FY 2027 Proposed Budget: Enterprise Funds

Town Council Work Session

March 10, 2026

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Director of Finance

TOWN OF Herndon

LIVE DIFFERENTLY.

Agenda

- Centennial Golf Course Fund
- Chestnut Grove Cemetery Fund
- Water and Sewer Fund
  - Key take-aways from the Davenport presentation
  - FY 2027 Budget
  - FY 2027 Proposed Water and Sewer Rates
- Further discussion on FY 2027 Governmental Funds presented March 3, 2026

FY 2027 Proposed Budget: Impacts & Challenges

- Imposed costs – Fairfax Water and County Sewer
- Maintaining expected standards and programs
- Completing prior committed spend and projects
- Aging infrastructure drives capital priorities
- Critical dependencies with partners on large projects

Centennial Golf – FY 2027 Fund Performance Summary

- Completed tee box renovation in FY 2026
- FY 2027 includes proposed rate increases
- Master Plan development begins this year; FY 2026 appropriation to be carried forward for use after completion of the Master Plan
- CIP includes pump station for irrigation system for $350K
- Personnel: headcount of 11, no FY 2027 increase

Centennial Golf	FY 2025 Actual	FY 2026 Adopted	FY 2027 Proposed	YOY %
Operating Revenues				
Greens Fees	$ 2,207,989	$ 2,204,210	$ 2,327,400	5.6%
Golf/Pull Carts	371,569	456,456	456,500	0.0%
Driving Range	166,312	150,000	155,000	3.3%
Merchandise and other	231,457	189,063	162,500	-14.0%
Other Revenues				
Interest Income and other gains	168,665	154,615	200,068	29.4%
Total Operating Rev incl interest	**3,145,992**	**3,154,344**	**3,301,468**	**4.7%**
Operating Expenses				
Personnel	1,193,852	1,535,265	1,514,149	-1.4%
Operations & Maintenance	732,516	777,884	804,390	3.4%
Depreciation Expense	247,968	235,071	310,559	32.1%
Other	83,408	89,827	459,146	411.1%
Other Expenses				
Interest on Debt	8,831	7,281	2,026	-72.2%
Total Expenses	2,266,575	2,645,328	3,090,270	16.8%
Capital Outlay	N/A	2,467,200	547,000	-77.8%
Total Exp & Capital Outlay	**2,266,575**	**5,112,528**	**3,637,270**	**-28.9%**
Source/(Use) of Net Position	**$ 879,417**	**$ (1,958,184)**	**$ (335,802)**	

Centennial Golf Fund – Maintenance and Capital Outlay

Golf Fund: Maintenance Cost Per Round				
	FY 2024 Actuals	**FY 2025 Actuals**	**FY 2026 Adopted**	**FY 2027 Proposed**
Rounds Played	52,378	47,397	48,000	48,000
Maintenance Expenses	1,077,212	1,052,609	1,339,366	1,300,825
Cost Per Round	$ 20.57	$ 22.21	$ 27.90	$ 27.10

- One key performance indicator is **Maintenance Cost per Round**

- Proposed rate increases
  - Accommodate increasing cost per round
  - Continues to provide senior/junior rates
  - Right-sizes twilight rates/discounts

- Course rates remain favorable to comparable courses in the area

Course – greens fees	weekday	weekend
Herndon	$45	$64
Algonkian	$44	$57
Brambleton	$46	$58
Twin Lakes	$51	$65
South Riding	$97.50 w/cart	$132.50 w/cart

Golf Fund FY27 Proposed Budget: Rates, Fees & Revenues

Dept-Division	Description and Strategic Plan reference	Rate - current	Rate - proposed
007-347600	Greens Fees Weekday 18 (Resident rate discounted 10% rounded to nearest dollar) Greens Fees Weekday 9 (Resident rate discounted 10% rounded to nearest dollar)	$41.00 $32.00	$45 $36
	Greens Fees Weekend 18 (Resident rate discounted 10% rounded to nearest dollar) Greens Fees Weekend 9 (Resident rate discounted 10% rounded to nearest dollar)	$57.00 $37.00	$64.00 $40.00
	Weekday Sr./Jr. (18 holes) Weekday Sr./Jr (9 holes)	$35.00 $25.00	$41.00 $31.00
007-347700	Golf cart fees 18 Golf cart fees 9 (Note 6% sales tax charged on cart fees)	$19.81 $15.09	$20.75 $16.04
007-347600	Monday – Friday annual pass five day Seven Day annual pass Senior (65) Junior (under 18) pass combined with 10% discount on M-F pass	$1,750.00 $2,500.00 $1,600.00	$2,700.00 $3,700.00 $2,430.00
	Twilight rates are discounted by $6.00 after 3 pm. Weekend rates start on Fridays at 11:00am.		
	Discounts for seniors will start at age 65. Rates take effect May 1, 2026		
	The town manager or the town manager's designee may increase or decrease rates during peak or non-peak times or during various weather conditions to not exceed more than ten percent (10%) of the rate.		

