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# **Update on Reserves and Funding Requests from the Economic Development Support Fund (EDSF)**

# Reserve Policy and Funding Goals

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The Board approved revised reserve funding target of 10% of General Fund disbursements as part of the FY16 Adopted Budget Plan.

Reserve target consists of three components:

- **Managed Reserve**  
*To provide for temporary financing of critical unforeseen disbursements of a catastrophic emergency nature.*
- **Revenue Stabilization Fund**  
*To permit orderly adjustment to changes resulting from curtailment of revenue.*
- **Economic Opportunity Reserve**  
*To provide for strategic investment opportunities that are identified by the Board to stimulate economic growth.*

# Reserve Policy Status

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**Managed Reserve: 4% of General Fund Disbursements (Formerly 2%)**

As of FY 2017, the managed reserve totals **\$106.5 million**, or 2.65%



**Revenue Stabilization Fund: 5% of General Fund Disbursements (Formerly 3%)**

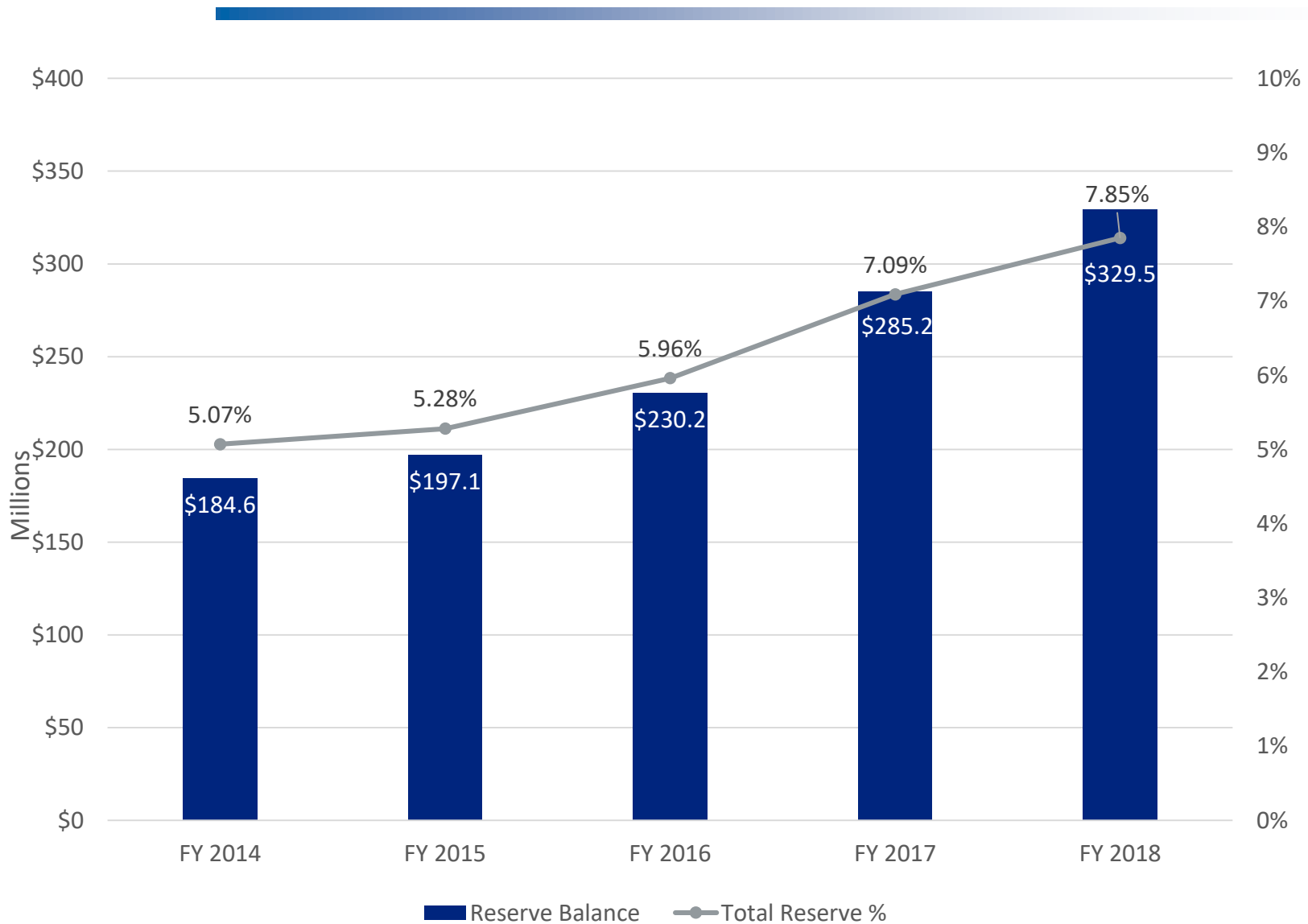
As of FY 2017, the revenue stabilization fund totals **\$178.7 million**, or 4.44%



