
Proposed Guidelines for Economic Opportunity Reserve & Economic Development Support Fund

BOS Budget Committee
1/31/2017

Reserve Policy and Funding Goals

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

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

As of FY 2016, the managed reserve totals **\$97.2 million**, or 2.5%



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

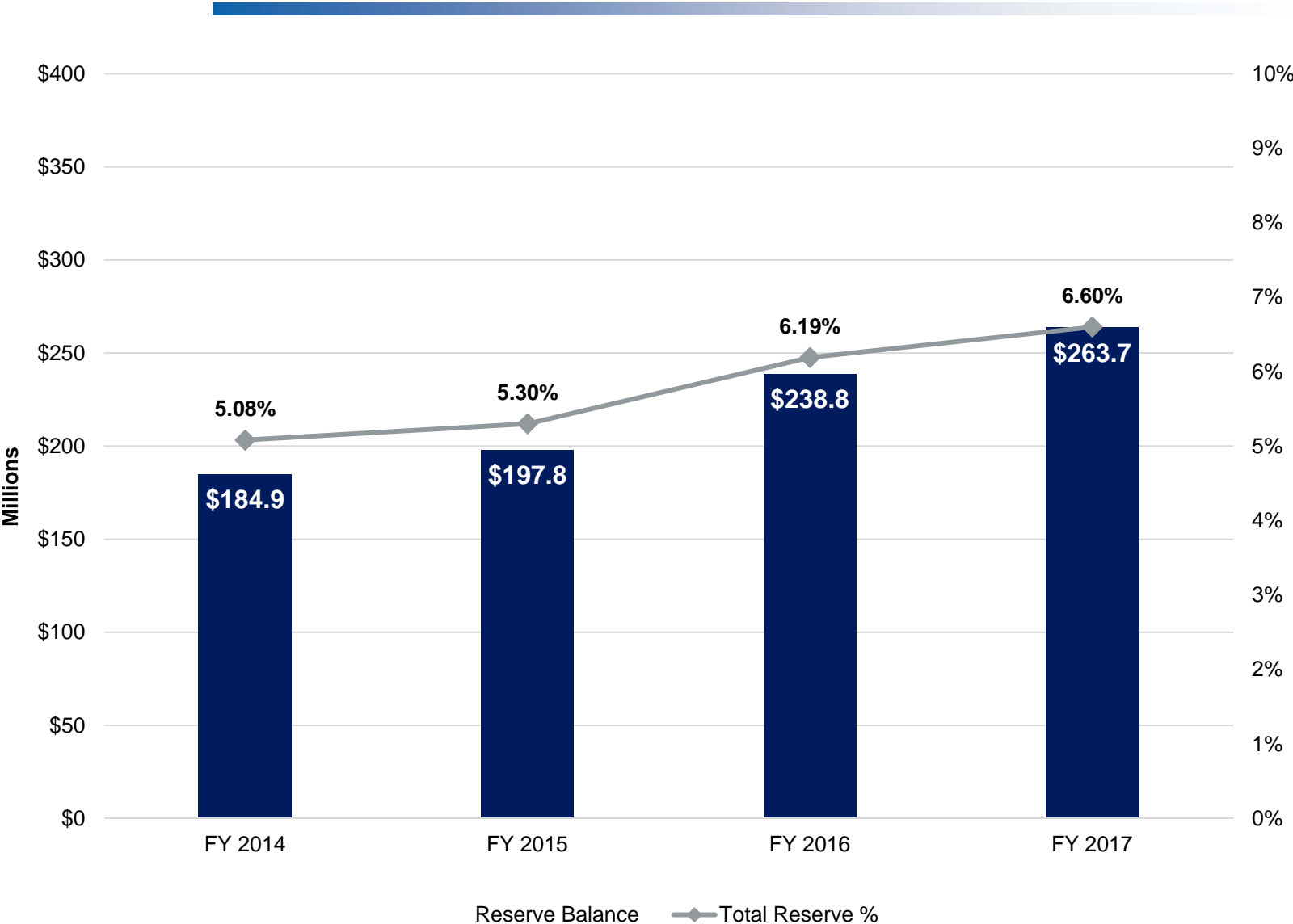
As of FY 2016, the revenue stabilization fund totals **\$141.6 million**, or 3.7%



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

FY17 Budget progress toward reserve target at 6.60%.

Funding for Economic Opportunity Reserve (EOR) would not occur until after 9% is reached.

In FY17, 1% of General Fund disbursements \approx \$40 million

Board direction at FY16 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

Proposed Principles & Process

Two documents for discussion:

- Eight Principles of Investment in Economic Opportunities to Support Economic Success
Serve as guidelines for EOR and EDSF, govern the use of the funds and types of projects for consideration
- Process to Evaluate Investment in Economic Opportunities to Support Economic Success
Proposed process by which projects are nominated, evaluated, and investment decisions are made

EDSF Funding Principles

Principle 1 - Reserve Goal

Provide for strategic investments to support the Economic Success Strategic Plan outside of current budget processes.

Principle 2 - Budget Plan

Restatement of reserve policy.

Principle 3 - Reserve Allocation Authority

Board has sole control of fund allocation.

