City of Manassas, Virginia

City Council Meeting

AGENDA

City Council Town Hall
Council Chambers
9027 Center Street
Manassas, VA 20110
Wednesday, March 25, 2026

Call to Order

Roll Call

FY 2027 PROPOSED BUDGET OVERVIEW

FY 2027 Proposed Budget & Five Year CIP
FY 2027 Budget Town Hall Presentation

Town Hall Period

Adjournment

City Council Agenda Item Report

Agenda Item No.
Submitted by: Eric Smith
Submitting Department: Finance
Meeting Date: March 25, 2026

Item Title

FY 2027 Proposed Budget & Five Year CIP

Suggested Action and/or Recommendation

Suggested Motion

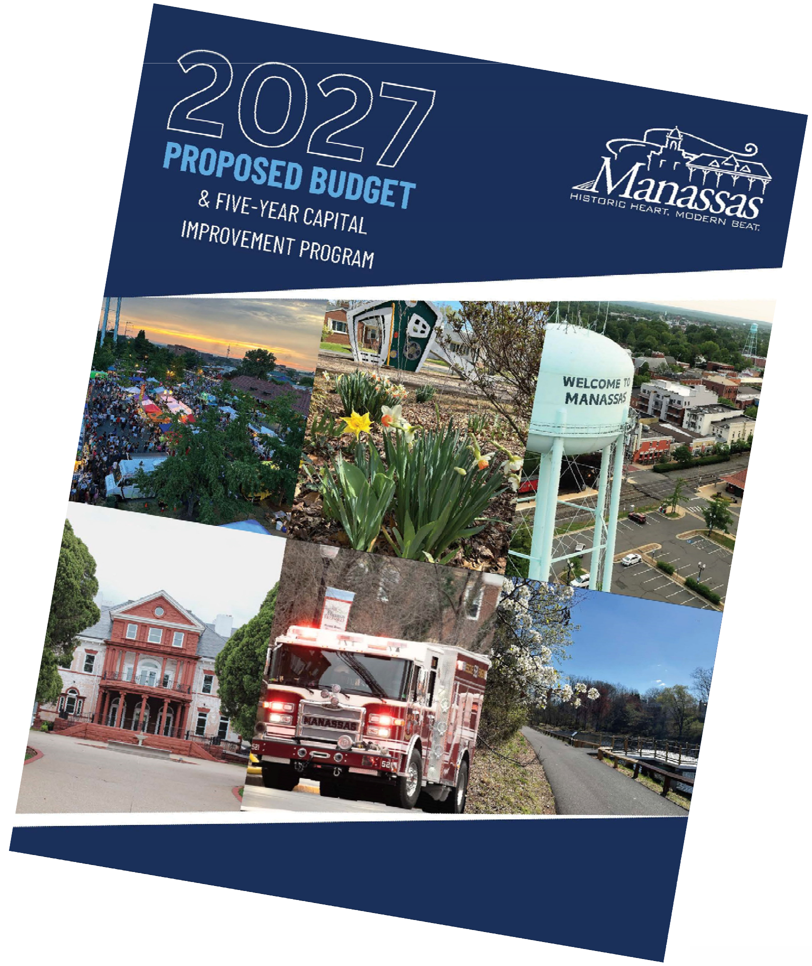
Item Type Reports / Presentations
Submitting Department Finance
Meeting Body City Council

Item ID 2026-857
Drafter Eric Smith
Meeting Date March 25, 2026

ATTACHMENTS

- FY 2027 Budget Town Hall Presentation

FY 2027 Proposed Budget & Five Year CIP



Town Hall
March 25, 2026

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Real Estate Assessments & Tax Bills

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Key Concepts…

Assessed Value – dollar value assigned to property by the Commissioner of Revenue

Appreciation – increase in value of existing property

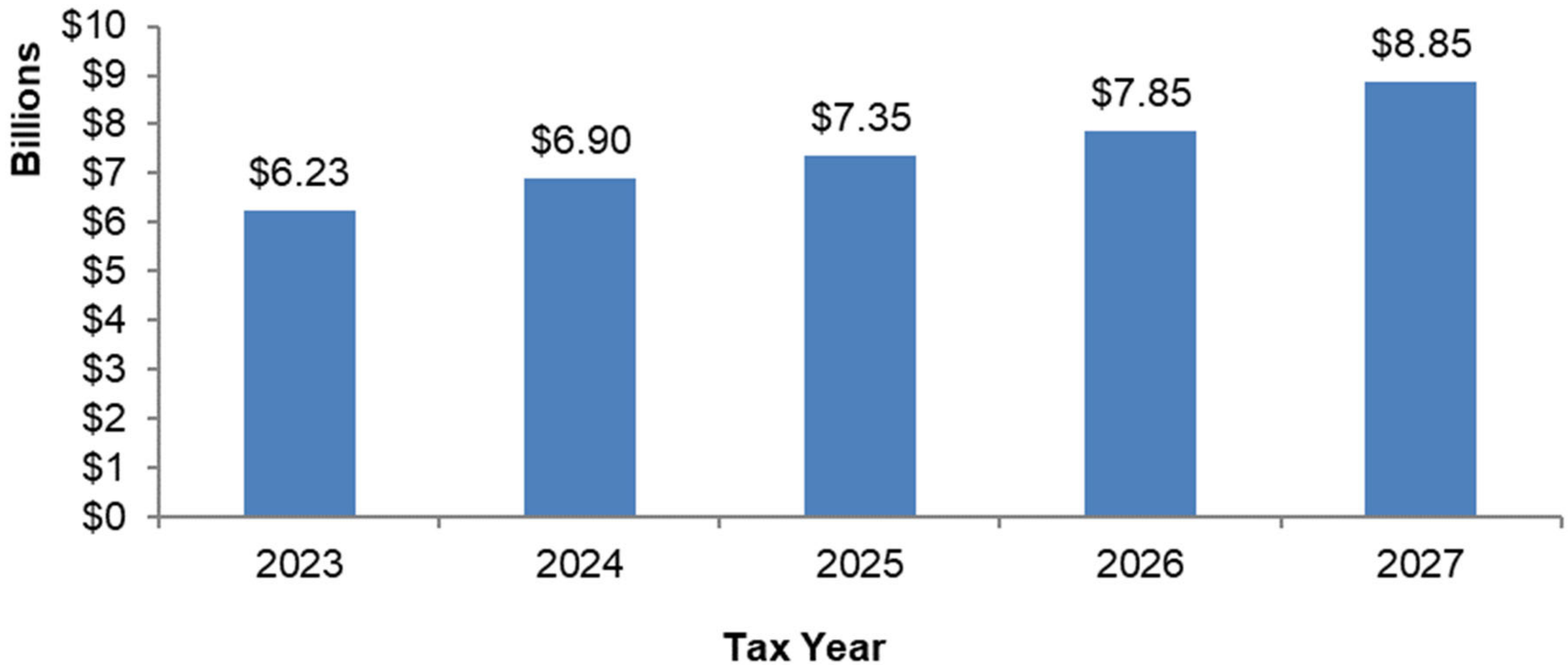
New Construction – improvements to existing property or construction of new property

How to calculate property taxes:

$$\frac{\textit{Assessed Value}}{100} \times \textit{Tax Rate}$$

Total Real Estate Assessed Value

Appreciation = $534 million
New Construction = $461 million
Total Growth in Value is $995 million



Real Estate Appreciation

RESIDENTIAL

$360,755,800

6.7%

COMMERCIAL & NON-RESIDENTIALAL

$82,468,100

4.5%

INDUSTRIAL

$90,674,400

13.4%

Total Appreciation = $534 million

Real Estate New Construction

RESIDENTIAL

$30,677,700

COMMERCIAL & NON-RESIDENTIALAL

$2,406,600

INDUSTRIAL

$428,103,700

Total New Construction = $461 million

The Makeup of Assessments

FY 2026

- **Residential – 68%**
- Commercial & Non-Residential– 23%
- **Industrial – 9%**

FY 2027

- **Residential – 65%**
- Commercial & Non-Residential – 22%
- **Industrial – 13%**

In FY 2027, there is a shift in real estate tax burden from residential to industrial.

