virginia Citizens	18,800	4,303,174	Stable
Local Government Employee	Virginia Localities	101	134	Stable
Employer/ Business Owner	Virginia Businesses	841	6,996	Stable

Key Risk Factors

The uncertain economy and the tenuous fiscal outlook for the U.S Government are causes for concern. A high percentage of Virginia's economic base is tied directly or indirectly to the operations and expenditures of the Federal Government, both in the defense and civilian sectors. Northern Virginia especially, with its significant government contracting community, and Hampton Roads in the defense sector, have been an economic engine and revenue producer for Virginia. To the extent that future major program cuts at the federal level impact the Commonwealth, revenues needed for economic development programming will be harder to sustain when competing against other essential public services. Moreover, Virginia's economic base could be negatively impacted and the effects of this could impair the positive economic performance rankings of many of the business climate ranking studies.

Products and Services

Business Expansion works with existing Virginia companies, local and regional economic development partners, the public colleges and universities and other state agencies and partners to increase leads and decisions from companies with a presence in the Commonwealth resulting in increased capital investment and quality jobs and payrolls. The Business Expansion team takes a proactive approach using professional consultative sales strategies and services to ensure the Commonwealth is ready when its companies identify growth needs, matching the business' expansion plans with state, regional and local assets.

Business Attraction aggressively markets Virginia to domestic and international companies in order to secure investment and job creation for new business facilities in Virginia. Both domestic and international outreach is now conducted with a geographic marketing focus. Primary domestic targets include major metropolitan areas in the Mid-Atlantic, Northeast, South, Midwest and Far West regions of the United States. The international focus includes proactive marketing efforts in Canada, Japan, China, India, UK and Germany by Virginia-based staff as well as representatives based in overseas offices. VEDP's internal industry sector expertise is utilized to provide appropriate value propositions to specific client interests.

International Trade promotes international sales for companies across Virginia through a variety of programs and services. From a global network of international consultants strategically located in 45+ countries to a network of five statewide offices, the International Trade Division offers international sales tools to companies large and small. The International Trade program is based on the premise that successful international sales are obtained by working proactively with individual companies, one-on-one. To achieve this, the program has three components: 1) increase awareness among the Virginia business community on the importance and benefits of exporting; 2) provide all necessary tools for selling into international markets, from market research to assistance with completing documentation; and 3) enable these companies to participate in trade events that lead to market entry, expansion, and increased international sales. A website (ExportVirginia.org) lists programs, services, and upcoming events and provides a plethora of market research reports.

Research primarily supports the efforts of Business Attraction and Business Expansion by preparing information for national and international business prospects to evaluate and justify a project location decision for Virginia. Key activities include maintenance of a comprehensive web-based site and building inventory, community and regional economic and demographic profile database; delivery of custom prospect proposals; and other project assistance activities designed to encourage a company expansion and capital investment in Virginia. Research houses the GIS capabilities for VEDP built on a foundation of integrated spatial data developed in-house or obtained from local, state, federal and commercial sources. The Department provides content data used to produce VEDP's various collateral and online marketing materials, annual economic development reference publications and legislatively-requested reports.

Communications and Promotions (C&P) is a key element in planning and executing the Partnership's overall marketing initiatives. This year, C&P will implement an integrated marketing program built around a major brand building advertising program, targeting domestic and international corporate decision-makers. C&P will replace its traditional marketing mission program with a lead generation initiative through its call center operations to support VEDP's geographic-based marketing outreach. The new lead generation outreach program will support the Business Attraction team through an ongoing call campaign targeting corporate prospects identified through in-house and purchased data.

C&P performs the following functions in support of VEDP's mission: Execute a public relations plan to ensure placement of favorable articles in major business and trade publications, as well as coordinate all economic development press announcements; produce requisite marketing brochures and collateral materials; develop and execute strategic marketing campaigns that support the Partnership's strategic marketing initiatives, as well as manage special marketing events and industry trade show participation; oversee VEDP's electronic marketing presence at YesVirginia.org and the YesVA mobile application; manage a social media marketing strategy; manage the logistics for VEDP's Governor-led marketing mission program, including both foreign and domestic economic development and job creation marketing missions; develop and implement an internal communication strategy to improve information sharing across all divisions thereby increasing awareness about VEDP's objectives and strategies.

Information Technology (IT) provides support to the Virginia Economic Development Partnership and the Virginia Tourism Corporation. IT is responsible for the planning, security and operation of all network infrastructure components. The network is comprised of a Windows LAN/WAN, modern voice-over-IP telecommunications system, geographic information system (GIS), co-location facility and presentation and conferencing rooms. The computer network consists of 24 servers and 250 personal computers geographically dispersed over 25 facilities. Three public websites (YesVirginia.org, VirginiaAllies.org, and VirginiaScan) and SalesForce.com with other

supporting applications are critical to the economic development marketing process and fall under their support.

In addition, the IT division provides technical and marketing support to the regional and local economic development organizations through, and maintenance of VirginiaScan and iVS, which are both web-enabled industrial site marketing and data management tools. Currently, VirginiaScan is used as a web-enabled marketing tool by several regional and local economic development organizations.

