

# Fund 10015: Economic Opportunity Reserve

## Focus

In the April 2015 update to the *Ten Principles of Sound Financial Management*, the Board of Supervisors approved the establishment of a reserve to stimulate economic growth and to provide for strategic investment opportunities identified as priorities by the Board. This reserve had a target funding level of 1.0 percent of total General Fund disbursements and was to be created and funded after the requirements associated with the Managed Reserve and Revenue Stabilization Reserve were fully funded at their new policy levels of four and five percent, respectively.

The *Eight Principles of Investment in Economic Opportunities* were first adopted by the Board in February 2017. In response to the COVID-19 pandemic, the Board of Supervisors approved modifications to the Economic Opportunity Reserve (EOR) Guidelines on April 14, 2020, to expand the use of EOR funds. Currently, four types of projects are identified as suitable for direct investment from the reserve:

- Capital development projects;
- Purchase of real estate;
- Programming support for economic development activities of strategic importance; and,
- COVID-19 Economic Mitigation Projects.

In February 2018, the Board adopted a three-step process to evaluate projects for investment, *Process to Evaluate Investment in Economic Opportunities*. This process is in use to guide one-time seed investments in projects that provide economic benefits to Fairfax County and the region.

During the *FY 2019 Carryover Review*, the Managed Reserve and Revenue Stabilization Reserve funding requirements were met and Fund 10015, Economic Opportunity Reserve, was established. As of the FY 2024 Adopted Budget Plan, the projected balance in the reserve is 1.0 percent of General Fund disbursements. As projects are approved by the Board, funding is reallocated from the Appropriated Reserve to specific projects within Economic Opportunity Projects.

## FY 2024 Funding Adjustments

*The following funding adjustments from the FY 2023 Adopted Budget Plan are necessary to support the FY 2024 program. Included are all adjustments recommended by the County Executive that were approved by the Board of Supervisors, as well as any additional Board of Supervisors' actions, as approved in the adoption of the Budget on May 9, 2023.*

### **General Fund Transfer**

No General Fund transfer is required in FY 2024 to maintain the fund at its target level of 1.0 percent of General Fund disbursements. The retained interest earnings and the anticipated carryforward of balances from FY 2023 will result in full funding of the reserve at 1.0 percent of General Fund disbursements. No appropriation is included currently for FY 2024 as the full balance will be appropriated as part of the *FY 2023 Carryover Review*.

## Fund 10015: Economic Opportunity Reserve

### **Changes to FY 2023 Adopted Budget Plan**

*The following funding adjustments reflect all approved changes in the FY 2023 Revised Budget Plan since passage of the FY 2023 Adopted Budget Plan. Included are all adjustments made as part of the FY 2022 Carryover Review, FY 2023 Third Quarter Review, and all other approved changes through April 30, 2023.*

#### **Carryover Adjustments \$50,081,442**

As part of the *FY 2022 Carryover Review*, the Board of Supervisors approved an increase of \$2,198,660 in the General Fund transfer to this fund due to a net increase in General Fund disbursements. FY 2023 expenditures were increased \$50,081,442 to appropriate the full balance of the fund, reflecting \$6,571,869 in remaining balances previously appropriated to approved projects, \$1,000,000 for the newly approved Fairfax Founders Fund project (2G16-002-000), and the appropriated reserve of \$42,509,573 to allow additional projects approved by the Board of Supervisors to be funded throughout the fiscal year.

#### **Third Quarter Adjustments \$1,031,380**

As part of the *FY 2023 Third Quarter Review*, the Board of Supervisors approved an increase of \$1,031,380 in the General Fund transfer to this fund in association with an increase in FY 2023 General Fund disbursements and consistent with the County's reserve policy. As projects are approved by the Board, funding is reallocated from the Appropriated Reserve to specific projects.

## Fund 10015: Economic Opportunity Reserve

### FUND STATEMENT

Category	FY 2022 Actual	FY 2023 Adopted Budget Plan	FY 2023 Revised Budget Plan	FY 2024 Advertised Budget Plan	FY 2024 Adopted Budget Plan
<b>Beginning Balance<sup>1</sup></b>	<b>\$46,527,372</b>	<b>\$47,604,145</b>	<b>\$47,121,645</b>	<b>\$50,081,442</b>	<b>\$51,112,822</b>
<b>Revenue:</b>					
Interest Earnings	\$36,911	\$150,000	\$150,000	\$500,000	\$500,000
<b>Total Revenue</b>	<b>\$36,911</b>	<b>\$150,000</b>	<b>\$150,000</b>	<b>\$500,000</b>	<b>\$500,000</b>
<b>Transfers In:</b>					
General Fund (10001)	\$926,773	\$611,137	\$3,841,177	\$0	\$0
<b>Total Transfers In</b>	<b>\$926,773</b>	<b>\$611,137</b>	<b>\$3,841,177</b>	<b>\$0</b>	<b>\$0</b>
<b>Total Available</b>	<b>\$47,491,056</b>	<b>\$48,365,282</b>	<b>\$51,112,822</b>	<b>\$50,581,442</b>	<b>\$51,612,822</b>
<b>Expenditures:</b>					
Economic Opportunity Projects	\$369,411	\$0	\$7,671,869	\$0	\$0
Appropriated Reserve	0	0	43,440,953	0	0
<b>Total Expenditures</b>	<b>\$369,411</b>	<b>\$0</b>	<b>\$51,112,822</b>	<b>\$0</b>	<b>\$0</b>
<b>Total Disbursements</b>	<b>\$369,411</b>	<b>\$0</b>	<b>\$51,112,822</b>	<b>\$0</b>	<b>\$0</b>
<b>Ending Balance<sup>1</sup></b>	<b>\$47,121,645</b>	<b>\$48,365,282</b>	<b>\$0</b>	<b>\$50,581,442</b>	<b>\$51,612,822</b>