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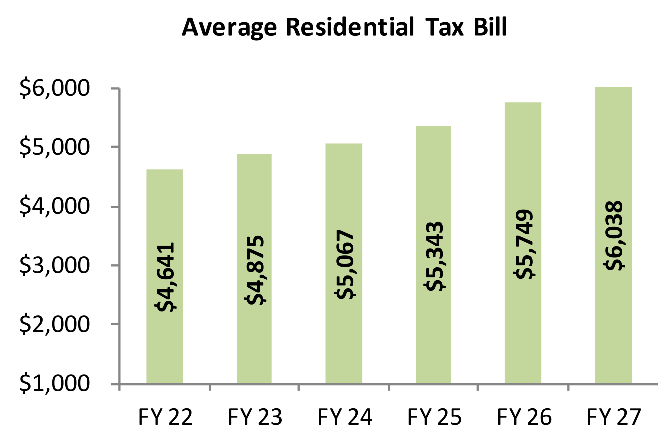
Real Estate Tax Rate Recommendation

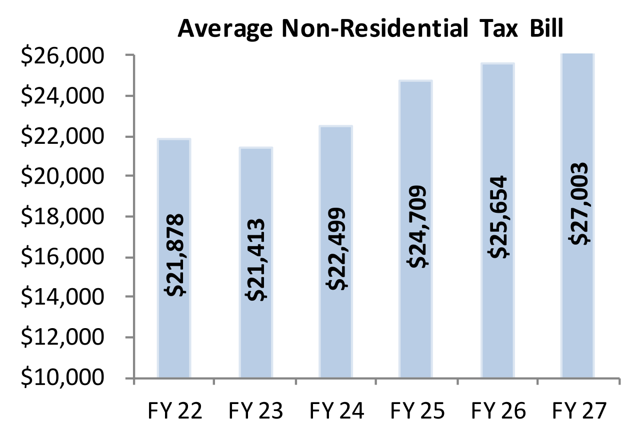
FY 2026		FY 2027	
Fire and Rescue Fund	$0.190	Fire and Rescue Fund	**$0.190**
General Fund	$1.070	General Fund	**$1.050**
Total	$1.260	Total	**$1.240**

The advertised tax rate was $1.24.

Average Real Estate Tax Bills

	FY 2026		FY 2027			
Class	Average Assessment	Average Tax Bill	Average Assessment	Average Tax Bill	$ Change in Bill	% Change in Bill
TOWNHOUSE	381,100	$4,802	411,392	$5,101	$299	6.24%
CONDOS	320,699	$4,041	343,178	$4,255	$215	5.31%
SINGLE FAMILY	565,736	$7,128	600,040	$7,440	$312	4.38%
TOTAL RESIDENTIAL	**456,259**	**$5,749**	**486,941**	**$6,038**	**$289**	**5.03%**
TOTAL NON-RESIDENTIAL	**2,036,066**	**$25,654**	**2,177,638**	**$27,003**	**$1,348**	**5.26%**
TOTAL ALL CLASSES	**$605,100**	**$7,624**	**$646,229**	**$8,013**	**$389**	**5.10%**





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Budget, Revenues, & Expenditures

Key Concepts…

Appropriation – legal authority granted by City Council to spend funds

Revenue – income received during the current year

Expenditure – costs incurred during the current year

Fund – a self-balancing set of accounts with its own assets, liabilities, reserves, revenues, and expenditures

Reserves – “savings” for specific purposes

Balanced Budget:
revenues = expenditures

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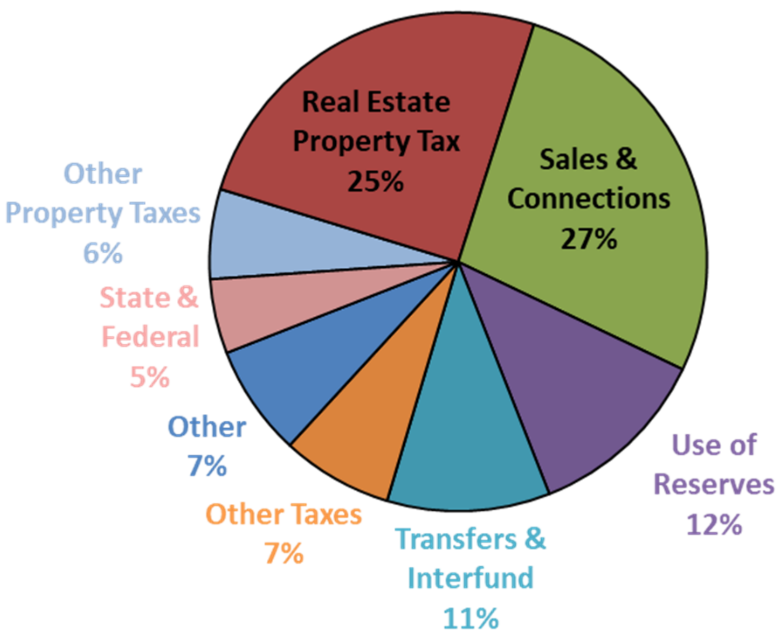
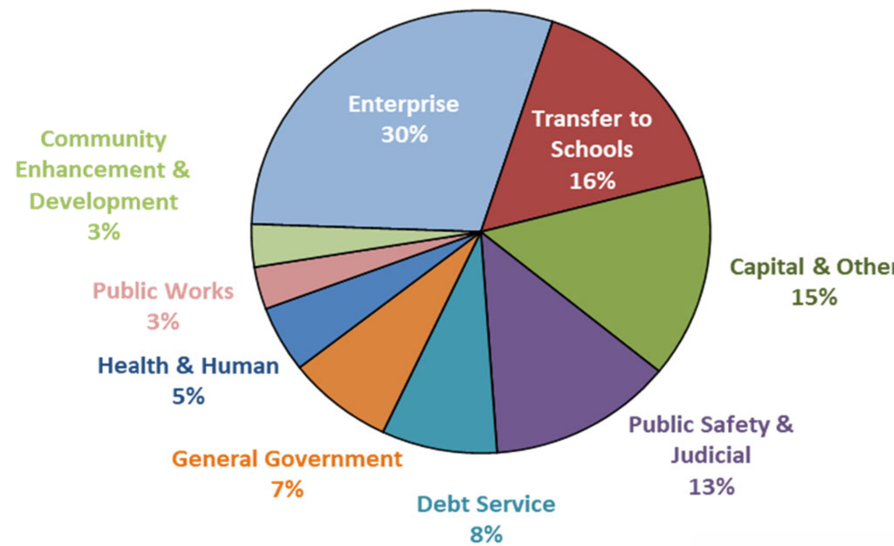
Total FY 2027 Budget = $422,982,000

The MCPS full budget is not yet included. The School Board will present its budget to City Council on March 25th.
This information only includes the City support of MCPS.

