At a Worksession of the Orange County Board of Supervisors held on Tuesday, March 25, 2025, beginning at 3:00 p.m., in the Meeting Room of the Public Safety Building, 11282 Government Center Drive, Orange, Virginia. Present: R. Mark Johnson, Chairman; Eduward M. Van Hoven, Vice Chairman; Crystal D. Hale; Keith F. Marshall, and J. Bryan Nicol. Also present: Theodore L. Voorhees, County Administrator; J. Robinson Hubbard, Senior Assistant County Attorney; and LaToya M. Smith, Chief Deputy Clerk.

* J. Robinson Hubbard arrived at 3:13 p.m.

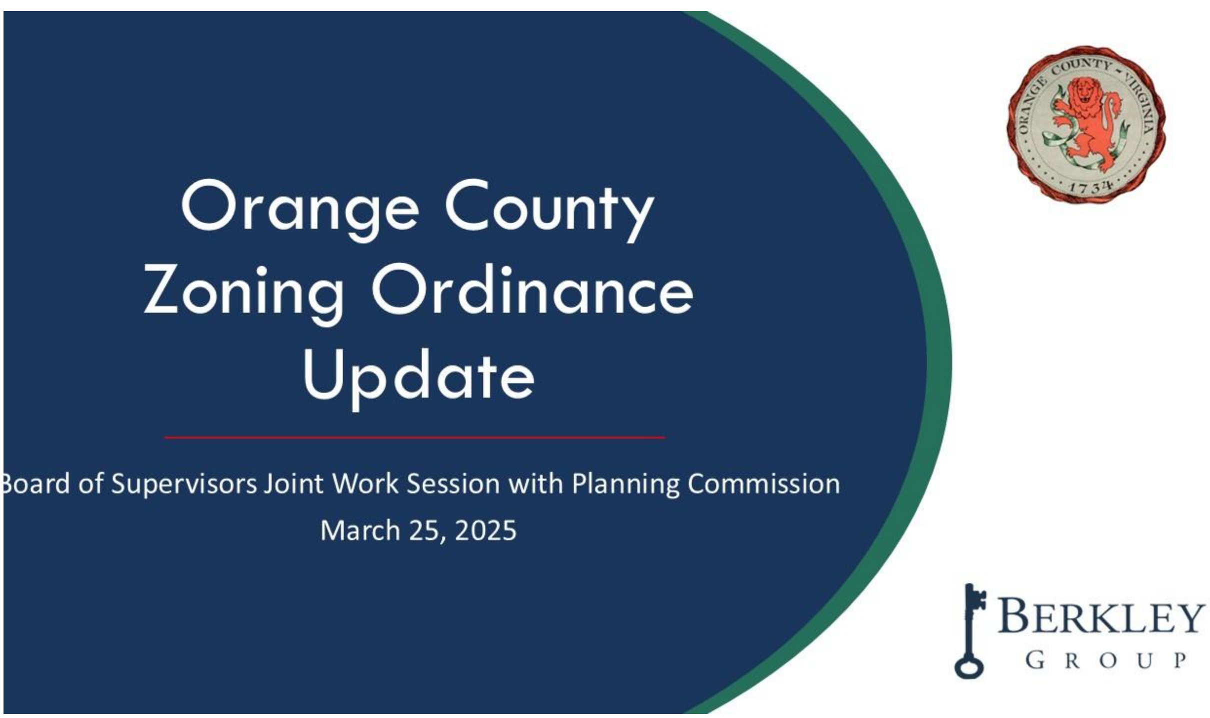
* Crystal Hale arrived at 3:17 p.m.

RE: <u>JOINT WORKSESSION: BOARD OF SUPERVISORS & PLANNING COMMISSION</u>

The Board was joined by the following members of the Planning Commission for a joint worksession regarding proposed updates to the Orange County Zoning Ordinance: Jason Capelle, Chairman; Brandon Van Hoven; Jordan Marshall; Adam Bryington, Vice Chairman; and Frank DiPasquale. Michelle Mixell, Director of Development Services, and Josh Frederick, Planning & Zoning Services Manager, were also present for this portion of the meeting.

Rebecca Cobb, Deputy Director of Planning, and Christopher Musso, Planner II, were present on behalf of Berkley Group, LLC. It was noted this joint worksession is the first in a series of five bi-monthly check-in sessions to be conducted as part of the Zoning Ordinance Update process. The County has partnered with Berkley Group, a local government consulting firm, to organize and update the Zoning Ordinance. It is hoped the revised Zoning Ordinance will achieve the following: (1) incorporate best planning practices and current Code of Virginia requirements; (2) create new Zoning Districts to better guide development and preserve agricultural lands; (3) identify opportunities to allow certain commercial and industrial uses with performance standards to mitigate impacts; and (4) provide streamlined and user-friendly regulations.

Ms. Cobb gave a PowerPoint Presentation consisting of the following components: Introductions; Project Overview & Schedule; Engagement Summary; Zoning Ordinance Structure & Keys to Success; District Discussion; and Next Steps.



Agenda

- Introductions
- Project Overview & Schedule
- Engagement Summary
- Zoning Ordinance Structure & Keys to Success
- District Discussion
- Next Steps

Project Team

Rebecca Cobb, CZA
Project Manager

Chris Musso, AICP, CZA
Project Lead

Brooke Frink, CZA
Project Support

Tori Haynes
Project Support

Project Overview

PROJECT TIMELINE

'hase	#	Task Description	2025												2026				
			January	February	March	April	May	June	July	August	September	October	November	December	January	February	March	April	May
estigation	A1	Staff Project Kickoff (Virtual)	V																
	A2	Project Management / Staff Input																	
	A3	County Tour		X															
	A4	Focus Group Listening Sessions (up to 2)		X															
	A5	Engagement Summary			*														
velopment	B1	Joint Work Sessions (up to 5)			X		X		X		X		X						
	B2	Ordinance Table of Contents & Crosswalk			*														
	B3-B10	Drafting					*		*		*								
	B11	Formatting & Final Review											*						
	B12	Changes Matrix & Contents Crosswalk Update											*						
doption	C1	Open House (Public Draft Review) (up to 1)													X				
	C2	Pre-Adoption Joint Work Session (up to 1)														X			
	C3	Incorporate Final Revisions																	
	C4	PC & Board of Supervisors Public Hearings																X	X
	C5	Post-Adoption Deliverables																	

X = Anticipated In-person Attendance; V = Virtual Attendance; * = Meeting Topic

Schedule

Worksession	Topic
March 2025	Engagement Summary Draft Table of Contents Structure District Discussion
May 2025	Primary and Overlay Zoning Districts
July 2025	Uses and Use Performance Standards
September 2025	Community Design Standards Administration
November 2025	Compiled ZO Review

Engagement Summary

Clarity	Consistent interpretation and clear processes
Land Use Balance	Agriculture preservation and development
Flexibility	Less restrictive development, setbacks, and uses
Permission	Greater variety of businesses and industrial uses
Character Balance	Rural preservation but also reasonable business growth and upgrades
Costs	Reduce barriers to development

