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Manassas City Council 3/12/2025

Date Wednesday, March 12, 2025
Place Manassas City Council, Virginia
Length 1h 10m (video)

- Official meeting video (Wistia / RegionalWebTV): <https://fast.wistia.net/embed/iframe/9vgbhfimbl>

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Speech-to-text: whisper.cpp, model large-v3-turbo. Produced 2026-10-17. Each paragraph starts with its time [HH:MM:SS] in the meeting video.

[00:00:03] Vice Chair Mr. Smith Mayor Davis Younger Vice Mayor Wolf Council Member Ellis Council Member Smith Council Member Vasquez Luna Council Member Hudson First item on the agenda is approval of participation in the City Council meeting by remote electronic communication for Council Member

[00:00:36] to approve the participation of City Council for the remote electronic participation. Second. We had the motion by Councilwoman Hudson, seconded by Councilwoman Ellis to approve Mr. Ocina's electronic participation.

[00:00:53] Any discussion? Hearing and seeing none, Mr. Smith, please call the roll. Councilmember Hudson? Yes. Councilmember Ellis? Yes. Vice Mayor Wolfe? I guess. Councilmember Smith? Yes.

[00:01:08] All right. Thank you. And number two on the agenda discussion item for tonight is Commissioner Revenue is going to update on tax leave programs. And we also have utilities operations and CIP. I don't know if you want to tee up what we're doing. We're actually going to try to get staff out first, so we're going to do the utilities portion first.

[00:01:32] We're going to try to make this as easy as we can by not making you go to your books. So unless you want to dive down into that much detail, then we can come back to it. So what we have is Anna is going to go over the operational side, and then the department heads will cover the CIPs.

[00:01:51] have this paper at your workstation this is what they will follow that's the highlights has both operational and CIP so she's just going to simply start off with the electric we'll run right through a water and sewer and then if you have deep dive questions we may have to go into the books and get more information thank you all right Anna how are you thank you for being here thank Thank you. Madam Mayor, members of council, we are going to cover the electric operational

[00:02:25] and maintenance expenses first. So purchase power in electric, the expenses are expected to increase by about 18% in FY26, based on the VIMA forecast we just received, followed by an annual estimation of approximately \$2.5 million at this time. The employee-related expenses and internal service charges are just standard adjustments, and other expenses are escalating at approximately 3%, and those would be transformers, cables, things like

[00:03:05] that. We are going to present, commission as well as council, the rate study on April, no, I'm sorry, March 24th, during this study when we got the results back, we're looking at an 8.5% increase in our electric rate.

[00:03:27] And that's basically to cover our reserve policy, which is 60 days of operating, one year of debt service and 1% of net assets, just to keep the utilities whole and have reserve funds for emergencies such as we had last year with long battery heights.

[00:03:45] Our debt service obligations will remain limited to existing commitments, and we have no additional debt issuance expected for electric. And I'm going to turn it over to Tarek to talk a little bit about our CIPs.

[00:04:02] Madam Mayor and members of the Council, good evening. I'm going to go over the list of the CIPs for 2025. We'll start with the T&D Maintenance and Improvement CIP, E30. We increased the funding to about \$1.2 million.

[00:04:21] This is one of the major and the most important CIPs for the electric department. We believe we realized the most benefit and the most return on our investment. For example, in 2024, we targeted seven areas for underground cable replacement.

[00:04:41] We ended up replacing about 74,000 feet of underground cable. most of those cables were 35 plus years old in addition we ended up placing all the new cables in conduits which also helped improve their reliability at the current funding level of 1.2 million this will allow us to do roughly about 25 to 28 000 feet of cable every year and that includes uh that's all in including the cable the trenching and the new duct belt so that's for

[00:05:17] cip ether right now the crews are working on the area of milik and carlo and they're about 85 percent complete so we're hoping to complete that project in that area by the end of this month Now I'm going to move to E31, which is the generation maintenance, generation initiative.

[00:05:46] As we briefed council last time regarding the PGM-based residual auction, the VRA, the value of our generation and the generation output that is being nominated to the PGM network has increased by about tenfold, which actually prompted us to actually start upgrading some of the existing generation sites that we have. We briefed council last time that we are about to go out for bid to upgrade the two sites, the generators at the two sites, Church Street and

[00:06:22] Gateway, a total of five generators. We were expecting about \$125,000 per generator to install the new EasyGen system, which is a complete overhaul of all the protection and controls for the existing generators, which add about another at least 10 years of lifetime to every generator. When we went out for bid in February and the bids came back, good news is we actually got three bids, all very reputable companies, and actually one of the bids came in about \$50,000 dollars below what we expected. The bids were ranged from \$470 all the way to \$640.

[00:07:02] And that one is the lowest bid, \$470. So we should be able, and we're going to award that bid. I think we already did. And we'll start the upgrade. I think we're going to start with Shared Street first. So I believe that's good news because we'll be able to do it. And the vendor told us and assured us that they will be able to do all five in one year. Now I'm going to move to E33, which is the placement of overhead lines underground, at the current funding level of \$900,000 a year.

[00:07:40] We believe we can do, again, like a sizable portion, probably about one mile of overhead. Right now, the plan is to do a long street drive from South Grand Avenue all the way to Portner Avenue.