**Economic Opportunity Reserve: 1% of General Fund Disbursements (New)**

Funding of this reserve will occur once the Managed Reserve & Revenue Stabilization Fund are fully funded

# Progression Towards Reserve Fund Goals



# EOR & EDSF Funding

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- FY 2018 Budget progress toward reserve target at 7.85%
- Funding for Economic Opportunity Reserve (EOR) would not occur until after 9% is reached
- In FY 2018, 1% of General Fund disbursements  $\approx$  \$42 million
- Board direction at FY 2016 Carryover Review :
  - Created Economic Development Support Fund (EDSF) to accelerate EOR investments
  - Appropriated \$5 million into EDSF
  - Directed staff to develop guidelines and process for use of EOR and EDSF funds

# Background

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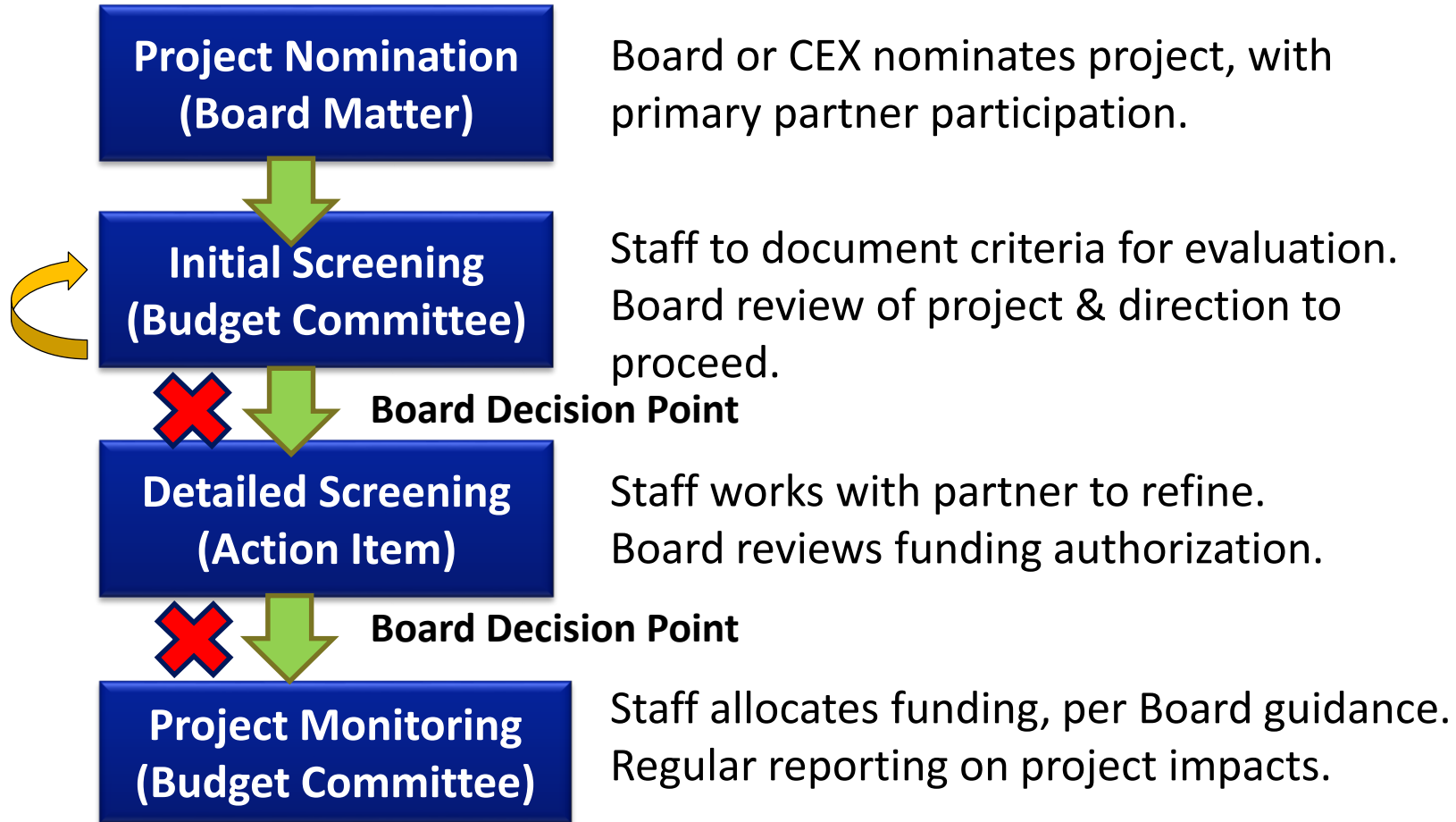
- January 2017 – Budget Committee discussion of Proposed Guidelines for Economic Opportunity Reserve (EOR) & Economic Development Support Fund (EDSF)
- February 2017 – Board Action item on adoption of Guidelines for EOR and EDSF
- Since then, there have been nine Board nominations for funding from the EDSF
- Discussion today on six requests with the latter scheduled at future Budget Committee meetings

# EDSF Nominations to Date

Item	Amount Requested
Go Virginia – Local Match	\$200,000