Trends

Rankings & Customer Trends

The Virginia Economic Development Partnership (VEDP) provides service to a wide variety of constituents; the primary customers being Virginia Citizens, Virginia localities, and Virginia companies. VEDP's service to constituents is consistent with VEDP's mission to enhance citizen standards of living, while collaborating with local governments and economic development professionals, by recruiting domestic and international businesses to locate and expand in Virginia to make investments and create jobs. VEDP believes Virginia is well served by this mission through the service to its customers. VEDP will report on the number of Virginia Citizens Served by reporting on the VEDP job creation performance measure and comparing that to Virginia Citizens Potential Customers by reporting on the Civilian Labor Force in Virginia as determined by the United States Bureau of Labor Statistics. VEDP will report on the Virginia Localities Served by reporting on the locality visits in the fiscal year made to companies and communities as recorded in VEDP's SalesForce contact management system compared to the number of localities (cities and counties) in Virginia. VEDP will report on the number of Virginia companies contacted by VEDP personnel within a fiscal year as recorded in VEDP's SalesForce contact management system compared to the total number of Virginia companies in the SalesForce data base of companies.

Trend Name	Trend Area
Gross Domestic Product	Increase
Business Investment	Increase

Performance Highlights: Service Performance & Productivity Initiatives

The Virginia Economic Development Partnership's (VEDP) performance can best be evaluated based on the results of its Performance Measures. VEDP maintains two performance measure models, "All" State Investment and Job Announcements and "VEDP Assisted" Investment and Job Announcements Performance Measures. The "VEDP Assisted" measure was created to better reflect VEDP's direct impact on investment and job creation. Both measures are reported to the VEDP Board of Directors.

For this Strategic Plan and the VEDP Annual Report, VEDP reports its historical performance measures of "All" State Investment and Jobs Announcements. This measure includes data from all Virginia localities. It should be noted that the VEDP Board of Directors (VEDP Board) sets performance measure targets each June for the coming fiscal year. VEDP has the following three Key Performance Measures:

Management Discussion & Analysis

Future Direction, Expectations, and Priorities

Virginia remains one of the most robust and diverse of state economies on a national scale. Recent years have seen a strong growth in the development of a high technology, knowledge based workforce. We have one of the nation's lowest unemployment rates, usually tracking about two points lower than the national unemployment rate. There is, however, wide variation in the unemployment rate within regions of Virginia, with some areas with unemployment rates higher than the U.S average.

VEDP takes advantage of Virginia's assets and has constructed a strategy to deploy its assets to market Virginia as the best place to locate or expand a business to create jobs and promote investment; and to promote Virginia goods and services. Specifically it does this through its four market facing divisions.

Business Expansion uses a three-prong strategy to increase leads and ensure Virginia companies expand within the state. These strategies include: 1) identifying and building strong relationships with Virginia's key employers through the proactive Gold Account program; 2) working closely with Virginia's regional and local allies, positioning them to be ready when companies need to expand; and 3) understanding, marketing and leveraging the assets of Virginia's public colleges and universities. The two main objectives of this strategy are to ensure a unified Virginia message is strategically, collaboratively and consistently delivered to the appropriate corporate decision-makers, so that these executives always consider Virginia as a place for growth and expansion; and to ensure professional and collaborative management of projects coming from companies with a presence in Virginia.

Business Attraction positions Virginia in both domestic and international markets, focusing on companies and site selection consultants in major geographic markets that represent opportunities for investment and job creation for new business facilities in Virginia. Key geographic markets include major metropolitan areas in the Mid-Atlantic, Northeast, South, Midwest and Far West regions of the United States. The international focus includes proactive marketing efforts in Canada, Japan, China, India, United Kingdom and Germany.

International Trade deploys its assets in a variety of programs designed to promote Virginia products and services with the strategic goal of having Virginia companies expand their markets and create jobs and increase investment. The programs listed below are used to achieve this goal:

Virginia Leaders in Export Trade (VALET) Program: The VALET program works with 50 Virginia companies through a two-year intensive international sales program. State resources are leveraged with private-sector contributions to accelerate Virginia companies' international sales.

Trade Missions: Approximately a dozen trade missions are conducted annually to promote Virginia products and services in global markets. Typically, over 70 companies participate in these business trips. The International Trade Division provides comprehensive matchmaking and logistical assistance with trade missions around the world. In addition, companies may travel independently to take advantage of these customized business trips.

Global Network: This program provides in-country market research in 45+ countries around the world at little or no cost to Virginia companies. Often, this research precedes participation in a Trade Mission or the VALET Program.

Consulting on Export Marketing: Experienced International Trade Managers, located in five offices throughout Virginia, help Virginia companies obtain international sales. Consultation spans selection of best channels for distribution to completing export documentation.

Virginia Conference on World Trade (VACWT): Virginia's annual conference on international trade, the VACWT puts VEDP's message in front of 250 attendees, via a variety of topical issues.

Defense Initiative: In FY14, the Trade Division will begin a new initiative to assist Virginia defense-related companies "go international." Faced with DOD budget reductions, the pursuit of international markets is a proven diversification strategy for defense firms.

Communications and Promotions (C&P) executes an advertising program to reach corporate decision-makers both domestic and international. C&P's primary activities include public relations, direct marketing, electronic marketing, social media, trade show marketing and event promotions. C&P will replace its traditional marketing mission program with a lead generation initiative through its call center operations to support VEDP's geographic-based marketing outreach. The new lead generation program will support the Business Attraction team through an ongoing call campaign targeting corporate prospects identified through in-house and purchased data.

