TOWN OF Herndon VIRGINIA

HERNDON TOWN COUNCIL
Work Session Minutes
Tuesday, March 3, 2026

1. Call to Order

Mayor LeBlanc called the March 3, 2026, Town Council work session to order at 7:00 PM in the Herndon Council Chambers Building, 765 Lynn Street, Herndon, Virginia. In attendance were: Mayor Keven LeBlanc; Vice Mayor Clark Hedrick (arrived at 7:35 p.m.); and Councilmembers Cesar del Aguila, Kelvin Garcia (arrived at 7:01 p.m.), Michael T. Lloyd, and Alex Reyes.

Vice Mayor Hedrick and Councilmember Garcia had not yet arrived.

Councilmember Naila Alam was absent.

Staff present during the meeting: Dan Hoffman, Town Manager; Lesa Yeatts, Town Attorney; Kirstyn Barr Jovanovich, Deputy Town Manager; Scott Robinson, Director of Public Works; Marjorie Sloan, Director of Finance; Page Kalapasev, Director of Information Technology; and Margie Tacci, Deputy Town Clerk.

Determination of a Quorum

Mayor LeBlanc determined there was a quorum of four Councilmembers present, Councilmember Garcia had not yet arrived.

[Note: Councilmember Garcia arrived at 7:01 p.m.]

Mayor Announcements

Mayor LeBlanc announced the following:

1. Budget work session on Tuesday, March 10 and a regular Town Council meeting on Tuesday, March 24.
2. Nominations for the 40th Mayor's Volunteer Event must be submitted by Monday, March 20. He encouraged those interested to visit the Town's website or reach out to the Town Clerk for more information.
3. Fairfax County Dranesville District Supervisor Jimmy Bierman will hold a town hall meeting on the County's FY 2027 proposed budget on Wednesday, March 25, 7:00 p.m., at Herndon High School.

2. Discussion

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a. FY 2027 Proposed Budget

Mayor LeBlanc recognized Dan Hoffman, Town Manager, and Marjorie Sloan, Director of Finance, to present the governmental funds from the proposed FY 2027 budget. Next week, staff will review Enterprise Funds and CIP with the Council.

Mr. Hoffman stated the proposed budget represents a balanced approach that advances Council priorities without increasing the property tax or meals tax rate, while still addressing key operational needs and infrastructure requirements. He noted that staff will attend meetings during the budget cycle to address Council questions. Mr. Hoffman stated that the Council must inform staff soon if there is an interest in advertising a higher property tax rate than the current one in order to meet required advertising deadlines.

Ms. Sloan provided an overview of the proposed FY 2027 Governmental Funds, including the General Fund, Stormwater Management Fund, American Rescue Plan Act (ARPA) Fund and Capital Projects Fund. She stated that the proposed General Fund budget totals approximately $48.6 million, which represents a decrease from the FY 2026 adopted budget, due primarily to reduced capital transfers and lower use of fund balance. Ms. Sloan stated that there were several external factors that impacted this budget, including continued inflationary pressures, increased health insurance costs, reduced revenue projections, and costs of aging infrastructure.

General Fund

Ms. Sloan discussed the proposed FY 2027 General Fund. The proposed budget maintains existing service levels while addressing rising operational costs and external pressures. Major highlights include continued investment in information technology modernization, economic development initiatives, roadway safety programs, and the Comprehensive Plan process.

Ms. Sloan stated that some operational adjustments were required to maintain a balanced budget. These include elimination of the spring and fall bulk cleanup events, which previously cost approximately $120,000, while maintaining a bulk pickup option available to residents on request. Planning is also included for community picnics and continued branding efforts.

Ms. Sloan reviewed the General Fund Revenue Projections, including estimates for BPOL, meals tax, real estate tax, and other local tax revenues. Staff noted that projections reflect modest economic growth and limited organic growth in residential units within the Town.

Staff also noted that the Town may consider proposing an increase to the vehicle license fee in FY 2028, which would require submission of that information to Fairfax County earlier in the budget process.

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[Note: Vice Mayor Hedrick arrived at 7:35 p.m.]

