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[00:00:00] evening everyone calling the city council work session to order for april 29th mr smith please call the roll mayor davis younger vice mayor wolf here council member smith council member ellis here council member vasquez luna thank you very much um first item on the agenda for tonight item 1.1 this fiscal year 2027 budget discussion i had public hearing items and outstanding issues as

[00:00:32] the underlying thing but i'll chief king who's filling in for city manager burke uh what's really meant for a discussion with council to get us to a point of some decision making just to bring you up to speed of where we left off last uh the advertised tax rate was a dollar 24 we used a million dollars to eliminate the vehicle decal. These are your priorities. We increased the data center personal property tax rate to \$4.50. We did an advertisement of approximately 25% increase

[00:01:11] for the utility rate. Those were the highlighted items that we thought we could discuss tonight. If there is any discussion or we can move forward with the budget as proposed. So whatever this body Decides you want to discuss with staff here are numerous areas that can answer any details About financial questions if you have a Let me start with I know there's been discussion within the council and then a subsequently Discussion in the public and we've heard it about using general fund monies towards

[00:01:52] utilities and I know it's something that technically can be done but I thought I would ask Ms. Bergeron to explain in short terms why that would not be a wise course of action.

[00:02:08] No pressure. If you want to come to the table, please do it. She was trying to get out. I know, she hates coming to the table. Okay, so while it is not technically illegal, I would highly recommend that it

is not something that you do or go down the road and starting to do.

[00:02:31] Um, primarily for our credit rating, um, we, I believe what that would put our credit rating in jeopardy. Um, I can't say that for an absolute fact, but it would put it, I believe it would put it in jeopardy.

[00:02:47] Um, and I don't think that's something that you want to do. You would be technically using funds that we have policies about that are for one time uses to support annual operating expenditures of a separate fund that is designed to be enterprise fund, run like a business, self-supporting with its rates.

[00:03:08] And so that being structurally out of balance and needing support from the general fund would signal issues for us. And our credit rating is important so that when we have that, well, because it's important and it's something that we're really proud of, it would not look favorable to be downgraded, but also in the upcoming bond issue that we have planned in the next few years for primarily the fire station, any downgrade of that will result in higher interest rates, which means you likely

[00:03:45] won't be able to borrow as much, or you would have to raise taxes to cover the amount that you need. So I would recommend, I know that you can do it, but I would recommend that you do not do it, and that is my professional recommendation. It's not something you pursue, but again, Technically and legally in our current credit rating AAA from two of the agencies.

[00:04:08] I will, just to share, that's exactly right. Mayor, I was your interim city manager when we went through that process, sat in with Diane and her team, and I can tell you when we were doing that review, this is one of the items that they looked at closely of our policies and the separation of those funds.

[00:04:27] So it was my first experience, but I can tell you they did analyze that and it did come in in their decision-making. They do, and they have in all of the ratings that I've sat through now. This is probably my fourth or fifth.

[00:04:43] They are very complimentary and rate highly the fact that we have self-supporting utilities without needing that transfer and that bailout from a government. Again, they are set up to be enterprises like a business.

[00:05:00] And we were also, as part of the upgrade, they were very happy that we are, with our ability to manage reserves for one-time use, planned one-time projects, and balance that with debt service.

[00:05:19] So we were able to balance that out really, really well, and they were really happy about that. Thank you. I thought it was important to the public to hear that and understand that we consider all the options and this just isn't something that's viable. Thank you. I appreciate it. I was the one to bring that up, knowing the other localities have done it.

[00:05:42] And I understand, you know, we're definitely trying to make a priority. But for me, it's important that when we get guidance is whether it's, we're not able because we don't have the power to do it.

[00:05:57] we're not able because, you know, it's going to affect us in different ways. But I think it is important, especially when the conversation continues, you know, about this. And the other, you know, to me, will be important to highlight that there were, at least for some, a few years that went without doing the increases.

[00:06:18] And I think the last one will be it isn't because of, you know, the data centers. because I think, you know, and we have to bring that to everybody's attention because, you know, everybody's affected by

the rate.

