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Loudoun County Board of Supervisors, Finance/Government Operations and Economic Development Committee, Tuesday, November 14, 2023

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- Agenda (Granicus): https://loudoun.granicus.com/AgendaViewer.php?view_id=73&clip_id=7468

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[00:04:09] I would like to call to order the November 14, 2023 Loudoun 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.

[00:04:25] If you need a headset, we have those available as well. Please see the clerk to request one. Committee members will have three minutes to ask questions for all items with as many rounds as we need. The proposed consent agenda is as follows.

[00:04:43] Item 3, contract award, task order, roadway, and transportation design services for federal projects. Item 4, contract award and capital improvement program amendment, architectural and engineering services for the Western Loudon Recreation Complex.

[00:05:01] Item 5, contract award, roadway, and civil design services for the Route 50 North Collector Road. Item six, contract renewal, job order contract for general construction. Item seven, waiver of an affordable multifamily housing loan program requirement for an application submitted by SCG Development Partners in the 2023-2024 program year.

[00:05:31] Item eight, waiver of an affordable multifamily housing loan program requirement for an application submitted by Wellington Development Partners and Cornerstones Housing Corporation in the 2023-2024 program year.

[00:05:47] Item nine, preallocation of unspent community development block grant consolidated coronavirus funds. Is there a motion? I will make the motion to adopt the consent agenda. Is there a second? A second? Second by Vice Chair Sains.

[00:06:05] Madam Chair? Yes, sir. I was going to, and I forgot to ask you this earlier in the day, but I apologize. Would you be open to adding number 11, item number 11, to consent with the motion that's in the packet? All right, let's see. That's recommended by staff. Item number 11 is the Muddy Branch Flooding Study.

[00:06:23] Does any member of the committee object to adding that? All right, then we'll add that. And let the record reflect, if we can do so, that item 11 is now going to be part of the consent agenda.

[00:06:41] So we have a motion by myself, seconded by Vice Chair Sains, to add item 11 and to move the entire consent agenda. All in favor, please say aye. Aye. Any opposed, say nay.

[00:06:57] That will pass unanimously. All right. We now go to information items. Item number one, the monthly Department of Economic Development report. Buddy Reiser is here. Siobhan, Dana. Dana, okay. Welcome. Welcome back.

[00:07:24] Good evening, everyone. Some good news earlier today. Inflation, the inflation eased some in October. The report, the Federal Reserve gives the Federal Reserve some evidence that the battle against rapid inflation is working. The consumer price index slowed to 3.2% last month on a year over year basis, lower than the 3.7% in September and the coolest since July. The biggest driver of the decrease was energy prices. Nationally, jobs increased by 150,000 in October, the second lowest

[00:07:58] monthly increase in the past three years. The overall labor participation rate was 62.7 in October. That's still down from pre-pandemic, but still pretty good. September is the most recent month for local unemployment data. The rate was 2.7 for Loudoun, 3.0 for Virginia, and 3.8 for the U.S. The one area where there is some concern is in the commercial real estate market, especially around office where about 1.2 trillion dollars of commercial real estate is termed potentially

[00:08:33] troubled. Vacancy rate for office buildings in major U.S. cities were at record highs and landlords are walking away from some properties even as close as in Herndon. Loudoun isn't really very exposed to this trend because of our product mix heavy with flex and data centers and our low office vacancy rate we won't be as impacted as some downtown areas are right now we actually think that that is probably an advantage for us because the office market is seeing a real flight

[00:09:05] to quality and the idea of being in a mixed-use environment especially proximate to transit so we think that that's a great thing for us our office vacancy right now is 6.9 percent compared to 16.6 in Arlington, 15.9% in Fairfax, and 15% in Montgomery County. The Loudoun retail vacancy is just 3.4%, and both Flex and Industrial are just over 1%. So our market remains very strong.

[00:09:36] With that, I'll turn it over to Siobhan and Dana. Good evening, Madam Chair. EDAC is at a very strong and impactful year this year. Our ad hocs were very impactful. Our small business ad hoc led to the creation of the launch loud and program which has been instrumental in supporting and helping small

businesses in the county our zoning ordinance ad hoc had over 75 amendments before the zoning ordinance went to the to the board as you know that was a three-year process for us and you know we look forward to being involved with the ordinance after it's adopted in december

[00:10:12] and we want to thank you for approving the slate of nominees that will come on in january of next year. And right now, our cadence is that we are going to be planning for next year with the Department of Economic Development, looking at their strategy, how we can align for that, and what the county needs, what ad hocs need to bring forward to the board to do work next year.

[00:10:35] So very impactful year, a lot of hours by the commissioners, and we look forward to continuing next year. And Dana? Thank you. I'll just add a few additional comments about the zoning ordinance rewrite. EDAC submitted a letter as input ahead of the October 30th work session and in advance of the December 13th hearing, and so I just want to highlight a couple things. First, a sincere thank you to the Board of Supervisors, staff, and all the stakeholders who've been involved and who've worked so hard to improve the draft language of the ZOR, and I think we all see that coming to

[00:11:14] fruition through the process. The second point is EDAC looks forward to actively participating in an upcoming data center, Zoam-CPAM, which, as I understand, will begin in just a few weeks in the new year. We think that's an important process where EDAC's voice will be valuable as a balanced stakeholder. The third point I'll just call out from the letter is post-implementation.

[00:11:41] EDAC recommends that we continue to explore ways that the newly adopted zoning ordinance can be enhanced and amended to bolster economic development in an ongoing way. So we're supporting economic diversity and supporting innovative ideas into the future with flexibility and how important that is to support and promote the long-term economic growth and sustainable development in the county.

[00:12:04] And so this was an idea that was suggested, I believe by Supervisor Turner, that post-implementation, We continue to put some effort into finding ways to enhance that zoning ordinance to support the balanced development. So that is our update at this point.

[00:12:21] We've submitted the letter. Hopefully it was helpful in the work sessions. And thanks again for all the hard work. Thank you very much, all of you. Any questions for the team? Chair Randall. Good evening, and thanks for coming in.

[00:12:36] So, Mr. McFatton, just to make sure I'm clear, at this point, there will be no more appointments to be made for the upcoming term. Is that correct? You're full. We're full. Okay, for the upcoming term.

[00:12:51] Okay, that's what I thought. I might have heard you wrong because I was looking down for a second. So, as we enter the new year, the new term, what we're going to be working on more is the rules OM. EDAC absolutely had a very, very, very valuable voice for what we just finished, the zoning ordinance rewrite.

[00:13:18] As we go forward, I believe RADC's voice is also going to be really very important because of kind of obvious reasons. So if we have RADC and the chamber, would EDOC feel comfortable being part of the cohort or the committee that is connected to either RADC or the chamber?

[00:13:44] I would say we would, and I say that connectivity is already there because both the chamber and RADC has representation on EDOC. Wonderful. So you're not asking, okay, perfect. And I could not

agree more. I completely agree with that. To what you just said about having updated, I think it's an interesting discussion because, of course, the ordinance is law, right?

[00:14:11] And so when we put things in the ordinance, it's law. So I'm not entirely sure what that would look like to update the ordinance to make sure the economic – because, really, we had such business involvement in this process.

[00:14:27] However, I will absolutely be open to those discussions to see what those discussions look like. I have a feeling that the ZOM is going to be as hard, if not harder, than the zoning ordinance, to be honest.

[00:14:44] And the challenges for some of the rural businesses or the different rural businesses are going to be real interesting. And so what I would hope is that we can get through the ZOAM before we go back and start to do anything with the original zoning ordinance, unless those two things are connected.

[00:15:03] It would be really hard to try to go adjust the zoning ordinance as it sits right now and do the ZOAM. But if we finish the ZOAM and then take a look at it and say, okay, now what do these two documents look like as it relates to business? That might be, I think, easier in my head.

[00:15:23] Okay. All right. Thank you. All right. anybody else? Okay. We welcome Supervisor Glass to the meeting. Our committee vice chair, Supervisor Letourneau, is not able to be with us tonight. But thank you all very, very much.

[00:15:45] We appreciate all the hard work. All right. We're going to now go, oh, sorry. Wait, before you guys leave. I'm sorry. I'm so sorry. I know there was an event last, was it yesterday? Yeah, yesterday regarding Ravonna. Mr. Reiser wanted to give a quick summary of the event that took place. Sure. Ravonna has completed their using the input from the Board of Supervisors have redone all their artwork and it really is quite beautiful, really impressive. So we had kind of the unveiling last night of the new marketing materials

[00:16:23] and their new marketing video, which you can view now on our website at biz.laden.gov. And Supervisor Glass was kind enough to come out as well last night. Really well attended and seems to be a lot of momentum and a lot of excitement around the Ravonna development.

[00:16:43] Thank you. Sorry about that. Thank you all. All right, we're going to move on to item number two, the quarterly report, FY 2024, first quarter financial update, cash proffer report and debt report. And we have Caleb and Megan and the rest of the team.

[00:17:04] Good evening, committee members. Just to highlight a couple things in tonight's item, starting on page one of the item, I'll draw your attention to table one, which shows the total general fund forecast for FY 2024.

[00:17:30] At this point, we are forecasting an approximately \$198 million positive variance in FY 2024. This is almost entirely attributable to revenue, overperformance, expenditure savings are following typical patterns.

[00:17:47] Just to expand on the revenues a little bit, there is a breakdown of revenue categories that is provided at the top of page two in table two. General property taxes, both real and personal property, are forecast to overperform the FY 2024 budget by approximately \$140 million. Further down on page two, table three has additional details on property taxes. For real property revenue, the positive variance of

approximately \$40 million is driven primarily by strong growth in commercial property values and higher than

[00:18:22] anticipated commercial new construction. This is almost entirely attributable to the data center industry. For personal property tax revenue, the approximately \$99 million positive variance is based on robust performance of data center computer equipment revenues above what was budgeted. As we have previously discussed with the committee, budget year to budget year that can exist wide variations between budgeted and actual amounts of growth in data center revenue, even while the overall revenue is on a long-term growth trend. These gaps are the result of variability in the

[00:18:59] timing of construction, outfitting of data centers, and other factors such as equipment refresh rates. And as has been discussed with the committee before, for computer equipment revenue, there is only one filing per year that provides a hard data point. So I'll just draw this committee's attention to one additional figure on page three, figure one, which is titled the Hypothetical data center revenue multi-year trend. As illustrated in this chart, data center revenue will resemble the staircase, which is the blue line that's shown in figure one,

[00:19:33] rather than the smooth linear orange line of trend line, resulting in fiscal years, some fiscal years, where data center revenue can come in substantially either above or below budgeted levels. This is why the staff recommended, and last month the board approved the revenue stabilization funds specific to data center revenues, which can be filled when revenue is above budget and drawn upon when revenues are below budget. Due to the strong forecasted FY24 revenue picture, staff expects FY 2024 to be a filling year for the revenue stabilization fund.

[00:20:09] Going back to page two, table two, the final category I will note is use of money and property. Rising interest rates and the growth of the size of the county's portfolio have contributed to a stronger-than-expected performance in revenue from interest on investments. This overperformance to some extent likely represents a one-time phenomenon, and staff does not anticipate it will continue at the same level if interest rates moderate to lower levels. Due to this fact, staff is recommending the appropriation of \$40 million in interest revenue that is forecasted

[00:20:45] be collected above budget in fy 24 for a one-time expenditure in item number 14 uses of fund balance on tonight's agenda and with that we'd be happy to take any questions thank you very much any questions from the committee not seeing any supervisor glass do you have any questions okay all right all right thank you all very very much we appreciate it all right we're going to move now to the action items all right I have a note here that the county

[00:21:20] attorney Leo Rogers will be available remotely for all items our first item is item number 10 award authority increase in capital improvement program amendment design build delivery of North Star Boulevard from route 50 to 0.18 eight miles south of evergreen mills road previously shreveport drive uh we have christopher

[00:21:50] bresley george govan um james zeller and nancy boyd we're all here good evening committee members the purpose of this item is to request an award authority increase of 4.6 million dollars for the north star boulevard north star boulevard construction project that from route 50 to just south of evergreen mills road and in addition to the award authority increase we're requesting that that increase be transferred out of the cip contingency fund into the project

[00:22:27] fund so this project the board approved the construction of this project in november of 2020 We signed the construction contract in December of 2020, and the project has been moving forward since that point in time.

[00:22:44] We've had some increases to the project since it was awarded in November of 2020. In December of 2021, we came back to the Finance Committee for an award authority increase for a four-lane section of the Dulles West Boulevard from North Star Boulevard to Racefield Lane.

[00:23:05] We also increased the contract to do a constructive signal in a warrant study at Shreveport Road. We added some additional money for developer coordination. And then, of course, the fourth and final increase we have now is the \$4.6 million we're requesting to be added.

[00:23:25] And that's for unforeseen delays associated with land acquisition. And with that, I would open the floor to any questions the committee members may have. all right we have Supervisor Brisbane thank you um so do we know how much is left in this CIP contingency account when this is taken out I know Megan yes

[00:24:00] we have about 50 million dollars in your fund balance item on this evening's agenda would add an additional 16 million dollars to the CIP contingency I'm sorry did you say 15 1 5 5 0 that's okay I couldn't tell it was 50 or 5 0 but that's fine. Thank you. All right. Seeing no other questions, we're going to go to a motion.

[00:24:27] I move that the Finance, Government Operations, and Economic Development Committee recommend that the Board of Supervisors authorize the purchasing agent to increase the award authority for the design build delivery of North Star Boulevard from Route 50 to 0.18 miles south of Evergreen Mills Road, previously Shreveport Drive, contract awarded to Shirley Contracting Incorporated by \$4,600,000 for a new award authority amount of \$55,820,257.

[00:25:07] I further move that the Finance, Government Operations, and Economic Development Committee recommend that the board authorize the amendment of the FY 2024 Capital Improvement Program by directing staff to execute a budget adjustment, which moves \$4,600,000 from the Capital Improvement Program contingency account to the North Star Boulevard Shreveport Drive to Route 50 project in the Capital Projects Fund. Is there a second? Second by Supervisor Briskman. Any discussion?

[00:25:44] All right. All in favor, please say aye. Any opposed? All right. That will pass. One, two, three, four, zero, one, with Supervisor Letourneau off the dais. Thank you all very, very much. All right.

[00:26:02] Since item 11 passed on consent, we're going to move now to item 12, response to board member initiative, board business travel policy. I think we have Elaine Crawford and George Govan.

[00:26:24] Welcome.

[00:26:36] Good evening, Supervisor Umstead and members of the committee. I have with me tonight our Director of Finance and Procurement, George Govan, and the Senior Managing Consultant at PFM, Ms. Vian Leung. And we are here to present the item on board business travel policy, and it is in response to a board member initiative presented at the September 5th business meeting.

[00:27:03] Staff were directed to research travel policies of regional counterparts as well as state and federal agencies with a focus on the best practices for international and domestic travel and how that travel is covered by tax revenue versus non-tax revenue.

