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[00:01:05] FY20, 26 budget advertisement. I'll turn it over to you, however, whoever. Can we point at somebody else? Can we point at somebody else? Oh, it's you. It's going to be here. Thank you, Mayor. As you know, we're trying to finalize things up, get some direction of council, the direction we're going to be going as we finalize everything.

[00:01:26] We really have four things that we're looking for your guidance on tonight before we get to the advertisement. The first one is we're moving forward with a separate data center tax. As you know, we've talked about it.

[00:01:43] We're trying to get some, as Doug Keenan would say, head nods of the direction, and that's the direction we're going to use is moving that to \$3.60. And Diane's going to jump in. And all of these things are so that we can place the ad so people will know what we're advertising for the public hearing and we can do stuff lower after we advertise it and have the public area, just nothing higher.

[00:02:13] You've already taken care of the \$1.28 for the real estate tax rate. So we're just looking to see... Advertise. Advertise, yep, advertise rate. Advertisement has already taken place. And so you have up until adoption to go lower than that if that's what you choose.

[00:02:33] so for the data center if we were doing a separate one were we comfortable with the three dollars and sixty cents um as the highest that we would advertise and waiting a year to see how the other larger counties do with having the separate vehicle tax and then possibly implementing that in a future fiscal year just need to know if that's safe for me to advertise DW did what?

[00:03:04] Oh, I forgot. I'm sorry. 425. 415. It was 415. 415. I just, I didn't write it down. All right. Thank you for that. I didn't mean to cut you off. I'm sorry.

[00:03:21] I cut you off. Oh, no, that was all. I think that was all. I just wanted to, we just kind of wanted to confirm that I'm okay to move forward with this concept and advertise that way. Thank you, my man. That's both, right? The computer and the data center?

[00:03:39] Questions. We want to know what direction you want to go to for both. The computer tax rate for businesses is currently 215. Did you want to leave it at that, advertise it at 360, or somewhere else in between?

[00:04:00] A clarification, the computer tax is essentially part of the B-Poll, and we do not currently have a carve-out. It's just a flat rate. So we don't have a minimum threshold.

[00:04:19] Computer tax is business, personal property. And the max is 360 currently that we can do. The max we can go to. The current rate is 215. Yes, current rate is 215.

[00:04:35] But I'm saying that impacts small business to Lockheed. And it is not what will be applied to the peripherals that will be housed in all the data centers.

[00:04:53] So to me, if you wanted to raise it and, frankly, try to target the Lockheeds and the BAEs and probably the hospital and other larger institutional institutions, then you would do so with a threshold.

[00:05:16] I'm just making up numbers. \$5,000, \$10,000 assessed value to qualify. Or you just leave it at the lower rate now, knowing that the real win in all this is in the data centers when they come online.

[00:05:36] And the 360 or whatever number that will end up being captures that. And you're not going to try to raise a tax on Joanne Wonderly or BAE. So to confuse this even more, what is a commercial and industrial tax?

[00:05:58] Am I saying it correctly? Yes. That is a separate tax rate allowed in certain areas, one of them being northern Virginia, that you can levy on commercial industrial properties to generate funds specifically for, and Matt will have to help me out on this one, but new road construction is the overarching topic specifically for that.

[00:06:31] Are there any more details of what you can spend it on? It's very narrowly tailored. So it's a property tax increase only on commercial industrial, but the uses are very narrowly tailored to, like Diane said, things that add capacity in the region.

[00:06:47] So it's an NVTa optional tax, essentially. It would be very difficult to spend the money because you just don't have that many big road projects to spend. So may I continue to warm up? So it has to be used on a road.

[00:07:03] It couldn't be used for mass transit, such as a train? It could be used on buses. So we could add a new bus route, and theoretically you could use the CI tax for that, for the startup cost of that and then the ongoing operating, but all the existing bus lines you can't use it for.

[00:07:21] So it's very narrowly tailored, the state statute, on only at new roads, new buses, new bus lines, not replacing bus lines on existing corridors, that kind of stuff. So as a, for instance, then, if we decided we wanted to have a bus line that went basically from our shared border, Manassas Park, all the way down to the airport, this tax could be used for this, not only the startup, but then year-to-year operational costs?