C&P will also work with other VEDP divisions to maintain, update and promote VEDP's electronic marketing presence at YesVirginia.org and the YesVA Mobile Application, produce requisite marketing brochures and collateral materials, as well as develop and execute strategic marketing initiatives to support VEDP's geographic markets. The division will manage VEDP's trade show presence, marketing events, and the Governor's foreign and domestic marketing missions.

53412: Economic Development Services**Description**

In 1995, the General Assembly created the Virginia Economic Development Partnership (VEDP) to foster increased expansion of the Commonwealth's economy. As a state authority, the Partnership is governed by a 23-member Board comprised of business and community leaders from around Virginia: 17 appointed by the Governor, four by the Speaker of the House, and two by the Senate Rules Committee. The six citizens appointed by the General Assembly must reside in regions of the Commonwealth that have a higher unemployment rate than the statewide average. The President and Chief Executive Officer is employed by the Board to oversee the fulfillment of VEDP's mission.

Mission Alignment and Authority

As a business development and marketing organization, VEDP encompasses the following aspects of economic development: domestic and international recruitment and expansion, international trade, research, and promotion.

Customers for this Service Area***Anticipated Changes to Customers Base***

Basis of data entered for Customers:

Virginia Citizens # of Potential Customers = The Civilian Labor Force as defined by the United States Bureau of Labor Statistics for 2011.

Virginia Citizens Served = the Virginia Economic Development Partnership (VEDP) Job Creation Performance Measure for FY2013

Virginia Localities # of Potential Customers = The number of cities and counties in Virginia

The Localities Served = Prospect and Community Visits, as recorded in Salesforce.com contact management system.

Domestic and International Companies # of Potential Customers = Company Accounts created in the last three years (7/1/09-6/30/12) in VEDP's Salesforce.com contact management system.

Domestic and International Companies Served = Companies contacted in FY12 as recorded in VEDP's Salesforce.com contact management system.

Current Customer Base

Pre-Defined Customer Group	User Specified Customer Group	Customers Served Annually	Potential Annual Customers	Projected Trend in # of Customers
Unemployed	Virginia Citizens	18,800	4,306,174	Stable
Local or Regional Government Authorities	Virginia Localities	101	134	Stable
Employer/ Business Owner	Domestic and International Businesses	7,997	21,907	Stable

Partners for this Service Area

Partner	Description
Customers	VEDP considers its customers as partners as well, with special emphasis on Virginia communities, as articulated in our Mission Statement.
Universities	VEDP has signed an MOA with the Virginia universities to collaborate on initiatives to market Virginia to businesses that will create jobs and invest capital.
Virginia Port Authority	VEDP has signed an MOA with the Virginia Port Authority to maximize resources to increase opportunities and market share to extend Virginia's marketing capabilities.
Numerous Other State Organizations	VEDP has partnership relationships with many other state organizations, such as the Tobacco Commission and the Virginia Resources Authority, that expand VEDP's effectiveness in assisting companies to create jobs and make capital investment in Virginia.

Products and Services***Factors Impacting the Products and/or Services***

There are a variety of factors that can impact the Virginia Economic Development Partnership's (VEDP) products and services.

Over the last 10 years as state revenue has been impacted by economic conditions, like other state funded organization, VEDP has had its budget reduced, then increased, and then reduced again, depending on Governor's priorities and available state revenues. VEDP has adapted to these changes by using technology and other efficiencies to deliver quality products and services to Virginia citizens.

Another factor, again impacted by general world economic conditions, is the accumulated capital available to companies to expand their activities, either as expansions by existing Virginia businesses, or domestic and international companies. Again, VEDP has adapted to these conditions by using research to discover those companies that have the resources and have strong markets and targeting VEDP's efforts toward the decision makers of those companies.

Finally, VEDP has completed an Organization and Operations Study and is implementing the various recommendations over the next several months. All recommendations are planned to be completed by June 30, 2013.

Anticipated Changes to the Products and/or Services

Virginia Economic Development Partnership (VEDP) products and services change incrementally each year as they are refined to meet its customer's needs. Each year VEDP goes through a Strategic and Operating Plan process that may create changes to our various programs and services due to budget changes proposed by the Administration and amended by the General Assembly. Similarly, Virginia incentive programs change from time to time to enhance the prospect of companies making location and expansion decisions for Virginia.

VEDP has completed an Organization and Operations Study and is implementing the various recommendations over the next several months. All recommendations are planned to be completed by June 30, 2013.