Principle 4 - Balance Management

Consistent with County Investment Policy.

EDSF Funding Principles, Cont.

Principle 5 - Project Consideration

Projects nominated by BOS or CEX. Partner has primary responsibility for project management and must benefit Fairfax.

Principle 6 - Reserve Award Uses

One-time investment expenditures, minimum of:

- a. No operations or maintenance
- b. No County liability
- c. No implication of future funding
- d. Board establishes criteria (Principle 7)
- e. Three types of projects:
 - i. Capital development
 - ii. Property acquisition
 - iii. Programming support

EDSF Funding Principles, Cont.

Principle 7 - Project Criteria & Guidelines

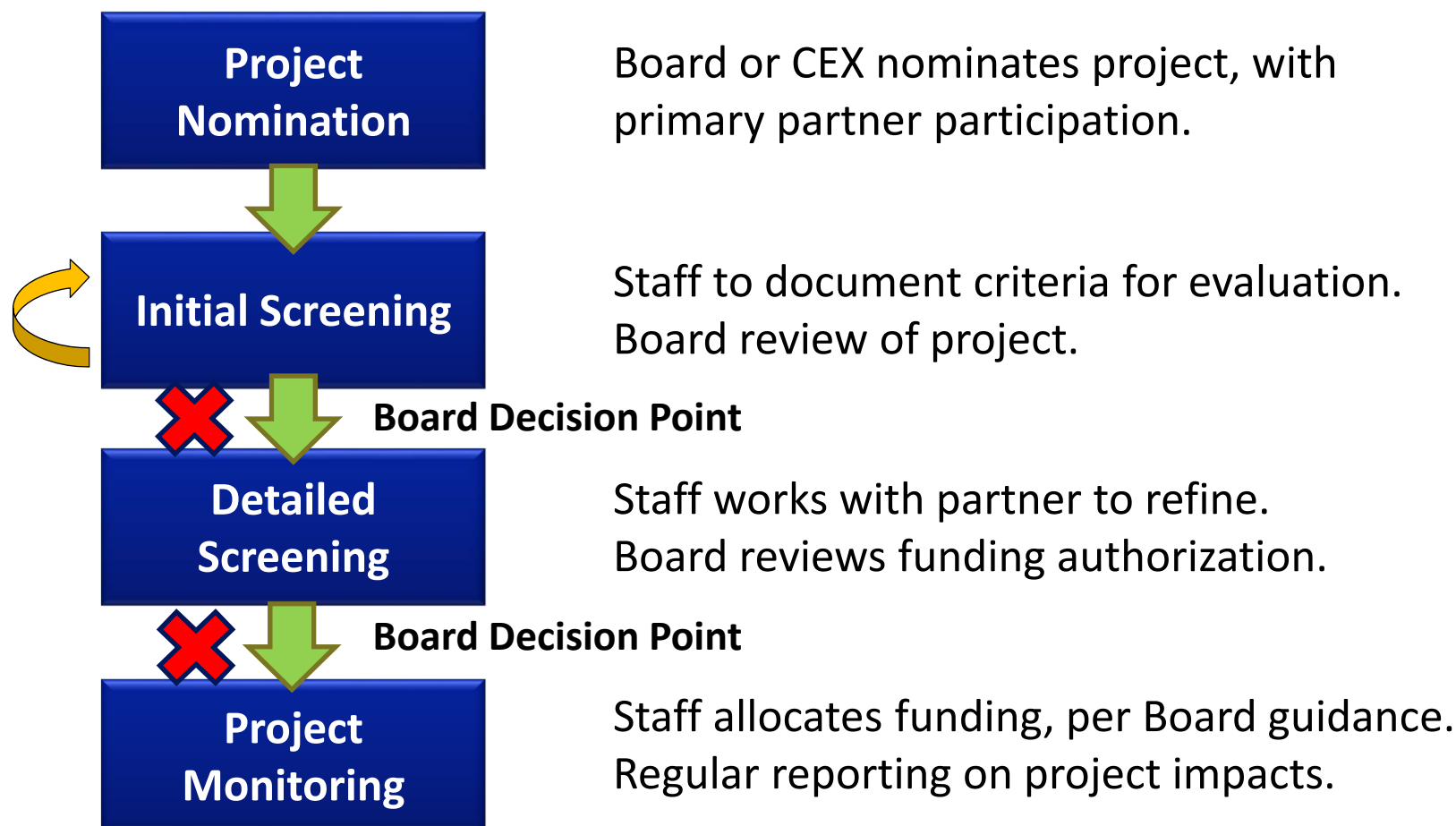
Provides structure and criteria for project evaluation

- a. Alignment with Board goals
- b. Seek return on investment, 10yr benchmark
 - i. Not limited to value creation
 - ii. Can use to leverage outside funds
- c. Board determines annual expenditure limits
- d. Capital Projects
- e. Property Acquisition Projects
- f. Programming Support Projects

Principle 8 - Reserve Replenishment

Provides guidance on replenishment

EDSF Process



Next Steps

January 31st - Board Discussion of EOR/EDSF Principles and Proposed Process

February 10th - Economic Advisory Commission - Implementation Committee

February 14th/28th- Board approval of EOR Principles