



MACHINE TRANSCRIPT • CORAGGIO CONSULTING

Manassas City Council 4/7/2025

Date Monday, April 7, 2025
Place Manassas City Council, Virginia
Length 1h 12m (video)

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

Machine transcript (speech-to-text) produced by Coraggio Consulting. Not an official county record. Names and numbers may be misspelled; check the video at the timestamp before quoting.

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.

[00:00:00] to order. Mr. Smith, please call the roll. Mayor Davis-Younger. Present. Vice Mayor Wilkes. Council Member Smith. Here. Council Member Ellis. Here. Council Member Osina. Here. Council Member Vasquez-Luna. Council Member Hudson. Here.

[00:00:16] Thank you very much. We have only one item on the agenda tonight, and that's the council requested topics. I know utilities was the topic for tonight, so do you want to tee it up and bring us forward? I'd be happy to. Staff have been working to address some of the concerns that Council had about the 8.5% proposed rate increase for both electric and water from our consultant.

[00:00:43] Some of what we would like to present to you all tonight is that our enterprise funds are intended to operate as an independent business. There have been some questions about can the general fund or can there be any cross funding between the enterprise funds, and that is not desired.

[00:01:04] The primary reason would be that if we were to ever need to do a bond for a utility improvement, if there was seen that there is being funding supplemented from either the general fund or another fund, it would be seen that that fund is not self-sufficient and would drive the rates for any potential bond to a higher level.

[00:01:29] It would also potentially be considered when the city is reconsidered for our AAA rating that if one of our enterprise funds was insufficient, it might cause problems for Diane and future bond ratings. So I know there was an inquiry about that, but it is frowned upon financially.

[00:01:52] A couple of the other things that we'd like to talk about, when we first started with our consultant, we recognized that the funds, the fees, fee revenue for both electric and for water had not been increased in a number of years to the point that they should have been.

[00:02:18] And so we are not at a point where the revenue that water and electric brings in from our utility rates covers the personnel and operating costs. When we first talked with the consultant, they indicated that we should consider a 17% increase for both of those utility funds.

[00:02:38] We recognized that that would be a staggering amount, so we did talk with them, and what was presented was the 8.5%. The 8.5% will not arrive at a break-even for personnel and operating in electric for three years if we do the 8.5% increases for all three years.

[00:02:58] It won't reach a break-even point for water for five years. So we are trying to get to the point that the fees will cover those costs. At that point, we would then be able to talk about should the rates also cover any future capital.

[00:03:16] but that's a discussion several years down the road. Where we're at right now with the budget that was presented, the majority of all of the capital improvements for both electric and for water are coming from the reserve funds as well as a significant portion of the operating and personnel for both of those enterprises.

[00:03:42] WE WOULD STRONGLY RECOMMEND CONSIDERATION OF THE FULL RECOMMENDED UTILITY RATE INCREASE SO THAT IN A NUMBER OF YEARS THEY WILL BE BREAK EVEN AND THEY WILL BE MORE -- WE WOULD BE ABLE TO SAY THAT THEY ARE SELF-SUFFICIENT, IF YOU WILL.

[00:04:02] COUNCIL CAN CONSIDER A REDUCTION OF THE UTILITY RATES. HOWEVER, ANY REDUCTION WILL EXTEND THE POINT AT WHICH BOTH OF THOSE FUNDS WOULD THEN be self-sufficient and with that uh we're ready to answer any questions and we can get into anything specific that council might have as far as the utility funds questions comments no one's

[00:04:34] going to jump in i will uh give me numbers uh electric rate is what post rate is what uh current well the customer charge well what are you looking for how much revenue are we looking to generate This next fiscal year, an electric fund.

[00:05:01] In the electric fund, give me one second. \$32 million, right? Is that what we're trying to generate?

[00:05:16] We've got the whole staff here. You should be in Lansford. How much is an electric fund? Recurring costs, I believe, are \$52 million. \$52 million. Yes. This fiscal year, what are we estimating the revenue to be in the proposed rate of the electric fund?

[00:05:35] The rates should generate, give me one second. \$51,912,000, so we would have a shortage. with the A&M. One question at a time. \$51,900 is your revenue, right? \$51,900 is your recurring expenditure.

[00:05:54] No, no, no. That's not the question. Revenue. Revenue to be generated. \$50,482,460. \$50,000,000 what? \$52,000. I'm sorry, \$50,482,460.

[00:06:10] \$50,500,000. This is FY26. Okay. Operating costs are budgeted to be what? That year. 51.9.

[00:06:30] And does the operating cost include CIP? The operating cost includes stuff we put in the CIP, but that is considered ongoing that they do every year.

[00:06:45] How much of the 51.9 for FY26 is CIP? 2.9. So CIP, 2.9, does that mean? That's maintenance CIPs.

[00:07:01] whatever it is so operating operating is 59 may 49 may ongoing operating is 49 may cip is 2.9 because the cip is incremental starting this next year as in the budget right no in utilities we've got maintenance cips which are the underground overhead for discussion purposes yes okay so this is with the eight and a half percent so what this is telling me based on what you know steve

[00:07:40] was saying even if the eight and a half percent we're going another we'll call this 51.9 so you're going another 1.4 million in the hole we're increasing we're increasing the hole the size of the hole that we have to get ourselves out of even at 8.5 and and to that that yes sir and i guess

[00:08:11] just my opinion if we're the lowest cost provider in the region anyway as is now and we don't think Anyone here wants to compromise safety or reliability. I really don't think there's much to be done realistically on the operating site.

