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Loudoun County Board of Supervisors, Finance/Government Operations and Economic Development Committee, Tuesday, June 27, 2023

Date Tuesday, June 27, 2023
Place Board Room, First Floor, Government Center, 1 Harrison Street SE, Leesburg, Virginia
Length 2h 16m (video)

- Official meeting video (county, Granicus): <https://loudoun.granicus.com/player/clip/7336>
- Agenda (Granicus): https://loudoun.granicus.com/AgendaViewer.php?view_id=73&clip_id=7336

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Speech-to-text: whisper.cpp, model large-v3-turbo. Produced 2026-10-22. Each paragraph starts with its time [HH:MM:SS] in the meeting video.

[00:03:23] can you guys hear me okay can you hear me i heard somebody hang on let me check my volumes okay we

[00:04:53] can hear you hello supervisor turner just want to test one more time i can i can barely hear you

[00:05:30] can you hear me now that's a little better okay it's a little tough though all right ready all

[00:10:53] right i would like to call to order the june 27 2023 loudon county board of supervisors finance government operations and economic development committee meeting 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 and please see the clerk to request one pursuant to virginia code section 2.2-3708.2 and the board's rules of order supervisor turner requested to participate in this

[00:11:28] meeting by electronic communication and is participating remotely from sedona arizona a physical quorum of the finance government operations and economic development committee is present in the dulles room and the committee has made arrangements for the voice of supervisor turner to be heard by all persons in the dulles room supervisor turner has made this request within the required time frame and the county attorney determined that supervisor turner meets the qualifications to participate

remotely the committee will record that supervisor turner participated remotely from a private location in Sedona Arizona due to a personal matter

[00:12:06] committee members will have three minutes to ask questions for all items with as many rounds as we need we'd like to say first that this is a supervisor Matt Letourneau's birthday and and we appreciate his being here instead of celebrating All right.

[00:12:40] Well, Supervisor Letourneau is a very good sport. The proposed consent agenda tonight is as follows. Item three, award authority increase, security guard services. Item four, fiscal impact committee bylaws adoption.

[00:12:56] Item five, community policy and management team bylaws adoption. Item six, Loudoun County Community Criminal Justice Board bylaws conversion. I'm going to move the adoption of the consent agenda. is there a second second by chair randall is there any discussion on the consent agenda supervisor brisklin thank you um the uh security guard services award authority increase um

[00:13:30] you know i read that item and i was just wondering if the in i was wondering if staff could explain what the increase in security uh has entailed erin and why costs have gone up um supervisor brissman sorry i'm gonna sit back here and see if you can still hear me um so the one of the primary reasons that security guard services costs have gone up is due to um allied

[00:14:08] security taking over security for primary security for our three main government office buildings from the sheriff's office executive detail so that they could be redistributed to much needed services with traffic for the sheriff's office so that's the driving factor in addition we've expanded our coverage to include the satellite office for corn treasurer as well which is now separated from the ridgetop the main ridgetop location and have provided services at that location as well okay so it has less to do with the the fact

[00:14:45] that we've needed some off-site security we have needed some additional security services that does play into it i wouldn't say that's the that's the driving factor for the cost increase here but we have been expanding our use of security services as we've had more need for it okay thank you thank you very much all right um supervisor turner you're remote but did you have any

[00:15:13] questions. Supervisor Turner. All right, we're going to go on to the vote. All those in favor of the consent agenda, please say aye. And any opposed, say nay. And that will pass 5-0.

[00:15:41] All right, our first... I'm on, Madam Chair. Is that Supervisor Turner? It is. I'm on. All right, thanks, Mike. All right, our first information item is the monthly Department of Economic Development Report, and someone today gave me this lovely magazine, Virginia Business, with Buddy Reiser on the cover. So congratulations again.

[00:16:14] Yeah, she's done a good job so far tonight. I'm next. Buddy and Siobhan, welcome.

[00:16:33] Good evening, everyone, and happy birthday, Supervisor Leturneau. I asked him how he was going to celebrate, he said, by asking me really hard questions. So I'm looking forward to that. We are wrapping up FY23 and putting the finishing touches on another record year for commercial investment in Loudoun County. We will conclude this year with over 160 wins in excess of \$10 billion in commercial investment, over 5,600 jobs, and 650 prospects in the pipeline, including 80 international businesses.

[00:17:11] We'll have conducted over 1,000 business retention visits, and we'll have worked with over 135 minority-owned businesses this year. Our office industrial flex vacancy rate will end the year at 2.3%, which is incredibly low. Unemployment in April was 2.1% in Loudoun, 3.1% in Virginia, and 3.4% for the U.S.

[00:17:34] in April 2023 hotel revenue was 28.7 percent higher than it was in April of 2019 and the number of room nights was 3.4 percent higher. The number of passengers at Douglas Airport was 3.5 percent lower in March 23 compared to March 2019 which is a quicker than anticipated comeback. That's according to the most recent air traffic stats reported by EMWA and overall taxable sales in Loudoun in quarter one of 2023 were 26 percent higher than quarter one of 2019. So by almost any

[00:18:11] measure, we've come back from whatever downturn we had in COVID very strongly here in Loudoun County. All this does come against a plethora of mixed messages that we're seeing on a macro level. The world economy has seen no shortage of problems, including elevated prices, increasing interest rates, and lackluster growth. In the first quarter of 2023, the U.S. economy expanded at a pretty sluggish 1.1 percent annual rate, which is below what was anticipated. But U.S.

[00:18:40] consumer confidence is at its highest level since January of 2022. Robust consumer spending and a strong jobs market have enabled the U.S. economy to remain resilient despite the inflation and the the rising borrowing rates. Europe did officially slide into a recession earlier this year, thanks to energy costs and escalating food costs. A couple of other data points that I thought were really interesting this month. Math and reading scores for 13-year-olds in the U.S. have hit the lowest level in decades, with a sharp drop since the pandemic began. And America's population is

[00:19:17] older than ever with a record high median age of 38.9. In 1980, the median age was 30 years old. In your monthly report, you have your monthly update packet and a deep dive into workforce issues that we are doing on a fairly regular basis. You've all heard me say that the future of economic development is going to be based on workforce availability. So we're spending a lot of time working on workforce issues and proactively trying to address those, not only locally but on a regional basis um i'll be happy to take any questions but first i'd like

[00:19:53] to turn it over to siobhan from edac to give you his update good evening uh thank you for the opportunity of course edac serves the pleasure of the board in coordination with the ded we've had a very exciting first half of the year we're continuing to follow the zoning ordinance uh rewrites our ad hoc has been extremely busy we've got a wonderful cadence with mr charles he's come to our meetings and we've been able to really identify areas that they need assistance with and give them the information they need to update the code the code effectively Bobby Clancher and Matt Holbrook on our ad hoc team has really taken the time to comb through each area line by line and they come

[00:20:32] back to our ad hoc we go through it together then Charles comes to meet with us and we go through it again with him and then we provide feedback to each other and they go back to work and we're kind of continuing that process that way we know that the business community is being heard that we're giving specific information that charles can use which is what he needs he doesn't need a bunch of this you know what ifs and if we could he needs the information to really update that code and that's what we're providing with our zoning ad hoc i'm really proud of that group we've held this group together for three years since the pandemic continuously you know following the ebbs and flows of the process so So it's very hard to hold a volunteer group together for that long.

[00:21:13] ADAC lent their expertise to our Small Business Summit. We provided business services and advice to a lot of the members there, and that was very successful. We have December off. We are cranked back up again in August. We'll have three more meetings.

[00:21:30] We'll continue to ADAC, and we'll keep the work going. I'm happy to answer any questions. Great. Thank you very much. You're welcome. Questions from the committee, Vice Chair Sainz. Thank you, and thank you always for the update, gentlemen.

[00:21:46] Buddy, I don't know if you have any commentary on this, but I was reading an article earlier where it mentioned that Manassas was an airport company, reached out to them and was interested in possibly doing a partnership with them to expand services and bring actual commercial flights to the Manassas airport.

[00:22:06] I know that's obviously just an idea right now, but how would that affect Dulles, if you care to share any thoughts on that? I don't think it would impact Dulles as much as it may impact Leesburg Airport. I do believe that, you know, the work that was done between the board and Leesburg Town Council to keep Leesburg Airport functional with the temporary steps toward a tower, et cetera, is critical. I don't know that it would have a real negative impact on anything going on at

[00:22:44] Leesburg, but I think that it does speak very much to the growth of the commercial aviation industry throughout the region. And in Northern Virginia, there's a real demand out there. So I think that this is just the step one of multiple opportunities. But Manassas has always been a great airport for private ideation. Well, yeah, it's for private but like I said in the article I mentioned commercials so they mentioned by name a few budget airlines like Spirit, JetBlue, Allegiant who do more regional services and that was mentioned to upgrade the terminal and start flying to there so that's why I mentioned

[00:23:23] Yeah, it's early discussions but I do think that I think that there's an outlet there that won't necessarily impact the the big carriers of Dallas. Thank you. Thank you. Supervisor Briskman and then Chair Randall.

[00:23:39] Thank you. You mentioned the increase in the report of category of occupations computer and mathematical has gone up by a lot, 7%. What kind of jobs are those? Well, it's all around technology. I would say that Northern Virginia, by and large, and Loudoun County specifically, has made the transition to a tech-driven economy.

[00:24:07] And what we're seeing is, you know, these jobs being generated here, by and large, are engineering and math-driven and really high education and high wage. But it's really circled around technology rather than anything beyond that.

[00:24:27] And then of the commercial development that you mentioned, what percentage of the commercial development was data center? The wins was just a small percentage. The investment was a high percentage, but the jobs were not. I think that one of the things that I'm really proud of in this year, beyond just the big numbers, is the diversity of the wins and the diversity of the pipeline.

[00:24:53] You know, the jobs are very much driven by organic growth and by the attraction of a variety of industries, including, you know, some high-tech, some advanced manufacturing, logistics.

[00:25:09] It's been very, very diverse. Now, the investment number is largely going to be driven by data centers because there's nothing that comes close to the amount of value per square foot that data centers

does, But I think the fact that the job numbers are so high and that only about 12 percent of our overall wins are coming from data centers speaks to our efforts to really diversify the economy.

[00:25:34] Excellent. So I think it said we got a little over 650,000 square feet of data center in FY23. How does that compare year over year to previous years? It's fairly high for 23, higher than 22, but not out of line with what we have seen in really the cycle.