Potential Engagement Integration

Public Input	Drafting
Clarity for consistent interpretation and clear processes	Streamline text Include tables Include processes
A balance between agriculture preservation and development	New ag district Edit district standards Categorize uses
Flexibility in standards with less restrictive development, setbacks, and uses	Edit cluster requirements Edit district standards Add by-right uses
Job creation with permission of a variety of businesses and industrial uses	Add new uses Broaden some use terms

Potential Engagement Integration

Public Input	Drafting
Balance the rural character with preservation but also reasonable business growth and upgrades	Edit district standards Edit design standards Consider use permissions
Reduce barriers to development that drive up costs	Edit design standards Consider Subdivision Code*

**Not part of current scope; Orange County Staff Only*

Zoning Ordinance Table of Contents

Administration	Article 1: In General Article 2: Administration Article 3: Permits and Applications
Development Standards	Article 4: Primary Zoning Districts Article 5: Overlay Zoning Districts
Development Standards	Article 6: Use Matrix Article 7: Use Performance Standards Article 8: Community Design Standards
Administration	Article 9: Nonconforming Uses, Lots, and Structures
	Article 10: Definitions

Article 10: Subdivision

Residential Districts Example Chart

Zoning District	Lot Size	Frontage	Front Setback	Side Setback	Rear Setback	Height
Limited Residential (R-1)	No public water/sewer: 40,000 sq. ft. Water or sewer: 30,000 sq. ft. Water and sewer: 20,000 sq. ft.	100 ft.	Primary Highway: 100-300 ft. Non-primary Highway: 35 ft.	20 ft.	35 ft.	40 ft.
General Residential (R-2)	No public water/sewer: 40,000 sq. ft. Water or sewer: 30,000 sq. ft. Water and sewer: 10,000 sq. ft.	70 ft.	Primary Highway: 100-300 ft. Non-primary Highway: 35 ft.	10 ft.	25 ft.	40 ft.
Planned Residential (R-3)	-	-	Primary Highway: 100-300 ft.	-	-	40 ft.
Multifamily Residential (R-4)	5,445 sq. ft.	70 ft. Attached single-family: 18 ft.	Primary Highway: 100-300 ft. Non-primary Highway: 35 ft.	50 ft.	50 ft.	50 ft.
Planned Development Traditional Design (R-5)	7,260 sq. ft.	-	25 ft.	-	-	40 ft.

Use Matrix Example

Use	Districts												Use Performance Standards
	A-1	A-2	A-3	R-1	R-2	R-3	C-1	C-2	I-1	I	R-C	M-U	
	B = By-Right				*SE = Special Exception*				*Blank = Not Permitted*				
Agricultural Uses													
Agriculture / Silviculture	B	B	B										7-2-1
Agriculture, Intensive	B	B											7-2-2
Agriculture, Residential				B	B								7-2-3
Agritourism	B	B	B										7-2-4
Biosolid Application	B	B											7-2-5
Farm Winery	B	B											
Meat Processing Facility	SE	SE											7-2-6
Stable, Commercial	B	B	SE								B		7-2-7
Stable, Private	B	B	B										7-2-8
Roadside Farm Stand	B	B	B										
Residential Uses													
Bed and Breakfast	SE	SE					SE	SE					7-3-1
Day Care, Family Home (1-4 Individuals)	B	B	B	B	B	B					B	B	

Keys to Success

- Review packet using the memo and footnotes
- Note questions or comments as you review
- Attend each worksession
- Come prepared with questions or comments with the group
- Each article will be revised as necessary – revisions are due to staff within a week of each worksession

Questions?

Next Steps

★ Joint Worksession: May TBD, 2025
Primary Districts
Overlay Districts

- ☑ Staff Kickoff Meeting
- ☑ Focus Groups
- ☑ County Tour
- ❑ Drafting Worksessions – May through November 2025
  (May, July, September & November)
- ❑ Public Draft Open House – January 2026
- ❑ Final Review Joint Work Session – February 2026
- ❑ Final Revisions
- ❑ **Public Hearings & Adoption – Spring 2026**

Thank You!

Michelle Mixell, Director of Development Services
mmixell@orangecountyva.gov

Josh Frederick, Planning & Zoning Services Manager
Jfrederick@orangecountyva.gov

Rebecca Cobb, Deputy Director of Planning
Rebecca.cobb@bgllc.net

Example District - Article Structure

Division	Section
1 – Establishment and Purpose	1 – General
	2 – References to District Names
	3 – Purpose and Intent of Primary Zoning Districts
2 – General District Standards	1 – General
	2 – Additional Standards
	3 – Height Regulations
	4 – Determination and Measurement of Lots
	5 – Steep Slopes
3 – Exemptions and Encroachments	1 – Structures in Required Setbacks
	2 – Exemptions

Division	Section
4 – Agricultural Districts	1 – A-1, General Agricultural
	2 – A-2, TBD
5 – Residential Districts	1 – R-R, Rural Residential
	2 – R-1, Limited Residential
	3 – R-2, General Residential
	4 – R-4, Multifamily Residential
6 – Commercial Districts	1 – C-1, Limited Commercial
	2 – C-2, General Commercial
	3 – R-S, Rural Service Commercial

Division	Section
7 – Industrial Districts	1 – I-1, Limited Industrial
	2 – I-2, General Industrial
	3 – T, Technology
8 – Planned Development Districts	1 – R-3, Planned Residential
	2 – R-5, Planned Residential - TD
	3 – PDB, Planned Development - B
	4 – PDM, Planned Development - MU
9 – Cluster Provisions	1 – General
	2 – Purpose and Intent
	3 – Cluster Develop. Standards

Example Commercial District Chart

Zoning District	Lot Size	Frontage	Front Setback	Side Setback	Rear Setback	Height
Limited Commercial (C-1)	**-**	**-**	**Primary Highway: 100-300 ft. Non-primary Highway: 35 ft.**	**20 ft.**	**35 ft.**	**40 ft.**
General Commercial (C-2)	**-**	**-**	**Primary Highway: 100-300 ft. Non-primary Highway: 35 ft.**	**Residential or Agricultural Adjacent: 50 ft. Commercial or Industrial Adjacent: 10 ft**	**Residential or Agricultural Adjacent: 50 ft. Commercial or Industrial Adjacent: 10 ft**	**100 ft.**
Planned Development - Business (PDB)	**-**	**-**	**-**	**-**	**-**	**40 ft.**
Planned Development - Mixed Use (PDM)	**7,260 sq. ft.**	**-**	**-**	**-**	**-**	**45 ft.**

Example Industrial District Chart

Zoning District	Lot Size	Frontage	Front Setback	Side Setback	Rear Setback	Height
Limited Industrial (I-1)	-	-	Primary Highway: 100-300 ft. Non-primary Highway: 50 ft.	Residential or Agricultural Adjacent: 100 ft. Commercial or Industrial Adjacent: 50 ft	Residential or Agricultural Adjacent: 100 ft. Commercial or Industrial Adjacent: 50 ft	100 ft.
General Industrial (I-2)	-	-	Primary Highway: 100-300 ft. Non-primary Highway: 35 ft.	Residential or Agricultural Adjacent: 100 ft. Commercial or Industrial Adjacent: 50 ft	Residential or Agricultural Adjacent: 100 ft. Commercial or Industrial Adjacent: 50 ft	100 ft.

There then followed an opportunity for discussion.