AFID Grant – Local Match	\$500,000
Downtown Herndon Redevelopment	TBD
Annandale Pilot Projects	TBD
Greater Washington Export Center	\$450,000
ESSP Implementation	\$350,000
Implementation of Sports Tourism Taskforce Recommendations	TBD
Sports Tourism Economic Development Opportunity	TBD
Historic Tourism and Marketing Support	TBD

Future project nominations are anticipated

# EDSF Process -





# Staff Evaluation – Reserve Award Uses

- This is a one time investment expenditure
- No funding for operations or maintenance
- No direct or indirect liability to the County
- Project Types to be evaluated in three categories:

Project Type	Goal	Metrics / Review
Capital Development	Invest in projects that support Board Economic Success and equitable growth policies	<ul style="list-style-type: none"><li>• Economic growth</li><li>• Taxable revenue</li></ul>
Property Acquisition	Tactical investment in real property or assets to facilitate future economic growth	<ul style="list-style-type: none"><li>• County use or repurpose</li><li>• Future P3 opportunity</li></ul>
Programming Support	Appropriate investments in actions	<ul style="list-style-type: none"><li>• Economic growth</li><li>• Support ESSP goals</li></ul>

# EDSF Funding Request #1 – GO Virginia

Nominated by	Nomination Date	Nomination Status	Funding Request
Supervisor Foust	9/26/2017	Initial Project Evaluation	\$200,000