[00:25:58] Like 2018 was a huge year that was even bigger than that. Then that gets filled, and it kind of goes down. We had a big 2020, and really into 2021. 2021 was down a little bit. 22, 23 is back up.

[00:26:16] We're projecting a lower number for 24 and an even lower number for 25. Okay. So it's cyclical. Okay. One more question. But not out of line. Well, I still have a little bit of time. Okay. There were two logistics wins. I would be curious what those were.

[00:26:32] And then I would like to know what some examples of the industrial wins were. And thank you. Sure. No, absolutely. Logistic wins, we've had a couple of big things around the airport that are one of them isn't quite announced yet, but it's all going to be kind of in that area where stuff is going to come in and it's distributed. We had a big FedEx facility win this year, which was very important to the regional day of delivery. And we continue to look for those opportunities in the right

[00:27:08] places. Industrial has really been an area where, you know, with a vacancy rate of under 1%, we're kind of picking our moments, but there is a big industrial government contractor that's doing R&D in an industrial space that has driven a lot of that square footage this year.

[00:27:28] Thank you. Thank you, Chair Randall. Thank you, Madam Chair. Mr. McFadden, first of all, I wasn't aware that you all had this ad hoc group for zoning, so I really appreciate that, and I think that's more the reason for us to try to get the zoning ordinance out this year because it's already been hard to keep the group together for three years.

[00:27:50] We don't really want to take them into a new term if we don't have to. When you all have these discussions in your group about zoning, what are the discussions about the need for housing and I guess for both of you the discussions about the workforce availability because those two things really go hand in hand.

[00:28:09] And our economy will stop if we don't have a workforce and the workforce will not come if we do not have homes we live in. So have you had any of those discussions? So we have not focused on housing, but we've had some discussion around that. Our main focus has been on development of the urban policy area.

[00:28:25] The urban policy area is going to have the largest impact on the business community. It's not been built yet. So we've got to make sure that we get the zoning right, the density right, and the opportunity for that area to really move as the county moves to give us the best opportunity to have a successful business community. And so that kind of goes hand in hand because the urban policy area will have.

[00:28:45] We'll have housing. Hopefully dense and vertical housing in the urban policy area. So our process, we've had to kind of focus on the big chunks first. And once we get that done, one of the other things that we will have discussion on will be housing because it's kind of a linchpin of economic development.

[00:29:01] There was so much to focus on before we got the housing that we really need to attack those things first. And then we'll have discussion. Housing on EDAC is kind of always there. I mean, we've been working on housing consistently since 2014. And we've had more than one discussion with this group and the board and more than one report on the need for housing, types of housing, diversity, density, most vertical and horizontal, the whole nine yards amount of housing and how important housing is to economic development.

[00:29:31] But the zoning ordinance we write, we really have to focus on the other areas of the code. That's a primary issue. And then we'll get to some of our secondary issues once you make sure that's where it needs to be. But right now, we're very pleased on where the code is, but there's still a lot of work left to be done.

[00:29:48] Oh, that's really good to know. Okay. Mr. Reiser, I have, and this is not the field that I know best, but I've been questioning for many months whether we're really going to slip into a recession in the country.

[00:30:04] And I was watching some people who are experts who feel like we're starting to move away from that possibility. You and I have had this discussion before. Where do you think we are right now? Do you still think we're ripe for even a recession that would be shallow and quick?

[00:30:23] Or do you think we're starting to move away from that just a little bit? I would say this economy has more mixed signals than anything we've experienced because the strong job situation and the strong consumer demand and spending has really kept us out of recession.

[00:30:43] It is fairly unprecedented in history to have the rise in interest rates that we have seen to try to tackle inflation with as limited a success rate as what we've had to do in it without leading to a recession.

[00:30:58] So I guess at this point, you know, you could poll 50 economists and half of them would say we still have a chance to slide into a recession and half would say not. I feel better today than I did a month ago when we had this conversation.

[00:31:15] But I still think that with the Fed pledging for at least two more interest rate hikes, watching what consumer spending does, watching how the job market continues to grow.

[00:31:30] I mean, we only grew, the economy only grew 1.1%. So that's a little scary. So I don't know that I have an answer or I'm qualified to give a deep answer, but I don't think we're out of the woods yet. But I feel better today than I did a month ago.

[00:31:47] Okay. Thank you. Madam Chair, I have one more round of questions when you're ready. Yes, ma'am. Thank you. Supervisor Turner, did you have anything to ask? We have nothing. Thank you, Madam Chair. Thank you. Chair Randall. Thank you. I have two more questions real quick.

[00:32:05] Mr. Reiser, there's been some discussion lately about just how long it might take. You gave the numbers on new businesses and how many of those were international wins. I think sometimes people think that an international win happens very quickly.

[00:32:22] And, of course, they don't. It could take a little longer. Could you talk just a little bit about the process it takes from the time we have those meetings to the time we may actually have a win internationally? That's my first question. And the second one is the question I ask every month about Flex Industrial. The number is very low, but that actually makes me a little nervous because I guess the

question I will ask is, is it still true that we have a lot of companies that we have to say no to because we don't have the Flex Industrial stock that we need to welcome new businesses in Loudoun County?

[00:32:56] Both really good questions. A typical timeline for a domestic company for economic development is about 18 months. from the time we start working with the prospect to get them where they are. For an international company, it tends to be longer than that because you're dealing with an entirely new set of barrier entries, especially given the challenges around visas and things like that.

[00:33:24] We're able to get people in on a visa for them to come visit. We have had an extraordinary year in India, in Uruguay, and we anticipate some good things coming out of Ghana. And we've had visits, which is really unprecedented to have people coming that soon to visit.

[00:33:46] But the idea of actually setting up space, we're going to be able to announce at least two out of India this year, and I think we're going to have at least one out of Uruguay. But when it's 18 months in some countries to even get an appointment to get a visa, that slows down that process significantly.

[00:34:07] So, you know, I think that a typical international prospect is at least 24 months, and that's if we can get the visas and get the workforce and get the location and get everything set up. But it could go a little bit longer than that, especially, you know, some of the stories we've recently heard where it's a year and a half to even get a meeting about a visa.

[00:34:31] The second question, Flex Industrial continues to be both a challenge and an opportunity. Our current vacancy rate is about 0.5% for Flex. And we have about 3 million square feet of demand in the market for Flex Industrial product.

[00:34:50] So right now, we're not able to respond to that market. I think if you talk to St. John's and Merritt and others that are developing it, they will tell you that they're leasing before they get a shovel in the ground in many instances.

[00:35:06] So that demand is real, and that demand is significant. It's also driving up our flex rates, rental rates, to new highs because supply and demand would dictate the more.

[00:35:23] So there's a whole bunch of things that we're kind of tracking, you know, whether or not the rates are getting to the point where even small businesses are struggling to meet those rates, the availability of land to make those rates happen, the ability of the developers to be able to make numbers work given land values. There's a lot of really complicated things going on there, but the answer to your question is yes, there tends to be a lot more flexed demand than we're able to meet at this point. Thank you. All right, Buddy, Mr. McFadden, thank you very much for being

[00:36:02] here again we're going to move to item two which is the quarterly report FY 2023 third quarter financial update cash proffer and debt we have excuse me in person Craig Schleiden Major Schleiden with the Sheriff's Office and Major Lee also i think you may have rather i'm i'm sorry um yeah yeah

[00:36:37] we we can certainly go to the body-worn camera yeah um and i apologize because all your names were under the quarterly report so i figured you guys were stepping outside your comfort zone

[00:37:05] tonight we don't have one okay thank you all right body body worn camera okay good evening thank you for having us here this evening um so uh it's we've had this discussion several times with the board about body worn cameras and uh data sharing between the commonwealth attorney's office and the

sheriff's office and the need to have an automated process for that so in March of this year the board had asked that we present an informational item about the progress that we

[00:37:44] were having with being able to share information between the two offices and I'm pleased to announce tonight that we have been successful in that effort it's been a multi-month process where we have looked at a number of different solutions to be able to automate that process. And one thing to point out is that this is not just a process of just sharing video. This is a process of sharing a number of different data points from reports to phone calls to radio traffic, you know, a number of different places that we have to share information across for the successful

[00:38:23] prosecution of cases. So on the sheriff's office side, that involves in excess of 20 individuals who actually provide information for cases before the court. So we were able to meet on a weekly basis, Fridays at 4 o'clock, for several months where we came up with a solution that was mutually agreeable to both of the agencies. We started a testing effort for that in March, late March of this year, and where we, for a while, were actually providing data in both the new solution,

[00:39:00] the automated solution, as well as the old manual method as well. And then finally, in May of May, I believe it was May 13th of this year, we made a complete transition to the automated method. So we are now sharing video, again, audio, reports, documents, all that across this solution.

[00:39:22] It would be remiss of me not to thank the Department of Information Technology and their support, and they were able to support us in this effort by providing some storage space for us so we could share information across both agencies. And it also allows the Commonwealth's Attorney's Office to share information with Defense Counsel as well.

[00:39:43] Now, in the item, I had noted that this was a temporary solution, and DIT has been gracious to allow us some of this temporary space. We are exploring with some vendors a more permanent solution that allows us to be segregated from the general county's data sharing or data storage areas that allows for a bit more security for the sharing of information.

[00:40:07] So, you know, we're happy to report that we've been able to pass this milestone and make this a reality for both agencies. And I welcome any questions. And, of course, if Ms. Clark-Nelson has anything to add as well. Ms. Clark-Nelson. Thank you very much.

[00:40:23] And there's an explanation as well.

[00:42:22] Very good.

[00:42:41] Any questions from the committee? Chair Randall. I got there first. First of all, clearly you all are very committed because you're meeting at Friday at 4. Nobody does that, so that's just amazing.

[00:42:59] You answered a couple of my questions, especially about the data storage going forward. How long are we required, are you required, or is the requirement to keep the data stored? And is it like erased?

[00:43:16] Is it put on a permanent file someplace else? What happens after that? how long was the requirement? So we likely have separate requirements for retention, but all of ours on the law enforcement side are governed by the Library of Virginia. So there are different retention rates. Some of those are basically indefinite. So if you have a major crime, say a homicide, that goes unresolved or unadjudicated, we have to keep that until that case is adjudicated and then beyond that 100 years. Wow. So

for the serious crimes, you can almost say indefinitely but for things that are more routine or lesser offenses

[00:43:54] there are there are lower retention periods but that kind of goes towards the amount of storage that we're generating with these cases that sometimes it's it's mind-boggling and all of this so miss Clark Nelson you you discuss you know things that were more than just a video all of this is shared electronically yes it is okay that's interesting Madam Chair, may I ask a question of Mr. Hempstreet for you?