[00:27:20] Staff engaged PFM to perform a benchmarking analysis to compare the county's administrative travel policy to our counterparts. And the full presentation of that travel policy benchmarking is in your packet, and we are prepared to go through the introductory slides in this meeting, if you would like us to.

[00:27:42] Yes, please. Good evening. It's good to be here. Thank you for having us. As Elaine said, we were tasked by staff to develop a benchmarking analysis in September, and I'm just going to go through the couple of slides that I believe you have in your packet.

[00:28:00] In selecting the benchmarking comparison group, we selected six regional counties in Maryland and Virginia, and I would note that staff was incredibly helpful in helping us to get those tribal policies based on their personal contacts. So the comparison group include those six counties, as well as regional, state, and federal policies.

[00:28:21] And when I say regional state, what I mean is Maryland and Virginia. And I'll just note that the first bullet under that section, the Commonwealth of Virginia, that policy is a broad policy based on the Code of Virginia. And the policy is applicable to not just the executive branch of Virginia governments, but also judicial and legislative branches of government, although those individual branches of government can also adopt their own policies and have to file with the Virginia Department of Accounts.

[00:28:53] And we selected that particular policy because it is the broad policy that encompasses not just one branch of government, but maybe multiple as well. I can move to the next slide here and just wanted to, again, the benchmarking analysis is substantial and I won't go through all of it.

[00:29:10] But here are the four key findings. Based on our comparison of regional counties, none of the comparable counties have a separate policy for elected officials. Some of them, like Loudoun County, have a policy for county employees, and verbal communication with personal contacts there indicate that the same policy would apply to elected officials as well.

[00:29:34] But in some cases, Fairfax, Prince William, Prince George's County, for those places, the policy itself explicitly state that the same policy would apply to elected officials as well. So that was our first finding. In developing this analysis, what we found is that while Loudoun County's travel policy is generally comparable to regional counties, we did find that Loudoun County's policy is more flexible than other counties.

[00:30:03] What do I mean by that? An example, and this is really just the one notable factor, where Loudoun County's policy allow for business class airfare for international flights beyond 10 hours. We did not find that in the regional county's policy.

[00:30:19] In all the other regional counties' policies, it's generally stated that coach fare is allowable and reimbursable, but not beyond coach fare. So that's one of our major findings, is that Loudoun County's policy is more flexible than the comparable county's policy. That said, Loudoun County's policy is very comparable to the state and federal policy.

[00:30:41] So using the same example of airfare, whereas Loudoun does allow for business class airfare for flights longer than 10 hours, the Commonwealth also allows for that. The Commonwealth allows for business class airfare for flights longer than eight hours.

[00:30:57] And so in that sense, Loudoun County's policy is comparable to state and federal policies. I can dive deeper into kind of what the similarities and differences are in just a second here, but let me kind of

jump to the last finding here, which is we were tasked to look at not just kind of what the policy said, but also how funding sources impact the policy.

[00:31:20] And what we found from looking at the county's policy is that generally that's not stated in the policy itself. Only two out of the six counties that we have looked at explicitly state that funding sources may impact reimbursement.

[00:31:36] And in those cases, it's just a brief sentence that would say if the funding sources is a grant or contract, then you would have to comply with the grant and contracts policies. So those are the four key findings here, but let me dive just a little bit deeper into some of the details I just noted.

[00:31:55] I said earlier that none of the Cumberland counties have a separate policy for elected officials. That is true, except in some cases the approval process may differ. So in Fairfax County, for instance, the policy explicitly state that elected officials to comply with that same policy but elected officials and their destinies in Fairfax County do not need advanced authorization by the county executive so again same policy for everyone but the approval process may differ and because of that kind of variation we also looked at not just

[00:32:30] counties but we pulled out two Virginia cities because those policies are publicly available And we looked at the city of Steenton where in the city council structure, the council members are required to receive the majority of council approval before making a travel arrangement.

[00:32:49] And this arrangement is interesting. The travel approval process depends on who you are. If you are the mayor, you require the CAO, the chief administrative officer, to approve that. If you're city council members, you require the mayor to approve of travel. Again, it depends on who you are. So I just wanted to show that there is a variation in terms of the approval process.

[00:33:08] even if the policy does broadly apply to everyone. I'll go to the next slide here. I've already noted that Loudoun County's policy is more flexible than other regional counties, but just want to give a little bit more of a flavor here.

[00:33:24] In terms of the differences, I already talked about the airfare for the business class airfare where no other counties provide for business class airfare for international flights. The other difference I would note is lodging. Loudoun County policy currently reimburses lodging based on actual expenditures, whereas in Virginia counties, lodging is generally based on per diem rates, the General Services Administration GSA per diem rates for domestic and State Department rates for international travel.

[00:33:54] So in Virginia, lodging is generally based on the per diem rates, although exceptions can be made. For instance, in Fairfax, I would say exceptions can be made to 150% of the per diem rates. So I would just note that those are the two main differences we saw comparing Loudoun County's policy with regional counties policies. Other aspects are fairly similar. Everyone reimbursed meals based on per diem rates. Those other, everyone allowed for one check back. Those kind of general items are fairly similar. And it's just these two items that made me conclude that Loudoun County has a little bit more of a flexibility here. Our last slide here, comparing

[00:34:34] with the regional, state, and federal policies, again, very similar, very comparable. There are some differences, again, Loudoun reimbursed lodging based on actual expenditures, the Commonwealth, the federal government generally reimbursed lodging based on per diem rates, but apart from those kind of, you know, smaller differences, the conclusion here is that this benchmarking analysis illustrates that

there are no glaring differences. Yes, there is more flexibility from Loudoun's part when compared to counties, but not necessarily compared to state and federal governments. But generally speaking, there are no glaring

[00:35:10] differences between the Loudoun County's policies and the other entities that we have looked at. So with that, let me conclude my summary. I'd be happy to answer any questions that you may have. Thank you. Thank you very much. Any questions? Supervisor Saints.

[00:35:27] Thank you, Madam Chair. And thank you for the presentation and the research. So just make sure I heard you correctly, you said there is no, how can I say, glaring differences between our county policy compared to our regional competitor comp set and state and federal, is that correct? That is correct. Okay, and then I noticed the presentation or the research mentioned by name, Virginia, employee, executive branch, I believe, Maryland, executive, judicial, and then it said Maryland General Assembly, but I did not notice anything for Virginia General Assembly.

[00:36:06] So do they not have a travel policy, or what do they do? Sure. The Virginia General Assembly is subject to the broad state policy, and the broad state policy indicates that the same policy applies to different branches of government.

[00:36:25] So technically the General Assembly could adopt their own policy and file it with the Department of Accounts, but we couldn't find that in the Department of Accounts website. So, logically, we conclude that it's essentially the same policy that they comply with unless there is another policy that was not being filed with the Department of Accounts.

[00:36:44] So, there's no specific Virginia General Assembly travel policy. So, we believe that they follow the general state employee or executive branch Virginia travel policy. And in your presentation, you mentioned that for Virginia employees like executive branch, et cetera.

[00:37:01] So this, from your interpretation, falls under the General Assembly, if they travel for international eight hours or more, they can travel business class. Is that correct? Correct. That is correct. Okay. All right. Thank you, and thank you for doing the research. Thank you. Supervisor Briskman.

[00:37:18] Thank you. So the, and Supervisor Sainz, Vice Chair Sainz, asked some of the questions that I was going to ask. But, you know, in the summary, it does say staff and PFM did not identify any policy areas in which the county was not aligned with comparable counties and or other governmental entities.

[00:37:38] So I, too, appreciate that summary and statement and all the research. As of now, how is travel requests from an elected official reviewed?

[00:37:56] Because it's my understanding that we pretty much follow the county employee policy right now, but it just doesn't explicitly say anywhere that we have to do that. So what do we do right now to ensure that elected officials are following the policy right now that's in place?

[00:38:14] Madam Chair. Erin wants to answer. Madam Chair. Erin. Thank you. Can you all hear me? Yeah. Okay. So currently, we do apply our policy to the board members when you all travel, and the way we do that is when you're arranging your travel, county administration staff assists you with booking of the travel, with your reimbursement requests, with anything you need to put into our financial system, receipts and things of that nature.

[00:38:48] and through that process is generally how we ensure that the travel that we're helping you book or that you have booked is appropriate according to county policy so we generally follow our policy that way with the board members and your staff and if I might ask another question through the chair if it were to be found that an elected supervisor was doing something outside of policy or trying to do something outside of the policy would staff not raise a red flag on that yes ma'am we would we would come to you individually and talk

[00:39:24] about your travel arrangements and we have not had an issue to my knowledge that we've not been able to work out with the board member okay so for example if if there was a board member who wanted to fly business class but the flight was only six hours staff would come and say hey this is not aligned with our policy.

[00:39:44] Yes, ma'am. And it would have to be rectified, most likely, after a conversation. Okay, so it sounds to me like we already are following a policy. I think that was all the questions I had. Thank you very much. Chair Randall, questions?

[00:40:02] So I want to just put a fine point on the fact that this study was not done by staff but was done by a contractor, PFM. I would, I think it's important to say that an outside group was contracted, outside organization, outside company was contracted to do that, do this.

[00:40:20] And I just want to put that on the record and put a fine point on that. I would also, in response to what Ms. McClellan just saying, just say I have never booked my own travel. Never. I've never asked to, I've never had to. I don't book my own travel. When it's discussions, when I am asked to travel by the Economic Development Department, staff has always booked my travel, and I very rarely even know what it is until I walk on the plane, to be quite honest.

[00:40:48] I did want to also just restate what Mr. Sains just said, because it was very important, that for the most part, there is no clear policy for the General Assembly. They follow the administration's policy, and the administration's policy, as it pertains to travel, airfare is actually less strict than Loudoun in that it's anything over 8 hours, and Loudoun's anything over 10 hours.

[00:41:13] So in that vein, the General Assembly versus Loudoun County, we are actually more strict, not less strict. Is that correct? That is correct, based on the research, yes. Okay. And then I want to finally say that the per diem rate is really important and interesting because how the per diem rate works is if you have a per diem, if you have a per diem amount that you receive and you find a hotel that is less than that per diem amount, there's nothing that stops an elected official from just pocketing that difference.

[00:41:42] That's not true in Loudoun County. We can't do that because our costs are paid up front. And so we know what the costs are. They're paid as kind of pay go, pay as you go. There was no way a Loudoun County official could put any money in their pocket from any travel. And finally, I just want to ask the staff and Mr. Hemstreet if he could answer.

[00:42:03] Does the staff believe that there was any waste, fraud, or abuse in any of the travel that was done for any of the international study programs? Mr. Hemstreet. No, to my knowledge, there was no violation of any law, no violation of regulation, no violation of any policy.

[00:42:24] So the board's travel was, as far as everything that I've seen and everything that the staff has looked at, fully compliant with everything out there that's applicable to the international travel the board

took. And I want to make one more statement. There is a difference between a person having the right to do something and something being the right thing to do.

[00:42:47] You can have the right to do something, and it's still the wrong thing to do. That's not true in this case. We had no waste, fraud, and abuse, and we had the right to do it, but it was also what we did and how we did it was the right way to do it, especially in how transparent we were from the very beginning.

[00:43:04] Thank you. Thank you very much. I am going to make a motion. If this motion fails, Chair Randall has another motion that I'm going to turn to her to make.

[00:43:20] These motions are somewhat similar. The main difference is that I have removed the exemption for chiefs of staff that exists in Chair Randall's motion. I move that the Finance, Government Operations, and Economic Development Committee recommends to the Board of Supervisors that the Board adopt the county's administrative policy for business travel, TRV-03, travel policy, as administratively amended from time to time as a separate Board of Supervisors and Board staff aid travel policy,

[00:43:58] with the following exceptions concerning authorization for or approval of board member travel. One, for the chair at large, for international travel, lodging arrangements shall be consistent with the travel policy unless recommendations are made by the United States State Department or similar federal agency, in which case lodging may follow the federal recommendations. Two, subject to the provisions of paragraph one above for the chair at large international travel for economic development and sister city trips is authorized by this policy when paid by the

[00:44:36] economic development authority the chair shall notify the board in writing a minimum of 45 days in advance of any international travel three all board members are authorized by this policy to travel for essential county business purposes to all states and territories of the United States utilizing their respective district budgets. However, all travel shall be in compliance with the board's policy for business travel. Four, international travel for board members and their chiefs of staff, other than the chair at large, is permitted when authorized in advance by a vote

[00:45:14] of the Board of Supervisors. Is there a second? All right, that will fail for lack of a second. Chair Randall, would you like to make your motion? I move the Finance and Government Operations and Technical Development Committee recommends to the Board of Supervisors that the Board adopt the county's administrative policy for business travel, TRB-03, as administratively amended from time to time as a separate Board of Supervisors and Board Staffing travel policy with the following exceptions concerning authorization for or approval

[00:45:48] of the board member travel one for the chair at large and their chief of staff for international travel lodging arrangements shall be consistent with the travel policy unless recommendations are made by the united states state department or similar federal agency in which case lodging will follow the federal recommendations too subject to the provision of paragraph one above for the chair at large and their chiefs of staff international travel for economic development and to city trips is authorized by this policy when paid for by the Economic Development Authority.

[00:46:21] The chair should notify the board and member 45 days in advance of any international travel policy paid by the Economic Development Authority. Three, all board members are authorized by this

policy to travel for business purposes to all states and territories of the United States utilizing their respective district budgets.

[00:46:40] And four, international travel for the board members and the chiefs of staffs other than the chair at large and the Chair, Chief of Staff, is permitted when authorized by the Board of Supervisors. All right. Not yet. Okay.

[00:46:56] Do you have a friendly? Okay. Madam Chair, may I have my opening before a friendly comes? Yes, ma'am. You may. Okay. So these two motions are very similar because I wrote the motion, and then there were some very minor changes, but one important change to the motion that Ms. Umstead put forward.

[00:47:16] So first, I want to thank Vice Chair Sains for putting this BMI forward to have this study done, and a couple of things. One, it was important for me to put number one in here about the lodging because when we had our trip to Ghana, there had actually been another hotel chosen by the Economic Development Department that I was aware of.

[00:47:36] We changed the hotel because the U.S. Embassy told us to change the hotel for safety reasons. So that hotel was changed for a very particular purpose by the U.S. Embassy and the president of Ghana. We did not choose that hotel out of the blue. And I've said that before, but I'm not sure that was ever real clear.

[00:47:53] And I need that to be real clear of how we ended up in that hotel. Number two, or maybe number, yeah, I guess the number two. I have taken my chief of staff on trips because these are very heavy lift trips.

[00:48:10] You are incredibly, incredibly busy doing these trips, and a lot of the work, just like everywhere else, is done on a staff-to-staff level. It would be very hard for me to do all the work that has to be done on these trips, especially when you're an elected official and you go.