[00:08:31] We can sit here and spend hours and hours and hours trying to count the number of thumbtacks and paperclips. You're not going to realize any game with that. I'm not getting to a conclusion. I just want to spell this out exactly where we're at and what we're facing because then this skews into FY27.

[00:08:53] So the idea of continuing 8.5% increases is probably in 27, we're at a break-even. 28. 28. Yeah, he's got a couple of years. In 29 on, we replenish the fund. As we stand right now. As we stand now.

[00:09:08] Yes. All right. Thank you. And just to clarify off of what he just said, once we get back to break-even, we stop the 8.5 annual increase.

[00:09:24] It reduces down to like 3 or something. You go to inflation probably, essentially. They did recommend a flat of 3% going forward to cover. And the other, now that you've gone through that exercise, the operating costs that we're proposing don't include any potential impact from increases due to a lot of the equipment and chemicals are coming from out of the country.

[00:09:55] So as we stand right now, that three year is where we think we'll be. If there's potential increases in the cost for operating, again, that the eight and a half may, we'll continue to evaluate that.

[00:10:12] But we are hopeful that in three years we will be self-sufficient and electric, and five years and water. Is it a non-starter discussion, just to get that out of the way, if you will, if it's possible, in terms of borrowing, deferring, something from the capital?

[00:10:32] If any of the parts or portions of the capital improvement fund, in terms of delaying, deferring, or whatever. Right now, as presented, all of the capital in electric and all of the capital in water are coming from our reserve funds.

[00:10:50] So if you were to reduce that, it still would not affect the fee rate. It would only affect the amount that we're borrowing from ourselves, or removing from our cash account. So moving full of any of our capital improvement things, it's... It won't have a net effect on the utility.

[00:11:06] Just want that on the record. So what would be the percentage if you didn't... Because you still have the CIP for \$2.9 million. Yes, ma'am. And the budget, if you go to page 181, we are proposing \$3.6 million to come from our reserves.

[00:11:26] So it covers all of the CIP and a portion of the operating costs. update site again? 181. 181, yes sir. And it's about a third of the way down under other financing sources is use of fund balance. I still don't see where we are because this is, you know, like you still have it ongoing and I hear you in the funding and I understand it, but other than trying to tell me how am I supposed to vote, I don't see any other options and I'm looking for

[00:12:03] options, because 8.5 is too high. I want to know why it took so long, why we didn't hear of this before, why we're not doing changes before. Well, it's my understanding that staff tried to, at least with the last budget where we proposed the 5% increases, there was an understanding that we weren't at a break-even point. And because of that, that's why staff recommended to do the cost of service and rate study, so that we could have an outside agency come in, entity come in, and work with us so that we can get a better handle on where we're spending money.

[00:12:40] And it's not that the city did anything wrong in the past. What the majority or a good portion of the reserves that we have come from connection fees. When you build a home, you have to effectively buy into the utility service.

[00:13:01] You pay a connection fee, and those funds are supposed to be put into an account so that when we need to expand either the electric service or the water service, we have that fund. Unfortunately for the city, the decision was made to utilize those funds in the past in lieu of increasing the utility rates.

[00:13:27] And it's not a good practice because we never know when we're not going to be able or when we won't have new homes coming online to pay those connection fees. So that's where we need to get to the point that these enterprise funds are self-sufficient through the rates for the personnel and operating costs.

[00:13:46] And we have a plan to do that. I agree with you that the 8.5% is a significant increase. And I wish I could give you options. The options are, yes, you could drop back to a 7.5% to a 5% rate.

[00:14:03] But all that does is it extends the amount of time that we will have to continue at whatever rate you choose. We drop down to 5% in electric. It goes from a three-year to, I think, a five- or six-year where we would break even.

[00:14:22] So, yes, the council can reduce the rates, but there is an extended problem for the operations of those two enterprises. And that increases the risk.

[00:14:38] I'm sorry. She wasn't finished. That was when it finished. Go ahead. I just still don't see. Other than, and forgive me, you know, let's look at the investments today. Let's look at how many people can be affected.

[00:14:55] You know, they would lose their job. I mean, we're talking about, hopefully no, but we're talking about a thousand, you know, workers. And that is federal workers, maybe more. And that will affect everybody. That affects the businesses. That affects everybody around.

[00:15:12] So I'm not saying, you know, in the future there is not something that we can do. I just don't see. Other than telling me and writing it and trying to tell me how, you know, I guess we should vote, I don't see any other options.

[00:15:29] Still, you have the 2.9. Can that 2.9 be changed? can other rates, other rates for new services can be increased. I'm sorry, but I don't, maybe you are doing it, but I don't see other intent for this year. I'm

focused on this year because of the economy, where we are, and because it is very difficult for everybody this year. So I don't know if next year is going to be the same or the following year might be more. Like somebody mentioned 17%. I hadn't heard that before. Well, again, we didn't want to present that to council

[00:16:04] because we staff recognized when the consultant said that you should consider a double-digit rate increase to get to where you need to in a timely fashion. We recognized that that rate wouldn't be acceptable to anyone on council or to the public.

[00:16:22] So that's when we started talking with them about where we tried to get below 10% as far as the rate increase so that it would achieve the goal of self-sufficiency in a timely manner and it would be hopefully more palatable to our customers as we get into the conversation of why we're doing it and how we can get there.

