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City of Fairfax City Council Work Session, Tuesday, March 3, 2026

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[00:00:55] evening and welcome to our work session of March 3rd, 2026. I'd like to call meeting to order. And before we begin the work session, I would like to invite Cub Scout Pack 882 to come up, stand up, and lead us in the Pledge of Allegiance. So if you are able and choose to,

[00:01:14] please rise for the Pledge of Allegiance. Thank you, Cub Scout Pack 882. We appreciate you being

[00:01:59] here with us. I will now recognize Ms. Shinneberry for the first work session item for discussion. Our first item is a FY27 budget presentation by schools. I'm going to recognize Dustin Wright or school superintendent for the presentation. Thank you Ms. Shinneberry and good evening Mayor Reed, members of the city council, members of the school board, and other members of the city leadership team. My name is Dustin Wright. I'm the very proud superintendent here in the city of Fairfax schools and it's a pleasure to be with you

[00:02:37] tonight for this joint work session before we begin I want to start with a brief note of gratitude I stepped into this role just about three months ago and it's been a wonderful transition I'm deeply appreciative of all the support from lots of different people this council the school board the members of

the city government their support and guidance has been critical to help us get to this point our school leaders and staff the engaged residents and most of a big thank you to our students they're why we're here here in the city of Fairfax schools and we're so proud of what they do every single day tonight's

[00:03:15] presentation is a discussion about the FY 27 advertised budget for this school system we hope that it reflects three consistent priorities throughout the presentation the first is strengthening the connection between our schools and our broader community the second is supporting and empowering our educators and staff and third is keeping students at the center of everything that we do i want to briefly orient everyone about the structure of this presentation and where we'll be going tonight we'll begin with who we serve and how our system is organized i know that there's a lot of

[00:03:50] knowledge about that in this room but i think it's helpful for the public and anybody listening to have that information available we'll then spend some time talking about the school services agreement and the tuition related to that because that's a primary cost driver in this budget and and then we'll conclude with the actual FY27 operating budget and the timeline ahead.

[00:04:10] I think we all know that we have four wonderful schools and an academy here in the city of Fairfax, but we have Daniels Run, Providence Elementary School, Catherine Johnson Middle School, and then Fairfax High School and the Fairfax Academy. Each school has its own identity, but they share expectations, programming, and outcomes.

[00:04:30] Last night we heard a state of the school's presentation at the school board's work session and then an elementary-specific presentation. We got to see firsthand a lot of the amazing work that's happening. I was so impressed by the depth and the breadth of what's happening, but also the intentionality and the strategic coherence of what's happening in their schools and how they're using their resources in a way that benefits every single student.

[00:04:56] With these five programs, they provide a continuum of early learning all the way to graduation. And while we are a small school division, our students have access to a broad academic options and extracurricular pathways. And I think that's one of the things that makes our school division so unique.

[00:05:13] Our size allows for personalization, and our partnerships allow for scale. Just to orient the members of the public in this room with some of the numbers for the city of Fairfax schools, I think you can see some of the key statistics.

[00:05:35] We have about 5,400 students that attend our schools. 2,900 of those students are city residents and 2,500 are county residents. And I think that's another great component of our partnership. Governance is provided by this five-member elected school board that is up here with me and one superintendent and then a great central office staff.

[00:05:57] Our school services agreement, which was established in 1962 and then revised in 1978 and has been in place since then, is what guides this partnership and will frame a lot of the components of the budget that we'll see this evening. Speaking specifically about that school services agreement with Fairfax County Public Schools, we'll take just a brief second to unpack that.

[00:06:20] That agreement is between four parties, the city council that I'm speaking to today, the school board that's right up here with me, and then the Fairfax County public school system and the Fairfax County government. The way and the structure of this agreement has Fairfax County public schools

managing and operating the city schools on a day-to-day basis, including the staffing and curriculum, and then our city school board provides governance and contract oversight.

[00:06:49] It provides supplemental investments and budgeting, and it maintains the four city-owned schools. And I'd like to clarify that word maintain. That's around the capital improvements and capital upgrades to the schools. The actual day-to-day maintenance is part of the contract with Fairfax County Public Schools.

[00:07:06] This model gives our city students access to specialized services, advanced programming, academy programs, and other regional opportunities. And it also places a responsibility on our city to invest deliberately in our facilities and our supplemental support. Now we're going to take a look a little bit of those students that I was talking about earlier, about who they are, and how many are in our schools currently.

[00:07:30] The information that you see on the screen is enrollment information or membership information from September 30th of 2025, so the start of this school year. And what you're seeing is two sets of information. One is on the left is our city students, and on the right is Fairfax County Public Schools overall.

[00:07:49] And it's a comparison between the first day of school this year and the first day of school last year. And so you can see a lot of blue down arrows. And what we saw regionally in Northern Virginia is a downward trend in enrollment. So students that ended last year on the last day of school, a smaller amount of students showed up on the first day of school.

[00:08:09] And this is not anything that was unique to the city of Fairfax or Fairfax County Public School. There were measurable decreases in Loudoun, Arlington, Prince William, Montgomery County, Maryland, and several of our surrounding districts. Now, the next piece of information we want to provide is the comparison between our membership in September that you were just looking at and something called the ADM, or the Average Daily Membership.

[00:08:39] And all of this information is important context to helping understand the contract that we have with Fairfax County Public Schools and the tuition bills that we receive. The ADM is an important metric because it's not a one-day snapshot. That membership number is on September 30th, how many kids were in school.

[00:08:59] The ADM actually reflects student participation over the course of the year, and we get a final number on what that is at the end of March every single year. And this number is important because it not only is the key driver of the calculations in our school services agreement, but it's also the number they use for state funding, which we'll talk about in a minute.

[00:09:21] It's also the number that helps drive the local composite index, which is another key local funding metric from the state. For tuition purposes, we always want to understand how the city's ADM compares relative to FCPS's ADM. Because if both are going down, our percentage is going to stay relative.

[00:09:38] But if we see different directions for those memberships, we're going to see impacts on the tuition bill. Long-term planning must also account for development trends within the city as it relates to our membership. This slide gives an overview historically of the tuition payments related to the school services agreement.

[00:10:02] What you're going to see are that there are two forces consistently at work. As this tuition bill has gone up, we've seen incremental changes in the city's ADM, but what the key driver is on the increase of this are the increases in the operating costs we see with our partner in Fairfax County Public Schools.

[00:10:21] So yes, our enrollment fluctuations will impact this, but what is driving the increases that you see year over year are related to those FCPS operating costs. I think it's important to note that these figures include the actual tuition bill and the rental credits that we receive for Fairfax County students that attend our schools and it accounts for the year-end true-up. That year-end true-up is the reason that FY26 is estimated at this point because we won't have the

[00:10:50] exact number until the fiscal year closes out this summer. On this screen you'll see some of the factors that are impacting the tuition bill and we talked about those primary factors already. Again it's there's our enrollment is a component of this but the operating costs are the key driver some of the secondary factors include the proportional enrollment so when we were talking about our ADMs being relative between the city and Fairfax County that's a that's what we're referring to there the grade level distribution there

[00:11:27] are minor differences between the cost of an elementary middle school and high school student in the school services agreement and then those classroom rental adjustments and year-end true-ups. The boundary process and utilization decisions in our buildings can also be secondary factors related to this over time. We're going to show three slides, and I think some of these were in the city manager's presentation that you received last Tuesday night. And I think what we're trying to point out on all three of these slides is a

[00:12:02] similar shape. So as you see, you're going to see a slide on our enrollment, which is on the screen now and then a slide on the operating costs and then our tuition costs. I think one thing that's important to point out with the enrollment numbers that you see here is that all those yellow ones are projected. We are currently far under the projection for the current year so the projection and what the budget was built on was 3,077 students. You saw on that opening slide of where September numbers were of 2,942 so almost 130 students lower than that

[00:12:41] projection and that lower than expected projection has stayed steady throughout the school year as of the end of January we had 2,947 students so we're still significantly below that projection and you can see that 3,103 students is the projection for next year that's going to come up here in a minute and it's our anticipation we have calibrated that with Eric Foreman and his team that that number is again going to be lower as well here's that aforementioned picture about the FCPS operating costs that are that similar shape as our enrollment

[00:13:18] projections the operating costs are continuing to go up and then you'll see this is the exact chart that I showed you on a vertical table form but here's just a graphic presentation of it to show again that similar shape at the end of January Dr. Michelle Reed the Fairfax County Public Schools superintendent presented her proposed budget to the Fairfax County Public Schools School Board you'll see some of the basic information that was in that proposed budget a few weeks ago mr. Brian Hill the Fairfax County executive presented

[00:13:56] his proposed budget to the Board of Supervisors what he's proposing for the school transfer is significantly lower than the hundred ninety seven million dollar increase that you're seeing here so I think

the proposed budget will undergo some changes between what was presented to the public and what will be approved by FCPS.

[00:14:14] What's important to note is on that second bullet, in this proposed budget, Fairfax County estimated that the city of Fairfax tuition bill would be approximately \$77 million. In working with the city government's financial team led by Mr. Martinez, the chief financial officer. We looked at that number, looked at some of the past history around the tuition bill, and also looked at that enrollment projection. And you can see that \$77 million is based on that enrollment projection of 3,100. And what you'll see in the city of Fairfax schools budget is a

[00:14:54] lower tuition number than that \$77 million, because we want to be realistic about where we think it's going to end up but we also have some budgetary tools available and in the event that something changes in terms of that final amount on this screen you'll see a high-level summary of the city of Fairfax schools operating budget across you I'll orient everyone to where we are in terms of last year's budget FY 26 is in that estimated column because there are some things that that we don't know until the end of the school year and then you can see in that

[00:15:32] third column, what we're proposing for the upcoming fiscal year. The operating costs, which includes salaries and communications and legal fees and compliance fees are across that top line. I'm going to skip the CIP maintenance and come back and reference that specifically at the end. The tuition bill, where we talked about it being estimated right now and that delta between the \$77 million, Fairfax County estimated, you can see we're estimating just below \$74 million.

[00:16:02] And then debt service for some of the capital projects that have happened with the schools in the past. That improvements line is something that will probably in future budgets go to the operating funds. It's related to maintenance on our turf fields, but to keep with past practices, it's in there.

[00:16:19] And then you can see the totals at the bottom. As you heard, Mr. Alexander give a great presentation last Tuesday. Citywide, across the city government and the city schools, we've made some shifts in our CIP process. For annual, every year maintenance things, painting, concrete work that have been in the CIP to actually bring them into the operating budgets.

[00:16:42] And so what you'll see there is we are following that same practice in the city of Fairfax schools. And of note is the significant decrease, approximately a half a million dollars in those CIP maintenance items because we were able to do an analysis and find existing balances in many of those accounts.

[00:17:03] It's our belief that that will cover what we need for this year, and we felt that was the fiscally prudent thing to do moving forward. So that's the explanation between the significant decrease in that category. There's two more slides that I'd like to share before we open it up for conversation.

[00:17:21] This is related to our estimated state revenue. In the Commonwealth of Virginia, there are two large buckets of state funding that go directly to supporting school systems. You can see the sales tax and the basic school aid. These are calculated from that ADM number, that average daily membership that we were talking about before.

[00:17:42] We did some great work with Mr. Martinez and Ms. Riddell about estimating where we think we're going to be for this year. We got some good indications from the previous governor, his proposed budget that was put out in December.

[00:17:58] And then we'll have to see where things end up through the legislative process in Richmond to see what that final FY 2027 budget is. I don't, my reading of the tea leaves is I would not expect it to be less than the number that we estimated in December, but we're monitoring that closely.

[00:18:16] I think it's important to note that within the overall school's budget that you saw on the previous screen, that bottom line number, that's inclusive of this funding. So about \$15 million of that is directly from the state funding, and then the rest is from a few other sources and then the city transfer to the schools.

[00:18:39] The last slide that we'll look at is the comparison of the distribution of the general fund in localities for school-related expenses. So you can see this across the northern Virginia region where City of Fairfax lands in comparison to other jurisdictions.

[00:19:02] And then as we mentioned on that last slide, that 38% is inclusive of that state funding. So I would share that most of these other ones do not include that state funding. So our number might be a little bit smaller if that state funding was removed. But regardless, we think that this demonstrates a really impressive commitment to the schools and the city of Fairfax.

[00:19:25] And we're very grateful for that. In terms of timeline and the budget process, on the school side, we went through a proposed and advertised budget in January and February. There were public hearings on both of those.

[00:19:41] And now we're in this process of moving through the city council's process. so we've got this joint session tonight there'll be public hearings throughout the rest of this month in April and then a voting procedure in May I would just close by sharing our gratitude for the support we're very fortunate to have the opportunity this evening to walk through this budget and to be able to answer any of your questions and we're hopeful that this proposal reflects stewardship strategic intent and a clear focus on our students here in the city of Fairfax

[00:20:14] So with that, I appreciate the dialogue and welcome any of your questions. All right. Thank you very much for the presentation I will call on councilmember Amos. No, thank you for this presentation. This was excellent I really only have one question and just for clarity and this might go to City manager Alexander So when it comes to the decline in enrollment numbers from the presentation last week That was not factored in into the into what was incorporated the budget. Is that correct? Just for clarity?

[00:20:47] Yeah, I'm not understanding your question. So in this presentation, they're reflecting a decline of roughly 130 students from that \$77 million that we were looking at. Was that already factored into the budget that was presented or no? Yeah.

[00:21:03] I'll turn it over to the expert. Thank you, Counselor Amos. Like Dr. Wright mentioned, we do work very collaboratively, and we did factor those numbers in, in addition to what we were projecting from Fairfax County on a potential transfer to FCPS as well.

[00:21:24] I think, as Dr. Wright noted, that was one of the reasons why we did not meet that fully funded request from FCPS of 77. We're coming in at 76.4 before the school rental credit is given. Understood. And is that also going to be adjusted per whatever the county ends up moving forward with under the county executive?

[00:21:45] That would be something that we would take into consideration and I think this year our budgets kind of align with Fairfax County and ours I think we're adopting on the same day as well. So we would know what that final number will be. Okay. Thank you Councilmember Hall. I have two questions. The first one is are we gonna get a read-aloud like you had at your meeting last night?

