TOWN OF Herndon VIRGINIA

Town Council Regular Meeting
Agenda Item 8.a.

Agenda Item: **Proposed FY 2027 Budget Follow-up**

Meeting Date: March 24, 2026

Category: Work Session

Prepared by: Dan Hoffman, Town Manager, Marjorie Sloan, Finance Director

Description:
This item is a follow-up to the presentation of the Town Manager's proposed FY 2027 budget for Town Council consideration.

Background/Timing Impact:
In accordance with Section 4.2 of the Town Code, the Town Manager has prepared a proposed FY 2027 Budget. The Summary Budget Book has been distributed to members of the Town Council and posted to the town's website. The proposed budget for all funds totals $99.4 million. Below is a breakdown of the proposed budget by fund:

General Fund $48.6M
Stormwater Management Fund $3.0M
ARPA Fund $1.8M
Capital Projects Fund $11.6M
Water and Sewer Fund $29.6M
Golf Course Fund $3.6M
Chestnut Grove Cemetery Fund $1.1M

On March 3, the Town Manager presented the proposed budget of governmental funds. Several key highlights included:

- The proposed budget reflects the impacts and challenges of environmental factors, including inflation and imposed costs. In addition, it is important to recognize that the town has aging infrastructure and facilities, which are balanced with demands for new development and limited revenue growth.
- The proposed budget includes service delivery that supports the Strategic Plan activities.
- Proposed General Fund Expenditures total $48.6M, a 3.6% decrease from the FY 2026 Adopted Budget. In order to meet the required expenditures, the Proposed FY 2027 Budget presented included:
    - Resident Solid Waste Fee was increased from $21 to $27 per quarter.
    - Multi-family Solid Waste Fee was established of $46 per quarter.

- Capital projects for FY 2027 total $11.6M as reflected in the Capital Improvement Program. The FY 2027 proposed budget includes incremental debt service associated with an expected bond issuance.
- There are no additional projects for the ARPA Fund. The fund is expected to be closed in FY 2027.

A follow-up discussion was conducted at the work session on March 10, 2026. At that session, Council was informed that BPOL revenues for FY 2026 due March 1 were strong, and that there was potential to adjust the proposed BPOL revenue for FY 2027 by $250,000. In addition, after further discussion of the Solid Waste program, consensus was reached to include a Solid Waste Fee of $30 per quarter, with a Multi-family rate of $51 per quarter charged to the five designated multi-family properties.

The Enterprise funds were also presented on March 10, 2026, and consist of the Water and Sewer Fund, Chestnut Grove Cemetery Fund, and Golf Fund. The goal of the work session on March 24, 2026, is to further discuss any follow-up budget items, including updates resulting from the increase in budgeted revenue.

Timing Impact:
The proposed FY 2027 budget is being presented at this time to meet statutory requirements and to allow the Town Council sufficient time to consider and discuss the proposed budget prior to adoption. The budget public hearings are scheduled to begin April 14, 2026, with the anticipated adoption of the FY 2027 Budget on April 28, 2026.

Strategic Focus Area:
Strong Fiscal Stewardship
Good Governance

Fiscal Impact:
No immediate fiscal impact. Impact will occur after adoption by the Town Council, in FY 2027, which begins on July 1, 2026.

Legal Impact:
Per Town Code Section 4.2 and State Code Section 15.2-2503, the Town Manager is required to prepare and submit an annual budget to the Town Council on or before the first day of April each year.

Staff Recommendation/Next Steps:
No recommendation by staff at this time.

Attachments:
None