

A regular meeting of the Board of Supervisors of Albemarle County, Virginia, was held on March 12, 2025, at 3:00 p.m. in Room 241, Second Floor, Albemarle County Office Building, 401 McIntire Road, Charlottesville, Virginia, 22902.

PRESENT: Mr. Jim H. Andrews, Mr. Ned Gallaway (left at 5:43 p.m.), Ms. Beatrice (Bea) J.S. LaPisto-Kirtley, Ms. Ann H. Mallek, Ms. Diantha H. McKeel, and Mr. Mike O. D. Pruitt (joined remotely at 3:09 p.m., left at 6:03 p.m.).

ABSENT: none.

OFFICERS PRESENT: County Executive, Jeffrey B. Richardson; County Attorney, Andy Herrick; Clerk, Claudette K. Borgersen; and Senior Deputy Clerk, Travis O. Morris.

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Agenda Item No. 1. Call to Order. The meeting was called to order at 3:00 p.m., by the Chair, Mr. Jim Andrews.

Mr. Andrews introduced the Albemarle County Police Department Officers present to provide their services at the meeting, Tayvaun Richardson and Dana Reeves.

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Agenda Item No. 2. **Work Session:** FY 2026 Operating and Capital Budget.

Mr. Andy Bowman, Assistant Chief Financial Officer, said that this was the second work session on the Fiscal Year 26 recommended budget. No action was requested by the Board of Supervisors today or Monday; the Board would be asked to take action on March 19 to propose a budget and tax rate. He noted that the Board would be able to adopt a tax rate that was within that advertised range, but not exceeding it.

Mr. Bowman said that next week, they would begin hosting seven town halls throughout the County as part of the budget process. He explained that staff would present a summary overview today, and he would delve deeper into specific chapters on Monday, focusing on those driving the tax rates. Today's presentation would cover a broader range of topics, including affordable housing, climate, and the Health Fund, with some chapters moving at a quicker pace than previously. He said that as always, they were open to the Board's questions and potential adjustments to the budget. Any questions or concerns not addressed during the meeting would be posted on the website for transparency.

Mr. Bowman said that with that, he would like to proceed with today's agenda, which included continuing the conversation from Monday's work session regarding the allocation of shared revenues and the \$0.032 for public safety. He said that staff had conducted analysis on this topic and sought the Board's guidance as they moved forward. He said that they would then proceed through the chapters, and if the Board desired a break before discussing health and welfare, that would be the best time to do so.

Mr. Bowman stated that also present at the table were Rivanna Authorities' Executive Director Bill Mawyer, Director of Social Services Kaki Dimock, and Director of Economic Development Emily Kilroy, who would all take that seat at some point today. He assured the Board that staff did not want to rush their deliberation and would take the time necessary to have a full discussion. If they only covered the health and welfare topic today, that was acceptable. He said that they would pick up the rest on March 17 or March 19. He said that the last three chapters did not drive the budget in the same way as some of the earlier topics.

Mr. Bowman said that he begin by picking up where they left off on the allocation of shared revenue. He said that provided was a reference slide, and the Board had seen the exact same one on Monday that discussed how they shared their shared revenue with public school operations, County government operations, and the joint Capital Improvement Program (CIP) and debt service programs.

Mr. Bowman said that they had previously discussed how that funding would be allocated in Fiscal Year 26, with \$0.032 going to public safety, and they had delved into the costs this supported. Where they had left off, and they would bring back new information today, was that there was clarity on \$0.032 going to public safety in FY26, and that would go into the base for future years. However, he wanted to clarify the change in that value of \$0.032 as they headed into Fiscal Year 27.

Mr. Bowman said that the Board had the full ability to decide on this. He reiterated that staff did not have a recommendation on this; their intent was to help the Board provide guidance to staff on their preferred option. He said that they had two options. Option A was to take that change in \$0.032 and split it by the normal funding split of 54% to schools, 36% to County government operations, and 10% to capital and debt. Option B would allocate 100% of the public safety expenses to benefit from the growth in the \$0.032.

Mr. Bowman said that this was the concept, and he would now present some math to illustrate how it worked. For full transparency, he would show some of the figures. This scenario assumed that if revenues grew by 4.9% in Fiscal Year 27 of the shared revenues would be dedicated to public safety, as previously assumed in the five-year plan. This was for illustrative purposes only. He said that he would now explain how the funding would be split in Options A and B. The key difference lay in the far right column of Option B compared to Option A.

Mr. Bowman said that if the growth in the \$0.032 was dedicated to public safety, they projected an additional \$300,000 compared to Option A, which would be available for public safety. This \$300,000 would come from the revenue that would not be allocated to capital and debt, which was approximately \$50,000, and for schools, approximately \$260,000. He clarified that this was not a reduction in capital or schools, but rather a smaller increase in the amount they would receive otherwise in Option A. He reiterated that the actual math would vary, but this example showed the orders of magnitude for the options.

Mr. Bowman said that to provide a better understanding, he would share some past examples of dedications where the value of a penny was less, and the amount dedicated was not as significant. However, with the current \$0.032, and the value of a penny being \$3.1 million, this growth and its value were more significant than in the past. He said that he appreciated the Board's questions and hoped this helped them gain clarity on this matter for the future.

Mr. Bowman said that before he turned it over to the Board, they had compiled a list of potential considerations from staff. These were not all the considerations the Board should weigh. However, the first consideration was that both options aligned with the County's financial management policies, providing a guideline for revenue split, which was a construct owned by the Board of Supervisors. He stated that either approach the Board took was in compliance with the financial policies. The second consideration was long-term financial planning. He noted that many board members pointed out that public safety had numerous needs that were not being addressed this year, and Option B provided the Board with more flexibility to address these needs in the future, as the \$3.2 million remained available.

Mr. Bowman stated that the other long-term consideration was that the recommended CIP for Option A would result in approximately \$50,000 over five years, or \$250,000 in revenues less than what would be in the CIP. Although the Board had not seen the CIP, it would be presented on Monday. He said that if the Board were to maintain equal project funding, the reserve in the CIP could absorb the difference and still allow for some flexibility. He said that this would be discussed further on Monday, but it was not a deal-breaker that required a delay or to cut a project in the CIP to accommodate this funding.

Mr. Bowman said that the third consideration was complexity. He explained that prior to 2022, the Board had streamlined the policy, reducing the calculation process from 17 to 20 steps to the current 5 steps, which was still a relatively easier calculation. He said that staff had considered the complexity of the issue and did not foresee it as a barrier to implementation.

Mr. Bowman stated that the final consideration was what simpler communication approach would be best for Board members when communicating with the public, and this would be a recommendation from the County Executive to the Board's proposed budget. This was an open-ended question for the Board to reflect on.

Mr. Bowman emphasized that these were not all the potential considerations the Board could weigh. He said that at this point, he would turn the discussion over to the Chair. He said that he was happy to answer any clarifying questions. He reiterated that staff was seeking direction from the Board on whether Option A or B would be preferable as they continued to move forward in this budget process.

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Non-Agenda Item. Remote participation for Mr. Mike Pruitt.

Mr. Andrews said that Mr. Pruitt had requested to participate remotely in accordance with the applicable Board Rules of Procedure, Rule No. 8(b)1(d) connected to the Freedom of Information Act. He said that to participate remotely, Mr. Pruitt was required to state the reason for his remote participation, his location, and then make a motion to allow him to join, followed by a second and a vote.

Mr. Pruitt said that he was currently at the Yorktown Public Library. He said that he was away for work and had been unable to return in time for today's work session.

Ms. LaPisto-Kirtley **moved** that the Board of Supervisors allow Mr. Pruitt to participate remotely in the meeting. Ms. McKeel **seconded** the motion.

Roll was called and the motion carried by the following recorded vote:

AYES: Mr. Andrews, Mr. Gallaway, Ms. LaPisto-Kirtley, Ms. Mallek, and Ms. McKeel.

NAYS: None.

ABSENT: Mr. Pruitt.

Mr. Pruitt joined the meeting remotely at 3:09 p.m.

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Agenda Item No. 2. **Work Session:** FY 2026 Operating and Capital Budget, *continued*.

Mr. Andrews said that at this point, they were looking at the two options presented on the screen. He said that they were seeking consensus from the Board about dedicating either by the 54%-36%-10% split or the full \$3.2 million for public safety expenses.

Ms. LaPisto-Kirtley said that her original reason for bringing this up was to determine if the \$3.2

million could be allocated solely for public safety, as long as they were paying for the SAFER grant (Staffing for Adequate Fire and Emergency Response). She said that this would ensure that the funds were not at risk of being jeopardized due to the grant requirements. She said that if that was the case, she had no issue dedicating that amount to public safety. She said that her question was, at any point in time, could the Board remove or alter the \$3.2 million allocation?

Mr. Bowman said yes.

Ms. McKeel said that her preference was Option B, dedicated to public safety, because there was a great need for it and it affected everyone in the community. She noted that this decision did not impact the additional \$1.2 million being allocated to schools, which was separate from the \$3.2 million allocated for other purposes.

Mr. Bowman said that that was great clarification. He said that this did not impact the recommended FY26 budget. He said that rather, it was part of their ongoing long-term financial planning efforts.

Mr. Gallaway said that he was not yet prepared to share his preferred option. He said that he was still considering his options. He asked if it was safe to assume that the affordable housing for the \$0.004 would be approximately \$50,000 in the out years.

Mr. Bowman said that as the County Executive's recommended budget was constructed, taking into account the water resources dedication, it was contemplated that the growth and value of that \$0.004 would already be dedicated to housing. Therefore, that part was not a change.

Mr. Gallaway said that for his understanding, if they had asked about the dedicated pennies, the numbers \$310,000, \$262,000, and \$48,000 would be significantly smaller for the \$0.004. He said that the \$310,000, in particular, appeared to have a minimal impact on the \$0.004 remaining dedicated in future years.

Mr. Bowman said that as an example, the second line on this slide illustrated the value of the \$0.004 dedicated to housing. He said that this growth in the dedicated \$0.004 would generate an additional \$60,000 in Fiscal Year 27.

Mr. Gallaway said that he was not ready to make a decision yet. He said that to avoid complicating the matter, if they could get to a point where they could tailor the dedication to what they expected in terms of growth for both departments, and also consider the positions that would need to be paid for, he thought it would be a more manageable approach. He said that this would be cleaner to explain to the public, as locking off \$3.2 million for public safety without a clear need for it would essentially be locking that money away from other purposes, essentially setting aside \$10 million per year for public safety without a guarantee of need.

Mr. Bowman said that the \$10 million was part of the base. He said that he would also be sharing the growth in public safety, primarily to maintain the public safety pay scale and keep up with compensation. He said that assuming no drastic changes, he could safely bet that their public safety budget had increased by more than \$300,000 in recent years.

Mr. Gallaway said that he was having trouble understanding the move forward on the dedicated amount. He asked if Mr. Bowman was saying that they were only gaining \$310,000 every year, so if they dedicated \$3.2 million and assessments grew by 4.1% and 4.9%, the net result was \$310,000 for public safety next year.

Mr. Bowman said that public safety would also benefit from the changes in shared and non-shared revenues, similar to any year. He said that currently, the total amount of revenue available for County government, including public safety, was \$6.6 million. He said that in the budget year, public safety would likely receive a larger share than \$300,000. He said that this was comparable to Option A, where there would be a growth of \$6.3 million to be split across all County government services.

Mr. Gallaway said that he was not ready to make a definitive decision, so he needed to take some time to consider the options. He said that he was not opposed to Option B, but he was not ready to commit to it either. He said that he needed to think this through further. He said that he would like to hear the public's reaction to the proposal, as well as any feedback they received from the community.

Ms. Mallek asked for clarification that the \$300,000 was the growth beyond the \$0.032 for Fiscal Year 26, approximately \$9 million plus \$310,000. She said that it was not just the \$300,000.

Mr. Bowman confirmed that was correct.

Ms. Mallek noted that it was a substantial amount of money, comparable to the \$1.2 million or more if they ultimately gave additional funding for the affordable housing component. She said that this was in addition to the \$60,000. She stated that she simply wanted to confirm that they were not losing sight of the original amount that was being invested, including any potential growth.

Mr. Gallaway said that this did not change his opinion. He said that he did not realize that a decision was being made today, which had caught him off guard.

Mr. Bowman clarified that the Board did not have to make a decision today, but if Option B was where the Board was leaning, staff could prepare a discussion on the CIP for what that would look like with Option B, and the Board still retained the right to change their mind throughout the budget process, regardless of the outcome of the next two or three work sessions.

Ms. Mallek said that her whole frame of reference was based on the \$0.007 for water resources, and the public's reception to it, which was largely positive because it was seen as necessary and essential, and the public had confidence that it was not just being diverted into an unnamed fund. She said that what she was holding onto for this proposal. She said that she was shocked that it was being proposed at \$0.04, but she understood why it was being proposed that way.

Ms. Mallek said that she also understood how they had gotten to this point, and the complex interplay of factors that she had been trying to explain to people. She said that however, she said she supported Option B, and she was holding back on further discussion of the rest of the split for the \$0.008, because she had a different perspective on that issue. She said that in fact, she would like to propose an alternative approach.

