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Loudoun County Board of Supervisors, Business Meeting - FY 2025 Budget Presentation, Wednesday, February 14, 2024

Date Wednesday, February 14, 2024
Place Board Room, First Floor, Government Center, 1 Harrison Street SE, Leesburg, Virginia
Length 56m (video)

- Official meeting video (county, Granicus): <https://loudoun.granicus.com/player/clip/7597>
- Agenda (Granicus): https://loudoun.granicus.com/AgendaViewer.php?view_id=73&clip_id=7597

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Speech-to-text: whisper.cpp, model large-v3-turbo. Produced 2026-10-19. Each paragraph starts with its time [HH:MM:SS] in the meeting video.

[00:03:57] Well, good evening, supervisors. Good evening, staff. Good evening, Loudon. I'd like to call to order the February 14, 2024, Loudon County Board of Supervisors business meeting. This room has a hearing loop. If you need hearing assistance, please switch your hearing aid to the telecom mode. If you need a headset, we have those available as well.

[00:04:15] Please see the clerk to request one. Would everyone please join me in the Pledge of Allegiance? I pledge allegiance to the flag of the United States of America and to the republic for which it stands, one nation, under God, indivisible, with liberty and justice for all.

[00:04:37] Supervisor staff, loud and happy Valentine's Day. For a local governing body, there is nothing more romantic than to get the budget and then do a public hearing. Wonderful. So, tonight we have kind of a meeting in two-part.

[00:04:56] This is a business meeting that we open up for the county administrator, Mr. Tim Hemstreet, to present the proposed county budget. Following his presentations, we will have the opportunity to ask questions. Supervisors, I would ask that the questions you ask are kind of high-level or clarifying questions.

[00:05:12] This is the start of the budget process, not the end. We have a lot of times for asking or kind of delving in deeper. And, of course, staff is always available for us to ask questions when we need to. After this, we will take about a 10-minute break for staff to change the equipment over, and then we will come back in, and we will start the public hearing for this evening.

[00:05:34] At this time, I'm going to ask Mr. Hemstreet, would you please, first of all, Mr. Hemstreet, thank you for being here. As always, as always, thank you, and what I think is the best county staff in the country. You all do a magnificent job, and every subjective, objective, objective criteria proves that to be so.

[00:05:57] So thank you very much, and we're ready when you are. All right. Thank you, Madam Chair, and good evening, Madam Chair and members of the board. I am pleased to present to you and the residents of Loudoun County my proposed budget for fiscal year 2025. As required by the Code of Virginia, this document sets forth a plan for funding county government services, the Loudoun County Public Schools, and debt service for county and school capital projects for the upcoming fiscal year. In December, the board provided me with guidance to prepare the FY25 proposed budget at a real property tax rate that would fund compensation, base budget

[00:06:35] adjustments, opening new facilities, and the most critical new resource requests and would provide sufficient year-over-year funding to the Loudoun County Public Schools. The board also directed that I prepare a reduction option at the homeowner's equalized rate. Final real property assessments have allowed me to propose the budget at 87 and a half cents, which is the current rate and consistent with the board's guidance. I have also prepared a reduction option, which is funded at the homeowner's equalized rate, which is 84 cents. As you know, before I share the details of the proposed budget, it's been my custom to take a few minutes to illustrate how Loudoun County

[00:07:15] government makes a difference in our community through the organization's commitment to innovation collaboration, and fiscal responsibility. As we present the first proposed budget in this board's term, we are pleased to review some of the county's accomplishments over the past year.

[00:07:31] These successes were made possible through the resources allocated by the board, which positioned the county for continued success in FY25 and beyond. The progress the county has made in land use and community development policies and practices is vitally important to Loudoun's present and future.

[00:07:50] Among the most significant milestones was the adoption of the county's new zoning ordinance by the board in December 2023, after a multi-year process that included extensive public engagement and dedicated work by county staff. This new ordinance is modern, streamlined, and provides much-needed updates to the county's land use regulations.

[00:08:11] The county continued work on the St. Louis Village Plan, initiated by the Board of Supervisors in 2022. The Board's task force and staff have completed a draft plan that will help St. Louis maintain its unique character, support the community's goals, and address a range of issues related to land use, development, and quality of life.

[00:08:29] The draft plan is scheduled to go to the Planning Commission in the coming weeks, and soon will come to the Board for your consideration. Following years of work by staff in multiple departments

and the migration of countless data from obsolete legacy systems, last year we were able to launch the county's new online land management system called Landmark.

[00:08:52] This project's implementation is ongoing. As we have communicated to the board, staff and our consultants continue to work together to stabilize use of the system, which we believe will occur in the April timeframe. Concurrently, staff is working as quickly as possible to address the backlog of permits that resulted from the requirements of the launch.

