



MACHINE TRANSCRIPT • CORAGGIO CONSULTING

Loudoun County Board of Supervisors, Business Meeting, Wednesday, February 15, 2023

Date Wednesday, February 15, 2023
Place Board Room, First Floor, Government Center, 1 Harrison Street SE, Leesburg, Virginia
Length 1h 24m (video)

- Official meeting video (county, Granicus): <https://loudoun.granicus.com/player/clip/7187>
- Agenda (Granicus): https://loudoun.granicus.com/AgendaViewer.php?view_id=73&clip_id=7187

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Speech-to-text: whisper.cpp, model large-v3-turbo. Produced 2026-10-20. Each paragraph starts with its time [HH:MM:SS] in the meeting video.

[00:07:14] Okay. Good evening, supervisors. Good evening, staff. Good evening, Loudon. I'd like to call to order the February 15th, 2023 Loudon County Board of Supervisors Business Meeting and Budget Presentation from Mr. Tim Hemstreet. This room has a hearing loop. If you need hearing assistance, switch your hearing aid to the telecom mode.

[00:07:35] If you need a headset, we have those available as well. Please see the clerk to request one. So the night's presentation will be from our county administrator, Tim Hemstreet, who will present the proposed county budget. Following this presentation, the board will have time to ask questions.

[00:07:51] We're going to hold off on the questions. Following this presentation, I'll have some comments. The board will ask questions, and then we will close this meeting, formally close this meeting, give it 10 minutes, and then formally open the public hearing.

[00:08:07] So that's the order in which we would do that. So before I go into or say anything else, I will turn it over. Mr. Hempstreet, as always, thank you for the amazing job that you do. Thank you to your staff, to the host staff. Ms. Burke, welcome back.

[00:08:23] Glad to see you here. Caleb, thank you. We don't see you enough anymore since you moved off the fifth floor a little bit, but you all just do a magnificent job in supporting the supervisors, and we know

that we could not do this without you.

[00:08:41] We really do know that. So thank you, Mr. Hempstreet. hand it to you. All right, thank you, Madam Chair, and good evening, Madam Chair and members of the board. I am pleased to present to you and the residents of Loudoun County my proposed budget for fiscal year 2024. As required by the Code of Virginia, this document sets forth a plan for funding county government services, the Loudoun County Public Schools, and debt service for county and capital projects, school capital projects for the upcoming fiscal year. In January, the board provided me with guidance to prepare the FY 2024 proposed budget at a real property tax rate that

[00:09:19] would fund compensation, base budget adjustments, and the opening of capital facilities. The board also directed that I prepare two increase options, both of which would increase the real property tax rate by one and a half cents. In the first option, net new local tax funding would continue to be shared with the Loudoun County Public Schools under the 60-40 split. And in the second option the additional revenue generated by the one and a half cent increase would be retained solely by the county government. Final real property assessments have allowed me to propose the budget at 87 cents which is one cent lower than projected when the board provided me final

[00:09:58] budget guidance. The proposed real property tax rate is two cents less than the current rate and six and a half cents above the overall equalized tax rate. The proposed budget also reflects a personal property tax rate of four dollars and fifteen cents. In accordance with your guidance, the proposed budget provides for the opening of new facilities, based budget adjustments, and compensates employees at a market rate. As you know, before I share the details of the proposed budget, it is my custom to take a few minutes to illustrate how the resources provided by the Board of Supervisors make a difference in our community. The Board has now completed your

[00:10:36] third year in office and has accomplished a great deal through your strategic initiatives. Your dedicated efforts in the strategic focus areas of open spaces and environment, Connecting Loudoun, collective bargaining, equitable communities, and economic development have positioned the county well for success in FY24 and beyond.

[00:10:55] In the focus area of open spaces and environment, the board has made great progress in your term to date. The board established the Environmental Commission, and then later, or last year, the board held its first Environment and Energy Summit and approved an environmental and energy plan to guide policies and practices related to our environment, sustainability, and energy management.

[00:11:19] The board also approved a plastic bag tax to, in part, help protect the environment. And as you know, the tax can be avoided through the use of reusable grocery bags. The board has also been a champion of maintaining open spaces during your term.

[00:11:35] These accessible spaces include the Lovitzville District Park and Hanson Park, as well as the improvements to Bless Park and the purchase of the West Park property, which will become a future park. The board also made great strides during your term so far in the focus area of connecting Loudoun.

[00:11:52] One of the most significant accomplishments over the past decade has been the opening of the Silver Line extension into Loudoun County. The collective efforts of past and current board members, county staff, and our regional partners over the last decade made this vital addition to the region's transportation network possible.

[00:12:09] Through the Board's vision and action, our community and the greater region now has a valuable new transit option, including the addition of 20 new bus routes, new parking garages, and multimodal connections to the new metro stations that make getting around Loudoun and the region easier.

[00:12:26] During this term, the board also made great progress in connecting Loudoun by addressing more of the missing links in our road and transportation network, illustrated by projects like Cross Trail Boulevard, Braddock Road, and Riverside Parkway, as well as sidewalk and shared use path projects throughout the county.

[00:12:46] And the county is helping to connect Loudoun through vital infrastructure, such as the expansion of broadband internet services in western Loudoun. The board's commitment of more than \$12 million in matching funds helped the county secure a Virginia Telecommunications Initiative, or VATI grant, amounting to more than \$17 million that the county received in 2021.

[00:13:07] This funding, along with the county's strategic partnership with All Points Broadband, will help connect more than 8,600 Loudoun residents to this critical utility in the coming years. Collective bargaining is another strategic focus area in which the board made significant progress this term.

[00:13:26] As you know, the Board adopted the Labor Relations Ordinance that helps to address the Board's vision of promoting collaborative relationships between the county and its employees. Last year, IAFF Local 3756 was certified as the exclusive representative for collective bargaining for eligible fire and rescue staff.

[00:13:45] Additionally, in 2022 alone, the county accommodated more than 100 requests from SEIU for organizational activities. And the county also has contracted with its Labor Relations Administrator. Your accomplishments in the strategic focus area of equitable communities have been significant as well.

[00:14:05] Most recently, the board adopted a resolution of the Board of Supervisors regarding social and racial equity as fundamental values. And the Office of Equity Inclusion, previously established by the board, is already working to fulfill the board's direction, which includes looking at the county's routine business through an equity lens.