Chairman Johnson requested clarification regarding the numbering of the Use Performance Standards contained within the Use Matrix Example slide. It was noted those numbers represent the Article Number, Division Number, and Section Number.

Mr. Van Hoven asked if the Review Packets referenced within the slide pertaining to Keys To Success will be made available to the public, or if they will only be provided to the members of the Planning Commission and Board of Supervisors. The general consensus was that such documents would be considered working documents until such time as they are published as part of a public meeting agenda.

Ms. Hale asked if Berkley has met with local stakeholders, if those meetings added value to the project, and if so, to what extent. Ms. Cobb indicated Berkley has met with local stakeholders and those meetings have added value to the project. Ms. Cobb noted that direction as to how to proceed will ultimately come from the Board of Supervisors.

Ms. Hale then asked if Berkley feels additional focus groups would be helpful. Ms. Cobb indicated Berkley could certainly add more focus groups to the process if the Board so desires. Ms. Cobb noted there is an open house process before the public hearing. That feedback will be brought back in a final joint worksession before the public hearing stage.

Mr. Van Hoven commented on the usefulness of the proposed Use Matrix table. Mr. Van Hoven emphasized the importance of making sure everything is clearly defined and being careful not to leave things up to interpretation. He suggested expanding the Use Matrix to include a more exhaustive list of possible uses.

It was noted the next joint worksession regarding this project is tentatively scheduled for May 27, 2025; that is to be confirmed.

Jason Capelle, Planning Commission Chairman, was recognized at this time and described how the Planning Commission went about developing the possible new Zoning District draft concepts. He noted that Zoning Districts A1 Agriculture and A2 Agriculture are basically as envisioned in the

Comprehensive Plan. Rural Residential (RR) has basically been proposed to capture the agricultural land that has been split into neighborhoods and to give a path forward. Rural Service (RS) has two main purposes: to pick up all the little businesses around the county that are currently considered non-conforming uses (i.e. gas stations) and to pick up all the uses that have been thrown into the agricultural district over the years through the SUP process. Mr. Capelle commented there is a desire to have more by-right uses, but with that comes some performance standards. Mr. Capelle went on to say the Technology (T1) District was perhaps the most difficult. The Planning Commission looked at the Louisa ordinance and some others, focusing on data centers and distribution centers. He noted this is the only district they would not "implement" or layout on a map; however, it would exist in the ordinance. Overlay Districts were also looked at as a potentially useful tool. Mr. Capelle expressed appreciation to the members of the Planning Commission for their work. He also thanked Chairman Johnson and the Board of Supervisors for allowing the Planning Commission to work on this project.

Mr. Capelle stated it is his thought that these documents would be owned by staff and that the members of the Planning Commission and Board of Supervisors could provide individual comments to staff.

Board members were given an opportunity to provide their input regarding the draft zoning districts as they have been proposed. It was requested that the members provide individual feedback to staff by April 4, 2025. The Board will conduct an additional worksession with staff on April 22, 2025 at 3:30 p.m. for the purpose of refining that feedback. The next joint worksession between the Board and the Planning Commission will be held on May 27, 2025 at 3:30 p.m.

On motion by Mr. DiPasquale, seconded by Mr. Marshall and carried unanimously, the Planning Commission adjourned at approximately 4:29 p.m.

The Board took a brief recess at approximately 4:30 p.m. and reconvened at 4:37 p.m.

RE: BUDGET WORKSESSION

Glenda Paul, Deputy County Administrator, was recognized and presented the following slideshow regarding the proposed budget for Fiscal Year 2026:

ORANGE COUNTY

Budget Philosophy

2

ORANGE COUNTY

Board Budget Philosophy

- Uphold and advance the Board of Supervisors' strategic vision of creating a vibrant economy, effective, reflective government, sustainable land use, and an enhanced quality of life.
- Adhere to philosophy of appropriately scaled local government services and programs that are funded at levels to sufficiently meet the needs and expectations of our citizens and businesses consistent with the revenues and economic capacity of the County.
- Apply the Board of Supervisors' adopted Financial Policies, including a preference for organic revenue growth from new construction and increases in economic activity as the preferred method of funding increases in expenditures or service levels.
- Balance competing priorities in terms of operating costs, reserves, debt service, capital expenditures, community and economic initiatives, and quality of life, as well as potential future revenues.

3

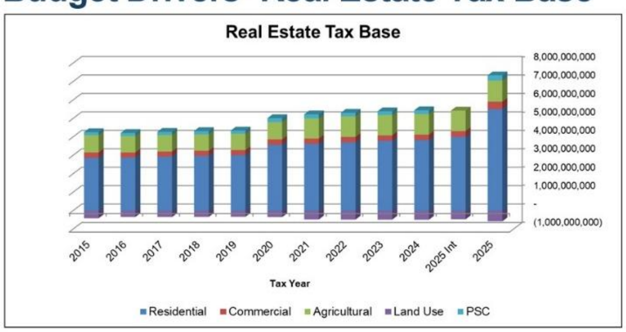
ORANGE COUNTY

Budget Development & Key Budget Drivers

4

ORANGE COUNTY

Key Budget Drivers- Real Estate Tax Base



- Orange County is aligning its real estate property tax billing year with its fiscal year beginning with FY26. Reassessed values will be effective with the tax bills due on December 5, 2025 (1st Half) and June 5, 2026 (2nd Half).
- The new schedule requires an interim 2025 year covering the 6-month period from January 1 through June 30, 2025. The interim year billing (due June 5, 2025) will use the same values and tax rates as used for 2024.
- For the new 2025 tax year, the estimate for one penny on the real estate tax rate at an estimated collection rate of 98.5% generates $666,781.

5

Real Estate Reassessment (Effective for FY26)

The latest estimates from the Real Estate Assessment Department reflect an overall increase of 31.23% in real estate values.

Equalized Tax Rate Calculation

Description	General Levy	Fire/EMS Levy	Combined Rate
Maximum Allowed Revenue:			
2024 Levy	$ 29,281,331.00	$ 6,721,082.00	
One percent growth	292,813.31	67,210.82	
Total Maximum Revenue	29,574,144.31	6,788,292.82	
2025 Estimated Net Taxable Real Estate Assessments	$6,487,571,900	$6,487,571,900	
New Construction Assessments	(187,394,100)	(187,394,100)	
Adjusted 2025 Value for Calculation of Equalized Rate	6,300,177,800	6,300,177,800	
Equalized Tax Rate	**0.47**	**0.11**	**0.58**
Current Rate	**0.61**	**0.14**	**0.75**
Rates included in Draft Budget Presentation	**0.48**	**0.16**	**0.64**
Recommended For Public Hearing Advertisement	**0.51**	**0.17**	**0.68**
Total assessed value of real property, excluding additional assessments due to new construction or improvements to property			
2024 Total Net RE Assessments (inc. PSC)	$4,800,772,751		
2025 Total Net RE Assessments without new construction	6,300,177,800		
Increase over prior year	**31.23%**		