All Funds – Revenues by Source



All Funds – Expenditures by Function



Total Budget All Funds

The MCPS full budget is not yet included. The School Board will present its budget to City Council on March 25th.
This information only includes the City support of MCPS.

ALL FUNDS SUMMARY *(not including MCPS Funds)*

Fund	FY 2026 Adopted	FY 2027 Budget	$ Increase (Decrease)	% Increase (Decrease)
General Fund	158,374,000	186,315,000	27,941,000	17.6%
Social Services Fund	9,540,000	10,940,000	1,400,000	14.7%
Fire and Rescue Fund	17,025,000	21,010,000	3,985,000	23.4%
Owens Brooke Service District Fund	40,000	40,000	-	0.0%
PEG Fund	150,000	150,000	-	0.0%
Housing Investment Fund	-	8,000,000	8,000,000	-
Debt Service Fund	12,932,000	13,534,000	602,000	4.7%
Sewer Fund	24,020,000	21,805,000	(2,215,000)	-9.2%
Water Fund	20,213,000	19,572,000	(641,000)	-3.2%
Electric Fund	52,797,000	87,685,000	34,888,000	66.1%
Stormwater Fund	2,788,000	8,052,000	5,264,000	188.8%
Airport Fund	6,983,000	23,530,000	16,547,000	237.0%
Solid Waste Fund	4,754,000	4,896,000	142,000	3.0%
Building Maintenance Fund	2,842,000	2,984,000	142,000	5.0%
Vehicle Maintenance Fund	7,463,000	6,958,000	(505,000)	-6.8%
Information Technology Fund	7,852,000	7,511,000	(341,000)	-4.3%
ALL FUNDS TOTAL:	$ 327,773,000	$ 422,982,000	$ 95,209,000	29.0%

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Key Concepts…

Recurring Expenditures

- Ongoing annual costs
- Supported by recurring/stable revenues (i.e. taxes, fees, sales & connections)

- Examples:
  - Salaries and benefits
  - Water treatment chemicals
  - Fuel and Supplies
  - Software maintenance contracts

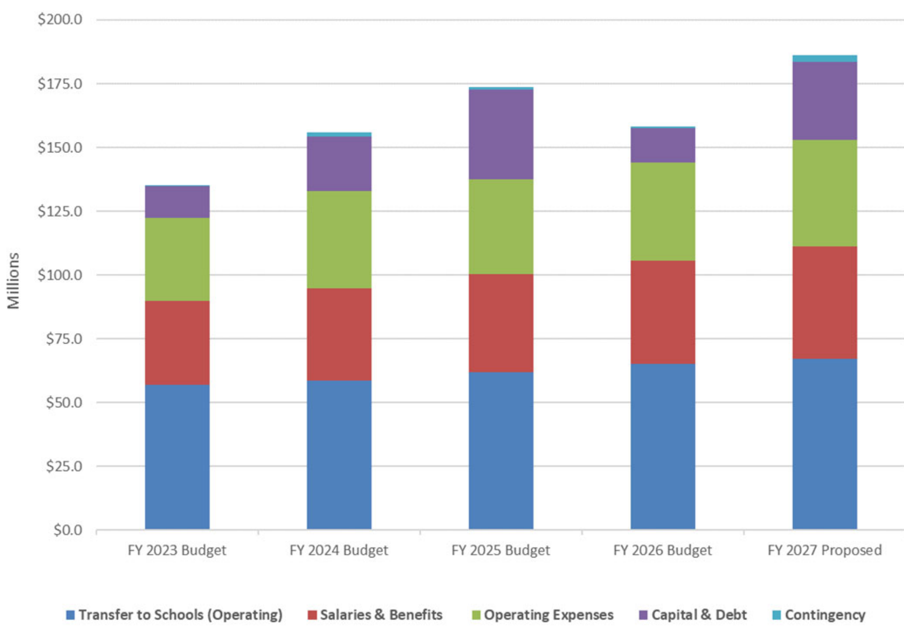
One-Time Expenditures

- Non-recurring single year costs
- Supported by one-time revenues (i.e. reserves, grants, bonds)

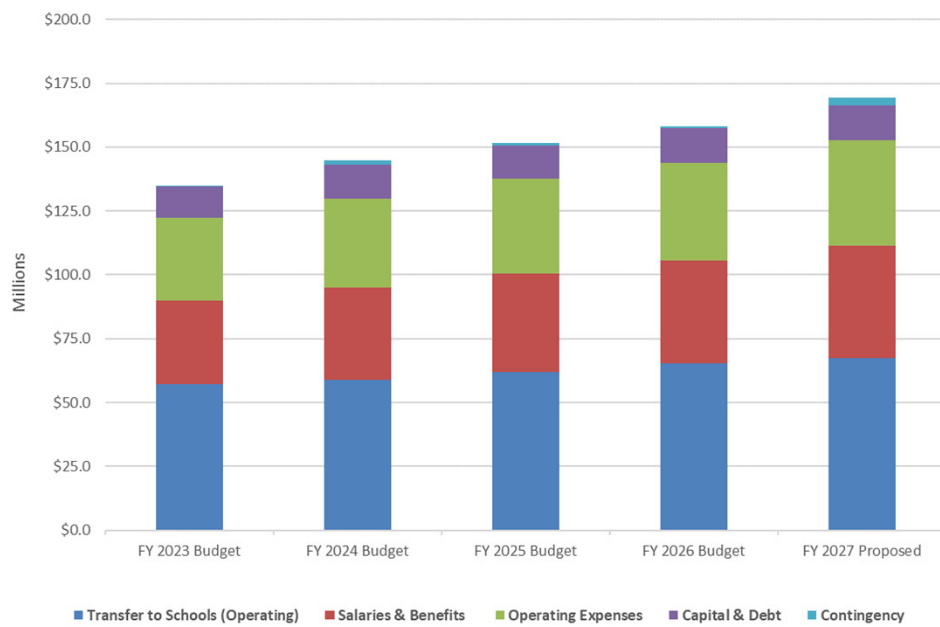
- Examples:
  - Fire engines purchases (fire rescue fund equipment reserves)
  - Parking garage construction (capital reserves)
  - Water transmission main replacement (ARPA grant)
  - Dean School construction (bonds)

General Fund Expenditures History

Including One-Time Expenditures



Not Including One-Time Expenditures



one-time expenditures are not funded by annual revenues like real estate taxes

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Key Concepts…

Recurring Revenues

- Ongoing/stable income that can be forecasted and budgeted each year
- Examples:
  - Real estate taxes
  - Personal property taxes
  - Permits and fees
  - Sales and connections

One-Time Revenues

- Non-recurring income, used or received only once
- Examples:
  - Reserves
  - Land sale proceeds
  - Bonds
  - Grants

