

Driving Economic Growth: Proposed Approach

Economic Initiatives Committee

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September 22, 2026

Agenda

1. Introduction: Towards a more Connected & Strategic Economic Development Structure
2. Economic Growth Fund: Proposed Approach

Primary Question: Is the approach the right direction for Fairfax County?

A more connected & strategic Economic Development structure

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NAVIGATING WHAT'S NEXT

Strategic Efforts

Previous Board Direction

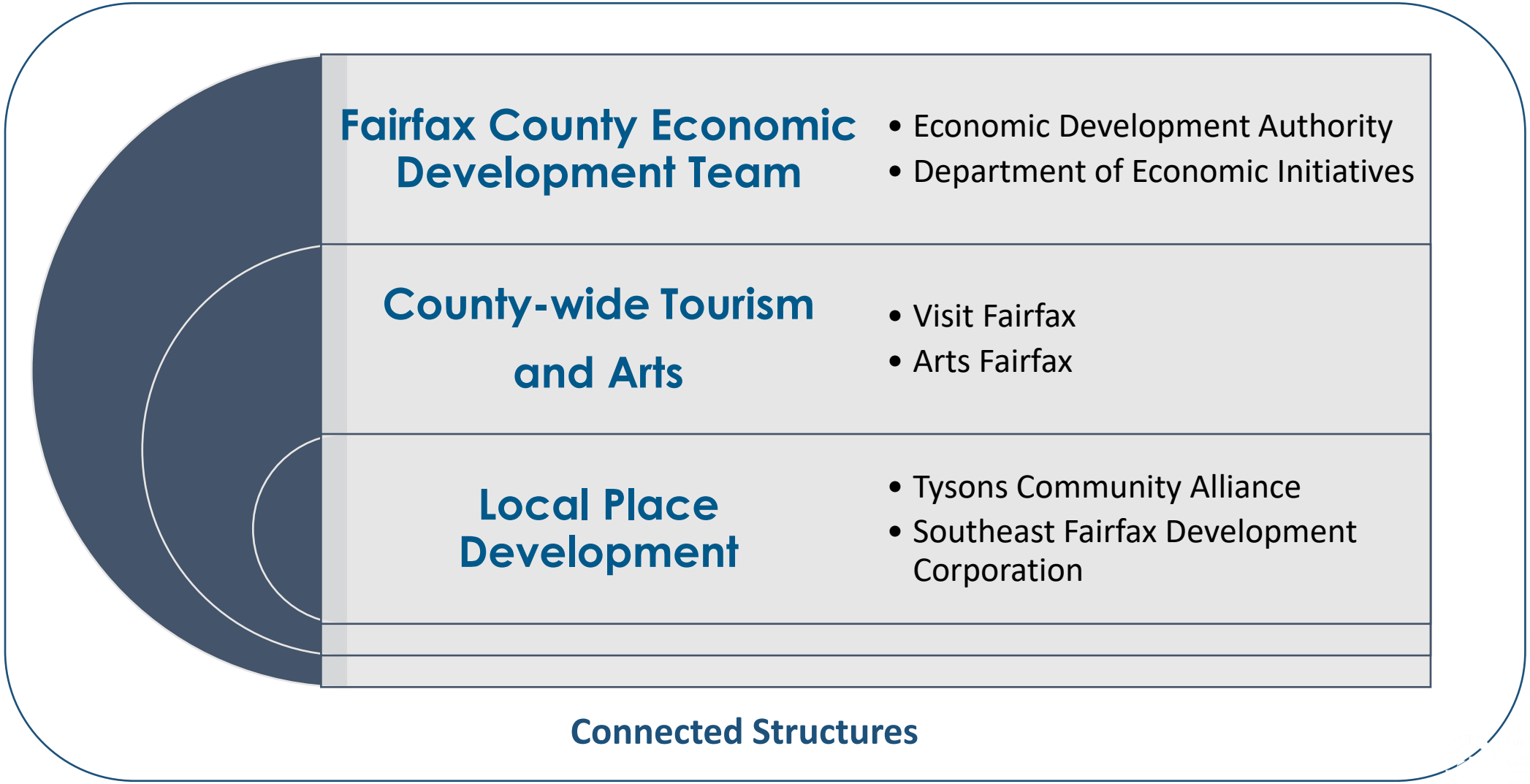
- Chairman's Task Forces on Housing and Economic Competitiveness
- Economic development & placemaking contributory agency review
- Budget policy guidance, including County-EDA alignment

Recent Analysis and Efforts

- 2025 Dept. Economic Initiatives landscape analysis and Action Plan
- Improved integration of tourism, community programming, public arts

Connected Structures

Unique Functions - Enhanced Coordination for Efficiency & Impact



Enhanced Framework

Moving to a collaborative Economic Development Framework (ED Framework)

- Fairfax County ED Framework developed by the County economic development Team (DEI, FCEDA)
- Purpose is to drive economic growth
- Include goals and roles
- Advance alignment priorities
- Board and EDA Commission approved
- Reviewed every three years