[00:14:22] The board continues to foster equitable communities through a broad range of other initiatives, including bringing much-needed water infrastructure and resources to the residents of the historic Howardsville community, supporting specialty courts that offer appropriate assistance and compassion to individuals within the courts and judicial services system who have experienced setbacks due in part to substance abuse or mental or behavioral health challenges, and promoting various housing initiatives, such as the dedicated funding stream for affordable housing programs, which will amount to more than \$6 million in FY24, the Affordable Housing

[00:14:59] land development application development permit fee waiver program that helps to reduce development costs and affordable housing projects that include the use of the Arcola school site for new rental units. Many of these efforts were made possible through the board's strategic focus on economic development. During the board's term, the county's economic development successes included over 400 announced wins with over \$21 billion in investment and more than 16,000 jobs. Loudoun continues to invest heavily in economic diversification. Through the first half of FY23, the county's 91

[00:15:38] total wins include 20% from information and communications, 14% within rural, and 11% in retail. Economic development also continued to support entrepreneurship in minority-owned businesses through targeted programming, including awarding a total of \$150,000 to a diverse set of business owners. The Board of Supervisors also awarded 124 small businesses with nearly \$5 million in business reinvestment and recovery grants. In addition to the Board's many accomplishments

[00:16:14] within your strategic focus areas, there are other critical areas of county operations where the Board's resources and direction have benefited the Loudoun community. And among the most significant was the county response to the COVID-19 pandemic. The county remained open throughout the pandemic, providing critical services through new and innovative ways. The board appropriated resources and funding, including funds available through the American Rescue and Recovery Act, and thousands of employees and volunteers provided COVID-19 testing and vaccine to our residents.

[00:16:48] This experience solidified the importance of locally administering Loudoun's Health Department for this community. The board sought and received the enabling legislation from the General Assembly and allocated resources to transition to local administration. Effective July 1 of this year, the Loudoun County Health Department will be a county department.

[00:17:10] During your term to date, the board has led the county through a number of significant projects that will have lasting impact on Loudoun County well beyond your term. The board worked to promote a complete count during the 2020 census and then collaborated with the public to adopt new election districts that will be used for the next decade.

[00:17:29] The use of innovative mapping technology greatly aided the board's process. and increased opportunities for public participation. And earlier this year, the board adopted updated precincts and polling places within the redrawn districts. The impact of this once-in-a-decade work is a significant board accomplishment.

[00:17:50] Another multi-year project that concluded during this board's term is the recently adopted Airport Impact Overlay District, which included nearly two years of collaboration with the community. In addition, significant efforts have been underway regarding zoning amendments to support short-term residential rentals and to also address preservation of prime agricultural soils and the relationship to cluster subdivisions in the rural area. These amendments will flow into the Zoning Ordinance Rewrite Project that the county has been working on diligently and that the board will consider in the coming months. These projects are representative of just some of the significant accomplishments of

[00:18:27] this board that will promote the smart use of land in the future, all of which have required strategic vision followed by efforts by county staff in collaboration with stakeholders throughout the community. The board has also demonstrated a commitment to Loudoun's public safety through a broad range of initiatives. Examples include the board's commitment to improvements along Route 15 that will make the road safer while also protecting our historical and natural resources, and the adoption of a new ordinance prohibiting firearms in county government facilities and the strategic implementation of security screening. The board has also demonstrated support for our first

[00:19:06] responders. The Loudoun County Combined Fire and Rescue System has improved service delivery through 24-7 staffing of the uniform fire officer position, which is aided by the 33 new uniform positions the board added last year. In addition, Fire and Rescue established the Loudoun County High Threat Team in conjunction with the Sheriff's Office, which consists of personnel from both agencies and a

program that has been recognized nationally. Also, Loudoun County Fire Rescue expanded the Life-Saving Factor Program that provides injured residents with whole blood in the field. Fire and

[00:19:46] Rescue also developed a comprehensive data center response manual that prepared the county for potential emergencies at these facilities throughout the county. The board added resources to the Loudoun County Sheriff's Office as well. The allocated resources include expanding the school resource officer and body-worn camera programs, adding personnel to support court security and the specialty dockets, and adding traffic deputies who will help improve traffic safety in the county. And as you know, Loudoun County continues to enjoy a low crime rate.

[00:20:20] Finally, throughout the board's term, the county has continued its outstanding stewardship of our tax dollars as evidenced by its ongoing commitment to sound fiscal policies, which are documented in our award-winning financial reports. During last year's budget process, the board took steps to stabilize its revenue base by adopting tax policy that is mindful of the relationship of real property tax revenue and other local tax revenue. The county's triple AAA bond rating by the nation's top rating agencies on its general obligation bonds was reaffirmed, resulting in continued favorable volume rates for taxpayers. This reaffirmation continues to demonstrate that

[00:20:57] the county's sound financial management, strong policies, and robust reserves make the county attractive to investors. I believe the county's accomplishments over the three years of your term have demonstrated how the board's thoughtful approach to its annual budget and the hard work and dedication of county staff continue to make a positive impact in our community. Now, I'd like to share with you a summary of the proposed budget, first highlighting the economic environment.

[00:21:23] This chart shows the year-over-year percentage change in employment for Loudoun County compared to the Commonwealth of Virginia, the Washington, D.C. metropolitan area, and the United States. Forecasted economic conditions present a challenge for the FY 2024 budget.

[00:21:41] Consider, for example, the rates of growth of employment at the national, state, regional, and Loudoun County levels. In 2023 and 2024, the forecasted rates of growth in employment, while still positive, are expected to be lower than 2022. This weaker forecasted growth reflects primarily the downside risk associated with a potential recession.

[00:22:06] While the number of residents added annually has slowed, population continues to be a primary driver of resource needs presented in the proposed budget. This chart shows the forecast for almost 120,000 new residents in Loudoun through 2050. Growth slows over time as the supply of land available for new construction shrinks.

[00:22:25] As you are aware, additional residents mean new and increased demands on county programs and services. Here you see the projected growth in the taxable real property portfolio, including commercial, residential, and agricultural properties. The 2023 assessment summary compiled by the Commissioner of the Revenue indicates that our combined portfolio has reached \$130 billion.

[00:22:49] The assessment summary shows that the value of taxable real property in the county increased by 15% during 2022 compared to 19% the previous year. This reflects the slowing price growth in the residential market and a growing data center market.

[00:23:06] New construction and growth comprise four percentage points of the total increase, or \$4.4 billion, reflecting a record year for new construction and growth. This, again, was led primarily by the

commercial portfolio. Market appreciation accounted for 11 percentage points of the growth.

[00:23:22] The FY24 proposed budget forecast anticipates that high interest rates will lead to slowdowns in residential construction and a flattening of residential values, as well as declines in commercial values, which I will discuss more in a moment.

[00:23:41] Here you see the average assessed value of a home, including both attached and detached, continues to increase. The 2023 average home value for new and existing homes is \$698,700, an increase of 9% from 2022. While this is a lower rate of revaluation than last year, it is still above the long-term trend for residential revaluation.

[00:24:06] Existing homes, meaning those that existed on January 1, 2022, have a slightly lower average value of \$691,000. Data from Bright MLS shows 6,000 sales last year compared to 8,500 a year prior.

[00:24:22] Homes were on the market at average of just 14 days, two days longer than last year, but 11 days fewer than prior to the pandemic. Inventory remained low, with an average of just 357 active listings per month in 2022 compared to 194 in 2021.