[00:16:48] And, you know, I thank you, but I really, I was, you know, from the last conversation, I was looking for more different options. You know, I, you know, like last Monday, you know, It doesn't mean that I'm going to have everybody's support, but to me, I'm here, you know, I'm just one vote.

[00:17:07] And I'm not going to be told that I'm going to, you know, vote for 85% because it's too much for whoever it is. The residents are the one hearing, not just us. We make the decisions, but we answer to all the residents. And if I hadn't heard 17%, like all the things I haven't heard before, and, you know, we find out.

[00:17:26] So they need to know that, too, because we all are customers. so and the business too they are customers so i am i'm really concerned and like i said because today's economy because where we are just look at the i'm sorry i'm taking too much time but look at the harris pavilion you know we're not able to you know to do the upgrades because the stuff is not available and that concerns me and it concerns me where are we going and how you know and the expenditures and how everything is going to be.

[00:17:59] And again, you know, maybe, you know, I'm mistaken, but to me there should be an option on the lane or making changes with the CIP or other things. But I heard it, I see it, I understand that, you know, like whether it's my personal budget or the business budget, you know, we have to balance, and I'm looking for other than 8.5.

[00:18:24] And all I can offer is last week, We were hoping that we would be able to come back and offer you something less than 8.5. But unfortunately, the reality is that with the \$3.6 million that's coming from fund balance for electric and the near \$7 million in water, you could eliminate the entire CIP for both funds, and we would still have to recommend that rate increase.

[00:18:53] and part of that is because we were utilizing the connection fees for as long as we were, our rates were artificially low, and unfortunately we're having to play catch-up now to get to the point that the enterprise funds operate like they should.

[00:19:16] And I completely understand where you're coming from, and I wish we really did look at every option, but unfortunately with the numbers being what they are, We're just not in a position to say that, yes, we could recommend going anything less than the 8 ½. Yeah, I mean, to me it's unacceptable, but I understand, and I'll just vote as I have to vote.

[00:19:42] Mrs. Smith, okay. Thank you. So, Mr. Burke, you said, so if we didn't do 8 ½, but we did, I think you said 5%, that would extend it from?

[00:19:59] Three years for electric to probably fibers. And the water. And the water would go from five years to probably nine, nine, nine years. So if you could give me an estimate, I'm sure it's an estimate, but this wasn't a question I sent in earlier, but so how many percentages would it, would you have to drop to equal an additional year?

[00:20:31] So say right now it's five, five years for water, right? and I wanted to make it six years, the percentage would drop, what would it be? Just 1%, 2% going from 8.5% to 6.5%?

[00:20:49] What would you say in your opinion? We didn't do the actual calculations, but just looking that a 3.5% on electric equated to basically a doubling. If you dropped 1%, it would probably add at least a year.

[00:21:08] 2% would probably add two years, and then that third percent. And then for water, it would be two years for each percent. Rough numbers. Okay. I think that's something for us, you know, helpful to understand. Every time you draw up a certain 1% or 2%, depending on the fund, you're adding that much more to the, quote-unquote, payback time or getting us back up.

[00:21:35] Yes, sir. To level up. Thank you, Mayor. Thank you. Do the rates have to change the same, or do they have to both be 8.5, or do they have to both be the same number? They do not. They're independent, but the 8.5, again, gave reasonable payback as far as the 3 and 5 here.

[00:21:58] But yes, they're not tied together. They are intended to be independent businesses. Right. I mean, maybe, you know, maybe a compromise of sorts could be to, instead of reaching break-even in three years with electric, we strive to break-even in five years and we're able to bring the electric rate down a pinch.

[00:22:21] But that is Council's option. Would be a recommendation, I guess, just... I thought of another question. Thank you, ma'am. However, whatever we decide to propose and then whatever we adopt when we meet, finalize this in May, substantive councils could change back the payback period.

[00:22:57] I mean, they're not, we may say, this is what we want to do. We're going to extend it an additional year, as an example, or to Ms. Hudson's point, two years. But next year's council could look at that and go, no, we're going to do whatever, accelerate, lengthen it, whatever, along the way.

[00:23:21] What are the, maybe Ms. Davis, as I'll argue, is what are the cons to extending the payback period, the buildup period, to extending the buildup period?

[00:23:41] Well, part of getting back to the more time it takes to get to the break even, the more that we are pulling out of fund balance each year to cover the operating and personnel costs. So every year that we're not at break-even, we're depleting those available funds.

[00:24:01] So we may get to a point that if we're not replenishing in a timely fashion, we may not be able to pursue some of the necessary capital projects in three to five years out of our cash.

[00:24:20] And then if we didn't have the cash, we would have to look at potentially bonding it. And at that point, the bonding agency may come in and say, well, Citi, you depleted all of your reserves, so instead of a 5% interest rate, we'll have to charge you a 10% interest rate because you're more at risk because you're not solvent in that enterprise fund.

[00:24:48] That would be the worst-case scenario, is that we get to a point where we couldn't fund a necessary capital expense, and we would pay even more to finance it. And then, Ms. Pergeron, what would

the bonding agencies think, recognizing that we were told 8.5, that our rate study people say 8.5 payback, you know, percentage over a certain period

[00:25:25] of time, and we say no, and council has said extended that, what would be the impact from the rating agency? So they won't know any of that. They won't know about a study, the rates, what they should say. They're going to be looking at is your fund self-sufficient and what is your draw on reserves.

