

A regular meeting of the Board of Supervisors of Albemarle County, Virginia, was held on April 7, 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, Ms. Beatrice (Bea) J.S. LaPisto-Kirtley, Ms. Ann H. Mallek, Ms. Diantha H. McKeel, and Mr. Mike O. D. Pruitt.

ABSENT: none.

OFFICERS PRESENT: County Executive, Jeffrey B. Richardson; Deputy County Executive, Trevor Henry; Deputy County Executive, Ann Wall; County Attorney, Andy Herrick; Chief Operating Officer, Kristy Shifflett; Chief Financial Officer, Jacob Sumner; Assistant Chief Financial Officer, Andy Bowman; Deputy Chief of Management and Budget, Ryan Davidson; Clerk, Claudette K. Borgersen; and Senior Deputy Clerk, Travis O. Morris.

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, Officer Brooke Chaco and Master Police Officer Paul Quillon.

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

Mr. Andy Bowman, Assistance Chief Financial Officer, said that this was work session number five, focusing on the FY 26 proposed budget. He said that they had a few topics, but they would primarily discuss affordable housing and the CIP (Capital Improvement Plan) to continue the discussion that began at the last budget work session on March 19.

Mr. Bowman said that to recap, he had a few slides to review. He said that they had completed all activities in March through the work sessions and town halls. He said that following the work session, there would be two town halls later this week at Western Albemarle High School and North Fork Research Park, followed by the seventh and final town hall next week at Journey Middle School. He said that this month would conclude with public hearings on tax rates and budget, and the budget process would be wrapped up on May 7. He said that this was the last scheduled work session, but there was still an opportunity for the Board to engage with the budget.

Mr. Bowman said that they had three topics for today, the first of which was to spend time discussing affordable housing and the CIP. He said that this was the first time they had dedicated ongoing funding to the affordable housing investment fund. He said that the Board's desire was to explore alternative approaches to the CIP and consider what that could look like. He said Mr. Sumner would lead this part of the presentation.

Mr. Bowman said following that, he would provide a brief presentation to continue the discussion on the human services planning process, based on comments from Board members. He said that this was an opportunity for the Board to identify any additional items they would like to consider. He said that the Board could amend the budget until April 7 and during the rest of the year.

Mr. Bowman said that this work session was primarily to assist staff in finalizing tax rates and the budget on May 7. He said that staff would provide an answer to the final Q&As from prior work sessions, and the information was also available on the website. He said he would like to bring to their attention a slide that the Board had reviewed multiple times during previous sessions regarding the proposed \$0.004 real estate tax increase included in the budget.

Mr. Bowman said that they had previously discussed the dedications to public safety, schools, and affordable housing in detail. He said that specifically, the affordable housing allocation of \$0.004s equated to \$1.2 million in ongoing funding, and it was the first time they had established this ongoing funding for that fund. He said that given this, they would be focusing on the \$0.004 allocation during the presentation, while also noting that the Board had the flexibility to adjust any budget items, except for the limitation that the tax rate could not be increased above the advertised \$0.894 for real estate and \$4.28 for personal property taxes.

Mr. Jacob Sumner, Chief Financial Officer, said he would like to discuss the affordable housing investment in the proposed budget. He said that as Mr. Bowman mentioned, there was a \$0.004 dedication for affordable housing in the budget, as well as an additional \$3 million one-time investment. He said that for today's purpose, he would like to focus on the dedicated revenue stream, as it aligned more closely with the conversation about how affordable housing could be addressed in the CIP. He said that he was not ignoring or dismissing the \$3 million one-time investment but rather focusing on the recurring revenue stream.

Mr. Sumner said that there were multiple tools available to them as they looked to impact affordable housing in their community. He said that from a historical perspective, it was worth noting that the funding sources for this fund had primarily been one-time transfers from the general fund. He said that while there had been some transfers from affordable housing proffers, they had been smaller in comparison. He said there was an ongoing component of the \$0.004 real estate tax dedication.

Mr. Sumner said that as a reminder, some of their past uses of the Affordable Housing Investment Fund (AHIF) included the partnership with Virginia Supportive Housing, Premier Circle. He said they also invested in the Southwood redevelopment, Phase 1 and Phase 2 with Habitat for Humanity, and the Southwood Hickory Hope Apartments with Piedmont Housing Alliance. He said that their commitment to AHIF, which they had previously supported, was an example of a past use, as well.

Mr. Sumner said that the slides he presented were intended to provide background and reorient the Board on their affordable housing needs, where they had been addressing them, and get them up to speed before they discussed scenarios and options. He said that at the March 19 Board meeting, staff was asked to explore whether the County could borrow for affordable housing projects within the context of the CIP. He said that as they prepared for the discussion, he wanted to start with some baseline considerations to keep in mind before they dove into the details.

Mr. Sumner said that this discussion focused on borrowing and leveraging ongoing revenues to support or fund projects, whether they were capital projects or affordable housing projects. He said that when issuing bonds for capital projects, they always considered a few other aspects. He said that they wanted to ensure that their debt-related financial management policies were considered, as the Board had approved their overall financial management policies, which included specific debt-related provisions. He said that he would discuss these in the next slide, but it was one of the main considerations they must keep in mind.

Mr. Sumner said that they must consider their capacity within these financial policies and the flexibility they had within that capacity. He said that their proposed FY26-30 CIP totaled \$322.7 million, and any additions to borrowings or projects must be considered in the context of the \$322 million already proposed. He said that any debt or borrowing, including bonds to support the CIP, must address capacity needs, in addition to the fundings.

Mr. Sumner said that when it came to affordable housing projects within the CIP, they would ask the same questions as they did for any capital improvement project, such as what were the ongoing operating costs after implementation. He said that they would also consider any potential clawbacks and ensure that the timing of issuing funding for affordable housing projects aligned with their overall capital project funding. He said that this would prevent issuing bonds specifically for affordable housing on a standalone basis but rather coupling it with the larger general CIP borrowings on a periodic basis.

Mr. Sumner said that the final consideration for the Board to consider was that borrowing for affordable housing projects would be a new approach for the County, but also a new approach for many localities across the State. He said that while some cities have issued bonds to fund affordable housing projects, these typically had redevelopment housing authorities that possess additional powers and abilities, which counties often did not have.

Mr. Sumner said that as a result, when examining peer localities that have issued bonds for affordable housing, there was a limited comparison to be made for the County. He said that therefore, it was essential to recognize that this would be a new approach for the County, but also a new approach for other counties throughout the Commonwealth.

Mr. Sumner said that the next slide related to the County's financial management policies regarding debt ratios, which he mentioned earlier. He said that he previously discussed this in the context of the County's CIP and debt, specifically during the third budget work session. He said that he would like to focus on the debt service as a percentage of general fund revenues, rather than ignoring or downplaying the outstanding debt as a percentage of assessed value. He said that these were both important considerations, but when they previously discussed the headroom between the maximum threshold for these policies and their projections. He highlighted that the tightest headroom was in FY 29.

Mr. Sumner said that as they developed the proposed \$322 million CIP, this was where they anticipate their ratio levels to be when they reach that point in the analysis. He said that any additional borrowing would simply add more pressure and be layered on top of the ratios and scenarios presented. He said that maintaining a buffer between their anticipated ratios and the policy maximum was a good best practice to keep in mind. He said that they also discussed this topic during the third work session regarding the County's bond ratings and the significance of the triple-triple A rating. He said that achieving this rating provided the County with greater flexibility in both its operating and capital budgets, as it enabled them to secure the best possible interest rates when issuing bonds.

Mr. Sumner said that this, in turn, allowed them to have lower borrowing costs and issuing costs, giving them the ability to respond and adapt to budgetary needs. He said that having this AAA rating also gave them the ability to access the market when needed. He said that when they last issued bonds in 2023, nine firms bid on them, demonstrating strong demand for the bonds. He said that if they need to issue bonds in the future, this demand was present, and they can issue them without the challenges associated with lower bond ratings.

Mr. Sumner said that the importance of having this flexibility, particularly in light of current economic conditions and potential headwinds, cannot be overstated. He said that they closely monitored the stock market, unemployment rate, and other financial metrics to inform their financial analysis and forecasting. He said that knowing they had the triple-triple A rating and the ability to adapt and respond was a crucial tool in their financial resiliency. He said that he had provided this background information on their financial policies, including a brief history of the Housing Investment Fund, to set the stage for their

current proposed CIP and debt capacity.

Mr. Sumner said that before they proceeded, he would like to walk the Board through the recommendations from bond counsel regarding what they could and could not borrow for, and then he would present specific scenarios related to the Affordable Housing Investment Fund and dedicated revenues.

Ms. LaPisto-Kirtley asked what a healthy buffer would be regarding available debt capacity.

Mr. Sumner said that he would address this in two ways. He said that the change from FY 26 to FY 28 and FY 29 was primarily driven by the CIP. He said that specifically, it was mainly driven by three to four major projects: the construction of three new schools and the courts project. He said that these projects were among the largest funded by the County, and they also carried a significant debt burden. He said that as a result, this was a key factor in the increase from approximately 6% to 8%.

Mr. Sumner said that in terms of a recommendation for a good headroom, he would suggest building in some flexibility as they approached the 10% mark, as the closer they got to that point, the less room they would have for adjustments. He said that historically, 8% had been the target that they had discussed with the Board, particularly during their work sessions and in previous years.

Ms. LaPisto-Kirtley asked what type of housing the Premier Circle development addressed.

Ms. Kaki Dimock, Chief Human Services Officer, said that the previous investment had been made for permanent supportive housing needs.

Mr. Pruitt said that they typically discussed CIP allocations within the context of the annual budget, as it was also the time when they reviewed the five-year CIP. He said that his understanding was that in the context of the budget, they were bound by midstream changes because they could not adjust their tax rate mid-fiscal year. He asked if they could issue new debt in the middle of the fiscal year to accommodate projects.

