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Loudoun County Board of Supervisors, Finance/Government Operations and Economic Development Committee, Tuesday, May 9, 2023

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- Official meeting video (county, Granicus): <https://loudoun.granicus.com/player/clip/7266>
- Agenda (Granicus): https://loudoun.granicus.com/AgendaViewer.php?view_id=73&clip_id=7266

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[00:03:57] Lisa, are we good? I'll bow. Okay.

[00:04:10] Hey there. All right. We have a quorum. I would like to call to order the May 9, 2023 Loudoun County Board of Supervisors Finance, Government Operations, and Economic Development Committee meeting.

[00:04:27] This room has a hearing loop. If you need hearing assistance, switch your hearing aids to telecoil mode. If you need a headset, we have those available as well. Please see the clerk to request one. committee members will have three minutes to ask questions for all items with as many rounds as we need. The proposed consent agenda is as follows. Item four, contract renewal public safety radio system maintenance and support services. Item five, contract renewal inmate medical and psychiatry

[00:05:01] services. Item six, disability services board annual report 2022. Item seven, environmental Commission bylaws conversion. Item 8, Family Services Advisory Board bylaws conversion. Item 9, Loudoun County Community Services Board bylaws conversion. I will make the motion and so I move to adopt the consent agenda. Is there a second? Second. Second by Matt Letourneau. Any discussion

[00:05:34] on the consent agenda? All right. All those in favor, please say aye. Aye. Any opposed say nay. and that will pass 5-0. We're now moving to the information items and number one is Colleen with the monthly Department of Economic Development report and welcome. Thank you so much. Good evening.

[00:05:58] Tonight I'll be providing both the department as well as the EDA update. Unfortunately schedule changes did not allow an EDA representative to attend. For the department as we come to the end of the fiscal year, we are happy to report that to date we have secured 150 wins with over 5,400 jobs and over \$10 billion in investment. Notable wins in the month of April included Glow Studio's \$1.3 million expansion in Ashburn and Little Austria's \$300,000 phase two expansion in Sterling.

[00:06:30] A few notes on overall economic trends. The number of passengers at Dulles in January and February 2023 were higher than the pre-pandemic same months in 2019 and 20, and additionally, hotel revenue in March 23 was slightly higher than March 2019, so positive trends for both. We'll continue to keep our eye on those numbers as well. Labor market conditions continue to be tight, with employment continuing to trend up in leisure and hospitality, government, professional and business services, and health care, according to the monthly jobs report from the Bureau of Labor

[00:07:04] statistics. And national unemployment was edging back down to 3.4% in April. February is the most recent month for local unemployment data. In February, the rate was 2.4% unemployment for Loudoun, 3.2% for Virginia, and 3.6% for the U.S. So again, 3.6% in February and back down to 3.4% by April. And finally, as you see in your packet, and as many of you were able to attend, DED announced its Enhanced Small Business and Entrepreneurship Program launched Loudoun last week with a press event on May 1st and an educational summit on May 2nd. The summit reached

[00:07:41] capacity on registrations the week prior and was well attended and received. The goal of the event was to offer an opportunity to hear from keynote speaker Marcus Limonis, network with other businesses, and gather information on best practices in the areas of finance and sales and marketing. Over 84 percent of attendees were current small business owners, with the majority being Loudoun-based businesses, though we did have attendees from across the region. We received overwhelmingly positive reviews so far on the venue, format, and educational materials, and 100 percent of respondents said they would recommend this event to a friend or colleague. We could not

[00:08:20] have had such a successful event without the support of the Board of Supervisors and County administration, the efforts of DED staff, and the many volunteers who helped facilitate the workshops. I also want to take this opportunity to thank the Department of Parks and Recreation for their partnership in making the event such a success, and it was a great opportunity to highlight Claude Moore Recreation Center. I know I personally heard many attendees remarking on the space and showing surprise and great joy in that it being a county facility, so we wanted to thank our partners for their generosity and support. Our next events for Launch Loudoun include office

[00:08:55] hours for one-on-one advising at local co-working spaces and public libraries, and a community listening session scheduled for 6 p.m. on June 22nd at Brambleton Library. We invite the business community to join us for a facilitated discussion on the topics they would most like to see covered in future events, the challenges they need help addressing, and the types of events and programs that would be most useful.

[00:09:20] On behalf of the Economic Development Authority, I would note that they have been actively advising and engaging with the department on the build-out of Launch Loudoun and are moving into plans

and preparations for the innovation challenge currently scheduled for November. And with that, I'd be happy to take any questions.

[00:09:36] Thank you, Colleen. Let me see Supervisor Letourneau. Thank you. The first thing that you mentioned, I guess, is sort of an office hours. The second one's at the Bramilton Library. where is the first first ones being held? So the office hours are currently scheduled across libraries in the county. So I don't have the first one in my head, though. I believe we are at Rust Library coming up. But we we strategically placed office hours at least twice a month with a focus

[00:10:11] on hitting all of the areas of the county. Okay, by the end of the year. If it's possible to get us a list of those. I'm sure we could help publicize when those are. Obviously, if there's any at the Gumspring Library, I'd be interested in that. In terms of the office vacancy rate reduction, which is now at 6.6%, is that more a product of declining available inventory, or are we just simply filling existing inventory without seeing a decline in overall space? We do continue to

[00:10:46] struggle with existing inventory for sure. And we continue to work with our developers on that inventory. We are seeing, continuing to see a lot of subleasing, which sort of skews some of the data. It doesn't always show up as vacant. Sometimes those subleases happen before it's hit the numbers in terms of a vacancy. So we are continuing to see a lot of that, but we continue also to see obsolete office space continuing to be the remaining vacancy. I think the class A office space. But it's not that office space is disappearing and that's why the vacancy rate's going down. It's more that it's just being filled. It's being filled, yeah. So a lot of the wins that

[00:11:25] we've had have actually also been expansions. So we're seeing current businesses taking more space. Okay, thank you. A follow-up colleague to Supervisor Letourneau. Do you have a sense proportionally whether you're seeing more businesses expanding or more new businesses moving into that office space. I'd have to go back and look at the numbers, but just off the top of my head, I know anecdotally several of the last that we've done have been expansions. I just spoke to a business just today who was hearing from the real estate community, if you think you're going

[00:12:02] to need to expand and something opens, you should take it because there's not a lot there. So that's positive for those businesses. That's expansion of capital and jobs, but it does mean we have less and less space for businesses coming into the county okay and then i just want to compliment um you your team chris hunter for um the small business week visits um you guys did a great job and i really appreciate your investment in all the all the districts on that program thank you so much uh chair randall can i make a request if i'm here on out in small business week You all stop inviting me to restaurants.

[00:12:40] You literally, every small business week, I come and weigh five pounds every year. Just stop it. Just stop it. Actually, no. So noted. You guys did a great job. You all, as always, you did a great job. And a lot of what we're seeing are the fruits of your labor, especially through COVID with the Business Interruption Fund and other things.

[00:12:59] We met businesses that started doing COVID, which is just incredible. You guys always do a good job. So thank you so much. Thank you. Thanks a lot, Colleen. Thank you. All right. We're going to move on to item number two, the quarterly report, FY 2023, third quarter financial update, cash proffer and debt.

[00:13:16] Caleb and Megan. And Megan, could you introduce your team?

[00:13:34] Sure. I have with me Emily Vasseel. She's one of our team leads on the operating budget staff. And Tamara Kesecker, she's our revenue manager. Great. Thank you. Thanks for being here. Thank you, Madam Chair and committee members.

[00:13:54] We are here tonight to discuss the third quarter financial update for fiscal year 2023. And if just to get right down to brass tacks and what's important in the item, if the committee would like to focus on page two of the item, there's a series of tables that I'm going to reference as we go through the item.

[00:14:16] So starting at the top of the page on table one, you can see for fiscal year 23, we are currently projecting a positive variance in the general fund of \$146 million at the end of the year. That is comprised primarily of revenue overperformance, \$124 million. The expenditure savings are typical in line with historical averages. So I'm going to focus on what is occurring in that revenue overperformance in my comments tonight. In contrast to the last time

[00:14:53] we were before the committee to discuss fiscal year 23 at that time in march we were projecting a 70 million dollar positive variance the updates to the forecast are almost exclusively on the revenue side and related to revenue performance the most notable aspect of change between quarter two and quarter three is now knowing what the computer equipment tax levy for business tangible personal property tax for computer equipment and data centers is. Moving down, continuing on page

[00:15:26] two, moving down to table two, just to orient the committee to this table, the focus is on the revenue variance versus the budget. So in the four columns on that table, you can see the budget that was adopted, the revised budget, in the third column titled forecast, what we are currently forecasting for revenue performance in that category. And then the fourth column is the variance, either above or below budget. The most, the largest aspect of the revenue performance is

[00:16:02] in general property taxes. And there's a number of components that make up that revenue category. So table three has a breakdown, just a little bit farther down the page, table three has a breakdown of each of those categories. So starting with real property, we are forecasting about a \$49 million positive variance from real property. As the committee will recall, when we set up the real property tax revenue budget for a fiscal year, that fiscal year spans two tax years.

[00:16:37] So when fiscal year 2023 was adopted, the tax year 2022 values were known, and then assumptions were made about the tax year 2023 values. The assumptions that were made in the budget were in line with historical averages and what we would typically see as performance between the two tax years. So the overperformance that has occurred in real property is due to stronger performance of tax year 2023 than was assumed in the fiscal year 2023 budget. The largest factor in this was

[00:17:15] higher than anticipated commercial revaluation. This is primarily reflecting the data center market. Overall for commercial, the budget anticipated 3% revaluation between the two tax years, what occurred was in excess of 20% for commercial. So this was the largest factor in the revaluation variance. I will note, the committee will remember that two years ago, the General

[00:17:45] Assembly adopted legislation, House Bill 791, which says that certain real property fixtures in data centers have to be assessed on a depreciating scale. Due to a lack of data, the commissioner of the revenue was unable to implement that new assessment methodology for tax year 2023. If that had been implemented in tax year 2023, the positive variance reflected

[00:18:17] in this item could have been \$25 to \$30 million less. On the residential side, once again, The budget anticipated 3% revaluation, which is in line with historical growth.