[00:25:48] How low have you taken reserves? That's mostly what they're going to learn. They're not going to really know that there's a payback plan. They're going to be focused solely on are you self-sufficient and do you have reserves. But also keep in mind, the expenditures can swing.

[00:26:07] This is all based around expenditures. They can swing one way or another. Things might come in cheaper, and then, I mean, this payback could be sooner. Or things could get really bad, and you know what I mean? These are expenditure estimates that we're talking to, so they can swing one way or another.

[00:26:26] I would worry about cost increases, however, and things we do business with, thus making that a worse scenario.

[00:26:42] And right now, this is not really considering any rate increases. Is that correct? The current eight and a half, the rate study did not anticipate any rate increases? Cost of material expenditures.

[00:26:57] There were some, yes. It included typical costs. I think 3% to 5% for personnel, somewhere between 5% and 8% for operating costs. Okay. And that's where, yes, so there is some reasonable increase.

[00:27:17] There is not consideration for a 20% or 30% increase in pipe delivery, 20% or 30% in chemical delivery. So that's the concern we have. It was, they did factor in some reasonable increases, but unreasonable always can happen.

[00:27:39] No, I was just saying, the getting into a situation where we shoot ourselves and then they have to bond and pay extra, pay twice. Citizens have to pay twice to do projects. It's just, I mean, you can't go there.

[00:27:58] Steve, were you able to get the last 10 years increases, can I ask? And I can provide. All right, just for granted, because I think this might be almost crazy. Hannah, how far back did you go? 14.

[00:28:14] 14. FY14. Electric? Zero. Zero. 15? Five. Five. 16? Four. 17? 3.6. 18? Nothing. 19? Nothing.

[00:28:30] 20? Nothing. 21? Nothing. 22? Nothing. 23? 2%. 24? 4%. That's why we're in the situation we're in. And then 5% and 25%.

[00:28:48] To the point, for six years. That was a couple of lessons in that.

[00:29:05] Yeah. Messages in that. Mr. Perk. Absolutely. Maybe for Ashley as well, since she wasn't here. Council, if you remember last year at this time, we were having this conversation about our electrical liability and not completing some of our projects and things being deferred and the cost.

[00:29:27] The example we just put on the board was one of the things we brought up last year that we had not been increasing these costs and that we were recommending the increase in the current budget with the anticipation that we were going to do the rate study.

[00:29:42] And we were actually predicting double digits last year because we knew we had not been doing those increases. So there's a little bit of history. Last year, the discussion was, how did we get in this

position of not completing these projects?

[00:29:59] Well, because we weren't making increases and we were deferring things to keep our costs down. The other question I had, just again on the electric current reserve fund balance is what projected?

[00:30:18] June 30th of 2024, electric is \$25.7 million. Okay. And the recommendation is that it be what? What's the target?

[00:30:42] I don't have that number here, but what we're looking at is 60 days of O&M, 1% of the net assets, and one year's worth of debt payments.

[00:31:08] So I think that they said that it's 90 days of O&M. That number's what? So that would be if our O&M is 51.

[00:31:34] 14,000? The debt service of a million and a half. Six, yeah, about 14 million. Sorry, so what?

[00:31:50] 14 million. 14 million? That's not right. If we got 25 million, what's the target? What is the target we're trying to get to for the reserve fund? What's the recommendation from the consultant? Trying to get to what's our gap?

[00:32:09] No one here knows what the gap is. The gap in the reserve fund, number of millions of dollars. I don't know if there is a gap in the reserve fund. Well, there better be, because that's what we've been talking about.

[00:32:27] Oh, I mean a positive. Okay, 10 million, I'm guessing. We've got to have the number. Because otherwise, if we don't have a number, how can we calculate the percentage to get to a number?

[00:32:44] There has to be a number. We will get that for you.

[00:33:25] Trying to figure that out?

[00:33:50] We'll get that for you, yeah. We'll get that for you. Didn't have any recommendations on other changes. The 8.5 rate in the last 20 years, well, 10 years, been increases in the other fees, other changes for connections or things like that? Well, what came out of that is that we will be going back to the Utility Commission to evaluate. There's a number of fund policies and reserve policies that we've gotten some comments from the consultant that we want to take back to them

[00:34:28] and have them provide review, consideration, and comments so that we can bring them forward to y'all that's independent of the budget so that we can get to a point that we're hoping that with the recommendations they've made, it will simplify because I believe there are three or four reserve accounts right now.

[00:34:50] I've been trying to research the policies. They're over a decade old. I am struggling figuring out what they are, and there are so many of them so far I've found. And they're utility commission policies. They're not council policies.

[00:35:07] They're utility commission policies that hit, here's what we'll do with TAP fees, here's what we'll do with the reserve policy is i i'm trying to find them all they're very old they're before it worked here and so i don't so i would recommend once i find them all that someone take them back to utility commission to make them easier to administer so that um to be honest with you so that it can be a year-end entry and calculation that my staff can do and that it's not requiring side spreadsheets that I can't find

[00:35:44] and just a cohesive, easy-to-administer policy once I figure out what all the policies are. So, yes, we are going to be revisiting that so that we're in a better position next year and in future years to address some of the concerns that Vice Mayor Wolfe had as well as that has been expressed to Council of where do we need to be, how do we get there, so we're in a better place.

[00:36:09] And to those comments, is there any requirements? Because I know sometimes we, you know, whether it's by the city, by the commissioners, on how often they review those policies because, you know, it concerns me.