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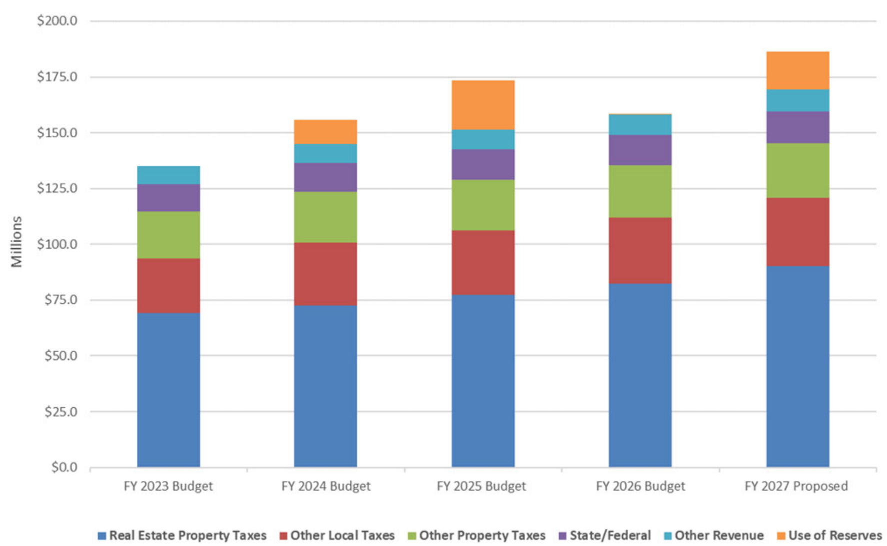
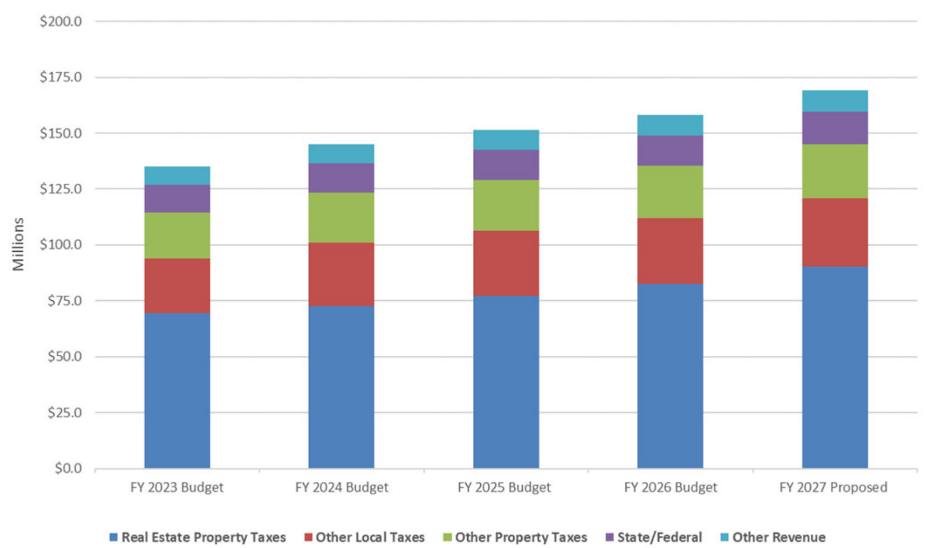
General Fund Revenue History

Including One-Time Revenues



Not Including One-Time Revenues



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Key Concepts…

Capital Reserves

- One-time revenues reserved for one-time capital projects/purchases
- Primary one-time revenues in capital reserves are interest earnings, land sale proceeds, data center construction related permits/sales/business licenses
- **Used in FY 2027 for a housing investment project and construction of a parking garage**

Housing Reserves

- One-time ARPA funding reserved by City Council in FY 2024 for affordable housing initiatives
- **Used in FY 2027 to establish the Housing Investment Fund**

Proposed Use of General Fund Reserves

Capital Reserves – $15,000,000

- Housing Investment Project – $3,000,000
- City Hall/Downtown Parking Garage – $12,000,000

Housing Reserves – $2,000,000

- Transfer to Housing Investment Fund – $2,000,000

Total Use of General Fund Reserves:

$17,000,000

Housing Investment Fund

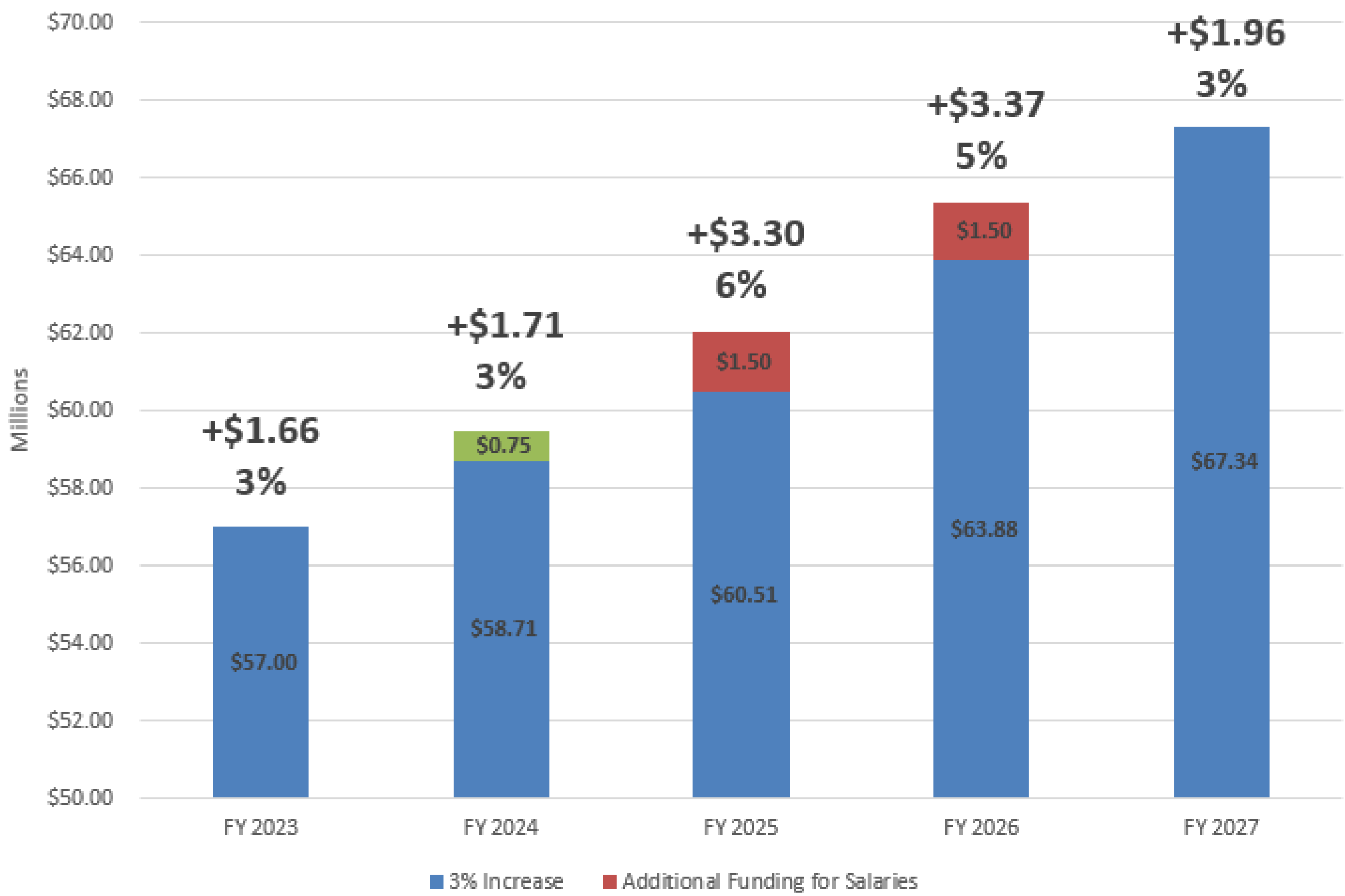
New fund established in FY 2027 to support attainable housing

- $6 million loan to Good Housing VA, LLC for redevelopment of former CSC/DMV site for workforce housing apartment project
  - Funded by: $3 million Capital Reserves and $3 million sale of CSC/DMV site
  - Loan repayment estimated at $185,000 per year and expected to begin in FY 2028

- $2 million Housing Reserves will now be accounted for in this fund
  - $500,000 for tap fees related to the planned project
  - $1,500,000 reserved for future housing initiatives

Budget Drivers

City Funding for MCPS Operations



There is also a $6,647,000 contribution to debt service for MCPS in FY 2027.

