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Loudoun County Board of Supervisors, Business Meeting, Wednesday, February 12, 2025

Date Wednesday, February 12, 2025
Place Board Room, First Floor, Government Center, 1 Harrison Street SE, Leesburg, Virginia
Length 1h 8m (video)

- Official meeting video (county, Granicus): <https://loudoun.granicus.com/player/clip/7868>
- Meeting page: <https://loudoun.granicus.com/player/clip/7868>

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Speech-to-text: whisper.cpp, model large-v3-turbo. Produced 2026-10-11. Each paragraph starts with its time [HH:MM:SS] in the meeting video.

[00:07:38] Ms. Bricksman, can you hear us? Yes. Stan, can you turn me down just a tiny bit? I mean, I don't want to be whispering, but this is loud. I can hear you, Madam Chair. Can you hear me? Yeah, they can hear me on the space station.

[00:07:57] So you can hear me? I can hear you just fine, ma'am. I can hear you just fine. Yep. All right. Well, good evening, supervisors. Good evening, staff, and good evening, Loudon. I'd like to call the order February 12, 2025, Loudon County Supervisors.

[00:08:14] board of Lime County Supervisors public hearing. This room has a hearing loop. If you need hearing assistance, please set your hearing aid to the telecom mode. If you have a headset, we have those available as well. Please see the clerk to the request one. We're going to do a business meeting first, and Mr. Hemstreet is going to introduce the budget, and then we're going to take a break and go into the public hearing after the budget is introduced, So we will be finished right around 5:45.

[00:08:44] We'll take a break, go into public hearing because this part is the business meeting part of the meeting. Pursuing to junior code section 2.2-3708-3 and the Board of Supervisors Rules of Order, Supervisor Briggsman has requested to participate in this meeting by electronic communication.

[00:09:01] A physical quorum of the Board of Supervisors is present in the room, and the board has made arrangements for the voices of Supervisor Briggsman to be heard by all persons in the boardroom. Supervisor Briggsman has made this request within the required time frame, and the county attorney determined that the request meets the qualifications to participate remotely.

[00:09:18] The board will record in this minute that Supervisor Briggsman participate remotely from a private location in Brooklyn, Maine, for personal reasons, and Mr. Letourne will not be joining us tonight, neither in person nor virtually, but we will make sure he has all the materials, And Mr. Letourneau is very good about going back and watching the recording later on.

[00:09:42] So I'm sure he will do that. Before we start the budget presentation, Mr. Hemstreet, would everyone please join me in the Pledge of Allegiance? I pledge allegiance to the flag of the United States of America, to the republic for which it stands, one nation, under God, indivisible, with liberty and justice for all.

[00:10:08] I don't know why Mr. St. has to scream. I guess the for all makes sense right now. All right. Our County Administrator, Tim Hemstreet, will present the proposed county budget. Following his presentation, the board will be able to ask questions. I will have some comments following this presentation, but what we'll do is we'll do the presentation, we will have board members ask comments, and then I'll have some comments to end. And again, We're going to try to end by about 545, 550, because we need to take a break so they can

[00:10:45] do a technical changeover before the public hearing starts. Mr. Hemstreet, thank you for being here, and Ms. Bricksman can hear us, and we are ready when you are, sir. Thank you. Thank you, and good evening, Madam Chair and members of the board.

[00:11:03] I'm pleased to present to you and the residents of Loudoun County my proposed budget for fiscal year 2026. 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.

[00:11:21] In December, the Board provided me with guidance to prepare the FY26 proposed budget at the homeowners equalized rate with a lowered personal property tax on vehicles. Final real property assessments have allowed me to propose the budget at 80 and a half cents, which is one cent below the homeowner's equalized rate and six cents below the current rate and is consistent with the board's guidance.

[00:11:47] Finally, the school board's budget request is fully funded. Now, before we get into the details of the proposed budget, I'd like to briefly acknowledge some of the county's accomplishments from the current fiscal year that continue to illustrate how the resources the board provides through the annual budget process make a difference in our community.

[00:12:09] Many of the county's accomplishments over the past year support the board's updated strategic focus areas, and we're starting to make progress. In the last year alone, we've seen accomplishments that include everything from more than \$5 billion in new commercial investment to preventing eviction for more than two dozen households during the hypothermia season, from memorializing process improvements in our open space agreements and alternative tax assessments to the completion of the

first-ever Diversity, Equity, Inclusion, and Accessibility Assessment Report, from our work on dozens of crosswalk, road, and intersection

[00:12:45] improvements such as those along Belmont Ridge Road and North Star Boulevard, to the outstanding delivery of health and human services initiatives such as opioid response activities, co-responder program and other behavioral health supports, providing community-based immunization events and nutritional counseling and education, strengthening families by effectively designing fatherhood engagement services and parenting programs, and responding to more than 18,000 calls to our information and referral customer service line to list just a few. I just mentioned

[00:13:21] \$5 billion in new commercial investment. That included more than 139 wins in 2024, more than 3,200 jobs created or retained, and permits issued for over 6 million square feet of commercial space. Our successes in the area of economic development also included furthering our strategic relationships internationally, including with India, Germany, and South Korea.

[00:13:47] Additionally, 41 Loudoun companies made the 2024 Inc. 5,000 fastest growing companies in America list. In recognition of the sustained success that Loudoun has achieved, the International Economic Development Council recently named the Department of Economic Development as an accredited economic development organization, a prestigious honor that makes them one of three organizations in the Commonwealth of Virginia, and one of 85 worldwide to be accredited.