[00:36:29] Obviously, we will try to make that more frequent than a 10- or 15-year evaluation. And, yes, ma'am, what we've learned is that we do need to pay more attention to these enterprise funds and so that we're not in a position of having to play catch-up like we are right now.

[00:36:50] And my last one, it sounds like the water is worse than the electric. So if maybe we can find, you know, a way that, because if we decrease the water, it sounds like, you know, it will take double the time.

[00:37:06] So, maybe that is the one that we need to try to approach, but, you know, we need to find, you know, another way, even if it takes an extra, because I remember when this was presented, I was looking at the years, and if we were getting the 8.5 at the fourth year, we were going to over-surpass that number, which it was.

[00:37:28] sorry i'm looking at the powerpoint um uh i believe we were a little bit above and that was for the electric in 20 uh 2028 2029 yes ma'am that's the three years that was for the 60 million we're gonna get to this looks like almost 60 million in 2029 a little bit more than that so you know and we will be evaluating and presenting this to council every year and the in the utility commission yeah but what i want my frustration is is whether it is a card and of

[00:38:07] course everybody makes their own decisions but whether it's a car whether it's electric whether it's water well you know the your personal property everything you know if you are a small business everything come from one pocket you know and that's what i'm at the you know we need to find it if my goal is to see a reduction you know of two or three cents but if that reduction is going to take here and and there's other costs here that you don't you know that we can know change like uh any cost that goes uh straight to them like the sewer i mean the sewer is a lot more

[00:38:46] expensive and you know i'm not gonna get into that but i'm just you know trying to give you a feedback why you know i feel like this and even if you know the one that we we can work on is an electric just to get it apart but i you know i'm really you know asking if there is any other or creative way or other way even if it's a little longer but something that we can live with because you know this year especially to me it's this year it is very difficult i understand part of the the complication or the the bright side of the water the city has made considerable investment

[00:39:25] and improvements at the water treatment plant. And because of that, we had to make considerable improvement to the water distribution lines coming from the plant into the city. A good bit of those improvements we were able to fund through ARPA, not all of them, and that is part of what you're seeing with the remaining water line and plant improvements in our CIP that we're having to fund from fund balance are so that we can realize the full benefit of the improvements that we've already started with the water system.

[00:40:00] There are some minor things that potentially could be delayed, but again, we're already funding them from the reserves, so it won't affect the rates. But there is a net benefit that all of our customers will realize that we have the capacity and the high-quality water that will continue to be provided to our residents.

[00:40:28] And then, as the chief indicated, last year the city was struggling with our electric provision. Tarek has come in and made considerable investment in not only the initial purchase of the transformer out at Battery Heights, But he has also stepped up our maintenance program as far as line replacement, transformer, all the equipment that we have.

[00:40:55] So in order for us to have the highest level of electric service, we do have to make that investment. And again, kind of like this one indicated, we weren't making that investment for a number of years. And so it's a double-edged sword.

[00:41:10] We're having to spend the money so that we will continue to have high-quality service to our customers. Thank you. I would like to recognize that we have had really impressive service all this time, despite not making the necessary investments.

[00:41:28] So kudos to whoever pulled that off. I want to thank the staff also for recognizing that 17% wasn't going to be acceptable to this council or any resident of Manassas. I just don't think, especially to Councilmember Luna's point, especially not this year.

[00:41:46] For me, the challenge of the whole thing is, I mean, we want to keep this level of reliability. But there's also just so many emergencies that could happen with these services as well. And, you know, knowing that we need the funding for those. And it's not, you know, and when I say emergencies, I mean weather, you know, weather impacts.

[00:42:05] Nothing that our people are doing wrong. Just, you know, the wind is getting stronger. The days are getting hotter. You know, that's the case for utilities. So I'm just going to bring it, you know, bring it to the floor again. To me, it would be nice if we maybe lowered that rate for electric so that the break-even rate is five years.

[00:42:26] You know, instead of keeping the 8.5s the same, maybe strive for the break-evens to be the same at five years. Just to, you know, recognizing that we need to make substantial investment, but that also recognizing that this is going to be a particularly hard year for folks to have more to give.

[00:42:47] so the eight and a half percent is the rate increase is that just on the usage yes ma'am okay so on the bill there's usually other fees yes ma'am do they also go up eight and a half percent oh well we would service George will okay not the service George and then you have your usage so it will be eight and a half on the service George Nate now okay so your projections are based on the

[00:43:19] average usage right now so if people scale back on their usage it could also impact the revenue i'm assuming like if they're trying to stick with their budget but the benefit is that the purchase price for electricity or the production price for the volume of water would also decrease so we would hopefully have some balance yes ma'am okay gotcha um just for you might have said this before Anna, but at this 8.5% projected increase, what is the average bill increase?

[00:43:59] For all services, we're looking at approximately \$12 per month. Is that for residential? Yes. Okay. That's water, electric, and sewer? Correct. What about for the commercial rates?

[00:44:18] Are they the same? They're going to go up, but we usually, when we do these analysis, we go residential because that's the bulk of our customers. \$12 per month for water, electric and sewer. For the 3% sewer, 8.5 water and 8.5 cups.

[00:44:37] That's what the increase that residents would see. I guess but if they do drop down their usage, try to maintain their bill, I know what you're saying about the balance.

[00:44:53] Usually that can happen. People are like, our bill's going up, turn off the lights. Stop taking two showers a day. You know, we're still going to look at that could impact, you know, increases next year. Yes, ma'am. Now, on the flip side, if we see all the customers come online on Grant Avenue at the Van Meter project, the increase in the number of customers typically results in a lower per customer charge as well.

