

A regular meeting of the Board of Supervisors of Albemarle County, Virginia was held on February 25, 2026, at 12:00 p.m. in Room 241, Albemarle County Office Building, 401 McIntire Road, Charlottesville, VA 22902.

BOARD MEMBERS PRESENT: Ms. Sally A. Duncan, Mr. Ned L. Gallaway, Ms. Beatrice (Bea) J.S. LaPisto-Kirtley, Ms. Ann H. Mallek, Mr. Frederick "Fred" A. Missel, and Mr. Michael O.D. Pruitt.

ABSENT: None.

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

Agenda Item No. 1. Call to Order. The meeting was called to order at 12:00 p.m. by the Chair, Mr. Ned Gallaway.

Mr. Gallaway introduced the following Albemarle County Police Department officers present: Lieutenant Dana Reeves and Officer Joshua Cox.

Agenda Item No. 2. Presentation: County Executive's FY 2026/2027 Recommended Budget.

County Executive Jeff Richardson addressed the Board and said it feels like the team works on the budget year-round because to some degree, they do. He said that today's presentation would cover the work completed to reach this point. Mr. Richardson thanked everyone for their hard work throughout the year, not just during budget season, and stated that staff consider it a partnership with the Board, noting that each has their role.

Mr. Richardson stated that today marked the official start of the budget process, with his budget recommendation to be followed by a series of work sessions. He thanked County staff, especially Chief Finance Officer Jacob Sumner and the budget team, commenting they collaborated diligently and with County departments throughout the process. He recognized Matt Haas, Superintendent of Albemarle County Public Schools, stating that this was not just about County government but also about Albemarle County Public Schools. Mr. Richardson stated that while there is stress in the budget and school collaboration, partly due to Virginia's framework, both staff work hard to support each other.

Mr. Richardson reported that the Board began its budget discussions each fall with Dr. Sheryl Bailey from Virginia Tech, setting the stage for work through December and into the budget process. He said the focus today would be on key investments in the recommended budget and outlined that next steps would be presented and questions invited before they adjourn.

Mr. Richardson stated that the community engages County government through three primary lenses: economic vibrancy, service delivery, and quality of life. He said with economic vibrancy, the public often associates government actions with the overall health and strength of the local economy; while the meaning of economic vibrancy may differ among community members, there is a consistent expectation for the local government to support and enhance it. He stated that the second lens, service delivery, is perhaps the most apparent area of engagement, as it involves County staff's responses to residents seeking assistance. He said this includes staff training, development, quality hiring, employee retention, policy implementation, response times, and investment in systems; all essential when considering how the County responds to community needs. Mr. Richardson stated that the third lens is quality of life, a subjective concept that may vary for each individual in Albemarle County and subsequently presents ongoing challenges as the County addresses quality of life concerns.

Mr. Richardson stated that the County has established strategies and policies to guide decision-making processes, measures that are intended to ensure the alignment of discretionary resources with the most significant opportunities and challenges. He reported that as he has previously noted to the Board, the County will inevitably face more opportunities and problems than available funding can address each year.

Mr. Richardson stated that three key documents play a substantial role in shaping how Albemarle County conducts its work. He reported that AC44 is the County's 20-year Comprehensive Plan, updated in the current year, and he appreciates the Board's efforts in finalizing this document.

He stated that the growth management policy is the foundation of AC44 and serves as the basic framework for the entire plan. Mr. Richardson said that the policy emphasizes focused growth within designated development areas while protecting the natural environment and the rural character of the County, striving to achieve balance, and Board members encounter this tension between promoting vibrant development and preserving rural character during their meetings.

Mr. Richardson referenced the County's Economic Development Strategic Plan, also updated in the past year, and this plan clarifies what successful economic development should look like in Albemarle County in 2026. He reported that the economic development strategic plan addresses efforts to energize the local and regional economy and to diversify the County's tax base. Mr. Richardson said in the center of these documents, is the Board and staff five-year strategic plan.

Mr. Richardson said that every five years, he sits down to consider the things that must be addressed with available funding, either immediately or within the next two to five years. He stated that

the strategic plan has six strategic goals, and what is in place serves as the five-year document. He said that the County is a little over halfway through that document, and the plan embodies the Board's direction. He stated that it is the County's responsibility to focus on all six strategic areas, with goals that help identify the largest opportunity areas. He reported that, regardless of available funds, there will never be enough to adequately make progress in all six areas. He stated that this challenge is addressed through the multi-year budgeting process, in which the County attempts to do the most possible with available resources. He noted that the three goals that drive costs are safety, education, and workforce and customer service, which is where most resources are currently allocated.

Mr. Richardson reported that the County is in year three of providing a Strategic Plan Execution Analysis and Reporting (SPEAR) report, with the Board receiving the second annual SPEAR report last fall. He said this process has resulted in improved accountability, better decision-making, increased transparency, and improved community outcomes. He stated that the County measures its efforts and resources because one cannot manage what is not measured.

Mr. Richardson stated that the County is committed to continuous improvement, a commitment that extends beyond the strategic plan and also involves the Board maintaining a set of financial policies and adhering to those policies. He reported that this adherence has allowed Albemarle County to maintain a AAA bond rating, which enables them to be good stewards of taxpayer funds, meaning the County saves money and can do more with available funds over time.