[00:44:20] Absolutely. Mr. Hempstreet, what will this mean for our DIT department as far as hiring? What would we need to do as the Sheriff's Office and the CA's Office figure out how to store things?

[00:44:37] In fact, they need more storage permanently. What will that require for us to do in budgets in the future? What does that look like for the county? Yeah, so the solution, the permanent solution for their data transfer and storage requirements would be paid through the DIT budget.

[00:44:56] So we are working through what that final solution is, and so we'll just roll it into our annual operating budget for storage and for the application that we end up utilizing or the sheriff's office and the Congress attorney's office ends up using for the storage.

[00:45:16] So we should be ready, prepare for that, or a board next year should be prepared for that in a budget. So unless the board wants to specifically see it, this would be an item that we consider a part of the base budget.

[00:45:33] And so it would not be readily visible to the board. That's a great answer. And then my last question, with a little time I have left, is most of this, Ms. Clark-Nelson, this might be for you, Is most of this information coming into the CA's office or going out of the CA's office?

[00:45:51] So both. So all the information that we receive from the Loudoun County Sheriff's Office is received by our office from the individuals at LCSO. And then from that point, we review all the information and subject to our discovery obligations, we then determine what needs to be disclosed by way of discovery to defense counsel.

[00:46:09] So we go through a series of reviewing and redacting certain information and then providing that information to defense counsel to honor our discovery obligation. Ms. Clark Nelson, you do a fabulous job every time. Thank you so much. I appreciate it. Can I add one other point? Yes. And I forgot to mention this before, so thank you very much for that.

[00:46:28] One of the things that we've noticed is that it's taken a significant amount of infrastructure for our office that we did not have previously. Our legal service assistants and our paralegals are currently bearing the brunt of that. As Major Sliden indicated, they had about 20 individuals on their end.

[00:46:44] Given that we're looking for this to be the permanent solution for all cases in the Commonwealth Attorney's Office, we anticipate about three FTEs to really hold the infrastructure of our office. I appreciate that. Thanks for letting us know that in advance. Thank you. Vice Chair Sains. Thank you. I'm glad to hear the pilot program is working.

[00:47:01] So thank you for both sides getting it together and bringing this to fruition. Sounds like we're going to need some more data centers to hold the data, apparently. I know. We're in the right place, I guess, right? In the right county.

[00:47:17] You said that this is cutting down time from the traditional method. What was the traditional time frame to share the data, and what's the new time frame? so traditionally the turnaround time once we would make a request would be about two weeks to receive the data and sometimes depending on what happens there would be additional delays so we were receiving that sometimes even beyond that now the turnaround is within days of the request sometimes we have it as quick as you know before bond hearings so it is exponentially sped up the process to give us an opportunity to have contact information for victims witnesses to reach

[00:47:55] out earlier and to do what we need to to get cases prepared okay glad to hear it's a cutting down from two weeks and longer to a couple of days that's good and that can help on both sides for getting prepared for cases and answering questions and whatever else you guys need to do on your side so glad things working well just keep up the good work and just make this a permanent thing forever thank you oh one last point do we have to in regards to doing the switch do we had Do we have to update any of our systems or get a new system or anything?

[00:48:29] So the solution that we are looking at or we're exploring right now is a hosted solution. So that means that it's another entity or another vendor's responsibility to manage the storage for us, the system. It's all web-based. So we're looking for that to help cut down on us having to make any transitions with equipment or anything else like that.

[00:48:49] All right. Very good. Thank you. I would mimic the sentiment that we're also looking at it on the Commonwealth side. not only to assist with LCSL, but other vendors as well. So we've been working collaboratively with their efforts, and we're also looking to see if there's anything else to help maximize other agencies as well. Very good. Supervisor Briskman.

[00:49:07] Thank you, Chair Umstead. Vice Chair Sains asked one of my questions about how much time it's saving you, and it sounds like this is going to get our dockets moving, maybe, and we won't have to reschedule stuff, if I'm surmising correctly. I thought when we first started talking, thank you very much for doing this is amazing and i'm really glad this is coming to fruition after the conversations um it was my understanding before that lcsd already had a system that could just be upgraded so that this could happen but the way you're explaining it to me it sounds like

[00:49:44] we're doing a custom made solution and like it's is it going to be proprietary to loudon county No, it's not proprietary to Loudoun County. The reason we do have a system, we have a video management system. And that video management system allowed for us to share just video.

[00:50:02] But when we started looking into this and working collaboratively together, we discovered it wasn't just video that we needed to share amongst each other. So we wanted to come up with or land in a solution where we were able to share not just video but other data points as well. So we felt that looking for something a little bit more global for us was a better way to move towards a solution.

[00:50:26] So it's not custom? No, no. It's a company somewhere doing it for us? That is correct. Okay. How come we're not talking about the company? Due to security concerns, we would rather keep the vendor anonymous.

[00:50:45] Okay. All right. Gotcha. That makes sense, but it was just starting to be a mystery to me. Okay, and then the Commonwealth Attorney's Office has shared before that finding historical data is sometimes

difficult because of the way things are designed, and data mining is difficult, you know, when we're asking questions about, you know, cases and those sorts of things and information.

[00:51:12] So will this system help with that at all? Like, in the end, will the disposition of the case be in there? Will it help with any of that? So that we can have, will we be able to mine data at all with this? So that would be dependent on the system that is used. There are certain digital evidence management systems that are specific to prosecutor's office that would allow not only the digital evidence managing to be utilized, but also incorporating it with our case management system that would allow for ease of use to kind of coincide both of those issues.

[00:51:45] So it really is just a mechanism of what systems ultimately we use on how we're able to track the data. Would you prefer that second type of system? I would guess you probably would. Yes. From a prosecution standpoint, it would be easier if we had an all-in-one solution to everything that we would need, both on the information-gathering side as well as the data-keeping and records management.

[00:52:09] Are you going to be meeting some more then to talk? We are continuing to meet. Okay, thanks. Thank you. Very good. No more Friday meeting. I hope you have cocktails after that. Supervisor Turner, did you have any questions? No, Madam Chair, I'm good.

[00:52:28] Thank you. All right, well, we appreciate your all being here. Thank you very much. And please enjoy the rest of your evening. Thank you. Chair, if I may, I just want to put on the record that for this item, the body-worn camera data-sharing item, it's correct on the agenda that was published.

[00:52:52] However, I prepare for you a summary or a... I guess a script that is provided to you as the chair of the meeting. Your script was incorrect, so I apologize to you for not having the right title of the item. So just for the record, Supervisor Armstrong read what we gave her to read, or I gave her to read.

[00:53:12] That was not her error, so I apologize. Oh, no, it's quite fine. Don't worry about it. Okay, we're going to move on to we have three action items tonight. we have item seven the 2023 roads capital intensity factor the regional roads contribution and we have staff here you will find in your packet there is a motion to approve the staff recommendation that does result in a I

[00:53:43] think a two to four thousand dollar reduction in the amount we have been collecting. If we want to go any direction other than the staff recommendation, staff will want to give us any concerns they have or any suggestions they have about the process. So we're ready for a report. Good evening. You might recall that we were before the Finance Committee with our recommendations in May you choose chose to keep these recommendations in

[00:54:23] committee so we'll we are here to follow up on some high-level policy issues that were presented at last month's meeting all right this slide just provides to you the background of the capital intensity factor the Finance Committee has not had to deal with the capital intensity factor yet this term and so we just wanted to provide for everyone a little bit additional information on what What the CIF is used for as it exists currently, the CIF establishes an estimate of the average

[00:55:00] capital facility costs associated with a new rezoned residential unit. The CIF as it currently exists does not include a roads component. So it is only representative of the impacts of residential rezoning on facilities like parks or community centers, fire stations, sheriff's stations. It does not include the impacts currently of the development, I mean impacts of development on the road system. In addition,

[00:55:34] the CIF also is separated into a CIF that totals the impact of standard units as well as age-restricted units. So the age-restricted unit CIF does not include the impacts of development on the school system because age-restricted units should not have children in them.

[00:55:56] The CIF also currently differentiates between different types of housing with the premise that smaller units, multifamily units and multifamily attached units have a smaller household size and so their impact on capital facilities is less.

[00:56:16] The current CIF that the board adopted in 2017 ranges from \$9,000 all the way to \$56,000, and that is based on the planning sub-area of the new unit as well as the type of housing unit.

[00:56:35] As also a reminder, proffers, which the CIF is meant to assist the board in negotiating, are voluntary. The applicant agrees to pay that negotiated amount, and the county CIF numbers are a starting point for proffer negotiations.

[00:56:54] And proffer amounts are collected over time, and they're triggered by the construction of a specific housing unit. So if a development builds out over a 10-year period, we would collect that cash proffer as every unit comes online.

[00:57:10] The focus of the Finance Committee's feedback in May was based on kind of two policy considerations that we wanted to provide additional feedback on.

[00:57:27] One was an understanding of our recommendations in the context of the county's entire capital intensity factor. And we have slides later on in the presentation that walks you through that context. In addition, the Finance Committee also requested additional information about how our neighbors handle mitigation of impacts of residential development on the road system.

[00:57:51] And so we have included in the item as well as the presentation summary information that we've received from Prince William County as well as Fairfax County. I just wanted to give also a little background on why we are here this evening.

[00:58:06] we received direction as part of the 2019 general plan to work with the fiscal impact committee to develop a road standard and the finance committee referred this topic formally to the fiscal impact committee back in July 2021 the current regional road contribution that is recommended in rezoning applications is currently at six thousand dollars per unit

[00:58:31] That was established in the 2014 timeframe. Now that the county has about a decade's worth of additional road construction under its belt, this is an appropriate time to revisit that amount and establish a more methodological and data-driven way to measure the impacts of residential development on the road system.

[00:58:54] I have with me at the table, which I failed to introduce initially, Lou Moserak from DTIC, Joe Corbeth from County Administration, Nancy Boyd from DTIC as well. The presentation for the next few slides really is the similar one that you saw back in May.