[00:45:27] So, and again, our rate study did not take into account a significant increase in the number of customers. if that happens there is the potential that we could be here next year saying instead of the eight and a half we only need an eight so we only need a seven and a half to be it where we were we were projected to be so again we will continue to evaluate every year yeah may I have the increase for I know it's a two percent and four percent but I can't recall how much was the average and I know you're not gonna have it but if I can have it this I those twelve dollars

[00:46:06] it doesn't feel like an average. I don't know if that is what, a townhome or a small? A typical family of four that's using about 1,000 kilowatt hours per month electric-wise.

[00:46:23] And then 5,000 gallons of water, both water and sewer each month. And that's usually a home of four to five individuals as those volumes of usage.

[00:46:41] Okay, 1,000 kilowatt hours of electric use, and then 5,000 gallons of water and sewer usage. And then do we know how much is going to be the increase for the use of?

[00:47:01] Oh, well, right now they're not proposing a significant increase, so the 3% is what we're proposing for our sewer. UOSA is going through some re-evaluations of how they do business. And our staff are working with them to determine as soon as we can know when there would be a potential impact to our rates.

[00:47:25] Right now we don't foresee anything next year, potentially two to three years out. But we should be okay for the near term as far as UOSA. But they are going through a reevaluation.

[00:47:42] So we may be talking next year about a different scenario, but as it stands right now, we're not looking at any significant increase in UOSA rates this year. For me, I have those, how much it was for 23 and 24.

[00:48:08] For sewer? No, like we're talking about \$12, and that's not the feedback I got. So, you know, I do understand. Like, I wrote it down, I will go and compare, because that's something that's going to be, you know, very useful.

[00:48:25] So I just want to know the total of how much it was. Because at the end, you know, when you compare, you know, you don't go and compare electricity, you compare your bill to the last, you know, the bill from last year. The numbers that we had, the 1,000 kilowatt hours equates to about \$107 per month for your electric bill.

[00:48:49] The 5,000 gallons for water equates to a \$28 water bill. And then the 5,000 gallons and sewer equates to a \$26 sewer bill for a total of about \$160 average for water, sewer, and electricity.

[00:49:14] And then the total amount with the 8.5, 8.5, and 3 would be \$174. Going back, then I think, you know, if you will help me, I would like to remind our, you know, our residents when it comes to this, the customers.

[00:49:38] You know, the city does a great job, you know, regionally to shave in that, the pick. And I know, you know, that is very important for us as we don't want to go, whether it's, you know, whatever time that happens.

[00:49:55] Is there a way that we can let our customers know? Not only that, but the part of the, you know, like, the hottest that you want, the coldest weather, and you, you know, that might be different for everybody, you know, and everybody, I think, when we were discussing, like, everything that you do for, you know, to save, you know, like, we're talking about how everybody's doing everything they can to save, but I want to, I wanted to, is there any way that, I don't know where we're going to land with it, with the percentage, but I think that is something

[00:50:34] that, you know, if we can highlight it or we can say it, because at the end it takes everybody. I mean, the city and the staff is doing their part to shave those pigs, but I would like to also make the residents mindful of that.

[00:50:51] I don't know when that happens or when you think that can happen, but I believe that also has, especially in the electricity, a great impact. Now, we can definitely get that information for it. I believe that the Dominion contributed, what, \$300,000 this year towards our shaving?

[00:51:15] When we met their demand, they paid us \$300,000 in that neighborhood? Probably a little bit more than that. A little more, \$400,000? Okay. So the peak shaving that we do, we are required, well, Dominion establishes a set amount that they provide to the electric department so that whenever they call and say we need to do peak shaving, we operate it. And I think this year it was about \$400,000 in that neighborhood. So that

[00:51:50] was \$400,000 that we were able to then apply to our operating as well as the purchase price of that. We are expecting it to be more next year just because Dominion is in an electric crunch.

[00:52:08] So we're expecting it to be more. We hope that we'll realize that. Part of that increase is what we based purchasing the replacement jet engine for the shaving. So we're anticipating the increase and that's why we were able to fund \$300,000 to buy that jet engine based on the increase that we're expecting from the next year.

[00:52:37] So \$300,000, \$400,000 has been the historic benefit for the peak shaving efforts by the city. That's what I'm sorry. There is a big difference between the winter and the summer, and being the summer, the higher rate for our part, Because in the winter, you have the gas, which is different.

[00:53:04] So this is an average of the 12. So because I guess what I'm thinking is this is no reasonable when you think about a summer day or any summer month, which is when our city, you know, bill is really high.

[00:53:21] So it's this, you know, average of the 12 months, or is there a way that we can tell how much will it be in a normal summer month? Oh, because it's not going to be \$12. Well, in a normal summer month, if you're operating your air conditioning daily, you probably would see...

[00:53:48] 2,000, 3,000 kilowatts. So you would just take then the electricity. So when utilities compare their weights, it's a standard to compare 1,000 kilowatts. They're saying that's the average, right?

[00:54:03] And then on the water and the sewer side, it's 5,000 gallons. So we would just stick with industry standard to compare ourselves with other jurisdictions as well. So for each 1,000 EWH, you would see an increase on the electric side of about \$9, \$9, \$10 with 8.5%.

[00:54:30] So you would times that by that. As far as on the water side, 5,000 gallons generally takes you through three people. A three-people household would use approximately 5,000 gallons of water, hence the same amount in sewer.

