BOARD OF SUPERVISORS
STAFFORD COUNTY, VIRGINIA,
MINUTES
WORK SESSION
MARCH 24, 2026

<u>CALL TO ORDER</u> – A work session of the Stafford County Board of Supervisors was called to order by Deuntay Diggs, Chairman, at 5:00 p.m. on Tuesday, March 24, 2026 in ABC Conference Room, George L. Gordon, Jr. Government Center, 1300 Courthouse Road, Stafford VA.

<u>ROLL CALL</u> – The following members were present: Deuntay Diggs, Chairman; Maya P. Guy, Vice Chairwoman; Tinesha O. Allen; Pamela Yeung; Darrell E. English; Crystal Vanuch; Kecia S. Evans.

Also in attendance were Bill Ashton, County Administrator; Rysheda McClendon, County Attorney; Sukhi Purewal, Deputy Clerk; various staff members; and other interested parties.

Mr. Diggs said that the Board would convene in a closed session before they began their work session items. He said that the public may remain while the Board went to an alternate location for their closed session, and once they were done they would return to the ABC Conference Room for the rest of the meeting.

<u>ADDITIONS - DELETIONS AND APPROVAL OF THE REGULAR AGENDA</u>

<u>ADD ON TO WORK SESSION ITEMS; DISCUSS SCHEDULING CHANGES RELATED TO THE ADOPTION OF THE FY2027 BUDGET, CY2026 TAX RATES, AND RELATED ITEMS</u>

Mr. Diggs said that the Board would convene in a closed session before they began their work session items. He said that the public may remain while the Board went to an alternate location for their closed session, and once they were done they would return to the ABC Conference Room for the rest of the meeting.

Bill Ashton, County Administrator, said that pursuant to the email he had sent to the Board over the weekend, they had added a new item to the work session agenda. He said that this item pertained to scheduling changes related to the adoption of the FY2027 budget, the Calendar Year 2026 tax rates, and other related matters. He said that the Board had expressed interest in this topic at the previous meeting, and they had conducted research to prepare. He said that staff required direction to move forward, so this item had been added.

Ms. Vanuch motioned, seconded by Ms. Allen, to approve the regular agenda as amended with the add-on item.

The Voting Board tally was:

Yea: (7) Diggs, Guy, Evans, Yeung, Allen, English, Vanuch
No: (0)

CLOSED MEETING

At 5:05 p.m., Ms. Guy motioned, seconded by Ms. Allen, to convene a closed meeting.

The Voting Board tally was:

Yea: (7) Diggs, Guy, Evans, Yeung, Allen, English, Vanuch
No: (0)

Resolution CM26-07 reads as follows:

A RESOLUTION TO AUTHORIZE CLOSED MEETING

WHEREAS, the Board desires to hold a Closed Meeting for discussion of the performance of a specific appointee of the Board; and

WHEREAS, pursuant to Virginia Code § 2.2-3711(A)(1) such discussions may occur in Closed Meeting;

NOW, THEREFORE, BE IT RESOLVED by the Stafford County Board of Supervisors on this the 24th day of March, 2026, that it be and hereby does authorize discussion of the above matters in Closed Meeting.

CERTIFY CLOSED MEETING

At 7:08 p.m., Ms. Guy motioned, seconded by Ms. Allen, to certify closed meeting.

The Voting Board tally was:

Yea: (7) Diggs, Guy, Evans, Yeung, Allen, English, Vanuch
No: (0)

Resolution CM26-07 (C) reads as follows:

A RESOLUTION TO CERTIFY THE ACTIONS OF THE STAFFORD COUNTY BOARD OF SUPERVISORS IN A CLOSED MEETING ON TUESDAY, MARCH 24, 2026

WHEREAS, the Board has, on this the 24th day of March, 2026, adjourned into a Closed Meeting in accordance with a formal vote of the Board and in accordance with the provisions of the Virginia Freedom of Information Act; and

WHEREAS, the Virginia Freedom of Information Act provides for certification that such Closed Meeting was conducted in conformity with the law;

NOW, THEREFORE, BE IT RESOLVED that the Stafford County Board of Supervisors does hereby certify, on this the 24th day of March, 2026, that to the best of each member's knowledge (1) only public business matters lawfully exempted from open meeting requirements under the Virginia Freedom of Information Act, and (2) only such public business matters as were identified in the Motion by which the Closed Meeting was convened, were heard, discussed, or considered by the Board.

WORK SESSION ITEMS

ITEM 1. COUNTY ADMINISTRATION; CONSIDER ADOPTING A RESOLUTION OPPOSING HOUSE BILL 1263 AND SENATE BILL 378, COLLECTIVE BARGAINING LEGISLATION, DUE TO UNFUNDED COSTS UPON STAFFORD COUNTY; PROPOSED RESOLUTION R26-140

Ms. Vanuch motioned, seconded by Ms. Allen, to waive the Board's by-laws.

The Voting Board tally was:

Yea: (7) Diggs, Guy, Evans, Yeung, Allen, English, Vanuch
No: (0)

Ms. Vanuch motioned, seconded by Ms. Allen, to approve Proposed Resolution R26-140.