[00:24:40] In this chart, you can see the value of commercial industrial properties increased by 34% as a result of revaluation and new construction. About two-thirds of this growth came from revaluation of existing properties, and the remaining one-third came from new construction and growth.

[00:24:59] Data centers were the primary factor behind this growth. Data centers added \$6.6 billion in value to the real property portfolio last year for a total of \$18.4 billion. Data centers now comprise 58% of the commercial real property portfolio.

[00:25:16] Retail and hotel properties continue to recover from the pandemic as well. Retail properties remain 16% below their tax year 2019 values. Hotel properties remain 34% below their tax year 2019 values. A loss in value is forecasted for 2024 due to the potential impacts of the 2022 General Assembly's House Bill 791, which changes how fixtures within a data center are to be valued by the commissioner of the revenue.

[00:25:46] Due to the lack of specific cost data, 2023 values do not reflect any negative impacts of the legislation. However, additional information is anticipated to be available during 2023, which we believe will be reflected in the 2024 values.

[00:26:03] The FY24 proposed budget revenue outlook is based on this potential decline in value to best manage the risk to revenue collection in the second half of the fiscal year. This chart shows the assessed value of personal property.

[00:26:21] Assessments continue to grow, although they are expected to grow at a slower rate in 2023 and 2024. The largest category of personal property is computer equipment. And after several years of growth rates of 30%, assessments grew only 18% in 2022.

[00:26:38] and then we also anticipate assessments will grow just 10% in 2023 and 4% in 2024 due to aging equipment and a constrained power environment. Vehicles make up the next largest share of personal property assessments. While assessments grew 7% and 14% in 2021 and 2022, respectively, the FY24 budget is built to allow the Board to consider an assessment ratio to limit the burden of appreciating vehicles on residents.

[00:27:08] As I have previously discussed with you, the county's revenue composition has significantly evolved over the past decade. A decade ago, more than two-thirds of general fund tax revenue was generated by real property tax, which is illustrated by the top line on this chart.

[00:27:25] The green line shows the increasing taxes from personal property, specifically computer equipment, or especially computer equipment. These taxes have been the largest funding mechanism to support the county's expenditure growth. It is important for the board to continue bringing balance to the general fund's tax revenue compensation through the tax policy recommendation first introduced to the Finance Committee in 2021.

[00:27:50] The policy suggests that over time, real property tax revenue should approach 60% of total general fund local taxes. The board's adopted FY23 budget and the proposed FY24 budget make progress towards the 60% goal, with nearly 53% of general fund local tax revenue coming from real property tax revenue 2024, or FY24. Now I'll provide an overview of the FY24 proposed budget.

[00:28:18] The FY24 budget development process benefited from policy discussions by the board and the Finance, Government Operations, and Economic Development Committee. Formal budget guidance provided to me by the board in January is the basis of my budget proposal. By its nature, guidance about revenue and expenditure parameters constrains the proposed budget I am presenting to you. The FY24 proposed budget is based on a real property tax rate of \$0.87 per \$100 of assessed value and a personal property tax rate of \$4.15 per \$100 of assessed value. The proposed budget

[00:28:56] fully funds the county and school board's debt service and capital improvement program, which were presented last night to the Finance, Government, Operations, and Economic Development committee. The budget also includes full funding of the board's affordable housing increment, and consistent with your guidance, the proposed budget includes new resources to open new facilities, in addition to employee pay and base budget adjustments. In the proposed budget, in utilizing the split of new local tax funding, the transfer to the school division includes a year-over-year increase of \$69.1 million. Compared to the school board's adopted budget

[00:29:35] request of \$75.3 million is an increase to the transfer. There is a \$6.2 million gap. It is important to note that the school board's adopted budget request is generally consistent with the board's final budget guidance. However, the Commonwealth announced an error in its revenue calculations a week prior to the school board's budget adoption with no guidance to local school divisions on how that error will be resolved. This error has left the school division's budget

[00:30:11] with up to an additional \$7.4 million shortfall for FY24. So that gap of \$6.2 million does not include the state's revenue error. The school board has indicated that if state revenue, if this state revenue shortfall materializes, they will request additional funding for the local transfer, which cumulatively could increase the gap from \$6.2 million to \$13.6 million.

[00:30:45] Additionally, the schools may also implement collective bargaining within FY24. The management positions that they would need are also not accounted for within the school board's adopted request.

[00:31:00] For purposes of this presentation, I'll focus on the gap between the school board's adopted request and the proposed budget, which is \$6.2 million. The categories for the FY24 proposed budget encompass the key areas you see here of employee pay, base budget, revenue-neutral positions, capital

facilities and support to the CIP, and affordable housing. In September 2017, the board established its current compensation philosophy to deliver pay within a range of 95 to

[00:31:37] 105 percent of the average midpoint of Loudoun's four comparative jurisdictions. These are the city of Alexandria and the counties of Arlington, Fairfax, and Prince William. The FY24 proposed budget continues investing in our employees to keep pace with our competitive market and economic conditions. Details include a 6 percent merit increase for the general workforce, a 3 percent salary scale adjustment, and a step increase for uniform fire and rescue personnel for an average 6% increase, a 6% salary scale adjustment and a step increase for uniformed sheriff's deputies

[00:32:10] for an average 9% increase, and \$1.5 million for a hiring and retention bonus program that was presented at yesterday's Finance Committee meeting. The recommended public safety salary scale adjustments are a market-based response to compensation actions made by our comparator jurisdictions. The proposed budget includes five positions that are either fully offset by new program revenue or are accomplished through reallocation of existing budgets so that there is no new impact on local tax funding. In keeping with the board's guidance, the proposed budget

[00:32:49] includes positions to open new capital facilities. 30 positions are added to fire and rescue for the Leesburg South Fire Station. Additional system maintenance staff are added in general services to maintain new facility square footage. And then with the opening of middle school 14, one school resource officer is added to the sheriff's office.

[00:33:08] Seven positions are added to support the CIP and general services and transportation and capital infrastructure. Beginning in FY23, the board directed that an equivalent of one-half cent of the real property tax rate be dedicated to affordable housing needs, which is a key action identified in the unmet housing needs strategic plan.

[00:33:29] So FY24 continues this one-half-penny dedication. To summarize, the proposed budget includes a \$27 million to fund employee compensation, \$14.3 million of an increase in base budget adjustments to continue to provide core services, five revenue-neutral positions that do not impact local tax funding, 33 positions to open new county facilities, seven positions to support the CIP, and six and a half million dollars in dedicated funding for affordable housing. I believe the

[00:34:06] proposed budget meets the needs of the organization in our community and is responsible, executable, and sustainable. Based off the board's guidance, I have prepared two increase options. The board's guidance included directions to prepare two increase options, so neither option is funded in the proposed budget. An increase option one, net new local tax funding continues to be split with the Loudoun County Public Schools at the 60-40 ratio.

[00:34:39] An increase option two, the additional revenues generated at the higher real property tax rate are attained solely by the county government. In accordance with your guidance, the executive summary of the proposed budget document contains a prioritized list for your consideration.

