

**BOARD OF SUPERVISORS
FINANCE/GOVERNMENT OPERATIONS AND
ECONOMIC DEVELOPMENT COMMITTEE
AGENDA**

May 10, 2016

6:00 p.m.

**Loudoun County Government Center
1 Harrison Street, S.E., Leesburg, VA
Board Room**

Committee Members:

Matthew Letourneau, Chair

Phyllis Randall - Tony Buffington - Ralph Buona - Koran Saines

**Proposed for Consent*

- 1. Monthly Department of Economic Development Report (Information)**
Election District: Countywide
Staff Contacts: Buddy Rizer, Economic Development

- 2. *CONTRACT AWARD/Architectural and Engineering Services for the New Loudoun County Animal Services Facility (Action)**
Election District: Catocin
Staff Contacts: Joe Kroboth, Transportation and Capital Infrastructure
Mark Hoffman, Transportation and Capital Infrastructure
Christopher Bresley, Finance and Procurement

- 3. *AWARD AUTHORITY INCREASE/Architectural and Engineering Design Services for the Route 7/659 Interchange (Action)**
Election District: Ashburn
Staff Contacts: Joe Kroboth, Transportation and Capital Infrastructure
Melissa Tello, Transportation and Capital Infrastructure
Christopher Bresley, Finance and Procurement

- 4. *CONTRACT RENEWAL/Solid Waste Engineering and Monitoring Services (Action)**
Election District: Catocin
Staff Contacts: Ernest Brown, General Services
Mike Fairbanks, General Services
Christopher Bresley, Finance and Procurement

- 5. *CONTRACT AWARD/ Contracts with Potential Service Providers through the Children's Services Act for At Risk Youth and Families (Action)**
Election District: Countywide
Staff Contacts: Ellen Grunewald, Family Services
Lesley Abashian, Family Services
Ravi Palaniandy, Finance and Procurement

- 6. *CONTRACT AWARD/Day Support and Employment Services (Action)**
Election District: Countywide
Staff Contacts: Margaret Graham, Mental Health, Substance Abuse & Developmental Services
Sara Westfall, Mental Health, Substance Abuse & Developmental Services
Diane C. Smith, Finance and Procurement
- 7. *CONTRACT RENEWAL/Operation of the Homeless Services Center (Action)**
Election District: Leesburg
Staff Contacts: Ellen Grunewald, Family Services
Hope Stonerook, Family Services
Diane C. Smith, Finance and Procurement
- 8. *CONTRACT RENEWAL/Companion Services (Action)**
Election District: Countywide
Staff Contacts: Ellen Grunewald, Family Services
Hope Stonerook, Family Services
Diane C. Smith, Finance and Procurement
- 9. *FY 2016 Capital Improvement Program Amendment/Cash Proffers for Brambleton District Park West (Action)**
Election Districts: Blue Ridge, Dulles
Staff Contacts: Julie Crim, Transportation and Capital Infrastructure
Melissa Tello, Transportation and Capital Infrastructure
Joe Kroboth, Transportation and Capital Infrastructure
- 10. Update from Loudoun Water (Information)**
Election District: Countywide
Staff Contacts: Charles Yudd, County Administration
Gwen Kennedy, County Administration
- 11. Update from Loudoun Museum (Action)**
Election District: Leesburg
Staff Contact: Julie Grandfield, County Administration
Megan Bourke, Management and Budget
- 12. Statewide Fire Prevention Code Amendments (Information)**
Election District: Countywide
Staff Contacts: Chief Keith Brower, Fire, Rescue and Emergency Management
Charles Yudd, Assistant County Administrator
Gwen Kennedy, County Administration

13. Proposed Classification and Compensation Study (Action)

Election District: Countywide

Staff Contacts: Jeanette Green, Human Resources

14. Internal Audit of Affordable Dwelling Unit Program and Housing Choice Voucher Program (Information)

Election District: Countywide

Staff Contacts: John Sandy, County Administration

Penny Newquist, Finance and Procurement

Janet Romanchyk, Finance and Procurement

15. Quarterly Report/ FY 2016 Third Quarter Financial Update, Cash Proffer and Debt Report (Information)

Election District: Countywide

Staff Contacts: Erin McLellan, Management and Budget

Megan Bourke, Management and Budget

Doug Kinney, Management and Budget

16. Monthly Report/Implementation of the Enterprise Resource Planning (ERP) System (Information)

Election District: Countywide

Staff Contacts: John Sandy, County Administration

Robert Middaugh, County Administration

Wendy Wickens, Information Technology

Penny Newquist, Finance and Procurement

Vince Marchesano, Vivad Technologies, LLC

17. Closed Session

I move that the Finance/Government Operations and Economic Development Committee enter into closed session pursuant to Virginia Code Section 2.2-3711(A) (7) for actual or probable litigation and for consultation with legal counsel and briefings by staff on the contract with AST Corporation for the implementation of ERP.

Resolution:

Whereas, the Finance/Government Operations and Economic Development Committee this 10th day of May, 2016, convened in closed session by an affirmative recorded vote and in accordance with the provisions of the Virginia Freedom of Information Act:

Now, therefore, be it resolved that the Finance/Government Operations and Economic Development Committee does hereby certify that to the best of each member's knowledge, (1) only public business matters lawfully exempted from open meeting requirements under the Freedom of Information Act were discussed in the closed session to which this certification applies; and (2) only such public business matters as were identified in the

motion by which the said closed session was convened were heard, discussed or considered by the Finance/Government Operations and Economic Development Committee.

Resolution Motion:

I move that the Finance/Government Operations and Economic Development Committee approve the Resolution on the agenda certifying that only such matters identified in the motion convening the Closed Session were discussed and no formal action by the Finance/Government Operations and Economic Development Committee was taken in Closed Session.

Election District: Countywide

Staff Contact: Leo Rogers, County Attorney

Next Regular Meeting: June 14, 2016

If you require a reasonable accommodation for any type of disability in order to participate in the Finance/Government Operations and Economic Development Committee Meeting, please contact the Office of the County administrator at 703-777-0200/TTY-711. At least one business day of advance notice is requested; some accommodations may require more than one day of notice. FM Assistive Listening System is available at the meeting.

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AGENDA SUMMARY**

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Committee Members:

Matthew Letourneau, Chair

Phyllis Randall - Tony Buffington - Ralph Buona - Koran Saines

**Proposed for Consent*

1. Monthly Department of Economic Development Report (Information)

The Department of Economic Development's monthly statistical report shows leading economic indicators for Loudoun County, and key department performance indicators. The executive director will also report on key economic development activities that have occurred since the April 2016 meeting.

Election District: Countywide

Staff Contacts: Buddy Rizer, Economic Development

2. *CONTRACT AWARD/Architectural and Engineering Services for the New Loudoun County Animal Services Facility (Action)

The purpose of this contract is to award a contract for the design of the New Loudoun County Animal Services Facility. Request for Proposal No. 313 was issued on October 1, 2015 for Architectural and Engineering Services for the New Loudoun County Animal services Facility. Ten (10) proposals were received on November 6, 2015 and evaluated by a Proposal Analysis Group (PAG). As a result of the PAG's evaluation of the proposals and interviews with the shortlisted the firm of Animal Arts Design Studios, Inc., was determined to be the most qualified firm. The current Animal Services facility, located in Waterford, was acquired in 1964, and is physically compromised, requiring chronic and costly repairs to the structure, plumbing, septic, electrical and grounds. The new facility seeks to provide a space located near the population center to better serve the County through community programs and outreach, while being more accessible to a larger number of citizens. The Consultant is proposing a design process that places a focus on disease management, animal health and welfare, human safety, and structures that are esthetically pleasing while containing noise and offering energy efficiency. The Consultant's designs in other jurisdictions have enabled municipalities to create healthier, more successful venues for pet adoption and it is hoped that the new facility will play a significant role in improving the live release rate for homeless pets in Loudoun County.

Sufficient funding is appropriated in the Animal Services Facility capital project account in the Capital Fund to award this contract.

Staff recommends that the Finance/Government Operations and Economic Development Committee recommend to the Board of Supervisors that the Purchasing Agent be authorized to award a contract for Architectural and Engineering Services for the New Loudoun County Animal Services Facility to Animal Arts Design Studios, Inc., in the total estimated amount of \$1,459,829.

Election District: Catoclin

Staff Contacts: Joe Kroboth, Transportation and Capital Infrastructure
Mark Hoffman, Transportation and Capital Infrastructure
Christopher Bresley, Finance and Procurement

3. *AWARD AUTHORITY INCREASE/Architectural and Engineering Design Services for the Route 7/659 Interchange (Action)

The Board of Supervisors awarded the contract for the construction of the Route 7/659 Interchange to Shirley Contracting, Inc. on May 20, 2015. Notice to Proceed was issued on September 8, 2015 and construction activity is ongoing. Construction completion is currently planned for the Summer of 2018. Utility relocation work for the project began in December 2014 including relocations by Washington Gas, Dominion Virginia Power and Verizon as well as other communications providers. Originally planned for completion in the Fall of 2015, utility relocation work has been ongoing and concurrent with the start of construction. Throughout the course of construction, Dewberry Consultants LLC, as the Engineer of Record, provides construction administration services. An additional change order of \$100,000 for Dewberry's contract is now needed to provide additional construction support, additional field surveying and utility coordination efforts. These efforts include meeting attendance and ongoing coordination with utilities as well as additional surveying for utility relocation and confirmation of quantities relative to the site work and other construction phase support anticipated through the completion of the project's construction phase. The approval of this change order is pending the approval of the Finance/Government Operations and Economic Development Committee (FGOEDC). This change order combined with the previous change orders has exceeded staff authority. Since April 13, 2013, a total of \$448,151 in change orders has been requested with \$348,151 having been approved under staff authority.

Sufficient funding is available in the Route 7/659 Interchange design capital account to increase the contract award authority by \$100,000.

Staff recommends that the FGOEDC authorize the Purchasing Agent to increase the award authority for the Architectural and Engineering Design Services for the Route 7/659 Interchange contract awarded to Dewberry Consultants, LLC 9 by \$100,000 for a new total amount of \$2,805,100.

Election District: Ashburn

Staff Contacts: Joe Kroboth, Transportation and Capital Infrastructure
Melissa Tello, Transportation and Capital Infrastructure
Christopher Bresley, Finance and Procurement

4. *CONTRACT RENEWAL/Solid Waste Engineering and Monitoring Services (Action)

The purpose of this item is to renew the contract for Solid Waste Engineering and Monitoring Services. The purpose of this contract is to perform a variety of tasks to support the Loudoun County Solid Waste Management Facility operations and facility compliance with applicable local, State, and Federal regulations. The scope of work for this contract includes: responding to existing recurring requirements for technical review of data collected through installed and operational environmental monitoring systems; ad hoc landfill engineering, permitting, and environmental engineering services; preparation of summary regulatory compliance reports and recommendations for action; preparation, submittal and coordination with the Virginia Department of Environmental Quality for permit amendments; and the preparation of design and construction bid documents and construction oversight for multiple projects. This contract is also managing the Landfill Excavation and Reclamation Project that began in March of 2015. Sufficient funding is available in the Department of General Services Waste Management FY17 Operating and Landfill Remediation Project Budgets for the \$1,438,099 estimated expenditure.

Sufficient funding will be available in the Department of General Services Waste Management FY 2017 Operation and Landfill Remediation Project Budgets.

Staff recommends that the Finance/Government Services and Operations Committee recommend to the Board of Supervisors that the Purchasing Agent be authorized to renew the contract for Solid Waste Engineering and Monitoring Services with Solid Waste Services, LLC in the estimated amount of \$1,438,099.

Election District: Catoclin

Staff Contacts: Ernest Brown, General Services
Mike Fairbanks, General Services
Christopher Bresley, Finance and Procurement

5. *CONTRACT AWARD/ Contracts with Potential Service Providers through the Children's Services Act for At Risk Youth and Families (Action)

Formerly known as the Comprehensive Services Act, the Children's Services Act for At-Risk Youth and Families (CSA) was established in 1992 to create a collaborative system of services that is child-centered, family-focused and community-based addressing the strengths and needs of troubled and at-risk youths and their families in the Commonwealth of Virginia. These services are mandated per Code of Virginia §2.2-5200. On June 5, 2012, the Board of Supervisors authorized the Purchasing Agent to award contracts with potential Comprehensive Services Act for At-Risk Youth and Families (CSA) Service Providers in the estimated amount of \$9,400,000 for the period of July 1, 2012 through June 30, 2013 with the option to renew for up to three (3) additional one (1) year periods, subject to annual appropriations. The current and final contract term is due to expire on June 30, 2016. Services under this program are exempt from competition per §2.2-4345, paragraph 14 of the Code of Virginia.

Staff recommends the Finance/Government Services and Operations Committee recommend to the full Board of Supervisors that the Purchasing Agent be authorized to award contracts with potential Children's Services Act for At-Risk Youth and Families (CSA) Service Providers in the estimated amount of \$8,994,056 for the period of July 1, 2016 through June

30, 2017 with the option to renew for up to three (3) additional one (1) year periods, subject to annual appropriations.

Election District: Countywide

Staff Contacts: Ellen Grunewald, Family Services
Lesley Abashian, Family Services
Ravi Palaniandy, Finance and Procurement

6. *CONTRACT AWARD/Day Support and Employment Services (Action)

The Department of Mental Health, Substance Abuse and Developmental Services (MHSADS) provides a range of support programs to help individuals with mental illness and developmental disabilities retain jobs and provide volunteer services in the community. These programs are provided through a combination of County and contracted services. Since 2007, Loudoun County has participated in a regional cooperative procurement lead by Fairfax County for Employment and Developmental Day Services for individuals with developmental disabilities. By participating in this cooperative procurement, the County has access to a pool of providers for these services, as well as a regional rate structure. Historically, the County has utilized Every Citizen Has Opportunities, Inc. and St. Johns Community Services under this contract. Recently, Fairfax County awarded contracts consisting of a base term of April 1, 2016 through June 30, 2017, with up to four (4) one-year renewal options.

Sufficient funding is available in the Department of MHSADS' FY 2016 and FY 2017 Adopted Budget Plans to support the cost of services through June 30, 2017. State funding is not available to offset the cost of these services.

Staff recommends that the Finance/Government Operations and Economic Development Committee recommend to the Board of Supervisors that the Purchasing Agent be authorized to award the contract for Day Support and Employment Services to a pool of providers in the estimated amount of \$1,650,275.

Election District: Countywide

Staff Contacts: Margaret Graham, Mental Health, Substance Abuse & Developmental Services
Sara Westfall, Mental Health, Substance Abuse & Developmental Services
Diane C. Smith, Finance and Procurement

7. *CONTRACT RENEWAL/Operation of the Homeless Services Center (Action)

This contract serves the Homeless Services Center by operating a County facility located on Meadowview Court in Leesburg. This facility includes the Emergency Homeless Shelter, the Drop-In Center, Cold Weather Shelter, and the Permanent Supportive Housing on-site program as well as eight scattered off site apartments. The Department of Family Services acts as the contract administrator providing oversight of each of the programs and provides overall financial supervision of the program. From July 1, 2014 to June 30, 2015 these facilities assisted approximately 650 individuals. On July 15, 2015, the Board of Supervisors authorized the Purchasing Agent to award the contract for the Homeless Services Center to the Volunteers of America, Chesapeake, in the amount of \$1,045,388. The current contract period ends on September 30, 2016.

Sufficient funding for the first nine months of the contract renewal is available in the Department of Family Services' FY 2017 operating budget and from state and federal grant funding. Funding for the remaining three months is subject to Board of Supervisors' appropriation for FY 2018.

Staff recommends that the Finance/Government Operations and Economic Development Committee recommend to the Board of Supervisors that the Purchasing Agent be authorized to renew the contract in the amount of \$1,045,388 for the period of October 1, 2016 to September 30, 2017, which is the first of five renewals.

Election District: Leesburg

Staff Contacts: Ellen Grunewald, Family Services
Hope Stonerook, Family Services
Diane C. Smith, Finance and Procurement

8. *CONTRACT RENEWAL/Companion Services (Action)

Companion Services are currently provided in the homes of eligible individuals who are 18 years and older who are physically or mentally incapacitated, or individuals over 60 years old who need assistance with activities of daily living. The Companion Program also provides a service to intervene in Adult Protective Services (APS) situations to protect individuals and stabilize critical and, at times, life-threatening situations. The services provided are: light housework, shopping, meal preparation, bathing, dressing, toileting, eating/feeding, supervision, and/or limited socialization activities. On June 17, 2015, the Board of Supervisors authorized the Purchasing Agent to renew the contract for Companion Services with The Home Care Team, Inc. in the amount of \$1,057,427. The current contract period ends on September 30, 2016.

Sufficient funding for the first nine months of the contract renewal is available in the Department of Family Services' FY 2017 operating budget and from state and federal grant funding. However, Contract renewal is not contingent on state or federal funding. Funding for the remaining three months is subject to Board of Supervisors' appropriation for FY 2018.

Staff recommends that the Finance/Government Operations and Economic Development Committee recommend to the Board of Supervisors that the Purchasing Agent be authorized to renew the contract in the amount of \$1,057,427 for the period of October 1, 2016 through September 30, 2017, which is the fourth and final renewal.

Election District: Countywide

Staff Contacts: Ellen Grunewald, Family Services
Hope Stonerook, Family Services
Diane C. Smith, Finance and Procurement

9. *FY 2016 Capital Improvement Program Amendment/Cash Proffers for Brambleton District Park West (Action)

An amendment to the FY 2016 Capital Improvement Program (CIP) is required in order to appropriate additional funds for the Brambleton District Park West Project.

Appropriate cash proffer contributions have been identified to provide supplemental capital funding to the Brambleton District Park West project. Zoning Administration staff issued cash

proffer determination (ZCOR-2014-0229) indicating the cash proffer requested is appropriate for the proposed uses.

Staff recommends that the Finance/Government Operations and Economic Development Committee recommend that the Board of Supervisors amend the FY 2016 CIP and budget to appropriate \$650,000 in the Public Facilities Fund and transfer that amount to the Capital Fund in order to provide supplemental funding to construct the Brambleton District Park West (\$650,000).

Election Districts: Blue Ridge, Dulles

Staff Contacts: Julie Crim, Transportation and Capital Infrastructure
Melissa Tello, Transportation and Capital Infrastructure
Joe Kroboth, Transportation and Capital Infrastructure

10. Update from Loudoun Water (Information)

During a joint meeting between the Board of Supervisors (Board) and the Loudoun Water Board of Directors in April 2015, Loudoun Water agreed, in an effort to develop more regular information sharing, to attend future Board Finance/Government Operations and Economic Development Committee meetings to provide updates on the Authority's finances. During this meeting, Loudoun Water will share their recent Loudoun Water Board approved update to the five year plan of finance and will share results of their 2015 audit. Loudoun Water will also share information related to several 2015 highlights, including progress related to businesses relations and customer service improvements.

Election District: Countywide

Staff Contacts: Charles Yudd, County Administration
Gwen Kennedy, County Administration

11. Update from Loudoun Museum (Action)

In December, 2015, the Board voted to direct staff to program \$156,000 for the Loudoun Museum contribution in the FY 17 Proposed Budget; establish an Executive Oversight Committee for the purpose of providing assistance and guidance to the Museum in hiring a development manager (who would be an employee of the Museum) to establish and execute a development plan; and direct staff to develop a Memorandum of Understanding between the County and the Loudoun Museum. This action came about after study by a committee of staff and community stakeholders, as well as ongoing concern about the Museum's reliance on county funding and the Museum's apparent inability to achieve and maintain financial self-sufficiency.

Since December, staff has conducted significant legal research and developed four possible options within the parameters of the research. This item will present the options to the Board, the museum's preferred option, a staff recommendation and a general outline of the terms that would exist in the Memorandum of Understanding that would need to be developed to codify the arrangement.

Election District: Leesburg

Staff Contact: Julie Grandfield, County Administration
Megan Bourke, Management and Budget

12. Statewide Fire Prevention Code Amendments (Information)

Since last summer, Chief Brower has been working with the Board's legislative liaisons in Richmond, Hefty, Wiley and Gore (HWG) to seek improvements to the current process used by the Board of Housing and Community Development (BHCD) to update the Statewide Fire Prevention Code (SFPC). The main concern is that the process and the membership of the various stakeholder groups and committees involved is heavily weighted in favor of the building and related property industry and does not allow for enough representation or input from the fire safety community.; nor is the process as transparent as it could be. The immediate concern is concern is that staff from the Department of Housing and Community Development (DHCD) is leading a rapid effort to make changes to the SFPC without clear direction nor an understanding of need. This process is proceeding at a rate that is not conducive to consistent attendance by local fire officials.

Election District: Countywide

Staff Contacts: Chief Keith Brower, Fire, Rescue and Emergency Management
Charles Yudd, Assistant County Administrator
Gwen Kennedy, County Administration

13. Proposed Classification and Compensation Study (Action)

At its November 14, 2015, Board of Supervisors Orientation session, staff provided an issue paper titled Review of the County's Classification System and Pay Plan (Item #7a in the Board of Supervisors Operations Manual, pages 278 – 290). The issue paper presented background on the county's classification system and pay plan. It also indicated that the current classification system and pay plan can no longer adequately meet the present and future needs of the organization. The issue paper stated that staff would present an item in FY 2016 recommending that the Board consider whether it is appropriate to maintain the current compensation philosophy and competitive market as well as recommending that staff hire a consultant to conduct a classification and compensation study (hereinafter referred to as "the study").

At the Board of Supervisors Budget Worksession on March 15, 2016, Supervisor Letourneau moved that the Board of Supervisors consider funding the study during the year end fund balance discussion in December 2016. The motion was seconded by Supervisor Higgins and passed unanimously (9-0).

The item follows up on issue paper provided to the Board of Supervisors in November 2015. Staff requests the Finance/Government Operations and Economic Development Committee's feedback and their potential recommendation to the Board of Supervisors for direction to staff on two issues. The first issue is whether the FGOEDC wishes to recommend that the Board review the county's compensation philosophy and competitive market. Second, staff requests feedback on the proposed approach to conducting Phase 1 of the study and has included options with regard to its approach. Staff recommends that the FGOEDC recommend that the Board review the compensation philosophy and competitive market to either reaffirm it, or change it. Staff also proposes conducting the study in two Phases. Phase 1 engages a consultant to analyze and benchmark our current classification system and pay plan and to make recommendations for modifying or replacing the current systems. Phase 2 would implement the changes to the classification system and pay plan directed by the Board.

As referenced, funding for the study will be considered during the Board's year end fund balance discussion in December 2016. Funds are available in the Department of Human Resources operational budget to begin the study prior to the fund balance discussion in December 2016.

Election District: Countywide

Staff Contacts: Jeanette Green, Human Resources

14. Internal Audit of Affordable Dwelling Unit Program and Housing Choice Voucher Program (Information)

The purpose of this item is to present the Affordable Dwelling Unit and Housing Choice Voucher Program Internal Audit Report prepared by CliftonLarsonAllen, LLP (CLA), the County's contracted Internal Auditors, as directed by the Board of Supervisors' Finance/Government Operations and Economic Development Committee. The Affordable Dwelling Unit (ADU) Program and the Housing Choice Voucher (HCV) Program are managed by the Department of Family Services. This program audit program evaluated the ADU processes and procedures through a review of current operations and internal controls. The HCV program has been audited three times, from 2010 to 2015, including two single audits and an audit by the HUD Quality Assurance Division. The CLA approach for this internal audit was to follow up on the findings identified within the prior audit reports and assess the policies and procedures currently in place. CLA will be present to discuss the report and answer questions.

Election District: Countywide

Staff Contacts: John Sandy, County Administration
Penny Newquist, Finance and Procurement
Janet Romanchuk, Finance and Procurement

15. Quarterly Report/ FY 2016 Third Quarter Financial Update, Cash Proffer and Debt Report (Information)

At the request of the Finance/Government Operations and Economic Development Committee, staff provides a report on a fiscal quarterly basis which provides a projected year-end outlook for revenues and expenditures and brief description of indicators impacting the year-end projections. In addition to expenditure and revenue projections, this report includes a review of cash proffer activity and a quarterly debt report. This item remains informational as no corrective action is recommended at this time.

Election District: Countywide

Staff Contacts: Erin McLellan, Management and Budget
Megan Bourke, Management and Budget
Doug Kinney, Management and Budget

16. Monthly Report/Implementation of the Enterprise Resource Planning (ERP) System (Information)

The Loudoun County Government and Loudoun County Public Schools began implementation of a new ERP System in January 2012. On December 4, 2013, the Board of Supervisors appropriated additional funds to complete implementation of all three phases of the System. In

addition, the Board of Supervisors requested that staff provide monthly status reports based on cost, schedule, and technical milestones with associated variances. During the May meeting, information and recommendations for how to best proceed with the Project's system integrator will be provided.

Election District: Countywide

Staff Contacts: John Sandy, County Administration
Robert Middaugh, County Administration
Wendy Wickens, Information Technology
Penny Newquist, Finance and Procurement
Vince Marchesano, Vivad Technologies, LLC

17. Closed Session

I move that the Finance/Government Operations and Economic Development Committee enter into closed session pursuant to Virginia Code Section 2.2-3711(A) (7) for actual or probable litigation and for consultation with legal counsel and briefings by staff on the contract with AST Corporation for the implementation of ERP.

Resolution:

Whereas, the Finance/Government Operations and Economic Development Committee this 10th day of May, 2016, convened in closed session by an affirmative recorded vote and in accordance with the provisions of the Virginia Freedom of Information Act:

Now, therefore, be it resolved that the Finance/Government Operations and Economic Development Committee does hereby certify that to the best of each member's knowledge, (1) only public business matters lawfully exempted from open meeting requirements under the Freedom of Information Act were discussed in the closed session to which this certification applies; and (2) only such public business matters as were identified in the motion by which the said closed session was convened were heard, discussed or considered by the Finance/Government Operations and Economic Development Committee.

Resolution Motion:

I move that the Finance/Government Operations and Economic Development Committee approve the Resolution on the agenda certifying that only such matters identified in the motion convening the Closed Session were discussed and no formal action by the Finance/Government Operations and Economic Development Committee was taken in Closed Session.

Election District: Countywide

Staff Contact: Leo Rogers, County Attorney

Next Regular Meeting: June 14, 2016

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Date of Meeting: May 10, 2016

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**BOARD OF SUPERVISORS
FINANCE/GOVERNMENT OPERATIONS
AND ECONOMIC DEVELOPMENT COMMITTEE
INFORMATION ITEM**

SUBJECT: Monthly Department of Economic
Development Report

ELECTION DISTRICT: Countywide

STAFF CONTACT: Buddy Rizer, Executive Director, Economic Development

PURPOSE: The purpose of this item is for the Department of Economic Development (DED) to report on leading economic indicators, key performance indicators, and DED initiatives.

BACKGROUND: Each month, DED submits a report which shows leading economic indicators and key performance indicators. At the Finance/Government Operations and Economic Development Committee meeting, staff will provide a verbal briefing of DED activities. Below are selected highlights.

DED continues to see significant growth in capital investment, having already surpassed the amount in FY 15 by nearly \$1 billion dollars. With two months left in the reporting period, DED is also on track to meet FY 16 projections for jobs related to wins.

Loudoun's overall commercial vacancy rate is now 9.2 percent. This number is an average of office, flex, industrial and retail. It's also a snapshot in time; the numbers fluctuate daily based on properties being filled or vacated. The highest commercial vacancy rate in the D.C. area is in Arlington at 17.5 percent; Fairfax County is also higher than Loudoun at 12.1 percent.

According to the George Mason University Center for Regional Analysis, Loudoun had the highest population growth in the region from 2014 – 2015: 3.3 percent. Loudoun grew at about twice the rate of the next fastest-growing jurisdiction, Prince William County, which had 1.5 percent growth. Fairfax County experienced 0.3 percent growth.

The GMU Center for Regional Analysis also reports on domestic migration trends, which show the number of people moving into and out of jurisdictions within the United States. In Loudoun County, for every 1,000 residents, 15 moved into Loudoun from another part of the U.S. Loudoun has the highest domestic migration rate in the D.C. metro region. By comparison, for every 1,000 residents, 14.7 moved out of Fairfax County to another U.S. jurisdiction; Montgomery County lost 8 and Prince William County lost 2.3.

There are a large number of business attraction and retention efforts that have taken place in April or have been planned for May. First and foremost are business outreach meetings in Germany, Korea and China by our executive director and international business development manager. DED participated in the world's largest trade show for industrial technology, held in Hanover, Germany from April 25-29. Loudoun has a sister-city relationship with Germany's Main-Taunus-Kreis district, and has been conducting business development outreach in Germany for almost a decade. Twenty-one of Loudoun's companies are German-owned.

DED is embarking on an economic development trip to Asia to meet with corporate leaders and elected officials to discuss Loudoun County as a prime business location and will participate in the signing of a marketing agreement between Washington-Dulles International Airport and Beijing Capital International Airport.

Board members will participate in recognizing the success of Loudoun small businesses during the fifth annual Small Business Week, which will be held May 16-22, through visits to existing businesses. These visit are important in recognizing the outstanding businesses in Loudoun, while also providing an opportunity for business leaders to connect with their elected officials. Both current and future small business owners will be able to enjoy a wide variety of informative and helpful panels, discussions and events throughout the week. Events are scheduled every day of the week. The full list of events can be viewed on Loudoun SourceLink; <http://www.loudounsbw.org>

State leadership has also participated in a number of events recognizing Loudoun businesses during this period. On April 5, the governor and the secretary of agriculture were in Loudoun for the Virginia Wine Summit, held in Loudoun for the first time. After celebrating the strength of Loudoun's wine industry, the secretary of agriculture returned to the county on April 7 for Loudoun's "Beyond Brewery Forum." The county already has 19 breweries; the greatest number of any county in Virginia. Loudoun is quickly becoming a regional powerhouse in the craft beer industry.

On May 11 BisNow is hosting its "Loudoun County State of the Market" event at SmokeHouse Live. Todd Pearson, the co-chair of Loudoun's Economic Development Advisory Commission, will speak about EDAC's nighttime economy initiative. Loudoun's Planning and Zoning Director, Ricky Barker, will discuss the county's comprehensive plan.

ISSUES: There are no issues associated with this Information Item.

FISCAL IMPACT: There is no fiscal impact associated with this Information Item.

ATTACHMENT:

1. March FY 2016 Monthly Statistical Report

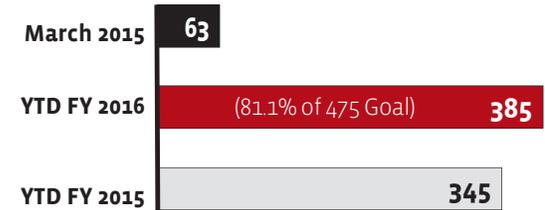


Investment

FY16 Wins	56
Estimated Investment by Wins	\$2.08 B
Jobs Created/Retained by Wins	2,124



Visits to Existing Businesses

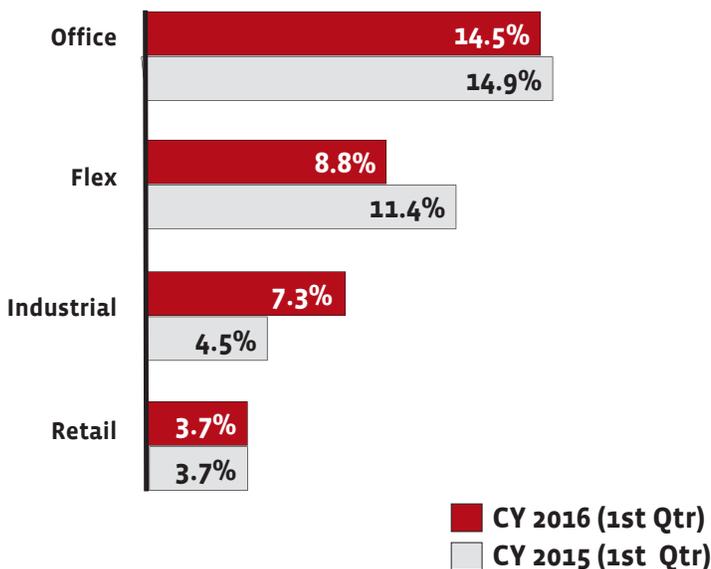


Internet Activity

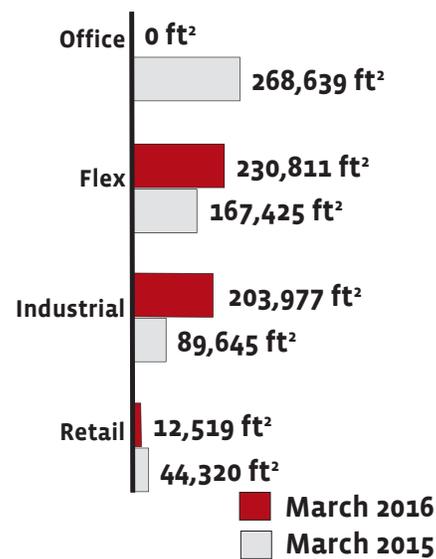
Website Visits FY16 (DED)	30,003	DED Facebook Subscribers	8,034
FY16 Goal	37,000	Loudoun Farms Facebook Subscribers	10,275
FY16 Goal Attainment	81.2%	DED Twitter Followers	4,935
Website Visits FY16 (Loudoun Farms)	41,164	Loudoun Farms Twitter Followers	3,051
FY16 Goal	50,000	Loudoun Small Biz Twitter Followers	2,783
FY16 Goal Attainment	82.3%	DED LinkedIn Subscribers	770



Commercial Vacancy Rates



Commercial Building Permits



Source: Costar; Loudoun County Dept. Bldg. and Dev.



Hotel Revenue



Source: Visit Loudoun



Retail Sales



Source: Virginia Dept. Taxation



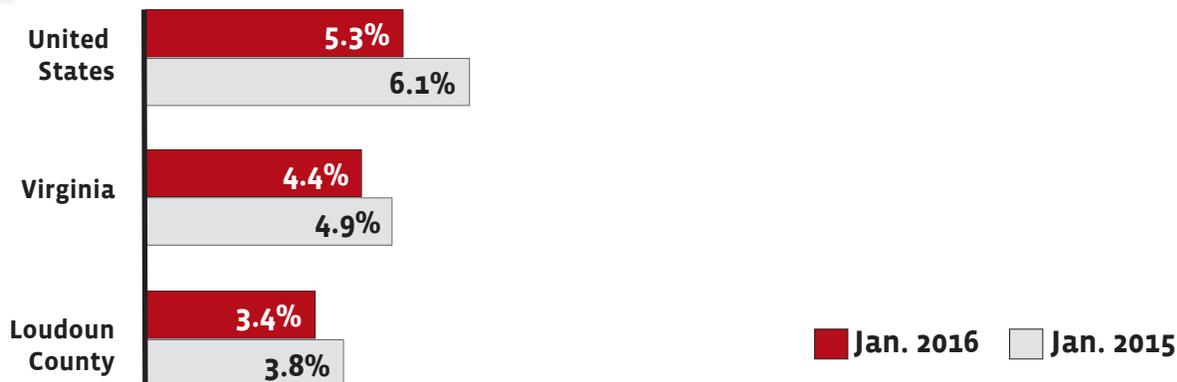
Dulles International Airport



Source: Metropolitan Washington Airports Authority



Unemployment Rates



Source: Virginia Employment Commission

Date of Meeting: May 10, 2016

2

**BOARD OF SUPERVISORS
FINANCE/GOVERNMENT OPERATIONS AND
ECONOMIC DEVELOPMENT COMMITTEE
ACTION ITEM**

SUBJECT: **CONTRACT AWARD/Architectural & Engineering Services for the New Loudoun County Animal Services Facility**

ELECTION DISTRICT: Catoctin

CRITICAL ACTION DATE: May 10, 2016

STAFF CONTACTS: Joe Kroboth, Transportation and Capital Infrastructure
Mark Hoffman, Transportation and Capital Infrastructure
Christopher Bresley, Finance and Procurement

PURPOSE: To award a contract for the design of the new Loudoun County Animal Services Facility.