Mr. Richardson said performance improvement and cost savings are also priorities. He stated that the focus is not solely on the SPEAR report but also includes investments in process optimization and systems modernization. He commented that investing in technology advances government efficiency and customer service, with staffing and efficiency studies conducted across departments over several years, focusing on effective resource deployment. Mr. Richardson reported that the goal is to have the necessary staffing levels in departments to respond to service demands across County government. He stated that the County is not perfect and is not adequately resourced across all departments, but there is annual improvement, with position reengineering leading to a more strategic approach to staffing and vacancy management. He stated that County government overall has three fewer positions in this budget than in FY26.

Mr. Richardson stated that several years ago, Chairman Gallaway had asked when efficiencies and returns on business optimization investments would be realized, and the County is now seeing these efficiencies, with rising service demand, a strategic increase in public safety positions, and fewer positions across the rest of County government. He said that balancing strategic plan goals and financial considerations is at the heart of the budget planning process, and today's budget recommendation is based on the discussion and guidance received from the Board, starting with the strategic plan development process and moving into the five-year financial plan conducted each fall. Mr. Richardson stated that in August, the Board receives the SPEAR report, which covers performance, highlighting both the areas where the County excels, according to data, and the areas where improvement is needed. He reported that these areas for improvement may require more resources, better training, or other measures.

Mr. Richardson reported that in October 2025, the Board received a presentation on the economic outlook by Dr. Bailey; in November 2025, the Board discussed its five-year financial plan and also received an update on financial policies; in December, there was a joint Board-School Board meeting to discuss school capital needs. Mr. Richardson stated that the Board has been working on a slide to answer one of the most common questions received every year during the budget process: Where does this money go? He said that the graph shows FY27 allocation of every dollar that Albemarle County government receives, which includes not just local revenue but all revenues coming in. Mr. Richardson stated that over half of the money, 52 percent, goes to education. He said that this includes the local transfer to schools operating budget, planned projects in the capital improvement program, and the service of existing debt.

Mr. Richardson reported that the next largest category is public safety, which receives 14 cents of every dollar and includes funding for police, fire, EMS services, and support of all County volunteer fire stations. He stated that in FY27, community development included CIP investments for the build out of Boulders Road at Rivanna station, increasing this investment to 11 cents. Mr. Richardson said that within Operations at 10 cents, County operations are covered and investments in the Climate Action Fund are included. He reported that health and welfare encompasses the growth of the affordable housing fund.

Mr. Richardson stated that the budget is balanced on a real estate tax rate of 89.4 cents per \$100 assessed value, with no recommended changes to the tax rates from what was adopted in the FY26 budget. He said that balancing the FY27 recommended budget without a tax rate increase or significant reduction in local government services has been very challenging. Mr. Richardson said when he recommended the four-cent tax rate increase last year, primarily for public safety along with allocations for affordable housing and schools, he had said he would try hard not to return for a second year in a row, despite mounting obligations.

Mr. Richardson said that strategy requires multi-year planning with attention to upcoming obligations, positioning the County for future success, and creating financial options in the event of an economic downturn. He stated that in navigating FY27-28, he has recommended continuing departmental studies and making decisions on the County's outlook for FY28. He said the strategy is not just balancing FY27, but also engaging in multi-year budgeting, examining FY28 obligations, and ensuring the strategy prepares the County to balance FY28.

Mr. Richardson stated that in FY24, the County experienced a significant increase in revenue and purposefully set aside \$4.9 million for FY25 obligations, holding the money in reserve and allocating it to capital expenses for that year, then making it available for operations in FY25. He said knowing that obligations were coming in FY25, the Board considered growth potential and was concerned about not allocating all revenue to ongoing operations, but once revenue is placed in operations, it is difficult to remove it without service reductions and potential staff loss. He reported that in hindsight, he does not believe it was enough, which presented a challenge in balancing FY25. He said he was proud of the \$4.9 million reserve but in hindsight wished that \$7-8 million could have been earmarked for FY25 and FY26.

He said after several tough budget years with the local government/schools combined health fund, they realized they needed to move one-time money into that fund to replenish the balance and lessen the premium increases. He said in FY26, they moved \$9 million into the health care fund to soften the blow with a fund that was not performing well. He emphasized that it has stabilized since then, due to effort from both schools and local government staff. He emphasized that local government must plan for uncertainties and pay attention to capital reserves and non-committed reserve money.

Mr. Richardson said that there are specific obligations the County will pick up in FY27 as other planned expenses will require local funding, providing examples of operating costs associated with two new schools. He stated that Mr. Haas and his team are opening two new schools next year and need the operating costs associated with that. He reported that the County is also picking up the costs associated with the expiring FEMA (Federal Emergency Management Agency) SAFER (Staffing for Adequate Fire and Emergency Response) Grants, and that this will be addressed. Mr. Richardson said that key partner agency agreements include the Charlottesville-Albemarle SPCA (Society for the Prevention of Cruelty to Animals), the ECC (Emergency Communications Center), Charlottesville-Albemarle Transit (CAT), and Rivanna Solid Waste Authority (RSWA). He stated that these agencies are key partners, and their costs are escalating. Mr. Richardson noted that changes at the federal level continue to shift revenues, particularly for some partner agencies, and the FY27 budget includes increased funding for some of them to make up for lost federal money and maintain services to the community.