Mr. Sumner said that they typically issued bonds approximately every two years, and part of that process involved determining the quantity or number of bonds to be issued. He said that given the cost to go through the bond issuance process, it made sense to bundle them. He said that as they considered developing the CIP, they planned for cash flow needs. He said that they worked to issue bonds on a regular cadence.

Mr. Bowman said that a few years ago, they had allocated an annual amount of economic development funding in the CIP. He said that this funding was then converted to the Rivanna Futures Project. He said that they updated the budget to reflect this change, and bonds were issued as Mr. Sumner described. He said that he had previously mentioned this concept to the Board, as they did not need to make a decision today. He said that the key point was that keeping that \$1.2 million flexible allowed it to be converted to a capital project if a need arose in the future.

Mr. Pruitt said that for the audience's benefit and to provide insight into his thinking, he would like to clarify a point. He said that statutorily, the right that mobile home lot renters have included a right to purchase, which was essentially an offer that can be exercised at any time. He said that in practice, this often happened with other affordable housing developments when they were being sold on the market due to their mandated affordability period expiring.

Mr. Pruitt said that these developments were frequently sold two to three years before their expiration date because the property manager preferred not to deal with the redevelopment. He said that they consistently received requests from partners in the affordable housing space to help secure funding, but the County was typically limited in the amounts it could provide. He said he brought this up because it was something they frequently encountered, and it made him wonder how agile they could be in making decisions through the CIP in emergency situations.

Ms. McKeel said that for her, the CIP was something they developed over a five-year period. She said that she had always assumed that this CIP could be adjusted at times, but it was much easier to make adjustments if they were discussing changes on a yearly basis, rather than within the year. She said that this flexibility allowed them to revise the CIP as needed.

Mr. Bowman said that was true typically, within the context of the overall budget process, rather than a one-off in the middle of the year.

Ms. Mallek asked for clarification about the allocation of the \$4.2 million mentioned on page 5. She said that she would like to know whether a significant portion of that amount had already been allocated for various components, or if it remained unallocated.

Mr. Bowman said that would be unallocated. He said that once it was appropriated by the Board, then they would have a process in place to consider those requests. He said that at present, since it had not been approved by the Board, there was no designation for it.

Ms. Mallek said that the most conservative 10 to 1 ratio they could aim for would yield \$42 million in long-term funding, with that amount being sustainable over time. She said that she was attempting to find a solution that would allow for a sustainable outcome over an extended period. She said this

approach had been utilized extensively to secure funding from other partners.

Ms. Mallek said that she had a conversation with Michael Anderson on Monday, who worked with trust funds across the country, and it was a valuable experience for her. She said that she had previously believed that the goal was to generate a nest egg that earned interest and then generated revenue. She said that he advised that the best practice was to spend the funds, as they can bring in six to eight times the amount spent, encouraging others to do what was needed. She said that there was no requirement for the County to build and manage projects.

Ms. Mallek said that many communities, approximately 800 across the country, have successfully implemented these models for 50 years, so they did not need to reinvent the wheel. She said that Richmond and Alexandria had extensive experience in this area, so it was not a unique challenge they faced. She said that a reasonable estimate would be between \$10 to \$12 million which they could leverage with ongoing funds.

Mr. Sumner said that he would walk through different scenarios, and he would discuss one of them, which would involve exploring how much they could leverage with the \$1.2 million designation.

Mr. Andrews said that he wanted to ensure that he understood the concept. He said that when they referred to the CIP and discussed borrowing, it was clear to him that there were several items within the CIP that were one-time, ongoing costs rather than actual borrowings. He said that these costs were included in the CIP due to the nature of the project.

Mr. Bowman said that was correct. He said that based on the eligibility for borrowing and life cycle best practices, it would not be advisable to borrow for something with a five-year life cycle, given that bonds typically lasted for 20 years. He said that this aligned with the best practices that they had worked through with staff, bond counsel, and financial advisor to develop the right plan.

Mr. Andrews said that as they considered this possibility, they must also evaluate these projects to determine if they had a useful life that was suitable for borrowing, as well as their overall value. He said that he was unclear about whether certain projects were funded through borrowed funds or not. He said that he would appreciate a clearer understanding of the funding sources for projects.

Ms. LaPisto-Kirtley said that she understood that the projects currently included in the CIP were fixed. She said that she was unsure if there were also opportunities to change the projects.

Mr. Bowman said that the capital budget was typically appropriated in the first year and served as a starting point for the following year. He said that the Board had the full authority to adjust those plans. He said that the Board could also adjust the current budget, which would have more significant implications due to existing contracts. He said that years two through four offered more flexibility in the CIP.

Mr. Andrews said that he wanted to clarify one more point regarding slide ten. He said that he wanted to ensure that he understood the implications correctly, and he was not suggesting that this scenario would occur but rather exploring a hypothetical situation. He said that if a severe event were to occur, resulting in a 10% decrease in assessed property values, he was concerned that the 2% limit would only decrease by 0.2%, while the 10% limit would decrease by 1%. He said that he was trying to reassure himself that, given their current distance from such significant changes, they would not have a substantial impact on their situation.

Mr. Bowman said that the Board would have an advantage due to the time frame, as the issue would not arise until FY 29. He said that each year, the Board would have the option to address the issue through decisions on expenditures, revenues, or other means, allowing for a more gradual approach. He said that this was one of the benefits of not planning at 10%, as it reduced the risk of inadvertently exceeding policy limits. He said that in the projections, he worked closely with financial advisors, and they had identified a relatively slow and steady growth rate in the red line. He said that this slow pace allowed for caution and reduced the risk of reassessment, which became increasingly difficult as one looked further out in the financial projections.

Mr. Sumner said that in the next section of the presentation, they would discuss scenarios and illustrate the County's capabilities and limitations when it comes to affordable housing and borrowing for affordable housing funds. He said that initially, they had begun working with bond counsel to explore the bond issuance process and gain clarity on what expenses were eligible for borrowing related to affordable housing. He said that over the past couple of weeks, they had collaborated with a pair of financial advisors and received guidance from them on the eligible expenses under state code.

Mr. Sumner said that they had found that there were clear and eligible expenses that could be borrowed for, as well as those that could not. He said to provide context on how they issued debt and bonds, they issued bonds through the Economic Development Authority (EDA), utilizing the powers granted to them by state code. He said bond counsel had reviewed the EDA's powers within State code and the localities' powers within State code.

Mr. Sumner said the first eligible expense was making grants to facilitate the construction of affordable housing, which was permitted under state code for both the County and the EDA to issue debt or bonds to fund a grant pool. He said that although the guidance did not specify the amount or specific eligibility, both the Board and the EDA had the authority to issue bonds to make grants. He said the

second category typically involved capital improvement projects, such as infrastructure or public facilities, which included the courthouse, school buildings, and other similar structures considered public facilities.

Mr. Sumner said that if the Board wished to borrow funds to invest in infrastructure related to development for affordable housing projects, as long as the funds were ultimately used for a public facility, that expense would be eligible for borrowing. He said that for example, if they wanted to help build out water and sewer infrastructure, that would be an eligible expense because the infrastructure would eventually be transferred to the ACSA, a public facility. He said that similarly, roads would be considered a public facility as well.

Mr. Sumner said when they issued tax-exempt bonds, they would still qualify for a tax exemption and would also be eligible for both EDA and Board funding. He said land was another eligible expense, and if the Board wished to borrow funds to purchase land, that was within the Board's and EDA's authority to issue bonds to procure land. He said that the Board would then determine how to deploy the land, whether through a donation, conveyance to the EDA, or long-term lease for affordable housing.

Mr. Sumner said that bond counsel clarified that borrowing funds to establish a revolving loan fund was not an eligible expense. He said that such a fund would require a seed investment before making loans, and this would not be an appropriate use of EDA bonds within the State code. He said that now that they had established what was eligible and ineligible, they proceeded to explore baselines and scenarios.

Mr. Sumner said that borrowing and leveraging ongoing revenues to ensure they had an ongoing funding source for debt service payments. He said that in this context, the \$0.004 dedication yielded approximately \$1.2 million in annual revenue. He said that this was one of the base elements of the scenarios. He said that when bonds were issued, they created a one-time pool of funding, allowing them to leverage a larger pool of funding from the ongoing revenue.

Mr. Sumner said that this also meant they were obligated to pay the debt service over a longer period of time, typically 20 years. He said that the debt service payments were calculated based on the bond proceeds, with each \$1 million yielding approximately \$84,500 in annual payments. He said that this was based on the current interest rates.

Mr. Sumner said that they had three scenarios to discuss. He said that the first was option A, which was the current proposed CIP with no affordable housing projects included. He said that it did not utilize any of the \$1.2 million in ongoing revenue that was proposed in the budget. He said that option B would involve leveraging half of that dedicated revenue. He said that the third scenario would be leveraging the full \$1.2 million.

Mr. Sumner said that for scenario purposes, they had assumed a 4.9% annual growth rate, matching their annual growth rate in long-term financial planning. He said that over the five-year period, they expected the \$0.004 dedication to generate approximately \$6.8 million. He said that on the expense side, they would see zeros, as there were no capital projects, affordable housing, or debt service costs in the base scenario. He said that for anything beyond FY 30, the Board would have full flexibility, which was crucial because there would be less flexibility when it came to leveraging and servicing debt in the out years.

Mr. Sumner said that option B considered what if they dedicated half of the \$1.2 million in ongoing revenue. He said that this would result in \$618,000 in debt service, and they would be able to borrow approximately \$7.3 million. He said that as shown in the revenue section, this dedicated revenue would serve as the funding source for the affordable housing projects that they could leverage. He said that if they were to issue bonds in the first year, they would have \$7.3 million available for projects.

Mr. Sumner said that on the expense side, the \$7.3 million was highlighted in blue and represented the funding source for the affordable housing projects. He said that the gray section showed the ongoing debt service, which would account for the first \$600,000 of the \$1.2 million. He said that although the debt service was shown for years FY 27 through FY 30, it would continue from FY 31 to FY 46 due to the 20-year debt issuance. He said that the ongoing expenses were primarily programmatic expenses, which decreased due to the need to allocate funds for debt service.