[00:08:01] I believe so. Would it be used if we wanted to widen the bridge, Liberia, and the railroad tracks? Yes, I believe so. I think, in general, my recommendation on the CI tax would be to let us spend some more time seeing what's eligible and what's not eligible.

[00:08:25] It's probably more of a 27, 28 budget discussion to see if we have enough projects out there. That's a great project that Council Member Wolfe suggested. A big new bus line could work, but it would require, I would want to spend some more time looking at the statute and what the cost of those projects might even be.

[00:08:44] The other thing is pretty much the two projects you named are probably two of the few that I could think of if you start to run out of projects from their early days. You know, I was going to say, because this also impacts your NVTa, match 30% and 70% of programs. I assume it can't be, you can't double dip.

[00:09:04] Yeah, it would be used as your NVTa match. All right. And, or a portion of. So the NVTa match is the equivalent to a 12.5 cent CNI tax, which is roughly between \$2 million and \$2.5 million.

[00:09:27] Without doing more research, I think what all that means is we would put, I know that we transfer the, we would put the CNI tax, and we put it, whatever it is that's the match, the two and a half about, has to go into a special NVTa fund.

[00:09:44] I think all that means is we just have to do the project out of that fund too. So that would count as our match. to be able to get our 30 percent money goes to nvta no it goes to our nvta fund i believe and then we spend it on whatever but it allows us to get the money that is going to nvta the 30 percent to come back to us you have to have at least that as a match to be able to to get that money back

[00:10:16] so if i'm hearing correctly it doesn't diminish our nvta matching money you know money no it doesn't diminish it because we have this if we did have a cni tax if we did have a cni tax we would not have to come up with other funds for that match like we have been doing it would be your c it would be your match it would be helpful for the mat it would it would be good if we could

[00:10:50] have projects that we if we have enough projects to do with that money and does anybody on staff no, are there limits to how high or how low this tax can be? Is it based on what's it, you know? I thought it was 12 and a half as the max.

[00:11:10] I think so. I just have to check the statutes, right? It's 12 and a half. For \$100. So that generates about two to two and a half million dollars, depending on what the assessed value, it's based on the assessed values of the properties designated as commercial and industrial.

[00:11:29] Sorry for that veering off from the discussion. But since we were on all of this different stuff, I did want to thank you. And it will likely, data centers are zoned commercial, I'm sorry, industrial.

[00:11:47] So 12 and a half cents of that, that number is likely to grow. So your match will grow as the assessed value of commercial industrial properties grows. We say property, it's tangible property, not real estate.

[00:12:10] It's real estate property. It's real estate. Yes. Thank you. Thank you, Madam Mayor. My question is like every jurisdiction pretty much has, except the staffer, which we know they do things differently, they pretty much have the same rate.

[00:12:28] I just don't understand why wouldn't we entertain to have the same rate. I mean, I do understand it, but it just, you know, If we didn't want to, you know, I would be willing to lower the personal property tax and then, you know, try to match Manassas and Manassas Park and try to have 3.5 on me.

[00:12:49] Other than that, you know, I don't know if you were proposing to have a different one, but I'm looking to have the max to the data center and try to match all three.

[00:13:07] but I don't know if I have anybody else to support. Mayor, make sure what you're talking about is moving the computer tax to this 360?

[00:13:25] Well, if the concern was when the conversation came about about the computers, which is the computers and the proper tax from the small business to the big business, I will be willing to move it down to have the appropriate tax at 3.5 and that we have the computer and the data center all the way at 3.5 because Manassas Park has it like that. I don't know if they are planning on, I did write the 415 for the Prince William but I'm, you know, I'm not planning to increase it. I'm planning to, you know, keep it like that and match the other ones

[00:14:03] or if you think the increase for those two will be greater than, you know, we can lower the the 3.6 to 3.5 and become, you know, one of the, you know, at least much another. I hear you.

[00:14:24] I'm not too concerned about Manassas Park. I think our peer competitor is more county. And so to me, it's you either with the data center and taking it one at a time.

[00:14:43] To me, the data center tax is either 360 or you say the heck with it. We know it's going to be 415 next year. go ahead and make it \$4.15 and be done with it. And the computer tax, I would be hesitant to increase that because I don't like the impact on small business.