Mr. Richardson mentioned that in November 2024 during five-year financial planning work, the County noted a concerning funding gap in FY26 through FY30. Mr. Richardson reported that in November 2024, they discussed a 3.1% gap in FY26 and was not able to close that gap during the budget process. He stated that for several years, the Board had known that as the County moved to its third and fourth year of the FEMA SAFER grant, it was taking three years of federal money and hiring firefighters. He said that those grants fade, and the expectation is that local government will pick up the cost. Mr. Richardson reported that by the time the County reached FY26, it was seeing some of that, which anchored the 4-cent tax rate increase recommendation, and the gap expands through FY30 to 9%.

Mr. Richardson stated that there was concern for schools and local government, as they were looking at out-year obligations and revenue, about how to continue to meet obligations and maintain adequate service delivery to the community. He said in November 2025, the Board had a work session on a five-year financial plan, and the data shown represents that over the next five years, obligations continue to grow and the revenue picture looks different than it did one year prior. Mr. Richardson cited two factors for this: first, the Board agreed to increase the tax rate in FY26 by 4 cents, which has out-year complications related to revenue; second, the Board has a goal to diversify the tax base. He commented that fiscal years 29, 30, and 31, with the work of the economic development team and the Board's support, there is a brighter picture for revenue growth as the County looks into FY29 and beyond.

Mr. Richardson said that the County recently undertook a study to understand how different classes of property drive the services delivered and found that for every dollar received from residential taxpayers, it costs \$1.31 for services; whereas for every dollar received from commercial and industry, it costs 32 cents for services. He stated that this demonstrates a positive revenue source that can help pay for all services provided, noting that agricultural, which is at 15.1%, costs 54 cents for every dollar received. Mr. Richardson said the focus is on the 11.3% because the County has acknowledged the need to diversify the tax base. He reported that in 2015, the commercial and industrial tax base was around 15%; in 2025, that shrank to 11.3%. He reiterated the County's commitment to growing that base and mentioned examples such as getting Home Depot as the anchor tenant at Fashion Square Mall, which is hoped to be a catalyst in turning around the tax base at the mall; Afton Scientific, which in the last year announced \$200 million of capital investment and 200 more employees; and AstraZeneca coming to Rivanna Station as the private catalyst project for that site. He stated that the County is positioning itself for future economic growth over the next five to seven years.

Mr. Richardson stated that Mr. Sumner and his team have modeled that in the next five years the County is poised to return to 15%; as a result, the County is positioned to strengthen its tax base and diversify its economy. He stated that there are two distinct periods within the next five years that help illustrate their multi-year budgeting strategy: In the shorter term, specifically in fiscal years 27 and 28 due to the evolving revenue outlook and significant expenditure obligations, they will need to be somewhat conservative; looking further ahead into fiscal years 29 through 31, the County will gradually expand its tax base and hopefully surpass 15%. Mr. Richardson noted that some benchmark communities have demonstrated rates of 17% to 22%, which could be an opportunity to advance the Strategic Plan.

Mr. Richardson stated that the FY27 recommended budget will include revenue from the County's budget stabilization reserve to fund local government obligations for both that year and FY28. He said the recommended budget will ask the Board to use one quarter of the 2% reserve in fiscal years 27 and also in fiscal year 28, which will leave the remaining 1% available for unexpected financial needs. He stated

that his proposed budget for FY27 is requesting consideration of a one-time \$6.4 million transfer to the CIP, which staff recommends placing in year five and marking as “to be determined” in terms of appropriate projects. Mr. Richardson noted that earmarking the funds for schools is a strong possibility given that they are the highest priority, and more information would be available in the next 24 months.

Mr. Richardson stated that the school’s operating transfer recommends that should state revenues change substantially in the future, the recommended local government transfer for operating funds could be reprioritized from this CIP placeholder to replace lost revenue. He said as an example, the local composite index (LCI) has been quite volatile over the last two years; two years ago, about \$10 million of State funding went away from County schools. He reported that this is adjusted every two years, and a recent report indicated that the LCI had swung back positively, which would total about \$11.5 million to the good. Mr. Richardson said they would need to plan for this volatility going forward.

Mr. Richardson reported that the focus during budget season tends to be on the general fund because that is where all the tax revenues are received, making it the primary funding source for schools’ capital debt and the area where the Board has the maximum amount of policy decision-making. He stated that the general fund in this budget contains \$512 million and is balanced because the recommended expenditures are balanced to this base based on revenue.

Mr. Richardson said he has recommended the addition of three new police officer positions starting mid-budget year next year to support public safety. He reminded the Board and thanked them for the support that has allowed the addition of 19 police officer positions since 2021. Mr. Richardson reported that over the past three years, there has been a 19% increase in calls for police department service. He stated that in 2025, calls for service totaled 92,727, and dividing this figure by 365 would provide a per-day average on call volume in the police department. Mr. Richardson said that these officers, along with previous additions and investments in police staffing, will help to ensure coverage meets demand across the growing community.

Mr. Richardson reported that the County has also undertaken a comprehensive public safety staffing study to address both police and fire department issues and ensure the most effective provision of public safety response. He stated that the study reviewed industry standards and best practices and made recommendations for infrastructure deployment and staffing, which the County would begin to address over the next five years. He said this budget also recommends allocating \$2.3 million to keep police salaries competitive and bolster recruitment and retention. Mr. Richardson reported that the public safety pay structure has been reviewed under the County’s established market-based compensation philosophy, and these recommendations are based on that analysis.