6

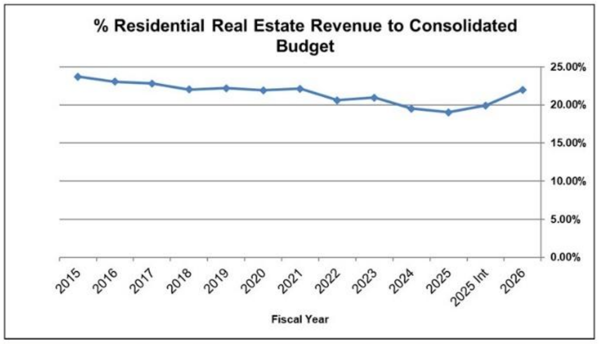
Key Budget Drivers- Nominal Real Estate Tax Rates

- The chart above reflects changes since 2015 in the nominal real estate tax rate.
- The 2024 combined real estate and fire/Ems levy tax rate was **75** cents per hundred in valuation. (.61 Regular, .14 Fire/EMS)
- The 2025 proposed combined regular real estate and fire/ems levy tax rate is **64** cents per hundred in valuation. (.48 Regular, .16 Fire/Ems)
- For advertising, a combined rate of **68** cents per hundred in valuation is recommended (.51 Regular, .17 Fire/EMS)

7

Board Financial Guideline on Residential Real Estate Tax Burden

- As part of the financial policies adopted in 2015, the Board's priority has been to expand the County's economy as a growing source of tax revenue to lessen the tax burden on residential real estate, which stood at 23.69% of the total consolidated annual budget.
- At the proposed tax rates the percentage for FY26 would be 21.97%.



8

Impact of various levels of RE tax rates (average single-family home)

Impact of Tax Rates on Average Orange County Home

Scenario	Reassessment Cycle	Assessed Value	Tax Rates: General	Tax Rates: Fire/EMS	Annual Taxes Due: General	Annual Taxes Due: Fire/EMS	Annual Taxes Due: Total (.75)	Annual Change in Total Due	Monthly Change in Total Due
Current Year	2020 average assessed value	$ 231,014.00	$ 0.61	$ 0.14	$ 1,409.19	$ 323.42	$ 1,732.61		
Equalized (1% new revenue plus new construction)	Average Assessed Value after 2025 Reassessment	$ 326,558.00	0.47	0.11	$ 1,534.82	$ 359.21	$ 1,894.04	$ 161.43	$ 13.45
Tax Rates Needed to Balance Budget Wk of March 3rd	Average Assessed Value after 2025 Reassessment	$ 326,558.00	$ 0.60	$ 0.16	$ 1,959.35	$ 522.49	$ 2,481.84	$ 749.24	$ 62.44
Tax Rates Needed to Balance Budget Wk of March 17th	Average Assessed Value after 2025 Reassessment	$ 326,558.00	$ 0.48	$ 0.16	$ 1,567.48	$ 522.49	$ 2,089.97	$ 357.37	$ 29.78
Potential Advertised Rate	Average Assessed Value after 2025 Reassessment	$ 326,558.00	$ 0.51	$ 0.17	$ 1,665.45	$ 555.15	$ 2,220.59	$ 487.99	$ 40.67

9

FY26 Key Budget Drivers- Personal Property Tax Rates

Since the pandemic supply shortages, vehicle values have fluctuated significantly.

The Commissioner of Revenue's Office has provided estimated values for 2025 vehicle values based on information from DMV and JD Power value estimates.

Current estimates show a total estimated increase of 3.4% in values for the Auto, Truck and Motorcycle category for the 2025 tax year. ($476,413,604 vs $460,940,287)

10

Historical Personal Property Values

* Estimated
This chart does not include special personal property categories such as boats, RVs, business personal property, etc.
This category is primarily vehicles (Autos, Trucks, and Motorcycles).

11

Proposed FY26 and Prior Year Tax Rates

Property Class	Current Tax Yr. 2024 Rate/$100	Proposed Tax Yr. 2025 Rate/$100
Real Estate	$0.61	$0.48
Fire and EMS District Levy	$0.14	$0.16
TOTAL REAL ESTATE	**$0.75**	**$0.64**
Mobile Homes	$0.75	$0.64
Personal Property-Regular	$3.75	$3.75
Personal Property-Autos, Trucks, & Motorcycles	$3.60	$3.60
Business Personal Property	$2.20	$2.20
Computer Equipment & Peripherals	$2.20	$2.20
Aircraft	$0.50	$0.50
Boats	$2.09	$2.09
Privately Owned Motor Homes	$2.62	$2.62
Other Recreational Vehicles	$2.62	$2.62
Farm Machinery	$0.00	$0.00
Machinery & Tools	$1.831	$1.831
Computer Equip. & Peripherals used in a Data Center	$1.25	$1.25
Heavy Equipment	$2.20	$2.20
Forest Harvesting Equipment	$0.00	$0.00
Merchants Capital	$0.40	$0.40

12

Historical Growth in Other Local Taxes

13

ORANGE COUNTY

Key Budget Drivers (Staffing)

Minor adjustments to staffing to provide current levels of service.

Fund	Number of New Positions Requested		Number of New Positions In Proposed Budget		Costs	
	FT	PT	FT	PT	Total Cost of Requests	Included in Proposed Budget
General Fund	19	4	1	3	$ 2,615,453	$ 219,513
Fire/EMS Fund	12	0	2	0	$ 1,232,830	$ 203,071
Landfill Fund	3	1	3	1	$ 144,630	$ 144,630
Total	**34**	**5**	**6**	**4**	**$ 3,992,913**	**$ 567,214**

ORANGE COUNTY

Key Budget Drivers (School Funding)

Continue to support Orange County Public Schools with appropriate operational, capital, and debt service contributions.

School Funding

School Fund	FY25 as Adopted	FY26 Requested	FY26 as Proposed	FY26 Proposed vs. FY25 Adopted
Operating	23,959,216	30,859,216	24,711,195	751,979
Capital	1,178,666	2,612,152	1,128,666	(50,000)
Debt Service	2,067,400	2,296,357	2,291,206	223,806
Total	**27,205,282**	**35,767,725**	**28,131,067**	**925,785**

ORANGE COUNTY

Key Budget Drivers (Continued)

- Fund inflationary/market adjustments to remain competitive in the local labor market. A 3% of grade mid-point market wage adjustment is included to align with anticipated state action. (General Fund $679,008, Fire/EMS Levy Fund $165,562)
- Fund 1.5% one-time bonus to Constitutional Officers and their staffs. (Total $77,906, $39,670 from Compensation Board)
- Additional wage adjustments are recommended for public safety to incentivize retention and remain competitive in the local market. (General Fund $353,233, Fire/EMS Levy Fund $389,821)
- Continue Public Safety Career Step Plans to improve retention. (General Fund $44,950, Fire/EMS Levy Fund $23,399)
- Fund anticipated health insurance increase of 15%, $170,039
- Adjust selected rates & fees to recover program costs and align with market conditions (Parks & Rec, Landfill, Commissioner of Revenue, Treasurer, EMS)

16

ORANGE COUNTY

Unassigned General Fund Balance Status

General Fund Balance Estimate

	Based on FY25 Adopted Budget
General Fund Expenditure Estimate (Net)	54,513,557
School Operating Fund Expenditure Estimate	68,634,399
Total General Fund and School Operating Fund Expenditures	123,147,956
Total General Fund Balance 06/30/2024 (exhibit 3)	**33,086,592**
FY25 Revenues (2nd Quarter Quarterly Report)	77,409,489
FY25 Expenditures (2nd Quarter Quarterly Report)	(82,957,585)
Total Estimate GF Balance 06/23/25	**27,538,496**
Assigned:	
FY26 Original Budget Appropriation	
Childcare Reserve	(35,318)
Broadband	(332,850)
Destroyed Livestock	(9,364)
Outstanding Encumbrances (Est Open POs)	(260,802)
Restricted:	
Fiber Escrow-Town of Orange	(50,000)
Unassigned general fund balance	**26,850,162**
As % of operating expenditures	21.80%
Committed per Board's Fund Balance Policy	
Original 15% Fiscal Stability Funds	(18,472,193)
3% Additional Fiscal Stability Funds	(3,694,439)
8% Health Insurance Reserve	(931,304)
Net Fund Balance Available for Approp. Per Policy	**3,752,225**

*__Added__ a total of $2,795,036 in General Fund Balance for FY24.