2026 DAILY FEE COMPETITIVE

RATE ANALYSIS

Facility	Year	Weekday 18	Weekday 9	Weekend 18	Weekend 9	Senior 18	Senior 9	Cart 18	Cart 9
Algonkian (NVRPA)	Current	$44.00	$29.25	$57.00	$39.50	$33.50	$22.50	$21.00	$16.00
Brambleton (NVRPA)	Current	$46.00	$29.50	$58.00	$38.50	$34.50	$24.00	$21.00	$16.00
Twin Lakes (FCPA)	Current	$51.00	$34.00	$65.00	$41.00	$44.00	$31.00	$21.00	$16.00
Reston	Current	$59.00		$74.00		$44.00		$20.00	
Laurel Hill Golf Club (FCPA)		$89.00 w/cart		$119.00 w/cart					
Penderbrook Golf Club	Current	$85.50 w/cart		99.50 w/cart					
South Riding Golf Club	Current	$97.50 w/cart	$55.00 w/cart	$132.50 w/cart	$60.00 w/ cart	$70.00 w/cart			
Bull Run Golf Club	Current	$109.50 w/cart		$138.50 w/cart		$59.00 w/cart			
Raspberry Falls Golf and Hunt Club	Current	$116.50 w/cart		$128.50 w/cart		$74.00 w/cart			
*Herndon non-resident	Current	$41.00	$32.00	$57.00	$37.00	$35.00	$25.00	$21.00	$16.00
*Herndon non-resident	Proposed	$45.00	$36.00	$64.00	$40.00	$41.00	$31.00	$22.00	$17.00
* Town of Herndon resident	Current	$31.00	$24.00	$43.00	$28.00	$26.00	$19.00	$21.00	$16.00
* Town of Herndon resident 10% discount on Greens Fees	Proposed	$40.00	$32.00	$58.00	$36.00	$37.00	$28.00	$22.00	$17.00

Annual Pass Competitive Analysis

Facility	Year	7 Day	7 Day Twilight	5 Day	5 Day Junior	5 Day Senior
Reston	2026			$5000.00 w/cart	$ 1,500.00	
Laurel Hill Golf Club (FCPA)	2026	$6800.00 w/ cart	$2600 w/cart	$5000.00 w/cart		
Brambleton (NVRPA)*	2026			$ 3,000.00	$ 750.00	$ 2,750.00
Algonkian (NVRPA)	2026			$ 3,000.00		$ 2,750.00
Penderbrook Golf Club	Current	$ 4,200.00		$ 3,000.00	$ 1,700.00	
South Riding Golf Club	Current	$5700.00 w/cart		$4600.00 w/cart	$ 1,925.00	
Bull Run Golf Club	Current	$6000.00 w/cart		$4500.00 w/cart		
Raspberry Falls Golf and Hunt Club						
Herndon non-resident renewal only	Current	$ 2,500.00		$ 1,750.00	$ 900.00	$ 1,600.00
	Proposed	$ 3,700.00		$ 2,700.00	$ 900.00	$ 2,430.00

*Northern Virginia Park Authority is allowing 5 day pass holders to renew. No new passes

Chestnut Grove Cemetery - FY 2027 Fund Summary

- Cemetery site availability at critically low levels until development project provides additional sites
- Development project provides additional 3.5 acres of burial sites; Cemetery will continue to operate for an additional 15+ years
- FY 2027 Operating Revenues reduced
- ARPA funds office renovation

Chestnut Grove Cemetery	FY 2025 Actual	FY 2026 Adopted	FY 2027 Proposed	YOY %
Operating Revenues				
Interment Services	$ 347,705	$ 265,306	$ 215,805	-18.7%
Memorial Sales	277,544	202,500	202,500	0.0%
Cemetery Sites	841,895	357,640	293,750	-17.9%
Miscellaneous	76,134	24,813	18,750	-24.4%
Other Revenues				
Transfers and other	119,563	121,030	70,000	
Interest Income	158,175	55,000	55,000	
Total Operating &Other Revenues	**1,821,016**	**1,026,289**	**855,805**	-16.6%
Operating Expenses				
Personnel	481,108	506,090	514,994	1.8%
Operations & Maintenance	237,303	232,764	248,596	6.8%
Depreciation Expense	60,926	56,099	65,489	16.7%
Other	47,620	40,004	177,554	343.8%
Other Expenses				
Transfers and other	84,190	136,774	29,375	
Interest on Debt	7,068	6,444	5,049	
Total Expenses	918,215	978,176	1,041,057	6.4%
Capital Outlay	-	1,326,076	58,800	-95.6%
Total Exp & Capital Outlay	**918,215**	**2,304,252**	**1,099,857**	-52.3%
Source/(Use) of Net Position	**$ 902,801**	**$ (1,277,963)**	**(244,052)**	