[00:22:08] I left the book in my car. I'm sorry, but but I can make something happen real quick I want to thank you all for being here. Can you maybe, and I don't expect you to know these numbers off the top of your head, but can you maybe just highlight some of the top five or six things that are causing the operating costs from the county side to go up?

[00:22:27] I know we say operating costs a lot, but what exactly does that mean? No, I really appreciate that question. I think it's a really important one. Some of these numbers are going to be pretty close, but if we want the exact numbers, I would want to go back and get those.

[00:22:44] I think where you're seeing in any school budget, and this applies to ours even though we have a non-traditional process, but in Fairfax County the last several years, I think it's been between 87% and 88% of their overall budget is all related to employee compensation and employee benefits.

[00:23:03] So those increases that you're seeing are very much tied to the cost to support the employees. In my review of their proposed budget, you're not seeing massive increases in their FTEs.

[00:23:19] You're not seeing lots of new positions that are coming. You're seeing the agreements that they have with their employees through the collective bargaining process. They're finishing their first year of a CBA, and they're moving into their second. Um, last year had, um, kind of not a, I wouldn't say a catch up year, but a higher than, um, it's, it's the highest year in the CBA in terms of the employee compensation. It levels out a little bit this year and stays, uh, fairly regular the next, uh, few years. I think it's right around 5%.

[00:23:51] Other big places where you see, um, significant increases is in the cost of benefits. So no different than what we're looking at here in the city government, you know, our health benefits, Um, um, our retired retirement benefits, you see those increases, you know, oftentimes in budgeting practices, at least on the school side, a lot of times a budget will, you'll factor in our 10% increase in your medical benefit costs. So I think that's another one, uh, council member hall. Um, you know, the, their, their enrollment is probably not going to continue to go up. Um, again, they were expecting about 180,000 and have 177,000 roughly, um, this year.

[00:24:29] and I don't think they're projecting to have a significantly higher enrollment. So I think a lot of those increases are all related to those employee compensation. Thank you. I expected that was gonna be the answer, but I think it's helpful for those that are following at home just to know exactly what is in there.

[00:24:45] Thank you. Other questions? Council Member Peterson. Well, I also wanna thank you for a really helpful and clear presentation. You mentioned at the outset that one of the roles that the city plays is supplemental programming and supplemental resources.

[00:25:03] And if you could just unpack that a little bit more, let us know a bit more about what those look like and how they fit into the budget overall. That is a wonderful question, and I really wish I had a playback.

[00:25:20] Council Member Hall was mentioning me reading a children's book in the school board work session last night, or an excerpt of it. But prior to that, we received a wonderful presentation from the leadership team in Region 5 that supports our four schools and then from our elementary school principals.

[00:25:40] And especially the elementary school principals really focused in on what are the benefits and what are the returns on investment, to use a budgetary term, from the supplemental supports that come from the City of Fairfax schools. So to provide a few examples, if you are in either of our elementary schools, they are going to receive all the staffing allocations that a typical Fairfax County public school would receive.

[00:26:07] And that's based on enrollment. And then there's also a needs-based component that Fairfax County public school uses to determine how many classroom teachers, how many PE teachers, how many special education teachers. We're very fortunate that through our agreement and through these budgetary numbers that you see, we're able to take that allocation of staffing and then supplement it with additional positions.

[00:26:30] So both of our elementary schools, just to start, there's three additional positions that each principal uses a little bit differently that provides a full-time math resource teacher, a full-time science resource teacher that we've had. The City of Fairfax schools have had advanced academic teachers long before they were in our elementary schools.

[00:26:47] Other things that you'll see that we're supplementing that are not available in other elementary schools. I'm going to tell you a personal anecdote about that in a minute. Both of our elementary schools have full-time security specialists, which is not, there's not another elementary school around that have that.

[00:27:04] We have AVID at the elementary program, which is a really powerful instructional program that is all around college readiness. And a lot of places where you'll see it start is in 11th grade. We have it starting in 11th grade, but we also have it in our middle school.

[00:27:20] I spoke to an 8th grade AVID class last week. And then we have it in elementary school, and there's not too many programs like that around. We have a teacher that goes back and forth. We have a behavioral specialist teacher that goes back and forth between our two elementary schools. As you move up to our secondary levels, you'll see several other versions of the supplementary staffing positions that we provide.

[00:27:40] That's one component of the supplement, Councilman Peterson. AND I THINK ANOTHER KEY PART OF IT IS THE SUPPLEMENTARY INSTRUCTIONAL FUNDS THAT WE PROVIDE EVERY SINGLE YEAR. AND THESE ARE WAYS FOR US TO WORK WITH OUR SCHOOL LEADERS TO ADDRESS SPECIFIC NEEDS THEY HAVE IN THE BUILDING OR ALSO TO EXPRESS OR TO ADDRESS SPECIFIC AREAS THAT THEY WANT TO INNOVATE OR TRY NEW THINGS.

[00:28:05] WE HAVE BEEN ABLE TO DO REALLY GREAT THINGS WITH OUR ACADEMY PROGRAMS AT FAIRFAX HIGH SCHOOL. TO PROVIDE I WAS AT PROVIDENCE ELEMENTARY SCHOOL AND THEY WERE DOING SOMETHING CALLED MATH LAB SITES WHICH IS A REALLY POWERFUL PROFESSIONAL DEVELOPMENT APPROACH WHERE TEACHERS CAN LEARN FROM EACH OTHER BUT YOU NEED SOME SUBSTITUTE COVERAGE SO THOSE TEACHERS CAN BE IN A CONFERENCE ROOM LEARNING FROM

EACH OTHER WHILE THEIR STUDENTS ARE SUPERVISED THROUGH THE SUPPLEMENTARY INSTRUCTIONAL FUNDS WE'RE ABLE TO PROVIDE THOSE IOWA WAS A PRINCIPAL NOT IN A CITY OF FAIRFAC SCHOOL AND ALL THE THINGS THAT I JUST DESCRIBED WERE NOT AVAILABLE TO ME SO BE HAVING THAT

[00:28:42] awareness from, I was an assistant principal at Daniel's Run and then became a principal right down the road about a half mile away. It was a rude awakening when I got there to see all the things that I was not able to access that I was used to being able to access at Daniel's Run. So hopefully that gives some sense of what those positions are. I would give you one more example that is one of my favorites. We have something called a transition counselor. So we WE HAVE ONE OF THE MOST POWERFUL EDUCATORS I'VE EVER ENCOUNTERED.

[00:29:14] AND WHAT SHE DOES IS SHE SPENDS THE SPRING AT CATHERINE JOHNSON SUPPORTING OUR 8TH GRADERS WITH THAT TRANSITION WITH CLASS SELECTIONS AND THEN SHE SPENDS THE FALL AS THEY TRANSITION OVER AS 9TH GRADERS TO MAKING SURE THAT TRANSITION GOES WELL.

[00:29:29] SHE'S BEEN A CRITICAL PART OF THE 9TH GRADE ACADEMY THAT HAS BEEN STARTED AT FAIRFACS HIGH SCHOOL IN PART WITH SUPPORT FROM OUR CITY FUNDS. transition counselor doesn't exist at Oakton High School and its feeders it doesn't exist in some at Woodson High School right down the road and it's because of the support of the school board this council and our community that we're able to have resources like that I could keep going on the capital front but hopefully that gives a good sense right there well thanks it really does just to follow on and maybe if you could wear your educator research hat for just a minute how much

[00:30:08] of a difference does that make in terms of cognitive learning and development for the students? And how much difference does it make in their individual health as well as the broader community health that's associated with the school programs?

[00:30:25] I think you're asking me to put on my researcher hat. And when I went to-- when I did all my research classes during my doctorate program, I also had a two-year-old and newborn twins. So I might have been a little sleepy on it a few of those days. So, um, but, um, I think what we can, so I would say it makes a, you know, we, we can find specific programs, um, that are supported that have those cognitive, um, uh, impacts.

[00:30:53] Uh, I'll give you another example. This is a, a program that exists at Fairfax high school that comes from the city funding. They have a Saturday school program. Um, when I was in high school and then when I was, um, a teacher, Saturday school had a negative connotation. Saturday school at Fairfax High School is there are some students that are invited absolutely but the large majority of the students and I was able to attend it in January are students that are there seeking out extra help there are students that are there seeking out extra help in our advanced classes so one of the you know I was at a table with a bunch of calculus students that were there on a Saturday working with one of the math instructors getting that extra help

[00:31:32] I think we can find, we could look at a program like that or the AVID program. AVID's an acronym that stands for Advancement via Individual Determination. We can find some of the return on investment or what is the cognitive impact from some of those students.

[00:31:51] That's definitely available, and we can look into that a little bit further. But one of the things I would share, too, is that, and this is how I closed some of the comments last night with the Region 5 team in the presentation, is that as we talk about these supplemental funds, absolutely they make a specific difference with those AVID students, with those Saturday school students, with the students that are accessing the new floor that we put in the auto shop that makes it safe, and when the oil is on the floor, it makes it easier to clean up.

[00:32:22] all of those are specifically there and those type of supplements kind of ripple out right they impact i think the overall organization they impact the entire school so we make some specific supplemental investments here in the city of fairfax but they impact every student in the school and then i would say they impact our city students and our county students and i think that's good for every single person that's there other questions council member bates uh thanks so uh Just something that just occurred to me and I understand he might not have.

[00:33:00] And actually, this might be more city manager, but I understand if you don't have the answer tonight. But looking at, you know, the estimate for 2025 to 26 was, I believe, 3,077.

[00:33:16] And then it's, you know, 2942 as of September and then 3,103 for the following year. And you were saying that that might come down as well. Is that based on the same ratios and process as the numbers that we see on the development side, like in the fiscal impact analyses and that kind of thing?

[00:33:40] Or is that sort of a different process? I know you mentioned Eric Foreman, but how does that work? Yeah, that's a wonderful question. I might call on a friend as well. So these projections come from, these specific ones are coming from the Fairfax County Public Schools projections that they use.

[00:34:03] We always work with Eric to say, hey, are these in the ballpark of what you're seeing? And then as we look farther out, we're trying to get really good indications, predictions I think might be too strong a word, of what could be some of the impacts of the development from an enrollment perspective, right?

[00:34:24] We know that there's a lot of other impacts economically. And so what he's done a really great job for us, there was a November work session we can provide this, Councilman Bates, where he's looked at not only all of the developments that have recently come online, but also all the developments that are either in permitting process or in construction, and then some of the ones that are proposed.

[00:34:49] And he's looked at, he's helping us understand the number of units, the type of units that they are, and then what are some of the potential generation rates for each of those units. And so he has some really good estimates on, you know, the two-bedroom condos that we're seeing at the new botanist development that's on Eaton Place.

[00:35:09] We're thinking that it might generate this amount of students. So we're definitely going to be able to have decent estimates on that. I think right now, even if we account some of those, these yellow numbers are still on the aggressive side for how many students we're looking at.

[00:35:25] But the development question is something to continue to monitor from a school enrollment perspective, just from our capacity. But it's also going to be one of the primary drivers over the tuition bill. So hopefully that gives some information.

[00:35:42] Is there anything you wanted to add? I would just say that Eric also works very closely with Fairfax County. So he collaborates with them in terms of using, I think, some of their resources. We have,

as I think we've had the conversation before, that he is, when he looks at the type of housing, the same formulas or the same yields that we may have used 10, 15 years ago no longer are accurate.

[00:36:15] So we are seeing more students out of housing types that we historically have not seen. I think I used the Scout as an example and what was the Moxley.

[00:36:31] We were slated to have a handful of kids out of Scout, and we ended up with more than 50 kids. I think it was 54 to 57 kids. So I think Eric has done a really good job of taking all of that into consideration.

[00:36:49] All that to say that we still think these numbers are a little bit high. Typically, when we get the September number, it's generally historically higher than the ADM comes in. So we'll wait and see.

[00:37:06] But I think we'd be hard-pressed to have another 130-ish kids by the end of the school year. No, thank you, Chair Pitches. And we receive monthly updates on this enrollment and then that ADM number that's going to impact the current fiscal year.

[00:37:27] We should have that. Usually it's the first or second week in April, which will be able to be information that we can share during this budget cycle. So basically these numbers are all from FCPS, even the projected numbers, but with collaboration with Mr. Foreman?

[00:37:46] That's correct. Okay, thanks. Council Member Hardy-Chandler? So thank you again for your presentation. I appreciate the discussion earlier about the impact of the supplements on programming, what's available to students.

[00:38:05] Can you confirm that the operating costs also include employee professional development? I'm talking about teachers and others, counselors, other people who support the educational programming. Absolutely.

[00:38:23] So I'll try and just make a few distinctions. Within our tuition bill that goes over to Fairfax County Public Schools, there is significant amounts of professional development. There's also significant amounts that covers our teachers to have access to the world-class literacy professionals that are a part of their central office, so it definitely includes that.

[00:38:47] It includes, again, professional development opportunities for students, administrators, and the like. In terms of the supplementary instructional funds, we have a specific part of the city of Fairfax operating costs that top line that you see a good chunk of that is supplementary instructional funds and councilmember Hardy Chandler I would say the large majority of that is typically directed towards staff development by our schools things that our principals are using to get extra resources or to send their teachers to a

[00:39:23] training that's probably the primary driver it's a it's a really good light line item for them to be able to do that so in the overall budget absolutely and And then in our supplemental funds, that's something that's a focus as well. We ask them to line up.

[00:39:41] They send us a proposal each year that is lined with their school goals and their school needs. And they do a really thoughtful job of making sure they're using it in the right way. I would also add that the money is also used for a lot of summer programming.

[00:40:01] Over the years, what FCPS is able to offer for summer programming has fluctuated. So some years they offer everything. Some years they offer nothing depending on their budget. And we're able to provide some of that summer programming, such as Bridge to K.

[00:40:20] We've had, we have the Fairfax, they changed the name. I don't, this year, I think it's the, is it the? They have a summer jumpstart program. There's, Catherine Johnson has something called Eagle Fest, and these are all programs that, in certain times, they've been a part of the tuition bill, but more recently, there are things that we are providing support for, and it really makes a big impact for our students.

[00:40:47] And sometimes over the years we've provided late buses, we've provided money for field trips, just a variety of things. But as Dr. Wright said, the majority of it is for resources and training that directly affect the students.

[00:41:07] Councilmember Amos? Thank you. I only have one more question. This might be just more of an educational piece and some historic knowledge, so I'd appreciate some context. So if you could go back to slide 11 for me. I think it was slide 11 with the chart.

