

Summary – Board Budget Committee Meeting

October 23, 2018

Government Center – Conference Room 11

Committee Members Present:

Sharon Bulova, Chairman
Penelope Gross, Mason District (Vice Chairman)
John Cook, Braddock District
John Foust, Dranesville District
Catherine Hudgins, Hunter Mill District
Jeff McKay, Lee District (Committee Chair)
Kathy Smith, Sully District
Lynda Smyth, Providence District
Dan Storck, Mount Vernon District

Previous Meeting Agenda and Materials (July 24, 2018)

<https://www.fairfaxcounty.gov/budget/board-supervisors-budget-committee-july-24-2018>

October 23, 2018 Meeting Agenda:

<https://www.fairfaxcounty.gov/budget/board-supervisors-budget-committee-meeting-october-23-2018>

October 23, 2018 Meeting Materials:

<https://www.fairfaxcounty.gov/budget/sites/budget/files/assets/documents/budget%20committee%20meeting/2018/oct-23/1-edsfnominationstatuschart10-23-18.pdf>

<https://www.fairfaxcounty.gov/budget/sites/budget/files/assets/documents/budget%20committee%20meeting/2018/oct-23/2-refraction10-23-18.pdf>

<https://www.fairfaxcounty.gov/budget/sites/budget/files/assets/documents/budget%20committee%20meeting/2018/oct-23/3-securityuniversity10-23-18.pdf>

<https://www.fairfaxcounty.gov/budget/sites/budget/files/assets/documents/budget%20committee%20meeting/2018/oct-23/4-gwec10-23-18.pdf>

<https://www.fairfaxcounty.gov/budget/sites/budget/files/assets/documents/budget%20committee%20meeting/2018/oct-23/5-budgetorgstrategicplanupdates10-23-18.pdf>

The meeting was called to order at 3:08 P.M.

Economic Development Support Fund (EDSF) Overview

After a brief introduction by Supervisor McKay, Scott Sizer from the Fairfax County Office of Community Revitalization gave a summary of the EDSF. EDSF is in its 3rd year. To date, \$7 million has been added to the Fund, including \$5 million as part of FY 2016 Carryover and \$2 million as part of FY 2018 Carryover. In the past year, the Board has appropriated \$1.9 million in six projects, including a cash match for an Agriculture and Forestry Industry Development Fund grant, Annandale Pilot Projects, Downtown Herndon

Redevelopment, ESSP Implementation, a cash match for a Go Virginia: Talent Tech Pipeline Grant, and Springfield Gateway Projects.

EDSF project review: Refraction/Innovation Hub

Supervisor McKay introduced Economic Initiatives Coordinator Eta Nahapetian of the Office of the County Executive to present the second item on the agenda, the *EDSF project review: Refraction/Innovation Hub*. The proposal would provide \$1 million to fund an innovation hub through a non-profit, Refraction, which has already established a successful hub in Reston, VA. The hub would provide space and provide a variety of services to support startups and help to scale up existing companies to create well-paying jobs, attract more high-growth companies, and diversify the economy.

Board Discussion

- There was general discussion about the merits of the project, including the organization's efforts to reach out to diverse and underserved groups, and also its value in diversifying the County's economy.
- Supervisor Gross expressed a preference that the required commitment from Refraction to remain in Fairfax County should be longer than the five-year commitment required as part of the funding proposal.
- Supervisor Smyth asked about the possible consequences of Refraction lasting less than five years and not meeting the performance goals. Deputy County Executive Robert Stalzer suggested that while it was likely the organization would meet benchmarks, there was an organizational requirement for reporting annually, and Staff would conduct annual reviews of the program.
- Supervisor Storck asked for interim targets as well. He also expressed a preference that the opportunities afforded by the project were geographically dispersed around the County and that this would be reflected in the agreement. Ms. Nahapetian responded is that there would be "pockets" of innovation hubs around the County.
- Chairman Bulova suggested that the County should ensure that the organization was a 501(c)(3) prior to signing an agreement. Supervisor Foust responded that the organization was in need of space now and asked whether it would be necessary for organizational 501(c)(3) approval prior to the signing of an agreement. County Attorney Elizabeth Teare indicated she would respond to the question in writing.
- Ms. Nahapetian indicated there would be an action item before the Board on Tuesday, October 30.