[00:07:57] This will, the scope will involve about converting about 47 existing overhead services for 47 homes and replacement of all and undergrounding of all the overhead lines along that stretch. The cost will be about \$2.6 million. So we will do that. We already have a surplus. We have money left over from previous years. So this will allow us to do the project at the current funding level, but we have to do it over two years.

[00:08:27] So we're going to start. We met with the water department last week. We coordinated the scope of work, the sequence of releasing the job. We already have the estimate, the materials ready. The USA contractor, our electric department contractor, ready to receive the job and mobilize.

[00:08:44] Moving to the substation maintenance and improvement, CIP E37, we increased the funding to \$600,000 per year, realizing the increased cost of all the substation equipment, including transformers and voltage regulators.

[00:09:04] Regarding that project, we were planning on upgrading 15 voltage regulators at Prince William this year, then 15 at Point of Woods next year. Good news, bad news. Good news is we were able to find a vendor that, that actually can refurbish and repair some of the existing voltage regulators at \$5,000 per voltage regulator.

[00:09:28] The cost of a new voltage regulator is \$15,000. The problem is we cannot find any. We've been talking to all the vendors, all the reps, everybody we know. There is a backlog. So in the meantime, we're working on getting bids for new voltage regulators, but also we're working with this vendor and they come with one year warranty, All the voltage regulators that undergo repair and refurbish, they come with one-year warranty.

[00:09:55] So we're exploring both options. And the last CIP, Public Works and Utilities Facility, I believe this is probably going to be joint between Public Works, Electric, and Water, all shipping in to upgrade the Public Works Facility Building.

[00:10:17] Is that a standard? You said how many homes, when you were talking about overhead lines, you said 47 homes. 47, okay. Long Street Drive. Oh, okay, okay. In that, Mayor, thank you.

[00:10:33] My ask is, since it's going to take about two years, is the \$900 that we see here over one year, or are you splitting the cost in two years? Because I heard about the leftovers, so I just want to have an idea of the whole price, and if we'll be looking at it later.

[00:10:51] Yeah, the whole cost is about \$2.6 million. So we'll be using this year's \$900,000 plus next year's \$900,000 and whatever we have left over from previous years, which should be enough. Madam Mayor, where can I find what they have left over from previous years in the book?

[00:11:13] I was going to tell you where the leftover is, but on page 313 is that project. What you will see is that program in the end of \$900,000 each year. So I would say the lesson we learned last year during the lecture, because you know all the upgrades, we see a lot of focus on maintenance and upgrade.

[00:11:34] Last year we said we realized that's the area we need to focus on better and do a better job at is maintenance so we're not waiting for things to break. We're getting out in front of it. So that's what a lot of these projects are doing. 3.13 is that specific project that she was asking about, overhead lines? Oh, the prior years is \$4.725, and then we expect in the next five years, mine home.

[00:12:11] Anna, in the budget that's shown on the handout, is purchase power shown under supplies? Yes. And we're saying we're going to get an 18% increase, theoretically, that's a combination of rate and usage I'm assuming correct the supplies column on the budget actually goes down it is because it doesn't just include um it doesn't just include the

[00:12:44] power cost there's other items how much is this is the power side when I have to get back to you I'm not sure exactly the dollar amount just I don't mean to be throwing rocks but eight plus percent is an outsized increase from what we have historically been able to you know been doing in the utility side um and i'm trying to insulate myself uh for an educated consumer that's a citizen's going to come up and say yeah look to the budget and

[00:13:23] actually it's going down why are you raising the rate so much so are you asking us and them to get you the information that breaks out that purchase separately so you well i guess right now i'm just looking for a a conversation i'm not looking for a huge deep data dive but when you look at from the from the adopted budget even the amended budget you've got you know a two million dollar decrease overall in the electric fund but you're asking for an eight percent increase the uh eight percent eight and a half percent increase a lot of that has to do with the reserve policy because of all

[00:14:01] things that we had going on within the last couple of years we dove quite deep into our fund balance that that's the answer that thank you that's the answer that we need to have to be able to give to people yeah the we don't have enough in reserves and the reserve is that is a policy set by the council ultimately yes okay thank you are you good now we're going on uh water is next for the same

[00:14:36] process. Anna will give the operational side, then we'll jump into UCIP. On the water side, the big talk is the chemicals, the trade to water. We had an increase of about 10% and followed by annual escalation of approximately 3%, hoping that prices for chemicals are not going to escalate over that 3%. But our employee expenses and internal service charges are standard adjustments.

[00:15:08] Most other operational costs will escalate at a rate of approximately 3%. In water, again, same story as electric. We're going to have an 8.5% suggested rate increase. Again, that is to replenish our reserves to make sure that we stay healthy and don't run into problems.

[00:15:30] And debt service obligations will remain limited to the existing ones, and we're not looking to go out for additional debt. And with that, I'm going to turn it over to Jeff. Okay. And so on the capital improvements plan, first line item is, actually, the first two line items I like to call more of an O&M perspective.

[00:15:51] They're a yearly replenishing item for main replacements and looping, as it says. It's areas that are identified where we need to get either looping in place or we have degrading lines that need replacement. Water plant improvements, it's the same scenario, but physically at the water treatment plant.