[00:48:30] Much of the required ceremonial work, and there is ceremonial work required, falls to the elected official. And it may not be that after we see an agenda, a chief of staff would go, but if so, I need to have that option.

[00:48:46] And, oh, by the way, that chief of staff's trip would be paid for by the Economic Development Authority, and that restricted TOT money was put in place for this very purpose, for the very purpose of international travel, for the purpose of economic development.

[00:49:03] So if a board member or if any chair at large believes that their chief of staff is going to be helpful on this trip, it is important that they have the ability to take them when that is paid for by the restricted TOT dollars through the Economic Development Authority.

[00:49:22] I think anything else? I do think that it is appropriate for other board members to go through the Board of Supervisors, And I want to put on the record because some things have been said over the past months that are completely not true.

[00:49:39] I have never asked any of my board members to attend a trip. They've decided on their own that they want to do that out of their county budget. That is not the decision of the chair. If I had that much control over my board, I would be on the winning side of every single vote we took on this dais because I could tell the board how to vote.

[00:49:57] I can't tell my colleagues what to do, and I don't. But I do think that when it's not the chair at large, it is appropriate for the board members to come to the board. Thank you. I will have a closing. Oh, very good. Supervisor Sains, did you want to make a friendly amendment at this time?

[00:50:15] Yes, yes, thank you. On point number one, it was read, for the chair at large and their chief of staff for international travel lodging, arrangements should be consistent with travel policies unless recommendations are made by the United States State Department are similar federal agencies in which lodging will follow the federal recommendations.

[00:50:33] I would like to strike out for the chair at large and their chief of staff, so that way that applies to anybody that might be on travel. Because if the State Department gives a directive or any federal agency gives directives to say, no, you need to do this for safety reasons, if other county employees or supervisors and their staff are on the travel, then we all should be following the guidance from the State Department for safety reasons.

[00:51:06] Because if we keep it the way it is written now, it's like, okay, Chief of Staff and the Chair, you go follow the orders, and then everybody else, you're not going to follow the orders type of thing. Chair Randall, do you accept that as a friendly? I wrote this this way because Mr. Reiser has, or the Economic Development Department, consistently ask the chair at large, whomever they might be, to accompany on these trips.

[00:51:30] And again, I don't have any control over who else accompanies people or not. So I wrote this motion specifically to my seat because I know what happens and how I am requested to go on the trips. I have no issue with this change at all. But I need to say that I wrote it very narrowly to apply to this seat, to this office, because this office is the one that's requested to go on the trips by the by the economic development department all right so i will take that as accepted um and mr saines you were the second

[00:52:07] i believe so you're good with it very good um supervisor briskman thank you um i would like to thank uh staff and the contractor for doing the research and informing us of our policies of our regional counterparts and letting us know that we are not outside the normal policies for state federal and our regional counterparts I do think it's important that we have some measures in place for travel but I think we already have those measures in place so I think this is in some

[00:52:47] ways a futile exercise but I do appreciate that we will explicitly say that the county policy applies to us I don't have a problem with that it's kind of what we were doing anyway all travel that I'm aware of has been important for the board of supervisors and county business including economic development advancing Loudoun County's interests on the international level sometimes national level I think that it is horrible the way that this issue has been raised by certain

[00:53:26] media outlets, actually with the help of one member of this board of supervisors. I think the way that this travel was leveraged in the campaigns was heinous and actually put some of us in danger because of the misinformation and the actual lies that were told about the members sitting on this dais right now. It's disgusting. And it is indicative of what is going on in our country

[00:53:57] right now when you can't find anything wrong with the way someone's doing their job. You just don't like the way they vote. You don't like where they are ideologically. So you decide that you're going to pick at work that we're doing and make up lies about the actual intent of what we're doing, putting words in our mouths, posting pictures of us that were not intended to be public,

[00:54:36] Photographs that were taken during downtime at 7 o'clock at night on a business trip. Folks that did all of these things should be utterly ashamed of themselves. And they should also think about the tax dollars that we had to spend and the time that we had to spend as your elected officials talking about this.

[00:55:01] It's a waste of time, and it was a waste of energy, and it actually caused threats and hurt people.

[00:55:17] Thank you. Thank you very much. Advisor Turner. Thank you, Madam Chair. I have a question. I'm just a little confused. Do I have this right? So Loudoun County is the only jurisdiction that has a specific policy that you can upgrade to business class if your international flight is over 10 hours. And yet, in a later statement, you seem to indicate that all comparable jurisdictions allow upgrades to business class every 10 hours. Is it just that they don't have a specific written policy about that and they comply with state policy what's the difference there it seems like a conflict

[00:55:54] so i think she was the other comparable counties do not have a policy that adds that flexibility in the airfare upgrades but state and federal agencies do have a policy that allows that upgrade so the implication being maybe it's the inference is therefore if those other jurisdictions had an international flight over 10 hours they could in conformity with both state and federal policy

[00:56:27] upgrade to business class it's just not an enunciated policy for their county or city so we didn't see that language in their policies we just saw a very strict policy that they don't allow it um what when we're when we're talking about state and federal agency policies we're talking about those specific to state and federal employees not the implication of like gsa per Okay, so to put a finer point on it, it's not addressed in our comparator jurisdictions at all.

[00:57:01] It's just not addressed. But you're saying for state and federal, it is addressed for state and federal employees, and it is consistent for their restrictions on state and permissions on state and federal employees. We're just the only county that specifically mirrors that at the county level. Everybody else is silent on it.

[00:57:18] There are some counties who restrict it completely. Okay. But Loudon is one of the counties that allows based on the duration of the flight, which is consistent with state and federal. That's good. Thank you very much. Thank you, Madam Chair. Very good. Supervisor Briskman wants to offer friendly amendment, so I'll allow that.

[00:57:37] Thank you. So I actually, my friendly amendment would be to strike number four from the motion. I don't know how the maker of the motion or the seconder will feel about this, But I think that this is a slippery slope where we will have board members that have potentially control over how district supervisors spend our discretionary budget.

[00:58:00] And I think that we could get to a point where everything that supervisors want to spend out of their discretionary budget could be voted up or down by a majority of the board. And I just don't think that other supervisors should be in control or telling certain supervisors what to do with their discretionary office budget.

[00:58:23] And I hearken back to when we were voting on the Planning Commission appointments, and my colleagues said that supervisors should not tell other supervisors, the Planning Commissioners, where their Planning Commissioners should come from. So I also think that other supervisors should not be able to tell their colleagues where they can spend their money.

[00:58:45] Thank you. Very good. Madam Chair, do you accept Supervisor Brisbane's friendly amendment? I do not. With respect, I do not, and this is why. I have never gone on a trip that I have not been requested by the department to go on. Every single one of them I've gone on, even if I didn't want to always go, the department requested me to go. I don't know that that will always be true for district supervisors, and the motion is not whether or not we tell you how to spend your money. It's whether or not you just bring it to the board to say, I want to go on this international trip for this reason.

[00:59:23] And so we're not saying, telling you, it's basically saying, you know, any district supervisor comes to the board and says, I believe I should go for this reason. And the board can say go or not. And then what you do with your money from that is subject to the policy that we have in place.

[00:59:44] And in looking through many of the other districts, that is in conformity with many of the other jurisdictions. So with respect, I will not accept that as a friendly. Supervisor Brisbane, do you want to make that as an amendment?

[01:00:01] No, no, I will not do that. With Chair Randall's comments, I realize that actually the expenditures for another supervisor to come could actually even come from economic development or somewhere else. So I'm fine with, but I just did want to make a point about other supervisors voting, what other supervisors could do.

[01:00:23] Thank you. Very good. Any other issues? I will make my comments and then go to Chair Randall for her closing. I'm not happy with a lot of this, but for me, the saving grace is paragraph number four.

[01:00:42] And so the fact that that stayed in currently, the board does not have any say on whether significant numbers of dollars can be spent on overseas travel by members of the board other than the chair.

[01:01:05] And this at least would give the board more information and the right to say this is not how we want to spend our tax dollars. I appreciate Supervisor Brickman's comments, and I understand where she's coming from.

[01:01:22] But in the end, as a board, we're a corporate body, and we have the responsibility to decide how the taxpayer funds are going to be spent. I am comfortable in paragraph two with the minimum of 45 days in advance of any international travel paid by the EDA that that information would come to the board via the chair so that we would know that a trip was in the offing.

[01:01:53] I do not believe that it is essential to take one's chief of staff or any staff members, Buddy Reiser goes on these trips, or Bob McCuller goes on these trips. Beth Erickson goes on these trips.

[01:02:10] There are always people there who can help the chair or any board member who goes on these trips. But this does gain for the people two things they didn't have before, which is advanced notice of international travel and the ability of the board to say no to a large group of folks going on a trip when the board feels it may not be an essential use of taxpayer dollars.

[01:02:39] For that reason, I will support it. Chair Randall, you get a closing. So, first of all, Beth Erikson is not county staff. She is Visit Loudon, which is not a county agency, so that is immaterial. The county staff from the Economic Development Department, when they go, there are some different duties of county staff.

[01:03:01] Mr. Reiser and Mr. McCuller are not there for the elected official, and I don't know that it is essential for a chief of staff to go, but depending on what the agenda is or is not, it could be helpful for the chief of staff to go.

[01:03:16] And again, the chief of staff would travel on restricted tax dollars through the EDA. Let me be very, very, very, very clear. There has been advance notice for these trips well over 45 days in the past. In fact, there were not just advance notice. There were two votes on this trip that passed unanimously, and especially for the trip to Ghana, it was said at my state of the county with the ambassador of Ghana in the room who stood up when I said, and I quote, I will be leading the delegation to Ghana.

[01:03:48] And so that advance notice has happened and happened and happened and happened over and over again, well, 45 days in advance or more. If this was the goal to talk about how this should look, then we could have done that.

[01:04:06] We should have done that. Phone calls that were made could have been answered. Emails could have been sent. Discussions should have been had, could have been had. That is the way this body works. Taking this to the media and then making it a political issue is not how this body works, not how any body is supposed to work, any governing body is supposed to work.

[01:04:31] But taking it to one another and then bringing it to the dais for everyone to see, to get the facts, and to know the facts, it's how it should have worked. So the changes that we have here today and the things that we have here today are not much different than what we've been doing already, to be quite honest, with some minor changes. But if you want anyone want this to be in writing, we could have done this five months ago, six months ago, seven months ago, without making this the horribly, ugly, divisive, and quite frankly,

[01:05:07] dangerous issue it became during a political campaign. And so, yeah, let's do these things. Let's talk about these things. Let's have staff bring them to us. Let's have a consultant look through it. Absolutely. Absolutely. We are a very, very transparent body. Let's continue to do that.

[01:05:26] But let's not go out of our way to use these moments in damaging ways when we won't even agree to talk to one another before we go out and damage each other. So I am happy that Mr. Sains brought this forward. I am happy that this language is my language, and I am proud that so many of my colleagues have behaved, I think, admirably in this process.

[01:05:54] All right. All in favor, please say aye. Any pose, say nay. And that will pass 401 with Supervisor Letourneau off the dais. We move now, and thank you all very, very much.

[01:06:10] We move now to item number 13, the Procurement Disparity Study. Cheryl Middleton and George Govan.

[01:06:34] Welcome. Thank you. Good evening, Chair Umstead and committee members. The purpose of this item before you is to provide information on the timing cost to conduct a procurement disparity study and to seek approval to hire a consultant to conduct the study.

[01:06:54] Staff has no new information to present outside of what was included in the item. However, if the committee would like, I can provide a high-level overview of the information contained within the item. Yes, please. Great, thank you. So as you may recall, during the discussion earlier this year regarding

project labor agreements, the board inquired as to whether customizations to a PLA to require contracting with minority-owned businesses could be permitted.

[01:07:18] Staff provided feedback during that presentation that, in accordance with the Virginia Public Procurement Act of the Code of Virginia, in order to implement any sort of enhancement program for small women and minority-owned businesses, a persuasive analysis that documents a statistically significant disparity between the availability and utilization of those businesses would need to be conducted.

[01:07:41] Staff shared that this is traditionally done through contracting for a formal disparity study. At that time, the board directed staff to research the timing and cost and to conduct a disparity study and to return to this committee with information for consideration. To provide some basic information, a disparity study analyzes the contracting practices to determine if minority-owned, women-owned, small, local, and veteran-owned businesses have equal access to public contracting opportunities.

[01:08:07] In other words, a disparity study determines if an entity either in the past or currently has engaged in exclusionary practices either intentionally or unintentionally in their acquisition of goods and services. It is the goal of a disparity study to review, analyze, quantify, and evaluate to what degree and scope, if any, discrimination exists in the procurement process and ways to remedy.

[01:08:32] Disparity studies normally have multiple components and phases, starting with the review of existing contracting policies and procedures, then analysis consisting of the review of the following, Typically historical data, what contracts have been distributed and to whom. Statistical data, how many businesses were available to perform the qualified work.

[01:08:50] Disparity data, is there a gap between how the contracts were awarded versus how they would have been awarded if discrimination was not a factor. Qualitative data, how do businesses view and feel about the procurement process and the outcomes. Depending on the analysis conducted, outcomes may include setting aspirational goals for specific vendor classifications, creation of preferences and evaluation criteria for requests for proposals, review and remove barriers to participation, for example, removing overly restrictive minimum qualifications, reducing insurance requirements, et cetera.

[01:09:28] We could segment out large procurement transactions into smaller projects, making it more available to smaller businesses, or implementing technology enhancements to support the participation of SWAM businesses. In terms of staff research, very few local public bodies in Virginia have conducted disparity studies in the last five years.

[01:09:47] Page five of the item shows three other Virginia localities that have conducted those studies in recent past, in addition to the Commonwealth of Virginia. In order to determine approximate costs and timing, staff further researched into other localities in the DMV region, as well as across the country, to find similarly sized organizations with similar spend.

[01:10:07] Based upon the research conducted, the average disparity study took approximately 18 months to complete and an average cost of around \$500,000. If the board were to direct staff to proceed with conducting a disparity study, staff recommends selecting a consultant through a competitive request for proposal process, which would take approximately four to six months to complete, depending on the quality and quantity of proposals received.

[01:10:29] Staff estimates it would cost approximately \$450,000 for a consultant to complete the study. With that, I'm available for any questions that the committee may have. Thank you very much. Any questions? Chair Randall. So thank you all for doing that. This was really fascinating to read.

[01:10:46] My one question is you actually talked about unintentional. I don't know if you said the word disparity or did you say discrimination? Which word did you use? I think I used both throughout the item. But I'm fairly certain I did use both. Tell me what that means to you. Because I know obviously we know what intentional means.

[01:11:07] and in some ways we know how to address intentional. Unintentional is different. I do believe it exists, but is it addressed? First of all, tell me what you think that means, and secondly, tell me if it's addressed differently than intentional.