Implemented through programs and projects developed subsequently

Proposed Tool:
Economic Growth Fund

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NAVIGATING WHAT'S NEXT

Revised Reserve Fund Structure

From September 1, 2026 Budget Policy Committee Meeting

Reserve Allocations – Proposed Reserve Policy Realignment

- Budget Guidance: *Staff is directed to develop and return to the Board with a strategy to transition the EOR into a more flexible tool for supporting economic development while ensuring that the County's reserve posture stays strong*
- The *FY 2026 Carryover Review* proposes to remove the Economic Opportunity Reserve from the County's core 10% reserve policy by shifting its unallocated balance to the Revenue Stabilization Fund

	Current	Revised
Revenue Stabilization Fund	5%	6%
Managed Reserve	4%	4%
Economic Opportunity Reserve	1%	0%
Total Core Reserves	**10%**	**10%**

- Updates to the Ten Principles of Sound Financial Management will be proposed in the FY 2028 Advertised Budget Plan to formally adopt revisions to reserve targets
  - Consolidation of the 10% target is anticipated to be viewed favorably by the bond rating agencies

Revised Reserve Fund Structure

From September 1, 2026 Budget Policy Committee Meeting

Reserve Allocations – Proposed Reserve Policy Realignment

- Economic Opportunity Reserve – new funding and policy structure
  - As the reserve balance will no longer be tied to the core 10% reserve target, its use will no longer mandate the identification of replacement funding at fiscal year end
  - A one-time transfer in of $15.00 million from the Reserve for Economic Uncertainty is proposed to provide funding for newly identified projects
  - Future replenishment will be managed with discretion during quarterly budget reviews
- Staff to propose revised EOR policies and approval processes at the Economic Initiatives Committee on September 22, 2026

Previous EOR Challenges

The Economic Opportunity Reserve (EOR) was established in 2019 to serve as both an economic investment tool and a fiscal reserve

Original EOR Criteria

- Capital development; Real estate acquisition; Programming support for economic development activities
- Provide a reasonable return on investment over a 10-year period (creating value, increasing economic growth, generating taxable return)

EOR Challenges

- Approximately 1.1% of full EOR allocated to approved projects
- Lengthy review and approval process
- Wide range of proposals with varying impact and ROI
- Required annual replenishment

Opportunity: Establish the Economic Growth Fund with an enhanced structure and process to drive towards established County Economic Growth Goals

Economic Growth Fund

Proposal: The Economic Growth Fund will be an implementation tool to advance County Economic Development Framework

Approach:

1. County economic development team develops programs to address goals in the ED Framework
   - If funding required, seek Board approval for Economic Growth Fund funding
2. Unique Investments that address goals, to be reviewed individually

1. Impactful Programs

Impactful Programs

Each proposed program will detail:

- Clear objectives and connection to ED Framework
- Eligibility and evaluation criteria
- Performance milestones or return requirements (jobs, capital expenditures, revenue, or relevant program metrics)
- Leverage or partner commitments
- Tracking and reporting on impacts and program status
- Non-recurring, with completion timeframes and $ limits

Previous Program Examples

Examples of current or previous programs to meet larger economic development goals:

Program	Impacts to-date
RISE and PIVOT Grant Programs Nearly $70 million for small business relief – federal funds	Study findings: stabilized business activity, increased firm survivability rates, directly supported economic activity and job retention
Accelerate Breakfast Series $450,000 multi-year support of start-up and investor ecosystem development	Since 2024, participating companies have secured or advanced more than $30 million in capital formation.
Fairfax Founders Fund $1 million multi-year, early-stage capital program for high-growth start-ups	Thirteen awardees have generated $23.5 million in additional revenue, contracts and additional capital

Multi-year programs reviewed and approved by the Board - with detailed goals, criteria, and reporting

Unique Investments

Special projects not part of an approved program

- Strategic need or opportunity to meet ED Framework goal
- Brought forward by Board member or County Executive
- Brought to the Board for review and approval
- Will establish special project criteria and evaluation rubric
  - Direct impacts and benefits (jobs, capex, etc)
  - Leverages additional funding/supports

Potential examples of unique investments

- *Match for economic development program grant*
- *Unique real estate opportunity*

Proposed Growth Fund Summary

County Economic Development Framework

Board-Approved Goals

1. Programs to meet Goals

Staff administers within approved program parameters

Example: Multi-year program with several individual recipients and/or projects

2. Unique Investments to meet Goals

Projects nominated, evaluated and approved individually by the Board

Example: One-time grant match

Replenishment: managed with discretion as part of future budget reviews. At a minimum, reviewed with ED Framework updates (every three years)

Next Steps

If this approach is supported:

- October 2026 – early 2027:
  - Draft Economic Development plan with targeted goals
  - Create ‘unique investments’ criteria and evaluation rubric

  Bring to Board for review and approval

- Early 2027
  - Initiate program development – bring to board as needed for review and approval

Proposed Economic Growth Fund Summary:
Board approves economic development goals and reviews programs and/or unique investments to achieve them. Staff manages approved programs, with regular impact reporting and review.

Primary Question: Is the proposed approach the right direction?

Questions & Discussion