[00:34:55] There is \$19.4 million available in the increase options as directed by the board. That's what the one and a half penny amounts to. The proposed budget includes an increase in the transfer to the school division of \$69.1 million.

[00:35:11] In Increase Option 1, the school board's requested increase is fully funded with only 32% of available revenue. Increase Option 2 provides the same revenue as the proposed budget, with a gap of \$6.2

million.

[00:35:26] The proposed budget for the county includes funding for pay, base budget adjustments, and positions needed to open new facilities. An increase option one, there is \$13.2 million available for county resource requests. An increase option two, there is \$19.4 million available for county requests or resource requests.

[00:35:50] So I've prioritized the resource requests that are shown in the proposed budget document as directed by the board. They are organized on this slide by functional area. The first 11 resource requests with a value of \$12.9 million are what I consider the most urgent and critical needs of the organization to address public safety, the ongoing mental health crisis, human services needs, and a few critical operational issues.

[00:36:19] Examples include additional patrol deputies within the sheriff's office, the first phase of the Crisis Intervention Team Community Access Response Unit, which will establish co-responder, a co-responder program between mental health, substance abuse, and developmental services, and the sheriff's office for mental health emergencies, additional staffing for child protective services and public benefits within the Department of Family Services, and staff to support the board's priorities of collective bargaining and short-term rentals. I believe these resource requests represent both the county's critical needs and are achievable

[00:36:59] recruitment targets for the next fiscal year. Priorities 1 through 11 can be funded in increase option 1, assuming the school gap of \$6.2 million. So if that gap changes, then not all 11 priorities can be funded. There are 22 additional county government resource requests that have been prioritized to meet the board's guidance, primarily for increase option 2. This second set of request includes all remaining department first priorities, a few department second priorities,

[00:37:38] and all remaining board priorities. Board priorities in this scenario include resources for composting, glass recycling, affordable housing, environmental work plan, the energy strategy, and activities in the floodplain. The resource requests in the previous slide are my recommendation to address the critical needs of the county, and the items on this slide should be considered after funding priorities 1 through 11. I'll now provide a few highlights of the capital improvement program, which was presented in more detail last night at the Finance, Government Operations, and Economic Development Committee. The county CIP is

[00:38:16] developed biannually, with the six-year period moving out an additional two years every other fiscal year. The current six-year period extends from FY 2023 through FY 2028. FY 24 is the second year of the biennium, also called an amendment year. This slide shows the factors that influence the development of the amended CIP. In the fall of 2022, the Board of Supervisors revised the fiscal policy to increase the annual debt issuance guideline. FY24 is an amendment year for the CIP and thus continues to represent priorities identified by the board during the FY23 budget

[00:38:53] process. The school board's adopted CIP is fully accommodated in the county's proposed CIP through FY28. Transportation projects experience considerable cost increases related to market conditions impacting construction costs, land acquisition, and extraordinary costs discovered through progress project designs. Renovation and renewal programs continue to be an important part of the CIP for both the county and the schools. The budget for the six-year CIP is approximately three and a half billion dollars. Funding for county projects represents 35 percent,

[00:39:29] Transportation projects at 36 percent, and school projects represent 29 percent of that total. County projects total \$1.2 billion over the six-year period. The largest expenditure category is general government projects, which includes the county's renovation program.

[00:39:46] The FY24 proposed CIP also includes the addition of a crisis receiving and stabilization center, which addresses a critical need for behavioral health intervention services in the community. Additionally, important information technology projects are funded to support county operations as well as public safety needs.

[00:40:07] Transportation projects total \$1.3 billion over the six-year period. Although road projects experience significant cost increases, the county has been able to leverage additional state and federal funding as well as targeted identification of projects for future grant applications.

[00:40:23] Funding is also included for the design and construction of bus shelters along the local fixed-route bus stops. School projects total \$1 billion over the six-year period. The largest expenditures are attributable to the other schools' facilities projects, which includes the full replacement of Parkview High School rather than a renovation.

[00:40:44] Other changes from the FY23 adopted CIP include renovations and additions to Banneker and Waterford Elementary schools and increased funding for school security improvements. Next, I'll provide a brief overview of the Loudoun County Public Schools operating budget, which was adopted by the school board on February 2nd.

[00:41:04] As noted earlier, the school board's adopted budget request for new local tax funding or the increase in the transfer is \$75.3 million, leaving a gap of \$6.2 million in my proposed budget. The school board's request is consistent or generally consistent with the board's final guidance.

[00:41:22] Depending on final state revenue, up to \$7.4 million in additional local transfer could be requested, which increases the gap to 13.6 million. And then as I mentioned earlier, the school board is considering adopting collective bargaining, the positions to implement that would add another amount to this potential shortfall.

[00:41:49] The highlights of the school board's adopted budget include the following, a total budget of \$1 billion with a request for a local transfer of, you got a typo here, a total budget of \$1.6 billion with a request for a local transfer of 1.1 billion, As I shared previously, this is a \$75.3 million increase in local tax funding from FY23.

[00:42:13] The budget prioritizes staffing standards and employee pay, as well as other resources to meet the school division's strategic goals of an enriched division and community engagement. The school board's request for FY24 is the smallest operating budget increase in many years.

[00:42:34] Now I'll cover detail on revenue needed to fund the expenditures in the proposed budget. The FY24 proposed budget is balanced at the real property tax rate of \$0.87 and a personal property tax rate of \$4.15.

[00:42:49] To allow the board flexibility in the budget process to consider critical needs in the increased options and to address the LCPS gap caused by the Commonwealth's revenue calculation error, I have advertised a maximum real property tax rate of 89 cents, which is also the current tax rate.

[00:43:07] This slide illustrates the impacts of the various tax rates on the average homeowner. Revaluation on residential properties brought the average home, including new construction, to \$691,000. For tax year 2023, based on the proposed budget, on average, homeowners would have a real property tax bill increase of \$302.

[00:43:30] Alternatively, the increased option tax rate is 88.5 cents. At this rate, on average, homeowners would have a real property tax bill increase of \$405. Finally, at the advertised rate of \$0.89, homeowners would have a tax bill increase of \$440.

[00:43:53] And again, those are averages for the average homeowner. While the overall equalized rate is \$0.80, the homeowners' equalized rate is \$0.83. This rate is \$0.04 lower than the proposed rate of \$0.87, meaning that many homeowners will experience a tax bill increase.

[00:44:11] This slide includes countywide tax bill impacts for the average homeowner of different housing types. Appreciation is strong in all housing types, with suburban single-family homes appreciating 13.6%, which is almost double the average residential appreciation countywide.

[00:44:32] This graphic shows how the county spends every dollar of local tax funding in the proposed budget. \$0. 54 goes towards the school's operating budget, \$0. 19 towards the debt service and CIP needs of the county and schools, \$0. 10 towards public safety, \$0. 07 towards general government, \$0. 04 towards health and welfare, \$0. 03 towards parks, recreation, and culture, \$0. 02 towards community development, and \$0. 01 towards miscellaneous expenditures.