[00:09:14] Once fully implemented, Landmark will bring efficiencies, convenience, and transparency for those who need to submit applications for land development, land use, and permits. Landmark also makes public records more easily accessible, and the system moves us from paper to electronic plan submissions and allows users to complete payments and make appointments online.

[00:09:38] We've also improved the county's efforts to increase the supply of attainable housing through collaborative efforts involving several county departments. The county's dedicated funding for affordable housing programs amounted to more than \$6 million in FY24 and will total approximately \$7.4 million in FY25.

[00:09:56] The Departments of Building Development and Planning and Zoning continue to leverage the resources provided by the board to guide affordable housing unit applications and to help secure funding for attainable housing programs. We've also supported a number of innovative affordable housing projects including the use of the old Arcola Elementary School site for new rental units.

[00:10:22] The county continues to make progress in protecting the environment and providing open space for the community to enjoy. One example is the Federal Transit Administration's award of more than \$13 million to the county for 37 compressed natural gas transit buses. This initiative marks a key step in the county's efforts to achieve its energy strategy goals, including the reduction of greenhouse gas emissions.

[00:10:47] Another example is the Riverbend Stream and Outfall Restoration Project in the countryside area, which focuses on enhancing animal habitats and improving local water quality while curbing pollutants and sediments flowing into the Chesapeake Bay watershed. And the county began the design phase of the West Park Improvements Project, which, as you know, will bring a passive park to a 134-acre natural landscape in Leesburg protected by a conservation easement.

[00:11:17] Loudoun also recognized the completion of a number of capital projects over the past year. We celebrated the opening of a one-of-a-kind destination playground at the Douglas Community Center in conjunction with the renovation of the historic Douglas High School. We also recognized years of work to design and construct the new General District Courthouse in Leesburg.

[00:11:37] In addition, the new Youth Services Center opened last year, marking a newly integrated approach to youth services that will benefit families and the community. The county continued its commitment to improving our transportation network. Among the road improvement milestones in 2023 were the North Star Boulevard and George Washington Boulevard overpass projects.

[00:11:58] We also celebrated the opening of the Sterling Park Safety Center. Many of these efforts are made possible through the county's strategic focus on and commitment to quality economic development. Over the past year, Executive Director Buddy Reiser and the Department of Economic Development

celebrated 142 businesses opening or expanding in the county, representing nearly 5,000 jobs created or retained and \$9 billion in commercial investment.

[00:12:29] Recent highlights of wins in this area include the board's approval of the Community Development Authority for Ravana at Innovation Station, United Airlines expansion at Dulles International Airport, which includes 1,100 jobs, and the recovery of travel and tourism, as indicated by key measures that rose above pre-pandemic levels last year.

[00:12:51] Loudoun saw more than 1.4 million hotel room nights and 25 million passengers at Dulles Airport. The county's strategic management of the funding that is received through the American Rescue Plan Act, or ARPA, is helping to address community wellness and resiliency.

[00:13:09] Examples of initiatives that have been made possible by ARPA funds include child care fee reductions, supports to non-profit organizations that provide emergency help to residents, such as food and utility assistance, employment services, and benefits navigation, programs to prevent homelessness, including rent assistance and eviction prevention, the option for well water quality testing for residents of the village of St. Louis, and improvement of water and wastewater systems in western Loudoun. Through a number of innovative programs, the county's public safety agencies and other departments continue their dedication to the

[00:13:48] safety and security of county residents. Recent accomplishments include planning for the future health and safety needs of the community through the design of the Leesburg South and Round Hill Fire and Rescue stations, submitting an implementation plan to the Commonwealth of Virginia last month to realize the vision of the Marcus Davis Peters Act.

[00:14:08] The plan establishes protocols for how Loudoun's law enforcement, mental health, and public safety agencies will co-respond to 911 calls for people experiencing a behavioral health crisis. This program will replace previous response models and is scheduled to launch this July.

[00:14:24] In addition, the Sheriff's Office has collaborated with multiple county departments and the Virginia Alcoholic Beverage Commission to offer bar safety training for local establishments in an effort to assist servers and managers in creating a safer environment for patrons.

[00:14:41] And once again, Loudoun is a jurisdiction with the lowest crime rate in Northern Virginia. Finally, the county has continued its outstanding stewardship of our tax dollars, as evidenced by its ongoing commitment to sound fiscal policies that are documented in our award-winning financial reports. The county's AAA bond rating by the nation's top rating agencies on its general obligation bonds was reaffirmed, resulting in continued favorable borrowing rates for taxpayers. This reaffirmation continues to demonstrate that the county's sound financial management, strong policies, and robust reserves make the county attractive to investors.