[00:18:33] Actual revaluation between the tax years was closer to 8%. So this was another significant factor in the overperformance of the revenue. I can't stress enough that both on the commercial and residential side, the revaluation rates that occurred are really fairly unprecedented and out of line with historic averages, especially what we would have seen prior to the pandemic another significant factor was new construction and growth that occurred between the tax years just as a note there once again the

[00:19:08] leading factor in that was data center construction typically the largest amount of new construction that we see year over year in growth in the portfolio is from residential this year new construction for commercial accounted for about 60 percent of the value approximately 2.6 billion dollars. This was unprecedented and well above what we had assumed for growth between the tax years. I will note that the tax year 2023 values were included in the fiscal year 2024 budget that

[00:19:46] the board just adopted. Those assumptions were known and included. I'll also note that if you look at the variance between quarter two and quarter three, this was information we did have available as part of the second quarter report. And there's not a significant change between quarter two and quarter three for what we are showing you here.

[00:20:07] But I thought it was just important to walk through all those different movements and why we're seeing such a large amount of overperformance in the real property tax revenue. The largest update, as I mentioned, between the two quarters is for computer equipment tax.

[00:20:23] As you can see in Table 3, that personal property tax is close to meeting what was budgeted. Once again, for personal property, I'll remind the committee that like real property, that is based on two different tax years.

[00:20:40] In previous quarterly reports that we had brought to the committee, based on a much lower tax year 2022 levy for computer equipment than we had forecast, we were anticipating that computer equipment would be something on the magnitude of \$50 million below budget.

[00:21:02] What actually occurred was record levy growth of \$140 million between tax year 2022 and 2023, and that is why computer equipment is now on track for all intents and purposes to meet budget.

[00:21:19] This information was not clear until about the third week of April. The Commissioner of the Revenue's Office worked with us as quickly as they could to get those to work through the filing information and get us a summary of what computer equipment personal property exists in data centers.

[00:21:38] We are in the very preliminary stages of analyzing how that revenue performed and what were the factors that went into that. Going back to the final item on table three that I'll note is other personal property.

[00:21:55] This is mainly from higher values or higher revenue from vehicle taxes. This growth was known in the second quarter report when we brought it to you and was incorporated into the assumptions of the FY 2024 budget that you just adopted.

[00:22:17] Going back to Table 2, I'll just note two other areas of significant overperformance here. First is other local taxes. This is mainly sales tax and BPOL. Once again, most of this growth had already been picked up in the fiscal year 2024 budget assumptions.

[00:22:36] And then finally, for use of money and property, this variance of \$26 million to the positive is, or excuse me, approximately \$25 million to the positive is mainly from interest revenue.

[00:22:55] As the committee will recall, the board, this was shown in quarter two, and the board was actually able to take advantage of an additional amount of that revenue at the first budget work session in March for the fiscal year 2024 budget.

[00:23:12] So once again, just wanted to thank the committee for their time, and I will note the largest development that occurred between quarter two and quarter three was knowing the computer equipment tax levy, and that is the main factor of why we are showing the larger positive variance tonight.

[00:23:32] And as Ms. Burke mentioned, I'm here, joined by our revenue manager, Ms. Keysacker, and we'd be happy to answer any questions that the committee has. Thank you so much, Caleb. Questions, Madam Chair? Thank you, Madam Chair. That was a great wrap-up, and I appreciate it.

[00:23:51] Can you walk me just backwards? Because when the discussion about fixtures came up and whether they would depreciate, appreciate, all that, I was and I still continue to be a little confused by that because I can't imagine why fixtures would do anything but depreciate.

[00:24:12] And I'm still not quite clear what that was, how we valued them, and how that came out. Can you walk me through that, if you don't mind? Yes. So there are certain fixtures within data centers, mechanical equipment, electrical equipment, that are considered under the previous methodology, or really the methodology that is still being used um to be part of the value of the building as as real property oh okay yes and so what the

[00:24:47] um okay what hb 791 mandated is those types of fixtures uh need to be assessed on a depreciating on a depreciating basis okay correct but okay commissioner was not able to implement that because they did not have sufficient i i then i might have i thought i heard you say appreciating basis. And that's where I was like, how is that possible? But so at this point, and this is all kind of new, the Commissioner of Revenue didn't know how to do that at this point. And so they did nothing for now or what? Correct. They did not change the methodology. They did not change at all.

[00:25:23] They did not have sufficient data on what types of fixtures exist within. Is that data being gathered to learn how to do that in the future? I mean, because it is a strange thing they have to to evaluate i know it's a i was just going to say the commissioner continues to work on implementation of that legislation but i just want to make sure everyone remembers that the fy 24 budget is built upon the assumption that that will be implemented and so our revenues are not going to be going to be at risk for 24 all right so this is so this is so the fixtures are

[00:26:02] not the computer equipment so to speak they're part of the building correct this would be mechanical equipment that's part of the building not the computers okay it's yeah okay i understand and it's still it's i i just i'm wondering why we're doing this at all i guess but i understand what you're saying thank you supervisor letourneau yeah let me pick up on that so currently mechanical equipment like hvac equipment or just mechanical equipment h because hvac would be the big thing in those it's hvac electric all of that we are currently applying personal property tax to that

[00:26:42] It's assessed as real property, but it's assessed under the income approach. So it's dependent upon the operator's income, the property owner's income for retail data centers. And what we can't do under HB 7091 is use that income approach. We would then have to come up with a depreciation schedule.

[00:26:59] We'd have to know the cost information. Sorry, can you explain what you mean by income approach to an piece of HVAC equipment? It's the income of the operator. So the commissioner of the revenue has three different ways that they can assess real property on a commercial basis.

[00:27:18] They can base it on the commercial operators income they can base it on a sales comparison which is obviously hard to do in data centers because they don't sell or a cost replacement for retail data centers because it's a tenant based model it's assessed on an income approach so those those operators have to submit income and expense forms to the commissioner of the revenue on an annual basis and then they use a per megawatt figure I want to say it's like six and a half million per megawatt to come to the assessed value for that.

[00:27:42] that piece of real property. So could they do this for the computer equipment itself if they wanted to? The General Assembly would have to do it, but... The General Assembly would have to take some kind of action. But that would really mess with us. That would be more difficult because typically the property owners...

[00:27:59] So computer equipment already depreciates. Yes, right. But the owners of computer equipment, you could have multiple tenants in a data center, whereas the real property, there's one owner. So if we sort of apply this depreciation scale to it, then it's already part of real property and not personal property?

[00:28:18] Yes, the real property would become a bifurcated model where the building and land is assessed on an income approach and then the mechanical cooling and everything would be assessed on a depreciating cost method, still with the real property tax rate. But the risk of the lower revenue amount, I thought, was on the personal property tax side.

[00:28:40] No, it's on the real property side. It's just on real property tax. So this isn't going to affect any of our personal property tax revenue from data center. No, sir. It's going to potentially impact our real property tax, which is the smaller of the two.

[00:28:57] What's roughly the ratio between personal and real property on the data center industry? Real property, just off the top of my head for tax year 23, is probably somewhere around \$180 million. Just computer equipment, I believe, is \$645 million.

[00:29:14] Yeah. Okay. So the impact won't be massive. I mean, I know we budgeted for it and stuff. We anticipated \$25 to \$30 million. It's hard to say what it would be because it really would be dependent on the age of that equipment, how much the owner paid for it when it went in.

[00:29:34] But we estimated \$25 to \$30 million. All right. I'm going to go to Supervisor Briskman, and then I'm going to come back to Chair Randall. Thank you. So I think you might have said this in so many words, but let me confirm. We've now fully incorporated the changes that the new state law or new taxing structure has, the changes that were made. We've incorporated all of that now?

[00:30:02] We have anticipated the impacts of the implementation. Okay. So we have certainty now as to how? We do not have certainty because the commissioner has not been able to implement the new methodology. However, your budget is built on the anticipation of the revenue impact.

[00:30:22] Okay, okay, great. Okay, and I guess if we're wrong, we'll find out. If our anticipation is wrong based on what they do later, then when do you think we'll know?

[00:30:38] We will have to work with the commissioner over the next tax year to understand how he's able to value that. So is it safe to say then that we're anticipating on page two, the first chart, we're anticipating basically a fund balance of \$146 million?

[00:30:57] Yes. And how often does that change between now May to when we have to do our fund balance allocations? So that, you know, this is a forecast. The tax revenue collections are ongoing for our two most significant sources.

[00:31:20] So the personal property tax revenue collection was in May. That went, that seems to be going in line with historical averages. Real property will occur on June 5th. So those taxes still need to be collected.

[00:31:36] the number can continue to fluctuate to some extent depending on actual collection rates, what amounts of revenue are deferred, but we are confident with what we know now that this is a safe estimate of what we expect the approximate year-end position to be.