[00:14:15] I'd like to acknowledge the ongoing accomplishments of our public safety agencies this past year. Our crime rate remains the lowest in Northern Virginia. In 2024, the Sheriff's Office added four dozen new deputies, graduated more than a dozen recruits from the Northern Virginia Criminal Justice Academy, and experienced a lower attrition rate than last year.

[00:14:38] Additionally, our combined fire and rescue system responded to more than 39,000 emergency incidents a nearly 9 percent increase over the previous year. The combined system also completed the significant incident report on the Silver Ridge Drive home explosion and is implementing improvements, continued the Life Saving Factor Program having administered 27 units of whole blood on 21 incidents, and visited more than 10,000 homes, which included installing over 400 alarms and servicing more than 700 others.

[00:15:11] Loudoun County continues to be in a good position financially. to the county's sound fiscal policies and practices and outstanding stewardship of Loudoun's tax dollars. As documented in our award-winning financial reports, Loudoun continues to enjoy a triple AAA bond rating by the nation's top rating agencies on its general obligation bonds, which results in continued favorable borrowing rates for taxpayers. The reaffirmation of this rating continues to demonstrate that the county's rigorous financial management, strong policies, and robust reserves make the county attractive to investors.

[00:15:46] It is these types of accomplishments through our collective hard work throughout the year that continually bring recognitions by our peers and professional organizations. Over the past year, Loudoun County departments received numerous awards that highlight some of the best efforts of the board and staff.

[00:16:04] Examples include: Awards for Excellence in Procurement, Excellence in Reporting for the Annual Comprehensive Financial Report, and Excellence in Presentation for the Adopted Budget. Virginia Recreation and Park Society Awards, including one for the Douglas Community Center Playground, NACO

Awards for the Departments of Human Resources and Family Services, the Loudoun County Public Library, and the Combined Fire and Rescue System, a National Award for the County's Fatherhood Initiative Video, produced by Public Affairs and Family Services, and a VACO Award for Economic Development's Launched Loudoun Program. Finally, I'm pleased to inform you that

[00:16:42] just earlier today, Forbes announced that for the first time Loudoun County is included in the magazine's prestigious ranking of America's Best Large Employers for 2025. Loudoun is recognized for its outstanding commitment to fostering environments where employees can thrive based on various factors including atmosphere, salary, diversity, working conditions, and workplace environment. The board and staff have many accomplishments about which we all can be proud.

[00:17:13] The board's consistently thoughtful approach to its annual budget process has positioned the county for continued success in your priorities. And the FY26 proposed budget was prepared in a manner that will keep us moving forward so that the county can continue to make a positive impact in our community.

[00:17:33] Next, I'd like to share with you a summary of the proposed budget, first highlighting the economic environment. In FY25, the economy is continuing to experience economic growth as measured by jobs. As shown in the chart, employment in Loudoun is expected to lead the region, state, and country into FY26.

[00:17:54] Loudoun County's rate of jobs growth consistently has outperformed these comparators, and the county's jobs base is expected to grow by 2% next year. Loudoun's GDP is forecasted to increase by 4% in FY26, and the unemployment rate should hover around 3%.

[00:18:12] This chart shows the county's population growth. The county's population grew by almost 400 percent between 1990 and 2020. Over the next 30 years, population growth will stabilize, yet still increase by 30 percent through 2050.

[00:18:30] While the number of residents added annually has slowed, changes in the population composition continue to be a primary driver of resource needs. Changes in our residents' needs mean new, increased, and different demands on county programs and services.

[00:18:49] Here you see the projected growth in the total taxable real property portfolio, including commercial, residential, and agricultural properties. The 2025 assessment summary compiled by the Commissioner of the Revenue indicates that our combined taxable portfolio has reached nearly \$171 billion.

[00:19:08] The assessment summary shows that the overall value of taxable real property in the county increased by 20% during 2024 compared to 12% the year before. appreciation accounted for 17 percentage points of growth due largely to the increased value of existing commercial properties. New construction and growth comprise the remaining three percentage points of the total increase, or \$4 billion, reflecting a record year. This increase was led primarily by the commercial portfolio. The FY26 proposed budget forecast anticipates continued

[00:19:45] growth in the real estate market, but at a slower pace in 2026. In this chart, you can see the value of commercial properties increased by an unprecedented 50% as a result of revaluation and new construction. I have never seen appreciation of this magnitude in my career.

[00:20:07] About 45 percentage points of this growth came from revaluation of existing properties, and five percentage points came from new construction and growth. Data centers were primary factor behind this appreciation data centers added 16 billion dollars in value to the real property portfolio last year for a total of 41 billion data centers now comprise 73 percent of the commercial portfolio an increase of five percent in one year growth in data center real property continues to reduce the pressure on the residential tax base to fund the growth of services

[00:20:46] turning to the residential portfolio here you see the average assessed value of a home including single-family detached townhouse and condominium units they all continue to increase the 2025 average home value for new and existing homes is 789 800 an increase of seven percent from 2024.

[00:21:10] existing homes meaning those that existed on January 1 2024 have a slightly lower average value of 780 100. there were 4 800 sales last year which is about 400 more than the prior year modest decline in mortgage rates mid-year helped bump up the number homes were on the market in average of just 17 days inventory remained low with an average of just under 500 active listings

[00:21:40] per month in 2024 compared to 440 in 2023 this chart shows the assessed value of personal property The value of the portfolio continues to grow, with a share of value from computer equipment increasing annually as well.