Chestnut Grove Cemetery– Status on Development Project

- Project Status, Timeline and next steps
  - Master Plan approved by Council January 2024
  - Scheduled completion – April 2027
  - Schedule shifts due to
    - Additional stormwater planning & design ***completed***
    - Extensive community outreach program; site plan updated ***completed***
    - Archeology review ***in process***
    - Site development expected to begin in November

- Cost
  - ARPA funded $342K of office renovation work
  - Available appropriated budget of $1.9M; self-funded
  - Updated forecast and likely amendment needed once procurement process underway

Water and Sewer Fund – Key points from Davenport's update

- The Town's Water and Sewer System has historically been self-supporting and has not relied on support from the General Fund. This is an important "best practice". The Water and Sewer Fund has substantial aggregate cash reserves
- Quarterly bills for Herndon residents continues to be amongst the lowest in the region
- Two key financial metrics drive decision-making to ensure the fund remains in good standing: Days Cash on Hand and Debt Service Coverage
- The fund is currently in a strong financial position
- Davenport recommended rate increases for FY 2027 – in line with increases presented over the last two years

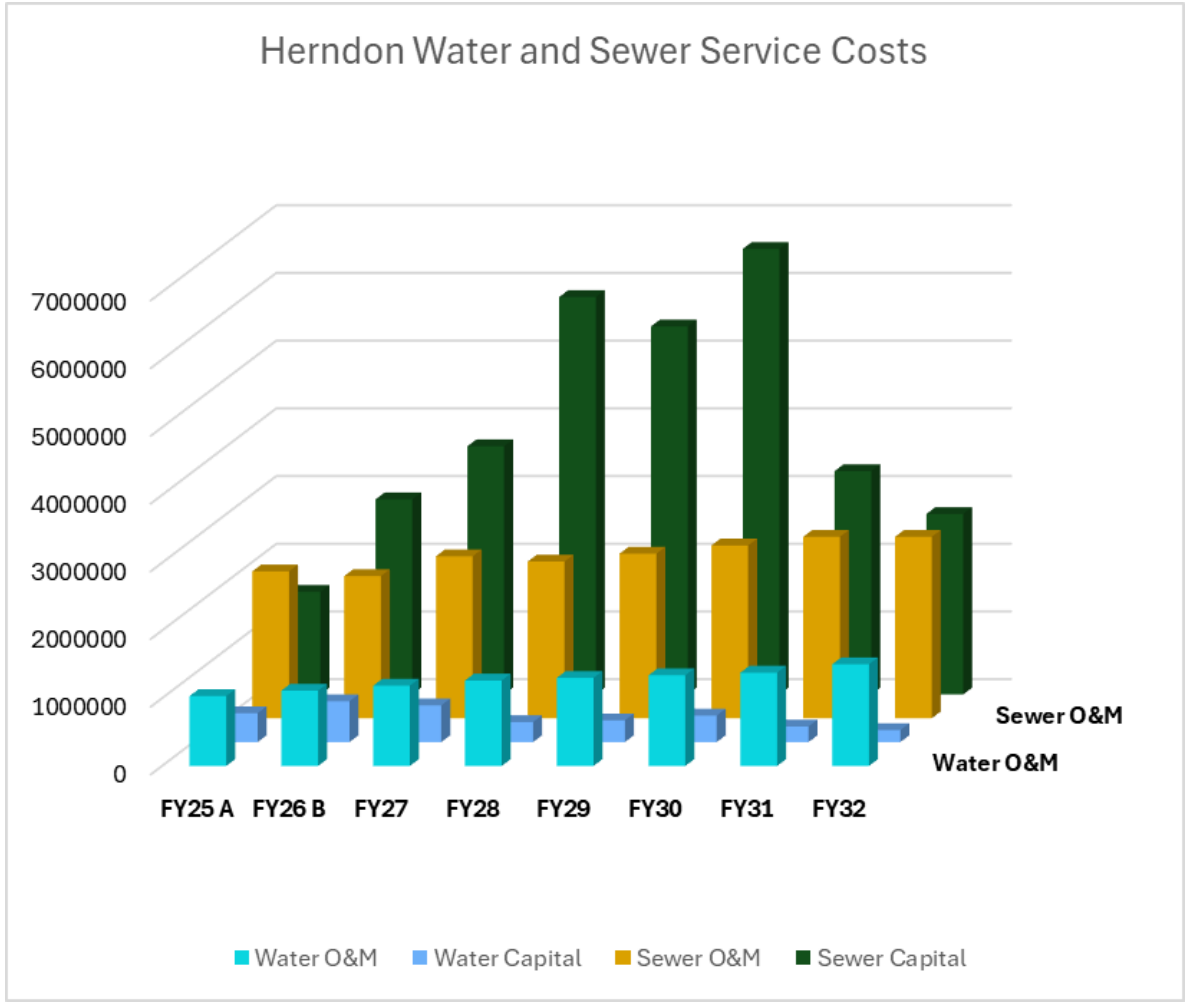
Water and Sewer Fund – Fund Summary

Water-Sewer	FY 2025 Actual	FY 2026 Adopted	FY 2027 Proposed	YOY %
Operating Revenues				
Charges for Services	$ 9,816,528	$ 10,923,000	$ 11,874,000	8.7%
Rents and leases	355,014	321,324	369,240	14.9%
Intergovernmental	250,000	-	-	
Miscellaneous revenue	22,075	21,100	21,100	0.0%
Other Revenues				
Availability Fees	6,253,580	6,545,340	7,265,760	11.0%
Interest Income	699,122	583,531	327,012	-44.0%
Capital Contribution and other	887,436	10,000	10,000	0.0%
Total Operating and Other Revenues	**18,283,755**	**18,404,295**	**19,867,112**	7.9%
Operating Expenses				
Water-Sewer Services	6,153,889	5,721,000	7,840,000	37.0%
Personnel	2,259,607	2,757,345	2,901,769	5.2%
Depreciation Expense	1,249,034	1,079,069	1,278,063	18.4%