[00:54:48] For the summer, you could probably then, as Anna indicated, you could probably double going from 1,000 kilowatt hours to 2,000. So you'd probably be looking at a \$200, \$214 average summer bill versus a \$232, \$233 with the 8.5% increase.

[00:55:15] Yeah. Go back to this, see if I can go another way. What is going to be our use of fund balance this year, FY25? \$3.6 million in electric and... Yeah, just electric. Okay. And last year?

[00:55:33] We used \$7.5. We reasonably assume this number needs to be 40 plus. Reserves, at least, if not 50.

[00:55:55] We use 7,000,000 in one year. And the other thing I just want to point out, these two years I was on the Utility Commission, and it was, of course, COVID. And the whole discussion was we can't raise the rates because of COVID and the impact on people.

[00:56:17] I understand that. There's never a good time. And unfortunately, the system will suffer. The system will fail. Question. So customers that use solar power, have you seen an increase?

[00:56:41] I know that what they do is they get like a credit off their bill. Is that how that works? It's like a chargeback or something like that? Yes, so we have about 210 customers currently that do have solar panels. And so what they're getting right now is an offset one by one, right?

[00:56:59] So let's say that they're using 600 kilowatts, but they're generating 1,000. So 400, they get credit for one for one. And what we're proposing on that as well is to take that down to an actual cost.

[00:57:20] So instead of getting the entire KWH amount, they're just going to go down to the actual cost that it's costing us. And that was one of the recommendations from the consultant. You were asking about any other recommendations.

[00:57:36] They did provide, Anna, with a number of other things that will hopefully benefit both our customers and the city. Just as a follow-up, do we have a maximum number of customers that qualify for solar for this offset?

[00:57:56] It is, I believe, is it 1% or 2%? It's actually, it's not the number of customers, it's the percentage of the total connected solar load or solar capacity to the system demand. I think it used to be 1%, now we raise it to either 1.5 or 2%.

[00:58:15] I think it's 2%, and that was just recently adopted. So once the volume gets up to 2%, then we can't allow any additional solar connections. So when they come to the city to add solar and we're at 2%, you say, sorry, you don't qualify. Wow.

[00:58:31] We're nowhere close to 2%. I know, but that's kind of, is it why, well, you might know, because you just follow what they tell you. But it doesn't seem like a lot, the 2%. Like to be allowed to do it, like if we only have 2%.

[00:58:49] This will be one of the instances where the condition of the data centers will benefit our residents because all of the volume that is being used by the data centers when they come online will count towards that 2%.

[00:59:05] So we're nowhere close to the 1% now, and when we bring the data centers online, it will take us a number of customers to get to a 2% of the data center usage. The entire city is 202 now.

[00:59:22] 210. 210 customers now. So what would be the number, like 2%? Do you have any idea? I think that would be the max. It all depends on their consumption. 210 when we were at 1% we were getting close that's why we changed it to 2% so I'm thinking double that for now but that does not include the load that the data centers are going to provide us okay which will change that and we kind of slowed down on installations of solar okay we almost reached that cap last summer that's why we went back to the commission I remember that

[01:00:01] going back like you were talking about a thousand five thousand but the bill actually says 18 so what is 18 of the five thousand so when you talk about the usage the meter reading it doesn't say thousand so i'm just trying to make sure that when we you know like when we explain it the residents know what we're talking about so i had all that writing for the five thousand for the

[01:00:38] water or the water or the sewer but when I go to the bill it says usage 18. Your actual bill? Yeah it doesn't say I mean. Well no so if you're looking at your individual bill that's the actual consumption that your household has right. So when we're saying a thousand we're just quantifying it so we can bounce ourselves against other utilities. So you could be above a thousand or you could be below a thousand so in your case it would be 1800 so it would be this um this dollar amount of the

[01:01:17] eight percent it would be a thousand plus eight hundred kilos i think you're looking at your water bill though so that would be from the five thousand yeah because the water is the most yeah so 1800 gallons no i should 18 000 gallons no i just say it's 18 18 okay that's that would be 18 000 gallons of water consumption that went through your meter for that particular month so it won't be it'd be three times long showers i was in state we know it's a summer august i'm looking at uh august august now keep in mind in

[01:01:57] the summer months starting with the may billing and ending with the october billing we're also capping the sewer right so if you're using over if you're if your winter consumption is 10 000 or below, then your summer consumption is capped at 14,000 on the sewer side.

[01:02:15] So even if you're using 20,000 gallons in the summer, you're only being billed for 14. Because we're assuming that you're watering plants and things like that outside, so there's no direct contribution to the sewer system. Yes.

[01:02:32] So for every, if they have 10, that means it's 1,000. I just want to be able to explain. No, in the water, if you see 10, that's \$10,000. \$10,000, okay. A \$5 would be \$5,000. Got it.

[01:02:48] Thank you. Thank you, Mama. Any other comments? What is UOSA? Upper Occoquan Sanitary Authority. They are the, anytime you flush or wash dishes, all of the sewage in the city is conveyed out to UOSA.

[01:03:09] They are out north of us, and they provide sewer treatment for Prince William County, both the city of Manassas and Manassas Park, as well as Fairfax.

[01:03:26] And so we all work with them. They are the sole provider of sanitary sewer treatment for a good bit of northern Virginia. A lot of people didn't know that. If there's nothing else, this is just for information.