[00:22:00] Overall growth in the assessed value of personal property is expected to increase as existing data center square footage is outfitted with equipment. The FY25 budget had anticipated a leveling off of value due to a constrained power environment, but the value has continued to grow.

[00:22:19] Now I'll provide an overview of the FY26 proposed budget. The budget development process was guided by policy discussions with the board and the Finance Government Operations and Economic Development Committee beginning last summer. The formal budget guidance provided to me by the board in December is the basis of my budget proposal.

[00:22:39] The proposed budget is based on a real property tax rate of 80 and a half cents. This is a six cent reduction from the current rate and one cent below the homeowners equalize rate. The budget also includes a \$0.67 reduction to the personal property tax rate on vehicles in the second half of the year.

[00:23:04] These tax rate reductions are made possible by the data center industry, which I will discuss in the coming slides. As I have previously discussed with you, the county's revenue composition has evolved significantly over the past decade and a half.

[00:23:20] The purpose of this chart, which has been featured in my last two budget presentations, to illustrate the relationship between the county's two main revenue sources real property tax revenue and personal property tax revenue and especially revenue coming from data center equipment the analysis underlying this chart has resulted in policy recommendations that have encouraged the board to put more focus on real property revenue as a traditionally stable funding source for its priorities our efforts have been directed towards forming and maintaining a balanced portfolio while staff and the board's fiscal focus has been on data center positive impact

[00:23:59] on personal property tax revenue the fy26 revenue picture demonstrates a significant impact of data centers on the real property portfolio as well the 2025 assessment summary shows extraordinary appreciation in commercial real property as i shared earlier in the presentation the appreciation in the commercial portfolio is 50 percent which is being driven by data center assessed values this increase in

data center valuations has driven the overall equalized rate to just 74 cents and the value of penny to 17.3 million the data center industry is now contributing over one-third of

[00:24:39] the county's total general fund revenues and then just for transparency because we use different terms uh general fund revenue includes local tax funding which we use quite a bit ltf so general fund revenue includes local tax funding plus other revenues like state and federal grants and local taxes like bpoll that are not split between the county and the school division data center revenue includes personal and real property taxes the following slides illustrate the impact of data centers on our finances property taxes are the main source the main

[00:25:14] revenue source for the county's budget. 10 years ago, property taxes were 75% of general fund revenue. Now they are 82% of the total. Data centers generate almost half of the county's property tax revenues. Personal property tax revenue from data centers is 33% of total property taxes. Real property tax revenue from data centers is 14% of total property taxes. 10 years ago, personal property taxes were 17% of general fund revenue. Now they're 35%. Ten years ago,

[00:25:49] real property taxes were 58% of general fund revenue. Now they are 46%. As personal property tax revenue from computer equipment has increased in value, we have consistently lowered tax rates on our other revenue sources. We need to carefully monitor this continuing trend and address the trend in a thoughtful and deliberate manner over the coming years. Out of a total of 5,700 commercial parcels, data centers constitute just 4% and 0.2% of total parcels. There is 49.4 million square

[00:26:27] feet of data centers. The Department of Economic Development estimates the total realistic capacity of data center square footage to be about 70 million square feet without rezonings or without any legislative actions, meaning that there is only about 20.6 million square footage remaining to be built. The value of data center square footage is three times the value of the next highest use, which is general commercial, and four times the value of retail. 43 percent of commercial square footage is data centers. Nine percent is general commercial, 14 percent is

[00:27:01] retail, and 11 percent is office. The per parcel average value of data centers is 16 times the value of the next highest commercial use, which is hotels. The average value per parcel of data centers is \$172 million. The average value per parcel of hotel, which is the next highest value, is \$11 million. Over the past decade, revenue growth from data centers has allowed the county to address increasing service needs for our schools and have funded improved services to our residents while consistently lowering the real property tax rate, and now in FY2026,

[00:27:39] also lowering the tax rate on vehicles by 67 cents data centers generate revenue equivalent to 66 cents of the real property tax rate and instead of data centers the next highest commercial use of land would generate six cents absent the data center industry the county's real property tax rate would likely be over a dollar and we certainly would not have been able to make the investments in human services capital facilities and education services that our residents receive today. This budget further clarifies the fact that data centers are here and are an important part of our economy that contributes

[00:28:18] significantly to the county's resources and substantially lowers the tax burden on the residential taxpayer. The FY 26 budget further illustrates this trend as we are able to lower both the real property tax rate below the homeowners equalize rate and lower the personal property tax on vehicles. We should not expect revenue growth of this magnitude, such as a 50% increase in commercial value, to

become the norm. Year-over-year growth in data center revenues will continue to be substantial. However, this year is well outside even Loudoun

[00:28:56] County's norm. Given this is an abnormal year for revenue growth, the staff and I recommend the Board not lower the real property tax rate further than what has been proposed. Alternatively, I have recommended that the board fully fund the Revenue Stabilization Fund and that adjustments to the expenditure budget be made through additions or deletions from this fund. The board created the Revenue Stabilization Fund in 2023 following recommendations regarding risk associated with data center revenue projections. The Revenue Stabilization Fund is a

[00:29:34] working reserve that the board can use during the year to address differences between budgeted or projected revenues and actual revenues received over the longer term the revenue stabilization fund can serve as a balance a budget balancing tool should abrupt or significant changes occur in the data center industry that would otherwise require immediate and deep expenditure reductions or increases in the real property tax rate the target funding level for the revenue stabilization fund is 10 percent of data center related real and personal property tax revenue for fy26 that

[00:30:12] target is a little bit over 110 million dollars the current funding level of the revenue stabilization fund through fy25 is 80 million the fy26 proposed budget includes another 47.7 million dollar contribution if the board adopts this level of funding in fy26 the revenue stabilization fund will be considered fully funded with slightly more than its 10% target.

