QUARTERLY NEWS

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2025 Caroline County Newsletter-Year In Review Jeff Sili, Bowling Green District Supervisor

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Constituent Meetings

As we come to the end of 2025, I would like to remind our citizens that my first constituent meetings of the new year have been tentatively scheduled, and are dates which will again traditionally coincide with county budget preparations in the coming Spring. Those dates are March 26th (Macedonia Baptist Church) and 27th (Sparta Volunteer Fire Department) at 7 p.m. These will be advertised on the county web site as well as social media. I will also send a card reminder three weeks out, so if you would like to be on the mailing list, please send your address to jsili@co.caroline.va.us (mailto:jsili@co.caroline.va.us).

A Different Approach/Take the Class-In the last several cycles I have taken a different approach to my citizens meetings, learning over the years that throwing figures and budget terms out means little if constituents do not understand the tenants of a basic county budget. My goal is to give you the tools to understand this aspect of public money, otherwise known as **your tax dollar**, which fuel all operations and services within the county. My "class" will give you a data driven, detailed, as well as a broad look at what's before the board in Caroline. The methodology is simple using a household budget as the example. Once the ground work is laid with familiar terms, Savings Account, Operations (paying daily bills) and Capital Improvements/Debt Service (borrowing for large expenditures) any citizen can understand and answer the question, **"Where does my tax money go?"** Once this is understood, the class continues with a detailed accounting of county services and issues currently before the Board of Supervisors, including those found in a board agenda and the importance of attending or viewing board meetings online. Questions and discussions are encouraged with no time limit. As your elected representative, I work for the citizens and so the data, decisions, and the reasoning behind my decisions is presented by me. I do not use county staff. I also use this as an opportunity to listen to you and I value your opinion. Citizens from all districts are welcome.

Lastly, Understanding the relationship all the way up the chain from local government to state and national government is also covered so that you, the citizen can have a better understanding of statutes such as the one up for discussion in our next section, Reassessment.

Reassessment A Major Topic in 2025

Over the years I have found a number of common misconceptions concerning property reassessment. The most common is that property reassessment is optional in local government. By statute, in the Commonwealth (Virginia General Assembly) localities must reassess every six years to provide a basis upon which to set the tax rate for real estate. This is the revenue stream set forth to fund and provide services for citizens. The General Assembly **does not provide these services**, and in most cases with the exception of a portion of money for schools and some funding for the sheriff's office, they do not provide funds for a myriad of things, including for example EMS, the landfill and more. **The county is expected to provide those services.**

The other commonly held misconception is that reassessment is the same as a tax increase. It is not. The tax rate is set yearly and tax increases, or decreases can happen with a board vote during any yearly budgetary cycle, regardless if it is a reassessment year or not. In Virginia, the relationship between equalizing the tax rate and a general reassessment is a legally required process to maintain fairness in real estate taxation. Furthermore, Virginia law requires local governments to lower the tax rate to offset the average increase in assessments. This is known as the "equalized tax rate" and is intended to be "revenue-neutral," meaning the locality initially collects the same amount of total tax revenue as the previous year.The governing body may then, after equalization, raise or lower it or keep it at the same neutralized rate.

So, What Happened With Our Latest Reassessment In Caroline? The Caroline Board of Supervisors first equalized the rate, dropping it from .78 to .50 cents per hundred, and then raised the rate 2 cents for a total of .52 per hundred.

In June, the Board of Supervisors approved the Fiscal Year 2025/2026 budget which began on July 1, 2025. The total budget for all funds in FY 2025, including interfund transfers, was $155,619,949. The adopted General Fund (the county's main operating budget) for FY 2025/26 budget is $76,110,579. With the increased revenue stream, the county was able to add considerable monetary support to both our EMS Department, Sheriff's Office and schools. Some of which is detailed below.