[00:15:22] I believe these accomplishments and many others over the past year have demonstrated how the board's consistently thoughtful approach to its annual budget and the hard work and dedication of county staff continue to make a positive impact in our community. Next, I'd like to share with you a summary of the proposed budget, first highlighting the economic environment.

[00:15:41] In FY24, the economy is experiencing robust economic growth as measured by jobs, unemployment, and gross domestic product. Growth is expected to continue in FY25, but at a slower rate.

The U.S. is not expected to experience a recession in the next 12 months, according to recent surveys of economists by the Wall Street Journal and the National Association for Business Economics.

[00:16:08] This chart shows the year-over-year percentage change in the number of jobs in Loudoun County compared to the D.C. region, Virginia, and the United States. Loudoun County's rate of jobs growth consistently has outperformed these comparators. The county's job base is expected to grow by 2% next year.

[00:16:28] Loudoun's GDP is forecasted to increase by 4% in FY25, and the unemployment rate should hover around 2%, close to the FY24 rate. While the number of residents added annually has slowed, population continues to be a primary driver of resource needs presented in the proposed budget.

[00:16:48] This chart shows the forecast for almost 100,000 new residents in Loudoun through 2050. Growth slows over time as the supply of land available for new construction shrinks. As you are aware, additional residents mean new, increased, and different demands on county programs and services.

[00:17:07] Here, you see the projected growth in the taxable real property portfolio, including commercial, residential, and agricultural properties. The 2024 assessment summary compiled by the Commissioner of the Revenue indicates that our combined portfolio has reached \$144.2 billion.

[00:17:26] The assessment summary shows that the value of taxable real property in the county increased by 13% during 2023, similar to the previous year. This reflects the slowing price growth in the residential market and a growing data center market. New construction and growth comprised four percentage points of the total increase, or \$5 billion, reflecting a record year.

[00:17:48] This, again, was led primarily by the commercial portfolio. Market appreciation accounted for nine percentage points of the growth. The FY25 proposed budget forecast anticipates continued growth in the real estate market, but at a lower pace. Here you see the average assessed value of a home, including both attached and detached, continues to increase.

[00:18:12] The 2024 average home value for new and existing homes is \$735,800, an increase of 6% from 2023. While this is a lower rate of revaluation than last year, it is still above the long-term trend for residential revaluation.

[00:18:30] Existing homes, meaning those that existed on January 1st, 2023, have a slightly lower average value of \$727,900. there were just 4,500 sales last year compared to 5,800 a year prior. Homes were on the market an average of just 18 days. Inventory remained low with an average of just 446 active listings per month in 2023 compared to 498 in 2022. In this chart, you can see that the value of

[00:19:08] commercial and industrial properties increased by 35% as a result of revaluation and new construction. About 23 percentage points of this growth came from revaluation of existing properties and roughly 12 percentage points came from new construction and growth. Data centers were the primary factor behind this growth. Data centers added \$7 billion in value to the real property portfolio last year for a total of \$26.5 billion. Data centers now comprise 67% of the commercial real property portfolio. Growth in data center real property has reduced pressure on the residential

[00:19:48] tax base to fund the growth of services. In contrast to Loudoun County, other jurisdictions in the region have commercial real property portfolios with more taxable office space than Loudoun. This sector of the real estate market has experienced downward pressure in valuations since the pandemic,

negatively impacting local government's budgets. The extent of this downward pressure varies by locality. In Washington, D.C., taxable office space equals 70% of the commercial portfolio. In Arlington and Fairfax counties, the figures are roughly 60%

[00:20:23] and 40% respectively. In Loudoun County, however, taxable office space represents only about 6% of the commercial portfolio. The key takeaway from this slide is that the positive impact of the revenue associated with data centers has enabled Loudoun County to fund priorities at lower real property tax rates more easily than our neighboring jurisdictions. Our budget is increasing and with the increase primarily funded with revenue generated from the data center industry. This chart shows the assessed value of personal property. The value of the portfolio

[00:21:03] continues to grow. Overall growth in the assessed value of personal property is expected to reach 3% between 2023 and 2024 and is forecasted to equal just over 1% between 2024 and 2025. The largest category of personal property is computer equipment.

[00:21:21] After several years of double-digit growth rates, assessments are expected to level off over the next two years due to aging equipment and a constrained power environment. Vehicles make up the next largest share of personal property assessments. Vehicle assessments have experienced unusually high rates of growth in recent years as a result of strong demand and low supply during the pandemic.

[00:21:43] Now we anticipate that vehicle values will have a similar leveling off as computer equipment. As I have previously discussed with you, the county's revenue composition has evolved significantly over the past decade.