[00:16:10] So it's your smaller scale items that aren't necessarily programmed that are identified by staff as we go along for yearly funding. The water meet and AMR upgrade is, in essence, the replacement of meters on a program schedule.

[00:16:27] I believe last year we got, I think we're up to 1,000 nodes done. And so that's a continuing program to get all of those meters replaced.

[00:16:36] The remote water quality monitoring, that is more of kind of a data collection start that ultimately the hopes are we can start tying that into water modeling and a more elaborate ability to monitor a system, see our system, know within the model what our capabilities are for service providing, how it impacts water towers and the ability of draw down pressures and get more towards an overall system, not just from quality but quantity and abilities.

[00:17:15] That's sort of a lead-in to a future vision there. The boat storage and dock improvements. So with the dock improvements, it also has the boat storage element. This will eliminate kind of the floating parking space within the water treatment plant footprint where the boat just kind of has been moving around within the plant and then has to make its way, get trailered across the street and so on.

[00:17:44] This will make it a more functional setup for the water quality monitoring and efforts that the boat provides on Lake Manassas itself. The W-072 surge tank expansion is a next step extension of the ongoing, actually getting ready to be NTP this month for the capacity increase.

[00:18:11] So with capacity increase from the 14 to 18 MGD, you will then have a higher rate of development of your solids, lowdowns, and so you'll be able to get functionality up with your time between backwashes and so on, having the ability to store more of those materials on site.

[00:18:34] That's in essence what the heart of that project is. And then we have a storage facility for equipment materials on site. That is the WO80 pole barn project.

[00:18:51] We have some filter underdrain replacements for aging underdrains. Some of them I hear are well past their useful life. And so that project will get much needed under drain replacements, which may lead to the ability to increase performance also and then look at other under drains off the knowledge gains from this and continue to get better improvement, refurbishing of those.

[00:19:26] And then Dean Drive Pump Station Rehab, that's finished water capabilities. And lastly, we have the shared element, as mentioned, for the public works facility that comes from water and then also from the sewer also.

[00:19:54] W084? The boat storage. And the CIP that is mentioned. Page 309. Yes. The maintenance project. Okay, so it wouldn't be something that I can see. Is there an old one that I can look back and a

prior one?

[00:20:14] What do you mean a prior one? Because I was looking at, I tried to follow them so I can go back. If it's a maintenance, it wouldn't be there. Maintenance will not be in there because there's a changer. I know, but what can I find whenever that was there? New. I think it's a new project this year.

[00:20:33] All right. My hard time is it is referring to zero. Okay, come back. I guess I was looking for 84 after 85. Because it's a maintenance project, it's listed differently than the capital project.

[00:20:56] I understand, and I understand why, but I was looking for more information. Going back to electric, and frankly water, with the increase in the rationalization, is it our hope or anticipation that, assuming everything goes as planned, Is it a one-year catch-up for reserves, or are we looking at multiple years?

[00:21:30] It's multiple years. We're going to get the more detailed information when we present the new gen findings on March 24th, but we need to dig out of years and years of not increasing the way we should have increased.

[00:21:51] So we're looking at 8.5, 8.5 electric, 8.5, 8.5, And I believe it's only two years, but I can't remember. And then going down to, like, five. Thank you, Madam Mayor.

[00:22:11] And I have to ask, I mean, it seems like I, Chris, and I haven't been here too long, but I'm really concerned. And is this because we just found out, you know, that we have to make up? Everybody's looking up.

[00:22:29] So, yes, if you remember, I'm going to try to bring this back to conversations we had last year when we began to have some of the utility issues we were addressing we discovered we were not providing those increases yearly like we should have to keep up with the growth in the maintenance programs so we knew we had to do that rate study and this increase was going to be coming this year short answer we weren't doing what we should have been doing for many years and Now we have to play catch-up.

[00:23:07] But at the same time, the jurisdictions around us have also been doing 8%, 9%, 10% increase each year, and we were not. We should have been doing it 2% to 3% each year. That way we would not have been up to the 8.5%.

[00:23:24] One more. And if it was a few years, like how long? Because I feel like I'm going to get that question. How many years was it? If someone can pull it up for me.

[00:23:40] He will search. Hold on, I can get it.

[00:23:52] I can go follow up if you want. Yeah, we can give you the year. I was in my PowerPoint. I'll pull our list in one year. We will have that information on the 24th. The 24th will expand deeply into it, and it will have a lot of other graphics that will help quite a bit.

[00:24:11] Thank you. One, two, three, four, five years. We went from 2018 to 2022. with no increases in electric basically. Then we did two, four, and five, and now 18.

[00:24:28] Jason, and then any other questions? Okay, I'm going to jump over to Sue.

[00:24:47] I'm going to start with the proposed increase. It's only three percent, so that is going to be a standard. But our UOSA treatment costs, we had a notable decrease in expenses on that, and that's because

of flows. Flows have diminished, so there was a decrease in that. However, UOSA debt service is increasing the debt obligation. So even though usage is going down, the debt

[00:25:21] is going up. So there's definitely going to be a net increase. Our transfers to capital were higher allocations for one-time projects. So we had to bring over and we didn't get any debt out of that. We just used fund balance again out of that. Our debt service will remain limited to existing commitments. We are not looking to add additional debt as well to that one. And again, And our reserve policy is the same as the other two funds, 60 days of operating, one year of debt service, and 1% of the net assets.