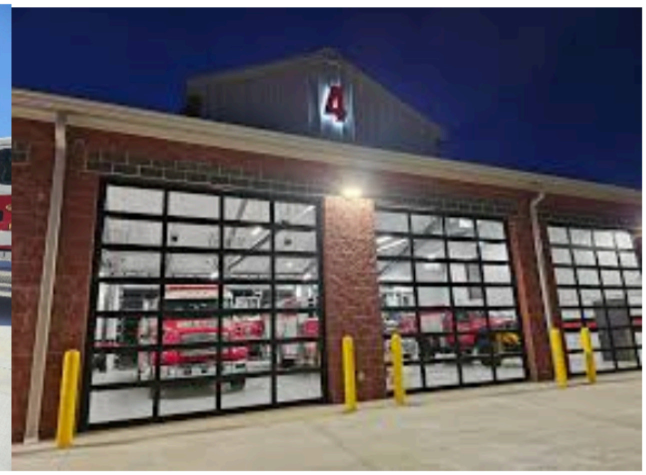
More Budget Notes-This year again, the county has been able to retain the rainy-day fund or **unencumbered balance** and the amounts necessary to protect our hard-won AA bond rating (since 2018), which at a minimum must be 12 per cent of the overall budget with a strong recommendation by the county's financial advisor to maintain 15 per cent. This signals to lending institutions that Caroline has funds put aside for unforeseen events and values fiscal responsibility. It should also be noted however that the county is currently, until 2030 limited on the ability to borrow for any very large debt/expenditure and so the cash reserves are particularly important. This is due to a combination of the amount of present debt service over income.

Public Safety-In the last three budget cycles, one of my primary focus initiatives has been in the area of public safety. The sheer size of our county, the 11th largest in the Commonwealth and the time it takes to traverse the miles between communities has always played a part in our EMS system. With the growth experienced in Caroline, even in our rural areas, it is important for EMS calls to be answered quickly, with trained personnel and the best equipment to include both paid staff and volunteers. Our first responders must be paid competitive salaries. Our citizens deserve no less. In the last three years the county added 4 new firefighter EMT positions, and 9 full time firefighter medic positions. This year we are proud of a grant received by our EMS Department in the amount of 117K, and then matched by county funds of $143K for a total of $260K for new power ambulance lifts. These are designed to assist emergency responders with lifting and loading patients, reducing the risk of musculoskeletal injuries

Sheriff's Office-The same is true with our sheriff's office and salary adjustments were necessary there with a new pay scale in order to hire and retain the officers needed for 528 square miles of territory. We were able to bring pay in line with surrounding localities in the last several years and will need to add more officers in the coming budget cycles. This year we were able to spend 1.1 million on 15 new Sheriff vehicles.

Sparta Volunteer Fire Department-This new station was completed in 2025 with a grand opening ceremony in May. The old station lay in an area which flooded numerous times and was costly to repair with each flooding. The funding and construction of a modern EMS facility, ensuring that Sparta residents, the district and the county could be served in the safest and best manner has been a top initiative of mine for some years. In 2022, a key property was identified on Sparta Rd, purchased and construction began last year. With careful planning, the county □

was able to avoid a large debt service on the facility and fund the majority of the new building (cost of $5,512,628) with a cash contribution of $4,108, 955. The new station can also be used as an emergency shelter.



Broadband-2026 The Proud Completion of the Universal Broadband Plan-In August of 2020, the Caroline Broadband Advisory Committee adopted a strategic plan for universal coverage of affordable services to every resident and business in the county who lacked access to broadband, to include 549 square miles 30,000 residents. The estimated cost of expanding broadband to all unserved citizens of Caroline County was nearly 29 million dollars. Caroline County was able to commit 4.5 million dollars to support the expansion of broadband. The committee then worked hard on VATI grants from the state to cover the balance, and won those using a variety of internet service providers. On October 23, 2023, all contracts between Caroline County, DHCD, Breezeline and Verizon were completed. Residents West of 95 will be served by Verizon. This will serve approximately 854 Homes and is expected to be complete by 2025. Locations East of 95 will be served by Breezeline. This project covers over 3,910 locations and is expected to be completed by late October 2026. The broadband committee meets once a month via live stream on YouTube and you can enter your address at the **submit question** site for estimated connection data. co.caroline.va.us/1247/Broadband-in-Caroline-County (https://co.caroline.va.us/1247/Broadband-in-Caroline-County)

Schools-Having served eight years on the Caroline County School Board (1992-1999) prior to my election to the Board of Supervisors; I remain committed to our schools and their important role in the overall success of our student citizens. I also note the role it plays in the attraction of business to a locality. In my class, many people are surprised to know that the duties of each board, Supervisors and School Board are very different and do not overlap. In Virgina, elected school boards are responsible for all policy making decisions, including the preparation of the budget within the public school system. The Board of Supervisors has **one duty** which is once a year, to approve 6 broad budget categories for the schools and there their authority ends.