Mr. Richardson stated that Albemarle is also committed to ensuring adequate fire rescue resources to serve the community effectively, and the County has successfully leveraged federal grant funding from FEMA’s SAFER grant program to hire firefighters. He reported that these hires address critical challenges including volunteer shortages and an increasing demand for fire emergency medical services, especially in the urban ring. Mr. Richardson stated that while this funding allowed the County to defer the cost of hiring last year, they have started transitioning these positions from federal funding to local funding. He said that this transition continues in FY27, and the County has successfully competed for four FEMA grants since 2021, totaling \$12.7 million of federal money, which allowed the hiring of 57 firefighter positions. Mr. Richardson reported that the County will now pick up the local funding for 30 positions in FY27, totaling \$1.7 million. He stated that this budget included a recommendation to pursue “FEMA 5,” a fifth FEMA grant that will fund four positions, and those details can be discussed in budget work sessions. He reported that the budget contains \$900,000 to keep fire rescue salaries competitive for recruitment and retention, and the ACFR pay structure was reviewed under the County’s market-based compensation philosophy, with recommendations coming from that analysis. Mr. Richardson added that the fire department has seen a 14% increase in calls for service over the past three years.

Mr. Richardson said also under public safety, this budget recommends the addition of three new sheriff’s deputy positions with the opening of new court facilities in the past year and more facilities coming online in future years. He reported that these positions are being added to assist with day-to-day operations of the office, including courthouse and courtroom security, as well as inmate transportation and civil processing. Mr. Richardson stated that the Office of Emergency Management (OEM) is being moved from within the fire rescue department to a standalone office within the public safety function of Albemarle County. He reported that OEM is responsible for strategic planning, coordination, and execution of emergency management activities across all phases of emergency management, including preparedness, response, recovery, and mitigation. Mr. Richardson stated that several years ago, the Board emphasized this need to better deal with more frequent natural occurrences that stress the community. He noted that by pulling OEM out from under fire rescue and placing it alongside in the public safety umbrella, this reorganization is budget neutral, with no new positions requested, and enables OEM to continue to make a meaningful impact in the community as emergency management work is strengthened.

Mr. Richardson said he has touched on investment in schools and would return to that now as it relates to the Strategic Plan. Mr. Richardson stated that for FY27, the total school fund is projected to grow by 7.3%, which is what he is recommending. He said this represents a \$20.7 million increase and included in that is a \$9 million increase in local funding to schools. He reported that \$9 million of the total \$20.7 million is made up by state funding. Mr. Richardson stated that at this funding level, the schools will have what they need to open two new schools in the 26-27 school year: Mountain View Upper Elementary and Ace Academy Lamb’s Lane.

Mr. Richardson stated that this also allows them to fully meet the obligations of the public school bargaining agreement, which includes salary increases for staff and teachers, additional positions for increased planning time, and guaranteed breaks for elementary school teachers. He said the schools are committed to their adopted strategic target compensation for teachers and classified employees, which is 10% above the market average, or the 60th percentile. He said the County school system continues to rank high across the state for per-pupil funding and low class sizes.

Mr. Richardson stated that the Board of Supervisors' ongoing investment in its Education and Learning strategic goals is part of that story, as 72% of school fund operations in FY27 is projected to be funded by the general fund transfer to school operations. He reported that in the FY27 budget, the schools' ongoing operating revenues have grown by 5.8% on average each year. He said this period incorporates a wide range of changing circumstances, such as tax rate increases for public education, the opening of school additions, changes in state funding, the pandemic's initial revenue decline, and the historically strong revenue growth that followed it.

Mr. Richardson reported that for the second consecutive year, there is a total recommended increase of \$5 million for the affordable housing investment fund in FY27, investing in developer incentives and other initiatives to expand affordable housing options, with focus on increasing the supply of affordable homes and rental units, supporting workforce housing, and assisting residents in securing stable housing. He said that since the affordable housing investment fund was created in FY19, Albemarle has invested over \$22 million in affordable housing projects and programs, helping support the construction or preservation of over 1,700 units of affordable housing, both rental and owner occupied, as well as shelter and support services for over 280 victims of domestic violence and 539 individuals experiencing homelessness. Mr. Richardson reported that the County has also been able to provide funding for housing counseling and navigation support for over 788 individuals and families.

Mr. Richardson reported that the FY27 budget includes a 20% increase to the tax relief for the elderly and disabled program, which provides real estate and mobile home tax exemption for taxpayers who qualify under age, financial, or medical guidelines. He said total funding available for this program in the coming fiscal year is \$2.8 million, and this increase is due to the expenditure trends of the program and changes in the income thresholds and financial worth criteria approved by the Board in January of this year.

Mr. Richardson stated that investment in environmental services continues, with 7/10 of a penny dedicated to water resources funding, which will help cover water resources operating and debt service payment costs and also provide a reserve for CIP projects. He said that climate action funding totaling \$300,000 is embedded in this recommendation for FY27, matching the one-time funding allocated in FY26, along with \$221,000 of reappropriated money from prior fiscal years for programs not yet completed. Mr. Richardson reported that the Department of Facilities and Environmental Services has reprioritized staff time in an effort to accelerate progress on projects, providing examples such as residential energy improvements, County building energy efficiency programs, the energy resource hub, the climate action collaborative initiative, and climate resilience cohort support.