Listing of Products and / or Services

What's New in the Virginia Economic Development Partnership (VEDP) for FY2014

The following are various initiatives and strategies that will be implemented in this fiscal year:

Marketing

- Implement a pro-active Gold Accounts Expansion Program that ensures short- and long-term project activity in the pipeline, leading to increased decisions for Virginia from existing businesses.
- More effectively leverage the Allies Advisory Team as a thought-leadership group to advise and champion the Business Expansion Strategy.
- In partnership with the Allies Advisory Team, develop a strategy to ensure retention and expansion of high-growth companies.
- Expand the Business Expansion platform of marketing activities to support Virginia's existing businesses.
- Continue to implement the Third Wednesday Webinar series and enhance the series with stronger content, marketing, and podcast availability.
- Design and implement a communications strategy to local elected officials, in partnership with Virginia Municipal League and Virginia Association of Counties.
- Implement the Operational Plan of Action to support the Higher Education Marketing Partnership MOU, in collaboration with the University-Based Economic Development Team and selected leadership in higher education institutions.
- Ensure the successful launch of the Virginia Bio-Sciences Health Research Corporation and effectively leverage it to the life science community.
- Implement and measure results from aggressive marketing strategies through cross-division Capture Teams.
- Implement a targeted domestic geographic marketing strategy.
- Implement the marketing strategy for unique and strategic properties in the Commonwealth including mega sites and the spaceport.
- Target call trips, conferences, trade shows and events scheduled to maximize lead generation in each geographic focus area.
- Consistently follow-up share relevant information to solidify and leverage consultant and client relationships that generate new projects and prospect visits to Virginia.
- Arrange phone conversations between the Governor and CEO's of companies actively considering a Virginia location for new business facilities.
- Solicit Virginia universities' faculty for introductions to out-of-state research clients with expansion potential.
- Co-sponsor Virginia university alumni events in targeted geographic territories.
- Conduct Governor's marketing missions as scheduled.
- Co-host dinners and receptions at conferences and trade shows with Virginia allies.
- Jointly plan and execute call trips with shared appointment setting by Virginia allies in metropolitan areas of common interest.
- Co-host professional sports event attendance in Virginia and geographic marketing territories with Virginia allies.
- Co-sponsor an annual Port of Virginia familiarization event for site selection consultants with Virginia Port Authority and Virginia allies.
- Co-sponsor the national Site Selectors Guild conference with Virginia allies.
- Embed Business Attraction managers in call trips and events arranged by regional marketing organizations.
- Use metrics to assess effectiveness of marketing tactics and re-direct resources in response to changing market conditions.
- International Trade will implement a "go international" initiative for Virginia's defense companies.
- Increase exposure of Virginia's available real estate product by developing new partnerships with agencies and appropriate commercial marketing firms to display custom VirginiaScan property information with their web presence.
- Increase the volume of company leads across all marketing territories.
- Launch a new lead generation program through VEDP's call center operations to support Business Attraction's geographic-based marketing outreach.
- Enhance VEDP's public relations strategy to support geographic marketing initiatives by targeting regional business and financial publications, as well as vertical industry publications.
- Negotiate and plan major advertorial section in a global business publication such as Forbes, Fortune, or Bloomberg BusinessWeek.

Support

- Monitor performance and manage current grants with recipients of the Major Employment and Investment Projects (Mega-Projects) Site Planning Fund.
- Provide program monitoring and grant management for recipients, in tandem with DEQ and Virginia Resources Authority for the remaining period of the Virginia Brownfields Assistance Fund (VBAF) Program.
- Provide more ongoing, actionable business intelligence gathering in support of Business Attraction and Business Expansion.
- Strengthen relationships with Virginia universities leading to more economic development project leads, ultimately resulting in job creation and capital investment outcomes.
- Develop and implement an internal communications strategy to improve information sharing across all divisions and increase awareness about VEDP's strategies, programs, goals and outcomes.
- Model Capture Teams in Salesforce.com and executive dashboards that show their progress.

- Provide Salesforce.com marketing, reporting and productivity training and support.
- Finalize and deploy the site selection websites of VirginiaScan, VanillaScan and iVS.
- Implement new security standards and test the disaster recovery site.

Business Expansion

The Business Expansion team works with existing Virginia companies, local and regional economic development partners, the public colleges and universities and other state agencies and partners to increase leads and decisions from companies with a presence in the Commonwealth, resulting in increased capital investment and quality jobs and payrolls.

The Business Expansion team uses a three-prong strategy to increase leads and ensure Virginia companies expand within the state. These strategies include: 1) identifying and building strong relationships with Virginia's key employers through the proactive Gold Account program; 2) working closely with Virginia's regional and local allies, positioning them to be ready when companies need to expand; and 3) understanding, marketing and leveraging the assets of Virginia's public colleges and universities. The two main objectives of this strategy are to ensure a unified Virginia message is strategically, collaboratively and consistently delivered to the appropriate corporate decision-makers, so that these executives always consider Virginia as a place for growth and expansion; and to ensure professional and collaborative management of projects coming from companies with a presence in Virginia.

Professional marketing and project management staff promote and position Virginia with the goal of increasing the active pipeline; and the Business Expansion Team also targets strategic corporations (Gold Accounts) which are companies and executives with a presence in Virginia, whose growth in Virginia is important to building sustainable business clusters over the long-term. The Business Expansion team also supports selected regionally-led marketing initiatives to target sectors.

Through its Ally Communication Strategy, the Business Expansion Department seeks to ensure comprehensive knowledge of Virginia's localities and regions that helps VEDP better position the regions for business growth; and the Department establishes systematic communication channels with Allies to share knowledge and best practices of the profession.

The Business Expansion Department also leads the design and initial implementation of an operational plan that supports the Higher Education Marketing Partnership, which was memorialized in an MOU in 2012. The collaboration should result in increased leads to VEDP as well as more opportunities for corporate support of the higher education partners.