Mr. Sumner said that they could expect around \$600,000 to grow to about \$880,000 in additional programmatic or annual opportunities for affordable housing on top of the \$7.3 million available for affordable housing-related projects. He said that in scenario B, dedicating half of the \$1.2 million would yield approximately \$7.3 million in project funds for affordable housing, with a trade-off of \$618,000 in annual debt service for the next 20 years, utilizing a portion of the dedicated revenue.

Mr. Sumner said that the final scenario they had prepared for the Board was what if they utilized the full \$1.2 million. He said that from a borrowing perspective, the calculation of \$1.2 million in debt service would relate to approximately \$14.6 million in borrowing. He said that this would be a one-time use for affordable housing projects, specifically for eligible expenses as previously mentioned. He said that when comparing this scenario to B or A, the ongoing eligible expenses or programmatic expenses would be significantly reduced. He said that there would be less flexibility and growth in dollars dedicated towards the programmatic side, mainly because all dedicated revenue would be allocated towards debt service.

Mr. Sumner said that in the outer years, what they would primarily see was the growth due to the

initial debt service payments. He said that the three scenarios represented the full spectrum, from no leveraging of ongoing funding to using all dedicated revenue, and the middle option split the difference. He said that as they had examined the financial policies earlier and discussed headroom, they were curious about how each scenario would impact financial ratios.

Mr. Sumner said that they looked at the debt service as a percentage of revenues. He said that option A projected a debt service percentage of just over 8% by FY 29. He said that option B would increase this slightly, and option C would increase it further, but it would not exceed 8.5%. He said that this would consume some of the available capacity. He said they would need to consider other capital projects, both in the pipeline and in relation to debt funding. He said that as they had previously discussed, they should consider the possibility of an economic slowdown that could impact the threshold.

Mr. Sumner said that he wanted to summarize this for the Board, as he believed there should be questions. He said that if the Board wished to borrow for affordable housing, similar to capital projects, the Board could. He said that there were caveats to consider, including the ineligibility of borrowing to establish a revolving loan fund. He said that the Board could borrow funds for affordable housing projects that were grants, related to infrastructure or public facilities, or for purchasing land related to affordable housing.

Mr. Sumner said that they would also consider their financial management policies, debt ratios, capacity, and the need for flexibility in the future, as they did with their capital projects. He said that borrowing also created a one-time pool of funding for projects, with annual debt service payments typically over a 20-year time horizon. He said that they recommended timing the bond issuance by coupling it with other CIP-related borrowings, essentially bundling them together and issuing them at the same time as CIP projects.

Ms. LaPisto-Kirtley said that on slide 16, she noticed that the dedicated four cents for the bond proceeds would extend up to 30 years, rather than 20 years. She said that this would result in a 20-year debt, spanning up to FY 46. She asked if the debt service would extend for 20 years or 30 years.

Mr. Sumner said that the debt service would be for 20 years.

Mr. Pruitt said that the cost would be about \$12 million.

Ms. LaPisto-Kirtley said that on page 13, it mentioned the creation of a one-time pool of funding. She asked if that would bring the ratio to 8.5%.

Mr. Sumner said it would bring the ratio to about 8.25% if the Board were interested in pursuing option C.

Ms. LaPisto-Kirtley said that on slide 12, under grants, it mentioned borrowing funds that could be used for projects like AHIP and Southwood. She asked if it could be used for developer incentives.

Mr. Sumner asked if Ms. LaPisto-Kirtley was referring to the affordable rental housing incentive program. He said that the funding for that program was a rebate of real estate taxes, which meant that the revenues to fund the rental investment program would not be impacted.

Ms. LaPisto-Kirtley said that this would be for the actual building of homes.

Mr. Sumner said that it could be. He said that related to the grants, if the Board wished to have a larger pool of funds and increase the investment in the affordable housing investment fund, and utilize it in a similar manner as in the past, which would be an eligible expense. He said that similarly to how they had given out grants in the past for the projects he previously mentioned, that would be acceptable from bond counsel's perspective.

Ms. LaPisto-Kirtley said that she was concerned about the amount of money being spent if they did have of the dedicated \$0.004s. She said that it did not seem to be helping, even though it may help in the short term and long term. She said it seemed like they were paying out a lot of money.

Mr. Gallaway asked what a comparable amount would be in the CIP. He said that they were looking at this as a snapshot and trying to find a way to turn a \$1.2 million investment into something greater, but when considering the 20-year cost, it seemed less palatable. He asked what a comparable cost would be for a \$15 million project.

Mr. Gallaway said that he was assuming that the rates would change given the current year, considering the fluctuations in rates and other factors. He said that for the most part, they had financed this amount previously under different terms.

Mr. Bowman said that when considering projects like the courts or the recent schools, which were \$40-plus million projects, it was worth noting that taking on additional debt of \$15 million was a common occurrence. He said that while this particular expense was new, it did not mean that they could not do it; it was just that there was a need to consider the nuances involved.

Mr. Gallaway said that when considering the cost, it was a way to transform the \$1.2 million into something more valuable, and it did come with a cost. He said that as a triple-triple A bond-rated county, they benefited from lower costs. He asked if they had referred to past allocations from the housing fund

as grants.

Ms. Dimock said that they had done several things. She said that first, they had established performance agreements, which set standards and provided expectations for progress. She said that additionally, they had made contributions and grants. She said that in general, they considered these to be grants.

Mr. Gallaway asked if staff had considered a scenario where the dedication changed and increased in year two.

Mr. Sumner said that they had not introduced that type of variable, and they wanted to start with the base of what they currently had. He said that those were scenarios they could run.

Mr. Gallaway said he was asking about the potential impact of changes to the initial year's estimates and revenue projections. He asked if it would bring down the 20-year costs if the first year was \$1.2 million and the second year was \$2.4 million, and the dedication changed or revenue increased.

Mr. Bowman asked if the assumption would be to borrow and undertake additional projects or use the available cash to borrow a larger portion, thereby reducing the overall debt service payment.

Mr. Gallaway said he had not considered that difference.

Mr. Bowman said that, conceptually, if they revisited the comparison, particularly with the headroom slide, if they added another \$1.2 million in debt service, in this scenario, they could potentially approach the 8.5% threshold for headroom. He said that if a portion of that funding was allocated for both cash and debt service, the actual outcome would likely fall somewhere between these two.

Mr. Bowman said there were several variables at play, and running a scenario could provide valuable insight for the Board. He said that these scenarios would require additional time and uncertainty regarding the Board's goals, comfort level with debt service, and the tradeoffs involved in borrowing to undertake a larger project now versus the flexibility tradeoffs that came with it.

Mr. Gallaway asked if the only way to establish a revolving loan fund was through a direct cash allocation.

Mr. Sumner said that was correct.

Mr. Gallaway asked if it mattered if the allocation was ongoing or one time.

Mr. Sumner said that it would just have to come from the General Fund.

Mr. Gallaway said that Mr. Pruitt mentioned the mobile home example, but if they were to undertake a reconstruction or preservation project, he supposed that it would be considered construction. He said that for instance, if they were to acquire a blighted property, that would be considered land acquisition. He said that if the County were to rebuild a house on it, that would still be considered construction. He said that on the other hand, if the structure was in a state that could be preserved or rehabilitated, he wondered whether that would not also be considered construction.

Mr. Sumner said that he believed there were some specifics regarding the ownership of the land and the property in question. He said that he did not think that the bond counsel would have an issue with the County purchasing the land and then constructing a structure on it. He said that the challenge arose when they issued bonds, which were issued on a tax-exempt basis, and those bonds were typically used for specific purposes, such as infrastructure projects. He said that if the land and improvements were conveyed to a private entity, it may question the ability to issue tax-exempt bonds.

Mr. Bowman said that on the previous question regarding a \$15 million project, if they considered Biscuit Run Park, with its current improvements, ongoing projects, and the additional fields and build-out included in the capital budget that would be approved next year, the financial scope would be comparable.

Mr. Gallaway asked what the debt service over 20 years was for that project.

Mr. Bowman said that proffer funding reduced the overall cost, but they would follow up with that information.

Mr. Pruitt said that he believed options B and C were not good ideas. He said that in this case, he wanted to explain his thinking on the \$10 million target that he had adopted as a goal during his tenure on the Board. He said that it was not a finish line, but rather an annual recurring target that he believed was important because he thought \$10 million was the annual recurring funding that they should be willing to contribute to housing. He said that option B and C may seem like shortcuts, but they would actually make it harder for them to reach the target in subsequent years.

Mr. Pruitt said that, for example, if they hit the target one year, they would lose \$1.2 million in funding that they would need to make up for in the following years. He said this would ultimately cost them more than they would be able to pull down in that one year. He said that on the other hand, it would help them make up some ground on their unfunded list, which was a real concern. He said that they were

losing ground each year on unfunded housing projects.

Mr. Pruitt said that partner developers had a list of projects in the pipeline that they knew were of interest. He said that this target would not help them stay on top of it; it would actually make it slightly harder. He said that he thought they were all drawn to this idea of a shortcut, but the reality was that there was not one, other than having the political will to make annual dedications of funding, which was frustrating. He said that adopting option B could be a viable alternative, and he could take credit for it by speaking with IMPACT tomorrow and saying, "We've accomplished it." He said that would be bad policy, and it would be a short-term political win, but it would not be a sustainable solution.

Mr. Pruitt said that he believed they needed to be more comfortable thinking about using their CIP funds as tools, such as salvaging expiring complexes and properties, and proactively addressing those that were coming up. He said that they also needed a land acquisition policy and an updated blight policy that included acquiring land. He said that building their own social housing was the most ambitious goal, but it was within their scope. He said that they could finance a 100-bed complex for 20 years.