The Voting Board tally was:

Yea: (5) Allen, Diggs, English, Guy, Vanuch
No: (1) Dr. Yeung
Absent: (1) Ms. Evans

Dr. Yeung said that she respected the fact that their local government wanted to control the fiscal impact of these bills, but it was important for the County to give public employees the opportunity to chart their own course and have a voice at the table. She said that collective bargaining was about structure, fairness, mutual responsibility, dignity, and respect. She said that the County still retained their responsibility to set the budget, so supporting collective bargaining was supporting respect and dignity for working people.

ITEM 2. DISCUSS SCHEDULING CHANGES RELATED TO THE ADOPTION OF THE FY2027 BUDGET, CY2026 TAX RATES, AND RELATED ITEMS

Rysheda McClendon, County Attorney, said that the Board's tax rate and budget public hearings were scheduled for April 7, with a special called meeting was planned for that date. She said that on April 21, there would be no public hearings. She said that on April 28, they would have the opportunity to adopt their budget, set their tax rates, and conduct their Utilities public hearings. She said that to clarify, the guidance in staff's email suggested separating the personal property from the real estate, which meant the personal property vote, not the hearing, would occur on April 21, followed by the real estate vote on April 28.

Ms. Vanuch asked if they could structure the special meeting to hear public comment before the Board voted.

Ms. McClendon said that their meeting on April 21 would follow their normal schedule. She said that if they wished to ensure that public comment time occurred before taking action on those items, that could be done in the agenda.

Ms. Vanuch said that she just wanted to make sure they heard public comment before voting on the tax rates. She said that she would appreciate another week of time for the Board to work on the budget, especially if it could give them more information from the state's budget session.

Ms. Guy said that she was hesitant to change the schedule because the Schools needed to finalize their contracts, which was a critical process. She said that she did not have the exact date, as she was no longer on the School Board, but Mr. Fulmer was present. She said that if she may, she would like to defer to him to provide that specific date. She said that she believed they needed to have this discussion, but it was essential to involve the Schools. She said that they must determine if it was feasible to delay the schedule by a week and assess the potential negative impact on the School Division. She said that it was crucial to understand that once the Schools released their contracts, they had a limited timeframe to make decisions.

Ms. Guy said that if their contracts were delayed, but others in the area were not, it could result in an uneven playing field. She said that for instance, Prince William County had a revenue-sharing agreement, so they would not be delaying their contracts because they knew what they would be getting from their County. Meanwhile, Stafford could not offer contracts, which would further disadvantage them. She said that her main concern was how this would affect the Schools.

Ms. Vanuch asked if the state budget would have a similar impact on the Schools if the budget was not finalized. She said that even if Prince William had a revenue-sharing agreement, they still would not know what their exact raises would be from the state.

Ms. Guy said that she was unsure, so she would defer to Mr. Fulmer to answer that question.

Dr. Yeung said that they knew that Prince William and Spotsylvania already had more funding allocated for their teachers. She said that it was not just an issue from the state.

Chris Fulmer, Chief Operating Officer for Stafford County Public Schools, said that he would like to provide an overview and he would be glad to answer any additional questions. He said that their timeline usually began with the Board of Supervisors, typically around mid-April, depending on the reassessment year and tax rate adoption. He said that this allowed the School Division to adopt their contracts by the third week of April. He said that they usually trailed behind the Board of Supervisors' schedule by about a week or a week and a half. He said that after adoption, they issued their contracts to employees.

Mr. Fulmer said that their goal was to issue contracts by the end of April or the first week of May. He said that to achieve this, they needed to allow time for staff to review and prepare the contracts after the School Board adopted a budget. He said that since most of their 10-month employees were done by the end of May, they aimed to get contracts to them as soon as possible. He said that this was crucial, as they wanted to retain their employees and attract new ones before they signed with other school divisions. He said that however, there was a deadline: June 15, by which employees must sign their contracts.

Mr. Fulmer said that while it was not impossible to get contracts back after they had left, it became increasingly difficult. He said that last year, they experienced delays, but they were able to get contracts out three days after the School Board adopted a budget. He said that this year there was more uncertainty, although they were still about a month away from their original adoption timeline, so in the interim they may get more certainty. He said that the earlier they could adopt and issue contracts, the better.

Ms. Vanuch asked how the state's budget affected this process.

Mr. Fulmer said that they could look at the House and Senate budgets to know that, at the very least, they were allocating a 2% raise. He said that in the past, when the Board of Supervisors and School Board had adopted budgets, it was prior to the state budget, which was often finalized in late June or even into the fall. He said that they could not wait that long, so as a result, most school divisions would either adopt the lower of the two options and assume that was the state funding for raises. He said that they then came up with the local match to achieve the 3% or 3.5% they aimed for. He said that they would issue contracts with an assumption of state funding, and the local funding would be worked out before they issued those contracts.

Ms. Vanuch asked if they could do an assumption on the local match.

Mr. Fulmer said that they could not right now. He said that when they issued their contracts, it was after the Board of Supervisors had adopted the budget and then their School Board acted on it. He said that the School Board typically adopted it one week after the Board of Supervisors had adopted it, once they had finalized the local budget.

Dr. Yeung said that she wanted to make a comment. She said that during her time on the School Board, she made a conscious effort to advance their budget earlier in the year in order to provide the Board of Supervisors with as much information early on in the budget process. She asked if they used to make assumptions about the local match when they formulated the Schools budget later in the year.