RECOMMENDATION: Staff recommends that the Finance/Government Operations and Economic Development Committee (FGOEDC) recommend to the Board of Supervisors (Board) that the Purchasing Agent be authorized to award a contract for Architectural and Engineering Services for the new Loudoun County Animal Services Facility to Animal Arts Design Studios, Inc., in the total estimated amount of \$1,459,829.

BACKGROUND: Request for Proposal No. 313 was issued on October 1, 2015 for Architectural and Engineering Services for the new Loudoun County Animal Services Facility. Ten (10) proposals were received on November 6, 2015 and evaluated by a Proposal Analysis Group (PAG) consisting of members from the Department of Transportation and Capital Infrastructure and the Department of Animal Services. After reviewing the proposals, the PAG met in December 2015 to rank the proposals.

As a result of the PAG's evaluation of the proposals, the firms were ranked as follows:

Initial Ranking	
Jackson & Ryan Architects	1 st
Animal Arts Design Studios, Inc.	2 nd
BVK Group	3 rd
Samaha Associates P.C.	4 th
Cole & Denny Architects	5 th
Profitt & Associates Architects, P.C.	6 th
LeMay Erickson Willcox Architects	7 th

Moseley Architects	8 th
Architecture Inc.	9 th
Design Concepts	10 th

Based on the evaluations of the proposals submitted, the PAG decided to shortlist and interview only the top two (2) ranked firms. The Notice of Shortlist was issued on December 11, 2015. The shortlisted firms were interviewed on January 15, 2016. At the conclusion of the evaluation process, it was determined that the firm of Animal Arts Design Studios, Inc., was the most qualified firm and negotiations began to enter into a contract for Architectural and Engineering Services for the new Loudoun County Animal Services Facility. The Notice of Final Ranking was issued on February 1, 2016. The final ranking of the two (2) shortlisted firms was as follows:

Final Ranking	
Animal Arts Design Studios, Inc.	1 st
Jackson & Ryan Architects	2 nd

An initial joint scoping meeting was held with Animal Arts Design Studios, Inc., in February to clarify the project scope of work. Additional discussions regarding scope clarification with Animal Arts Design Studios, Inc., took place in March and April 2016 to work out all of the details associated with the project and for Animal Arts Design Studios, Inc., to develop a design fee. Negotiations were successfully completed on April 15, 2016.

The Consultant's scope of services will include developing detailed, fully coordinated architectural and engineering designs; construction drawings and specifications for a 25,000 gross square foot facility. The New Loudoun County Animal Services Facility will be located at the Loudoun County Government Support Center Site off of Sycolin Road.

ISSUES: The current Animal Services Facility, located in Waterford, was acquired in 1964, and is physically compromised, requiring chronic and costly repairs to the structure, plumbing, septic, electrical and grounds. Additionally, the building was constructed in a period during which less was known about animal population management, control of contagious and zoonotic disease, and the behavioral management of companion animals, making the current building out-of-date and inadequate to meet the needs of the growing population of Loudoun.

The new facility seeks to provide a space located near the population center to better serve the County through community programs and outreach, while being more accessible to a larger number of citizens. The Consultant is proposing a design process that places a focus on disease management, animal health and welfare, human safety, and structures that are esthetically pleasing while containing noise and offering energy efficiency. The Consultant's designs in other jurisdictions have enabled municipalities to create healthier, more successful venues for pet adoption and it is hoped that the new facility will play a significant role in improving the live release rate for homeless pets in Loudoun County.

This contract award requires action by the FGOEDC and Board as it exceeds the staff authority

of \$500,000 in accordance with the Procurement Resolution.

FISCAL IMPACT: Sufficient funding is available in the Animal Services Facility project account in the Capital Fund to award the Architectural and Engineering Services for the new Loudoun County Animal Services Facility to Animal Arts Design Studios, Inc., in the total estimated amount of \$1,459,829. Design funding totaling \$2.17 million in general obligation bond financing was appropriated in the FY 2015 CIP. Construction and Furniture, Fixtures and Equipment (FFE) funding totaling \$13.20 million was appropriated in the FY 2016 CIP using general obligation bond financing. The general obligation bonds were approved by voters on the November 4, 2014 referendum.

ALTERNATIVES:

1. Recommend to the Board of Supervisors that the Purchasing Agent be authorized to award the contract for Architectural and Engineering Services for the new Loudoun County Animal Services Facility to Animal Arts Design Studios, Inc., in the total estimated amount of \$1,459,829.

OR

2. Do not recommend the contract award and direct staff on how to proceed.

DRAFT MOTIONS:

1. I move that the Finance/Government Operations and Economic Development Committee recommend to the Board of Supervisors that the Purchasing Agent be authorized to award the contract for Architectural and Engineering Services for the new Loudoun County Animal Services Facility to Animal Arts Design Studios, Inc., in the total estimated amount of \$1,459,829.

OR

2. I move an alternate motion.

ATTACHMENT:

1. *Capital Improvement Program: Animal Services Facility*. FY 2016 Adopted Budget, page 10-50.



Animal Services Facility

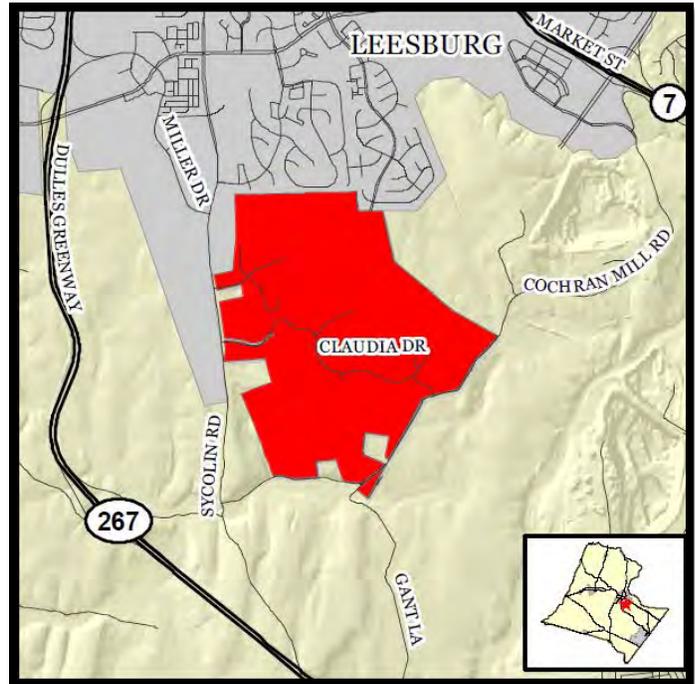
Project Description – C00240

This project provides funding for the design and construction of a 25,000 square foot animal shelter to replace the existing County Animal Services facility in Waterford.

The location of the new Animal Services facility is at the Government Support Center site off of Sycolin Road in the Leesburg Planning Subarea. A study was funded in FY 2014 to evaluate the most strategic geographic location for the new Animal Services facility and to help determine the overall scope of the new facility.

The 25,000 square foot shelter will require a site of approximately 5-acres to accommodate the building footprint, associated parking, storage areas, outdoor training and exercise areas for animals, required setbacks, buffers, landscaping, and on-site storm water management facilities.

The new shelter will be better able to provide animal services to the densest concentration of human and pet populations in the County, while remaining readily accessible to western Loudoun residents. Animal Control Officers with responsibility for patrolling the eastern part of the County will operate more efficiently with regard to travel and response time with a base office closer to the neighborhoods where they provide services. The new Animal Services facility will serve as operational headquarters and provide many of the same services as the current animal shelter to include the following: pet adoptions, housing of strays, abandoned or relinquished companion animals, dog license sales, volunteer opportunities, dispatch services, educational programs, counseling services, and an operating veterinary clinic for the medical treatment of shelter pets.



Funding Plan

This project is funded using general obligation bonds. The general obligation bonds were approved by voters on the November 4, 2014 referendum.

Capital (\$ in 1000s)	Prior							6 Year Total	Future FY's	Project Total
	Alloc.	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020			
Professional Services	125	2,170	-	-	-	-	-	2,170	-	2,295
Construction	-	-	11,920	-	-	-	-	11,920	-	11,920
Furniture, Fixtures & Equip	-	-	1,280	-	-	-	-	1,280	-	1,280
Total Cost	125	2,170	13,200	-	-	-	-	15,370	-	15,495
Local Tax Funding	125	-	-	-	-	-	-	-	-	125
GO Bonds	-	2,170	13,200	-	-	-	-	15,370	-	15,370
Lease Revenue Financing	-	-	-	-	-	-	-	-	-	-
Proffers (Cash)	-	-	-	-	-	-	-	-	-	-
Local Gasoline Tax	-	-	-	-	-	-	-	-	-	-
Total Financing	125	2,170	13,200	-	-	-	-	15,370	-	15,495

Operating Impact (\$ in 1000s)	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	Total
FTE	-	-	-	7.42	-	-	7.42
Personnel	-	-	-	350	361	371	1,082
O&M	-	-	-	166	168	170	504
Debt Service	-	-	-	500	988	1,403	2,891
Total Impact	-	-	-	1,016	1,517	1,944	4,477

Date of Meeting: May 10, 2016

3

**BOARD OF SUPERVISORS
FINANCE/GOVERNMENT OPERATIONS AND
ECONOMIC DEVELOPMENT COMMITTEE
ACTION ITEM**

SUBJECT: **AWARD AUTHORITY INCREASE/Architectural and Engineering Design Services for the Route 7/659 Interchange**

ELECTION DISTRICT: Ashburn

CRITICAL ACTION DATE: May 10, 2016

STAFF CONTACTS: Joe Kroboth, Transportation and Capital Infrastructure
Melissa Tello, Transportation and Capital Infrastructure
Christopher Bresley, Finance and Procurement

PURPOSE: To increase the award authority of the Architectural and Engineering Design Services for the Route 7/659 Interchange contract by \$100,000.

RECOMMENDATION: Staff recommends that the Finance/Government Operations and Economic Development Committee (FGOEDC) authorize the Purchasing Agent to increase the award authority for the Architectural and Engineering Design Services for the Route 7/659 Interchange contract awarded to Dewberry Consultants, LLC by \$100,000 for a new total amount of \$2,805,100.

BACKGROUND: This project is one of a series of interchange projects aimed at creating a limited access corridor along Route 7 in Loudoun County. This particular intersection has been recognized, for many years, as one of the most highly congested locations in the County. On June 30, 2008 Loudoun County entered into a contract with Dewberry Consultants, LLC to design the Route 7/Route 659 interchange in the amount of \$1,721,638 with an expenditure of \$548,520 authorized for the preliminary engineering and design. This contract award was approved by the Board of Supervisors (Board) on June 3, 2008. At that time, staff recommended taking the design to 30% plans rather than final plan design because a funding source for utility relocation, right-of-way and construction had not been identified.

On June 16, 2009, the Board approved (9-0) a single point urban interchange as the preferred design concept for the interchange proposed at Route 7 and Route 659. At the December 15, 2010 Finance/Government Services and Operations Committee (FGSOC) meeting (4-0-1, Waters absent), the Committee authorized the Purchasing Agent to increase the award authority for the Architectural and Engineering Design Services for the Route 7/659 Interchange contract

in the amount of \$63,500 for the preparation of the National Environmental Protection Act (NEPA) document.

Finally, at its April 13, 2011 meeting the FGSOC (4-0-1) authorized an increase in the contract in the amount of \$635,311 to extend the footprint of the widening of Route 659 associated with the interchange from its original project limits of future Russell Branch Parkway to south of Gloucester Parkway, to update the 30% design plans and to prepare noise wall design plans for the northwest quadrant making the new contract total \$2,356,949.

ISSUES: The Board awarded the contract for the construction of the Route 7/659 Interchange to Shirley Contracting, Inc. on May 20, 2015. The Notice to Proceed was issued on September 8, 2015 and construction activity is ongoing. Construction completion is currently planned for the summer of 2018. Utility relocation work for the project began in December 2014 including relocations by Washington Gas, Dominion Virginia Power and Verizon as well as other communications providers. Originally planned for completion in the Fall of 2015, utility relocation work has been ongoing and concurrent with the start of construction. Throughout the course of construction, Dewberry Consultants LLC, as the Engineer of Record, provides construction administration services including submittal review, responses to Requests for Information, attendance at progress meetings and coordination of the utility relocation work including surveying/stake out required for the utility relocation activities.

An additional change order of \$100,000 for Dewberry's contract is now needed to provide additional construction support, additional field surveying and utility coordination efforts. These efforts include attending meetings and ongoing coordination with utilities companies as well as additional surveying for utility relocation and confirmation of quantities relative to the site work and other construction phase support anticipated through the completion of the project's construction phase.

The approval of this change order is pending the approval of the FGOEDC. This change order combined with the previous change orders has exceeded staff authority. Since April 13, 2013, a total of \$448,151 in change orders has been requested with \$348,151 having been approved under staff authority. These change orders were for the following:

- (CO #4) Consultant to perform design and prepare construction documents for additional drainage pipe profiles, preparation of a Stage 1 Bridge Report and a waiver/exception, and a final design Noise Analysis Report required by VDOT as well as additional utility coordination/designation and test pit efforts. Cost for this change order was \$121,460.
- (CO #5) Consultant to perform design and to prepare construction documents based on final utility coordination with Loudoun Water to include water main relocations, water main upgrades (betterment) and sanitary sewer facility upgrades (betterment). Cost for this change order was \$73,741.
- (CO #6) Consultant to prepare registration statements and pay application fees for the Virginia Stormwater Management Program (VSMP) permit for the project. Cost for this change order was \$10,350.
- (CO #7) Consultant to develop unit quantities in construction documents necessary for advertisement of construction with a unit-based contract. Cost for this change order was \$16,500.

- (CO #8) Consultant to provide surveying services for stake out of utility work by Dominion Virginia Power and Verizon for easements and pole locations. Cost for this change order was \$31,600.
- (CO #9) Consultant to provide surveying services for re-staking of utility work by Dominion Virginia Power for easements and pole locations along Route 7. Cost for this change order was \$7,500.
- (CO #11) Consultant to provide additional construction administration services, utility coordination and surveying services. Cost for this change order was \$87,000.

FISCAL IMPACT: Sufficient funding is available in the Route 7/659 Interchange design project account in the Capital Fund to increase the contract award authority by \$100,000 for a new award authority amount of \$2,805,100. The total budget for the project is \$7.4 million, consisting of \$3,200,000 in State Revenue Sharing funding, \$2,250,000 in local gasoline tax funding and \$1,950,000 in cash proffer funding. The current unspent and unencumbered balance in the project account totals \$6,159,623.

ALTERNATIVES:

1. Authorize the Purchasing Agent to increase the award authority for the Architectural and Engineering Design Services for the Route 7/659 Interchange contract awarded to Dewberry Consultants, LLC by \$100,000 for a new total amount of \$2,805,100.
2. Do not authorize the award authority increase and direct staff on how to proceed.

DRAFT MOTIONS:

2. I move that the Finance/Government Operations and Economic Development Committee authorize the Purchasing Agent to increase the award authority for the Architectural and Engineering Design Services for the Route 7/659 Interchange contract awarded to Dewberry Consultants, LLC by \$100,000 for a new total amount of \$2,805,100.

OR

1. I move an alternative motion.

Date of Meeting: May 10, 2016

4

**BOARD OF SUPERVISORS
FINANCE/GOVERNMENT OPERATIONS AND
ECONOMIC DEVELOPMENT COMMITTEE
ACTION ITEM**

SUBJECT: **CONTRACT RENEWAL/Solid Waste Engineering and Monitoring Services**

ELECTION DISTRICT: Catoctin

CRITICAL ACTION DATE: May 10, 2016

STAFF CONTACTS: Ernest Brown, General Services
Mike Fairbanks, General Services
Christopher Bresley, Finance and Procurement

PURPOSE: To renew the contract for Solid Waste Engineering and Monitoring Services.

RECOMMENDATION: Staff recommends that the Finance/Government Operations and Economic Development Committee (FGOEDC) recommend to the Board of Supervisors (Board) that the Purchasing Agent be authorized to renew the contract for Solid Waste Engineering and Monitoring Services with Solid Waste Services, LLC in the estimated amount of \$1,438,099.

BACKGROUND: Request for Proposal QQ-01783 was issued on March 13, 2013 for Solid Waste Engineering and Monitoring Services. Two proposals were received and as a result of the proposal evaluation process, a contract was awarded to Solid Waste Services, LLC on July 1, 2013.

The purpose of this contract is to perform a variety of tasks to support the Loudoun County Solid Waste Management Facility operations and facility compliance with applicable Federal, State and local regulations. The contract's scope of work includes:

- responding to existing recurring requirements for technical review of data collected through installed and operational environmental monitoring systems;
- performing ad hoc landfill engineering, permitting, and environmental engineering services;
- preparation of summary regulatory compliance reports and recommendations for action;
- preparation, submittal and coordination with the Virginia Department of Environmental Quality for permit amendments;
- preparation of design and construction bid documents and construction oversight for multiple projects; and

- management of the Landfill Excavation and Reclamation Project which began in March of 2015.

On July 15, 2015, the Board of Supervisors authorized the second one year renewal option for these services for the contract period of July 1, 2015 through June 30, 2016 in the estimated amount of \$719,332.

The increase in FY17 funding requirements over FY16, was anticipated due to the positive progression of the Landfill Reclamation Project. As a result of the Reclamation Project progress, additional and expedited engineering services will be required. Specifically, the increase is for the following engineering services:

- Cell 1A Landfill Gas System design and bid documents;
- Cell R1 liner system design and bid documents; and
- Construction support of Cell R1.

Staff is recommending award of the third of four renewal options based upon satisfactory past performance.

ISSUES: The current contract with Solid Waste Services, LLC contains a renewal provision for four (4) additional one year renewals.

FISCAL IMPACT: Sufficient funding will be available in the Department of General Services Waste Management FY 2017 Operating and Landfill Remediation Project Budgets for the estimated \$1,438,099 of expenditures.

ALTERNATIVES:

1. Recommend to the Board of Supervisors that the Purchasing Agent be authorized to renew the contract for Solid Waste Engineering and Monitoring Services with Solid Waste Services, LLC in the estimated amount of \$1,438,099.
2. Do not recommend this contract renewal and direct staff how to proceed.

DRAFT MOTIONS:

1. I move that the Finance/Government Operations and Economic Development Committee recommend to the Board of Supervisors that the Purchasing Agent be authorized to renew the contract for Solid Waste Engineering and Monitoring Services with Solid Waste Services, LLC in the estimated amount of \$1,438,099.

OR

2. I move an alternate motion.

Date of Meeting: May 10, 2016

#5

**BOARD OF SUPERVISORS
FINANCE/GOVERNMENT OPERATIONS AND
ECONOMIC DEVELOPMENT COMMITTEE
ACTION ITEM**

SUBJECT: **CONTRACT AWARD/Contracts with Potential Service Providers through the Children’s Services Act for At Risk Youth and Families**

ELECTION DISTRICT: Countywide

CRITICAL ACTION DATE: May 10, 2016

STAFF CONTACTS: Ellen Grunewald, Family Services
Lesley Abashian, Family Services
Ravi Palaniandy, Finance and Procurement

PURPOSE: The purpose of this item is to contract with potential service providers through the Children’s Services Act for At-Risk Youth and Families.

RECOMMENDATION: Staff recommends the Finance/Government Operations and Economic Development Committee (FGOEDC) recommend to the Board of Supervisors (Board) that the Purchasing Agent be authorized to award contracts with potential Children’s Services Act for At-Risk Youth and Families (CSA) service providers in the estimated amount of \$8,994,056 for the period of July 1, 2016 through June 30, 2017 with the option to renew for up to three (3) additional one (1) year periods, subject to annual appropriations.

BACKGROUND: Formerly known as the Comprehensive Services Act for At-Risk Youth and Families, the CSA for At-Risk Youth and Families was established in 1992 to create a collaborative system of services that is child-centered, family-focused and community-based addressing the strengths and needs of troubled and at-risk youths and their families in the Commonwealth of Virginia.

It is important to note that services under this program are exempt from competition per the Virginia Public Procurement Act (§2.2-4345, paragraph 14 of the Code of Virginia). On June 5, 2012, the Board of Supervisors authorized the Purchasing Agent to award contracts with potential CSA service providers in the estimated amount of \$9,400,000 for the period of July 1, 2012 through June 30, 2013 with the option to renew for up to three (3) additional one (1) year periods, subject to annual appropriations. The current and final contract term is due to expire on June 30, 2016. New contracts are established with a pool of qualified service providers who are able to

meet the treatment needs of children whose needs have been determined through the CSA mandated processes. Many of those providers have previously contracted with CSA.

State funding streams for foster care, special education and court-ordered services were removed from county and school system budgets and combined into one budget, accessible to localities through a local match. Local match rates are as low as 23.82% for community based services and as high as 59.54% for residential treatment services.

In order to be eligible for services through the CSA, a youth (or family with a child) must be a person less than 18 years of age or an individual through 21 years of age who is otherwise eligible for mandated services and must meet one or more of the following criteria:

- The child has emotional or behavioral problems that are critical in nature, have persisted over a significant period of time, are significantly disabling and are present in community settings, and require services or resources that are beyond the normal agency services.
- The child has emotional or behavioral problems, or both, and currently is in, or is at imminent risk of entering, purchased residential care.
- The child requires private placement for purposes of special education in approved private school educational programs, or requires services to prevent such placement.
- The child has been placed in foster care or is at risk of foster care placement.
- The child has been placed by a juvenile and domestic relations district court or committed to the Department of Juvenile Justice, in accordance with the Code of Virginia Section 16.1-286 or 66-14, and placed in a private or locally operated public facility or non-residential program.

The types of services provided to eligible youths include foster care, special education, residential treatment, and other ancillary services such as respite, mentoring, and psychiatric services. In FY 2015, a total of 224 youth were served by the Loudoun County CSA program. By Code, youth who are deemed eligible for services must be served; therefore, no waiting list is maintained.

The CSA mandated the establishment of a local interagency body, the Community Policy and Management Team (CPMT), to manage cooperative efforts to better serve the needs of troubled and at-risk youth and their families and to maximize the use of state and community resources. In accordance with the Code of Virginia, the CPMT shall include, "at a minimum, at least one elected official or appointed official or his designee from the governing body of a locality that is a member of the team, and the local agency heads or their designees of the following community agencies: community services board established pursuant to §37.2-501, juvenile court services unit, department of health, department of social services and the local school division. The team shall also include a representative of a private organization or association of providers for children's or family services if such organizations or associations are located within the locality, and a parent representative." The County's CPMT is comprised of eleven (11) members (Attachment 1).

The Code-mandated powers and duties of the CPMT are to develop inter-agency policies and procedures to govern the provision of services to children and families; develop fiscal policies governing access to state pool funds; to establish quality assurance and accountability procedures;

to coordinate long-range community planning for needed services; to establish procedures for obtaining bids on the development of new services; to manage funds in the interagency budget allocated to the community from the state pool of funds, the trust fund, and any other source; and to authorize and monitor the expenditure of funds by each family assessment and planning team.

The CSA requires that all funding requests are reviewed by a Multi-Disciplinary Team (MDT) to access state pool funds, pursuant to §2.2-5209 of the Code of Virginia. The MDT assesses the strengths and needs of troubled youths and families and identifies services required to meet those needs. The MDT develops an individual family service plan for each family that outlines appropriate services and makes referrals to community agencies and resources. A subcommittee appointed by CPMT oversees and reviews all service authorizations initiated by the MDT process.

Once the service(s) and funding have been approved for a child, the designated case manager is authorized to enter into a purchase of service agreement with a service provider, as these services are exempt from the Virginia Public Purchasing Act. Prior to FY 2004, services were purchased through child-specific purchase of service agreements. Beginning in FY 2004, the County established vendor-specific CSA contracts with potential providers with binding contract terms and conditions to ensure that the County's rights are protected if the services are actually required, such as minimum insurance requirements, indemnification, and invoicing and billing requirements. During the current contract period, contracts were established with approximately fifty (50) service providers for services including, but not limited to, foster care, group home services, special education, residential services, therapeutic behavioral services, and psychological services. The estimated value of the services provided under the vendor-specific CSA contracts for the period of July 1, 2016 through June 30, 2017 is \$8,994,056. In FY 2015, the total amount expended under the CSA program was \$7,203,960.

ISSUES: These services are mandated per Code of Virginia §2.2-5200. If these contracts are not awarded, the County would not be able to provide mandated foster care, special education and other ancillary services to at-risk youths in need of care.

FISCAL IMPACT: Funding is included in the approved FY 2017 CSA budget and includes State Funding of \$3,682,514, other revenue sources such as Medicaid, Social Security, etc., of \$1,140,000 and Local Tax Funding (required match) of \$4,171,542.

ALTERNATIVES:

1. Recommend to the Board of Supervisors that the Purchasing Agent be authorized to award contracts with potential Children's Services Act service providers in the estimated amount of \$8,994,056 for the period of July 1, 2016 through June 30, 2017 with the option to renew for up to three (3) additional one (1) year periods, subject to annual appropriations.

OR

2. Do not recommend the contract award and direct staff how to proceed. However, staff does not advise this alternative since these services are mandated per Code of Virginia §2.2-5200.

DRAFT MOTIONS:

1. I move that the Finance/Government Operations and Economic Development Committee recommend to the Board of Supervisors that the Purchasing Agent be authorized to award contracts with potential Comprehensive Services Act for At-Risk Youth and Families service providers in the estimated amount of \$8,994,056 for the period of July 1, 2016 through June 30, 2017 with the option to renew for up to three (3) additional one (1) year periods, subject to annual appropriations.

OR

2. I move an alternate motion.

ATTACHMENT:

1. Loudoun County Community Policy and Management Team Members

ATTACHMENT I

Loudoun County Community Policy and Management Team (CPMT) Members

Scott Zeiter, CPMT Chair, Private Provider Representative

Ellen Grunewald, Department of Family Services

Phyllis Randall, Board of Supervisors Chair (BOS)

Julie Grandfield, Office of the County Administrator, BOS Appointee

Mary Kealy, Loudoun County Public Schools

Margaret Graham, Department of Mental Health, Substance Abuse and Developmental Services

Dr. David Goodfriend, Health Services Department

Kenneth Smith, Juvenile Court Services Unit

Jaoni Wood, Parent Representative

Gayle Lovato, Parent Representative

Rahman Parker, Private Provider Representative

Date of Meeting: May 10, 2016

#6

**BOARD OF SUPERVISORS
FINANCE/GOVERNMENT OPERATIONS AND
ECONOMIC DEVELOPMENT COMMITTEE
ACTION ITEM**

SUBJECT: **CONTRACT AWARD/Day Support and Employment Services**

ELECTION DISTRICT: Countywide

CRITICAL ACTION DATE: May 10, 2016

STAFF CONTACTS: Margaret Graham, Mental Health, Substance Abuse and Developmental Services
Sara Westfall, Mental Health, Substance Abuse and Developmental Services
Diane C. Smith, Finance and Procurement

PURPOSE: To award the contract for Day Support and Employment Services.

RECOMMENDATION: Staff recommends that the Finance/Government Operations and Economic Development Committee (FGOEDC) recommend to the Board of Supervisors (Board) that the Purchasing Agent be authorized to award the contract for Day Support and Employment Services to a pool of providers (Loudoun County utilizes Every Citizen Has Opportunities, Inc. and St. Johns Community Services – Virginia) in the estimated amount of \$2,062,844.

BACKGROUND: The Department of Mental Health, Substance Abuse and Developmental Services (MHSADS) provides a range of support programs to help individuals with mental illness and developmental disabilities retain jobs and provide volunteer services in the community. These programs are provided through a combination of County and contracted services.

Since 2007, Loudoun County has participated in a regional cooperative procurement led by Fairfax County for Employment, Developmental Day, and Medically Fragile service for individuals with developmental disabilities. By participating in this cooperative procurement, the County has access to a pool of providers for these services, as well as a regional rate structure. Historically, the County has utilized Every Citizen Has Opportunities, Inc. (ECHO) and St. Johns Community Services – Virginia under this contract. Recently, Fairfax County awarded contracts consisting of a base term of April 1, 2016 through June 30, 2017, with up to four (4) one-year renewal options. The next renewal will align the contract with a July 1 to June 30 renewal period with an estimated cost of \$1,650,275.

Employment services are community-based opportunities for paid employment for people whose skill level does not make them candidates for competitive employment. People receiving employment services usually work at community enclave sites doing sit-down work, such as mailing or small assembly tasks or with mobile crews who do janitorial or grounds keeping work. All of the individuals receiving employment services are involved in paid work. Employment services usually have a staff/client ratio of 1:6 or 1:7. Currently, there are 54 individuals served in employment services.

Day support services are community-based activities that are individualized for people whose abilities and/or challenging behaviors do not allow them to participate in group employment activities. Day support activities can include visits to parks, libraries and stores, as well as limited volunteer activities. Day support services usually have a staff/participant ratio of approximately 1:2. Currently, there are 20 individuals served in day support services.

Medically fragile services provide appropriate facilities, equipment, staffing and transportation to meet these clients' special needs. The people served will have more involved medical issues (such as catheters, colostomies, feeding tubes, and/or need assistance with eating, toileting, repositioning, etc.). This service includes limited employment, recreational and social activities, as well as sensory stimulation, range of motion and positioning. Some community-based activities may also be included. Currently, there are 16 individuals served in medically fragile services.

ISSUES: If this contract is not awarded, 90 individuals would lose employment and day support programming. For many people who live in group homes, this may either threaten their group home placement or drive up costs of residential services to provide 24-hour care. For those who live at home, this may present a problem for their families if they have to provide 24-hour care. Some of the people in group employment rely on their income to cover part of their living expenses. The health and well-being of those served in medically fragile services would be at risk without those services.

FISCAL IMPACT: No additional funding is being requested for this contract award. Sufficient funding is available in the Department of MHSADS' FY 2016 and FY 2017 Adopted Budget Plans to support the cost of services through June 30, 2017. State funding is not available to offset the cost of these services.

ALTERNATIVES:

1. Recommend to the Board of Supervisors that the Purchasing Agent be authorized to award the contract for Day Support and Employment Services to a pool of providers listed in Attachment 1 in the amount of \$2,062,844.
2. Do not recommend the contract award and direct staff on a person-by-person basis for employment, day support and medically fragile services. This option would not be as cost effective as the County currently receives a discounted rate as part of the collaborative contract. Additional staff time would also be required if this alternative is recommended.

DRAFT MOTION:

1. I move that the Finance/Government Operations and Economic Development Committee recommend to the Board of Supervisors that the Purchasing Agent be authorized to award the contract for Day Support and Employment Services to a pool of providers listed in Attachment 1 in the amount of \$2,062,844.

OR

2. I move an alternate motion.

ATTACHMENT:

1. List of Contracted Providers

**LIST OF CONTRACTED PROVIDERS UNDER C-2260,
EMPLOYMENT, DAY SUPPORT AND MEDICALLY FRAGILE SERVICES**

ARC GPW Insight, Inc.
Best Buddies International, Inc.
Career Support Systems, Inc.
Chimes Virginia, Inc.
Community Residences, Inc.
Community Visions, LLC
Didlake, Inc.
E-Tron Systems, Inc.
Every Citizen Has Opportunities, Inc.
Every 1 Can Work
Jewish Foundation for Group Homes, Inc.
Job Discovery, Inc.
Linden Resources, Inc.
Lutheran Family Services of Virginia
MVLE, Inc.
PRS, Inc.
Resources for Independence of VA
Service Source, Inc.
St. Johns Community Services – Virginia
The Choice Group, Inc.

Date of Meeting: May 10, 2016

7

**BOARD OF SUPERVISORS
FINANCE/GOVERNMENT OPERATIONS AND
ECONOMIC DEVELOPMENT COMMITTEE
ACTION ITEM**

SUBJECT: CONTRACT RENEWAL/Operation of the Homeless Services Center

ELECTION DISTRICT: Leesburg

CRITICAL ACTION DATE: May 10, 2016

STAFF CONTACTS: Ellen Grunewald, Family Services
Hope Stonerook, Family Services
Diane C. Smith, Finance and Procurement

PURPOSE: To renew the contract for the Operation of the Homeless Services Center.

RECOMMENDATION: Staff recommends the Finance/Government Operations and Economic Development Committee (FGOEDC) recommend to the Board of Supervisors (Board) that the Purchasing Agent be authorized to renew the contract for the Operation of the Homeless Services Center with Volunteers of America, Chesapeake (VOA), for the period of October 1, 2016 to September 30, 2017, in the amount of \$1,045,388.

BACKGROUND: On July 15, 2015, the Board authorized the Purchasing Agent to award the contract for the Homeless Services Center to VOA in the amount of \$1,045,388 for the period of October 1, 2015 through September 30, 2016.

This contract provides for the operation of the County owned Homeless Services Center located on Meadowview Court in Leesburg. This facility includes the Emergency Homeless Shelter, the Drop-In Center, Cold Weather Shelter, and the Permanent Supportive Housing on-site program. The County provides program oversight and eight (8) off-site apartments throughout the County. The Department of Family Services acts as the contract administrator and provides financial supervision of the program. From July 1, 2014 to June 30, 2015 these facilities assisted approximately 500 individuals.

The Emergency Homeless Shelter has a 45-bed capacity with an 89-day program offering intensive case management, life-skills classes and children's services, as well as providing basic necessities like food and shelter. There are 32 beds for single women and families and 13 beds for single men.

The Drop-In Center offers a program of day support services to homeless individuals. The center is open from 8:30 am to 4:30 pm Monday through Friday. Clients can use the Drop-In Center to take a shower, wash their laundry, get a hot meal, make phone calls and receive mail. The overall operation

of the center is managed under this contract. The Department of Family Services continues to provide case management services to clients on-site at the facility.

The Cold Weather Shelter operates at this facility each year from November 15th through March 31st. The Cold Weather shelter provides a cot for sleeping and a hot meal each night, typically during the hours of 9:00 p.m. to 7:00 a.m. Case management and referral services are also provided.

The Permanent Supportive Housing Program

The County currently operates the Transitional Housing Facility and the Transitional Opportunities Program. On July 1, 2015, these two programs transitioned into Permanent Supportive Housing (PSH). The County received a reallocation grant from the Department of Housing and Urban Development (HUD) which allowed the change. The PSH program continues to serve homeless individuals and families. To be eligible for PSH, applicants must be currently homeless and meet HUD's definition of chronically homeless which includes disabled individuals or families with an adult member that has a disabling condition. In addition, the applicant must have had multiple episodes of homelessness in the past or have been continuously homeless for at least one year. The PSH program will provide eight (8) facility based units and at least 12 units scattered throughout the County.

ISSUES: The renewal of this contract will result in the continued operation of the Homeless Services Center which provides 45 emergency shelter beds, of which 13 are dedicated to single men—the only single men's shelter in Loudoun County as well as the Cold Weather Shelter, Drop-In Center and the Permanent Supportive Housing Program. Approximately 500 individuals will continue to receive services from the Homeless Services Center. Non-profit organizations in the area would not be able to handle the overflow should this contract not be renewed. The current contract period is set to end of September 30, 2016. Staff recommends that the contract be renewed in the amount of \$1,045,388 for the period of October 1, 2016 to September 30, 2017, which is the first of five renewal options. VOA has successfully operated the County Homeless Shelter Program since 2003.