[00:45:02] Public input is an important component of the board's deliberation process. There are several ways for members of the public to provide input on the budget. The board will hold three public hearings, two on March 1st here at the Government Center, and one on March 4th at the Loudoun County Public Schools Administration Building.

[00:45:21] Members of the public can sign up in advance to speak by calling the number on the screen. Any member of the public may provide input to the Board of Supervisors on the FY 2024 budget. However, each member of the public wishing to address the board may speak at only one of these sessions.

[00:45:37] In addition, members of the public may provide input by phone to the board's comment line by calling the number on the screen. Written comments may be submitted by email, U.S. mail, or to the county's official social media accounts. Up-to-date information regarding the FY24 budget process will be posted on the county's website at loudon.gov/forward/slash/budget.

[00:46:01] The budget document that you are receiving tonight represents careful consideration of both the needs of the county organization and our community. Finally, Madam Chair and members of the board, I continue to be proud to serve as your county administrator and to serve the residents of Loudoun County as well as our exceptional employees.

[00:46:21] It is on their behalf that I submit to you the FY24 proposed budget for your consideration. At this time, staff and I would be happy to take any questions you may have. Thank you, Madam Chair. Mr. Jim Street, thank you very much.

[00:46:37] I'm assuming that are department heads all available in the room or online? Is that true for today? We were not anticipating specific questions to department directors, but Ms. Burke, Mr. Whites, and I can take general questions.

[00:46:53] Supervisors, I want to just say a couple things before we go forward. First, remember that it is unlikely that Mr. Hemstreet and staff are going to be able to answer or really should even try to answer any deep questions about LCPS.

[00:47:10] If it was meeting with LCPS tomorrow, when we will have these discussions with them. And I would ask that you try to hold LCPS questions for the most part until we get in front of LCPS where hopefully they can answer them. I want to note that Ms. Bricksman and I will be on the, we will be away for the public hearings trying to establish a sister city relationship where we hope to bring back economic opportunities and benefits for the county.

[00:47:44] And so Mr. Sains will do those public hearings, which are two on one day and two on March 1st, one on March 4th. Ms. Bricksman and I will commit to going back and watching the tape of the public hearings, watching the feed of it, so that we understand what the concerns and thoughts that the public are bringing forward.

[00:48:04] But we will not be here on those dates. in person, but we will go back and watch, but I just want to put that out there kind of in advance. Supervisors, I'm going to say a few things, and then what we might do is if we need two rounds of questions, we can do two rounds of questions for three minutes each. And remember, we're at the top of the process, and so we don't have to ask every single question right now. We can, you know, hold on. Mr. Turner, I think you have to go a little earlier, so I'll go to you first, but all right, so board members, you are just receiving the budget books that have just been distributed to us tonight.

[00:48:43] There is a memo from me in the board book with some important budget information. The memo lays out the process to follow, to submit budget questions to staff. In order for staff to effectively support our budget work session, I ask that you, of the board members, provide as many of your questions as possible in writing by Friday, February 24th to Megan Burke, who we've all met once or twice.

[00:49:11] This includes questions for both the county budget as well as the school budget, because the school budget questions, of course, will be passed on to the appropriate personnel at the school. Additionally, last night at the Finance Committee meeting, we received a presentation on the CIP. So, Professor Umstadt has requested that those questions and requests related to the CIP be provided by Tuesday, I believe February 21st, Ms. Amstead, to Nikki Spate and the Department of Finance and Budget.

[00:49:39] The Finance Committee has scheduled a work session on the CIP on Tuesday, February 28th at 6 p.m. If any board members, if you are considering proposing any new CIP movements for the February 28th work session, please get with Ms. Spate in advance.

[00:49:58] Also, please remember, you can't start adding stuff to the CIP without thinking about what you want to take away, so you might as well look around your own district or talk to your colleagues before you walk in there and talk to Ms. Spate, because otherwise the money just doesn't exist. Please note that there's a schedule of work sessions and the tentative agenda topics for each work session that is attached to my memo that I have sent you.

[00:50:22] It's in the book. While the schedule does not currently anticipate using the if-needed work sessions, which for the most part are on Saturdays, please try to ensure that those dates are kept aside and reserved on your calendar in case we need those dates for deliberation.

[00:50:40] I will make decisions on if we need the as-needed dates as we progress, and so kind of on a game day PRN, I will make decisions if we need those dates. Normally, we don't. We've only done them a

few times, but please put them on your schedules anyway.

[00:50:58] The proposed budget document to Loudoun, the proposed budget document will be posted to the loudoun.gov forward slash budget for the public to view this evening.

[00:51:14] The proposed budget for us supervisors in our iLegislate will not be uploaded, downloaded, loaded to iLegislate until the end of the week. But supervisors, if you have a burning desire to go see it before that, you can always go to loudon.gov forward slash budget and see the same documents.

[00:51:37] And, of course, what we will have on our legislate is the same thing that the public will see. Everything will be the same thing the public will see. So prior to questions being asked, I'm going to maybe ask that we have an overview of the budget book that you've just received.

[00:51:59] And Mr. Chairman, what time do you need to leave? Six o'clock. Okay, I'm going to just – I'm sorry. He told me before he has a pressing family engagement. Just have your meeting. I'll leave when I have to leave. Okay, well, then you can just submit your questions.

[00:52:15] Okay, it doesn't take too long to go through, but I will come to you first. So we like to go through the book that we just received, and I love it when the staff gives us this book. They give it to us in like a very Vanna White-ish kind of way, like, look how wonderful this book is. It's like, ooh. So I think for the staff, this book really does represent a whole lot of work that's been done by the time this book has been produced.

[00:52:37] And so thank you, and we're ready to go through the book. - Well thank you, thank you, Madam Chair. The first thing I'll note about the budget document, it's in the same format as this board has seen in the previous three years, so should be generally familiar with the format of both the executive summary and the department pages.

[00:52:58] The one portion of the budget document that I'll direct the board's attention to is under the tab executive summary, starting on page E-26. is the section that summarizes resource requests. So there is a listing of the resource requests included within the proposed budget on page E-27.

[00:53:22] That includes the positions Mr. Hemstreet outlined in his presentation that are supporting capital facility openings, the capital improvement program, and revenue neutral positions. And then starting on page E-28 are the prioritized list of resource requests for the increase options prioritized number one through 33.

[00:53:45] And obviously the top 11 represent the critical needs of the organization that was shared in the budget presentation. I'll also mention, if you flip a few more pages to E-30, there is a section resource requests by functional area.

[00:54:03] This is the section of the executive summary that by department includes the resource requests that are both included in the proposed budget and available in the increase options. And within each of the tables for those resource requests, you can see if it's a proposed budget resource request, increase option resource request, and if it's an increase option resource request, what priority ranking it has from one to 33.