## Background

- GO Virginia is a bipartisan, business-led economic development initiative that supports programs to create more high-paying jobs via incentivized collaboration between business, education, and government
- Three Broad Goals
  - Grow & strengthen Northern Virginia Technology workforce
  - Expand small and medium sized growth companies
  - Increase technology transfer & commercialization activities from research centers and institutions
- GO Virginia accepting Letters of Interest for projects to be funded by jobs in high wage industries
- Projects require non-state sources of matching funds from public or private sources

# EDSF Funding Request #1 – GO Virginia

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- Project Type – Programming Support
- Staff Evaluation – Project Criteria and Guidelines
  - Request CEX/EDA participate in the regional submission for a Go Virginia project request
  - Local match to state funds is consistent with EDSF Project Criteria and Guidelines 7 (b) (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”*
- **Staff Recommendation –**
  - Request CEX/EDA participate in the regional submission for a Go Virginia project request
  - Encumber \$200,000 for local match of Go Virginia grant

## EDSF Funding Request #2 – Agricultural and Forrestral Industries Development (AFID) Fund Local Match

Nominated by	Nomination Date	Nomination Status	Funding Request
Chairman Bulova	7/25/2017	Initial Project Evaluation	\$500,000

### Background

- AFID is a performance based economic development incentive that encourages investment in agriculture and forestry value-added or processing plants
- Grants are awarded by the Commonwealth with the requirement of a local jurisdiction match
- Funding request for local match of successful applications

# EDSF Funding Request #2 – Agricultural and Forrestral Industries Development (AFID) Fund Local Match

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- Project Type – Capital Development
- Staff Evaluation – Project Criteria and Guidelines
  - Local match to state funds is consistent with EDSF Project Criteria and Guidelines 7 (b) (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”*
  - Commonwealth/County AFID funding based on criteria such as economic growth, job creation, generating tax revenue, etc.
- **Staff Recommendation –**
  - Request BOS to encumber \$500,000 for local match for AFID funds.
  - Return to BOS with specific projects considered for AFID with criteria when available (likely in a BOS Closed Session)
  - No funds released prior to BOS approval

# EDSF Funding Request #3 – Town of Herndon – Downtown Herndon Redevelopment

Nominated by	Nomination Date	Nomination Status	Funding Request
Supervisor Foust	9/26/2017	Initial Project Evaluation	TBD

## Background

- Redevelopment project to transform the Town owned surface parking lot into a mixed use development that would include new retail, residential units, 340 space public parking structure, and an arts center
- Town is seeking EDSF funding from the County to further diversify their funding sources for the project
- EDSF funds would be used for capital contribution towards the Arts Center and/or Public Parking Structure
- Proposed Comprehensive Agreement between Town and Comstock Partners

# EDSF Funding Request #3 – Town of Herndon – Downtown Herndon Redevelopment

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- Project Type – Capital Development
- Staff Evaluation – Project Criteria and Guidelines
  - Converts a currently tax exempt site (Town owned) to a taxable site (Developer – Comstock)
  - Pro-forma projects the County would receive approximately \$800,000/year from local tax sources; Town would receive approximately \$300,000/year from local tax sources
  - Staff review of local tax projections:
    - Town utilized real estate consultant to verify proforma of the developer; figures are in line and conservative
    - Revenue may be more gradually phased in with construction and buildout; town figures assume fully buildout
    - County benchmark for return on investment would be over 10 year period
  - *County investment not to exceed 50% of total project costs per 7(d) iv)*

# EDSF Funding Request #3 – Town of Herndon – Downtown Herndon Redevelopment

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- **Staff Recommendation –**

- Encumber \$1,200,000 from the EDSF for this project contingent upon Town and Comstock agreeing to Comprehensive Agreement
- County investment equates to 11% of total project estimate
- Funds will remain encumbered until Town & Developer close on the deal which is anticipated for Q1 2019
- Release of funding from County to Town would tie to phasing of project and proposed expenditures
- No funds would be released prior to establishing a MOU with the Town and BOS approval



# EDSF Funding Request #4 – Annandale Pilot Projects

Nominated by	Nomination Date	Nomination Status	Funding Request
Supervisor Gross	9/26/2017	Initial Project Evaluation	TBD

