



2005 Economic Development Award ENTRY

Arlington Economic Development Major Deals/Projects

Arlington, Virginia, is the premier address within one of the world's most important power centers: the Washington, D.C., metropolitan area. Located directly across the Potomac River from the nation's capital, Arlington was once part of the original federal city. Today, whether it's the location of a business or a new commercial development, Arlington's proximity to Washington, D.C. means more than just a quick Metro ride into the city – an Arlington address provides access to the power, prestige, influence and opportunities found throughout the region. Arlington has a distinct energy – it's a hotbed of new technology, business and industry, with an urban environment that reflects this excitement.

As an organization, Arlington Economic Development (AED) has become a major force within the Washington, D.C. region, successfully marketing Arlington to both public and private organizations, and attracting and retaining millions of square feet of space each year in an environment which is both highly competitive and extremely transient in nature. Not satisfied with simply leasing any space to any organization, AED continually evaluates its mix of public and private tenants, maintaining a diversified base which helps insulate Arlington from economic and regulatory changes, while preserving its character and amenity-rich urban landscape. In addition, AED is noted for its strategic and creative approach to economic development, forming research partnerships with universities and private organizations to help forecast future trends, helping the organization remain ahead of the curve as our regional economy changes.

AED's vast industry knowledge, its forward-thinking staff, and their willingness to provide out-of-the-box, creative solutions has made AED an indispensable resource to Arlington businesses and its economy. AED staff works with local and national leaders in business and government to create strategies, tools and marketing in which growth is encouraged, and mutually beneficial outcomes are assured.

Creative Attraction Strategies Bring Big Deals – and a Big Bird – in 2004

Arlington Economic Development is known for its hands-on approach when working with businesses in their expansion and relocation decisions. In 2004, AED staff worked directly with companies that expanded or relocated into over 3 million square feet of office space in Arlington. Of those "deals", several stand out as examples of AED's commitment to providing superior services, leadership, and innovative, creative thinking to create mutually beneficial solutions to Arlington County and the companies who were attracted or retained.

In October 2004, Arlington Economic Development successfully competed for one of the largest-ever private sector leases signed in the Washington, D.C. region. Corporate Executive Board (CEB), the premier membership organization for senior executives of leading institutions worldwide to discover innovative strategies for addressing their most pressing challenges, which was headquartered in Washington, D.C., signed a 20-year lease agreement for 610,000 square feet. The deal will bring 2,500 jobs with an average salary of \$70,000 to Arlington, and has spurred the construction of what will be the tallest building in the region: the two-tower, 24-story Waterview complex, which will stand at the edge of the Potomac River in Rosslyn, offering sweeping, panoramic views of the entire Washington region.

AED successfully earned this hotly contested deal, enticing CEB with a variety of financial incentives, including a \$1 million Governor's Opportunity Fund, Technology Zone incentives and a first-year BPOL incentive. In addition to landing one of the largest-ever leases in the region, worth an estimated \$227 million, AED also secured an additional \$40 million in build-out/tenant improvements from CEB, along with \$12 million in community benefits from the builder, the JBG Cos. When completed in 2007, the entire development will total one million square feet, including office space, a residential tower featuring multi-million dollar penthouse condominiums, retail space, destination restaurants and an urban, boutique-style hotel.

In November 2004, Arlington welcomed Big Bird, along with the rest of PBS, to 2100 Crystal Drive in Crystal City, AED successfully won this highly competitive deal with a creative attraction strategy, emphasizing the branding

opportunities available to PBS as it considered a location decision. In doing so, it filled 130,000 square feet, brought 500 new jobs to Arlington, and represented \$40 million in new investment.

When presenting Crystal City to PBS, AED staff emphasized that branding opportunities, location, and visibility can contribute to an organization's image, and that relocating in Crystal City would optimize those opportunities for PBS. From signage visible along Rt. 1 and from Reagan Washington National Airport, and the transit-oriented, urban campus character of Crystal City, to the renovation and promotion engine that PBS could be a part of, AED presented a highly creative package that emphasized Arlington's urban environment, its distinct energy, and a myriad of branding opportunities that ultimately landed the deal. From County buses wrapped with images of Big Bird, Oscar the Grouch, Bert and Ernie, to the renaming of a street to "PBS Plaza," PBS will have a major presence in Crystal City.