Business Attraction

The Business Attraction group positions Virginia in both domestic and international markets, focusing on companies and site selection consultants in major geographic markets that represent opportunities for investment and job creation for new business facilities in Virginia. Key geographic markets include major metropolitan areas in the Mid-Atlantic, Northeast, South, Midwest and Far West regions of the United States. The international focus includes proactive marketing efforts in Canada, Japan, China, India, United Kingdom and Germany.

VEDP-led activities are carried out in partnership with state agencies such as Virginia Port Authority and Virginia Department of Agriculture and Consumer Services, local and regional allies, private-sector service providers and higher education partners. Business Attraction will also partner with allies on regionally-led marketing initiatives.

International Trade

The International Trade team will implement a new initiative to assist Virginia defense-related companies "go international." Faced with U.S. defense spending reductions, defense companies can effectively diversify their client base by selling to foreign militaries and security agencies. This initiative will aggressively position Virginia's defense companies in front of international customers.

Research

Research will provide a broad range of critical services in support of VEDP's outreach marketing. Staff will be full participants in the planning, research, and execution of outreach efforts for VEDP's established industry markets and related marketing initiatives. This includes substantially increasing the volume of company leads across all marketing territories. Industry sector and firm-level business targets will be presented to the VEDP Call Center and Business Attraction for follow-up as a means of building up the project pipeline. An array of updated data content for the VEDP websites and targeted industry collateral material will be prepared in cooperation with Communications and Promotions. Materials and data to support international outreach will be refreshed. Staff will continue development, in tandem with Business Expansion, of a usable, integrated database of major Virginia employers in support of a more cohesive statewide existing business and industry program. A mainstay function of delivering custom prospect proposals to VEDP business clients will continue.

Staff will continue improvements to the visual appearance and formatting of prospect proposals to succinctly convey needed information to our clients. The integration of the geographic information system (GIS) team into Research brings an extra dimension of data and graphical presentation capability to the department. Working with IT, the team will deploy the new VirginiaScan and iVS web applications, a shared, web-enabled site selection, workforce, mapping, and data management tool. This tool is shared with regional and local economic development allies, many of whom are utilizing VirginiaScan as their primary web based marketing tool for industrial sites and buildings. Providing these capabilities on VirginiaScan directly benefits VEDP's economic development allies, and ultimately our business clients seeking solutions.

Staff will, in concert with other VEDP departments, provide appropriate research support to community and regional allies to include communicating VEDP's strategies to allies and to evaluate the alignment of VEDP's strategies with those at the regional and local level. Tracking of major competitor state incentives and economic development budgets and initiatives will continue. The *Economic Development Guidebook for Local Elected Officials* will continue to be updated and distributed to allies. Staff will continue to participate in local government officials' conferences to help communicate VEDP's role in economic development. Fiscal performance information showing the positive return on investment for Virginia incentives programs will be released and packaged to support our public relations and legislative strategy.

Communications and Promotions

Communications and Promotions (C&P) executes an advertising program to reach corporate decision-makers both domestic and international. Public relations, direct marketing, electronic marketing, social media, trade show marketing and event promotions remain primary activities of C&P.

The team will replace its traditional marketing mission program with a lead generation initiative through its call center operations to support VEDP's geographic-based marketing outreach. The new lead generation program will support the Business Attraction team through an ongoing call campaign targeting corporate prospects identified through in-house and purchased data.

Division staff will also work with other VEDP divisions to maintain, update and promote VEDP's electronic marketing presence at YesVirginia.org and the YesVA Mobile Application, produce requisite marketing brochures and collateral materials, as well as develop and execute strategic marketing initiatives to support VEDP's geographic markets.

C&P will implement an internal communication strategy to improve information sharing across all divisions and increase awareness about VEDP's strategies, programs, goals and outcomes. Ally communication will be enhanced with the publication of four issues of Commerce Quarterly.

The division will manage VEDP's trade show presence, marketing events, and the Governor's foreign and domestic marketing missions.

Information Technology

The Information Technology (IT) Division operates and maintains the Partnership's information systems, including the geographic information system (GIS) and the presentation facilities.

This year the staff will continue to model in Salesforce.com the marketing activities and provide executive reporting on their effectiveness. In addition, the department will assist with the deployment the new VirginiaScan and iVS web applications, a shared, web-enabled site selection, workforce, mapping, and data management tool. This tool is shared with regional and local economic development allies, many of whom are utilizing VirginiaScan as their primary web based marketing tool for industrial sites and buildings. The department will also protect the agency's computing environment by testing the fully capable fail-over site that will provide service in the event of a disaster.

Incentives:

It is fundamental to Virginia's economic development future to maintain the Commonwealth's long-term, intrinsic business advantages that will ultimately make the sale—not necessarily short-term incentives. Nevertheless, the complexity of the global business environment and competitiveness both nationally and abroad dictate that Virginia have incentives that add value to the business location decision and are competitive with the Commonwealth's peers.

The following is a synopsis of the key Virginia economic development incentive programs used to support the business attraction and expansion program in Virginia. The Virginia Economic Development Partnership (VEDP) administers the Governor's Development Opportunity Fund, the Virginia Investment Partnership Grant, the Major Eligible Employer Grant, the Virginia Economic Development Incentive Grant, the Clean Energy Manufacturing Incentive Grant, and special performance-based grants. Additional state agencies administer the other programs, or powers are delegated to localities under state law as applicable.