Ms. Mallek said that she would put her proposal out here now, and she invited people to consider it until later. If the entire \$0.008 went towards affordable housing, and they used that to build the principal to generate revenue, in addition to the \$3 million proposed, they could potentially create a substantial amount without depleting the principal.

Ms. Mallek said that they would not be able to get anywhere if they were just sending out the door in the very first year. She said that this would also address the issue of fairness, as they would not be taking extra tax money from their lowest-income taxpayers to provide for someone else. She said that she wanted to ensure that they were working together to find a sustainable solution. That was the background she would like to provide. However, she was currently in favor of Option B.

Mr. Pruitt said that he had found a lot of clarity with this issue since their previous work session. He said that he recalled that he was one of the few individuals seeking additional clarity on the structure and meaning of the dedication moving forward. He said that upon reflection, he would like to comment to the Board that in both circumstances, they were setting up a structure where the tail wagged the dog.

Mr. Pruitt said that they were establishing a revenue expectation that drove their choices, rather than their choices being guided by where to allocate service growth or community needs. Specifically, in the case of endorsing Option B, they were creating a situation where they would receive an additional surplus of revenues. He said that public safety was largely driven by salaries, which would effectively dictate their budget decisions for the next year; they would need to grow the amount allocated to public safety.

Mr. Pruitt noted that however, this was a pattern they followed every year with Option A in terms of their schools and capital. He said that he found it more coherent to have a single and consistent expectation throughout the budget regarding this relationship. He said that this was a construct they imposed upon themselves, and he believed pursuing Option A was consistent with the rest of the budget.

Mr. Pruitt said that if their growth needs in public safety outstripped that, they could revisit the allocation and consider allocating the additional \$0.032 entirely and specifically to public safety. As a planning consideration for the Budget team moving into 2027, he thought it made more sense to use a consistent split as the rest of the budget with options.

Mr. Andrews said that he was inclined to agree with Mr. Pruitt that recognizing the simplicity of their current split was a reasonable approach. He said that they could adopt this as their default method for next year, but it was not set in stone. He had some concern that they might take this approach to extremes if they started dedicating a specific amount to each increment every time. He said that although he did not think they were quite there yet, and therefore it was not something he felt very strongly about.

Ms. McKeel asked if Mr. Bowman could speak to the consistency in the process.

Mr. Bowman said that he would review slide 5, which highlighted the dedications in step two. He said that in essence, what they would do right now was add a designated transfer to affordable housing to their financial policies, which had not been a point of disagreement among the Board members, assuming it was included in the budget. He said that if that happened, they would also add a phrase for public safety services. He said that this would be the language and process for how it worked. He said that in the past, they had listed more options, but over time, they had simplified it. He said that regardless of the Board's decision today, it would always be an option available to them.

Mr. Bowman said that it was a starting point that they needed to inform everyone with their respective shares. He said that he wanted to emphasize that he did not want to push the Board to make a decision they were not ready for, but if there was anything they could provide to assist them, such as additional follow-up or analysis, they could put that together as they worked through the budget process. He said that he had heard from Board members that effective communication on the budget, regardless of the Board's decision, was an important aspect for all of them.

Ms. LaPisto-Kirtley said that if she understood it correctly, the \$0.032 designation, if dedicated to public safety, could be revoked or changed by the Board at any time during a budget session. She said that similarly, the \$0.004 designations for affordable housing and schools could also dedicated streams.

Mr. Bowman said that the Board had the authority to make any decision they saw fit regarding those matters.

Mr. Andrews said that it was proposed to be dedicated for affordable housing, but not for schools.

Ms. LaPisto-Kirtley said that she thought it was for both.

Mr. Bowman said that they did not prepare a public school analysis because the Board had not requested one. He said that the impact would be relatively small, as it was only \$0.004. He said that they could prepare any scenario the Board would like.

Ms. LaPisto-Kirtley said that the \$0.004 for schools could be dedicated funding, and the \$0.004 for affordable housing could also be dedicated. She said that if they proceeded with this approach, she was still in favor of Option B, as it provided flexibility to adjust the allocation at any time, taking into account fluctuations in revenues.

Mr. Richardson asked if there was any final direction from Board members. If not, they could move onto the topics staff had slated for today.

Mr. Andrews said that unless anyone had additional comments, he thought they were somewhat divided on this issue and should move forward.

Mr. Gallaway said that he had a thought he would like to share. He said that it was somewhat related to Mr. Pruitt had mentioned. He said this was about more than just the dollar impact or strategy; it was about aligning dedicated funding for public safety that the Police, Fire, and County Executive could rely on. He said that the fact that \$0.032 had been pulled out this year did not necessarily mean it needed to be a \$0.032 dedicated amount. He said that was where he was hesitant to commit to it.

Mr. Gallaway said that he wanted to see more strategic thinking involved in the decision-making process because he was concerned that if they locked in too much, they might limit their ability to adapt to future needs if the growth factor or another factor did not require the same level of funding. He said that they might inadvertently limit their options for other departments, such as Parks and Recreation or the Community Development Department, which often had competing priorities. He said that was why he was requesting more time to consider this proposal with a strategic mindset.

Ms. McKeel said that it might be beneficial if staff could discuss how the \$0.032 figure was established, and explain the thought process behind it. She said that she also had a question for Ms. Shifflett regarding the study they were currently participating in. She said that the study be completed in the fall. She said that while it was not being done in concert with the budget, she wondered if it would help inform their decisions about funding.

Ms. Kristy Shifflett, Chief Operating Officer, said that their hope was that the study and all the information they learned from it would inform next year's budget strategy and ultimately influence this very decision.

Mr. Gallaway said that they could always direct the future dedication next year, in preparation for the budget, and then make this decision then. He said that he was concerned that they did not have the math to support it.

Ms. McKeel said that the study would be important in informing this decision.

Ms. Shifflett said that this would address Mr. Gallaway's question about what they needed to anticipate the needs of the public safety departments. She said that they were hoping that this study would provide a strategic plan outlining the necessary steps to take.

Ms. Mallek said that she had heard many things that she believed were more significant than her comments, given the numerous dedicated efforts over the years that were impacted when they changed. She said that for instance, there was dedicated funding for the Acquisitions of Conservation Easements (ACE) program for four or five years. She said that when the County Executive at the time stated that, facing the recession, they could not do this right now, that marked the end of it.

Ms. Mallek said that as a result, the money was not locked up beyond its immediate need, and if another crisis arose, it would not be affected. She said that therefore, she had no concern about this. What concerned her was the predictability of its purpose and the narrative that was presented to them initially. She said this was why she thought they needed to accelerate it. She said that she was not going to argue about it anymore, but she believed they were heading down a rabbit hole.

Mr. Bowman said that they would now move on to the content for today's work sessions, always keeping the strategic plan in mind. He said that much of today's presentation was framed around how these changes in the budget contributed to the six strategic goals. He said that they would begin with the General Fund expenditures, and in this chapter, they would focus on two primary changes that were present in budgets across the County.

Mr. Bowman said that for perspective, provided on the screen was the total General Fund. He said that they had previously discussed the calculation for the transfers to schools and capital, which

accounted for the bulk of the left half of this donut chart. He said that they also discussed public safety, represented by the dark green section, which accounted for 16% of the total.

Mr. Bowman said that today, their plan was to explore the other pieces of this donut. He said that in cross-departmental General Fund expenditures, they wanted to spend some time discussing the proposed market adjustment and the transfer of the healthcare fund, as these were notable drivers in any budget. He said that to kick off this discussion, he would turn the market adjustment over to Kristy Shifflett, their Chief Operating Officer, who would address that portion.

Ms. Shifflett said that she would now outline the various ways they are addressing salaries for the workforce. She said that the next slide would discuss the impact of some of these processes. She said that their compensation philosophy for Albemarle County is to attract and retain quality employees while maintaining internal equity and external market competitiveness.

Ms. Shifflett said that for FY25, they found that every organization or competitive market, including State and funded positions, received a pay increase ranging from 2% to 7%. At the time, they in Albemarle County did not increase compensation because they had just completed the compensation and classification study and had submitted recommendations for increasing compensation based on market.

Ms. Shifflett said that instead, through programmatic benchmarking, they found that some positions were compensated below market, so they included increases for those positions in the FY26 budget. For FY26, they had information that State-funded employees would be receiving a 3% increase, so they recommended that a cost-of-living adjustment (COLA) of 3% become effective July 1, for all staff. She noted that this would move their entire competitive market. Additionally, they were applying a 2% step increase to their public safety pay scale, which would result in a starting salary of \$53,040 for police officers and firefighters at the entry level.

Ms. Shifflett said that this would increase to \$54,631. She said that this would move everyone up one step on the step scale. Next, they would expand the Police Fire Safety pay scales from 26 to 30 steps. She explained that this recommendation was actually suggested in their compensation and class study from Gallagher, which they had completed previously, but at the time, they had many other pressing issues to address, so they delayed implementing it.

Ms. Shifflett said that as a result, they were now requesting to move forward with implementing the scales this year, increasing the number of steps from 26 to 30. This change aligns with the current scales used by the Sheriff and the Emergency Communications Center (ECC). Additionally, they were proposing a career development plan for their Fire Rescue Department, which addresses the aging workforce and enables succession planning.

Ms. Shifflett said that for non-supervisory positions, firefighters would be able to move to supervisory roles a year sooner. She said that their Human Resources Department's benchmarking work, as part of their market compensation philosophy, reviewed 152 positions, affecting 619 employees, including public safety personnel. While not all of the positions would change, the \$1.3 million would enable market-based benchmarking and reclassification to take place.

Ms. Shifflett said that they were taking a more strategic approach, focusing on specific positions and market conditions rather than making broad changes across the organization. She said that provided was a document of one view of the comprehensive plan and class implementation.

Ms. Shifflett said that the Board was aware of the challenges they faced in FY23 with turnover and filling positions, as well as the capacity they had for interview and selection processes. She said that their data shows that things are improving, and they expect to see further improvements in FY24. She said that the average vacancy rate for FY24 was projected to be lower, but it was essential to note that this number can fluctuate.

Ms. Shifflett said that currently, their turnover rate had improved significantly, and they aimed to maintain it below 10% due to the cost savings associated with reduced turnover. She said that their data does not include retirements; this number focuses on the organization's performance regarding unplanned or involuntary turnover. She said that as of today, they had fewer than 40 vacancies currently.

Mr. Bowman said that he would now review the impact of the Health Fund before turning the discussion over to the Chair. He said that he had previously met with the School Board two Thursdays ago to discuss this information, as they shared the same data. He said that for today's presentation, he would condense it to save time.

Mr. Bowman said that their joint Healthcare Fund was shared with the public schools, County government, and several partner agencies. He said that this partnership was beneficial because the more they worked together, the better they could manage their risk in their self-funded model. He said that as a self-funded employer, they were entirely funded by employee premiums and employer contributions, which covered all their health costs.

Mr. Bowman said that in contrast, a smaller employer base may require opting into an insurance company to manage everything, limiting their flexibility in plan design and potentially resulting in less flexibility in plan design. He said that if they had a good year, they may not receive the money back from the insurance company to retain for another year. Conversely, if they had a bad year, they were fully

responsible for that risk and must maintain a reserve to cover it.

Mr. Bowman said that they were funded in this self-fund model, which was common for employers of their size, thanks to their partnership with the schools and others. From this fund, they paid claims and administrative costs. He said that they used a stop-loss insurance model, where the County was only responsible for the first \$400,000 in insurance costs for the current year.

Mr. Bowman said that additional insurance kicked in to cover and protect the County. He said that they also offered wellness programs. He said that he would like to acknowledge Lara Andrade, their Chief of Shared Service and Risk Management, who had been instrumental in analyzing their health financials and supporting the implementation of new employee health plans.

Mr. Bowman said that this year, he was devoting more time to this topic because they had a 24% increase in those costs in their budget for Plan Year (Calendar Year) 2026. He said that the County government's health insurance costs would increase by approximately \$3 million from Fiscal Year 25 to Fiscal Year 26. Additionally, there was a one-time transfer of \$9 million to support the Health Fund, which was recommended to be shared by all partners.

He said that the County Executive had recommended that the County government provide funding from its fund balance for the schools' share of \$6.2 million. He said that this funding would be transferred to the schools, and they would then provide the Health Fund. He said that this was one of the strategies the County Executive had recommended to support the school division.

Mr. Bowman said that to explain this in more detail, he would like to walk through the changes in expenditures and revenues in the Health Fund, as well as the fund balance. He said that for those familiar with the Board or School Board, they may recall that the fund had a strong balance in the past. He said that he would also like to discuss the employee clinic.

Mr. Bowman said that on the expenditure side, it was helpful to consider the context. He said that in Plan Year 24, the Health Fund expenses for over 3,000 employees and 6,200 covered lives were \$54 million. He said that when Ms. Andrade joined the County about four or five years ago, the fund balance was around \$30 million annually.

Mr. Bowman said that however, over the last four years, they had seen a significant increase in expenses, with an average annual growth rate of 16%. He said that this was due in part to high market inflation and high medical inflation. He said that their benefits consultant had noted that their experience in the County tended to be worse than average, with costs increasing over those periods.

Mr. Bowman reiterated that this 16% increase was not just a one-time event, but rather a sustained trend; there was a steady trend of high experience over the past few years. He said that one factor contributing to this was the presence of high-cost claimants.