[00:41:24] So I'm just curious about this. So someone could look at this and say, all right, our enrollment this year likely wouldn't meet what it was in 2020. Obviously, pandemic changed a lot for us. And I may be wrong. Let me know if I am. The CBA agreement didn't really start impacting until last year's budget, FY25.

[00:41:44] So we're talking a \$20 million increase within four to five fiscal years, essentially. what is that distribution like especially considering the cba agreement didn't really start hurting us till last year not hurting us but more directly impacting us last year was that still for teacher pay was it that we needed additional special needs assistance following the pandemic what exactly happened here just because it can be a little confusing and that may not be a tonight question i understand so you're pointing out some really

[00:42:23] important facts for this council and for our public so you i if i was hearing you correctly we started on some of the enrollment piece so let me just address that real quick um yeah you are seeing a chart that starts in 2020. i think the the highest enrollment for city of fairfax has been right around 3100 it was you know in the 2016 2017 area and then we saw that drop enrollment wise And you can see it building back up, but again, it's our projection that it's still going to be hovering right around where we were last year.

[00:42:59] In terms of Fairbanks County Public Schools' collective bargaining agreement with their educational staff, it's actually this FY26 is the first year where it's actually impacted. So they were talking about it last year, and then the agreements for it impacted the FY26 budget.

[00:43:18] Some school districts are a little bit different. I used to work for one that they're in year two of the actual contract, so they were about one cycle ahead. There are some, you know, and some of this is just ongoing with the negotiations.

[00:43:35] That school district that I was referring to, they're actually beginning to renegotiate their next round. It's a four-year contract, but so it can be a part of the fiscal planning process. They have to do it early. In terms of the question around the increasing costs, so I would say, you know, it's a lot of different things.

[00:43:54] It is, again, the employee compensation is a component of it. I would say you're having schools try to bring on additional staff members and additional resources to address the changing needs. We've seen a greater need for mental health and social and emotional supports in our school systems.

[00:44:13] You've seen greater needs around special education. You've seen other costs that have been increasing over the years. But I think it's a helpful observation that there's been, you know, that our tuition payment has increased at that same rate that we're seeing those operating costs.

[00:44:30] And especially from about 2017 on, there's been a pretty steady increase each year. I would also say, Dr. Rightwood, also some of the funding that we lost after COVID, those needs didn't change.

[00:44:46] So essentially, Fairfax County Public Schools had to pick up the bill to continue providing those services. So while operating costs were extremely low in 2020 to 2021 because of COVID, we weren't running buildings. We didn't have all of the extra.

[00:45:03] So when we start doing that and we lose the funding from the state and the federal government, then, you know, they have to kick in for that. I would say that that might be also a factor. Absolutely. Yeah, and I'm just going to assume these are similar trends we see in other jurisdictions.

[00:45:23] So, but thank you. Appreciate that. Council Member Peterson. Just to follow on that, do I understand from your earlier comments that that rate of increase in cost is projected to stabilize at the 5% level or so the next couple of years?

[00:45:47] And then do you have any forecasts beyond that in terms of where this goes, in terms of are we looking at kind of a predictable, more stable situation in the future? I think Chair Pitches wants to answer that one.

[00:46:04] I think that's a really good question. So one of the things that when, if you read in the state code for when superintendents are asked to develop budgets, they're asked to develop a needs-based budget every single year to identify what are the specific needs of the division and to put that in there.

[00:46:28] What is a useful rule of thumb, not to be quoted on it, not to be splashed across to the headline Dr. Wright says, is to just come to roll over a school division you're looking at to do nothing new to just to continue it for another year with those employee compensation increases with other contractual increases you know the the the hvac maintenance contract is just going to increase you know from year to year a lot of divisions use a rule of thumb of three to five percent of just rolling over and then if you're looking at specific enhancements that will be an

[00:47:07] additional increase I think councilman Peterson I would be unable to say is it going to stabilize from the Fairfax County Public School perspective without kind of knowing you know what are the specific programs they're going to be trying to do each year but I think one of the things that mr. Martinez has been doing a great job of is helping us have through looking at some of the historical data and then really staying in close contact with federal County public schools throughout the school year having a number that we can be much

[00:47:43] more confident in in terms of budgeting at this time of year I think from year to year we'll just have to continue monitoring it some of it is going to be driven by decision enrichment because the more support that they can get there then I think you're going to see less of the impact on the operating cost.

[00:48:00] So predicting a few years out would be, I'd probably hesitate to do that, but trying to find, I think everybody's looking for some stability and looking for the ability to plan long-term at this point.

[00:48:18] Other questions or comments? Okay, trying to figure out enrollment, I think, is difficult, and there's a lot of outside impacts. So there's out-migration from the Northern Virginia region because the

shrinking of the federal government, but we don't track how many of the people leaving are families with children.

[00:48:41] So there's a lag between impacts like the economy has shrunk or jobs have disappeared and families are leaving the area. We do know there's out-migration. We just don't know how many are taking school-age children with them. The second thing is the birth rate is down, as it has been.

[00:48:59] It continues to drop, to drop, to drop, which means that there's fewer kindergartners, which means, you know, it also dramatically, and you can't really predict that as far as the city schools. We're very small. And then the other thing is the immigration deportation program.

[00:49:15] And the government is taking huge numbers of people, including families with children, out of the public school systems and out of the country. And we have no idea how many or even who. And their investment in building these enormous detention centers, including in Virginia, kind of signals the fact that this is not going to slow down either.

[00:49:36] This pulling out of children from schools everywhere in the country, including in Virginia and in northern Virginia. So I think all of this makes it really difficult, aside from the cost per pupil or the ADM, is to figure out in the succeeding years.

[00:49:52] and we have several more years to go, of looking at how school populations could shrink because of these factors, the enrollments themselves, and those to me are the three big ones, out-migration because of the economy, the falling birth rate, and the fact that we have massive deportations.

[00:50:11] And so I think it's good to be conservative and to stay on track without necessarily thinking about those factors, because you can't really predict them, and we don't have data on those. There really is no data on those things. So I think it's important to stay conservative and understand that it might be even less than we think it is in the succeeding years.

[00:50:31] But better to plan for the high side and then adjust if the enrollment isn't what we think. Just my observation, if you've got thoughts on that. I think that's a great observation. And I would agree with the assessment of a lot of the possible reasons that are causing this.

[00:50:52] would agree with being conservative and I would agree with it's something that we need to continue to monitor one of the things that we do in our schools that's happening kind of right now is you know because the the projections that were higher than we were expected are done with a lot of rigor and by some of the you know some really smart people and we still had students that left in June it did not come back in August we the the schools do a good job of you know intent forms every single year so at some point in the near future for my three students I will fill out a

[00:51:29] piece of paper that says they're coming back or they're leaving and typically people are fairly helpful in terms of saying they're leaving to go to a private school moving out of the area home school private you know all those different options so we'll have some of that information but But, yeah, I definitely agree with you that being conservative and keeping an eye on this diligently is going to be really, really important.

[00:51:54] And it's important planning for our schools as well. You know, the difference between 100 kindergartners and 110 kindergartners is four classrooms and five classrooms, right, which is a human that we need to hire and we want to hire the best possible teacher.

[00:52:10] So knowing what that enrollment is as early as possible is critical. All right. Thank you very much. We appreciate you all being here with us. Ms. Shinneberry? Okay. Our next item is discussion on general fund questions and discussion. I'm going to recognize Daniel Alexander, our city manager, for the discussion.

[00:52:29] Good evening. Thank you, Mayor and Council. It's been about a week since we made a presentation to you on the manager's budget. We thank you again for that opportunity. We have staff here available to answer any questions. We do have a few discussion items later on real estate tax rate and setting the rate later on this agenda.

[00:52:52] For the tough questions, I've got JC Martinez sitting next to me. For the really tough questions, we have Gwen Riddle. That's going to come up to the table. Gwen, thank you. And so look forward to answering any questions you might have on general fund or, frankly, anything else in the budget.

[00:53:08] No presentation for this one. Oh, no presentation for this one. We're just we're just opening it for questions. All right. Councilmember Amos.

[00:53:25] I only have one question, which I was going to say for the tax rate discussion later. But obviously, we had the discussion back with the urban forest master plan about the climate and energy manager. That's something that council wants to proceed with. So factoring in this additional position, obviously, we need to have a more robust discussion after we all take a little bit more time to absorb this budget.

[00:53:47] When factoring that in, what exactly do we need to do as a group to accommodate that in this budget if that's something we list as a priority? Yes, so right now, as the budget is presented, the only enhancements are really study-related, that about half a million dollars, if I recall correctly, and there aren't any other enhancements included at this time.

[00:54:09] So if there is an interest by the council to move forward, then we would have to identify the capacity to do that within the budget. you know find additional revenue any other questions under this item just give them a second just give them I'm just seems like people just trying to find their their marker and Councilmember Bates would could you

[00:54:45] Talk a bit about the the pay study that has been discussed as part of this the ad generally, you know we haven't conducted a really systematic objective review of both classifications, which is not just compensation, but how we have identified positions within the enterprise.

[00:55:07] The challenge is that, you know, if you don't do an objective review, then you're left at the vagaries of individual departments creating classifications without concern for objectivity and equity as you look at your workforce.

[00:55:24] So classification is an important part of what we need to do as a government looking at that. And then from that, doing some comparators around positions throughout the organization on compensation to make sure that, you know, we're within the market as it relates to the positions.

[00:55:41] So it's really important, in my estimation, to do both, to understand, you know, where our classifications are, to ensure that there's internal equity and also, again, kind of comparing against the market to see where we should be as it relates to those classifications within our workforce, and then using

that to start to look at compensation, both internal and making sure there's not compression where there may be some, and also ensure, again, that we're being competitive in the larger marketplace.

[00:56:14] Yeah, thank you for that. And I fully agree, you know, I think that's a very important first step. toward making sure that, as you said, we are looking at both internal comparisons and also how we fit into the market.

[00:56:31] We want to make sure that everybody is compensated fairly and for the hard work that they all do. Additionally, we discussed the... So, again, besides the climate and energy manager, we're not talking about any additional FTEs, right?

[00:56:53] Yeah. And I think that's all I have for now. Thanks. On the pay assessment, is this going to wrap into that, our ongoing evaluation assessment of the temporary employee situation we've been dealing with for several years?

[00:57:20] Certainly. That will be wrapped up into that? Absolutely. it's something that we've paid a lot closer attention to as we've looked at this last fiscal year budget essentially every position that's come open or otherwise has come to our attention we've taken a look at not only whether we fill those positions about but also whether it's appropriate that those positions are full-time part-time or temporary and character and so we certainly have seen a lot of temporary positions and be not so temporary and so So as part of this overall review and, frankly, as part of what we do looking at efficiency

[00:57:57] and as we look at performance management moving forward, all of those things will get a constant look. Thank you for that. Councilmember Hall and then Councilmember Hardy-Chandler. Thank you. I have two questions.

[00:58:13] The first one, and I know you addressed this by email to us, but there was an article that came out today that indicated that James Waukeshell announced that Of the \$9.2 million in federal funding that's coming to Fairfax County, \$1 million was for a 7,000-square-foot expansion of the City of Fairfax Police Department station aimed at strengthening training capacity, specialty vehicle storage, and community policing resources.

[00:58:39] If I recall correctly, I think this is actually an \$8 million line item that's in the CIP. So we've now been given \$1 million out of an \$8 million project. correct and so I think actually given 1 million yeah I did a follow-up email to you later I'm sure you didn't have time to look at it so no and I appreciate the questions that we've received from council around this you typically when you're putting it for these earmarks you're putting in for a percentage of an existing project I think the previous year we put in for or previous go-around

[00:59:15] maybe not that one but some some year we put in for 5.5 million or so for that project and that that percentage of the total project is not going to work from an earmark standpoint they're looking for a much smaller percentage of the overall project from a practical standpoint a project of this nature is probably going to run about a five-year cycle so we're not talking about all of that within you know the one-year period meaning the total cost of seven million that million would probably be part of our initial cost I think we've already made some investments on this project they see I don't know if you know

[00:59:51] the exact number we've made some investments early on and we expect that that would be part of an ongoing and gradual increase and the CIP there will be at some point for that project a significant

amount of money probably closer to 2030 or so but it'll it'll be a little bit further out in the CIP you want to correct any of that no that's great yeah

[01:00:26] so this started as a parking garage that's why we requested five million then after we had outreach with we got an architect on board we had some outreach meetings and it showed that the for the future of the police station they had additional needs like locker rooms and meeting spaces so that's how it grew from five million to eight million we've spent probably a couple hundred thousand dollars on concept and preliminary design and then we applied for this grant and

[01:01:01] then the previous city manager because of the budget situation had just kind of tabled it yeah and if i recall correctly last year she was acting chief hinsley at the time but she i believe said that if we didn't get grant funding for this project it likely was going to be tabled i might have misinterpreted that to mean more grant funding than um you know what is it 12 and half percent or something i think you said or you know 25 um so i was anticipating more um what would happen if that's a project that we can't complete in x time frame is that money that the

[01:01:39] county just gets back does it go back to the federal government how does that work my recommendation would be to see if we could reduce the scope of the project maybe do something smaller and take advantage of the money if possible so you know i think that's a discussion we could have as a team but I know the scope this had a this was a project that had a lot of scope creep yeah okay well it sounds like a great thing I just want to make it really clear to everyone that the 1 million dollars is not nearly the cost of building a 7,000 square foot addition great point and I think we do have a pretty significant amount of time in which to spend that money okay 10 years

[01:02:18] oh okay that's great so that's helpful okay and then I just had one other question and this was a follow-up I don't know if all of council receive this information or not, but I had asked Mr. Martinez to provide the electricity, and he said that for, you said CY25, so was that calendar year, I assume? Yeah. Calendar year 25, we spent \$1.2 million in electricity, and a potential 32% rate hike would add almost \$393,000 in expenses for fiscal year 27. So I wanted to make sure everyone knew that number, because I know we'd

[01:02:56] been talking about the green building policy and extra staff and things like that that might be needed in order to make some of those things a reality and so I just wanted to equate potential anticipated costs with the cost of a roll of how much maybe we could offset some of those increasing costs so I think that's all I have for now I'm still working on lots of things in here but thank you councilmember Horty Chandler yes thank you for your presentation before and for this hefty reading.