In addition, AED offered the PBS the opportunity to participate in its Arts al Fresco summer series, and the opportunity to produce a joint documentary on the Arlington Alert system, which has become the benchmark for emergency alert systems throughout the region. To assist PBS with the build-out of their space, Arlington supplied a dedicated permitting project manager to the organization. Arlington's creative package of branding opportunities, permitting efficiencies, and an optimal location ultimately sealed the deal.

AED utilized other creative attraction strategies when it moved Watson Wyatt, a major international human capital consulting firm that provides services in the areas of employee benefits, human capital strategies and related technology solutions, from its Washington, D.C. headquarters to 119,000 square feet in the new Arlington Gateway building in Ballston. Workforce Tax Credits, offered through the Commonwealth of Virginia, provide the company with a \$1,000 tax credit for every full time job it brought to Arlington over 100. In addition, Workforce Retraining Credits allowed the company to recover 30%, or \$100 per employee, of training costs incurred. The move will bring 450 new jobs to Arlington, and an investment of \$7.44 million.

Strategic Retentions and Expansions in 2004

While creative and successful attraction strategies are the hallmark of Arlington Economic Development, its proven record of retention is an integral component of AED's overall success. In 2004, Arlington successfully retained two strategically important companies, while simultaneously increasing their leased space and jobs in Arlington.

The retention and expansion of BAE Systems in 2004 is a prime example of the sheer effort and dedication that AED staff brings to the organization. Despite having nearly every factor against them, from BAE's brokers who were strongly against an Arlington location, advocating suburban jurisdictions instead, armed with inaccurate, preconceived notions about Arlington being "built out," to BAE requiring an extremely quick turnaround on any new space, AED staff successfully retained BAE Systems, and helped them expand in Rosslyn, providing a level of hands-on, proactive assistance (without the use of financial incentives) that is uncommon in most economic development organizations, allowing Arlington to retain this strategically important company. BAE's retention and expansion brought 300 additional jobs and 20,000 additional square feet to Arlington.

In 2004 AED successfully retained and expanded a Fortune 500 headquarters in Arlington. The AES Corporation is a leading independent power company which owns and operates over \$34 billion of assets in 28 countries on five continents, including 119 power generation facilities that provide over 46,000 megawatts of generating capacity. In addition, AES operates 17 electric distribution companies that deliver electricity to approximately 11 million end-use customers. Offering a \$207,500 Governor's Opportunity Fund, along with Workforce Services Tax Credits, AES selected Arlington County as the location for its new, expanded global corporate headquarters, with space to accommodate 115 new employees. Arlington successfully competed with Washington, D.C. and Maryland for the headquarters, which will be located in the Ballston Point building, a new gateway building at the head of Arlington's Rosslyn-Ballston business corridor.

Select Project Summaries: 2005

Firm	Square Feet	Address	Jobs	Investment	How the Deal Got Done
Corporate Executive Board	610,000	N. Lynn St., N 19 th St.	2,700	\$225 million	\$1 M GOF; other financial incentives; landmark new development overlooking Washington, D.C.; Arlington's amenity-rich urban environment
Public Broadcasting Service	130,000	2100 Crystal Dr.	500	\$40 million	Creative attraction strategies emphasizing locational branding opportunities; transit-oriented, urban-campus environment
Watson Wyatt	119,000	901 N. Glebe Rd.	450	\$7.44 million	Workforce incentives, Arlington's amenity-rich urban environment
BAE Systems	60,300	1300 N. 17th St.	220	\$2.4 million	Hands-on, proactive assistance which helped counteract inaccurate, preconceived notions; creative permitting solutions
The AES Corporation	83,500	4300 Wilson Blvd.	185	\$28.4 million	\$200K GOF, workforce incentives, new development in gateway location