Mr. Bowman said that to provide more detail, he would analyze data from Plan Year 24. He said that of the 16 members with claims exceeding \$325,000, the total amount was \$5.2 million. He said that in contrast, 53 members with claims between \$100,000 and \$325,000 were fully covered by the County, totaling approximately \$9 million.

Mr. Bowman said that typically, \$100,000 was considered a high-cost claim, but they investigated what happened when they looked at claims just below that threshold. He said that they found 33 members with claims between \$75,000 and \$100,000. He said that in total, these 102 individuals, representing less than 2% of the overall plan, accounted for \$17 million of the costs.

Mr. Bowman said that this was one reason why they maintained a reserve for the most challenging years, allowing them to manage the impact. He said that the County Executive once noted that a few high-cost claims did not necessarily predict future trends. However, they were currently seeing the opposite, with many more members being impacted.

Mr. Bowman said that it was essential to recognize that this was not just a few bad cases, but rather a significant number of individuals affected by high costs. Thankfully, they had access to health insurance. In addition to the previous point, he would like to highlight the increasing cost of healthcare.

Mr. Bowman said that as healthcare costs continued to rise, more people were becoming high-cost claimants, a trend that was not as prevalent five years ago. This was not the only factor contributing to the growth in expenditures, but it was a significant one. As they considered the increasing expenditures, which were now at 16%, he would like to examine the revenue side, particularly the employee and employer contributions.

Mr. Bowman said that the slide illustrating the changes in these contributions over time showed that employees had not experienced an increase in their health costs since 2018, with a notable exception in the most recent year. In contrast, the employer contributions had been increasing, but only recently exceeded the 16% average. Historically, the employer contributions had been providing a greater share of the funding, but until the most recent year, these increases were offsetting the fund balance.

Mr. Bowman said that to illustrate the impact of these changes, they should examine the combined revenues and expenditures over the last five years. He said that this chart clearly showed the actual revenue and expenditures for each plan year, including the positive variance in 2020, where

revenues exceeded expenditures. He explained that this increase in revenues was not due to the County's health as an organization, but rather the pandemic that was taking place. He said that people were either unable to attend regular appointments, or their doctors advised them to wait, resulting in a significant increase in revenue.

Mr. Bowman said that in 2021, they had anticipated a substantial recovery, and that had largely occurred. He said that it was notable that the decrease in 2021 was approximately \$5 million, exceeding the \$3 million favorable outcome in 2020. He said that what they had observed was that this was not a one-time event in subsequent years.

Mr. Bowman said that the fund had experienced expenditures exceeding revenues, causing the fund balance and reserve to dwindle over time. He said that their policy was to maintain a fund balance between 17% and 33% of expenditures, equivalent to two to four months' worth. He said that looking back, some Board members may recall that at the end of Plan Year 2019, the fund balance was approximately \$17 million, or nearly 50% of the Plan Year 2020 budget.

Mr. Bowman said that at that time, the County had been advised to draw down the fund balance, consider premium holidays, and make other adjustments. He said that what they had seen over the last five years was the fund balance being drawn down. He said that Plan Year 2024 ended with a fund balance of only \$3 million, or less than 5% of a reserve.

Mr. Bowman said that this still left a narrow margin of error, should another adverse year occur, but it was significantly below the recommended fund balance. He said that if the budget was adopted as recommended, with the \$9 million one-time transfer, 24% rates, and all other factors, they could expect a more stable financial situation. He said that they projected to end Plan Year 25 in this fund with a 12% fund balance.

Mr. Bowman explained that he highlighted this because staff had not recommended a one-year fix to get all the way back to a 17% fund balance. He said that this approach struck a balance between providing one-time and ongoing funding to withstand another bad year, without overcorrecting and risking a significant increase in rates. He would like to discuss the clinic's impact on their rates.

Mr. Bowman said that there was a two-pronged strategy. One was providing benefits to employees, such as removing barriers to accessing healthcare for those relocating. He said that for example, if an employee had an established doctor, but was unable to get in on short notice, they could visit the employee clinic, which was cheaper for them and the employer.

Mr. Bowman said that this access to care was a benefit, and their data from the first two months showed a demand for it. He said that in the first month, 152 visits were made, with 127 being employees, with the others being dependents and spouses. Every available Saturday spot was filled, answering the initial questions about whether this would pay off.

Mr. Bowman said that their data suggested that there was a demand for this service, and they would continue to track it. He said that the success of this clinic had shown that there was no impact on Plan Year 25 and 26 rates. There were one-time startup costs, but they were covered by one-time funding from participating employers, so they did not contribute to the rates.

Mr. Bowman said that they knew that it would take more than a year for the clinic to be fully utilized, and as it was used, it would help slow and flatten the rate of increase they had seen in recent years. Although they could not guarantee that the costs would decrease, they could help mitigate the rate of increase. He said that they had factored this into their long-term model, but it was not an immediate benefit.

Mr. Bowman said that as the clinic was utilized, especially with the opening of the second clinic, they would be more successful in implementing this different approach. He said, to recap, he would like to address the four questions he initially posed regarding the 24% increase in employer rates and the one-time transfer. Over the past four years, expenditures had grown at an average rate of 16%, primarily due to high-cost claimants.

Mr. Bowman said that revenues had not kept pace with this growth, leading to a correction on the revenue side with the one-time transfer and FY 26 rates. The fund balance had been drawn down to less than 5%, below the recommended level. He said that the employee clinic would not have an immediate impact on rates. However, it offered a long-term, more effective cost control strategy. Additionally, this clinic provided an immediate benefit. With that, he would turn it back over to the Chair for any questions on compensation, and he, along with Ms. Shifflett and the team, were available for any further questions.

Ms. LaPisto-Kirtley said that she believed the direction they were moving with the Health Fund was very important. She asked if the small number of very high-cost claims were things that were preventable or were unpreventable.

Mr. Bowman said that there were certainly things that they could not prevent. He said that of the 102 people affected, there were individuals under the age of one. He said that this issue impacted people across the entire spectrum. He said that one of the strategies they were using was to identify what they could prevent. He said that to ensure they were tracking this effectively, they had a wellness incentive in place. He said that good health was a combination of skill and luck.

Ms. LaPisto-Kirtley said that she thought that was a commendable approach, and she just wanted to ask regarding the Police Department pay scale. She said that staff mentioned switching from 26 to 30 steps, but she was unclear about the context. She asked if those were years of experience, further education, or a combination of both.

Ms. Shifflett clarified that it was for years of experience.

Ms. McKeel said that when they talked about incentives, she was reminded of her experience at the University of Virginia. She said that she recalled an incentive program that encouraged people to quit smoking. She said that she was not aware of their current incentive program, and she was unsure if it was that straightforward. She asked if staff could share more information about those incentives with the Board.

Ms. Shifflett said that they currently had an incentive to conduct the health assessment at the clinic, which would provide a long-term health review. She said that in addition, they had incentives in place. She said that to address a previous question, they would be examining the experiences and challenges faced by their staff and employees, and their wellness programs and mental health initiative programs would be structured to build upon and respond to the issues that arose.

Ms. McKeel said that it would be great to have the health clinic advise them in that regard.

Ms. Shifflett said that their current experience had influenced the offerings they currently had, such as physical therapy and nutrition services, which they had already implemented based on the data they had seen.

Ms. McKeel said that was great. She said that she wanted to clarify a point, as she wanted to ensure they were on the same page when discussing the last presentation on school funding. She said that the recommended budget included the \$0.004 or \$1.2 million supplement to schools. She said that they had already invested \$6.2 million in the public schools, which was funded by the County government. She said that she thought it was essential that they did not lose track of these additional funds recommended for the schools.

Mr. Bowman said that he could start Monday's work session with a recap of that.

Ms. McKeel said that she would greatly appreciate it if they could do that. She said that currently, they had a \$6.2 million and if the budget was approved, they would also receive an additional \$1.2 million, which would be a significant benefit. She said that thank you, and that concluded her request.

Ms. Mallek said that she wanted to express her appreciation for all the hard work that had gone into setting up these initiatives. She said that she had heard from people how wonderful he was. She said that this was the first year in her memory that local government had taken on the cost of the change for new school employees, which was a significant amount of money.

Ms. Mallek said that she wanted to highlight this as it was a notable development. She said that the impact of this change was substantial, and it was a positive step. She said that she was not aware of the changes in deductibles, which had doubled, and the additional \$500 cost, which was a considerable amount. She said that this increase in costs was already affecting the employees, and it was also impacting the insurance and hospital costs, leaving everyone feeling overwhelmed.

Mr. Pruitt said that he had a few questions. He said that on slide 15, as he understood it, the 4 additional steps were intended to provide greater granularity. He asked if the cost associated with these steps was primarily borne by the individuals who will be moving between these steps, based on their time of service.

Ms. Shifflett confirmed that was correct.

Mr. Pruitt said that they were looking at an equivalent annual cost of \$1.5 million COLA annually. He said that it seemed that they had iterated this process in such a way that the cost was only incurred every two years.

Ms. Shifflett said that no; they were implementing a 3% cost-of-living adjustment across the board, as previously recommended, effective July 1, and the benchmarking was in addition to that.

Mr. Pruitt said that he must have misunderstood that. He said that his understanding was that they did not have a COLA last year.

Ms. Shifflett said that Mr. Pruitt was correct; they did not have a COLA last year.

Mr. Pruitt said that to return to that point, they were implementing a 3% cost of living adjustment this year. He said that the functional equivalent was that they had been applying a 1.5% annual cost of living adjustment in two years rather than annually.

Ms. Shifflett confirmed that was correct.

Mr. Pruitt said that he found the phrase "budget neutral" to be an appealing concept. He said that when staff mentioned strengthening their turnover rate, he understood that this meant they had reduced

their turnover rate. However, he was aware that there was often a significant cost associated with the turnover process.

Mr. Pruitt said that they had briefly discussed this earlier, and their compensation studies, including their cost of living adjustments and comprehensive plans, aimed to address this issue among other things. From an accounting perspective, he wondered how they would quantify the savings from reduced turnover in their budget process. He asked if it would be possible to provide a specific number for messaging purposes when trying to explain the force of an increase.

Mr. Bowman said that the first example that came to mind was where it was most clear, in terms of performance rather than cost. He said that this spoke to the public safety chiefs who were present on Monday. He said that part of their successes and challenges lay in their ability to better recruit staff, as well as the impact of their lengthy turnovers.

Mr. Bowman said that these long lead times had a significant impact on them, more so than other departments. He said that to him, this was where the opportunity cost was most visible, as it related to the time spent providing service versus onboarding new employees, but it must be balanced.

Ms. Shifflett said that while it may not be immediately apparent, there were potential cost savings and salary benefits from not having the employee hired. She said that as Mr. Bowman had pointed out, the actual impact was that the workload was redistributed to other staff members within the department, which affect customer service and their overall ability to complete projects efficiently.

Mr. Pruitt said that he would like to turn to the Health Fund. He said that he had shared this with Mr. Richardson, and he would like to bring it to the attention of his peers on the Board as well. He said that given its significance in their discussion of the employee health plan, he would appreciate knowing when they could begin evaluating whether the Health Fund was delivering on its promise of reducing overall costs through preventative care.

Mr. Pruitt said that specifically, he was interested in knowing when they could assess the externality of this program and determine if it was a viable solution. He said that he wanted to ensure that they followed up on this and considered additional solutions to manage their health costs. He was concerned that, in the past, they may have fallen into the trap of not conducting thorough program evaluations, and instead relied on informal assessments that may not accurately reflect the program's effectiveness. He said that he would like to know when they could receive a more formal evaluation of the Health Fund's performance and consider whether it was a solution worth continuing to pursue.

Ms. Shifflett said that before launching the clinic, they conducted a feasibility study to determine where they could exceed performance improvements and where costs would decrease. She said that as Mr. Bowman mentioned, it was possible that the clinic may not always reduce costs, but they did anticipate that it would have an impact on costs increasing in the future.

Ms. Shifflett said that specifically, they expected to see changes in the numbers by the end of year two. She said that she appreciated Mr. Pruitt's point, and she agreed that in the world of performance measurement, it was essential to ensure that they were meeting their goals and completing the tasks they had set out to do.

Mr. Pruitt said that had one final question, somewhat related to his lack of understanding of the healthcare costs. He acknowledged that staff members developed a skill that was to be difficult to read, as it was essential to present a neutral perspective to the public. He said that he understood the explanation regarding their healthcare costs and the need for this one-time transfer, and it seemed like a growing and increasingly dire circumstance. He said that as an organization with self-insurance, he was curious to know how dire the situation truly was.

Mr. Richardson said that he would like to elaborate on the self-funded nature of their Healthcare Fund. He said that as a fully funded entity, they owned the performance of the healthcare fund and shared a joint relationship with the Albemarle County School System. He said that they were limited to carrying a minimal amount of fund balance, which Mr. Bowman could provide more details on. He said that while they were restricted from carrying a significant amount of fund balance year to year, they were allowed to maintain a very minimal level. He said that he would not describe this situation as dire.

Mr. Richardson said that their current fund balance stood at 10%, which he viewed as a statutory minimum. He said that in addition, they had established a 2% buffer for budget stabilization purposes, both internally and externally, amounting to approximately \$11 million. He said that they also had other one-time funds that they utilized for unexpected purposes and strategic calculations.