The proposed budget includes an appropriation of **$3,409,842** in General Fund Balance for FY26

17

Balanced VS Structurally Balanced

Generally, the budget is considered "balanced" when revenues and other "non-revenue" financing sources equal expenditures.

Other financing sources include:

- Financing proceeds
- Transfers from other funds
- **Appropriated fund balance (also called Reserves or Savings)**

An important goal in budgeting is to ensure annual recurring revenues are sufficient to cover annual recurring expenditures.

The use of appropriated fund balance for recurring expenditures is discouraged because it is a one-time source of funds. A budget that uses appropriated fund balance for recurring expenditures is considered "structurally imbalanced".

It's important to recognize that circumstances can occur that create situations when the use of fund balance for "balancing the budget" can be justified, and it is always the Board's prerogative. (ex., a pandemic, reassessment cycles)

18

Overview of FY26 Budget

19

ORANGE COUNTY

Consolidated Budget Comparison FY25 to FY26 (Proposed)

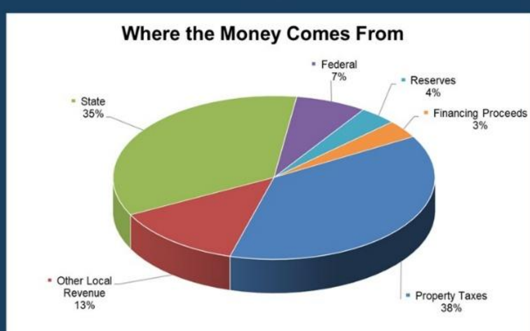
Description	2025 Adopted Consolidated Budget	2026 Proposed Consolidated Budget	Increase (Decrease)	Percent Change
General Fund	$ 34,881,074	$ 38,258,572	$ 3,377,498	9.7%
Law Library Fund	7,000	7,000	-	0.0%
Opioid Abatement Fund	-	34,719	34,719	N/A
Virginia Public Assistance	5,631,950	5,867,115	235,165	4.2%
Fire/EMS Levy Fund	8,547,840	10,552,335	2,004,495	23.5%
Capital Projects - County	6,637,145	2,614,424	(4,022,721)	-60.6%
Debt Service Fund - County	6,265,810	6,375,510	109,700	1.8%
Debt Service Fund - School	3,213,113	3,100,465	(112,648)	-3.5%
Airport Fund - operations	637,714	643,593	5,879	0.9%
Airport Fund - capital	-	1,247,368	1,247,368	N/A
Landfill Fund - operations	3,153,923	3,466,312	312,389	9.9%
Landfill Fund - capital	1,543,523	2,802,639	1,259,116	81.6%
Landfill Fund - debt	808,926	1,097,327	288,401	35.7%
School Operating Fund	67,862,138	71,779,114	3,916,976	5.8%
Food Services Fund	3,242,794	3,465,528	222,734	6.9%
School Textbook Fund	772,261	1,521,066	748,805	97.0%
Headstart Fund	1,767,738	1,807,861	40,123	2.3%
Adult Educations Fund	465,939	465,939	-	0.0%
School Debt Service Fund	2,067,400	1,128,666	(938,734)	-45.4%
School Capital Project Fund	1,178,666	2,291,206	1,112,540	94.4%
Total All Funds	**$ 148,684,954**	**$ 158,526,759**	**$ 9,841,805**	**6.6%**

Total County Operations	$ 52,859,501	$ 58,829,646	$ 5,970,145	11.3%
Total School Operations	74,110,870	79,039,508	4,928,638	6.7%
Total Capital	9,359,334	8,955,637	(403,697)	-4.3%
Total Debt Service	12,355,249	11,701,968	(653,281)	-5.3%
Total Budget	**$ 148,684,954**	**$ 158,526,759**	**$ 9,841,805**	**6.6%**

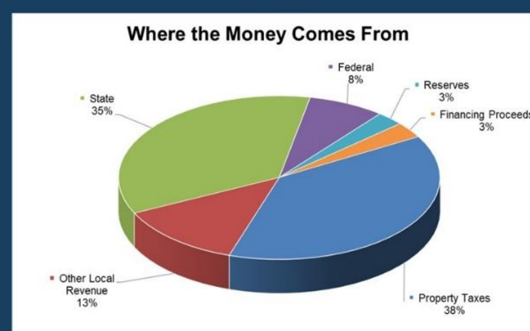
ORANGE COUNTY

Consolidated Budget – Revenue Sources

FY25



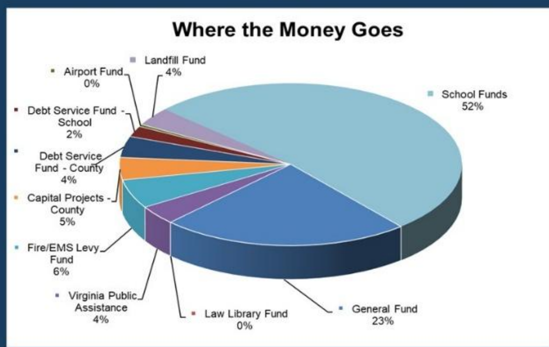
FY26



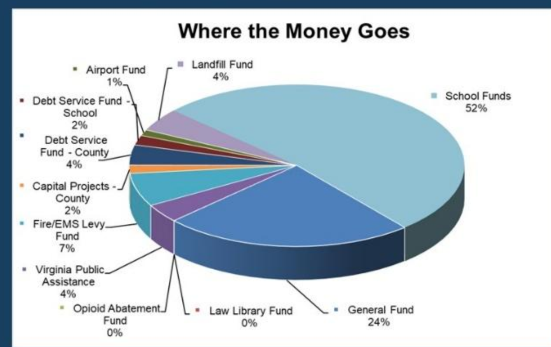
ORANGE COUNTY

Consolidated Budget – Expenditure Categories

FY25



FY26



22

ORANGE COUNTY

Focus on Undesignated Revenue during Budget Development

Sources of Undesignated General Fund Revenues

ACCOUNT DESCRIPTION	FY21 Adopted Budget	FY22 Adopted Budget	FY23 Adopted Budget	FY24 Adopted Budget	FY25 Adopted Budget	FY26 Proposed Budget
General Property Taxes	38,980,034	39,680,208	44,191,973	45,032,419	49,512,770	50,253,433
Other Local Taxes	7,231,870	7,975,059	9,973,451	10,713,462	10,281,382	10,611,018
Use of Money & Property	534,901	558,801	148,900	545,413	1,248,960	1,724,172
Miscellaneous	153,500	153,500	82,350	86,850	86,850	32,598
Recovered Costs	81,736	94,430	82,379	194,513	903,047	150,638
State Aid (Non-Categorical)	3,996,835	3,981,152	3,857,843	3,832,668	3,813,926	3,816,518
Federal Aid (Pymt. In Lieu)	15,200	2,978	4,500	4,500	3,500	3,687
Transfers In/Appropriated Fund Balance	2,699,630	2,189,449	3,134,504	2,535,008	3,111,178	3,540,758
Total General Fund Undesignated Revenue	**53,693,706**	**54,635,577**	**61,475,900**	**62,944,833**	**68,961,613**	**70,132,822**