$750,000 in FY 2024 was a one-time transfer for salaries

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Social Services

Increase in CSA Mandated Costs
Additional out of state placements have resulted in significantly increased costs to the City

Expenditure Increase – $1M

Decrease in Federal Revenue

Changes in federal legislation have resulted in a reduction in revenue passed through the state to the City

Federal Revenue Decrease – $756K

Additional $2 million needed in City support to cover the above as well as other standard increases in costs (i.e. salaries/benefits, lease).

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Fire & Rescue

Ongoing Expenditure Increases:

- Funding for 2 previously approved **firefighters** – $200,000
- Funding for **Emergency Management Planner and regional projects** with the loss of federal funding – $272,000
- Additional **overtime** – $250,000
- Outsourced **apparatus maintenance** – $125,000

One-Time Expenditures:

- Replacement of **Rescue Engine 521A** – $1,200,000
- Replacement of **Engine 501B** – $1,500,000

funded with Fire Rescue Fund reserves for equipment replacement

Employee Recruitment/Retention

FY 2027 Proposed Budget Staffing Changes		
Assistant City Attorney (offset by decrease in contracted legal costs)	City Attorney	1.00 FTE
Water Plant Operator	Water Plant	1.00 FTE
Water Plant Mechanic	Water Plant	1.00 FTE
Airfield Electrician	Airport	1.00 FTE
Airport Operations Officer (funded by Avports)	Airport	1.00 FTE
Police Officer - K-9/Explosive Detection (funded by Avports)	Police-Spec Ops	1.00 FTE
Funding for 2 Firefighters (in FY 2026 positions were added to the staffing plan but not funded)	Fire & Rescue	N/A
Funding for Emergency Management Planner (existing position that will no longer receive federal grant funding)	Fire & Rescue	N/A
		6.00 FTE

The FY 2027 Budget includes a 2% cost of living adjustment/scale increase and a 3% merit increase

Health insurance rates are increasing by 11.3%

Retirement costs continue to shift from the State to the City.

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Cost Increase Examples

Expenditure	Previous History	Current Cost
Fireworks	$49,000 (2023)	$100,000 (2026)
Pool Chemicals	$6,000 (2020)	$17,000 (2026)
LODA/Employee	$722.55 (2022)	$1,385 (2026)
Envelopes (5,000)	$630.50 (2024)	$739.38 (2026)
Laptop	$1,090 (2022)	$1671.73 (2025)
E911 Contract Maintenance	$94,081.52 (2021)	$146,697.32 (2025)
Skidsteer	$54,000 (2020)	$72,000 (2025)
Medium Truck	$51,000 (2020)	$75,000 (2025)
Engine Oil/Quart	$4.21 (2020)	$9.18 (2025)
15 KV, 750 MCM Cable/Foot	$17.71 (2020)	$42.54 (2025)
300 KVA 3 Phase Transformer	$9,871 (2020)	$36,762 (2025)
WTP Coagulant/Load	$314,800 (2020)	$415,000 (2025)
WTP Chlorine/load	$130,053 (2020)	$230,000 (2025)

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Contingency

General Assembly

Shared Services

Economy

Federal Cut Impacts

The budget includes a $1,200,000 contingency for these potential unknowns.

Capital Improvement Program

Key Concepts…

Use of Reserves

- One-time funds reserved for one-time capital projects and purchases
- Examples:
  - Capital Reserves for Parking Garage
  - Airport Land Sale Reserves for Runway Rehab

Other Gov'ts

- State and federal funding (primarily in Transportation and Airport projects)

Other Sources

- Other funding sources such as donations, private contributions, Northern Virginia Transportation Authority (NVTA)

PAYGO (Pay-As-You-Go)

- Paying for capital improvements using revenues other than debt
- Part of annual budget built into rates
- Used for maintenance of existing infrastructure
- $1.5 million annually in the General Fund

- Examples:
  - School Playground Equipment Replacement
  - Parks Maintenance
  - Stonewall Pool Maintenance
  - Historic Site Maintenance

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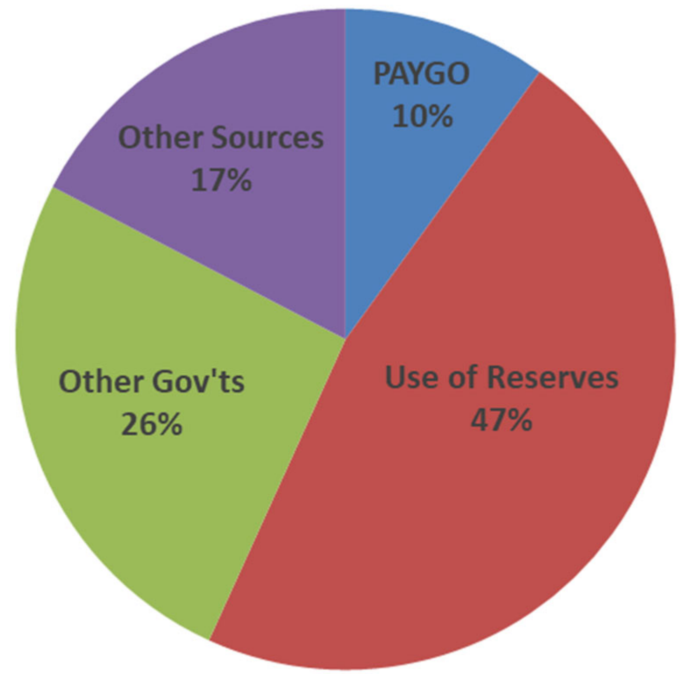
FY 2027 Capital Improvement Program

$75,675,000

$66,932,000 in capital projects

$8,743,000 in maintenance projects

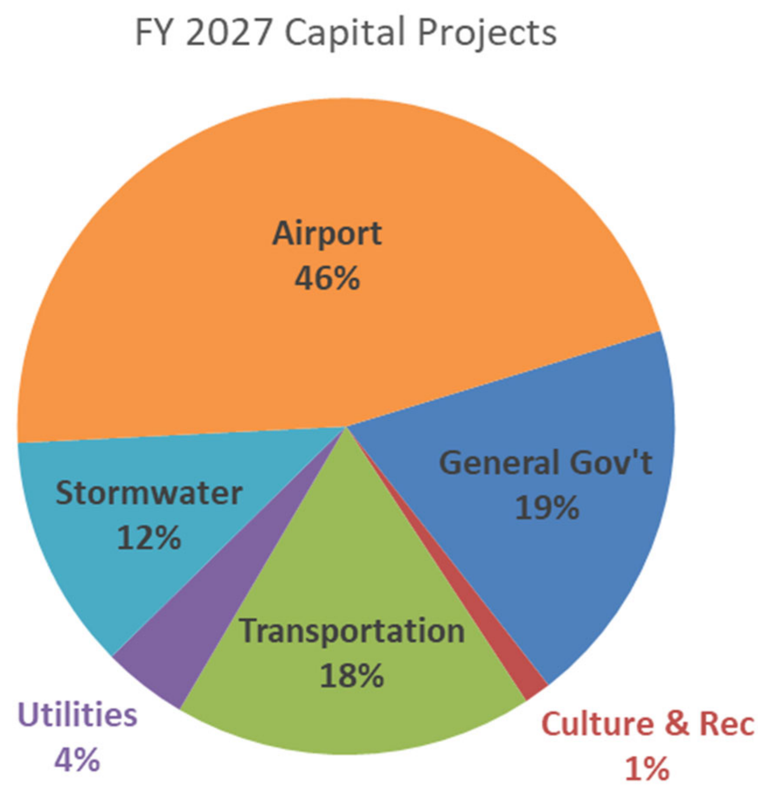
FY 2027 Capital Projects - Funding Sources