Mr. Richardson said that they had been closely monitoring this with their advisor, who managed over 100 accounts in their portfolio. He said that if that advisor were present, they would likely attest that their decision to establish the health clinic was a strategic move, as it aligned with their goal of keeping people well. He said that coming out of the pandemic, they observed a significant shift in the national healthcare market, with a surge in demand for healthcare services that had been put off during the pandemic.

Mr. Richardson said that this surge had been ongoing for approximately three to four years. He said that he believed they were doing the right things by moving funds to achieve balance and continue to make informed decisions. He said that he believed they were on the right track. He said that they would

be working on plan design, collaborating with their advisors, schools, and exploring a two- or three-year strategy to gradually increase the percentage.

Mr. Richardson said that he thought it was a crucial move to allocate the entire \$9 million for the reasons Mr. Bowman had stated. He said that he was confident that the clinic data would ultimately support this decision. He said that there were two key points: first, the clinic would become one of their employees' most valuable assets; second, their advisors would demonstrate that it was saving money.

Mr. Richardson said that sometimes, it was a matter of cost avoidance rather than cost savings, but it was a necessary step. He said that they must take it, and he believed they were being strategic. He said that if it were not for the pandemic, he believed they would have established the health clinic about three years ago. He said that coming out of the pandemic, it was challenging for them to consider building this model during a time of turbulent healthcare.

Mr. Andrews said that on slide 16, he would like to clarify the vacancy numbers. He said that specifically, he would like to confirm whether the current less than 40 vacancies included the positions that were vacant in Fiscal Year 25 and were now being proposed for elimination.

Ms. Shifflett said that the less than 40 referred to positions that were currently open and being actively recruited for.

Mr. Andrews said that he would like to clarify a point regarding Slide 19. He said that staff had mentioned earlier that they were fully self-funded, but he was wondering if stop-loss insurance was being applied here. He said that he would like to receive more information on the premiums for stop-loss under these circumstances.

Mr. Bowman said that the County's high-claim experience was contributing to their growth, partly due to the premium rates. He said that the premium had increased by 50% year-over-year. He said that they did conduct an analysis with their deductibles that Ms. Andrade leads, and that had been another significant cost driver contributing to the growth.

Mr. Andrews said that he had suspected as much. He said that he would like to review slide 22. He asked if they were suggesting that a policy should fall somewhere between 17% and 33%.

Mr. Richardson confirmed that it was a best practice.

Mr. Andrews clarified that they were currently at 12%.

Mr. Richardson said that it was in the first year of this growth.

Mr. Andrews said that the plan was to continually improve.

Mr. Bowman said that every year, they evaluated the performance of the clinic, drawing from their past experience. He said that it was likely that a significant portion of their services would be procured on a regular basis. He said that they would continue to explore those options.

Ms. McKeel asked when the second health clinic would open.

Ms. Shifflett said that they were on track to open it mid-April.

Mr. Richardson said that he would like to make two final points. He said that, even with a fully self-insured fund of their size, with approximately 6,200 covered lives and a fund value of \$54 million, as Mr. Bowman mentioned, it was best practice to purchase stop-loss coverage at a certain point. He said that they regularly consulted with their advisors to review this and ensure they were getting the best value, given their self-insured status.

Mr. Richardson said that second, he would like to provide a basic overview of running a self-insured healthcare program. He said that they had a third-party administrator that handled their healthcare programs, and County staff only saw aggregate data. He said that they did not have access to individual claimant information, which was protected by law.

Mr. Richardson said that this protection included data on high-cost claimants, such as the 16 individuals mentioned earlier. He said that while Ms. Shifflett mentioned reviewing data to inform their decisions, it was essential to note that this data was aggregated and did not compromise employee confidentiality or privacy. He said that studies had shown that the primary concern regarding employer-based health clinics was maintaining the confidentiality and privacy of employee data. He said that as they delved into this financial aspect, he believed it was crucial to acknowledge the importance of safeguarding this sensitive information.

Mr. Bowman said that he would move next to the judicial chapter. He said that this was part of their orientation to the two main components. He said that the one in gray represented the General Fund, which made up 2% of that. He said that within judicial, they had the three elected constitutional officers and the operations of the courts. He said that he would like to acknowledge the Commonwealth Attorney, Mr. Hingeley, who was present.

Mr. Bowman said that his request was operationally funded, with a reduction in full-time

equivalent positions, which he had requested for a part-time employee. He said that he would like to confirm that he was aware of all the constitutional officers present, but he would like to highlight Mr. Zug's request, which was also fully funded. He said that Sheriff Bryant's funding request was operationally funded as well.

Mr. Bowman said that she had requested two additional sheriff deputy positions, which were not included in the recommended budget changes they had previously discussed. He said that he would also like to note that the public defender's funding had been updated, reflecting the Board's approval of a new Memorandum of Understanding earlier this year. He said that this updated MOU included funding for an additional position added by the state and maintaining the same compensation increase for County employees. He said that he would now turn it over to the Chair for any questions regarding the judicial chapter.

Mr. Andrews said that to confirm, his understanding was that the TDO (Temporary Detention Order) situation had been fully resolved.

Mr. Bowman said that moving forward, they would discuss the Public Works chapter, which accounted for 3% of the General Fund. This was primarily comprised of Facilities and Environmental Services (FES). Their largest regional partner in this area was the Rivanna Solid Waste Authority (RSWA), which made up 22% of the Public Works budget.

Mr. Bowman said that additionally, they had other public works agencies involved. As they began to see the court operations ramp up with the opening of the General District Court and the renovation of the prior building, the Board had been informed about the roadway litter pickup program implemented by the Department of Facilities and Environmental Services. This program was funded by the disposable plastic bag tax revenue.

Mr. Bowman said that he would like to take a moment to delve deeper into climate action and provide clarity on the budget allocations for this area. The next slide would focus on climate action and environmental sustainability. To summarize this complex information, he would break it down into three columns: ongoing funding, one-time funding, and capital projects.

Mr. Bowman said that this would include a review of past and future funding for these initiatives. Starting from the left, he would begin with ongoing funding. The Facilities Department's Environmental Services Division had a budget of approximately half a million dollars per year, with a significant portion of that funding, around \$100,000 annually, allocated for operational flexibility to support various climate initiatives on a year-to-year basis.

Mr. Bowman said that under the umbrella of environmental sustainability, they had the ongoing operational costs for the Southern Convenience Center, managed by the Rivanna Solid Waste Authority, as well as the street sweeper operations. Furthermore, the disposable plastic bag tax revenue was collected and allocated outside of the General Fund due to its legal restrictions, providing a dedicated service. The amounts displayed on the slide represented the Fiscal Year 26 budget allocations, which were projected to continue into Fiscal Year 26.

Mr. Bowman said that in the middle column, he would like to draw attention to the one-time revenues they had. The Board had provided one-time revenue from fund balance to support various initiatives in this area. This funding had been used to support housing weatherization, primarily in partnership with the Albemarle Housing Improvement Program (AHIP), which worked with low-income residents as part of a climate strategy.

Mr. Bowman said that the program helped weatherize homes, reducing energy bills and associated costs. The charging stations at the County Office Building had a one-time cost and additionally, they had the Community Climate Action Program, which had been in place for two years, providing \$100,000 annually to local groups to implement new climate strategies. They also had the Septic to Sewer Program, which had a Human Services element and an environmental sustainability component.

Mr. Bowman said that to date, \$650,000 had been expended, and the remaining \$350,000 would be carried over to next year's budget. The Board had previously directed that the \$350,000 be reallocated in the current year to bring the Septic to Sewer Program back, which was now reflected in the budget. They currently had approximately \$200,000 in an unallocated climate reserve, providing flexibility for the environmental staff to continue implementing climate initiatives.

Mr. Bowman said that on the right, they had capital projects, including past projects such as the Southern Convenience Center, Street Sweeper, County Office Building weatherization and window replacements, and the bailer facility managed by RSWA. They also had a Northern Convenience Center planned for the future Capital Improvement Plan. Finally, he would like to note an update regarding their federal climate grants, which was not shown on the slide.

Mr. Bowman said that they may recall their discussion on Monday regarding risk in federal areas, and this was one they were closely monitoring. This morning, they learned that one of the grants awarded by the EPA (Environmental Protection Agency) was being rescinded by the federal government. To provide more context, this grant had been previously received by the Board, and they were still in the process of learning and working through the implications.

Mr. Bowman said that fortunately, any costs incurred to date would be recoverable, and they would be able to reimburse those expenses, so there would not be a loss of funding the County had already spent. However, the remaining grant of \$460,000, which was intended to support the Climate Resilience Cohort, would not be available. This was the County's effort, in collaboration with several community-based non-profit organizations, to assist in planning and implementing climate action initiatives.

Mr. Bowman said that they wanted to inform the Board of this development as they continued to monitor the situation. He was aware that the staff, led by Greg Harper, may not have had a chance to reach out to the non-profits and communicate this information yet. They would ensure that the Board was informed of the latest climate funding situation as it became available. He said that this section covered the implementation of climate action and environmental sustainability measures, including monitoring federal risk.

Bill Mawyer, Executive Director of Rivanna Authorities, said that today, he would like to propose an increase to the tipping fees at the Ivy Solid Waste and Recycling Center. He said that as the Board may be aware, they managed recycling services at Ivy, the Southern Center, and McIntire, and they also oversaw the closed six landfill cells at Ivy. He said that according to the 2016 agreement between this Board and the Rivanna Board, Rivanna was responsible for designing, building, constructing, owning, and operating the new transfer station, which was fully supported by this Board.

Mr. Mawyer said that the agreement also stated that if they wished to change the tipping fees, they must come back to this Board for approval. Therefore, he was present today to request an increase in the tipping fees. He said that they believed that a \$2 fee for municipal solid waste and construction debris disposal at the transfer station would help them maintain a level of financial stability. He said that currently, they were paying \$58 per ton, which was slightly below the average locally.

Mr. Mawyer said that however, they contracted out the disposal services, and Republic Services provided the trucks. He said that they paid them \$56 per ton, but they had a consumer price index (CPI) escalator in the contract, which would increase the fee by \$1.50 on July 1. He said that they were asking for a \$2 fee to help offset this increase and ensure that they could continue to provide these essential services.

Mr. Mawyer said that the new transfer station had seen significant growth, with daily volumes exceeding 200 tons, compared to 40 tons in 2018. He said that they believed that the market would support this increase, and they appreciated the County's initiative and Board support in making this community amenity a success. He said that a price increase of \$2 per ton, from \$58 to \$60, would help them stay aligned with the market and support inflation and operational expenses.

Mr. Mawyer said that this change would also generate approximately \$130,000 in revenue that would not be attributed to their allocations to support the landfill. In general, their landfill costs around \$10 million to operate their services there. He said that they brought in about \$5 million in revenue and the remaining \$5 million operated at a deficit. He said that the County contributed about \$4 million and the City \$1 million towards recycling. He said that to summarize, the more revenue they could generate, the less they needed to ask for in support.

Ms. LaPisto-Kirtley said that she had a question regarding slide 29. She asked if the weatherization included replacing the windows that they had installed about two years ago or three years ago.

Mr. Bowman confirmed that yes, the County Office Building was indeed part of that discussion.

Ms. LaPisto-Kirtley said that she would like to clarify that there was also additional weatherization work being done beyond the windows.

Mr. Bowman clarified that all of that work had been completed. He said that staff could provide a complete breakdown of what that work entailed.

Ms. McKeel said that she appreciated the comprehensive report and she supported the proposed tipping increase. She said that she would like to know if they could explore the possibility of increasing Charlottesville's share of that.

Mr. Mawyer said that as recycling costs continued to rise, they would be paying more.

Ms. McKeel said that she was just joking. However, she did have a quick question. She said that she was sorry to hear about the federal grants. She said that given that they were likely to see more of this in the future, she was wondering if they knew what a clawback would entail if they were to need to come up with the funds.

Ms. McKeel said that she had heard that there would not be a clawback right now, but she would like to understand what that would look like if they had to make it happen. She said that she was just trying to clarify, as there seemed to be a lot of chaos and changes in direction, and she wanted to make sure she understood the situation properly.

Mr. Bowman said that this particular grant of \$460,000 was in its early stages, with minimal expenditure, so they were expecting to be fully reimbursed. He clarified that their FES team had actually

already communicated with their nonprofit partners, so he apologized for his confusion earlier.

Ms. McKeel asked if they would not have a significant callback if they were to change their mind.

Mr. Bowman confirmed no; even if they were to change their mind, it would be relatively low-risk.

Mr. Gallaway stated that he believed it would be beneficial for their own sake and the sake of their community members if they were to start tracking federal grant cuts in a publicly accessible format. He said that if people wanted to know, they should consider putting this information on the website, stating that they were tracking the federal efforts and providing updates on what had been moved and what they knew, rather than staff handling it only internally. He asked where the Septic to Sewer dollars showed up in the budget documents.

Mr. Bowman said that they appeared under the health and welfare chapter, alongside those agencies as part of AHIP.

Mr. Gallaway said that Mr. Bowman had mentioned the \$460,000 federal grant earlier. He said that the Water Resources Fund was where they conducted their development area mapping of pipes and where maintenance responsibilities fell.