[00:21:58] A decade ago, more than two-thirds of general fund tax revenue was generated by real property tax, which is illustrated by the top line in this chart. The green line shows the increasing taxes from personal property, especially computer equipment. These taxes have been the largest funding mechanism to support the county's expenditure growth.

[00:22:19] The board is committed to bring balance to the general fund's tax base. The board has incorporated an additional risk mitigation strategy with the creation of the Revenue Stabilization Fund in 2023. The proposed budget includes a \$40 million planned contribution to this fund.

[00:22:36] The significance of the data center industry to Loudoun's financial position cannot be overstated. The value of real and personal property associated with data centers has outpaced every typical revenue trend over the past decade. I'll provide an overview of the FY 2025 proposed budget.

[00:22:57] The FY 2025 budget development process was guided by policy discussions by the board and the Finance, Government, Operations, and Economic Development Committee. Formal budget guidance provided to me by the board in December is the basis of my budget proposal. The FY25 proposed budget is based on a real property tax rate of \$0.87.5 per \$100 of assessed value and a \$0.05 reduction to the personal property tax rate in the second half of the year.

[00:23:26] The proposed budget allocates \$40 million to the Revenue Stabilization Fund, which the board created in 2023. The proposed budget fully funds the county and school board's debt service and capital improvement program, which were presented last night to the Finance Committee.

[00:23:42] The budget also includes full funding of the board's affordable housing increment, and then consistent with your guidance, the proposed budget includes resources for employee pay, base budget

adjustments, opening of new facilities, board priorities, and then department priorities.

[00:24:00] The proposed budget provides a transfer to the school division with a year-over-year increase of \$121 million. Compared to the school board's adopted budget increase of \$131 million, there is a \$10 million gap. The school board's request could be fully funded at a real property tax rate of 88.5 cents.

[00:24:21] However, it is also possible that additional state revenue could close this gap. In September of 2017, the board established its current compensation philosophy to deliver pay within a range of 95 to 105 percent of the average midpoint of Loudoun's four comparative jurisdictions, the city of Alexandria and the counties of Arlington, Fairfax, and Prince William.

[00:24:44] The FY25 proposed budget continues investing in our employees to keep pace with our competitive market and economic conditions. Also influencing the FY25 budget proposal is the board's current negotiations with the International Association of Firefighters.

[00:25:01] Details of the pay proposal include a 7% merit increase for the general workforce and a 9.4% salary scale adjustment and step increase for uniform fire and rescue personnel and uniform sheriff's deputies for an average 12.4% increase.

[00:25:20] The pay proposal is a market-based response to compensation actions made by our comparator jurisdictions. All department resource requests that I would recommend to be funded, including those needed to achieve the board's priorities, are funded in the proposed budget.

[00:25:36] In contrast to years past, there are no additional resource requests to consider that cannot be funded in the proposed budget. The proposed budget funds 263 new positions in 26 departments. A substantial number of those new positions are associated with new capital facilities that will open in the next two years.

[00:25:58] In the coming slides, I'll detail the resources required to achieve the board's priorities and to meet department needs. In anticipation of two additional collective bargaining agreement negotiations, resources are included in the budget to fund the remaining position originally proposed in FY23 to support the administration of collective bargaining.

[00:26:20] Additionally, as negotiations with IAFF, near conclusion, a union representative position to fire and rescue is proposed. Finally, staffing resources are included to implement and manage a purchase of development rights program. The county looks forward to opening two new fire stations and a new recreation and community center in the next two years.

[00:26:43] The proposed budget includes funding for the operations and staffing of these new facilities. Additionally, positions are included to enhance staffing needs directly associated with capital facility operations at Bless Park and staffing many intersections around new schools. Finally, the budget includes maintenance staffing to support the new square footage coming online in FY25.

[00:27:07] During the budget development process, departments prepared and prioritized requests for additional resources to maintain or enhance their current services. The revenue available at the Board's guidance was sufficient to fund all requests that are critical for the organization. As is typical, I have prioritized positions associated with public safety and our infrastructure of care, though the proposed budget also includes essential internal support positions to address core service functions of the county.

[00:27:39] I'd like to take a moment to provide you some additional context to the types of resource requests that you'll see in the FY25 proposed budget. Most of the new positions we've added in recent years were frontline positions, those focused on providing direct services.

[00:27:57] This year, however, you'll notice a shift in the types of positions that are recommended for funding. We often think of these internally focused positions as the backbone of the organization. Prioritized in the proposed budget are positions in administrative support, budget, communications, human resources, procurement, and data management.

[00:28:16] These types of positions complement our recent investments in technology, such as systems to streamline collaboration and work orders like Microsoft Teams and ServiceNow, an upgrade to Oracle, and a modern phone system. The reason for this change in the types of positions that are prioritized is largely due to the growth of the county government organization over the past two decades.