[00:31:56] And on chart two, the reason it's 146 is because the 22 million variants and expenditures are expenditures that we did not make. Correct. That is expenditure savings. Okay. So my rudimentary accounting brain thinks there should be a parentheses around there because that's, but it's, that's why we add those two together. Okay. And then I still, I read what use of money and property is, but could you explain that? I didn't quite understand why we're getting revenue from use of money and property. So the most significant component of that category is revenue

[00:32:34] from interest on investments so investments of the county's cash in interest earning deposits like certificates of deposit savings accounts things like that okay okay thank you very much i'm gonna i'm not forgetting about supervisor turner but i'm gonna go back to chair randall i'm a guest i i'm sorry that i i might not be picking on up on this as fast but okay i understand the fact that the that the fixtures is part of the real property but our real

[00:33:10] property has been appreciating so we're saying that the fixtures inside of the real property are going to possibly be depreciating yet that is how we that's why he hasn't figured out how to figure this how to do this yet because real property is appreciating with fixtures attached to real property ACAC equipment and other things are depreciating and they're trying to figure out both those things at the same time is that what i'm hearing so you are here chair yes may i answer that yes

[00:33:44] all right so chair randall the uh the issue going back to what this key sucker said was that there's three there's three processes that the commissioner traditionally uses to generate the value of real property the general assembly threw all of those out and specified a fourth process that fourth process is lower results in what we believe will be a lower value of each data center than what is currently being carried based off of the methodology that the commissioner has traditionally

[00:34:23] used. I don't want to get too far down the rat hole, but... Please go down the rat hole, because... But the issue is, in order for the commissioner to value the property, we need the property owner, in this case, the data centers, to submit to us the value of construction of their building, the value of each of the racks that have been submitted, and then their depreciation schedules so that we can check those and verify them. And that's oversimplifying the process. However,

[00:34:56] that's at a very high level. That's what we need. So far, the community has not submitted that information which is something they need to do and that is for each data center individually that's correct

because they have to be valued they are each each property is valued independently and so because of that the commissioner because he doesn't have anything else submitted by the property owner has continued to use his traditional valuation method and again i'm not worried about the i understand that which it's already been allocated for and well presuming the budget i

[00:35:33] need to understand what's actually happening so that that is what's actually happening so we believe that the value that is being carried is a higher value than what the value okay okay because of this new way that the general assembly has asked us to do okay there are also some technical issues that the that as i understand it that also make it very challenging for the data center or the property owner to actually submit the information which causes some other problems which is why We're not sure if this methodology can be fully implemented without additional General Assembly action.

[00:36:09] I was going to ask that. That was actually my next question. Did they need more instruction, for lack of a better word? Okay. That's our understanding from talking with the commissioner. Okay. All right. Well, thank you. So the way we have dealt with it, because we will have to come back to the board or finance it in the board in the summer, Is we have intentionally under-budgeted the revenue because we believe the actual revenue at some point will be less.

[00:36:34] If you recall, under the Code of Virginia, if there is an overvaluation and that valuation is appealed by the property owner, we are responsible for refunding the overpayment of taxes for the current year plus three. So we need to keep some of the funding in reserve until the issue is resolved.

[00:36:53] Again, I'm not unclear as to what we're doing. I guess I'm unclear as to what the General Assembly was doing and, quite frankly, why. But the why remains a mystery. Thank you. Supervisor Letourneau. First of all, can I say how glad I am we're having this conversation?

[00:37:12] Because I never understood the nuance of what this changes until tonight. So thank you for this. But we already do, Mr. Hemstreet, we already do what you were describing for the servers themselves and the computer equipment, right?

[00:37:28] That's how we calculate the personal property tax. So the value of each piece of equipment is submitted by the property owner and collected. And that's how we currently value for the purpose of collecting personal property tax on computer equipment.

[00:37:46] That's how we value it, right? That's correct. So now they just have to do the same thing for everything else that's in the building, right? Is that oversimplifying? For the racks in some of the peripheral equipment, yes. Now the problem is...

[00:38:01] Like racks is in the physical structures? The things that the servers go in. Not the servers, but the stuff they go in. That holds them, yeah. And then the HVAC systems? Yes. And all that stuff. And it also depends on the type of data center so that we can get into a rabbit hole, but then it also depends on the type of data center because the type of data center then determines which element, which methodology you use.

[00:38:30] All for the purpose of calculating the real property tax. Correct. Yeah. Okay. Did the industry, I don't know if anybody here knows this, but to share Raynell's question, did the industry want this bill? I thought that, yeah, that was my recollection. They were complaining that they were having to pay based on income, and they wanted a more accurate depiction of what their property was worth, right?

[00:38:55] They requested the changes, yes. Yeah, that they now can't comply with or having trouble complying with because it requires a lot of... So, I don't know that as staff, we would be comfortable in speculating that. We would just say they have not as of yet.

[00:39:10] They have not as of yet complied with. So, okay. Okay, I think I got it. Okay. All right. Yeah. Supervisor Turner. I can change that. So here at four, the income model was used to value the land, the building, and the fixtures.

[00:39:32] All three were based on the income model, which was how much income can these combined three pieces generate. So presumably that can go up or down based on whether you're in an inflation or a recession or whatever. So that would change from year to year. So what this bill said was, land and building, you can still use the income model, but for fixed years, you must now establish a cost basis and depreciate it on a predictable schedule every year.

[00:39:59] So by definition, this one will no longer fluctuate, and it can't go up. It must depreciate every year, so there is a net savings to the data center industry, so I can understand that. The one that threw me, I thought I had it. I had that part. What threw me is when, yeah, Mr. Emstreet.

[00:40:19] I was just waiting until you finished. Well, the question I have is you said that if they think they had been overvalued, then the penalty is three prior years. So surely they're not now with the new bill saying you overvalued my now depreciated equipment.

[00:40:36] Therefore, I'm going to ask for my taxes back for the previous three years of the equipment that I was valuing using the income model previously. Okay. So I want to make sure that, so some of this at some point, I think we're better off talking as an individual briefing. So, but I will try to sort this out. When we talk about the valuation of property, it is the entire property. Okay. So when we say the income method, that is the revenue that that property generates. There's no, there's no separation of stuff on the property. So it's

[00:41:13] whatever the revenue that that property generates, you divide that by a rate and that spits out the value. We don't separate it into pieces of the property or land and the improvement or the impertinence and the pieces that are inside the impertinence. It's either the income model or we use, in this case, what is a variation of a value model, which is this is the value of the land and this is the value of the impertinence or the structure that's been built on it. And then we're further separating elements within the structure and we want the value of that. The question of

[00:41:51] depreciation is you have a much different schedule for a in a pertinence or a building than you would for the the racks and so that is open to a little bit of debate um and so i don't know that i would necessarily come to the conclusion that the the total value of each property is a depreciation year over year. I don't know that that necessarily follows. So it is still open to some discussion or some analysis by the appraiser, but I would say that it is likely not to appreciate at the

[00:42:29] same rate that the income model would generate. My only question then is, surely we're not going to depreciate the land value? Well, that's my point. So that's why I'm saying I'm not convinced that it necessarily comes out to a depreciation of value each year. Now, having said that, to answer your last question, if a property owner is going to go to the expense or to the effort to calculate a value of their property under a different method, or in this case, the compliant method, or the one that's compliant with statute, I think that they, if it comes out to a lower value,

[00:43:08] I think they would request a refund because they will have overpaid on their taxes. Even though the overpayment is a direct result of a law that just passed. Yeah. I mean, it's the law has been in effect for a year, a little over a year. So So if it would be back to the point that the law was enacted, is my understanding.

[00:43:31] So we would be, at this point, be current plus one. Got it. But as we go forward. That's what I was looking for. All right. Everybody good. We're not. Should we let these good people escape? Thank you very, very much.

[00:43:48] And individual briefings are probably a good idea. If you got, Megan, Caleb, if you would reach out to the members of the finance committee and see if they would like an individual briefing. That would be great. Not anymore. Everybody knows now.

[00:44:05] Okay. All right. Thank you very much. All right. We're going to move on to item three, the 2024 Countywide Group Health Plan Recommendation. And I think we have Rob Krause and Jeanette Green.

[00:44:21] Welcome.

[00:44:40] Good evening, community members.

[00:45:08] Thank you for having me here this evening. You typically see me here about three or four times a year when we talk about a variety of different employee benefits-related issues, risk, leave, management, all things employees-related. And one of our larger annual presentations that I come to talk to you about happens in September when we talk about the employee, the renewals, the health plan review and premium update.

[00:45:34] And at that meeting, we talk about plan utilization, expenses, you know, where our employees are spending their money with regards to health care. We talk about plan design recommendations. And lastly, premium recommendations for the next calendar year. You then will hopefully approve that in September.

[00:45:51] And then we kick off open enrollment in November for the January 1 plan year. So this year is a little bit different. We have an opportunity to modify our current plan where we can expand medical provider access to our employees while at the same time saving the county significant money.

[00:46:12] So we're coming to you now because if the board does decide to take us on with this recommendation or approve this recommendation, which will come to you in June, this will take some time to put into place. We'll have to reconfigure Oracle because we'll have to do an active enrollment for all of our employees and retirees.

[00:46:32] And, of course, we'll have to build a robust communication campaign as well. So with that being said, I have a brief presentation to offer if that suits the committee. Yes, please do. Great. Thank you. So by way of background, I want to remind the committee about a few items related to our health plan, just to provide some context around how it operates.

[00:46:52] So our plan is what you call a self-insured plan. So the county is at risk for all the claims. We're not paying some insurance carrier wild premiums where they have, you know, really wide margins. We actually take on that risk for all the claims of our employees.