Mr. Fulmer said that in his 13 years here, he did not recall the School Board ever adopting a budget prior to the Board of Supervisors.

Dr. Yeung said that she was referring to the contracts. She asked if those were ever put out earlier.

Mr. Fulmer said that they had always had a budget in place when issuing contracts. He said that in the past, when the state was very late in passing a budget, they made mid-year contract adjustments. He said that for schools issuing new contracts, it was not advised to do so mid-year.

Ms. Vanuch asked if when the school year previously ended in June rather than in mid-May had affected their issuance of contracts.

Mr. Fulmer said that they completed them in mid-May, so the process remained the same, just with a tighter timeline.

Ms. Vanuch asked if it was possible for the School Board to meet on April 30, two days after the Board's April 28 meeting, and adopt their budget then. She asked if that would keep them on track.

Mr. Fulmer said that he believed they would need at least a week to prepare; two days after may not provide enough time. He said that they needed to know the local funding in order to balance their budget, and then they could work on the contracts. He said that if they knew what the salaries and raises would be, then staff could begin working on the contracts; however, it was about a 10-day process to prepare all 5,000 contracts.

Ms. Vanuch asked if they could assume there were no raises and then do a mid-year adjustment after the Board adopted the budget.

Mr. Fulmer said that while it was technically possible, it would be detrimental to retention and recruitment.

Ms. Guy said that doing that would risk there being no teachers in their classrooms. She said that in addition to that, their educators would likely take it as a slap in the face.

Ms. Allen asked if Ms. Vanuch wanted to add another meeting to the Board's budget schedule.

Ms. Vanuch said that her main reason for this request was in order to get more information about what the state's budget would be this year. She said that if the Board voted on April 21, they would have no idea what the state was going to adopt for their budget. She said that however, by April 28, the General Assembly would have begun their next session to finalize their budget and therefore the County would have at least some more information on those numbers. She said that she wanted to avoid voting on the County's budget without that information included in their considerations.

Ms. Allen said that the Board had done that before, so she did not understand the concern this time.

Ms. Vanuch said that it was not as bad as it was this time around.

Ms. Allen asked if it was because the County's debt was worse this time.

Ms. Vanuch said that she did not want to impose any unnecessary tax increase. She said that if the state increased its funding, as some folks had been discussing within the Senate budget for education, and that proposal moved forward, the County's share would be reduced, and therefore they would be leaving more for their taxpayers. She said that she believed they should do everything possible to wait and see what the state decided without compromising the integrity of their local government operations.

Ms. Vanuch said that however, they should not be forced into making a decision that could have long-term consequences. She said that they had been in this situation before, where they were pressured into voting on a tax increase that was higher than necessary, and the taxpayers did not benefit from it. She said that that was why it was so challenging for localities like theirs.

Ms. Guy said that she respected Ms. Vanuch's point, but they had other considerations such as how the Schools would operate.

Ms. Vanuch said that this was why it was so frustrating when the state did not adopt their budget before the County's budget. She said that she appreciated Ms. Guy's insight into the Schools' process.

Ms. Allen asked Mr. Fulmer if, regardless of whether the state adopted their budget or not, the delta was about 2%.

Mr. Fulmer said that the House had a 2% raise for education, whereas the Senate had a 3% increase.

Ms. Allen asked why the County could not also use that assumption of a 2% raise.

Ms. Vanuch asked Mr. Fulmer if there were other potential educational funding increases from the state that they were not including in the School Division's budget yet.

Mr. Fulmer said that yes, the House was very heavy on one-time funding, which they could not use for raises. He said that the Senate had proposed a 3% raise, which was about $3 million to $4 million in additional revenue from what was in the School Board's approved budget.

Ms. Vanuch said that that was equivalent to $0.02 on the tax rate.

Ms. Allen said that what the County was proposing as a raise was already less than what their counterparts were offering. She said that she understood that this sentiment was shared by many in the School District, as she now experienced it firsthand as a school employee. She said that she wanted to avoid further demoralizing people by revealing that the County was struggling to decide on even a minimal raise. She said that Mr. Fulmer's statement was accurate, and if other jurisdictions were offering significantly more and greater stability in pay raises, further instability on Stafford's part would only exacerbate these issues. She said that she was unsure of where to go from here.

Dr. Yeung said that she believed it was essential that they had a comprehensive understanding of what they were doing. She said that it was not to suggest that funding was not available, but rather that they needed to consider the resources of other jurisdictions, such as Prince William and Spotsylvania, which had a Business, Professional, and Occupational License (BPOL) tax and more diversified revenue resources. She said that she could delve into the details of the budget. She asked if the high-risk funding was included in the School Division's budget.

Mr. Fulmer said yes.

Dr. Yeung said that that was $5 million that they already put in for reading and math specialists, and she wanted to make sure those positions were paid. She said that they also had interventionists, and the Schools had asserted those positions should remain, but she wanted to see the metrics associated with the effectiveness of those roles. She said that the school resource officer (SRO) positions were another issue that needed to be resolved. She stated that she would like to have a full picture of the situation, so she supported Ms. Vanuch's suggestion for moving their budget adoption meeting to April 28.