<sup>1</sup> The FY 2024 Adopted Budget Plan Beginning Balance assumes the carryover of the Total Available funding from FY 2023. The full amount available in the reserve is appropriated in FY 2023 to allow for its allocation to projects as approved by the Board of Supervisors, resulting in an FY 2023 Ending Balance of \$0. It is anticipated, however, that a significant portion of the reserve, as well as unspent balances in projects, will be carried forward each year. Appropriations will be made for FY 2024 as part of the *FY 2023 Carryover Review*. Fluctuations in the Ending Balance are due to the timing of spending in the Economic Opportunity Projects and the accumulation of balances to increase the reserve to its target level of 1.0 percent of General Fund disbursements. The FY 2024 projected Ending Balance of \$51,612,822 is at the target level of 1.0 percent of FY 2024 Adopted General Fund disbursements.

# Fund 10015: Economic Opportunity Reserve

## SUMMARY OF ECONOMIC OPPORTUNITY PROJECTS

Project	Total Project Estimate	FY 2022 Actual Expenditures	FY 2023 Revised Budget	FY 2024 Advertised Budget Plan	FY 2024 Adopted Budget Plan
AFID Grant – Beanstalk (2G16-003-000) <sup>1</sup>	\$100,000	\$0.00	\$100,000.00	\$0	\$0
AFID Grant - OmMade (2G30-013-000) <sup>2</sup>	25,000	25,000.00	0.00	0	0
Annandale Pilot Projects (2G30-002-000)	124,565	7,778.32	71,134.81	0	0
Connected Autonomous Vehicle Demo LCM (2G30-010-000) <sup>3</sup>	49,922	20,782.32	0.00	0	0
Downtown Herndon Redevelopment (2G30-005-000)	1,200,000	0.00	1,200,000.00	0	0
ESSP Implementation (2G30-004-000)	91,334	50,000.00	37,334.22	0	0
Fairfax Founders Fund (2G16-002-000) <sup>4</sup>	1,000,000	0.00	1,000,000.00	0	0
Herndon Art Center Development (2G30-012-000)	5,000,000	0.00	5,000,000.00	0	0
Microloan Program (2G16-001-000) <sup>5</sup>	1,376,750	54,250.00	0.00	0	0
Springfield Gateway Projects (2G30-003-000)	100,000	0.00	100,000.00	0	0
Tyson's Partnership Activation (2G30-011-000) <sup>6</sup>	375,000	211,600.00	163,400.00	0	0
<b>Total</b>	<b>\$9,442,571</b>	<b>\$369,410.64</b>	<b>\$7,671,869.03</b>	<b>\$0</b>	<b>\$0</b>

<sup>1</sup> On October 11, 2022, the Board of Supervisors authorized funding of \$100,000 from the Economic Opportunity Reserve (EOR) to meet the local cash grant requirement to accept grant funding of \$100,000 from the Governor's Agriculture and Forestry Industries Development (AFID) Fund for Beanstalk Farms Inc.

<sup>2</sup> AFID Grant-OmMade (2G30-013-000) has been complete, and the project was closed out as part of the *FY 2022 Carryover Review*.

<sup>3</sup> Connected Autonomous Vehicle Demo LCM (2G30-010-000) has been complete, and the project was closed out as part of the *FY 2022 Carryover Review*. The remaining balance of \$78 was returned to the appropriated reserve.

<sup>4</sup> On June 28, 2022, the Board of Supervisors authorized funding of \$1,000,000 to create the Fairfax Founders Fund (2G16-002-000), a grant and technical assistance program for promising startup County firms in emerging technology industries. As part of the *FY 2022 Carryover Review*, \$1,000,000 was allocated from the appropriated reserve to project 2G16-002-000.

<sup>5</sup> Microloan Program (2G16-001-000) has been complete, and the project was closed out as part of the *FY 2022 Carryover Review*.

<sup>6</sup> On July 27, 2021, the Board of Supervisors approved the Tyson's Partnership Activation Project (2G30-011-000) and allocated \$250,000 from Fund 10015 to support the implementation of community activation, branding initiatives and organizational development. On June 28, 2022, the Board of Supervisors authorized additional funding of \$125,000 to the Tyson's Partnership Activation project to continue its efforts. The total project estimate was increased from the original \$250,000 to \$375,000.