[00:47:09] And a way to mitigate that risk is that we purchase a stop-loss insurance policy for all claimants that incur claims over \$600,000. So we're on the hook for all claims up to \$600,000, and then there's a policy

that kicks in at \$600,000. In this particular case, it's through Cigna Healthcare. Okay. Although we fund the claims, we pay a third-party administrator to process the claims and to engage in clinical and care management for our employees, and that's Cigna Healthcare. So as you know, we are in a fourth year of

[00:47:44] a five-year contract with Cigna. And after five years, we'll have five one-year renewals available to us should we want to continue with Cigna. So the current health plan has four medical plan options that our employees can choose from. And when we talk about medical plans, there's three different components that we want to focus on. We want to focus on, one, the actual provider networks that the employees have access to. Two, the plan designs. You know, we think about deductibles, co-pays, co-insurance. And then three, of course, are premium, the premiums that they

[00:48:23] pay through their payroll contributions. So all those four plans, we utilize two different networks. The first plan is the point of service plan, which is a POS plan. It's a local Cigna network. It's got very low deductibles, low co-insurance. It's our most rich plan that we offer to our employees. Our employees then pay for that rich plan by paying for, you know, they have higher premiums when they add their payroll contributions.

[00:48:53] So that's a local POS network through Cigna. The next plan that we have is the Open Access Plus plan, and that's a national Cigna network. It's got higher deductibles, higher co-insurance, but on the flip side, employees pay less for that through their payroll contributions.

[00:49:12] So it really depends upon do they want to pay through contributions or do they want to pay when they're seeking care or receiving care from providers. And then we have two more options for employees. They are what we call consumer-driven plans.

[00:49:28] You know them as high-deductible plans. You know, one's paired with a health savings account. One is paired with a health reimbursement account. They are our lowest-value plans, and employees pay the smallest amount premiums for those plans because it's generally ideal for an employee maybe with a small family who they're just very healthy and they feel as though they can self-fund their own health care.

[00:49:55] I did mean to mention as well, with the POS plan, one of the requirements, That's key to mention is that if you want to see a specialist, you must seek a referral from your primary care physician. All of the other three plans that I mentioned do not.

[00:50:11] So in summary, we have one medical plan that uses the POS medical provider network, and there are three remaining plans that use the OAP network. And we have an opportunity now to discontinue the POS plan and simply create a new OAP network through Cigna.

[00:50:34] So the recommendation to create a new OAP network has a number of enhancements associated with that. The plan design would be the same, and the premiums would be the same. So if we were to make that change today, the plan design would be the exact same, and the premiums would be the same.

[00:50:51] Obviously, when we go through open enrollment, premiums are going to go up. But if we did it today at Apples to Apples, it would be the same plan itself. The only change that impacted participants would have would be the network of providers. You know, they're going from that local Cigna network to a national network.

[00:51:09] The removal of the requirement to secure a referral when you want to see a specialist, that will be removed. And then lastly, a new medical care management model through Cigna that is used to address claimants.

[00:51:25] They don't have access to that today. So when it comes to the network of medical providers, we think of the concept of provider disruption. You know, how is this going to impact our employees?

[00:51:42] And there are two types of disruption when we think about this. We think about negative disruption and positive disruption. When we think about negative disruption, we're thinking about those employees in the POS plan today who see in-network providers.

[00:51:57] And should we move them to the OAP network, those providers won't go with them. So they lose their in-network access. We had Cigna do an analysis to compare those two networks, their own two networks, and they found that only nine providers would not transfer over.

[00:52:16] And those nine providers represent \$2,300 of billed charges, which is really negligible, considering we spend about \$55 million per year in medical claims. The positive disruption is, you know, the inverse of that.

[00:52:32] It's those current POS employees who are seeing an out-of-network provider because they don't want to change, you know, their doctors. They just happen to, they accept seeing an out-of-network provider. When we move them over, we actually gain 860 providers with bill charges of about over \$3.5 million per year.

[00:52:52] Okay, so clearly moving this positive disruption is a pretty positive result. That's with the disruption. The other change that would be triggered by the discontinuation of the POS is the care management model through Cigna.

[00:53:14] And this addresses areas such as pre-certification, pre-admission outreaches, post-discharge outreaches, and high-risk and complex case management. These areas help maintain greater compliance with employees' health care needs. And the new model is more robust, and as explained in the item, it's only available when all the employees go to the OAP.

[00:53:35] Because we utilize two networks today, we have a simple kind of care management model, but when we move everyone over, we then have access to this new model. I think the last piece to consider are the savings, and in some respects you might call it cost of audience, but I think I'd still call them savings.

[00:54:00] Cigna estimates that this change will save the county approximately \$3.4 million on an annual basis, and there are three contributors to this savings estimate. First is the positive disruption that I talked about earlier. When you have more claims being paid on an in-network basis, both the employee saves and the county saves because there's a contract in place and we all see those EOBs where they write off that extra balance.

[00:54:27] The second component to the savings is the care management model because this new model targets a greater number of employees with regards to case management. And when care is more properly managed, claims go down.

[00:54:43] That's just, you know, that's just a fact. And then the last piece of the last contributor to why we see that \$3.4 million are the provider discounts. So we pay Cigna to go out to the market and contract with and negotiate with providers.

[00:55:03] And the provider contracts that they have with the OAP docs are much deeper and more aggressive than they have with the POS docs. It sounds kind of weird because it's the same, you know, insurance carrier, but those are much more, you know, they have deeper discounts.

[00:55:21] And as I mentioned before, because we're self-insured, we reap those benefits immediately, directly. And it's kind of timely that we're having this conversation because we're already witnessing a significant amount of medical inflation.

[00:55:39] We see inflation everywhere. We have a number of provider contracts that Cigna has in place that are up for renewal. And when they come up for renewal, they're going to ask for more money. And Cigna's either going to have to decide, do we want to pay them or cut them loose?

[00:55:54] When they cut them loose, then we all feel that pain. when our docs drop out of the network. I can tell you that we are in the process of reviewing our 2024 renewal, and we are expecting significant increases for 2024 to the tune of about 18% to 19%.

[00:56:13] And we as a county haven't seen that in many, many, many years. And medical inflation is just one component of that. I'm not going to go into all of them this evening. I will in June. We can talk about that. But medical inflation is definitely one of them. And so we're looking at, I think it was in the item, about a \$12.9 million increase with regards to 2024 costs.

[00:56:37] So in finance, we'll go ahead and present our health plan renewal as well as this particular recommendation. And should the board decide to accept that recommendation, that would necessitate an active enrollment, as I mentioned earlier, where our employees and our retirees would have to go in and actively enroll.

[00:57:00] Since I've been here the past five years, we haven't had an active enrollment. I'm sorry, we haven't had an active enrollment. We have a passive enrollments where whatever you have today, if you don't act, you get that the next year. And really, it's best practice to actually have an active enrollment maybe once every five years so employees know exactly what they're electing and what they're paying for.

[00:57:19] So it would be timely to have that as well. And then there's a significant amount of work within Oracle that we'd have to build up as well as create a robust employee communication campaign to make sure they understand And it looks like we're getting rid of the POS, but we're really not. It's the same plan design, the same premiums.

[00:57:36] It's really, it's the optics in how we position that. So with that, I'll open it up for questions. Thank you so much. Any questions? Supervisor Briskman and then Supervisor Letourneau. Thank you. I guess I'm really curious because I didn't see any of the negative disruption.

[00:57:58] Oh, there's the negative disruption. Okay, so I guess I didn't really understand what the negative disruption is, But also, it seems to me that if you're going to have a higher deductible and a higher co-insurance, that would be a negative thing for someone who had to go on the OAP plan.

[00:58:21] So, for example, those are out-of-pocket expenses. So it sounds to me like the out-of-pocket expenses, if you look at number two on page two, could be going up. So that's my first question. And then my second question is, it seems like it might be very disruptive because we're looking at moving 1,593 employees, 38% of our employees, from the POS to the AOP.

[00:58:48] So that sounds fairly disruptive as well in that they might incur more out-of-pocket expenses. So could you address those two things, please? Absolutely. Would you like me to go back and at least address the negative disruption first? Yes, please. If you can remember all three, that would be great. Sure, sure. I'm sure you can.

[00:59:04] I might not be able to. So essentially, we have POS employees who are seeing their in-network docs. If we move them to a new network, there are nine docs who won't go with them. That's all. Okay. Okay. Out of the hundreds and hundreds of physicians that our POS employees see, only nine do not participate in the OAP network.

[00:59:24] Okay. And it only represents about \$2,300 of bill charges. So there's probably a few little labs in there, really kind of small ticket items. Okay. No, I understand that they're going to still be able to access most of the services. Yes, and we can, we've already talked to Cigna about this, and they can provide some concerted efforts to go after those nine.

[00:59:43] I hear you. To see if they'll go ahead and contract with the new contract, okay? With regards to page two, I may not have been clear. When we create the new OAP plan, we're going to replicate the plan design of the existing POS plan.

[01:00:00] So essentially, we'll have a high OAP and a low OAP. We don't know what that naming convention will be yet, because that doesn't really sound great. We don't want to have anything with the word low in it. But the number two, that's the standard, that's the regular plan.

[01:00:15] But the number one will be the same plan design as what they have today. It will just be a different network of medical providers. And their costs will not increase if they stay in the same type of plan that they're in now, is what I'm hearing you say. We're not changing deductibles, co-pays, co-insurance, anything.

[01:00:33] Okay, great. It's a little confusing because we call these plans OAP plans, but it's also the name of the network. So we're going to have multiple plans that use the OAP network. So we may have to revise how we identify those four plans.

[01:00:49] All right. Thank you. All right. Supervisor Letourneau. Yeah, I'm sure Supervisor Sam is going to have some great questions here. But I guess my question, not to be blunt, is so, like, what's the catch? Like, why haven't we done it before?

[01:01:08] And it's just maybe because of the disruption. But if our costs go down and our employees end up with greater access, then sort of what's the catch? Well, we did explore this last year a little bit. We kind of, I think too much time had went by, and we didn't have enough time.