Sources of Undesignated General Fund Revenues

23

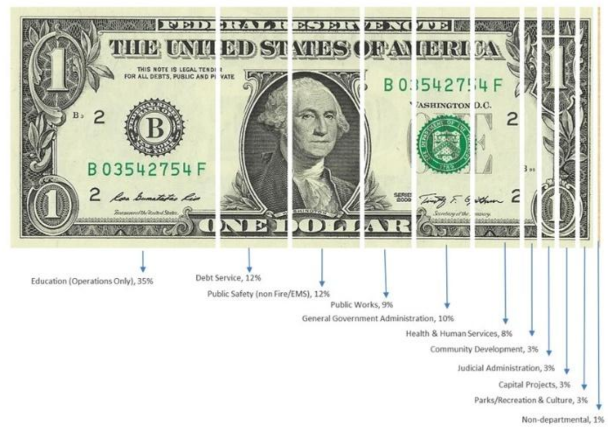
ORANGE COUNTY

Proposed Use of Undesignated Revenue

FY26 Uses of Undesignated General Fund Revenues

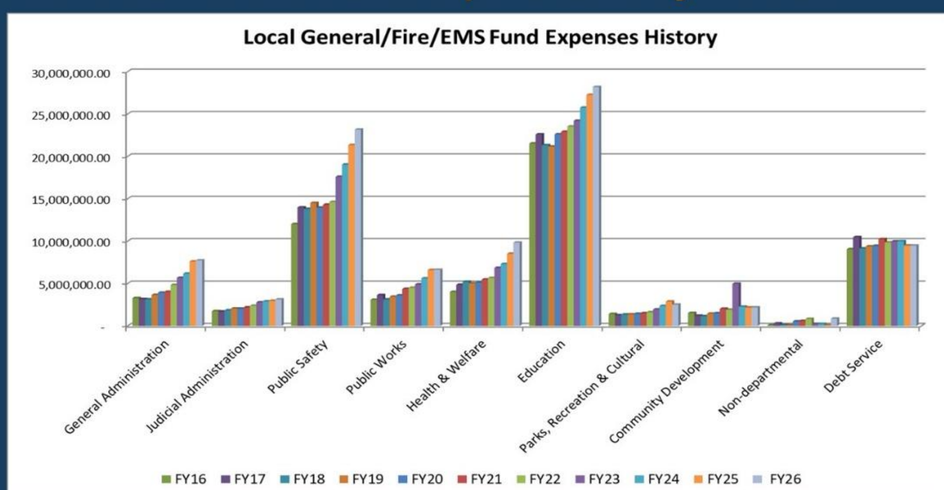
Function	Total Expenses	Transfers Between Funds	Designated Revenue	Total Undesignated Revenue	% of Total
Education (Operations Only)	43,600	24,711,195		24,754,795	35%
Debt Service		9,951,327	(1,439,545.00)	8,511,782	12%
Public Safety (non Fire/EMS)	12,245,639		(3,756,505.00)	8,489,134	12%
Public Works	2,095,014	4,015,321	(9,785.00)	6,100,550	9%
General Government Administration	7,527,709		(607,063.00)	6,920,646	10%
Health & Human Services	7,798,264	2,019,200	(3,979,488.00)	5,837,976	8%
Community Development	2,179,819		(102,694.00)	2,077,125	3%
Judicial Administration	3,125,832		(1,074,334.00)	2,051,498	3%
Capital Projects		2,450,586		2,450,586	3%
Parks/Recreation & Culture	2,383,274		(303,965.00)	2,079,309	3%
Non-departmental	859,421			859,421	1%
Total Undesignated GF Revenue Uses	**38,258,572**	**43,147,629**	**(11,273,379)**	**70,132,822**	**100%**

Uses of Undesignated General Fund Revenues



ORANGE COUNTY

Local General/Fire/EMS Fund Expenditures by Function



ORANGE COUNTY

Capital Projects

26

ORANGE COUNTY

Capital Improvement Planning

Background

- During the Great Recession, financial pressures caused the County's budgeting process to increasingly blur the lines between funds available for capital vs. operations. As a result, more and more capital replacement cycles and projects were deferred. When critical replacements had to happen, they were often done by emergency fund balance appropriations.
- In January 2015, the Board adopted financial policies that included a plan to establish an optimal level of annual funding for the **combination** of **capital/associated debt** based on realistic levels of resources.
- The new policy included a commitment to the financial discipline of maintaining the minimum investment in future budgets. This minimum investment is the amount the County funded for the FY15 adopted budget ($10,613,458).
- The County's CIP shows projections for a five-year period. The first year is typically incorporated into the adopted budget. The remaining four years are used for planning purposes.

27

ORANGE COUNTY

Capital Projects - Requested vs Proposed (Debt-funded in purple)

Project Number	Department	Project Name	2026 Dept Req	2026 Admin/Supt
A1027	Airport Capital	T Hanger A Design/Construction	1,247,368.00	1,247,368.00
C1295	Board of Supervisors	Recreation Center/Field House	10,000,000.00	-
C1337	Board of Supervisors	Unionville Fire Station	18,000,000.00	-
C1130	Elections	Voting Equipment Replacement	12,520.00	12,520.00
C1413	Elections	Election Security Carts	29,600.00	29,600.00
C1410	Emergency Comm. Center	Fire-Rescue Station Alerting	100,000.00	-
C1029	Fire/EMS Capital	Cardiac Monitor	450,000.00	450,000.00
C1041	Fire/EMS Capital	Mechanical CPR Device Repl	16,500.00	-
C1061	Fire/EMS Capital	4-Gas Monitor Replacement	45,000.00	45,000.00
C1065	Fire/EMS Capital	Ambulance Replacement	450,000.00	450,000.00
C1068	Fire/EMS Capital	Emergency Response Vehicle	50,000.00	50,000.00
C1139	Fire/EMS Capital	AEDs Emergency Med Equip	11,152.00	11,152.00
C1140	Fire/EMS Capital	Toughbooks Computer Replacemen	22,752.00	22,752.00
C1222	Fire/EMS Capital	MDTs (Volunteers)	125,000.00	-
C1328	Fire/EMS Capital	All-Terrain Vehicles	37,294.00	-
C1332	Fire/EMS Capital	Lexipol Software Interface	11,241.00	-
C1334	Fire/EMS Capital	Stretcher Replacement	120,000.00	110,000.00
C1350	Fire/EMS Capital	Digital Laryngoscope	13,600.00	13,600.00
C1351	Fire/EMS Capital	Forestry Firefighting PPE	19,000.00	-
C1352	Fire/EMS Capital	Pub Safety Training Center Ren	103,500.00	50,000.00
C1406	Fire/EMS Capital	Digital Pager Conversion (Volunteers)	105,750.00	-
C1411	Fire/EMS Capital	Fire Suppression Equipment	80,000.00	-
C1419	Fire/EMS Capital	Personal Protective Equipment	18,130.00	-
C1006	General & Financial Admin.	Computer Hardware-Replacements	107,000.00	107,000.00
C1223	General & Financial Admin.	Computer Hardware	20,000.00	-
C1302	General & Financial Admin.	Library Staff Computer Replace	50,000.00	-
C1336	General & Financial Admin.	Redactive Server	15,000.00	15,000.00
C1403	General & Financial Admin.	Digital Engagement Suite	72,500.00	-
C1407	General & Financial Admin.	GIS Strategic Plannng	50,000.00	35,000.00
C1408	General & Financial Admin.	ArcGIS Monitor	25,000.00	-