[00:15:09] You're talking without a threshold? If you put a threshold in, then that's a different conversation. Fairfax has a threshold. I know that because I fill out their form every year. Tonya, what are you doing? Yeah, but they are at \$4.57, so it's, what, from \$215 to \$457 is a big difference.

[00:15:33] I hadn't thought about it. I haven't picked up a number. I hadn't thought about increasing that. So that's just me. And that, you know, that's why. You know, I wouldn't mind, you know, bringing it up. I understand it will be a cost. But, you know, we could also lower the personal property tax because that's a cost too.

[00:15:53] And, you know, computers, I know computers are different and they depreciate it. But, you know, the cars, you know, have become very expensive. And at the rate we're going and the things that are happening, I believe most of them are going to hold the value. You know, we've been there.

[00:16:10] And I'm thinking about, you know, that too. Because, you know, we have, regardless of where we land, we have increases at every level. And this will be an increase for us.

[00:16:27] Diane, the personal property tax generates how much? I mean, I forget. There was a question. the personal property tax union rates how many mean for um for automobiles total total like 14 million so how much for all of this 14 million so 14 million times 14.7 that's not including m and t right yeah m and t is another what five and a half six

[00:17:11] That's \$40,000 a penny. So five pennies off, that would be a \$200,000 reduction in tax revenue.

[00:17:34] So what I'm saying is 3.5 on all three of them. That gets you. I would go there with the caveat of computer tax that you have to have a threshold of a value of \$5,000, \$10,000.

[00:18:02] But there's administrative pain to this. I haven't looked into that at all, so I'd hate to give you a suggestion right now. This is all out of the blue here as far as the threshold goes. Yeah, no, I know. So I'd have to look at individuals as to what...

[00:18:18] Because the thought process for me would be, again, if you're able to, very small businesses, essentially zero amount, make it up on, like I said, BAE and Lockheed.

[00:18:35] I don't have the numbers in front of me, but computers at \$1.15 brought in \$100,000, \$200,000. The computers at \$215,000, for the tax year we're in now, bring in about \$200,000 at \$215,000, just the computer piece.

[00:19:05] There's only about \$9.4 million of total value of these other computers. You could pull up a report as to, I assume, relatively easy as to who the payers of that are.

[00:19:22] I cannot. No, I don't have any of that information. I can't do it right now. No, I know, no, but I'm thinking for Wednesday. But I can't, I'm not going to tell you who's paying what. No, no, well. I can't do that. You can put them in order, rank order.

[00:19:41] I can give you a ranked order. That'll work. Madam Mayor, and what was your proposal for computers without putting a threshold? It's 3.6.

[00:19:57] Without a threshold, I would, to me, I would keep the words at. Which is, oh, the computers, 2.15. The 2.15. He's saying 2.15, 3.6, 3.6. But if you want to take it up, then I think you need to, to me, exempt, you know, put a threshold and exempt out the very small businesses.

[00:20:15] Like I said, Fairfax, I think it's \$10,000. Mr. Smith and Ms. Ellis. Thank you. Are there any tax incentives or offsets that's provided these entities like data centers, depending on the nature of the work involved, i.e. government contracts or something?

[00:20:43] Do they get some tax break that we have to take into consideration? Not that I know of. For our taxes, I mean, their income might be something different. But for us, no, not that I know of. We're not aware of anything where they would get to get a deduction or some offset, which would impact what the city gets.

[00:21:07] Not to my knowledge. Fed maybe, state maybe, I don't know. For our simplicity of our taxes, no, I don't know of anything where they get anything. And if it would be, it would be through you guys, and you guys haven't done anything.

[00:21:24] Okay. Until I do further research, I guess that's it. All right. So I thought the threshold for the data center rate was the same as personal property.