[00:28:38] The organization is now large enough that we require additional internal supports. Departmental leadership and program staff are increasingly challenged by the growing volume of internal functions that are the result of a growing organization. For example, to illustrate this challenge, we've seen the need for uniformed personnel to be reassigned to complete critical internal functions of departments.

[00:29:04] We've also seen delays in important business, such as accessing and synthesizing data to inform our work. We've seen challenges in keeping up with the volume of recruitments, which can slow down the hiring and onboarding of staff or new staff.

[00:29:20] We've seen departments' increasing need to engage the community and communicate about their programs and services go unmet. These examples illustrate the need to grow internal supports to meet the demands of our larger organization, which will help us better serve the public.

[00:29:37] To effectively provide services externally, the county must have the appropriate balance of internal supports. The proposed budget prioritizes these types of positions, which will help strengthen the organization's backbone. The board asked for a secondary budget scenario based on the revenue available at the homeowners equalized tax rate, which is 84 cents or three and a half cents less than the proposed budget.

[00:30:02] All recommended resource requests are funded in the proposed budget at the tax rate of 87.5 cents. The reduction option provides \$21 million less revenue to the county government and \$31 million in less revenue to the school division, creating a \$41 million gap for LCBOs.

[00:30:23] Within this option, employee pay, base budget adjustments, and all board priorities and capital facility openings are funded. However, very few department needs or requests are addressed. Finally, this option does not provide sufficient funding for the school division.

[00:30:45] The proposed budget is my recommended budget. It is based on those priorities and service expectations the board has articulated that you want to achieve and continue to provide. Without additional resources, over time, the organization will experience decreases in service levels.

[00:31:02] Should the board desire to lower the tax rate by removing department requests, in the budget document, I have included groupings of resource requests that approximate half-penny increments, each of which is valued at \$3 million for the county or on the county side.

[00:31:20] Those groups that are associated with lower tax rates are higher priorities than those associated with the higher tax rates. I'll now provide a few highlights of the Capital Improvement Program, which was presented in more detail last night at the Finance, Government Operations, and Economic Development Committee.

[00:31:42] The county CIP is developed by annually, with this year's CIP being a new six-year period of FY25 through FY30. This slide shows the factors that influence the development of the proposed CIP. Cost increases on existing projects, particularly transportation projects, were a factor in the CIP development process.

[00:32:04] These increases are accommodated first before new projects are added to the CIP. Renovation and renewal programs continue to be important areas of the CIP for both the county and schools. The budget for the six-year CIP is \$3.5 billion.

[00:32:21] Funding for county projects represents 32%, transportation at 40%, and school projects at 28%. The CIP proposal complies with all debt ratios and debt issuance guidelines. County projects total \$1.1 billion over the six-year period. Notable new projects in the FY 2025 proposed CIP includes the Cascades Library and Senior Center Complex renovation, funding to begin preliminary design of an Eastern Loudoun Community Arts Center, and in addition to the Percival Fire and Rescue Station.

[00:32:54] Transportation projects total \$1.4 billion over the six-year period. Road projects have experienced cost increases. However, two notable new projects include a roundabout at Route 15 and Hogbat Mountain Road and Route 7 improvements from Route 9 to the Dulles Greenway coming east.

[00:33:20] School projects total \$996 million over the six-year period. notable projects include the addition of an eastern transportation facility and a school replacement program next i'll provide a brief overview of the loudon county public schools operating budget which was adopted by the school board on february 6 as noted earlier the school board's adopted budget request for new local tax funding is 131 million leaving a gap of 10 million in the in the budget proposal the school board's request is only slightly above its 60 share of new

[00:33:56] local funding, but it is possible that there will be new state revenue in the final state budget that could close this gap. The highlights of the school board's adopted budget include the following, the total operating budget of \$1.8 billion with a total local transfer of \$1.3 billion.

[00:34:14] As I shared previously, this is a \$131 million increase in local tax funding from FY24. The budget prioritizes employee pay and funds initiatives such as the next phase of dual language immersion program, expansion of middle school intramural sports to all middle schools, resources to launch the Health and Medical Science Academy, full expansion of a full-day STEP program, implementation of a virtual distance learning elementary program, and additional supports for special education services. Now I'll review the tax rate options for the board's

[00:34:53] consideration. The FY25 proposed budget is balanced at the real property tax rate of 87.5 cents and a personal property tax rate of \$4.10 for the second half of the year. To allow the board flexibility in considering the school board's request, I have advertised a maximum real property tax rate of 88.5 cents. This slide illustrates the impacts of the various tax rates on the average homeowner. Revaluation on residential properties brought the average home excluding new construction