Ms. Guy said that she was genuinely conflicted about this situation, as she believed the state had put their Board in a difficult position, but she also knew it put the Schools in a horrible position, and she was aware of the consequences that would unfold. She said that the staff, particularly those in Human Resources (HR), would likely be working extended hours to meet the demands, and she worried that this would reflect poorly on them as a Board, even though their intention was not to delay or cause any harm. She said that she was inclined to stick with their original schedule.

Mr. Diggs said that he thought the Board needed to take as much time as possible to ensure they got their budget and tax rates right, as well as understanding the funding situation from the state, so he would support having the budget adoption meeting on April 28. He said that they must acknowledge that they would need to raise taxes at some point, as a no-tax-increase option was not realistic. He said that however, when he made that decision, he wanted to be able to stand on solid ground, knowing that they had done everything possible and that all of these decisions would be under intense scrutiny. He said that that was his current perspective on the matter. He confirmed there was consensus from the Board to change their schedule to hold their adoption of the FY2027 budget, CY2026 tax rates, and related items on April 28.

ITEM 3. UTILITIES; UTILITIES RATE UPDATE

Chris Edwards, Chief Operating Officer, said that he would review the Utilities Fund. He said that the main purpose today was to review the rates and rate drivers. He said that one key point he would like to highlight were the items that required approval by the end of April, including water and sewer rates, reclaimed water rates, pro-rata fees, and availability fees. He said that for water and sewer, there was the pro-rata overview and rates. He said that they did not need Board approval tonight, but he did need some direction from the Board.

Mr. Edwards said that every three years, they conducted a rate study, similar to other jurisdictions, so that rates could be adjusted as needed. He said that this time, they conducted a commercial rate analysis, which built upon their previous discussion comparing residential to commercial rates. He said that the main budget drivers were debt-funded capital projects and increased operational expenditures. He said that the consumer price index (CPI) had increased by 4%, and this was reflected in their operational expenditures. He said that one notable factor was their electric costs, which were not included in the CPI calculation. He said that Utilities was likely the largest electric user in the County; their usage was about $7 million to $8 million per year. He said that therefore, increases in electric costs had a major impact on their expenditures. He said that additionally, increases in personnel costs were a budget driver.

Mr. English asked for more information regarding recent electric cost increases.

Mark Gundersen, Assistant Director of Utilities, said that they worked closely with VGPA, their conglomerate that worked with multiple municipalities in Virginia. He said that they renegotiated contracts annually. He said that at present, they were in the midst of negotiating with them, so they would have a clearer understanding of the potential rate increase by this spring or early summer. He said that Dominion had previously implemented a driver for an escalation cost from PJM, the electric transmission provider, which was a pass-through rate that affected all customers, including residential. He said that in response to Mr. English's question, they had observed a very small increase from PJM, and they were currently working through the negotiation process.

Mr. Edwards said that as Mr. Gundersen mentioned, the exact amount would be known when the contract was finalized. He said that the fact that 4% inflation out of a 6.5% increase left a small margin. He said that he had also provided information on their major capital improvements and debt service as budget drivers. He said that the debt service was approximately $7 million per year. He said that a future project for per- and polyfluoroalkyl substances (PFAS) water regulatory planning was expected to be brought to the Board within the next two years. He said that by FY2029, they anticipated a $4 million increase in debt service each year. He said that this added another cost to consider, as they aimed to keep interest rates stable and avoid one-time funding, but ultimately, they would have to pay off the debt service each year.

Mr. Diggs said that he apologized but wanted to ask a question regarding their previous conversation. He asked Mr. Ashton if the Board's schedule change would impact their meeting with the School Board.

Mr. Ashton said that he had already begun preliminary conversations with the Superintendent, Dr. Smith, and would keep the Board updated.

Dr. Yeung said that she appreciated the tiered approach. She asked if data centers, distribution centers, and other businesses would each have their own tiers. She said that they needed to make sure that residents remained protected from rapid utility rate increases.

Mr. Edwards said that he would provide more information on that topic later in his presentation. He said that by FY2032, some of the Lake Mooney debt would start to decrease, and as a result, debt service over the next four to five years may become more manageable. He said that they had previously discussed personnel needs; they were requesting three positions in FY27. He said that two of these were revenue-neutral positions, and they were currently using contractors to cover the workload. He said that the first position was for a full-time civil engineer, as they were converting a part-time position to a full-time role.

Mr. Edwards said that this individual had been an intern with them, completed his civil engineering degree in four years while working with the County for approximately 20 hours a week. He said that he was graduating this year, and they wanted to ensure he had the opportunity to apply for the position with the County. He said that in FY28 and FY29, the positions with asterisks would be funded by reclaimed water, so the data centers would cover these costs and these would not be passed on to their other water and sewer customers.

Mr. Edwards said that they had consistently used a jurisdictional comparison method, which was currently $115 per month for a family using approximately 6,000 gallons per month. He said that this was slightly higher than the average, but they had used this method consistently. He said that their jurisdictional average was $124, which was lower than some of the larger northern Virginia localities. He said that also, many localities around Richmond had the ability to share resources, making it difficult for them to match those economies of scale.