Mr. Bowman said that they had a Water Resources Fund, backed by the \$0.007, which supported both the operating costs and capital projects. He said that this fund primarily covered operating expenses, but it also contributed to capital projects, such as pipe-related repairs, which would be undertaken by the capital Water Resources Fund.

Mr. Gallaway said that the \$204,673 under that fund was stated to be available to be appropriated for future water resources programming or capital projects related to stormwater maintenance and management. He said that he was unclear whether this was specifically related to their efforts to map and address failing infrastructure, or if it pertained to other initiatives.

Mr. Bowman said that they had listed all of the capital projects, including underwater resources, on page 280.

Mr. Gallaway said that he would like to clarify a point and they could discuss it further later. He said that one of the projects he was reviewing was to gain a better understanding of its location. He said that however, he noticed that in previous projects over the past six months and eight months, there had been concerns about how stormwater moved through the development area and the downstream effects of issues beyond just mapping the piping and addressing infrastructure failures.

Mr. Gallaway said that the goal was to prevent downstream costs for residents, litter movement, and other problems. He said that this seemed to be an area where additional resources could be allocated. He said that specifically, he was wondering if the \$204,000 he would be looking at was the correct one.

Mr. Gallaway said that when projects reached a point without generating additional revenue, adjustments often needed to be made, and he was unclear about how the \$204,000 was programmed or whether it was a reserve that was only used as needed. He said that he was not suggesting that this was a bad approach, but he was unclear on the logistics.

Ryan Davidson, Deputy Chief of Budget, explained that the \$204,000 in question was allocated to a fund balance, where it would be stored until it was needed and then requested by the Board to be used for the highest and best purpose. He said that if the Board chose to utilize this funding, it could be one of the potential options. He said that there were also alternative environmental resources and water resources uses for this funding, so it was held in the fund balance. He said that if the Board decided to move forward with those plans, they would be able to do so, but they did not have those planned out.

Mr. Bowman noted that page 144 was the exact page where the Septic to Sewer Program was discussed.

Ms. Mallek said that she would like to follow up. She asked if the \$0.007 water resources funding was responsible for paying for the staffing and projects within the Environmental Services Division, as well as the research initiatives.

Mr. Bowman confirmed that it did. He said that this would contribute to some of their partner agencies, including the Thomas Jefferson Water Conservation District and StreamWatch. He said that it also paid for a portion of the debt service and covered some community development employee costs that were not covered by fees. He said that a portion of these costs was allocated to the Water Resources Fund.

Ms. Mallek asked if that was if they were doing that kind of inspection.

Mr. Bowman said yes.

Ms. Mallek said that because people often asked, where were the pipes that they were paying for, she wanted to ensure she had the correct answer for them. She said that regarding the community climate action grants, she would like to know if there would be a report available at some point.

Ms. Mallek said that for Mr. Mawyer, she just wanted to confirm, regarding the tipping fee he mentioned, the \$58 per ton was for large trucks accompanying commercial haulers. She asked if the \$1 tipping base would go to \$2 and apply to individuals, such as herself, who arrived with their personal vehicles.

Mr. Mawyer said that the new fee of \$60 applied to anyone who used the transfer station, including large trucks such as GFL or a single person with a personal pickup truck. He said that they had a \$2-per-bag station, where one could attach a tag to the trash bag and throw it away without going across the scale. He said that however, if one brought something across the scale of the transfer station, or brought vegetative waste to the back of the landfill to make mulch, they would be charged a \$1 fee as a County resident, or a \$10 fee if they were not a County resident and had filed the necessary paperwork.

Mr. Pruitt stated that he supported the proposal for raising tipping fees to keep pace with the market.

Mr. Andrews said that he also supported the \$2 increase in the tipping fee. He said that he would like to gain a better understanding of the climate situation. He said that they had the Climate Resilience Cohort accommodation with the City and the University, which was funded by an Environmental Protection Agency grant. He asked if this funding was separate from the current grant.

Mr. Bowman said that this would be a separate matter, and they were still monitoring the situation. He said that Mr. Harper could clarify the situation regarding the different grants and their composition.

Greg Harper, Chief of Environmental Services, clarified that the grant from the EPA did support the cohort. He said that the cohort, which included UVA, the City, and the County, was directly supported by the grant.

Mr. Andrews asked if there was a way to keep that cohort alive and continue to discuss what could be done.

Mr. Harper said that they could discuss this internally and explore their options without feeling the need to make a decision at this time.

Mr. Andrews said that he would be concerned that this cohort may not move forward. He said that one of the concerns that several people had raised was the question of their continued commitment to the Climate Action Plan, and he saw that there were various ways within the budget to address this issue that may not be reflected in a single fund.

Mr. Andrews said that it appeared that they would need to, again, discuss the resilience required for fire and rescue events, particularly those related to weather conditions. He said that he believed that some of these issues would resurface in the Parks Department, particularly in regards to addressing climate-related challenges and resiliency. He said that his understanding was that one of the positions they had lost was a climate-focused position.

Mr. Harper confirmed that there was a climate position that was vacant.

Mr. Bowman clarified that this position was not recommended for elimination in this budget.

Mr. Andrews thanked Mr. Bowman for the clarification. He said that obviously, there was a lot to be done if they were to meet their climate action goals, and he hoped that they would be able to explore ways to do that, even as they looked to other parts of the budget that might help, and utilized that position to help coordinate efforts.

Mr. Pruitt stated that regarding the Climate Action Reserve, he noticed that they had a scheduled future use of \$200,000 for that purpose. He asked if this was a fund that already existed.

Mr. Bowman confirmed that yes, this amount was currently allocated for this fiscal year, and staff would recommend that the remaining balance be carried over to the following year.

Mr. Pruitt asked if this was a continuation of an appropriation that had been previously allocated but not utilized, and they were simply carrying over the same unallocated amount.

Mr. Bowman said that in the past, the amount was larger, but it had funded many of those past uses. He said that approximately \$200,000 remained.

Mr. Pruitt asked whether this was a carryover from a previous year's allocation, or if it was a new infusion of \$200,000.

Mr. Bowman said that it was the former. It was not new money; rather, it was carrying forward what the Board had previously allocated.

Mr. Andrews said that he wanted to add to his previous comment. He said that in addition to discussing their climate action plan in terms of climate resilience, which would address some of these issues in other ways, they also made a commitment to mitigation. He said that he hoped that as they

reviewed their Capital Improvement Plan, for example, they could start to consider whether solar could be added and other measures that could be taken to help reduce their carbon footprint. He said that they would get there when they got there.

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**Recess.** The Board recessed its meeting at 4:38 p.m. and reconvened at 4:47 p.m.

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Agenda Item No. 2. **Work Session:** FY 2026 Operating and Capital Budget, *continued*.

Mr. Ryan Davidson, Deputy Chief of Budget, said that continuing with their presentation, they were now examining the health and welfare area. He said that as they could see, approximately 7% of the overall General Fund budget, totaling \$33 million, was allocated to this section. The majority of this funding was comprised of Health and Human Services, as well as their other welfare agencies, the Health Department, Region Ten, and community nonprofits.

Mr. Davidson said that he would like to highlight some key areas within the Health and Welfare, Children's Services Act. He said that there was a slight increase in funding, as well as a one-time contribution to support their fund balance obligations. He said that specifically, their Emergency Assistance Fund, also known as the ACERP (Albemarle County Emergency Relief Program) Fund, would continue to receive local support of approximately \$260,000.

Mr. Davidson said that they would allocate \$3 million to the Housing Fund as a one-time investment, in addition to the \$1.2 million dedicated ongoing funding source, which would begin in Fiscal Year 26. He said that the Health and Welfare Agencies would also receive \$5.4 million, with \$1.6 million allocated to the Albemarle County Human Services Funding Process funds, and additional dollars for regional contractual partners in the health and welfare agency area.

Mr. Davidson said that as previously discussed, the current budget recommended dedicating \$0.004 of real estate tax, equivalent to about \$1.2 million, towards affordable housing, in addition to an additional \$3 million one-time investment. He said that this brought the total housing investments over the past five years to \$17 million. He said that he would now turn over the presentation to Ms. Dimock to delve deeper into the details of affordable housing.

Ms. Kaki Dimock, Chief of Human Services, said that they did have affordable housing investment funds. She said that it had been sometimes referred to as a housing fund and as a trust fund, which involved certain terms and conditions, met the baseline definition at the moment because it had one dedicated source of funding for it, which was the housing proffers.

Ms. Dimock said that the purpose of the Housing Investment Fund was to support housing initiatives that were one-time costs and served to support the County's strategic and housing goals, which changed over time. Currently, there was a prevailing report that identified the set of housing needs that they had. She said that it was being updated, which may change the direction that they were facing and allow for additional kinds of investments along the continuum of housing supports.

Ms. Dimock said that the funding sources for the fund at the moment included past one-time transfers from the General Fund, affordable housing proffers, and an ongoing funding equivalent to \$0.004 on the real estate tax rate. She said that past uses of the fund had included supporting Virginia supportive housing, the development at Premier Circle, Habitat for Humanity's phase one and phase two of the Southwood Redevelopment, Piedmont Housing Alliance's Hickory Hope Apartments, and Albemarle Housing Improvement Program's Rehabilitation and Energy Improvement Programs. She said that there was currently \$200,000 in the Housing Fund that was unallocated.

Ms. Dimock said that it appeared that there was more in the fund than initially thought, and the recommendation in this budget would increase that amount to \$4.4 million. She said that future options for the fund included supporting the entire housing and homelessness continuum, from homelessness services like shelters to workforce housing incentives and support. She said that there had been questions about their total contribution to housing and housing efforts over the last several years, and this was their attempt to address that.

Ms. Dimock said that the provided chart reflected all the ways in which they supported housing, the housing continuum of care, starting with homelessness services and progressing to workforce development, housing, and other incentives for individuals above 80% area median income. From 2019 to 2025, the County had either directly funded or facilitated the funding of \$68 million into the housing continuum. She said that in the proposed Fiscal Year 2026 budget, there was a recommendation of \$11 million in support.

Ms. Dimock said that this included support such as cash money in the Housing Investment Fund, as well as substantial investments made with local American Rescue Plan Act (ARPA) funds, which they had directed towards housing supports. She said that it also included emergency relief funds, which primarily supported individuals facing eviction to help them remain in their homes. She said that this funding included two sources of money that they facilitated: the community development block grant and home funds.

Ms. Dimock said that these were not General Fund monies, but rather money that they facilitated and were required participants in the allocation of. She said that it also included funding programs

through their human services funding process, formerly the Agency Budget Review Team (ABRT) process, such as the Haven, People and Congregations Engaged in Ministry (PACEM), Piedmont Housing Alliance, and the Shelter for Health and Emergency, Habitat for Humanity, and AHIP. She said that the Housing Assistance Fund was worth noting, as it appeared to be cash money that came directly to them, but it was actually federal government funding through the Department of Housing and Urban Development (HUD) to support their Housing Choice Voucher Program.

Ms. Dimock said that their original Tax Increment Financing (TIF) for Southwood was also included in this funding, as well as tax relief, which was designed to help individuals stay in their housing. She said that the most effective housing was the housing they already had, and therefore, there was a significant amount of work involved in keeping people in their current housing. She said that the amount of money spent on staffing the Office of Housing and other housing-related staff members was provided.

Ms. Dimock said that on average, over the past period, including the ARPA funding, the average annual expenditure was approximately \$11 million, with a total of \$79 million invested in housing by Fiscal Year 2026. She said that this investment had been made to address the need for affordable housing. She said that a study by the Thomas Jefferson Planning District Commission (TJPDC) had identified that they needed approximately 10,000 affordable units by 2040 to meet the demand, considering a growth rate that may differ from the one shared with them by Hamilton Lombard and the Chamber of Commerce.

Ms. Dimock said that she assumed these numbers were likely to change with the release of the new study. She said that however, pursuing a target of 10,000 units was a reasonable goal. She said that currently, they had created or had in the pipeline 2,255 affordable housing units, which was a best-case scenario number. She said that, however, their experience showed that many approved projects resulted in fewer units being built, such as 325 units instead of 500.

Ms. Dimock said that this affected the percentage of affordable housing units that were actually developed. She brought this up because sometimes it could seem like staff were being evasive about the pipeline numbers, but these numbers were best-case scenario estimates of what could be developed. She said that their job was to focus on the actual numbers of approved and built units, which was a more challenging and time-consuming process.

Mr. Bowman said that in the human services funding process, over the last two summers, the Board of Supervisors had established a framework to make revisions to this process. He said that this used to be known as the Agency Budget Review Team process, which had been rebranded as the Albemarle County Human Services Funding process.

Mr. Bowman said that in June 2023, Ms. Dimock had presented a Human Services Needs Assessment, setting the stage to align the funding process with the Strategic Plan and direct dollars towards agencies that would drive outcomes for the greatest areas of need. He said that following last year's budget process, the Board had provided more direction based on the experience of that first attempt. He said that as a result, they had made several changes, including revising rules for new agencies seeking funding.

Mr. Bowman said that they had also looked at other areas, and this year's budget allocated almost \$400,000 in new funding for these agencies. He said that instead of an incremental approach, this was a more strategic approach to ensure that dollars were directed towards the highest-tier programs, which were grouped into tiers. He said that this year's budget document focused on supporting the community safety net, with other tiers as lower priorities.