Mr. Pruitt said that while he was not sure if this was the best use of their funds, it was something they could realistically achieve. He said that he did not think that this tool should be used for targeted, one-time operating funds, as it could potentially harm future revenues. He said that it was challenging to determine an exact figure, but Weldon Cooper suggested that they incur approximately 39 cents more in costs than they generated in revenues from a single new resident.

Mr. Pruitt said that this would result in a CIP expense that would make their future services more burdensome. He said he still believed that the Board needed to consider the long-term implications. He said that thinking about how they would reach their goal of \$10 million, he believed that this approach was not the right path because it would get them to FY 26 and then put them back where they started.

Ms. McKeel said that currently, with what was happening at the federal and state levels, she was extremely concerned. She said that they did not know what the landscape would look like in two days, let alone five years. She said that even if they did not have concerns at the federal level right now, Mr. Pruitt's description was concerning enough. She said that she believed trying to reach the \$10 million goal was a complex issue, more complicated than it initially seemed. She said that she thought the Board could consider acquiring land, utilizing the blight ordinance, and examining some of that as a more viable option, given their current situation.

Ms. McKeel said that Richmond and Alexandria were cities, and she did not see how the County could do it without a Redevelopment Authority. She said that she was extremely concerned about taking this move in the current financial climate.

Ms. Mallek asked if the County were to adopt an ordinance outlining the process for the housing trust fund and issued an RFP for competitive projects to develop units, would the funds provided by the County be considered a revolving loan fund or would they be classified under a different category. She said that from an eligibility standpoint, this seemed to be the basis for how other similar initiatives operated, which often involved partnerships with external organizations rather than solely relying on local funding.

Ms. Mallek said that she saw a distinction between this approach and using the County's existing \$4.2 million cash reserves programmatically over the long term. She said that they were not currently producing houses for those in need. She said that her goal had been to explore ways to utilize taxpayer funds to provide affordable housing units, which was essential for supporting individuals without homes.

Mr. Sumner said that what Ms. Mallek described would not be part of a revolving loan fund and would not be an eligible expense.

Ms. Mallek said that the reason she was not overly concerned about the annual debt service was that it was being supplemented by outside dollars, which was the primary basis for this approach. She said that she believed the goal was to leverage additional funding that could be brought in. She said that programmatic funding which would be reduced would be the grants to individuals who needed them, which had increased significantly during the COVID-19 pandemic. She said that if they were to implement this, she wondered how many hundreds of thousands of dollars would be at risk of being eliminated or reduced.

Mr. Sumner said that he wanted to highlight a key comparison between option A and option C. He said that to illustrate his point, he would refer to the option C slide. He said that in option A, the annual funding would be approximately \$1.2 million, which could be used for programmatic expenses, such as paying additional grants. He said that for example, they could utilize this funding to support affordable housing initiatives, similar to their current affordable housing investment fund.

Mr. Sumner said that if they were to fully leverage this \$1.2 million, they would be required to pay \$1.2 million in annual debt service over the next 20 years. He said that this would leave only the additional programmatic revenues highlighted in green in the out years as available. He said that this tradeoff illustrated the potential benefits of leveraging ongoing funding, but also the long-term obligation associated with taking on such debt.

Ms. Mallek asked when the next borrowing period would be.

Mr. Sumner said that they had not issued bonds in the past year, so their next issuance was planned for approximately one year from now. He said that as a result, they anticipated issuing bonds in the spring of 2026.

Ms. Mallek said it occurred to her when people were discussing paying with cash that in 2008, the County's policies had a high percentage of cash transactions and relatively low borrowing for 20 years prior. She said that to keep projects going, they adopted a more normal approach. She said that the low interest rates made many more things possible.

Ms. Mallek said that making dollars go as far as possible was crucial. She said that Henrico County's approach, as described at the housing conference, was impressive, as they successfully leveraged blighted properties to achieve a 20-to-1 return on investment. She said that the County had the capability to do this. She said it appeared to start with adopting an ordinance that would enable them to send out RFPs. She said that currently, she sensed that they were being taken advantage of by those seeking cash dollars. She said a recent article highlighted the trend of venture capitalists seeking to capitalize on affordable housing, without regard for the tenants.

Ms. Mallek said that the County was fortunate to have developers in the community who built and owned properties, taking care of their residents. She said she would like to be able to work with such developers to find a way to make their efforts more rewarding, perhaps through incentives or other means. She said that they had salvaged expiring incentives in the past 15 years. She said she had seen properties in her district receive significant funding to revitalize them.

Ms. Mallek said she was told that Richmond and Alexandria achieved similar results through trust funds, rather than a housing authority. She said that was the focus of their conversation, which explored the successes and failures of affordable housing trust funds in Virginia. She said she remained in favor of moving forward with the ordinance and finding a way to make it work. She said that given the uncertainty ahead, she believed it was essential to establish a clear path for building affordable, brick-and-mortar housing, which had been a priority of hers.

Mr. Andrews said that based on the information presented in the slides, it appeared that for a \$1 million borrowing amount, the total cost over 20 years would be approximately \$1.69 million. He said that the idea was that investing in a project now, despite the higher cost, may be worthwhile if one believed that the value of the money over time would justify the additional expense. He said that obviously, interest rates and other factors would influence the decision, and whether this was the right time to proceed. He said that he believed this project differed from Biscuit Run or other initiatives where one had to complete it before reaping the benefits.

Mr. Andrews said that they may disagree on the priority, but he did not see Biscuit Run as something that could be done incrementally in the same way. He said that one of the issues was how quickly they could adjust if an opportunity arose, and what he was hearing suggested that they borrowed every two years, which meant they did not have a readily available way to adjust.

Mr. Sumner said that this consideration also impacted their planning aspect, as they examined the timing of issuing their debt. He said that when they assessed their cash and cash balances, as well as their cash flows, they also focused on the cash needs for those capital projects. He said that this informed their approach to issuing debt, particularly when it came to capital projects. He said that for example, the courts project benefited from having a clear understanding of when funding was required, allowing them to make a more informed recommendation on the timing of bond issuance. He said that the greater the lead time and the more information they had, the better they could make that recommendation.

Mr. Andrews said that they had issued bonds in the past, and he believed there were limitations on when bonds could be issued. He asked if there were limitations on the timing of the expenditure of the bonds. He asked if they were prohibited from issuing bonds and then holding onto the revenue.

Mr. Sumner said that their past practice had been to reimburse themselves with bond proceeds for capital projects, and this really highlighted the timing aspect. He said that on the operating side of the general fund budget, they had revenues coming in and expenditures going out, which had a balancing effect on cash. He said that when they had capital projects, it was a draw on cash until they replenished that cash from bond issuance.

Mr. Sumner said that when he said they were looking at their cash balances, they were looking at the timing of how low their cash balances would go before they were ready to issue bonds. He said that they had issued bonds before they incurred costs. He said that he was not too concerned about arbitrage, but it required an extra level of planning. He said that what bothered him was that when they repeatedly went out to the bond market and worked with their rating agencies. He said they would look at whether the County had borrowed funds and utilized those funds in a timely manner. He said that it was best practice to use bond proceeds on a timely basis rather than having debt sitting on their books for extended periods. He said there was no hard and fast rule on the expiration of the bond proceeds.

Mr. Andrews said he agreed with Mr. Pruitt's suggestion that this route would be too restricting for the County. He said that he would like to propose an alternative perspective. He said that rather than focusing solely on the \$10 million, he thought they should prioritize understanding how many units they expected to see built and how they could facilitate that process. He said that they had mentioned incentives, such as tax increment financing, which could help developers finance affordable units without adding to the County budget.

Mr. Andrews said that he believed they should consider these options because they could help them build more affordable units. He said that in their earlier discussion, they had seen a slide highlighting the number of proffered units that were available but not yet built. He said that he was curious to know how long it was taking to complete these units and whether there were other strategies they could employ to accelerate the process of building these units.

Ms. LaPisto-Kirtley agreed with Mr. Pruitt; she was not in favor of pursuing the CIP route. She expressed concern that they were considering purchasing land and blighted homes, which she thought was a reasonable policy to follow in terms of addressing blight, as long as they could build a triplex or similar structure on the land. She stated that, as Mr. Andrews said, their goal of building more housing should be their priority. They had already built over 2,500 units, and she believed they had around 2,200 in the pipeline. If they did not expedite the process, they risked falling short of their goal of building close to 5,000 units.

Ms. LaPisto-Kirtley agreed with the approach of working with developers to utilize tax increment financing as a motivator. She suggested that they consider including provisions in their ordinance to expedite the permitting process for affordable housing units, as some of these projects could take a long time to complete and incur significant costs. Specifically, she proposed that they allow units with a minimum of 20% affordable housing to be processed on a fast-track basis, streamlining the permitting process. She recalled that Dr. Pethia had mentioned that only one or two developers had come forward to participate in the 20% affordable housing program since its implementation.

Ms. Dimock clarified that there had been two conversations so far, but neither had been considered yet by the Board.

Ms. LaPisto-Kirtley stated that they could discuss this all they want, but if houses were not being built, it would not address the underlying issue. She emphasized that she was focusing on getting the houses built and moving forward with development. Another point she would like to bring up was the height of the development area. It was currently planned to go up to eight floors, but she thought they should consider going even higher, as other communities had successfully done so.

Ms. LaPisto-Kirtley further expressed concern about what Ms. McKeel had mentioned regarding the federal government's actions. They did not know what was happening at the federal level, and it would likely have an impact on them at the state and local levels. The uncertainty continued every day, and it made planning for anything a great difficulty. She recalled the tight and short-frame budgeting the County had to implement during the pandemic. She emphasized that they must critically think about new ways to increase revenue without compromising their landscape or destroying their community's character.