Operations & Maint.	630,254	1,235,457	643,724	-47.9%
Indirect Services and other	704,379	835,146	1,358,359	62.6%
Other Expenses				
Interest on Debt and other	320,707	306,607	289,082	-5.7%
Total Expenses	11,317,870	11,934,624	14,310,997	
Capital Outlay	N/A	15,746,381	15,288,381	-2.9%
Total Exp & Capital Outlay	**11,317,870**	**27,681,005**	**29,599,378**	
Source/(Use) of Net Position	**$ 6,965,885**	**$ (9,276,710)**	**$ (9,732,266)**	

- Availability fees budgeted reflect timing of development projects in the pipeline. The rate model includes availability fees through FY 2028 only
- FTEs: 26; No additional FTE's added for FY 2027
- $4.7M of key capital projects were funded by the American Rescue Plan Act (ARPA) Fund
- Due to anticipated capital projects, use of existing Net Position (or additional debt proceeds) will be needed for FY 2027

Water and Sewer Fund – Rising Costs

- The largest recurring costs that the fund faces each year are the service costs paid to Fairfax Water and Fairfax County
- A portion of what is charged is for capital requirements
- The capital requirement component continues to rise; Sewer capital component for FY 2028 of $5.9M is a 287% increase over the FY 2025 costs of $1.5M
- FY 2027 – FY2031 totals:
  - Fairfax Water $1.8M
  - Fairfax County $24.8M



Water and Sewer Fund – Proposed Capital Outlay

in thousands		
	FY 2027 Proposed	**FY 2027 - FY 2031 Total**
Water:		
General Water Maintenance/Replacement projects	$ 4,742	$ 29,767
Master Plan: Pump Station, Vaults, Tank, Main Upsizing	9,407	35,807
Vehicles/Equipment	461	500
total	14,610	66,074
Sewer:		
Pump Station, Sewer conveyance	-	13,000
Sewer Utility Master Plan	-	-
Capacity purchase	-	25,000
Relining and repairs	500	3,500
Vehicles/Equipment	80	430
total	580	41,930
Total Fund	$ 15,190	$ 108,004

- Critical dependencies between the town and Fairfax County, or Fairfax Water make timing of large projects difficult to predict
- The Sewer Conveyance Project requires 50% funding by Herndon ($13.0M)
- The $108M of Herndon CIP + the capital requirements included in the service costs totals $146M discussed by Davenport