[00:06:38] So if you buy more water, you're going to be paying more. So I just wanted to make sure that we, but it is, you know, one thing is when you are unable, one thing is when you, we prefer not to. And at this time, it will cost us money, and, you know, I understand that, it doesn't mean that we can we are forbidden for doing it that's what was important to me yes i appreciate it thank you anyone else any other comments i have a question diane um so the 1.24

[00:07:13] that we arrived at did we shave off um the car sticker amount from the 1.26 to get to 1.24 or is that already included in the 1.24 um so the budget as we stand right now includes a tax rate of a dollar 24 and there was within that tax rate of a dollar 24 a million dollars available for council to determine their priorities which at the workshop and i have not heard differently

[00:07:47] up until this point um that the priority was to eliminate the the the decal fee vehicle decal so that one million decal fee helped get us to 1.24 yeah if we eliminate that i mean you you will be able to eliminate that and have a tax rate of 1.24 is the contingency fund of 1.2 million already baked into the 1.24 yes so um we can't you're saying that that's gone away the contingency

[00:08:26] 512 million so if so we could use that to bring down the tax rate another penny i mean we could yes yes the one two three i think that would help our residents the utilities is going to be very hard to swallow for them and all of us honestly you know they're saying average fifty dollars increase just for the dominion uh usage charge that's going to be passed through average per

[00:09:00] household um we could drop down to 1.23 you know we're showing that we're trying to you know give them a little something back um i did go over the budget with diane pretty thoroughly um and mr burke trying to figure out where we can also move things and as you know we have funds that we can't touch you know there's only certain funds we can move money out of so um i don't know if anyone has thought on that i was going to respond okay go ahead and then if your discussion is you would

[00:09:39] like to do some kind of enhancement to your residents and businesses it would be staff's recommendation to stay away from the utility discussion as we discussed and if this body wants to have that talk then you talk about reducing the tax rate from 124 you can do a half a penny you can technically could go up to one and a half if that's where you wanted to go because you have that contingency and then mid-year um if we need that money was put there for the unknowns

[00:10:18] and then if something comes back mid-year then we are going to come back to you with that request Because we are looking at, you know, possible revenue coming in from the Brickyard Data Center, maybe within the year, maybe, when the real estate tax.

[00:10:43] That's included in that. Okay. And the other three are going to be online in two years. Is that correct? Something like that? You know, with the electricity the way it is.

[00:11:04] They're supposed to be powered up in July in order, you know, not operational, but they're supposed to have electricity, which, from what I understand, may be delayed even longer now. Driving by multiple times, I'd love to see them have some personal property in there by January 1.

[00:11:32] I'm not a data center expert, but it sure doesn't look to me like they're going to be ready for anything soon. As far as the land goes, the real estate has already been increased somewhat substantially, and it will go up more once they're operational.

[00:11:50] I just don't know if that'll be by January 1 of 27. So I think we probably won't get any of that until January 1 of 28. It'd be nice if they could move along a little bit faster, but it does seem like things have slowed down quite a bit over there as far as progression goes.

[00:12:09] And that's just looking at it from the outside. but we already have up their assessments substantially for this budget so I would like to see it the contingency fund 1.2 million used towards producing the tax rate real estate I'm sorry actually I know you're next but I say the delay in the electricity that's just what I've heard is that they're they're having

[00:12:44] issues with Dominion and that's that's just a could be a vicious rumor but I'm But I think there is something to it, to where they may not be powered up in July like we had hoped. I just didn't know what else was coming from.

[00:13:00] Dominion has asked for an expanded easement. They are working on August timeframe to get everything up and running. They're still working on the sandlot, their substation over there.

[00:13:16] So it's depending on that to get that done and get Lockheed off the line as well. So we're looking at probably August, maybe mid-September, what we can get. And they're still working on the Duck Bank.

[00:13:33] On the what? The Duck Bank. We can bring power to one section, but you can't get it to the buildings until the Duck Bank connects the substation to the building. I appreciate it.

[00:13:49] I think this council has done a good job of not depending on data center money. We aren't guaranteed in the past years. I think we should continue to follow that theory. for me i agree with councilwoman ellis that i think we could go down another penny in the tax rate um i think we've heard from our residents that you know especially that the utility increase is going to be hard to hard to handle but it's something that i think we have to do because not having the utilities functioning would be worse it is not something i think anybody in this

[00:14:24] community wants to experience um so i just wanted to echo that i would be good with that as well All right, well, I'm going to make the discussion even more interesting here along the way here.

[00:14:44] Back on March the 6th, when we were talking about the budget, we were just talking about potential enhancements, I was of the opinion that I wanted to hear from departments, I wanted to hear from the schools and the utilities and so forth before making any decision.

[00:15:04] There, there was a decision, majority decision to go ahead, uh, back the elimination of the vehicle decal fee. I'm not behind that at the end of the day here. And so this is the time we're having the discussion. Now to me, budget does a lot of different things, but if you're reading a budget, one of the things it does is it tells you what your policy, uh, what's important policy wise. And because based on how you're spending your money and what you choose to spend

[00:15:41] that money on here. You guys have heard my speech before. I'll just quickly reference it because about that three-legged stool, police, RREMTs, and schools. I was disappointed to learn when we did have the meeting with the joint meeting with the school board and they presented the budget that when indications were that the financial picture was changing, that the schools did not get that information and have an opportunity to share or pose if they wanted to, any additional

[00:16:21] financial requests along the way. But we saw in that presentation, they did have three that they had listed as additional priorities, but were unfunded at that point. And in my discussions with the chair of

the school board, I asked the question, I said, out of those three, which ones directly affect student performance at the end of the day.