Ms. Allen asked why some of the rates were so low in comparison.

Mr. Edwards said that Chesterfield was an anomaly that he would not delve into further. He said that he would note that Loudoun and Prince William Counties had different approaches to water management. He said that Loudoun, for example, had the ability to produce some of its own water, but many service authorities could purchase water or have wastewater treated for them, resulting in lower debt service amounts. He said that they paid to connect to the system, but after that was paid off, they did not have debt service amounts.

Mr. Edwards said that he had tried to understand why Chesterfield's rates were so low, but had yet to identify the cause, so he would refrain from making assumptions. He said that he had provided a sample residential water bill, which cost $122 for 6,000 gallons. He said that regarding Dr. Yeung's earlier question, they had examined a commercial tiered rate structure, and this was done to compare their residential versus commercial rates. He said that in his previous attempt to explain this, he had failed to effectively convey the concept. He said that to clarify, their residential rates were actually higher than their commercial rates. He said that this tiered rate structure was intended to balance out the disparity, and he would attempt to explain it in more detail.

Mr. Edwards said that their residential water rate had a stair-step pattern that illustrated the tiered rate structure. He said that for the first 2,000 gallons, the cost may be around $3, and for the next tier, it may be $4, and as usage increased, the cost became more expensive. He said that as they moved forward, they were discussing 10, 20, or 30,000 gallons, and this was the actual irrigation demand. He said that their goal was to prevent unnecessary irrigation and ensure that they could recoup the costs of system expansion, particularly for customers who were placing a significant strain on the system.

Mr. Edwards said that their residential sewer rate was flat, which was due to their assumption that irrigation would not be connected to the sewer system, but rather would be applied directly to the ground, and this flat rate structure was in place to account for this. He said that their commercial rate structure was also flat, with a rate of $6.50 per 1,000 gallons, regardless of usage. He said that staff was proposing that for customers above the average commercial user, the rate would increase to $9.50 per 1,000 gallons.

Mr. Edwards said that they were proposing to implement this rate increase over a three-year period, rather than all at once. He said that this would help them recoup the costs from higher-tier customers, including mobile home parks, schools, the area hospital, general government, and the Rappahannock Regional Jail, which were all subject to the higher rate. He said that to keep costs down, they were introducing this commercial rate, shifting the focus towards data centers and commercial businesses.

Dr. Yeung asked if they could further define tiers for different scales of businesses.

Mr. Edwards said that no, they could not treat different businesses differently; they must have a single commercial rate. He said that what they were trying to do was encourage businesses that used more water to pay more, in order to capture that. He said that a mom-and-pop store with only bathrooms would not hit the higher usage amount, so their costs would remain low. He said that for high water users, such as irrigation systems, rates would increase to this higher tier. He said that this was what put stress on their system, and it was hoped that this structure would recoup some of those costs.

Mr. Edwards said that again, the goal was to implement this over three years, ensuring that larger users were captured and gradually increasing those amounts. He said that by the third year, they should have this fully implemented. He said that in staff's previous presentation, they presented the Board with an option, and this time, they would like to get the Board's direction on moving forward with the tiered commercial rate structure. He said that this was the option they recommended, as seven out of ten jurisdictions in their comparison group had implemented a commercial rate structure. Their rate consultant and staff both recommended this approach.

Mr. Edwards said that regarding reclaimed water, they were proposing a three-rate structure associated with this system. He said that he would start with the consumption rate. He said that once the reclaimed water system was operational, hopefully within the next couple of years, this fee would be implemented. He said that the fee was unique in that it would only operate six months out of the year, with very few connections initially. He said that the base fee would be charged, and then an additional fee would be based on usage. He said that they had designed the rates to be base-fee heavy, so every connection would pay almost the entire cost to support the system.

Mr. Edwards said that rates would have limited say in this, as the goal was to recoup costs and avoid losses, especially in the first couple of years, and they could adjust this as they moved into the third and fourth year. He said that the availability fee would be a one-time fee for each data center connection, which would be added to their Capital Improvement Program (CIP) to help fund the relocation of their facility due to the reuse system construction. He said that next, he would discuss their pro-rate program. He said that pro-rata was their developer cost-share program, which was not ratepayer-supported. He said that every time they updated their master plan, they changed the projects and costs within the master plan to reflect current market conditions.

Mr. Edwards said that one of the things they needed to do was update their pro rata costs, as these projects directly fed into the pro rata costs. He said that for example, if the County built a pipeline or other infrastructure, they wanted to ensure they were realizing 100% of the revenue or costs associated with that revenue. He said that similarly, if a developer connected to their system, they wanted to make sure they gave that money back. He said that this was also true for reclaimed water, which was part of the Water Services Agreement.

Mr. Edwards said that the system was built by two different data center developers, they wanted to ensure that the existing users had a fair share of the resources. He said that this was why the reuse water was using the pro-rata system; the goal was to maintain equity within the system. He said that to clarify the indicated changes in fees, for every new connection, a pro-rata fee was charged. He said that for example, if a subdivision was being planned, the fee must be paid before the subdivision could be plotted. He said that a house was assumed to use approximately 240 gallons of water per day, and the user paid for this amount of water daily. He said that different projects had varying water usage, so if they saw a decrease, it was likely due to completed projects falling off the system.