[00:35:26] to \$727,900. For tax year 24, based on the proposed budget, on average, homeowners would have a real property tax bill increase of \$275. Finally, at the advertised rate of 88.5 cents, homeowners would have an average tax bill increase of \$348. While the overall equalized rate is 80.5 cents, the homeowners' equalized rate is 84 cents. This rate is 3.5 cents lower than the proposed tax rate of 87.5 cents, meaning that many homeowners will experience a tax bill

[00:36:03] increase. This slide includes countywide tax bill impacts for the average homeowner of different housing types. Rates of equalized appreciation varied from 3% for suburban single-family homes to nearly 5% for townhomes. This graphic shows how the county spends every dollar of local tax funding in the proposed budget. \$0.54 goes towards the school's operating budget, \$0.19 towards the debt service and CIP needs of the county and schools, \$0.10 towards public safety, \$0.07 towards

[00:36:38] general government, \$0.04 towards health and welfare, \$0.03 towards parks, recreation, and culture, \$0.02 towards community development, and \$0.01 towards miscellaneous expenditures. Public input is an important component of the board's deliberation process. There are several ways for members of the public to provide input on the budget. The board will hold three public hearings, two on February 28th and one on March 1st, all here at the Government Center. Members of the public can sign up in advance to speak by calling the number on the screen. Any member of the

[00:37:14] public may provide input to the Board of Supervisors on the FY25 budget. However, each member of the public wishing to address the board may speak at only one of these sessions. In addition, members of The public may provide input by phone to the board's comment line by calling the number on the screen.

[00:37:33] Written comments may be submitted by email, U.S. mail, or to the county's official social media accounts. Up-to-date information regarding the FY25 budget process will be posted on the county's website at loudon.gov/slash/budget.

[00:37:49] The budget document that you are receiving tonight represents careful consideration of both the needs of the county organization and our community. Finally, Madam Chair, and members of the board, I continue to be proud to be your county administrator and to serve the residents of Loudoun County and our exceptional employees.

[00:38:10] It is on their behalf that I submit to you the FY25 proposed budget for your consideration. At this time, the staff and I are happy to take any questions that you have. Thank you, Madam Chair. And thank you, Mr. Hemstreet. We are exceptionally proud to have you and the staff as well.

[00:38:28] Supervisors, you are now receiving the proposed budget. It's just like one of the best things we do all year is get these handed to us. Supervisors, if you've noticed, Mr. Hemstreet does invite all the department heads to be in the room this evening.

[00:38:44] If there is somebody you think you might want to come to the table to ask a question, let me know that as soon as possible so that person can be prepared. I can say right now that I will probably ask the Housing and Community Development staff, Mr. Hall, to come to the table and whomever should join Mr. Hall.

[00:39:01] the table for questions. So just know that you may ask a staff member to come to the table, but you still only have three minutes. So if you have questions, and I should also say to Loudon, Mr. Hemstreet has called each one of us and gone through this budget with us, and so a lot of the questions that might

have been asked may have been asked already during conversations, just so people know that. But if you have questions for Mr. Hemstreet and any staff member, put your light on, please.

[00:39:34] Ms. Glass. Thank you, Madam Chair, and thank you, Mr. Hemstreet, for your presentation, and I'm really grateful to have the Eastern Loudoun Community Arts Center in the proposed CIP.

[00:39:53] Something that came up when we went to NACO, we were at the National Association of Counties a past few days ago, And there was a lot of discussion about the amount of federal money that's available through grants.

[00:40:14] And it made me wonder if Loudoun could hire someone solely devoted to grants. Now, I know it may or may not be possible during this budget process, but is that something that we can look into?

[00:40:30] I think that might be something that's important for us. So we have a whole division within the Department of Finance and Procurement that is solely devoted to grants. The staffing in that area, four or five people, three people with some ARPA, with two others funded through ARPA.

[00:40:48] So three regular full-time and then two additional that are devoted to managing the ARPA process. They are also supported within the county departments with other folks that focus on supporting the grant writing and grant application process.

[00:41:05] So if it pleases the board, we can definitely bring something to finance or bring something directly to anyone who's interested with a full briefing on that program. But absolutely, if the board wants to expand that program, we can definitely do that.

[00:41:22] Thank you. I know you had mentioned the Eastern Loud Community Arts Center. Is it possible to get an update on the scoping study that was being done for it? Absolutely. I think an update was given last night at the Finance Committee meeting, but generally speaking, I think it's mostly complete, but I don't know if you were Ms. Boyder here.

[00:41:47] Yeah, we can provide you additional information that DTCI did do the preliminary study that supported the high-level preliminary estimate that's included in the CIP. Okay, thank you. Thank you, Ms. Umstott.

[00:42:03] Thank you, Madam Chair. I just wanted to thank Tim and finance and budget staff for presenting options of lowering the tax rate by half-penny increments. I think that's very helpful.