[01:11:23] So unintentional disparities in the contracting process would be if we drafted an RFP that had minimum qualifications that were too specific, although staff would draft them with good intentions, meaning that we are trying to target a very specific vendor pool that had the appropriate qualifications, experience, and credentials to perform the work, say, for a specific construction contract. We could be unintentionally excluding valuable partners in the community by having overly restrictive requirements. Okay. And how would you address that differently?

[01:11:59] So, again, we would want to look through the result of any sort of disparity analysis conducted by a consultant but generally we would look to see if there was really a rational basis to have such strict minimum qualifications for example to ensure that we are still there should be ways to modify those minimum qualifications to ensure we're still getting qualified contractors but hopefully broadening that pool if you're trying to if you're trying to attract SWAM contractors how do you because that would be fairly that would

[01:12:32] fairly narrowly written. How would you do that and still not unintentionally have those disparities? Because I imagine that's almost harder to write because you're writing it narrowly, but you want a broad spectrum of people who would meet that qualifications to respond. Sure. So one of the things we could look at is, again, using this specific example, not only looking at the qualifications of the firm, but looking at the personnel that would be assigned to the work I think some of the feedback that we've received in the past is that

[01:13:09] we need to think a little more broadly and sometimes I struggle with that so again that's part of that unintentional issue that you brought up so it would be looking at different ways to evaluate the qualifications to bring more people and so I mean one of the main things you want to do is bring all parties to the table and so we're always looking for ways to do that now absent any sort of disparity that's actually really helpful because the the couple times I've been able to do a peg with you, which I think it's time-consuming, but fascinating that we do actually find out not just the company, but who's actually going to be working on the project, and that has made a difference.

[01:13:44] So, thank you. Thank you very much. Very good. Vice Chair Sames. Thank you. Thank you for the report. One question that I have is, why is it going to take so long if we were to move forward? It's almost, you know, it's a year and some change.

[01:13:59] In terms of to conduct a disparity study? Yes. So one of the challenges that we noted in the item is that traditionally at the local public body level in Virginia, we're not currently tracking vendor

classifications officially. So our vendor registration process is all self-reported.

[01:14:17] So if a vendor is saying now that they're classified as a small business or a veteran-owned business, we're taking that as being accurate. We're putting it along the way, but it's not something we're actively tracking. So in order to perform the appropriate analysis, one of the first things a consultant is going to have to do is essentially take our book of business for, say, a period of time, maybe the last five years or so, look at the vendors that we contracted with, and then balance that against an official record that shows how those vendors are truly classified with a state small business, excuse me, supplier diversity and small business department.

[01:14:52] So that is going to take a little bit of time, especially then if we also include outreach to the community, maybe engaging the Loudon Chamber or other regional organizations, and then making sure any information that comes back is fully vetted, and then any recommendations we would then want to run through the county attorney's office to make sure they're allowable under the Code of Virginia.

[01:15:13] Right, yeah, it does sound labor-intensive and all, but I'll just say, I'm assuming the vote will pass, the motion will pass, so if there's any way possible to make this as expedient as possible, let's do so. Understood, thank you. Thank you. Thank you, Supervisor Briskman.

[01:15:29] Thank you, yes, I will agree with Chair Randall's fascinating read. I have a couple questions. Where we're talking about, I guess, the Virginia Public Procurement Act, are these the only types of businesses that we are allowed to look at for being discriminated against?

[01:15:51] Is there like a law that defines? So the classifications listed beginning on page three of the item are pulled directly out of the Code of Virginia 2.2-4361, I believe.

[01:16:07] or 4310 excuse me so those are the classifications that are recognized under the code of Virginia okay would we be able to look at any other factors that might cause discrimination or are we just going to stick to these can you provide me with an example of something you're thinking of there could be age discrimination um there could be LGBTQ discrimination um so that is something we could definitely research um in but in terms of the classifications that are shown in the code Virginia those are listed here that's what the code says that we can look to determine enhancement programs but that is definitely there may not be a remedy

[01:16:46] that's that's kind of what I was asking if there may not be a remedy if they're not already identified as as kind of like protected classes in but anyway I would like to know the answer and then also I was wondering about the qualitative data when we're talking about how the research would be conducted. Are you imagining, I know whoever responds to the RFP will probably lay this out, but do you envision qualitative data being collected by phone surveys, paper surveys, focus groups, or do we just not know yet? I wouldn't know, I don't know that information yet.

[01:17:22] I would want to include that determination as part of the evaluation of the proposals received. Okay, all right. Determine what the best practice is. Okay, well, thank you very much. You are obviously an expert on this stuff. Much respect. Thank you. Thank you very much. All right. With no further questions, I'm going to read the motion. I move that the Finance, Government Operations, and Economic Development Committee recommend that the Board of Supervisors direct staff to proceed with hiring a consultant to conduct a procurement disparity studies. They're second. Second by Supervisor Briskman. Any discussion on the motion? All in favor, please

[01:18:00] say aye. Any opposed say nay. And that will pass 401 with Supervisor Letourneau off the dais. Thank you both very, very much. All right. Item number 14, uses of projected FY 2023 general fund balance and FY 2024 mid-year appropriation. And Megan's back. Good evening. We are here to provide an

[01:18:37] overview of staff's recommended uses of FY 2023 general fund balance, as well as a recommendation to appropriate FY 24 revenue that is expected to be collected over budget. So I will start with projected FY 23 general fund balance. The year-end audit and ACFR is still being compiled. However, we have a preliminary or, I guess, near final idea of the amount of unassigned fund balance

[01:19:12] available for the board to appropriate, and that is \$159,168,860. And what follows in item 14 in table one are the recommended uses.

[01:19:28] They are categorized in our typical categories that the Finance Committee is used to seeing. The first category includes recommendations for fund balance to be appropriated in the FY25 budget, including \$55 million of fund balance sent to one-time costs in the CIP or CAP and Debt Service funds, as well as a contribution to our fiscal reserve in the amount of \$20 million and an amount of \$15 million directed to the board's newly created revenue stabilization fund those 90 million dollars of

[01:20:05] recommendations are what staff would prioritize as our top recommendations and any changes to those would impact on the discussion that you will have related to item 19 for budget guidance we would recommend those recommendations do move forward to the board the next sections of the fund balance recommendations include uses in department budgets board-directed uses as well as board member proposed uses and then additional funding directed to the capital improvement program and the Loudoun County Public Schools budget for

[01:20:43] their operating fund I can answer any more questions that you might have on individual items in table one and staff from the office of management and budget is here as well as other departments great thank you megan any questions uh supervisor briskman and then supervisor glass if no one else jumps in thank you um i i had uh made a motion a while back on the emergency use of the arpa funds um for the inmed families that about two hundred thousand was taken from the Child Care Needs Assessment Project.

[01:21:23] And so I had wanted that to be replenished. I understand that maybe it's not on here because the money hasn't been spent yet. We do have that item added since we discussed last week. So it's in the board-directed uses category. You'll see it under Finance and Procurement, Replenish ARPA Child Care Fee Reduction Program in the amount of \$200,000 on page three of the item.

[01:21:46] Oh, okay. So it was added since we talked last week? Correct. Okay, great. Thank you. I appreciate that. And then I'm a little bit, I have some questions about Supervisor Turner's request for the \$3 million on the Hennessy property.

[01:22:03] Is that something that's already in the CIP? Earlier this year, the board purchased the land for that park property, but no, this project is not currently in the CIP. Okay. Is it in the future projects of the CIP?

[01:22:21] It is not, but it is land that the board purchased for the purpose of creating a park in that area. Right. So would approving this \$3 million cause that project to jump ahead of any projects that are on the future list or projects that are in process?

[01:22:41] It is additional funding, so it wouldn't negatively impact the progress of any other park projects or any other CIP projects for that matter. Oh, interesting. Okay. But would we have to add it to the CIP for these funds to be used? This action would create that capital project. It would create that capital project. Okay. Okay.

[01:23:00] All right. Thanks. And I apologize to Supervisor Turner. I meant to talk to you about this this weekend to get more of an understanding of what we're doing. So we'll have that conversation, but thank you. I'm going to go first to Supervisor Sainz and then come to Supervisor Glass. Thank you. And I apologize. I have a question for Supervisor Glass. I forgot to after the question I've got after I got the briefing from staff and notice in here for the Virginia Piedmont Heritage Area sign replacement you're requesting 28,000 of course it's not a huge number compared to when we're looking at numbers of three million dollars and seven million dollars and some other expenditures but from my understanding that that total amount would be to

[01:23:40] replace all the their signs in Loudoun and in others jurisdictions so the question is why didn't they why aren't we just offering to pay the signs for Loudoun County and then they go to the other jurisdictions and ask them to pay for their signs in in their areas well the okay so it was called the Mosby Heritage Area I'm sorry them is it most organizations named yes the Mosby Heritage Trail so there are several signs on the roadways that still have the

[01:24:18] old name to it so um because of they had asked us they did not have the money to you know to make those changes themselves um and because the cost was 28 000 i was hoping that we could go ahead and and you know the entire trail to make those changes for them since they're also a um one of our area non-profits right and i get all that but again we're going to be paying for a sign and i

[01:24:51] think was it Fockier County and I think there's another jurisdiction or two is that correct I'm not sure where the signs are located yeah but I know the signs are in other locations without outside of the county that was my question is why are we paying for signs if they're outside the county and well they had they had asked and we want to have that consistent change in their name so that people won't have you know won't be confused with the Mosby Heritage and the Piedmont

[01:25:26] name with their new name all right well I'm sorry well yeah the headquarter here and everything but the signs and from my understanding are not just for Loudoun County it's for the other locations so we're fitting the bill for other locations that's my whole point but like I said it's not not big big scheme of things is not seven three million dollars like with some other stuff on here but I just wanted to point that out and see what was the what was the response so all right thank you all right Supervisor Glass oh thank you for allowing me to speak and that was one of the

[01:26:02] things that I wanted to ask finance if they would take that into consideration but there are also a couple other things and that was well actually I would like to ask staff a question what is a continuance of a proffer I might need a little assistance from my friends in DTCI but my understanding of a continuance of a proffer is that there are proffered improvements from a

[01:26:35] developer as well as a cip project county project and that negotiations could occur with a developer to continue the proffered improvements that would be inclusive of the county's portion of that improvement mr hemstreet so that's that's generally correct however it would typically be work that is outside of the proffered area so for example cross trails boulevard was constructed in continuance of a proffer.

[01:27:08] So the original proffer was to provide up to \$30 million for the construction of the road, but not the construction of the road. So the county was always responsible for constructing the road, but the developer came forward and said, we will go ahead and construct it for you as a continuance of the proffer because we had proffered to contribute to the project.

[01:27:31] So continuance of a proffer is going beyond what the developer proffered, but starting with what they proffered, and then we pay them to go a little bit beyond that. Okay, and that's something that I just learned today regarding continuance of a proffer.

[01:27:50] And so one of the applications that I have that the developer was supposed to build an asphalt trail along Loudoun County Parkway, and VDOT would not let the trail be built without the crosswalk. So this crosswalk would be that continuance of a proffer.

[01:28:11] So although the crosswalk is also proffered in the application at the public hearing that we'll have tomorrow, so if it's approved, then we would not have to pay for that crosswalk. And the last thing was that regarding the Ashburn Village Pavilion crosswalk, We had a study that was done in 2018 that suggested flashing lights, beacons on vehicle approaches, so it warns, you know, it has cross, it would warn, warning of the crosswalk ahead.

[01:28:45] VDOT removed those flashing beacons a few months ago because they were leaning and they were installed incorrectly. So the business that, the engineering firm that put those in went out of business, so we can't go after the engineer or record to replace the beacons.

[01:29:06] So the \$80,000 is to update the study to determine what other provements can be made that's necessary. I'm out of time. Thank you. Okay, so Supervisor Glass, do you want me to come back to you after I have Supervisor Turner speak?

[01:29:25] Is there anything else you... No, no, thank you. Sure. Supervisor Turner. Thank you, Madam Chair. Just to clarify the \$3 million request for the Hennessy property, this started out, there's a glaring trail, broken link across the Greenway, across Sickland Road.

[01:29:43] There's a major development with a lot of houses on the south side of Sickland Road. They cannot get up to the shopping center to do daily stuff just by walking. So I said, let's put into the capital improvement program a path, a shared use path, at least across the Greenway.

[01:29:59] Well, that is currently a project as a missing link. It's ranked number 356, and the staff looked at it because the construction cost increases. It went from \$6 million to \$13 million, so it was never going to get done. Staff came back with a very innovative solution and said, however, the reason it's number 356 right now is because there's no demand to use that path.

[01:30:20] But if you develop the Hennessy property with walking paths, it may move up a priority within the missing link program, and that may help us fund it. I just checked with Ms. McClellan about entering into the capital improvement program.

[01:30:37] What I understand is if we fund this through the fund balance, it will be funded. It will go into the CIP as a funded project. But the concern then is it will move to the front of any other funded project or any other non-funded projects. But it will move to the back of the work plan because it's paid for, but it doesn't want to jump in line of other work plans.

[01:30:57] So the staff is limited by how much they can work on this project. So it will be paid for, but they can't start it until they figure it into the work plan. But it will be ahead of anything that's not paid for yet. Okay. Can I have a point of clarification?

[01:31:14] Sure. Supervisor Brisman. So it sounds like what staff is saying is it will go in front of the list of future projects because it has funding. As I understand it, the capital improvement list, the ones at the bottom of the list of their next up are the ones that are funded.

[01:31:34] And the ones above that are unfunded, waiting for funding, correct? Yes, and, you know, I can let Megan speak. But what I was relaying to Supervisor Turner to that question as a sidebar was that the project will be immediately funded.

[01:31:52] but either we need direction on if it needs to move ahead of something or otherwise we would be determining amongst staff what level of effort does this project require, can it be executed.

[01:32:09] We already have a, and we will come to you with an update, of capital improvement projects that have funding that are currently in process. As you know, there's only so much capacity that staff and our consultants can handle, so hopefully I didn't mess that up, Ms. Burke.

[01:32:27] Thanks. I don't have anything to add. I'll save my comments for the motion. All right. All right. Anything else, Supervisor Turner? Okay. All right. Let's go to the motion.

[01:32:43] Chair, I'm sorry. Yes, yes, ma'am. I did have a secondary part of my overview. All right, thank you, before you get to the motions. So in addition to the appropriation of prior year fund balance, What we also have in this item, which is not typically included in this item, is the recommendation to appropriate \$40 million of revenue in this fiscal year that Mr. Weitz gave a brief preview of during the quarterly update on the general fund.

[01:33:12] We are experiencing over-recovery in the interest on our investment line item in the general fund, given the interest environment. We recommend the appropriation of that funding to be used in this fiscal year to fund both for the county and LCPS the beginning stages and the full implementation of the upgrade of our Enterprise Resource Planning, or ERP, software.