FY 2027 Capital Improvement Program

Major Capital Projects

- City Hall/Downtown Parking Garage
- Liberia Avenue Improvements & Widening
- Mathis Avenue Streetscape
- Stormwater Pond Retrofits & Stream Restorations
- Rehabilitation of Runway 16L/34R

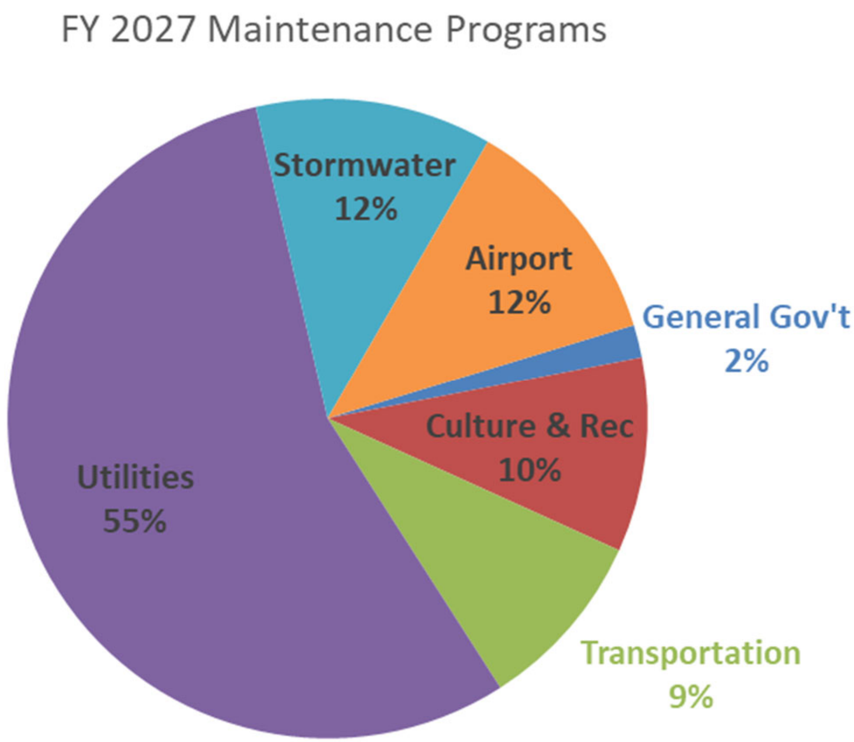


$66,932,000 in capital projects

FY 2027 Capital Improvement Program

Ongoing Maintenance Programs

- School Playground Equipment
- Stonewall Pool and Historic Sites Maintenance
- Sidewalk Infill and Traffic Signal Upgrades
- Sewer Main Rehabilitation and Replacement
- Water Plant Improvements
- Substation and Generation Maintenance
- Drainage Maintenance and Inspections
- Airport Paving and Airfield Improvements



$8,743,000 in maintenance projects

Utility Rates

Key Concepts…

UTITLIES ARE ENTERPRISE FUNDS

- Self-supported – all costs are covered by their own income rather than income from the General Fund
- Operate like a business – provides a good/service and gets paid by the recipient of the good/service
- Costs are intended to be covered by the user of the services through user fees and rates rather than general taxes
- Fees are charged based on actual customer consumption

DATA CENTER PAY THEIR OWN UTILITIES

All utilities costs for a data center are paid for by the data center.
There is no negative impact to the ratepayer or the rates.
Data centers also pay an electric surcharge and tap fees.

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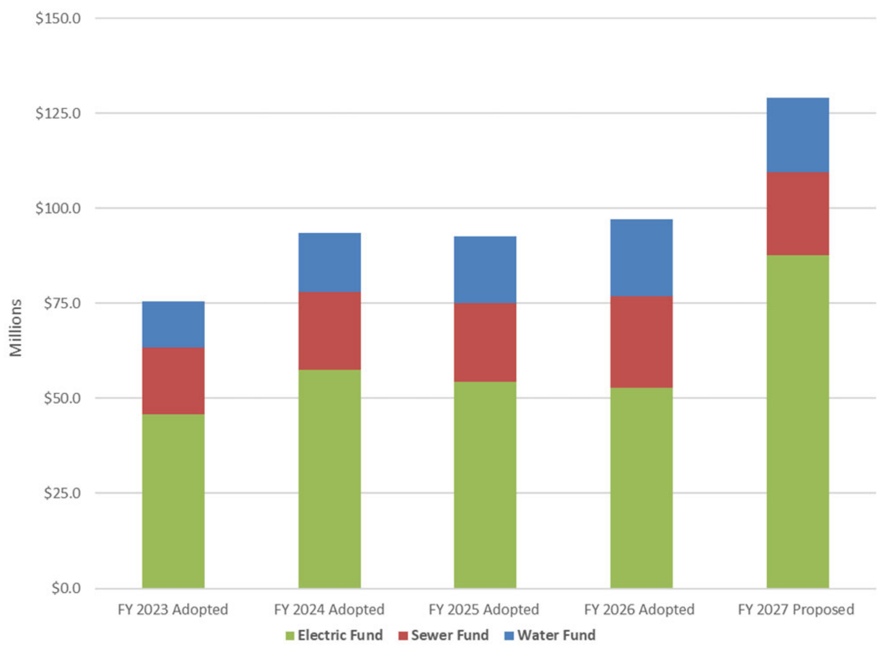
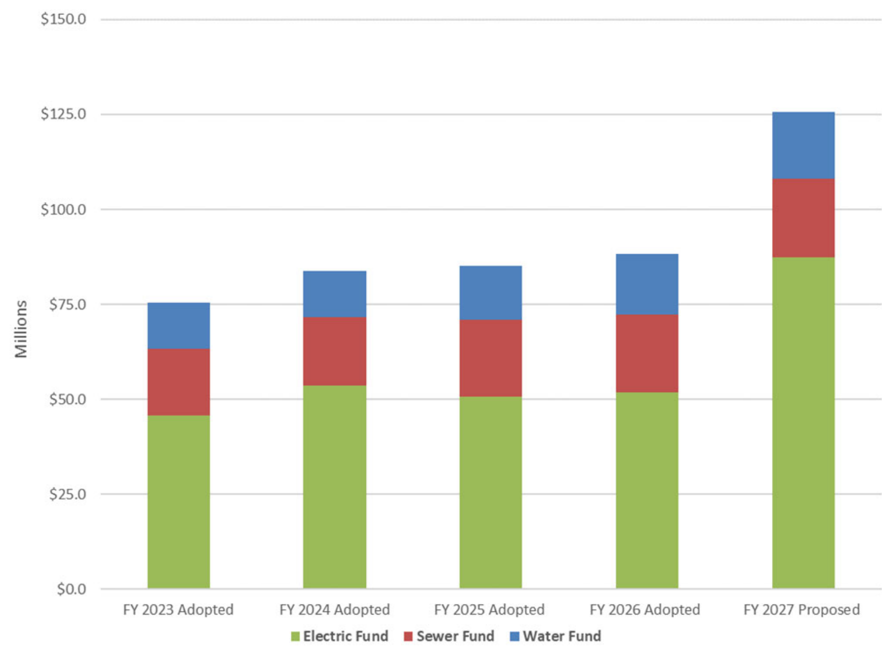
Utilities Fund Adopted Budget History

Including One-Time Projects



Not Including One-Time Projects



Even though data centers pay their own utilities, they are City customers so the financial transactions must take place on the City's books.