[01:03:30] I appreciate that it always starts with our goals. And so all of my questions, all of them, will be always aligning with what we said our city goals are and what our aims are. And all of those goals are achieved with people.

[01:03:46] And I understand that the proposed budget is FTE neutral or no additional FTEs. But we did hear a couple of presentations, as Council Member Amos pointed out, that highlighted some priorities that aligned with people being accountable for those priorities actually happening.

[01:04:05] In addition to that, on the list of unfunded FTEs that are priorities for FY27 to FY31, are any of these, in your opinion, more urgent than others in terms of where we have stated we want to go as a city?

[01:04:26] Yes, it's a great question. I think that arguments could be made for all the ones that you see listed there. You know, there are some that are enterprise-wide that I think have a significant impact on the organization, and then there are others that are very community-facing that do too, and so largely it goes back to council priorities.

[01:04:51] We presented to you a stability budget, and so if we want to go above that, then we need to have that larger discussion based on what you see and what we've provided to you. And so I think we have had some internal conversations around, you know, what they ask for, for supplemental or enhanced positions.

[01:05:12] And so, you know, again, on a stability budget, it's tough to, you know, advocate for one priority over another. And so I think the other thing I would say is that, you know, We've there's often a recency effect with governing bodies.

[01:05:29] We brought you some things of note recently. And so there's there's often a focus on those things, oftentimes at the expense of some of the other needs that haven't been presented as a result of a plant or, you know, something that council adopts as a program.

[01:05:44] So I would just caution us around that to the extent that we're pretty significant enterprise. Not everything comes to your attention, you know, within a reasonable time frame for us to be thinking about these services. It's just a note of caution as we look at these priorities.

[01:06:01] Yeah, I appreciate that reminder and also recognizing what a significant part of our budget people are, right? And in terms of our approach to our governance policy, starting at the stability level, I think is fine.

[01:06:21] I think we also need to have discussions about what we really want to build and invest in long term. And so some of those enhancements, I think, are not simply extras or frills. I think there are things that are investments in what we say we want long term.

[01:06:37] We just talk to a troop of scouts, you know, and thinking about the kind of city they're going to be living in. And we do need people to drive that. So I think there are certain enhancements, recognizing that, yes, certain things are going to stand out because we got a presentation from a committee.

[01:06:56] Their job is to advise us, but at the same time, just considering what enhancements might be a part of discussions in the upcoming weeks as we're, you know, making these budget decisions. Yeah, I think the other thing to consider is great points, and thank you for that, is there are some other items that we would consider that are not related FTEs.

[01:07:18] and i'm going to you know say something against what i just said we housing for example and whether we you know start to fund you know some trust fund around that right is certainly something that we heard about recently and is a non-ft related item that adds value to to communities so there's we have some things we've talked about but i want to be really cautious that we respect Council's role in in looking at this and setting priorities so let me clarify when I say more urgent I'm not saying more important right right what I'm saying is that there may be things that

[01:07:56] set up a sequence that if they are in place earlier they set the stage for other things to go smoothly so let's make sure that that question isn't equated to importance but I do think that in terms of timing there may be again people or programs that are put in place that save us in the long run that reduce

costs further down the line that make some of the things that we've said our priorities easier to implement and so I think it's it's not everything is weighted the same so I'm just wondering it wonder in terms of sequence right in terms of timing so what we need for 2027

[01:08:36] may have a little bit more weight than what we may have for 2020 what might be a better fit for 2029 so that kind of feedback would be um you know a helpful part of the discussion for me thank you councilmember bates did you have something you wanted to right yeah um i don't recall for sure but with regard to the um police station garage i think that that might have been with regard to the or the you know the expansion with regard to the garage component of that

[01:09:10] expansion in terms of what can be you know possibly tabled for for the time being whereas you know we have other parts of that that are a bit more perhaps of an immediate need such as locker space training space so the question that I think we would need to see answered first is of course the conditions of this funding um you know does it have to be the entire thing including the garage for us to get that funding to begin with um you know that kind of thing but anyway all things to you know think about going forward on that my memory of this and you can correct me

[01:09:49] if i'm wrong mr summers is that when the police station was originally designed and constructed there was value engineering in the original design, if I'm recalling this correctly. And so that left us without a garage.

[01:10:07] And, of course, in the intervening, I think, since 2005, has it been 20 years? You know, we've acquired a lot of very expensive, very high-tech, very specific kinds of equipment and vehicles, not just police cars, but very high-tech, very expensive vehicles that now are not in a secure place to protect the value of that investment.

[01:10:30] So that's something to consider. Well, that was the first ask, was sheltered parking. Sheltered parking, yeah. And then as we met with folks, with the architect that expanded to, like Councilman Bates said, some other significant needs like locker rooms for women.

[01:10:47] For women. I mean, so yes, I was getting to that point, too, because back in 2005, the estimate was not that so many women would choose to join the Fairfax City Police Department. But yes, they have. Not only that, Mayor, but we built the garage the same time we did the addition to City Hall.

[01:11:06] And just like a lot of projects, you know, the bids come in and you have limits, especially when the bids are a little bit higher than the money you have and you have to make some cutbacks. I know we made some reductions in the annex for City Hall because of the budget.

[01:11:27] So, you know, we did as best as we could with the money we had back then. But looking back on it, it would have been nice if we could have included all these things. Well, I just think we need to think about what happens when you value engineer. I mean, if you don't have the money, you don't have the money.

[01:11:44] So you build what you have the money for. But it doesn't get cheaper 20 years later to build the same thing. And then it comes down to an issue of urgency. Is it more urgent or less urgent than other things? And so you still have all these vehicles out in the conditions because we have to make these decisions about now what is urgent and what we have the money for.

[01:12:05] And so I feel good about the fact that we don't have to spend this money. I mean, we can hang on to it for 10 years to figure out what is more urgent as far as being able to use it for this project or something else.

[01:12:20] But I do think just when we talk about value engineering things and trying to shrink projects, and I understand the necessity of that, but in the long term, it doesn't get easier to build the thing exponentially, more money down the road.

[01:12:39] I think it's one of the toughest things that the dais has to decide is what is the priority? And sometimes things that are very urgent today that need 20 years from now, we will not have done it. And then we're back to square one going, well, we didn't do it 20 years ago, but is it urgent enough to do now, or are all the other intervening urgent things more urgent than that?

[01:13:00] But ultimately, we do need facilities for the people who work in our police department, and there are a lot more women than there's capacity for them on our force. And the other thing is very expensive equipment that we have invested in that we need to be a top-drawer, top-flight police force.

[01:13:20] And so we need to protect that investment, too. These are all really tough, and I think these work sessions are really important for helping everybody to understand just how difficult it is to decide among competing priorities what it is. Is either, A, the most urgent thing, or looking at what is the long-term investment, and what are the impacts for not making the long-term investment over the thing that seems most urgent?

[01:13:45] So just wanted to circle back around on the police station on that. Thank you, Mr. Summers. Councilmember Bates? Yeah, just certainly spot on on that. And sort of to Councilmember Hardy Chandler's point with the garage component itself, that may be something that could save us money in the long run in terms of making sure that we have a safe place to store those vehicles.

[01:14:07] But, you know, again, the women's locker room space is something that is really important since, you know, we kind of more immediately just need space to house, you know, that locker room space for our women officers.

[01:14:24] And that is something that needs to be taken care of. But, you know, looking forward, I think that those are all important things, you know, all important points. Thank you. Councilmember Peterson? Big picture question.

[01:14:42] We're a little bit off cycle in terms of timing for the finance and efficiency audit. It hasn't started yet, and yet we're in budget. How have we been handling and how will we handle in the short term as we go through the budget, the identification of efficiency opportunities, given that we haven't done the full scrub yet, but we have a pressing need now?

[01:15:09] Yeah, and we'll talk about that later on as part of the follow-up from our retreats. I think as we've approached this budget, we've certainly made an effort to identify cost savings where we can. I would say, you know, I wasn't here for it last year, but you all spent a lot of time on last year's budget seeking to achieve efficiencies, many of which we're anchoring off of, you know, in this budget and continuing.

[01:15:37] And so I would say that we've made some incremental changes to a lot of that work last year. a lot of the work that you all went through relative to the budget with some adjustments that we've

highlighted in terms of investments in our employees travel and training the the salary increases that that we've mentioned so i know it's a little bit off in terms of sequencing the efficiency audit will certainly inform us in the future we can certainly have discussions around where we are now um but i think we've done the best we can at this point

[01:16:16] to introduce those as part of this overall approach to our fiscal plan okay so it sounds like it'll be a little bit of an organic process here for the budget while we try to build on that but we also look forward to a bigger opportunity that will emerge from the systematic study and i would say that that you know i hope it's part of an overall process that's not a one-off we do an an efficiency study we make adjustments we put it on the shelf and move on part of why you know we've made the recommendation around performance and innovation innovation over time performance

[01:16:54] management so that this is part of an ongoing process it's not a budget time only it's not a one-time efficiency study type of approach and hopefully that sets us on a course to constantly be looking at refinement as we go. Great. A couple of more micro-level questions. The solid waste enterprise area, I think we heard a presentation earlier, and if I understand the gist of it, it is that there's a potential savings opportunity by going through the creation of an

[01:17:33] enterprise approach for that. I think I heard figures five, six million in saving something in that order. I don't know exactly, but part of the requirement for that would be a year of lead work on it that ties back to the other questions that would require some staffing.

[01:17:58] How is that addressed, if at all, in the budget? Yeah, it's a great question. I'm hoping as I turn around that Dave is still in the room to talk a little. It's good he's here. But it's a great question in terms of sequencing. I think we have funding, obviously, in the budget to take a look at it from a technical assistance standpoint. But Dave might be able to speak more specifically to what we would do.

[01:18:23] Yeah, well, the first thing we need to do is complete our assessment, which we're starting on. And then once we complete the assessment, we'll have a better idea on how much money we could save and mechanisms for changing the ordinance and instituting the enterprise fund. To me, I don't think we could get it finished with less than two years based on all the work we need to do. The one thing, you know, there's a lot of factors that are going to impact it. For instance, we have a lot of private streets in the city, right? Some of those private streets we do leaf

[01:19:00] collection on, some we don't. We're going to have to straighten that out. We don't pick up trash at apartments and condos, but they don't get a discount. So if it's an enterprise fund, those folks won't be paying into it just the people who get trash will be paying pickup will be paying into it so there's a lot of things we need to look at and um and look at the logistics and the mechanisms in order to uh to come up with an enterprise fund that's feasible considering how how loose our ordinance is and right now what we pick up but we'll definitely have to tighten that

[01:19:38] up and limit uh how much we pick up and what we pick up is the assessment then included in our budget so no no further action is required on our part for the time being that's correct right that's funded and that's starting another as long as you're here quick question the weather so i know we dipped a little bit into our snow removal fund this year and i had an interesting conversation uh one sunday with all the water mains breaking and fairfax water was out repairing them unfortunately, scrambling.

[01:20:18] There were five in one day in my neighborhood. But my conversation, a manager was out, and when I spoke with her a bit about this, I asked her whether this was different than what happened last year, and the answer was not really.

[01:20:35] But last year, at first, we thought it was an anomaly. This year, we don't think it's an anomaly. It goes to a longer-term thing, which is changes in the climate and these extreme cold events that are going to increase. It's because of this polar vortex issue. The long and the short of it is, I know in Fairfax Water's case, they're recalibrating, they're modeling, and they're scheduling of maintenance and repairs, and it's going to get higher.

[01:21:01] No question about it. I'm wondering what happens to our infrastructure needs, because I know you also are busy keeping up with that. Right. Well, on the average, we get at least 100 water breaks a year. And our water system is old.

[01:21:20] And Bobby Cotton, who is the head of design for Fairfax Water, has told us that they have invested heavily in their capital budget. And they're planning on doing a lot of work coming up in this spring.

[01:21:37] We're going to see work on some of our major arterials, like 123 and university. So we're going to have to be careful that we coordinate this work with our transportation work and our maintenance work and things like that. So we work very closely with them.

[01:21:52] But they're preparing to put a huge investment into replacing the water mains on our roads. And Washington Gas has also been very busy with replacing their gas lines and the gas laterals. So, yeah, there will be a lot of utility work because a lot of the utilities under the city streets are reaching 60 years old.

[01:22:15] And it's time for them to be upgraded. Well, again, back to the budget question. Is this enhanced activity level in the budget? Is it something we're going to have to take incremental new action around, or is this really, I want to use the term business as usual, but is it a part of our stable funded program?

[01:22:36] Fairfax Water pays for their work. But on our side, what is it above and beyond what they do that we need to do? They do the repairs, the paving. In fact, you know, sometimes we have economies of scale. If we have a project and they have a project, we can work out a deal on splitting the asphalt costs, splitting the maintenance of traffic costs.

[01:22:59] So if anything, you know, the work may help us find some economies of scale. But we don't pay for – they have their own inspectors. You know, they have their own MOT. They have their own asphalt crews. And I guess my question is then, is there any other form of infrastructure damage that's tied to weather that we are responsible for that's increasing and going to have a budgetary effect on us?

[01:23:24] One of the things I was thinking about as you talk about infrastructure is taking the opportunity maybe to talk briefly about stormwater wastewater. I know that we saw some increases of 5% and 6% in both of those areas. So the wastewater, the 6% increase in wastewater, the majority of that is the Nomen coal contribution for the treatment of our wastewater.

[01:23:48] JC can give me the exact percentage, but I'm saying it's probably 20. 20% is actually what the city is spending on pipe repairs, manhole lining, pipelining, maintaining our delivery system, the pump

stations and such.

[01:24:05] As far as the stormwater, there's one project in the budget for \$100,000 to design neighborhood drainage improvements. The rest of that money in the stormwater fund is for compliance and maintenance.

[01:24:22] So, you know, there's really not a lot of wiggle room. If I can, really briefly, so March 24th, I think the majority of these answers will be, or the answers to the questions that you're asking, Council Member, will be provided on March 24th.

[01:24:40] On the agenda for the work session, we have discussion on capital, which includes also our enterprise funds for stormwater and wastewater. Davenport will be here along with our Satoshi Ito, the program manager for wastewater and stormwater as well.

[01:24:56] Well, great. Two other quick things. First, before we leave the weather, the flip side of the impacts of these extreme weather events or one of the drivers for those events is the loading of pollution that causes radiative forcing, and that comes from electricity and the drivers in demand there, data centers and AI.