Water – FY 2027 Proposed rates

Quarterly Service Charge

Meter Size (1)	Current FY 2026	Proposed FY 2027	Projected FY 2028	Projected FY 2029	Projected FY 2030	Projected FY2031
5/8”	$21.24	$27.61	$35.90	$46.67	$48.65	$50.72
% Change YOY		**30%**	**30%**	**30%**	**4.25%**	**4.25%**

Quarterly Billing	
Meter (in.)	$
5/8	$27.61
3/4	$41.41
1	$68.99
1 1/2	$138.02
2	$220.80
3	$441.63
4	$690.06
6	$1,380.10

Volumetric Rates

Rate per 1,000 gal.	Current FY 2026	Proposed FY 2027	Projected FY 2028	Projected FY 2029	Projected FY 2030	Projected FY 2031
Base Rate	$4.79	$5.63	$6.62	$7.78	$8.24	$8.74
Peak Rate (2)	$8.15	$9.58	$11.26	$13.23	$14.02	$14.86
% Change YOY		**17.5%**	**17.5%**	**18%**	**6%**	**6%**

Fiscal Impact of proposed increase

Total	**$856,066**
Avg household/yr	**$65.80**

1) *Service charges for larger meter sizes are escalated at the same rate.*

2) *Peak Rate charged for usage in excess of the average consumption of the preceding two winter quarters. Charge is in addition to base water usage for bills issued June-Nov*

Sewer – FY 2027 Proposed rates

Quarterly Service Charge

Meter Size (1)	Current FY 2026	Proposed FY 2027	Projected FY 2028	Projected FY 2029	Projected FY 2030	Projected FY 2031
5/8”	$15.95	$19.94	$24.92	$24.92	$32.48	$33.86
% Change YOY		**25%**	**25%**	**25%**	**4.25%**	**4.25%**

Quarterly Billing	
Meter (in.)	$
5/8	$19.94
3/4	$27.53
1	$42.75
1 1/2	$80.78
2	$126.42
3	$248.11
4	$385.02
6	$765.28

Volumetric Rates

Rate per 1,000 gal.	Current FY 2026	Proposed FY 2027	Projected FY 2028	Projected FY 2029	Projected FY 2030	Projected FY 2031
Base Rate	$9.64	$10.42	$11.98	$13.78	$14.88	$16.07
% Change YOY		**8%**	**15%**	**15%**	**8%**	**8%**

Fiscal Impact of proposed increase

Total	**$511,947**
Avg household/yr	**$53.40**

1) *Service charges for larger meter sizes are escalated at the same rate.*

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Governmental Funds: Follow-ups

Employee Health Plans
2-page handout

Healthcare Costs Year-over-Year

Employer Healthcare Costs					
ooo's	FY 2026 Adopted	FY 2026 Forecast	FY2 027 Proposed	YOY $	YOY %
General Fund	2,998	2,763	3,178	415	15.0%
All Funds	3,378	3,163	3,638	475	15.0%

General Fund – Solid Waste Fee Detail

Solid Waste Fee Analysis									
FY 2027									
			Residential				Multi-Family		
		Per Qtr Rate	$21	$27	$30	Per Qtr Rate	$21	$46	$51
			PROPOSED	PROPOSED	PROPOSED		PROPOSED	PROPOSED	PROPOSED
	CATEGORY	# Units	FY2027	FY2027	FY2027	# Units	FY2027	FY2027	FY2027
Revenue	001-344400 Solid Waste Fee	5238	439,992.00	565,704.00	629,321.00	956	80,304.00	175,904.00	193,640.00
	Total - Solid Waste Fee Revenue		$439,992.00	$565,704.00	$ 629,321.00		$ 80,304.00	$ 175,904.00	$ 193,640.00
Expenditures	0010889-420290 Recycling Tipping Fee		78,000.00	78,000.00	78,000.00		-	-	-
	0010889-420291 Compost-Yard Waste		25,321.00	25,321.00	25,321.00		-	-	-
	0010889-420300 Small Tools & Equipment		23,000.00	23,000.00	23,000.00		-	-	-
	0010889-420380 Landfill Charges		503,000.00	503,000.00	503,000.00		-	-	-
	0010889-420610 Contract Services		-	-	-		193,640.00	193,640.00	193,640.00
	Total - Solid Waste Fee Expenditures		$629,321.00	$629,321.00	$ 629,321.00		$ 193,640.00	$ 193,640.00	$ 193,640.00
	Overages in Expenses covered by Real Estate Excise Tax		189,329.00	63,617.00	-		113,336.00	17,736.00	-
	% Recovery from Solid Waste Fee		70%	90%	100%		41%	91%	100%
					Input % Desired				Input % Desired