

# 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 adopted by the Board in February 2017 and identified three types of projects suitable for direct investment from the reserve:

- Capital development projects;
- Purchase of real estate; and
- Programming support for economic development activities of strategic importance.

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 2021 Advertised Budget Plan, the projected balance in the reserve is fully funded at 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 2021 Funding Adjustments

The following funding adjustments from the FY 2020 Adopted Budget Plan are necessary to support the FY 2021 program:

### General Fund Transfer

A General Fund Transfer of \$11,981,088 is associated with the FY 2021 Advertised General Fund disbursement level. This contribution, combined with retained interest earnings and the anticipated carryforward of balances from FY 2020, results in full funding of the reserve at 1.0 percent of General Fund disbursements. No appropriation is included currently for FY 2021 as the full balance will be appropriated as part of the *FY 2020 Carryover Review*.

## Changes to FY 2020 Adopted Budget Plan

The following funding adjustments reflect all approved changes in the FY 2020 Revised Budget Plan since passage of the FY 2020 Adopted Budget Plan. Included are all adjustments made as part of the *FY 2019 Carryover Review*, and all other approved changes through December 31, 2019.

### Carryover Adjustments \$33,921,880

As part of the *FY 2019 Carryover Review*, the Board of Supervisors approved funding of \$33,921,880 in Operating Expenses. A portion of this funding, \$1,615,899 was allocated to on-going Economic Opportunity Projects previously approved by the Board of Supervisors.

### Out of Cycle Adjustments \$0

Based on Board action taken on December 3, 2019, funding of \$1,050,000 was allocated from the Appropriated Reserve to Economic Opportunity Projects. Funding of \$1,000,000 supports branding activities by the Tysons Partnership (2G30-008-000) and \$50,000 is allocated for an economic development study in the Town of Vienna (2G30-070-000).

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### FUND STATEMENT

Category	FY 2019 Actual	FY 2020 Adopted Budget Plan	FY 2020 Revised Budget Plan	FY 2021 Advertised Budget Plan
<b>Beginning Balance<sup>1</sup></b>	\$0	\$0	\$0	\$33,921,880
<b>Revenue:</b>				
Interest Earnings	\$0	\$0	\$0	\$350,000
<b>Total Revenue</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$350,000</b>
<b>Transfers In:</b>				
General Fund (10001)	\$0	\$0	\$33,921,880	\$11,981,088
<b>Total Transfers In</b>	<b>\$0</b>	<b>\$0</b>	<b>\$33,921,880</b>	<b>\$11,981,088</b>
<b>Total Available</b>	<b>\$0</b>	<b>\$0</b>	<b>\$33,921,880</b>	<b>\$46,252,968</b>
<b>Expenditures:</b>				
Appropriated Reserve	\$0	\$0	\$31,305,981	\$0
Economic Opportunity Projects	0	0	2,615,899	0
<b>Total Expenditures</b>	<b>\$0</b>	<b>\$0</b>	<b>\$33,921,880</b>	<b>\$0</b>
<b>Total Disbursements</b>	<b>\$0</b>	<b>\$0</b>	<b>\$33,921,880</b>	<b>\$0</b>
<b>Ending Balance<sup>1</sup></b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$46,252,968</b>

<sup>1</sup> The FY 2021 Advertised Budget Plan Beginning Balance assumes the carryover of the Total Available funding from FY 2020. The full amount available in the reserve is appropriated in FY 2020 to allow for its allocation to projects as approved by the Board of Supervisors, resulting in an FY 2020 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 2021 as part of the *FY 2020 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 2021 projected Ending Balance of \$46,252,968 is at the target level of 1.0 percent of FY 2021 Advertised General Fund disbursements.

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### SUMMARY OF ECONOMIC OPPORTUNITY PROJECTS<sup>1</sup>

Project	Total Project Estimate	FY 2019 Actual Expenditures	FY 2020 Revised Budget	FY 2021 Advertised Budget Plan
Annandale Pilot Projects (2G30-002-000)	\$124,565	\$0.00	\$124,564.56	\$0
Downtown Herndon Redevelopment (2G30-005-000)	1,200,000	0.00	1,200,000.00	0
ESSP Implementation (2G30-004-000)	141,334	0.00	141,334.22	0
Springfield Gateway Projects (2G30-003-000)	100,000	0.00	100,000.00	0
Town of Vienna-Economic Dev Study (2G30-007-000)	50,000	0.00	50,000.00	0
Tysons Partnership-Branding (2G30-008-000)	1,000,000	0.00	1,000,000.00	0
<b>Total</b>	<b>\$2,615,899</b>	<b>\$0.00</b>	<b>\$2,615,898.78</b>	<b>\$0</b>

<sup>1</sup> Fund 10015 was established during the *FY 2019 Carryover Review*, hence the Total Project Estimate (TPE) does not include spending prior to FY 2020. Total funding of \$125,000 was approved for Annandale Pilot Projects (2G30-002-000) and \$200,000 was allocated for ESSP Implementation (2G30-004-000) with FY 2019 expenditures recorded in the Economic Development Support Project in Agency 87, Unclassified Administrative Expenses. It should be noted that \$1,000,000 associated with the Innovation Hub and \$100,000 in Local Match for the Governor's Agriculture and Forestry Industries Development (AFID) grant were fully expended in FY 2019. For more information, please refer to Agency 87 in Volume 1 of the [FY 2021 Advertised Budget Plan](#).