Of special note is that just over **30 per cent** of our annual overall county budget is now devoted to schools. The FY 2026 budget for Operations for the schools was $65,381,447. The states contribution for schools was $44,545, 881 and this year, the county contribution was 19,082,230 which is $1,423,682 more than last year. The first table shows a breakdown of school funding for this year.

County Contribution to School Operating Budget
Fiscal Year 2023 through Fiscal Year 2026

Fiscal Year	County General Fund Transfer to Schools Operating Budget	GF Transfer – Bus Purchase	GF Transfer – Bus Leases	Total GF Transfer to School Operating Budget	Increase/Decrease From Previous Fiscal Year
FY 2023	15,346,962	579,509	227,685	16,154,156	N/A
FY 2024	16,693,238	636,577	227,685	17,557,500	1,403,344
FY 2025	17,527,900	754,611	145,899	18,428,410	870,910
FY 2026	18,936,331	0	145,899	19,082,230	653,820*

Note: In FY 2026, school bus purchases in the amount of $769,862 were removed from the Schools Operating Budget (funded by a General Fund transfer) and placed in the School Capital Projects Fund.* ***Factoring in this $769,862 expense, the increase in the County's contribution to Caroline County Public Schools from FY 2025 to FY 2026 is $1,423,682.*

Fund	Total	County Contribution
School Operating Fund	$65,381,447	$19,082,230
Special Funds	$ 2,651,000	$0
School Textbook Fund	$1,495,007	$243,322
Cafeteria Fund	$ 3,926,401	$0
School Debt Service	$4,562,297	$4,562,297
School Capital Projects	$979,862	$979,862
Total School Funds	**$78,996,014**	**$24,867,711**

The FY 2026 School Capital Projects Budget totals $979,862

Bus Purchase Replacements - $769,862, Transportation Support Vehicle - $60,000

Staff Computers - $50,000, Classroom Technology - $50,000

Maintenance & Student Transport Vehicles - $50,000

This table reflects the trend showing the last five years in large increases in county contributions.

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In July, Dr Michael Hubbard, School Board Member from the Bowling Green District and I joined forces for the Caroline's Promise Back to School Supply Drive. We gave away several hundred Dr Suess "reading" bags!

The following are from my notes taken at work sessions with the school board This Years School Space Discussion 2025

The first few months of the year discussion centered around a plan presented by the school board on purchasing for space needs, a building in Carmel Church. The building had previously been rejected by the Board of Supervisors in 2024 for a number of reasons, the high cost of renovation, the use of the building as a new admin faculty and the busing of very young Head Start children from as far as an hour away to a facility in Carmel Church. Considerable funds have already been spent on the renovation of a school for administration in Bowling Green. The plan also called for four-year-olds as far away as Port Royal to board a bus at 5:30 a.m. The discussions became moot when it was apparent the building had been off the market for quite some time, and we were able to move on.

The Space Issue-The impetus for these discussions was based on the reported growth of the county in the last four years. However, during that time Caroline gained 2,800 new residents, but the school enrollment (ADM)only grew overall by

254 students. Keep in mind, in 2015 taxpayers paid for a 25-million-dollar renovation to the High School and Madison Elementary and we are still obligated to ten years' worth of payments still owing on that project. In 2013, classrooms were added to Bowling Green Elementary. In looking closely at the statistics from a 15-year period (2008-2024), school enrollment went up only 5 per cent or 159 students during those years. Going forward for the next two years 2023 and 2024, school enrollment went up 123 students or 3% for that time frame. Despite the number of new homes, these are slow growth numbers for our public schools. Home school and private school numbers continue to grow in Caroline.