[00:59:12] I think to address the committee's most critical questions, I'm going to skip to slide 13 put up information related to comparing staff's recommendation for the 2023 standard and compare it to the existing capital intensity factor or the regional road contribution. You'll see here all of the different housing units that are proffered that we have an established CIF for, single-family detached, single-family attached, and so on and so forth. You'll see that staff's

[00:59:50] recommendation differentiates by size of unit, which is meant to acknowledge that smaller units or different types of units have less people in them, and so they are impacting capital facilities in a different way. The current CIF does not differentiate between types of units. So regardless of the number of people coming out of a unit right now, the CIF considers or the regional road contribution considers units to not be differentiated. At the request of the committee,

[01:00:25] we ran our recommendations through a sample residential rezoning application to show in context what our recommendations are driving at. So you'll see here, if you go to the bottom of this table first, this residential rezoning sample or example has 597 proposed units. Those are made up of 75 single-family attached units, 116 multifamily stacked units, and 406 multifamily attached units. I believe this is based loosely on a previous rezoning application that you've seen.

[01:01:05] The household size right there is just for your information showing that single-family attached units have the largest household size, followed by multifamily stacked and then multifamily attached. The regional road contribution treats all of those units the same and expects a developer to mitigate the impacts of those units at \$6,000 per unit, adding up to that total amount of \$3,582,000. The CIF for all other county facilities that, again, has not come before the

[01:01:39] board since 2017, but just as a reminder, treats units differently. It's based on the household size and where the geographic location of the units. And so in this example, the impact on all other capital facilities is calculated to be just under \$12 million for a total capital intensity factor here in this example of \$15.4 million. Staff's recommendations, as you'll see here, take into consideration the size and type or type of unit for both the road CIF and other

[01:02:18] facilities. So you'll see that the road CIF column is calculated at \$1.1 million. The CIF for other facilities stays consistent as the last slide. And so where in the last slide had a total of about \$15.4 million, you'll see here the total impact calculated here is just another \$13 million.

[01:02:39] So, staff acknowledges that \$6,000 is higher than our recommended road CIF. However, in the scope and scale of a residential rezoning application, the difference is about \$2.5 million. However, staff's recommendation, again, does acknowledge the difference between different types of units' impacts on capital facilities.

[01:03:04] and also this methodology is a data-driven methodology that can be replicated and continue to be updated throughout the years. Additionally as I said before the committee asked for additional information about what our neighbors are doing to mitigate the impacts of residential development on their road system. I'm going to turn it over to Mr. Moserak to speak about Prince William and then Fairfax County. Yes thank you Megan. So we did reach out at your direction to our two neighbors

[01:03:38] first starting with Prince William County the Prince William County they no longer their methodology is no longer active there they've repealed this methodology and are provide are developing a new one they do not have a time frame for that the steps to their prior methodology which was similar to the methodology that we as staff presented to the fiscal impact committee back in in the 2016 timeframe basically looked at the analysis of the total number of lanes to be constructed per the comprehensive plan the estimated

[01:04:14] cost of those lane miles less the cost of roads already funded and then taking a proportion of that based on the residential trips again similar to and the results were in the range from approximately

\$11,000 for multifamily units up to just under 18,000 for single-family detached units and as I mentioned again principle has repealed this methodology although they still We anticipate developers to mitigate impacts, site-generated impacts of individual rezonings.

[01:04:51] Next slide. For Fairfax County, it's a little bit different, but varies by planning area within six or seven different areas of the county. And it does not vary by unit type. So just based on the geography, there's a cost that's assessed or requested per unit type.

[01:05:09] As a matter of fact, staff was not able to provide us with the details on how these calculations were initially developed, and some of those go back many decades to when the methodologies were developed. But the basis for those methodologies, again, it varies by planning area and not the residential unit type, different from Loudon's proposal.

[01:05:31] Again, largely based on needs of the planned roadway network for what we would term as regional roads, So looking to fund facilities such as interchanges, major collector roads, in their case, interstates, things that could not be reasonably expected a private sector developer to construct, just given the size of those roadway transportation projects.

[01:05:57] And it's important to note the range of the CIF values in Fairfax are close to the range that we're recommending here in Loudoun. So not exact, but in the ballpark. And they range from a little under \$1,700 per unit up to about \$3,200 per unit.

[01:06:15] And I just wanted to add, thanks, Lou, in reference to what Lou mentioned. Staff has been working with the Fiscal Impact Committee for many years on an approach to the road methodology. This is the first one that has made it with a recommendation from the Fiscal Impact Committee to the Finance Committee.

[01:06:33] And so there were a couple different methodologies that have gone through the Fiscal Impact Committee over the last few years. Lou mentioned that the Prince William model was presented by staff a few years ago. We worked with a consultant, again, about two years ago to develop another methodology, and the one we're presenting tonight has been through the Fiscal Impact Committee with their recommendation.

[01:06:54] We're happy to answer any questions. Thank you. Before I go to committee questions, Supervisor Turner, you're the chair of the Fiscal Impact Committee. Did you have anything you wanted to add to this? Thank you, Madam Chair. Briefly, and I'm getting some feedback here.

[01:07:14] Let me see if I can't get rid of it. Hang on a second. I don't think I can. The key to this is we are striving for an objective metric to be able to measure what the cost of new development is on our road infrastructure.

[01:07:34] And this is the first, I think, really good attempt to do exactly that. And I'll let Megan and the team kind of describe where it fits within the overall landscape. But the only thing I would say is this is the first step.

[01:07:51] There are a couple of other steps that we still need to assess. So to try and assess this change in the regional transportation proffer in isolation of some other things that are going on with the capital intensity factor in FIC is really, you know, it's the equivalent of holding the elephant by the trunk and deciding it's a snake and not an elephant because all you see is the trunk and feel the trunk.

[01:08:15] So I think we got, there is more discussion to be had, but I think the emphasis here is staff has really strived mightily, and the FIC has strived mightily to create objective metrics for these kinds of proffered discussions. Thank you.

[01:08:31] Thank you very much. Questions from the committee, Supervisor Letourneau and then Supervisor Briskman. Yeah, so it says in the item that FIC had a number of concerns previously about methodology and sort of responded by saying county has a responsibility to provide transportation network.

[01:08:52] Yes, but the county can create a county, create a system to separate our by right county transportation responsibilities and additional transportation impacts from rezoning. What does that mean exactly?

[01:09:07] I think Supervisor Letourneau, it deals generally with the, there's a by-right level of development that, can you go to slide eight? It might just depict that.

[01:09:26] There's a by-right level of development that roughly equates to our level of service D policy. And if you go, if you look at the, one more slide. So a level of service D roughly equates to 1,200 vehicles per hour, as you can see on the graphic there.

[01:09:46] but it was a um actually the other um the next slide please one yeah thank you uh to differentiate between that level of service d that buy right capacity and then the traffic that's generated by that incremental increase above that level um and that's that's what we were able to demonstrate with this methodology and to make that distinction to show that the county was essentially charging for that that delta in trips but are we charging for by right development this says we can create

[01:10:22] a system to separate our by i'll be honest this sounds like impact fees to me yeah but that's what i thought they were referring to and i was very surprised if that's what fic was advocating for yeah madam yeah if i can help a little bit with this so what the paragraph is trying to say is that the board has the right to require a developer to mitigate additional density that is over and above by right development.

[01:10:50] And so perhaps we wrote it inarticulately, but what we're trying to say here is we can create an analytical basis by which we measure what that additional impact is, which is what's before you.

[01:11:07] I was going to say, that's what you tried to do. Yes, that's correct. So that is what that statement is trying to say. Okay. I kind of have a separate line. I only have 25 seconds left, but maybe should I just wait, Madam Chair, for another round? Sure. Okay. Come back to me then in a minute. I have another train of questions.

[01:11:24] Supervisor Brissman, then Chair Randall. Thank you. Thanks for all the work. The math got a little over my head here and there, but I think I understand it. So I guess I'm glad that we're going to differentiate between types of housing.

[01:11:43] I think that's a good plan, and it's reasonable. Can you explain a little bit more about what got us to the \$6,000 that we were using? Because there seems to be a narrative out there that we got to the \$6,000 because developers were kind of like outbidding each other on how much they would give per unit.

[01:12:07] Is that the case, or was it more formulaic than that? I don't believe it was more formulaic than that. Lou, are you looking?

[01:12:23] It increased over time. I mean, it started in the early 2000s was at \$500 per unit. Wow. And it increased just incrementally over time. I don't have a lot of detail beyond the specifics of that.

[01:12:44] So it was like expectations kept going up because of precedent. I think that's part of it, yes. Okay. And I'll just add that it was increased on an inflationary basis, but when we did try to go back and recalculate it to drive to that number, we could not, and so that's why we're presenting an alternative method.

[01:13:04] Right, right. I've already seen a little bit of the narrative that, you know, we're lowering costs to developers, and there may be some folks in the community that aren't really happy about that. But I feel like anyone who reads through this and understands why we got to the 6,000 in the first place and why staff is recommending this calculation, they would understand why we're doing this.

[01:13:33] So I'm happy with it. Thank you. Very good. Chair Randall and then Supervisor Letourneau. Thank you, Madam Chair. And I will have a question for Ms. Signer. Courtney, in a second. Do you mind if I ask her, can she come to the table? But before I get there, let me say that this is a fascinating item.

[01:13:51] It's just so interesting to read. It was, but I have all kinds of questions, and I may need another round. First question, wouldn't it be more logical, instead of saying we're going to look at housing types, to say we're going to look at size of the FAR?

[01:14:09] Because you can have a single-family home that's smaller than a townhome. So wouldn't that be a more logical way to do it instead of assuming that a single-family home is going to just yield more children, although the numbers say that? Wouldn't it be more logical to look at the size? I think that's what Supervisor Turner was referring to, as we still have more work to do.

[01:14:28] That is one of the policy areas that staff is working with the Fiscal Impact Committee on. Thank you. Was there any differentiation if a development is for rental versus purchase?

[01:14:45] No. No. Okay. So since we don't have roads in here right now, which one more time is a reason to get this stuff done because everything's out of balance, how will developers know? I mean, what do we say to developers when they're doing something since we don't have roads in here and those are coming? Do we just say add this number and this number and that's the proper number we need? They've been utilizing the \$6,000. They've been utilizing the \$6,000. Okay.