FISCAL IMPACT: Sufficient funding for the first nine months of the contract renewal is available in the Department of Family Services' FY 2017 operating budget and from federal grant funding. Funding for the remaining three months is subject to Board of Supervisors' appropriation for FY 2018.

Funding Source	Amount
Department of Family Services FY 2017 Operational Budget	\$ 754,560
Department of Family Services FY 2018 Operational Budget	251,520
State and Federal Grant Funding	39,308
TOTAL	1,045,388

ALTERNATIVES:

1. Recommend to the Board that the Purchasing Agent be authorized to renew the contract for the Operation of the Homeless Services Center to Volunteers of America, Chesapeake, in the amount of \$1,045,388.

OR

2. Do not recommend the contract renewal and direct staff how to proceed; however, this alternative is not recommended as this contract provides a service that is critical to the operation of the Homeless Services programs.

DRAFT MOTIONS:

1. I move that the Finance/Government Operations and Economic Development Committee recommend to the Board of Supervisors that the Purchasing Agent be authorized to renew the contract for the Operation of the Homeless Services Center with Volunteers of America, Chesapeake, for the period of October 1, 2016 to September 30, 2017, in the amount of \$1,045,388.

OR

2. I move an alternate motion.

Date of Meeting: May 10, 2016

8

**BOARD OF SUPERVISORS
FINANCE/GOVERNMENT OPERATIONS AND
ECONOMIC DEVELOPMENT COMMITTEE
ACTION ITEM**

SUBJECT: CONTRACT RENEWAL/Companion Services

ELECTION DISTRICT: Countywide

CRITICAL ACTION DATE: May 10, 2016

STAFF CONTACTS: Ellen Grunewald, Family Services
Hope Stonerook, Family Services
Diane C. Smith, Finance and Procurement

PURPOSE: To renew the contract for Companion Services.

RECOMMENDATION: Staff recommends the Finance/Government Operations and Economic Development Committee (FGOEDC) recommend to the Board of Supervisors (Board) that the Purchasing Agent be authorized to renew the contract for Companion Services with The Home Care Team, Inc., in the amount of \$1,057,427.

BACKGROUND: On June 17, 2015, the Board authorized the Purchasing Agent to renew the contract for the Companion Services to The Home Care Team, Inc., for the period of October 1, 2015 through September 30, 2016, for the third of four (4) one-year renewal options.

This contract provides companion services to the elderly and disabled clients of the Department of Family Services. During the solicitation process, The Home Care Team, Inc., demonstrated the ability to provide the range of quality services required, highly trained and available pool of companions to service the contract, and extensive experience in working with and supporting social service agencies. The Home Care Team, Inc. has worked with Loudoun County for over 17 years, and Fairfax County for over 16 years.

Companion services are currently provided in the homes of eligible individuals who are 18 years and older who are physically or mentally incapacitated; or individuals who are over 60 years old who need assistance with activities of daily living. Needs assessments are conducted by the Department of Family Services. The services provided are the following: light housework, shopping, meal preparation, bathing, dressing, toileting, eating/feeding, supervision, and/or limited socialization activities. The Companion Program provides a service to intervene in Adult

Protective Services (APS) situations to protect individuals and stabilize critical and, at times, life-threatening situations.

ISSUES: During FY 2015, services were provided to 195 clients. Depending on the client's need, some clients receive as few as three (3) hours per week, while others receive as many as 25 hours per week. With Companion Services, approximately 80% of the clients served by this program during FY 2015 maintained or regained independence. The current contract period ends on September 30, 2016. Staff is recommending that the Board authorize the fourth and final renewal option for the period of October 1, 2016 through September 30, 2017.

FISCAL IMPACT: Sufficient funding for the first nine (9) months of the contract renewal is available in the Department of Family Services' FY 2017 operating budget and from state and federal grant funding. However, Contract renewal is not contingent on state or federal funding. Funding for the remaining three (3) months is subject to Board of Supervisors' appropriation for FY 2018.

Funding Source	Amount
Department of Family Services FY 2017 Operational Budget	\$757,070
Department of Family Services FY 2018 Operational Budget	\$252,357
State and Federal Grant Funding	\$ 48,000
TOTAL	\$1,057,427

ALTERNATIVES:

1. Recommend to the Board of Supervisors that the Purchasing Agent be authorized to renew the contract for Companion Services with The Home Care Team, Inc. in the amount of \$1,057,427.

OR

2. Do not recommend the contract renewal and direct staff how to proceed. This action would place approximately 195 elderly and/or disabled adults in crisis to meet their basic needs as well as at risk for abuse, neglect, exploitation, and/or institutionalization.

DRAFT MOTION:

1. I move that the Finance/Government Operations and Economic Development Committee recommend to the Board of Supervisors that the Purchasing Agent be authorized to renew the contract for Companion Services with The Home Care Team, Inc., for the period October 1, 2016 to September 30, 2017 in the amount of \$1,057,427.

OR

2. I move an alternate motion.

Date of Meeting: May 10, 2016

9

**BOARD OF SUPERVISORS
FINANCE/GOVERNMENT OPERATIONS AND
ECONOMIC DEVELOPMENT COMMITTEE
ACTION ITEM**

SUBJECT: **FY 2016 Capital Improvement Program Amendment/Cash Proffers for Brambleton District Park West**

ELECTION DISTRICT: Blue Ridge and Dulles

CRITICAL ACTION DATE: May 10, 2016

STAFF CONTACTS: Julie Crim, Transportation and Capital Infrastructure
Joe Kroboth, Transportation and Capital Infrastructure
Melissa Tello, Transportation and Capital Infrastructure

PURPOSE: To amend the FY 2016 Capital Improvements Program (CIP) and budget to appropriate \$650,000 in the Public Facilities Fund and transfer that amount to the Capital Fund for the Brambleton District Park West project (\$650,000).

RECOMMENDATION: **Staff** recommends that the Finance/Government Operations and Economic Development Committee (FGOEDC) recommend that the Board of Supervisors (Board) amend the FY 2016 CIP and budget to appropriate \$650,000 in the Public Facilities Fund and transfer that amount to the Capital Fund in order to provide supplemental funding to construct the Brambleton District Park West project (\$650,000).

BACKGROUND: The Brambleton District Park consists of an 86 acre portion of the park on the western side of Belmont Ridge Road that is leased by the County from the Northern Virginia Regional Park Authority, which is located in the Blue Ridge District, and a 27.9 acre portion located on the eastern side of Belmont Ridge Road that is owned by the Board, which is located in the Dulles District.

The Brambleton District Park was originally constructed by Brambleton Group LLC (Brambleton) as required by ZMAP 1993-0005/ZCPA 1993-0007 Proffer V.C. (Recreational Facilities Park Site and Elementary School Sites). The original proffer required the construction of athletic fields, parking and associated infrastructure. Brambleton posted two Proffer Performance Agreement bonds on January 26, 2006 because they did not complete construction of the proffered park sites before surpassing the issuance of 1,500 residential zoning permits, which was the trigger for the completion of the proffered recreational facilities. The western side of the park was bonded separately from the eastern side of the park. The Proffer Performance Agreements required the playing fields to have viable turf established to a condition comparable to the fields at Legacy

Elementary School by December 31, 2006. During construction of the park sites, Brambleton encountered delays due to weather and, as a result, a Proffer Performance Agreement Addendum was executed in November 2006. In exchange for the time extension, the Developer agreed to provide additional items in the western park site, which included athletic field irrigation, backstops and a gravel parking lot. Brambleton notified PRCS in May 2007 that it encountered further delays due to weather and the agreement was extended again until December 31, 2007. Brambleton's construction of the western side of the park was completed in 2007 and the County released the bond on January 23, 2008.

The Board originally appropriated \$4,795,000 funded by \$4,445,000 in cash proffers and \$350,000 in local tax funds to design and construct the improvements to the Brambleton District Park. The improvements include restroom and concession facilities, athletic field lighting, upgrading the fields to meet PRCS standards with athletic field fencing and scoreboards, and various site improvements for parking and pedestrian pathways. An Invitation for Bid (IFB) was issued in October 2013 to construct both park sections and the lowest responsive bid exceeded the construction budget by approximately \$1.2 million.

Given the budget constraints and Department of Parks, Recreation and Community Services' (PRCS) need to bring additional rectangular fields on line expeditiously, the project was split into two separate packages for construction. The IFB for the eastern portion of the park was issued in July 2014 and a contract was awarded to Jeffrey Stack, Inc. in October 2014 in the amount of \$1,948,662. The eastern portion of the park was completed in March 2016. The IFB for the western portion of the park was issued in July 2015 and a contract was awarded to FHP Tectonics Corporation in November 2015 in the amount of \$4,425,000. Construction of the western portion is ongoing with planned completion in Fall 2016.

The Brambleton District Park is split between two different planning subareas—the western portion of the project is located in the Dulles Planning Subarea and the eastern portion of the project is located in the Ashburn Planning Subarea. The cash proffers originally appropriated for this project were all from the Ashburn Planning Subarea (\$4,445,000) and could only be used to develop the eastern portion of the Park. The unspent cash proffer balance (\$1,670,101) was moved to the Ashburn Sheriff Station project as approved by the Board (8-0, Broad Run District Supervisor position vacant) on September 16, 2015. The Board has approved a total of \$4,750,000 in cash proffers for the construction of the western portion of the Brambleton District Park project to date as shown in in Table 1

ISSUES: An amendment to the FY 2016 CIP is required in order to appropriate additional funds for the Brambleton District Park West project. Staff is requesting additional cash proffer funding in the amount of \$650,000 to address unforeseen field conditions including the following: rock, unsuitable soils, and the permanent water service for the existing irrigation system. Unit prices and allowances for rock and unsuitable soils were included in the base construction contract. To date, the project has encountered quantities of those materials that exceeded the planned allowances. Staff estimates an additional \$300,000 is required to complete the project given these issues and required coordination for the irrigation system.

Additionally, through the course of construction, it has been determined that the temporary public water service for the park irrigation system that was installed when the park was originally constructed does not meet the requirements for permanent installation. Per the Proffer Performance Agreement Addendum executed in November 2006 associated with ZMAP 1993-0005/ZCPA 1993-0007, Brambleton Group LLC, “agreed to provide and pay for a water source for irrigation from September 4, 2006 through September 4, 2008.” The addendum further stated that if a permanent water source was not provided by that time, the County would then assume the costs for water service. Upon completion of Brambleton’s work and park operations beginning in Spring 2008, PRCS was aware that the water service connection at that time was temporary and was looking into permanent solutions including a well. Following the commencement of construction activity for the County’s improvement project for the western portion of the park, the underground temporary connection was discovered in December 2015.

Upon discovery of the temporary water service connection in the field and review with Loudoun Water’s inspection staff, discussions began with Loudoun Water to establish a permanent service for the park irrigation system. PRCS staff reviewed expected demand requirements for irrigation at Western Brambleton Park based on historical data available from PRCS and Loudoun Water for other park sites. Irrigation system technologies including moisture sensors and rain gauge controls have been considered in the calculations to reduce the overall demand required as the availability fee is calculated based on maximum usage in gallons per day.

DTCI and PRCS staff coordinated with Loudoun Water and an availability fee not to exceed \$350,000 is required with the construction of the western portion of the park in order to provide for the permanent water service. The final availability fee will be assessed following the first season of use in Fall 2017 based on the actual usage; and it will not exceed the \$350,000. Staff, in conjunction with the project’s design consultants, reviewed alternates to the public water service for the irrigation system, specifically, the possibility of drilling wells onsite. The site’s subsurface geology and historical data, as provided by the landowner, do not demonstrate high probability of ground water yield for the required demand of the irrigation system.

On November 24, 2014, Zoning Administration issued a cash proffer determination, ZCOR-2014-0229, regarding the appropriateness of using certain proffer funds for the construction of the Brambleton District Park West project. The cash proffer accounts approved for use on the project are outlined in Table 1.

Table 1. Cash Proffer Funding Provided for Brambleton District Park West

Application Name	Application Number	Sequence Number	Total Request
CORRO PROPERTY	ZMAP-2002-0012	99064926	\$326,770
SEVEN HILLS	ZMAP-2005-0001	99066992	\$4,423,230
Total			\$4,750,000

On March 18, 2015, the Board voted 8-0-1 (Williams absent) to appropriate the \$1,750,000, and on September 16, 2015 the Board voted 8-0-1 (Williams absent) to appropriate \$3,000,000 as

identified in Table 1 above for the Brambleton District Park West project. Therefore, an additional \$650,000 in cash proffers are required to complete the western portion of the park project. A summary of the requested cash proffer account for the Brambleton District Park West project is listed in Table 2.

Table 2. Requested Cash Proffer Account for the Brambleton District Park West project:

ZMAP	Development	SEQ#	AMOUNT
ZMAP-2005-0001	SEVEN HILLS	99066992	\$650,000

FISCAL IMPACT: Appropriate cash proffer contributions have been identified to provide supplemental capital funding to the Brambleton District Park West project. Zoning Administration staff issued cash proffer determination (ZCOR-2014-0229) indicating the cash proffer requested is appropriate for the proposed use. The current balance in the cash proffer account associated with the Seven Hills cash contribution totals \$4,087,601. If approved by the Board, staff will prepare a budget adjustment to appropriate \$650,000 in cash proffers in the Public Facilities Fund, as shown in Table 2, and transfer that amount to the Capital Fund for the Brambleton District Park West capital project.

ALTERNATIVES: The Board may choose to recommend the appropriation and transfer of some, all or none of the recommended \$650,000 in cash proffer funding from the Public Facilities Fund to the Capital Fund, for the Brambleton District Park West project.

DRAFT MOTIONS:

1. I move the Finance/Government Operations and Economic Development Committee recommend that the Board of Supervisors amend the FY 2016 Capital Improvements Program and budget and direct staff to execute a budget adjustment to appropriate \$650,000 in cash proffers, as outlined in Table 2, in the Public Facilities Fund and transfer that amount to the Capital Fund, to provide for the necessary change orders to the Brambleton District Park West project.

OR

2. I move an alternate motion.

ATTACHMENTS:

1. ZCOR-2014-0229, Cash Proffer Determination – Use of Corro Property, East Gate One, East Gate Three, Townes at East Gate, Woodburn and Seven Hills Proffer funds for construction of improvements to the western portion of Brambleton District Park.

CORRESPONDENCE SUMMARY

DATE: November 24, 2014

CORRESPONDENCE NUMBER: ZCOR-2014-0229

SUBJECT: **FY 2015 Cash Proffer Request
Use of Cash Proffer Sequence #99064926,
#99066964, #99066971, #99066580, #99068377 &
#99066992 for improvements to the Brambleton
District Park West**

1993 Ordinance Reference Numbers: N/A

1972 Ordinance Reference Numbers: N/A

Other Applicable Reference Numbers: ZMAP-2002-0012 *
ZMAP-2004-0020 *
ZMAP-2005-0003 *
ZMAP-2002-0022 *
ZMAP-2005-0044 *
ZMAP-2005-0001 *

Applicable Tax Map/PIN Numbers: N/A

Correspondence Summary:

It is appropriate to use the requested proffer funds in LMIS Sequence #99064926 and #99066992 for improvements to the Brambleton District Park West.

PROPERTY OWNER:

M/I HOMES OF DC LLC & COMSTOCK EASTGATE
21355 RIDGETOP CIR STE 220
STERLING VA 20166-8503

M/I HOMES OF DC LLC
21355 RIDGETOP CIR STE 220
STERLING VA 20166-8503

M/I HOMES OF DC LLC & KB HOME VIRGINIA
21355 RIDGETOP CIR STE 220
STERLING VA 20166-8503

EAST GATE ONE HOMEOWNERS ASSOCIATION INC
21355 RIDGETOP CIR STE 220
STERLING VA 20166-8503

EASTGATE SQUARE HOA INC
PO BOX 221225
CHANTILLY VA 20153-1225

BELMONT GLEN HOMEOWNERS ASSOcn INC
c/o GHA COMMUNITY MANAGEMENT
3020 HAMAKER CT STE 300
FAIRFAX VA 22031

EAST GATE HOMEOWNERS ASSOCIATION
10600 ARROWHEAD DR STE 225
FAIRFAX VA 22030-7306

DULLES FARMS COMMUNITY ASSOCIATION INC
CARDINAL MANAGEMENT GROUP, INC.
4330 PRINCE WILLIAM PKWY STE 201
WOODBRIIDGE VA 22192-8102

PROFFER PAYOR:

PULTE HOME CORP
10600 ARROWHEAD DR STE 325
FAIRFAX VA 22030-7306

RYLAND GROUP INC
14280 PARK MEADOW DR STE 108
CHANTILLY VA 20151-2291

NVR MS CAVALIER LOUDOUN LLC
COASTOAK GROUP
11700 PLAZA AMERICA DR STE 310
RESTON VA 20190-4752

Carr Homes
3877 Fairfax Ridge Rd., #105N
Fairfax, VA 22030

RICHMOND AMERICAN HOMES OF VA INC
12220 SUNRISE VALLEY DR STE 400
RESTON VA 20191-5602

Author: Kelly Griffin

*Indicates where to file

Is this a determination? Check one: Yes No

COUNTY OF LOUDOUN

DEPARTMENT OF PLANNING AND ZONING

MEMORANDUM

DATE: November 24, 2014

TO: Daniel Csizmar, Capital Budget Manager, DTCI

FROM: Kelly Griffin, Proffer Auditor *KAG*

SUBJECT: Use of Corro Property, East Gate One, East Gate Three, Townes at East Gate, Woodburn and Seven Hills Proffer funds for construction of the improvements to the western portion of Brambleton District Park

This correspondence is sent in response to your memorandum, dated October 31, 2014, in which you requested a determination regarding the use of the proffer funds listed in the table below for the construction of improvements to the western portion of the Brambleton District Park. The proposed improvements include paving of parking areas, installing athletic field lighting at six baseball fields, installing required landscaping buffers, constructing trails on the site and constructing one restroom/concession facility and one public restroom.

The following table summarizes the appropriateness of the use of the requested funds; a detailed analysis of each proffer fund is included in this cash proffer determination. Please be advised that I cannot guarantee the listed funds have not been disbursed or obligated to other projects.

APPLICATION #	APPLICATION NAME	SEQ #	BALANCE	APPROPRIATE ?
ZMAP-2002-0012	Corro Property	99064926	\$326,689.09	Y
ZMAP-2004-0020	East Gate One	99066964	\$51,987.85	N
ZMAP-2005-0003	East Gate Three	99066971	\$2,652.84	N
ZMAP-2002-0022	Townes at East Gate	99066580	\$19,453.20	N
ZMAP-2005-0044	Woodburn	99068377	\$13,679.11	N
ZMAP-2005-0001	Seven Hills	99066992	\$8,211,431.13	Y

Request: The Department of Transportation and Capital Infrastructure requests the use of \$326,689 of the Corro Property Proffer V.A. account, LMIS Sequence #99064926 (Oracle Award #Y00108), to fund the improvements at the Brambleton District Park West (see Attachment 1). The Loudoun County Board of Supervisors approved ZMAP-2002-0012 on February 3, 2004 subject to the Proffer Statement dated January 6, 2004, the Letter of Clarification dated January 29, 2004 and based on the findings for approval. As stated in the proffer text below, Proffer V.A. provided for a capital facilities cash contribution in the amount of \$11,822.15 for each residential unit on the property up to \$945,772 which shall be used to pay for facilities in the Dulles Planning Area.

V. CAPITAL FACILITIES CONTRIBUTIONS

A. Capital Facilities Contributions The Owner shall pay the County a capital facility contribution in an amount up to Nine Hundred Forty-five Thousand Seven Hundred Seventy-two and 00/100 Dollars (\$945,772.00). This contribution shall be paid on a per unit basis in the amount of Eleven Thousand Eight Hundred Twenty-two and 15/100 Dollars (\$11,822.15) for each residential unit constructed on the Property (the "Capital Facilities Contribution"). The Capital Facilities Contribution shall be paid prior to issuance of the zoning permit for each residential unit. The Capital Facilities Contribution shall be used by the County to pay for facilities in the Dulles Planning Area. The amount of the Capital Facilities Contributions shall escalate in accordance with the Consumer Price Index from the base year of 2004.

Determination: The use of these funds as proposed is appropriate. Proffer V.A. of ZMAP-2002-0012 states that the Owner shall provide a capital facilities cash contribution in the amount of \$11,822.15 for each residential unit on the property up to \$945,772 which shall be used to pay for facilities in the Dulles Planning Area.

To date, the County has received \$1,113,761.54 pursuant to Proffer V.A. of ZMAP-2002-0013; this proffer is fulfilled. This account has earned \$33,253.55 in interest and \$820,326 has been distributed, resulting in a current balance of \$326,689.09. It is noted that ZCOR-2012-0019, issued 03/06/12, found that it is appropriate to use the current balance of this proffer fund, plus future interest and contributions, for the East Gate Park and Ride Lot and Park in the FY 2013-2018 CIP.

The Loudoun County FY 2015 Adopted Capital Improvement Program (CIP) includes a previously authorized project to provide for the development of a proffered park site in the Brambleton Community, located on 26 acres to the east and 33 acres to the west of Route 659, which will consist of a total of nine athletic fields, fencing, paved parking lots, trails, public restrooms and athletic field lighting. The Department of Transportation and Capital Infrastructure is requesting the funds pursuant to Proffer V.A. of ZMAP-2002-0012 for improvements to the western portion of the Brambleton District Park to include paving of the parking areas, installing athletic field lighting at six baseball fields, installing required landscape buffers, trails and one restroom/concession facility and one public restroom facility.

The limits of ZMAP-2002-0012 are located within the Ashburn Planning Subarea. However, Proffer V.A. specifically states that the cash contributions are to be used within the Dulles Planning Area. The western portion of the Brambleton District Park, located on PIN# 157-16-1062, is located in the Dulles Planning Subarea; therefore it is appropriate to use the current remaining balance, plus all additional interest earned in LMIS Sequence #99064926 (Oracle Award #Y00108), to fund the improvements in the western portion of the Brambleton District Park. Please be advised that I cannot guarantee the listed funds have not been disbursed or obligated to other projects.

Request: The Department of Transportation and Capital Infrastructure requests the use of \$50,812 of the East Gate One Proffer VI.C. account, LMIS Sequence #99066964 (Oracle Award #Y00499), to fund the improvements at the Brambleton District Park West (see Attachment 1). The Loudoun County Board of Supervisors approved ZMAP-2004-0020 on February 21, 2006 including the letter of clarification dated February 16, 2006, the proffer statement dated October 31, 2005, revised through February 13, 2006, the Rezoning Plat dated November 22, 2004, revised through January 27, 2006 and the modification request to reduce yard requirements. ZMAP-2004-0020 was amended by two subsequent zoning concept plan amendment applications, ZCPA-2008-0010 and ZCPA-2011-0008 which were approved on June 2, 2009 and November 9, 2011, respectively. The governing application, ZCPA-2011-0008, was approved subject to the Proffer statement dated October 21, 2011 and the findings for Approval contained in the November 9, 2011 Staff Report. As stated in the proffer text below, Proffer VI.C. provided for a cash contribution of \$137 per residential unit to be used for the purchase of open space easements and/or the purchase and development of County parkland within the boundaries of the Dulles Community Planning Area.

C. OPEN SPACE EASEMENTS

With the issuance of each residential zoning permit, the Owner will make a cash contribution of \$137.00 per unit. Such cash contributions are to be used by Loudoun County for the purchase of open space easements and/or the purchase and development of County parkland within the boundaries of the Dulles Community Planning Area.

Determination: The use of these funds as proposed is not appropriate. Proffer VI.C. of ZCPA-2011-0008 states that the Owner shall provide a cash contribution in the amount of \$137 for each residential unit on the property which is to be used for the purchase of open space easements and/or the purchase and development of County parkland within the boundaries of the Dulles Community Planning Area (see Attachment 2).

The western portion of the Brambleton District Park which contains the proposed improvements is located on PIN#157-16-1062 and is owned by the Northern Virginia Regional Park Authority. Proffer VI.C. specifically states that the cash contributions are to be used for the purchase of open space easements and/or the development of parkland in the Dulles Community Planning Area. PIN #157-16-1062 is located in the Ashburn Community Planning Area; therefore, it is not appropriate to use the requested funds for the improvements in the western portion of the Brambleton District Park.

Request: The Department of Transportation and Capital Infrastructure requests the use of \$2,653 of the East Gate Three Proffer VI.B. account, LMIS Sequence #99066971 (Oracle Award #Y01093), to fund the improvements at the Brambleton District Park West (see Attachment 1). The Loudoun County Board of Supervisors approved ZMAP-2005-0003 on February 21, 2006 including the letter of clarification dated February 16, 2006, the proffer statement dated October 31, 2005, revised through February 13, 2006, the Rezoning Plat dated November 22, 2004, revised through February 13, 2006 and the modification request to reduce yard requirements. ZMAP-2005-0003 was amended by two subsequent zoning concept plan amendment applications, ZCPA-2008-0010 and ZCPA-2011-0009 which were approved on June 2, 2009 and November 9, 2011, respectively. The governing application, ZCPA-2011-0009 was approved subject to the Proffer statement dated October 21, 2011 and the findings for Approval contained in the November 9, 2011 Staff Report. As stated in the proffer text below, Proffer VI.B. provided for a cash contribution of \$122 per residential unit to be used for the purchase of open space easements and/or the purchase and development of County parkland within the boundaries of the Dulles Community Planning Area.

B. OPEN SPACE EASEMENTS

With the issuance of each residential zoning permit, the Owner will make a cash contribution of \$122.00 per unit. Such cash contributions are to be used by Loudoun County for the purchase of open space easements and/or the purchase and development of County parkland within the boundaries of the Dulles Community Planning Area.

Determination: The use of these funds as proposed is not appropriate. Proffer VI.B. of ZCPA-2011-0009 states that the Owner shall provide a cash contribution in the amount of \$122 for each residential unit on the property which is to be used for the purchase of open space easements and/or the purchase and development of County parkland within the boundaries of the Dulles Community Planning Area (see Attachment 2).

The western portion of the Brambleton District Park which contains the proposed improvements is located on PIN#157-16-1062 and is owned by the Northern Virginia Regional Park Authority. Proffer IV.B. specifically states that the cash contributions are to be used for purchase of open space easements and/or the development of parkland in the Dulles Community Planning Area. PIN #157-16-1062 is located in the Ashburn Community Planning Area; therefore, it is not appropriate to use the requested funds for the improvements in the western portion of the Brambleton District Park.

Request: The Department of Transportation and Capital Infrastructure requests the use of \$19,453 of the Townes at East Gate Proffer VII.C. account, LMIS Sequence #99066580 (Oracle Award #Y00496), to fund the improvements at the Brambleton District Park West (see Attachment 1). The Loudoun County Board of Supervisors approved ZMAP-2002-0022 on October 18, 2005 including the concept development plan dated October 2, 2002, revised through October 14, 2005, the proffers dated May 22, 2003, revised through September 28, 2005 and the letter of clarification dated October 17, 2005. As stated in the

proffer text below, Proffer VII.C. provided for a cash contribution of \$63 per residential unit to be used for the purchase of open space easements and/or the purchase and development of County parkland within the boundaries of the Dulles Community Planning Area.

C. Open Space Easements

Prior to the issuance of the 58th zoning permit for a residential unit on the Property, and prior to the issuance of each zoning permit for all subsequent units, the Applicants shall make a cash contribution of \$63/unit. Such cash contributions are to be used by Loudoun County for the purchase of open space easements and/or the purchase and development of County parkland within the boundaries of the Dulles Community Planning Area.

Determination: The use of these funds as proposed is not appropriate. Proffer VII.C. of ZMAP-2002-0022 states that the Applicant shall provide a cash contribution in the amount of \$63 for each residential unit on the property which is to be used for the purchase of open space easements and/or the purchase and development of County parkland within the boundaries of the Dulles Community Planning Area (see Attachment 2).

The western portion of the Brambleton District Park which contains the proposed improvements is located on PIN#157-16-1062 and is owned by the Northern Virginia Regional Park Authority. Proffer VII.C. specifically states that the cash contributions are to be used for the purchase of open space easements and/or the purchase and development of parkland in the Dulles Community Planning Area. PIN #157-16-1062 is located in the Ashburn Community Planning Area; therefore, it is not appropriate to use the requested funds for the improvements in the western portion of the Brambleton District Park.

Request: The Department of Transportation and Capital Infrastructure requests the use of \$13,679 of the Woodburn Proffer VI.C. account, LMIS Sequence #99068377 (Oracle Award # Y00504), to fund the improvements at the Brambleton District Park West (see Attachment 1). The Loudoun County Board of Supervisors approved ZMAP-2005-0044 on May 15, 2007 subject to the Proffer Statement dated April 9, 2007, revised through May 10, 2007. As stated in the proffer text below, Proffer VI.C. provided for a cash contribution of \$100 per residential unit to be used for the purchase of open space easements and/or the purchase and development of County parkland within the boundaries of the Dulles Community Planning Area.

C. OPEN SPACE EASEMENTS

Prior to or concurrent with the issuance of each residential zoning permit, the Applicant will make a cash contribution to the County of \$100.00 per unit. Such cash contributions are to be used by Loudoun County for the purchase of open space easements and/or the purchase and development of County parkland within the boundaries of the Dulles Community Planning Area.

Determination: The use of these funds as proposed is not appropriate. Proffer VI.C. of ZMAP-2005-0044 states that the Applicant shall provide a cash contribution in the amount of \$100 for each residential unit on the property which is to be used for the purchase of open space easements and/or the purchase and development of County parkland within the boundaries of the Dulles Community Planning Area (see Attachment 2).

The western portion of the Brambleton District Park which contains the proposed improvements is located on PIN#157-16-1062 which is owned by the Northern Virginia Regional Park Authority. Proffer VI.C. specifically states that the cash contributions are to be used for the purchase of open space easements and/or the purchase and development of parkland in the Dulles Community Planning Area. PIN #157-16-1062 is located in the Ashburn Community Planning Area; therefore, it is not appropriate to use the requested funds for the improvements in the western portion of the Brambleton District Park.

Request: The Department of Transportation and Capital Infrastructure requests the use of \$1,336,714 of the Seven Hills Proffer V.A. account, LMIS Sequence #99066992 (Oracle Award # Y00045), to fund the improvements at the Brambleton District Park West (see Attachment 1). The Loudoun County Board of Supervisors approved ZMAP-2005-0001 on March 21, 2006 subject to the February 14, 2006 Proffer Statement and Letter of Clarification dated March 21, 2006. As stated in the proffer text below, Proffer V.A. provided for a capital facilities cash contribution of \$18,965.81 for each market rate residential unit for a total contribution of \$18,453,733 to be used to meet capital facility needs generated by residential development on the Property.

V. CAPITAL FACILITIES/RECREATION AND OPEN SPACES/TREE PRESERVATION

A. Cash Contribution for Capital Facilities. The Owners shall make a cash contribution to the County in the amount of Eighteen Thousand Nine Hundred Sixty-Five and 81/100 Dollars (\$18,965.81) for each of the market rate dwelling units developed on the Property, for a total contribution of Eighteen Million Four Hundred Fifty-Three Thousand Seven Hundred Thirty-Three and 00/100 Dollars (\$18,453,733.00). Such contributions shall be made at the time of issuance of the zoning permit for each such market rate residential dwelling unit constructed on the Property. Such contributions shall be utilized by the County to meet capital facility needs generated by residential development on the Property.

In addition to the foregoing capital facilities contributions, the Owners shall make an additional cash contribution to the County in the amount of One Hundred Thousand and 00/100 Dollars (\$100,000.00) to be used, at the discretion of the County, for capital improvements/equipment for (i) the Arcola Pleasant Valley Volunteer Fire Company, (ii) the South Riding Fire and Rescue Center, and/or (iii) the approximately five (5) acre fire and rescue site proposed to be dedicated with the pending Kirkpatrick West rezoning application (ZMAP 2002-0001). The Board of Supervisors, in its discretion, may use these funds for other public safety facilities constructed to serve the Dulles South area, such as a sheriff's substation. Such contribution shall be made to the County prior to issuance of the first zoning permit for residential development of the Property.

The cash contributions proffered in the above paragraphs shall be escalated annually in accordance with changes in the CPI (see Proffer XIV.).

Determination: The use of these funds as proposed is appropriate. Proffer V.A. of ZMAP-2005-0001 states that the Owner shall provide a capital facilities cash contribution in the amount of \$18,965.81 for each market rate residential unit for a total contribution of \$18,453,733 to be used to meet capital facility needs generated by residential development on the Property.

To date, the County has received \$8,952,168.71 pursuant to Proffer V.A. of ZMAP-2005-0001; this proffer is partially fulfilled. This account has earned \$9,262.42 in interest and \$750,000 has been distributed, resulting in a current balance of \$8,211,431.13. It is noted that ZCOR-2013-0041, issued March 11, 2013, found that it is appropriate to use \$600,000 of this proffer fund to install lights at Bryne's Ridge Park.

The Loudoun County FY 2015 Adopted Capital Improvement Program (CIP) includes a previously authorized project to provide for the development of a proffered park site in the Brambleton Community, located on 26 acres to the east and 33 acres to the west of Route 659, which will consist of a total of nine athletic fields, fencing, paved parking lots, trails, public restrooms and athletic field lighting. The Department of Transportation and Capital Infrastructure is requesting the funds pursuant to Proffer V.A. of ZMAP-2005-0001 for improvements to the western portion of the Brambleton District Park to include paving of the parking areas, installing athletic field lighting at six baseball fields, installing required landscape buffers, trails and one restroom/concession facility and one public restroom facility. The western portion of the Brambleton District Park which contains the proposed improvements is located on PIN#157-16-1062 and is owned by the Northern Virginia Regional Park Authority.

Proffered capital facilities contributions are used by the County to fund the development of capital facilities within the same Planning Subarea as the zoning map amendment application. Both PIN #157-16-1062 and the limits of ZMAP-2005-0001 are located within the Dulles Planning Subarea; therefore it is appropriate to use the current remaining balance and future contributions, plus all additional interest earned in LMIS Sequence #99066992 (Oracle Award # Y00045), to fund the improvements in the western portion of the Brambleton District Park. Please be advised that I cannot guarantee the listed funds have not been disbursed or obligated to other projects.

PLEASE NOTE: This opinion is valid only as of this date, and this opinion does not and shall not relieve the owner or any occupant of the property in question from the obligation to comply with all applicable Zoning Ordinance and other County Ordinance requirements. This opinion is based upon the proffers as they exist today, November 24, 2014 and such proffers may be amended by a subsequent Zoning Concept Plan Amendment. This determination applies solely to the referenced property and is not binding upon the County, the Zoning Administrator or any other official with respect to any other property. No person may rely upon this determination with respect to any property other than the referenced property.

Please be advised that any person aggrieved, or any officer, department or agency of Loudoun County affected by an order, requirement, decision or determination made by an administrative officer in the administration or enforcement of the provisions of the proffer conditions attached to a rezoning or amendment to the zoning map, may appeal said decision within thirty days to the Board of Supervisors in strict accordance with Section 15.2-2301 of the *Code of Virginia*. This decision is final and unappealable if not appealed within 30 days. An application package for an appeal to the Board of

Supervisors may be obtained by visiting the Loudoun County Government Center, 1 Harrison St. S.E., Second Floor, Customer Service, Leesburg, VA. Two copies of the completed application must be submitted to the Department of Building and Development Customer Service counter with the fee payment of \$350.00 within 30 days from the date of this letter.

If you have any questions concerning this correspondence, you may contact me via email (kelly.griffin@loudoun.gov) or call me at 703-771-5219.