Solid Waste Fee

Continuing the presentation, Ms. Sloan discussed operations and maintenance costs. This year, staff recommends increasing the residential solid waste fee to $27 per quarter and establishing a multifamily solid waste fee. The proposed increase is meant to improve cost recovery for waste pickup services.

Personnel

Personnel costs represent the largest share of expenditures, and the proposed budget maintains current staffing levels through reallocation of existing positions rather than adding new ones. Staff also noted that health insurance costs increased significantly above earlier projections, requiring budget adjustments.

O&M

Regarding Operations and Maintenance (O&M), Ms. Sloan pointed out that several increases were driven by inflation and rising costs for materials and services. This is especially observable in the Department of Public Works.

Capital, Debt, and Fund Balances

The proposed budget includes bond financing to support several facility improvements, such as the energy efficiency project and repairs to the Herndon Community Center. Ms. Sloan also highlighted the unfunded requests impacting strategic goals.

ARPA

The American Rescue Plan Act (ARPA) funds must be finalized and accounted for by the federal deadline of December 31, 2026. Staff anticipates that any remaining interest earnings will be transferred to the Capital Projects Fund once the ARPA Fund is closed.

Stormwater Management Fund

Ms. Sloan summarized the Stormwater Management Fund, which supports stream restoration and stormwater infrastructure improvements through tax revenue, grant funding, and previously established fund balance. Mr. Hoffman stated that several projects are underway, and staff continues to coordinate with Fairfax County regarding stormwater program implementation. Staff will provide updates to staff as they are available.

Governmental Funds Discussion

There was discussion among staff and Council on the following:

1. Revenue assumptions and projections for BPOL, meals tax, and other local tax rates.

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2. Real estate tax projections and impacts of potential residential development on the tax base.

3. Solid waste service costs and long-term cost recovery policies. Council discussed phasing out the multifamily trash collection by the Town due to the cost and the complicated process required to operate it.

4. Personnel costs and how to address rising employee health insurance expenses.

5. Economic development strategies and opportunities for collaboration with Fairfax County.

6. Capital investment priorities and infrastructure needs.

7. Economic development opportunities in the Downtown and Metro areas.

Following discussion of the FY 2027 Proposed Budget, and with the concurrence of the Town Council, staff was directed to obtain the following information at the next work session:

1. Tax rate scenarios, including options for advertising a "not-to-exceed" property tax rate above the current $0.27 rate, along with associated revenue impacts.
2. Further information about the assumptions used to calculate the FY 2027 revenue projections.
3. Updated information on the number of residential units and households in the Town and how development activity impacts real estate tax revenues.
4. A breakdown of employee health insurance costs.
5. Analysis of the solid waste program, including scenarios for achieving 100 percent cost recovery, and the impact residential and multifamily fee changes will have on residents.
6. More information on unfunded personnel requests and staffing needs.
7. Examination of operational costs (e.g., overtime and additional staffing), along with long-term strategies for vehicle and equipment replacement.

Staff will return with the requested information to support Council's consideration of the proposed FY 2027 budget. Council was encouraged to provide any additional questions to the Town Manager to be addressed at the next work session.

3. <u>Roundtable</u>

<u>Councilmember Reyes</u>: no comments.

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Councilmember Lloyd: expressed appreciation to staff for work preparing the proposed FY 2027 budget.

Councilmember del Aguila: requested future discussion regarding economic development opportunities in the Downtown area and infrastructure needs.

Councilmember Garcia: expressed appreciation to staff for work on the budget and noted that he looked forward to continued discussion during work sessions.

Vice Mayor Hedrick: expressed appreciation to staff for work on the proposed FY 2027 budget.

Mayor LeBlanc: echoed Councilmembers' appreciation to staff and emphasized the importance of continued economic development in the Downtown and Metro areas.

Dan Hoffman Town Manager: thanked Ms. Sloan and her staff for preparing the proposed budget and presentation that evening.

4. Adjournment

There being no further business, Mayor LeBlanc adjourned the March 3, 2026 Town Council Work Session at 9:23 p.m.

Amanda E.M. Kertz
Town Clerk

Minutes approved by Town Council : _____

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