[01:25:22] And I was at a regional meeting last week on data centers and AI, and the 32% increase in projected energy cost is for real, and the expectation is that we're looking at even greater increases beyond that.

[01:25:39] I think the big question for us, we are one of the jurisdictions that doesn't have an opportunity, so far as I know, to actually build data centers. So we're not going to be deriving revenue from them the way some of our friends are.

[01:25:56] And I know Fairfax County is interested in doing that based on what they said at the meeting. For our jurisdiction, it's really downside. We're looking at increased energy costs for the city, as our CFO has calculated, but then for households, residents, it's going to go up.

[01:26:13] My understanding from that meeting is it's a difficult situation that hasn't been resolved in terms of what exactly we do. There are some different things that are being discussed. But overall, the biggest thing that can happen and that would help is what we call demand-side management, helping people become more efficient, more able to use less energy.

[01:26:36] That does not always happen by accident. It goes back to the green buildings policy, but that's only one part of a broader package of what potentially could be done to help citizens and the city itself become more efficient. It doesn't sound like that's a this year issue to sort of put that full package together, But I just wanted to note that that is going to be an issue that will come back later this year and show up in next year's budget.

[01:27:06] I do think we will want to be asking the question of what we would like the General Assembly to do for jurisdictions because one of the models nationwide when we've hit these energy crises had been to mobilize state responses in terms of investment.

[01:27:27] What does that mean? That means potentially cities like ours would have the benefit of some new funding for energy efficiency that we could be putting into a budget in a way that hopefully would really move the needle on this. I just want to flag that because it's a real issue. We have one project you like

that we're going to get started on, and that's a citywide conversion of the sodium vapor and mercurial halide streetlights to LED, which Stephanie Kupka has been working on.

[01:27:56] And that's citywide, I think approximately 3,000 lights. And Stephanie has estimated it would save the city a couple hundred thousand dollars a year. And that's something we're working with Dominion on.

[01:28:12] Yeah, and again, I think maybe later on this year we would have an opportunity to understand what we might be doing comprehensively to address this issue and how that would translate into policy and budget. It's a little bit early to do a whole lot with that right now, but it's coming. My final question, appreciate the discussion on the dilemma on infrastructure decisions like the police station about how much you can do at any given point in time and not

[01:28:49] being able to do it all. And that creates dilemmas, et cetera. There's this thing called modular design that's adaptive so that whatever you, there's a way that you get started, but with a build-out pathway so that if and as funds become available, you can then expand and create these additional capacities with additional funding that's available.

[01:29:12] But that's part of a planned potential that exists for these facilities. I'm guessing you're three steps ahead of me in terms of thinking those things through for the police facility and others, but can you comment on this adaptive approach in terms of modular design where we could kind of retain the flexibility adding things as needed rather than having to do them all at once i'm not aware of any parcels where we really have enough land to to maybe look at look into that it's something that we've

[01:29:48] thought about a lot of times when you when you i mean it's similar to phasing the construction and doing a piece and another piece and another piece and uh you know fortunately like the projects that i've been involved with whether it was the gun range or the the fire station we build on route 50.

[01:30:07] you know we didn't need to do that uh possibly in the future we'll have to look at that more carefully thanks all right council member amos i had two quick questions one may not be a tonight question but since it popped up in my head i'll go ahead and ask in terms of any potential funding from the state and with what's going on with session uh are we going to get a debrief on that know one of the considerations early on was for example a local excise tax on cannabis sales I don't know where that's in progress I was kind of focused on other things but we'll be getting a debrief on that or do we know where we

[01:30:45] are in terms of progress on some of these funding sources and part of that may include what would be some of the impacts from if they were to get rid of the data center tax break as a part of this year I think it's yet the short answer is yes in the sense that there are some things that are working their way through the legislature right now obviously that we haven't yeah and so we really want to see what happens with those uh and that certainly could mean that we're not only bringing back information but recommendations on on revenue as a result of some of those actions so more more to follow on that as as the session moves along and part of you'll see some of that reflected

[01:31:23] in our comments later on about setting the max rate so you know that that's all in our minds as we think about, you know, what revenue might look like as a result of our legislative session. Thank you. And just a separate logistics question. Are we doing another budget open house?

[01:31:40] I haven't really heard anything about it, but I wanted to ask about that. I think calendar-wise, we did the one in the fall. I don't think we have one currently scheduled, but we have all the work sessions, you know, scheduled as of now. So I don't think we have one scheduled for that purpose.

[01:31:58] Council Member Hall? One thing that, and I know this was before your time, but one thing that was removed from the budget last year was the, I think it was a \$300,000 contribution to the Fairfax Renaissance Housing Corp. And I don't imagine it made it back into the book this year since it was kind of a bit of a stripped down version.

[01:32:20] So I just wanted to put that on your radar so that we could try to maybe revisit some of these things potentially, maybe not this year, but in the future that we had taken out or had reduced contributions to to kind of get us back to where we were certainly one of those items that is certainly not FTE related has impact on community and certainly adds to the quality of life in our community yeah and if it's possible I think one of the primary reasons last year why I was willing to remove it from the budget was because based upon the amount and the interest rates we were told

[01:32:55] that it could only really service about one maybe two loans which seemed like a large amount of money to just benefit one or two houses. So I was just curious, and I don't need the answer tonight or even next week, but now that rates have come down a little bit and are maybe a little bit more reasonable, what kind of bang for our buck could we get with, you know, putting the \$300,000 back in? I mean, would it be 10 loans? Would it be still two loans? Just have some idea of where we might be in that. I'll ask JC, you know, we have the numbers in front of us in terms of what we've

[01:33:28] I don't know if you want to hazard a guess on on what we might do with increased funding sure so the city doesn't actually manage that program that is a separate entity it's also my understanding from conversations with individuals at the renaissance housing corporation that it varies so people apply and they will award a loan between X and X but there is no no standard so it's really dependent upon what the request is so they can give a \$10,000 loan or they can give \$100,000 loan. And depending on how much we or the city provides

[01:34:06] them, it can be used up in one or two cases, or it could be used up in 10 cases, depending on how they decide to parcel that out. Councilmember McCullough? I too have heard a lot from residents that are really interested in getting that program back. And so if it does come down to the amount isn't great enough, or we don't believe that that is enough to support what we're desiring from the outcome, then maybe a strategic plan in which we can, over time, build it up so that our residents

[01:34:43] that are here and looking forward to using that potential resource could at least see that it's coming into play and that we have a plan to bring it back in. Thank you. Councilmember Bates? Thank you. I certainly have a lot of respect for what the Renaissance Housing Corporation has accomplished in the city. Uh, but I want to also keep in mind that last time around, I believe we cut a third of the, uh, then new, um, nonprofit, uh, grant fund. And that's something that I think,

[01:35:23] um, you know, the first time around we were just kind of starting to get the word out about it. Um, and, uh, you know, as it's out there and, and if we had kept doing it year over year, then more and more non-profits might hear about it. So that's something that I want to prioritize even more so, getting back to where it was.

[01:35:43] And also, we just want to make sure that we are prioritizing compensating our staff again with, you know, the proposed increases there as well. Thanks. So on the Renaissance housing, it started in 2000, if I'm correct, and the general fund tax dollars that were invested in that program, which is the program's only source of funding.

[01:36:09] I believe \$24 million. I'm looking at Christine. I'm going to say less than \$24 million, probably around \$2.4, \$2.5 million. I knew there was a two and a four in there somewhere. So \$2.4 million in the 26 years.

[01:36:26] We didn't fund it last year. But the only source is the money from, basically, tax revenue. And so this tax revenue goes to pay the interest on these loans for residents in the city to do these improvements to their homes.

[01:36:43] And we also provide a part-time staff person. So there's staff hours also that are part of this program, too. But as far as who is qualified to take advantage of this program, there has never been parameters. People apply and they go through a process, but there's no, one of the things, one of Dr. Rice's students did a whole project from George Mason University on the program and who had used it.

[01:37:13] And one interesting thing is there's never been a project in Ardmore that has ever used the Renaissance Housing Program. So it's kind of interesting if you start to assess who is using the program and the fact that who knows about the program to use the program and what are the parameters for who qualifies to use the program.

[01:37:30] None of that has ever really been defined. And so I think if you're going to take general taxpayer dollars off residential real estate property taxes to pay the interest on someone's home improvement, that we really need to look at the program, how it's structured, who qualifies, and on all of that.

[01:37:49] Because there's no funds coming from anywhere except people's tax payments for this program. So I would hope that if we're applying efficiencies and looking at the structure of how money is spent, that we look at the structure of that if the program is going to be funded in the future.

[01:38:06] Just something I'd like to add. Any other questions? Do we have this? Okay. Okay. Well, there we go. Thank you so much. Ms. Shinneberry, what's next? Our next item is a discussion on historical real estate tax rates for the city. I'll recognize Daniel Alexander, our city manager, again for the discussion.

[01:38:24] And I'll quickly recognize our budget team to do a quick presentation on this matter. Mayor, council, thank you for the opportunity. Next to me or with us as well is our budget director, Gwynne Riddle, and our real estate assessment director, Christine Johnson.

[01:38:45] Really quick, just a couple of slides or a handful of slides to sort of provide some historical context. If you could go in and go to the next one. so on the slide here on the screen is just basically a 60 plus year history of where the city has been with its real estate tax rate the highs the lows and in the between so we started at about a dollar 38 when the city was founded in the early 1960s believe it or not we actually topped at a dollar 99 for about three or four years in the early 70s came all the way down to

[01:39:21] 71 cents back in 2006 primarily due to the real estate residential bubble where we were seeing and you'll see this on the next slide about double digit assessment growth for about four or five years makes absolute sense that council would reduce the rate to sort of offset that burden onto the resident and

then came back up as we recovered from that time frame and are currently in 2024 at our current \$0.05.5. Next slide. On this screen, a quick comparison of about 25 years

[01:40:00] worth of data shown on the graph here. So the blue is the real estate tax rate for those respective years. And then the line is the inflation rate, trying to do some correlation or causation potentially of where those rates sort of ended up. You could see it not 100% of a correlation, Some years were more than others, specifically in the early 2000s or coming into that or out of the bubble.

[01:40:29] In 2008, 2009, we had very little inflation. And then right after COVID, around 2022, we had a massive spike in inflation and have sort of trickled down to about 2.8% to 2.9%, holding steady, hopefully, for the next few years.

[01:40:53] Next slide. Again, another 25-year same time frame. So, again, the blue bar graph is just the real estate tax rate. But in this instance or in this graph, the red line is real estate assessments going up. And as I mentioned at the very first slide, the beginning here from about 2000 to 2006, So you had double-digit appreciation, almost 20% or over 20% in 2005.

[01:41:21] And then that bubble popped. It went down very, very quick. You can see that assessment growth was actually negative in the early part of 2010-2009 time frame. Real estate rates went up and have been sort of trending about \$1.05 to \$1.07.

[01:41:45] Just very quickly, in 2022, there was a decrease from \$1.07.50 all the way to \$1.01. The majority of that decrease at that time was the implementation of the stormwater utility. Previously to that, \$0.03 on the real estate tax rate was directly associated to fund that utility.

[01:42:06] And then council at that time decided to reduce it by \$0.03 and then a little bit more as well. And we've been creeping back up for the last couple of years. Next slide. We take out the blue, which is the real estate tax rate, and try to overlay both the inflation rate in orange and then the residential assessment growth over the same 25 year period. Not seeing 100% of either correlation or causation in this graph, but just wanted to overlay both to sort of give you all a quick overview of how they may have interacted kind

[01:42:45] of all over the place there but that was basically it just wanted to give everyone council and the potential audience at home or in the room a quick history of where the city has been in the last 60 plus years and then more recently in the last 25 years when it comes to real estate tax rates assessments and inflation as as as well and how they sort of compare or maybe not compare happy to answer any questions and as i mentioned our budget director and our assessment director are also in the room ready to answer and field any questions questions on this historical tax rate

[01:43:21] council member amos thank you this is helpful uh the only question i have and it's just more of a curiosity question uh looking back when we were having discussions particularly probably around that 2021 2022 knowing some of these projects that we need to do like the property yard and stuff we still decreased it was that part of the discussion or was it really centralized around just the stormwater utility and offsetting that was cip really factored in or or future development when we make that decision i say we but you know what i mean i'm going to look to

[01:43:58] christine i think she is probably her and melanie might be the this is going to come out wrong the two most senior individuals that were here at the time you can probably expand a little bit more than i can and to be fair i know there were other funds and stuff too but i was just curious longest institutional knowledge?

[01:44:19] Well, I was on the Budget Committee at that time. So, yes. I mean, CIP projects were looked at, but not as granular as we look at them now. A lot of the projects were being bumped from year to year because of lack of funds.

[01:44:39] So it was kind of an unknown of when projects would actually hit. I think now the processes that we have in place, we know a lot, you know, there's more certainty as far as when we're going to start a project. But was that the primary consideration for the tax rate at the time?

[01:44:59] I would say no. I would agree with her 100%. It was cut because we pulled the three cents out. Let's cut it to three cents. I think also with CIP, it's the transfer of funds into CIP.

[01:45:14] So that discussion of do we move a CIP project forward or delay a CIP project doesn't really relate to the tax rate issue. Any other questions on this?

[01:45:31] I think it's interesting. I moved here in 2000 and lived in four different neighborhoods, single-family homes and a condo. And this is kind of interesting because I can't honestly say that it's up space in my brain. the tax rate is what it is and they put it in your escrow on your mortgage payment and you sort of paid it um and and i and i do wonder you know there are people who definitely pay attention to the tax rate we love saying we have one of the lowest tax rates in the region but but the correlation between what we're able to do this discussion about the police station or any of

[01:46:09] these other cip projects that have been kicked down the road because it's like well you know Either there's a valuing of having a very low tax rate versus deciding that you're going to make investments in long-term expensive projects in the city.

[01:46:25] And again, these are the things that we're going to discuss this year. We discussed them last year. It'll be discussed every year as to really what does the community want? Because you can't really just have the lowest tax rate in the region and be able to fund some of these things that we've all agreed are priorities for the future of the city.

[01:46:46] But I do appreciate, I know there was discussion last year about the inflation rate. I love the fact that you put that, overlaid that. I don't know that there's a correlation. I don't see one. But it's still interesting to understand what some of the impacts were.