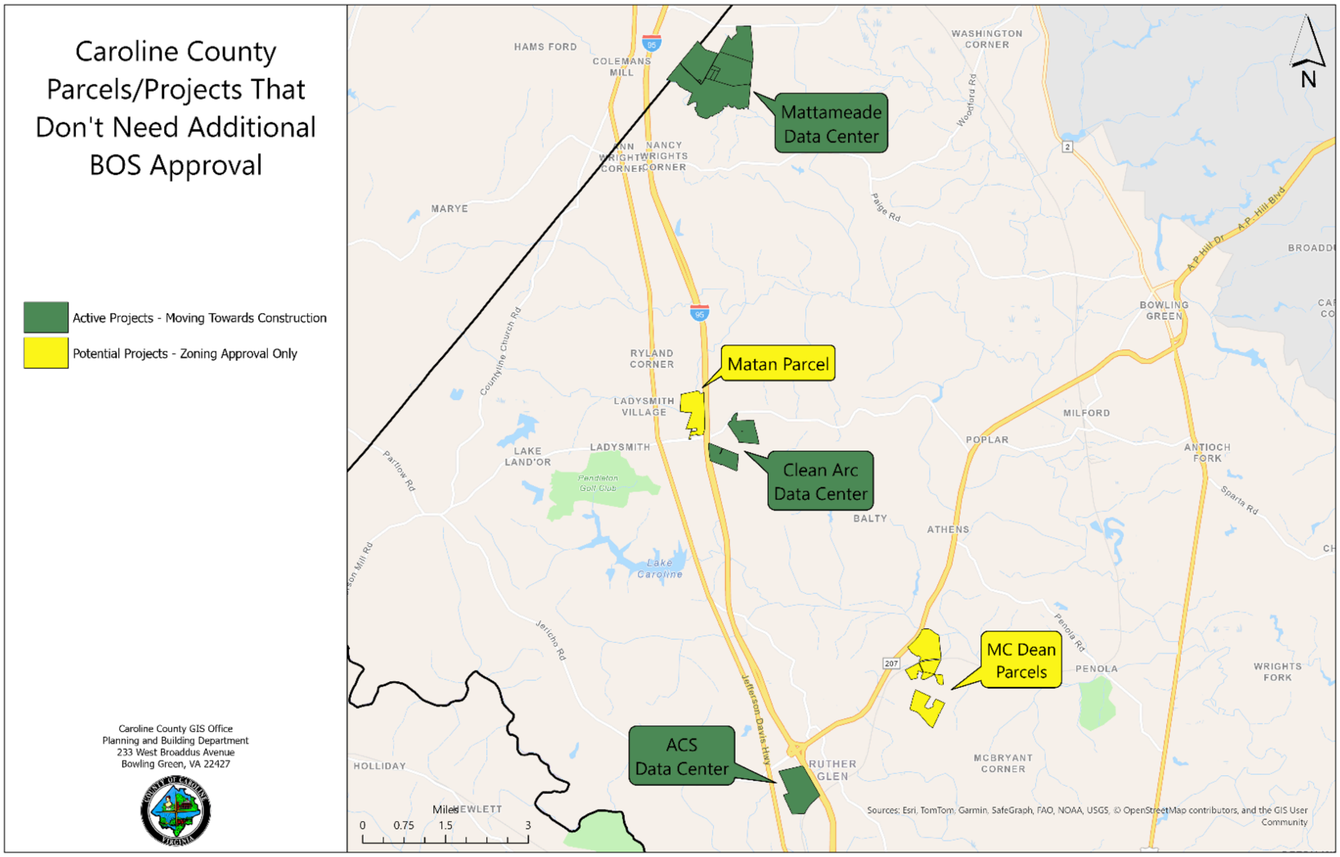
Where Did the Extra Surge In Students Come From?

Four years ago, Caroline County Public Schools absorbed the Head Start program into the school system which consisted of two hundred plus additional pre-K students creating the need to pull 10-15 classrooms from other grades. While there is no doubt of the worthiness of the program, the Board of Supervisors were not aware of the space needs for 250 more children until this year, now necessitating the need for short term solutions immediately while planning for the long term.

Solutions-Discussions on behalf of the Board of Supervisors (BOS)centered around using and renovating the many unused buildings and unused space already owned by the School Board, including moving the Head Start program into the unused portion of the admin building in Bowling Green. There was no agreement reached on these plans. At the June meeting of the Board of Supervisors, a proposal came from that body to build and construct 4-6 new classrooms and a new gym at both Bowling Green Elementary and Madison Elementary. The thought process being that these would be permanent additions in the long run, providing even more space while decisions could also be made for a new school and its location. Since Caroline presently has a borrowing moratorium for any large expenditure until 2030 and possibly beyond, and the county was in a position to pay mostly cash, this seemed like a great solution. While the school board agreed, in a motion at its next meeting to allow that plan, it is currently, unfortunately after 5 months still in a Memorandum of Understanding (MOU) phase. Construction/expansion did not, to date go forth as the BOS planned. The school board brought in and set trailers in August at Bowling Green Elementary. Pending the return of a MOU sent by the BOS to the School Board, that construction is in a holding pattern.