Mr. Richardson reported that the plastic bag tax revenue is predicted to total \$140,000 in 2027. He said the Board approved this program several years ago, setting a tax of five cents per plastic bag in Albemarle County and funds earmarked for community cleanup efforts. Mr. Richardson stated that since the program's inception in 2023, \$440,000 has been collected and used to support the distribution of reusable shopping bags, programs to mitigate riverside litter and County right-of-way litter, a litter education program, and other efforts to reduce litter in County rights-of-way and public waterways. He acknowledged volunteer community groups for their ongoing efforts to keep the community clean, noting that 1,023 miles of County roads were cleaned from December 2024 to December 2025, resulting in 3,932 bags of trash collected.

Mr. Richardson stated that economic development is an important strategy to diversify and balance the tax base and reduce reliance on the residential taxpayer. He said the FY27 recommended budget includes a recommendation of \$4.15 million of additional one-time money for the economic development fund. Mr. Richardson reported that the economic development fund was designed to provide ready, flexible funding to support opportunities, referencing the AstraZeneca attraction effort, during which the County was able to quickly respond to the company's needs, which was critical in attracting the company to the County. He stated that economic development opportunities do not come on a predictable schedule, and it is important to balance cash on hand against unknown future opportunities. Mr. Richardson said that having a sufficient fund allows for greater comfort in approving funding for opportunities aligned with the strategic plan, knowing that funds will be available for future needs.

Mr. Richardson reported that much of the FY26 balance in the economic development fund will be used for the local contribution to the Boulders Road extension project, which will support the needs of Rivanna Station and its 3,000 employees. He said this support also prepares the County to support AstraZeneca and its 600 employees, as well as the movement of materials and projects to and from the site. Mr. Richardson stated that the new economic development strategic plan provides a focused roadmap for advancing economic development efforts and supporting a strong business environment, with increasing awareness and interest in the County based on recent announcements and investments to help sustain that momentum.

Mr. Richardson said that consistent with past budgets and the County's compensation philosophy, the FY27 budget includes a review of classified pay scale positions on a two-year cycle, recommending adjustments to market to ensure that positions are meeting average market

compensation. He noted that Board support in previous years has strengthened recruitment efforts, applicant pools, and retention numbers. Mr. Richardson reported that the budget also includes a 2% COLA and a one-time bonus for classified staff and a total staff training and development budget for all departments of \$1.4 million in 2027. Mr. Richardson stated that as the community grows and the complexity of service delivery increases, staff skills must continue to be developed and enhanced to address changing needs within the community. He emphasized that health care cost management remains a priority, and although claims are stabilizing, increasing costs for the County and partner agencies suggest budgeting an 8% increase in plan year 2027 to cover higher costs.

Mr. Richardson stated that the County recognizes it cannot meet every need alone, and funding local nonprofit community organizations strengthens the regional safety net and provides residents access to vital services. Mr. Richardson reported that the recommended budget includes \$40.7 million in funding to 68 distinct partner agencies. Mr. Richardson stated that this funding acts as a force multiplier, delivering vital services to residents through community partners. He provided examples, such as \$14.5 million for public safety, representing a 20% increase from last year across five partner agencies, including funding for the Albemarle Charlottesville Regional Jail for debt service, improvements to facility conditions, emergency communication center E-911 services, emergency response coordination with the City and UVA, and funding increases for the Charlottesville Albemarle SPCA to support operational costs and services under a multi-year contract.

Mr. Richardson said that \$8.2 million is allocated for transit, including increases for Charlotte Area Transit (CAT), MicroCAT, and JAUNT. He reported that \$7.7 million is allocated for libraries and tourism, including support for libraries and the Charlottesville Albemarle Convention and Visitors Bureau (CACVB), which works to strengthen regional tourism and economic impact. Mr. Richardson stated that \$4.1 million is allocated for health and welfare, including funding for Region Ten, the Health Department, AHIP (Albemarle Home Improvement Program), and the Jefferson Area Board for Aging (JABA). He said that \$3.5 million is allocated primarily for the partnership with the Rivanna Solid Waste Authority (RSWA), which provides recycling, solid waste, and household hazardous waste disposal for the community.

Mr. Richardson reported that the human services funding program serves the most vulnerable community members, including elderly households, households with children under six, and medically vulnerable individuals. He said that enhanced compliance ensures funding programs are effective and accountable, with FY27 funding at \$1.6 million dollars, a \$110,000, or a 7.2% increase from previous years. Mr. Richardson said this funding covers critical programs such as Loaves and Fishes, the Child Health Partnership, and ReadyKids, which is a mental health care program for children and teens.

Mr. Richardson stated that five projects are driving the capital improvement program (CIP), which are the five largest CIP projects in the history of the County. He reported that these projects include the County courts project, the Rivanna Futures property purchase, and the construction of three new schools with total budgets of \$296 million and funding obligations for the next 20 years. Mr. Richardson noted that the courts project is around \$68 million, Rivanna Futures is \$58 million, Mountain View Elementary is \$50 million, ACE Academy is \$49 million, and the northern feeder pattern school is \$68 million.