[00:54:30] That's just a quick overview of the budget document. Like I said, it's the same document you've seen your previous three years. Thank you, Mr. White. I really do appreciate that. All right, so again, we can try to do two rounds if you have questions for Mr. Hempstreet and staff.

[00:54:47] And Mr. Turner, I will start with you. And we are on the clock for three minutes each. Thank you, Madam Chair. Do you happen to have an estimate of the total of unfunded mandates that are in the budget? So I would include, for example, where would the supplemental pay for the public defenders fall?

[00:55:07] And is that included in the base budget this year? So when you say unfunded mandates, you mean state unfunded mandates? We have not specifically calculated that number in a number of years. If it's the pleasure of the board, we can go back and take a gander at calculating those.

[00:55:27] But that will take a little bit of time. Yeah, I don't want to give you a science project. It's just I was trying to figure out where the public defenders fall in the base budget. So if we do the base budget. So we have continued to fund the salary supplement for the public defender's office that the board has previously authorized.

[00:55:46] So that is part of the base. Okay. I saw in one of the slides the data center commercial real property value dropped by 14% projected from 23 to 24. I'm trying to think of the mechanism that would cause data center commercial property value increase.

[00:56:06] So that's an issue, if you may recall, well, we've been talking about that primarily with the finance committee. And so I know that places you a little bit of a disadvantage because you're not on that committee. But one of the concerns that we have is the general assembly action that was taken last year changed the way that data center real property is to be assessed.

[00:56:30] So one of the issues that we've had during the budget development process is one of the concerns we've had is that the Commissioner of Revenue was not able to implement that new assessment methodology for tax year 23 because of a lack of information.

[00:56:47] So what we believe will happen is during this year, as well as into next tax year, we will start to receive appeals on the value of data center property. Obviously, if that data center property shows or provides the information, then we are expecting some of that value to lower.

[00:57:08] And so we have not included some of that revenue, so we've made an adjustment so that we do not end up short in terms of the amount of revenue available to fund the budget. Okay. The Yonkin administration's management error equals \$7.4 million, I believe, which is a little bit over a half penny in the real property tax rate.

[00:57:28] I think that number will probably pop up again in these budget discussions. Do I understand it correctly that if we use the penny-and-a-half option and we gave it all to the schools, would it cover the 6.2 shortfall plus the 7.4 administration management error?

[00:57:47] I'm not completely following your question, Supervisor. So if we use a full one-and-a-half-cent option and we go up, That should cover the whole, and we give it all to the schools. That should cover the \$6.2 million shortfall in the request. One and a half penny is about \$19.4 million.

[00:58:05] Okay. Right? So that's \$13.2. You may get most of the way there and increase option one with the 60%, which is right around \$12 million or so that would go to the schools, but you would still be a little bit short. Okay. Thank you. Thank you, Mr. Turner. So before I go on, we just had this amazing group of people just walk into the room like all quiet as if I wasn't going to notice you or recognize you or something. First of all, thank you for being here. My first question is, who's the longest serving

[00:58:39] person in the troop? I need you to stand up. Would you introduce yourself and your troop, please, young man? Which, I'm sorry, which merit, which merit, which merit, communication and citizenship in the community? And tell me one time what troop you are. Well, welcome, and thank you for joining us tonight and thank you for all you do is your hand actually okay i don't normally

[00:59:19] okay there we go craig bond troop 1910 luke's virginia um we're here to meet a requirement in the citizenship in the community merit badge so we have two troops here from one from luke's one from ashburn that's why i raised my arm very good very good and and and and and for the luke's If you're from Luke's, raise your hand.

[00:59:46] I see. Okay. And for the Luke's, which young man is the longest serving person? Someone needs you to introduce yourself to, young man. So my name is Eamon.

[01:00:05] Eamon, what's your last name? Marukowit. Okay. And what's your troop number? Troop 1910. And I have been part of Troop 1910 for a little bit over a year, right?

[01:00:23] Yeah, a little bit over a year. Is it a new troop? Fairly new troop? 25 years. That's not new. That's not new. Well, first of all, thank you all for coming here.

[01:00:39] I hope that we can, and this is a great night to come and that we're doing our budget. And so you're going to see literally like the most interworkings of local government, which I think it's fun, which we all think it's fun and fascinating. But because we are, no matter how good we try to look, we're all really just big nerds up here.

[01:00:59] That's why we choose local government. But it is wonderful to have you all in the room with us. It was just wonderful to see you walk in. So thank all of you for being here. And if you have any questions later on, feel free to send us an email or give me a call. All right, supervisors, questions.

[01:01:15] Ms. Letourneau. Thank you. So, Tim, looking at the future year projections, anything we add in the budget is going to stay there, most likely, for the following year. So I think what you're trying to tell us is we may have a bit of a challenge this year, But we're going to have a really big challenge in the next fiscal year beyond the upcoming one.

[01:01:40] Is that fair to say? That's fair to say, given the projections on data center properties, primarily personal property tax, based off the Dominion Power issue that is having an adverse impact, probably through fiscal 27. So certainly, though, the decisions that we make this year, we should keep in mind our difficulty in future year, particularly when it comes to adding headcount.

[01:02:04] Two other quick questions. So the \$7 million, we still have, we had some discussion about this. We still have hope that ultimately the Senate or the House, the General Assembly budget will cover that shortfall, right? Yeah, that is still possible. You're referring, there was a discussion last night at Finance Committee around this issue, and currently there are proposals within the General Assembly as they're going through their budget process to address that shortfall.

[01:02:33] so we may not need to given how rapidly that that's moving um we should know relatively soon what is going to come out of the general assembly on that or if something is going to come out i know the senate hasn't acted on its budget the house has so we're waiting for the senate um and then finally i guess this is more of a process question perhaps for the chair um if we have questions for departments that don't

have resource requests i mean we kind of get once a year to do some sort of oversight should we just tell you ahead of time and so it would be easier

[01:03:09] so so i i i don't want to be in your time too long so if you have another question going to answer because it's a longer answer to that question so supervisors you know when knowing that the budget this year is very restrained and as mr hemstreet just told us he knows like the 11 top positions and things they want and that actually is kind of the five top top top yeah and then six more it's very unlikely very unlikely we would be able to um to accommodate anything else and we obviously couldn't accommodate it at all without already going into the two into a

[01:03:44] increased budget option and so my thought was you know i'm not sure i need we need to have other departments come that were almost unlikely to budget at all. It almost feels like, you know, making a window shop. They come and ask and we don't have the money to give it to them.

[01:04:01] If you really have a department that you not only want to hear from, but you're willing to make a motion to add it to the budget, let me know. I think sometimes there's just a benefit to having some discussion, particularly if we've previously funded positions to find out if they're working.

[01:04:17] I think we can certainly submit questions first and sort of probe and see if there's any of that. I don't know if there will be, but. Yeah, let me know and I'll make arrangements. But I just don't want to kind of keep marching people in here who we probably are not going to fund. But talk to me and I will work it out.