[00:21:42] Is that not true anymore? It's not true anymore. Your general rate could be whatever you need it to be. Data center rate can be whatever you want it to be. Cars can be whatever you want it to be. But we would have to raise the car tax. we don't anymore not anymore they broke it out separately okay they did that for our during the pandemic and they put a sunset clause in and now they've removed the sunset clause so we can have other taxes higher than your car tax but your people caution i don't recommend it at all because

[00:22:18] in the commissioner's association that the talk is is that money talks and there's going to be pressure on the legislature to change that back so i personally would not do what loudon and prince william were doing if i were sitting where you're sitting because you might have to retract that next year or the year after and not bringing in money revenue that you were expecting is very very difficult so i would not do that but you are allowed to so i would like to keep computer tax

[00:22:54] at 215, just because I think that's sending a bad message to our small businesses. And we originally talked about raising the data center tax because of the, all the, you know, the excess electric and infrastructure, and I don't see the comparison.

[00:23:17] Micron falls under the computer tax, right? Their computers do, yeah. Right, just, okay. So they would be affected as well if we raised it. I just think that we should keep it at \$215 and \$360 for the data center. I'm sorry, how much for the data center?

[00:23:36] \$360. Oh, gotcha. Yeah, without a threshold protecting the small businesses, I'd like to see the computer tax stay where it's at, but the data center raised to \$360. Unless we can enforce a threshold that protects small businesses, and it sounds like that's going to require some research, so we're not going to come to that conclusion today.

[00:24:01] No. Yeah. You don't have it. But for your sake, you need us to come up with numbers, threshold or no threshold, is what you're asking. The maximum rate that you would be advertising. More realistic if you've heard both conclusions.

[00:24:20] But if we're doing 215 and 360, then there's no threshold reason if everybody agrees to that. It stays the same. Lucina, you have anything else to add? I'm going to just say ditto to Ms. Ellis and Ms. Hudson's rate.

[00:24:41] Personal property, 3.6. Computers, 2.15. And data centers, 3.6. What's advertised. Okay. That's right. For me, it will be 3.5 for each one of them. That's what I believe.

[00:24:57] It should be the same, and it's an opportunity to lower the ones for the personal property, as I believe the prices for cars are going to either increase with the tariff, So they are, you know, and people are going to be holding on to all cars, but the price is not going to drop.

[00:25:15] We went through that, and we're going to hear, you know, the personal property taxes, you know. If we put them all in the same, it's an opportunity for that to lower. You're saying 3.5 for both?

[00:25:31] Yes, 3.5 for each. There is only one locality that has a different rate, which is the Stafford. And they also have other, you know, other things that they do for their car.

[00:25:47] So we know that they actually know the actual rate that they are paying is more the rate that is at the time. Mr. Smith, did you have anything you wanted to add? No, I just confirmed what Mr. Brown would tell you.

[00:26:05] You don't let Google be your lawyer. Thank you for that. But I think that's, go ahead. Could I answer? Yes, the commissioner. So what, if anything, has been the chatter among the commissioners of revenue about projected values for vehicles, particularly used vehicles?

[00:26:36] Well, I'd like to address what Sonia had to say because she makes a lot of sense. However, the 3.6 would be for this year. The values are already in for this year. They're as of January 1.

[00:26:53] When we're sitting here a year from now, hopefully I'm sitting here a year from now, and I come to you and say, you were right that the values have skyrocketed. At that point, you can do the lower tax rate at that point, and that will affect the higher costs.

[00:27:17] Right now at \$360,000, you're safe because the values have gone up slightly, but they haven't skyrocketed. But next year they might, and you might have to do something different next year. This year, as far as values and total tax revenue, you're going to be close.

[00:27:33] Does that make sense? Go ahead, Son. Thank you, and I appreciate it. But the way I see it is whether you want a computer, a computer in a data center, a computer or cars, there are pretty much some of them are computers. I know it's your choice, you know, what kind of car you drive and how much, you know, you pay, and that has a cost with the property tax.

[00:27:55] But this is another way of showing, you know, residents that, you know, we hear them, we have heard. It's not about increasing, it's about showing that, you know, that we have goodwill for them. But I don't understand and, you know, I don't mind, you know, voting on my own.

[00:28:12] I think we have the four head nods to do 360 and 215. The way I read it was we do have the majority for the advertisement of the maximum advertised rate, which is really where we're at now, 360, 215 for computer, then 360 for data center.

[00:28:34] 360. For data center, correct? Yes. You knocked off one and two. We don't expect any changes in the B-Pol tax rate, correct?