[01:03:46] If you have any questions, please let us know. The city staff have gone through the nonprofit occupations, And this is the distribution that was arrived at. As you look through it, for 26, what we tried to do is establish a minimum amount of \$4,000 to \$5,000 for the social services and then meet whatever, if there was additional requests, where we could justify it.

[01:04:16] So anyway, if you have any specific questions about that, we can just let us know and send us an email or give us a call. And we can talk through that with y'all. But we just wanted to give that to you. The funding for the nonprofit contributions is already included in your FY26 budget at \$200,000.

[01:04:39] And that's all I have. Well, we need to sign on a rate to advertise, right? We've already advertised the 8.5. Well, okay, if you want to go anything lower than 8.5. If we do 8.5, you can go lower than 8.5.

[01:04:56] I thought that was the main purpose of what we were trying to do tonight. Because I don't think most of us want to come back to Provenstice, so might as well get the paint over with tonight. Seven and a half.

[01:05:15] For both of them? Yep. For water and electric? That would. It's the maximum advertised rate. That would extend the buildup period by a year. At least. A year for electric, two for water.

[01:05:32] Yes, sir. In that neighborhood. I mean, I would do eight and a half, but I'm realizing people in the room, and I just, you know, I don't think you can realistically go lower in seven and a half. Your period stretches too far.

[01:05:49] I'm going to go with eight and a half for water and like six and a half for electric. I'm sorry. Eight and a half for water, six and a half for electric. Same thing with seven and a half for both, I guess. Is it?

[01:06:07] Well, the one. If it is, then seven and a half is pretty low. That's fine as well. Water, yeah, water is a bigger problem. Water is a bigger problem. So I'm trying to keep that at the end. that's what ms luna was saying that to try to that's the most critical yeah i'm saying keep the water recommendation at eight and a half but perhaps reduce the electric recommendation to six and a half so that would extend that out for a five-year build back and keeping the water at a five-year electric would be what it at that if we're saying one for one percent is one year i'm recommending 6 ½ for electric

[01:06:46] and keeping the water at 8 ½? I'll go there. Two on 8 ½ and 6 ½. Do I hear another? 8 ½ and 6 ½?

[01:07:09] Right, 6 for the electric. 6 ½ is what Ashley and Mark and then 8 ½ for water. Yeah, I'd like to take it down, but I'm comfortable with the 8 ½. I got two more.

[01:07:31] Okay, I'll skip it. No, I'll go. If you call on me, I'll come up to the challenge. This is the avatage rate. We're not setting the avatage rate. It's just avatage rate. We don't try to kick up to that tonight. I'm fine with the avatage rate for that.

[01:07:51] Eight and a half and six and a half? Yes. Okay. All right. And Mr. Osina. I'll go along with that as long as all of you remember this discussion a year from now. For sure. We know you will. We don't have to go through it. We know you will. So if we don't go through this again.

[01:08:07] It's fine as the advertised. I know we will, though. We have an advertised rate. Eight and a half water, six and a half electric. And do we have to do something for sewers? That was 3%. That's 3%.

[01:08:23] Sewers at 3%. 3 even? Yes, 3 even. Because we had planned that. Yes, we had planned that. 2 to 3 years out. Advertised rate set. Thank you, Mr. Vice Mayor. Anything else to add to the discussion?

[01:08:41] You got this. And any thoughts back to Mr. Burke? Anything else? All right. So all I was going to do is what remains, staff level, what remains undecided that needs to be done in preparation for public hearing on you?

[01:09:10] Anything? No, I have everything that I need to post an advertisement. hold a public hearing yeah we will have the the rates advertised the you know hopefully council will get input from our residents about you know that potential two million dollars of how best to for council to utilize that okay all right thank you madam mayor i uh i thank you for this uh list

[01:09:46] i don't have money input but i haven't asked i know we did uh we did talk about i don't recall if We had the head nuts, but I know we talked about how important acts and the NBFS it is and how high it is.

[01:10:04] I don't recall if there was another one, but to me, the work between social services and the police department, and I don't know if the firefighters are there, but I see the need. No this year, but in the future, I hope that, you know, that comes off here and then we put it on an MOU because I truly believe those are services that we need, that our residents require, and that's why we have to do it.

[01:10:37] And I believe this will give a little bit more of a, I don't want to say input because it doesn't sound, you know, good, but it will put the city social services, the police, or the fire and rescue in a better position to make sure that, you know, the usage of those funds, you know, are allocated or, you know, done properly.

[01:11:04] So I know, you know, I might still ask next year a lot about the electricity and the water, but this one, you know, it doesn't mean that we're going away from the commitment. I think it will show that, you know, we might provide a better service.

[01:11:21] You know, the need is greater, and we see how much they are asking. But, you know, I would like to see some MOUs instead of having that here. But by no means, I'm not trying to increase it. I'm just trying to move it to have a more of a, I don't want to, negotiable, a more strategic.

[01:11:44] I believe that that's what council has directed us, and so the NVFS is directly now incorporated into the social services budget so that as the needs come in, they are able to work with NVFS to appropriate those funds, and then they will be able to track those funds, and then they'll be able to report to council in the future if there is an additional demand, if there is a need to increase that line up.

[01:12:14] item in future budgets. So yes, ma'am, that does, by giving them direct oversight of that, it allows them to better track that and better report to you when they're observing an increased demand for those funds. So I believe we'll be able to achieve what you're looking for.

[01:12:34] Anything else? No, we're adjourned. Thank you all. I don't know.



Coraggio Consulting · aguyonx.com