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Utility Rate Increases Drivers

Electric

- Increased costs for equipment, transformers, cables

Water

- Increased purchased water and chemicals costs

Sewer

- Standard increases in UOSA sewer treatment costs

Historical Utility Rate Increases

Fiscal Year	Electric *	Water	Sewer *	Storm
FY 2018	0.0%	5.4%	0.0%	$0.12
FY 2019	0.0%	5.0%	5.0%	$0.10
FY 2020	0.0%	5.0%	4.5%	$1.00
FY 2021	0.0%	5.0%	3.0%	$1.00
FY 2022	0.0%	5.0%	3.5%	$1.50
FY 2023	2.0%	3.9%	4.9%	$1.50
FY 2024	4.0%	0.0%	0.0%	$0.00
FY 2025	5.0%	5.0%	5.0%	$0.00
FY 2026	6.5%	8.5%	3.0%	$0.00
FY 2027	**10.5%**	**9.5%/25%**	**3.0%**	**$1.50**

Stormwater Rate increases are non-residential only.

Solid Waste Rates will remain flat.

** % change does not include pass-thru costs such as the Electric Power Cost Adjustment (PCA) or the Sewer UOSA Treatment Costs (UOSA).*

Forecasted Utility Rate Increases

	FY 2027	FY 2028	FY 2029	FY 2030
Electric	10.5%	10%	10%	5%
Water (Consultant)	25%	25%	10%	5%
Water (Prop Budget)	9.5%	15%	15%	15%
Sewer	3%	3%	3%	3%

Rates are set annually.
These projections are estimates and continuously re-evaluated.
Data center electric surcharge could result in future rate stabilization.

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Utilities Bills by Class – Consultant Recommended Rates

Household Size	FY 2026 Avg. Monthly Bill	FY 2027 Avg. Monthly Bill	*Increase*
Single Family Home (Avg. total utility bill)			
1-3 people	$309.72	$344.67	*$34.95*
4 people	$344.76	$384.31	*$39.55*
6 people	$388.90	$434.28	*$45.38*
Townhome (Avg. total utility bill)			
1-3 people	$213.29	$238.14	*$24.85*
4 people	$248.33	$277.78	*$29.45*
6 people	$292.47	$327.75	*$35.28*
Apartment (Avg. electric bill only)			
	$117.52	$129.83	*$12.31*

Consultant Recommended Rate Increases

Sewer – 3%

Water – 25%

Electric – 10.5%

Total increase on monthly Utility Bill 11%

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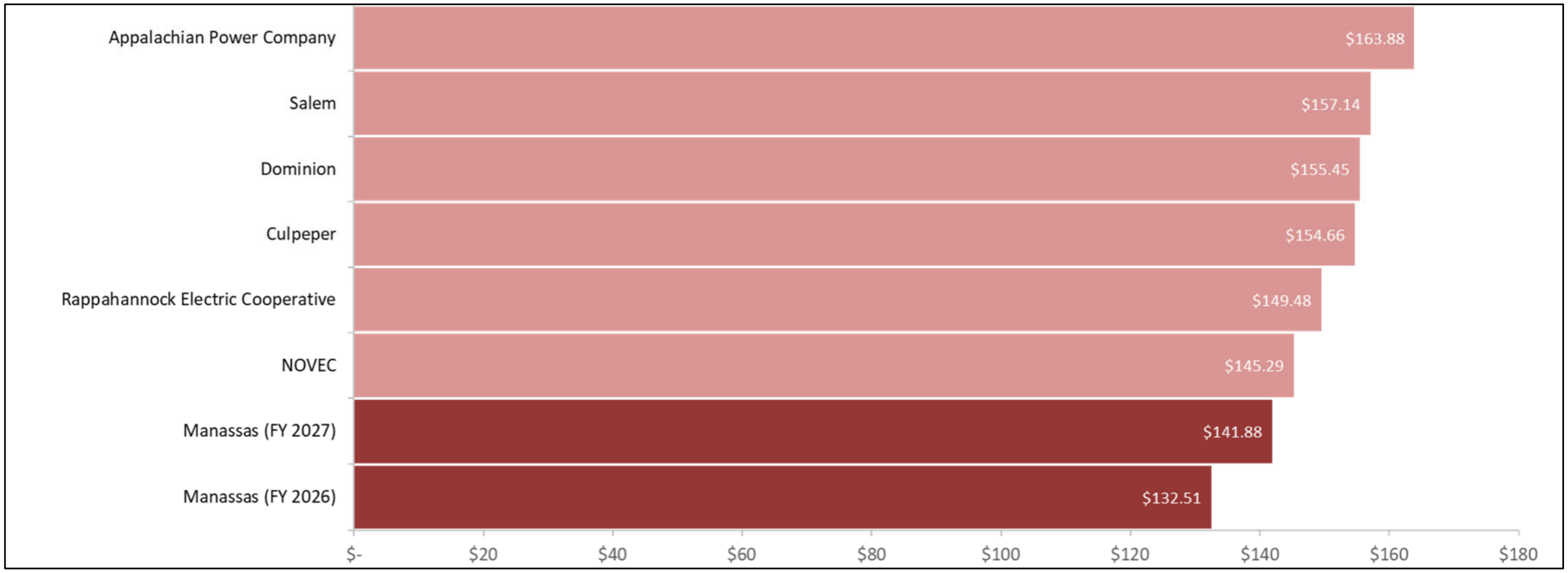
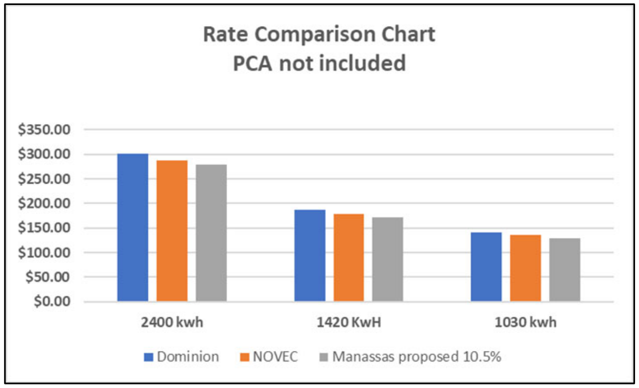
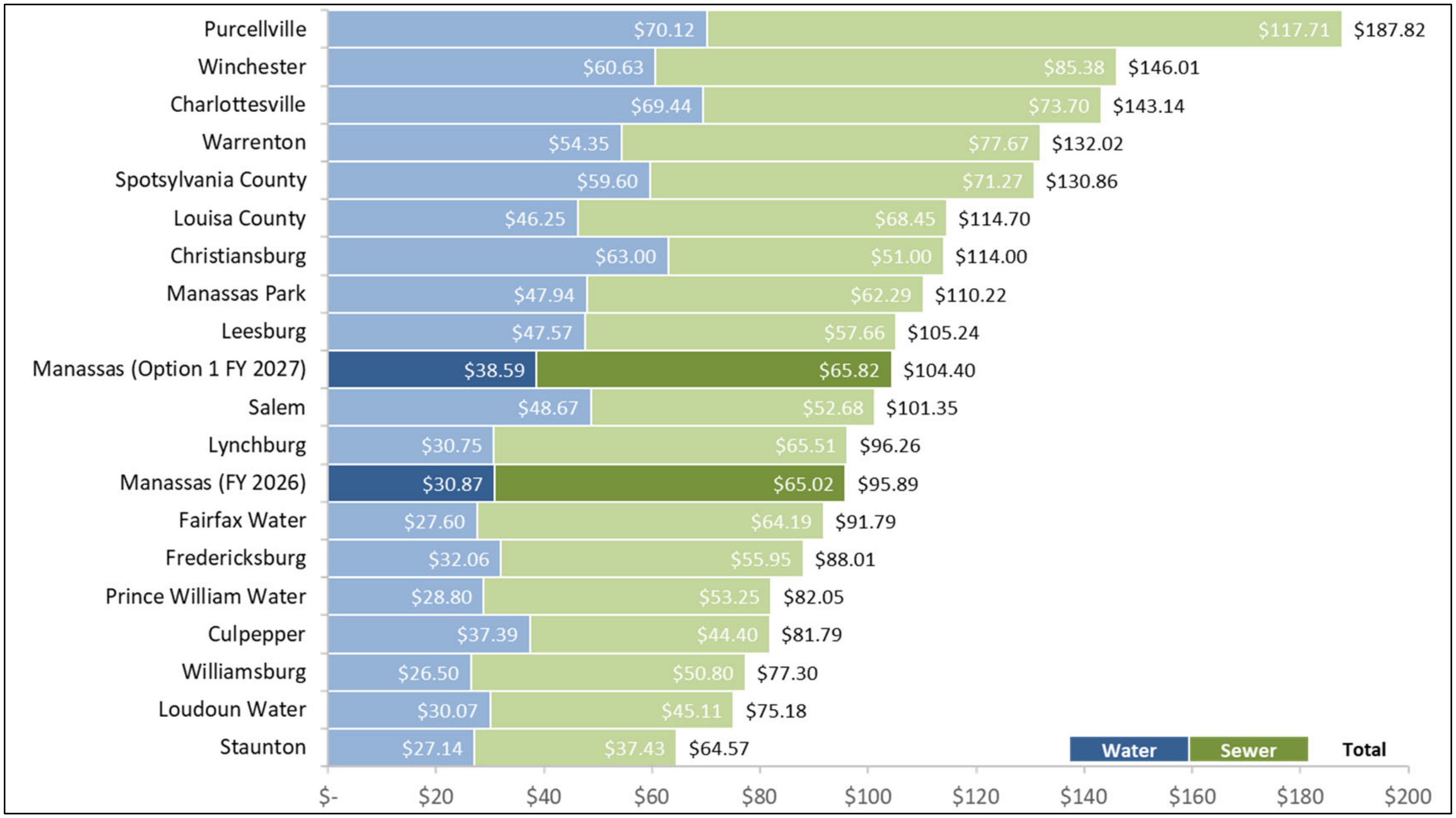
Electric Rate Comparisons