Mr. Pruitt added that they were exploring a range of different strategies. He said that he believed that some of these strategies had their value, such as capturing blighted properties, potentially as land. He said that this approach had its place. However, it was not a ground-shifting solution. Over the past two years, they had four properties that had been designated as blighted, and they were all located in the rural area, where it was not feasible to develop the land in the same way that they might in the development area. It would not be type of project that would yield the kind of tangible results and opportunities to acquire land for development, despite its potential excitement. He was genuinely interested in addressing blight in this manner, but with the current development area boundaries, he did not think this would be a realistic outcome in the near future.

Mr. Pruitt said that in the years to come, when they discussed expansion of the development area, they may be able to have a more serious conversation about acquiring a specific amount of land. However, that was not the immediate issue at hand. He said that he wanted to highlight an important point that he felt strongly about and wanted to share with the Board. He said that Ms. McKeel had suggested that \$10 million was complicated; however, he disagreed.

Mr. Pruitt said that they could achieve this goal in a relatively simple manner. It was challenging, particularly for their constituents and the Board as a decision-making body, but they could get there with an additional increase of \$0.030 on personal property and \$0.01 on real estate than what they advertised. He believed this would be a very simple solution, but difficult to do.

Mr. Pruitt expressed his worry that every time the Board discussed housing they ran into the wall of difficulty, and to avoid the difficulty, they looked for more complicated solutions that did not actually get them to where they need to be. He reiterated that if they truly wanted to make a meaningful impact, they must be willing to make hard choices. He emphasized that he firmly believed in the \$10 million number and thought it was an appropriate number. To achieve it, they must be willing to put in the effort to figure it out.

Ms. McKeel replied that she did not disagree with Mr. Pruitt about complicated versus difficult choices.

Mr. Gallaway said that to clarify a few points. He noted that he believed Mr. Pruitt was not being critical, and he understood what he meant about the Board's thinking on this issue. He said that he had only explained his rationale to IMPACT a week ago, clarifying that if they thought he was replacing CIP dollars with the \$10 million, they were incorrect. He said that what they needed to do was not just allocate a specific amount, but grow the capacity beyond that, or they would not truly address the problem in the

long run.

Mr. Gallaway said that he would use Southwood as an example. If they had known the financial implications of Southwood from the beginning, and had supported it consistently over the years, it would have made sense to include it in the CIP. The one-time dollars they had allocated to it over the past six or seven years would have been available for other purposes. He was not trying to be evasive with constituents who had supported him for years, as he had consistently supported the \$5 million and \$10 million proposals. It was simple to raise the tax rate by a penny in order to support that, but there were no motions made to put it to a vote, so they would never know. They were not held to anything now, so it was wishy washy. He emphasized that budget time was the time to vote and determine where their priorities were.

Mr. Gallaway stated that \$10 million this year was challenging within the advertised budget, but he was happy to start making votes on where he believed they needed to go. He was willing to do that. Regardless of whether they secured a \$10 million allocation, they needed to explore alternative methods to generate more financial capacity to address the housing issue. This was why he had brought up the CIP consideration. They consistently used the CIP for various projects, such as roads, parks, and schools. If they had a large, multi-year project that they believed was worth investing in, he thought the CIP was the better avenue.

Mr. Gallaway noted that for example, RST could have been a project that utilized the CIP, allowing them to take on the infrastructure costs and maintain a higher level of affordability, potentially keeping it at 70% units affordable instead of moving it down to 15%. He said that at the time, they only had \$500,000 available, which would not be very impactful. He emphasized that he was trying to find a solution that went beyond the \$10 million.

Mr. Gallaway added that they had \$20 million in requests two years ago, and he thought it was time for the trust fund conversation. He said that if they could secure ongoing funding through the CIP, it could provide a stable source of revenue that would allow them to build capacity and make a more significant commitment to affordable housing. If a developer saw a \$15 million five-year request, it would be a different level of commitment than a \$4 million or \$10 million allocation in a housing fund. He believed that it was a more substantial commitment that could attract developers in a different way.

Mr. Gallaway clarified that he did not expect a decision to be reached today, including himself, as he was unsure about the out-year ramifications. However, if they were deciding now that affordable housing should not be considered in their CIP, he believed that was a bad decision. Furthermore, they still needed to address the rest of their budget and allocations of funds.

Mr. Gallaway emphasized not to view this as an either/or situation. He clarified that he was not assuming that the \$1.2 million to fund debt service was coming solely from the \$0.004 dedicated. They had a Board strategic reserve that allowed them to move funds around, so they could keep the \$1.2 million in the full housing fund, which currently had more than \$1.8 million. The \$1.2 million could be used to pay the debt service, and they would not lose the additional \$1.2 million dedicated to the housing fund. He said that although it would leave the Board strategic reserve at about \$700,000, but the Board did not spend much of the reserve last year.

Mr. Bowman said that in recent years, the annual spending of Board reserves had been less than a couple hundred thousand dollars per year.

Mr. Gallaway said that the only thing coming out of last year's budget that he recalled was that the reserves could be used to cover any shortage in the Emergency Assistance Fund. He said that he did not think they should let the reserves sit idle; it was a source of cash that they could use. Considering the pipeline of units at 80% of the Area Median Income (AMI), and the new Metropolitan Statistical Area median income of \$125,800, 80% AMI for a family of four would be approximately \$104,000.

Mr. Gallaway said that \$4 million, \$6 million, or \$10 million did not go far in helping individuals at 60% AMI or even lower. He reiterated that they needed to develop better strategies and tools that went beyond their current approach. He said that he hoped they could take action today on allocating funds.

Ms. Mallek asked about the earlier comment about paying \$1 million to get \$1.69 million over 20 years. She said that it did not make sense; they would be getting \$20 million over that time period.

Mr. Andrews replied that \$1.69 is what they would pay back over 20 years to borrow \$1 million today.

Ms. Mallek stated that it would be the interest over 20 years, but they would get \$20 million. She stated that it was unfair math.

Mr. Andrews clarified that the key point was that if he borrowed \$1 million today, he would be paying \$85,000 over the course of 20 years, and during those 20 years, a total of \$1.69 million would have paid back.

Ms. Mallek said that she understood now. She stated that she had been trying to find a way to make some of these options work because simply sending out cash without contracts, competition, RFP, or County dollars to help with financing would be inefficient. She said that other communities were doing it differently, with eight or ten different sources of funding, and they were not building or renovating as much

as they were, all on taxpayer dollars.

Ms. Mallek stated that they were leveraging outside money to make it happen. Their local businesses were already working with communities in Fairfax and Chesterfield, so this was not a new concept. She was concerned about the \$0.30 on the property tax and the extra penny on real estate, as it would drive out moderate-income, older residents who did not qualify for the waiver program.

Ms. Mallek said that she believed there must be a better way to bring in outside dollars to make this happen. Given the current financial chaos, she was sensitive to the challenges at home, but she was also aware of the chaos faced by people who needed affordable housing. She said that she thought she could support option B if nobody wanted to pursue option C.

Mr. Bowman said that he believed the intent of this was to return to concept Mr. Sumner had mentioned on one of his first slides. They had previously discussed the spectrum of housing needs, and it was clear that there was a wide range of needs that required a diverse toolbox of solutions. This was one option they had explored and had confidence in. This was an option available to the Board, and it was not a requirement that it be implemented immediately. It would remain an option that could be considered in the future.

Mr. Bowman said that the Board's decision to adopt a budget and CIP on May 7 may seem like immediate action, but there were still opportunities to refine the strategy over multiple years. He said that the Board's message was that they were not amending the CIP today, but they were not closing the door for future consideration.

Mr. Richardson stated that he thought Mr. Sumner and the Finance team had made a good effort by meeting with their bond counsel and financial advisors, Davenport. He said that they were trying to leverage the CIP to achieve this goal, and he believed staff had explained how this would work. He said that if the recommended budget stayed intact and the \$1.2 million remained in the budget as ongoing funds, the Board could revisit this at any time in the future if they so desired to dedicate \$1.2 million through the CIP. He stated that also, the timing of issuing debt was significant because they needed to bundle this with other projects.

Mr. Richardson stated that their financial advisors advised that it would not be seen as favorable unless it was bundled with other debt. He said that they would look to issue debt one year from now. He said that they were not in a typical situation with both the state and federal governments regarding their financial relationships. The Board had specifically requested them to monitor this closely, particularly with regard to grant money from both levels, and this was the source of caution staff had in issuing new debt.

Ms. McKeel clarified that if they had time to revisit the potential avenues for this funding, they could wait to see what happened with the state and federal governments in order to determine what else may affect their planning. She did not believe they had to close this conversation today.

Mr. Sumner said that one of the reasons they reinstated the housing continuum was to demonstrate that there were various tools available to address affordable housing in their community. This was a tool they had not previously explored or thoroughly discussed with the Board, but it was a viable option. They had walked through the tradeoffs and potential uses of this tool, should the Board choose to utilize it. He clarified that no decisions regarding its deployment needed to be made at this time.

Mr. Pruitt asked Mr. Bowman about the funding the Board typically would draw down from the strategic reserves in a single year.

Mr. Bowman answered that the annual cost was likely less than \$200,000, which balanced the one-time funding of \$1.9 million. He said that he was unsure of the exact amount when it was initially created a few years ago, but it was reportedly less than \$3 million.

Ms. Mallek said that she had two things. She said that Southwood was a perfect example of leveraging, having invested \$7 million in land, \$20 million in rehabilitation, and secured a \$30 million loan. She said that their \$6 million investment had been multiplied many times over, benefiting 400 families of their residents who had been there a long time.

Ms. Mallek said that this had always been her go-to example when discussing successful initiatives. She said that the discussion just now reminded her of her experience when she was 17 and worked in the bank, when the bank manager had assigned her to calculate the monthly mortgage payment for a \$30,000 house with a 6% loan in 1967, which was \$87,000. It was a harsh reality.

Ms. Mallek said that none of them who did not have a million dollars could afford to pay cash for projects like this. She just wanted to remind them to consider the long-term implications, as it was similar to paying for a car over two years versus five. Their economy seemed to be based on stretching the rubber band as far as possible while still doing things right. She reiterated that she remained in favor of doing more than they could, and she would be getting more details on things she had heard so she could share the information with everyone.