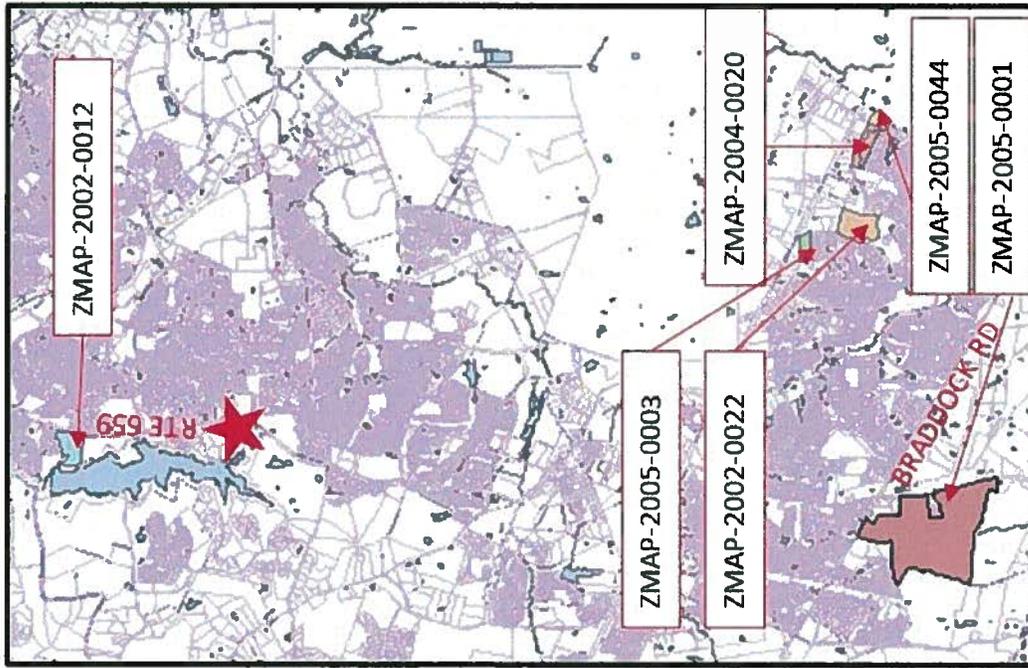
Attachment: Attachment 1: Vicinity Map

Attachment 2: Loudoun County Community Planning Areas

Cc via email: Scott York, Chairman-At-Large
Robin Bartok, Staff aide to Chairman York
Janet Clarke, Blue Ridge District Supervisor
Matthew F. Letourneau, Dulles District Supervisor
Tim Hemstreet, County Administrator
Charles Yudd, Assistant County Administrator
Julie Pastor, FAICP, Director, Department of Planning & Zoning
Nicole Dozier, Zoning Administrator
Amy Kresge, Proffer Program Manager
Joe Kroboth, III, Director, DTCI
Paul Brown, Deputy Director, DTCI
Erin McLellan, Budget Officer, DTCI

Cc via US Mail: M/I Homes of DC LLC & Comstock Eastgate, Property Owner
M/I Homes of DC LLC & KB Home Virginia, Property Owner
Eastgate Square HOA Inc., Property Owner
East Gate HOA, Property Owner
M/I Homes of DC LLC, Property Owner
East Gate One HOA, Property Owner
Belmont Glen Homeowners Association Inc, Property Owner
Dulles Farms Community Association, Inc., Property Owner
Pulte Home Corp., Proffer Payor
Ryland Group Inc., Proffer Payor
NVR MS Cavalier Loudoun LLC, Proffer Payor
Carr Homes, Proffer Payor
Richmond American Homes of VA Inc., Proffer Payor

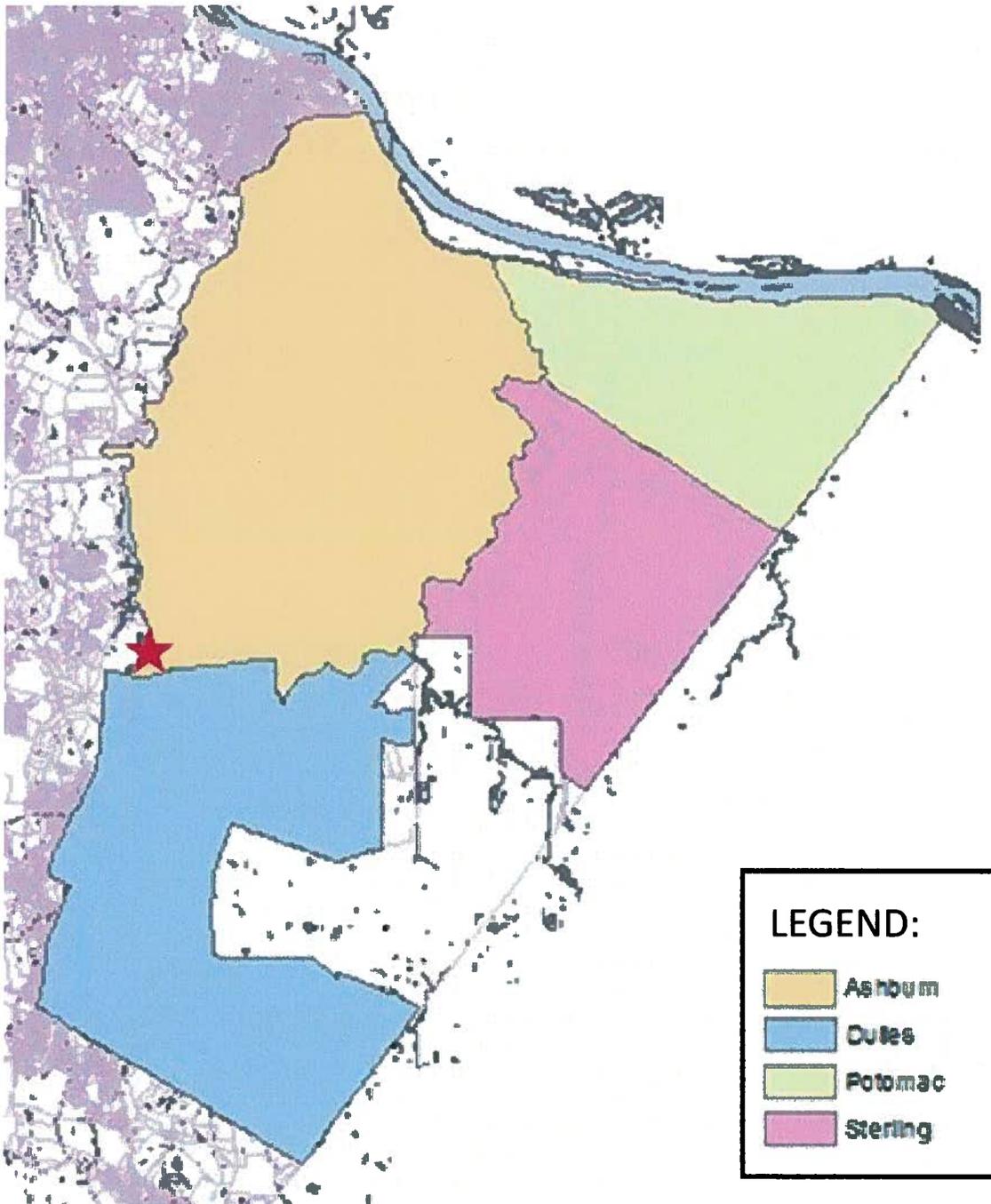
Attachment 1
VICINITY MAP
CASH PROFFER FUNDS REQUESTED FOR IMPROVEMENTS TO THE BRAMBLETON
DISTRICT PARK WEST



**★ DENOTES APPROX. LOCATION OF
BRAMBLETON DISTRICT PARK WEST**

Attachment 2

LOUDOUN COUNTY SUBURBAN COMMUNITY PLANNING AREAS



 Denotes approx. location of Brambleton District Park West

Date of Meeting: May 10, 2016

#10

**BOARD OF SUPERVISORS
FINANCE/GOVERNMENT OPERATIONS AND
ECONOMIC DEVELOPMENT COMMITTEE
INFORMATION ITEM**

SUBJECT: Update from Loudoun Water

ELECTION DISTRICT: Countywide

STAFF CONTACT(S): Charles Yudd, Assistant County Administrator
Gwen Kennedy, County Administration

PURPOSE: To provide an update from Loudoun Water on the Authority's finances and highlights from 2015.

BACKGROUND: During a joint meeting between the Board of Supervisors (Board) and the Loudoun Water Board of Directors in April 2015, Loudoun Water agreed, in an effort to develop more regular information sharing, to attend future Board Finance/Government Operations and Economic Development Committee meetings to provide updates on the Authority's finances.

Shaun Kelley, Chair of the Loudoun Water Board of Directors, and Loudoun Water staff will be present to share information about Loudoun Water Board's recent approved update to their five year plan of finance and will share results of their 2015 audit. Loudoun Water will also share information related to several 2015 highlights, including progress related to businesses relations and customer service improvements.

Loudoun Water 5 year Plan of Finance

The 5-Year Plan of Finance ("the Plan") is a planning tool that, through the use of a model, incorporates all the financial inputs (capital spending plan, operating budget, user rates and availability charges) to determine the need for future borrowings. The model allows Loudoun Water to analyze cash balances under different scenarios and evaluate debt coverage to insure compliance with bond covenants and Board-approved financial policies. The Loudoun Water Board policies address cash funding of the capital program by establishing cash balance goals as well as strict debt coverage requirements. The Plan is not intended to project future rate increases. That evaluation is completed through the user rate model.

The capital spending plan and capital improvement program have the greatest impact on the Plan because they drive the need for borrowing. Growth assumptions play a significant role within the Plan because those projections drive capital spending and serve as the basis for estimating the amount of availability charge revenue that will be considered in the Plan. User rates and the operating budget have the greatest impact on debt coverage tests.

The current Plan is based on the 2016 operating budget and capital spending plan approved by the Loudoun Water Board in December 2015 as well as the 2016 – 2020 capital improvement program.

Through adoption of the 5-year Plan of Finance, the Loudoun Water Board formally acknowledges that a financing plan exists, that the Board supports the Plan and the path forward assumptions, and it reinforces to the rating agencies Loudoun Water's commitment to financial planning. The Loudoun Water Board approved the Plan in April 2016.

Results of 2015 Audit

Loudoun Water's 2015 audit was completed in April by Yount, Hyde & Barbour. Loudoun Water has received an unmodified (clean) opinion on the 2015 financial statements. Staff is currently working on the Comprehensive Annual Financial Report (CAFR) that will be presented to the Loudoun Water Board in June for approval and distribution. The CAFR will be submitted to the Government Finance Officers Association Excellence in Financial Reporting Program with the goal of obtaining the award for the twenty-ninth consecutive year.

Loudoun Water Work Group and 2015 Highlights

County staff continues to work with staff from Loudoun Water as part of a Loudoun Water working group. On July 20, 2015, the Loudoun Water Work Group presented a work program at the Economic Development Committee Meeting that addressed improving economic development and communication with the public, businesses and County agencies. During this meeting, Loudoun Water will share information related to several 2015 highlights, including progress related to businesses relations and customer service improvements. An overview of highlights from 2015 will include: A new Loudoun Water Website and Customer Portal offering an on-line bill pay option, enhanced community engagement regarding Beaverdam Reservoir, and financing options for availability charges. Loudoun Water has dedicated resources for outreach to the business community, industry groups and the Loudoun County Economic Development Department to improve communication, coordination and streamline processes. Other key business initiatives include working with business customers on demand management best practices to reduce water consumption, reclaimed water program promotion and customer feedback requests.

ATTACHMENTS:

1. Loudoun Water Presentation

Loudoun Water Update to the Board of Supervisors

Page Number 60

Finance/Government Operations and
Economic Development Committee

May 10, 2016



5-Year Plan of Finance

Drivers

- **Challenging capital program totaling \$575.5 million**
 - Potomac Water Supply Program = \$182.1 million
 - Broad Run WRF Expansion = \$99.1 million
- **Adherence to Board approved policies**
 - Cash Balance
 - Debt coverage
 - Use of cash to fund capital program while managing debt leverage
- **Maintaining AAA bond rating**

5-Year Plan of Finance

Summary

- Capital program totals \$575.5 million
- Cash funding of \$470.5 million (82%)
- Debt funding of \$105.0 million (18%)
- Cash balance projected to be spent to lowest target level by 2018



2015 Audit Results

- **Completed in April by Yount, Hyde & Barbour**
- **Received unmodified (clean) opinion on financial statements**
- **Staff is working on Comprehensive Annual Financial Report for presentation to the Loudoun Water Board in June**
- **CAFR will be prepared in accordance with the Government Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting Program with goal of obtaining the award for the 29th consecutive year.**

2015 Highlights

- **Launched new website as well as LW Connect, our online customer portal**
- **Enhanced community engagement regarding Beaverdam Reservoir**
- **Enhanced presence and coordination with business and industry community, in conjunction with Loudoun County Economic Development Department**

Questions



Date of Meeting: May 10, 2016

#11

**BOARD OF SUPERVISORS
FINANCE/GOVERNMENT OPERATIONS AND
ECONOMIC DEVELOPMENT COMMITTEE
ACTION ITEM**

SUBJECT: Loudoun Museum

ELECTION DISTRICT: Leesburg

CRITICAL ACTION DATE: May 10, 2016

STAFF CONTACTS: Julie Grandfield, County Administration
Megan Bourke, Department of Management and Budget

PURPOSE: The purpose of this item is to update the Finance/Government Operations and Economic Development Committee on the ongoing collaboration between County staff and the Loudoun Museum and present options to move forward.

RECOMMENDATIONS: Staff recommends that the Finance/Government Operations and Economic Development Committee recommend the Board of Supervisors approve Option 1, as detailed below and direct staff to develop a Memorandum of Understanding with the Loudoun Museum that will be returned to the Board for action at a later date.

BACKGROUND: In July 2015, the Board of Supervisors approved a supplemental funding allocation to the Loudoun Museum for a total FY 2016 contribution of \$91,007. The Loudoun Museum shared with the Board that without this funding, it would have to begin the process of dissolution. The Board directed staff to return in December 2015 with a plan for the long-term financial future of the Museum.

Between July and December 2015, County staff met frequently with the Loudoun Museum staff and trustees as well as other community stakeholders (“Museum working group”) to discuss the future outlook of the Museum. The overriding goal of these discussions was to offer solutions that would enable the Loudoun Museum to continue to operate as an independent, non-profit organization. These discussions yielded a recommendation, approved by the Board on December 16, 2015, to program funds for the hiring of a development manager (who would be an employee of the Museum), to establish and execute a development plan and to establish an Executive Oversight Committee. The FY 2017 Adopted Budget includes \$156,000 for Loudoun Museum. This total includes \$91,000 for regular operating expenditures and \$65,000 for the cost of hiring a development manager.

Since December, County staff and Museum trustees have discussed how to move forward with the Board's recommendation. Through joint discussions, County staff and Museum trustees have agreed to move forward with a slightly amended plan than what was approved in December; this proposal will accomplish the same goals as the prior motion, while allowing the Loudoun Museum to maintain its autonomy and its 501(c)(3) status. There are three options under consideration:

Option 1: Use of Contractual Development Services

County staff would develop a scope of services and then, through a Request for Quotation (RFQ) procurement process, select a vendor to provide development services to the Museum. The County would control the contract and offer the development services to the Museum through a Memorandum of Understanding that would contain specific terms and conditions of the arrangement.

In this Option, the County would continue to store the majority of the Museum's collection, which is the current arrangement and the Museum would be expected to continue operations.

Cost of Option 1 would entail expenditure of the \$156,000 to include the cost of development services and operating cost to the Museum. The cost of contractual services will likely be greater than \$65,000, which was originally meant to support the hiring of an employee. Therefore, the transfer to the Museum for operations is less than predicted (in December) under Option 1. Staff recommends an expenditure of up to \$90,000 for the contractual services and the transfer of funds to the Museum of \$66,000. This process is estimated to take approximately two to three months to develop, issue, evaluate, and award the RFQ.

Option 2: County Management of the Collection

The County would take over the storage and, if the Museum desires, the display of Museum artifacts in County facilities. This could be a temporary solution, allowing Museum staff and trustees to concentrate on fundraising and creating financial sustainability for itself moving forward, or a permanent solution. Notwithstanding, the County would agree to act as a "custodian trustee" to the Museum to store the collection in the event the Museum fails financially. This would remain in effect until such time as the Museum has the ability to re-constitute itself. This Option would address a primary concern of the Board and the community in that this Option would preserve the collection. The cost of storage of the collection, as well as display in County facilities, would be the borne by the County.

Under Option 2, the Museum would not operate and there would be no transfer of the \$156,000 to the Museum.

Option 3: Museum Operations by a Third Party

Under this Option, the County would issue a Request for Proposal (RFP) on behalf of the Museum for the operations and curation of the Museum and its artifacts. Interested parties

may include other museums or universities if they so choose. This process is estimated to take approximately six to nine months to develop, issue, evaluate, and award the RFP as well as to transition the operations to a third party.

Under this Option, the County would provide some level of seed money (possibly decreasing tiered multi-year contributions) to the third party during the first few years of transitioning to Museum operations. The exact amounts would be negotiated in developing a Memorandum of Understanding (MOU).

Under this Option, the Museum would be expected to operate until a third party takes over. Therefore, staff suggests funding to the Museum in the amount of \$66,000. In the event the Museum fails financially, the County would agree to act as a “custodian trustee” to the Museum to store the collection.

The Loudoun Museum Board of Trustees supports *Option 1*. Staff is also supportive of *Option 1* because it keeps the management of the Museum and its collection within the control of Loudoun Museum staff and addresses the source of the Museum’s chronic problem of lack of operating dollars by dedicating resources to set up a robust fundraising/development operation. It will also institute certain controls through terms on the MOU that must be met if renewal of the contract is expected.

After the Committee provides a recommendation to the Board, and staff is provided with direction, staff will develop a Memorandum of Understanding (MOU) with the Museum to ensure the funds programmed in the FY 2017 Budget accomplish the goal of financial sustainability for the Museum’s future.

ISSUES: An MOU will be executed to formally establish the terms of the agreement and to ensure the funds budgeted for the Loudoun Museum are used in a way the Board of Supervisors supports.

Staff proposes the following terms for the MOU under Option 1:

1. One-year MOU term with options for renewal
2. Fundraising benchmarks to include annual development figures and an established percentage of funds raised from private corporations
3. Enforced expectations of Museum Board of Trustee fundraising efforts (“Give or Get”)
4. Termination clause
5. Scheduled oversight and progress reporting with County staff

FISCAL IMPACT: The FY 2017 Adopted Budget includes funding in the amount of \$156,000 for the Loudoun Museum.

DRAFT MOTIONS:

1. I move that the Finance/Government Operations and Economic Development recommend the Board of Supervisors **approve** *Option 1* as detailed above and direct staff to develop a MOU with the Loudoun Museum that will be returned to the Board at a later date for action.

OR

2. I move an alternate motion.

Date of Meeting: May 10, 2016

12

**BOARD OF SUPERVISORS
FINANCE/GOVERNMENT OPERATIONS AND
ECONOMIC DEVELOPMENT COMMITTEE
INFORMATION ITEM**

SUBJECT: Statewide Fire Prevention Code Amendments

ELECTION DISTRICT: Countywide

STAFF CONTACTS: Chief W. Keith Brower, Jr., Fire, Rescue and Emergency
Management
Chief Fire Marshal Linda Hale
Charles Yudd, Assistant County Administrator
Gwen Kennedy, County Administration

PURPOSE: To discuss issues occurring at the State level with respect to changes being made to the Statewide Fire Prevention Code (SFPC) and their potential detrimental effects on Loudoun County's ability to local fire prevention regulations.

BACKGROUND: Since last summer, Loudoun County Combined Fire and Rescue System Chief Brower has been working with the Board's legislative liaisons in Richmond, Hefty, Wiley and Gore (HWG) to seek improvements to the current process used by the Board of Housing and Community Development (BHCD) to update the Statewide Fire Prevention Code (SFPC). The original concern was that the code development process and the membership of the various stakeholder groups and committees involved is heavily weighted in favor of the building and related property industry. It does not allow for adequate representation (quantity) or input from the fire safety community and the process lacks full transparency. The immediate concern is that DHCD staff at the direction of the BHCD is leading an "off-cycle" work process to edit the SFPC in a manner that several Virginia fire service groups believe will negatively impact public safety.

At issue specifically with this work group is the removal of "unenforceable" language within the SFPC which generally relates to construction requirements contained within the Uniform Statewide Building Code (USBC), under the explanation that Fire Marshals are not permitted to enforce construction requirements. While this is true, the SFPC and USBC are designed to work in a complementary fashion, meaning that for most construction, the USBC is the governing document and the SFPC maintains the construction. However, by removing the construction requirements with respect to means of egress, interior flammable finish, storage of hazardous substances, among others, there is no reference available to initiate corrective measures for maintenance of safe buildings. Further, certain provisions of enforcement are being removed due to DHCD staff's interpretation is that they are "construction" requirements. An example is the proposed elimination of requirements in Chapter 10, "Means of Egress", to require that an

occupant load sign to be posted and maintained. Another is the proposed elimination of the ability of the Fire Marshal to establish a safe occupant load in outdoor areas. Last, it is proposed to eliminate the use of locks and latches in certain instances on egress doors with the approval of the Fire Marshal. All of these proposed changes will have a negative effect on public safety.

Over the last year, Chief Brower, on behalf of the Board of Supervisors, as well as the Virginia Fire Prevention Association and other fire service organizations, sent letters to Secretary of Public Safety and Homeland Security, Brian Moran, and to Secretary of Commerce and Trade, Maurice Jones expressing these concerns in detail (Attachments 1 and 2).

BOARD OF HOUSING AND COMMUNITY DEVELOPMENT

Under state policy, the BHCD has sole responsibility to promulgate statewide regulations for the building code, fire prevention code, property maintenance code and related regulations. The BHCD consists of fourteen members, including eleven members appointed by the Governor from each of Virginia's Congressional Districts, a representative from the Virginia Fire Services Board (VFSB) (appointed by the Chairman of that Board), the Executive Director of the Virginia Housing Development Authority (VHDA) and the Director of Regulatory Compliance of the Virginia Building Officials Association (VBCOA). While the composition meets the intent of regional representation, the actual membership is dominated by representatives from the architectural, building and other commerce industries of the state. The following is a listing of the current BHCD membership:

Robert Kaplan, Real Estate Investment
Roger McLellon, Marque Homes
Susan Dewey, VHDA
Shekar Narasimhan, Property Management and Real Estate Broker
John Ainsle, Ainsle Homes
Steve Semones, President, New River Valley Homebuilder's Association
James R. Dawson, VFSB
J.P. Carr, Merrifield Homes
James Petrine, Enirtep, Inc.
Patricia Shields, Attorney
Rick Witt, VBCOA
Brian Mullins, Builder
Tommy Shields, Shields Construction
Anthony Clatterbuck, Graystone Homes

By statute, the BHCD and the VFSB, also a gubernatorial appointed body, is supposed to have an equal stake in the fire prevention code development process through joint “VFSB/BHCD meetings.”

27-97. Adoption of Fire Prevention Code.

The Board of Housing and Community Development is hereby empowered to adopt and promulgate a Statewide Fire Prevention Code which shall be cooperatively developed with the Fire Services Board pursuant to procedures agreed to by the two Boards...

Over the years, there has been a seven (7) member joint subcommittee convened to address changes to the SFPC. The subcommittee is represented by three (3) members of the VFSB, three (3) from the BHCD and the Chairman, who is also serves on the BHCD. This composition has often resulted in the Chairman resolving the deadlock, and often the Chair’s votes do not favor public safety. It is important to note that even if there is a vote in favor of the fire service perspective on an issue, it must still survive the full BHCD vote. Once again, there is only one fire service representative on the BHCD and therefore one vote.

Chief Brower has advocated a more balanced process to develop the SPFC at the BHCD level. Such a model could be structured to isolate the SFPC development by a group with much broader representation of the Virginia fire service. At a minimum, this would eliminate the single vote issue on critical life safety matters.

CURRENT FIRE PREVENTION CODE WORK GROUP PROCESS

Following a BHCD meeting last year, DHCD staff initiated the current work group to make “editorial” changes to the SFPC. The stated intent of this exercise is to eliminate “unenforceable” provisions of the SFPC where it references or duplicates regulatory language contained in the USBC.

While in principle, this sounds like a benign endeavor, the various Virginia fire service groups question the true motivation for this action. There is no public record to the best of everyone’s understanding that the BHCD voted to approve creation of this work group. Furthermore, there was no statement of the problem by the BHCD to the fire service prior to the work group’s formation. It appears this is an effort led at the direction of a single member of the BHCD.

Chief Brower has expressed three primary concerns:

1. *Expedited Review and Lack of Full Transparency:* The pace with which this review is occurring and the lack of transparency with meeting minutes and comments makes it difficult for the collective fire service to be consistent and meaningful participants in the review process. The meetings are being held in Richmond, two (2) to three (3) times per month, which makes it difficult for local Fire Marshals across the state to attend regularly. This has led to gaps in the review. In addition, on several occasions, summaries from a prior meeting are released which do not accurately report the fire services position. It is important to note that the

Loudoun County Department of Fire, Rescue and Emergency Management recently hired a part time employee who possesses significant experience in the development and enforcement of the SFPC, to provide consistent representation for Loudoun County with regard to the work group's efforts and will be following these matters closely.

2. *Lack of Requested Involvement from Fire Service:* The Virginia fire service, specifically the Virginia Fire Services Board (VFSB) should have been asked to coordinate this process in order to ensure the proper representation of trained fire prevention code inspectors. Instead, participation was determined by DHCD and failed to result in the appropriate cross section of the fire service that normally deals with the code development process. In addition, DHCD selected other groups to participate in this review, most notably the Virginia Building Code Officials Association (VBCOA), the Apartment and Office Building Association (AOBA), the Retail Merchants Association (RMA), the Virginia Association of Realtors (VAR), the American Institute of Architects (AIA) and the Virginia Petroleum Convenience and Grocery Association (VPCGA). These groups do not include individuals who are trained and certified as fire prevention code inspectors, and they generally lack knowledge on the technical discussions which are so vital to this review.

3. *Changes are Substantive and Not Just Editorial:* Chief Brower and the Virginia Fire Service are also concerned that many proposed deletions from the SFPC are in fact "substantive" and would actually have the deleterious impact of not allowing for proper enforcement; and therefore negatively impacting public safety. For example, the storage amounts for hazardous materials are the most recent source of debate and concern for public safety.

At a recent meeting with Secretary Jones at the request of several Virginia fire service representatives, the Secretary directed DHCD staff to make changes to the SFPC development process to address some of these concerns. This included the development of a table which clearly indicates any deletions from the fire code with an explanation where such provisions would be inserted into the building code, if necessary to maintain local enforcement ability by local Fire Marshals.

Secretary Jones also committed to improving the web-based comment process for proposed SFPC changes in the interest of improving transparency. For example, comments on proposals are not universally visible to reviewers; thus it is conceivable that comments on a proposed area of change would not be seen by others who may vote to support the change without the inclination that opposing comments have been issued. This often results in stated "consensus" on changes where the Virginia fire service has vigorously opposed. These procedural changes are still pending.

HWG has scheduled a follow-up meeting with Secretary Jones and Chief Brower, Chief Fire Marshal Linda Hale and other Virginia Fire Service representatives on June 6th in order to follow up with DHCD staff on this process and the implementation of these changes.

ATTACHMENTS:

1. Letter from Chief Brower on Current SFPC Update Process by the BHCD
2. Letter from Other Agencies on Current SFPC Update Process by the BHCD



Loudoun County, Virginia
Department of Fire, Rescue, and Emergency Management

Page Number 76



P O Box 7100
801 Sycolin Road SE, Suite 200
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Phone 703-777-0333 Fax 703-771-5359

March 14, 2016

The Honorable Maurice Jones
Secretary of Commerce and Trade
Commonwealth of Virginia
P.O. Box 1475
Richmond, VA 23219

Dear Secretary Jones:

I am writing to ask that you direct your attention to the current efforts by the Department of Housing and Community Development (DHCD) to make significant and potentially detrimental changes to the Statewide Fire Prevention Code (SFPC). The stated purpose of this exercise is to eliminate "unenforceable" provisions of the SFPC where it references or duplicates regulatory language contained in the Uniform Statewide Building Code (USBC).

While, in principle, this sounds like a benign and even laudatory endeavor, various Virginia fire service groups have several unanswered major concerns. I believe you recently received correspondence from the Virginia Fire Prevention Association (VFPA) expressing some of these concerns.

As a local fire chief I have two primary concerns. The first is that the pace with which this review is occurring is making it very difficult for the collective fire service to be consistent participants providing meaningful input in the review process. The work group schedule was initially based on the availability of the majority of those willing to participate. This changed, however, and DHCD staff has now established work group meeting dates without input from all participants. This has led to inconsistent attendance by fire officials, which is resulting in gaps in the review.

The second concern is that the Virginia fire service, specifically the Virginia Fire Services Board (VFSB) should have been asked to coordinate this process in order to ensure the proper representation of trained fire prevention code inspectors. This would have been in accordance with the following section of the Code of Virginia pertaining to the development of the SFPC:

27-97. Adoption of Fire Prevention Code.

The Board of Housing and Community Development is hereby empowered to adopt and promulgate a Statewide Fire Prevention Code which shall be cooperatively developed with the Fire Services Board pursuant to procedures agreed to by the two Boards... [emphasis added]

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ATTACHMENT 1

Instead of collaborating with the fire service at the outset, DHCD selected other groups to participate in this review, notably the Virginia Building Code Officials Association (VBCOA), the Apartment and Office Building Association (AOBA), the Retail Merchants Association (RMA), the Virginia Association of Realtors (VAR), the American Institute of Architects (AIA) and the Virginia Petroleum Convenience and Grocery Association (VPCGA). These groups do not include individuals who are trained and certified as fire prevention code inspectors, and they generally lack knowledge on the technical discussions which are so vital to this review.

While there are many other concerns with respect to the current process, to include a definitive statement of the problem(s) necessitating this work group process, I want to express support for a suggestion previously offered to the DHCD by the VFSB. The purpose of the SFPC is to ensure public safety, and that should be the focus of this review process. Therefore, the current work group effort should be stopped immediately and reconstituted under the leadership of the VFSB's Fire Prevention and Control Committee and include a formally established work group with a balanced make-up to include fire and building code officials. Having these individuals involved in the review would provide a much-needed public safety perspective which is currently lacking, and would more likely lead to accomplishing the stated goal of this undertaking, namely the removal of those unenforceable provisions of the SFPC.

The Chairman of the VFSB's Fire Prevention and Control Committee has indicated that his objectives in establishing this workgroup would be formalized in a written procedure to clarify the following:

- The specific make-up of the voting membership of the workgroup;
- A clearly defined purpose, goal and process for the workgroup;
- A voting process to determine if proposed changes are editorial or technical in nature;
- Use of Robert's Rules of Order for the conduct of meetings;
- A mechanism for the submission of minority opinions to the BHCD;
- Compliance with the requirements of the Freedom of Information Act (FOIA) for meetings;
- Recording of meetings to ensure accuracy and full disclosure of discussion topics for reference and use by the Board of Housing and Community Development (BHCD) in reaching final decisions on proposed changes.

I have addressed this matter with the Loudoun County Board of Supervisors, and their members have encouraged me to advocate for public safety, including the safety of firefighters and first responders. There is a very real concern that the BHCD will be given a voluminous package of technical information related to the SFPC, and will be asked to vote without the benefit of the endorsement of, or detailed review by, the fire service.

You possess the ability to suspend the current effort and retool it into a process that will eliminate gaps, but more important, ensure the integrity of this very important public safety document.

Thank you again for your willingness to listen to my concerns.

Sincerely,

A handwritten signature in black ink, appearing to read 'W. Keith Brower, Jr.', written over the word 'Sincerely'.

W. Keith Brower, Jr.
Fire and Rescue System Chief

Cc: Loudoun County Board of Supervisors
Tim Hemstreet, County Administrator
Linda Hale, Chief Fire Marshal
The Honorable Brian Moran, Secretary of Public Safety and Homeland Security
DFREM Senior staff

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Loudoun County, Virginia
Department of Fire, Rescue, and Emergency Management

Page Number 79



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February 18, 2016

The Honorable Brian J. Moran
Secretary of Public Safety and Homeland Security
Office of the Secretary of Public Safety and Homeland Security
Patrick Henry Building
1111 E. Broad Street
Richmond, VA 23219

Dear Secretary Moran:

I hope you are doing well. I am writing to follow up on my letter from August 12, 2015 regarding the Virginia fire service's concerns with the composition, authority and business practices of the Virginia Board of Housing and Community Development ("BHCD") with respect to the development of the fire and building codes in Virginia.

Following receipt of my letter by your office, I received direction from Deputy Secretary Adam Thiele that the concerns needed to go directly to the Secretary of Commerce and Trade due to the fact that the BHCD is not situated within the public safety arm of state government. Correspondence echoing the concerns contained in my letter was sent, as directed, to Secretary Maurice Jones by:

- The Virginia Fire Prevention Association,
- The Virginia Fire Chiefs Association,
- The Virginia Chapter of the International Association of Arson Investigators,
- The Virginia Firefighter's Association, and
- The Northern Virginia Fire Chiefs.

As of this date, I am unaware of any significant efforts to address these concerns. I am aware that there was a recent meeting between Melvin Carter, Executive Director of the Department of Fire Programs and Bill Shelton, Director of the Department of Housing and Community Development ("DHCD"), however I, nor anyone within the listed fire service groups have obtained any definitive follow up on this meeting, nor are we aware of any plan to address the specific problems we identified with the BHCD composition.

In the meantime, the situation has gotten worse, as the staff from DHCD has recently directed a review of the Statewide Fire Prevention Code ("SFPC"). This was not done through a formal vote by the BHCD, but rather through the apparent persuasion of an individual member of the BHCD. Further, there was no formal discussion with the Virginia Fire Service, specifically the Virginia Fire Services Board ("VFSB") as required by the Code of Virginia:

27-97. Adoption of Fire Prevention Code.

The Board of Housing and Community Development is hereby empowered to adopt and promulgate a Statewide Fire Prevention Code which shall be cooperatively developed with the Fire Services Board pursuant to procedures agreed to by the two Boards...

Instead, the fire service was “invited” to participate on the work group, however the work group sessions are all in Richmond and are on a compressed schedule that is unrealistic for my statewide local colleagues to attend with regularity. Further, the work group is comprised of several non-fire service personnel, creating yet another imbalance in this insidious process.

It has been stated by DHCD staff that the purpose of the review is to make “editorial” changes in the interest of reducing duplication of regulation between the Uniform Statewide Building Code (“USBC”) and the SFPC. What is transpiring is that DHCD staff are getting into technical areas, which in the opinion of many are well beyond the scope of editorial, and which could have detrimental effects on public safety in Virginia. Many of the fire service’s participants have expressed the sense that their concerns during the meetings are being ignored, and that the oppressive meeting schedule is designed to limit the fire service’s involvement.

I have addressed this matter with the Loudoun County Board of Supervisors and the Board has encouraged that I continue to work to represent positions to protect the County’s best interests for public safety. If this needs to be elevated to a higher level of state government, I believe the Board of Supervisors is prepared to do so.

In my opinion, the current “fast track” of the review of the SFPC needs to immediately stop until a complete vetting of the mission and definition of process is clarified and endorsed by the VFSB, as required by statute, with input from the Virginia Fire Service organizations.

There is a very real fear that that the BHCD will be given a voluminous package of technical information related to the SFPC, which has not been fully vetted nor endorsed by fire service.

Again, this speaks to my original plea for a more balanced process for the development of the SFPC.

I reiterate my previous recommendation of the creation of an independent study to evaluate the current code development process, with specific emphasis on stakeholder participation. Ensuring the interests of public safety for the citizens of the Commonwealth is not possible in the current environment.

Thank you again for your willingness to listen to my concerns.