Making Progress-While I am pleased with this year's discussions, we still have many questions to answer such as what will the county eventually be able to borrow for a new school, and what will the debt service consist of yearly? Currently, if the borrowing limitations were lifted, the building of one new school at 65 million dollars, and the 10-15 million to staff that school, would result in a 40 per cent tax increase for our citizens today. Recently, at one of my constituent meetings someone said, "Why not just go to referendum?" There is no difference in a referendum and a tax increase, as the result is the same. Referendum does not mean there is money somewhere waiting to be used for schools. The only difference is the 40 per cent real estate increase will be mandated by the citizens vote, if passed and not the Board of Supervisors. There is also the question of where a new school will be built, and I favor one on land the county already owns, and is centrally located. ◻

Data Centers 101-What Has Already Been Approved



Data Center Recap 2025-This was certainly the top issue of 2024/2025. Initially, I was on board with the original data center campus proposal called Mattameade in northern Caroline on the Caroline/Spotsylvania border. This rezoning had no neighbors in opposition, Spotsylvania was providing the water and there was a clear designated client, Amazon Web Services (AWS)who promised a **"shovel in the ground."** This term means a developer is serious about building an income producing business for our county. They do not seek a rezoning simply to resell it which may delay that income or bring about a scenario where it never comes to fruition at all. I thought, given the income originally promised in negotiation, it would be a great revenue producer for the county, and given its location with all the setbacks from the road, making it invisible in the landscape, this might serve as a good test project with more to come on the same site. I voted no however to the contract with AWS called the **Performance Agreement** for several reasons;(1) The contract had blank areas which were not filled in (2) Giving 60 percent return of revenue to the developer was not the best deal for our citizens.

Wholesale Land Speculation in Caroline-Even before the rezoning of Mattameade, other developers began to apply for huge areas of land not necessarily in the growth area to be rezoned with the ultimate goal of making these suitable for data centers. The most notable of which was known as "Jericho Rd" and pushed by a developer who had a tract record of not following through with promised projects. Although this rezoning was ultimately voted down, it took hundreds of hours of staff and board time and six months of meetings to come to a resolution. Subsequently, a Comprehensive Plan change approved this year, pushed by county staff changed the status of 382 acres contiguous with the M.C. Dean Property in Carmel Church all the way to Penola Rd. This has created the land volume possible when you consider the Mattameade rezoning for Caroline to become the data center hub of the state. Comp plan changes still require a rezoning and special exception; however, they signal to developers that we are open to this speculation without the need for a client as is the case with this change. With hundreds of acres of redesignated land, we could be home to massive numbers of data centers, which of course makes no logical sense given the conditions of the roads in and around the rezonings, and the absence of the necessary electrical power. In fact, the power company has informed the county, it cannot bring additional power here until 2030 or beyond.

Local realtors agreed with me that this is classic and wholesale land speculation by those who have little intention of building an actual income producing project. Also, in consulting supervisors from other localities, mostly Northern Virginia, I learned of a myriad of problems with data centers in their areas. None of the localities saw a stemming of taxes in relation to data centers, the number of jobs actually offered is very small, the massive construction debris from data centers can be seen from miles away and is carried on trucks clogging residential roads, and the loopholes in contracts are legion in favor of the developer. For example, Government servers within these facilities are numerous and nontaxable. There is tremendous buyers' remorse.

Residential Reassessment and Data Center Speculation-Properties in and around these rezonings saw a large raise in property reassessment (resulting in higher taxes) This is particularly disturbing given that income producing businesses may never set a shovel in the ground. The bottom line is that the residential taxpayer in the vicinity personally pays for the changes to the comp plan and rezonings.

Condemnation of private property-After sacrificing miles and miles of land that was once in rural preservation to rezonings, and comp plan changes, the application approval process by the Caroline Board of Supervisors coupled with a fee paid by the developer to the power company, automatically starts the condemnation process of residential property all along a given route to bring power infrastructure to a data center, which may or may not be built.

Energy speculation: The rapid expansion of data centers is putting pressure on utilities to secure power and infrastructure. In some cases, this has led to a "land rush" for the electricity itself, and the speculative nature of these long-term energy contracts can drive up costs before the data centers even become operational, if they ever do. There is also a very distinct possibly that revenue sharing will be required on data center money collected by Caroline which must be paid to neighboring, and even far away counties who gave up land to bring power to Caroline data centers.