Mr. Richardson said the County's debt service is its mortgage payment, and the projected debt service complies with the Board's financial management policies. He stated that if the CIP remains unchanged over the next five years, the County's debt service payment will increase from \$27 million a year to \$55 million dollars a year by FY31, requiring \$28 million in new money to meet obligations by 2031. Mr. Richardson stated that in addition to the operating budget for schools, the recommended CIP for FY17–31 includes \$196.8 million over the next five years for public schools' capital investments. He said local government CIP projects for years three through five are light on new projects, focusing on maintaining ongoing programs and paying current debt service.

Mr. Richardson stated that there are no proposed changes to the current tax rates in the FY27 recommended budget. He said that obligations continue to rise, and through multi-year budget planning, the County aims to meet expectations, stay on top of obligations and increased service demands, and strategize to maximize resources and meet community expectations. He said service demands are evolving, the tax base is evolving, and significant investments must be planned—and the County will continue prudent multi-year planning to help shape its future.

Mr. Richardson reviewed the next steps in the budget process, including work sessions, public hearings, town halls, and adoption of the budget and tax rate on April 22, 2026.

Mr. Gallaway noted that the full budget document was made available online prior to the meeting, and now they would move on to Supervisor comments.

Ms. Mallek said she did not have detailed budget comments, but she would like the printed pages from Mr. Richardson's presentation. She also stated that they would have a lot more discussions on the cost shifting and recent movement at the federal level.

Mr. Pruitt asked Mr. Richardson if he could quantify or exemplify some of the federal cost shifts.

Mr. Andy Bowman stated that staff could provide a full funding explanation for that, and anything not answered in this meeting would be posted on the website. He said one example was the recommendation to continue local funding to replace funding that Region 10 lost; they are also closely watching changes in programs like SNAP (Supplemental Nutrition Assistance Program).

Mr. Pruitt mentioned peer localities that were facing direct investigations from the administration on their continued funding due to federal regulation compliance, and he asked if Albemarle was facing the same level of scrutiny.

Mr. Bowman responded that the schools would be the best source for that information, and school officials were present at this meeting.

Mr. Pruitt asked if he had an exact number of the County's remaining debt capacity.

Mr. Bowman responded that he did not have that off the top of his head, but they have an updated chart of debt capacity on Page 281, and staff would have that exact dollar amount by the first work session. He recalled that the amount was around \$72 million, and the tightest point of headroom is in FY31.

Mr. Pruitt said this is under the assumption that it is not issued under a referendum, which would get them a better point value and a larger amount of raw dollars.

Mr. Bowman confirmed that this was correct, and they would issue it through the traditional conduit via the EDA for those bonds; if the Board at a future date decided to pursue general obligation bonds, that would generate about .25 basis points or a quarter better than the rate they would have otherwise.

Mr. Pruitt stated that this may put them closer to \$100 million than \$72 million. He also mentioned the one-time transfer of \$6.8 million to the CIP and asked if that is over and above the normal transfer to the CIP that they always do as part of a split.

Mr. Bowman confirmed that it was.

Mr. Pruitt asked if the budget includes a COLA bump across staff.

Mr. Bowman explained that there are two different pay scales: the public safety pay scale and the classified pay scale. He said the workforce stabilization goal speaks to the 2% COLA increase included with the classified scale; the \$2.3 million for the police scale and \$100,000 for the fire rescue scale are inclusive of the changes made on those scales. Mr. Bowman noted that they would walk through this detail in the work sessions and provide clarity on how they're funded.

Mr. Pruitt noted a placeholder in the budget for new high school construction, with FY31 being the earliest it could get done.

Mr. Bowman responded that this strategy is creating flexibility for the Board and putting that in year five reflects the planning and partnership over multiple years required for that to be achieved. He mentioned the "art of the possible" that they had discussed in December, stating that putting the money further out allows them to better respond if they find themselves with an unfavorable LCI, which differs from the situation they found themselves in a few years ago.

Mr. Pruitt commented that \$6.8 million is not the degree of sacrifice they need to make to reach their target of \$250 million for capital by FY31.

Mr. Bowman responded that to manage the Board's and public's expectations, this is in no way intended to construct a major capital project, but it is a step in the direction to one day give flexibility to the Board if they want to pursue something.

Mr. Pruitt said the capital outlays for a northern feeder pattern school need to be much more than \$6.8 million, and they need to get serious if they want to fund that.

Mr. Bowman mentioned that it is \$6.4 million, not \$6.8 million.

Mr. Pruitt noted his skepticism of the one-time economic fund outlets, and he asked what the previous year's one-time fund looked like and what their current balance is.

Mr. Bowman replied that staff could provide a full history as a follow-up to this last year, when the Board added around \$1 million. He mentioned that the primary funding source for Boulders Road was coming from the State and Astra Zeneca, but some of it is coming from the County via that economic development fund. He noted that the road can be constructed without a \$4.15 million infusion, but this is trying to refill that to position the County for the future.

Mr. Pruitt noted that a lot of costs had been planned, but a lot of economic development funding gets done through tax expenditure rather than direct expenditure, which is where his skepticism is generated. He also asked if they could have balanced their budget without the knowledge they can rely on future revenue from Astra Zeneca.