[01:15:12] On page three of this item, the very first line, proffers are voluntary, applicant agrees to pay negotiated amount. Boy, that's kind of a dangerous line, and this is why you're here, Ms. Signer. We actually, well, the whole proffers are voluntary statement because proffers are voluntary, but we also say that if you don't proffer up to this line, then we're going to probably say no on your application.

[01:15:40] How do you legally make both of those things work? So, excuse me, as I was coming into the room, I heard Ms. Burke say, and I know it's in the item, that even now, the \$6,000 is the starting place for negotiations.

[01:15:57] And the same would be true if you were to adopt a different number. That's the number that we as the county say we would accept as, if you proffer that, we would accept that that would mitigate the impacts of most developments unless the applicant comes in and shows why theirs should be treated differently.

[01:16:17] And sometimes applicants do proffer something different or likely what you see is they ask for credits against that amount or additional improvements. So it really is a negotiating place for or starting place for negotiations unless there is some other calculation provided specific to that development or some other reason that they can show.

[01:16:41] But legally, can they just say, I'm not putting any profits forward at all? Yes, they could. But then what the board is going to say, what the board will have to evaluate is whether or not there are impacts of development that are not adequately mitigated.

[01:16:57] And it's not that, well, you're not proffering a specific amount of money that we've asked for. It's we're going to have to look at the totality of your package. Sure. And really in any given application, I mean, you don't deny a lot of applications, but it's not we should deny this application for this one reason here.

[01:17:14] Or you rarely have a perfect application where the staff says everything is perfect. You're balancing and you're looking at the totality of their proper package and not any one thing. That's the word negotiating. And so if they come in and say, well, we're not going to mitigate transportation impacts at all, that's a hard case for them to make.

[01:17:37] Sure. Versus different, we think that our impact is less than what your standard is, and so we're going to proffer something less. and then we have to talk about that okay we have to talk about why that amount would be different all right I will come back after Mr. Letourneau I think he was kind of getting to some of the questions I was going to ask so all right thank you if I need it supervisor Letourneau yeah so can we ask for more and I had some level of conversation around this the last time what what bothers me about our whole system is that we treat sort of every applicant and every road the same way and the reality is there are certain roads that are already teetering on the edge of

[01:18:15] failure and then another application comes along and our policies are going to say, well, that applicant has to be treated the same as every previous applicant. But in reality, it's that application that's going to push this thing into an already congested road network and really push it over the edge and negatively impact everybody. So I know we can't necessarily get to that policy question with just recalculation of where the baseline of the proper are. But as a policy matter i would like to try to address that at some point so and i don't know what options we

[01:18:52] have and maybe it's more to your point that we have to sort of go application by application but you know in my experience it's very difficult to go to an applicant and say well yeah i know this is the number of the county suggestion but i want you to do double this because i think your impact is great i think as a practical matter sometimes you do get more because what you get is the \$6,000 per unit plus these additional improvements that they're going to do.

[01:19:16] Usually it's all a credit, though. Sometimes it's a credit, and sometimes it's not, and sometimes it's a – because I review all these proper statements in detail. Sometimes it's a credit up to a certain amount. So I'm not saying it's perfect, but that's where that negotiation comes in.

[01:19:33] It's not necessarily on the dollar amount per unit. It's on what does the full package look like? what are we going to get that is different or in addition to that sometimes a value judgment is made that we would rather have this improvement completed yeah and six thousand dollars oh absolutely yeah the life of a build out so on the policy question lou i mean do you think there is a way to sort of address this it's not

necessarily part of this update but to look at instances and i'm talking about a lot of what i'm talking about it's in the 50 corridor you know a lot of the projects down there and what we deal with with you know level of d or worse or f intersections

[01:20:12] already when i have an application coming along and i'm kind of stuck and i feel like all i can do is just reject something outright because it's adding to a problem that already exists because i don't feel like our proper numbers are adequate to really address it i think the sixth or the the per unit amount gets at that regional impact that because just you know recall that the the road network is not built out i mean we do have interchanges planned for 50 if the if the network were built out it would operate much better yeah but we can't build those interchanges we don't have enough money and the piddling amount we're getting on an application isn't

[01:20:50] going to build it a rezoning would typically cover its site generated impacts as courtney just mentioned plus the per unit amount is for future improvements you know to add to the build out or to get closer to that build-out of that larger road network.

[01:21:07] That's how I think we address the policy issue as we move, you know, to the ultimate build-out of the CTP. Okay. Madam Chair, if I could add it. Yes. Yes, Joe. Hi. Good evening. So, Supervisor Turner, your question blends together traffic operations with regional road policy, and they're really two mutually exclusive issues.

[01:21:36] In regards to traffic operations, we have practices in place to require traffic studies to identify where those congestion points are and where the network is operating worse than our level of service D. And when those locations are identified, there's a separate negotiation to attempt to mitigate that specific issue to the best we can.

[01:22:02] Now, oftentimes that may mean adding a lane to an intersection or building a new road or section of a missing segment that's yet to be built. Chances are the regional road contribution is not going to be the end-all solution to solve that problem.

[01:22:20] So when an applicant has to make a major investment to mitigate that type of problem, they typically will come to you and ask for a capital facility credit against all of your regional road contributions to help with that. And that speaks a little bit to the buy-write development because there's a lot of area that have yet to be developed and has yet to add its traffic to the network.

[01:22:49] So going back to your first question about how did we get or what did that comment mean about by right development, Mr. Moserak talked about the Prince William County methodology.

[01:23:06] And in 2016, when we went to the Fiscal Impact Committee for the second time in the past decade proposing a solution, what we kept hearing back from the Fiscal Impact Committee is this sounds good, but you're skirting around your obligation to provide a transportation network to serve by right development.

[01:23:30] When you show us how you can separate your obligations from our obligations and cost out our obligations, we're happy to buy in. And that is what brought us back to the drawing table to try to find a methodology that connects highway construction costs with the land use that's being rezoned and all by the way, blending in and separating by right development against rezoned development.

[01:24:05] And the methodology that we brought forward, we felt needed to be defensible. It needed to be replicated. Any dozen separate engineers could sit in the room. We could give them that methodology, give them the exact same nationwide accepted publications, and they would all come up with the same results.

[01:24:28] And that, we thought, was the best solution so that we move forward. The input factors that drive that is construction cost, and then the other impact might be if we – no, it wouldn't.

[01:24:47] We've had a conversation around changing the level of service. But since we're pricing the cost per trip on the theoretical capacity of the road, it's irrelevant of level of service. That just shows to the development community which portion of the road traffic is ours, the county's, and which is available for them to use.

[01:25:10] So I probably said too much. I'll stop there. Very good. Chair Randall. Well, that just brought on a whole different set of questions. We're probably going to walk down to your office and have a discussion. The first thing is it sounds like that every jurisdiction in Northern Virginia does this differently, which is really interesting.

[01:25:33] And I understand that's why when Mr. Letourneau said this sounds like impact fees, which I think is what Arlington does is nothing but impact fees. I did. I thought that, too. It seems to me that the by-right discussion is really a discussion that applies to Western Loudoun County, and our roads are completely clogged, 15 is completely clogged, our roads completely clogged in Reston Loudoun County, because all the development there has been by right, and we really haven't had any, we really haven't had many developers that

[01:26:09] proffer anything, because they don't have to in that area. So to that end, are any of these calculations policy area-based, and so this is what it looks like if it's the rural policy area this is what it looks like if it's the urban policy area and if not should there be because it does seem that that by right development in the west has created a whole plethora of different problems than we see we don't have that those as much of those issues as much of issues in the east because one we don't have as much by right development and two we have other development where there is profit that may kind of take into account

[01:26:47] any development that is by right so do we have any differences in policy area and if not do you think we should well I'll leave the question just do I think we should to Mr. Moserak what I would say is that we have distinctive differences in regards to willingness or desire to build the transportation network that is needed to serve the west if you look at our county-wide transportation plan uh there is no with exception of route 50 there is no four lane median divided

[01:27:26] roads uh in the west or in our plan for and i think that's because the the assumption is um it's it's induced traffic when you build roads you induce traffic and and generally i i don't know that i disagree with that except for the fact that when you have by right development then whether or not you need to build roads no matter what i mean we we don't have we don't have that in in the county my transportation plan yet we've allowed well we didn't allow but we've had a lot of by right development and we see the impacts of it so yeah for an existing inadequate for

[01:28:01] exactly exactly yeah so then to the to the should we question mr moser should we should we have differing standards for different parts of the county i think we we did look at this and we're trying because you have you have just such varying um you have a level of development that is by right and yes in

the west we don't really look for you know there isn't uh the comprehensive plan wouldn't support a lot of rezonings if any no no no yeah yeah right so you you have that level

[01:28:34] of development this this gets at where we do have rezonings and where the um where the incremental Impact where we can assess For that in the mix okay and The eastern part of the county Where we have more capacity Planned than is already on the Built and open I think that's How I would look at that okay Well this is a fascinating Item I mean seriously so thank You and I may stroll down to your Office as I get more thoughts Joe thanks so much everyone thank you madam chair Thank you supervisor Turner any final remarks

[01:29:11] before we go to a vote. Yeah, if you don't mind, Madam Chair, I'd like to ask a couple questions, make sure I have this correctly understood. I have always had a problem with buy-right development and infrastructure costs. And the answer I always get is our real property tax rate assumes that we are properly taxing in order to pay for infrastructure if we build out in accordance with the comprehensive plan. And I've already sort of given a head nod, okay, I get that. I can live with that. But Chair Randall's hit the nail right on the head, I believe,

[01:29:47] along Route 15. And if you go back, and I could be wrong in this chronology, but it seems to me we began to allow clustered by-right development in Western Loudoun County. We did that in complete isolation at the same time that the board was driving year after year to the equalized tax rate, which by definition does not pay for growth. So I have a real question whether or not we are adequately funding our by-right development, our infrastructure costs in our by-right development.

[01:30:20] And I don't know what the answer is, but I'm interested in Chair Randall's potential solution of, I don't know, varied tax rates by region. I don't know what it would be, but I really believe that we're not adequately funding infrastructure requirements when we are approving cluster development in the West.

[01:30:41] Thank you. Was there any staff response to Supervisor Turner, Mr. Hemstreet? I get paid for this, don't I? Did you just ask if you get paid for this? I think I said I do. So, you know, I think that's a different question, Supervisor Turner.

[01:30:59] So, you know, if we're looking at how the county measures or pays for by-right development, it is embedded in our fiscal policies, which, you know, state that we have a limit as to, it's really your new debt issuance limit, right?