Mr. Edwards said that their three-year plan was intended to cover those main budget drivers, the debt service, operational costs, and personnel costs. He said that their revenues were intended to maintain strong fiscal responsibility and their AAA bond rating. He said that the key issue for the Board to consider today was the tiered structure. He said that staff's recommended approach was to adopt the tiered model, which enabled them to shift their focus from their residents to their commercial customers and strive for greater equity between the two groups. He said that this was not about placing additional burdens on either residents or commercial customers, but rather about achieving a more balanced approach that treated both groups fairly.

Donna Krauss, Deputy County Administrator, asked Mr. Edwards when the Board needed to take action on these items.

Mr. Edwards said that the action items needed to be addressed at the Board's April 28 meeting. He said that today, he needed direction from the Board to allow them to move forward with the tiered structure.

Dr. Yeung asked about the difference in revenue between the flat rate and the 6.5% increase over the three-year period.

Mr. Edwards said that earlier in January, staff had initially asked for 6.5%. He said that they then reevaluated the commercial rate and adjusted in order to equalize it. He said that this adjustment allowed them to lower the rate from 6.5% to 5.5%. He said that although the difference may not be significant, it would still result in an additional $3 to $5 per month on their customers' bills.

Dr. Yeung asked for clarification that they were not losing revenue.

Mr. Edwards said that they were maintaining the same revenue, shifting their focus away from residential areas, which meant that residents would pay less, while commercial entities would pay more, and high water user entities paid the most. He said that these changes were meant to balance commercial and residential, treating them equitably.

Mr. Diggs confirmed there was Board consensus to proceed with the tiered approach for commercial users.

<u>ITEM 4. BUDGET AND MANAGEMENT: REVENUE SHARING WITH STAFFORD COUNTY PUBLIC SCHOOLS</u>

Donna Krauss, Deputy County Administrator, said that she would like to provide some context to keep their discussion focused due to time constraints. She said that the Joint Schools Working Committee had previously discussed this topic, and had decided to move forward with it after determining there was sufficient interest to present it to both the School Board and the Board of Supervisors. She said that the School Board had received this presentation recently and the Board would hear it tonight.

Ms. Krauss said that the goal for tonight was to gain direction from the Board on whether staff should explore the opportunity to implement this, and if so, collect data and conduct comparative analysis to bring back information for the Board's review. She said that they aimed to proceed with this process shortly after adopting the budget. She said that they would work on this research during the summer and return to the Board with their findings before the next budget cycle. She said that she just wanted to clarify that staff was asking for the Board's feedback on the concept, and they were not getting into details at this time.

Ms. Vanuch said that she was wondering about deferring this item until after the Board adopted the budget. She said that looking at this item during this current budget cycle was confusing and created unnecessary friction. She said that the Board could provide better feedback in May.

Ms. Krauss said that in terms of the context of the agenda in May, the Board had quite a few items scheduled to be brought back at their C-Day work session at that time. She said that if the Board wanted this item to come back in May, she would need some flexibility to move some other items to avoid a four-hour work session. She said that some of the other items for that May work session were transportation impact fees, a financial audit discussion, the Quantico Utility Service Agreement, cell towers on County property, and the Affordable Housing Subcommittee update.

Mr. English said that he would be amenable to moving the discussion on the financial audit to June so they could take up this item in May.

ITEM 5. ECONOMIC DEVELOPMENT; DESTINATION STAFFORD DISCUSSION

Donna Krauss, Deputy County Administrator, said that she would like to introduce this item with some expectations and an overview of what they would be discussing today. She said that staff had provided a map that provided a comprehensive overview of the area, including who owned what, where it was, and what was adjacent to their property. She said that at the Board's retreat earlier this year, the Board had discussed the courthouse project, where to put it, and what they wanted to do with their land at Destination Stafford.

Ms. Krauss said that there was Board consensus to direct staff to do some brainstorming and bring some concepts back to the Board to give direction on. She said that previously, they had sent out some Requests for Proposals (RFP) that were unsuccessful due to varying reasons, one of which was that it was too broad of a concept. She said that staff had some new concepts for the Board to consider today, discussing the challenges and mitigating factors associated with these concepts. She said that staff's request to the Board today was to provide specific direction, which would enable them to create a revised RFP and bring it back to the Board for further review.

Liz Barber, Director of Economic Development and Tourism, said that Destination Stafford had been a very long process with a lot of history associated with it, and she wanted to ensure everyone was on the same page. She said that she would provide an overview of their current situation, followed by a few concepts. She said that the goal was to be transparent and honest with the Board, sharing both the benefits and potential challenges associated with these concepts. She said that they would discuss the tax implications and outline the requirements needed to make these projects a reality. She said that she expected a thorough discussion and direction from them.

Ms. Barber said that since 2006, the County had conducted a community survey, which showed strong support for a multi-use town center concept. She said that following that, workshops were held, and there was a strong desire to create a sense of place; they had heard this concept for a long time. She said that in 2012, the Board had adopted an Urban Development District to facilitate the creation of "Downtown Stafford." She said that two years later, in 2016, a Comprehensive Plan amendment had been made, which included Downtown Stafford as a Targeted Development Area (TDA).

