

Eight Principles of Investment in Economic Opportunities to Support Economic Success

- 1. Reserve Goal.** The Economic Opportunity Reserve will be utilized by Fairfax County to support the Strategic Plan to Facilitate the Economic Success of Fairfax County. A goal of that Plan is to take action to create a diversified and prosperous economy that engages all segments of the community. The Reserve will allow the County to provide strategic investment in opportunities to stimulate economic growth in Board priority areas.

The Reserve will be used to invest in capital development projects, property acquisition, and programming support, as further described in these guidelines.

Fairfax County has a spectrum of funding mechanisms available to support projects. The Economic Opportunity Reserve will be used to invest in projects that are not typically supported through the traditional CIP and capital construction process, joint-venture/public private partnership approaches, economic development programs, or standard procurement processes. Use of the Economic Opportunity Reserve is intended to provide for opportunities outside of the standard budgeting processes.
- 2. Budget Plan.** The Economic Opportunity Reserve will equal one percent of total General Fund disbursements in any given fiscal year, when fully funded. Replenishment of the Economic Opportunity Reserve will follow the reserve funding policy.
- 3. Reserve Allocation Authority.** The Board of Supervisors will review any proposed use of Reserve funds by the County Executive. No investments shall be made from the Reserve without Board approval.
- 4. Balance Management.** Reserve funds shall be invested per all applicable terms of the County Investment Policy.
- 5. Project Consideration**

 - a. Projects shall only be nominated by a member of the Board Supervisors or the County Executive.

 - i. The County Executive will propose methods to solicit ideas from the community on a regular basis for consideration by the Board.
 - b. Projects must have a development partner who shall have primary responsibility for managing the project.
 - c. Projects that do not directly benefit Fairfax County will not be considered.

6. Reserve Award Uses. The use of the Reserve funds will be for 'one-time' investment in projects that are deemed appropriate by the Board of Supervisors. Investments must meet the following minimum criteria:

- a. Investment will be for 'one time' investment expenditures. No use of these funds shall be for facility operations or facility maintenance.
- b. Investment must pose no direct or indirect liability to the County.
- c. Once an investment is made, there is no implication of further project investments or obligations for the project on the part of the County.
- d. Criteria for project awards shall be established by the Board of Supervisors, as set forth herein.
- e. Project types will be evaluated in one of three categories:
 - i. Capital development projects;
 - ii. Property acquisition; and,
 - iii. Programming support for economic development activities, as identified in the Strategic Plan to Facilitate the Economic Success of Fairfax County.

7. Project Criteria and Guidelines

- a. Projects must be aligned with Board priorities for generating economic success and equitable growth.
 - i. The purpose for the County's investment will be clearly defined, including measures to evaluate investment returns and benefits to County residents.
 - ii. Periodic reporting will occur on investments and the efficacy of project guidelines.
- b. Investments will seek a reasonable return on investment. A benchmark evaluation of return on investment over a 10 year period will be used.
 - i. Projects may also be evaluated to the extent that they meet County identified service needs or provide clearly defined public benefits to the community.
 - ii. An investment can be used as an incentive to encourage matching funds from a non-profit, state, or private sector funding source. This use of an investment should be used as a way to leverage the County investment, rather than defray investments by other parties.
- c. The annual amount dedicated to investments from the Economic Opportunity Reserve will be established by the Board.
- d. *Capital Development Projects:*

The primary goal for capital development projects is to invest in projects that support Board economic success and equitable growth policies. The primary metric considered will be the impact the investment will have on creating value, increasing economic growth and generating taxable revenue.

- i. Candidate projects should be generally consistent with the county's Comprehensive Plan and Capital Improvement Program. Innovative ideas for projects that support economic growth and are deemed feasible will be considered on merit.
- ii. Revenue enhancements from project investment considered will include, but are not limited to; real estate, BPOL, TOT, personal property, sales tax, and other related tax benefits created by the investment.
- iii. The target minimum amount of investment per project award is \$500,000.
- iv. As a general rule, investments should not exceed 50% of the total project costs.

e. *Property Acquisition Projects:*

The primary goal for property acquisition projects is the tactical investment in real property or assets to facilitate future economic growth.

- i. The County may use the property for the purpose that the project award was made for, or may choose to reallocate the property for other project uses at a later date.

f. *Programming Support Projects:*

The primary goal for programming support projects is to allow for the County Executive to make appropriate investments in actions to further Strategic Plan to Facilitate the Economic Success of Fairfax County goals.

- 8. Reserve Replenishment.** The Reserve may be replenished through a variety of mechanisms, including financial returns from Economic Opportunity Reserve investments. The County Executive will make recommendations as part of the Budget Quarterly Reviews. If elements of the investment have been moved to a more traditional capital project funding process, those capital project funding sources may be used to replenish the Reserve up to the full amount of the investment.