Sincerely,



W. Keith Brower, Jr.

Fire and Rescue System Chief

Cc: Loudoun County Board of Supervisors
Tim Hemstreet, County Administrator
Linda Hale, Chief Fire Marshal
Senior staff

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Loudoun County, Virginia
Department of Fire, Rescue, and Emergency Management

P O Box 7100
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August 12, 2015

The Honorable Brian J. Moran
 Secretary of Public Safety and Homeland Security
 Office of the Secretary of Public Safety and Homeland Security
 Patrick Henry Building
 1111 E. Broad Street
 Richmond, VA 23219

Dear Secretary Moran:

Thank you for taking the time to visit the Virginia Fire Chiefs Association (VFCA) Fire Chief's summit in May. This summit was the first of hopefully many such opportunities for the Fire Chiefs from across the Commonwealth to get together for a concentrated and focused agenda on several important issues. By all accounts, this gathering was a huge success, and Virginia Department of Fire Programs Executive Director Melvin Carter, his staff and the VFCA leadership are to be commended for organizing this effort.

As requested, I wanted to take a brief moment of your time to expand upon my statements during the input session following your opening address. In the simplest terms, the administrative structures and processes used in the Commonwealth of Virginia to develop and amend the fire and building codes, in particular those related to the construction of one and two-family residential dwellings, have significant shortcomings. The intended desire for the codes to address public safety is frequently outweighed by the desire to reduce costs, and often nationally endorsed safety standards are reduced or eliminated from the adopted codes of the Commonwealth. I am concerned, as are many leaders in the Virginia Fire Service that the long term effects of this situation will increase the devastation from fire, both in terms of human lives lost and economic loss.

The essence of my concern rests with the composition, authority and business practices of the Board of Housing and Community Development (BHCD), which, by statute, has the sole responsibility to promulgate the state-wide regulations related to construction, community development, building safety, fire protection and fire prevention. These regulations include the Uniform State-wide Building Code (USBC), the Virginia Residential Code (VRC) and the State-wide Fire Prevention Code (SFPC).

The BHCD consists of fourteen citizen members, including eleven members appointed by the Governor from each of Virginia's Congressional Districts, a representative from the Virginia Fire Services Board appointed by the Chairman of that Board, the Executive Director of the Virginia Housing Development Authority and the Director of Regulatory Compliance of the Virginia Building Officials Association. Whereas a broad base of regional representation

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exists, the BHCD is over represented by the citizens from the architectural, building and economic areas of commerce. Public safety has just a single vote on the BHCD and is typically over-ruled/out voted on critical fire prevention and fire protection issues.

The current practice of code development utilizes technical work sessions and public meetings which are supposed to ensure the proper and timely balance of stakeholder input and review. In practice, however, recommendations are forwarded by technical staff based upon a "consensus" process that is ill defined and often perceived as inconsistent, depending upon the issue or who the proponent represents.

The Virginia Fire Services Board (VFSB), also a Governor appointed body, is supposed to have an equal stake in the code development process through a "joint VFSB/DHCD meeting" process. However public safety, again, is only one vote on the BHCD.

A more balanced process would ideally have our building and fire safety codes promulgated by a combined Board of Housing and Fire Services Board with equal footing in the development process rather than the current single vote on such critical life safety code questions. There are specific examples that I, and others in the Virginia Fire Service, can provide, and I would encourage further dialogue to better inform you of the issues and risks that are present today. I would also offer that the creation of an independent study to evaluate the current code development process in terms of stakeholder composition would be a great undertaking. Key to this would be a mechanism to ensure a full consideration of the science related to fire dynamics and more representation of the fire service for final decisions.

I do believe that everyone involved with the code development process truly intends to ensure a regulatory framework that results in safe and cost effective development.

Unfortunately this is not possible in the current environment.

Thank you again for your willingness to listen to my concerns.

Sincerely,



W. Keith Brewer, Jr.
Fire and Rescue System Chief

Cc: Tim Hemstreet, County Administrator



Virginia Fire Prevention Association

The Honorable Maurice Jones
Secretary of Commerce and Trade
Commonwealth of Virginia
P.O. Box 1475
Richmond, Virginia 23218

Dear Secretary Jones,

As a follow-up to previous letters our organization and other fire service organizations have sent to you on this issue, I must once again express our concern and frustration with the process the Department of Housing and Community Development has pressed forward with in a clear and measured effort to eliminate the existing Statewide Fire Prevention Code (SFPC). Their efforts have not only continued over the past few months, but have been reinforced through an aggressive meeting schedule and persistent dismissal of the fire official's opinions of the "enforceability" of provisions of the Statewide Fire Prevention Code.

To illustrate our concern, I offer the following:

There have been three meetings of this poorly defined workgroup this far. The group has reviewed four chapters of the fifty-nine chapters that make up the SFPC. This has resulted in proposed changes to sixty-five sections and more than 1,900 specific portions of this code. While a few may be worthy changes to make editorial modifications in order to conform to Virginia terminology (like referring to the Uniform Statewide Building Code rather than the International Building Code), and very few may be truly unenforceable, the code changes proposed are based on interpretations from DHCD staff members and others who are not certified nor charged with interpreting the SFPC. In fact, none of those who are proposing these changes are even trained or certified in this very specialized discipline.

Following these initial meetings, DHCD staff members have established a meeting schedule which is unrealistic for many of our fire service members to attend. There were six meetings scheduled in the Richmond area, one each week, through the month of March. Our members are typically engaged in this type of process, but each have full time job responsibilities and are unable to travel to Richmond with this degree of frequency. This meeting schedule along with the frustrations associated having people run the process who do not understand the fire code and its impact, as well as the group's ignoring the opinions of those fire officials here have caused many of my colleagues to withdraw from the process, and it is likely many more will do

ATTACHMENT 2

the same in the near future. This is a tactic we feel is aimed specifically at limiting the fire service's involvement in the process.

The Virginia Fire Services Board, who is charged under the Code of Virginia to cooperatively develop the SFPC, sent a letter to Executive Director Bill Shelton requesting that the current process be halted and to allow the Fire Services Board Code Development Subcommittee to lead the effort of removing unenforceable provisions of the code. This subcommittee is made up of local and state fire officials and fire marshals. That letter received a less than welcome reception, and indicated the SFPC Workgroup's efforts would continue with or without the input of the fire service.

While the efforts of this workgroup was described as removing "unenforceable" provisions of the SFPC, much more than that is being stricken. In chapter 10 alone, the chapter addressing the ability of occupants to exit a building, the chapter has been virtually deleted in its entirety. Including provisions that require an occupant load sign to be posted and maintained (1004.3), the ability of a fire official to establish a safe occupant load in outdoor areas – something that is not regulated by the building code (1004.5), and provisions that would allow a public building owner to use locks and latches in certain instances on egress doors with the approval of the fire official. These are not building code provisions and clearly hamper a fire official's ability to ensure occupant safety.

Add to our concern that DHCD staff has indicated each of these thus far 1,900 code changes (in only 4 of the fifty-nine chapters of the SFPC) will be a single code change considered by the Board of Housing when they are adopting the next edition of the International Fire Code. Given there are another forty plus chapter to review in this effort, it is not out of the question that this will include several thousand specific code sections that are being modified. This is by far the most concerning aspect of this effort. With the scope of the changes being proposed, each change to the code should receive attention from the Board of Housing. Some of the changes proposed will also impact the Uniform Statewide Building Code (USBC). In more than 600 locations in the USBC, it references the SFPC by specific section. We have been able to identify several of those sections that would no longer be in the SFPC if these changes are approved. This effectively changes the USBC and eliminates those safety provisions incorporated into the USBC by reference.

Lastly, we remain skeptical that the Board of Housing has formally taken any action on this subject. When asked to identify the direction the Board approved on this issue, there were no meeting minutes or correspondence outlining this course of action. In one of the recent workgroup meetings, one member of the board attended and indicated he asked for this workgroup to be established and yet could not clearly note that it was a formal position of the board. If the Board of Housing made the direction to remove unenforceable provisions as has been stated, the efforts of this workgroup are well beyond that scope.

We continue to bring this and other concerns to your attention in hopes that you will intervene and stop what we believe is a conscious effort by some to eliminate the authority and ability of local and state fire marshals to enforce a nationally recognized fire prevention code. Even if the minority of the changes proposed by this workgroup is approved, it will require many of us to add what has been removed from the SFPC to our local fire prevention code amendments. This will become problematic as some localities may choose to add those provisions, some may

make those more restrictive than the model code, and others – particularly those areas where the State Fire Marshal has jurisdiction – there may be no modification.

We continue to ask the question that has remained unanswered throughout this process, what is the problem we are trying to fix? Cindy Davis reports that her office receives calls and question about the SFPC and its application and yet she can't quantify those issues and does not refer those questions to those who have the knowledge, certification, and authority to answer those questions – the local fire marshal or state fire marshal. Our continued fear is – separate from the concern over the removal of a majority of the SFPC – that the unintended consequences associated with the elimination of a significant portion of the SFPC will not be seen until after these changes are approved. Then it will be too late.

We sincerely hope your direction will be to stop this effort immediately, and as the Fire Services Board has requested, allow the experts in the field of fire prevention and fire code enforcement lead this effort.

Sincerely,

George Hollingsworth

George Hollingsworth, President
Virginia Fire Prevention Association

cc: Secretary of Public Safety Brian Moran
Deputy Secretary of Public Safety Adam Thiel



Virginia Fire Prevention Association

The Honorable Maurice Jones
Secretary of Commerce and Trade
Commonwealth of Virginia
P.O. Box 1475
Richmond, Virginia 23218

Dear Secretary Jones:

At the request of Deputy Secretary of Public Safety Adam Thiel, our fire service organization is seeking your help in addressing an ongoing fire and life safety concern we have for the citizens and firefighters of the Commonwealth. The request by Secretary Thiel was the result of a pointed letter sent to the Secretary of Public Safety concerning the development and adoption of the Uniform Statewide Building Code and the Statewide Fire Prevention Code. In that letter, Loudoun County Fire Chief Keith Brower expressed clear issues with the composition of the Board of Housing, the process by which these codes are promulgated, and the lack of transparency and public input into the development of these important regulations in Virginia.

This letter is meant to support Chief Brower's original concerns as well as detail the concerns held by the leaders of Virginia's fire service organizations. Here, we will attempt to illustrate specific incidents of how the current process is imbalanced and flawed. These flaws we fear are creating undue risk to Virginia residents and the firefighters sworn to protect them.

First, Virginia adopts a "model" building and fire code that is published by the International Code Council (ICC). These documents are published every three years and go through a process to change and consider new technology and methods based on a long and transparent hearing process that involves building professionals, fire service organizations, building officials and inspectors, product manufacturers and a myriad of other professional organizations just to name a few involved in the process. When a change to these codes is proposed, a formal hearing is conducted by an ICC Committee seated to specifically evaluate the merits of the change. The proponents are provided the opportunity to outline the change and opponents are provided equal time to argue their opposition. After there has been a full vetting – including questions posed to those testifying from the committee – a vote is taken. There remains one additional step in the process by which the committee can be overturned by the voting members of the ICC. However, due to the broad and balanced make up of these ICC Committees, they are rarely overturned.

Once published by the ICC, the process moves to Virginia to update our building and fire codes to reflect the modern materials, construction features, and safety provisions of the newly updated codes. This is where we believe the system currently in place to amend and adopt these heavily vetted model codes goes astray. This process is governed by the Administrative Process Act which gives great latitude to the Board of Housing and Community Development. In most instances this is a positive thing for Virginia, but without clear direction from the Act, and with the imbalance on the Board of Housing, the process

made by any one proponent. This is in stark contrast to the ICC process which properly debates – through a process of proponents, opposition, then rebuttal debates – in order to fully discuss one specific proposal. During this debate, members of the decision making body are afforded the opportunity to clarify and question any speaker on the topic at hand. This provides them with a full awareness and understanding of each and every code change before that group decides on any issue. Following the complete debate, a vote of the deciding body is taken and the decision made.

In the Board of Housing process, there are no opportunities for questions to be asked of the speakers, and the decision is made sometimes months after this meeting. During which time DHCD Staff hold their work group meetings and provide the Board with their overviews before voting on a matter. In addition, votes have been taken by the Board when members of the Codes and Standards Committee have openly indicated they did not understand a code change, they were uncertain as to the impacts of a specific proposal, and were not fully aware of the long term costs of a change that had been approved at the national model code committee process. With those questions looming and remaining unanswered, and admittedly without a clear understanding of a code proposal before them, the Committee and Board approved a submitted code change.

3. Virginia's fire service is not fairly represented on the Board of Housing or in the DHCD code development process:

While the Code of Virginia Section § 27-97 specifies, "The Board of Housing and Community Development is hereby empowered to adopt and promulgate a Statewide Fire Prevention Code which shall be cooperatively developed with the Fire Services Board pursuant to procedures agreed to by the two Boards", the process to adopt the Statewide Fire Prevention Code remains fully and completely in the hands of the Board of Housing. The agreement currently in place specifies that a joint committee from the Fire Services Board and the Board of Housing will review changes to the Statewide Fire Prevention Code, but when the time comes for adoption of the code, the Board of Housing remains the controlling entity. Any decision by the joint committee is easily and quickly overruled by the Board of Housing's Codes and Standards Committee or full Board. The language in the Code of Virginia as it is currently written, combined with any agreement between the two boards is not followed.

The marginal involvement in the development of the fire code is nonexistent in the development of the Uniform Statewide Building Code. This is contrary to the development of the national model codes (both the ICC and National Fire Protection Association's code) in which the fire service is on equal footing with the building trades, building owners, and other special interests. Fire service representation on the Board of Housing is limited to one At Large position filled by a member of the Virginia Fire Services Board. This is a single fire safety position on a regulatory board which has an overabundance of a single special interest group representation.

4. The Board of Housing which promulgates the Uniform Statewide Building Code and the Statewide Fire Prevention Code does not provide a balanced approach to the development of these important regulations. Rather it is dominated by a single special interest group that is regulated by these codes:

The Board of Housing and Community Development is a fourteen (14) member, Governor appointed body that is tasked with the promulgation of the Uniform Statewide Building Code, the Statewide Fire Prevention Code, and other related regulations in addition to other duties outlined in section § 36-137 of the Code of Virginia. At present, those members are comprised of one ex officio member from the Virginia Housing Development Authority, one member from the Virginia Fire Services Board, and one

and spread than ever, and the fire related risk to residents and firefighters has grown exponentially. The National Institute for Standards and Testing along with Underwriters Laboratory testing has demonstrated these modern fire problems again and again. Their research has shown how today's fire scenarios and construction features are clearly increasing these risks.

Other states like Maryland and California have taken statewide action to reduce these new fire risks by requiring fire sprinklers in new homes consistent with both of the national model building codes. Other states have left this decision to local cities and counties to address the fire problems locally by allowing them to adopt or modify building codes. In Virginia, we do not have either of these strategies available to employ due to the nature of the laws regulating building codes and the special interests that are controlling the code development process.

As an organization of fire officials from across the Commonwealth, it is our hope that your office and the Governor will see the need to change the Code of Virginia and allow a better code development process to prevail in order to protect the lives and property of our citizens and firefighters. We would recommend a documented process outlining the process and changes to the Code that places the Board of Housing and Community Development and the Fire Services Board on equal footing in the development of these codes. Alternative options would be to move the development of the Statewide Fire Prevention Code from the Board of Housing to the sole responsibility of the Fire Services Board and to permit local governments to require the use of fire sprinklers in newly constructed single family homes.

Respectfully,



George Hollingsworth, President
Virginia Fire Prevention Association



Virginia Chapter
International Association of Arson Investigators
Incorporated
Post Office Box 1367, Madison, VA 22727



October 26, 2015

The Honorable Maurice Jones
Secretary of Commerce and Trade
P.O. Box 1475
Richmond, Virginia 23218

Dear Secretary Jones:

The Virginia Chapter of the International Association of Arson Investigators is seeking your help in addressing an ongoing fire and life safety concern we have for the citizens and firefighters of the Commonwealth. We believe the development and adoption of the Uniform Statewide Building Code and the Statewide Fire Prevention Code has revealed significant issues with the composition of the Board of Housing, the process by which these codes are promulgated, and the lack of transparency and public input into the development of these important regulations in Virginia. We believe the current process is creating undue risk to Virginia residents and the firefighters sworn to protect them.

I am aware other fire service groups have enumerated problems and solutions in dealing with this issue and I will not present them to you again because our concerns are the same as others have stated so clearly.

As an organization that represents fire officials from across the Commonwealth, it is our hope that your office and the Governor will see the need to review the Code of Virginia and seek a better code development process to protect the lives and property of our citizens and firefighters. Our organization would welcome the opportunity to assist in that process.

Sincerely,

Dave Allen
Executive Director

cc: The Honorable Adam Thiel



Virginia Fire Chiefs Association, Inc.

P.O. Box 699, Blackstone, VA 23824

Phone: 888-818-0983

Web Site: www.vfca.us

September 22, 2015

The Honorable Maurice Jones
Secretary of Commerce and Trade
P.O. Box 1475
Richmond, Virginia 23218

Dear Secretary Jones:

At the request of Deputy Secretary of Public Safety Adam Thiel, our fire service organizations come to you seeking your help in addressing an ongoing fire and life safety concern we have for the citizens and firefighters of the Commonwealth. The request by Secretary Thiel was the result of a pointed letter sent to the Secretary of Public Safety concerning the development and adoption of the Uniform Statewide Building Code and the Statewide Fire Prevention Code. In that letter, Loudoun County Fire Chief Keith Brower expressed clear issues with the composition of the Board of Housing, the process by which these codes are promulgated, and the lack of transparency and public input into the development of these important regulations in Virginia.

This letter is meant to support Chief Brower's original concerns as well as detail the concerns held by the leaders of Virginia's fire service organizations. Here, we will attempt to illustrate specific incidents of how the current process is imbalanced and flawed. These flaws we fear are creating undue risk to Virginia residents and the firefighters sworn to protect them.

First, Virginia adopts a "model" building and fire code that is published by the International Code Council (ICC). These documents are published every three years and are changed based on a long and transparent hearing process that involves building professionals, fire service organizations, building officials and inspectors, product manufacturers, and a myriad of other professional organizations just to name a few. When a change to these codes is proposed, a formal hearing is conducted by an ICC Committee seated to specifically evaluate the merits of the change. The proponents are provided the opportunity to outline the change and opponents are provided equal time to argue their opposition. After there has been a full vetting – including questions posed to those testifying from the committee – a vote is taken. There remains one additional step in the process by which the committee can be overturned by the voting members of the ICC. However, due to the broad and balanced make up of these ICC Committees, they are rarely overturned.

Once published by the ICC, the process moves to Virginia to update our building and fire codes to reflect the modern materials, construction features, and safety provisions of the newly updated

on all of the code changes submitted to a particular code. This may represent literally hundreds of submitted changes to amend the Virginia codes and hundreds of changes to the updated model codes. Anyone interested in more than one code change issue is handcuffed from speaking on all of their areas of interest or concern.

In addition to the limitations on the topics, there is an inherent lack of true debate on any one code change. If a proponent of the change speaks for the change, there may be dozens of speakers discussing dozens of unrelated code changes before the opposition has the chance to speak to the comments made by any one proponent. This is in stark contrast to the ICC process which properly debates – through a process of proponents, opposition, then rebuttal debates – in order to fully discuss one specific proposal. During this debate, members of the decision making body are afforded the opportunity to clarify and question any speaker on the topic at hand. This provides them with a full awareness and understanding of each and every code change before that group decides on any issue. Following the complete debate, a vote of the deciding body is taken and the decision made.

In the Board of Housing process, there are no opportunities for questions to be asked of the speakers, and the decision is made sometimes months after this meeting. During which time DHCD Staff hold their work group meetings and provide the Board with their overviews before voting on a matter. In addition, votes have been taken by the Board when members of the Codes and Standards Committee have openly indicated they did not understand a code change, they were uncertain as of the impacts of a specific proposal, and were not fully aware of the long term costs of a change that had been approved at the national model code committee process. With those questions looming and remaining unanswered, and admittedly without a clear understanding of a code proposal before them, the Committee and Board approved a submitted code change.

3. Virginia's fire service is not fairly represented on the Board of Housing or in the DHCD code development process:

While the Code of Virginia Section § 27-97 specifies, "The Board of Housing and Community Development is hereby empowered to adopt and promulgate a Statewide Fire Prevention Code which shall be cooperatively developed with the Fire Services Board pursuant to procedures agreed to by the two Boards", the process to adopt the Statewide Fire Prevention Code remains fully and completely in the hands of the Board of Housing. The agreement currently in place specifies that a joint committee form the Fire Services Board and the Board of Housing will review changes to the Statewide Fire Prevention Code, but when the time comes for adoption of the code, there Board of Housing remains the controlling entity. Any decision by the joint committee is easily and quickly overruled by the Board of Housing's Codes and Standards Committee or full Board. The language in the Code of Virginia as it is currently written, combined with any agreement between the two boards is nothing more than a paper tiger.

The marginal involvement in the development of the fire code is nonexistent in the development of the Uniform Statewide Building Code. This is contrary to the development of the national model codes (both the ICC and National Fire Protection Association's code) in which the fire service is on equal footing with the building trades, building owners, and other special interests. Fire service representation on the Board of Housing is limited to one At Large position filled by a member of the Virginia Fire Services Board. This is a single fire safety position on a regulatory board which has an overabundance of a single special interest group representation.

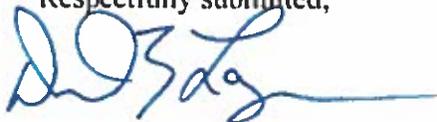
4. The Board of Housing which promulgates the Uniform Statewide Building Code and the Statewide Fire Prevention Code does not provide a balanced approach to the development of

The fire service organizations in Virginia believe the process for the adoption of building and fire codes in our Commonwealth is broken. The bias and imbalanced process will lead to communities that are less safe than they have been in the past. New home construction is more dangerous today than it ever has been in the past due to light weight construction, more combustible materials and furnishings in the home with higher heat release rates. Combine these issues with differences in modern open floor plans providing for faster fire development and spread than ever, and the fire related risk to residents and firefighters has grown exponentially. The National Institute for Standards and Testing along with Underwriters Laboratory testing has demonstrated these modern fire problems again and again. Their research has shown how today's fire scenarios and construction features are clearly increasing these risks.

Other states like Maryland and California have taken statewide action to reduce these new fire risks by requiring fire sprinklers in new homes consistent with both of the national model building codes. Other states have left this decision to local cities and counties to address the fire problems locally by allowing them to adopt or modify building codes. In Virginia, we do not have either of these strategies available to employ due to the nature of the laws regulating building codes and the special interests that are controlling the code development process.

It is our collective hope that your office and the Governor will see the need to change the Code of Virginia and allow a better code development process to prevail in our Commonwealth in order to protect the lives and property of our citizens and firefighters. We would recommend specific changes to the Code places the Board of Housing and Community Development and the Fire Services Board on equal footing in the development of these codes. Alternative options would be to move the development of the Statewide Fire Prevention Code from the Board of Housing to the sole responsibility of the Fire Services Board or to permit local governments to require the use of fire sprinklers in newly constructed single family homes.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "D. Layman", with a long horizontal flourish extending to the right.

David E. Layman
President

Date of Meeting: May 10, 2016

#13

**BOARD OF SUPERVISORS
FINANCE/GOVERNMENT OPERATIONS AND
ECONOMIC DEVELOPMENT COMMITTEE
ACTION ITEM**

SUBJECT: Proposed Classification and Compensation Study

ELECTION DISTRICT: Countywide

STAFF CONTACT: Jeanette Green, Director of Human Resources

PURPOSE: To seek feedback from the Finance/Government Operations and Economic Development Committee (FGOEDC) on the county's compensation philosophy, on the established competitive market, and on the proposed approach for conducting a classification and compensation study.

RECOMMENDATION: Staff recommends the Finance/Government Operations and Economic Development Committee (FGOEDC) recommend to the Board of Supervisors (Board) that staff be authorized to move forward with Phase 1 of the Proposed Classification and Compensation Study using the guidelines recommended by the Committee.

BACKGROUND: On November 14, 2015, at the Board of Supervisors Orientation session staff provided an issue paper titled Review of the County's Classification System and Pay Plan (Attachment I - Item #7a in the Board of Supervisors Operations Manual). The issue paper presented background on the county's classification system and pay plan. It also indicated that the current classification system and pay plan can no longer adequately meet the present and future needs of the organization. The issue paper stated that staff would present an item in FY16 recommending that the Board consider whether it is appropriate to maintain the current compensation philosophy and competitive market. The item would also recommend that staff hire a consultant to conduct a classification and compensation study (hereinafter referred to as "the study").

At the Board of Supervisors Budget Worksession on March 15, 2016, Supervisor Letourneau moved that the Board of Supervisors consider funding the study during the year end fund balance discussion in December 2016. The motion was seconded by Supervisor Higgins and passed unanimously (9-0).

ISSUES: Staff requests feedback and direction from the FGOEDC on two major issues related to the proposed study. The first issue is whether the Board of Supervisors wishes to review the county's compensation philosophy and competitive market. Second, staff wants feedback on the

proposed approach to conducting the study. The Board's compensation philosophy has been in place for more than two decades and states that the county should deliver average pay at 95% of the competitive market. The competitive market is defined as including the City of Alexandria and the counties of Arlington, Fairfax, and Prince William. Staff recommends that the Board of Supervisors review the compensation philosophy and established competitive market to determine if it currently reflects the will of the Board.

At their March 7, 2016, Board of Supervisors Budget Worksession, the Board expressed support for conducting a classification and compensation study. Staff proposed that the study be conducted in two phases.

Phase 1: This phase involves hiring a consultant to do a comprehensive study of the county's classification system and pay plan and to make recommendations for modifying or replacing our existing classification system and pay plan. The study would benchmark Loudoun against our competitive market and best practices for public employers as well as examine the county's policies and procedures related to job evaluation and pay. The recommendations from Phase 1 would be presented as an action item to the FGOEDC. Phase 1 is estimated to take approximately one year to complete. Pending direction from the FGOEDC and ultimately the Board of Supervisors on the recommendations from Phase 1, staff would then commence Phase 2.

- **Phase 2:** This phase would implement the direction of the Board relative to modifying or replacing the county's classification system and pay plan. Staff proposes hiring a consultant to manage and perform work in Phase 2, which could encompass a wide range of activities. Based on the Board's direction, Phase 2 may include some or all of the following activities:
 - developing and implementing a modified or new classification system,
 - developing new generic job descriptions,
 - updating or revising policies, and/or
 - implementing a new merit pay system.

Phase 2 is expected to take one to two years to complete depending on the extent of the changes directed by the Board.

Staff would work closely in Phase 1 and 2 with the consultant to define clear project objectives and scope, to clarify roles and responsibilities of project participants, to effectively inform and educate county staff, and to keep the Board of Supervisors informed.

At the Board of Supervisors Budget Worksession on March 15, 2016, Jeanette Green, Director of Human Resources, indicated that sufficient funds exist in the Department of Human Resources operational budget to begin Phase 1 of the project now with the anticipation that additional funds would be allocated for Phase 1 during the December 2016 fund balance discussion. Ms. Green also indicated that there would not be a significant impact of delaying the start of Phase 1 until

after the December 2016 fund balance discussion. Staff recommends issuing the Request for Proposal for Phase 1 now and starting Phase 1 in the July/August 2016 timeframe.

In summary the Board of Supervisors could consider three options. Option 1 is for the Board to direct staff to hire a consultant to focus solely on reviewing the compensation philosophy and competitive market during Phase 1. This option enables the Board to clarify its competitive market before attempting to benchmark the county's classification system and pay plan. Option 2 is for the Board to reaffirm the existing compensation philosophy and competitive market and to direct staff to commence Phase 1 with a scope of work as described above. Option 3 is for the Board to direct staff to hire a consultant to do both option 1 and option 2 during Phase 1 of the study. All three options would result in bringing recommendations back to the Board of Supervisors.

FISCAL IMPACT: Funding for Phase 1 of the study will be considered at the Board's December 2016 fund balance discussion. Sufficient funds in the amount of \$100,000 exist within the Department of Human Resources FY 2016 operational budget to begin Phase 1 now.

DRAFT MOTION:

1. I move that the Finance/Government Operations and Economic Development Committee recommend that the Board of Supervisors authorize staff to move forward with Phase 1 of the Proposed Classification and Compensation Study focusing solely on reviewing the county's compensation philosophy and competitive market.

OR

2. I move that the Finance/Government Operations and Economic Development Committee recommend that the Board of Supervisors reaffirm the existing compensation philosophy and competitive market and authorize staff to move forward with Phase 1 of the Proposed Classification and Compensation Study using staff's recommended scope of work contained herein.

OR

3. I move that the Finance/Government Operations and Economic Development Committee recommend that the Board of Supervisors authorize staff to move forward with Phase 1 of the Proposed Classification and Compensation Study to include both reviewing the county's compensation philosophy and competitive market as well as staff's recommended scope of work contained herein.

OR

4. I move an alternate motion.

ATTACHMENTS:

- I. Item #7a in the Board of Supervisors Operations Manual titled “Review of the County’s Classification System and Pay Plan”
- II. Competitive Market Analysis

2016 BOARD OF SUPERVISORS BRIEFING

7a

SUBJECT: Review of the County's Classification System and Pay Plan

STAFF CONTACTS: Jeanette D. Green, Director, Human Resources
Ronda Allen, Workforce Planning Manager, Human Resources

BACKGROUND: Loudoun County employs approximately 3,366 regular employees and 2,937 temporary employees in thirty-two (32) different departments and offices grouped into five major areas: general government administration; public safety and judicial administration; health and welfare; parks, recreation and culture; and community development.

The Board of Supervisors approves the County's compensation philosophy and policies. The Board's current compensation philosophy is to deliver average pay at 95% of the competitive market. The competitive market is defined as including the City of Alexandria and the counties of Arlington, Fairfax, and Prince William. Chapter 5 of the County's Human Resources Handbook details the Board's policies on the County's classification and pay plan. Chapter 5 states that the County's classification and pay plan is intended to be competitive with the labor market and other public and private sector employers, equitable in the classification of positions and the delivery of pay, and compliant with applicable federal, state and local regulations.

Currently, the County operates under a broadband classification system and pay plan implemented by the Board in 1995. Simply stated, broadbanding is the grouping of jobs with similar duties, responsibilities, and levels of accountability into job classifications. Broadband classifications are broad in scope and describe the general body of work, not the specific duties that belong to all of the jobs included within that classification. Chapter 5 outlines specifications for each broadband classification that detail the nature of work and the education and experience requirements associated with that classification.

The County's current broadband system includes three (3) separate pay structures (General Workforce, Uniformed Fire and Rescue, and Uniformed Sherriff's Office) comprising a total of nine (9) broadband job classifications. The nine (9) broadband classifications are Advisors and Managers (A), Executive (E), General Support and Services (G), Program and Administrative Services (P), Specialists (S), Technical and Trades (T), Uniformed Fire and Rescue (F), and Uniformed Sheriff's Office (U and O). These classifications are very general in nature and are designed to identify and define the job family. They also provide a consistent and common standard by which these job families can be utilized across departments and offices within the County to classify positions. A department may utilize more descriptive "working titles" for specific positions. For example, employees within the broadband classification of Advisors and Manager, hold working titles such as Employee Relations Manager, Emergency Services Manager, Juvenile Detention Center Manager, and Benefits and Risk Manager.

Each of the nine (9) broadband classifications is divided into various levels reflecting increasing degrees of job complexity and education and/or experience requirements (ex. Specialist I, II, III, and

IV). Each level within a broadband classification is assigned to a specific pay band (Attachment 1). When the current broadband system was implemented by the Board in 1995, the initial pay bands were set based upon an analysis of salary data within the labor market at that time.

ISSUES: The County's classification system and pay plan were implemented in 1995. While the County has made tweaks to both the classification system and pay plan over the last twenty years to attempt to meet the needs of our growing and increasingly complex organization, there are indications that the current classification system and pay plan can no longer adequately meet the present and future needs of the organization.

Issues with the Current Classification System

➤ ***Difficulty Classifying Certain Positions:***

As the County government grows, and the number, types, and complexity of County jobs increase, certain County positions do not fit well into any of the nine (9) major job classifications under the system. For example, many information technology jobs do not fit well into the current system.

➤ ***High Minimum Education and Experience Requirements:***

The County's classification specifications set the minimum education and experience requirements for each broadband classification level. In recent years, the County has had challenges in recruiting applicants who meet the minimum education and experience requirements for mid to high level positions with the County; an indication that perhaps the minimum education and experience requirements have been set too high for certain classifications. While the County wishes to attract highly credentialed and experienced talent to the County's workforce, the well-documented national wave of Baby Boomer¹ retirements will make it increasingly difficult to attract seasoned professionals to the County's workforce. As the wave of Baby Boomer retirements increase, the County will increasingly compete to attract less experienced applicants to fill the resulting vacancies. This will be difficult to do if the experience and education requirements for County positions are set so high as to screen out otherwise qualified applicants who are simply lacking the requisite number of years of experience. It is also important to note that market surveys often indicate that comparator jurisdictions have lower education and/or experience requirements than the County for certain similar position.

➤ ***Lack of Standardized Job Descriptions:***

Under the current system the County does not utilize traditional, standardized job descriptions. Instead, each employee's supervisor is tasked with drafting an individualized performance plan which defines the broad job components and specific performance

¹ Baby Boomer Generation (born between 1946-1964). Currently, 33.61% of the County workforce falls within this category.

expectations or duties of the employee's position. The detail and quality of individual performance plans often varies based on the skill and effort of the supervisor drafting the plan. A failure to clearly outline the essential functions of an employee's job within the performance plan can lead to issues effectively administering the County's workers' compensation program and the reasonable accommodation process under the federal Americans with Disabilities Act. These programs require clear documentation of an employee's essential job functions, including physical job requirements, in order to effectively administer the program and comply with associated legal regulations. Further, detailed job descriptions are essential for the effective administration of the County's performance assessment and discipline management systems.

The lack of standardized job descriptions also makes it easier for the duties of a specific position to change over time; this in turn makes it more difficult for the Department of Human Resources (Human Resources) to monitor and determine whether employees are working within the appropriate job classification. Further, this also makes it more difficult for Human Resources to ensure that positions are properly classified as exempt or non-exempt in accordance with the federal Fair Labor Standards Act.

Issues with the Pay Plan

➤ ***Difficulty Meeting the Board's Goal of Delivering Compensation at 95% of the Comparator Market:***

Chapter 5 of the Human Resources Handbook specifically states that salary surveys will be conducted periodically to assess the County's compensation levels compared to the market. Human Resources surveys the comparator market for pay increases and adjustments to the minimum and maximum of the pay bands on an annual basis in conjunction with the County's budget process. Further, periodically, the County conducts a compensation study for certain benchmark positions to determine how well the County is meeting its goal of delivering pay at 95% of the comparator market. The most recent compensation study was conducted in December 2010 by Knowledge Bank, Inc. for a selection of benchmark positions. This study found several benchmark positions to be below 95% of the comparator market and recommended market adjustments be placed on these positions to bring average compensation within the 95% range of comparator jurisdictions.

A market adjustment is an adjustment to the minimum and maximum of a position's pay band for the purpose of attracting, hiring and retaining employees in specialized or high demand occupations. As of the date of this briefing, there are 449 County employees in 164 positions who receive a market adjustment on their pay. For example, Systems Administrators in the Department of Information Technology have a market of adjustment of 20%; Engineer positions in the Department of Building and Development and the Department of Transportation and Capital Infrastructure receive a market adjustment of between 12-15%; and Dispatcher positions in Fire, Rescue and Emergency Management and the Sheriff's Office receive a market adjustment of 20%. The County's frequent reliance

on market adjustments to deliver pay at or near the 95% target established by the Board's compensation philosophy is an indication that the County's overall Pay Plan is in need of updating. It is also important to note that market adjustments are just one compensation tool in a complex compensation system that includes stipends, shift differentials, and on call pay. This has contributed to the County's current pay plan being difficult to both understand and administer.