Mr. Richardson responded that he would have recommended a minimum two-cent tax increase, and he would not in good faith have recommended that they pull from the budget stabilization fund, which is ½ percent this year and the same next year. He said the fund currently has 2% in it at \$6 million for each percent, or \$12 million; staff was confident in this strategy because of their outyear look in FY29–FY31.

Mr. Pruitt said they always have to think about future expenses, such as salaries, health care costs, and the shift toward professionalizing firefighting with decreased volunteers. He asked if there were other big cost drivers that they should be aware of.

Mr. Bowman responded that he went back to the slide on FY27 drivers, and it's reasonable to expect an increase in the revenue-sharing payment to the City due to changes in the federal funding landscape, expiring FEMA grants, and regional partnership obligations.

LaPisto-Kirtley asked when they would know how much federal and state funding would be released to the County.

Mr. Bowman responded that it's typical for the state to adopt its budget after the Board adopts theirs, but usually there's enough certainty to address it through budget management versus policy requiring County response. He added that a lot of their federal funds are reimbursements for direct services and administrative costs for social services, and they are watching that very closely. He said the other area of attention is special revenue funds where there may be funding designated for particular purposes, as the federal calendar doesn't align with local ones.

Ms. LaPisto-Kirtley asked if the data informing the need for a new high school would be forthcoming in the next few months.

Mr. Richardson responded that he does not have details to provide to the Board yet, but school staff has had ongoing discussions with the Weldon Cooper Center team, which County staff also has as recently as yesterday, to better pinpoint growth and demands. He said that the schools would likely be prepared to give more of a timeline at their joint work session.

Ms. LaPisto-Kirtley commented that estimates have increased since they first contemplated the northern feeder pattern school and the comprehensive high school, and she asked how these would impact the tax rate if they were to do a bond initiative.

Mr. Richardson responded that staff could model these scenarios for the Board and bring them back, as there may be other things to discuss beyond the math formula and debt capacity.

Mr. Sumner said their approach to debt service funding is twofold: the affordability and the capacity component.

Ms. LaPisto asked about the status of the state's consideration of enabling localities to have a referendum for a one-cent sales tax increase that would be dedicated to school funding.

Ms. Emily Kilroy, Director of Economic Development, stated that the bill is still alive in the General Assembly, and they are past their midpoint in the legislative session. She said it seems to have broad support across the Commonwealth and across the aisle, so it will go to the governor's desk for final action and localities should know for certain by April 15. She noted that staff is already mapping a sequence of a schedule for what it would look like to take that forward should that authority be given to localities.

Mr. Missel thanked staff and acknowledged their care and diligence in preparing the budget, which means a lot to the community. He asked if they spend time looking at other communities and benchmarks as it relates to allocations such as school funding, affordable housing, and economic development; if so, he would like to know how Albemarle fares in that context.

Mr. Richardson responded that they openly share best practices with local government colleagues, and they keep a good handle on that through their conferences and professional affiliations. He mentioned an upcoming trip to Chapel Hill, North Carolina, which has similar dynamics to a college town, such as being an expensive place to live. He also mentioned that Kristy Shifflet could likely provide several examples through her strategic planning work, which they could present at their upcoming work sessions.

Mr. Missel asked about contingencies and reserves and whether there was a big picture view as to where those stand versus where the County would like them to be.

Mr. Richardson stated that the rating agencies provide feedback to the County during the borrowing process, and he asked Mr. Sumner to respond further.

Mr. Sumner explained that the County has two primary reserves, including the unassigned fund balance, which is a 10% reserve and comprises the core reserves that financial rating agencies are looking at to ensure the County has stability. He noted that this is not intended to be used for operations and is there to help out with ongoing cashflow needs. Mr. Sumner said the budget stabilization reserve gives the Board additional flexibility in times such as those described during the presentation today, and there is a commitment to replenish the reserve once they emerge from those challenges.

Mr. Missel asked about the partner agencies and the \$40.7 million in funding, and he asked how they assess needs and priorities from each of those agencies, as he assumes it shifts every year.

Mr. Bowman explained that there are a few processes in place that were established by the Board of Supervisors with the intent of receiving requests that can all be evaluated simultaneously. He

said the County partners with human services staff to evaluate agencies that can best provide services and move the needle the most on the Board's strategic goal related to safety and wellness. He said there is also a partnership with the fire/rescue system to provide supplemental staffing as well as smaller partnerships, such as those with the regional library system and arts and cultural events. He said they also partner with the City of Charlottesville and work through that management.

Mr. Missel thanked him for the information. He asked whether the budget considered some of the ripple effects of Astra Zeneca coming to the area, with 300 jobs plus 3,000 construction workers, and potential impacts to transportation, housing, and other infrastructure.

Mr. Richardson responded that this is some of the work they've been doing with Weldon Cooper, knowing that they will start feeling the effects in 3 to 5 years. He said the short answer is that he cannot think of any specific items in the budget that anticipate planning for this growth.

Ms. Duncan commented that this is a huge, well-organized budget. She asked about the school total of 51.8% in terms of whether that was typical or if it changed each year.

Mr. Bowman responded that staff could provide that, and it's normal for that to change year to year given factors such as debt service for capital projects even if operations are steady. He said that past boards have felt it was unwise to plan to the 10% maximum for debt service because if they are at the maximum and experience a downturn, that suddenly puts them above their policy. He noted that it also gives them room should a once-in-a-lifetime opportunity come along.