[00:28:56] Hasn't been brought up. These are just advertisements. I am. right yeah correct we either meet or exceed and we did so last year um what we know of prince william counties okay and then the last thing on our list is um utility rates could turn into a discussion we had our presentation uh it is it is there's a couple of key points uh from

[00:29:31] staff that we do want to make we understand it is an increase uh it is a user i call it a user fee right flush your toilet so many times it's going to cost you that many that much money we should be charging what it costs to flush that toilet in my simple ways of putting things and we also just ask you to remember that the discussion you heard when they presented it was this this did impact your triple a bond rating it did come into play in that conversation doing it the way you do it

[00:30:05] the way we do it which is running it as a business it needs to pay for itself helped us helped you help this city get to the triple a bond rating so it would be our recommendation to go with that increase that you were presented with but i know there needs to be some discussion about that well i would like a staff there at the utility to help us so we don't have to go through this And I know that's where we're at now, that it's going to be fixed.

[00:30:38] But I believe it is no fair that we have to come up. I would like to request to see what is within the program a combination between trying, maybe no delay, but trying to see what is those expenses on the, oh my goodness, I'm losing words now.

[00:31:02] On the maintenance that we have to do so we can find a good rate, but for me, it's going to be a no for 8.5. I see it, and looking at the presentation, we were going, I think at the fourth or five-year, we were even going beyond what was necessary.

[00:31:25] To me, between the capital investment, I think it is, and the necessary cash, we need to find a good place so the residents don't have to come up to \$0.25. I already had this feeling trying to lower their car bill, which they also choose what car to drive, and I do that all the time.

[00:31:52] But at the same time, you know, I believe regardless of where we are or how low we are, you know, 8.5 percent, it's unacceptable for me. Sister Osina.

[00:32:12] All right. So I'm going back. Sorry. That's okay. I'll wait. Were we discussing utilities at the next work session? We are. I think what we were hoping to hear was that we could advertise at the recommended 8.5, 8.5, 8.5, and 3.

[00:32:34] And then if you chose to come down from that, that is Council's option. The concern that would be expressed, as Chief indicated, the rates weren't just simply for this year.

[00:32:50] The recommended plan was for multiple years of increase so that we can get to where each of these enterprise funds needs to be to be sustainable with not only some of the capital work but all the operational.

[00:33:08] And I think that was one of the considerations that they presented was that the operating costs are anticipated to be going up. And that covers the cost of what it takes to bring electricity to homes, to bring water to your home, and to remove wastewater from your home.

[00:33:27] So we do plan to have the discussion next Monday regarding the utility rates. But as far as the ad would go, we would request to proceed with advertising at the recommended rates and then having discussions if council does desire to go lower, it would give us the opportunity to present what the potential impact would be to not fund at the rates that were recommended by our consultant at that meeting next Monday.

[00:34:00] I'm a no. I'm a no to the 8.5. So let me ask this question for you. What is the absolute deadline for you knowing what rates to put in your ad? I think the 9th, 7th, 7th, the work session on the 7th.

[00:34:21] So you need to? I need to have them, I need to prepare an ad with that included and send it to the paper by the 11th, by April 11th. So at this, if I, just a procedural question.

[00:34:37] So if we, because I would like to talk about it, but I understand that it would be helpful to have the utility staff here to answer some questions along the way on that. So if we deferred this discussion until April the 7th, when it is scheduled to be discussed, without giving any guidance or any decision as to what to be advertised, we still could run the ad with no problem.

[00:35:09] You could still, by the 7th, when we finish that meeting on the 7th, we still could move ahead. Correct. We'll be good. We'll be fine. That's a good idea. I would suggest that because as I look at stuff, we need to have the right people in the room is what I'm saying.

[00:35:27] And I do have a, because of prior discussion on those rates, I have a head start that I could be working on so we can wait on the utility rates. So thank you. Super. In anticipation of that Monday meeting, what are your concerns so that we can, as Diane indicated, have the ability to be able to provide you with accurate information?

[00:35:56] You don't have to give them tonight, but if you could give them to us by the end of this week. If there's questions about are there specific capital expenditures, how necessary are they? How does their delay or elimination impact the recommended rates?