➤ ***Administrative Burdens***

The need to update the County's pay plan and classification system has contributed to a spike in position reclassification requests and requests for salary adjustments. Human Resources received 84 reclassification requests in FY13, 98 in FY14, and 93 in FY15. Moreover, Human Resources has approved 132 salary adjustments for individual employees since FY11. It is important to note that the spike in reclassifications and salary adjustments is in part a reflection of the freezing of the County's special pay band increase program in 2008. This program allowed Department Heads to offer employees a 5% increase in pay based on an employee's superior performance and/or acquisition and application of a particular skillset that added significant value to the organization.

➤ ***Morale Issues***

Many County positions were not selected as benchmark positions in the most recent compensation study. As such, there is a strong likelihood that a number of other County positions are also lower than 95% of the comparator market. There is a general awareness of this throughout the organization which has led to morale issues. In recent years, employees have repeatedly cited non-competitive pay as a complaint in County surveys and in other forums in which employee feedback has been solicited.

➤ ***Issues with Attracting and Hiring Top Talent***

If salaries for various positions remain significantly below the market, the County will continue to face difficulty attracting and hiring top talent. This problem is further exacerbated by the competitiveness of the DC area job market and the high cost of buying a home in Loudoun County.²

➤ ***Issues with Retaining Top Talent***

Retention of top talent is also a concern. The County's turnover rate has seen a sustained increase in recent years, jumping from 8.2% in FY11 to 11.1% in FY15. The current projected turnover for FY 16 is 15.6%. As noted above, in recent years, Human Resources has conducted numerous employee surveys and non-competitive pay is consistently cited as a concern by many County employees.

² The cumulative median sale price of all types of homes in Loudoun County was \$430,000 through August 2015. Currently, 35% of County employees live outside of Loudoun County.

➤ **Total Compensation**

The issue of competitive pay must be viewed in the context of the total compensation package provided to employees. The cost to the employees of the County's health plan has continued to increase year over year. An overall increase of approximately 12% has been approved for the Health Plan Year 2016. Further, employees saw an elimination of funding in 2009 for the employer match contribution to participants in the County's 457(b) deferred compensation plan. Previously County employees who participated in the plan received a dollar for dollar employer match of up to \$20 per pay period (\$520 per year) as an incentive for employees to participate in the plan. Finally, it is important to note that effective July 1, 2012, the Virginia General Assembly required all members of the Virginia Retirement System (VRS) to pay a member contribution to their VRS retirement plan. In response, the County implemented a 5% employee member contribution along with a 5% salary increase to offset the contribution. Unfortunately this resulted in an approximate 1% reduction in pay for all employees due to the 5% salary increase being based on the old salary and the 5% member contribution being calculated on the new salary.

PURPOSE: The purpose of this briefing is to provide the Board with an overview of the County's classification system and pay plan and to create awareness of the current challenges with maintaining the current system and pay plan. Staff will present an item to the Board in FY16 recommending the Board:

1. Consider whether it is appropriate to maintain the Board's current compensation philosophy of delivering pay at 95% of the comparator market;
2. Direct staff to hire a consultant to review and evaluate all aspects of the County's current classification system and based on that evaluation develop a new systematic classification system including standardized job descriptions with minimum qualifications, clearly identified essential job functions, and clearly identified physical requirements; and
3. Direct staff to review and evaluate all aspects of the County's pay plan and based on that evaluation develop a new market competitive compensation plan, including identifying the market competitive salary range for each job classification.

ANTICIPATED ACTION DATE: No action required at this time.

ADDITIONAL INFORMATION: Please feel free to contact staff for additional information.

ATTACHMENT:

1. Loudoun County FY16 Payscale (General Workforce, Fire and Rescue, and Sheriff's Office)

County	County Population	% of Regular Loudoun County Employees Residing in this County*	# of Regular Loudoun County Employees Residing in this County*	Direction from Loudoun	Pros to Choosing as a Comparator	Cons to Choosing as a Comparator	Comments	Possible New Comparators (Yes / No / Maybe)
Loudoun County, VA	373,694	51.2%	1746	NA	NA	NA	NA	NA
Arlington County, VA	220,400	0.2%	8	East	Comparable size county. Similarity of positions. Nearby county. Similar labor market. Easy access to position data online.	Less than 1% of employees come from there.	Current Comparator	Yes
Berkeley County, WVA	110,497	4.3%	148	Northwest	4.3% of our workforce comes from there.	Less than one third the size of Loudoun. No access to position data online.	Martinsburg, WVA area	No
City of Alexandria, VA	153,551	0.1%	4	East	Similarity of positions. Nearby city. Similar labor market. Easy access to position data online.	Less than 1% of employees come from there.	Current Comparator	Maybe.
Clarke County, VA	14,348	2.9%	100	West	2.9% of our workforce comes from there.	Too small. Not enough similar positions.		No
Fairfax County, VA	1,125,400	6.2%	211	East	Similarity of positions. Adjacent county. Similar labor market. Easy access to position data online. 6.2% of our workforce comes from there.	None	Current Comparator	Yes
Fauquier County, VA	65,203	2.2%	76	South	Similarity of positions. 2.2% of our workforce comes from there. Easy access to position data online.	Less than one fifth the size of Loudoun.		Maybe. Although a small jurisdiction, it has many of the same jobs and represents salaries south of Loudoun.

Frederick County, MD	246,011	5.2%	176	North	Comparable size county. Similarity of positions. Adjacent county. Similar labor market. Easy access to position data online. 5.2% of our workforce comes from there.	None	Frederick, MD area	Yes
Frederick County, VA	82,059	7.3%	250	West	7.3% of our workforce comes from there. Some access to position data online.	Less than one fourth the size of Loudoun.	Winchester, VA area	Maybe. Although a small jurisdiction, it has many of the same jobs and represents salaries west of Loudoun.
Henrico County, VA	314,878	0.0%	1	South	Comparable size county. Similarity of positions. Easy access to position data online.	Not part of the Washington, DC metropolitan region. Salaries may vary. None of our employees come from there.		No. Although a very similar jurisdiction, it is in a different labor market.
Jefferson County, WVA	55,073	8.3%	284	Northwest	8.3% of our workforce comes from there.	Too small. No access to position data online.	Charles Town and Harper's Ferry, WVA area	No
Montgomery County, MD	974,824	0.8%	27	East	Similarity of positions. Adjacent county. Similar labor market. Easy access to position data online.	Less than 1% of employees come from there.		Maybe. Although a larger jurisdiction, it has many of the same jobs. Adding Montgomery County may be very similar to Fairfax County. Do we need another Fairfax in the comparator group?
Prince William County, VA	438,580	3.9%	133	Southeast	Comparable size county. Similarity of positions. Adjacent county. Similar labor market. Easy access to position data online. 3.9% of our workforce comes from there.		Current Comparator. Manassas, VA area	Yes
*Data as of 04/27/2016								

Date of Meeting: May 10, 2016

#14

**BOARD OF SUPERVISORS
FINANCE/GOVERNMENT OPERATIONS AND
ECONOMIC DEVELOPMENT COMMITTEE
INFORMATION ITEM**

SUBJECT: Internal Audit/Affordable Dwelling Units and Housing Choice Vouchers Programs

ELECTION DISTRICT: Countywide

STAFF CONTACTS: John Sandy, Assistant County Administrator
Janet Romanchyk, Finance and Procurement
Penny Newquist, Finance and Procurement

PURPOSE: To present the results of CliftonLarsonAllen LLP's review of the County's Affordable Dwelling Units (ADU) and Housing Choice Vouchers (HCV) programs.

BACKGROUND: Loudoun County conducts miscellaneous internal audits of the County's internal controls and processes through CliftonLarsonAllen LLP (CLA), contract vendor, as directed by the Board of Supervisors' Finance/Government Operations and Economic Development Committee (FGOEDC). These are in addition to the County's annual financial audit and the audits conducted by the cash auditor position within the Treasurer's Office.

At the May 13, 2014 meeting, the former Finance/Government Services and Operations Committee (FGSOC) (as of January 1, 2016 reconstituted as the FSOEDC) approved the Audit Plan of internal audit projects for CLA. This information item presents the internal audit report for the Affordable Dwelling Unit (ADU) program and the Housing Choice Voucher (HCV) program.

The ADU program was established by County Ordinance in 1993 with the purpose of providing affordable housing in new residential development to persons of moderate income by promoting the development of a full range of housing choices and prices in new construction; and the continued existence of dwelling units through a covenant. ADU's are sold to qualified applicants with incomes between 30% and 70% of the Area Median Income. This program also facilitates the rental of units to qualified renters. An eleven member Affordable Dwelling Unit Advisory Board (ADUAB) is appointed by the Board of Supervisors as directed by Chapter 1450 of the County Code and provides leadership to this program. The ADUAB is tasked with setting below market prices for purchase and rental ADUs, working with the residential building industry to address unique pricing issues, and making modification recommendations to the Board.

The HCV program provides rental assistance to low-income families, including the elderly, and persons with disabilities to afford decent, safe, and sanitary housing in the private market through the use of Federal funds from the U.S. Department of Housing and Urban Development (HUD). The HCV program is administered locally by Public Housing Agencies. The Department of Family Services reviews documentation to determine eligibility, issues vouchers, and ensures compliance with local and federal regulations. To qualify for the HCV program the household income must not exceed 50 percent of the area median income. The average HCV household usually pays 30 to 40 percent of their monthly adjusted income for housing with the balance paid from the HCV program.

ISSUES: This item presents the auditor’s report, which includes the findings, their recommendations, and a management response from the County. The following table provides a summary of the report’s findings, recommendations, and County responses.

CLA Finding/Recommendation	Affordable Dwelling Units
1. Denial Letters – Purchases and Rentals	
<p>AUDIT FINDING:</p> <p>Out of 20 denied applications reviewed, six denial letters were not available and two denial letters were dated four months after the application date.</p> <p>In addition, the file copy denial letters were not signed by the ADU Housing Specialist.</p> <p>RECOMMENDATION:</p> <p>CLA recommends the County review and update the process for preparing denial letters.</p>	<p>COUNTY RESPONSE:</p> <p>The delayed denial letters for two clients were due to staff waiting on information from clients to complete the application for staff review.</p> <p>Files currently remain in a pending, or incomplete status indefinitely allowing the applicant ample time to complete the application.</p> <p>The ADU program will now adopt a 15 business day limit on submission of outstanding documentation.</p> <p>Clients will be advised that the application will be denied after 15 business days and the application will need to be resubmitted.</p> <p>Four clients requested “username” resets and were not actual loan applications.</p> <p>Two clients’ on-line application were never “certified” by the applicant, so staff never received an application to deny.</p> <p>To strengthen and clarify the procedures in these cases, the Department of Information Technology has updated the online application system to allow staff to “withdraw” an application instead of “deny” an application for username resets and applications not certified by the applicant.</p> <p>In addition, staff will now require a written request from all applicants requesting that their application be withdrawn.</p> <p>All files will also include a signed copy of the denial letter.</p>

	CLA Finding/Recommendation	Affordable Dwelling Units
2. Resale Files		
	<p>AUDIT FINDING: The supporting documentation CLA requested was provided; however the time and effort required to locate the documents was significant as they were obtained from multiple locations.</p> <p>Organized and centralized files could benefit the County by increasing efficiencies in determining the completeness of the file and during file review.</p> <p>RECOMMENDATION: We recommend the Department of Family Services review and update the procedures for filing ADU documents.</p>	<p>COUNTY RESPONSE: The files reviewed were resales which require the original purchase file to be pulled for verification.</p> <p>These files are stored in the County’s off-site archives filing location which date back to the first sales in 1995.</p> <p>When the Laserfiche process is complete, it will be easier and more efficient to access information electronically.</p> <p>To improve efficiency, staff has created a checklist order and process for entering the resale files into the Laserfiche system when a request to sell an ADU is initiated by and ADU owner.</p>

Housing Choice Voucher Program:

The Housing Choice Voucher program, funded through federal grants, has been included in the County’s Single Audit for FY 2013 and FY 2015, and a Financial Management Review conducted by HUD to verify that the HCV program funds have been expended in accordance with grant specifications. The HUD Financial Management Review Audit, dated March 16, 2015, included one finding and three concerns with a corrective action plan. The report did not identify any material exceptions.

CliftonLarsonAllen LLP verified that that all corrective actions identified within the HUD Financial Management Review report have been successfully completed. Based on the review of the HCV policies and procedures, a detailed walk-through of the HCV files, and review of previous audit reports, CLA has concluded that the internal control and compliance of the HCV program appear to be strong and operating effectively.

Both representatives from CLA and Department staff will be present to discuss their report and to answer questions.

ATTACHMENT:

1. CliftonLarsonAllen LLP Internal Audit Report
2. Internal Audit Plan 2017

**LOUDOUN COUNTY, VIRGINIA
Leesburg, VA**

**INTERNAL AUDIT REPORT
Affordable Dwelling Units and Housing Choice Vouchers**

April 27, 2016

Table of Contents

Cover Letter	1
<u>Affordable Dwelling Unit Program</u>	
Executive Summary.....	2
Scope of Services	3
ADU Program Review.....	4
Findings and Recommendations.....	9
<u>Housing Choice Voucher Program</u>	
Executive Summary.....	11
Scope of Services	12
HCV Program Review	13
Conclusion.....	16



Loudoun County Board of Supervisors
1 Harrison Street, S.E.
Leesburg, VA 20175

We have concluded our engagement to perform the procedures described in the attached document. These procedures, which were agreed to by Loudoun County, Virginia (the County), were applied solely to assist you in evaluating the internal controls of the Affordable Dwelling Unit (ADU) and Housing Choice Voucher (HCV) operations of the County. The management of the County is responsible for the operations and internal controls of the County. We performed this engagement in accordance with Statements on Standards for Consulting Services issued by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the management of the County. Consequently, we make no representations regarding the sufficiency of the procedures described in the attached document either for the purpose for which this report has been requested or for any other purpose.

We have included comments and suggestions resulting from the consulting engagement for the consideration of the County. For the ADU program, our procedures covered the processes for ADU purchase program, ADU rental program, the collection and disbursement of ADU funds, and communication/reporting of ADUs. Our testing was based on the County's listing of ADU applications, ADU served, trust fund disbursements, and county purchases with activity from July 1, 2015 through October 31, 2015, as well as a listing of the trust fund notes and loans receivable and ADU served as of October 31, 2015. For the HCV program our procedures included a detailed walkthrough of all processes as of March 2016 and a review of the corrective action plan resulting from a HUD audit in spring of 2015.

Our engagement to perform these procedures was conducted as an internal audit consulting services engagement. We were not engaged to, and did not perform an audit, the objective of which would be the expression of an opinion on the operations or internal controls of the County. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of the Board of Supervisors and Management of the County and should not be used by others.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Arlington, Virginia
April 27, 2016

**AFFORDABLE DWELLING UNIT PROGRAM
EXECUTIVE SUMMARY**

CliftonLarsonAllen LLP (CLA) completed an internal audit of the Loudoun County Affordable Dwelling Unit (ADU) Program and related processes at Loudoun County, Virginia (the County).

The purpose of this report is to provide findings and recommendations regarding this work. Our procedures covered the processes for the ADU purchase program, the ADU rental program, the collection and disbursement of ADU funds, and communication/reporting of the results of the ADU program to the advisory board. Our testing was based on the County's ADU applications, ADUs purchased, ADUs sold, and trust receipts and disbursements activity from July 1, 2015 through October 31, 2015, as well as the trust notes and loans receivable as of October 31, 2015.

This work was completed at the direction of the Loudoun County Board of Supervisors between November 2015 and March 2016.

The Affordable Dwelling Unit (ADU) Program was established by Ordinance in 1993 under the authority provided by Commonwealth enabling legislation with the purpose of providing affordable housing in new residential development to persons of moderate income by promoting the development of a full range of housing choices and prices in new construction and the continued existence of dwelling units through a covenant. "Affordable Dwelling Unit" is defined as a housing unit for rent or purchase that is affordable to a household earning 30% to 70% of the Washington Metropolitan Area Median Income (AMI) and whose sale price is regulated, all pursuant to the provisions contained in Article VII of the Loudoun County Zoning Ordinance as adopted by the Loudoun County Board of Supervisors. The Board of Supervisors is responsible for regulating the ADU program and appoints an eleven member Affordable Dwelling Unit Advisory Board (ADUAB) to set ADU rental and sale prices and provide recommendations to the Board of Supervisors on the modifications identified in Article VII of the Zoning Ordinance and Chapter 1450 of the County Code. The County maintains the ADU program within the guidelines of the ordinances and follows standard operating procedures.

Overall, the procedures and controls are effective to manage and control the ADU program. However, we identified certain areas where processes and controls can be improved. Our recommendations for improving the processes and controls over the ADU program are summarized below. The details of the work performed and the findings and recommendations are provided in this report. We recommend the County review and update the process and procedures for the following:

- Clarifying withdrawn applicants from denials
- Filing ADU resale documents

A summary of findings by area are as follows:

#	Area	Finding
1	Denial Letters- Purchases and Rentals	Eight denial letters were not available, timely dated, or the file copy was not signed by the ADU Housing Specialist for selected purchase and rental applications
2	Resale Files	Organization of the resale files made locating specific documents difficult.

SCOPE OF SERVICES

Our procedures were designed to determine that the County was following established policies and procedures. The work included an evaluation of the processes and procedures in place, review of the financial accounting and reporting for the ADU program and testing of selected transactions to determine that the County procedures were followed and controls were effective.

The procedures were as follows:

- Interviewed selected employees involved in the ADU program;
- Reviewed existing policies, procedures and internal controls;
- Tested selected processes and controls;
- Analyzed the results and findings, and developed recommendations to improve the County's processes and controls.

Primary County Staff Involved:

Department of Family Services: Housing Development Program Manager, Finance Manager and Staff

Department of Management and Financial Services: Controller

ADU PROGRAM REVIEW

Staff Interviews

Staff Interviews were designed to obtain an understanding of the ADU program, including defined lines of authority and responsibility, and segregation of duties in the overall control environment. As a part of the process, we also obtained information on the following:

- Reporting relationships, authorization hierarchies and business practices; and
- Coordination between and within departments.

ADU Purchases--Process Walkthrough

An overview of the affordable dwelling unit purchase process is as follows:

- The Affordable Dwelling Unit Advisory Board (ADUAB) is comprised of citizens who represent prescribed industries (such as a non-profit housing developer and multi-family housing developer) and a Board of Supervisor's liaison member).
- The ADU purchase program provides affordable homes for households whose income is between thirty percent and seventy percent of the Area Median Income (AMI) for the Washington Primary Metropolitan Statistical Area (PMSA).
- Potential Applicants must apply on-line and provide information indicating that their household income meets the minimum program guidelines, including income, credit, and acceptable legal presence, and loan pre-approval.
- Persons interested in purchasing a home through the ADU Program must attend an intake session.
- Applicants are directed to complete and sign the "Purchasers Certification Form" and receipt for copy of program Covenants.
- Once all required documentation has been provided by the Applicant(s) the Housing Specialist reviews the file and determines if the application was approved, pending, or denied.
- Once eligibility is determined, the approved applicant is provided with a "Letter of Eligibility" and the Applicants' names will be placed on the appropriate priority waitlist based on date and time of approval.
- The Board of Supervisors approved the waitlist priorities as follows: (1) lives and works in County (2) only works in County (3) only lives in County (4) neither lives nor works in County.
- The builder provides the notice of availability and marketing materials to ADU staff. Marketing materials are made available to applicants.
- The builder sales representative sells the ADU to an ADU eligible applicant to purchase the property.
- If the unit is not under contract to an ADU applicant after 90 days then the unit will go on the open real estate market at the non-discounted price.
- Once the unit is purchased, it is considered an ADU for 50 years and an Annual Affidavit must be completed by the owner occupant of the property between May 1st and June 1st annually.
- The ADU has a controlled price for 15 years. If the owner wants to sell the unit, they must contact the housing specialist and follow the ADU resale process.

- If the ADU owner wants to sell the ADU, the price is adjusted by CPI and approved renovations. If the unit is sold after reaching expiration of the 15 year covenant, the county receives fifty percent of the difference between the sales price and the ADU price.
- Profits from ADU resale are pooled into a trust, which is designated to support beneficiaries of the Affordable Dwelling Unit program.
- The Housing Specialist contacts ADU property owners annually.
- County staff prepares monthly statistical and financial reports which are shared at the monthly ADUAB meetings and reconcile activity to the County's General Ledger.

ADU Purchases--Process and Control Testing

To assess the operating effectiveness of the ADU Purchases control structure, we performed walkthroughs of the systems and processes, and completed testing of selected ADU activity. The objectives of this work were to determine that established procedures were followed, identify potential weaknesses in controls and processes and identify potential improvements.

We obtained the following reports for our testing:

- Listing of ADU purchase application activity for the period July 1, 2015 and October 31, 2015, identifying 588 people within purchase application households.
- Listing of purchases served (completed purchase by eligible ADU individual) for the period July 1, 2015 through October 31, 2015, identifying 55 purchases served
- Listing of all active ADU purchases served (purchased ADUs monitored by the County) as of October 31, 2015, identifying 2,008 active ADUs monitored.

We developed control tests for key areas and selected the following samples:

ADU Purchase Applications - Sample of 25 applications received from 7/1/15 – 10/31/15 including status of 10 denials, 10 accepted, and 5 not reviewed. We reviewed supporting documentation of the application status to determine that the application status is properly recorded.

ADU Purchases Served - Sample of 25 purchases served from 7/1/15 – 10/31/15. We compared supporting documentation for the purchase of the ADU, priority status of the applicant on the waitlist, and recordation of ADU covenants on the deed to determine that the ADU purchase is granted to an eligible individual and is recorded as an ADU property.

ADU Purchase Monitoring - Sample of 25 active ADU purchases as of 10/31/15. We verified that supporting documentation of the annual review of the case file included signed affidavit to determine that the property remains eligible under the ADU program.

ADU Rentals--Process Walkthrough

An overview of the affordable dwelling unit rental process is as follows:

- The Affordable Dwelling Unit Advisory Board (ADUAB) is comprised of citizens who represent prescribed industries (such as a non-profit housing developer and multi-family housing developer) and a Board of Supervisor's liaison member.
- The ADU rental program provides homes that are affordable for households whose income is between thirty percent and fifty percent of the Area Median Income (AMI) for the Washington Primary Metropolitan Statistical Area (PMSA).
- Applicants must fill out an online application and provide supporting documentation, including income and credit history before scheduling an intake appointment.
- Households interested in renting an apartment through the ADU Rental Program must attend an intake session. The ADU Program Screener will inform the prospective households of the intake appointment date.
- The Rental Specialist reviews the file and determines if the application is to be approved, pending, or denied.
- Approved applicants receive a Certificate of Qualification and applicant(s) name(s) are placed on the ADU waiting list.
- The Notice of Availability is completed once the builder has met the requirements to release the ADU units for rent to qualified renters.
- Landlords of ADU units must report vacancies on a monthly basis.
- ADU Rental Complexes are listed on the website and updated as units become available.
- The ADU renters must report any changes in their income status while occupying an ADU to the housing specialist at the time of annual recertification. All household size changes must be reported as they occur to ensure eligibility.
- County staff prepares monthly statistical and financial reports for the ADUAB.

ADU Rentals--Process and Control Testing

To assess the operating effectiveness of the ADU Rentals control structure, we performed walkthroughs of the systems and processes, and completed testing of selected ADU Rental processes. The objectives of this work were to determine that established procedures were followed, identify potential weaknesses in controls and processes and identify potential improvements.

We obtained the following reports for our testing:

- Listing of ADU rental application activity for the period July 1, 2015 and October 31, 2015, identifying 549 people within rental application households.
- Listing of rentals served (completed rental by eligible ADU individual) for the period July 1, 2015 through October 31, 2015, identifying 32 renter households served
- Listing of all active ADU rentals served (rental ADUs monitored by the County) as of October 31, 2015, identifying 291 active ADUs monitored.

We developed control tests for key areas and selected the following samples:

ADU Rental Applications - Sample of 25 applications received from 7/1/15 – 10/31/15 including status of 10 denials, 10 accepted, and 5 not reviewed. We reviewed supporting documentation of the application status to determine that the application status is properly recorded.

ADU Rental Served- Sample of 25 rentals served from 7/1/15 – 10/31/15. We compared supporting documentation for the rental of the ADU, priority status of the application on the waitlist, and executed rental agreement to determine that the ADU rental is granted to an eligible individual and is recorded as an ADU rental.

ADU Rental Monitoring- Sample of 25 active ADU rentals as of 10/31/15. We verified that supporting documentation of the annual review of the case files to determine that the property remains eligible under the ADU program.

County ADU Purchases/Resales, ADU Resales, and Open Market ADU Sales--Process and Control Testing

To assess the operating effectiveness of the County ADU purchases/resales, ADU resales, and open market ADU sales control structure, we performed walkthroughs of the systems and processes, and completed testing of selected activity. The objectives of this work were to determine that established procedures were followed, identify potential weaknesses in controls and processes and identify potential improvements.

We obtained the following reports for our testing:

- Listing of County ADU purchases/resales for the period of July 1, 2015 through October 31, 2015, identifying 29 purchases/resales.
- Listing of resales of ADUs within the ADU program for the period July 1, 2015 through October 31, 2015, identifying 10 resales within the program.
- Listing of resales of ADUs on the open market for the period July 1, 2015 through October 31, 2015, identifying 8 covenant expired resales (after 15 year mark) on the open market.

We developed control tests for key areas and selected the following samples:

County ADU Purchase/Resale- Sample of 10 purchases/resales haphazardly selected from 7/1/15 – 10/31/15. We reviewed supporting documentation for the execution of the purchase, covenants for being ADU, public hearings for resale, and resale price to determine that the property is properly reflected as an ADU purchase by the County and that it appropriately remains an ADU eligible property sold to eligible ADU individuals.

Resale of ADUs within ADU Program- Sample of 7 resales selected from 7/1/15 – 10/31/15. We reviewed supporting documentation for the executed sale, ADU covenants on the deed, and resale price to determine that the ADU resale follows County policy and is properly reflected as an ADU.

Resale of ADUs in Open Market after the 15-year Control Period Expiration- Sample of 6 resales selected from 7/1/15 – 10/31/15. We reviewed supporting documentation for the executed sale, release of ADU covenants, resale price, and recording of proceeds by the County to determine that the ADU resales after the 15 year Control Period expiration follows County policy, proceeds are accurately calculated, and the property is removed as an ADU.

Housing Trust Activity and Loans/Receivables

In addition to the ADU program, the Department oversees the Housing Trust which was established to receive money generated from the ADU program (such as cash buy-outs or the proceeds from the market sale of ADUs upon covenant expiration) to in turn be used to provide housing to households with incomes between 30-70% of area median income, the same income range that the ADU program serves. The use of the trust is related to the ADU program however are available to all county citizens that meet the prescribed income range. Types of programs which have been approved and funded by the Board of Supervisors, as Trustees, include homeownership loans such as Down Payment and Closing Cost assistance and Public Employee Homeownership Grant program, and the purchase of foreclosed and resale ADU properties to re-sell to ADU certificate-holders.

To assess the operating effectiveness of the Housing Trust activity and loans/receivables control structure, we performed walkthroughs of the systems and processes, and completed testing of selected activity. The objectives of this work were to determine that established procedures were followed, identify potential weaknesses in controls and processes and identify potential improvements.

We obtained the following reports for our testing:

- Listing of trust activity (receipts/disbursements) for the period July 1, 2015 through October 31, 2015, identifying 75 transactions for the period.
- Listing of all active trust notes and loans receivable as of October 31, 2015, identifying 153 trust notes and loans receivable outstanding.

We developed control tests for key areas and selected the following samples:

Housing Trust Activity- Sample of 25 receipts/disbursements randomly selected from 7/1/15 – 10/31/15. We reviewed supporting documentation to determine that the receipt or disbursement is properly approved and reflects appropriate housing trust activity.

Trust Fund Loans/Receivables- Sample of 25 notes and loans receivable with an outstanding balance randomly selected as of 10/31/15. We reviewed supporting documentation for the execution of the note/loan agreement to determine that the outstanding balance is properly stated.

ADU Reporting and Reconciliations

The Department of Family Services prepares reports for the ADUAB. We obtained and reviewed the September 2015 ADUAB report and traced the information to supporting documentation.

ADU File Storage

In FY15 the Department of Family Services implemented the use of a Laser fiche system for electronic ADU file storage. The Department is currently in the process of scanning archived documents and is storing current client files within the system. Although it will take time to complete the implementation of the electronic file storage system it will improve the organization and structure of the files.

Currently all trust note/loan receivable, County ADU purchase files, and resales are manual files.

FINDINGS AND RECOMMENDATIONS

We identified two areas where procedures and controls can be improved. These items are discussed below and include our findings and recommendations, together with the County responses to our findings. We believe these recommendations will strengthen the control structure, flow of information and overall efficiency and effectiveness of operations within the ADU process.

1. *Denial Letter- Purchase and Rentals*

Finding:

All applications for the ADU program are reviewed by the County and those applicants determined not-eligible are denied acceptance to the program. We reviewed twenty denied applications and found that six denial letters were not available and two denial letters were dated 4 months after the application date. In addition, the file copy denial letters were not signed by the ADU Housing Specialist. File copies of complete and timely denial letters are critical to documenting that a case is properly closed out.

Recommendation:

We recommend the County review and update the process for preparing denial letters.

County Response:

The delayed denial letters for two (2) clients were due to staff waiting on information from clients (pending files) to complete the application so that staff could then review the application for eligibility. The Program currently allows a file to remain in a pending or incomplete status indefinitely allowing the applicant ample time to complete the application. The ADU program will now adopt a 15 business day limit on submission of outstanding documentation. The program will advise applicants that they must submit the needed documentation in the 15 business day timeframe or the application will be denied and they must start the process over.

The four (4) clients denied without denial letters sent to the applicant were administrative "Username" resets on the On-Line application system and were not actual loan applications submitted to be reviewed. The four applicants started on-line applications, did not finish the application in one sitting, and then were unable to re-access their password protected on-line application due to forgetting their password. The applicants requested program staff to reset their username so that they could start a new application prompting the staff to "deny" the original application. Two (2) clients' On-line applications were never "Certified" by the applicant, so staff never received an application to then deny. In order to strengthen and clarify the procedure in these cases, the Department of Information Technology (DIT) has updated the On-line application system to allow staff to "withdraw" an application instead of "deny" an application for On-line application username resets and for applications not certified by the applicant. In addition, staff will now require a written request from all applicants requesting that their application be withdrawn. All files will also include a signed copy of the denial letter.

2. Resale Files

Finding:

The supporting documentation we requested was provided to us; however the time and effort required to locate the documents was significant as they were obtained from multiple locations. Organized and centralized files could benefit the County by increase efficiencies in determining the completeness of the file and during file reviews.

Recommendation:

We recommend the Department of Family Services review and update the procedures for filing ADU documents.

County Response:

The files reviewed were the resales which require the original purchase file to be pulled for verification. The original purchase files are stored in the County's off-site archives filing location which date back to the first sales in the program in 1995. Since it is not known when an ADU owner may elect to sell their property during the fifty year covenant term, it takes time to pull the files from the archives to provide information to the resale file for that property. When the laserfishing process is complete, it will be easier and more efficient to access information electronically. To improve efficiency, Staff has now created a checklist order and process for entering the resale files into the laser fiche system when a request for to sell an ADU is initiated by an ADU owner.

HOUSING CHOICE VOUCHER PROGRAM EXECUTIVE SUMMARY

CliftonLarsonAllen LLP (CLA) completed an internal audit of the Loudoun County Housing Choice Voucher (HCV) Program and related processes at Loudoun County, Virginia (the County).

The Loudoun County Department of Family Services (DFS) Housing Choice Voucher Program (HCV) provides rental assistance to low-income families, including the elderly, and persons with disabilities to afford decent, safe, and sanitary housing in the private market through the use of Federal funds from the U.S. Department of Housing and Urban Development (HUD).

The HCV program (formerly known as Section 8) is administered locally by Public Housing Agencies (PHAs).

Since housing assistance is provided directly to the landlord on behalf of the household, participants are able to find their own housing, including single-family homes, townhouses and apartments which must meet Housing Quality Standards for affordability and safety. Once a family and a landlord sign a lease, the tenant family is responsible for a portion of the rent depending on their income, and the HCV program pays the remainder directly to the landlord.

To qualify for the HCV program the household income must not exceed 50 percent of the area median income. The average HCV household usually pays 30 to 40 percent of their monthly adjusted income for housing.

The HCV program has been audited three times from 2010 to 2015, including two single audits and an audit by the HUD Quality Assurance Division. The CLA approach for this internal audit was to follow up on the findings identified within the prior audit reports and assess the policies and procedures currently in place.

This work was completed at the direction of the Loudoun County Board of Supervisors between November 2015 and March 2016.

Overall, the procedures and controls appear to be effective to manage and control the HCV program. All corrective action plans included within previous audits have been completed by DFS.

SCOPE OF SERVICES

Our procedures were designed to determine that the County had established policies and procedures for the services provided. The work included an evaluation of the processes and procedures in place, and follow up on findings from previous audits.

The procedures were as follows:

- Interviewed selected employees involved in the HCV program;
- Reviewed existing policies, procedures and internal controls;
- Performed a detailed walkthrough of selected processes and controls;
- Obtained and reviewed documentation for the corrective action plan contained in the 2015 HUD audit.

Primary County Staff Involved:

Department of Family Services: HCV Program Manager, Finance Manager and Staff

Department of Management and Financial Services: Controller

HCV PROGRAM REVIEW

Staff Interviews

Staff Interviews were designed to obtain an understanding of the HCV program, including defined lines of authority and responsibility, and segregation of duties. As a part of the process, we also obtained information on the following:

- Reporting relationships, authorization hierarchies and business practices; and
- Coordination between and within departments.

HCV--Process Walkthrough

An overview of the affordable dwelling unit purchase process is as follows:

- Loudoun County has approximately 600 voucher households.
- The County Department is staffed with a manager, 6 counselors, and 1 inspector. The waitlist includes approximately 600 households and is no longer open (it has not been open for several years). The original time stamp of the waitlist application is the prioritization method.
- Prior to contacting individuals from the waitlist, the manager will submit the waitlist to an independent County agency; recently it has been emergency services, to audit.
- If the HCV Program manager expects to draw 20 households off the waitlist for the month, they will select the first 50 to undergo the audit process to verify the list is accurate.
- The manager is the only person in the County with limited edit rights to the waitlist, but is limited to changing demographic and income information. The manager is unable to change names or move someone within the list.
- Monthly meetings are held to determine the amount of funding available and how many vouchers can be accommodated.
- After the number of vouchers is determined, the households at the top of the waitlist are notified 30-45 days before the family briefing in order for the household to complete the checklist of information needed for the family briefing.
- There is an entrance meeting conducted and the counselor obtains the requested documents.
- Counselors make eligibility decisions within 7-15 days, depending upon how quickly information is provided to them.
- Once eligibility is determined and a voucher is awarded, a lease is generally signed between 30-90 days. HUD allows up to 120 days.
- The primary reasons for turnover of vouchers are death, termination due to not reporting of income or unauthorized person living in the home.
- The Department plans to reach out to 10-15 households on the waitlist every month with the anticipation of having 5-7 new households accepted (the manager said that most of the time there are people who do not respond or who do not qualify which is why they select more from the list than available vouchers; if everyone qualifies its first come first serve).
- The Department maintains paper files for each client that is well organized. The files contain 4 sections--waitlist, initial year-up, re-up year, and interim receipts. Each section has a cover sheet/checklist that identifies the order of the supporting documentation.
- The Department uses the Harmony system for payments and certain HCV population information.