[00:30:40] The level of funding should be sufficient to offset any short-term decreases in data center revenue. Similarly, should you remove expenditures from the proposed budget during deliberations, I advise that you increase contributions to the stabilization fund instead of lowering tax rates.

[00:30:58] This slide shows expenditure categories within the proposed budget. The budget proposal applies new local tax funding first to any increases required for debt service payments, capital budget, and affordable housing. Next, additional funding is allocated to the Revenue Stabilization Fund. Remaining new local tax funding is split between the county and the school division, with 40% to the county and 60% to the schools. County expenditures of employee compensation, base budget, and resources needed to open new facilities are funded. Board and department resource priorities are also funded in the FY26 proposal. Sufficient

[00:31:37] funding was available to fully fund the school board's operating budget request. The school board's budget request represents a year-over-year increase in a local transfer of 123.4 million.

[00:31:53] School board's budget also includes an assumption of an additional eight and a half million of state revenue. The proposed CIP fully funds the school board's adopted CIP in FY26. 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 loudons for comparator jurisdictions the city of alexandria and the counties of arlington fairfax and prince william the fy26 proposed budget continues investing in our employees to keep pace with our competitive

[00:32:29] market and economic conditions compensation recommendations are consistent with current labor agreements and negotiations and extend some pay and benefits to members of the non-representative workforce. Details of the pay proposal include a 4% merit for the general workforce, a 2.5% salary scale adjustment and a step increase for fire and rescue, and a 5% salary scale adjustment and step

increase for sheriff's deputies. All department resource requests that I would recommend to be funded, including those needed to achieve the board's

[00:33:04] priorities, are funded in the proposed budget. As a result, there are no unfunded resource request to consider. The budget proposal funds 240 new positions in 30 departments. A substantial number of new positions are associated with new capital facilities that will open over the next two years, including the Round Hill and Aldi Fire and Rescue Stations and the Crisis Receiving and Stabilization Center. During the budget development process, departments prepared and prioritized requests for additional resources to maintain or enhance their current services.

[00:33:41] The revenue available at the board's guidance was sufficient to fund all requests that are critical to 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 positions in many departments for consideration.

[00:34:01] 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 meeting. This slide shows the factors that influence the development of the proposed CIP.

[00:34:17] FY26 represents an amendment year for the CIP, so no new years have been added to the plan. Most of the changes to the CIP address cost increases and schedule adjustments to existing projects. Limited new projects were added to address some board priorities that were identified during discussions with board offices last summer.

[00:34:35] To fund those priorities, the proposed CIP assumes limited increases to the annual debt issuance guideline in FY29 and FY30, and staff will bring full recommendations on potential increases as part of the FY27 budget process this fall.

[00:34:53] Additional debt issuance capacity will also be needed in future years to address LCPS renovations, renewals, and replacements. The six-year CIP totals \$3.8 billion. Funding for transportation represents 40%.

[00:35:09] County projects represent 33%, and school projects represent 27%. County projects total \$1.3 billion over the six-year period. Funding for projects in the board's priority area of space strategy and facility renovations were added.

[00:35:27] Funding for some town projects were accommodated based on ability to leverage MBTA 30% funds and to support town efforts to apply for grant funding. Transportation projects total \$1.5 billion over the six-year period. Schedules and budgets of existing projects were addressed in the CIP, and new projects were added in the board's priority areas of pedestrian bridge and bicycle facilities and major transportation corridors.

[00:35:56] School projects total \$1 billion over the six-year period. The school board's adopted CIP is fully accommodated in FY 2026 only. Their adopted CIP contained significant increases in the capital renewals and alterations program in FY27 through FY2030, which were not accommodated in the proposed CIP.

[00:36:19] However, funding for capacity-driven projects and improvements were prioritized in the six-year period. Like the county, funding for renovations, renewals, and replacements for aging LCPS facilities will need to be addressed in a fiscally sustainable way in the coming years.

[00:36:35] Next, I'll provide a brief overview of the Loudoun County Public Schools operating budget, which was adopted by the school board on February 4th. The school board's request is in line with a 60 percent, 40 percent split of new local tax funding.

[00:36:55] The requested increase to the transfer of \$123.4 million is fully funded in my budget proposal. The school board will present its adopted budget to the Board of Supervisors on February 24th at the LCPS administration building.

[00:37:13] I would like to add some additional context to the overall proposed budget in my closing remarks. During the development of the FY26 budget, I shared with the board my perspective that the county's rate of budget growth has been higher than those of traditional local government organizations. While the community, and by extension its government, has been in a high growth mode for the past 30 years, Our growth will begin to plateau over the next decade.