[00:16:52] Last year, we heard an alternative school would do that. It's now in progress. We're going to see how those results are. But, you know, based on how it's set up and what it's modeled on from other divisions and so forth, that's the idea.

[00:17:08] And so I was told that out of the three, increased staffing to support students with disabilities, which would put an additional teaching position at each elementary school and intermediate school, was the one out of the three that they had shared with us at our joint meeting here.

[00:17:30] And the total amount of that is \$808,890. There it is, what we have down there. I'm all, you know, going back to our policy and what's important here along the way. What I think, I know all of you agree, schools are important.

[00:17:51] And I don't mean to suggest that, you know, any of you are anti-school or anything of that sort. But I am going to be the advocate to say that student outcomes are an important part here for all the different reasons. The investment for the future, the things.

[00:18:09] And we are the funding source for our schools. So is the state. So is the federal government. But we're the funding source along the way here. And when I see information that came from WABY, the Washington Area Boards of Education, which says in fiscal year 2026 that Manassas Park is spending more per student than Manassas City, I'm concerned along the way how we fund our schools along in that regard.

[00:18:45] And so, for me, I'd rather see that the, what do we call it, the, bear with me, I've got so many pages here to work from, the potential council enhancements of a million dollars, that that be used for the increased staffing to support students with disabilities.

[00:19:12] You did? Yep. Thank you. I think of the six of us here, I'm in a position I think I can make analogies to what I feel like the city is in.

[00:19:29] First off, I think we probably could convince you that we don't know beyond tonight what's coming. I was very fortunate in a sad way that we did find out about the electricity situation when we did.

[00:19:48] And it would be great if that somehow we could guarantee that's the only surprise we're going to have until next budget season. I find myself, again, like I said, in the same position as the city, unlike you.

[00:20:06] I'm on a fixed income. And in a sense, the city, circumstances have placed the city on a fixed income. We can't take the risk that we would have to take, I think, with utilities. We've been on notice by consultants.

[00:20:24] we can't ignore what they've told us where we need to be I think the points that our city manager made and it's no to us very valid and very concerned so I think we need to proceed with caution I'm not sure in terms of supporting the one 23 or dependent less or whatever I'd have to defer to Diana unless I get out my calculator to see what impact that will have on it but I'm leaning more

[00:20:57] torturing situation that will leave the city by extension our residents in its best financial position. I understand the negatives when we say we've lowered the tax rate but the increase in the houses but down the line residents will recognize that that increase in their value in our homes in some ways will

equate to somehow better than a penny here or there. I know it's in the future it's not money they can put their hands on right at the moment but I'm very cautious

[00:21:30] about frankly even the 124 part of me wish we had advertised higher perhaps I'm not really out I think we our goal has always been to lower the taxes as much as we possibly can but I think we need to take a realistic assessment and not create this new version of kicking the can down the road because that's what we're doing if we don't realize we're going to have some significant expenses come in before our infrastructure and if we don't start now building that

[00:22:05] reserve we find ourselves with some unexpected expenses in that area will be untouched I was looking at the one of the other comments that I hear at the hearing it was about us investing on the affordable housing and then which is

[00:22:41] super important to me but then I wanted to ask and I know it's one-time money but is it two million in there this is no part of the or what has been here for the project right so the housing investment project is three million the downtown parking is 12 to bring it to 15 and then transfer to the new housing investment fund to amelius can you give me a more on that sure sure sure um it's a little confusing i'm sorry so back

[00:23:15] when we had rewind back to when we got that 10 million dollars from arpa that we were was revenue loss replacement and council made priorities out of that 10 million two of the million was set aside for housing initiatives so all we're doing is that's been sitting in the general fund reserve for housing initiatives we're starting a new fund to officially do housing and we're moving that that that's that's just moving from one fund to be kept in the other fund and then the fund also

[00:23:51] has three million dollars from um capital reserves to be half of that six million dollar loan the other three million of that six would be, as part of the deal, the land sale proceeds. So the two million is really just moving from one fund to another. So we just didn't have a housing fund before. It was just reserved for housing initiatives in a different spot. Which is the housing investment project? The housing investment fund is going to house all of this

[00:24:26] all of this money move the two million over i think half a million of that two million is going to be used for project costs particularly tap fees for for that complex and then the 1.5 million would remain there for future housing housing initiatives and and the reason why i bring it up is because we are already doing uh three right because it's been allocated for the project yes