- The Department enters the required information into the HUD'S PIH Information Center (PIC) system.
- The manager uses the HUD PIC report function on the first Friday of every month to review the status of information and to identify missing information.
- Currently the Department has 1 port-in (individual vouchers from another jurisdictions served by Loudoun County) and 12 port-out (individual Loudoun County vouchers served in another jurisdiction) recipients. For the port-in they maintain a running tally of the amount of funds they should be receiving versus what is actually received. For the port-out they have the HUD form and pay the amount to the respective jurisdictions. The manager indicated that the Department is open to absorption when available and has done so in the past.
- The Department complies with the financial reporting deadlines as prescribed by HUD. At the end of December and June the County trues up each month for the activity within the HUD system (this is a change from the HUD audit.)

HCV –Audit Review

As the HCV program is funded through federal grants, the program can be selected for a variety of audits. Since 2013 the County HCV program has been included within three different audits. We reviewed each audit report and evaluated the Department compliance with any corrective action plans identified within the reports.

FY13 and FY15 HCV Single Audits

Single audit procedures are required for federal grants, over a specific dollar amount, received by the County. The procedures conducted are found within the Office of Management and Budget's (OMB) annual Compliance Supplement (OMB A-133) and require performance of compliance and control tests for specific grant related areas.

Single audits were performed by an external audit firm for FY13 and FY15. The FY13 report did not contain any comments or recommendations for the HCV program. As of March 15, 2016 the FY15 single audit report has not yet been issued by the auditor, however, the County Controller indicated that there were no findings or recommendations for the HCV program.

HUD QAD Financial Management Review

The primary goal of the financial management review conducted by HUD was to verify that the HCV program funds have been expended in accordance with grant specifications.

Specifically the purpose was to:

- Determine the Unrestricted Net Positions (UNP) balances as of May 2014.
- Determine Restricted Net Position (RNP) as of December 2013 and May 2014.
- Validate and analyze administrative expenses for March 2013 through May 2014.
- Confirm the availability of cash and/or investments sufficient to support the calculated UNP and RNP balances.

The report, dated March 16, 2015 included one finding and three concerns identified as a corrective action plan. The report did not identify any material exceptions. The items within the corrective action plan are described below.

Finding 1- The Loudoun County Department of Family Services (LCDFS) does not maintain proper internal controls over HCV funds.

Corrective Action 1- The LCDFS must immediately move and maintain its Family Self Sufficiency (FSS) Escrow Funds in an interest bearing bank account covered by the ACC-mandated depository agreement.

CLA procedure- CLA obtained the January 2016 bank statements for the HUD program noting there are two accounts set up through the Treasurer's Office, a HUD account and a HUD FSS Escrow Account. The Escrow account is an interest bearing account and is covered by the ACC-mandated depository agreement. The corrective action has been taken by the County and the finding appears to be resolved.

Concern 1- The Restricted Net Position (RNP) and Unrestricted Net Position (UNP) balances were incorrectly calculated and incorrectly reported in Voucher Management System (VMS).

Corrective Action 1- The LCDFS should make the appropriate adjusting entries for their financial records to ensure accurate RNP and UNP balances are reflected.

Corrective Action 2- Corrections should be made to the VMS to ensure accurate RNP and UNP balances are reported. Corrections to the VMS submission should be made for the month of December 2013 and forward. Adjustments should be made where appropriate in the FDS submission(s) to the Financial Assessment Subsystem (FASS). Changes cannot be made to audited submission, but prior period adjustments may be made in the current year. The LCDFS should provide a date by which corrections shall be made.

CLA Procedure- CLA obtained the updated VMS calculation spreadsheet and noted that the formula for calculating the RNP and UNP balances reflects the formula described within the HUD documentation. In addition, CLA noted that the corrections to prior balances were made.

Concern 2- Housing Assistance Payments (HAP) Expense and Administrative Expenses were misreported in the VMS

Corrective Action 1- LCDFS staff should review the reporting requirements for administrative and HAP expenses in the VMS User's Manual and update their reporting practices accordingly. LCDFS should correct its admin and HAP expenses reporting in the VMS for the month of July through May 2014.

CLA Procedure- HUD's monthly reporting requires that the Department report to HUD on the 20th of each month. However, there are expenses associated with the program that may not come in until after the 20th. LCDFS has implemented a semi-annual reconciliation process, December (program year-end) and June (County year-end) to reconcile expenses for each month. CLA performed a detail walkthrough of the reconciliation process and noted adjusting entries were recorded.

Concern 3- LCDFS failed to properly report on the Financial Data Schedule (FDS) during the review period.

Corrective Action 1- LCDFS staff should review the FDS reporting requirements for portability-in activities and administrative expenses as it related to reporting under HCV related programs and update their reporting practices accordingly.

CLA Procedure- CLA obtained the FY15 Unaudited Real Estate Assessment Center (REAC) submitted on August 26, 2015 and noted that all programs were reported separately, in accordance with FDS reporting requirements.

The LCDFS has successfully completed all of the corrective actions noted within the HUD Financial Management Review report.

CONCLUSION

Based upon the review of the HCV policies and procedures, the detailed walkthrough of the HCV casefile, and review of previous audit reports the internal control and compliance of the HCV program appear to be strong and operating effectively.

INTERNAL AUDIT PLAN

2013 - 2017

On December 2, 2015, the Board of Supervisors Finance/Government Services and Operations Committee approved the following list of internal audits for the County's internal audit contract firm. This list includes all audits completed since the inception of the internal audit program and near term future internal audit projects. The projected schedule for these audits is subject to change, as the required time for conducting each audit will depend on the work schedule of the affected departments and the detailed audit scope, which will be developed as part of the planning process for each audit.

No.	Internal Audit Project	Status	Schedule
1	Performance Bonds Audit	Completed	2013
2	Municipal Bonds Audit	Completed	2014
3	Payment Card Industry Data Security Standard (PCI DSS) Compliance Audit	Completed	2014
4	Public Facilities Fund (Proffer Fund) Audit	Completed	2015
5	County Risk Assessment to Identify Future Internal Audits	Completed	October, 2015
6	Comprehensive Services Act for At-Risk Youth and Families Program Performance Audit	Completed	December, 2015
7	Housing Choice Voucher and Affordable Dwelling Unit Programs Audit	Completed	April, 2016
8	Post Enterprise Resource Planning (ERP) Implementation Audits	Not Yet Commenced	Not currently recommended
9	Audit of Countywide Policies and Procedures	Not Yet Commenced	July, 2016
10	Contract Management	Not Yet Commenced	November, 2017
11	Financial Reporting and Operations	Not Yet Commenced	March 2017
12	Grant Compliance	Not Yet Commenced	July 2017

Date of Meeting: May 10, 2016

#15

**BOARD OF SUPERVISORS
FINANCE/GOVERNMENT OPERATIONS AND
ECONOMIC DEVELOPMENT COMMITTEE
INFORMATION ITEM**

SUBJECT: **Quarterly Report/FY 2016 Third Quarter Financial Update,
Cash Proffer and Debt Report**

ELECTION DISTRICT: Countywide

STAFF CONTACTS: Erin McLellan, Management and Budget
Megan Bourke, Management and Budget
Doug Kinney, Management and Budget

PURPOSE: To provide an update on revenues, expenditures, and projected fiscal year-end outlook; and a review of cash proffer activity and debt financing activity.

BACKGROUND: At the request of the Finance/Government Operations and Economic Development Committee, staff provides a report on General Fund revenues, expenditures, and projected fiscal year-end outlook on a fiscal year quarterly basis. This report provides the current outlook for revenues and expenditures based on actual financial data through March 2016 (third quarter) as well as a review of Cash Proffer activity (Attachment 2) and a Debt Financing activity (Attachment 3). The Cash Proffer report summarizes the cash proffer/condition balances accrued as of April 1, 2016. The Debt report summarizing FY 2016 debt financing activity through March 31, 2016.

At the conclusion of March 2016, the General Fund is projected to yield a year-end balance of approximately \$48.1 million from the Revised Budget. The balance derives from estimated unused budget authority and additional estimated revenue. Of the estimated FY 2016 balance, \$10 million is committed and unavailable as it has been identified as the approximate addition to the fiscal reserve for FY 2016 for both the County and Loudoun County Public Schools, resulting in a potential available balance of \$38.1 million.

Table 1 presents a high level summary of trends, forecasts, and variances for the General Fund based on data through March 31, 2016.

Table 1. General Fund Forecast Overview¹

	Adopted	Revised	Forecast	Variance	
Revenues	\$1,356,277,900	\$1,407,627,600	\$1,431,392,400	\$23,484,000	1.7%
Expenditures	\$1,354,323,300	\$1,407,627,600	\$1,383,307,200	\$24,601,200	1.7%
Total				\$48,085,200	

Revenue Drivers and Economic Summary

Table 2. General Fund Revenue Forecast

Revenue Category	Adopted	Revised	Forecast	Variance
General Property Taxes	\$977,167,600	\$977,167,600	\$998,266,400	\$21,098,800
Other Local Taxes	\$139,901,600	\$139,901,600	\$142,791,900	\$2,890,300
Permits, Fees & Licenses	\$21,036,300	\$21,019,600	\$21,350,300	\$330,700
Fines & Forfeitures	\$2,175,900	\$2,175,900	\$1,970,500	\$(205,400)
Revenues From Use Of Money	\$3,847,400	\$3,850,000	\$4,891,800	\$1,041,800
Charges For Services	\$33,802,900	\$33,898,900	\$35,311,300	\$1,412,400
Miscellaneous Revenues	\$296,500	\$538,700	\$669,500	\$130,800
Recovered Costs	\$9,671,100	\$9,820,600	\$7,330,600	\$(2,490,000)
Intergovernmental – Commonwealth	\$83,669,400	\$86,932,200	\$85,217,800	\$(1,714,400)
Intergovernmental – Federal	\$4,647,000	\$5,858,700	\$6,847,700	\$989,000
Other Financing Sources	\$80,062,200	\$126,744,600	\$126,744,600	\$0
Total	\$1,356,329,000	\$1,407,908,400	\$1,431,392,400	\$23,484,000

More than 80 percent of General Fund revenues are derived from six sources: Real and Personal Property taxes (70 percent), Local Sales and Use taxes (5 percent), Utility taxes (2 percent), BPOL (2 percent), Recordation taxes (1 percent), and Building Permits (1 percent). The revenues from these sources depend upon the willingness and ability of individuals to invest in homes and/or businesses in the County and to purchase goods and services within the County.

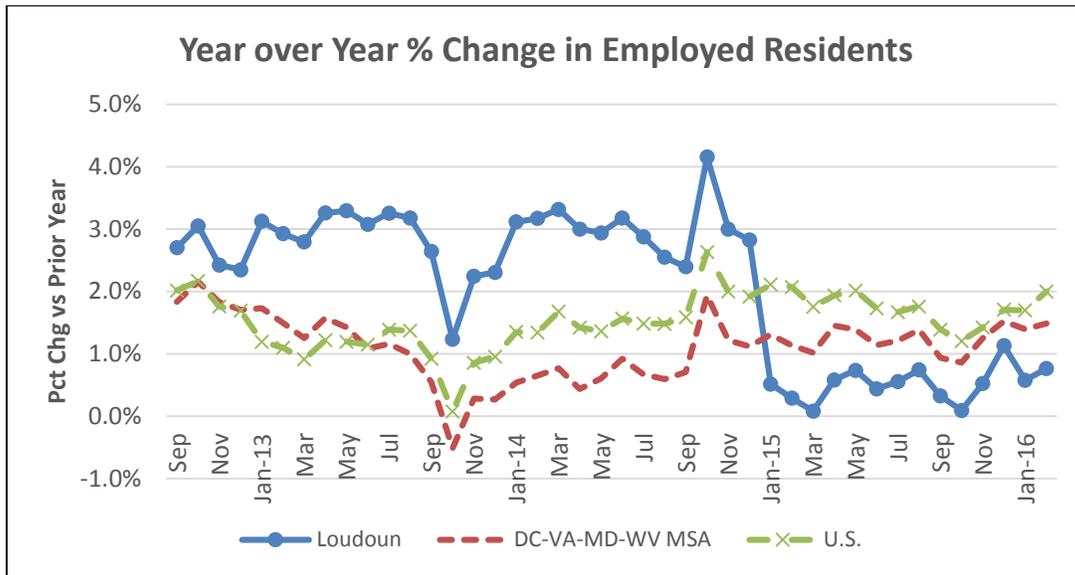
The April 2016 Wall Street Journal (WSJ) survey of 78 U.S. economic forecasters shows average expected U.S. GDP growth for 2016 of 2.1 percent – more than half a percentage point lower than the 2.7 percent rate expected last April when the FY 2016 Budget was adopted. Economic growth in 2016 appears to be gravitating toward the 2 percent range experienced in each of the past several years. No one in the WSJ survey is predicting a recession in 2016, but 60 percent of the respondents expect their future forecasts of U.S. economic activity to be lower than their current projection. Job growth remains steady; wages are starting to increase; mortgage rates and energy prices remain low, all of which should encourage consumer spending which represents 70 percent of GDP.

¹ The Revised Budget includes prior year encumbrances and use of assigned/committed fund balance.

However, apart from motor vehicles, consumer spending has not accelerated significantly. Recent episodes of financial market volatility in August 2015 and February 2016 reduced the financial wealth of households. The financial market volatility largely stems from the economic slowdown in China and several emerging economies that supplied large amounts of raw material to China. The U.S. exports a very small percentage of its output to China, but the appreciation of the U.S. dollar has made U.S. manufactured goods more expensive abroad, thereby reducing manufacturing exports. These circumstances do not make a recession inevitable, but they increase the risk of recession should an unforeseen shock occur (e.g., government shutdown, large bank failure, major terrorist attack, sovereign debt default). In recent weeks, financial volatility has moderated and equity markets have recovered some of their earlier losses. The Conference Board reports that its Consumer Confidence Index rose in March, which is a positive sign for consumer spending.

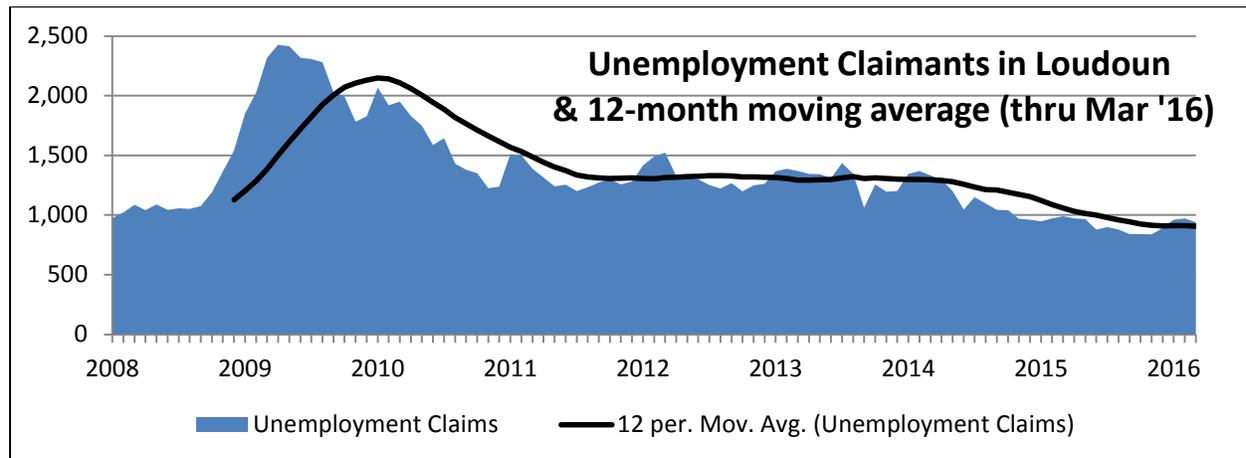
Meanwhile, economic growth in the Washington, D.C. region, including Northern Virginia, appears to be improving in 2016 after lagging the national economy for roughly two years. Employment growth in the region began slowing in the spring of 2013 from annual rates in the 1.5 to 2.0 percent range to less than 0.5 percent as of year-end 2013. This coincided with phased reductions in Federal discretionary spending imposed by the Budget Control Act of 2011 (BCA) which have reduced annual discretionary spending by \$179 billion relative to its 2011 peak. The reductions mandated by the BCA negatively impacted the regional economy, but federal spending has now stabilized; and the regional economy appears to be successfully transitioning to lines of business not dependent on federal spending. Preliminary Bureau of Labor Statistics payroll employment for the Washington, D.C. region in the first quarter of 2016 was 2.4 percent higher than in the first quarter of 2015. The same data show a 2.8 percent increase in the high-paying “Professional and Business Services” employment category. The following sections provide further discussion of the local economy.

Labor Market – Employment Growth and Unemployment: The chart below shows the year-over-year percent growth in the number of employed residents (including self-employed) for the United States, Loudoun, and for the Washington, D.C. Metropolitan Statistical Area (“MSA”), which includes the District of Columbia and many surrounding counties. Prior to the summer of 2013, employment growth among Loudoun residents significantly exceeded the rates of both the U.S. and the D.C. region. Since then, however, growth in employment among residents of the region, including Loudoun, fell below the national rate; but as of February 2016, these rates of employment growth have increased toward the U.S. rate. (Please see previous discussion of the BCA.)



The latest available data on payroll employment within Loudoun is preliminary for the third quarter (Q3) of 2015. This data indicates that employment within the County was 5.2 percent higher in 2015 Q3 than it was a year earlier. The number of private-sector jobs in the “Professional and Business Services” category increased by 9.5 percent. The improving regional employment situation should help to bolster the housing market as discussed below.

The improved employment picture for Loudoun residents in recent months is further evidenced by declines in unemployment claims. The County’s unemployment rate in February 2016 was 3.2 percent or 0.8 percentage points lower than a year prior. Moreover, Loudoun’s rate continues to be lower than either Virginia’s (4.1 percent) or the U.S. rate (5.2 percent, not seasonally adjusted).



Real Property: DAAR/RBI² market data for all of 2015 show that sales of existing homes, including detached homes, townhouses, and condos, are 11.8 percent higher than in 2014. Due to the significant increase in active inventory at the start of 2015, the extent of price appreciation was negligible. The increase in sales activity in 2015 was likely due to continuing low interest rates, improving regional employment, and the increase in sale inventory at the start of 2015. DAAR reports that at year's end, the active inventory is 10 percent lower than the number of a year ago, which should exert upward pressure on sale prices and new home construction in the coming months. DAAR/RBI data for the first 3 months of 2016 show closed sales of existing homes up 6.5 percent versus the first quarter of 2015 and median sales prices were higher than year-earlier values in each of the 3 months.

The Real Property Sales Report for Loudoun compiled from the County's own records is summarized below for the period covering the first eight months of FY 2016. Sales of newly constructed homes were down 20 percent. However, this was essentially offset by an increase in sales of existing homes, suggesting that the increased active inventory of existing homes in 2015 contributed to the softness of the new-home market. The number dwelling units permitted during 2015 was 11 percent higher than in 2014. Permits for multi-family and group quarters units were up sharply (i.e., 148 percent) while permits for single-family detached homes declined 12 percent versus 2014. Single-family attached permits in 2015 were almost the same as in 2014. Permitting activity in the first two months of 2016 is below prior-year levels, but activity should improve if housing demand strengthens and existing home inventories remain low. Both the Residential Permit Monthly Trends report and the Real Property Sales Report can be viewed via <https://www.loudoun.gov/index.aspx?nid=2528>.

² Year-end Housing Market Update-2015, Loudoun County, VA; Dulles Area Association of REALTORS® (DAAR) is based on multiple listing data from Real Estate Business Intelligence, LLC (RBI).

Single-Family Detached

Time Period	Distressed	New Construction	Pending	Existing	Total#
8 mos.-ended Feb'15	115	987	1	1265	2253
<u>8 mos.-ended Feb'16</u>	<u>147</u>	<u>752</u>	<u>109</u>	<u>1419</u>	<u>2280</u>
Change	32	-235	108	154	27
Pct. Chg.	28%	-24%	10800%	12%	1%

Townhouse, Duplex, Condo

Time Period	Distressed	New Construction	Pending	Existing	Total#
8 mos.-ended Feb'15	121	984	1	1383	2368
<u>8 mos.-ended Feb'16</u>	<u>126</u>	<u>826</u>	<u>20</u>	<u>1610</u>	<u>2456</u>
Change	5	-158	19	227	88
Pct. Chg.	4%	-16%	1900%	16%	4%

All Types

Time Period	Distressed	New Construction	Pending	Existing	Total#
8 mos.-ended Feb'15	236	1971	2	2648	4621
<u>8 mos.-ended Feb'16</u>	<u>273</u>	<u>1578</u>	<u>129</u>	<u>3029</u>	<u>4736</u>
Change	37	-393	127	381	115
Pct. Chg.	16%	-20%	6350%	14%	2%

#Excludes Distressed sales.

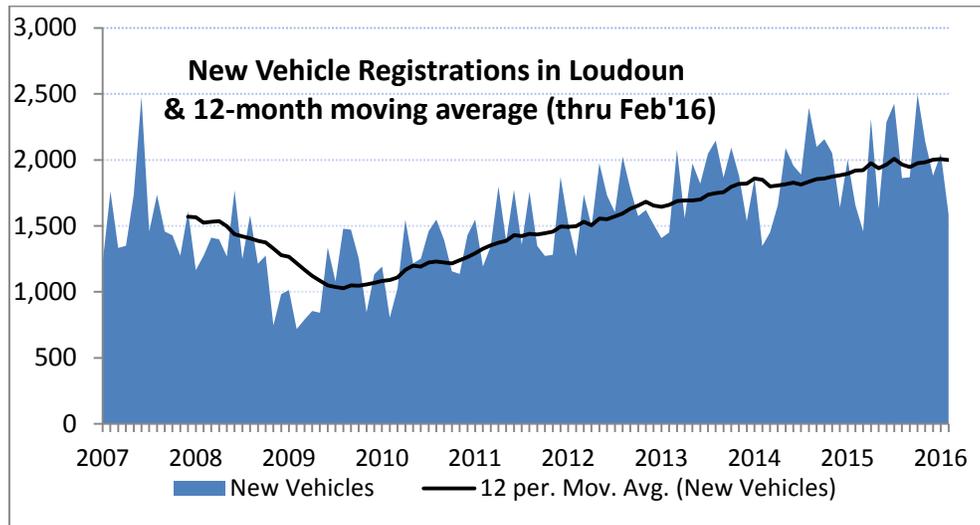
Source: Commissioner of the Revenue compiled by Dept. of Mgmt. and Budget

Commercial property development in Loudoun continues at a healthy pace. The Department of Economic Development reports that 3.14 million square feet of commercial space (excluding the “Other” category) was permitted in 2015, as compared to 1.93 million in 2014, an increase of more than 60 percent.

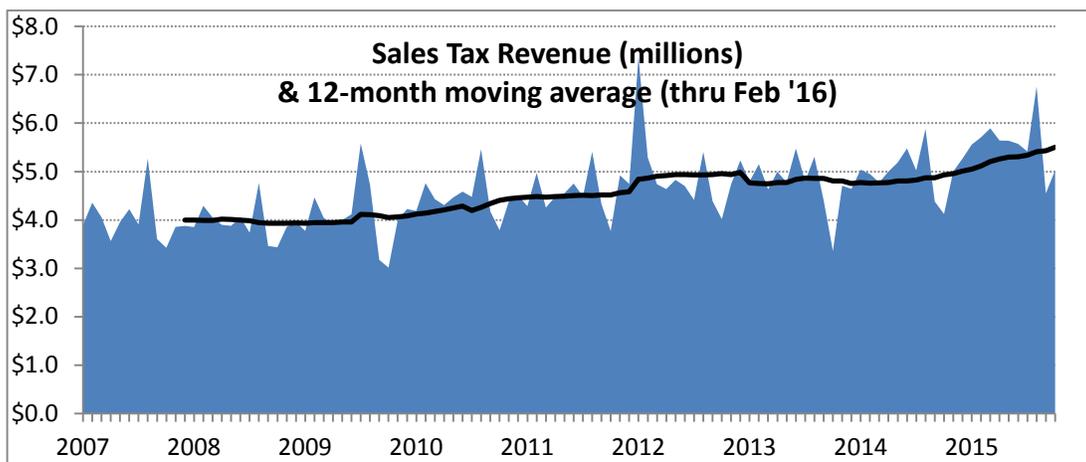
Personal Property: Personal property tax revenue in FY 2016 is expected to be \$20.4 million higher than projected in the budget. Higher than expected revenue on computer equipment accounts for \$14 million of the total, another \$5 million of the remainder is attributable to Furniture and Fixtures and \$1.2 million to motor vehicles. The dollar value of equipment declared by data center owners in their April 2015 filings with the County far exceeded the amount previously expected. Consequently, personal property tax revenue on Computer Equipment in FY 2015 increased by more than 20 percent for the third consecutive year. The higher-than-expected FY 2015 assessment and revenue result in an upward revision to expected FY 2016 revenue, which is slated to increase by 15 percent over FY 2015.

The chart below shows that since mid-2009 Loudoun residents have continued to purchase new automobiles and light trucks in greater numbers (source: VADA). New vehicle purchases exhibit substantial month-to-month swings due to such things as weather variations and sales promotions. Winter storm Jonas in January appears to have negatively impacted new vehicle registrations in

February causing the moving average to decline and flatten, as also happened in January 2014. New vehicle registrations in the first eight months of FY 2016 are 2.6 percent higher than for the corresponding period in FY 2015.



Sales Tax Revenue in FY 2016 is projected to total \$65.5 million, which is \$2.3 million above the adopted budget amount. In both FY 2013 and FY 2014, the County’s Sales & Use tax distribution was impacted by prior-period adjustments to correct distribution errors from previous years. (The potential for such corrections is always present as the State Auditor conducts its ongoing analysis of revenue distribution.) In six of the eight months of FY 2016 for which actual revenue is available, year-over-year growth in Loudoun sales tax revenue has exceeded the assumed 5 percent rate of increase in the FY 2016 forecast. This strong performance accounts for the upward revision to the expected FY 2016 revenue from this source.

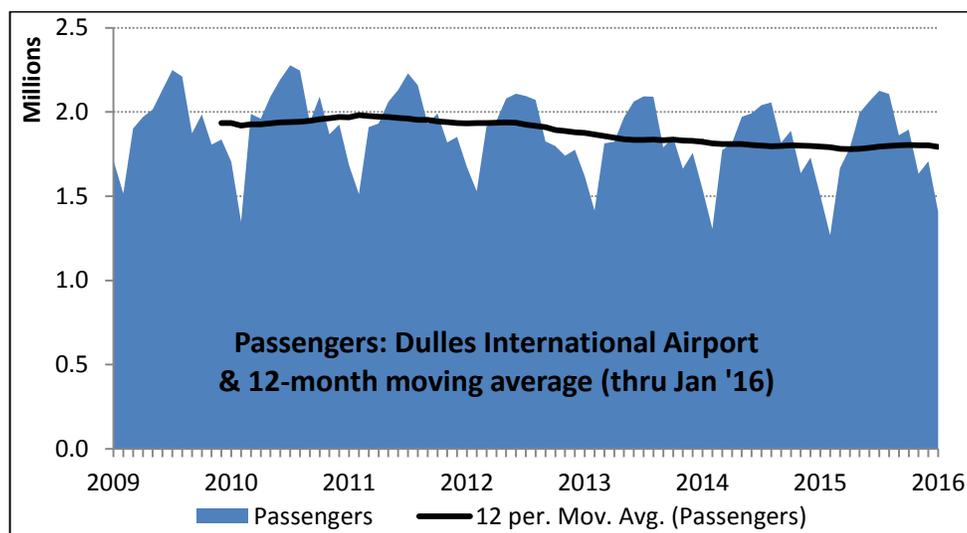


Hospitality Industry: The two-percent unrestricted portion of FY 2016 TOT revenue is expected to be \$447,000 above the budget estimate, a revision of 22 percent and a 5.2 percent

increase over FY 2015. FY 2015 revenue was 21 percent higher than in FY 2014. According to STR Global, Loudoun's hotel industry has experienced two consecutive summers of high occupancy rates and higher prices for rooms. Occupancy rates for Loudoun hotels in May and June 2015 exceeded 80 percent and are the highest reported rates since the summer of 2000. These unusually high occupancy rates may partly be due to temporary circumstances (e.g., large construction crews at the Panda-Stonewall Energy Project and the 2015 Police and Fire Games). Nevertheless, the twelve-month moving average occupancy rate in February 2016 was 67.5 percent, the highest value in the past 14 years. Countywide hotel room revenue in the first eight months of FY 2016 are 8.5 percent higher than for the comparable portion of FY15. The latest TOT revenue estimate assumes that the occupancy rate will stabilize at the current high level, and room prices will increase moderately since they are currently below the levels experienced during previous high-occupancy years.

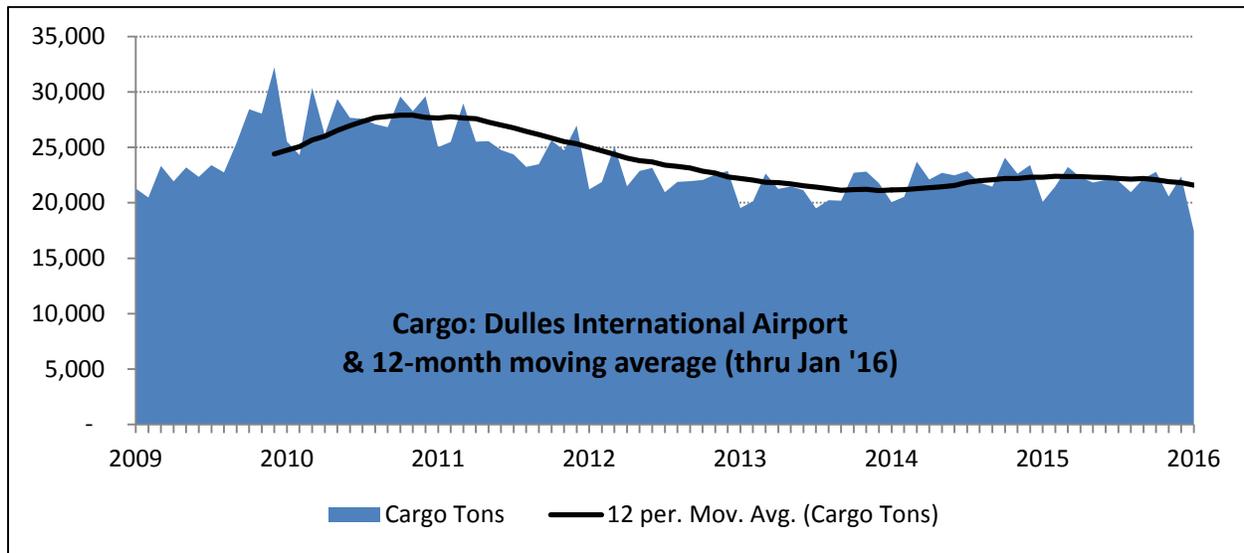
Areas of Concern

Passenger counts at Dulles International Airport stabilized in the first half of 2015 due to a pickup in domestic passenger traffic. It is unclear whether this increase is sustainable or whether there will be a return to established trend of declining domestic volume that is partially offset by increased international travel. Passenger volume in January 2016 was depressed due to Winter Storm Jonas. Domestic passenger traffic at Dulles has been negatively impacted by the FAA's decision to allow longer-distance domestic flights to and from Reagan National Airport. Virginia's 2016-18 biennium budget includes a \$50 million grant to the airport authority to be paid over two years for the purpose of assisting it in business attraction and retention by lowering airport fees. Whether this injection of funds will have a significant impact on airport fees and utilization in the long-run remains to be seen.



Cargo traffic through Dulles International Airport had exhibited a steeper decline than passenger traffic. In 2014 increased international cargo, which accounts for approximately 60 percent of all cargo traffic at Dulles, picked up significantly. However, this increase has not

been sustained in 2015 as evidenced by the recent decline in the 12-month average tonnage. The decline in January 2016 is exaggerated by snowstorm Jonas. The airport faces stiff competition for this business from other U.S. airports (notably Atlanta and Memphis), which have far more international cargo flights than Dulles.



Expenditures Overview and Year-End Forecast

The following table reflects the projected year-end expenditure balances for the General Fund. These projections take into account previous year spending patterns, current vacant positions, projected turnover of staff, established contractual requirements, and future obligations.

Staff refines year-end projections on a monthly basis and works with County departments to identify revenue collection and spending trends as well as discusses any issues that could have an adverse impact on department budgets. The current projected year-end balance for the General Fund expenditure is \$24.6 million or 1.7 percent variance of the current Revised FY 2016 Budget. Table 3 reflects the projected year-end balance of unused appropriation for the General Fund.

Table 3. FY 2016 General Fund Expenditure Forecast

Expenditure Category	Adopted	Revised	Forecast	Variance
Personnel	\$312,189,400	\$314,575,800	\$302,115,800	\$12,460,000
Operating & Maintenance	\$795,508,600	\$855,878,800	\$845,867,100	\$10,011,700
Capital Outlay	\$2,387,600	\$2,877,700	\$2,738,100	\$139,600
Use of Other Sources/Transfers	\$244,237,700	\$234,576,100	\$232,586,200	\$1,989,900
Total	\$1,354,323,300	\$1,407,908,400	\$1,383,307,200	\$24,601,200

Attachment 1 reflects the projected year-end totals for each department in summary format. The variance column reflects the projected year-end balance or unused appropriation by department.

The FY 2016 Revised vacancy savings target is \$11.8 million; countywide personnel savings is projected to meet and exceed this vacancy factor, as shown in the table above. The Department of Human Resources tracks turnover closely and, based on February actuals, is projecting a turnover rate for FY 2016 of 10.8 percent; actual turnover for FY 2015 was 11.1 percent.

Attachment 1 includes a detailed summary of department expenditure projections.

ISSUES:

On February 2, 2016, the Board of Supervisors was presented with a report estimating the cost of emergency response and staffing related to the declaration of local emergency for Winter Storm Jonas. At the February 2 Business Meeting, the Board appropriated \$3.5 million of anticipated FY 2016 General Fund balance to account for these unforeseen expenditures during the local emergency.

The full costs of the response and the ability of departments to absorb its costs has continued to be evaluated since February. The third quarter report projects that all but an estimated \$1,510,100 of the incurred expenditures can be absorbed through General Fund department budgets at this time. The second quarter report estimated departments could absorb all but \$435,000 of storm-related costs. Though the cost of the storm response has been updated, it still remains likely that a significant amount of the approved use of current year fund balance will be unused and returned to year-end fund balance.

Staff has identified no issues that require Board action in the current FY 2016 forecast. The Department of Management and Budget will continue to monitor revenues and expenditures closely.