[00:25:59] And with that, I'm going to turn it over again to Jeff. The first two line items, again, much like the last, are O&M-based occurring monies where you identify areas. So the first one will be sewer main replacements identified through the CCTV programs and those elements.

[00:26:20] The capacity management, operations, and maintenance, it's tied to the same tasks of identifying items. So this would be related to, based on the identifications, you realize that we're having capacity issues on a segment.

[00:26:37] So maybe it's term of life, might still have some years on it, but it's starting to be more of a capacity issue. And those are those first two categories. The third upper flat branch interceptor would be a larger scale identified project.

[00:26:53] So it's a standalone replacement project of a sewer system that needs to be replaced. The fourth line item you'll see there is the city's portion of the contribution slated for the UOSA MFF project at \$650.

[00:27:15] The overall project itself is around 10.2, and there is WQIF funding that I'm currently pressuring and pursuing to get collected before it somehow evaporates with many other things that are evaporating.

[00:27:33] So there is a lot of pressure to get that project done and wrapped up that I'm applying back towards UOSA. And the other component is coming from Micron. Yes, and the other components are Hangons. And just as one other added note, as the UOSA budget and flows, just as an inside element coming from UOSA, I will say I was part of the re-rating study in those elements.

[00:28:05] So it is a significant transition in the concept of how growth will happen at the plant and how they manage it, and also tied with a transition in leadership. So the cuts that appear in the capital program there, with it being a short-term view, we should expect those dollars to grow back.

[00:28:36] So even though they posted, and I'm not sure who all has seen parts of those elements, but there will be numbers as people see them that look like very, very, very significant reductions in the capital program. But as they program back in how that re-rating project lands and what elements weren't identified projects that are needed to support it, so those will come back.

[00:29:01] So just to say that I wouldn't fully expect there to be a major drop-off in the UOSA expenditures on billing. But we might get some reprieve for a period of time that we'll tie into, and hence some of the ability to then be at a 3% versus, say, the 8s and 8.5s on the other rate study elements.

[00:29:26] And then we have the contribution also from the sewer group to the public works facility also.

[00:29:44] Explanation as to what the tripling of the transfers and contingencies line? transfers and contingencies would be um capital projects predominantly the flat branch interduster

[00:30:18] therefore would not have been there in prior years we have a choice in them thank you as we transition out we're going to get staff out as they run out the door We're going to bring your commissioner and Diane Oath back up to the table.

[00:30:49] That's a scary team. Come on. Thank you. Thank you for being here. Excuse me, Mayor. Oh. Mayor. Oh, wait. Did you text Eric? Because he didn't know he had a question. I'm just kidding. Should have ran. Quick, hold on. Okay, go ahead, Ms. Docena.

[00:31:08] They're still here. I'm sorry. All right. Well, I have a bunch of questions for all of them. They're getting up and leaving. All right, so the first question is, what's the impact of the tariffs on getting equipment and or chemicals?

[00:31:29] The tariffs? What's the impact of tariffs on getting equipment and materials? It's unknown at this point. Especially with some, let's be honest, the tariffs are announced, then they're repealed, then they're delayed, and then they're announced again.

[00:31:48] So in reality, we do not know at this point. Do we buy things that are just chemicals and or equipment from other countries that we use in our electrical or water systems?

[00:32:06] Well, some of the components in all of those could come from overseas, and that would be part of the tariffs, which could increase the cost of those things. Chemicals are typically, as specific for the water plant, are typically local to the United States.

[00:32:27] Equipment that TARIC has for electric substations does typically come from overseas. Some transformers also come from overseas, so you are correct. However, I think we already have contracts for most of the equipment that we would be needing next year.

[00:32:48] And if there are any costs related to the tariffs associated with those, we won't know until that happens. Are there any contingencies being, you know, funds being set aside in case about tariffs?

[00:33:11] Or are we just, as Mr. Keene is saying, they're on, they're off, they're on, they're off, And we're not going to make any contingency in terms of setting money aside or thinking about that for next year.

[00:33:27] That relates, the recommended increases are primarily to build the reserves in those enterprise funds. And then those reserves can then be used if there is additional costs.

[00:33:46] Now, would that affect future year, would the 8.5% have to increase if we had to dive into the reserves again? Yes, sir, but again, we won't know that until any of those costs are incurred. And how is the 8.5% reached, for instance?

[00:34:08] How do you determine it's 8.5% for fiscal year 26 as opposed to something else? If you will allow, we have our consultant that is coming in on the 24th, and they will be providing council with all of the details.

[00:34:24] They have evaluated all of the historic expenses of each of our enterprise funds, and the departments have provided them with the anticipated future capital needs, future operational needs, and that was all combined to arrive at what our anticipated costs would be.

[00:34:47] They also then looked at where we were hoping to get as far as the reserves and then backed out based on historic usage what the rates would need to be to arrive at being able to cover costs as well as to replenish the reserves. But they'll get into greater detail on the 24th.

[00:35:05] Okay, very good. One last question. Can a dollar amount be set? both with the average increase in water and sewer and electric at these percentage rates of 8.5% and 3%.

[00:35:22] We gave that estimate in my presentation, so it's in that PowerPoint. It is an estimate, but that will also be covered on the 24th as well. Yes, sir. I think the Chiefs was in the \$20 range for a typical user.