Ms. LaPisto-Kirtley asked if the \$0.004 dedicated to affordable housing could be changed in the future by the Board to adjust based on the economic environment.

Mr. Bowman confirmed that it was planned as ongoing dedication. Depending on the economic impact, the Board had the right to reposition those funds as they saw fit.

Ms. Mallek noted that she would support moving the other \$0.004 to affordable housing from the schools as well.

Mr. Andrews said that they had several items on the table that were proposed and yet to be proposed for straw votes. He clarified that any votes tonight would be mainly to measure support for exploring options rather than any final decisions.

Mr. Bowman said that the next items were human services items, followed by other adjustments. He suggested they do straw votes after the other adjustments.

Recess. The Board adjourned its meeting at 4:50 p.m. and reconvened at 5:00 p.m.

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

Mr. Bowman said that this next presentation aimed to bring back information on the request from the Board had regarding the human services funding process, which they had previously discussed in work session number two. This process involved 25 programs funded at a total of \$1.6 million, formerly known as the Agency Budget Review Team (ABRT) process, which was renamed to the Human Services Funding Program to make it more understandable and transparent.

Mr. Bowman explained that over the past two years, the Board of Supervisors had endorsed significant revisions to this process. The changes originated from a report two years ago on the Human Services Needs Assessment, with the primary goal of reallocating funding to programs that would make the greatest contribution to the Board's strategic plan for addressing human services priorities. He stated that the four biggest emerging needs areas identified two years ago were family homelessness, mental health, community safety, and navigation for seniors.

Mr. Bowman stated that, additionally, over the last two years, efforts had been made to break away from traditional funding amounts, which were often incremental and challenging for new programs to access. The previous year's funding was also subject to rules governing the amount of new funding that could be allocated to programs. This year, the Board had implemented a reprioritization of funding, increasing it and introducing a new evaluation process.

Mr. Bowman stated that this process involved prioritizing programs into four tiers, which were then funded accordingly. He said that he would break out these tiers in his presentation. He stated that Tier 1, which focused on the most direct services and basic needs for the most vulnerable populations, would be the highest priority, followed by Tiers 2, 3, and 4. He said that the recommended funding for this year was \$1.09 million, which was lower than the requested \$1.5 million.

Mr. Bowman stated that the next tier of critical services had a requested budget of \$1.2 million, with a recommended allocation of approximately \$600,000. He noted that Tiers 3 and 4 had smaller requests and no funding allocated to them. He said that overall, the funding for this program had increased by \$360,000, or 29%, which aligned with the Board's direction two years ago to increase funding by a total of \$460,000 over the past two years.

Mr. Bowman stated that this increase was part of their strategic planning process, which aimed to align their budget with the Board's services. As they added new resources, these programs would drive outcomes most related to the Board's services. He said that he was happy to address any Board questions and discussions regarding the Human Services Funding Process recommendations.

Ms. LaPisto-Kirtley commented that staff was no longer considering the 50% funding request but rather using different tiers and levels and evaluating the quality of the programs.

Mr. Bowman confirmed that they looked at the quality of the program, prioritization within the tiers, and any past funding rules of thumb had been removed.

Ms. LaPisto-Kirtley said that it seemed to her that the County was streamlining and giving priority those which were strong.

Mr. Gallaway asked if this was the process for funding the Emergency Assistance Fund.

Mr. Bowman replied no; there was an additional \$260,000 in the Department of Social Services budget that provided support for the ACERP (Albemarle County Emergency Relief Program) program. He said that he had some follow-up information on that program available in the QA document.

Mr. Pruitt stated that he appreciated the many changes that had taken place with this process. He said that the Board had indeed reflected concerns about this issue, as well as the affected individual non-profit organizations that were recipients of these funds. Although he had not asked many specific questions about this topic yet, he was particularly interested in knowing if there had been any significant shifts in the allocation of funds to their large dollar recipients. For example, he was thinking of OAR (Offender Aid and Restoration), to which they had provided a substantial amount of money in the previous

process. He said that OAR was a major recipient of support, and he imagined that they relied heavily on that funding. He asked if this shift had resulted in any substantial changes in how funds were disbursed to these organizations.

Ms. Dimock answered that for many nonprofits, the amount was significant symbolically, even if it was a relatively small number, and therefore, a decrease in that number could have a substantial impact, even if the actual dollar amount was not substantial. She said that this shift towards focusing on vulnerable populations and safety net programming had significantly reordered the contributions to nonprofits. As a result, OAR continued to receive a substantial amount of funding because they had five programs in the pool, three of which competed with other nonprofits, and two of which were contractual because they were essential services that the County would otherwise need to provide.

Mr. Pruitt asked if the \$1.6 million included contractual items such as the Center at Belvedere.

Mr. Bowman clarified that the largest agencies, including the Health Department, AHIP, JABA, and Region Ten, would be in addition to the \$1.6 million.

Mr. Pruitt said that he would appreciate clarification on who served as the final decision maker for determining the dollar amounts, and whether it was professional staff in Ms. Dimock's office or was there another group involved.

Ms. Dimock said that regarding the applications that came through the pool this year, those with historically exemplary scores were given an abbreviated review. These applications were reviewed by a combination of Albemarle County staff from several different departments. She said that in contrast, those in the traditional pool were reviewed by a combination of volunteers and staff. She said that both panels shared the same set of responsibilities and criteria for scoring. They evaluated, tiered, and then sent the applications to the Budget Office for allocation and funding.

Mr. Pruitt stated that previously, they had attempted to align the funding process with four key areas of focus, but unfortunately, they had not fully executed this approach. He said that instead, they had allocated funds in one area, but had not utilized it, and it had been subsequently carried over to another thing. He said that his understanding was that the original four focal areas had been discontinued, and they were now using a tiered approach, which built upon the original thinking, but did not retain the specific focal areas.

Ms. Dimock said that she was unclear on how those focal areas were implemented. She said that to clarify, they had awarded additional points to the application based on completion and the effectiveness of the application. There were also prioritization points given if the agency provided safety net services for basic needs such as housing, shelter, food, and specifically for vulnerable populations, including seniors, households with young children, survivors of sexual assault and domestic violence, and individuals with disabilities.

Ms. Dimock explained that further, an additional prioritization point was awarded if the agency provided services in one of the four focal areas identified in the Human Services Needs Assessment, and additional point was awarded if the service provided was an immediate service versus a direct service versus a preventive service.

Ms. McKeel thanked staff for their work and stated that she appreciated the targeted look at the vulnerable groups in the County who have already lost their safety net.

Ms. Mallek asked what the process was when an organization's budget increased significantly. She asked if staff looked into what their plans were for spending the money they were requesting from the County. She explained that she had attempted to find some context for some of the big changes she had noticed, and it worried her when she could not find basic information about an organization. She asked how staff addressed that type of situation.

Ms. Dimock explained that both the volunteer and staff will review the applications for completion and effectiveness. They made sure the applicants had answered the questions in a manner that aligns with their expectations, if they would be meeting the outcomes they specified, and if those outcomes were meaningful to the issue they were trying to address.

Ms. Dimock stated that they included threshold questions in the application to determine eligibility, such as whether the applicant had undergone an audit and if they were registered with VDACS, which required filing a 990, having a volunteer board, and submitting an annual report to the State Corporation Commission. She noted that however, they did not have the staff to thoroughly review these documents or additional criteria. As a result, they primarily asked if she had filed the 990, and if so, they considered the organization to be in good standing with the Virginia Department of Agriculture and Consumer Services.

Ms. Mallek stated that if they did not have a lot of staff, it would be most efficient to require the applicants to provide proof of the audit and the 990.

Ms. Dimock clarified that staff verified that those documents existed but did not review them based on a set of criteria.

Mr. Bowman clarified that the volunteer team, consisting primarily of human services experts, did

not review the office. However, if the Department of Finance and Budget was provided with this information, they would conduct a review of the audit to ensure it was complete and free of any red flags. He said that this collaboration leveraged the expertise of both sets of teams.

Ms. Mallek said that she understood the reason why they did not do a deeper analysis available, but there was a Catch-22 between providing a lot of background information to give a complete picture and keeping it simple in order to keep things efficient. She said that this current process left her with many unanswered questions. She said that she was trying to make sense of the substantial financial investment, and she did not want to see their organization simply throwing money at projects without a clear understanding of the services being delivered.

Ms. Dimock said that one example that stood out was when someone identified outcomes that were set at 100 but ultimately achieved them at 95. She said that as a result, they received a lower score because they failed to meet their objectives and were subsequently placed in a different tier due to this. She said that they responded by arguing that they had implemented similar programs in the past, but their argument was countered by the County's assessment that they had not met their objectives.

Ms. Dimock said that this highlighted the real consequences of failing to meet objectives, which were indeed built into the process. She noted that this concern had been raised in the past, and Mr. Bowman and she had discussed last year that beginning this year, a third of the applications would undergo a more in-depth review to address these questions in future years. She acknowledged that they had also heard the request for a deeper dive into organizational health, which was an integral part of their ongoing series of changes to this process.

Ms. Mallek said that one of the benefits now was that it allowed for a longer-term perspective, which means that businesses could plan and secure funding more effectively. She said that if businesses had to demonstrate a certain level of longevity and stability, it provided a more reassuring record for funders. She agreed that all the organizations on the list were doing good work, and she was simply trying to gain a better understanding of the reasoning behind the process.

Mr. Bowman noted that in addition to budget development, there was an effort throughout the year to monitor these agencies, so that any changes could be tracked. He said that he would like to provide two examples that were not recommended last year but were approved. He said that unfortunately, the Food Hub and MACAA (Monticello Area Community Action Agency) would not be receiving funding due to changes in their organizational situation. He said that they closely monitored this throughout the year to ensure that the funds were being used effectively.