ATTACHMENTS:

1. FY 2016 Third Quarter Department Expenditure Projections
2. FY 2016 Third Quarter Cash Proffer/Condition Balance Report
3. FY 2016 Third Quarter Debt Report

Department	Adopted	Revised	Forecast	Variance
GENERAL GOVERNMENT ADMINISTRATION				
Board of Supervisors	\$ 2,181,600	\$ 2,220,900	\$ 2,218,400	\$ (2,500)
Personnel	\$ 1,653,100	\$ 1,643,600	\$ 1,641,100	\$ (2,500)
Operating & Maintenance	\$ 528,500	\$ 577,300	\$ 577,300	\$ -
Commissioner of the Revenue	\$ 6,514,300	\$ 6,605,400	\$ 6,175,800	\$ (429,600)
Personnel	\$ 5,909,300	\$ 5,978,100	\$ 5,583,000	\$ (395,100)
Operating & Maintenance	\$ 605,000	\$ 627,300	\$ 592,800	\$ (34,500)
County Administrator	\$ 3,720,500	\$ 3,811,700	\$ 3,717,100	\$ (94,600)
Personnel	\$ 3,214,400	\$ 3,125,400	\$ 3,076,900	\$ (48,500)
Operating & Maintenance	\$ 506,100	\$ 686,300	\$ 640,200	\$ (46,100)
County Attorney	\$ 2,856,500	\$ 3,662,200	\$ 3,625,900	\$ (36,300)
Personnel	\$ 2,694,000	\$ 2,746,100	\$ 2,746,100	\$ -
Operating & Maintenance	\$ 162,500	\$ 916,100	\$ 879,800	\$ (36,300)
Elections and Voter Registration	\$ 1,793,100	\$ 1,806,400	\$ 1,620,300	\$ (186,100)
Personnel	\$ 1,245,900	\$ 1,247,400	\$ 1,074,400	\$ (173,000)
Operating & Maintenance	\$ 547,200	\$ 559,000	\$ 545,900	\$ (13,100)
Finance and Procurement	\$ 4,883,600	\$ 5,684,200	\$ 5,156,200	\$ (528,000)
Personnel	\$ 4,270,400	\$ 4,505,200	\$ 4,237,900	\$ (267,300)
Operating & Maintenance	\$ 613,200	\$ 1,179,000	\$ 918,300	\$ (260,700)
General Services	\$ 33,279,700	\$ 38,326,700	\$ 37,568,300	\$ (758,400)
Personnel	\$ 9,403,600	\$ 9,819,100	\$ 9,501,700	\$ (317,400)
Operating & Maintenance	\$ 22,838,000	\$ 27,065,000	\$ 26,624,000	\$ (441,000)
Capital Outlay	\$ -	\$ 404,500	\$ 404,500	\$ -
Use of Other Sources/Transfers	\$ 1,038,100	\$ 1,038,100	\$ 1,038,100	\$ -
Human Resources	\$ 6,570,000	\$ 6,815,100	\$ 5,917,100	\$ (898,000)
Personnel	\$ 3,312,200	\$ 3,381,900	\$ 2,914,300	\$ (467,600)
Operating & Maintenance	\$ 3,257,800	\$ 2,403,500	\$ 1,973,100	\$ (430,400)
Use of Other Sources/Transfers	\$ -	\$ 1,029,700	\$ 1,029,700	\$ -
Information Technology	\$ 26,145,300	\$ 28,859,400	\$ 28,085,100	\$ (774,300)
Personnel	\$ 11,771,400	\$ 11,730,200	\$ 11,455,900	\$ (274,300)
Operating & Maintenance	\$ 14,294,900	\$ 16,776,800	\$ 16,276,800	\$ (500,000)
Capital Outlay	\$ 79,000	\$ 352,400	\$ 352,400	\$ -
Management and Budget	\$ 2,027,600	\$ 2,085,900	\$ 1,850,600	\$ (235,300)
Personnel	\$ 1,742,900	\$ 1,636,600	\$ 1,527,600	\$ (109,000)
Operating & Maintenance	\$ 284,700	\$ 449,300	\$ 323,000	\$ (126,300)
Treasurer	\$ 4,756,700	\$ 4,939,200	\$ 4,508,200	\$ (431,000)
Personnel	\$ 3,655,800	\$ 3,773,700	\$ 3,569,000	\$ (204,700)
Operating & Maintenance	\$ 1,065,900	\$ 1,130,500	\$ 919,200	\$ (211,300)
Capital Outlay	\$ 35,000	\$ 35,000	\$ 20,000	\$ (15,000)
SUBTOTAL - General Government	\$ 94,728,900	\$ 104,817,100	\$ 100,443,000	\$ (4,374,100)
PUBLIC SAFETY AND JUDICIAL ADMINISTRATION				
Animal Services	\$ 3,068,600	\$ 3,162,700	\$ 2,882,100	\$ (280,600)
Personnel	\$ 2,577,900	\$ 2,622,700	\$ 2,397,300	\$ (225,400)
Operating & Maintenance	\$ 490,700	\$ 540,000	\$ 484,800	\$ (55,200)
Clerk of the Circuit Court	\$ 3,921,000	\$ 4,135,200	\$ 4,048,800	\$ (86,400)
Personnel	\$ 3,658,900	\$ 3,873,100	\$ 3,796,700	\$ (76,400)
Operating & Maintenance	\$ 262,100	\$ 262,100	\$ 252,100	\$ (10,000)
Commonwealth's Attorney	\$ 3,384,600	\$ 3,426,500	\$ 3,341,000	\$ (85,500)
Personnel	\$ 3,246,200	\$ 3,281,200	\$ 3,205,100	\$ (76,100)
Operating & Maintenance	\$ 138,400	\$ 145,300	\$ 135,900	\$ (9,400)
Community Corrections	\$ 1,925,400	\$ 2,057,000	\$ 243,800	\$ (1,813,200)
Personnel	\$ 1,789,100	\$ 1,839,500	\$ 207,300	\$ (1,632,200)
Operating & Maintenance	\$ 136,300	\$ 217,500	\$ 36,500	\$ (181,000)

Department	Adopted	Revised	Forecast	Variance
Courts	\$ 1,451,700	\$ 1,487,500	\$ 1,366,100	\$ (121,400)
Personnel	\$ 1,047,800	\$ 1,080,300	\$ 1,070,900	\$ (9,400)
Operating & Maintenance	\$ 403,900	\$ 407,200	\$ 295,200	\$ (112,000)
Fire, Rescue and Emergency Services	\$ 71,160,500	\$ 74,244,300	\$ 73,627,600	\$ (616,700)
Personnel	\$ 55,217,300	\$ 56,961,200	\$ 56,961,200	\$ -
Operating & Maintenance	\$ 15,780,300	\$ 16,712,800	\$ 16,096,100	\$ (616,700)
Capital Outlay	\$ 162,900	\$ 225,600	\$ 225,600	\$ -
Use of Other Sources/Transfers	\$ -	\$ 344,700	\$ 344,700	\$ -
Juvenile Court Service Unit	\$ 2,051,300	\$ 2,087,600	\$ 2,010,800	\$ (76,800)
Personnel	\$ 1,718,700	\$ 1,718,700	\$ 1,665,300	\$ (53,400)
Operating & Maintenance	\$ 332,600	\$ 368,900	\$ 345,500	\$ (23,400)
Sheriff's Office	\$ 83,694,800	\$ 85,862,400	\$ 82,874,200	\$ (2,988,200)
Personnel	\$ 70,290,400	\$ 71,426,200	\$ 69,482,500	\$ (1,943,700)
Operating & Maintenance	\$ 12,753,400	\$ 13,398,100	\$ 12,353,600	\$ (1,044,500)
Capital Outlay	\$ 651,000	\$ 1,038,100	\$ 1,038,100	\$ -
SUBTOTAL - Public Safety and Judicial Administration	\$ 170,657,900	\$ 176,463,200	\$ 170,394,400	\$ (6,068,800)
HEALTH AND WELFARE				
Extension Services	\$ 403,500	\$ 405,500	\$ 402,500	\$ (3,000)
Personnel	\$ 298,200	\$ 316,100	\$ 316,100	\$ -
Operating & Maintenance	\$ 105,300	\$ 89,400	\$ 86,400	\$ (3,000)
Family Services	\$ 23,974,600	\$ 25,388,000	\$ 23,167,200	\$ (2,220,800)
Personnel	\$ 15,637,200	\$ 16,023,400	\$ 14,787,700	\$ (1,235,700)
Operating & Maintenance	\$ 8,247,000	\$ 9,223,000	\$ 8,237,900	\$ (985,100)
Capital Outlay	\$ 10,000	\$ 61,200	\$ 61,200	\$ -
Use of Other Sources/Transfers	\$ 80,400	\$ 80,400	\$ 80,400	\$ -
Health Services	\$ 2,691,800	\$ 2,691,800	\$ 2,678,000	\$ (13,800)
Personnel	\$ 721,000	\$ 721,000.00	\$ 707,200	\$ (13,800)
Operating & Maintenance	\$ 1,970,800	\$ 1,970,800	\$ 1,970,800	\$ -
MHSADS	\$ 34,522,600	\$ 37,323,900	\$ 35,019,900	\$ (2,304,000)
Personnel	\$ 28,335,200	\$ 29,200,700	\$ 27,355,800	\$ (1,844,900)
Operating & Maintenance	\$ 6,187,400	\$ 8,123,200	\$ 7,664,100	\$ (459,100)
SUBTOTAL - Health and Welfare	\$ 61,592,500	\$ 65,809,200	\$ 61,267,600	\$ (4,541,600)
PARKS, RECREATION AND COMMUNITY SERVICES				
Library Services	\$ 14,628,700	\$ 15,096,500	\$ 14,776,600	\$ (319,900)
Personnel	\$ 11,391,800	\$ 11,536,600	\$ 11,222,600	\$ (314,000)
Operating & Maintenance	\$ 3,236,900	\$ 3,359,200	\$ 3,353,300	\$ (5,900)
Capital Outlay	\$ -	\$ 200,700	\$ 200,700	\$ -
Parks, Recreation and Community Services	\$ 39,333,900	\$ 40,877,200	\$ 39,441,800	\$ (1,435,400)
Personnel	\$ 30,194,300	\$ 30,315,100	\$ 29,372,100	\$ (943,000)
Operating & Maintenance	\$ 9,127,500	\$ 10,456,500	\$ 9,964,100	\$ (492,400)
Capital Outlay	\$ 12,100	\$ 105,600	\$ 105,600	\$ -
SUBTOTAL - Parks, Recreation and Culture	\$ 53,962,600	\$ 55,973,700	\$ 54,218,400	\$ (1,755,300)
COMMUNITY DEVELOPMENT				
Building and Development	\$ 20,617,000	\$ 21,691,600	\$ 19,747,700	\$ (1,943,900)
Personnel	\$ 18,673,200	\$ 18,833,500	\$ 18,120,800	\$ (712,700)
Operating & Maintenance	\$ 1,774,200	\$ 2,688,500	\$ 1,581,900	\$ (1,106,600)
Capital Outlay	\$ 169,600	\$ 169,600	\$ 45,000	\$ (124,600)
Economic Development	\$ 3,226,800	\$ 3,393,400	\$ 3,247,600	\$ (145,800)
Personnel	\$ 2,342,700	\$ 2,362,700	\$ 2,253,000	\$ (109,700)
Operating & Maintenance	\$ 884,100	\$ 1,030,700	\$ 994,600	\$ (36,100)
Mapping and Geographic Information	\$ 2,395,800	\$ 2,450,200	\$ 2,336,300	\$ (113,900)
Personnel	\$ 2,256,300	\$ 2,268,800	\$ 2,171,900	\$ (96,900)
Operating & Maintenance	\$ 139,500	\$ 181,400	\$ 164,400	\$ (17,000)

Department	Adopted	Revised	Forecast	Variance
Planning Services	\$ 6,508,200	\$ 6,804,600	\$ 6,434,200	\$ (370,400)
Personnel	\$ 6,162,700	\$ 6,206,800	\$ 5,881,800	\$ (325,000)
Operating & Maintenance	\$ 345,500	\$ 597,800	\$ 552,400	\$ (45,400)
Transportation & Capital Infrastructure	\$ 29,720,400	\$ 30,353,500	\$ 27,431,900	\$ (2,921,600)
Personnel	\$ 6,704,500	\$ 6,483,300	\$ 6,170,300	\$ (313,000)
Operating & Maintenance	\$ 22,720,400	\$ 23,289,700	\$ 20,681,100	\$ (2,608,600)
Capital Outlay	\$ 43,000	\$ 285,000	\$ 285,000	\$ -
Use of Other Sources/Transfers	\$ 252,500	\$ 295,500	\$ 295,500	\$ -
SUBTOTAL - Community Development	\$ 62,468,200	\$ 64,693,300	\$ 59,197,700	\$ (5,495,600)
			\$ -	\$ -
NON-DEPARTMENTAL	\$ 910,913,200	\$ 940,151,900	\$ 937,786,100	\$ (2,365,800)
Personnel	\$ 1,053,000	\$ (2,082,400)	\$ (2,357,700)	\$ (275,300)
Operating & Maintenance	\$ 665,768,500	\$ 710,446,600	\$ 710,346,000	\$ (100,600)
Capital Outlay	\$ 1,225,000	\$ -	\$ -	\$ -
Use of Other Sources/Transfers	\$ 242,866,700	\$ 231,787,700	\$ 229,797,800	\$ (1,989,900)
			\$ -	\$ -
TOTAL - General Fund	\$ 1,354,323,300	\$ 1,407,908,400	\$ 1,383,307,200	\$ (24,601,200)



OFFICE OF THE COUNTY ADMINISTRATOR

MEMORANDUM

DATE: April 28, 2016

TO: Finance, Government Operations and Economic Development Committee

FROM: Charles Yudd, Assistant County Administrator
Daniel Csizmar, Capital Budget Manager, DTCI
Amy Kresge, Proffer Manager, Building and Development

RE: Quarterly Cash Proffer/Condition Balance Report – 3rd Quarter FY 2016

Attached is the cash proffer/condition balance reports reflecting balances accrued as of April 1, 2016. This information includes an accounting of cash received from rezoning applications as well as cash received from special exception, subdivision and site plan approvals.

- Current Balance.** The current balance of rezoning related cash proffers is \$112.6 million, a decrease of \$6.2 million from the FY 2016 3rd quarter report. The County received \$9.7 million in cash proffer payments between January 1, 2016 and March 31, 2016, an increase of \$3 million from the FY 2016 2nd quarter report. Please be advised, of the \$112.6 million balance, \$52 million is encumbered for capital projects in the Adopted FY 2016 - FY 2020 CIP budget.
- Revenues.** The following lists the largest proffer contributions received during the 2nd quarter of FY 2016:

Table 1. Largest Proffer Contributions –3rd Fiscal Quarter, FY 2016

Application #	Application Name	Contribution
ZMAP-2002-0017	Parc Dulles II	\$2,429,004
ZMAP-2005-0013	Marbury	\$1,587,095
ZMAP-2005-0001	Seven Hills (Virginia Manor)	\$1,252,593
ZMAP-2002-0003	CD Smith Property	\$1,069,615
ZCPA-2012-0003	Goose Creek Preserve	\$359,120
ZCPA-2011-0009	East Gate Three	\$327,000

- Expenditures.** The following lists the utilization of cash proffers for various capital improvement projects in the 3rd Quarter of FY 2016 that were amendments to the FY 2016 CIP:

Table 2. Expenditure Activity – 3rd Fiscal Quarter, FY 2016

Project	Appropriation
Tall Cedars Pkwy	\$915,918
Blue Seal Drive - Building Purchase	*\$800,000
Signal at Braddock Rd and Riding Center Dr	\$77,668
Claiborne Pkwy and Lansdowne Blvd	\$32,714

**Cash Proffer Interest*

A summary of the programmed proffers in the FY 2016 – FY 2020 Adopted CIP is reported in the “Encumbered in CIP” column of this Quarterly Proffer Report. Please note, the report shows some negative balances in the "Estimated Remaining Balance" column. This is due to the re-distribution of cash proffer interest earned into a central account. The current adopted CIP programmed the use of cash proffer interest from FY 2017 to FY 2020. The actual cash proffer accounts do not have negative balances; they only show as negative balances in this report due to the CIP encumbrances shown. The FY 2017 - FY 2022 CIP reprograms the use of cash proffers for capital projects without the use of this cash proffer interest. So the negative balances are only temporary until July 1, 2016 when the FY 2017 - FY 2022 CIP cash proffer encumbrances are shown in this report, which will correct the situation.

3Q FY2016 CASH PROFFER BALANCES AS OF 4/1/2016 - REZONING APPLICATIONS

CATEGORY/ADOPTED CIP PROJECT	REVENUES RECEIVED	EXPENDITURES	BALANCE	ENCUMBERED IN CIP	EST REMAINING BALANCE
ADU	\$1,178,812.74	\$137,213.73	\$1,050,828.25		\$1,050,828.25
(blank)	\$1,178,812.74	\$137,213.73	\$1,050,828.25		\$1,050,828.25
BOARD OPTION	\$3,917,096.47	\$3,973,842.87	\$208,919.67	\$140,389.00	\$68,530.67
FY 2017 Ashburn Recreation and Community Center	\$17,663.97	\$0.00	\$17,663.97	\$18,230.00	-\$566.03
FY 2017 Ashburn Senior Center	\$50,431.03	\$50,431.00	\$0.03	\$7,243.00	-\$7,242.97
FY 2017 Hanson Regional Park	\$114,400.00	\$0.00	\$114,400.00	\$114,916.00	-\$516.00
(blank)	\$3,734,601.47	\$3,923,411.87	\$76,855.67		\$76,855.67
CAPITAL/COMMUNITY FACILITIES	\$20,173,551.52	\$16,389,149.72	\$5,298,972.61	\$5,453,239.16	-\$154,266.55
FY 2017 Ashburn Recreation and Community Center	\$3,930,839.24	\$1,188,926.04	\$2,921,126.28	\$3,178,431.00	-\$257,304.72
FY 2017 Ashburn Senior Center	\$6,486,504.32	\$6,690,300.80	\$618,690.77	\$676,120.16	-\$57,429.39
FY 2017 Hanson Regional Park	\$6,320,373.68	\$4,984,725.00	\$1,561,866.68	\$1,565,757.00	-\$3,890.32
FY 2018 Leesburg South Fire and Rescue Station	\$67,800.00	\$38,285.00	\$32,760.00	\$32,931.00	-\$171.00
(blank)	\$3,368,034.28	\$3,486,912.88	\$164,528.88		\$164,528.88
CAPITAL FACILITIES	\$159,034,197.80	\$87,471,976.67	\$72,775,339.66	\$43,178,701.00	\$29,596,638.66
FY 2017 Ashburn Recreation and Community Center	\$10,638,572.21	\$5,866,490.28	\$4,933,646.67	\$4,954,900.00	-\$21,253.33
FY 2017 Ashburn Recreation and Community Center - FY 2018 Ashburn Recreation and Community Center	\$1,174,415.92	\$0.00	\$1,174,415.92	\$1,178,216.00	-\$3,800.08
FY 2017 Ashburn Senior Center	\$12,679,880.64	\$7,251,596.88	\$5,624,519.76	\$3,680,260.00	\$1,944,259.76
FY 2017 Hanson Regional Park	\$63,271,044.25	\$45,094,685.86	\$18,823,080.45	\$14,488,033.00	\$4,335,047.45
FY 2018 Ashburn Recreation and Community Center	\$24,343,810.78	\$3,482,323.56	\$20,882,496.22	\$18,625,223.00	\$2,257,273.22
FY 2018 Leesburg South Fire and Rescue Station	\$3,357,251.45	\$3,168,475.65	\$287,880.70	\$252,069.00	\$35,811.70
(blank)	\$43,569,222.55	\$22,608,404.44	\$21,049,299.94		\$21,049,299.94
COMMUTER	\$6,534,647.66	\$3,712,615.71	\$2,869,032.95		\$2,869,032.95
(blank)	\$6,534,647.66	\$3,712,615.71	\$2,869,032.95		\$2,869,032.95
CULTURAL HISTORIC	\$830,185.00	\$0.00	\$830,185.00	\$201,102.00	\$629,083.00
FY 2017 Hanson Regional Park	\$200,000.00	\$0.00	\$200,000.00	\$201,102.00	-\$1,102.00
(blank)	\$630,185.00	\$0.00	\$630,185.00		\$630,185.00
FIRE	\$1,538,122.10	\$1,464,643.63	\$77,788.56		\$77,788.56
(blank)	\$1,538,122.10	\$1,464,643.63	\$77,788.56		\$77,788.56
HUMAN SERVICES	\$677,295.34	\$459,421.09	\$292,587.71		\$292,587.71
(blank)	\$677,295.34	\$459,421.09	\$292,587.71		\$292,587.71
HOUSING	\$491,312.39	\$305,031.02	\$235,290.57		\$235,290.57

CATEGORY/ADOPTED CIP PROJECT	REVENUES RECEIVED	EXPENDITURES	BALANCE	ENCUMBERED IN CIP	EST REMAINING BALANCE
(blank)	\$491,312.39	\$305,031.02	\$235,290.57		\$235,290.57
WORKFORCE HOUSING	\$426,583.88	\$0.00	\$426,583.88		\$426,583.88
(blank)	\$426,583.88	\$0.00	\$426,583.88		\$426,583.88
LIBRARY	\$1,686,481.12	\$750,000.00	\$1,015,224.12	\$85,000.00	\$930,224.12
FY 2020 Brambleton Library	\$70,353.96	\$0.00	\$70,353.96	\$85,000.00	-\$14,646.04
(blank)	\$1,616,127.16	\$750,000.00	\$944,870.16		\$944,870.16
LANDSCAPING	\$18,989.00	\$0.00	\$18,989.00		\$18,989.00
(blank)	\$18,989.00	\$0.00	\$18,989.00		\$18,989.00
MISCELLANEOUS	\$346,548.02	\$331,500.00	\$15,371.02		\$15,371.02
(blank)	\$346,548.02	\$331,500.00	\$15,371.02		\$15,371.02
OPEN SPACE	\$2,741,114.55	\$1,065,547.33	\$1,869,112.50	\$57,554.00	\$1,811,558.50
FY 2017 Hanson Regional Park	\$476,297.84	\$466,607.00	\$56,798.84	\$57,554.00	-\$755.16
(blank)	\$2,264,816.71	\$598,940.33	\$1,812,313.66		\$1,812,313.66
PARK	\$1,522,159.96	\$537,222.24	\$1,030,303.78	\$167,638.00	\$862,665.78
FY 2017 Hanson Regional Park	\$472,866.10	\$316,780.00	\$200,076.10	\$167,638.00	\$32,438.10
(blank)	\$1,049,293.86	\$220,442.24	\$830,227.68		\$830,227.68
RECYCLING	\$90,250.00	\$0.00	\$90,250.00		\$90,250.00
(blank)	\$90,250.00	\$0.00	\$90,250.00		\$90,250.00
RESCUE	\$1,181,093.12	\$1,105,110.23	\$77,833.23		\$77,833.23
(blank)	\$1,181,093.12	\$1,105,110.23	\$77,833.23		\$77,833.23
ROAD	\$61,127,972.32	\$47,764,530.08	\$18,644,001.02	\$2,776,700.00	\$15,867,301.02
FY 2017 Arcola Boulevard	\$259,000.00	\$0.00	\$259,000.00	\$260,700.00	-\$1,700.00
FY 2019 Glascock Road - East of Arcola Boulevard	\$2,514,000.00	\$0.00	\$2,514,000.00	\$2,516,000.00	-\$2,000.00
(blank)	\$58,354,972.32	\$47,764,530.08	\$15,871,001.02		\$15,871,001.02
SCHOOL	\$2,443,825.31	\$2,712,473.88	\$308,976.68		\$308,976.68
(blank)	\$2,443,825.31	\$2,712,473.88	\$308,976.68		\$308,976.68
SIGNAL	\$5,932,409.79	\$747,925.80	\$5,301,501.19		\$5,301,501.19
(blank)	\$5,932,409.79	\$747,925.80	\$5,301,501.19		\$5,301,501.19
TRAIL	\$30,630.00	\$20,157.00	\$10,634.99		\$10,634.99
(blank)	\$30,630.00	\$20,157.00	\$10,634.99		\$10,634.99
UTILITIES	\$176,878.59	\$80,063.50	\$113,349.62		\$113,349.62
(blank)	\$176,878.59	\$80,063.50	\$113,349.62		\$113,349.62
Grand Total	\$272,100,156.68	\$169,028,424.50	\$112,561,076.01	\$52,060,323.16	\$60,500,752.85

3Q FY2016 CASH CONDITION BALANCES AS OF 4/1/2016 - NON REZONING APPLICATIONS

CATEGORY/ADOPTED CIP PROJECT	REVENUES RECEIVED	INTEREST*	EXPENDITURES	BALANCE	ENCUMBERED IN CIP	EST REMAINING BALANCE
BOARD OPTION	\$234,409.18	\$1,371.92	\$82,233.00	\$153,548.10		\$153,548.10
(blank)	\$234,409.18	\$1,371.92	\$82,233.00	\$153,548.10		\$153,548.10
COMMUTER	\$10,580.00	\$1,986.00	\$0.00	\$12,566.00		\$12,566.00
(blank)	\$10,580.00	\$1,986.00	\$0.00	\$12,566.00		\$12,566.00
FIRE	\$964.00	\$0.00	\$0.00	\$964.00		\$964.00
(blank)	\$964.00	\$0.00	\$0.00	\$964.00		\$964.00
LANDSCAPING	\$2,500.00	\$363.91	\$0.00	\$2,863.91		\$2,863.91
(blank)	\$2,500.00	\$363.91	\$0.00	\$2,863.91		\$2,863.91
PARK	\$41,004.42	\$306.50	\$0.00	\$41,310.92		\$41,310.92
(blank)	\$41,004.42	\$306.50	\$0.00	\$41,310.92		\$41,310.92
RESCUE	\$964.00	\$0.00	\$0.00	\$964.00		\$964.00
(blank)	\$964.00	\$0.00	\$0.00	\$964.00		\$964.00
ROAD	\$10,231,152.19	\$2,421,396.74	\$5,419,612.68	\$7,232,936.25	\$66,300.00	\$7,166,636.25
FY 2017 Arcola Boulevard	\$144,517.23	\$440.33	\$0.00	\$144,957.56	\$66,300.00	\$78,657.56
(blank)	\$10,086,634.96	\$2,420,956.41	\$5,419,612.68	\$7,087,978.69		\$7,087,978.69
ROAD RIGHT-OF-WAY	\$29,683.93	\$51,577.71	\$81,239.00	\$22.64		\$22.64
(blank)	\$29,683.93	\$51,577.71	\$81,239.00	\$22.64		\$22.64
SIGNAL	\$1,196,411.53	\$413,845.70	\$338,372.41	\$1,271,884.82		\$1,271,884.82
(blank)	\$1,196,411.53	\$413,845.70	\$338,372.41	\$1,271,884.82		\$1,271,884.82
STORMWATER	\$50,626.73	\$9,440.39	\$0.00	\$60,067.12		\$60,067.12
(blank)	\$50,626.73	\$9,440.39	\$0.00	\$60,067.12		\$60,067.12
TRAIL	\$75,012.23	\$8,453.58	\$0.00	\$83,465.81		\$83,465.81
(blank)	\$75,012.23	\$8,453.58	\$0.00	\$83,465.81		\$83,465.81
Grand Total	\$11,873,308.21		\$5,921,457.09	\$8,860,593.57	\$66,300.00	\$8,794,293.57

* Balance includes interest. Interest earnings on individual condition entries can be obtained in LMIS.

FY 2016 Debt Financing*Activity Through March 31, 2016***Authorized, Unissued Bonds**

	# Of Projects	Amount
<i>Approved at Referendum:</i>		
General Government	(41)	\$ 84,563,763
Transportation	(1)	3,180,000
Schools	(17)	363,361,000
<i>Approved for VPSA Submission:</i>		
		0
Total:		\$ 451,104,763

Outstanding Debt - Principal

	# Of Issues	Amount
GO Bonds	(26)	\$ 978,795,000
Loans	(0)	0
Federal Loan (TIFIA)	(1)	11,271,200
Capital Leases	(12) (4 Sch /8 Gen)	158,762,958
Total at June 30, 2015:		\$ 1,148,829,158
<i>Issued since July 1, 2015:</i>		
GO Bonds	(0)	0
Federal Loan (TIFIA)		22,623,899
Capital Leases	(2) (1 Sch / 1 Gen)	85,390,000
Principal payments since June 30, 2015:		(112,400,217)
Total As of March 31, 2016		\$ 1,144,442,840

Debt Service Expenditures

	FY 2011 Actual	FY 2012 Actual	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Adopted
Principal	\$ 110,040,253	\$ 127,125,218	\$ 99,663,694	\$ 105,340,235	\$ 117,138,395	\$ 118,770,615
Interest	53,803,224	52,575,310	53,286,248	45,858,532	49,035,447	52,725,151
Total:	\$ 163,843,477	\$ 179,700,528	\$ 152,949,942	\$ 151,198,767	\$ 166,173,842	\$ 171,495,766

Anticipated Debt Financings Per FY 2015 - 2020 Amended CIP (ADOPTED - April 1, 2015)

	FY 2015 Actual	FY 2016 Adpoted	FY 2017 Adopted	FY 2018 Adopted	FY 2019 Adopted	FY 2020 Adopted	Total
General	\$ 33,580,000	\$ 83,920,845	\$ 98,069,132	\$ 75,895,000	\$ 58,955,000	\$ 52,573,000	\$ 402,992,977
Transportation	15,000,000	32,495,000	19,117,000	20,000,000	7,500,000	15,000,000	109,112,000
Schools	120,560,000	79,766,056	75,963,000	101,500,000	125,710,000	114,545,000	618,044,056
Total:	\$ 169,140,000	\$ 196,181,901	\$ 193,149,132	\$ 197,395,000	\$ 192,165,000	\$ 182,118,000	\$ 1,130,149,033
*Board Limit:	\$ 200,000,000	\$ 200,000,000	\$ 200,000,000	\$ 200,000,000	\$ 200,000,000	\$ 200,000,000	\$ 1,200,000,000

*On January 6, 2016, the Board amended the Fiscal Policy to increase the annual debt issuance guideline from \$200 million to \$225 million effective in FY 2017

Date of Meeting: May 10, 2016

16

**BOARD OF SUPERVISORS
FINANCE/GOVERNMENT OPERATIONS AND
ECONOMIC DEVELOPMENT COMMITTEE
INFORMATION ITEM**

SUBJECT: Monthly Report/Implementation of the Enterprise Resource Planning (ERP) Project

ELECTION DISTRICT: Countywide

STAFF CONTACTS: John Sandy, County Administration
Robert Middaugh, County Administration
Wendy Wickens, Information Technology
Penny Newquist, Finance and Procurement
Vince Marchesano, Vivad Technologies, LLC

PURPOSE: To provide an update on the status of the County's Enterprise Resource Planning (ERP) system implementation.

BACKGROUND: The Loudoun County Government and Loudoun County Public Schools (LCPS) began implementation of a new Enterprise Resource Planning (ERP) commercial off-the-shelf (COTS) system in January 2012 as part of a larger program to replace three core financial systems [i.e., ERP, Computer Aided Mass Appraisal (CAMA), and Integrated Tax Revenue (ITR)]. This action was based on an independent assessment of the County's legacy financial, human resources and taxation systems, as well as the future replacement of those systems.

In November 2008, Digicon Corporation completed the assessment and concluded that when the County acquired its current systems, more than 20 years ago, the functions and features provided, and the architecture upon which they were built (IBM), met the County's business and budgetary requirements. However, over the years, the technology exceeded its useful lifecycle, and operations and support was proving to be increasingly complex and difficult to maintain. Digicon recommended the County consider implementing a state-of-the-art ERP system to improve business and operational efficiency, which also would meet the demands for information in a more reliable and timely manner, with requisite quality and accuracy.

On November 2, 2011, the Board authorized the negotiation of a contract, not to exceed \$21,050,064, to implement ORACLE EBS (eBusiness Suite) as the ERP System for Loudoun County Government and LCPS. The contract was awarded to Applications Software Technology Corporation (AST), a Platinum Oracle partner, which included the Oracle EBS licensed software and implementation services for the ERP system.

On December 4, 2013, the Board appropriated an additional \$9,160,925 to the capital project budget (ERP Implementation Fund), which was used to complete outstanding items for Phase 1, and to provide additional resources to complete Phase 2. Not all funds have been expended to date. An additional 7.00 FTEs were added to the Department of Information Technology (DIT) and the former Department of Management and Financial Services' Finance and Budget Divisions, to provide needed system support. In December 2015, the Board appropriated an additional \$1,500,000 from the FY 2015 fund balance to complete the Phase 2 implementation, bringing the ERP capital budget to \$32,228,494. It should be noted that this amount does not include budgeted contracted project management services, which totals \$3,465,848. Expenses for consulting and other technical support through Fiscal Year 2016 not in the project budget are \$1,595,771.

ISSUES: This item provides a monthly update from the Department of Finance and Procurement and DIT on the implementation of the ERP system.

The Client Manager, Vince Marchesano, and County staff will be present to discuss details and answer questions.

AST Contract Information

Loudoun County entered into a firm fixed price contract with AST to implement an ERP solution. It was determined during contract negotiations that payment would be deliverable-based, and County interests protected, as they relate to AST's contract, per a performance bond in the amount of \$11,290,720, which represented the value of the AST contract at that time. Unlike construction initiatives, for which completion of work is solely managed and executed per the discretion of the contractor, software implementations such as this require a collaborative partnership between customer and vendor—that is, both parties manage and execute significant and interconnected portions of the project. Due to the inter-dependent nature of the work, liquidated damages were not included in the contract terms. However, either party may seek remedy for actual damages, if incurred.

In addition, Loudoun withholds a 20 percent retainage (\$995,401 has been withheld to date) from each deliverable payment, of which, 15 percent is released to AST upon Loudoun's final acceptance of each project phase. The remaining 5 percent will be released upon Loudoun's final acceptance of the overall system, which includes settlement of all outstanding change orders and/or claims.

Phase 2 - Human Resources and Payroll

The Phase 2 implementation began in January 2014, however, after failing all testing events and the impossibility to achieve three different planned go live dates (i.e., March 2015, June 2015 and September 2015), AST was notified in July 2015 that they were in material breach of the contract. Based on AST's request to finish the implementation, AST was allowed to perform some tasks. However, due to continued issues and missed critical path and milestone dates, Loudoun notified AST on November 6, 2015 that the project is being placed on hold until an acceptable cure plan is in place to address all outstanding issues.

AST and County executives met on November 13, 2015, December 15, 2015, and again on March 21, 2016 to discuss the path moving forward, and both parties are actively working towards a solution to successfully complete the project. The County also engaged Oracle Consulting and Sales in October 2015 to assess the overall “health” of the project, from which it was determined that the solution built to date has overly complex and unnecessary configurations. The County further retained Oracle Consulting to conduct a comprehensive assessment of the Phase 2 solution using the standard Oracle Unified Method (OUM - Oracle’s methodology for deploying Oracle-based business solutions) to determine if AST’s designs were optimal for Loudoun’s requirements (leveraging out-of-the-box functionality where possible), as well as to define what it will take to implement a fully functional system that meets Loudoun’s requirements.

This five week effort was initiated on January 11, 2016 at the Ridgetop Circle ERP project office. The first three weeks were comprised of review and discovery tasks, during which Oracle Consulting reviewed process, procedures, and requirements documents with Loudoun functional and technical resources. The fourth week was spent assessing the referenced documentation and discovery findings against the current system build (as built by AST). The fifth week concluded with preparation of Oracle Consulting’s findings and recommendations report and “roadmap” to best move the project forward, including any technical upgrades and/or enhancements.

FISCAL IMPACT: All ERP Implementation Funds have been released, however, the remaining balance of funds has not been fully expended. An estimated \$6.4 million of total funding remains available in the budget (including the \$1.5 million of fund balance added in December 2015). This includes \$2.5 million for Post Go Live Support, \$1.9 million in unallocated fund balance (includes funds recently encumbered to extend the Vivad Technologies contract for 12 months for Client Management services.) and \$1.7 million in remaining funds unpaid to AST. Further, the cost to complete the implementation is being determined and payment terms are being addressed per the ongoing contractual discussions between AST and the County.