[01:01:26] We didn't realize what it would mean to have an active enrollment and how that would implicate Oracle and the communication to employees. I will tell you that the POS plan is what we would consider a legacy plan, and at some point we'll go away with Cigna. So we're going to need to make this change at some point in the future.

[01:01:42] So we've got ahead of it so much we're here in May. So it seemed like a great opportunity to pull the trigger. How is it that – I don't really understand from their side. How is it that costs go down and yet the network is much bigger? It's just how they negotiate their contracts with the providers.

[01:02:01] I mean, it's kind of – yeah. All right. That's good. I mean, yeah, I mean, I think – I mean, in that negotiation process, I mean, those providers are saying, okay, I'll take your lower reimbursement fee, saying that what will you do for me, and they'll say, we'll try and funnel more people towards you. It was on the overall issue, so I was just at, well, this was an executive session, so never mind.

[01:02:23] But I'm part of another organization that has, that was just, we were just reviewing health plan, and it was the same, almost the exact number, like a huge increase in costs. So obviously we're going to have to bear some of that, and then the employees, the costs are going to go up.

[01:02:42] So I guess the sooner we can kind of start warning people, because the only issue is they're going to think that this change in this plan is what's causing their their cost to go way up on their plan. You know, their their premiums and it's not.

[01:02:59] But anytime you make a change and then all of a sudden your premiums jump, they're going to correlate those two. So we're going to have to really communicate this well and help people understand it's an industry wide phenomenon where, you know, And some of them will probably want us to pick up a greater share to offset the increased employee costs, which we didn't budget for.

[01:03:17] So this is going to create some challenges. Yeah, it will be a messaging challenge, although when we draft that item, there will be a number of factors that we can point to as to why we're seeing those increases. Very good. Thank you, Chair Randall, and then Supervisor Saints.

[01:03:33] Yes, before we go to the experts. Yes. Well, the question is, of all the things you discuss, and I'm assuming that it's under specialty care, but you didn't discuss mental health and mental health services and what plans, if any plans, have that included.

[01:03:48] And if you know how many sessions and how that looks, you did say that there are specialists that people have to be referred to under the plan. But just in general, do you know if and how mental health services is covered?

[01:04:06] In terms of provider depth, it's the same as the POS plan. We did do an analysis of that. I don't have it in this item, but there's no material difference in the number of, I'm assuming you're talking about the number of mental health providers within.

[01:04:22] Well, the number of mental health providers, but also there are times when a plan will allow you to see a mental health provider, but only for a specific amount of appointments. And so you may see there's a specific, there may be, and usually something like six appointments where if it's a physical problem, you can, you see it until it's resolved.

[01:04:42] And it's important to me that people know that mental health is health and that there's not a limitation on, on the number of visits a person can make to their mental health provider. So if I could get that information, that'd be really important to me to know that.

[01:04:57] I can. I mean, I don't, I mean, we have mental health parity out there right now, of course, and we're actually, we're not able to restrict that. we have to treat those appointments just like any other medical care by law. Including the number of appointments?

[01:05:14] Yes, yes. Okay. If we're not restricting that on, say, for regular therapy or physical therapy, then we can't do that for mental health therapy. Yeah, that's the answer I want to hear. And obviously when we

do the item, we do have some mental health information in there that we'll bring to you in June. I look forward to seeing that.

[01:05:30] In terms of utilization. Thank you. I appreciate that. Thank you. Supervisor Sains. Thank you, Madam Chair. It still feels very odd saying that. But anyway, but you are the chair, right? The Finance Committee. Thank you for the presentation.

[01:05:47] So if I'm currently right now an employee, and we know we have employees that live in D.C., Maryland, Virginia, the POS plan, the current POS plan, is probably the best plan for them possibly if they want to do the local network. But say if an employee that lives in West Virginia or say we have an employee that lives in Delaware or Pennsylvania driving in, what plan – so they couldn't get in the POS plan right now.

[01:06:11] They'll have to sign up for that OA, the best open access plan. That's correct. So with the proposed switch from going to the current POS to the updated OAP, and I'm looking forward to the new names because this is very confusing, that actually might help those who are not in the DMV area.

[01:06:32] It will, and we encounter some of these challenges too when our kiddos go to college, right, and they're in a different state. We have some challenges there that we work through, so this will eliminate all of that. Okay, so that's positive for the switch, so that's good to hear.

[01:06:48] What would be some of the primary reasons people choose the POS plan, and would those desires be accommodated by the new AOAP plan? Well, I think why employees choose the POS is not generally because of the network.

[01:07:08] First of all, who wants a gatekeeper, right? Who wants to have a referral? I think they choose it because the plan design is so rich. And a lot of times they just feel as though it's worth paying that high premium. And quite frankly, in my opinion, a lot of times they're overinsured. They probably don't need that plan. But it makes them feel at peace knowing they have that plan.

[01:07:27] That's not going to change because the plan design won't change in the new plan. They'll still have, I don't, to be honest, I think the POS doesn't even have a deductible possibly. And the co-insurance is almost nothing. So there's no reason why an employee would not provide it. We can message it correctly.

[01:07:43] They're going to see this as a win. And what would be, I think we're kind of. Oh, and also to mention, as we go through year after year after year, we have seen a slow migration of individuals from the POS to the OAP plan to about maybe about 2% to 3% per year.

[01:08:02] So it's naturally happening as well. And we also see our new hires coming in, realizing that the POS is kind of a really rich plan. maybe I don't have to pay for that I'll be fine with the OAP so naturally it's moving over to OAP regardless okay and the Sigma Sigma health matters care management sounds promising but do you have any data and if you do if you can share that with us if you can't share it with us today but if you can get it to us later on of the success rates and if any and driving down costs relative to the personal health solutions plus model I can I can secure that for you okay thank you thank you very much that was very helpful and Miss Green I have

[01:08:42] always renewed respect for your knowledge when we get this kind of presentation because I know you understand all of this so thank you very much mr. Krause thanks for being here yes I'm sorry I have a question for you and chair Randall seeing as how this information is so complicated and you had a

lot of questions this was an information item and the action item on the plan is coming to the board June 20th but we do have an opportunity if you

[01:09:19] wish to add this to either May 16th or the first June meeting as an information item if you feel it would be helpful for the full board to hear this presentation and get some of these questions answered in front of the full board before your action item so that's just a question we have for you on get your randall i would well first of all i think it is and i always want you know for something like this i always want the full board to see it i think it's important um i don't i have i do not know in my head how full those agendas are yet and so i couldn't tell you which one of those agendas to put it on until i took a look at them but i would want that to happen yes okay thank you thank you uh vice chair sayings thank you just a suggestion if it's going to come back is it

[01:09:58] possible to maybe work out possible names or for the plans and say okay here's what we're you know plant you know this is what we're currently on now here's what we're proposing and then having the possible new names so we can separate them out a little bit better we can have some options for you let's just go gold platinum gold silver and bronze right it's amazing how the the naming convention really does impact how people elect and how they think so we have to be very careful about that all right okay thank you very very much now we have an option we can continue with

[01:10:36] the two action items at this time or if people need food there is food in the break room what would you like to do you okay all right okay all right go we'll go item 10 uh the 2023 roads capital intensity factor, regional roads contribution, Nikki Spade, Megan Burke, Lou,

[01:11:10] Joe. Okay. Hi. Welcome.

[01:11:40] Good evening, Madam Chair and members of the committee. I have with me this evening, Megan Burke, Lou Moserick from DTCl, as well as Joe Kroveth. We are here to present the proposed 2023 roads capital intensity factor, or CIF. Staff was provided direction to develop a roads capital intensity factor through the 2019 general plan and through the finance committee at its July 13, 2021 meeting, in which staff was directed to refer to the fiscal impact committee

[01:12:17] review of and recommendations on the creation of a methodology for a regional roads contribution. The contribution recommended in rezoning applications is \$6,000 per unit currently and does not vary by housing unit type, unlike the county standard and age-restricted CIF, which does differentiate by unit type.

[01:12:41] While the new rates generated by this proposed methodology are lower than the \$6,000, it is based on objective data and replicable steps. The methodology that is proposed in this item has been reviewed and recommended by the Fiscal Impact Committee.

[01:13:02] As the county has become more involved in building roads, we now have an inventory of completed road projects to derive actual cost data and estimated cost data for planned projects. Additionally, this methodology relies upon reputable sources for inputs into the formula.

[01:13:19] The steps for calculating the CIF by housing unit type includes determining the cost per lane mile, theoretical capacity of a lane, cost per vehicle or per trip, and housing unit trips per peak hour, resulting in a cost per housing unit calculation.

[01:13:41] Slides 4 and 5 show the sample road projects that were recommended for use in determining the cost per lane mile. This sample represents both completed and planned projects. The cost per lane mile is derived by dividing the total project cost, which have been escalated to \$2022, by lane miles for each project.

[01:14:06] The result is \$7.8 million per lane mile, as shown at the bottom of this table. The methodology takes into account the theoretical capacity of a lane. The countywide transportation plan is based on a level of service D standard, which is a way of defining the capacity of a lane at certain speeds and the free flow of traffic at certain volumes.

[01:14:31] The majority of the county's road network is planned to be posted at 45 miles per hour and at level of service D. The capacity is 1,200 vehicles per hour. However, theoretical capacity of a lane at 45 miles per hour is 1,900 vehicles per hour, although the free flow of traffic and maneuverability is significantly diminished at that level.

[01:14:54] For this calculation, the max capacity of 1,900 is used as part of the cost per vehicle calculation. The graphic on this slide demonstrates that the road network planned at level of service D has a by-right level of capacity and excess capacity, and that each single vehicle consumes a portion of that capacity.