[00:37:40] As growth begins to stabilize, the board will need to consider strategies to slow the growth of the budget in a manageable and strategic way in recognition that as growth slows, so will new revenue. This long-term effort should influence the board's goal setting for its term and evaluating long-term service levels.

[00:37:59] The local tax funding growth in the FY26 proposed budget is 11 percent, which is higher than the 9 percent average the budget has grown the past 10 years. This higher growth rate is driven by several factors, including higher than normal base budget and debt service needs, such as increases in the retiree health care program and several land acquisitions in the current fiscal year that resulted in an increase in debt service payments.

[00:38:24] While the growth rate is higher than average, it is affordable, even within a budget that proposes the most significant tax rate decreases in at least the past decade. As discussed earlier, we can accommodate this largely because of the financial impacts associated with the data center industry.

[00:38:44] That said, the Commonwealth of Virginia is also contributing to the county's rate of expenditure growth, which I will discuss next. Loudoun County is an economic driver in the Commonwealth of Virginia, and our businesses and residents contribute greatly to the Commonwealth.

[00:39:05] For every dollar Loudoun County sends through taxes that our businesses and our residents pay to the Commonwealth, only 30 to 35 cents is reinvested back into the county. The Commonwealth continues to devolve its financial responsibilities to localities.

[00:39:23] As I just mentioned, this is another significant factor driving the budget's growth rate. There are multiple circumstances where the board has chosen to supplement state funding to meet service requirements within the county. In addition, according to last year's JLARC recommendation on education funding, Loudoun County should expect the Commonwealth to contribute an additional \$200 million to the Loudoun County Public Schools.

[00:39:48] According to current state requirements, The county should be providing 55% of the school division's operating budget. However, in order to deliver the high-quality school system the Loudoun enjoys, the county provides 71% of the school's operating budget.

[00:40:06] The Sheriff's Office should receive funding for 303 law enforcement deputies based on the standard of one law enforcement deputy per 1,500 residents, but only receives funding for 180 positions,

leaving a gap of 123 positions that are not funded by the Commonwealth based on its own standard.

[00:40:27] The Virginia Department of Health provides funding to all health departments to cover the cost of providing core services, regardless of whether the department is locally or state administered. The Commonwealth significantly underfunds Loudoun's health department compared to neighboring jurisdictions, currently providing only 15 percent of the true service costs of Loudoun's public health needs.

[00:40:48] Loudoun receives the second lowest overall funding allocation from the Commonwealth and the lowest per capita funding at \$10, which is less than a third of the average. The Commonwealth's outdated cooperative health funding model was based on population and has not been significantly revised since it was established in 1954.

[00:41:11] Another notable driver of the growth in the budget is the opening of the Crisis Receiving and Stabilization Center, A community-based solution that the board has taken on to ensure our community has the appropriate emergency resources needed for individuals who are experiencing a behavioral health crisis.

[00:41:27] Although these services have been traditionally a Commonwealth responsibility, the county will be funding the facility starting in FY26 because the Commonwealth has devolved the responsibility for funding such facilities to localities.

[00:41:44] The board should be commended for its commitment to mental and behavioral health services, and our investments will benefit all Virginians. The board has taken on substantial responsibilities for road construction, improving traffic flow and proactively addressing safety concerns throughout the county.

[00:42:02] And \$1.2 billion of your \$3.8 billion CIP is dedicated for this purpose. As you know, paying for road maintenance and road construction is a traditional responsibility of the Commonwealth. And then finally, as alluded to previously, the Commonwealth continues to underpay and underfund its judicial system responsibilities, leaving the county responsible for supplementing the salaries of critical positions like clerks and public defenders to ensure Loudoun County residents' rights can be upheld.

[00:42:36] This slide illustrates the difference between home values and tax bills between tax year 24 and tax year 25. Revaluation on residential properties brought the average home, excluding new construction to \$780,100. The homeowner's equalized rate is 81.5 cents, one cent higher than the proposed real property tax rate, meaning that the average homeowner will see a tax bill decrease. For tax year 25, on average, homeowners would have a real property tax bill decrease of \$57.

[00:43:10] This slide includes countywide tax bill impacts for the average homeowner of different housing types. Rates of equalized appreciation varied from 7% for suburban single-family homes to 5% for townhomes. This graphic shows how the county spends every dollar of local tax funding in the proposed budget. 54 cents goes towards the school's operating budget. 19 cents towards the debt service and CIP needs of the county and schools. 10 cents towards public safety. 7 cents towards general government. 4 cents towards health and welfare. 3 cents towards parks, recreation, and

[00:43:49] culture, two cents towards community development, and one cent towards miscellaneous expenditures. Before concluding, I would like to highlight a few improvements to the printed budget document you are about to receive. The printed budget document is limited to content typically discussed

during the board's work sessions. The document includes the executive summary, narratives to support every resource request for the board's consideration, and the full capital improvement program. The full document will be posted online in easy-to-navigate sections for the board and public to review for the cip the summary of new projects and other changes section of the document

[00:44:29] has been enhanced to provide more project information and details about project changes this section has also been arranged by election district 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 one public input session on february 22nd and two public hearings on february 27th all will be 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 public may provide

[00:45:07] input to the board of supervisors on the fy26 budget however each member of the public wishing to address the board may speak at only one of these sessions budget document 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 loudon county and our exceptional employees it is on their behalf that i submit to you the fy26 proposed budget for your consideration at this time i'd

[00:45:43] be happy to take any questions you may have uh thank you madam chair mr m street the budget presentation is always so well done and what the what the community can't see if you're looking watching on TV is that all of the department heads are in the room to to hear the presentation and if needed take part in answering the questions. I say this every year and I'm always happy to say it when with all the department heads in the room. We have an exemplary county staff.