[01:33:43] The county has Oracle for that software. And our recommendation is we use that funding that will exist in this fiscal year to start those CIP projects. This revenue, we would not depend on that level of revenue collection as recurring in future years, given that we anticipate the interest environment becoming more stable.

[01:34:09] Additionally, appropriating this revenue for use in this fiscal year will take pressure off the tax rate and the CIP and FY25, because we do very much recommend this project moving forward, and so that's the basis of staff's recommendation on that piece, and the final motion included in the item relates to that appropriation of current year revenues.

[01:34:32] Very good. All right, I'm going to make this multi-faceted motion. I move that the Finance Government Operations and Economic Development Committee recommend that the Board of Supervisors appropriate \$69,168,860 of projected unassigned FY 2023 general fund balance for the FY 2024 uses identified in Table 1. I further move that the Finance Government Operations and Economic

[01:35:06] Development Committee recommend that the Board of Supervisors direct staff to include up to \$55 million of projected unassigned FY 2023 general fund balance for one-time purposes in the FY 2025

proposed budget, direct \$15 million to the Revenue Stabilization Fund and reserve \$20 million for a contribution to the county's fiscal reserve.

[01:35:37] I further move that the Finance, Government Operations, and Economic Development Committee recommend that the Board of Supervisors authorize the creation of five FTE in the Department of Mental Health, Substance Abuse, and Developmental Services.

[01:35:54] I further move that the Finance, Government Operations, and Economic Development Committee recommend that the Board of Supervisors direct staff to adjust the allocation of unassigned general fund balance for the capital improvement program, program contingencies, and land acquisition account by any amount that differs if the final audited FY 2023 general fund balance amount changes after the presentation of the November 14, 2023 FGOEDC action item.

[01:36:29] I further move that the Finance, Government Operations, and Economic Development Committee recommend that the Board of Supervisors direct staff to execute a budget adjustment to estimate and appropriate \$40 million of FY 2024 interest revenue and create two new capital projects in the Capital Projects Fund for ERP upgrade for county government and Loudoun County Public Schools.

[01:36:57] Is there a second? Second by Supervisor Brissman. Any discussion on this motion? Supervisor Brissman, then Chair Randall. Thank you. So thank you so much for putting the ARPA money replenishment back in there.

[01:37:14] I am very excited about the LCPS Capital Projects, And this is one more step to making sure that those projects stay on track. And I really appreciate staff helping with that. And also, this was really a joint effort, a team effort with school board member Reeser and the school board to make sure they put it back in their CIP so that when the funding comes, it can happen.

[01:37:40] And so this will basically make sure that projects at Dominion, Potomac Falls, and Heritage high school stay on track to include weight rooms at heritage and dominion um tennis court lighting at all three high schools and also um what was the third thing i already forgot and there's a third one too uh yeah oh press boxes press boxes at all three which which i know the schools have really been waiting for because when dominion high school heard that the weight room was going to be delayed

[01:38:14] You wouldn't, I got so many calls and emails and in-person conversations in the grocery store and the entire dance team turning around and talking to me at the Sterling Fest, all the dance team and moms and dads. So super excited about that. I also, I want to support the Hennessy property project.

[01:38:34] I really know that that's a problematic area in Ashburn. I know that we need the park and park space in Ashburn for sure. I'm just feeling a little hinky about it because I'm afraid that something that has already been put on our future projects list might get get bumped, not for funding necessarily, but just just staff time and the resources to do the projects.

[01:38:56] But so I would like to maybe have a further discussion on that, because I know that Supervisor Turner has been concerned for a very, very long time about the about the bike ped availability on that road. is very, very dangerous. Thank you. That's all I have. Thank you. Very good. Chair Randall.

[01:39:14] I'm not at all concerned about the Hennessy Project. I think it's going to be fine. My only question is, so are all five FTEs, four inmate SADs, four residential group homes? Yes. And this is to add to

staff that's in the group homes right now, not to open a new group home? Correct. Okay. And Margaret, you're so funny to me. And if you don't mind, Ms. Graham,

[01:39:46] if you don't. One quick question, Ms. Graham. What population are we trying to beef up the group homes for? What is the population we're looking for? It's for both populations that we serve. We have eight group homes. Four are specifically for folks with developmental disabilities and four are for individuals with serious mental illness doing both and we need these five to reduce reliance on overtime uh due to the fact that post we've monitored the last two

[01:40:24] years the the the hours that were filled in when we were in lockdown and based on age and medical frailty and need some of our individuals don't leave during the day anymore so we're covering a third shift. Yeah. And we staff the five, if we, when we staff the five, we train folks up to pull to cover wherever the need is in the group. I'm really happy to support this for the reasons that we're supporting. I'm going to send you, I just came back from the Virginia Association of Counties and there was a study through the, at the, through the University of Kentucky that talked about the,

[01:41:02] The secondary trauma of group home staff, especially inmate types of jobs in general, but group home staffs in specific because of the amount of time that you're there with them and how those numbers increased during COVID and some of the things that they're doing to address the secondary trauma of the staff period.

[01:41:30] by the group home staff. It was a really, really interesting discussion. I think I have the link to it, and I'm very, very happy to support these positions. I think they're needed, but also I'm going to send you the link to the study. Thank you very much. I look forward to it. Thank you.

[01:41:47] Very good. All right. All in favor of the motion, please say aye. Any opposed, say nay. That will pass 401 with Supervisor Letourneau off the dais. Thank you all very, very much. We move on to Item 15, 2023, Capital Intensity Factors.

[01:43:13] Good evening. Sorry for the delay as I set up our PowerPoints. Again, I'm Megan Burke. This is Beth Hilkemeyer. She's an analyst in the Office of Management and Budget, and we are here to present the 2023 Capital Intensity Factor for the Finance Committee's consideration and feedback.

[01:43:38] Our recommendations are multi-pronged, and so I hope I can present this as simply as possible, but there is a lot of technical information in this item, so I'm happy to answer questions during discussion.

[01:43:55] So our presentation includes recommendations that would update the standard and age-restricted capital intensity factor. We are also recommending the addition of an urban multifamily attached capital intensity factor.

[01:44:13] Third, we have a recommendation around establishing a by-size differential capital intensity factor. And then finally, which the committee hopefully is familiar with, the replacement of the regional roads contribution with a roads capital intensity factor, which has been to this committee previously.

[01:44:32] Next slide. so just as a reminder because it's been a few years since the board has seen staff's recommendations about the capital intensity factor it is the dollar amount of the capital facilities impact by type of residential unit and geographic location it is a tool that is used to assess the capital facilities

impact of new residential rezoning and development and it provides a guideline for proffer negotiations during residential rezonings.

[01:45:05] So the standard CIF uses the bullet points here as inputs into the model, the capital facility standards, which as you might recall, the board recently, I guess it was almost a year ago at this point, updated the capital facility standards.

[01:45:22] A great example of that is a certain number of square foot of a certain type of facility per capita. We have a lot of those capital facility standards that the board adopts and then is a component in the capital intensity factor calculation. The calculation also considers the value of land and the construction costs of public facilities for which there are established capital facility standards. And then finally, the third component is demographic data, including household sizes and student generation rates, as well as population forecasts over a

[01:45:58] certain year period. Next slide. Some pretty critical CIF principles that's important to understand and remember as we go through our recommendations is that the board's policy on the CIF has us calculate 100% of the costs generated by a new housing unit, and those costs are specifically related to the impacts of people on capital facilities. The CIF does not include any calculation to make up for facilities that might be in deficit. It's very critical that our

[01:46:34] model only models out the impacts of residential development on facilities that will occur in the future rather than having new development pay for facilities that were already needed before that development was approved. And then finally, they do not include costs for capital facility standards if the facilities have already been built are currently under construction or planned in the capital improvement program because we already have a funding source identified for those facilities.

[01:47:08] Next slide. And finally, the last introductory slide that you'll see here is hopefully a more simplistic way to visualize how the CIP equation works. So we have two sides of the CIF calculation, one that calculates the impacts of housing units on county facilities, and one that calculates the impacts of development on school facilities.

[01:47:39] So this top bar here is the CIF associated with county facilities, household size, times the facility cost per capita is added to students per household times the cost of, sorry, school cost per student, and that equals the CIF, which is the basis of our standard and age-restricted as well as the urban multifamily attached CIF. So that's the basics. There is, this is the model that the board has used over the history of the CIF.

[01:48:16] So we're not making any recommendations to change this equation, but what we are making recommendations on is further differentiating and including additional capital intensity factors for your review. This is the last introductory slide, apologies.

[01:48:35] Something else to remember is that the CIF is calculated based on regions called planning sub-areas. Those planning sub-areas can be thought of as catchment areas for capital facilities. As you can tell, they do not align to election districts.

[01:48:52] And these planning sub-areas have been in place for at least two decades and do offer us a really good basis for the development of the CIF. I will note that residential rezonings are typically allowed in Eastern Loudoun as well as in the transition area.

[01:49:11] but we do have CIFs calculated for Western Loudoun in case the board did want to consider residential rezoning in those areas, but those CIFs are typically not used. Next slide. So your item in the packet this evening includes recommendations by section. So again, the first section of your item, including attachments two through four, make recommendations on the basic standard, and age-restricted CIF. Again, these are methodologies and approaches that you have

[01:49:49] seen previously, and all that staff has done in this round is update the inputs into the methodology. So of note is the significant increases that the CIF calculation has experienced since it was last updated in 2017. There were assumptions made previously about the need for middle and high schools. In the 2014-2017 era, basic assumption was no additional schools from LCPS's perspective

[01:50:24] were needed to be constructed. That has not ended up to be an accurate forecast, and so those facilities have been reincorporated into the capital intensity factor. Additionally, as you know, construction and land costs have increased since 2017, and so those costs are incorporated into the calculation. And then, of course, minor demographic changes in population forecasts, as well as one or two new capital facility standards have been incorporated into the CIF calculation.

[01:50:56] And we've made sure that we are aligning our recommendations with the forthcoming proposed capital needs assessment, which should be coming to the Finance Committee in December. And further information on the recommendations, as well as the change between 2017 and 2023, are found in attachments 2 through 4 in your item.

[01:51:18] As part of the comprehensive plan, we were asked to consider developing a capital intensity factor for the urban policy area.

[01:51:34] And so we have recommendations in the item that would establish an urban MFA CIF for multifamily attached units in the urban policy area near the Ashburn metro rail area.

[01:51:49] It considers the increased cost of construction and land in that area, but also considers the fact that units will likely be smaller and generate far less children than typical MFAs. And so the overall reduction for the urban multifamily areas proposed, for example, for in the eastern CIF, a reduction of \$6,300 per unit.

[01:52:13] And that recommendation is included in attachment two to the item. The next recommendation is the one that staff has been working on most diligently over the last year or so, and this is in response to a few recommendations in the implementation matrix related to the 2019 general plan, and that is to incorporate additional ways to differentiate the capital intensity factor by the size of a housing unit.

[01:52:46] Right now, the only differentiation between the CIF is based on housing types. So regardless if you build a 1,500-square-foot single-family detached unit or a 5,000-square-foot single-family detached unit, a developer is expected to mitigate the same impacts, the same dollar amount.

[01:53:06] And so the understanding is that the CIF can disincentivize or maybe not necessarily incentivize a diversity of affordable housing. And so this recommendation to differentiate by the size of the unit is based on accomplishing some of the goals that were set out in the implementation section of the comprehensive plan.

[01:53:31] We've described this approach in the item as a sliding scale approach, which depends upon the average size unit of typical multifamily attached, multifamily stacked, single family attached, and single family attached units.

[01:53:51] And then allows for developers to get a reduction in the expected CIF if they proffer a square footage that is lower than the typically average unit of those different housing types. So if you could go to the next slide, Beth.

[01:54:10] So this example, it's one in your item, but I think it hopefully explains our recommendations a little bit more clearly. So the opportunity for a developer to proffer a square footage for a unit is being incorporated into this recommendation.

[01:54:30] Of course, a developer doesn't have to proffer a size of square footage, so they would just follow the typical CIF process. But if a developer is interested in proffering a square footage that happens to be lower than the average square footage of a given unit, our recommendation would allow for a reduced rate of the CIF.

[01:54:51] So on the left-hand side of the screen, you see an example. If a developer is building one through a residential rezoning, will be building one multifamily stacked unit, that CIF in the eastern region would be \$51,000, regardless of the size of the unit.

[01:55:09] But on the right side of the screen, this developer would proffer a smaller unit than average. So you'll see in the first bullet point, one multifamily stacked CIF is \$51,000. The average square footage of a multifamily stacked unit is about 2,100 square feet.

[01:55:28] The developer in this scenario has proffered a square footage of 1,500. And so based on the recommendation in the item, that would allow the developer to get a reduction based on the difference between the average square footage and the proffered square footage, which is \$600, times \$33 per square foot, which is further described in the item, equals \$19,800. So in this situation, instead of being expected to mitigate the impacts up to \$51,000, a developer would be expected to instead mitigate the impact on facilities in the amount

[01:56:05] of \$31,200. So this, we believe, is very responsive to the sections of the Comprehensive Plan and policy direction of the board to begin to offer differentiated proffers by size which will hopefully go to incentivize or at least not disincentivize building smaller units and finally the item before you also include staff's recommendations of the road cif like i mentioned earlier this item has been before the finance committee twice previously so i'm not going to go

[01:56:42] too far into depth on this item but i would just remind the the finance committee like like other cifs this would vary by unit type and based on our recommendations instead of a flat six thousand dollars per unit our recommendation of that cif would vary between eleven hundred dollars and thirty nine hundred dollars depending on that unit and the methodology incorporates transportation network capacity the cost per lane mile and the trips generated by different types of units further information on the methodology and our recommendations are included in attachments

[01:57:20] seven and eight next slide and finally our recommendation is that the finance committee recommend the board advertise the 2023 capital intensity factors for future public hearing as shown in attachments two five and seven and we are happy to take questions okay thank you very very much

questions um supervisor briskman okay so i read this a couple times um and what i was really looking for and of course i'm just looking at the eastern region ashburn potomac sterling

[01:57:56] planning areas planning sub areas i couldn't get a comparison of what the cif is now and what it will be under your recommendation um so attachment two is the 2023 recommended cif attachment three is the 2017 and then attachment four is actually the difference between those so they are purple tables in your attachments which show the difference between the 2023 to 2017 so if you're

[01:58:35] interested in the eastern region it's attachment four and i'm sorry i don't have page numbers on the attachments to the item i guess i see total cif and if i flip back and forth i can see that they're generally going up but where's the where's the 2017 number in the purple charts the purple chart is the difference between 2023 and 2017 so the green charts are actually

[01:59:12] what the 2017 numbers are. So the blue charts are 2023 and then the green charts are 2017. There's no chart that has basically a total CIF, the last column, the total CIF for 2017 and the total CIF for 2023 next to each other. No. Okay. But the purple charts are the output of that comparison. So are you saying for a single family detached suburban, the difference in total CIF

[01:59:48] F is 59,000. Yes. 2017 to 20, 59,000 more or less? More. Okay. All right. Well, then I'm really glad we're offering the sliding scale. Okay. Okay. I think I had another question, but I already forgot it. So maybe I'll talk about it during the motion. Thanks. Okay. Chair Randall. Okay. We'll Come back, Chair Randall.