Ms. Duncan asked if they could get detailed reports for agencies such as MicroCAT.

Mr. Bowman agreed that staff could provide those.

Ms. Duncan asked if the three police officer positions were from the dedicated tax last year or three new positions.

Mr. Richardson responded that there are three new positions separate from last year's work and budget, with both of those budgeted to come on midyear.

Mr. Gallaway asked how the six police officers last year and three recommended today impact the current call for service numbers. He also asked about the increase in funding for school operations, noting the FY17 budget mentioned and whether that was \$5.5 million per year.

Mr. Bowman responded that this is the actual dollars in the FY17 to FY28 timeframe, with the average being 5.8% if you take out the one-time transfer use of fund balance.

Mr. Gallaway asked what the dollar amount is for the 8% increase to the health care fund.

Mr. Bowman responded that he didn't have that available but would have it at the work session.

Mr. Gallaway said he wanted to understand how this goes out to partner agencies.

Mr. Bowman responded that they are not under the direct supervision of the Board of Supervisors or the County Executive, although the Board may have appointees to those boards, but it's different than a department within local government.

Mr. Gallaway briefly reviewed the communications protocol for budget questions. He also mentioned that "parking lot items" cannot be discretionary from one supervisor, and there needs to be some kind of consensus.

Mr. Pruitt stated that he would likely present the budget separately to Scottsville Town Council, and he asked if he could get a slide that just pertains to Scottsville. He noted that he would like to present it at their first or second meeting in March.

Mr. Gallaway stated that with the CIP piece as a one-year fix, regardless of whether it concerns a high school or another entity, it will present challenges on both sides of the issue. He reported that when considering the school as a multi-government entity, it will require multiple years of strategic planning to address these challenges. He said the December numbers that were presented were theoretical, whereas the current discussion takes place within the context of an actual budget cycle. He stated that by following the strategy, the Board will begin to address specific numbers and determine what can be accomplished given the current reality, as opposed to what may be undertaken in years two, three, and four as the process continues.

Mr. Gallaway said he also wanted to clarify that the data resulting from the joint meeting with the School Board in December was not specific to a high school, nor was it solely related to the CIP. He reported that what he heard during that meeting was that there was a need to improve the quality of data for all discussions; while the data would inform CIP decisions, it could also influence matters such as the allocation of funds to community agencies, the review of investments in an affordable housing fund, and other budgetary considerations. He stated that Hamilton Lombard in his State of the Community comments demonstrated that advanced data analysis can significantly inform public policy decisions and the programming of funds. Mr. Gallaway said it is important to ensure that ongoing discussions regarding the Weldon Cooper Center are not limited to the high school, as this would miscommunicate the Board's

intentions to the public. He reported that Albemarle County has outgrown its previous data practices for decision-making, and it is time to improve and take appropriate steps in that regard.

Mr. Gallaway stated that as the Board enters the budget season, he would like to make a few comments. He said that dissent and disagreement are normal and expected elements of a strong decision-making process. He reported that disagreement will occur among Board members, with the School Board, and with other elected offices such as the Commonwealth's Attorney and the Sheriff's Office. He said there will likely be disagreement with advocacy groups and the public as the Board conducts budget town halls. He stated that such dissent is expected and is a means to achieve sound decisions. He said that while dissent is part of the process, the tone and tactics employed during discussions serve as an integrity check for each individual, each Board, each advocacy group, and the public. He stated that he will personally remain mindful of his own tone and tactics, recognizing that they can at times become challenging, and he called on all parties involved to do the same. He said that by doing so, the Board can demonstrate to the public that Albemarle County can manage disagreement through proper education and information so that everyone understands the budgets and financial policies involved. He reported that this approach will allow the Board to show how to handle dissent and disagreement in a manner that empowers the community and earns public confidence in the Board's decision-making process from a planning perspective.

Mr. Gallaway stated that there will always be a segment of the population that believes taxes are too high and spending is excessive, and another segment that believes taxes are too low and spending is insufficient. He said that most people fall somewhere in between these positions, with individual preferences on tax rates. He reported that while few may desire higher tax bills, many citizens primarily wish to understand the reasons for tax increases. He said that if relief cannot be provided, it is important to communicate clearly what the additional funds will support so that residents can make informed decisions about whether they agree or disagree with the Board's actions. He stated that this will be the focus during budget town halls, public hearings, and all meetings where the Board explains the realities of tax bills and how these issues will be addressed. He said that the Board aims to ensure that the public is well informed about the decisions made by the Board and the six Supervisors regarding the upcoming budget. Mr. Gallaway added that he appreciated the presentation and all the work from staff.

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

Mr. Gallaway reported that he and Supervisor Mallek had returned the previous evening from DC, where they attended the NACo Legislative Conference. He reported that they met with Congressman John McGuire, as well as senior staff from both Senator Kaine's and Senator Warner's offices. He stated that a summary of the updates, along with what was learned during committee work at NACo, would be prepared and presented at a future Board meeting.

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

There were none.

Agenda Item No. 5. Adjourn to March 4, 2026, 1:00 p.m., Lane Auditorium.

At 1:43 p.m., the Board adjourned its meeting to March 4, 2026, 1:00 p.m., Lane Auditorium.

Chair

Approved by Board
Date 05/06/2026
Initials CKB