Governor's Development Opportunity Fund (GOF)

The Governor's Development Opportunity Fund is designed as a "deal closing" fund to be employed at the Governor's discretion when necessary to secure a company location or expansion in Virginia. The GOF serves as a final resource for Virginia in the face of serious competition from other states or countries. It is the most visible discretionary incentive program in Virginia's arsenal. The GOF grant is a negotiated amount determined by the Secretary of Commerce and Trade, based on the recommendation of VEDP and subject to the approval of the Governor. A GOF grant is awarded to the Virginia locality (county, city, town or Industrial/Economic Development Authority) for the benefit of the company and with the expectation that the grant will result in a favorable decision for the Commonwealth.

Grants are made pursuant to a locality's application for a project under the following conditions:

- Project capital investment, job creation and wage minimums are achieved; different program thresholds apply based, in part, on a locality's unemployment and poverty rates
- The locality participates with a matching financial commitment (may be cash, in-kind, or forgone revenues)
- The project is not an intrastate relocation; out-of state competition must be demonstrated
- Maximum grant award is \$1.5 million, or higher amount if determined by the Governor to be of major state or regional interest
- Only one grant may be awarded per project; however, localities may receive more than one GOF award during a fiscal year
- VEDP performs a Return on Investment (ROI) analysis to guide its recommendation for project assistance
- A performance agreement is executed between the locality and the company to ensure fulfillment of promised job creation and capital investment; clawback? procedures are in place for project underachievement
- Public announcement of the project is coordinated by VEDP and the Governor's Office and is a condition of the grant award

Moneys may be used for public infrastructure, site preparation, construction or build-out of public or private buildings, workforce training, site acquisition, or grants/loans to Industrial Development Authorities, or other political subdivisions. Generally speaking, funds have been used to create hard assets or to invest in worker skills that remain marketable assets should projects underperform.

Virginia Investment Partnership Act – Performance-Based Grants

Three discretionary incentive programs fall under the umbrella of the Virginia Investment Partnership Act. The basic premise is that some portion of the Commonwealth's new revenue is shared back with companies in the form of performance-based grants. Performance agreements between Virginia and the company are in place to govern the conditions of incentive awards. The amount of these grants is determined by the Secretary of Commerce and Trade, based in part on VEDP's ROI analysis and recommendation, and is subject to the approval of the Governor. Projects must not be publicly announced prior to award of the grants.

Virginia Investment Partnership (VIP) Grant

The Virginia Investment Partnership (VIP) Grant is a discretionary performance incentive designed to encourage continued capital investment by Virginia companies, resulting in added capacity, modernization, increased productivity, or the creation, development and utilization of advanced technology. Key program features:

- Existing Virginia manufacturers or research and development services which support manufacturing that make at least \$25 million in new capital investment
- No new job creation is required, but existing employment levels must be maintained during the investment and grant payout period
- The maximum grant award is \$3 million payable in 5 annual installments beginning in the 2nd or 3rd year after compliance; this amount can increase up to \$5 million for extraordinary projects; distressed communities can have payouts begin in the 2nd year
- The program is subject to aggregate limits of \$30 million of outstanding grant payments, with annual payment limits of \$6 million. Budget appropriations must be sought to meet incentive obligations.

Major Eligible Employers (MEE) Grant

Similar to the VIP Grant in structure, this program focuses on both capital investment and job creation:

- For major basic employers (manufacturing and non-manufacturing) that make a capitalized investment of at least \$100 million and create at least 1,000 new jobs (a minimum of 400 jobs, if average pay is at least twice the area's prevailing average wage)
- The maximum grant is \$25 million to be paid in 5-7 installments beginning in the 6th year following compliance (or the 4th year in distressed areas)

Virginia Economic Development Incentive Grant (VEDIG)

The key focus of this program is high-wage employment projects, such as headquarters, administrative or service sector operations. Eligibility requirements include:

- In Metropolitan Statistical Areas of 300,000+ population, the project must create 400 jobs paying 150% of the local prevailing wage, or 300 jobs paying 200% of the local prevailing wage; capital investment of greater of \$6,500 per job or \$5 million
- In other areas of Virginia, the project must create 200 jobs paying 150% of the local prevailing wage; capital investment of \$6,500 per job

Grant payments are made in 5 installments beginning in the 3rd year after compliance.

The program is subject to aggregate limits of \$30 million of outstanding grant payments, with annual payment limits of \$6 million. No maximum project amount is imposed, subject to overall program authorization limits. Budget appropriations must be sought to meet incentive obligations.

Clean Energy Manufacturing Incentive Grant (CEMIG)

The Clean Energy Manufacturing Incentive Grant Program (CEMIG) may be available to eligible companies engaged in the manufacture of equipment; systems or products used to produce clean energy, or for products used for energy conservation, storage or grid efficiency purposes.

A clean energy manufacturer may be eligible to receive a CEMIG under the following conditions unless waived by the Governor for a project in a distressed locality:

- Makes a capital investment of at least \$50 million in real estate and tangible personal property
- Creates at least 200 new full-time jobs paying at least the prevailing average wage of the locality

A wind energy supplier may be eligible to receive a CEMIG under the following conditions:

- Makes a capital investment of at least \$10 million in real estate and tangible personal property
- Creates at least 30 new full-time jobs paying at least the prevailing average wage of the locality

The amount of each CEMIG is determined by the Secretary of Commerce and Trade, based in part on VEDP's ROI analysis and recommendation, and is subject to the approval of the Governor.