[00:35:38] However, during the presentation, I think the consultant will provide a better breakdown if you're a single user, what you can anticipate, a family, and then a small business, so that you will be in a better position to have that information on the 24th.

[00:35:58] Great. I appreciate that. Mayor, thank you for letting me ask my questions. No problem. You good now? Okay. All right. Now they can run. Thank you. Have a good night. Hello, Diane.

[00:36:36] It's not going to be as much fun as electric regulators. Yeah, I don't know about that. Maybe we're going to turn it right over to our commissioner. We've done some research since our last meeting to be able to update you on potential tax enhancements.

[00:36:57] Do you want to call them back? Can I start with the tax code? Let me know. Personal property address, right? Yeah, we can do that. Okay. So based on articles we saw this week in Loudoun and Prince William County about them creating a rate different for data centers and the regular personal property tax rate, we did a bunch of research and realized that the General Assembly had created a temporary option to create a vehicle tax rate from 22 to 25.

[00:37:32] It was set to expire in January of 2025 while they have removed that expiration. So now you can create a vehicle tax rate that is separate from your general tangible personal property tax rate.

[00:37:48] That's what vehicles previously were taxed at, which means you can have your data center rate and your general rate not apply to vehicles and be higher. However, what it means. It was so good until it was ready.

[00:38:05] I'll give you an example. Back in 22, that's when they put this in place, and I came to you all and said that our car rates were going through the roof, and they gave us the ability to lower that tax rate.

[00:38:23] Made a suggestion. It didn't work. And that was going, like Diane said, end January 1, 2025. So it would have only been good for last year. They have rescinded the sunset. So that means your general tax rate, which ours right now, is 360.

[00:38:42] That's as high as you can go. Nothing can be above 360. I guess back a while ago, a mistake was made in that we did go above 360 and had to give a bunch of money back. Now you can set anything wherever your tax rate is.

[00:39:03] If we want to leave it at 360, you can lower your car tax to 260. It would be devastating for revenue, but you can do that. Or you can make your tax rate, let's just pull a number, \$5 and leave your car tax at \$3.60 now.

[00:39:23] So they're allowing you to do that. Personally, I don't think that's a great idea. I've been in discussions with many commissioners today and yesterday. We feel that it's scary to do that right now because some folks have lots and lots of money for lobbyists and such, and this may come back to bite us later on once the law is put back in to a sunset. And if we do something like \$4.50, \$5, \$6, and then that's got to come crashing down

[00:40:00] or your car tax has to go way up my suggestion would be to leave us at 360 and let um okay yeah yeah we'll let the other two and let prince william and loudon be our guinea pigs and see what happens while we don't have a lot coming especially since our our revenue is not going to be that great from data centers for at least a year maybe two or three or four um and let them hash out what's going to happen and then council can change things later on and that would be my recommendation is to

[00:40:36] leave us at three six well leave the car tax as our general rate um for right now and see what what uh pans out do you have yes i saw uh yeah did i explain no no you did i know and and and i don't disagree with you uh i will point out that loud and fairfax have significantly higher rates on vehicles and data centers than we in Prince William County do.

[00:41:14] And I guess this gets back to information I'll share to the group later that I got today to talk. In the out years, I could see a scenario where I would be in concert with our friends in the county, support moving to the same level as Loud and Fairfax at a general rate, but still being able to keep the cars at the current level.

[00:41:51] But I don't think that's a this-year thing. I agree. And to your point, we could raise the rate a million times zero, still zero. So wouldn't it give us political harm and turmoil in the community for no practical effect?

[00:42:17] Therefore, it's not worth doing right now. Right. Yeah, because of the lack of... There's no there there. There's no there there right now. I mean, there'll be some, but nothing that's going to knock our socks off. And so raising that rate, I don't think it's going to help us tremendously.

[00:42:34] That's an interesting thing to file away for next year. And we have to revert back. That would be not good. All right. Don't want to do that much now. Thank you, Madam Mayor. Do you have, I haven't searched for it, but do you have an idea what will that be for them this year?

[00:42:54] The data center? Yes. Okay. April 15th. No, no, no, no, no, no, no, no, no, I'm talking about Brinswell and Fairfax. What their rates are going to be? Yes. No, I mean, it's the same thing.

[00:43:11] We don't know what our rates are going to be either. And they're in the same boat we are. But, you know, right now they are at, last year they were at 370. Fairfax was 457 and Loudon was 415. So they're all higher than we are on both.

[00:43:27] And that's on vehicles as well. Stafford's at 570. Is it approved? No. They're advertising 415.

[00:43:44] Prince William. Well, Loudon's already at 415. Yeah, they're already at 415. Are they doing that on the car tax due, does it say? 370, right? Okay, so they're doing what the General Assembly's allowing them to do. Prince William's advertising what?

[00:44:01] 415 for data centers, 370 for cars. And I believe I read in the presentation from Loudon that they're setting their cars at 348. It was a random number. Again, that may all change really quickly here.

[00:44:19] I recall that when we were comparing to stuff where it wasn't apples to apples because the discount that they get, it's William, Loudon, and Fairfax since they hired.

[00:44:34] Will that still be considered apples to apples? I think so. They all use clean trade-in at that and leave it alone. Stafford is the one that cuts it in half, or they use retail and cut that in half or something.