[01:15:19] The formula to get to the cost per vehicle or cost per trip is the cost per lane mile, which was the \$7.8 million, divided by the theoretical capacity of 1,900 vehicles per hour, which equals \$4,100 per trip.

[01:15:37] Using the Institute of Transportation Engineers Trip Generation Manual, which represents national averages, The trips per peak hour by housing unit type are displayed in this chart. The highest trip count is the controlling factor and is what's used to calculate the cost per housing unit.

[01:15:58] In this case, the evening commute generates the highest trip count, and therefore those are the controlling values in the calculation. This slide shows the calculation steps for determining the road CIF using a single-family detached unit as an example, Beginning with the cost per lane mile, which was the \$7.8 million as a constant input in the formula, as well as a theoretical capacity of 1,900 vehicles per hour for a 45-mile-per-hour road, you divide that \$7.8 million by the 1,900 to generate the \$4,123 per trip.

[01:16:37] Then you multiply the cost per trip by the trips per peak hour, in this case the single family detached unit of .94, generating a rounded value of \$3,900 for a single family detached unit.

[01:16:55] This slide shows the resulting capital intensity factors for each housing unit type. As shown, each CIF is lower than the current contribution amount of \$6,000. Just to reiterate that per policy direction, these proposed rates are derived from an objective and replicable methodology using actual cost data and reputable data sources, as well as differentiating by unit type, which is important for a defensible methodology in estimating the impact for proffer negotiations.

[01:17:27] That concludes my presentation, and we are happy to take any questions from the committee. Thank you. That was very helpful. Questions? I first saw Supervisor Sainz. Then I'll go to Supervisor Letourneau, Supervisor Briskman.

[01:17:42] All right. Well, that drastically reduces the contributions that we're possibly will be receiving so if we go with this new methodology and they're you know the rates are changing who is going to make

what the county's pretty much going to make up the difference i guess for the for the to make to build the roads is that would that be accurate yeah so the yeah so these are just negotiate these are recommended amounts that go into

[01:18:15] proffer negotiations um so you know sorry is that it yes i i was just going to add that the the cif is not meant to be a one-to-one relationship with our capital budget. The CIF is meant to demonstrate the impact of development on infrastructure for which developers have to

[01:18:49] mitigate their impacts. And so this is the nexus between development and the impacts on our facilities. And so I would also, I know we're presenting this road CIF without the rest of the CIF, but our CIF is based on different facility types, the cost of land, the cost of construction.

[01:19:12] And so it's not rare for that cost to fluctuate year over year as we update the method, update the amount. Right, but we know that a road costs so much to build, right? We have that data. So looking at these numbers going from a difference of \$2,100 for a single family to attach \$3,600.

[01:19:30] And so those are pretty big numbers. So the county, it sounds like to me, is going to be picking up more of that funding to build the roads, or am I looking at it differently? I think what I'm encouraging you to look at is that this is the impact of a unit on our infrastructure rather than applying directly to a road project in our capital budget.

[01:19:58] All right. Then the last question, well, a couple of questions. Is Fairfax, Prince William, do they do it this way with this methodology, or do they do it differently? Or do they do it the way we currently do it now? How does Fairfax and Prince William do it?

[01:20:16] Do they do it like what you're proposing now or in the current system or are they on a completely different system? I'm not specifically familiar, but they both operate under proffer systems as we do, so they were negotiated for rezonings.

[01:20:32] Before this comes back to the full board, can we get that information? Yes. Can we do a comparison to how we're doing it now to how the proposal is? But this to me is a drastic reduction, So, and how does DTCI feel about this?

[01:20:52] That was my last question before my time ran out. I think we can, we believe it's a, it followed the board direction and it is a methodology that is based on data, based on our construction costs, based on a methodology that we could replicate and we have some ability to defend based on the process and the numbers, the data that we have.

[01:21:26] So we do, we develop this process, and we believe it's a sound process based on the information we have. All right, thank you. Thank you. So before I go to Supervisor Letourneau, for board members who have questions, if you think it might be helpful for Supervisor Turner, who is chair of the Fiscal Impact Committee, to weigh in in response to your questions.

[01:21:54] Please feel free to ask him. Supervisor Letourneau. Thank you. So I've always kind of had two issues with methodology on this. The first is why we peg everything to a level of service D, which, you know, if your kid comes home with a D, you're not very happy.

[01:22:13] I always thought we should at least peg things to a C because a D is close to failing and it doesn't take that much development for something to fail. And I am curious if those would look different if

we calibrated to a level of service C and whether that's existing policy or just something that we decided to do because it's not failing.

[01:22:35] Second question is fundamentally the impact of development on a road varies by the capacity of the road and how much volume it already has.

[01:22:50] So if you have a four-lane road and there's absolutely nothing on it and a developer comes in and builds something, then it's not going to really have any impact, right? But we're going to charge a roadway contribution based on what their share is.

[01:23:08] And our whole system is predicated on the idea that everybody should sort of be treated equally. I don't agree with that. I think certain projects will push a road over its capacity and necessitate a massively expensive project, either a new piece of infrastructure or a widening.

[01:23:27] So I've always thought about it as, you know, you kind of have up to a point and everybody's sort of contributing for what's there. But if a development comes in and pushes something into a failing grade, for instance, there should be a penalty associated with that.

[01:23:45] It shouldn't just be this, you know, 3,900 or 2,400 or 1,700, because we have to then come in and build a 50 or 60 or \$80 million project just to fix it. So I've fundamentally not agreed with the way that we sort of think about this. And this isn't new for me, but it is, you know, now that we're looking at this methodology again. So my first question is on C. My second question is on

[01:24:14] Why isn't it legally defensible to say that if a development were to push the level of service of a road into a failing territory, that there's a different scale that we determine cost? I'll take the first question with regard to level of service C or D.

[01:24:34] D is our acceptable level of service policy that's set forth in our countywide transportation plan. So it's a CTP policy. It's a CTP policy. It's what we've done for quite some time. Yeah, but we also did \$6,000, so could we change it?

[01:24:52] It would take plan amendments and policy amendments, and there were other jurisdictions that do, you know, some do level service C, and some places when you go into a more urban environment, you might have a level service E for, you know, when you expect more congestion.

[01:25:09] So it's a policy decision in that regard. The second question about, I would say that this is, when we do a calculation and I say this, if you have a rezoning and there's a piece of infrastructure that needs to be constructed that's not there, we certainly negotiate that as part of the proper negotiations, what conditions of approval, what have you.

[01:25:33] This is a methodology that gets at the, you're adding capacity, or you're adding demand to the network that we may not have a particular site-specific impact, but a regional impact.

[01:25:49] And this gives us a replicatable methodology to follow more so than the 6,000 that we've been using to date for quite some time. All right. Supervisor Briskman.

[01:26:06] Thank you. So I'll be interested in listening to what the FIC chair has to say about whether or not we are going to be having more burden on our taxpayers because we are reducing the unit input from the developers.

[01:26:30] Because it does seem like a really drastic drop in cost. I think I understand why the formula has been adjusted, but it's a really drastic reduction in what we've been asking for.

[01:26:47] So I think that kind of begs the question of were we being fair before in what we were asking for? So, and part of, this brings up something else for me, and I know that FIC probably takes one issue at a time, but if we're going to be reducing what we ask for for roads are we thinking about increasing what we ask for for transit um and those sorts of things and if we do increase what we're asking for

[01:27:19] for transit and multi-modal forms of transit um will it go to the missing links will it go to building bike paths um like what what would it go to the transit contribution the transit contribution is not something that the fiscal impact committee has worked on in its last iteration and so staff is not recommending that that I believe it's \$1,000 contribution changes and so the collection of that capital intensity factor will not change and it will contribute

[01:27:58] in the same way that it has been contributing so far. Did you want to say something? I would just add that the the costs for the roads that we have based this on includes the bike ped facilities to go with the roads that's all factored in it's all factored into here okay all right but i mean i would think what exactly does the transit contribution go to then the transit contribution does that just go to the buses does it go to it's capital costs for for transit rolling stock and other bus stop construction, park-and-ride lots, things of that nature.

[01:28:38] Park-and-ride lots. Okay, so it is influenced by the fact that we are going to have three metro stations, right? It certainly, I mean, with a more robust transit system and more bus stops that the county is, DTCI is developing, yes.

[01:28:56] Are we allowed to ask FIC to consider that in their work, evaluating the transit contribution? If the board would like to refer that topic to the Fiscal Impact Committee for consideration, it's your advisory body.

[01:29:11] Okay, thank you. Can I address your concern about the rate being lowered? Because I do understand where those concerns are coming from. I just do want to say that one of the reasons why the board referred to the Fiscal Impact Committee the development of a road CIF is because there was not a data-driven, reputable, replicable methodology that currently drives the \$6,000 figure.

[01:29:45] And so in keeping with the board's direction, that is what we've developed for you in conjunction with DTCI and the Fiscal Impact Committee. All right. Supervisor Turner, did you want to throw any information out here?

[01:30:06] This is a radical shift in paradigm. And just so we understand, and correct me if I'm wrong, Steph, the current CAF of \$6,000 evolved from \$500 originally, correct? That's correct. It increased over time.

[01:30:22] Somebody threw \$500 up on the wall and said, that sounds right. And then over the years, it has grown, and now it's \$6,000. It has no basis whatsoever in reality. it's just a mark on the wall. So to Supervisor Sains' question, the county will have to make up the difference, but it's a difference between the 6,000, which is an arbitrary number that we've been getting, and we have been getting that, but it's not the difference between what the road would cost. So it's not, we're going to have to absorb the cost of actually building the road.