[00:46:15] Our county staff is just it's next to none. We know that. We attend National Association of Counties and we do other things and we see county staffs all across the country. You will not find a better staff than in Loudoun County, and I suggest it would be hard to find a better county administrator than you, Mr. Hemstreet.

[00:46:32] So thank you for that budget presentation. It was, as always, very well done. Supervisors, we're not going to get this done by 6 o'clock because we're not. And so we will still need to take a short break after this section of our business meeting before we go into the public hearing. But to the county, if you're here for the public hearing, I apologize. It's going to run a little later tonight. We're going to start a little later tonight than we have planned. Having said all that, if you do have questions

[00:47:06] on the budget presentation, please put your lights on. I'm going to start with Ms. Brixman who is off -- who cannot be the deus tonight with us. So Ms. Brixman, I'll go to you first.

[00:47:22] you chair randall um and thank you uh staff and um administrator hemstreet uh hearty hearty congratulations on that forbes designation and all the other accolades that you shared at the beginning of the presentation um i mean the top line for me is a penny below the equalized rate and funding the schools fully um and just about everything else we need to fund in our budget You don't often, Mr. Hemstreet, say something is unprecedented, and you said it's unprecedented

[00:47:56] and you've never seen it in your career, the commercial property valuation grow by 50%. That's amazing. Could you remind us, what was our original budget guidance on the tax rate, and what was our original projected homeowners equalized rate, if you recall?

[00:48:20] Guidance was to prepare the budget at the homeowner's equalized rate. I think when it came in December, 84.5 cents was the projected homeowner's rate. We're actually below the homeowner's rate. Exactly.

[00:48:36] I mean, so we originally thought the homeowner's rate was going to be 84. It turned out to be 81, and now we're even a full cent below that, if I'm saying that correctly. That's correct. That's amazing. And you also said that we have consistently lowered the tax rate, all other tax rates, and we even did lower it a nickel on the personal property for the data centers, and that our tax rate would be 66 cents higher if it weren't for the data centers.

[00:49:07] That's amazing. One question on the schools, and my original question was, are we going to be fully funding them at the 60% split of new revenue? I want to clarify for those watching and for the media, the 60% number that gets used often is the split for new revenue, but the actual share of the school budget with our budget is actually 54% in the end, correct?

[00:49:40] That's approximately, yes. Okay. Could we really quickly go back? I'm going to have to skip over some of my questions. I'm running out of time. But I was really impressed with slide number 47 and the funding that the state is requiring counties to make up.

[00:49:58] So without objection, Madam Chair, I've asked Mr. Hemstreet to please itemize that list so we have a more clear picture as to what we are funding that the state is not funding.

[00:50:14] Because I feel as if when we talk about it, it's mostly anecdotal. So I'm hoping that we can do that without objection. I have no objection on that. I don't imagine anyone else does either, but we may need to give them some time to get that pulled together. Absolutely. you madam chair thank you miss brixman miss um thank you madam chair mr hemstreet in in the budget we've talked about the state under funding its obligations um if i look at page 34 and if

[00:50:52] i'm looking at the total that the federal government provides i'm seeing about i think 13 million dollars a little over 13 million dollars to your knowledge is that across all categories and especially does it include transportation projects that might be funded by smart scale or is this a different set of funding up uh priorities i'm going to defer to miss burke on

[00:51:26] that if you're looking at page 34 in the budget document that's just general fund money so those are grants for our operating budget departments that does not include any federal funding for the capital improvement program all right do we have any way of calculating what federal funding for the capital improvement program would be yes do you want to say well actually I've asked staff to put together a I guess report for the board that we're trying to have done by the the end of this month that will identify all of the federal funds that we receive and then what

[00:52:04] categories we receive them and then where they're going so that that information will be available to the board so that is some of that of course is capital funding some of it is also grant funding for certain services do you have some detail high level high level information can be found behind the tab marked capital improvement program overview on page 333 that has a high-level federal categories all right thank you very much thank you for always giving us the best guidance to be as responsible as is possible I

[00:52:44] appreciate it thank you mr. Crony yeah thank you chair Randall and and thank you mr. Hemstreet I think this this proposed budget will really have a positive impact in the community. I know

that. And also, I think it also invests in our employees, and that's really important. So, I'm really excited, really happy to see that we're continuing to increase salaries and take care of our employees. So, the question I had is, it is such great news that we're going down 67 cents on the vehicle tax. Back during the FY 2025 budget

[00:53:21] process, you know, I started the kind of idea of holding the tax rate on a vehicle or on computer data center equipment so that we could lower the tax rate on vehicles. Do you think we could reduce the vehicle tax to zero at some point in the near future for our residents and the community? I do. I would advise the board to take a couple, three years to do that the and when I say or when I say zero it would be the board could do that

[00:53:59] but I would recommend that be a zero net payment I think you should levy enough of a tax that you will still receive the property tax relief payment from the Commonwealth which is about 40 million okay so still take advantage of that because we don't get much okay yeah that makes sense okay great and and I think it i think the data i heard uh the data center community is pretty much is pretty much a 10 to 1 revenue ratio right from that that you know regarding personal property tax it's a 10 to 1 ratio it's it's a very it's it's in that ballpark yes okay all right thank you very much