[00:36:17] Or if there's other questions as to what we're trying to do right now is to assess if there was a lesser increase. If we drop to 5% for the two that were recommended at 8.5, what impact does that have on our enterprises long-term?

[00:36:33] How long would it take at a 5% rate for us to get to the break-even point that we need to get to? So Diane's already working on that information, but if there's more specific about the capital or any other questions you might have, if we could get that by the end of the week, that would be helpful for us.

[00:36:52] Yeah, I'd say to me, it's just going to be, since this is an expense-driven decision, essentially, I don't think anyone here is going to want a situation where we're not covering our costs. So that's a recipe for failure.

[00:37:11] So it's going to be a little more of a drill down on the expense side, capital and operating, in terms of here's what we do in the assumptions. So my ask is for staff to recommend, because, you know, We can go one by one and say no, it might not be the one that can wait because I don't have the expertise on utilities.

[00:37:40] There might be places where we compromise. What I'm looking for is to make up that, but how long can we take? And you were right on point and everything you said. But I'm more than happy to say this one should wait or this one not.

[00:37:55] But I don't want issues with electricity, which we had had before. And at the same time, if we were not doing the increases, I mean, we're not even taking into consideration, which I know is no hours, but we pass only UOSA, which is the most expensive.

[00:38:12] So even though that is no our expense, you know, the residents come to us for the whole bill, not just for the 3% or the other percent. It's just they see the total, they see the one bill as a whole. If I could ask for the Chief's head nod, would Council be, what goal would you guys be comfortable with as far as an electric and a water rate increase?

[00:38:43] If 8.5 is too high, would 5% be an acceptable level? Again, just so that we can get to a point of what we would need to either delay or eliminate to get to a certain utility increase.

[00:39:01] We included a 5% with the previous budget. And to go for zero would absolutely put us in the hole because all of our expense, the majority of our expenses are going to increase as far as chemicals and materials.

[00:39:20] So would 5% be something to talk through as far as the lower threshold of an increase so that we could be prepared to talk between 5% and 8.5% to give you where we would be in that range?

[00:39:40] - For discussion, for the next time, yeah. - Sure. - To me it's the right, and again that's why I'm saying this is, it's not that the revenue is irrelevant, this is expense driven.

[00:39:56] And to Sonya's point, I don't think anyone here is wanting to compromise reliability of the system or staffing or safety or any of those items. So at the end of the day, it costs X. And it's just, I think part of, well let me finish, Because if I'm reading the room, part of it is justifying to the council, this is X, whatever that is.

[00:40:22] And then you back in, for me, then you back into the number. The number is what the number is going to be. And, you know, so I understand where you're going, and maybe 5% is the right number. But I don't, you know. And where I believe we would start is simply taking all the capital off the table.

[00:40:44] Because the operating is the minimum that we will need. I don't think there's much wiggle room in our operating request for the operating. So what I think we'll be talking about is, again, what capital can be extended and then what impact that would have on the rates.

[00:41:03] At five, up to, at five. Maintaining your fund balance. And that's what we were trying to give back to, if you remember. So you're going to have to break those two items out. Yes. And as far as what you were saying about in the fifth year we were showing to be a little bit above where we needed to be, I hate to put it this way, but the presentation was basically a snapshot of where we are looking at next year, where we're going in the future.

[00:41:35] If we see the new development come on and become customers, that will have a benefit, and we may not have to do the future increases. That said, without knowing the timing of that, without knowing potentially if any of the tariffs will have a significant increase on the material costs that we're at, it really is a year-to-year that we have to look at.

[00:42:05] The five-year projection was to try and give us an idea where just all things equal, this is what the rates needed to be to get where we, staff, want it to be. So it's a matter of having the conversation with you all about what we think is an acceptable rate versus where we would be as far as revenues.

[00:42:27] And I do think off the top of my head we'll get more clarification with the utilities folks that at 5% rate increases, I don't believe those were covering operations. I believe 5%, they were still having to use fund balance for ongoing operations.