[01:30:50] No, the cost of actually building the road is \$3,900 per lane mile per single family detached house. That's the actual cost, and it's the first time the county has ever said this is the actual provable metric-driven cost of a single-family detached home on the transportation network.

[01:31:07] Is the county going to lose the balance of \$2,100? Yes. And to say it in a more straightforward way, we've been overcharging for decades. That's what we're going to lose. We're going to lose the overcharge. So yeah, it's an impact. I think, and correct me if I'm wrong, Ms. Burke, the capital intensity factor for dwellings is significantly higher. Is it fair to say that?

[01:31:32] Significantly higher as compared to \$6,000? No, no. Oh. The recalculations we're doing on individual dwelling capital intensity factors that generally have gone up over what we're currently charging. Right. And that has been recently gone to the fiscal impact committee.

[01:31:47] Right. Yes. Right. So that fiscal impact committee is looking at that. So you will see a difference in that as well. So we're looking at one tiny little narrow slice right now. The biggest thing that this model has to recommend it, and I really give the staff credit for this, they've re-looked at a lot of the FIC processes from the beginning over the last 19 years.

[01:32:07] We've been working on it. No, two years they've been working on it. And the goal is to try and come up with objective, replicable models that any future board will understand, and it stays the same because the methodology stays the same. And a lot of this stuff is new.

[01:32:24] This is new, and that's what we're trying to do, is get the methodology locked down so it's objective and metric-driven, and I think they've accomplished that. This is a radical reduction in regional transportation culture. There's no doubt about it. I think that the other shoe has not fallen yet. You'll see new figures for capital intensity factors for individual dwellings as well.

[01:32:43] Thank you. Thank you. Supervisor Sainz. Yeah, thank you. You've got a page four of the presentation. Please clarify. So we got the one column, we got Belmont Ridge Road, 2018 was built. We have cost in 2002 dollars or 57 million and some change for 3.8 miles.

[01:33:03] And then we have the last column, cost per lane. Under this new calculation, we would have gotten 15 million. Am I reading that right? Is that what you're illustrating in this slide? This is getting to the cost per lane mile. So it's dividing that total cost by the number of lanes that were built as part of that project.

[01:33:23] length of the total number of lanes so between Gloucester and hay it would have you just divide 3.8 by four roughly it's a four-lane road so it's the unit cost per one travel lane of road so the cost in 2002 dollars what is that the total sum that we received or is that just no these are county expenditures okay so that's what we paid that is what these projects cost cost 87 million dollars and then the cost per lane with the new calculation is 15 million dollars

[01:33:56] correct oh i'm sorry so it's simply the total cost of that project divided by the number of lanes that were constructed as part of that project to get the cost per lane for the project okay how about uh when this comes back to us is there a way to give us a you know road project belmont ridge road here's what was the contribution was from the developer with the 6 000 or whatever the amount was, and then using the new calculation, how much we would have gotten.

[01:34:26] Is there a way to do that? So I just want to clarify, because we're talking about two different things here. So this slide is just showing how we generated what the cost per lane mile is that's going into the calculation. So we're taking the actual cost to complete the project, which was the \$57 million using that Belmont Ridge Road, and simply translating that cost into a cost per lane mile for that project okay so i get that and you answer which is great thank you clarified that is there a way when this comes back to the full board can you pick a road project where the contribution was

[01:35:02] x amount of dollars in the old in the current method and then do another column saying using the method that you're proposing for us to vote on here's how much we would get is there a way to do that i think supervisor sayings what you're asking for instead of instead of using our actual construction experience what you're potentially asking for is a certain land residential rezoning case that has been approved or an example case you're asking for the difference between

[01:35:36] the total number of units what was paid in the six thousand dollars versus what a development might pay with the new cif correct so that way we can compare sure a project in the current methodology that we're doing and what you're proposing and let's see what the actual numbers are what the difference is yes in that method can you bring that back to and that would just be additional columns in this table multiplying out the 2023 road cif times a certain number of units versus the current cif times a certain number of units yeah just to pick a project so for example

[01:36:14] montebella farms and sterling or the cascades application that we just approved in algonquia wherever just pick one and so we can do and do a comparison and see what the numbers actually look like yes i understand what your request and then also if you can still madam chair if i can ask um formalizes the find out how fairfax and prince william how they're doing it comparing to what we're currently doing what we're proposing to see if any of us are on the same page or we're just we just have different methodologies all together we'll come back with that information thank you Thank you. Supervisor Letourneau, and we'll try to keep this to the last round.

[01:36:52] Yeah. So is it too much work? Would it be too much work for you to rerun the model using a level of service C as a basis? Could you turn to the slide that has the bar chart that's multiple colors?

[01:37:08] So Supervisor Turner, regardless of which level of service we use, the numbers will not change. The reason for that is we are using the theoretical capacity, which is 1,900 vehicles per hour per lane, not the level of service capacity of 1,200 vehicles per hour.

[01:37:29] The purpose of this graphic was to demonstrate that when we build a road, we don't expect to operate it at full theoretical capacity. And so that demonstrates that there is a little bit of excess capacity that the board can say, we're comfortable in this case to allow this additional.

[01:37:53] And I think Mr. Moserak was getting to the point, if a developer does push the infrastructure beyond its capacity, we negotiate mitigation to get it down to the level of service D conditions.

[01:38:12] But, I mean, there are projects, every project on Route 50, that's got a level of service F. Correct. We don't, all we ever do is ask for the road, the standard road contribution, right?

[01:38:27] Well, I would just say with every rezoning, it's different. If there is an improvement that reasonably could be made by that development, you know, construction-wise, then yes, we would recommend and make those comments in our negotiations and our review process.

[01:38:49] Yeah, but it's such a huge, you know, you know, it's an interchange. We can't, it's not reasonable to ask for that from one developer. No, it's not. We go at that through the per unit contribution. But that's kind of what I was getting at when I said, to me, this is, you know, sort of incrementally, there's a higher cost of some of these developments than others.

[01:39:13] Because once you hit capacity and you're driving a road into a higher, you know, at least those, like those 50, root 50 projects, you know, to ask for \$2,900 or something, it just seems really inadequate when we know we have to build a massive interchange.

[01:39:30] I don't know how to, you know, I understand. It's a contribution towards, you know, their share of the regional impact on the network. And yeah, but I mean, I think maybe it's a discussion with the county attorney, but can, you know, can we deny an application on the grounds that the, no, that the level of service is an F on the road that they're, you know, contributing traffic to?

[01:40:00] Not that I've ever seen, but. Okay. I mean, that might be an adequate public facilities ordinance, but I don't know to what extent the General Assembly has given us the authority to enact one of those.

[01:40:18] So, when staff was kind enough to brief me on this, I indicated I wasn't sure I could support it, as multiple board members have pointed out. It does increase the burden on the taxpayer while lessening the burden on the developer.

[01:40:36] That's a concern. I'm going to read the staff motion. I will not make the staff motion, and I will vote against the staff motion. But if others on the committee would like to vote for it or make it and second.

[01:40:53] Yes, Erin. Chair Amstead, I'd just like to make a suggestion. There have been a lot of questions and requests for staff to do some more work on this. it's perfectly appropriate if the committee doesn't feel ready to vote on this to keep it in committee and continue to work on it i would ask the staff to correct me if there's some kind of timing issue with that but if you feel more comfortable getting more answers to your questions and some of the comparative data that would be one suggestion that you could do i like that suggestion are people comfortable with it all right do you require formal motion to

[01:41:31] keep it in committee no no if you don't make a motion on the item we just keep it in committee until you decide to move it on it's on the committee's agenda so we'll just roll it to the next all right we have consensus on that approach can i just ask a point of clarification when it comes back though will there be an update in the item based on our questions yes our intention would be to take down your questions in the additional research and come back with whatever we're able to come back with at the next meeting.

[01:42:03] Okay, thank you. Thank you, Erin, and staff. Since I had raised the issue of comparative costs, charges, fiscal impact contributions when we did pre-agenda, and since I heard the same question coming from Vice Chair Sains, if we could really work hard to get that information when this comes back to committee, that would be great.

[01:42:31] Thank you. I apologize for missing that follow-up. Not a problem. Thank you very much. Not sure. All right. Supervisor Turner? Yeah, I just had a question, and I'm asking staff, if you come back with a model that takes an exemplar project, so it adds the two columns to that one chart and says, all right, this is what the regional transportation costs, would it be also possible, or is it premature, to also recalculate

what the capital impact fee would be for all those dwelling combinations in that same project you understand what i'm saying so we see

[01:43:09] it as a whole package so we're going to see okay under the new everything fic is working on right now and i don't think is going to be done with it by then but under everything fic is working on this is what the capital intensity factor for the homes would be this is what the capital intensity factor for the regional transportation would be and then and net it out so this is what they were charged under the current model, and this is what they would be fully charged under the two new models. Am I asking that right, or am I off? I understand what you're asking, which is to incorporate every other CIF that we've been working through. I think we probably need to

[01:43:46] discuss that at the staff level, just because those have not been presented previously to the finance committee. Yep, I understand. Thank you. All right. Thank you very much. Are any of you staying for the item 11 Megan you are everybody else thanks for having come down and thanks for all your work on this okay we're gonna go to item 11 the FY 2024 state revenue for Loudoun County Public Schools operating budget we do not as I understand have a staff report but Megan is here to ask questions you

[01:44:25] all have in front of you the proposed revised motion which simply clarified some some mathematics thank you we we don't have a staff presentation but we do have a staff report all right item 11 so item 11 is is just a continuation of the discussion that the board began on its March 16th budget work session when Loudoun County Public Schools presented their budget request as a reminder that day the school

[01:44:59] board and interim superintendent alerted the the Board of Supervisors that they had calculated a state revenue shortfall of what they were estimating to be 13 million dollars at that time we understood or we had believed that the General Assembly would reconvene in the April or May timeframe to continue its budget discussions. That has not occurred, and we believe that the General Assembly will not come together until late June. The board chose not to address the

[01:45:35] state revenue shortfall issue during the work sessions in March and asked to hold that decision until further information was known from the General Assembly. That information continues to not be known.