EDSF project review: Security University Go Virginia Grant Support

The next item on the agenda, *Security University Go Virginia Grant Support*, was presented by Sondra Schneider, President and Founder of Security University. The organization is seeking a \$100K grant from Fairfax County to secure a \$500K grant from Go Virginia. The purpose of the grant is to provide cyber security training to current Fairfax County IT workers and unemployed workers to allow them entry into the cyber security field, where there is a shortage of workers. Funding from Go Virginia is not available without a local government match. The grant funding would be used to pay for instructors, space and class materials to provide training for 300 people.

Board Discussion

- General discussion ensued. Supervisor Foust said the organization has the support of Go Virginia, if Security University can come up with the local match.
- Supervisor Cook asked about the legality of the County providing funds to a for-profit company. County Attorney Teare responded that there is a Virginia Code provision which legally allows localities to make such grants in conjunction with Go Virginia.

- Several supervisors suggested that the idea of training workers in cyber security was a good one, but there were concerns whether it was a good idea to make funds available for a for-profit corporation as such a decision would set a precedent for other for-profit companies.
- Chairman Bulova suggested the general issue of providing funding to private for-profit organizations item should be discussed in a closed session.
- Supervisor Storck asked whether staff has vetted Security University's background, financials, and outcomes. Ms. Schneider indicated the organization measured outcomes monthly. Ms. Nahapetian said that the organization's background and track record had been reviewed.
- Supervisor Smyth asked for information regarding course materials in writing.
- There was further discussion regarding the timing of the grant. In order to claim a grant during the current funding cycle, Security University may have to secure funding before November 2. CFO Mondoro suggested that clarification would be made regarding the timing and that an action item could be created, pending the results of the conversation in the closed session.
- Ms. Nahapetian indicated that prior to the closed session, the Board would be furnished with Security University's metrics, a financial model, and course requirements.

EDSF project review: Greater Washington Export Center

The next item on the agenda, the *Greater Washington Export Center*, was presented by Scott Sizer. The purpose of the organization is "to accelerate global business growth for companies in the Greater Washington Region." The requested amount is \$450K for operations over three years. Staff does not recommend proceeding for following reasons: (1) this is for operations and maintenance, which runs counter to the Board's Project Criteria and Guidelines for the ESDF; (2) no other jurisdiction has participated so far; and (3) there is possible service duplication with the Virginia Economic Development Partnership – International Trade function.

Board Discussion

- Brief General discussion ensued. This was originally an initiative of the Council of Governments, but it has not gained much traction.

Discussion of Budget, Organizational and Strategic Plan Updates

County Executive Bryan Hill, Chief Financial Officer Joe Mondoro, and Fairfax County Public Schools Chief Operating Officer Marty Smith, presented an update to the Budget, Organizational and Strategic Plan.

County Executive Bryan Hill discussed the coordination with Schools on collaborating and realizing efficiencies. He spoke about the One Fairfax initiative and its importance to the Schools as well as to the County. FCPS Chief Operating Officer Marty Smith discussed the Schools' strong and collaborative relationship with County leadership. Chief Financial Officer Joe Mondoro gave a budget update. Revenues are tracking slightly higher than the budget while expenditures are consistent with the FY 2019 budget. Early FY 2020 estimates for revenues are consistent with the projected increase of 2.6 percent in the multi-year budget. An updated forecast will be provided to the Board on November 27, 2018. The review of consolidating leased space continues; there may be infrastructure funding requirements and other changes to look at such as parking. Staff has identified approximately 75K square feet of potential space. Organizational reviews are continuing. County Executive Hill updated the Board regarding the Strategic Plan. A consultant, Accenture, has been hired, and meetings will begin in November.

Board Discussion

- Chairman Bulova suggested that the County currently has several strategic plans, including for the environment, for economic success, and for housing. She asked how the new strategic plan will

be different than the current strategic plans. County Executive Hill responded that the new strategic plan would inform and guide the County's ability to carry out County long-term strategic initiatives.

- Committee Chair McKay suggested there is ongoing work resulting from the existing Lines of Business exercise, and that the new strategic plan is a separate exercise.
- Supervisor Smyth asked about how citizen organizations will fit into the strategic plan. County Executive Hill responded that the County will utilize existing boards and commissions in the strategic planning process and will reach out to others as well.

The next meeting of the Board Budget Committee is scheduled for 3:00 P.M. on Tuesday, November 27 2018.

The meeting adjourned at 4:40 P.M.