[00:25:00] so then other than those three for the project then you say you need point five a half a million out of that two million is is to cover um connection fees three million from capital reserves and then three million from land sale proceeds for how much you said it was i i can find it oh what i was talking about yes 808 808 basically 809 rounding up so my ask and

[00:25:39] i know it's going out of the box but i do support the one penny and i uh i do believe that this is one-time money just like it is uh for the uh the money that they already have so i believe they could also just like they did for the schools and last year we were able to with this budget we were able to allocate for the new school for the starter and now they were able to integrate that within the budget that they have so my ask is if we do the penny I honestly I came here to ask for

[00:26:18] two pennies this is really what I was looking for but in trying to listen to what we've been told you know that uh you know today is more important than tomorrow and i won't talk about the utilities just

like at the house you know you have to do because you have you know it is difficult but we cannot jeopardize our uh our credit score if it's you know if it's easier to understand this so my ask would be you know i'm in favor of the penny and actually

[00:26:56] the reason why i seconded it at the uh period of the day uh it was because i wanted the public to know we were serious about lowering the rate that's why that uh publish rating was so important to me because we were showing where we were going so everybody could have uh you know an idea of the reduction that we were planning uh so my ask will be if we could do and i know it might not be popular But I do believe we're already doing three unions for the project will be 3.5 and maybe even more I ask if we do all these schools and then we do the

[00:27:35] And and then now for next year, hopefully we have You know better income and that council has to oh You know the schools will also still have a fund balance that they can So then the cost of what I was trying to add up as you were making your ask, that seems like it costs more than a million contingencies.

[00:28:08] So we already have put two, and we need 3.5. So in this budget, we're adding three to the two that we have. So my ask is to, you know, we do know that we need to have those two were already given, if you may.

[00:28:25] My ask is from those three that we are allocating that we add up whatever it is. So that's what I was trying to do. I'll add it up first. So if you do 8.50 and 8.5, it's 1.6. So I'm asking for out of those 5 million to get the fifth, unless it can be taken from other different places in the budget as a whole.

[00:28:51] So it's like less than a penny. It's like \$6.1. yeah so that would be it doesn't mean that you guys support it I'm just letting you know that I think we can it is so small that we can live up to what we are trying to share something from the schools let's let him okay if I clarify what you're wanting asking is to take money that we bought up for the

[00:29:25] light tech housing and move it to support the schools and reduction in tax rate by a penny so we have 1 million and now we will be missing out yeah so my ask is seems part of the comments it was right now they you know they need support if we able to out of those five million to do those six

[00:29:59] six hundred and sixty five million is the funding for the housing right yes okay so you're taking money from that so the way the housing fund is set up the way we have the policy direction we started working good housing project was not to wipe out not to go to zero with one project to leave some sort of future reserve so the way the fund is set up there was 1.5 million after you do good housing sitting for future allocation by the council so what council member vasquez luna is

[00:30:34] suggesting is basically reducing out of that 1.5 million some amount to fund the other priorities you'd still have the good housing project funded and you'd still have some money left in that fund for future allocation it's one-time funds it is still one-time yeah let diane it's still one-time funds those are one-time funds i i have personally spoken with dr newman about these requests there's two items that I would share with you. Out of the list of three, those are all reoccurring costs,

[00:31:09] not one-time. He prefers, his words prefers, not to use one-time funds for ongoing costs. That is not his ask. And number two, the state has reported they are going to provide additional funds to school. However, big however, that is unknown the amount and even unknown if it will really occur. So, but that is their report back. Those were two items that Dr. Newman and I spoke

[00:31:44] about personally. Just talking to the school board chair, basically that's the same information. I was after though, and the key part is, is that out of the three, which of the three actually got into directing, you know, direct student outcomes along the way, which is thought important, so you understand why out of those three I would advocate for that.

[00:32:17] But basically, yes, the state money is unknown. Is it coming? All this different stuff here. Thank you. Sorry. Well, Mark, you want to address what we were already talking about? Well, no, I just sort of put our cards on the table.

[00:32:36] I'm with Mr. Smith. I'm in the uncomfortable position of agreeing with Mr. Smith. The reserve amount that staff has put aside, as we all know, is put there for a couple, three reasons.

[00:32:58] Number one of which is a contingency against liabilities if we lose the appeal on the valuation of the data center. And that's a big chunk of change if that happens.

[00:33:20] And I know Commissioner doesn't think it'll happen. We hope it doesn't happen, but who haven't, yeah, 750 grand of that. The rest is for what potentially can happen in social services, and I will share discussions with staff in looking at the out years as a concern that ongoing delays in funding, incremental funding from data centers, and costs keep rising.