Higher bills are likely: Multiple studies project average electricity bills will rise due to data center growth. For example, one analysis predicts an average nationwide increase of 8% by 2030, but much higher in "hot spots" like northern Virginia (up to 25%)

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What May Actually Happen-There are currently three data centers which may actually be built and may produce some amount of revenue in Caroline. (1) Mattameade as described above, (2) ACS (Carmel Church behind Flying J) (3) Clean Arc (Former Virginia Bazaar site and contiguous parcels). When built out, Mattameade calls for 11 buildings, ACS calls for 5 buildings and Clean Arc calls for 3, but only if another rezoning happens on the other parcel. I voted against this Performance Contract as well, as it is only viable with a rezoning and returns too much revenue to the developer. There is no Performance Agreement with ACS, and that company just resold it's interest in the property, so the return to the taxpayer is unknown.

You do the math-In December 2024, the Caroline Board of Supervisors amended the zoning ordinance to require data centers to obtain a special exception, which must be approved by our board. I voted for this hoping to stem the tide of changing so much of the comp plan and rezoning so many acres wholesale. For those who want a deep dive into the specifics, I have included the information below. However, to date the county now has **1,757** acres **available** to develop in different stages and processes for data centers.

Category # 1 – Active data center projects: These are data center projects that do not need any further zoning approval from the Board, either because they are zoned to the County's PIRT zoning district, or they are grandfathered under the December 10, 2024 text amendment to the M-1 district. The power supply and site development applications are also in process for these projects.

Category # 2 – Potential data center projects: These are data center projects that do not need any further zoning approval from the Board, because they too were grandfathered under the December 10, 2024 text amendment. However, the power and site development applications for these projects are not yet in process.
Importantly, per the Board's December 10, 2024 amendment to the zoning ordinance, all other prospective data center projects – regardless of their current zoning – must first come to the Board of Supervisors for approval. If the subject property is already zoned M-1, the owner must still obtain a special exception permit to operate a data center, and comply with the standards of the County's PIRT (Planned Innovation and Research Technology) Ordinance. Alternatively, a prospective applicant can seek a rezoning directly to the County's PIRT zoning district. But in either case, data centers cannot be built on any parcels in the County other than those identified below unless the prospective developers are able to successfully obtain approval from the Board of Supervisors following a public hearing, and meet the requirements of the PIRT Ordinance.

The specifics of each data center project and their associated acreages within each of the two categories detailed above are as follows:

Category #1 – Data Centers with Zoning Approval, Power Allocated, and Development Applications in Process

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There are currently three (3) data centers in the County that have zoning approval, power allocated by Dominion Energy, and are either underway or have indicated their intention to begin construction as soon as possible. These three (3) projects are:

- **1) AWS at Mattameade – located on Route 606 (Stonewall Jackson Road) on the Caroline/Spotsylvania border;**
  - **a. Estimated total acreage: 916 acres**
  - **b. Tax Map Nos. 27-A-20,27-A-4A,27-A-4pt.,27-A-1,27-A-3,27-A-2**
- **2) ACS – located in Carmel Church behind the Flying J Truck Stop;**
  - **a. Estimated total acreage: 97 acres of a 253.24 acre parcel**
  - **b. Tax Map No. 82-9-A.**
- **3) Clean Arc – located at the former Virginia Bazaar site (referred to as the "Bazaar Campus," totaling approx. 97 acres) and adjacent property on the southeast corner of Rt. 639 & Bull Church Road east side of I-95 Exit 110 Ladysmith (referred to as the "Ladysmith Campus" and totaling approx. 554 acres, with approx. 100 acres zoned for data center use and balance zoned RP).**
  - **a. Estimated total acreage: 197 acres of 651 acre parcels.**
  - **b. Tax Map # 53-A-64B & 53-A-57**

Category #2 – Parcels with Zoning Approval for Data Centers, but No Power Allocation; No Announced Intention to Begin Construction
In addition to the three projects mentioned above, data centers can be built at the locations listed below without further approval from the Board of Supervisors:

- **1) A collection of parcels in area of the M.C. Dean Industrial Park**
  - **a. Estimated total acreage: 382 acres**
  - **b. Tax Map Nos. 83-A-75pt.; 83-A-83C;83-A-83,69-A-40,83-A-87**
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- **2) Matan project parcel located at Ladysmith Road near the I-95 Interchange**
  - **a. Estimated total acreage: 165 acres**
  - **b. Tax Map No. 52-A-129**

These sites are zoned M-1 Industrial and were "grandfathered" for data center development because of concrete actions taken by the developers before the Board amended the County's zoning ordinance to require a special exception for data centers in the M-1 District.

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