Ms. Barber said that in 2022, the name had been changed to Destination Stafford, which she was unsure about the specifics of but essentially was part of a trend with the type of development. She said that regarding the site layout, the County-owned land spanned 23 acres. She said that the JPI-owned land, marked in yellow, was Fountain Park and was intended to complement Destination Stafford. She said that both areas were zoned for urban development, allowing for mixed-use development, including retail, office, residential uses, and up to five stories. She said that it was also worth noting the shape of the land, which was not a simple rectangle.

Ms. Krauss said that she wanted to emphasize that the reason why staff had provided the map of this property and were noting the shape and size was because that in order to move forward, they must acknowledge the limitations of the parcel. She said that if the Board wanted to continue with the concept for Destination Stafford, they may need to involve other properties in that.

Mr. Ashton said that additionally, as they considered the infrastructure required, transportation and parking, which further impacted the odd shape of the property. He asked the Board to please keep that in mind.

Ms. Barber said that with regard to Fountain Park, in 2020, the County had entered into a Memorandum of Understanding (MOU) with them. She said that this agreement tied back to the stipulations for parking, making the project more feasible. She said that as a result, Fountain Park had certain requirements that must be met to further develop their site in conjunction with the County's site. She said that they had recently rekindled conversations with them, knowing this was a future development.

Ms. Barber said that Fountain Park still intended to move forward, but they were seeking direction so their work could be complementary. She said that they had two RFPs that had been issued in 2024. She said that the first time, she was not the Department Director; she was a staff member, and she was not sure how many developers had received the first RFP. She said that the second time, they had sent it out to over 600 developers in the D.C., Maryland, and Virginia (DMV) region. She said that they had received feedback, but unfortunately, no responses.

Ms. Barber said that the feedback had included concerns about insufficient housing density, topographical issues, and lack of clarity on traffic studies. She said that assemblage referred to acquiring more properties to enhance the situation, which could be challenging. She said that originally, the zoning designation and Comprehensive Plan had envisioned a broader assemblage, covering the area from Courthouse Road to Hospital Center Boulevard. She said that there were some additional things that could be done there, but the Board had also been considering moving the courthouse to this location in 2025, which would directly impact the work being done on Destination Stafford.

Ms. Barber said that they were unsure of what would be left of the property once the courthouse moved there, but now that the courthouse was not planned for this location, the previous plans resumed. She said that today, staff would present four different concepts, which were not restrictions, but rather concepts for potential developments. She said that these ideas included a gathering place similar to NOVA Live (2 Silos), a single mixed-use building, a public park style similar to downtown Cary Park in North Carolina, and a mixed-use town center style development, which was most similar to what they had discussed in the past when this project was initiated.

Ms. Barber said that the first concept would be primarily an outdoor entertainment venue, featuring dining, brewing, distillery, and privately owned and operated businesses. She said that from what they knew of the NOVA Live development, it had started at 10 acres and had since expanded to 21 acres, with various components including food, beverage, food trucks, and more. She said that since it was privately owned and operated, it used private dollars for its development; however, the expansion from 10 to 20 acres had cost approximately $25 million. She said that the original land use was agricultural, but the topography was much flatter than Destination Stafford, and this difference was worth noting. She said that furthermore, because it was not funded by public sources, there was no publicly available information on its revenue streams, which likely included private donors or financiers.

Ms. Barber said they were discussing restaurants, venues, food trucks, and now a hotel was also on that site. She said that they were considering all the different types of taxes involved. If they were to replicate this concept here, the annual tax revenue would be approximately $943,000. She said that in terms of feasibility for a project such as 2 Silos, the topography of Destination Stafford was significantly more challenging. She said that this would likely result in extremely high development costs, making it difficult to finance the project. She said that it would require significant infrastructure or improvements from the County's side to make it more marketable.

Ms. Barber said that additionally, a very niche developer would be needed to take on a project like this. She said that the right person would need to be involved for a concept like this to be successful. She said that next steps would be to perform traffic studies, speak with potential developers such as the 2 Silos developers and current businesses to get feedback on what they would need to make it work. Furthermore, they needed to identify and execute County funding mechanisms to attract a developer for this type of project.

Mr. Diggs said that before they moved to the next concept, he would like to hear the Board's thoughts on this first idea.

Ms. Allen said that she still had contact information from a few years ago when they were last considering development for this site. She said that the momentum had fizzled out, but she still loved the concept. She said that the County would likely need to incentivize an experienced developer to locate there. She said that if they were not prepared to consider those kinds of risks, then they should not consider the idea.

Mr. English said that he would be interested in pursuing it, but they may need to transfer the land to the developer and allow them time and tax breaks to get it started. He said that there were long-term benefits to the County, so he thought it was worth doing, acknowledging they would need to accommodate the difficulties of the site itself.

Ms. Krauss said that she wanted to reiterate that all of these concepts had nuances and different considerations for their next steps. She said that staff would need to bring that information back. She said that staff was asking for feedback on the general concepts.

Mr. Diggs said that the Board was generally supportive of the concept.