[00:42:19] And I just really appreciate all the hard work you've put into this and your overview of our local economy and what drives it. So thank you. Mr. Crony?

[00:42:35] Yeah, thank you so much for that presentation. And I agree with what Supervisor Umstead said about the groupings. That's really helpful, the reduction option groupings. I think that's new this year, right? I haven't seen that in past budgets. But I did want to follow up on something that Sylvia Glass said, going to NACO, I think a central grants coordinator would be helpful, but it wouldn't be based on ARPA, it'd be like looking at other agencies, like I went to the USDA, the Rural Caucus, and there were a lot of grants that I thought maybe we could take advantage of.

[00:43:14] So I do think, like, a central grants coordinator that maybe helps guide grant opportunities across departments so that we're leveraging, you know, different features in our grant applications across departments might be helpful.

[00:43:31] I don't know. So we do have a division in the Department of Finance and Procurement that is staffed with three full-time people. That's what they do. They do also manage the competitive grants process where we give money, but they do both of those things.

[00:43:47] Those three positions have been supplemented by two positions focused on the ARPA process, but definitely if the board would like to add additional positions to that division, we can definitely provide costs for those additions.

[00:44:04] - Okay, and one thing I did wanna mention, thank you for putting PDR in for potential staffing. I do wanna let everybody know that the 2022, census of agriculture data came out, and between 2017 and 2022, Loudoun County lost 1,000 acres of farmland in western Loudoun County. So I think it is important that we start a PDR program, and it would be focused not just in western Loudoun, but in eastern Loudoun as well, you know, based on the criteria, the scoring criteria of how we determine, you know,

[00:44:44] different resources and what we want to look at. So how many staff members do you have in the budget for PDR? Three. Three? Okay, great. All right, thank you so much. Thank you, Mr. Crony. Anybody else, I'm going to call on Ms. Bricksman.

[00:45:03] Oh, Mr. Laterno. Yeah, was there any discussion with particularly the Sheriff's Office about phasing in the resource requests due to timing with law enforcement training and things like that? We've done that in previous years. For additional deputies?

[00:45:20] Yeah, I see there's at least, there's quite a few in here, it looks like, almost \$4 million. Yeah, we could definitely phase it. We had the funding to fund it, so we just put them all as of July 1st, but we did it last year, for example, and we did it in other years.

[00:45:38] Split it July 1st and January 1st, so that's absolutely an option. Mr. Clinton, can you hear a light off, please? Ms. Brooksman? Thank you, and thank you for the presentation and for the call. the other afternoon I am really happy with the school's full day step program being funded I think that's going to be very meaningful to many of our residents and they're you know funded again the athletic fees and they're looking at fees like marching band and those sorts of things so I'm

[00:46:13] really happy about that could we I love the chart that shows it broken down by households what you know, the impact would be at 87 and a half cent tax rate. I'm wondering if we could have a similar chart or just information as to what a half cent increment might be on the average tax bill for all three of those.

[00:46:38] And you don't have to go through like every single one, but just to get an idea of what a half cent up or down might mean to the average taxpayer. About \$35. Yeah. So it's approximately \$35 per half penny for the average. Oh, okay. Well, there you go. You already have it.

[00:46:55] I'll try to remember that. I thought that when Mr. Wirtz came to us the other day that he said the average price for a home in Loudoun County was up to \$910,000.

[00:47:12] Did I mishear that? Because here we said \$746,000. I'll defer to Commissioner Wirtz if he's here. He was here just a second ago. My recollection was... i thought he was here referring to a subtype unless you know my my recollection was he was he was referring to a specific subcategory of housing okay okay family detached probably i think single family detached in a specific area okay i'll double check okay

that was actually kind of a relief because for the past like two weeks i've been thinking oh my gosh our average

[00:47:46] value is really shot up there um on the um let's see you got a minute left uh i'll ask this question first you mentioned um a triple triple a bond rating and those sorts of things we are audited are we not every year absolutely okay have the auditors ever found say in the last four years or the last eight years any irregularities in our budget and and how we handle

[00:48:17] things so i so that's a broad question i mean so it's a large organization there we're going to make we are always going to have something that doesn't exactly follow policy now however there's a question of materiality so you the board receives those reports directly last four years we have not had findings that are material in terms of our financial handling of okay and then uh one last question you said ltf makes up 55 of our revenue and then the data centers make up

[00:48:52] 67 percent of our real personal property tax portfolio was that wrong commercial our commercial real property portfolio for just commercial properties that's 67 percent yeah i know the numbers aren't apples to apples but your time's up so you're i'm sorry your time's up i'll ask you offline thank you sorry um so mr mr hall could you come to the table and i'll ask you that my second next. Mr. M. C., this may be a discussion for the board to have later because it's a bigger

[00:49:28] question I can ask right now. When we made the decision for our comparative counties to be 95 to 105 percent, we made the decision to be just Northern Virginia jurisdictions. At that time, can you guys stop? At that time, the decision was made because I remember the rationale, whether I agree with it or not, doesn't matter, was because Virginia didn't have unions.