[00:42:44] But we'll have that information were the break-even. Ms. Hudson. On all of the timelines for the increases, we're only looking at a five-year span. Of course, recognizing that we want to get back to the point of having the fund balance where we want it to be sooner than later, but I might be interested in seeing if we were to make that a 10-year stretch instead of a five-year stretch, would we be able to make the increases smaller?

[00:43:14] but, I mean, yes, it makes the goal further out, but if we can keep the increase as lower as we go. That's possible, but the further out we go, the more variables that go. I understand that, too. Can I ask a follow-up question, too?

[00:43:32] We started talking about the bond rating. Is our bond rating under threat, and is there a certain time that if this is not, I'm just going to say fix, I know fix isn't the right word, but this isn't better than our bond rating is at threat.

[00:43:51] Do we have two years to fix this or something like that? I can't answer that specifically because I never know that exactly, but we are under surveillance. We will be under surveillance just for the normal process, and I'll be notified of when that's going to happen.

[00:44:08] They'll just go check all of our numbers. Probably, so we sold those bonds. They probably want to look at our... fiscal year we sold them right before the close of 24 so they'll probably want to go back and look at those 24 numbers and maybe a 25 so in the next six months I expect to serve it to be notified that they're going to check and usually it's not they do this all the time usually it's not a big deal but we'll be under tighter look because of what's going on in the nationally and in this area and

[00:44:46] because we were just upgraded so but i don't have any other like direct information but if they did but i will i can with relative confidence tell you if there was a massive draw on any of the types of

reserves it would be a red flag and i would have to have conversation we will be tagged just because of the impact of the layoffs at the federal level that they're going to they're going scrutinize every northern virginia locality and we were going to be looked at anyways and i knew

[00:45:21] that and we are periodically especially since we i just don't know the timing and they'll do it whenever but if there is a massive draw on reserves will be and to what council member wolf just said that that's going to draw more attention to it but a massive draw on reserves and i don't even know what a massive draw means i can't even define it it's all very what they think it is what they think it is so i can't give an exact number but i do know we will be looked at and i can't give an exact reason why it would be there's just like a it's a huge whole entire picture of the city but

[00:45:56] am i worried not not at the moment no how important is our for folks who may not know triple a bond rating what is that and how important is that so it allows you to borrow money at a much, I don't know how much, I can't give an exact on it either, no one can, but it allows you to borrow money at a lower interest rate, or borrow money at all, to be honest with you.

[00:46:29] There are various degrees of rating. Some people cannot get anybody to invest in their community or buy their bonds. Something like us with double, triple A's, I mean, we had investors like this, right?

[00:46:44] And so that's a much more competitive market. We had more investors once that upgrade was seen than we've ever had before. And in the not great interest rate market, we got a really good interest rate for the times. So it saves money.

[00:47:02] Can't give you a dollar amount or what we would have gotten because it's a competitive sale. But we saw awesome competition. Even our financial advisors were like, wow, this is really good. Lots of bidders out there. People were signing up at the last minute. It was really, really an exciting time. So it saves taxpayer money on interest.

[00:47:21] Mayor, for those listening and watching, I think that's what you are getting to. It's your credit score, so put it in there. The better credit score, the lower interest rates you get when you're borrowing for buying new cars.

[00:47:36] So we got a better interest rate because our credit score was very good. We've had it for a very long time. We have now the double AAA or whatever. We had a good score before, now we have an excellent score.

[00:47:51] And we've had the one AAA for quite some time now, 10 years maybe. Yeah, thank you. I mean, one of, it is hard to tell, but, you know, one of the concerns I have is not only the civil servants who are losing their job, those who are having to retire early because there's no other option, but it's everybody else that comes, you know, after that, because that creates an effect on the economy and travel and everything around us, just like the perks will create a problem for our own, you know, expenses.

[00:48:30] So, you know, going back, you know, my concern, you know, it's, you know, the everyday resident, you know, those who are going to add up all this and it's going to have an effect on them. And maybe next year it wouldn't be like that, you know, but this year, you know, I just want you to know what's on my mind.

[00:48:49] And it might change, you know, but I'm, you know, I'm really concerned. And, of course, it is the balance where you can do enough, you know, it's always going to be too much. But, you know, finding a balance where, you know, we keep what we have, that we, you know, have enough there.