Mr. Bowman said that agencies in Tier 1 were considered the best outcome, with Tier 2 following and Tier 3 receiving no funding. He said that the change was primarily driven by two factors: the performance of agencies and their application process, and the effort to align them with the desired outcomes outlined in the strategic plan, which were intended to produce those outcomes for the Board.

Ms. LaPisto-Kirtley said that according to slide 40, the highest tier, they were not providing any funding to Virginia Housing this year, but they had in the past, a relatively small amount of \$5,000.

Ms. Dimock said that those on the left-hand side were actually the sources of funding, not the recipients. She said that for example, Virginia Housing provided the County with a \$5,000 grant.

Ms. LaPisto-Kirtley said that she appreciated the support from Virginia Housing. She said that regarding the Housing Assistance Fund, they had previously discussed that it was a federal program. She asked if it could potentially be at risk of being impacted or affected in some way.

Ms. Dimock said that yes; they were anticipating programmatic changes regarding eligibility for those funds. Furthermore, they had been instructed not to renew new vouchers. As vouchers became available, they were not renewing them. She said that while it was stated to be a temporary pause, there was considerable mixed messaging, and many of the contacts they had historically had at HUD were no longer there.

Ms. LaPisto-Kirtley said that according to the highest authority here, she thought it may be beneficial to review these programs, specifically identifying which ones are federal monies that they currently received, and which may or may not continue in the future. She said that this would allow the County to potentially reallocate funds to organizations that served the most households, either through vouchers or rentals, or a combination of both. She said that she was not certain if this was feasible, but

they should not assume the list was set in stone and the amount of funding they would receive was certain.

Ms. Dimock said that globally, she believed that they were working diligently to remain flexible and stay informed about changes, being prepared to adapt when and if necessary in any area.

Ms. LaPisto-Kirtley reiterated that this may pivot. She said that she had other questions on page 39. According to her notes, it appeared that they currently had \$4.2 million, and a total of \$3 million in the Affordable Housing Investment Fund, with an additional \$1.2 million being added.

Ms. Dimock said that the addition to the current balance of \$200,000 would bring the total balance to \$4.4 million.

Ms. McKeel said that she was wondering which of the projects listed on page 40 or page 20 were federal in nature. She said that she could make an educated guess about some of them, considering what might be going away.

Ms. Dimock said that the Community Development Block Grant, Home Funds, and Housing Assistance Funds were the largest blocks of funding.

Ms. McKeel said that going forward, she would consider adding an asterisk to indicate that the information was based on federal funding. She said that some of the concerns she had were that the federal funding was at risk of being discontinued. She said that she wanted to make sure that everyone who reviewed this document was aware of this.

Ms. McKeel said that she had reviewed slide 41, page 21 of their handout, and she was concerned that the 2,520 affordable housing units being presented as a best-case scenario may not accurately reflect the reality. She said that when she discussed this with people who were skeptical about the need for affordable housing, they often pointed to the development area and said that they could not possibly need more housing. She said that she was wondering if there was a way to identify this as a best-case scenario, or if they could add an asterisk to indicate that it was based on pipeline data, rather than the actual outcome. She said that this could help ensure that the takeaway from this information was not misleading.

Ms. Dimock said that one of the things they were currently working on was identifying the types of units that met their needs. She said that they were aware that the greatest need was for units with an Area Median Income (AMI) below 60%. She said that of the 2,520 approved units, they needed to determine how many of them would actually meet their highest need bucket. She said that there were a couple of different approaches they could take to get there.

Ms. McKeel said that it was important to provide that clarity. She noted that she had a half-hour discussion with someone the other day who expressed confusion about their decision to build apartment complexes, stating that nobody wanted to live in them. She said that this perception may be subjective and influenced by individual perspectives. She said that she was seeking clarification because some of the projects they were discussing were not dependent on the Board's approval at 58%. She said that what they were currently discussing was what was being built or not built. She said that for example, they had approved the RST project, but it was not constructed.

Mr. Gallaway asked if the referenced affordable housing units were all for sale or all rentals.

Ms. Dimock said that out of the 2,520, she was unsure of the exact number. She said that she would need to verify this information. She said that she assumed a vast majority of these were rentals.

Mr. Gallaway said that he assumed these were mostly under the pre-Albemarle Housing criteria.

Ms. Dimock said that she believed there were likely multiple instances embedded in that. She said that one set had already occurred since the 20% threshold, but the majority would be at the 15% level, with some at the 30% level. She said that the latter set was particularly slow to materialize.

Mr. Gallaway asked if one was 20% at 60% AMI.

Ms. Dimock said that she believed there was one in there. She said that according to Dr. Pethia, one had already been identified as a pipeline in part of this document. She said that the pipeline was incorporated from the start of the process, from the initial application, throughout the entire process.

Mr. Gallaway said that in the recommended budget, the document stated that funding was being removed for three vacant positions that had been frozen during Fiscal Year 25. He asked if Ms. Dimock could elaborate on what those positions are.

Ms. Dimock said that she would need to verify the information for the other two positions, but one of them was indeed one of the unwinding positions granted by the Board during the COVID benefit unwinding process. She said that the Board had granted them permission for temporary positions to track that data, and they had made a commitment to manage those positions through attrition. She said that this was the first of those positions to be eliminated through attrition, and she did not have the details in front of her at this time.

Ms. Bowman said that was correct. He said that the work session on March 19 involved 11 positions that he would revisit in terms of the story of how their systems impacted that, including their opportunity to fill vacancies through reorganization, as well as some of the positions that were temporarily augmented, including the unwinding process, which was a short-term measure to address a temporary workforce need through administration.

Ms. Dimock said that no one had lost a position in Social Services, and most of what they had offered in that area had been successfully resolved through re-engineering.

Mr. Gallaway said that he believed it would be beneficial to have more detail on the reengineering process, particularly in terms of how the full-time equivalent (FTE) was calculated, regardless of the department involved. He said that he would appreciate more detail on this aspect.

Mr. Bowman said that they would be prepared to review the case studies on March 19.

Mr. Gallaway said that he wanted to make two comments regarding the Housing Fund. He said that he was not ready to engage in a major discussion on this topic today. However, he did want to emphasize the importance of having separate conversations about funding and trust funds.

Mr. Gallaway said that while he was satisfied with discussing funding, he believed the trust fund discussion was crucial for their long-term strategy and how they utilized the funds. He said that it had been mentioned earlier that if they could implement a more strategic plan, the trust fund could potentially source itself. He said that this required a different approach than simply injecting one-time dollars or coins into the fund and watching it deplete by the end of July.

Mr. Gallaway said that the trust fund discussion was essential for this Board to take up, not just for the current year, but also for their future years. He said that this included understanding where the funds were coming from, how they were being used, and when and how they would be utilized in the years to come.

Ms. Dimock said that Mr. Sumner and she intended to present to the Board a discussion around the structure of the trust fund later this spring, following the completion of the budget process.

Mr. Gallaway said that he assumed they would utilize best practices from other jurisdictions in Virginia, and how they were implemented would be part of the process. He said that he was not satisfied with the dollars allocated to the Housing Fund. He said that Ms. Mallek had suggested an idea for that, but as they reviewed the budget, he may have additional thoughts on how to enhance the housing fund, potentially in conjunction with Ms. Mallek's suggestion. He said that he was calling out the need to have a specific discussion about a clear plan to address the Housing Fund allocations in this budget. He asked when those types of items would be coming back for Board discussion.

Mr. Bowman said that he planned to bring those back as a package on March 19, when the Board was proposing the tax rate. He said that while the Board was still working through this, if they had potential options staff should be prepared for, that would enable them to support the Board's decision on March 19. He said that he recognized that the Board was still working through the budget, addressing community questions, and other matters.

Ms. Mallek said that staff discussed the eviction program, which were short-term measures. She said that this was particularly relevant for individuals who experienced a single, catastrophic event, such as a car breakdown or other financial difficulty.

Ms. Dimock said that it provided assistance for those who had received eviction notices or shut-off notices; it was a last resort.

Ms. Mallek said that it was not a situation where someone received this money for an extended period of time.

Ms. Dimock said that currently, the restriction was one time per year, up to a specific amount of money.

Ms. Mallek said that was important for the individuals who needed it. She said that she wanted to clarify the context of Naturally Occurring Affordable Housing (NOAH), as mentioned on slide 41 in the presentation.

Ms. Dimock said that she did not have an answer to that question because she believed this reflected new affordable housing, rather than the pre-existing. She said that she realized during their conversation that she was not certain about the start date for the column on the left, so she would look into that for clarification.

Ms. Mallek said that during the Crozet Master Plan, there had been a great interest in conducting an assessment of those units, such as the worker's houses built in the 1940s and 1950s, and everyone was eager to ensure that they did not deteriorate into disrepair.

Ms. Dimock said that it would be difficult for them to catalog all the NOAHs in the community.

Ms. Mallek said that perhaps interns or volunteers could review maps and conduct on-site

assessments. She said that to clarify, the information provided was only regarding new construction that occurred within the last 15 years.

Ms. Dimock said that the information stated that as of March 2025, but she was unsure how far back it extended to capture the most recent numbers.

Ms. Mallek said that although the 15% business was in place before her, she had always been puzzled by the \$16,000 buyout, which never made sense to her as an equivalent payment for what could have been a \$200,000 unit. She said that moving forward, the Certificate of Occupancy, located far off to the right of slide 41, provided the most accurate information regarding the qualifications for the houses, which was a crucial factor in determining who could occupy them.

Ms. Dimock said that it could be part of the moving target of the pipeline.

Ms. Mallek said that the voucher situation was a significant disappointment, especially since they had just had their first open sign-up period in years. She said that she was truly sorry to hear that. She asked if there would there be an opportunity in the future to ask questions about the process, or was staff planning to send something to the Board regarding how they would analyze applications on the AC44 list.

Ms. Dimock said that she would be able to answer the questions that they had submitted the previous night and share them with everyone. She said that she would likely post them on the budget page as well.

Ms. Mallek said that she wanted to share a concern that had been on her mind. She said that one change in policy that caught her attention was that a percentage of the request was used to determine the amount awarded. She said that if this information was made public, it could be a concern for applicants, as they may adjust their bids based on the potential outcome.

Ms. Mallek said that the numbers jumped significantly for some of these, and she would appreciate more transparency to understand the reasoning behind these decisions. She said that she knew it was a challenging task to analyze this data, but she believed it was essential to have clear answers to questions like agency performance, staff treatment, and turnover rates.

Mr. Pruitt said that he believed it was evident to everyone looking at this data, but he wanted to ask a question about their pipeline proffered units, which seemed disproportionately high compared to their actual inventory. He said that it appeared that they were generating new units primarily through proffers from their inclusion of the zoning policy. He said that their existing inventory was mostly subsidized units, which he assumed were almost entirely subsidized through the Low-Income Housing Tax Credits (LIHTC). He said that he would like to hear about what was going on with this kind of data stream, and why the proportions did not seem to be reflected in their existing inventory.

Ms. Dimock said that she was not certain of the answer, and she could certainly find it. She said that based on her research, she would speculate that the affordable housing unit column on the left was likely to include the subsidized rental units, which would encompass the majority of the Housing Assistance Fund vouchers. She said that consequently, the left-hand side of the chart appeared to represent the entirety of what was subsidized, while the right-hand side represented the amount that was approved or offered for building through Community Development.

Mr. Pruitt said that to clarify, they would only be capturing project-based vouchers on that left side.

Ms. Dimock clarified that it was both project-based vouchers plus 575 housing choice vouchers.

Mr. Pruitt said that he wanted to highlight this issue because, as they discussed the proffers, this was not directly indicating the budget. He said that he wanted to draw the Board and the public's attention to one of the most important things happening in Albemarle County right now. He said that they were essentially playing a high-stakes game of chicken with the developer community.

and that he believed it was crucial that they acknowledged this situation.

Mr. Pruitt said that their current posture relied heavily on developer proffers at a high rate, which was the primary way they were addressing affordable housing. He said that the requirement was so high that developers seemed to be losing interest and would not want to build until the County felt it was chilling development too much.

Mr. Pruitt described this as a game of chicken because, at some point, he thought one of them would back down. He said that he thought it was essential to name this in a public setting, as they had not seen a single project under the new policy come before the Board or the Planning Commission. This fact was telling about where they currently stood.

Mr. Pruitt said that moving forward, he would like to briefly mention that he had expressed this concern last year when the changes were announced. He said that he was pleased with the updates made to the ABRT system, which seemed to be more responsive to their strategic priorities and the community's needs. He expressed his appreciation for these changes.

Mr. Pruitt said that he would also like to briefly touch on the spending chart. He had mentioned

this before, but he wanted to reiterate that he found it confusing and misleading to include federal pass-through funding in these reports. He said that he believed it was essential to clearly distinguish between federal funding and their own local spending.

Mr. Pruitt said that specifically, the Housing Assistance Fund was a federal program with limited flexibility; they received a certain amount, and they used it as allocated. He said that he believed accounting for this as a County budget expense was crucial, although he was not sure if that was the right way to phrase it. He said that he thought it was essential to account for this as a County budget expense because it gave the Board a misapprehension of what they were actually considering.