[01:47:02] You know, the mortgage crisis and the cratering of home values and the 2020 recession, of course. And, yeah, I think what it really comes down to and will always come down to is what is the tolerance?

[01:47:18] What is the tolerance for what we're charging people for the tax rate and the impact that has on what we're able to do for the community, and that has impacts far beyond this year and next year, but we're talking about 10 years, 20 years down the road, what we did or didn't fund, you know.

[01:47:38] And so I hope the community understands none of these things are easy, and the people on this dais are really trying to weigh what the community is willing to accept, understanding that there is a direct tie between what we have we can raise and what we have to spend that are investments and what the people who move to the city say they value and the things that they want. Councilmember Peterson? I may have missed this at the very beginning and apologies if I did but do we have a graph that shows the growth rate of the city budget in comparison to

[01:48:16] the assessment level and growth rate? We do not. That was not generated here. If that is something that I think council wants, if the manager directs, we can try to get one of those together. I personally think it would be helpful to certainly heard citizens asking the question, how is our city budget tracking the growth in assessments that take place? Is it outpacing them? Is it even

[01:48:49] with them is it less than them etc so to be clear we're looking for assessments and expenditures as a as a chart to show the distinction between the two so we'll we'll make that available for the next workshop well and so the obvious thing that gets added to that then is how much if you tack on the additional real estate tax on top of that how much you know of an impact did that make and how's that tracking against the actual, you know, growth in the city's budgets?

[01:49:24] So we want to see that in one chart, do you think? I just think the most important piece of this that I hear, and I can see this, is your question mark of we're seeing natural growth in value in assessments. That generates revenue for us.

[01:49:42] Are we living within our means in terms of the growth in the real estate tax assessments? Yes, no, to what degree? And then above and beyond that, there's the question of what are we doing, you know, additionally beyond that. But putting that in perspective, I think, would be helpful.

[01:49:59] There's a little bit of challenge with, you know, the correlation to expenditures and the percentage that we're seeing, you know, increases we're seeing, particularly around personnel and things that are very specific to government. So it's not, it's certainly something we can talk about as we look at the distinctions from year to year.

[01:50:20] So my point, I think, is that, you know, some of the percentage increases we're seeing on expenditures, you know, are significantly greater than what we typically see in increases in CPI and inflation. So those are all things that we can certainly pick apart as we go through this discussion.

[01:50:40] Okay. Council Member McQuilla? I, too, agree that having something to present to the public that would visually showcase that would be very helpful because I, too, get a lot of questions. People are confused as to why it's not enough, why the natural inflation isn't enough for us to keep up with it and why we have to, on top of it, then raise.

[01:51:06] I think just having a visual or some kind of really explaining in detail would be really good. Thank you. Go ahead. So just very briefly, I would say just having the numbers together, don't tell the full story.

[01:51:23] You're going to need to have footnotes. So I think as was presented earlier by the superintendent of schools, unless you can have a footnote that shows over the last four years or so, since 2022, where we've had a 45-degree angle on the tuition cost in excess of 12% to 8% per year growth, that's the main driver for the last few years.

[01:51:49] we can go back and have to find footnotes for every other year of any other exponential or those variables that sort of skew where we would have normal growth. So he said it better. But that's essentially what I was trying to get at with some of these drivers that I think are important to discuss.

[01:52:10] It's certainly not, you know, something that we're going to say is a functional cause and cause and effect, but it's certainly something we need to discuss as we go through this exercise. council member hall and then council member peterson thank you i actually before you said that i had pulled this up just to

kind of pull the same thing and i don't mean to add more dots or lines to the chart or graph you're going to present to us but i do think that especially over the past six or eight years with school i think it's really important to show that because example 2020 i'm roughly 50 million and now you're looking you know estimated 2026 is 68 or you know close to \$70 million. It's \$20 million just

[01:52:49] straight up like you said and that isn't really seen on here and you know it makes me think also that in some of the years when either there wasn't a tax increase or the tax rate dropped it seems like maybe there was some disconnect between allocating for schools for the future or you know the number of kids that we had enrolled or maybe there just wasn't really a whole lot of talk back then about that connection either. I don't know. So thank you.

[01:53:20] Are we clear on? I have one question. Yeah, good. Because you mentioned budget, but you're looking at history. So to me, that's looking at actuals because, like, if you're looking at the tuition contract, it was budgeted at one level, but it came in actual at a higher level.

[01:53:38] So would you like to see both, one or the other? What's the preference? Actuals. Okay. I've gotten both. Everything. Okay. Yeah. I've got it. Yep. I'm a cash.

[01:53:54] If it's too much work, then just actuals. Okay. Thank you. Actuals is what it costs to run the government for that year. So what did it cost to run the government in any given fiscal year, I think, is what we're after. And some of the other expenses, I would say, too, are, you know, the assessments go up because scarcity of housing makes the thing that is scarce more valuable.

[01:54:18] And so part of the things we have to look at and what we're trying to look at is building more housing in the city that people can afford. Otherwise, what houses are here are going to continue to be more and more expensive because people who want to live here are willing to pay it. And so there's nothing that we as a council can do to stop the rise of the value of homes.

[01:54:40] There just aren't enough for the number of people who want to live in the city. So the answer is you build more housing, and you hope that by building different kinds of housing. You know, you talk about the number of students who are coming from these, you know, high-density projects like the Scout at the Circle or the Point at Fairfax.

[01:54:59] It's the housing families can afford because, you know, I live on a street where the houses were built in 1953. My house is worth a million dollars, and so families aren't going to be probably moving onto my street. I haven't seen any so far.

[01:55:16] And so they're moving into the housing that we're building that is a market rate. It's what they can afford. And so I think we need to keep in mind that real estate assessments are just not random things. The value of them also has to do with the scarcity of them.

[01:55:32] And we have to understand that until we have more housing, I don't see that leveling off. Councilmember Peterson? Well, just to go back to Mr. Martinez, your point, I think there's always a story to tell that gets beyond the numbers, and it would be helpful to get your help in telling that story in terms of what happened.

[01:55:56] And there is this natural rate of increase of one of the underlying asset that's really funding most of the city here. And how is that going in comparison to our revenue and going in comparison to expenditures?

[01:56:12] There are other factors that go into that, but that would be a starting place. And I encourage us to maybe take a direct look at that and kind of unpack that a bit before we jump too far into some conclusions. I personally don't think that building your way out of financial problems is always necessarily the smartest thing to do.

[01:56:35] We've talked about these numbers before. We're four times ahead of ourselves in the city in terms of adding housing units in comparison to population and housing growth. or one-third against commercial vacancy rates in the region.

[01:56:50] So I'm not sure it's the case that that is either the problem or the answer, but it seems to me getting a more direct look at this and the factors that are driving this would be a help. Thank you. Yes, Mr. Alexander.

[01:57:08] Let's be clear on what we're bringing back to you in terms of chart, when you want to express that. Sure. So what I'm hearing is mainly actuals, if I can do budget, pull in budget, looking against assessments, also looking at growth of schools and any other major line items that have changed, that would have dramatic changes in a year.

[01:57:36] There's another element, Council Member Peterson. Well, I think that's all helpful, but I think going back to what Council Member McClellan reflected based on feedback that I'm sure we're all getting, The core of this thing that people are really wondering about is how much growth are we seeing in assessments?

[01:58:01] And how much are we going above and beyond that in terms of expenditures and why? And that's the real core starting place, I think, to address some of these questions that would be helpful to the public. So assessed value is an element of that, right?

[01:58:21] Yeah, we'd look to Christine, Ms. Johnson, if she would be able to help pull out the assessment dollar growth for each year. Councilmember Bates. So I want to go back to several years ago when I took AP Economics in high school.

[01:58:45] One thing that I recall, and please correct me if I'm wrong, but I believe that the way that the inflation rate is accounted for, you know, the inflation rate that we hear about is that a basket of goods is tracked in terms of the increase in the price of that total basket of goods. But the reason why I'd say basket of goods and not just one good chosen at random is that each individual good or service increases in price

[01:59:17] at different rates. Is that basically accurate? Yeah, yeah. So I think that's one thing that we want to keep in mind when we think about increases in salary and fringe, you know, we think about health care costs, housing costs, our employees have to pay for housing as well. And if you look at some of the, you know, if you look at the, like the MIT living wage calculator for Fairfax City, it's, I mean, this is a pretty expensive place to live. And a lot of our employees,

[01:59:52] you know, that may not live in the city. And, you know, a lot of them may not be able to afford to, especially just starting out. And we want to make sure that we are, again, giving them an increase that is fair and really kind of, you know, something that is part of taking care of our employees, but that also is what the pay study, you know, will go into. And so looking back at

[02:00:26] the city manager's presentation, we have, you know, a few things on there that appear to roughly kind of add up to the increase in the total expenditures for this budget. The tuition contract

increase, the planned debt issuance, the workforce investment, and the one-time expenses for associated studies, and then a net decrease in net operating maintenance reductions.

[02:00:57] I mean, those are things that I think are, you know, it's not fluff. You know, this is just really, you know, basic taking care of our employees and taking care of our infrastructure. With regard to building ourselves out of the situation, you know, again, I go back to the housing assessment from 2022 um we are in 2026 now we're coming up on halfway through that 10 to that 10-year horizon and i don't believe that we're brushing up against that projected demand

[02:01:31] yet so i'm you know i'm not sure uh about that um but again you know supply and demand i'd much rather frankly we're not going to hit that right on the nose if i'd much rather overshoot that and undershoot it because you know supply and demand it's been well established through research that even building market rate housing and we're also building affordable housing but even market rate housing helps housing affordability just due to the interactions among the housing market

[02:02:04] itself now coming back to the budget again you know we talked about the renaissance housing corporation and some other things but first and foremost we need to make sure that we're thinking about again you know totally agree what this increase is coming from and a lot of that is taking care of our infrastructure and taking care of our employees and those are really what we have to look after first. Thank you. Council Member McQuillan. Thank you Mayor Reed. I don't argue that at all Council Member Bates. I agree with you that there's a lot of detail in there and that

[02:02:43] There's a lot of stuff that we can't even control that gets inflated. I think the important part is that we're educating our public as to exactly how much that natural inflation of real estate costs, how that really is interpreted into our expenses as far as how much that covers, so that they understand the value proposition when we do discuss or have to discuss the potential of increasing real estate taxes.

[02:03:07] That's really what I see the situation being and the reason I am requesting that information because I think it's important to tell the story and just, again, the value proposition. We talk about all the great amenities and things that we have here in our community.

[02:03:24] Again, I agree with all of that. It's very important that we ensure that our staff is paid fairly and taken care of. Nobody is discussing or arguing that, I don't believe. I think it's just about ensuring that we're able to educate and inform our community members that are confused, and rightly so.

[02:03:44] You know, they're seeing costs rise, and they just want to know and understand the details of it. So I think also, to your comment, Mayor Reed, I agree housing is important, but I see that, you know, there's a lot of elements involved.

[02:04:00] it's not just the housing we're dealing with a lot of um things that are with tariffs that are uncontrollable now we're talking about war so um i think that discussing these things is really important because that's how you come up with the most creative uh solutions and that i i think there's probably even a better solution out there than just continue to develop and build build build all this housing i think there's got to be really strong intention and strategy involved in that but that's just my my perspective thank you other questions or comments on this particular i oh yes council member bates so i think that really if you think about it there were actually sort of

[02:04:39] two different questions that have been raised that i've heard with regard to this issue first off is where is that increase coming from which i think you know to me has sort of been answered but then also

um how does the growth in the budget compare it to uh you know the inflation rate and or the assessment growth.

[02:05:00] And, you know, I totally agree with what staff has brought up that if we do show that, it needs to come with footnotes or context or whatever you want to call it. But, you know, again, I want to make sure that we are providing that context as well. Anything else on this item before we move along?

[02:05:21] Apparently not. Ms. Shinneberry, what do we have next? Our next item is a discussion on setting the max real estate tax rate action item from March 10, 2026. I'll recognize Daniel Alexander, city manager, for the discussion. Okay, thank you.

[02:05:36] Before we move into this discussion, we want to briefly frame the decision and discussion that we have before you as to what we set the advertised tax rate as. We'll begin by reviewing some of the history related to this action in a very brief presentation by Mr. Martinez.

[02:05:59] Thank you, city manager. Again, mayor, council, thank you for having us. Just a one-slide presentation, and again, we have Director Riddle and Director Johnson available to answer any questions. So looking back four years, really quickly going to FY 2023, that blue bar is what the city manager at the time proposed in his budget.

[02:06:23] The middle or orange bar or column is what was advertised, and then the green is where we were actually adopted for that fiscal year. And you can see that pattern for FY24 and FY25, meaning that whatever the manager proposed was also the max real estate tax rate advertised.

[02:06:45] And then ultimately, council came in a little under both of them. Last year was a little different. The manager proposed \$1.12 and a half. There were multiple discussions, if I'm not mistaken, actually during a work session like we are having tonight.

[02:07:03] And then actually on the day of the adoption of the maximum real estate tax rate, we actually went into another work session to discuss it further. Ultimately, council decided to go a little higher than the proposed rate from last year to \$1.15.