[00:44:51] All it does is make it difficult, because the vast majority of jurisdictions use clean trade-in, and it just makes it difficult to do that. And also, the \$1.25 for computers in Stafford is a deal similar to our semiconductor deal.

[00:45:11] They've made a deal with Amazon, and they get lots and lots and lots of money from Amazon, but the rate is only \$1.25. Tim, the Loudon rate is proposed at \$4.15, too, and then the car was \$3.48.

[00:45:31] Proposed. I mean, this is just like what's in the car. The car was what? \$3.48. So they're lowering it? Yes. Okay. That was a big part of their presentation, but they seem like proposed is still \$4.15. Well, which would be nice, which we would like to do, too, if our data centers start doing that.

[00:45:49] We would like to do that, too. But, I mean, their data centers are, that's apples to oranges there. That's watermelons to grapes. I have one more. And, you know, I hear you.

[00:46:05] I'm not interested, but I still have to ask. if we were to make that change, you know, let's say like Prince William County, is there anything that we, you know, other than the cars, anything that we can think of that will be affecting that rate because it is considerably high?

[00:46:23] If we make which change? The personal property going high. Same question I asked today about the general, and you said no. I'm not sure. If the general rate is \$4.50, your cars can be \$3.60.

[00:46:40] Yes, but my ask is, other than the data centers, which is up there, is there anything else that I cannot think of that may fall under that? If you want to. All of it is up to you guys. You can put business personal property tax at \$4.50 or \$5, whatever you put that general rate as high as it goes.

[00:47:04] Or you can put cars that high, or you can bring cars low is what they're allowing right now. You just can't go higher than the general rate, which seems kind of silly because no matter what you put your general rate at, you can do whatever you want. They've taken restrictions away from that.

[00:47:22] So the general rate doesn't really apply to anything after this? It applies to whatever you want it to apply at. Right, it's up to you guys to apply it to whatever you want to apply it to. I would suggest not applying that to other things, but that's up to you guys.

[00:47:39] I'd be very cautious of doing that. We know the data center business will lobby to have this reversed. Yep. And then making that adjustment the other way would be a very difficult conversation to have.

[00:47:55] Because you're used to money. And now we've got to make that money up someplace, and you can't do that. I mean, you can, but I wouldn't do that. And I'm more looking at to understand it, so if it comes up, because, you know, like, you know, I believe, you know, the public is interested on what would that be and how it would look like and how we have to explain how it's different from, you know, the neighbor right here.

[00:48:22] So, but I, sometimes we do things that, you know, you still have unintended consequences and now it's pretty much, but you answered that. I would try to avoid the consequences for right now and let the big guys take the consequences and see what happens.

[00:48:39] And if it works out, that gives the council many options in the next year or two. If something does happen and they go to the General Assembly to change everything, we're okay. And I do believe from what I could figure out from Loudon that they are also concerned about the reliability of this and are setting a lot of this aside for when this becomes a different picture than we're talking about now.

[00:49:05] I know that they're proposing to have a big reserve fund for this. Yeah, and if they raise their general rate for their data centers, they'll have a big reserve fund. Watermelons with grapes. Any other questions or comments?

[00:49:22] Oh, Mr. Ossina, did you have anything? Thank you. Mr. Ossina? No, it's a lot of the building. Text me, text me. I also told him if I don't respond, I just hit a button if he wants to speak.

[00:49:45] Yes, ma'am. I'm good. Thank you for checking. All right. You felt an elbow, didn't you? Ralph was elbowing you, Tom. Mayor, that covers everything that we had planned, unless Mr. Burke has one other thing.

[00:50:01] Tax relief? Well, yeah. If we're done with that, they wanted me to talk about tax relief, too. Done? Okay. Every year, at least once a year, I'm asked about tax relief, and we've never done anything since I've been here, which has only been my fourth year now.

[00:50:25] And again, our numbers keep going up for veterans, and they still go up a little bit for the elderly and disabled, but not as much as far as revenue that is relieved.

[00:50:42] Like I said at the retreat, my concern is the \$56,150 limit and how every year Ralph gets an increase in his Social Security, whether he wants it or not. And if he's at \$54,000 and gets a \$2,000 increase, all of a sudden he's no longer eligible for \$3,400 in relief.

[00:51:06] Well, it'll be zero next month. Will it? Trust me. You're not programmed to pay us anything. But go ahead. I get your point. And so I'm mostly concerned about our, I've got a lot of concerns with this, that we're going to have elderly and disabled people in need, knocked off just from inflation when our 56-150 has not gone up since 2017.

[00:51:33] That was done in 2017, so we're talking eight years. However, my other concern is the amount of relief we're giving continues to go up. the veterans is through the roof. We have more veterans every day. In 2023, we have 136 veterans getting relief, and theirs is full relief, no matter what property they own. 2024, 149. Last

[00:52:12] year, this year, the current year, we're in \$156,000 with relief of \$993,000. In 2018, it was \$205,000. And every year, it keeps going up. So if we want to keep the amount of our relief down around 2%, which was the goal back in 2017, it's going to be difficult to raise the limits for anybody else but I'm also concerned about elderly that are going to get knocked out of this um what

[00:52:47] it would cost us in revenue is pretty much impossible to say because I don't know how many people are 65 and older I don't know how many people make 58 000 if we raised it to that so if you did want to raise it and we would have to raise it for the 2017 budget not 2016 because We are already taking applications for next year.