Mr. Bowman said that one of the challenges they faced was that they could not be present at all times with their 25-plus agencies, but there were instances where they did experience positive outcomes, even though it was not ideal when a service provider no longer existed. He said that in these cases, they wanted to protect the County's stewardship to prevent funding from being distributed unnecessarily if the service was no longer available.

Mr. Andrews acknowledged that the changes could be extremely hard, especially for some of the organizations that had previously received funding but would not this year. He expressed his appreciation for all the changes staff had made to improve the process and for continuing their important work with their local nonprofits.

Mr. Bowman stated that the final topic for today's agenda was the identification of any remaining Board adjustments to the budget. He said that the Board would be approving the budget on May 7, so staff's role at this point would be to support the Board as they made their final decisions. He said if there was any additional information that needed to be brought forward, such as different scenarios, alternatives, changes in funding, changes in tax rate allocation, changes in the use of one-time funding, or anything else that should be considered.

Mr. Bowman noted that the same slide that the Board had reviewed on March 19 provided a straightforward summary of options. He reiterated that the Board had an ongoing and one-time reserve of contingencies in case adjustments were desired beyond just reprioritizing ongoing or one-time funding. The \$1.9 million available from the CIP Advanced Strategic Priorities Reserve was an option, although the Board was not required to allocate it. He summarized that given that this was the final work session, he did not have any further content to present; however, he would prepare for next steps, including the possibility of additional questions or discussions regarding the public hearings on April 23 and April 30, as well as the May 7 budget approval date.

Mr. Andrews noted that they had two public hearings scheduled prior to the adoption of the budget, but it was approaching quickly enough that there had been discussion about holding actual votes today if Board members wished to propose changes to the proposed budget. He said that this would be based on the budget that was set with their maximum tax rate and accepted at that time as a proposal.

Mr. Gallaway asked what the recommended dollar amount was for the Emergency Assistance Fund.

Mr. Bowman replied that it was \$260,000, the same amount as the prior fiscal year.

Mr. Andrews clarified that while they would take the votes today, they had also had the two public hearings, and none of this was actually finalized until they voted in May.

Ms. LaPisto-Kirtley added that she had a final community town hall meeting regarding the budget coming up. She noted that at her first town hall, there was relatively little pushback on the proposed budget. It appeared that the public understood the importance of the \$0.32 allocated to public safety. However, she had heard from many constituents that they would prefer to see more funding allocated to schools. She said that she was generally satisfied with the budget they had presented this year, and she was confident that they could make adjustments next year to better meet the needs of their community.

Mr. Gallaway asked about the amount from the 2% budget reserve stabilization fund.

Mr. Bowman said that it would be between \$10 and \$11 million.

Mr. Gallaway said that typically, when concerns arose about funding not coming down from the federal government, this would be the first reserve they would look to.

Mr. Bowman replied that it was possible they could do so.

Mr. Gallaway asked if they would ultimately be going to these funds if other reserves failed.

He said that only if other reserves failed would he prioritize the reserve contingencies. He said that in terms of order of operations, he would likely prioritize the reserve contingencies first. As they worked through the easier-to-access unallocated funds, the 2% reserve would be a lower priority, certainly before they reached the 10% reserve.

Mr. Gallaway asked how much of their funding was from the federal government.

Mr. Bowman explained that for the County Government General Fund, they had approximately \$9 million, primarily for reimbursements to the Department of Social Services. He said that in the County Government Special Revenue Funds, there was around \$6 million, which was mainly allocated to the Housing Choice Voucher Program. He said that public schools had around \$13 million. When adding these amounts together, the total came out to approximately \$28 million.

Mr. Gallaway asked if the schools had a couple of million dollars in their reserve.

Mr. Bowman replied that the school's remaining fund balance was approximately \$1.3 million.

Mr. Gallaway asked if that was because the rest had been programmed.

Mr. Bowman confirmed that was correct.

Mr. Gallaway suggested, considering the history and potential future developments, was to allocate \$1.2 million dollars from the Board's strategic reserve to offset the debt service for the CIP piece. He said that although it did not seem like this option would be pursued immediately, it was something that could be explored in the future. He said that he was willing to move the \$1.2 million dollars to their Housing Fund, while leaving the remaining \$700,000 in the reserves. He noted that the Emergency Assistance Fund appeared to be facing reduced funding for requests this fiscal year compared to last year.

Ms. Dimock explained that the amount of money distributed remained lower, despite the number of requests remaining the same. She said when they first started, they had set their annual cap at \$2,500. She said that unfortunately, the funds were depleted quickly. She said that to find a balance, they had since adjusted the cap to a range of \$800 to \$1,000, aiming to respond to individuals' needs without depleting their resources throughout the year.

Mr. Gallaway asked if, in the current fiscal year, with the exception of the reallocated septic-to-sewer monies that were transferred to the Emergency Assistance Fund, they had to pull monies from other reserves.

Ms. Dimock replied no; last year, they had American Rescue Plan Act (ARPA) funds, and this year, they have the redistributed septic-to-sewer funds.

Mr. Gallaway asked if nothing else had been reallocated to that Emergency Assistance Fund.

Ms. Dimock confirmed that was correct; the total funding was \$260,000, with \$70,000 allocated directly to the Emergency Assistance Fund and up to \$100,000 available for security deposit assistance.

Mr. Gallaway **moved** that the Board reallocate \$1.2 million from the Board Strategic Priorities Reserve to the Affordable Housing Investment Fund. Ms. Mallek **seconded** the motion.

Mr. Bowman clarified that the \$1.9 million was a one-time funding source. He said that if it were to be placed in the Housing Fund, it would be intended for one-time use. He said that the ongoing debt service would be a separate and ongoing expense.

Mr. Gallaway said that to replenish the reserve, they would need to take action next year.

Mr. Bowman confirmed that was correct. He simply wanted to provide that clarification.

Ms. LaPisto-Kirtley asked if this funding would be for the Housing Voucher Program or the Housing Trust Fund.

Mr. Gallaway said that they had \$1.2 million coming from the \$0.004 dedicated funding, and then they had \$3 million coming from one-time monies. He said that this totaled \$4.2 million. Adding this \$1.2 million to this amount would bring the total to \$5.4 million. He said that it was still on his mind that they may have wanted to explore using the CIP or debt service as a placement for that money, so if other pressing needs or alternative uses became available, it would remain there. He said that he preferred to ensure that those extra dollars were available for the year ahead.

Mr. Gallaway said that the rationale was that the \$4.2 million would likely be depleted quickly, which would require a quick decision on the Board agenda to reallocate funds. Alternatively, they could move the funds from the strategic reserve now, rather than waiting until later. By doing so, they could ensure that they had the necessary funds when needed and avoid having to revisit the issue another year.

Ms. LaPisto-Kirtley said that she was aware that the Housing Voucher Program was running out of money.

Mr. Pruitt clarified that the Housing Voucher Program was not an Albemarle County program; it was a federal program that they administered. They disbursed the funds, and while they could create their own local voucher program, that was a separate endeavor.

Mr. Pruitt expressed his support for the motion as advised. He said that he would like to highlight a point that Ms. Dimock had made and something they had discussed previously, which was that the demand on ACERP was being somewhat controlled. He said that it was being managed, rather than completely unregulated. He said that Ms. Dimock's strategy and her team's approach was to maintain a buffer of funds, allowing them to serve the community's needs throughout the year rather than meeting them all at once and then running out.

Mr. Pruitt explained that he would feel more comfortable with this approach if they were to allocate a smaller portion of the available funds, rather than a majority or a significant chunk. He stated that his preference would be to give \$1 million to AHIF and \$200,000 to the Emergency Assistance Fund.

Mr. Andrews noted that they could entertain an amendment to the motion.

Mr. Gallaway asked if the funds could be utilized as suggested by Mr. Pruitt for the Housing Fund.

Mr. Bowman said that if the Board were to remove any of the \$1.9 million, they would allocate a portion to the General Fund for the Albemarle County Emergency Relief Program (ACREP) and then send the remainder to the Housing Fund.

Ms. LaPisto-Kirtley asked Ms. Dimock how much of an impact \$200,000 would have for ACERP's work.

Ms. Dimock confirmed that it would be substantial. She explained that the requirement for eligibility for ACERP was to have a shut-off notice for a utility or an eviction notice. She emphasized that ACERP was the last opportunity to receive money for someone to stay in their current housing, generally. Most people were asking for enough money to pay the rent they owed, usually between \$1,800 and \$2,200. However, if the ACERP funding restriction was \$800 or \$1,000, the citizen would need to find an additional source of funding, which may be a burden too great for them. She agreed that increasing the amount available to be distributed could serve additional people and stop more evictions from proceeding.

Ms. LaPisto-Kirtley asked if Ms. Dimock had an estimate for how long it would take for the money to run out.

Ms. Dimock clarified that ACERP did not have a standard budget stream, as the County had continually adjusted and refined the distribution based on the amount received in the past. Over the last two years, ACERP had been allocated \$260,000 in the budget, but they had also received additional funding from other sources each year. She said that this flexibility allowed her to "open the faucet" and allocate more resources during the year, and then "close it" as the year came to a close. She said that as a result, she was not sure what a typical year would look like.

Ms. LaPisto-Kirtley asked if the outside funding sources were state or federal funds.

Ms. Dimock clarified that they were usually private sources.

Ms. LaPisto-Kirtley stated that considering this information, she believed that they should consider increasing that number, as it would provide more assistance to the County's current residents who were facing uncertain circumstances. This increased funding would help people get through the year, as they could not predict what the future held. She said that she would approve an increase over what he had initially suggested.

Mr. Gallaway **withdrew** his motion and allowed Mr. Pruitt to proceed with making a different

motion.

Mr. Pruitt **moved** that the Board reallocate \$1.2 million from the Strategic Priorities Reserve, allocate \$1 million to the Albemarle Housing Investment Fund (AHIF), and allocate \$200,000 to the Albemarle County Emergency Relief Program (ACERP). Ms. Mallek **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, Ms. McKeel, and Mr. Pruitt.