[01:04:37] Thank you. Mr. Kirshner. Thank you, Madam Chair. So, first of all, you stole my thunder. I knew Troop 1910 was coming and you recognized them before I had the opportunity. But nonetheless, you can recognize twice. thank you to both troops for coming and i'm really glad you're here it's a great night to be here especially considering the budget as madam chair said mr hamstring thank you for all your work on this budget i know we've had a very brief discussion on i did have some follow-up questions um and i'll have some more for you later but specifically it seems to me that at least over the equalized rate of the residential property about four cents is what the proposal is um can

[01:05:13] you kind of give me some idea and time frame? I know we're in a period of somewhat higher inflation than normal. How much of that can you state with any certainty or some sense of how much of that increase is driven by the inflationary period that we're actually in? I'm not sure I'm following you. Are you on the expenditure side of the budget or the revenue side of the budget?

[01:05:36] So a good amount of the base budget increases are driven by inflation. So that total is about \$14.3 million. So that's just over a penny. You know, our pay increase is higher than normal because we are trying to help out our employees to stay at least equal, if not a little bit ahead of inflation. So if you go back a few years prior to this period, our pay proposals were closer to

[01:06:10] three percent four percent so as you can see the pay proposals we have proposed are much higher than that so if i recall from your presentation we're looking at about it about a 27 million dollar increase that's the pay proposal that's per pay proposal plus uh another million and a half for uh potential higher retention bonuses yeah okay that's actually very helpful thank you um now i may have misunderstood you when you mentioned this i thought i heard you say the budget is built and I tried to write it down real quickly, and maybe I misheard it.

[01:06:41] It got me really excited. So the budget is built to help potentially alleviate car tax, et cetera, or some of the car tax personal property. Did I hear that correctly, number one? And two, could you help me understand that? Yes, you heard that correctly. So we are in a period last year and this year where we are seeing abnormally high values for primarily used cars.

[01:07:04] So last year the board had used an assessment ratio, so the assessed value of the car was lowered through the assessment ratio because obviously your taxes are a value or a math equation of your assessed value times your tax rate, right?

[01:07:23] So last year you did use an assessment ratio that was brought to you by the commissioner that then lowered the value of the car, so that lowers the tax bill based off of that car value. Similarly, this year in the projections we utilize for personal property taxes coming from vehicles, we also, in our estimate, we lowered that value, again, assuming both the decrease in the personal property tax rate.

[01:07:49] So the board has already approved a decrease in the personal property tax rate of five pennies going from 420 to 415. you approve that on January 17th and then also we are anticipating you will also examine the use of an assessment ratio on those car values again thank you thank you and if you want a second round we can do a second round miss Brixman thank you madam chair and thank you so much for the presentation and I love our budget book and I love our CIP book especially compared to the LCPS CIP books, which I find very, very complicated. So thank you for that. I want to talk a little

[01:08:29] bit about pay increases. I think when we spoke the other day, you had mentioned it's a proposed pay increase, I think of 9% for LCSO. That's correct. And then 6% for county staff. So number one can you explain why that gap is so big and secondly can you compare that please to what the schools are proposing pay raises for teachers so the pay proposal is based off of research primarily coming from our human resources department so the 2017 when the board adopted your current

[01:09:04] pay philosophy which is to maintain our salaries generally consistent with 95 to 105 percent of our comparators when we look at our comparators or human resources has looked at our comparators those percentage increases are approximately what our comparators are going up by this year so when we look at pay law enforcement pay is increasing at a higher rate than the other two categories fire and rescue being fire rescue and general employees and do we know what the

[01:09:43] proposed pay increase is for teachers so based off of this the superintendent's proposed budget we know it's a minimum five percent increase for educators so what that means is there are a number of them that are going to be higher than that and again that is based off of their own salary survey looking at their comparative market okay so we're looking at a nine percent increase for law enforcement and maybe a 5% or more increase for teachers so again teachers are a minimum of 5%

[01:10:17] educators and other personnel in the school division are a minimum of 5% which means that's the floor so there are plenty of folks in the that will get more make more than that okay um uh do we know yet sometimes we get in this awkward position where we don't quite know what the state is going to, aside from the 7 million gap that we know about, sometimes we're in this awkward position where we don't quite know yet what the state is going to be sending down.

[01:10:51] And sometimes it has been more and it's closed the gap for us. So are we in that position again, or are we again in an uncertain position where the schools could get more from the state than we think? We just don't know yet. So I would never gander as to what the general Assembly is going to do until

they're done. And so as we talked about last night at the Finance Committee meeting, right now the General Assembly is talking about addressing that shortfall. As in previous years, we don't know exactly what the funding is that's coming to

[01:11:27] Loudoun County because the General Assembly appropriates their budget as a lump sum. From there it needs to go out to the executive agencies and then those executive agencies such as the Virginia Department of Education then take that lump sum and then allocate it out to each school division so we often don't know what that final number is until later in the calendar year you see a similar thing every year through with mental health so the Virginia Department of Behavioral

[01:12:02] services, and I'm drawing a blank on the rest of it, but they also receive a lump sum, and so that's why we often add additional positions in mental health, substance abuse, and development services because we get additional money from the Commonwealth, but that doesn't happen until later in the summer, early fall, because of that process of taking the budget that's approved by the General Assembly, processing it through the state executive agencies, and then we get our final amounts. But did the school's budget force a certain amount from the state? Sorry, I'll ask it a different way in my next second round. Thank you. Mr. Turner, do you want a second round of

[01:12:40] questions? All right. I have a lot of questions. Let's go to slide 42. I think slide 42, when you talked about the co-response team, you were really talking about what we colloquially call the Marcus Alert Bill. Is that correct? That is correct. Okay. So now I've talked more than once about my concerns about how the General Assembly passed a Marcus Alert Bill and my concerns with it, but I also don't think we should let the perfect be the enemy of the good, and so we will start with it. But what we're doing with the Marcus Alert Bill right now, and the money that we're putting for that, if it does not work, if the way

[01:13:20] the General Assembly is having us rule this out does not work, it's kind of to Mr. Letourneau's question, is that money now in the base budget, and can we ever claw that back and do something different if we have to do it differently because the markets alert bill is written right now we will have to adjust what we're doing with it so the proposal is to add positions so we're looking at adding additional mental health counselors adding some additional sheriff's deputies that would be involved with that 9-1-1 response to an emergency that has a mental health component to it even if it's not a markets alert response kind of Correct.

[01:13:59] So the money is for people. Yeah, that's fine. You answered the question. I'm good. That's a great answer, in fact. Thank you. I'm not going to cut you off. I just have a lot more to do, but that's a great answer. So slide number 32, and Ms. Letourneau's question again. I'm a little confused because, so the Senate, as we know, to cover the administration's mistake of, and I'm going to say the word mistake and not say anything negative, of \$200 million.