[01:45:52] And so we are coming forward with the recommendation that the board follow through on its commitment to discuss resolving the state revenue shortfall in the amount of \$13 million. The motion, as revised, recommends that you increase the LCPS FY24 operating budget by \$13 million.

[01:46:17] That revenue increase could be made up of a combination of any additional state revenue the General Assembly makes available when they reconvene in June and balanced out by utilizing the county's FY23 year-end fund balance amount.

[01:46:37] The motion is written so that regardless of the type of revenue, LCPS's operating budget will increase by \$13 million, and then will come once we have more confirmation to determine what exactly the revenue sources will be.

[01:46:52] The second part of that motion also brings forward action that you also discussed at the March 16th work session. to ensure that LCPS will generate at least \$3.3 million of year-end balance, and then you would reappropriate that for their use in FY24 to fund the administration of collective bargaining.

[01:47:16] So those are the staff-recommended motions, and I'm happy to answer any questions. Thank you, Megan. Questions? Supervisor Letourneau, then Supervisor Briskman. So if the board did not do this, what would happen?

[01:47:31] In our discussions with Loudoun County Public Schools staff, they've indicated that they will be reconciling their operating budget by holding back a portion of employee pay. I believe they're holding back their COLA until they have more confirmation on what their revenue picture will look like.

[01:47:51] So on the one hand, that would really ramp up the pressure on the General Assembly. But the downside is that the employees wouldn't get the COLA and the pay increases that we would be expecting. This would not close the roughly \$3 million gap that the board chose not to fund in the operating budget based on the school's request, right?

[01:48:17] Correct. That stays the same. So essentially what would happen is we have to appropriate the state money anyway. So will we just hold the state money because we've transferred fund balance? Or would we swap money? We would swap money before the end of the fiscal year.

[01:48:35] Okay. Is there any risk in this that the state could come through with the money and then somehow the schools would end up with the fund balance money we're giving them? Or is it because we have to appropriate the state money, we can ensure that we would be getting, quote-unquote, our money back as part of a swap, right?

[01:48:57] Yes, that's how we've written the motion. We would ensure that that played out. Okay, and the schools are on the same page? Yes. So they all understand that if the state does come in with money, it's not on top of this money that we're doing in fund balance. It's instead of? Yes, we have been in conversation with them many times over the last few weeks to make sure we're both on the same page about what we're doing.

[01:49:17] Including the school board members. I have not talked to the school board, no. I know you haven't, but I'm just saying we need to make sure that they understand that that's what was happening. Okay, this seems like a reasonable approach.

[01:49:33] I think it's well-constructed to sort of protect us. I worry a little that it decreases the pressure on the state to actually come through. On the other hand, I kind of question how much pressure is on the state to come through anyway and whether they even care or, you know, whether enough people even care about this situation.

[01:49:57] So I think I can go along with this as a smart way to sort of protect us, but I hope that we won't in any way decrease our efforts to make sure that the state steps up and funds what, you know, we were expecting from the state.

[01:50:14] Thank you, Supervisor Bristman, followed by Chair Randall. Thank you. So is this effectively sending the \$13 million to the fund balance discussion, or are we kind of going to be deciding at our next board meeting that they are definitely getting the \$13 million out of fund balance, like that's going to be the decision?

[01:50:36] We are asking you to agree to increase their appropriation with the chance that you might be funding that with up to \$13 million of fund balance in this fiscal year. Okay. Alrighty. So if the state doesn't come through, then we are basically committed to the 13 million from balance. Okay. I am going to

support this because I don't trust that we are going to get the money from the state. And I believe at least one of my colleagues up here has said during our legislative agenda discussions that the General Assembly doesn't care what we think anyway.

[01:51:19] So I'm happy to support this motion, and if we need to do it out of fund balance, I definitely want to do that so that we make sure that the teachers and the counselors and the staff and the administrators get the raises that they are expecting and deserve.

[01:51:37] My other question is, do we know that the matching on the salaries and the pay increases from the state, we have to match in 24 as well for them to get the money from the state, or is that kind of two-year match over?

[01:51:54] I would have to go back and ask some questions of LCPS to be able to answer that question. Okay. All right. You guys don't know that answer to that question either. Okay. Because I know at some point we had to match in order for them to get the full 5% raise. And if that's in play as well, then most definitely we need to do this so that the match comes through.

[01:52:18] Although the match might just be off the table because of what the state's doing. Anyway, all right, thank you very much. Thank you, Chair Randall. Thank you, Madam Chair. So I do appreciate how this is structured. I think this is obviously something that we have to do. I will tell you, the last thing I am is happy to support this.

[01:52:36] I'm not happy about any of this. The General Assembly or the state continues to have a very, very, very healthy surplus, and the fact that we're having this discussion is just beyond the pale to me. I do not believe that our teachers, our students, our families should have to suffer before the General Assembly has done or not done, but I want it on record.

[01:53:02] I want it on record that when you have a billion-plus dollar surplus and you have literally and very intentionally underfunded the state's public school system, you can never call yourself a pro-public education elected official.

[01:53:20] If we all chose to believe and choose to believe that the mistake made up by the Virginia Board of Education was a mistake, and when that first came out, I was ready to accept that. When you have a mistake and you have a way to fix the mistake, you do such. The fact that it hasn't been done is a travesty.

[01:53:38] And quite frankly, we're very lucky in Loudoun that we can afford to help the schools out with the fund balance. There are counties all across the Commonwealth that the only money they really get for their students is the money that comes from state government. The fact that those counties and those students will suffer all the more is also a travesty.

[01:54:00] So, yes, yes, I will support this motion because it has to be done, but it's certainly not happily, and I will continue to call on the Governor, Lieutenant Governor, and the General Assembly to fix this issue because it's theirs to fix.

[01:54:22] Thank you, Madam Chair. Thank you. Supervisor Turner. Just to echo the chair's comments and Supervisor Letourneau's concern, I agree this does reduce the pressure on the state to fix the problem and that is concerning to me. But first and foremost, our obligation is to take care of our kids and take care of our parents and take care of our Latin citizens.

[01:54:44] I would hope and I will be leading this charge that if the state in fact does not pony up this 13 million dollars and we end up fixing the problem that we as a county take out national ads and national papers for Loudoun County to say it's Loudoun County that stepped up and helped its citizens and helped its students in the face of a shortfall by the state um it'd be nice to get some good press for doing something like that for change thank you okay thank you I think I think you're going to be um racing every other member of the board to uh to the national media on this

[01:55:19] one. I will make this motion. I move that the Finance, Government Operations, and Economic Development Committee recommend that the Board of Supervisors increase the appropriation to the Loudoun County Public Schools FY 2024 operating fund by \$13 million. The additional amount appropriated to Loudoun County Public Schools shall be funded by additional state revenue and up to \$13 million of FY2023 year-end funds, with the final amount being the difference between the existing \$13 million state revenue shortfall in existence as of May 9, 2023,

[01:55:58] and the state revenue added, if any, that will exist as of July 1, 2023. I further move that the Finance, Government Operations, and Economic Development Committee recommend that the Board of Supervisors direct staff to, one, obtain confirmation from the Loudoun County Public Schools that it will return at least \$3.3 million of FY 2023 year-end fund balance, and two, process a budget adjustment to estimate an appropriate \$3.3 million of FY 2023 year-end fund balance and increase the FY 2024 Loudoun County Public Schools operating fund budget by that same amount

[01:56:37] for purposes of administration of collective bargaining. Is there a second? Second. Second by Chair Randall. I don't have any opening. Supervisor Briskman, you wanted to make a statement in the motion? Oh, yes. Sorry, Madam Chair.

[01:56:53] I just wanted to thank staff for responding to my request so that I had a full understanding of what was already been sent to fund balance, and they sent us that email Monday, I believe. Thank you. All right. Matt? Yeah, I just will quickly say, So the General Assembly has been dragging its feet on the reconvening, probably because there are primaries in June and nobody wants to be down there.

[01:57:14] So I will choose to be neutral in my feelings about the fact that it hasn't been addressed yet in hopes that it will be. But it hasn't been because the General Assembly has not reconvened since the session's been over. So I do think it's constructive for us to give them a chance to fix it.

[01:57:35] But, you know, at least where, you know, I think what Supervisor Turner said is right. And we have to do, at the end of the day, what we have to do for the county. Thank you. Thank you. Chair Randall. I'm sorry. With all the respect to my colleague, they could have fixed this before they went signing I before they adjourned.

[01:57:54] This was known for months. This was known for months before they ever put it out. And then even after they put it out, we were in our budget when they put it out. They had not adjourned yet. They had plenty of time to fix this if they wanted to. And they didn't. They knew it from us before they ever told us, and then they did tell us.

[01:58:10] They still didn't fix it. So for all the political reasons that they're not fixing it now, it's not acceptable. They are failing our kids by not fixing it. So I don't buy that. I don't give them a break. They should be ashamed of themselves. They are sitting on and continually bragging about a surplus.

[01:58:28] You do not have a surplus until you pay your bills. Thank you, Madam Chair. Very good. Thank you. All right. All in favor, please say aye. Any opposed, say nay. And that will pass 5-0 with no further business to conduct.

[01:58:46] I call this Finance, Government Operations, and Economic Development Committee meeting adjourned. There is food in the Lovettsville room. It is very good. Thank you.



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