NAYS: None.

Mr. Pruitt stated that if today was the day they were committing to votes, he would like to raise an issue he had discussed previously with the Board because the math made sense to him. He explained that part of the budget recommendation this year was to allocate an additional \$1 million to the Economic Development Authority, and while he believed in the work that the Economic Development Fund was doing, he recognized they had never spent more than \$3 million in a single calendar year, and he had not heard a compelling argument that they would spend \$3 million in a calendar year, much less an additional \$1 million on top of that.

Mr. Pruitt said that he would recommend allocating the \$1 million to the Economic Development Fund as additional funding, bringing the total to \$4 million. He said that he would suggest allocating this \$4 million to AHIF, as there was a clear expectation that it would be spent within the calendar year.

Mr. Pruitt **moved** that the Board reallocate the \$1 million in new allocations from the Economic Development Fund to AHIF. There was no second, so the motion failed.

Mr. Gallaway said that he would like to respond to the rationale presented here, as he would like to remind them that they were approaching two critical points in economic development in their County. He said that one point was that they were seeing the outcome of their significant investment in the north, with the State grant of \$700,000 that they had submitted. He said that this was the first of several grants that they were awaiting, and some of the other work may require additional funding from the State to move forward.

Mr. Gallaway said that the second point he would like to make was that economic development could be a mechanism for undertaking affordable housing projects. He said that given conversations with developers who had not previously done business in their County, he believed they had the flexibility to pursue such projects. He acknowledged that while he understood the logic behind Mr. Pruitt's thinking, he thought they had the flexibility to allocate funds throughout the year to support economic development projects that also addressed affordable housing.

Mr. Gallaway said that although they had used the EDA for Southwood in the past, it was not a traditional economic development project. He said that considering how the budget may play out over the year, if the Housing Fund monies were depleted, they could certainly consider reallocating monies from another fund if the Board so chose. He said that this could be advantageous, especially considering their Housing Summit this year and the challenges faced by other jurisdictions in balancing economic development and affordable housing.

Ms. McKeel agreed they should keep the \$1 million in new EDA funding as recommended because they could not fully anticipate what would be coming in the future, and it would help diversify their tax base.

Ms. LaPisto-Kirtley agreed that those monies would be needed for economic development. She also agreed there may be affordable housing opportunities that could involve the EDA.

Mr. Pruitt said that he wanted to close this discussion with how he felt in this moment, and with the belief that he should reflect the Board in all things. He stated that he thought that the Board often did not give themselves sufficient credit for their ability to be agile when necessary. He said that while he appreciated the possibility of significant demands being placed on the EDA in the near future due to the major projects they were undertaking, he suggested that if the demand exceeded \$3 million, they had the capacity to handle it.

Mr. Pruitt noted that they had already demonstrated this agility in their budget, as they had spent an hour and a half earlier in the session discussing. He encouraged his fellow Supervisors to always keep this agility in mind when considering reallocating funding in these different ways. He said that regarding the former motion, had satisfied his only suggestions for altering the budget.

Ms. Mallek **moved** that the Board reallocate \$0.004 of dedicated funding from schools to affordable housing. There was no second, so the motion failed.

Ms. LaPisto-Kirtley **moved** to amend Mr. Pruitt's motion to reallocate the \$1.2 million from the Strategic Reserves to allocate \$800,000 to AHIF (Affordable Housing Investment Fund) and \$400,000 to ACERP (Albemarle County Emergency Relief Program). Mr. Pruitt **seconded** the motion.

Ms. LaPisto-Kirtley explained that she felt it was necessary to give ACERP a higher priority than in the past because she had personally witnessed a mother and her two children go through a painful eviction process. She expressed concern that many evictions could be prevented if people had a one-

time source of funding assistance, and if it was possible for the County to be that source, they should provide that service to their citizens.

Mr. Andrews asked for clarification. He asked if the Board felt that this funding would do better in the emergency program rather than addressing the long-term affordable housing problem.

Ms. LaPisto-Kirtley said that she believed this was important because they had a significant population who were struggling, and it was anticipated that this year may have even more financial challenges ahead. She felt like the \$1 million would be a positive step for the Housing Fund but would not be nearly enough to construct the housing necessary to meet their long-term goals. She noted that the estimates for construction required a much deeper investment as well as a timeline that extended beyond one year. She emphasized that this funding would be best suited for helping people now who need short-term help. In the meantime, they could continue to plan their long-term solutions.

Mr. Pruitt said that this whole process had been essentially tinkering at the margins. He was very excited about the previous motion being passed, so he did not intend to suggest that this was a minor ordering of premises. He said, however, they were considering relatively small amounts of money in the context of their overall Albemarle County budget, they were currently discussing \$200,000 and emphasized that the marginal value of those individual dollars was more significant in the context of ACERP, where it could have an immediate, life-altering impact on a countable number of Albemarle County residents. He noted that he was not aware of many projects that would be significantly impacted by a difference of \$200,000 in their overall funding. If that were the case, this would be a different conversation, however, at this degree of a margin, he believed this funding would have a greater impact in ACERP.

Ms. Mallek stated that according to her quick math, approximately 110 families would be able to prevent evictions with the extra funding proposed. She agreed it would be a significant improvement.

Ms. Dimock stated that people were requesting between \$1,000 and \$2,500, and she did not believe staff had identified the optimal number of funding to adequately provide relief while keeping a stable fund balance for future requests.

Mr. Gallaway asked where staff would be seeking additional funding from if the ACERP funds were depleted within the year. He asked if they would look to their contingencies

Mr. Bowman explained that before considering those contingencies, he would start by examining their usual budget management practices to see if there were any one-time, unusual changes that they could address through revenue or expenditure adjustments. He said that this was something they typically did when unexpected events occurred, and these adjustments were often relatively small. He said that once they had addressed those, they should then consider the reserve contingencies as an option.

Mr. Bowman said that they would evaluate the other demands on their resources and determine if this was the right tool for the job. They would need to bring this to the Board for consideration. He noted that while they had not reached a point where they had fully depleted their reserve contingencies mid-year, if they were in a situation where they needed to hold onto them for obligations, they would then likely need to consider the 2% reserve.

Mr. Bowman said that the impact of this reserve would depend on the circumstances, such as the severity of an economic downturn. For example, if they were in the midst of a pandemic recession, their response would be different from a one-time acute issue. He acknowledged that if the Department of Social Services came to the Budget team with a need for assistance, they would work together to find a solution, which would be a more in-depth discussion with the County Executive's Office and the Board as well.

Mr. Gallaway stated that he believed they could meet the need. He stated that he intended to vote no on this motion. He said that he proposed keeping the \$1 million in the Housing Fund and allocating the additional \$200,000 to the Emergency Assistance Fund. He said that as Mr. Pruitt had previously stated, this approach doubled the impact and allowed them to monitor the effects this year. He said that a couple hundred thousand dollars could be beneficial for homeownership initiatives, but perhaps not so much for construction projects.

Mr. Gallaway said that for instance, if a land trust approached them with an opportunity to develop 2, 6, or 8 units, a grant of \$100,000 or \$200,000 could be a significant help. He said that he recalled a similar project where they invested a couple hundred thousand dollars, which ultimately led to the development of 7 or 8 homes. He said that this type of investment could lead to permanent home ownership, and he believed they should prioritize this approach. He said that he would like to see every dollar from this strategic reserve go towards the Housing Fund, as he believed this was the most effective use of their resources.

Mr. Andrews called the vote on the motion to reallocate the \$1.2 million from the Board strategic reserve, to allocate \$800,000 to AHIP, and to allocate \$400,000 to ACERP.

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

AYES: Mr. Andrews, Ms. LaPisto-Kirtley, and Mr. Pruitt.

NAYS: Mr. Gallaway, Ms. Mallek, and Ms. McKeel.

Mr. Gallaway said that he did not have any additional motions, but he wanted to make a comment regarding the budget. He said that with regard to the staffing study for the Police and Fire Departments, they had previously discussed the idea of carrying the \$0.032 forward as a dedicated fund, informed by this study. He stated that he planned to review the study closely, as he believed that if there was room within that \$0.032, they should shift the remainder towards affordable housing as well. He said that he wanted to bring this idea to the forefront and encourage staff to consider it when they moved forward with the budget.

Ms. McKeel asked Ms. Shifflett what the target date was for that staffing study.

Ms. Shifflett replied that they were hoping to have it done by early fall and use the forecast to fold into any budget discussions for next year.

Mr. Bowman stated that to recap, over the next week, the final three town halls would be held, as shown on the slide. They would have public hearings on the budget and tax rate on April 23 and April 30, and then all this would be brought back on May 7. He noted that it was planned that the materials for May 7 would clearly indicate the Board's direction to reallocate the \$1.2 million, as per the motion made earlier in the meeting. He said that this would be made clear to the public through the posted materials. Although there was always a possibility that the final adopted plan may differ from the published version, this was explicitly stated in their materials, which would be updated in real-time by Mr. Davidson and posted online.

Mr. Richardson clarified that the Board's actions taken today would be reflected in the town hall materials for Wednesday and Thursday nights. He said that although this did not affect all six board members because some of them had already completed their town halls, they would ensure any changes would be reflected in the next town hall meetings.

Ms. LaPisto-Kirtley requested staff to please keep the Board informed on the numbers of housing units in the pipeline, how many were completed, what they were paying for, and what they were really getting for those investments.

Agenda Item No. 3. From the Board: Committee Reports and Matters Not Listed on the Agenda.

Ms. Mallek announced that on Friday, April 18, at 10:00 a.m., there would be the dedication of Dogwood Memorial in honor of their local veterans.

Agenda Item No. 4. From the County Executive: Report on Matters Not Listed on the Agenda.

There was no report from the County Executive.

Agenda Item No. 5. Adjourn.

At 5:57 p.m., the Board adjourned its meeting to April 16, 2025, 1:00 p.m. in Lane Auditorium, 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.

Chair

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