[01:14:27] No, I'm serious. I'm serious. of \$200 million. The Senate has said that they would add \$58 million in their budget. The House has said they'd do \$4.2 million. If that \$58 million in the Senate budget passed through, that would take care of the delta we would see in our budget for this fiscal year. Is that correct?

[01:14:47] I have no idea. Okay. All right. I had no idea either. So does anyone else have any idea? I have heard, yes. The staff here are saying that we believe that that amount is for fiscal 23.

[01:15:04] So the \$200 million error covers two fiscal years. So FY23 and then FY24. So they believe that \$58 million is for 23? Yes. Okay. Okay. If it stays, okay. But the concern is FY24. Right. Yes.

[01:15:20] So we don't know what's going to happen. Is that what we're saying? Not yet. We have to wait for the money committees. To see what happens. Okay. All right. Now, I also want to just put on the record that the General Assembly and the governor are saying that they have a budget surplus of \$1.94 billion.

[01:15:37] I'm not quite sure we're having trouble covering \$200 million. If it's a budget surplus of \$1.94 billion, you can cover that. All right, I'll go to a second round of questions. Ms. Bricksman. Thank you, Madam Chair. Okay, I'm going to dig into that just a little bit more. And you may not know, but I'm sure you've looked at the schools.

[01:15:53] If I don't know, I'm going to tell you I don't know. Obviously. Did the schools put in an anticipated amount from the state? Of course. They did. Okay, okay. Okay, I just wanted to know. So they get an anticipated amount with the governor's budget that comes out in mid-December.

[01:16:11] Okay, okay. And so they use that. This might be a little in the weeds and for another time, but you can tell me that. I noticed that we, in the resources that you are recommending, if we do the 1.5 and the 60-40 split, there's seven positions for CIP.

[01:16:29] Yeah, so those are then the proposed budget. So those are offset by primarily projects. Okay. That's not tax revenue positions. So, but my question was, it was \$200,000 for seven positions to work on the CIP and \$300,000 for one SRO.

[01:16:47] So there's, so remember, Sheriff's Office for Deputies, that amount includes their first year equipment costs. Okay, okay, okay, okay. Which are over half of that. Okay. And you did say, because often we have this conversation about whether suggested positions or budgeted positions can be hired.

[01:17:08] But you very clearly stated that in the increased amount, if we were to do the 60-40 split, that you are confident we would be able to hire those positions that you think are critical. Yes. Okay, great. My last question is, and we've had a lot of conversations about this, that, I mean, I have constituents that are very, very, very upset about some of the projects that the schools are delaying to 27 or even delaying TBD, for example, at Dominion High School.

[01:17:43] And there's basically an outrage in my community over this because they're being delayed because of the Parkview build of a new school, which I fully support. But we had a conversation about this, and maybe contingency funds, maybe not.

[01:17:58] But my question is, how much do we have in our CIP contingency accounts right now or for next year? I believe our current balance in the county's contingency fund is between \$40 and \$50 million.

[01:18:15] \$40 and \$50 million. And how much of that do we normally draw down in a normal year? I know inflation is, you might want to balloon that a little bit because of inflation, But how much do we normally draw down that account? It's been variable, but this year we are experiencing significant land acquisition increases, so we're anticipating using probably more than we've typically done in the past.

[01:18:40] And what's typical in the past? 50 percent? 70 percent? 20 percent? I think \$15 to \$30 million a year. Okay. Okay. All right. Thank you so much. Thank you. Can you take me to slide 26, please? So when we talk about the data center equipment and the fact that the revenue is decreasing, is that because that

the equipment is aging or is that because they are turning over the equipment slower than they turned it over before?

[01:19:13] The answer is both. So if the equipment is aging, it's because the refresh cycle is slowed. So, you know, coming originally, if we go back, I want to, Mr. White will help me in a second. But if we go back to, say, circa FY19 or so, we were using refresh rates every three years or so.

[01:19:35] More recently, partly due to the pandemic and partly due to other factors specific to the industry, those refresh rates have slowed more towards five years. Wow, wow, five. Equipment refresh rates. Wow. So what that means is both the equipment's aging because of the loss.

[01:19:54] I thought those refresh rates were going to be two, maybe three. Five surprises me. The other piece of this is directly related to the shortage of electric power that's been reported by Dominion Energy. So that also impacts new equipment that is coming.

[01:20:11] So we've got this strange thing going on where we have buildings. You asked my question, and I'm sorry. I just have a lot more, and I'm sorry, though. I hope I'm not sounding rude. I'm here as long as you know. In slide number 47, this is just kind of a question. I'm a little confused that, I think that was a CIP slide, wasn't it?

[01:20:29] 47 was a CIP slide. Are we doing more in towns than we're doing in health and resources for the county government? I only ask that because although town residents are residents, and so I'm a little confused by that number of towns versus health and welfare because whatever health and welfare we do for the county is beneficial to town residents also.

[01:20:51] So I'm not sure what we're doing for the towns already. So these are capital expenditures? That's what I meant. So we do, I know, that's my question. And then my last question is, you're going to have to go back to slide 23 and do that slide for me one more time. After you've answered this question, go back to slide 23.

[01:21:08] But for the capital expenditures, are we doing more cap expenditures for the towns than we're doing for health and welfare in the county? So again, these are capital expenditures.

[01:21:24] So this would be specific to facilities and buildings that are in those categories and specific to our dollars. So in the capital plan right now, we have the new crisis center that you mentioned or that we saw last night.

[01:21:46] There are not more health and welfare facilities because they're not triggered in our facility planning. But, yes, you are dedicating resources to town requests that have been in the CIP for many years. Those are primary road projects.

[01:22:01] Correct. Primary road projects. Thank you. Okay, that helps. And slide 23. Can you do that slide for me again? I'm sorry. I think I went somewhere for that slide. Can you do that slide for me again? Yeah. Can you walk me through the slide again? So this is the real property portfolio.

[01:22:19] So again, what we're seeing, so 2021, 2022, and then now, those are known numbers. So we know those increases actually occurred. The 2023 column is now, we're still using the word estimate, but we received the final numbers.

[01:22:40] There's still some variability, minor variability in that adjustment due to appeals and things of that nature. So when we get all the way through tax year 2023, we know that those increases and those

numbers are generally what happened. And so what we're forecasting for 2024 is a reduction, again, primarily within the commercial property portfolio, having to do with data centers and having to do with the valuation methodology from the General Assembly.

[01:23:12] Yep, and all came together. Thank you. Thank you. Thank you very much. Okay, supervisors, so we have, this is the beginning of the process, and again, we will be meeting with these schools tomorrow to ask a lot of school questions, and we look forward to that.

[01:23:31] If you have any other questions, you will start submitting those in writing, whether they are operations or CIP questions, you'll start submitting those in writing. Mr. Hemstreet, thank you very much, and thank the whole staff for us. And we will take a break while we get the room ready for public hearing.

[01:23:49] So we are going to adjourn the business meeting presentation, part of our program. Well, program, but evening, and then we'll do public hearing when we come back. Thank you. Coming back in 10 minutes.



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