[01:31:15] So, which the board does have a practice of looking at and then resetting on a regular basis, which is really the ability to pay. And so how your buy-right development and improvements for facilities that are necessary through buy-right development or to address buy-right development, that is embedded in the capital needs assessment, which has triggers in it that says, okay, when we see specific levels of growth or we see specific increases in population, most of which is being accommodated through buy-right development,

[01:31:54] this is when we trigger a need for an additional facility. And then we turn to the CIP and our capital improvement programming to say, okay, when can we fit that in from a cost perspective? And so then that is largely governed through what our new debt issuance policy says that we can leverage every year to pay for those things.

[01:32:18] Because when you look at proffers, Proffers, by and large, are not the primary source of funding to address new facility needs within the county. We do use proffers to offset or mitigate the

additional density that is occurring over and above by right.

[01:32:38] But to answer your question, the board has set policies on that, the first of which is your new debt issuance limit. All right. Very good. Thank you very much. Thank you, Supervisor Turner. The motion I'm going to read and make has two parts.

[01:33:00] One is that we recommend to the board that the board adopts the capital intensity factors as recommended by the Fiscal Impact Committee. The second part is that we recommend to the board that the board send this to public hearing.

[01:33:19] I move that the Finance, Government Operations, and Economic Development Committee recommend the Board of Supervisors adopt the 2023 Road Capital Intensity Factor as recommended by the Fiscal Impact Committee presented in Attachment 2 to the June 27, 2023 action item.

[01:33:38] I further move that the Finance, Government Operations, and Economic Development Committee recommend the board of supervisors direct staff to advertise the 2023 cap road capital intensity factor for a future board of supervisors public hearing that is the motion does anyone okay supervisor briskman on second discussion on the motion ma'am chair yes ma'am okay so i i i might

[01:34:09] want to split the motion, but I might not. So when we, Mr. Hemstreet, Ms. McClellan, Ms. Burke, when we advertise this at a public hearing, we're trying to advertise a certain amount. Is that why we're doing it like this? Because I don't know that I'm, I don't know that I'm, I almost want to abstain in the first part, not, it's not a yes or a no until Joe and I have four more conversations.

[01:34:38] We're going to spend a lot of time together over the next couple of weeks, Joe. And then, of course, spend the public hearing. But we're trying to send something particular to public hearing so the public can know what they're chewing on. And then we get to public hearing if, I guess, if we want to do something different in public hearing, could we do that?

[01:34:56] Because I don't know that I'm ready to say yes to the amount that we're talking about, although we want to go to public hearing. So I don't know that I want to split the motion, but is that the goal that we're trying to do, send a certain amount to public hearing?

[01:35:13] And if so, are we kind of wedded to that amount at that point? We're playing the Jeopardy theme song now. So I think there's two, well, I think that what's in front of the board are two motions.

[01:35:41] So one thing, I would not recommend the board forward something to public hearing that the board is not comfortable with adopting. So I think to your point, Chair Randall, there's two separate pieces of the motion.

[01:35:57] One is whether or not the board wants to retain this item in the Finance Government Operations and Economic Development Committee for further discussion, or if you would like to forward it to the board so the board can consider it and then decide what to be sent to public hearing.

[01:36:13] So, which I assumed is what you meant by wanting to split the motion, is to maybe send this to the board for the board to have that discussion and then the board could decide what it wants to send to public hearing. Yeah, because that's not how I'm reading that right now.

[01:36:29] That's not, is that how, is that what's intended in the motion, Madam Chair? Because that's not how I'm reading the motion right now. so the motion is asking the committee to recommend the staff recommendation and that's not and that's what i'm not comfortable with yet i would rather have this so so

then i couldn't vote on that part of the motion yet i would i so i would have to abstain on that because i would rather have this go to um to the full to the full board and then the full board have discussions in that to public hearing would it be would it be the preference of the committee that the

[01:37:05] committee does not take a position on the staff recommendation but recommends that the board send the staff recommendation to public hearing or just since the item to public hearing what about this yeah we just sent it to the board I'm sorry not do public hearing right now and then yes we can vote at the board level to decide to go to public that I meant that yes yes yes So the motion could be amended, potentially.

[01:37:39] I move that the Finance, Government Operations, and Economic Development Committee send this item. To a future board meeting without recommendation. Okay. All right. But you have to withdraw the motion that's on the floor in the second.

[01:37:54] I will withdraw it. Supervisor Brisman. All right. So that motion is withdrawn. Madam Chair, would you like to make? No. The motion you just made is fine. All right. Yeah. Staff, are you comfortable with that motion? Yes. Yeah, Matt? Fine, I'll second it.

[01:38:10] I was just saying you need to get a second. Yes. Yeah, okay. So the motion is to send without recommendation by the committee the staff recommendation on setting a new set of road capital intensity factors as presented in attachment to.

[01:38:33] That works for staff? All right. and then we are leaving out the public hearing part? Yeah, because it's going to a meeting, and then from our meeting, it'll go to a public hearing. Madam Chair, may I say one more thing? This does not mean that I don't think that this is a fascinating item.

[01:38:51] It just means that I want to do more discussing, figuring things out. Mr. Mozarek, your answer to my question about what happens in the West was a really perfect and interesting answer. I wanted to flush some of that out just a little more. it's very it's very plausible I will go with this but I just I just I'm just not ready to I'm not there yet so I I don't want you all to think that this item wasn't fantastically interesting that is not a word but you know what I mean thank you thank you madam chair thank you I'm gonna go to vice chair Sains and then supervisor letourna a couple of questions one for clarification the original

[01:39:30] motion had a date of June 27th for action are we staying with June 27th for that board meeting to discuss at the board or are you setting just opening it up to a rec another so that's tonight oh um oh okay well sorry i read it wrong um the motion that we made um most recent motion does not have a date it does not that's a future meeting okay so i will look at the agenda all right and then second um having conversations with staff on this and talking to mr hamstreet read earlier today on this, you know, if you guys remember, I was pretty vocal, not happy with the changes, because I think the amounts are, well, I thought the changes, the amounts were not

[01:40:09] adequate. But there's other parts to this. When will those other parts be presented to us? And would that be separately like this, or would it be done differently? Is your question in reference to what Supervisor Turner had mentioned earlier? There's, from my understanding, there's a whole package of other changes and recommendations coming. Right, the full capital intensity factor.

[01:40:32] Yes, staff is working on that, and we intend to bring that forward in the next few months. So are they going to be presented individually like this, or is this going to be one big segment? The CIF itself is one dollar amount made up of components of facilities, so it will be presented as one proposal.

[01:40:50] All right. All right, thank you. Oh, sure. Supervisor Letourneau. Yeah, so, I mean, we've seen, this is the second time we've seen the item. I think my issue is I don't like it. I don't like the fact that the number is going down, but I don't have my own methodology that I can come up with on the fly and say that FIC is wrong and staff is wrong and there's a different number. So I think ultimately we should adopt this. I understand if others, you know, maybe need some more time with it, but unless we're going to dive back into it and actually come up with our own methodology, which I would recommend we did in this committee if we intended to do that and not

[01:41:27] send it to the full board then i don't really think we have a choice um i did you know in my comments raise perhaps some kind of more macro concerns with just our system um and i'm not gonna i still think there's some more discussion we can have about about that um and maybe it's expectation setting with applicants or whatever the case is on some of these things but in terms of what the actual number is the bottom line is as i understand it our previous methodology really couldn't be tracked back to anything in particular and therefore wasn't wasn't wasn't

[01:42:06] defensible and so in trying to create a new one this is where they ended up and i'm not sure what levers we would move to really end up with something different so you know i'm again i it's fine to go to the full board and have this discussion and maybe get everybody comfortable with it, but I think I'm fine with it. In my remaining 90 seconds, I do just want to be careful because there were some comments made previously about trying to sort of tie the capital program to the tax rate and equalized tax rate and all that stuff. Just reminding everybody that really, yes, there is an impact in the overall amount available for cash funding

[01:42:44] in the capital plan. But if you go back and look, and some of you will remember, we had just major expansion of the capital program. At the same time, for the most part, the tax rate was roughly equalized. I mean, a huge expansion. We dedicated two cents to it. And then don't forget the school expansion that we underwent. I mean, when I was first elected from like 2012 to like 2016, we were opening new schools every year. We were spending hundreds of millions of dollars in capital. And that was all with a quote unquote equalized tax rate for the most part. So I don't

[01:43:20] think that was ever an impediment to dealing with by right development I think we have some structural issues with how we handle some of these things and it's difficult to catch up and I also think that prior to the adoption of these standards we had very very low standards such that you had huge master plan communities and south riding was one of them that were way under proffered by what we would consider today a reasonable amount of proffers and we had a whole bunch of those in ashburn and south right and that's really where we had these infrastructure crunches to begin with that set us back that we've been trying to catch up from and i am out of time okay thank you good

[01:43:59] good good thank you um so this is a mo this is a motion to send without recommendation by the committee staff's recommendation to a business meeting of the board does anyone want a particular business meeting of the board chair Randall I'm sure I I I need to look at them I need to look at the agenda all right no it won't be at the next meeting but I look I look at the agenda no thank you so we'll just leave I'd like to get this done before our August break though okay we'll leave that open motion made

[01:44:36] by myself seconded by Supervisor Letourneau all in favor the motion please say aye aye aye supervisor briskman okay all right all right and any nays so it passes five zero we now we now get to here

I'm sad can I just clarify the item is being sent without a recommendation of no recommendation from the committee but the item is being sent with staff's recommendation as likely to the second

[01:45:13] meeting in july thank you all right um mr brown yes this is item number eight the luekett's elementary white wastewater treatment facility feasibility study results i'm going to drop off madam chair all right thank you supervisor turner mr brown please well thank you madam chair members

[01:45:52] of the board of the committee uh thank you for the opportunity to bring this item uh before you and that's not that one um the uh the journey uh that we we embarked on for the luekets elementary wastewater treatment facility feasibility study was back in 2021 when the uh station 10 the new station 10 luekets fire station opened uh successfully opened and that brought on a whole suite of questions about how the wastewater treatment uh was being handled and managed uh with four facilities really in a in a area that was feeding a plant that was paid