28

ORANGE COUNTY

Capital Projects - Requested vs Proposed (Debt-funded in purple, Reserve-funded in blue)

Project Number	Department	Project Name	2026 Dept Req	2026 Admin/Supt
C1105	General Services	Water Supply Plan Revision	50,000.00	-
C1340	General Services	Water Impoundment Project	-	250,000.00
C1414	General Services	HVAC Equipment	36,383.00	25,000.00
C1415	General Services	Cty Bldg Roof Projects	190,000.00	190,000.00
C1416	General Services	Health Department Renovations	35,000.00	-
C1417	General Services	Floor Machines	14,000.00	14,000.00
C1420	General Services	Courthouse Clock	65,000.00	-
C1421	General Services	Treasurer-COR Offices Reno	150,000.00	-
L1015	Landfill Capital	Coll Site Security Features	12,934.00	12,934.00
L1021	Landfill Capital	In-House Landfill Operations	2,708,705.00	2,708,705.00
L1022	Landfill Capital	Site Redevpt Compactor Replace	70,000.00	70,000.00
L1024	Landfill Capital	Scale Decking Repair	11,000.00	11,000.00
C1401	Libraries	Library Software	27,000.00	27,000.00
C1353	Parks & Recreation	Booster Bball/Sball Lighting	500,000.00	-
C1354	Parks & Recreation	Booster Soccer Field Lighting	900,000.00	-
C1355	Parks & Recreation	Pckbll/Tennis Lighting	60,000.00	-
C1404	Parks & Recreation	Barboursville Parking	40,000.00	-
C1405	Parks & Recreation	Booster Park Pavilion Roof	100,000.00	100,000.00
C1093	School Capital	School Capital Project Contribution	2,612,152.00	1,128,666.00
S0572	School Capital	School Bus Replacement Cycle	1,331,217.00	1,331,217.00
C1018	Sheriff	Motor Vehicles & Equip-Sheriff	924,302.00	415,000.00
C1040	Sheriff	Patrol Laptop Replacement	23,850.00	-
C1346	Sheriff	Taser Replacement	82,000.00	82,000.00
C1400	Vehicle Revolving Fund	Vehicles Replc Revolving Fund	19,800.00	19,800.00
C1236	Volunteer Fire Companies	Fire Tanker Truck	1,500,000.00	-
C1245	Volunteer Fire Companies	LOW Vol. Ambulance Repl.	90,000.00	90,000.00
C1344	Volunteer Fire Companies	Extrication Tools-Volunteers	45,354.00	-
C1356	Volunteer Fire Companies	HVAC Replacement-Volunteers	71,972.00	-
	Totals		**43,078,576.00**	**9,124,314.00**

29

ORANGE COUNTY

Changes in Capital Project Expenditures by Funding Sources

	Adopted/ Proposed Budget	Funding Sources: General Fund	Fire/EMS Fund	State Aid	Federal Aid	Financing Proceeds	Donations	Fund Balance	Totals
FY2025									
County Capital Projects Fund	6,637,145	976,552	384,093	61,500	-	4,005,000	-	1,210,000	6,637,145
Airport Fund	-	-	-	-	-	-	-	-	-
Landfill Fund	1,543,523	221,070	-	-	-	280,000	-	1,042,453	1,543,523
School Operating Fund	1,014,260	-	-	-	-	1,014,260	-	-	1,014,260
School Capital Project Fund	1,178,666	1,178,666	-	-	-	-	-	-	1,178,666
Grand Total	**10,373,594**	**2,376,288**	**384,093**	**61,500**	**-**	**5,299,260**	**-**	**2,252,453**	**10,373,594**
FY2026									
County Capital Projects Fund	2,614,424	1,071,920	392,504	-	-	900,000	-	250,000	2,614,424
Airport Fund	1,247,368	62,368	-	-	1,185,000	-	-	-	1,247,368
Landfill Fund	2,802,639	93,934	-	-	-	2,708,705	-	-	2,802,639
School Operating Fund	1,331,217	-	-	-	-	1,331,217	-	-	1,331,217
School Capital Project Fund	1,128,666	1,128,666	-	-	-	-	-	-	1,128,666
Grand Total	**9,124,314**	**2,356,888**	**392,504**	**-**	**1,185,000**	**4,939,922**	**-**	**250,000**	**9,124,314**
Variance									
County Capital Projects Fund	(4,022,721)	95,368	8,411	(61,500)	-	(3,105,000)	-	(960,000)	(4,022,721)
Airport Fund	1,247,368	62,368	-	-	1,185,000	-	-	-	1,247,368
Landfill Fund	1,259,116	(127,136)	-	-	-	2,428,705	-	(1,042,453)	1,259,116
School Operating Fund	316,957	-	-	-	-	316,957	-	-	316,957
School Capital Project Fund	(50,000)	(50,000)	-	-	-	-	-	-	(50,000)
Grand Total	**$ (1,249,280)**	**$ (19,400)**	**$ 8,411**	**$ (61,500)**	**$ 1,185,000**	**$ (359,338)**	**$ -**	**$ (2,002,453)**	**$ (1,249,280)**

30

ORANGE COUNTY

Debt Service

31

New Debt Included in the FY26 Proposed Budget

Description	Quantity	Term in Years	Amount	FY26 Pymt	Annual Pymt
School Bus Replacement	7	3	1,331,217	498,738	498,738
Ambulance Replacement	1	3	450,000	82,382	164,764
Cardiac Monitors	8	3	450,000	82,382	164,764
Landfill Operations Equipment	1	5	2,708,705	307,827	615,654
Totals			4,939,922	971,329	1,443,920