[02:00:27] First, I want to say to Mr. Turner and to Ms. Burke, you guys have done such amazing work on all of these numbers, and I appreciate it. Maybe now Mr. Turner doesn't have to call me every time he's leaving the FIC meeting and giving me a report that I have not asked for and do not need.

[02:00:49] Maybe now that can happen, Mr. Turner. But seriously, you guys have, I mean, amazing work. I do have two questions. On page six of the item, is there no changing the planning sub-areas as population in those sub-areas change?

[02:01:09] Can you repeat your question? Do you rewrite the lines or redo the lines on the planning sub-areas as the population in those sub-areas change? No, we have not done that. And how long have these lines been in place? They originated, I believe, back in the 1990s.

[02:01:28] So there have been a few very minor changes, but they have stayed consistent and are used for proper distributions as well. I may have more questions about that later, okay, because I don't get help.

[02:01:45] We don't address that, but I'll ask those later when I... And then on page 8, you know, we always, and I think that there was a reason we've made the assumption that smaller units yield less children. But this is the first time we would have had an urban policy area.

[02:02:03] And if you look at other urban areas that actually have small units, they don't necessarily yield less children. It's just kind of the nature of the area to have small units, but they still yield the same amount of children. So are we comparing ourselves in this urban policy areas to other?

[02:02:26] And, of course, we're not urban like New York, which generates plenty of children in small homes. But we are more urban than we've ever been before in these areas. How sure are we of these numbers, that these smaller units in the urban area will generate less children?

[02:02:43] That has been the experience of specifically Arlington County. They have a very similar approach to unit-by-unit analysis of children coming out of units. So we feel pretty certain that these are solid recommendations. However, these are recommendations that are more forward-thinking than necessarily based on Loudon's actual experience.

[02:03:04] Yeah, because we don't have an urban area yet. Exactly. So if we need to, we can adjust these in the future. Exactly. We are meant to update this every two to four years, so we'll be able to incorporate those if we see something that's different. Okay, thank you very much, and thank you seriously for all your hard work. Thank you. Back to Supervisor Briskman.

[02:03:21] Thank you. Thank you for humoring me. Something caught my eye in the presentation on page five, and that's where we're talking about the formula. And it says household size times facility cost per capita plus students per household times school cost per student.

[02:03:38] So the school cost per student, is that the entire cost for a student from K through 12? Or is that just the student cost for one year, which I think is, well, I'm not going to guess what it is. Is it for like the whole lifetime of a student?

[02:03:58] It's specifically related to the capital cost of school construction versus maybe what you're thinking of the \$19,000 per. Yeah, I was going to say \$17,000, but then I realized it might be behind. Okay, so this is just basically infrastructure costs not operating, correct?

[02:04:14] Okay, all right, thank you. Supervisor Turtur. Thank you, Madam Chair. On page 26 of the item, the purple chart that compares the difference between the standard and the differentiated, if I'm reading this correctly, a multifamily attached under the new process increases by the CIF by \$3,021.

[02:04:39] And then if you look down at the urban multifamily attached, it increases that CIF by \$30,800. Except I thought urban multifamily attached was a new category. So how do we have anything to compare it to? So the comparison is in 2017 at zero.

[02:04:57] Oh, got it. So it's basically... It's a new CIF. Intensive factor of \$30,800. Yes. Gotcha. Thank you. All right. I'm going to go to a motion. I move that the Finance, Government Operations, and Economic Development Committee recommend that the Board of Supervisors advertise the 2023 capital intensity factors for a future Board of Supervisors public hearing, as shown in Attachments 2, 5, and 7 to the November 14, 2023 Finance, Government Operations, and Economic Development Committee action item.

[02:05:33] Is there a second? Second by Supervisor Brissman. Any comments? All right. All in favor, please say aye. Any opposed, say nay. And that will pass 401 with Supervisor Letourneau off the dais.

[02:05:51] Thank you both very, very much. Megan, you're probably going to have to hang around for budget items coming up, too. I think so. Otherwise, I would tell you to get out of here, but thank you. All right, we move on to item 16, the phase construction of the Route 7 and Route 690 interchange.

[02:06:18] Nancy, Mark, Jim. Good evening.

[02:06:41] As most of you may recall, our department had come up to this committee on a monthly basis between September of 22 through April of 23 to give summaries of what's going on in the town of Bursil regarding the county CIP projects.

[02:07:00] So I'm not going to go through a lot of background on this particular item other than to just give a broad overview since we've gone through a lot of that background in past meetings.

[02:07:13] Where I'm going to start is for the Route 7690 project, when we left off in April, where we were as a department on that project is that the plans for that project have been approved by VDOT, BND, and actually by the town back around March of 22 in that time frame.

[02:07:41] And where we were, it was acquiring land for the project. And so we've been going through that process for a while. And when we left off in April, we essentially have methodologies in order to acquire all the land with the exception of a floodplain easement, which is in the interest of the town of Percival, associated with the project, which is in the area of one of the ramps from Route 7 to Route 690,

[02:08:16] which is referenced in the item as Ramp C, which is running from eastbound Route 7 to Route 690. In order to try to resolve that issue, we had worked with town staff to adjust our plat associated with acquiring that land to break it down in such a way that all that we were going to make a request for was just to have that floodplain easement vacated by the town and we removed the

[02:08:49] interest of the actual HOA from that one particular instrument to try to simplify that process and we went through that in the spring of this year and as part of that process and it's similar to the way that the board also does things is any kind of change in land dedicating to another entity you would go through a public hearing process so as part of that process we submitted a request to the town of Percival to go through a public hearing regarding the vacation of that particular

[02:09:25] floodplain easement and in June of this year the town council decided that they would not advertise a public hearing for that particular land interest in that floodplain easement.

[02:09:41] So, therefore, at that point, the county had exhausted its ability to acquire all the land for this particular project to move to construction. Now, the reason why that's important is, given that this is a SmartScale-funded project, we need to follow the VDOT and FHWA rules regarding authorization to go to construction.

[02:10:07] And one of those rules is you need to have totally unencumbered right-of-way in order to receive authorization for construction. So at this point, we cannot get authorization for construction for the total project.

[02:10:24] I will note, as was mentioned in one of the updates early this year, that the county had petitioned VDOT to assist or even potentially take on the land acquisition task for the county.

[02:10:42] and we would go into an agreement with them regarding that and VDOT at that time declined to enter an agreement with the county to go forward and do land acquisition on behalf of the county.

[02:10:58] So that's where we were and that's kind of where we've ended up at around the June timeframe. Since that time, we've had ongoing discussions with VDOT on how can we continue with the development and construction of this interchange given this particular situation and the solution that we have come up with collectively, and I think we've mentioned it a little bit even in our updates in the spring, is potentially phasing the project.

[02:11:35] So essentially that's where we are right now. And by phasing the project, that means that we would not build 100% of the design right now or at one time, but we would build, in this case, the majority of the project minus ramp C in the near term, and then at a future date when we're able to, by whatever

means we can work out, acquire the land interests that we need to to construct that ramp that would be done as a subsequent phase.

[02:12:10] So that is what basically we are requesting the Finance Committee to make a recommendation to the board on to move forward in a phased approach on this particular project. And one of the items or one of the issues that is mentioned in the issue section of this item is that in those discussions with VDOT, philosophically, they're in agreement with this approach.

[02:12:37] But from a practical standpoint, one of the issues that is important to them is that there is some sort of assurance that we will actually build phase two when that time comes and that we're not going to just build a percentage of the project and keep it there forever.

[02:12:54] And where that comes into play, or the remedy that was suggested that we're pursuing is to include dedicated funding in the county CIP, showing the funding for the phase two within the six-year period of the CIP.

[02:13:13] So we have provided some information to the Office of Management and Budget on how that can be implemented into the six-year CIP. And frankly, it would probably be in the out year to work its way forward like any other project. But that is, I guess, one of the key elements of this phasing plan that we have put forth.

[02:13:34] And other than that, we're open to any questions you might have. Very good. Any questions, Chair Randall? Oh, my gosh. First of all, I do know how much you all have worked with the Percival Town staff and how wonderful they were.

[02:13:54] And then the challenges that you found, not with the staff, but with the elected body. So I'm going to ask an incredibly unusual question because I never ask you all political questions from today. But it's going to be a little bit of a political question. Do you remember the vote count when they decided not to do this?

[02:14:13] And I only ask because there has been an election since. And it is possible that the change on the Town Council itself may change the decisions that have previously been made. I don't remember.

[02:14:29] Because I know in some cases one of the members would either abstain or he would vote. And that's why I would have to go back and look. I'm going to go check that myself because a new election may have changed the dynamics of the council itself.

[02:14:48] And my next question is an opinion question. There has been some discussion between Mr. Buffington and myself and members of the community in Percival that perhaps some type of a survey of the residents in the area to show what they might want could be helpful in moving the town council on this item so I just want to let you all know that that's something that is being discussed and then my last question I think is the most obvious and obviously you know the phasing option is you know kind of the option that we

[02:15:27] have left to us because you know it's not the not what we want to do but it's what it's what is available. Do we know the cost differential for the phasing option, depending on when and if Ramp C was, that land was acquired and Ramp C could be built? Because I imagine it's less money to do everything kind of at one time than to do it in this kind of piecemeal way.

[02:15:59] I would say, well, yes, that what you articulate is correct, that if you can do everything in one mobilization it's obviously more cost effective than doing it in two mobilizations uh we i would expect that um you know because of delays of getting through this process that the overall cost of building the interchange minus ramp c is probably very similar to what the cost was okay

[02:16:33] you know okay okay no without the ramp c and then but coming in and doing the ramp c uh at a later date just that aspect uh we have roughly estimated being about another three million dollars in 2023 money and so however that equates to whenever it's actually built that that's that's the delta in construction costs now in the item we we mentioned that because of this phasing there

[02:17:07] is a need to redesign some of the elements particularly drainage right i mean it's it's not you know you don't see it above ground but uh a lot of the water that or a lot of the drainage that was in the original design was going some of it was going to that floodplain area and basically we've had to redirect that drainage.

[02:17:31] And so there is a fairly substantial redesign process that we are going through right now. And as it's listed in the item, we came back to you and the board several months ago to get a contract increase in the neighborhood of like \$970,000 just to go through redesign, In addition to just the design, we have to reevaluate our NEPA document, go through, re-evaluate the smart scale funding scoring.

[02:18:08] So there has been a lot of re-evaluation. We had to go through, re-evaluate all the traffic to ensure that by eliminating this one ramp, it's not going to create significant new traffic issues, both at this interchange as well as at 7287, which is also another active capital project.

[02:18:27] So there's been quite an amount, quite a bit of reanalysis and new design work in order to implement this change. So you got the construction cost ad as well as the design ad. So, I mean, right off the top, it's, you know, \$4 million in \$23.

[02:18:47] And, you know, we're still going through the review process with VDOT. So, I mean, that's a preliminary number. All right. All right. Supervisor Briskman. You're good. All right. I'm going to go to a motion.

[02:19:02] I move that the Finance, Government Operations, and Economic Development Committee recommend that the Board of Supervisors approve phased construction of the Route 7 and Route 690 interchange, which removes Ramp C from the initial phase of construction and constructs Ramp C in a subsequent phase after land rights are acquired from the town of Percival.

[02:19:29] Is there a second? Second by Supervisor Briskman. Any comments? All right. Chair Randall. So for the purpose of having a parliamentary option, I'm going to vote no on this item, Not because I don't understand what we're doing and why and how much time this is taking and all that.

[02:19:52] But I want to take, for lack of a better word, one more run at the town council. One, post-election. And two, if there is a study that is, a survey that is implemented to help the town council understand, well, encourage the town council to understand what their citizenry actually may want.

[02:20:19] And so by voting no, I, you know, if this passes, actually have to be on the prevailing side of the vote. So I will wait to see what the prevailing side of the vote is and vote whatever the prevailing side of the vote is. I don't, I know what we're doing and why.

[02:20:37] I wish we weren't here, and I know all of you wish we weren't here as well. And I hear it from, I know Mr. Buckingham wishes we weren't here, and I hear it from my constituents who live in Percival that this is not what we want to do. So I need to vote with intentionality today, whichever side that might land on.

[02:20:55] That would allow me to bring this back if I need to after having some further discussions with the Percibelle Town Council. And after looking at what their vote was when they decided not to include this or not to do the easement.

[02:21:13] And perhaps if, one, if anybody who voted in that way has changed their mind since then. Or two, if the election has changed anything, or three, if a survey that they see from their constituents would change anything. And so I support what we're trying to do and hope it's not necessary if I can take one more run with Mr. Buffington.

[02:21:38] He and I can take one more run at trying to see if something can be done different. I think this vote was done in June from the town council, right? That's when that was? Correct. Okay. Yeah, that was a while ago. And I am hearing different things.

[02:21:54] I am hearing different messages coming out of the town council right now. So I'm going to vote on whatever the barbarian side of this vote is so that I can bring it back if I have to. And hopefully, maybe we don't have to do it this way.

[02:22:12] Does that make sense? Yeah? Okay. I know you all are tired of this. I get it. I am looking at your face. I get it. But I'm going to try to make one more run. So, okay, all right, thank you. Supervisor Sains, did you have something? Well, I just wanted to point out to the chair, because I know you mentioned the elections, only one member changed.

[02:22:31] I know one member changed, but if it was a one-member vote, then one member is all the same. I don't know the vote number. It was not. It was not. Darn. But I admire you for trying again, so go ahead and do your thing. I admire you for trying. So good luck to you, Mr. Buffington.

[02:22:48] I admire the effort. All right. All in favor? Chair, if I may. Yes. So if there is some concern with the committee, we can always keep this in committee until December if you would like to do that.

[02:23:04] Let's get a read before we vote then. Vice Chair Sains, are you inclined to vote yes? I was prepared to vote tonight yes for it, but if we want to hold and...

[02:23:21] Well, let me see. I'm fine with that. Supervisor Brisman, were you inclined to vote yes? Yes, but I will go with the prevailing mood of the board if we want to. I'm inclined to vote yes, so that would be the prevailing vote would be yes.

[02:23:39] Does that reassure anybody? Vote yes to do what? To pass it tonight or to keep it in committee? To pass the motion tonight. No, I would want to. What do we lose by keeping this in committee for one month?

[02:24:02] So next week's Thanksgiving, your next committee is going to be December 13th. Nothing's going to happen with this if you keep it until December, Finance Committee. Let's just keep it one more meeting and give the chair and Buffington an opportunity.