[01:46:31] for and operated by the the school board and it was feeding several county properties and then the former station 10 volunteer station so that's when the journey began the board looked at that and we said we need a better way so they commissioned the feasibility study and we worked with and I have to tell you the staff that's with me tonight Scott Fincham who was really the architect of this concept and Dennis is with us as well and back behind us is mr. Vini this team worked very collaboratively with loud and water the school board our office of management budget and a whole suite of partners to include the

[01:47:08] volunteer fire department to figure out what would be a feasible viable option to bring back to the board to resolve what really was a much larger issue than just how do we provide service to the volunteer fire department and we looked at what is the best practice for waste waste water management in this particular area so I am now going to be quiet and turn it over to the professionals Mr. Fincham is going to provide a presentation if the board so

[01:47:36] desires so does the committee want a presentation I know but yes okay go ahead Dennis again my name is Scott Fincham with General Services, and I'm going to walk through a couple of slides that given basically a high-level summary of what the feasibility study results were. Ernie touched

[01:48:15] on this. This is the background. This is how we got here today. Back in October 2021, a BMI was put forward to help with the disconnection of the volunteer fire department. At that time, this has to do with the change of staff and services that went from old Station 10 and now into the new station 10 basically getting to the point where old station 10 was no longer a public facility in the item there's a lot more description attachment one obviously explains a little bit about the disconnection as well in june of 2022 general services we were asked to look at

[01:48:51] some of the alternatives what are the alternatives to keep the vfd connected we came back with three different alternatives for the board to consider what was chosen was a alternative to an alternative to was basically for general services to do a feasibility study working with loud water complete a feasibility study to evaluate the establishment of a super service district and the transition of wastewater operations to loud water was that was the preferred option as Ernie was indicating it was a little bit a bigger picture that we had to look at It wasn't just about keeping the VFD connected.

[01:49:27] It was the actual operation and ownership of that wastewater treatment facility. The feasibility study, we partnered with Loudwater and their consultants to complete that study. That study was

completed in March of 2023. It detailed the evaluation of the system, addressed required improvements, transition solutions, and the estimated cost.

[01:49:48] Dennis? These are basically some of the high-level items that you're going to find within that feasibility study that was completed. We know that a sewer service district is essential in this project. The capital upgrades are required to meet the Loudwater Engineering Design Manual standards.

[01:50:04] The wastewater treatment facility must be constructed at no net cost to Loudwater, and I do want to expand on that slightly. This is what you're going to find in Loudwater policy any time that you're building a community system for any type of new development. So in this sense, when we say constructed, the system itself is already established.

[01:50:22] So when we say construction, what we're referring to is the capital upgrades in the previous bullet. A revenue equalization fee is required by the board, and we'll explain what that is in the next slide. And land use approvals are required. So commission permit and a special exception, which currently do not exist, would be required for this project.

[01:50:39] Next. So this is the REF, the revenue equalization fee. So the first bullet point to make here is community systems are financially less efficient than the larger central sewer system due to the number of connections. We felt this was important to kind of bring forth.

[01:50:54] Sometimes we kind of forget that. These community systems are doing the job that they need to do for treating wastewater in an area in multiple facilities. But even though they're smaller than the larger central service area, they're still complex. They require a lot of operation and maintenance.

[01:51:11] The difference, though, is you have very few customers that are paying for that system, where in the central system you have many thousands of customers that are paying. So the REF must be paid to ensure that the system is self-sustaining. The REF is designed to recover the difference in true cost of operating a system and the revenue generated by that system's user over a 40-year period.

[01:51:32] To apply a little context to that as well, if you're looking at the four facilities that are out there in Lockett's right now, we worked with Loudon Water to kind of estimate what they thought the service fees would be for a year. It would be about \$16,800. The actual operation cost to manage that plant, though, would be about \$157,000.

[01:51:50] So you can see there's quite a deficit. An REF ensures that Loudon Water customers are not subsidizing the community system, and the REF allows the system to buy down to the existing Loudon Water Board adopted rates. This is the REF that's calculated by Loudon Water.

[01:52:06] This would be your minimum REF for them to, this would be a payment that would be paid up front to cover those costs, that deficit. So the elementary school is the largest user, would be \$3.69 million. The community center, new station 10, old station 10 would be \$470,000 each for a total of \$5.1 million.

[01:52:29] Next. Now the RAF is at upfront cost, but any time that you're going to transition into a public utility, so the schools basically transition over to Loudon Water, there are going to be some additional costs that's involved. There will be some capital costs involved with the upgrades.

[01:52:46] This number here is actually the high range. We did not incorporate the mid-range, which was around 476. The way we're looking at this is a do-not-exceed number. Loudon Water asked us to go with the higher range in this case just because supplies and contractor costs are just so variable right now.

[01:53:03] Loudon Water fee of \$38,000, basically that's where Loudon Water would be in charge of those upgrades. It would be doing all the bid proposal process, the inspections, the approvals that are involved with that. The commission permit and special exception process, which we would be in charge of, is estimated around \$86,500.

[01:53:21] Survey plats, basically we would need to have an easement around the existing wastewater treatment plant for Loudon Water. And then there would be four-meter installations. Once this becomes a public utility, Loudon Water obviously would own it, and each person would become a customer. The meters are basically how they're going to charge the rate.

[01:53:39] So this cost rate here includes becoming a new customer of Loudon Water all the way to the contractor installing that meter. for a total of \$720,852. Now, to the right, we did include the service fee estimate as well. We thought it was good information to share tonight.

[01:53:56] This is not something that's incorporated into the project budget that you've seen here. This is something that would be covered by each facility's actual operational cost. The elementary school is estimated about \$1,000 a month. In each other facility is around \$133 a month based on current rate policy of Loudwater.

[01:54:13] Next. Just two items to consider before we get into the recommendations. operation and ownership by Loudon Water of a wastewater treatment facility or community system in unincorporated areas of Loudon County is supported, obviously, by the 2019 General Plan.

[01:54:29] If no sewer service district is established, the Volunteer Fire Department will be responsible for identifying our proper means of sewer disposal for their facility before their disconnection, which is scheduled for October 2024. Now, the availability of area, though, on the Volunteer Fire Department, we took a peek at that to see what was there. Small lot, there's setbacks, when you're dealing with the private well paved area there's not a lot of place here to actually put an on-site system next now speaking with Loudwater internal discussions conversations with the school conversations with the volunteer fire department and Loudwater these are the staff's

[01:55:07] recommendations we believe that establish a Luckett sewer service district to include all four existing connected facilities that transition of ownership and operational responsibilities of the Luckett's Elementary Wastewater Treatment Plant be transitioned to Loudon Water. Request that \$2,130,852 be allocated from the County CIP contingency account to pay for all transition costs and the RAF for County facilities plus Old Station 10 of the Volunteer Fire Department. Request that \$3,690,000 be allocated from the Loudon County Public Schools CIP

[01:55:44] contingency account to pay for the RAF for the Luckett's Elementary. Now the last item as you know uh in that account it is something that is requested by the schools attachment six in your packet is the actual school's official request next i believe that's it thank you questions from the committee uh chair randall yes thank you thank you very much you know somebody has to refresh my memory because the the i thought that the old station was going to become a community center so in the early discussions madam chair we worked with the

[01:56:23] a volunteer fire department to try to identify a public use scenario that would work for both their their operations as well as the community operations we're not able to find that equitable space where it could be defined as a public use facility so that moved the board to looking at this particular

option where they could actually pay their own way for their monthly costs and recognizing that the county we put them on this system when they were a volunteer or the volunteer fire department actively used by the county we actually took them off their their

[01:57:01] wastewater system and connected them to this larger system so the proposal here says we will we will pay the cost the county would pay the cost to upgrade the system to become a service district but then they would be responsible to pay their but what is that what is that building becoming so they would like to maintain that and i i can't necessarily speak for the volunteer fire department but they would like to maintain it as a uh an amenity to the community okay they will hold their events uh they hold um community events but they're not specific it's not specifically a community center so let me say this back to you to make sure i have it so since we

[01:57:38] basically took them off their system we're putting them on the system but they are paying the monthly rate is that correct essentially we're keeping them on the we're keeping them on the system and they're paying the monthly rate and the building itself is not really acting as a community center nor will it be a place where the volunteer firefighters are working out of to fight fires it's just a a building that they wanted to kind of keep for ancillary uses for whatever may come up is that correct that is a fair statement i would say that by the very nature of volunteer fire departments they are a community organization sure of course so they will they're inherently

[01:58:14] uh a community benefit yes i agree so okay that end yes that is a correct statement okay all right thank you very much thank you supervisor briskman i think that she uh chair randall covered most of what my question was but there is an existing community center there as well yes ma'am okay all right thank you all right all right i'm going to read a motion and thank you all very much uh i move that the Finance Government Operations and Economic Development Committee recommend that the Board of Supervisors direct staff to move forward with creation of a Lockett's wastewater sewer

[01:58:54] service district to transfer ownership and operational responsibilities of the existing Lockett's wastewater treatment facility to Loudon Water and to move forward with funding the project as described in Alternative 1 of the June 27, 2023 action item. I further move that the Finance, Government Operations, and Economic Development Committee, recommend the Board of Supervisors direct staff to allocate \$2,130,852 from the county CIP contingency account and

[01:59:28] \$3,690,000 from the Loudoun County Public Schools CIP contingency account for upfront transition costs and revenue equalization fee for all four facilities as outlined in alternative one of the june 27 2023 action item is there a second by chair randall any discussion on the motion supervisor briskin and chair randall thank you i remembered my my second question um the schools have three million in their contingency account as i recall we were putting 25 million in

[02:00:08] this is like the first time we're doing that but then were we thinking about using that or they thinking about using that 25 million in their CIP contingency for anything else? Maybe I'm misremembering. Yeah, so the nature of the contingency is for when they bid something or they have a cost overrun or they're encountering a capital facility payment such as this one that's not planned. So this would be an appropriate use of their contingency. Obviously, that would take their contingency down to just over 21 million. Okay, so there's nothing else on the table right

[02:00:46] now that we know of for lcps okay um and then what is in the county's uh cip contingency right now probably between 45 and 50 million dollars okay okay thank you that's all i have thanks chair randall

yeah just to be clear this is what the schools have already seen this lcps have already seen this and they've already they already agree with this amount correct yes ma'am okay thank you all right all in favor please say aye any opposed day and that will pass 5-0 thank you

[02:01:21] very, very much. Thank you very much. All right. Our final item, item nine, the 2024 Countywide Health Plan Update and Premium Review for Medical, Prescription Drugs, Dental, and Vision Benefits. And we have Jeanette and Robert and Cheryl. Would everybody like a briefing? Or do you feel you've

[02:01:52] already seen this enough times? Three questions. Anybody need a full briefing? All right. We'll go to questions then. Vice Chair Sains. Thank you, Madam Chair. Can you go over again? I know you touched on it before, but staff are proposing using only \$2 million out of the \$8 million self-insurance fund. Why not use a little bit higher of that amount? You were on.

