

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 2025 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 2025 Funding Adjustments

The following funding adjustments from the FY 2024 Adopted Budget Plan are necessary to support the FY 2025 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 7, 2024.

General Fund Transfer

\$0

No General Fund transfer is required in FY 2025 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 2024 will result in full funding of the reserve at 1.0 percent of General Fund disbursements. No appropriation is included currently for FY 2025 as the full balance will be appropriated as part of the *FY 2024 Carryover Review*.

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Changes to FY 2024 Adopted Budget Plan

The following funding adjustments reflect all approved changes in the FY 2024 Revised Budget Plan since passage of the FY 2024 Adopted Budget Plan. Included are all adjustments made as part of the FY 2023 Carryover Review, FY 2024 Third Quarter Review, and all other approved changes through April 30, 2024.

Carryover Adjustments

\$53,030,855

As part of the *FY 2023 Carryover Review*, the Board of Supervisors approved an increase of \$1,083,876 in the General Fund transfer to this fund due to a net increase in General Fund disbursements. FY 2024 expenditures were increased \$53,030,855 to appropriate the full balance of the fund, reflecting \$7,395,600 in remaining balances previously appropriated to approved projects, \$450,000 for the newly approved Accelerate Entrepreneur-Investor Forum Program (2G30-014-000), and the appropriated reserve of \$45,185,255 to allow additional projects approved by the Board of Supervisors to be funded throughout the fiscal year.

Third Quarter Adjustments

\$576,211

As part of the *FY 2024 Third Quarter Review*, the Board of Supervisors approved an increase of \$576,211 in the General Fund transfer to this fund in association with an increase in FY 2024 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.

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FUND STATEMENT

Category	FY 2023 Actual	FY 2024 Adopted Budget Plan	FY 2024 Revised Budget Plan	FY 2025 Advertised Budget Plan	FY 2025 Adopted Budget Plan
Beginning Balance¹	\$47,121,645	\$51,112,822	\$51,446,979	\$53,030,855	\$53,607,066
Revenue:					
Interest Earnings	\$760,426	\$500,000	\$500,000	\$1,000,000	\$1,000,000
Total Revenue	\$760,426	\$500,000	\$500,000	\$1,000,000	\$1,000,000
Transfers In:					
General Fund (10001)	\$3,841,177	\$0	\$1,660,087	\$576,211	\$0
Total Transfers In	\$3,841,177	\$0	\$1,660,087	\$576,211	\$0
Total Available	\$51,723,248	\$51,612,822	\$53,607,066	\$54,607,066	\$54,607,066
Expenditures:					
Economic Opportunity Projects	\$276,269	\$0	\$7,845,600	\$0	\$0
Appropriated Reserve	0	0	45,761,466	0	0
Total Expenditures	\$276,269	\$0	\$53,607,066	\$0	\$0
Total Disbursements	\$276,269	\$0	\$53,607,066	\$0	\$0
Ending Balance¹	\$51,446,979	\$51,612,822	\$0	\$54,607,066	\$54,607,066

¹ The FY 2025 Adopted Budget Plan Beginning Balance assumes the carryover of the Total Available funding from FY 2024. The full amount available in the reserve was appropriated in FY 2024 to allow for its allocation to projects as approved by the Board of Supervisors, resulting in an FY 2024 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 2025 as part of the *FY 2024 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 2025 projected Ending Balance of \$54,607,066 is at the target level of 1.0 percent of FY 2025 Adopted General Fund disbursements.

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SUMMARY OF ECONOMIC OPPORTUNITY PROJECTS

Project	Total Project Estimate	FY 2023 Actual Expenditures	FY 2024 Revised Budget	FY 2025 Advertised Budget Plan	FY 2025 Adopted Budget Plan
Accelerate Series (2G30-014-000) ¹	\$450,000	\$0.00	\$450,000.00	\$0	\$0
AFID Grant – Beanstalk (2G16-003-000)	100,000	0.00	100,000.00	0	0
Annandale Pilot Projects (2G30-002-000)	124,565	7,860.45	63,274.36	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	(26,000.00)	63,334.22	0	0
Fairfax Founders Fund (2G16-002-000)	1,000,000	49,785.69	950,214.31	0	0
Herndon Art Center Development (2G30-012-000)	5,000,000	0.00	5,000,000.00	0	0
Springfield Gateway Projects (2G30-003-000)	100,000	81,222.75	18,777.25	0	0
Tyson's Partnership Activation (2G30-011-000) ²	375,000	163,400.00	0.00	0	0
Total	\$8,440,899	\$276,268.89	\$7,845,600.14	\$0	\$0

¹ On November 21, 2023, the Board of Supervisors authorized funding of \$450,000 to establish the Accelerate Entrepreneur-Investor Forum Program (2G30-014-000), which will consist of three investor pitch events per year, one each quarter, leading up to the annual Accelerate Investor Conference. The Accelerate Series will focus on high-growth innovation and technology industries and will be held in Fairfax County.

² The Tyson's Partnership Activation project (2G30-011-000) was completed, and the project was closed out as part of the *FY 2023 Carryover Review*.