[00:53:11] - 2027. - 27. - What did I say? - 16. - 27. - I'm counting on you. - Thanks. - I was trying to send it out to everybody. - The one that ends in seven, the 2027 budget, not the 2026 budget 'cause that is already implemented.

[00:53:29] I would love to see a little bit of a raise every year to see what happens. We're at 56,150 if we went to 59,000, you know, or 3% every year to see where it starts going.

[00:53:47] And if it starts hitting us too hard, then we can go back depending on what the veterans do. And again, the veterans kind of, we have less veterans and a lot more money because veterans are

completely relieved no matter whether they live in \$800,000, \$900,000 homes, which we have some, and drive Lamborghinis, which we have some.

[00:54:10] They're completely relieved. And our elderly are just much less. So I would like, but that's something we would have to act on, or you would have to act on before we start taking applications January 1 of 2026 for the following year.

[00:54:30] Yeah, so \$56,000 in 2017 adjusted for inflation to now would be just under \$72,000. And I don't suggest that because I don't know where that would put us. The other thing is, and I had a conversation with Delegate Maldonado about this at the Christmas parade, and they've impacted the referendum and the constitutional amendment with regard to veterans' qualifications.

[00:55:02] Oh, the new one? Well, the one that's hitting us. We're currently under. Okay. Well, there was just a new one put in place as well. And the impact that has had, she was clueless. She should not have been. She knew. She's been told. Okay. Well, she got retold.

[00:55:18] Yeah. And that basically it's just eating her lunch and everyone else's. I can't imagine what it's like if you live in Portsmouth or Norfolk. Stafford. Yeah, Stafford, it's true. 9% of their budget is relieved. Wow. Not their budget, I'm sorry.

[00:55:33] Their real estate revenues are relieved. Yeah. Okay. And so that's the scary part of trying to help our needy is that and defending Delegate Maldonado and Senator Rome, who's going to go in and say, I think we need to cut the veterans' benefits.

[00:55:53] Right, right. Oh, no. Number one, it'd be suicide for you, and no reason to do that because it ain't going to pass. It is what it is. Back in 2011 when this was passed, there should have been parameters put on it. There should have been limits put on it, and there was not.

[00:56:09] And to try and do that now, number one would be political suicide, and it wouldn't work because it would never pass. So we are stuck with that. That's a federal mandate. And just to make sure everybody knows that the elderly and disabled relief is all ours.

[00:56:31] We can do it or we don't have to do it. None of that's mandated. And there are quite a few localities that have dropped theirs because of the veterans relief is so high they can't afford to do anything else. But my suggestion would be to raise a little bit and see what happens, you know, with the elderly.

[00:56:56] It's not going to kill us, you know, because they right now are about a million dollars between the two different levels we have. They are less than the veterans altogether. There are 210 right now.

[00:57:17] Nope, that's the wrong number. There are 251 elderly and disabled and 156 now of veterans, and veterans are more money. \$60,000.

[00:57:37] I know, what is the current again? 56, 150. It's easy to remember because it's been that way since 17, since I've been here. And then the lower number to where you get full relief is, I think, 34, 200 right now. But that goes up all the time because we do that according to what HUD does.

[00:57:56] So that one is variable. Our top number is not. And will that be something that we can, or it will be too high? I would mostly worry about the higher number because... You can't change the bottom number, really. I mean, you can if you want.

[00:58:12] You have to do whatever you want. But I would not, because if they go over that, they still get \$3,400 in relief. I would worry about the ones that are getting to the high end. My idea is more like if we know how much that is increasing.

[00:58:29] Like we were talking about the percentage, if that could give us a little room. For the lower one? How much is lower one increase so we can use that as a measurement for the higher one? I don't think it'll work because I don't know who's older and how much money they make or how much they're worth because if they've got, you know, \$400,000 in the stock market, they're not eligible.

[00:58:56] If they only make \$10, they're not eligible. You have to be less than \$340,000 minus your home. Your home does not count as to your net worth. It was set at \$340,000 in 2017.

[00:59:12] Nothing has changed. \$60,000? Yeah. No, \$20,000. We can say we looked at it, we increased the threshold, and it should make a huge difference. I don't think it will make a huge difference. And then we can just do it every year for the following year because I don't know what the veterans are going to do with the list.

[00:59:33] And if they keep going up at this rate, I don't see how we can keep doing this. But I do appreciate the fact that we want to take care of our elderly, but we have to be cautious in doing it as well. 60? I'm sorry.

[00:59:53] Is that retired veterans or active? Disabled veterans. 100% disabled veterans. Okay. They should get disability. Deemed that way by the VA. But I'll tell you, and some of these guys and girls are so worthy of this.

[01:00:12] And other ones, I guess they're worthy, But we've got some that are making hundreds and hundreds of thousands of dollars a year and living in nearly a million-dollar homes and driving vehicles that are over \$100,000 and paying no tax on them.

[01:00:30] There should have been some limits put on it. The other thing that didn't pass this year but has been brought up is that if you are paying over, I think it's 1% or 2%, I can't remember what it was, of your real estate revenue toward this relief, that 50% of that would be picked up by the state.