[02:02:29] Oh, it's on, right? It's on? Okay. Good evening, everyone. We've had multiple discussions with finance and budget regarding that. And seeing as we saw this significant increase at 19%, we're a little concerned about what's going to happen in the out years. And so we just feel as though \$2 million would be an appropriate amount.

[02:02:49] So we may even have access to additional funds in the future. And then what caused the 33.5% increase in catastrophic claims? There's really no answer to that. I mean, we saw a 33% increase in the number of claimants and a 33% increase in the actual per-claimant cost.

[02:03:12] There's really not much we can do with that other than getting out ahead of the game with, you know, wellness initiatives, which we do. You know, we've been targeting, we've been doing targeting mailings and emails and certain communications through Cigna where, in situations where we've identified gaps of coverage based upon, you know, best practice or whatever professional associations say, what's the best criteria for, say, how often should you have a colonoscopy or a mammogram?

[02:03:39] So those are all going out. We used to do blanket mailings to our employees, but we felt as though this targeted approach provides a better endgame engagement. And does that outreach also go into helping to differentiate between ER visits and going to urgent care?

[02:03:58] Yes, yes. So with regards to that, we did see a 3% increase in the number of ER visits. But at the same time, we saw about the same increase in urgent care visits. So really, if we're seeing them both increase, we're not as concerned. If we saw ER go up and urgent care go down, or even if urgent care was stagnant, we'd have a concern about that.

[02:04:19] We pretty much run about 10% of them being steerable visits. You know, obviously, we've talked about that in the past, where steerable visit is one that's not really an ER, but you go to the ER anyway. Steerable? Steerable. Steerable, like steering? Yeah. Oh. Yes. But regarding those 93 percent, I think that's the number, 93 percent actually have an urgent care within 10 miles have an urgent care facility.

[02:04:47] Okay. That is part of the outreach. That's correct. How do we compare overall to, like, the SIGMA members in regards to chronic conditions and overall health? The chronic conditions, I believe we went from 37 percent up to 40 percent.

[02:05:03] Believe it or not, 40 percent wasn't the norm with SIGMA, which doesn't make it right. And last question, with my time running out, I know we talked about changing the policy, the plan names that you said on anything. You know, I think we're going to take the most simplistic approach and just keep the OAP and just have an OAP high, because there's so much people can read into those names, and we don't want to influence what they decide.

[02:05:28] And I want to use the word plus, but that P already stands for plus, so I can't have plus plus. Thank you. All right. Thank you. Supervisor Briskman, then Supervisor Laterno, then Chair Randall. Thank you. So fund balance usually is supposed to be a one-time cost and not operational.

[02:05:48] So would this, if we use the \$2 million of fund balance, does it then become part of the base budget and so that it will help every year draw down the expense for the users? So when we talk about the self-insurance fund, we calculate the rates, right, each year.

[02:06:09] And then the credit, and this might not be entirely accurate, I'm not sure if Megan's here, but what we do is the county, you know, figures out what their contribution is, and they credit the self-insurance fund for their contribution. And then the employee's contribution, of course, is what they pay through payroll deductions. And then that fund is then used to pay for vendor fees, medical claims, dental claims, compliance, consultative charges, wellness initiatives that we have.

[02:06:34] Because the largest component of the expenses is claims, claims go up and down every year. So that's how that fund balance can rise each year or go down. Because we can anticipate, say, \$60 million in claims, and we build our rates off of that.

[02:06:50] But they could come in at \$56 million. So that's how you get it up and down. I don't think that's answering my question. We're talking about the county fund balance. No, no, this is a separate. oh it's a different fund balance that's correct simply for the health plan oh okay i did i really read the item okay so um my next i think um mr hemstreet had something quickly i think i'm good yeah um so could could there and maybe vice chair saynes was getting at this as well

[02:07:29] Could there be more fund balance we could apply in December if we have more fund balance? Because 11% is a pretty hefty increase in premiums. So would we be able to draw that down any more if we have more fund balance in December?

[02:07:48] Yeah, we have a couple different things we can do. Remember, this renewal came in at 19%. I know, I know, and you got it down to 14, and then we're getting it down to 11. Oh, sure. The fund balance you're referencing is the general fund balance.

[02:08:06] And as Rob said, the self-insurance fund balance is different. I know. I'm asking about the self-insurance fund balance. Will we be able to find any more in there before we make the final decision? So I think the answer is partly in your first question or statement. So the answer is yes.

[02:08:22] You could take general fund balance and pay to offset the increase in the premium. Now, the challenge with doing that is now that becomes a recurring cost. Right, right. And I understand we're not doing that. We're using the health plan fund balance.

[02:08:38] But the math is still the same. So the balance or the way the money works is still the same. So the balance that budget and finance and HR we're trying to achieve is what is an amount of fund balance that we can use that softens the blow of the increase, but at the same time doesn't set up a situation for

both the county and employees that they're facing an even larger increase in a subsequent year because you still have to pay for those claims.

[02:09:15] And so what we're hoping is by using this amount of fund balance, we're getting the cost increased to a reasonable level. But, yeah, you could offset more. The issue is, is the county going to continue to do that on a recurring basis? Because you create a problem where you could eventually you have a premium increase that is more than the 11% in this year if you get to a point where the county is not going to cover that.

[02:09:42] Okay. And I'll come back, Supervisor Bristman, if you need another round. But Supervisor Letourneau? Yeah. So I think what you're saying is the risk of drawing down the self-insurance fund balance too much is if you have a year where you have an unusually high number of claims over budget, so to speak, then you're short, right?

[02:10:07] No, what I'm saying is that you're using non-recognitive easiest way to say it. Yeah, yeah, no, I get that. But we're doing that, though. We're using \$2 million of... But we're trying to set that amount. So the answer to your question is yes.

[02:10:23] In a way, we're trying to make sure that we don't draw down the fund balance too much. Yeah, that's what I was saying. But the other reason is to also make sure that – because health care costs are increasing. So what we're trying to do is smooth that increase for both the county and the employer. Yeah, but I'm saying at the risk of going too high is the first thing I said.

[02:10:41] It's that plus create a situation where you hit a premium increase where you're not going to cover it, and then you're looking at an increase. Yeah, okay. All right, so we did have a pretty significant raise in claims. Having talked a little bit with the chairman of our health commission, not about this specifically, but Macro, he's commented that we had like a huge problem with people who like stopped going to the doctor during COVID and like just kind of put off nagging things that ended up turning into like really big things that could lead to catastrophic health problems.

[02:11:18] Do you think that that's a little bit at play here? Yeah, there's a number of factors that impact that 19. So I'll go through some of them if that's all right. It's certainly COVID-related. There's pent-up demand, as you just referenced. There's the other of bypassing their screenings, and then two years later when they actually enter the health care system, their condition is now at an elevated rate.

[02:11:39] There's that piece. You know, we've had medical inflation is another big piece of this, as we have all experienced in our own personal lives. You know, those providers need to pay their staff more, their equipment costs more. They negotiate them with Cigna. Cigna then has to pay those higher fees, or they can drop them.

[02:11:55] If they drop them, then we all feel that pain. right because our providers go out of network yeah we have um obviously the high claimants i mentioned in the item we talk about these hundred thousand dollar claimants where we went there's 33 increase but you can even take a look at the lower claimant thresholds at 50 000 right in 2021 we had 98 claimants hit 50 000 2022 that 98 went to 134 yeah that represented a five million dollar increase yeah and then that's a lot so i need to cut you out because so supervisor

[02:12:28] Mr. Sains was asking about a specific thing, but overall, is this premium increase what most Cigna customers are seeing or employers are seeing across the market? Is this kind of in line with what's

happening this year?

[02:12:45] It's definitely higher. It's higher. But I would state that those other employers didn't have, say, five years of positive experience, averaging 1.3% increases. We're paying for that right now. Plus, and going back to the self-insurance fund, we artificially suppressed those rates last year from 5.6% down to 2.6% with the \$2 million.

[02:13:06] We are now paying for that this year, right? So really, the renewal didn't come in at 19%. It came in at 16%. But we have to catch up because medical trend never stopped. It just kept going. That's why we don't want to keep doing that. Exactly. All right. Chair Randall. Thank you, Madam Chair. So I'm going to say it again.

[02:13:22] Let's do it every single time we have this health insurance discussion so you guys know it's coming. On the very front page, page one, it says the health plan includes coverage for medical, prescription drugs, dental, and vision, and covers active employees pre-65 and post-65 Medicare eligible retirees and their dependents.

[02:13:39] Only on page three, only on page three, when you talk about chronic conditions, do you mention a mental health condition, which you all mentioned, depression. Nowhere else in here does that, and you don't mention any mental health conditions under emergency room or catastrophic claims, which are there and true.

[02:13:57] And I've asked a question before, but I just want to put a note on it that this plan does include mental health coverage, including mental health coverage if someone has a catastrophic claim, and mental health coverage if somebody needs to go to the emergency room. Correct?

[02:14:13] Yes. Thank you. All right. If we're ready for a vote, I move that the Finance, Government, Operations, and Economic Development Committee recommend that the Board of Supervisors approve the plan design changes recommended in the June 27, 2023 Finance, Government, Operations, and Economic Development Committee action item, and approve the use of the self-insurance fund balance in the amount of \$2 million for the countywide group health plan, and adopt the proposed premiums

[02:14:46] as outlined in Attachments 1 to the item for plan year 2024, which is January 1st, 2024 to December 31st, 2024. I further move the Finance, Government Operations, and Economic Development Committee recommend that the Board of Supervisors authorize the purchasing agent and the Department of Human Resources to take the necessary actions to implement the recommended plan changes and propose premiums for the countywide group health plan and retiree health plan.

[02:15:23] Is there a second? Second, Vice Chair Sainz. All right. Any more discussion on the motion? All right. All in favor, please say aye. Any opposed? Nay. And that will pass 5-0.

[02:15:40] With no further business to conduct, I call this finance government operations and economic development committee meeting adjourned thank you all very very much



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