[02:24:19] All right, so am I hearing go forward with the vote then? No, I'm sorry. Or not, you're saying? Keep it in committee. All right. Opportunity to do the outreach one last time and then bring it back in

December. All right. Mr. Hemstreet, do you need a vote of any sort then?

[02:24:36] I'm thinking to withdraw the motion that's on the table. Yeah, if there's nothing on the table, yeah, if the motion is withdrawn, then we'll just bring it back. I'll withdraw the motion. Does my second one? That's fine. Okay, we're withdrawing the motion then. This will stay in committee.

[02:24:52] Thank you all very much. All right, we move on to item number 17, Route 50, Carter Improvements Project Proposed Scope Changes, Adjustment to Program Funding, and Capital Improvement Program Amendment.

[02:25:26] And I'll just mention while Lou's getting set up that Susan Glass was originally scheduled and anticipating being here for this briefing.

[02:25:51] And unfortunately, she really was going downhill fast this afternoon. So Lou is going to do the presentation. I'm glad you sent her home.

[02:26:30] Thank you, Madam Chair, for your patience there.

[02:26:59] We're here to present the item on the Route 50 corridor improvements project. There are three parts to this item. It's a scope change to the project, an adjustment to the program funding, and a request for a CIP amendment. Before I go on, I'll just give a little bit of background since this is somewhat of an unusual request.

[02:27:23] The Route 50 Corridor Improvement Project was initiated to implement improvements that were recommended by the Loudon-Fairfax Route 50 Task Force in Corridor Study. It was endorsed by the Board in December of 2017. At the meeting, the board directed staff to incorporate specific Tier 1 short-term improvements that were identified in that item into the FY19-24 CIP for further discussion, evaluation, prioritization, and those improvements were at four locations.

[02:27:56] They were identified at Gateway Village Place Medical Drive, at Loudoun County Parkway, at Tall Cedars Parkway, and at Pleasant Valley Road. The recommended short-term improvements were intended to address operational issues that existed at the time along the Route 50 corridor at specific locations.

[02:28:13] And the adopted budget at that time included a project for this programming in total of approximately \$6.8 million. In 2019, the county DTCI asked VDOT to administer the project. The county subsequently applied for SmartScale funding for the project and were awarded approximately \$1.3 million in FY 2020.

[02:28:36] The project also received approximately \$3.9 million of federal highway infrastructure program funding, and a portion of those funds were later swapped for some regional surface transportation funding due to some timing commitment limitations.

[02:28:57] So, as I mentioned, there were several intersections at this that are affected by this item. When VDOT began working on the Route 50 corridor improvements in early 2020, it was apparent that some of the existing conditions and assumptions back from 2017 were no longer valid due to changing conditions in the corridor.

[02:29:21] Specifically at Gateway Village Place and Medical Drive, there was significant opposition to the proposed closure of a median break, and so that improvement is proposed to be removed from the scope of the project. The next intersection at Route 50 and Gumspring Road, as you may recall, that was a T

intersection, but since that time, the Arcola Boulevard was proffered and developed by entities north of Route 50, and that significantly changed the forecasted travel patterns, and the intersection is essentially a different location

[02:29:59] than it had been back in 2017. When Arcola Boulevard is completed, it will provide more direct access to the north and east, to Loudoun County Parkway and Route 606, and significantly changed travel patterns.

[02:30:17] And then lastly, because of that, the original scope also had improvements to the Route 50 Lawton County Parkway intersection to extend those turn lanes, the dual left turn lanes to extend those. Because of the anticipated travel pattern shift, those are requested or proposed to be removed from the project. Finally, two other intersections at Tall Cedars Parkway. There was a free-flowing right turn lane onto eastbound Route 50. That has been removed due to a conflict

[02:30:54] with the entrance to the Pleasant Valley Church, slightly to the east of that location. And at the last intersection, part of this at Pleasant Valley Road, there are no changes. There will be a fourth westbound auxiliary lane added from just prior to Pleasant Valley Road, and that lane would drop at Tall Cedars Parkway.

[02:31:20] Some of the graphics, just briefly, at Gateway Village Place and Route 50, there was a median closure proposed. That is no longer the case and proposed to remain as a traffic signal. At Gum Spring Road and Route 50, there was a free-for-right turn proposed.

[02:31:38] That's been eliminated, but there now has been an extension of the westbound, yeah, the, excuse me, an extension. This is the original scope, I apologize. There was an extension of the westbound turn lane at that location, and with the scope change, There'd be still an extension, but an additional turn lane added to handle the additional demand, making that westbound and northbound movement onto the new Arcola Boulevard.

[02:32:09] As Lawton County Parkway, as I mentioned, the original scope at the bottom of the slide proposed extending those turn lanes with that shift in travel patterns back to the west to Arcola Boulevard. That's no longer proposed. Again, at Tall Cedars Parkway, the right turn lane, the free flow right turn is no longer proposed.

[02:32:30] due to the conflict with the church driveway to the east, and then at Pleasant Valley Road in that vicinity, no change to the scope. So the second part of this item is the proposed adjustment to program funds.

[02:32:53] There are approximately \$1.3 million of SmartScale revenue that were programmed for the project, and that needs to be considered by the board because it is subject to the Commonwealth Transportation Board policy. Specifically, if smart scale revenue is retained on the project, the CTB's policy prohibits the county from seeking additional smart scale for any improvements to intersections that had previously received the funding for two additional funding cycles after completion of construction.

[02:33:24] So in this case, if we were to retain that \$1. 3 million, we would not be able to apply for SmartScale funding until 2034 and wouldn't receive that funding until 2038, assuming a 2029 completion of these short-term improvements that are being discussed here.

[02:33:45] And finally, the last part of the item is a budget adjustment, and per the agreement the county entered into with VDOT, we're obligated to provide VDOT with the local funds for the project that were agreed to.

[02:34:01] The county established two capital project accounts, and approximately \$230,000 was expended for staff salaries, and we're requesting a budget adjustment to move those funds back to the CIP contingency. That concludes the presentation.

[02:34:17] And if I might add, just for a moment, if you could go back to slide 10, I just wanted to add for the committee's benefit, what we are recommending is the return of those smart scale funds so that we could be eligible. I just wanted to emphasize that. We're recommending that return so that we can be eligible for more.

[02:34:34] Very good. Okay. I'm going to go to a motion. I move that the Finance, Government Operations, and Economic Development Committee recommend that the Board of Supervisors approve the scope changes presented in Table 1 of the November 14, 2023 FGOEDC action item.

[02:34:55] I further move that the Finance, Government Operations, and Economic Development Committee recommend that the Board of Supervisors approve the proposed adjustment to the program funding presented in Table 3 of the November 14, 2023 FGO EDC action item and direct staff to notify the Virginia Department of Transportation to resend the \$1,292,500 of smart scale revenue allocated to the Route 50 corridor improvements project.

[02:35:30] And I further move that the Finance, Government Operations, and Economic Development Committee recommend that the Board of Supervisors approve the amendment of the FY 2024 CIP by authorizing the execution of a budget adjustment to move \$229,711.04 from the CIP contingency count to the Route 50 corridor improvements project in the capital projects fund. Is there a second? Second by Supervisor Sains. Any discussion? Chair Randall.

[02:36:09] Wow, first of all, I just really don't like giving back SPARTS-Gill money. It's just painful. But just to be clear, with the CTB regulations, and you're right, we should give it back for all the reasons we just said, if we didn't give it back, it would only be on this project, right?

[02:36:29] Yes. Okay, all right. But, yeah, we have to, yeah. Thank you. All right. All in favor, please say aye. Any opposed, say nay. And that'll pass 401 with Supervisor Letourneau off the dice.

[02:36:45] Thank you all very, very much. Item 18, Fast Track Commercial Incentive Program Update. That's Buddy. Hey, Buddy.

[02:37:09] Good evening. The Board of Supervisors established the Fast Track Program Incentive in 2012 to support economic development and to create a business-friendly environment. The incentive has been instrumental in attracting billions of dollars in investment over the last 11 years.

[02:37:25] Fast Track brought in \$43.22 billion of investment and 17,258 jobs to the county. The time to market is critical for all businesses, and the delays often will mean financial losses.

[02:37:42] Fast Track has been a significant competitive advantage for us and has been copied by a lot of other communities around us. Fast Track program is a team effort involving coordination between seven county agencies. This includes multiple divisions in building and development, the Department of Transportation and Capital Infrastructure, Planning and Zoning, Loudon Water, and VDOT.

[02:38:04] Our partners in B&D, especially Betsy Smith, Anita Tierney, and Zeb Foltz have been exceptional. Today, to be eligible for Fast Track, projects must be either allowed under the zoning ordinance as by right without requiring board approval or have obtained all required legislative approvals.

[02:38:21] Historically, fast-track projects have received final approval in an average of five months compared to nine months for non-fast-track projects. As the program has expanded and resources have been stretched, approval times have been increasing due to limited land availability and some of the challenges that come with the land that remains.

[02:38:42] At the Board's Direction, DED, B&D, and County Administration have reviewed the program and process and have made a few recommendations that you'll see in your item. Amongst them, evaluate all projects for alignment with the 2019 general plan by reviewing the core, complementary, and conditional uses within each place type before recommending inclusion in the Fast Track program.

[02:39:05] Revise timelines to be more realistic given current conditions. Fast Track programs should be, a project should be held to a higher standard. Consider removing projects from the program if they do not meet the timelines unless there are extenuating circumstances. We've put more details in the item in points 2A and B on page 3 of that item. And re-implement a project review after completion. This was previously done and proved beneficial for all parties involved. We've kind of gotten away from it over the last few years due to workload, but I think that we should bring that back. Finally, review and analyze the

[02:39:44] program to make change recommend changes to the board regarding structure and staffing this may involve dedicated fast-track team it's something that we've been talking about or additional staff support the original program was designed for 15 projects a year and we consistently exceed that number and that does not include the school programs or other V dot or board priorities so with that, I'm happy to take any questions. Very good. Okay. Chair Randall. So now someone's a question as a statement. So, you know, these fast-track applications in your department, these things

[02:40:23] pay for themselves when we get them through. So, you know, as we get ready to walk into the new budget season, I'm really happy that we're looking at the staffings around this. And if there needs to be a, you know, fast-track team, fast-track department, whatever we need, because, you know, by not doing it, we lose out on revenue. So I'm really happy that that's going to be part of the recommendations. So thank you. Okay. I'm going to make the motion. I move that the Finance Government Operations and Economic Development Committee recommend that the Board of Supervisors approve the changes to the Fast Track Incentive Program as described in the November 14th, 2023

[02:40:59] Finance Government Operations and Economic Development Committee action item. Is there a second? Second by Supervisor Briskman. Supervisor Briskman, did you have some questions? I just wanted to thank buddy for looking at this I think that we've been talking about it for a little bit and I would certainly support a team that does just this if they would have enough work but I think they would so yeah thanks for the recommendations very good supervisor Turner thank you very much

[02:41:33] the item number of the sub bullet one in the recommended changes I just want to highlight the fact I had several discussions with County staff and Mr. Riser know what this does is it says if you get an application that is a mismatch because our comprehensive plan our zoning orders don't align so it doesn't align with the comprehensive plan but it is a by right application under the current zoning there were a number of those were going straight to fast-track what this allows staff to do is say does this comport with the 2019

[02:42:12] comprehensive plan. If it does not, it can say, then you shouldn't be on fast track. You can still do the normal process. You can still go legislation, but you can't be on fast track if you're not in alignment with the comprehensive plan. I think that's a good, important, powerful tool for staff to have. So I commend Mr. Reiser for that. I think it's a good change. Thank you. All right. All in favor, please say aye. Any opposed, nay. That will pass 401 with Supervisor Letourneau off the Buddy, thank you very much.

[02:42:42] The final item is item 19, the FY 2025, budget development, budget guidance. Megan and Caleb are back. I'm going to stay for the Skintelady budget guidance.

[02:43:18] Wow. It's not like the old days, Megan. Everybody hates budget. We're ready. Thank you, Chair Umstatt and committee members.

[02:43:37] I think at this point we've briefed all the finance committee members. The presentation I'll give is very similar to the one that we did during your individual briefings. Our budget guidance is really designed for the continuation of the current body's term and the things that you've been doing during your term and then continuing into FY25.

[02:44:01] So the item you'll see tonight really represents a continuation of the work that the current board has been doing into the next fiscal year. So the overall for Loudoun County, our economic outlook remains positive.

[02:44:20] There are some indications out there that there could be a recession over the next year. Most of the economists and those that predict those things who have been wrong for the last year, 18 months, I'll point out, but there still is probably a better-than-average chance that we'll see some type of recession in the next 12 to 15 months, and the overall predictions are that it'll be relatively short and shallow.

[02:44:51] However, in the local area, when we talk about local governments, Loudoun is better positioned than many of our neighbors to our east. One of the main reasons of that is because when we talk about the basis of Loudoun County's revenues, we are, as you know, heavily invested with data center revenue.

[02:45:15] And so when we look at our projections and where the data center market is headed within Loudoun County, that growth continues to be very robust. And it is a key reason why the county has been able to do the things that we've been doing over the last few years.

[02:45:34] The vast majority of our growth in our budget, both for the schools and for the county government, has been funded through data center revenue. And that is projected to continue over the next five to ten years. When we look at communities to the east of us, so Fairfax County, Arlington County, Washington, D.C., Alexandria, and then the Maryland jurisdictions, when we look at local government, local government is heavily funded by property tax.

[02:46:08] Those jurisdictions I just mentioned, a lot of their property tax is a high percentage commercial. That commercial is heavily office product. And so what we're looking at for those areas is potentially a downturn because of what has happened with remote work, what has happened with the failure of the federal government to return to work, which is starting to be seen and make itself known in the ways that those counties make money.

[02:46:42] Now, economic activity is still there, so what we're talking about is very specific to the revenue stream that those localities depend on in order to fund their operations. So for Loudoun County, because

our commercial property mix is heavily data-centered, we are not going to see those same influences that those jurisdictions to the east of us are going to have.

[02:47:07] So I do need to make sure the board understands that our forecast for real and personal property, which is 72%, 75% of our revenue base, is heavily dependent on data center. So when we look at our financial outlook, what we do want to say to the board is We're not suggesting that the board allow data centers to develop where you don't want them to develop.

[02:47:35] However, I would say please recognize the fact that we are heavily dependent on that industry. So in those areas where you're saying that it's okay for them to be, we should let them be. Now, having said that, we have established over the last few years several tools that kind of mitigate the risks that are inherent in our revenue mix.

[02:47:58] So we've talked a lot over the last three years about personal property taxes coming from data center or computer equipment and how that is a depreciating revenue source in order to maintain the same amount of money or revenue coming in year over year or much less an increase, which is what we're seeing.

[02:48:20] There either needs to be growth in the industry, meaning growth in the number of computers or in the number of computers and the value of that equipment. So we're heavily dependent on expansion, and we're heavily dependent upon refresh, so equipment being replaced in order to maintain property value.