Water & Sewer Rate Comparisons



What’s next?

Council Direction

1

Advertise a Real Estate Tax Rate of $1.24

This is a reduction of $0.02 from the FY 2026 adopted rate.

Council cannot adopt a rate higher than this.

2

Use the $1,000,000 to eliminate the vehicle decal fee

This is the annual fee that is paid each year with your vehicle personal property tax bill ($25 for vehicles, $10 for motorcycles).

3

Increase the Data Center Personal Property Tax Rate to match Prince William County's rate

The data center rate would increase from $3.60 to $4.15.

($4.15 is subject to increase upon obtaining further information from PWC)

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Upcoming Important Dates

Wednesday, March 25, 2026 @ 7:00 p.m.	City Council Town Hall FY27 Budget Discussion **WE ARE HERE**
Monday, April 27, 2026 @ 5:30 p.m.	**Public Hearing on the Updated Budget/CIP/Revenue Rates**
Monday, May 11, 2026 @ 5:30 p.m.	First Reading of Tax Rates & Other Ordinances Adoption of the FY 2027 Budget & CIP
Monday, June 8, 2026 @ 5:30 p.m.	Second Reading of Tax Rates & Other Rate Ordinances

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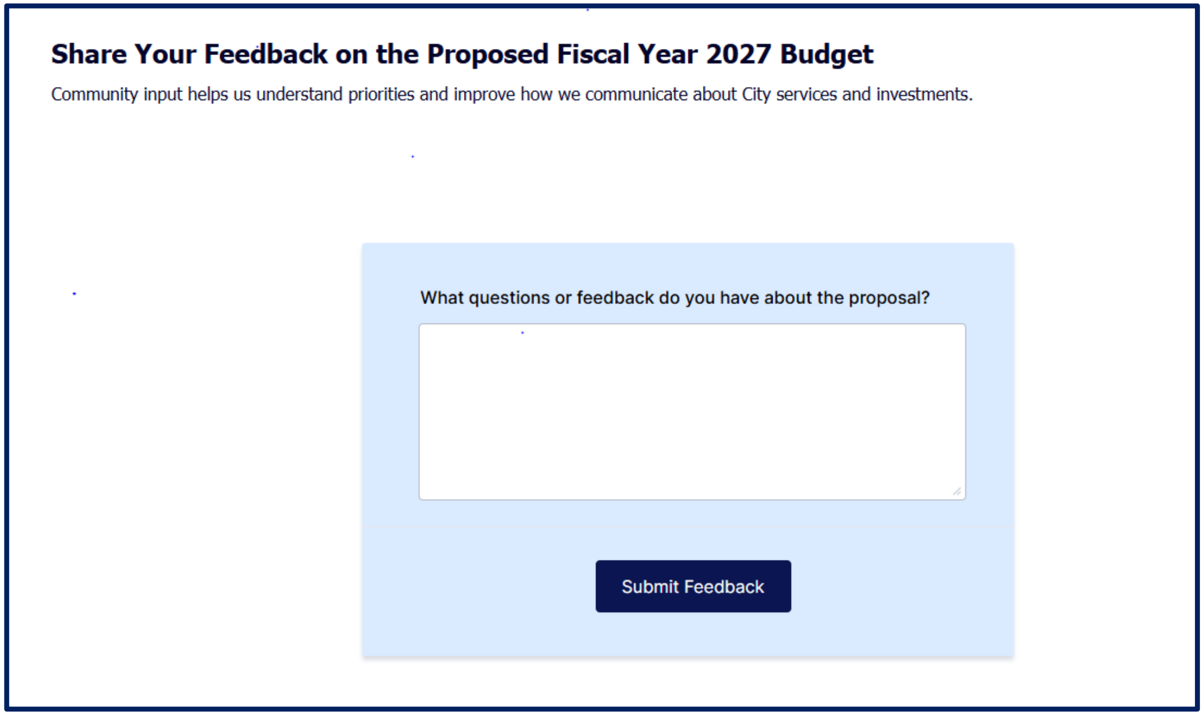
www.manassasva.gov/fy27proposedbudget


Share Your Feedback on the Proposed Fiscal Year 2027 Budget

Community input helps us understand priorities and improve how we communicate about City services and investments.

What questions or feedback do you have about the proposal?

Submit Feedback