[01:01:01] It failed. It's their rule. They wanted to give this relief, which is admirable, but then pay for it. It's an unfunded mandate, like so many other things.

[01:01:18] They should have said, if your real estate tax is \$4,000, you take \$4,000 off your income tax. And then that way the state pays for it, not the locale. But it's easy to put it on the locale. Always. Viewers.

[01:01:37] Y'all good with 60? We could squash that tonight. We all agree. I don't really think. Sounds like the best we could do at the moment. Yeah. I think that's, I think that would be spectacular.

[01:01:52] It was a little bit more than I was even hoping. And it starts across this. It was more than I was hoping for. But, again, I don't think it will be all that detrimental to what we do on that side, again, unknowing what the veterans are going to end up doing.

[01:02:12] Okay, move forward to that. Is that all you have for us? Unless that's all I was asked about. I'm just doing what I'm told, people. Just doing what I'm told. Doing well. I can't let you.

[01:02:28] Can't go to that. Was there anything else that we were checking? I don't know why I felt like we were going to continue. You were concerned one time about the difference in the hotels, and that's

because we list it differently than they do.

[01:02:45] The difference in the hotel. It's not, again, that one's not apples to apples. What was that? The difference in the hotel. People tax on hotels. And it's just the way that we determined how to do it. So, and again, we're talking pennies there.

[01:03:06] Was that it? Was that what you were talking about? That was your question last time. Yes, yes. Yep, that was exactly. And, you know, my ask is, you know, when we work on the next one, then we, you know, continue to look at this and, you know, keep an eye on what's approved.

[01:03:23] Absolutely. What the others do. Yeah, I worry about matching. And even though it's not opposed to our folks, But at least, you know, we have a good explanation. Right. And we want to be there. We don't want to be giving things away for free, and we don't want to be taking advantage of people either.

[01:03:40] Thank you. Thank you. Oh, yes, sir. Educators, what was that? Yeah. Tom, can you hear me? Tom? Yes. Okay. So COG spent a bunch of time today.

[01:03:58] Staff at COG has been doing a lot of work with regard to modeling of the potential impact of the actions by the administration. I got an email, which I sent to Eric.

[01:04:13] Eric, if you would forward that to everyone at some point. They've done some modeling down to the census tract as to the number of government employees that reside in each jurisdiction, and literally by census tract. It's very revealing.

[01:04:31] Phil Mendelsohn was talking today that the impact is such that they have already been informed that their AAA bond rating is probably going to go away through no action of the D.C. government at all, just simply because of the reductions in the workforce.

[01:04:54] He also, and this is where sort of the impacts, and I want to get this to the group, where the impacts will start cascading, that if the continuing resolution passes and D.C. government is forced to their funding levels of FY24, that will in turn limit their contribution to EMWA, significantly less than what it currently is.

[01:05:21] That in turn will trigger by compact changes in funding by Virginia and Maryland, which which means IMO will suddenly be about a billion dollars more short. And, you know, this is just the start of the fun news.

[01:05:45] COGS modeling, and they took Doge at their word and said, if you achieve a 75% reduction in the federal workforce in the DMV, That by itself, not counting any contractors' losses or losses of ancillary jobs or flowed trickle-down jobs, gets you to a 10% unemployment rate overnight.

[01:06:18] They are now forecasting this to be a worse economic impact to the DMV than COVID. And essentially, the unwritten message today was pull out the playbook from 2020, except the fact there will be no influx of money.

[01:06:36] It's all on you. obviously we are far better positioned than almost any other jurisdiction around for things like this. But the storm is coming. I mean, real estate will collapse.

[01:06:54] Home prices will collapse next year if this all comes true. You know, they go through with this. Not to mention, obviously, the commercial sector. It will obviously have impacts on things like get someone to build a hotel. But this was the latest and greatest today from them.

[01:07:12] There will be more and more updates. going to use this website as a means to they have a dedicated website now for for this stay tuned and as bad as it is at least you're not the district because frankly they're looking to be able to govern themselves pretty soon thanks yeah that was it was an uplifting meeting

[01:07:47] mr osina you have any questions or comments on that at all good so okay um you have something yes ma'am mr rca areas received a few inquiries about about chickens due to the current egg shortage and we simply wanted we simply wanted to see if if council had any interest in reconsidering. Thank you.

[01:08:23] Anything else? Any other small comments? I'm sorry. I would say the only thing we would ask is once again if you have questions or topics you want us to cover we have the airports is your next big presentation we think we have provided you answers to all the questions that have been posed up until

[01:09:00] tonight there's other things that you want to take a look at i know we're waiting on the school's presentation all right so between airports and then the schools um then maybe we come back and visit this of getting more guidance from you up down they even whatever the case may be i still continue to uh you know uh say that we do it to have the town hall that we're gonna be here uh last year it was the same i think we came in at seven and to me that's time

[01:09:35] that we should schedule you know a session instead of adding uh more uh wednesday so since it's a second year in a row i wanted to make sure that they you know if we can you know we are going to be here we should be using that time and when we do apologize we ran into the advertising deadline to uh regarding the the wednesday with the airport and and we will work better next year to ensure that the town hall is better planned anything else if not we're adjourned thank you

[01:10:12] everybody if y'all haven't guessed that



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