Mr. Pruitt said that in response to Ms. LaPisto-Kirtley's concern about the possibility of clawbacks on the Housing Choice Voucher Program, he would like to address the potential for reduced federal funding on the Housing Choice Voucher Fund and whether they would need to step in to fill the gap. He said that he had been weighing the amount of money they were spending against the number of people they were serving, and he wanted to draw attention to this point. He said that the housing choice vouchers were a deep subsidy, not a wide one, meaning they provided significant assistance to a small number of very low-income individuals.

Mr. Pruitt said that it was not the most prudent use of a budget dollar to allocate funds to a voucher program, given its limited impact. In contrast, the Housing Trust Fund, or AHIF, was a shallow, wide subsidy, which he thought would be a more effective way to address the need for affordable housing. He said that if their goal was to create a local voucher program, he thought they needed to be thoughtful about the subsidies they were using.

Mr. Pruitt had said before that he believed the main line in the sand was when they were able to fund it enough per annum to have a competitive grant process, where they could advertise annually and receive competitive applications to choose from. Currently, this process was more of a rolling application process. In addition to his previous comments, he had indicated that there were differing opinions on this Board regarding the potential for a trust fund to be self-sustaining.

Mr. Pruitt said that some had suggested reserving a principal to generate its own income, but he questioned whether this would be the most prudent approach, as the principal would need to be substantial to generate sufficient income to support the desired activities. He had previously advocated for zero-interest funds, which he believed could be more effective than grant-style programs.

Mr. Pruitt said that developers he had spoken with seemed to view zero-interest funds as similar to grant funds for the purposes of securing private capital. This could allow them to re-invest in their own fund. He noted that managing the processes of the trust fund would require additional staff time. He said that he was bringing this up to lead into the question: regardless of the alternative, at what point did they believe they were reaching a point where additional staffing was being called for, and were they there yet?

Ms. Dimock said that she did not think they were there yet because they had not had the conversation around what the structure of a trust fund should be yet. She said that therefore, when they returned to discuss this later this spring, she believed they would be prepared to discuss the staffing models that would accompany each of the approaches the Board might take.

Mr. Pruitt thanked Ms. Dimock for her response. He said that when they were talking about later this spring, Mr. Gallaway had mentioned that he wanted to revisit specific questions regarding how they funded housing. He said that he would also like to read this and have a more in-depth discussion on this topic, if they had time in the next 28 minutes.

Mr. Pruitt said that as they had previously discussed, the plan was to bring this up on March 19, which was the day they were advertising. He said that he would like to ask, to what extent was their advertising date an internal requirement, and to what extent was it being externally driven? He said that he did not claim to have read all the laws, but he did not think they had to advertise until seven days before adopting the tax rate. He asked what was actually driving this decision.

Mr. Bowman explained that it was driven by the State Code requirement, and there were two separate hearings that needed to be held, as well as the timeline process with the Daily Progress.

Mr. Pruitt asked if it was fair to say that they were actually crowded into that date, or if there was any flexibility to it.

Mr. Bowman said that they never prepared their budget for the worst-case scenario, such as a significant ice storm on March 19. However, he believed they would be too late to address the issue at the next work session, scheduled for either March 24 or March 26, if he recalled correctly. He said that the team had indicated this was correct. He said that he would suggest to the Board that they take proactive steps prior to March 19 to support any initiatives they were considering. He said that this would enable staff to do more work to support the Board's efforts, if possible.

Mr. Pruitt said that he did not intend to suggest that he viewed their approach as extreme, but it appeared that there were unanswered questions and a plan to revisit them. He said that while that was manageable, it was a tight timeline. He said that he would like to raise this question, as he believed it was a natural follow-up to their previous discussion.

Mr. Pruitt said that in his opinion, their contribution to AHIP this year was inadequate. He said that he believed they could strive for greater impact and thought there was significant benefit, particularly when considering their position with proffered units, which served as both a source of funding and the foundation for their Housing Trust Fund and affordable unit creation. He said that when they were in this position, he thought it was especially important for them to invest in ACERP this year. He reiterated that \$260,000 may not be the best they could achieve on ACERP. He said that he would also like to suggest to the Board that these dollars could have a profound impact.

Mr. Pruitt said that he was not suggesting a specific figure, but rather that every additional penny could make a significant difference in ACERP. He said that he believed they could easily increase the funding by a small amount, which would have a life-altering impact on many of their residents. He said that as some of the Board members may know, he had been in eviction court earlier that day, and he had witnessed firsthand the devastating consequences of eviction proceedings.

Mr. Pruitt said that in this County, he had seen a dozen people evicted in a single day, simply by having a paper stamped, with no opportunity for appeal or support. This was a stark reminder of the importance of investing in ACERP and ensuring that their residents had access to the resources they needed to thrive. He said that if they could provide a small \$1,000 to help them catch up on the week, he believed that was a very high value.

Mr. Pruitt said that this assistance could have significant savings elsewhere in the County, as it reduced burdens on Social Services, healthcare for individuals who were placed on the streets, and ensured that these residences remained occupied. By making this investment, they could see the impact on their revenues. He said that this assistance could help mitigate the issue of homelessness, which was often caused by a system that could be overly militarized. He said that he would like to know how they would address this issue.

Mr. Andrews said that he had a few questions starting with slide 39. He said that he would like to make a comment and agreed that they needed further discussion, which would likely follow the budget. He said that to separate what they were funding from how it would work, they must consider the budgetary implications.

Mr. Andrews said that there had been numerous claims about the amount that could be leveraged from a housing trust fund, and he would like an assessment of their credibility. He said that Mr. Pruitt had discussed programs that were either deep and narrow or wide and shallow, and he preferred the term "leveraging" to describe investing in programs that could amplify their impact within the Human Services Funding Process. He said that he hoped they were not only addressing these needs but also recognizing opportunities to leverage programs.

Mr. Andrews said that he looked forward to further discussion on this topic. He also said that he had a comment question regarding the Affordable Housing Investment Fund. He said that the \$1.2 million in the FY26 budget was referenced, and he assumed the \$3 million being carried over to Fiscal Year 25 was also included in the previous column, unless it was listed elsewhere.

Ms. Dimock said no; it did not reflect that because the decision had not yet been made when this chart was created. She said that she would verify that to be certain.

Mr. Andrews said that he would like to know where that fits in and said that this was a significant consideration. He said that he appreciated that their investments may take forms that went beyond the traditional approach.

Mr. Bowman said that to confirm, the \$3 million was reflected in the \$13 million figure.

Mr. Andrews said that was what he thought; he would have expected that the funds would be expended and carried over to Fiscal Year 25. He said that his next question was one he had asked before: were they consistently approving projects at the rate they anticipated they would be built? He said that he had heard numbers suggesting that approximately 9,000 residences had been approved for construction or other development, but many of those projects were not yet under construction.

Mr. Andrews said that some may be in the pipeline, but some may have been approved, and he was unsure if this was a normal or anomalous trend that suggested the conditions were not right for builders. He said that one concern they had here was that they wanted to approve more affordable housing, but if it was not being built, they were left with little to no impact.

Mr. Andrews said that he appreciated any information staff could provide on whether these trends were normal, if they were due to a process issue, or if they were driven by interest rates or other factors. He said that if this was not a normal trend, he would like to understand the underlying causes. He said that he had a question regarding the funding process.

Mr. Andrews said that on page 144 of the budget book, he noticed that overall revenues were decreasing by \$900,000, a 7% decrease, reflecting recent trends in reimbursements. He said that department revenues or budgeted reimbursements were based on projected program expenditures. He asked if staff could help him understand this significant decrease in reimbursement for the investment.

Ms. Dimock said that she believed that number had gradually increased and had a significant impact, as both the federal government and the State had continued to impose additional requirements

on local departments and social services. Initially, these requirements were reimbursed at a rate that encouraged compliance, but over time, the reimbursement rate decreased while the mandate remained. This pattern had been observed in several labor-intensive policy changes that were initially reimbursed at a higher percentage, only to see the reimbursement rate decrease as time passed.

Mr. Andrews said that he believed the majority of the funding for this project came from the State.

Ms. Dimock said that, yes, some of those requirements and the decision to incentivize a proportion that they got reimbursed were state decisions, and the requirement might have originated from the federal government.

Mr. Andrews asked if the County could have any influence on this future issue.

Ms. Dimock said that she would never doubt it.

Mr. Andrews said that he was wondering about where state policy changes could have impact. He commended the emphasis on the Human Services Funding Process; it was the right approach. However, he had some concerns because some entities had raised questions about this process. He said that he wanted to ensure that there was sufficient information available to stakeholders before this decision was made. He said that the priority ranking was a key factor in this process.

Mr. Andrews said that he wanted to clarify whether the applicants had a say in determining their tier level or if the tiers were established by the review process and not dependent on the program's identification. He said that it was alarming to see exemplary programs that were not funded because they were not addressing a need of the highest priority. He said that he would appreciate any additional information that could help him understand this process better.

Ms. Dimock said that two technical assistance trainings were offered, each lasting more than an hour, which were advertised as changes happening related to prioritization. She said that the goal was to encourage participants to understand the changes and to participate in the training to hear the prioritization process and review the documents that were changing as part of it. She said that not everyone participated in this process, but a large majority of applicants, even those who had applied multiple years, did attend these trainings and found them valuable for gaining critical information.

Ms. Dimock said that applicants had the opportunity to identify the outcomes they were improving or seeking to improve and the categorizations they were in. She said that their evaluation process, based on their stated prioritization, was applied in a way that allowed applicants to choose where they landed. She said that if an applicant identified serving people experiencing homelessness but was not dedicated to serving those individuals, they would not receive the full points.

Ms. Dimock said that for example, prioritization points ranged from zero to ten, with ten points awarded to organizations whose purpose was serving people experiencing homelessness, five points for those serving a lot of people, including those who were homeless, and zero points for programs that did not serve anyone experiencing homelessness. She said that they applied this rubric in a way that was not a simple yes or no answer, and their reviewers noted that the tool was currently a bit clunky and blunt, and they needed more nuance in that. She said that she was hearing that there may be an opportunity to add more nuance to their applications for next year, so if the Board chose to continue with a prioritization process like this, there was an opportunity for a middle path.

Ms. LaPisto-Kirtley asked if an established Housing Trust Fund would be part of the funding split between the government, schools, and capital.

Mr. Bowman said that if the Board sought to designate something for housing, it would be at the discretion of the Board to split the funds or not.

Ms. LaPisto-Kirtley said that she understood that the March 19 deadline for advertising the tax rate was in place, and it could not be exceeded. She said that therefore, the only reason to not approve it on March 19 would be if they were to consider raising the tax rate further.

Mr. Gallaway clarified that if a Supervisor wanted to propose to advertise a tax rate higher than the recommendation of the County Executive, they must do so on March 19.

Ms. LaPisto-Kirtley said that she appreciated the clarification. She asked, were the units that they were approving but not being built tied to the land or if they could change or hold someone accountable for those units? She said that she believed they were tied to the land, but she wondered if there was a mechanism to alter this to hold either the original builder or subsequent builders accountable for those federal units.

Ms. Dimock said that there were several areas that required further research regarding what constituted a pipeline and the requirements that followed an approval. She said that she did not believe that they were currently equipped to address all of these questions. She said that one of the key questions would be whether an approval was a requirement, or if it served as a threshold allowing for the construction of a pipeline up to a certain number, rather than mandating its completion. She said that this would be a crucial component of their discussion.

Mr. Andrews said that they would discuss that when they talked about the CDD (Community

Development Department) processes in the spring.

Ms. LaPisto-Kirtley said that would be very good. She said that as for leveraging programs, she believed that they were looking at that to identify opportunities where they could get the best return on investment to help more people.

Ms. Dimock confirmed that they always wanted their funding to be matched or leveraged from other sources. She said that this was indeed a consideration within the human services funding process. She said that they asked if they provided funding to an organization, whether that enabled them to secure additional funding from another source. She said that many organizations sought a local contribution to increase their chances of securing a federal grant or funding from another institution.

Mr. Gallaway left the meeting at 5:43 p.m.

Mr. Bowman said that they had 15 minutes left, and he suggested, if the Board was agreeable to it, that they move to the Community Development section. He said that their Director of Economic Development, Emily Kilroy, was present to discuss her work. He suggested they discuss that specific item with the time they had left.

Ms. Emily Kilroy, Director of the Office of Economic Development, said that she would review the Economic Development Fund. The first slide provided a detailed overview of the fund, which was separate from the operating budget. She said that the purpose of the fund was to have available funds that can be leveraged and catalyzed to invest in the community, with the ultimate goal of creating jobs, attracting capital investment, and contributing to the overall thriving economy.

Ms. Kilroy said that the funding sources for this fund were one-time transfers from the General Fund, which meant there was no dedicated ongoing revenue stream into this fund. She said that it had been several fiscal years since they had received a transfer into this fund. Fortunately, the fund had a robust fund balance. She said that past uses of this fund were well-known to the Board, and she would highlight some of the projects that were listed here.