[00:49:50] And so we didn't want to include Maryland because they had unions. When we looked at where people who leave Loudoun go to find jobs, the first place they go outside of our county is Fairfax. The second place they go is Montgomery County, which is why I believe that we shouldn't look at just Northern Virginia.

[00:50:10] We should look at where people travel to. So the question is for us to kind of, as a board ponder, as you think about, maybe not right now, but think about is, should we now change that Comparator County, not just to be Northern Virginia, but to be all of the metropolitan region, the COG region, because the rationale that did exist, which was we don't have billions and they do, is no longer in play.

[00:50:36] And because we know we lose people to Maryland more than we do Alexandria, Prince William, are Arlington and so just for us supervisors to think about it wouldn't impact this budget season but just us to think about in general should that be a should that net be cast broader than we're casting it right now which is just um Northern Virginia my question for you all and thank you for coming to the table Mr. I do believe a half penny overall for us is 7.8 million is that correct 7.4.

[00:51:12] 7.4 million. I very well may make, and I maybe should have said this earlier, a motion to do another half penny on the tax dollar for our housing needs, especially knowing how and what the dearth we have in housing.

[00:51:29] And so I was told not to say just for the housing trust fund, but for housing needs in general. In the past, we've done that, and I don't know how much money that was. That was, I think it was only \$6 million before. Can you tell me how you've taken that money and leveraged that money to get other money?

[00:51:48] Because we've done so much in attainable housing in the past four years, much of it because of how you were able to leverage that half penny, not just because of the money that that half penny produced. So can you talk a little bit about how you use the money that goes into, I will say, kind of loosely the housing trust fund from that happening to leverage it and get more money for the purpose of financing attainable housing?

[00:52:19] Absolutely. Good evening, Chair Randall and members of the board. I would say for the most part, so far we've leveraged our financing with the low-income housing tax credits. Where we are positioned to go forward is to have discrete procurements using the local tax fund dollars so that developers and other nonprofits who have projects to increase rooftops for the county can then leverage it with other private sources or other federal resources that exist.

[00:52:51] But as of right now, our local tax fund has not been fully committed. I don't know what you just said to me, so I'm going to come to your office and sit down and talk about that sound.

[00:53:10] Because I'm out of time, and what you're saying to me now wasn't what I had been told previously by somebody else, but not by you. So we'll talk. I'll come to your office and I'll talk. How's that sound? All right? That works. Thank you. Thank you very much. All right.

[00:53:27] Supervisors. Just a second. Just a second. A couple things. As you and your staff begin to review your budget documents, please make every effort to submit your questions in writing by February 23rd, 2024.

[00:53:45] This date will allow our staff to develop written responses to many of the questions before the first scheduled work session. Please note, Ms. Letourneau, I do believe you've already requested the funding scenarios related to the CAP budget to be submitted by the 20th.

[00:54:00] Is that correct, Tuesday, February 20th? Yep. Okay. Supervisors, just so you know, we actually submit all of our questions, even the questions that are going to go to LCPS, through our staff. And then, you know, for anyone who's new or may have forgotten how that works, and then those questions go in the package that you'll see next time for everyone.

[00:54:23] So we don't submit questions to LCPS. We submit questions to our staff, I believe through you, Ms. Burke, is that correct? That's correct. Just so you know, that's how that will work. To facilitate productive discussions, I would request you bring the copy of your FY24 budgets to the dais every time we do it, work on the budget over the next couple of weeks, including when we talk about the CIP, to bring those as well.

[00:54:56] In front of you, you have your budget schedule, or you will have your budget schedule, with a lot of links as well to all the different budget scenarios, the cap budget information, amendments to fiscal policy, all those types of things that you could possibly want will be part of the letter that I send to you about this budget season.

[00:55:17] So just look at that, and you'll have everything that you could possibly need, I do believe. Also, one more time, let me remind you we're at the beginning of the process, not the end. If you have any questions, obviously submit them. But also, this is the time that you can really feel free to go talk to staff very often and ask those questions and get those questions in.

[00:55:36] I believe that is it for right now. Mr. Hemstreet, thank you very much. And to all the department heads, thank you. But equally as importantly, please express the thanks of a grateful board to all of your staffs as well. Supervisors, we're going to take 10 minutes, well, actually, yeah, 10 minutes to let the equipment readjust and so we can go into the public hearing.

[00:56:02] We are adjourned.



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