[00:54:37] thank you mr sanes well thank you madam chair thank you mr hemisphere for your presentation and i appreciate um your comments in regards to the commonwealth and their funding to to localities obviously loudoun county in particular you highlighted a lot of shortcomings that we've obviously been dealing with for for years and i particularly put my light on to say these comments to make sure it gets picked up by some of our media friends because i think people

[00:55:15] need to know how bad the funding in certain areas is is or how bad we're underfunded i should say excuse me from uh from the commonwealth in certain areas even though obviously we appreciate the health we get from the commonwealth but we definitely could use from your it's clear from your your comments we can use a lot more uh resources so so i appreciate you taking the time to say that uh here tonight uh so thank you to kirschner thank you madam chair and i want to I want to thank Tim, Megan, Nikki, all those on the team who worked to prepare this budget.

[00:55:51] I want to thank you, Mr. Hemstreet, especially for taking the time. I don't have a ton of questions. I have a couple of comments. I might have a couple of questions for you, mostly nodding your head and saying yes or no, depending on whether you agree with me or not. We've come a long way since 2009. I went back and looked at that budget some time ago, and we were in an economic downturn.

[00:56:13] We were struggling. We were having to raise the budget, cut staff, and a number of other things just to try to keep up services that we have. You fast forwarded to the 2016 budget, and we had about \$300 million at that point in revenue, 2008 from data centers, 2018 it was continuing to grow, and now we are, I think, looking at somewhere in the vicinity, I think you said \$1.14 billion from data center in revenue.

[00:56:40] That is incredible. And to me, I think we are probably the envy of the world. I would call this really a kind of a -- if you want to compare it with the oil boom of many -- that we've seen in years past, this is a data boom.

[00:56:57] And it's really helping our county. It's making us a wealthy county. It's making a county that really, quite frankly, we have the problem of having almost too much revenue. That's a really bold thing to say, but I would argue that that's where we are. But let me just make sure I understand this, Mr. Hemstreet.

[00:57:14] This budget proposes to reduce by one cent the real property rate on homeowners, correct? One penny below the... Below the equalized rate. Six pennies in the total rate. Of the total rate, but below the equalized rate.

[00:57:30] Yes, I should probably clarify that. 67 cents on the car tax. Yes. Reduction. A fully funding the revenue stabilization fund of 47 million, 47, is that correct? 47.7 million addition, which will take...

[00:57:46] To make it 124. 114. 114. Yeah, 124. Okay. And then we are also fully funding our school request of an increase of \$123 million. Correct. So -- and would you say, in large part, we have this quote-unquote "revenue problem" because we have a thriving commercial property largely centered, as you made in your presentation, the data center space.

[00:58:14] Yes. Is that correct? That's correct. Okay. issues, and we're working on addressing those and not becoming over-reliant, but making sure we have the stabilization fund and whatnot. But I find it ironic tonight -- I'm just going to close with this -- I find it ironic tonight that we talk here about the Golden Goose, which we have in Loudoun County.

[00:58:34] And then the very next section at 6 o'clock, I feel like we're getting ready to talk about the block that will perhaps execute or at least injure the Golden Goose. Just keep that in mind. Thank you. Mr. Turner.

[00:58:50] Thank you, Madam Chair. During your presentation, Mr. Hemstreet, I leaned over to the chair facetiously. I said, you know, I really think this year we probably ought to just put the entire budget on consent and save everybody some time. She laughed, but it was only kind of half in jest.

[00:59:06] This is the most amazing budget I've ever seen. And I want to specifically commend you. You and I had talked and Ms. Burke and I had talked about the summary of new projects and other changes in CIP. That table is outstanding. That is just outstanding. that's exactly what i was hoping we'd see i really appreciate it commend you guys for that and then i just want to restate it's been said a number of different ways but but correct me if i'm wrong first of all can anybody remember a time when we lowered the real property tax rate six cents in a single year because i can't remember it we can go back and check it really it's it's

[00:59:46] just a fact that none of us are familiar with that kind of parameter is uh is pretty staggering and and for the benefit of our viewers at home and our constituents i want to make sure i restate this correctly so if i'm wrong please correct me but the average homeowner's real property value increased by seven percent this year and despite the fact that the average homeowner's real property value increased by seven percent the average homeowner will pay lower taxes because we are lowering the residential tax rate to one cent below the equal the homeowner's equalized

[01:00:23] rate. So even though their home values went up 7% on average, just on average, the average homeowner will pay less taxes this year because of our reduction in the tax rate. Yes. Thank you very much. Thank you again, Mr. Hemstreet. So I'm going to -- to my colleague, Mr. Kirchner, my friend Mr. Kirchner, I'm going to say that I think the data centers are a double-edged sword.

[01:00:47] And I think that, you know, we're not herding the golden goose or killing the golden goose, But I do think geese actually can make messes sometimes, you ever walk behind a goose? Messes all around sometimes. So I think that there is a balance and what we're trying to do today is understand the balance.

[01:01:05] I don't, I've never heard anyone up here say they don't understand and fully appreciate the revenue that the data centers bring us and the community involvement, especially the community involvement that data centers have. But there is another side to that study, to that story, and I think we have to have that other discussion as well.