[02:48:40] So because of that, we've really put together three different tools to help smooth out kind of this uneven stair step of how the revenue increases to make it look more like a trend line.

[02:48:56] So the last thing that we're recommending being added, which Ms. Burke talked about earlier this evening in another item, is the creation of a revenue stabilization fund for data center revenue. We also would recommend that we continue to lower the personal property tax rate as we see incredible, or what I would say, exponential increases in personal property tax revenue from computer equipment, and then also continue to maintain a ratio of real property to other taxes of somewhere around 50% to 60%.

[02:49:32] So those are kind of three tools that we're using to even out the impact of data center revenue to our overall portfolio. So what we're recommending for FY25 for guidance is that you provide me direction to prepare the budget at the current real property tax rate of 87.5 cents.

[02:49:59] So if you look at the screen, the scenario that we're recommending that you give direction on is kind of in that red box, which would be a real property tax rate of \$0.87.5 was the current rate.

[02:50:14] Now, because of the growth in the personal property tax revenue, we are also recommending that in tax year 25, or the second half of the fiscal year, that you would lower the personal property tax rate to \$4.10.

[02:50:31] That's correct, right? So 415 in the first half and then 410 in the second half. What that would result in is the growth of those revenues that you're seeing on the screen. Total change in revenue would be in an increase of about \$218 million.

[02:50:48] Now, what that does for us is that that'll fund the majority of the county needs that we're aware of at this time and the majority of the school division needs that we're aware of at this time.

[02:51:04] The other thing that we put up there just for comparison purposes is the new revenue that would be generated at the equalized rate. So right now we would project the real property equalized rate to be about \$0.83. Now, in order to maintain that ratio of real property for your revenue for your portfolio at somewhere around 50%, that would require a lowering of the personal property tax rate in the second half of the year to \$3.60.

[02:51:33] So that generates about \$98 million in new revenue year over year. When we run through all of our ratios, that does not generate sufficient revenue to cover projected pay increases and base budget increases on the county side.

[02:51:52] So we would be recommending some reductions to you if you were to ask us to go to the equalized rate. So for that reason, we're not recommending that as a scenario. The recommended rate would allow us to prepare a budget that, as I said in the beginning, would continue the kinds of things that this board has been doing during your current term.

[02:52:15] When we talk about expenditures, we talk about revenues, we talk about expenditures. The CIP at this point, we know we can cover all of the existing projects that are in the CIP, and then there is capacity for us to add some additional projects.

[02:52:31] So at this point, the CIP looks to be in fairly good shape. And we will be able to continue the program with all of the existing projects that you have. And including some that you have said are important for us to add with the additional two years that come into the CIP with this budget.

[02:52:52] For pay and benefits, we have budgeted our assumptions consistent with FY24. So for FY24, what we were looking at is, what we have implemented, the board implemented approved was overall 6% pay increase for fire and rescue and general employees and then an overall 9% increase for law enforcement. So at this point, we know that number is, you know, is around \$30 million that exists in this current recommendation. There are some adjustments that I know the board

[02:53:27] is looking at as part of the collective bargaining process. At this point, I think we believe we'll be able to cover what has been part of the board discussion within the tax rate that's the current tax rate that we're recommending. We'd also be able to cover our base budget increases. Base budget makes up, makes about, is made up about two different categories. One is annualization of current programs that have been started during the year, as well as increases in contracts and impacts of inflation to products and things of that nature. That's about \$30 million when you

[02:54:05] add those two pieces together. And then we're able to fund new resources, which is the opening of new capital facilities that are coming online. And then we'll be able to get into board and then department priorities. Right now, the budget proposal would provide 60% of new local tax funding to the Loudoun County Public Schools. When we get into the chart, you'll see that the 60% even at this rate, doesn't fully cover at least the initial request that we've received or initial estimate that we've seen from the superintendent.

[02:54:44] So this chart gets into the specific numbers I just talked about. So the first thing we always fund is debt service or additional debt service, CIP costs. The housing increments, so this is just a variance table, so that's the increase of the half penny based off the increase in overall value for housing.

[02:55:08] If you recall, for LCPS, we did provide them \$16.3 million in FY22 year, FY23, FY23? All right, I got my right fiscal year for a change.

[02:55:23] Fiscal 23 year in fund balance. So that was one-time money. So the first thing we need to do is annualize that. So that comes off the top of a recurring revenue. Talked about the compensation number. The base budget adjustments are those next two rows. So you would add that \$16.5 and \$15.7 million together.

[02:55:39] So it's a little over \$30 million for base budget adjustments. Right now, today, we've received over \$42 million in department and board and new opening or capital facilities opening requests.

[02:55:57] The board traditionally funds somewhere around \$20 to \$30 million. So I don't know that you'll see all of those requests within this guidance. But, you know, to just give you an idea of where you've been traditionally, you got about \$10 million or so in capital facilities opening and then another \$12 to \$15 million in department requests and board priorities.

[02:56:21] As you can see, the LCPS initial number is an increase of \$131 million. That is a little bit higher than what we've been seeing in the past. But keep in mind that because of the size of their budget, just to cover their pay increases is about \$70 million, right?

[02:56:38] to just kind of put that number in context to just pay increases for LCPS is about 70 million. And then when you start covering their base budget adjustments and stuff like that, we're getting close to 95 to 100 million just with year over year changes.

[02:56:55] So the 131 would include those things plus perhaps some new programs that they want to propose, opening of additional schools or new schools that will come online, All that would be above that base budget adjustment. So when we put this together, you see the numbers that are on the chart.

[02:57:18] We have about \$156 million after we net things out of funds that are available to go towards the expenditures I just talked about. That breaks out to about \$94 million in new money for the Loudoun County Public Schools.

[02:57:35] that is against the \$131 million that they've identified initially. So we know that these numbers will get a little bit better when we come back to you for final guidance if you approve the \$0.87.5.

[02:57:52] Tonight we'll come back for final guidance with the board in January, and these numbers will be a little bit better. But for right now, we think we can work with these numbers. The issue that we'll have, the concern we'll have is really where does the board want to end up with the public schools funding.

[02:58:13] I know we think right now we'll be just with the current tax rate probably a little better than \$100 million. So that's why we're comfortable with this number if the finance committee is willing to recommend it.

[02:58:33] So that is the presentation. Staff and I can take questions. Okay. All right. Any questions? Chair Randall. Thank you, Mr. Hemstreeton, everyone.

[02:58:49] So this, I need to spend more time digging into the LCPS request and why it is this high. You know, I'm not one of those people that believes that you have to just always compare the request to the student population if it falls or if it rises.

[02:59:10] Because there's other things to be taken into consideration. And as you said, the vast majority of that money is a salary and benefits for our educators, and they certainly deserve it. And at VACO, one of the things that was talked about in some detail was the JLARC study that came out and the JLARC study

that showed that Virginia falls toward the bottom of the states overall in education funding and that we fall below West Virginia, we fall below Kentucky,

[02:59:44] and for each child it's about \$1,900 that we probably should be putting into each student. One of the things that was talked about in length is that, you know, when the school system, a school system needs, or is talking about money, they always, for obvious reasons, comes to the Board of Supervisors or a Board of Supervisors, and there's rarely time when they go to the general assembly members, which is why I actually would like to see the new school board at the Ledge meeting with the General Assembly members to have this discussion of, yeah, sure, let's talk to us, but let me introduce you to your state delegates and state senators as well.

[03:00:25] And so, you know, is it possible, because, you know, we don't, the supervisors, we don't and we shouldn't have the relationship with Dr. Spence that you do. That relationship is really for me to have with the school board members.

[03:00:43] All nine of them are new, and so there are just some things that they won't be able to answer. Normally they could, but they won't be able to answer. Is it possible, before we get kind of deeper into these discussions, to have a discussion with Dr. Spence through you or in any way about the school costs that we're looking at right now?

[03:01:04] I just want to know that I know, that I know, that I understand why that request is so much higher than, or not so much, but higher than it has been in the past. He, of course, is new. Maybe he's trying to do some new things we just don't know about that we really support.

[03:01:22] But how can we have some, you know, maybe, you know, some time with him to understand what that request is about? Because it is quite significant. I don't know that any new incoming school board member would be able to have that discussion.

[03:01:40] Thank you. I think it's attachment one to tonight's item does provide, we did attach the memo that we received from Dr. Spence. So he does kind of outline where his request is coming from.

[03:01:59] Sorry. And what the components are. A lot of it is salary and benefits of existing staff. The, you know, he does have a range for enrollment growth of zero to 23 million. So that's what we're saying.

[03:02:15] Right now, the projection looks like enrollment growth being relatively flat. So if that were zero, then they're closer to 113 million. And so now, as we just talked about in the slide, you know, so we're going to be very close.

[03:02:30] I thought it was actually negative 12. So zero is good. I thought it was actually negative 12 enrollment difference. Right. that so this far out if we assumed it was zero then he's going to be somewhere around 113 million right off of that if we're corrected where we think the guidance is going to end up you're going to be we think you'll probably be within 10 million dollars of that at the current tax rate with the guidance for example right so we're still uh you know this is november middle november so we're still a little far out to get our numbers to exact but that's why when we look

[03:03:06] at where we think he's going to be and we look at where we think our revenue numbers are going to end up we think current tax rate if you give me guidance there we can kind of put the budget together around that and kind of accomplish everybody's needs now we'll come back in first meeting january with final guidance we'll have better numbers from him he'll be closer to his proposed budget i

think he's already talked with the cip or he might be speaking tonight he is talking with the school board tonight around their cip proposal um which will be finalized so

[03:03:40] you know capital is starting to come together for both of us and then um we think we're going to end up being pretty close to that's a long-winded answer to your question randall but that's that's where that's why we think we're we're we're going to be okay at the current tax rate vice chair saynes well thank you thank you for the presentation mr hemisphere and staff for all the work you're doing on this i was just going to simply say the you know you put it in your your PowerPoint you have equalized tax rate and current current rate scenario I was just gonna say the equalized tax rate is a non-starter with me so because you look at the numbers they get your update for your briefing from staff in

[03:04:16] advance there's no way that's gonna work for anything so it's a non-starter so hopefully our colleagues have gotten their updates or we'll be getting their updates and and asking their questions but I just wanted to put that on the record that equalized tax rate is a non-starter for me so okay Supervisor briskman thank you um so i feel like in previous years we had to decide about funding board priorities so is it is it that we've disposed of this terms board priorities pretty much and we're

[03:04:50] just going to wait for the next terms board priorities no so we'll we have a list of board priorities so what i would say is we're at what we would call kind of preliminary budget guidance so we know in kind of right now at this stage the best thing i can give you is we're kind of dealing with the budget in round number categories and so by the time i present the budget to you in february i'll have i'll be down to specific numbers okay the the challenge here is i need to kind of understand from from the from finance and then from the board what tax rate are you

[03:05:27] really thinking about and then what kinds of things are you looking at to put into the budget So at this point, what I'm saying is if you think you're going to be fairly consistent with where you have been, you know, and the big numbers are like pay increases, right, for staff, that's a big number, are you going to continue to fund the base budget, which is a \$30 million increase this year, that's a big number, or do I need to go back and reduce base budgets, right?

[03:05:58] So that's really, and then we know we have a few million dollars in, I mean, we can tell you what they are. We have a few million dollars in board priorities that have been sent to the FY25 budget process. So we're carrying all of those right now.

[03:06:14] Okay, that's fine. That's good. That answers my question. And it will be more specific with you when we get there. But if the board's going to say, no, we don't want you to prepare the budget with the current tax rate, we think you should be at 86 cents, then I need to know that because that impacts the direction that I give to the departments and then what I present to you.

[03:06:32] Okay. Okay. And I would agree that, I mean, with \$77 million of the new funding for LCPS being for salaries and benefits that, you know, so hopefully we'll get close at the 87 and a half.

[03:06:49] I don't know if you can answer this question or not, But does the LCPS budget request assume state funding at a certain level? It does. Okay. Keep in mind, the members he's given us, he's kind of at the same place we are.

[03:07:06] Big numbers. Budget's still kind of these big categories, which is why talking to him, I think we're fairly confident that at the current tax rate, we should be able to do the majority of what he needs. Well, I'm comfortable with the recommendation of staying at the current tax rate.

[03:07:23] I think that's reasonable, and I would hope that the Finance Committee goes with that guidance. Thank you. Chair Randall? Thank you. So just to put a finer point on what Ms. Brickspin was saying, so the recommendation assumes what the state's going to be doing.

[03:07:47] So we would assume that they're going to continue. And when? And when? Well, so we know where they are right now, right? So we know what they're funding today. We also would anticipate that they're going to do inflationary increases.

[03:08:08] We have access to state finance or, I'm sorry, Senate finances meeting this week. We have some initial projections from the Commonwealth in terms of what they think their revenue is going to be. So some of that information was presented yesterday at the Virginia Associations of Counties conference.

[03:08:30] so we we have an idea of where they're going to be the superintendent state superintendent does send some preliminary information out to the school division so they work off of those numbers yeah this you know this is just this is a hard year to try to project one we have a completely new school board and two the there 17 of the the state senators are new 38 of the house delegates are new. So, I mean, the numbers are really high of people who, you're right, they are having the Senate finance meeting, I think it's happening over the next three days out

[03:09:08] in Tyson's, and so we'll see some things then. I think the governor will send this budget down, and it will kind of be, it won't be DOA, but it certainly won't come out like it's going in with the new changes. And as of right now, you said that the superintendent is presenting something to the current school board, right? None of who will be in the next school board. The CIP is being presented to the school board tonight. So that is the timing of their process. Yeah, I know. I understand. It's just this is the first time where we've had nobody returning at all. So it's just yeah. Okay. Well, you know, you and I have talked already about

[03:09:44] like how I and we can be of help as the school board comes into office. So what I would say, Chair Randall, is just keep in mind that the budget guidance is most important for the county side right now. right so if no I'm going to support the budget guidance yeah so we're not it's a it's an increase of tax rate to address the school board side sure I know I understand so but we think we can get most of it with what we have but yeah no I'll be supporting this tonight it just I think we're going to see some interesting things happen between now and final guidance in January oh I'm sure so yeah thank you all right I move that the finance government operations and economic development

[03:10:23] committee recommended the board of supervisors direct the county administrator to prepare the FY 2025 proposed budget at the current real property tax rate of 87 and a half cents which approximates the tax rate that would fund county compensation based budget the opening of new facilities and the most critical new resource requests and sufficient year-over-year funding for Loudoun County Public Schools with additional expenditure options for the board's consideration at higher real property tax rates.

[03:10:59] Is there a second? Second by Supervisor Briskman. Any discussion? All right. All in favor, please say aye. Any opposed say nay. That'll pass 401 with Supervisor Letourneau off the diets. With no further business to conduct, I call this Finance, Government Operations, and Economic Development Committee meeting adjourned.



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