## Background

- November 2016 report provided short and medium term strategies for revitalization
- TAP provided recommendations to address real estate and land use issues
  - Propose evidence-based catalytic projects, exploring new and other identified ideas
  - Identify other creative ideas or tools to spur or facilitate revitalization in Annandale
- Funds would be used toward Open Street events and potential for pop-up park

# EDSF Funding Request #4 - Annandale Pilot Projects

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- Project Type – Programming Support
- Staff Evaluation – Project Criteria and Guidelines
  - Funding request is consistent with EDSF Project Criteria and Guidelines 7 (b)(ii) & 7(f)
    - “Projects may also be evaluated to the extent that they ... provide clearly defined public benefits to the community.”*
    - “Primary goal ... is to allow for the County Executive to make appropriate investments in actions to further [ESSP] goals.”*
- **Staff Recommendation –**
  - Encumber \$125,000 for proposed pilot projects
  - Return to BOS for action to allocate funding for OCR to administer and implement these innovative projects
  - Report back to the BOS on the projects, effectiveness, and applicability in other areas of the County
  - No funds released prior to BOS approval

# EDSF Funding Request #5 – Greater Washington Export Center

Nominated by	Nomination Date	Nomination Status	Funding Request
Supervisor Foust	9/26/17	Initial Project Evaluation	\$450,000

## Background

- Proposed creation of a Greater Washington Export Center
- Concept plan was provided to County’s Economic Advisory Council
- Regional funding would be based on MWCOCG formula for local jurisdictions
- Funds requested for three years of operations

# EDSF Funding Request #5 – Greater Washington Export Center

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- Project Type – Programming Support
- Staff Evaluation – Project Criteria and Guidelines
  - Reserve Award Uses prohibits funds for the use of operations and maintenance 6 (a)
- Staff Recommendation
  - Do not recommend use of EDSF funding for the Greater Washington Export Center as currently proposed

## EDSF Funding Request #6 – Economic Success Strategies Plan (ESSP) Implementation

Nominated by	Nomination Date	Nomination Status	Funding Request
Supervisor Foust	9/26/2017	Initial Project Evaluation	\$350,000

### Background

- ESSP adopted by BOS in Spring 2015
- Funds would be used to support and implementation of the ESSP. Examples would include: community programming, marketing

# EDSF Funding Request #6

## Economic Success Strategies Plan (ESSP) Implementation

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- Project Type – Programming Support
- Staff Evaluation – Project Criteria and Guidelines
  - Funding request is consistent with EDSF Project Criteria and Guidelines 7 (b)(ii) & 7(f)
    - “Projects may also be evaluated to the extent that they ... provide clearly defined public benefits to the community.”*
    - “Primary goal ... is to allow for the County Executive to make appropriate investments in actions to further [ESSP] goals.”*
- **Staff Recommendation –**
  - Encumber \$150,000 for proposed pilot projects
  - Report back to the BOS on a periodic bases on how funds were expended, effectiveness, and measures of success

# EDSF Nomination Review

## Summary of Staff Recommendations:

Item	Amount Requested	Staff Recommendation
<b>EDSF Beginning Balance</b>	<b>\$5,000,000</b>	<b>\$5,000,000</b>
Go Virginia – Local Match	\$200,000	\$200,000
AFID Grant – Local Match	\$500,000	\$500,000
Downtown Herndon Redevelopment	TBD	\$1,200,000
Annandale Pilot Projects	TBD	\$125,000
Greater Washington Export Center	\$450,000	\$0
ESSP Implementation	\$350,000	\$150,000
Implementation of Sports Tourism Taskforce Recommendations	TBD	TBD
Sports Tourism Economic Development Opportunity	TBD	TBD
Historic Tourism and Marketing Support	TBD	TBD
<b>EDSF Ending Balance</b>	<b>\$3,500,000</b>	<b>\$2,825,000</b>