[02:07:19] And then ultimately we ended up at \$1.05.5. So just wanted to give some very quick historical context of what has been proposed, what has been advertised and where councils actually landed when we've adopted the fiscal year budget tax rate amount I'll turn it back over to city manager thank you JC so under law we all know that we must advertise a maximum rate before the budget can ultimately be adopted the advertised rate simply establishes the upper limit for that final rate it does not commit our council to adopting that rate so we're going to present two options

[02:07:58] there's a myriad of options, infinite number of options. We're going to present two just for your consideration tonight. The first being what we told you last week, which is \$1.08, which represents a two and a half cent increase overall. Advertising this rate keeps the budget aligned with the proposal that we gave you last week. It maintains a balanced budget and funds the services and obligations in the recommended plan. So that's the first option. The second option for your consideration is to advertise a slightly higher rate of a dollar nine five that is one and a half

[02:08:36] cents more and so the context around that again is that does not mean that the council has to adopt that rate as we as we move forward this process it simply preserves additional flexibility around funding for the remainder of this process as we go through this process so why create that flexibility. So if

needed, it creates capacity to respond to unknown variables from the legislature, economic conditions, or other potentially destabilizing factors affecting our region

[02:09:13] and beyond. It provides additional space for any additional enhancements that we talked about earlier and anything that the council may want to consider before final adoption. So the decision tonight is not about committing to a higher rate is simply about determining how much revenue flexibility the council wishes to maintain between now and the adoption of the final budget simply we can advertise at a dollar eight and keep the proposal exactly as presented which is consistent

[02:09:48] with as you see we've done with the exception of last year or we could advertise at a dollar nine five providing a modest additional flexibility as we continue through the process certainly there are other options available those are two that we thought might be useful for your discussion as we continue on on the process so those are two considerations I think again JC I'll put you on the spot a little bit very quickly on what that means in terms of overall revenue I don't have

[02:10:23] it before me, but it's about a million and a half. So the additional one and a half cents would generate about 1.3, almost \$1.4 million in additional revenue in FY27. And I don't know if I said it clearly, but it certainly gives you some flexibility in considering the other revenue options that we presented to you. We included other rate percentage increases. We included a meals tax increase. And so it not only gives you flexibility in terms of capacity, for enhancements thinking about what might happen as part of the legislative process but also if you

[02:11:00] want to do something differently around revenue it certainly gives you capacity to do that so those are two points of consideration and happy to answer any any questions all right questions for the senior manager council member amos well just to go ahead and bring up what i brought up earlier we've already had a discussion about adding a position and obviously we're going to have a lot of conversations about what should be added, what should be reduced, all that fun stuff.

[02:11:29] I do agree that we should probably build in some flexibility. I probably wouldn't go as high as the, I'll call it 4 cent, but the 1.095. I would probably say better to go to 3.5, 1.090. Council Member Hall? I have a question about the meals tax. I'm on page 39 in the budget book where it talks about the proposed rate increase to 4.5%. It says it's an increase of 2.134 million for some reason I was thinking that number was like 1.2 or 1.4 million

[02:12:05] when we met before correct that also includes general increase of what we've been seeing with that's coming in for revenue so that includes that increase that we would have seen in the budget without the rate change so it is you are correct with the number okay so it was like 1.2 or 1.4 so if we didn't want to do a meals rate increase then we would need to consider like you said the 1.1 which is a 1.4 million dollar difference so if we swapped the real estate tax I'm sorry took away the meals increase and had to make it up in real estate tax dollars excellent point in that

[02:12:42] what we're recommending would essentially be the same amount that you're increasing around the meals tax okay so make sure I had those numbers correctly thank you council member Hardy Chandler I think I'll be repeating exactly what I said last year when we had this discussion.

[02:12:59] I think it is a responsible move to allow us that flexibility. We clearly don't have to take it. We haven't in any history led up to it. But to your point, we're living in a world with increased uncertainty.

[02:13:15] And so to artificially limit ourselves even lower at this point, I don't think is a good idea, particularly since we have the option to go lower in the future, but we cannot go higher. So if something comes up and we do need to really consider that upper limit, I would rather have that opportunity to make that decision.

[02:13:43] So, for me, there is no loss in the advertised tax being at 1.095, right, with, of course, monitoring trends and that kind of thing.

[02:13:59] But, again, in a world with increased uncertainty and unknowns that are beyond our control, it feels to me like the only responsible thing to do is to allow us that flexibility. Spoken like somebody who lived through the 1970s gas shortages where you could only go to the gas pumps every other day based on the odd or even number on your license plate.

[02:14:23] Anybody else remember that? Yeah, so you can tell who in the room remembers things like the 1970s. So there are things that are beyond our control. There are things that are beyond our control. Yeah, you don't, yeah, okay, it was a long time ago.

[02:14:40] Trust us, trust us, it was not pleasant. It was tough. Councilmember Peterson question for a CFO at some point I think you are going to be able to tell us a little bit more about the question mark of how much of an impact happened in Fairfax County from a shift to zero to four cents on a meals tax rate and whether that had any impact on the city of Fairfax at the same time.

[02:15:16] But it kind of gets to the question mark of our comfort around that half-cent adjustment on the meal stacks here. And I know we're a little bit early to be able to look for a snapshot comparison, but when could we hear from you about that? I can give you a little bit of a view into Fairfax County.

[02:15:36] So they actually reached out to me, coincidentally, last week about meal stacks, asking for historical trends. So these are my words because I don't want to put them on the spot, but they weren't seeing the trends initially because they just started in January 1, and I explained to them it's probably due to the weather.

[02:15:58] I know internally here we were also impacted because of, was it Snowcrate, I think is what it was called, that really impacted mom and dad businesses when it came to food and going out to eat. So they were seeing the same thing. Fairfax County was kind of panicking of like, this is our first month and we're already, we're not projecting where we needed to be, but a lot of it had to do with the weather.

[02:16:22] I think, and I think I may have had this conversation personally with you, was probably after a first good quarter, hopefully by the end of April, we would know where they are. I do have conversations with them, probably on a monthly basis, along with other items that we're sort of tracking collectively and hopefully be able to report back to council.

[02:16:45] That'll be helpful, I think. Big picture, people are obviously concerned in terms of uncertainty about affordability, and that's a multi-factor issue.

[02:17:00] It's not just their taxes. It's not just their energy prices. It's their income. There's a series of things. and right now there's a string of them happening all at the same time. And I do think strategically it raises the question mark about whether this is the right time to expand a tax rate and to what degree in the face of that kind of uncertainty and that downward pressure that's taking place for a number of reasons economically.

[02:17:28] And I would just say, you know, we spend a certain amount of time talking about what others are up to in the region. This is not an easy apples-to-apples comparison. are different. Every jurisdiction is different. On the other hand, I've spoken with colleagues in neighboring jurisdictions about their budget situation, and everybody is saying they're pretty much either flat or cutting. So just the overall environment is one of a high level of caution, I would say. I'm not prepared tonight to put a stake in the ground in terms of what we do here, except to express the need for some caution in what we do going forward. And while it's true that

[02:18:07] uh elevating this rate would give us a bit of flexibility on the upside it does raise an interesting question about whether we're quite whether we have flexibility on the downside as well whether there's some um efficiency options that we may be able to find i don't know the answer to that yet maybe we can talk more about it but i just do want to express some cautionary notes around the environment we're in right now as we go into this decision thanks council member Bates? So personally, I'd lean toward the 109.5 option just because, you know, hearing about the

[02:18:45] mules tax increase, uncertainty about that. That is within itself a good bit more than a cent on the real estate tax rate, I believe. And then plus, we've heard of other things that are not in the proposed budget. So I'd lean toward the 109.5. But really, you know, again, the second any council member Hardy Chandler's comments it certainly I think is responsible to provide that flexibility but it doesn't mean that we're going to go up to that rate thank you council member

[02:19:25] McQuillan sure so as is typical I can see both sides of this situation I can see and share a lot of the same sentiments of the benefits of advertising a higher rate as we did last time um i like the fact that it brings people in to you hear from them what they care about what they value what they want to see in the budget what things they're okay with cutting um so in that way i do appreciate that i do share sentiments with council member amos that um that high might

[02:20:00] be also concerning to our residents uh during this time affordability is a huge issue right now and it's across the board, so to echo Councilmember Peterson's statements, I agree with him that we need to be very cognizant and aware of what our community is feeling, what they're thinking, what other regions are doing as well. So I don't know that I have a decision yet. I haven't come to that, but those are my thoughts, and that's my perspective, and that's what I'm seeing, so thank you. Councilmember Hull. Thank you. I had a question I forgot to ask, but I couldn't find the information

[02:20:37] quick enough. When's the last time we increased our BPOL tax? And where do we fall with other localities? I think there's a slide or a page that shows BPOL. I could only find the, like I'm on page 88 of the budget book. And it has how much we make. And then on the previous page, it talks about the personal property tax rates. So it would be in the rates and levies, Councilmember Hall, Which is towards the back of the book. Um, I believe and I know it from my last locality. I'm not a hundred percent Here, but we had different rates depending on

[02:21:16] What type of business it is? So it wasn't a flat rate that everyone paid the same So I believe that is the way is done, but I have not dug into those rates Okay, I guess what and I I do personally pay this because I have a small business here So I'm not advocating for anything specific, if I'm loud enough or not.

[02:21:42] I was just curious when the last time that has been adjusted and, again, where we are with other localities, trying to just think of other revenue sources besides just another real estate tax increase rate, right? So I don't have the answer right now, but we can definitely get back with you.

[02:22:00] We can consult with the Commissioner of Revenue, who actually administers people, ask him those specific questions and definitely get back with council with the answers to when the last time there was a rate change and how we compare as well. Okay and let me be really clear to everyone who is watching I am not advocating that we increase the personal property rate that you pay on your vehicle. That is not what I am asking. This is completely different. Thank you.

[02:22:26] Other questions, comments? Council Member McQuillan. I would like to make a comment regarding advertised tax rate, proposed budget. Those are very specific words and our community gets very confused. So going into this budget season, as we discuss things like an advertised tax rate, I think it's really imperative that we clearly educate the community on what that means, that it's advertised and that it hasn't been adopted. Because I think the two words, People just, they confuse them, and they get very upset.

[02:23:05] And so I think letting people know that this is the beginning of the process, now is the time to come in and speak up now. Nothing has been set in stone yet. I think that needs to be very clear. Thank you. So, Mr. Alexander, we're getting some feedback.

[02:23:24] Is it enough feedback? What are you looking for out of this work session? In fairness to counsel, you know, we're talking about this tonight. We've heard a little bit of variation of specific numbers. I'll get back to you, which is fine.

[02:23:40] Hopefully, this has informed the discussion. We certainly want to land on a decision next week as we bring this back to you. And so certainly helpful, but we're certainly going to need to know more and, again, land on a number next week.

[02:23:58] Okay, so next meeting, we need to be a little more specific or having thought through this with the amount of discussion and everybody bringing to the fore their concerns. At some point, a decision will be made, must be made, so.

[02:24:15] And again, I think to the point, and I need to probably say it more often, advertise, this is the starting point with the understanding that we can't go any higher. We certainly can go lower as we go through the process. And we can think of different ways to say that.

[02:24:33] We can say that this is the highest possible rate. Yeah. So upper limit, this is the maximum. We are considering things like that that help people understand it's just a ceiling.

[02:24:48] It's a thing. But it'll never be more than that thing. And quite possibly it might be less than that thing. So we'll use all our words. We'll all use all our words. And I think that is just a marvelous, marvelous thing. All right. We're ready to move on. Ms. Shinneberry, what do we have next?

[02:25:07] Our last item is a follow-up on the City Council Retreat and Next Steps. I'm going to recognize Daniel Alexander, City Manager, for the presentation. All right. Thank you very much. This is a retreat follow-up from January, January 10th, I believe, if I recall correctly.

[02:25:25] And we're primarily going to focus on, as part of that discussion, strategic plan, performance management, and efficiency study, And to make it interesting, Mellie and I will go back and forth on this presentation and hopefully describe what came out of that, but at the same time talk about some action steps moving forward so that we can continue on the process.

[02:25:47] So with that, Mellie, you want to start us out? Sure. I'm going to go over the parts that came out of the retreat, the council retreat and what was discussed there. So dealing with the strategic plan first, The council expressed a strong consensus that the next plan needs to include these following items, that it needs to be citywide and community-focused, should be a multi-year, maybe a four-year, should have a multi-year horizon with flexibility for annual updates and adjustments,

[02:26:25] which would be very similar to our other plans like the comp plan. It would be a living framework responsive to the evolving conditions in the region. It would include quarterly updates and an annual review, and then clearly define the council's intent, the public's role, the scope and boundaries, and the formal decision points.

[02:26:50] Council emphasized that the plan priorities must align with the organizational capacity and be integrated with existing plans, including the budget, the CIP, and the comp plan. So as we think about action around this, we want to consider what is a hybrid delivery model and very carefully clarifying the roles between external and internal work.

[02:27:17] And so from an external perspective, we want to bring someone on that can lead the initial stage data development to include a review and synthesis of existing plans, studies, data sets, looking at community conditions and trend analysis, local and regional, design and facilitate the community engagement process with us as we move forward the engagement strategy and tools facilitation of public stakeholder and partner sessions and the synthesis of community input and themes it also facilitate early council discussion on vision values and

[02:27:55] strategic priorities trade-offs scope boundaries and decision points and then provide benchmarking in best practice context to inform direction setting that would be the first part of it in terms of the city staff and what we're involved in with you obviously translating that direction and community input into more specific strategies initiatives and implementation ensure alignment with the budget cip and other adopted plans we would then define ownership timelines and resourcing

[02:28:28] and then manage ongoing implementation monitoring and updates the count put council inputs needed early to reduce rework include the purpose and time horizon desired public role and engagement expectations scope inclusion exclusion kind of what's in and what's out and formal council decision gates and deliverables if melanie we'd back up one slide that's a lot to throw at you at once so i want to take a break here before we get into the other two elements make sure that

[02:29:06] makes sense to council see if you have any questions about scope and in action council member peterson it does make sense i appreciate that at least from my perspective uh maybe you're going to talk a little bit more about this but you know there's the obvious question about what's next the process we go through to translate to budget and policy and program which is where the rubber hits the road if you will so am i correct that we'll hear a little bit more about what that might look and feel like for us as we are implementing this yeah i think the we're going to have to get

[02:29:43] on a rhythm we're out of cycle to a certain extent of where we are in terms of our cadence but we're hoping that to get this plan established and allow it to inform all the other processes that we have you know coming up through through that through that timeline if that makes sense so does that answer your question partially yeah I think I think the challenge is we are coming in the middle of a budget process now so I we see this largely informing the work that's going to occur as we get into November into you know the subsequent time does that make sense yeah I it does my concern

[02:30:21] wasn't so much the urgency of doing this in time for this budget as it is just an understanding of when it will happen and how we will be involved in making that happened and it's a this year thing is what I'm hearing so that's the important takeaway for me it's a really good point and I think what would be a pretty aggressive timeline to get this in place so that it informs our discussion that typically starts at the end of the year as we move through the the budget process which everyone gets really fixated on you know our financial plan occurring in and around this time frame it it does and should start much earlier

[02:31:00] that process. And so the timeline, I think, would take us through, you know, the end of this year and into that process, if that makes sense. It does. And I also want to really applaud you for the very first bullet there, which is taking a fresh look at information that we have or that we need that's important in terms of developing a strategic plan for the city. And that's something that needs to be done on a periodic basis. I think you're setting up a four-year cycle here in terms of the horizon we use,

[02:31:35] but I'm also seeing that this is an annual process we go through to kind of double-check this. Really good question. I think it's informed quarterly to a certain extent, but I think coming back to council in a, you know, probably in a retreat environment to say we're going to look at our goals.