[00:33:56] We might be right back here next year looking at an increase, which is not something I really want to ever be in a position of having to do. And I appreciate the schools.

[00:34:16] I think if it was a priority, Dr. Newman would have made sure we all understood that it was a priority. Well, I would argue that they did. Well, they put it on their formal meeting to present it.

[00:34:33] I would also, I'll take exception with one thing Tom said about the information to the schools. And if you go back before the change in valuation for the data center, very, very bleak budget year.

[00:34:56] That information came available to us literally day before, I think, our 2 plus 2 meeting. And it was given to them in real time and as soon as we had it. So there wasn't any hiding of information or playing games with the schools at all.

[00:35:15] And I will take offense to that characterization because it just ain't the truth. But I think we, like Mr. Smith said, we need to be a little bit cautious. I said social media.

[00:35:33] We all want to have as low a rate as possible, but it's what's possible. Yes, ma'am. Thank you, Madam Mayor. So, you know, it goes back to, like, if there is information, all, everybody, staff shouldn't be giving information to one that not everybody has.

[00:35:55] So, and if we wanna worry about years out, like what are we doing? I mean, we're doing this budget and we have to focus on this budget. The people is asking for support today and right now. If you worry about one time payment, you know, that's the reason why I said last year, we funded the school and it was a one time payment that we did and they were able to do that.

[00:36:21] Not only that, they do have reserves they have funding if that continues to be a priority uh or if we have a bigger um budget for them they'll be able to absorb that just like we have done in the years that we have done extra extra money for wages or extra allocations even after the budget is done so all those things you know they're very important i think you know for me it's important that we try to hear you know the feedback that we were provided and uh you know it's great if they do get additional funding i

[00:36:57] mean they will have their own priorities and they'll be able to move forward uh yes i you know i believe that you know things will change things can get better or can get worse but we have to make the decision tonight that's what we that's what we elected for and that's what we're here so with that you know i'll move to support the one penny reduction to 123. so i have to move to 123.

[00:37:23] she's in favor of the one cent reduction yeah go ahead yeah i'm not responding to her comments this is my last input it's um i'm not nostradamus none of us are but i do study history and um the city went on the precipice a few years back um in my seven years i have never voted to put the the city's financial status at risk because I think doing that puts the residents at risk.

[00:37:56] And then we fall together. I recall when flat tax was scoring some points with some people. So we went flat tax. We didn't have any major electricity increases or anything surprising like that.

[00:38:15] We had life, just regular life. And the city suffered. Came on after it, or were you on the board there? It was not easy to recover from that. I'm not predicting any hard times or so forth. I just, there's enough warning signs there.

[00:38:33] As a matter of fact, nothing else could happen this year. And let's replay what we heard when we listened to the utility representatives warning us and telling us where we were and where we weren't. And we started dancing around how to get to some numbers that were at least put us back on the track.

[00:38:52] I am just very concerned, and I just would not support. Again, I've never voted to put the city at risk for the sake of political points or any other reason. I would not tonight. So you're not in favor of that.

[00:39:08] I'm not in favor. Where is the one cent coming from in reality is my question. I haven't heard that yet. What are we giving up? I'm sorry. I want to repeat back what I believe staff is hearing so we can answer that question because that's where I'm at.

[00:39:25] So we've reported you have a 1.2 million contingency. I'm going to round up dying. So if we do one cent, it would come out of that contingency. It would leave you about \$400,000. in contingency, so we would be taking it out of that contingency money as well.

[00:39:43] You would have nothing there in reserve, as we talked about, whether it's the assessment or a child in CSA that comes back, you'll have... And one child could eat up that \$400,000, trust me. We have the one that's over \$400,000.

[00:40:00] We've got one now. I appreciate your explanation. I understood that, but it sounds better coming from you, for emphasis. We are taking a tremendous risk. Can I ask the chief a question about the contingency? So the 1.2, did we not also agree out of the, if I'm understanding all these different funds, the contingency, we agreed to spend \$400,000 for insurance, \$300,000.

[00:40:31] Now it was coming out of this 1.2, is that correct? It was 1.5. So we're getting done. Let's, okay, I'm erasing my mental blackboard here. So the contingency, not the potential council enhancements of a million dollars, the contingency is what?

[00:40:53] 1.2 million that is unspent or undesignated at this point. Where is the, okay. It was 1.5, now it's 1.2. People agreed to spend a thousand for the insurance.

[00:41:10] All right, so let's start off. The enhancement money is how much money? 1 million. The contingency money is how much? 1.2 currently gotcha all right i understand so the 1.2 is already recognizing the insurance yeah it was 1.5 that's all i wanted forgive me for not being as fast as the chief

here thank you a couple comments and questions um the schools they have reserves do we know what they are

[00:41:49] yes well they have they have their their fund balance it's attached to your there Got it there? Uh-huh. Six million. Can you tell me? Right. This is like one-time money, you know, along the way.