CEMIG grants may be paid out over a period of up to six years and payment of the grant is likely to begin after capital investment and job creation or retention is achieved.

Special Performance-Based Grants

Virginia has had success in attracting major economic development projects by the use of tailored performance-based grants which allow payments of incentives that exceed amounts available in other baseline incentive programs. These projects require special action by the General Assembly, typically after incentive negotiations have been concluded. The semiconductor industry projects in Manassas, the Rolls-Royce project in Prince George County, SRI International in the Shenandoah Valley, and Huntington Ingalls Incorporated in Newport News, all represent examples of this approach. Generally, grant payments will flow after negotiated project metrics have been satisfied. Factors influencing the use of this approach would include:

- The potential transformative effect of the project on a state or region, typically driven by large job creation and capital investment
- The potential for a significant supply chain investment and jobs
- Market penetration in a strategic sector for Virginia

Virginia Jobs Investment Program (VJIP)

The VJIP Program is administered by the Department of Business Assistance (DBA) and provides customized recruiting and training services to companies creating new jobs or experiencing technological change. It is a key business development incentive and typically is included in most VEDP client proposals. The program reduces the human resource development costs of new and expanding companies. VJIP offers consulting services, organizational development, electronic media services, and funding. Eligibility for assistance in any of the VJIP program offerings is limited to companies that create basic employment (not engaged in retail) paying a minimum wage of 1.35 times the federal minimum wage per hour. In areas that have unemployment of 1.5 times or more the state level, the wage minimum may be waived. Only full time jobs are eligible for funding. Funding is in the form of reimbursed payments from DBA to the company after employees are on board. The program has three components:

- *New Jobs Program:* The program targets expansions of existing companies or new facility locations which involve competition with other states or countries. Expansions of existing companies or new company locations must create a minimum of 25 net new jobs within 12 months and make a capital investment of at least \$1,000,000.
- *Small Business New Jobs Program:* For existing Virginia companies with 250 employees or less companywide. Companies must create a minimum of five net new jobs within a 12-month period and make at least \$100,000 new capital investment.
- *Retraining Program:* The program provides services and funding to manufacturing companies and distribution centers to assist in upgrading the skills of existing employees identified as essential to the production or distribution of a product. Companies must have a minimum of 10 full-time employees needing to be retrained, and a new capital investment of at least \$500,000 is required as the catalyst for the project. For the Small Business Retraining Program, companies must have a minimum of 5 full-time employees needing to be retrained, and a new capital investment of at least \$50,000 is required as the catalyst for the project.

Rail Industrial Access Program

The Department of Rail and Public Transportation (DRPT) administers this fund which operates very similarly to the Economic Development Access Road Program. The program provides funds to construct railroad tracks to new or expanding industrial and commercial projects that have a positive impact on economic development in Virginia.

The maximum award to any locality is \$450,000 in one fiscal year and the entire amount can be allocated to a single project. The maximum state unmatched amount is \$300,000 and an additional \$150,000 may be sought on a dollar-for-dollar basis.

Major Business Facility Job Tax Credit

Qualified companies (generally manufacturers and other basic employers) locating or expanding in Virginia receive a \$1,000 corporate income tax credit for each new full-time job created over a threshold number of jobs. This has been a particularly useful incentive for major corporate headquarters projects. The program is administered by the Department of Taxation (TAX).

- The required threshold is 50 jobs; companies locating in Enterprise Zones or economically distressed areas have a 25-job threshold;

- The \$1,000 credit is available for all qualifying jobs in excess of the threshold and is taken in equal installments over two years (\$500 per year) in 2009 through 2014. For other years, the credit is taken in equal installments over three years (\$333 per year).
- Non-qualifying jobs include seasonal positions, building and grounds maintenance, security, and other positions ancillary to the principal activities of the facility.
- Credits are available for taxable years before January 1, 2020. Unused credits may be carried over for up to 10 years.

Tax Credits and Exemptions

Virginia has a variety of tax credits and exemptions that help mitigate operating costs for particular business sectors. The list is extensive, but ones to highlight include:

- Equipment used directly in the manufacturing process is exempt from sales & use tax
- Computer equipment used in large data centers is exempt from sales & use tax
- R&D equipment is exempt from sales & use tax
- Film, video and audio production-related purchases are exempt from sales & use tax
- Equipment used in manufacturing items from recycled materials may qualify company for a tax credit against the corporate income tax; this needs to be certified by the Department of Environmental Quality (DEQ)

Economic Development Access (Road) Fund

The Virginia Department of Transportation (VDOT) administers a program that assists localities in providing adequate road access to new and expanding basic employers such as manufacturers, corporate headquarters, R&D centers, distribution centers, etc. The program typically is used to construct a new road from a publicly maintained road to the new eligible establishment's primary entrance when no road exists.

The maximum award for an economic development access road is \$500,000, however, the state can fund an additional \$150,000 if the amount is matched on a dollar-for-dollar basis from other non-VDOT sources. The amount of the award is limited by the eligible capital investment of the company and the estimated cost of the access road.