[02:31:55] I think council was really clear on having some freedom within, you know, these parameters with the way things change in the environment and our need to be agile and adaptable in this environment. So I think on an annual basis we'd want to come back and goal set, and that may, you know, result in some significant changes, hopefully not, hopefully put a good structure in place, and, you know, we're just, you know, making adjustments.

[02:32:23] But certainly it's the council's prerogative to make significant changes on an annual basis. Again, reporting progress as we look at kind of performance management at a granular level, but also at a strategic level to kind of show you where we are in progress.

[02:32:38] And then to capture the significant change terms, that, as I understand it, includes budget, CIP, and comprehensive plans. So the result of our strategic planning here would be updating thinking and characterization that's involved in those things based on what we do here.

[02:33:00] Is that a fair characterization? It is to an extent, and I think I've heard feedback on some of the other planning that we do. You're typically looking at a five-year window on updating your comp plan, and so there's kind of a cadence around that that is upcoming for us as a city.

[02:33:18] There's some other things that we could do. Councilman Ramis asked a question around visioning, and so oftentimes you'll have a 2020 vision, which we haven't done anything since then. And so there's an opportunity for us to think about even longer term, which will often influence strategic planning and your comp plan and the other plans that are associated with that.

[02:33:44] So this is an opportunity, I think, through this discussion to kind of lay out that cadence in a way that makes sense for the city. And just to build on that, it would recognize there are different forms of planning on different cycles. But this gives us a chance to map into those cycles the sorts of updates that result from this fresh thinking that is going to happen, as I see it, in a pretty systematic and well-informed manner.

[02:34:14] So we wouldn't be holding back from mapping into those areas of change that at whatever point is timely will get picked up on those procedures. Is that a fair way to characterize this? I think is, you

know, long as we've talked quite a bit, you know, up to this point, you know, it's informed by what we're seeing in the data.

[02:34:34] It's anchored in significant community engagement and council engagement, you know, as we go. And we're ensuring that, you know, everyone's at the table in the process. And those are things that we've talked about from a values perspective that I think are probably important to community and certainly important to council. And you mentioned community, which I think is also really important because two heads are better than one.

[02:34:56] And identifying all the important information and then getting it is a joint process. So it's good to hear that we're envisioning that that would be a collaborative process. And even within the council, that we would have an opportunity to be involved in identifying those issue areas where it's important to bring new information to bear or review existing information, whichever the case may be.

[02:35:20] Is that also a fair characterization? And that's going to be the importance of any process, you know, that I've been in in the past early and often council engagement around what we're looking at thanks I just want to thank you for getting this and getting us organized thanks council member Hardy Chandler thank you I don't feel a need to revisit everything that we discussed in the retreat but I do want to highlight that this seems to reflect everything that we discussed and incorporated if you move to the next slide

[02:35:58] just to give some feedback I I think it's really important that this not be seen as just an exercise and when you're asking about the purpose my hope is that the purpose will be this will provide our ongoing council body common ground to go back to when we're having maybe differences in perception that's always welcome that that makes for a rich discussion but if we can go back to an agreed upon strategic plan and those priorities hopefully we can unite around those and get some

[02:36:36] of the things that get stuck moving forward so that would be the purpose that I would look for for a time horizon I think yeah this year is pretty ambitious but I would be excited if something like this is in place because if we're talking about a four-year horizon and we take up one of those years doing it that's quite possible but you know I think we could at least have the foundation and with an annual refining of it anyway there is no need to drive it drag it on longer I think that public engagement is important but I I don't like to say but a lot and I would

[02:37:16] like to encourage use of the many ways in which we have already engaged the public so that we're not starting from scratch it's not like we haven't asked the public anything we have sources of information from the public and I would like for us to utilize those toward this because as at least a starting point and certainly engagement can be an ongoing part of the cadence. Scope and inclusions I think whoever we have as a facilitator or whoever facilitates this could help with recognizing those

[02:37:54] boundaries around governance and I like that it's separated into two parts the sort of focus of the council and the implementation part we don't have to worry about that on the phase one part of it and then have that be a separate process with staff and implementation so again gates and key deliverables i feel like that will evolve around that quarterly update process again not to build

[02:38:27] in a bunch of new processes or different scheduling where can we find synergy in what we already have and use that to make it even more meaningful so that's my feedback and i know we have two other presentation topics to go through so i just leave it at that council member amos yeah so i i was going

to wait till the end Dan just because I didn't want to I didn't want to hog up the presentation but one thing that I emailed in was so I know a few residents had mentioned that originally there was a 2020 committee with a number which includes the city charter amendments

[02:39:02] was part of it but they had a more robust discussion in a full report back in the 90s of what to expect on transportation zoning and land use housing and a number of other items and when I emailed Dan and staff about it they brought up a great point that we're about to do a review the comprehensive plan next year and that it would probably be a good idea to maybe update that and do a 2050 visioning committee similar to what the 2021 did except let's look at what have we accomplished from that original one what do we not get done and what change or needs to be updated that way we can

[02:39:40] be ready for the modern times because it is definitely not like how it was in the 90s a lot of things has changed so putting together a citizen-led committee probably with some of our BAC appointees on it we could have a more robust discussion about that maybe not tonight I don't know so true I wanted my hoverboard but that's alright and so wanted to kind of defer to Dan on that on what does that look like for staff capacity but he recommended that I bring it up here so on the 2020 commission not only have I seen the commission report and there were a lot of committees I want to say there were like 12 committees

[02:40:18] and it was citizen led and they did a big presentation at Old Town Hall. I've seen the video. I have seen the video. I don't know who has it other than Dale Astina, but you know, we probably need to digitize that because there was a very formal presentation at Old Town Hall of the 2020 plan, but it was incredibly robust. You know, I want to say there were maybe over 100 people involved, well over 100 people involved over these 12 different committees, and there are people around who were part of the 2020 commission i think tom ross is one of them and there are probably others who were part of the

[02:40:54] 2020 commission and then following the 2020 commission which was around the 90s there was the 2013 charter commission which was totally different but there's overlapping people and again i think tom ross and tom ross may be the person who just connects it all uh there might be a few other people but tom ross was also in the 2013 charter commission which was done in 2013 rather than 1990s um but there were a lot of things that were achieved if you look at the 2020 commission board it's actually remarkable when they set out a vision and benchmarks and

[02:41:28] they actually did things and it really it ended up being a guiding vision for the city and even though it stretched from the 1990s all the way through to today really um there were people who participated who really did have a long-term decades-long vision for for what they thought the city could and should and would be so those exercises are not there i think that's lift that up look through it and see see how valuable it was i i think an effort like that could be could be very beneficial i think it was beneficial the 2020 commission report other thoughts comments on

[02:42:07] this councilmember bates um so again i am still leaning toward the uh four-year time horizon for this, and, you know, public engagement is certainly important. I think that we want to have, you know, more than one opportunity for direct in-person community engagement during the process, and

[02:42:39] then also, of course, taking advantage of online engagement, and, yeah, so what's in versus what's out. I definitely want to see a framework of the city's operational goals and the city's various plans and basically how those fit together. I think that's kind of just off the top of my head

[02:43:09] what I'd like to see. And also, I guess, thinking about the time horizon, we don't necessarily want to have something that is going way beyond that time horizon and is set in stone, on the other hand.

[02:43:29] Like we talked about before, we want it to be kind of a bit more short-term but also open to being flexible and able to be changed and adapted. And I think that with regard to our involvement, I think you heard quarterly mentioned, I think that makes sense during the process.

[02:43:53] Yeah, that's kind of where I am. Thanks. Anyone else? Comments on this particular? Okay. Okay, we will move on to performance management. At the retreat, council acknowledged that while the city collects substantial data and performance reporting has not consistently translated into a clear picture of results.

[02:44:20] The discussion emphasized shifting from isolated department metrics to cross-cutting outcome-focused measures, Incorporating resident experience data, like the citizen survey, point of contact surveys, and benchmarking.

[02:44:40] Implementing a two-tier performance framework, which would include a council-facing strategic outcomes scorecard or dashboard, and then a detailed internal service area scorecard or dashboard to support operational management and our budget decisions.

[02:44:57] and then embedding performance management directly within the strategic plan and its reporting cycle. So not unlike the previous area, you know, we're talking about an external-internal type of arrangement where from an external technical assistance standpoint, we would get help in identifying and validating our data sources, internal, external, and benchmarked, defining KRAs or key result areas aligned with council priorities,

[02:45:28] Recommending meaningful outcomes output and resident experience metrics and then the two-tier framework the design of the two-tier framework that we mentioned You know from the outset one being more strategic, but still a cork for card with high-level outcomes Concise comparable and decision relevant and then you know that other tier that is more internal focused which will also be a kind of a living, breathing process and adaptable to what we're seeing out in an environment.

[02:46:00] And then providing general guidance on reporting cadence and dashboard structure. There's a lot of what is involved with this that lends itself to staff development and the work that we would be doing from an implementation standpoint, which is owning the data governance, the collection, our system integration, creating dashboards and reports, using data for operational management, budgeting, and continuous improvement, and then delivering the quarterly reporting to council and annual public summaries for us to talk about relative to not only the budget process, but as part

[02:46:38] of an ongoing cadence around performance management. So I think you know that we've started a structure around this in terms of, you know, some of the realignment that we've done creating position to kind of drive this um which i think will pay huge dividends for us over time and so you know generally this is the uh the approach that we're suggesting as it relates to performance management happy to answer any questions on this piece questions on this okay clear that was easy clear as a bell very good and we will move on to the

[02:47:16] efficiency study um at the retreat council framed the efficiency study as a comprehensive evaluation of value, capacity, and service expectations, not just cost reduction. Some of the topics that were raised included an organizational structure, staffing levels, and alignment with service demand,

evaluation of longstanding contracts and our technical assistance arrangements that we have, outsourcing versus in-house delivery and a comparison between our peer jurisdictions, cost recovery opportunities such as user fees and enterprise

[02:47:55] style systems and services, use of physical space, telework impacts, and facility utilization, consideration of our gray and green infrastructure responsibilities, understanding our service expectations and trade-offs when we're adding or expanding programs, encouraging staff-driven innovation and creating incentives or recognition for efficiency and improvements, clarifying governance and processes related to technology and the innovation committee, and reviewing

[02:48:34] council boards and commissions for effectiveness and alignment. So this is primarily an external model. You know, as we look at the data that's here, getting a really strong objective perspective on where we can achieve efficiencies.

[02:48:52] The focus areas are very similar to what we just covered, so I won't go into great detail on these. But I think we captured a lot of the very specific things that you all mentioned in our retreat and want to be sure, certainly, that this meets your expectation in terms of the things that we want to look at.

[02:49:13] And if there's anything missing here, please let us know. If you have any questions, please let us know. Council Member Peterson? Is this scope and focus area listing there going to be updated or at least opened for what I would call a final review bias before we jump in and get started?

[02:49:42] And that normally I would think would be a role that we would get some assistance on from a facilitator, whomever that might be. But this is sort of right now a set of things that constitute a scope. But is there anything above and beyond that potentially we will want to be considering in terms of the scoping of this as we actually get started? I think this is a pretty ambitious scope in a lot of ways. And I think you see some things in here, you know, as we talk about enterprise, that we're going to be doing other work as it relates to some specific services that we provide. So candidly, it's a great question from the

[02:50:19] standpoint of, you know, and we'll talk about this later as we move forward and we engage uh potential contractors around this um you know what what is reasonable what is um practical and what feedback can they provide about scope and we certainly can bring that back to you from a practical standpoint of saying that this is what we can do within a reasonable time frame and anything that they may suggest as um you know an expansion or reduction if need be of the scope of the work that we're doing here we can certainly bring it as a will of council we can bring that back to you i just don't want to take too much time and let grass grow too much in terms of the

[02:50:57] outputs is this an assessment plus options and possibly recommendation is that what this looks and feels like i think so and i think is again as we look at um what's available in the market for us on technical assistance then we can get we can get a better understanding of of what they typically produce this again this is a very unique scope because we took all of your your feedback and try to put it into what amounts to a study framework.

[02:51:25] So I think it's logical that we'd come back and talk to you again about how we intend to proceed, particularly on this piece. Okay, thanks. Other questions or comments on this?

[02:51:43] All right, then. All right, then just wrapping up with the reminder that we would be using technical assistance on the front end. Staff would own the data governance, the collection, the system integration, the dashboard population.

[02:52:03] We would envision a quarterly council reporting on strategic outcomes, scorecard, plus the key narrative insights, and then an annual public summary, which would include the progress highlights, trend lines, and the next year's focus areas.

[02:52:20] And then the use results, we would use the results to inform our budget decisions, our CIP prioritization and continuous improvement. That is all we have.

[02:52:36] Yeah, I think we have one more slide, I think. My apologies. And this very much is a summary of essentially, you know, confirming that hybrid delivery model, particularly for strategic planning and the performance management piece, the framework around timelines and decision gates, two-tier approach to the performance management, So the efficiency scope is what it is now, but we'll come back to you, I think, particularly on that to say this is where we are.

[02:53:09] Here's some suggestions on either expanding or contracting that scope, getting concurrence from council before we proceed with that. And then any additional priorities or guardrails for procurement or schedule, we'll come back to you about. We believe that there is at least, you know, one vendor that we could currently, in essence, write a contract on relative to this process.

[02:53:32] And we'll come back again to you to describe that in greater detail, if that makes sense. Council Member Hall. Just want to say thank you, and that I feel like you really heard us and took everything that we said and put it into a very manageable, bite-sized document here that we can really learn from and work from, and I think it's great.

[02:53:56] So thank you. Thank you. Other comments or questions on this? Well, very well done. Obviously, you did a great job, as Council Member Hall said, listening and putting it all together in a very clear way that now we understand and the public understands this is available to anybody who wants to look at it and think about it further but it's a good it is a good blueprint it's a good template and it's very aspirational so if there is nothing else

[02:54:29] I am going to go ahead and adjourn this meeting at 9:54 p.m. on Tuesday



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