[00:42:05] This is not along the way. It's attached to our agenda there. Anybody know what they're going to do with it? They have reported that they will be coming back to you in the near future for the textbook purchase, which they'll take out of this probably within the next month.

[00:42:24] I think the next month for sure. We're working on it. The finance director and I are working on that now. How much is that? The textbooks, I think it's 1.75. It was on this that we had put up on the floor. Almost 1.8. Yeah. I'm just rounding here. It's math textbooks, right? Correct.

[00:42:42] Ralph, I talked to Diane about, remember, you had mentioned what's the difference in going from 1.24 to 1.23, the average household difference would be down about \$48. \$48.

[00:42:58] Yeah, yeah. Correct. That's what we talked about earlier. The average residential tax bill at \$1.24 was increasing, I think, \$289. At a tax rate of \$1.23, I think it increases \$48 less than that, \$241.

[00:43:18] It was in one of the workshop presentations. I believe there's a slide. So similar to the \$65 rebate the government sent or didn't send. Another thing that I was going to Utility rate the weights the way from what I read Sewers up 3% electric up 10% water up 15% And then Dominion

[00:43:57] Average household as a pass through power cost adjustment on your bill Could we entertain, I understand the infrastructure, but to try to give a, just, we could adjust our utility rates a little bit to make a difference.

[00:44:18] We don't have, that's the recommended, we could move them around a little bit, move them down a little. I'm interested to hear, so you said you were trying for two cents, where was the other from in the tax rate, real estate tax rate? Because we already had allocated two millions and they need 3.5.

[00:44:37] The other money allocated was \$1.45 million. Oh, go ahead. That's all I was going to say. Champ was wanting to say, I can put Champ on O. Hold on, okay.

[00:44:53] I just, if you want a good, I mean, we obviously want to do something for the residents, and I'm not trusting anybody's sincerity and all of that. We could repeal the tax, I mean, we could repeal the council's vote on its salary, distribute that to the, add that to the \$48.

[00:45:16] Let's show the residents we need it. Let's repeal our raise. There's no raise on this budget. That's 28. Too late? There's no wage increase on this budget.

[00:45:31] Well, do it in kind, somehow. Let's all vow to give it back. Oh, we don't really want to help the residents. Okay. I'm curious what that amount would be.

[00:45:49] I don't think it's off the table, but it's not on the table this year. I mean, I think that's a conversation for next year, how that budget plays out. it's not on on table let's not go down that road I agree with you I was being facetious and we don't need to take a facetious discussion any further but it's also facetious to set in pretend the city doesn't need what the city needs just for the sake of trying to satisfy people in November I will argue that's more political since it's not even in this book Madam Mayor I think they do have more votes

[00:46:25] so that's why I was trying to I have to go to 123 I have Teresa Ashley you're okay with it and the three tom ralph and mark i'm not clear tom hasn't spoken yeah i'm i'm not in favor you're not in favor of 123. so we're going to talk is not and ralph is not and i can't help you you're so lucky

[00:47:03] wait so can i ask a question you may and uh i guess this is maybe to councilman smith just Just to clarify, going down another penny would jeopardize the city's financial state how?

[00:47:24] If we were to go to 123? Because it sounded like you said that you would not vote for that because it would jeopardize the city's financial state. And I just wanted to know what you mean by that. Let's take a little bit out of context. I preface it by saying I don't know, but I would anticipate there are some expenses the city might incur.

[00:47:40] I don't like reducing our reserve. Because taking it down another penny would reduce the reserves by how much? Penny is 850. So by keeping it at 124 it would be an additional 850 in the reserves. We can our contingency at 124 is 1.2 million. If you take it down to 123 if I'm hearing correctly that would reduce that contingency again I'm rounding to 400,000. And that contingency would

[00:48:16] go into the reserves we kind of hold aside to wait to see what what happens is mr. Smith is describing yeah my faces is we can pretty much guarantee the city will be asked to help in the area of social services we already have a child getting over four hundred thousand dollars that means we're gonna have one child out of potential hundred and ten that's gonna need our help this year the

[00:48:53] state is not going to go back in and put Medicaid back in. The state's not going to pay for the services that the city is providing. We can make this decision tonight, and that's just one potential. The \$400,000 to me is just like taking your money out of your savings account and buying your car and praying that nothing happens. So we're going to end up with \$400,000 from July through June, but we already know that the state's not going to give us more school money, the state's not going to give us any more dss money and if we don't even get another child

[00:49:30] and i pray we don't get a child that needs that kind of help the lights might go out a pipe might burst i don't know what this stuff costs i know we had more than one emergency in our utilities field this year area this year we had pipes to burst that we weren't planning on fixing it and they always burst in the middle of the night anyway but that's all i'm not saying don't spend it because i want to spend it here i don't want to spend it at all okay i don't want but i also

[00:50:03] my bottom line is i have always stated this the first day i said i wanted to be a politician thanks champ i didn't want to but my first concern as an elected person is the safety and well-being of the city and of its residents and i'm concerned that we're putting both at risk if we decided to take on another 12 months with \$400,000 in the bank.