Ms. Kilroy said that these included infrastructure and redevelopment projects, such as the Woolen Mills redevelopment project, which involved the redevelopment of the old mill site and some place-making investments as part of a public-private partnership agreement. She said that the Barnes Lumber redevelopment project was currently in discussion and had been supported by the Board for several years. She said that this project would create a public plaza, a new road connection to downtown Crozet, and develop new commercial buildings in the area.

Ms. Kilroy said that the Economic Development Fund was used for grant matches, state grants, and to support Governor's announcements for Commonwealth Opportunity Funds that followed large-scale investments, expansions, and small business initiatives. She said that the fund also supported agricultural businesses through the Agriculture and Forestry Industries Development Fund (AFID), and site readiness projects, such as the Rivanna Futures Project. Additionally, the County had partnered with the University Foundation on site readiness work at the North Fork Discovery Park over the past several years.

Ms. Kilroy said that currently, there was \$3.3 million in unplanned, unallocated funding for the Economic Development Fund, and the recommended budget plan would increase this balance to \$4.3 million. As shown on the next slide, she understood that there had been discussion among Board members regarding a spend plan for the Economic Development Fund.

Ms. Kilroy said that it was a challenge for them to determine how to allocate the funds in the fund for any given fiscal year. She said that without an ongoing revenue source, they must make judgments about how much to support each project, taking into account the balance of the fund, as well as the expected return on investment and the potential benefits to the County.

Ms. Kilroy said that as demonstrated on this slide, there were some examples of potential fund uses in Fiscal Year 25, which were not previously on staff's radar for planning. She said that these projects range in value, with the largest being the Afton Scientific Commonwealth Opportunity Fund match, a project that had significant job creation and capital investment potential, as well as investment in their biotech sector. She said that this year's expenditure of \$61,000 on Rivanna Futures, which was funded through this fund, was also noteworthy.

Ms. Kilroy said that yesterday, they received a notice from the state that they had received \$613,000 through the GO Virginia program to advance their site readiness design work. She said that one thing that had stood out as they moved forward was that they had made significant progress, particularly in the tier system. She said that in May 2023, Rivanna Futures was a tier one site, and by September 2024, they had advanced to tier three, which may not seem like a huge leap, but it was a significant one when considering the implications.

Ms. Kilroy said that through these strategic investments, they had gained momentum that was being recognized by the Commonwealth. She said that the GO Virginia program would help support industry scale-up grants, including those for local wineries. She said that with the available equipment and staffing, the area wineries had the capacity to produce more wine.

Ms. Kilroy said that they would be working over the next year or so to expand access to markets

for these wineries. She said that they were participating in the innovation corridor concept, which aimed to explore opportunities in biotech, national security, and digital technologies. She said that this regional vision was a key part of their strategy, and they were leveraging partners to make it a success.

Ms. Kilroy said that they also had private sector investment in this project, which they were excited about. She said that her next and last slide presented a few ideas on potential opportunities in Fiscal Year 2026. She said that while it was challenging to predict exactly what these opportunities would be, the fund provided them with the necessary funds to make informed decisions and invest in the future.

Ms. Kilroy said that this fund had been a game-changer for them, allowing them to commit to projects on a timely basis and compete with other communities. She said that regarding redevelopment opportunities, such as the Home Depot project, they had helped bridge the gap between a greenfield site and a redevelopment site through site readiness work. She said that this would bring them to two Tier 4 sites in the County.

Ms. Kilroy said that, however, they needed to start examining the Tier 3 and Tier 2 sites they had and consider how to move those sites up the scale as well. She said that once a project landed on a Tier 4 site, it was essential to ensure that they had more Tier 4 sites ready for future development. She said that this meant that when one site was successful, they needed to have others in place to attract similar projects.

Ms. Kilroy said that to achieve this, they would focus on filling Tier 4 sites with jobs and investment, particularly in the sectors they had identified. She said that they had previously discussed the innovation corridor, which was a planning study aimed at creating a roadmap for its development. She said that as this study concluded in Fiscal Year 26, they may gain insight into tangible opportunities to support the Innovation Corridor.

Ms. Kilroy said that additionally, they were supporting a grant with the CvilleBioHub this year, which was examining the gaps in workforce development to ensure that local high schools, Piedmont Virginia Community College (PVCC), and the University of Virginia could provide the necessary programs to fill the jobs created by this project. The grant was also studying potential equipment investments or space upfitting opportunities that could be funded through this fund in the future. Overall, this landscape of opportunities would be further explored as they continued their work.

Ms. Kilroy said that she would like to close by stating that they were on track to have a new economic development strategic plan in late summer, which they were very excited about. This plan would provide them with a clear focus and direction with their initiatives. She said that the Rivanna Futures project, in particular, was generating a lot of enthusiasm, and she was looking forward to the GO Virginia grant. She said that as they moved forward, they would need to make decisions about how to maximize the County's return on investment for this project.

Ms. McKeel asked if they were discussing workforce development grants.

Ms. Kilroy clarified that they were looking at workforce development funding.

Ms. McKeel asked where the grants were coming from.

Ms. Kilroy said that they partnered with local economic development groups, as well as CvilleBioHub, to secure a Virginia grant, which provided state funding. She said that the grants were excellent, as they offered a two-to-one match, allowing them to bring in a substantial amount of funding.

Ms. McKeel said that it would be crucial to communicate and work with public schools and PVCC.

Ms. Mallek said that she had been doing some math as Ms. Kilroy spoke regarding the 10-to-1 return on the Rivanna Futures investment and the 37-to-1 return on Afton Scientific investment. She said that that was a significant amount of leverage for the capital. She said that she appreciated that.

Ms. Mallek said that in the workforce development project, please keep in mind that they had a whole institution of federally trained and state-supported individuals working on job skills. She said that they often got overlooked because everyone was focusing on other aspects, but they were making significant contributions. She said that as someone who had graduated from college in 1971 and had worked at Harvard Medical School, she could attest to the value of this type of amenity.

Ms. Mallek said that it provided a great career ladder opportunity, allowing individuals to advance their education and skills. She said that in fact, the certificate students in this program were far better prepared than she was with a basic degree, and it was truly exciting to see the progress they had made.

Mr. Pruitt said that he would like to understand the individual disbursements made by the Economic Development Fund. He said that considering what was on the screen, he would like to know if staff could estimate an annual amount of disbursement to get a better sense of the overall trend.

Ms. Kilroy said that over the past five years, the funding had varied, ranging from \$500,000 to \$1.5 million. She said that she believed past performance could be a good indicator of future need. She said that in this case, they were excited about the more focused path forward, which they hoped would be outlined in the Economic Development Strategic Plan. She said that this plan would allow them to think regionally through the innovation corridor work and strategic investments, such as the Manning Institute,

the National Security Data and Policy Center at UVA, and the new wet lab accelerator at the North Fork Discovery Park, which had opened just two weeks ago. She said that these examples demonstrated the momentum building in the community. She said that they believed the County could play a significant role in supporting the growth of these initiatives, turning them into a sustainable and thriving ecosystem for the community.

Mr. Trevor Henry, Deputy County Executive, said that Ms. Kilroy mentioned the Project ENABLE 2.0 work they had. He said that their consultants had been there a couple of weeks ago, and the County Executive had discussed the need to diversify their tax base, highlighting their current commercial level. He said that the existing fund and proposed budget in the County Executive's plan provided them with the opportunity to react and respond more quickly. He said that the alignment of the property acquisition of Rivanna Futures, the biotech work, and the overall community signal of growth all pointed to this being a significant moment for them to respond and react more effectively.

Mr. Pruitt said that he wanted to note that the library had informed him that he only had the room reserved until 6:00 p.m., and someone was waiting, but they were willing to wait a few minutes. He said that he appreciated the public library's generosity in this matter. He said that he also wanted to acknowledge the incredible work being done by the Economic Development team, which he believed was a secret weapon for their locality.

Mr. Pruitt said that it had allowed them to outperform their peers and benefited his district specifically. However, he was not convinced that this contribution to the fund was necessary for this calendar year. He said that government funding was a zero-sum game, where every dollar spent came from their citizens and every dollar allocated to one area meant it could not be allocated to another.

Mr. Pruitt said that given that their highest recent year's draw was still half the value of their current unallocated amount in the fund, he did not think an aggressive approach would fully draw down the existing fund, even if they were extremely fortunate in identifying opportunities. He said that he believed there were other ways to fund such opportunities, such as using their contingency reserve or capital fund. For example, he was aware that they had acquired Rivanna Futures through their capital fund, which suggested they had sufficient alternatives for this type of work. Therefore, he was not sold on the necessity of such a large investment to an already sufficiently endowed fund for this year. He apologized for needing to quickly leave the meeting.

Mr. Pruitt left the meeting at 6:02 p.m.

Mr. Andrews said that he wanted to follow up on that previous comment. He said that he would appreciate clarification on the \$613,000 in new funding from GO Virginia. He said that he would like to know if it was anticipated during the budget time. He asked if this funding had not appeared, if it was considered as something to be funded through this fund.

Ms. Kilroy said that there was funding available through the fund, which has been set aside for expenses related to Rivanna Futures. They typically did not budget or plan for grant money, as it was not a reliable source of funding. If they received it, that was a bonus; if not, their plan remained solid. Every dollar they could secure from the Commonwealth or other funding entities over the next several years was a dollar they did not have to spend locally, so they were not hoping to undertake any projects at Rivanna Futures that they did not intend to pursue.

Ms. Kilroy said that their master plan was designed to be flexible, and they were allowed to move faster with state and federal dollars, which enabled them to accelerate the project. Specifically, the \$613,000 from GO Virginia would be used to fund site design, road design, utility design, and stormwater and erosion and sediment control design plans. These plans would help them determine the potential funding they may receive from another state grant program, which they hoped to apply for by June.

Ms. Kilroy said that this funding would enable them to hit the ground running with construction if they were successful in securing that grant. Regardless of the outcome, the design work must be completed, and they had been discussing the possibility of funding this work locally to get ahead of the project and prepare for any potential grant funding through the Virginia Business Site Readiness program which they had decided to pursue it. She said that if they were successful, that meant the County would have to invest less money upfront. The grants were providing significant momentum to their efforts, and they would still need to complete the work regardless of the outcome.

Ms. Kilroy said that the County's continued investments in Fiscal Year 25 amounted to \$61,000. And in Fiscal Year 24 it would have been a higher number, but that investment had been instrumental in driving conceptual engineering work that had generated excitement about the project and helped to showcase the County's commitment to bringing it to life across the Commonwealth. That investment had been invaluable. As a result, they were working hard to minimize local funding for the Rivanna project, with the goal of attracting state and federal funding. However, if they truly wanted to realize their vision, they would need to consider local funding options, even if they were not relying on outside funding.

Mr. Andrews said that one thing that needed to be said was that as these opportunities arose, they actually helped them accelerate the needs for additional funding and economic development. He said that without that impetus, they may not have needed to invest as much in economic development to make this project successful. He said that the sooner it was successful, the better off everyone in the County would be, as it would provide tax benefits that the development would provide to everyone in the County.

Ms. Kilroy said that as soon as the ribbon cutting ceremony was completed, the facility would begin generating revenue for the County, and the sooner they could reach that point, the sooner that revenue would be generated.

Ms. Mallek said that regarding funding in the Economic Development Fund (EDF), it brought to mind her reluctance to draw down the fund too far, as she was concerned about drawing down the health insurance fund, which had been a recurring issue. She said that specifically, she was worried about being unprepared if the fund were to be depleted, as it had happened in the past.

Mr. Bowman said that they would pick up on March 17 when the School Board would be joining them and they would discuss the Capital Improvement Plan. If time allowed, they would review a few areas of the budget, but they were not the largest drivers. He said that he would like to thank the Board for their efforts, as it was not lost on him that a week ago tonight, they all had a very late night, and they had two in-depth discussions this week.

Mr. Bowman said that he appreciated all the questions and would continue to share them before the next work session. On March 19, the largest item in terms of budget adjustment that he had heard from some Board members was the housing number and how it may be addressed. However, if there were other thoughts, they would continue to discuss them on March 17 as well.

Mr. Andrews asked if on March 17, while they were primarily focused on Schools, they would also attempt to pick up some of these items, or if they would hold off on those until March 19.

Mr. Bowman said that they could potentially review the capital items, if time permitted, and then address the other items.

Ms. Mallek said that she would appreciate some more visual aids to help clarify the budget details for their next meeting. She said that the graphic representations were much easier to reference than paragraphs of text.

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Agenda Item No. 3. From the County Executive: Report on Matters Not Listed on the Agenda.

There was no report.

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Agenda Item No. 4. From the Board: Committee Reports and Matters Not Listed on the Agenda.

Ms. McKeel reported that her Planning Commissioner just told her that they just released the billions of dollars in Medicaid cuts that the House had passed. While the bill had not gone to the Senate yet, they could see the proposed cuts for each congressional district. She said that she would share this information with Mr. Bowman.

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Agenda Item No. 5. Adjourn.

At 6:10 p.m., the Board adjourned its meeting to March 17, 2025, 3:00 p.m. in Room 241, Albemarle County Office Building, 401 McIntire Road, Charlottesville, VA, 22902. Mr. Andrews said information on how to participate in the meeting would be posted on the Albemarle County website Board of Supervisors home page and on the Albemarle County calendar.

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Chair

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| Approved by Board |
| Date: 10/15/2025  |
| Initials: CKB     |