Financial Overview

Budget Component	2013 GF	2013 NGF	2014 GF	2014 NGF
Base	18,699,713	0	18,699,713	0
Changes to Base	-850,247	0	-874,967	0
Total	17,849,466	0	17,824,746	0

Objectives for this Service Area

Objectives for this Service Area

Objective

Assist new and existing companies in making investments in Virginia.

Description

The purpose of this objective is to assist in having domestic and international companies, currently located in or outside of Virginia, invest capital in Virginia localities. This objective is consistent with the Virginia Economic Development's (VEDP) Mission and Vision of expanding the Virginia economy.

Objective Strategies

- Aggressively market Virginia and its regions to prospects and consultants to generate active projects
- Effectively manage projects by strategically utilizing resources
- Increase announced investment in Virginia's distressed communities
- Market Virginia to international markets
- Share project and industry expertise with local and regional allies to assist them in effective marketing

Alignment to Agency Goals

- Recruit new and expanding businesses to invest dollars and create jobs in Virginia and promote international sales of Virginia products and services

Measures

- Billions of dollars invested by new and existing companies.

Measure Class Agency Key Measure Type Outcome Preferred Trend Increase Frequency Annually

Data Source and Calculation

Billions of dollars invested by new and existing companies is an outcome based measure reported annually. The data source is company investment announcements and is measured by the billions of dollars invested by companies locating to and expanding in Virginia.

Objective

Provide efficient Administration and Support Services to the Virginia Economic Development Partnership (VEDP) at the lowest effective cost.

Description

Ensure the Virginia Economic Development Partnership (VEDP) has an administrative and support infrastructure that meets the programmatic and operational needs of the Service Areas within a reasonable cost.

Objective Strategies

- Review administrative and support costs on an ongoing basis to ensure they are within budget while providing excellent service levels to VEDP.

Alignment to Agency Goals

- Recruit new and expanding businesses to invest dollars and create jobs in Virginia and promote international sales of Virginia products and services

Measures

- Percent of dollars spent of Virginia Economic Development Partnership's (VEDP) total budget for Administration and Support

Measure Class Other Agency Measure Type Outcome Preferred Trend Stable Frequency Annually

Data Source and Calculation

The Measure data are the costs budgeted for administrative and support functions as a percentage of VEDP's Operating Plan. This data is approved each June by the VEDP Board. At the end of the year, the percentage of amounts spent for administration and support will be calculated against total VEDP expenditures. Both calculations exclude VEDP's support of the Virginia Tourism Corporation (VTC), which support is directed by the Appropriations Act. This is a new measure established in FY12.

Objective

Assist new and existing companies in creating jobs in Virginia.

Description

The purpose of this objective is to assist in having domestic and international companies, located either within or outside Virginia create jobs in Virginia localities. This objective is consistent with VEDP's mission and vision of expanding Virginia's economy.

Objective Strategies

- Aggressively market Virginia and its regions to prospects and consultants to generate active projects.
- Effectively manage projects by strategically utilizing resources.
- Increase announced jobs in Virginia's distressed communities.
- Market Virginia to international markets.
- Share project and industry expertise with local and regional allies to assist them with marketing.

Alignment to Agency Goals

- Recruit new and expanding businesses to invest dollars and create jobs in Virginia and promote international sales of Virginia products and services

Measures

- Number of jobs created by new and existing companies.

Measure Class Agency Key Measure Type Outcome Preferred Trend Increase Frequency Annually

Data Source and Calculation

Number of jobs created by new and existing companies is an outcome based measure reported annually. The data source is company job announcements and is measured by the jobs created by companies locating to and expanding in Virginia.

- Dollar Unit Cost of Direct Jobs Announced

Measure Class Productivity Preferred Trend Decrease Frequency Annually

Data Source and Calculation

The Virginia Economic Development Partnership's (VEDP) costs associated with having companies locate and expand in Virginia divided by VEDP Assisted Direct Jobs Announced. VEDP costs include all business marketing costs and the portion of support costs, such as Administration and Information Technology applicable to the business marketing effort. The "VEDP Assisted" jobs are the jobs for which VEDP has an impact on the decision, which announced jobs data is tracked continuously by VEDP's Research Division. The preferred trend is to have the unit dollar cost go down.

Objective

Assist Virginia companies in increasing international sales of their products and services.

Description

The purpose of this objective is to assist in having Virginia companies grow through identifying new international markets to sell their products and services. This objective is consistent with the Virginia Economic Development Partnership's (VEDP) Mission and Vision of expanding the Virginia economy.

Objective Strategies

- Provide international research information to Virginia companies
- Provide market visit leadership through "Export 3.0"

- Provide one-on-one international sales assistance to Virginia businesses.
- Provide service and counseling through the Virginia Leaders in Export Trade (VALET) program
- Recruit Virginia companies to participate in international market visits.
- Support and participate in Governor-led missions

Alignment to Agency Goals

- Recruit new and expanding businesses to invest dollars and create jobs in Virginia and promote international sales of Virginia products and services

Measures

- Number of companies counseled or engaged in a Trade event.

Measure Class **Agency Key** Measure Type **Output** Preferred Trend **Increase** Frequency **Annually**

Data Source and Calculation

Companies assisted in increasing international sales of their products and services is accomplished through a combination of two outputs; companies counseled and companies participating in a Trade event. Data comes from Client Impact Statements companies complete after receiving export assistance and companies who have participated in a Trade event.