[00:50:35] Thank you for that clarity. Ms. Lefkesson. In this budget, how much is our reserve, our required reserve percentage? Oh, our current unassigned fund balance is at 20%.

[00:50:52] So if there was any emergency, isn't that reserve not something that we want to use, but it's something that it is there? Because we never have other reserves left money for emergencies. And these will happen.

[00:51:08] Just like they can drop, they can add, right? So my ask, if there was another COVID-19, you know, if there was something that happens, what does the budget state where the money could come if

there was nothing else that we could come?

[00:51:24] Yes, you could use reserves for an emergency. The other thing I think Mr. Smith is referring to is, if I'm wrong, please tell me, but staff working with the commissioner was able to provide reasonable assurance that at \$1.24, we could remain at \$1.24 within the next five years.

[00:51:53] we think so. Any further reduction of that, we can't guarantee that next year we won't have to raise it back up. That's part of it. Also, the one point, too, we are worried about social services things, but we're also worried about the appeals that the Commissioner of Revenue has mentioned before. And those are not one-time issues. Those are structural issues, which this contingency is structurally in there to be able to address if needed. So when this budget was

[00:52:29] presented and that money was presented, they said it was for council's priorities because everything else had been allocated and had been counted for. So if now we change it and then now when we hear when we had all the feedback we were told make the public a priority. No everybody said that but between the reduce it help us with the with the with the fee with the burden we know we don't you know it's knowing our power to fix the economy and everything

[00:53:03] that is happening but this is something that we can do so I do as I do understand and I believe that we need to have a budget for this year and I believe the next council will need to have you know see that and it can change for positive it can change for negative so i you know i the public knew that we had that money for the priorities but now we're saying that money should be for all the reserves and the capital herself that we already have so i'm just having a hard time hearing that because if it wasn't like that

[00:53:38] why it wasn't present as a temporary reserve like we did with the schools that until we figured out we didn't actually allocate the money until like january so i'm you know i'm i'm really having a hard time with this conversation because if we never had a priorities if there was never a priority for council why was presented like that so and they'll always be kids and i want to make sure that we take care of them if there is uh changes that's like every every department you have to uh do one late and and make changes you know i see we get we get the report of where you

[00:54:14] out on your body in every quarter and everybody is doing you know what they are supposed to do for that so I do feel like you know the public was misled if now we're saying we have to save it as an extra say extra capital reserves for anything that may happen when anything can happen anyway and that was supposed to be our priorities and the priority to me is to give a relief to those who are paying the tax okay I just want to require reserves are 20% and

[00:54:50] we're at 20% what is that required reserves are no less than 15 we've been at 20 for six seven years now that's around 33 million dollars we have 33 million in reserves which is 20% and we're required to have at least 15 so if we use the contingency fund well if we reduce it by a penny and that takes a \$850,000 out of the contingency fund.

[00:55:18] We still have reserves of \$33 million if we need them. Correct. And we could replenish the contingency fund, right? No, you wouldn't replenish the contingency. You would utilize those funds if an emergency comes up.

[00:55:36] It would be shifted around. It would just come out of capital reserves. Yeah, you would use it one time to get through, and then you would address it in the next fiscal year, likely with a, I don't know what, likely with something. depending on what the budget you would address it structurally the next year

it's accounting um yes yeah that's why i think you know um i don't want to see our infrastructure fall apart you know that's why the utilities i'm kind of like we have to we didn't have a utility rate hike for how long anna

[00:56:08] 10 years electric spin yeah yeah yeah i will remind you in your i mean in the presentation you got from your contractor one of the reasons we're in the position we're in is because we weren't doing there's annual increase rates when we should have because we wanted to keep that so that's that's an important component yeah and then the water treatment plant was built in the 50s because I know that we talked about a couple of structural deficits that you know we were considering shifting to another year that we can't you know to try to shave

[00:56:48] off a little bit out for that utility rate like I said I think the contingency fund we do have 33 million there to help out with any shortfalls and at least give them a penny off the 124 I think it's just you know you figure 48 dollars they're gonna get socked with \$50 and this from the electric bill we know that for sure it's just showing some kind of sign that we're trying to help them out And I think we're still are going to be able to keep our infrastructure and have what we need.