Ms. Barber said that the next project they were considering was a single, mixed-use development. She said that they had a few examples of what this could look like, but it would essentially be a single, large building that would include retail, restaurants, and other uses. She said that some of these examples, such as Armature Works in Tampa, and Union Market in D.C., featured a food hall, event venue, restaurants, workspace, business incubators, and outdoor spaces for farmers markets and events. She said that this concept combined indoor and outdoor spaces.

Ms. Barber said that if they looked at redevelopment projects in today's dollars, most of these types of projects were based in existing buildings that were rebuilt. She said that since they did not have that opportunity at Destination Stafford, they were looking at raw, green land, which would be more expensive for a developer to build. She said that based on the capital improvements for Armature Works and Union Market, the estimated costs were approximately $47 million for Armature Works and $20 million for Union Market.

Ms. Barber said that these were general numbers, as not all information was publicly available. She said that the potential tax revenue from these projects was also substantial; the key factor was the square footage and what could be brought into the space. She said that what staff had found was that these types of projects could have a catalytic impact on the surrounding area, creating a broader area of activity, and that aligned with the original intent of Destination Stafford.

Ms. Barber said that to move forward with this concept, they needed to get a better understanding of the County's plans for this project, including the ownership model, location within the property, and potential County funding. She said that this would help determine the feasibility of the project and the incentives that may be necessary. She said that a traffic study as part of the RFP was crucial, as it would help developers assess the risks and determine whether to move forward with an offer. She said that this applied to all of these concepts, regarding the use.

Mr. Diggs asked how long it would take to perform the traffic study and what costs were associated with it.

Ms. Barber said that she recalled it was generally four to six months to complete, but she was unsure of the costs.

Ms. Allen said that upgrades to Route 1 would also impact that.

Ms. Guy asked which size, in comparison to Armature Works and Union Market, they were considering for this second concept.

Ms. Barber said that the zoning regulations would permit a five-story structure. She said that she would need to research it more to determine the appropriate size, but ultimately they must fit it into the polygon of the parcel. She said that the third concept was a downtown park, similar to Downtown Cary Park in North Carolina. She said that the costs were difficult to translate, but it essentially acted as a complementary, aesthetic asset to the surrounding properties. She said that it definitely had an economic impact to the area, but it was more of a park than a business.

Ms. Barber said that the fourth concept may seem similar because it aligned with the original direction they had discussed regarding Destination or downtown Stafford in the past. She said that this type of town center style development was designed as walkable retail, restaurant, entertainment, and residential district. She said that examples like Mosaic District, the Boro, Stonebridge, and One Loudoun had mixed spaces, open development, and a blend of uses. She said that staff had modeled their approach after Mosaic. She said that the Mosaic District was about 31 acres, about one mile from I-495, and had an eight- to ten-year phased build-out. She said that the estimated cost in today's dollars was approximately $777 million.

Ms. Barber said that it was also worth noting that they had 1,100 residential units on their property, with a household income similar to Stafford's. She said that however, the key difference lay in their population within a three-mile radius, which was 138,000, compared to Stafford's 37,000. She said that as a result, the retail numbers required to create a similar shopping experience would be much more challenging.

Ms. Barber said that the annual economic impact would likely be $12 million per year. She said that when they issued the RFP, they encountered challenges with the topography and the shape of the property. She said that assembling more parcels would be necessary, but they also heard concerns from developers about the location of the property, particularly the proximity to aging mobile home parks. She said that some developers expressed disinterest in investing in a high-end development that would overlook these properties. She said that the risk of having a restaurant and retail without the accompanying housing was seen as unattractive by many.

Ms. Allen said that her thought process on this was that the County needed to take action, but she believed the biggest challenge would be engaging JPI on this project due to the location of their property. She said that if JPI were unwilling to move and develop their project, they should have staff engage JPI if they would be willing to participate in selling their property.

Ms. Allen said that it had been five years since they had approved this project for JPI, and if they had not yet begun construction, it was likely that they were not committed to moving forward. She said that if they did not allow staff to ask JPI if they wished to sell their property, it would be difficult to reconfigure the layout to accommodate other developers. She said that a more straightforward layout of parcels would make it easier to sell Downtown Stafford to potential developers. She said that however, she was concerned that the current layout would deter most developers from investing, as they would need to account for the additional costs associated with the smaller parcels. She said that the JPI property had been noted as the main barrier to interested developers in the past.

Dr. Yeung said that staff had already stated that JPI was waiting for the County to decide what to do, and they were willing to work with them. She said that she supported the first concept but would also like to have a backup concept in case that did not work out.

Ms. Krauss said that she would like for the Board to allow staff to have a more in-depth conversation with JPI once they had clear Board direction. She said that they must first commit to a single concept in order to send out an RFP. She said that if they could not make progress on Destination Stafford, they could consider putting the courthouse on this property.

Ms. Barber said that the concepts that JPI had discussed with them were actually complementary to the first option the Board had chosen. She said that she believed that there could be some synergy between these concepts.

Mr. Diggs confirmed there was consensus from the Board to proceed with the first concept and to conduct a traffic study. He said that they should meet with JPI and make it work as best as possible.

Ms. Krauss asked if the Board would be amenable to staff drafting an RFP after they had completed some of this preliminary work.

Mr. Diggs said yes.

ADJOURNMENT

The Board adjourned its meeting at 8:34 p.m.

William H. Ashton, II
County Administrator