[01:01:25] I think any time that you're -- I think balanced discussions have to admit that every coin has two sides. And so tonight we're going to have a balanced discussion that doesn't say everything about the data. It's wonderful, nor is it all terrible. There's a balance.

[01:01:41] And that's the things we're trying to figure out with the Revenue Stabilization Fund, but also with land use, where do they belong and where they don't belong. That's all part of the discussion that is the balance of our data center community. Mr. Hemstreet, I will reflect what Ms. Briggsman said, starting on page 47, I do not remember a time where we've so clearly talked about the amount that Loudon pays that are state responsibilities, but I'm glad we're actually having that discussion.

[01:02:13] And I certainly hope that that is something the media picks up on because we are covering so much that should be a state responsibility. And just to be a little political, when we do that, what we're actually allowing people in the state to do is go back to their constituents and say, hey, we didn't raise taxes, and they don't have to raise taxes if counties are picking up the state responsibilities, which is exactly what's happening and has been an issue for a long time.

[01:02:38] Ms. Jim Street, I do have one question. I think it was on page 33. It was the 123 of new LCPS funding requests. I know we're going to be meeting with the schools separately, but can you talk just about a little bit about where that with that new funding is asking for it.

[01:02:57] So it's my understanding that most of that 123.4 million of new funding requests is personnel costs for our teachers and our teaching staff at LCPS. Is that not correct? That's correct. Our understanding from the superintendent is about 95 million of that or so.

[01:03:15] I don't know the exact number, but somewhere in that range is just for pay and benefit increases. And then the balance of that, a good portion of it is to address new requirements from the Commonwealth regarding certain aspects of education.

[01:03:34] New requirements for the Commonwealth, even after a JLARC study came out that said that the Commonwealth is underfunding each and every student in the Commonwealth of Virginia. Gotcha. Okay. So, board members, within your budget document being passed out by staff this evening, there is a memo from me to all of you about -- that gives you some more information about the whole budget process.

[01:03:56] This memo lays out the process that we're going to follow to submit budget questions to staff in order for staff to effectively support our budget work session. I ask that members of the -- the members that you all provide as many of your questions as you can, impossible by writing by February 21st to Megan Burke, the Office of Budget Management. This includes questions from both the county operating budget and the school budget. Additionally, last night, the Finance Committee received the first presentation on the CIP. Supervisor Bricksman has requested the questions and requests related to the

[01:04:33] CIP budget be provided by February 21st also to Megan Burke. The Finance Committee has a scheduled work session on the CIP on Tuesday, February 18th at 6:00. If any board members are considering proposing new funding scenarios for the CIP budget work session, please meet with the Office of Management and Budget during the scheduled office hours on February 12th, 13th and 14th.

Supervisors, if you are on TLUC, I'm going to make a request of you that I believe Ms. Bricksman will share this request. You can do a couple of things. If you feel

[01:05:06] like that you need to have more time, more understanding, more voice in the CIP process, you can come to the budget -- to the work sessions, to the finance committee work sessions. No, you can't make motions and you can't vote, but you can come and you can certainly give motions to a finance member if you'd like to.

[01:05:23] There are budget work sessions, CIP work sessions that the staff is offering. One was today. If you haven't done that, please do that as well. You can always watch us on television. I mean, if you don't want to come in, that's all fine too. I do understand that TLUC members do not feel like they have the same voice in the CIP.

[01:05:40] We are trying to address that, but to be quite honest, you all will have -- if you're on TLUC, you have to just jump through a few more hoops to have -- if you want your scenarios included. Finally, board members, please note there's a schedule of work sessions and there's a tentative agenda topic for each work session attached in the memo that I'm giving you tonight.

[01:06:01] While the schedule does not currently anticipate using the Saturday work sessions or the if needed work sessions, please ensure that those dates are clear on your calendar just in case. The proposed document will be posted to loudon.gov/budget/budget for the public.

[01:06:20] Additional copies of the budget will be available to all of our offices next week and will also be available in iLegislate. I should say that I am going to try to get back from -- I would be at the National Association of Counties for our very first budget work session. It is in D.C. I'm going to try to get back in time that evening. If I don't get back in time, Mr. Turner will do the budget work session for me that evening, but I am going to try to get back. So just in case I don't get back, I'm going to say right now what I say at the beginning of every budget work session. When we're doing our work sessions, please make your votes, be conscious of your

[01:06:58] votes. In other words, do not vote for something in the work session if you're not going to support that tax rate at the end. I know it really looks good. You can go out and say, hey, I voted against that, but then you voted for the final tax rate. Don't do that. That confuses, that's just not, just don't do that. Just don't do that. So please vote in each department with intentionality. I will ask that question, ask that favor of you. Once again, Mr. Hemstreet, thank you to you. Thank you to Ms. Burke, and thank you to all of the staff in the room, to senior staff, to department heads. I know we get to see you

[01:07:36] all very often, talk to you all very often, but we really do ask that you extend all of our thanks to your staff, to the line staff. We know how hard you work. We know what it is to be a county employee. We realize county employees are public servants every single day.

[01:07:53] And so please extend our thanks to your line staff because it is heartfelt coming from the board. Supervisors, that's all we have for right now. We're going to take a 10-minute break while we prepare for public hearing. I am going to ask if I could meet with the mayors before public hearing, before the public hearing starts. I'd appreciate that. Supervisors, we're taking a break. We'll be back in 10 to 15 minutes for public hearing. Thank you. We're adjourned.



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