32

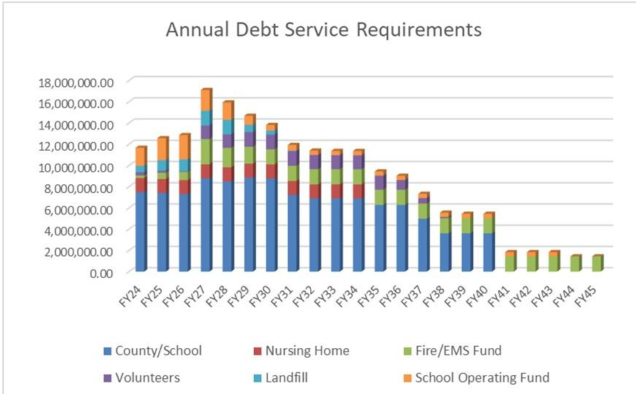
Changes in Debt Service Expenditures by Funding Source

		Funding Sources			
Fund Where Debt Service is Budgeted	Adopted/ Proposed Budget	General Fund	Fire/EMS Fund	Capital Project Fund Balance	Totals
FY2025					
County Debt Service Fund	9,478,923	7,766,917	1,420,303	291,703	9,478,923
Landfill Fund	808,926	808,926	-	-	808,926
School Debt Service Fund	2,067,400	2,067,400	-	-	2,067,400
Grand Total	**12,355,249**	**10,643,243**	**1,420,303**	**291,703**	**12,355,249**
FY2026					
County Debt Service Fund	9,475,975	7,660,121	1,815,854	-	9,475,975
Landfill Fund	1,097,327	1,097,327	-	-	1,097,327
School Debt Service Fund	2,291,206	2,291,206	-	-	2,291,206
Grand Total	**12,864,508**	**11,048,654**	**1,815,854**	**-**	**12,864,508**
Variance					
County Debt Service Fund	(2,948)	(106,796)	395,551	(291,703)	(2,948)
Landfill Fund	288,401	288,401	-	-	288,401
School Debt Service Fund	223,806	223,806	-	-	223,806
Grand Total	**$ 509,259**	**$ 405,411**	**$ 395,551**	**$ (291,703)**	**$ 509,259**

Includes debt service for Dogwood Village Assisted Living Facility

33

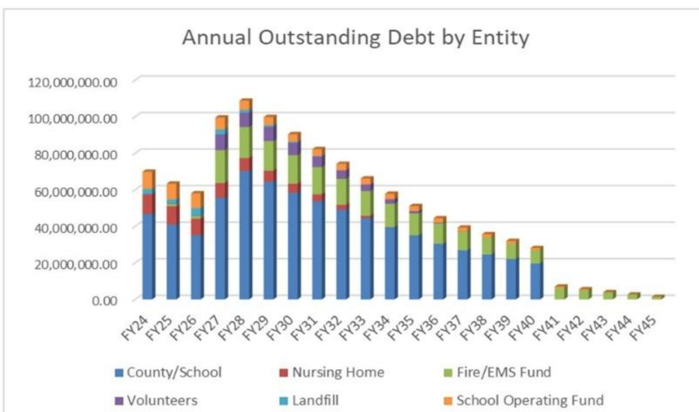
Annual Estimated Debt Service by Entity (based on current CIP)



Note the spike in debt service for FY27. Requested projects include a Community Center, Career Technical Center, Fire Station, and additional Fire Apparatus. These projects will require additional resources beyond what is expected in organic growth. Our financial advisors (Davenport) can assist with a plan to layer in new debt for Board priorities to increase affordability and smooth cash flow.

34

Outstanding Debt Balances by Entity

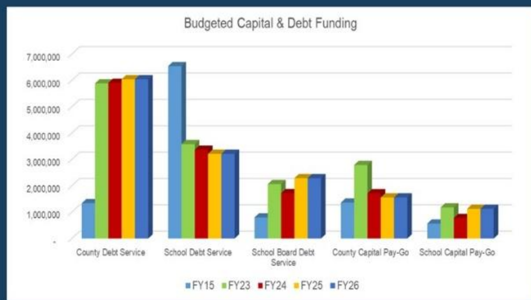


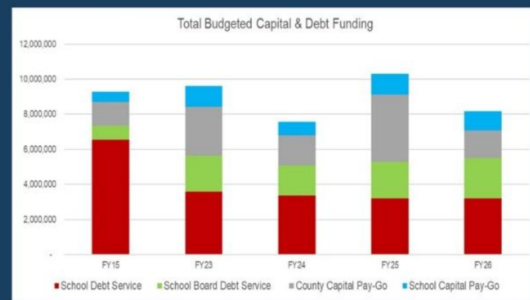
Working with our financial advisors, we can develop a plan to take advantage of the payoff schedules of existing debt and ensure we remain within the guidelines of our financial policy.

35

ORANGE COUNTY

Capital & Debt Funding Comparison & Policy Compliance





- For purposes of testing compliance with the Board's adopted financial policy, debt service for Dogwood Village Assisted Living Facility has historically been omitted (for FY26, $1,314,587).
- For purposes of testing compliance with the Board's adopted financial policy, only General/Fire/EMS annual funding and fund balance appropriations are included for comparison of the County's investment.
- FY26 reflects a combined investment in capital and associated debt of $14,299,313, or $3,685,855 over the amount required by the Board of Supervisors funding policy. A total of $250,000 is funded by reserves.
- FY26, total Debt Service in all funds is $11,549,921 while total pay-as-you-go capital totals $2,687,024.

36

ORANGE COUNTY

What the Proposed Budget Accomplishes

- Improves equity in RE tax burden with market-value assessments (RE rate from 75 cents to 64 cents per hundred)
- Funds inflationary/market adjustments to remain competitive in the local labor market
- Funds 1.5% one-time bonus to Constitutional Officers and their staffs
- Funds additional targeted wage adjustments for public safety to incentivize retention and remain competitive in the local labor market
- Funds continuation of Public Safety Career Step Plans to improve retention
- Funds anticipated health insurance increase
- Funds a contribution for a potential water impoundment project
- Funds equipment & staff to bring Landfill Operations "in –house" for long-term cost savings
- Continues to focus resources in the areas of Public Safety and Education
- Implements a program/project format in departmental budgets for more meaningful budget analysis and transparency
- Adjusts selected rates & fees to recover program costs and align with market conditions
- Continues to comply with Board-adopted financial policies on residential real estate tax burden, reserves, debt, and capital investment.

37

ORANGE COUNTY

Next Steps

- Decision Points:
  - Schedule for Additional Work Sessions
  - Tax Rates to Advertise
  - Budget to Advertise
- Recommend advertising a combined real estate tax rate of 68 cents per one hundred (4 cents over the proposed rates included here) to provide some flexibility prior to actual budget adoption.
- Required reassessment ad must go to newspaper no later than Friday, March 28th to allow publishing 30 days before the tax rate public hearing.
- The budget and regular tax rate ads will need to go to the newspaper no later than April 4th to hold the budget public hearing on April 22nd at a regular meeting.

38

ORANGE COUNTY

Next Steps

Important Dates:

TBD	Potential Worksessions
March 28, 2025	Reassessment Ad to Newspaper
April 4, 2025	Budget Ad to Newspaper
April 22, 2025	Budget Public Hearing
May 6, 2025	Tax Rates Public Hearing
May 13, 2025	Tax Rates and Budget Adoption

39

RE: ADJOURN
Chairman Johnson adjourned the worksession at 5:01 p.m.

R. Mark Johnson, Chairman

Glenda B. Paul, County Administrator