[00:49:06] I don't know why now I feel, you know, in this I feel rushed. I don't know. I don't know why in the sense that, you know, we want to, you know, get there in four years. And I, you know, I understand that, you know. I, you know, I plan and, you know, you do things.

[00:49:22] I'm just really trying to find, you know, ways to lower if we can and just have, you know, everything as a whole, you know, within our minds because at the end it's one pocket where it's coming from. So, budget makers, creators.

[00:49:45] I'm looking in my budget book here at the page 179 and 181. One is for water operations and one is electric one. It just gives an overview, a division overview here.

[00:50:02] And so I'm just curious, not to pin anyone down right now, but in part of this, looking at reducing or just, I shouldn't say even justify, looking at what is being proposed here.

[00:50:20] So on page 179, when you look at water operations, for instance, purchase services go up half a million dollars. And supplies go up, again, water operation, \$726,000 there.

[00:50:40] Wondering, just aloud, are those areas that can be tight? Is everything in there needed? Imagine that supplies is like the chemicals we use, right?

[00:51:02] And purchase services would be what? Most likely that is the design as well as the inspection of the improvements that are ongoing at the water plant that have to be done within the next year for ARPA, as well as some of the planning.

[00:51:21] I know one of the projects that we are looking to do is to update our ability to model our water system so that when a new subdivision or a new development would come online, we will be in a better position to predict the impact of the surrounding area if there is a sudden draw on the system when Micron expands and increases the water usage.

[00:51:50] How does that affect everyone in the area? That's part of the reason we've been upgrading the line. So that would be the services that would be under the purchase services. But we'll be in a much better position to respond to that next Monday. Gotcha. There's also maintenance on our tanks and stuff, too.

[00:52:08] Tanks, chemicals, and ongoing. So increases in cost of maintaining and putting chemicals in there as well. But, yeah, we'll be able to – I unfortunately need the folks here to help. And we will have them. Yeah, and I would do the same thing on the electric fund.

[00:52:25] You know, purchase services are \$1.1 million there. But on the good news, on the electric fund, there's also a 1.2 million decrease in supplies on the electric side there.

[00:52:42] And so, anyway. Substation. Please buy a substation. Some of the equipment. I'm going to buy a substation. All right. Again, I'm not trying to nitpick today, but, you know, looking at when you do look at these things, not just capital, but in keeping, you know, what you're projecting and what's being asked for along the way.

[00:53:14] That's all. But I understand you'll be doing that. That's great. Thank you. Are we going to talk about the federal tax? The next item that we were hoping to get confirmation head nods from Council is

that you are comfortable with us proceeding on the ordinance development so that we can increase the relief to \$60,000 for the elderly and disabled taxes.

[00:53:49] Again, that won't apply to this year. We would apply to next year, but we need to get the ordinance going so that the city has that going forward. So if \$60,000 is the miles you are comfortable with who they proceed with, that will be independent of the budget.

[00:54:04] It will be an ordinance, but it will be coming to you all shortly. Good there. I think the next item, Mr. Burke, is what we would like to hear is, are there other things you need us to prepare to get us for your conversations as we wind down the budget work session?

[00:54:24] So if there's topics or questions you want us to dive back into to get you information we'd like to get that tonight as you begin your discussions knowing that we're going to have some decisions to make in the next month and that was specific right now there was no meeting scheduled for Wednesday the first yes for the second this coming one we don't have a meeting

[00:55:02] scheduled we have a the work session the seventh is the one that we were going to focus on utilities and then any other discussion, then the question was do you believe that you would want to continue having the 9th that Wednesday as a budget work session or is that another meeting that you would feel is not necessary?

[00:55:25] I think once we see Monday. Thank you, Mark. Let's not get rid of it just in case. I think we'll see how Monday goes. But like the Chief said, as far as the 7th, we'll focus on utilities, but if If there is additional information that you would want, please let Diane, the chief, or I know, and try and have that available for y'all.

[00:55:53] You've got to keep us here until at least 6.30. No, no, no. Nothing else to cover for you. Everybody good? Okay, thank you, everybody. We're adjourned. Thank you. Where'd we go?

[00:56:09] Twitter, I'm going to go.



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