Town Council Regular Meeting
Agenda Item 5.c.

Agenda Item: **Fiscal Year (FY) 2027 Proposed Budget**

Meeting Date: April 28, 2026

Category: Public Hearings

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

Description:
This item is the presentation of the Town Manager's proposed Fiscal Year (FY) 2027 Budget for the Town of Herndon. The governmental funds include the General Fund, Stormwater Management Fund, American Rescue Plan Act (ARPA) Fund and Capital Projects Fund. The proprietary funds budgeted include the enterprise funds for Water and Sewer Services, the Chestnut Grove Cemetery and the Centennial Golf Course. The FY 2027 Budget includes the FY 2027 portion of the Capital Improvement Program. This is the second public hearing for the FY 2027 Budget.

Background/Timing Impact:
In accordance with Section 4.2 of the Town Code, the Town Manager has submitted a proposed FY 2027 Budget. The Town Manager presented, reviewed and discussed the FY 2027 Budget at Town Council Work Sessions on March 3, March 10, March 24, with ongoing follow-up through April 7. A public hearing was held on April 14, with the second public hearing scheduled for April 28, 2026. The public hearings will include a summary presentation of the FY 2027 budget and any associated resolutions and ordinances required to adopt the budget and proposed changes to taxes and fees.

The proposed budget for all funds totals $99.8 million. Below is a breakdown of the proposed budget by fund:

General Fund	$48.9M
Stormwater Management Fund	$3.0M
ARPA Fund	$1.8M
Capital Projects Fund	$11.7M
Water and Sewer Fund	$29.6M
Golf Course Fund	$3.6M
Chestnut Grove Cemetery Fund	$1.1M

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 of committed spend in-progress, new development and limited revenue growth.

Highlights from the Proposed Budget include:

- Continued investment in technology transformation, enhanced Wi-Fi connectivity, and expanded digital media support
- Expanded economic development activities
- Personnel cost increases of 3.75 percent
- Revised Solid Waste program to achieve better cost recovery of increasing landfill and other third-party costs
- Continued small business support via collaboration with George Mason University on the Mason Enterprise Center
- Real Estate Tax levy remains at $0.27 per $100 of assessed value
- Continued translation services and additional community events
- Closure of the ARPA Fund once appropriated spending is complete
- Capital project spending across all funds; debt service for anticipated bond issuance to fund identified projects including the ESPC project
- Proposed increases to Water and Sewer rates as well as rates at the Golf Course

Timing Impact:
Impacts of the adopted budget begin with the start of the next fiscal year: July 1, 2026. In addition, per the agreement with Fairfax County for Real Estate Tax bill processing, tax rates must be communicated to them no later than May 1, 2026.

Strategic Focus Area:
Strong Fiscal Stewardship

Fiscal Impact:
The FY 2027 budget as proposed is 4.3% higher than the FY 2026 Adopted Budget. The General Fund revenues include the impact of the increases in the Solid Waste Fees ($0.3M). The Water and Sewer rate increases are expected to result in incremental revenue of $1.4M for the Water and Sewer Fund. The Capital Improvement Program includes $30.6M in capital spending for FY 2027 across all funds.

Legal Impact:
Section 4.2 of the Town Code requires submission of the Budget, Town Code Sec. 30-36 pertains to the levy for real estate. Changes to Water and Sewer Services and Collection Rates require Ordinances updating the specific rates defined in the Town Code.

Staff Recommendation/Next Steps:
Recommend approval, as presented.

Attachments:

1. FY27 Property Tax Equalization Legal Ad
2. FY27 Budget Water & Sewer Legal Ad
3. FY27 Budget Legal Ad
4. Presentation