[00:57:27] And then I would just say there's that \$809,000 for the schools. I mean, we can go down this path with all sorts of stuff here along the way here.

[00:57:47] And I would caution that not necessarily our best path. to keep going taking you know taking the reserves here and because you know we'd be able to to to fund all our particular uh respected interests along the way as diane pointed out um or ralph

[00:58:24] you know um you know we all we all try to save and so forth and then there's both planned and unplanned emergencies the roof that this and what have you and we have to dip into those but the goal is always to replenish and what have you uh in that sort of thing instead of going out and buying you know the sports car or you know whatever going trip on the caribbean or things of this sort uh necessarily here you know i just i think it becomes a slippery slope thank you

[00:59:03] let's go first thank you I have a couple thoughts I guess first in terms of infrastructure damage 31 million doesn't go terribly far I venture on asking you know what does one of our diesel generators costs yeah so I don't I mean you know 30 million goes but so far when we're talking to infrastructure catastrophes if you know just didn't talk about emergencies for reserve use

[00:59:37] at all um for me uh one one um one persuading point that miss bargeron shared was that forecasting shows that if we were to keep the 1.24 that we could likely stay there for several years which i think is valuable information um you know i think one of the things that this city's been learning is more accurate forecasting it seems like we've seen that in our utilities i think

[01:00:12] you know, we have a great professional staff in our finance department and among all, you know, so many of our great people that work here. But so I think we've already done a good job by coming down two cents. I think that's a good, a good diligent effort in my opinion. But nobody likes to raise the tax rate and it doesn't necessarily put us in a good position to have to turn around

[01:00:45] to do that next year if we were to reduce a penny now um then you know it's not even necessarily about public perception it's just about the process so um i guess for all those reasons i i can get behind 124. thank you got four yep we're keeping the utility rates for that too or is that a separate vote yeah everything's staying in i thought he's got some more conversation

[01:01:22] and then we're keeping the 120. we're still reducing the decal though yes oh yeah just and then we're still not investing anything extra in the schools at this point but we could look at that later in the year depending on how things take out to get through the year and see what the state does hold all of you to this I'm willing to be held may I go over where we're at to make sure So we were we just recap we were three three at one twenty three additional

[01:02:01] conversations back and forth put us back at a dollar twenty four with re maintaining the one point two contingency fund money set aside for the unexpected that's where we're at And then we are doing the data center tax.

[01:02:32] The data center tax is \$4.50. Want to be sure that's what gets advertised, \$4.50, and residents know that. And I think it would be, you know, to make sure that we are very aggressive in advertising, fact of getting rid of the car decals because that is a huge thing messaging will be important on the things that's again that's 25 bucks or \$50 a house we

[01:03:05] were good I just wanted to thank our staff for working so diligently through this process I know it's a lot of work to coordinate all these departments especially once our finance staff gets all that stuff to get it out to us and then also deal with us in our back and forth. So I just wanted to thank all the staff for that.

[01:03:30] Thank you. Appreciate it. We'll pass that on from all the council and the mayor. Everybody good? Ready for the motion for closed session? We have two closed sessions to discuss tonight. Two separate ones.

[01:03:50] I'm not going to be here for one of them. Madam Mayor and Council, the next item on your agenda is a closed meeting. Two items for discussion, as Chief Keen mentioned, an interim contract for development of city-owned property on Center Street based upon terms and conditions and an unsolicited proposal submitted pursuant to the Public-Private Education Facilities and Infrastructure Act of 2002 where discussion in an open meeting would adversely affect the city's bargaining position or negotiating strategy, and it may take place in a closed meeting under Virginia Code Sections 2.23711A, 3, 28, and 29.

[01:04:28] And the second item is Council's discussion of a proposed contract and appointment of the next City Attorney of Manassas, which is appropriate for a closed meeting pursuant to Code Section 2.23711A. To convene the closed meeting, I'd recommend for your adoption Resolution Number R-2026-928, Resolution authorizing a closed meeting of City Council.

[01:04:49] So moved. Second. Second. Motion by Councilman Ocina, seconded by Vice Mayor Wolfe, approve resolution number R-226-928, authorizing a closed meeting of city council. Any discussion? Hearing and seeing them, Mr. Smith, please call roll. Councilmember Ocina? Yes.

[01:05:04] Vice Mayor Wolfe? Yes. Councilmember Smith? Yes. Councilmember Ellis? Yes. Councilmember Vasquez-Luna? Councilmember Hesse? Yes. Motion carried. All right, thank you. May I make a suggestion, if it's permissible? I think the second item would take much less time.

[01:05:23] If we could let Ms. Hicks cover that with counsel.



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