FY 2027 Proposed Budget

Budget Follow-ups

Town Council Work Session

April 21, 2026

LIVE DIFFERENTLY.

TOWN OF Herndon VIRGINIA

Follow-up topics

- Solid Waste Fee & Bulk Pickup programs
- Peak Water-Sewer Rates
- Water-Sewer Customer Services

Solid Waste Fee and Bulk Pickup Programs

- A bulk pickup event includes contracted services. The current contract has expired. Costs to contract this work for a Spring 2027 event are estimated at $130K
- To add the incremental $130K to the Operations and Maintenance costs would require an identified offset cut to currently budgeted services
- DPW estimates roughly 25% of residents participate in any given cleanup event.
- Could the Solid Waste Fee cover a Spring Bulk Pickup Event?
  - For 100% cost recovery of required contractor costs, proposed rates would increase from $30/Qtr to $35/Qtr; multi-family would be established at $56/Qtr rather than $51/Qtr. (FY 2026 rate = $21/Qtr)

Water-Sewer Peak Rates and Customer Services

- The Peak Rate currently proposed is correct
  - Historically 1.7X the water volume rate and remain lower than the sewer rate
  - YOY increases consistent with the annual increases for the water volume rates

- Revenue from the Peak Rate is ~12% of total water revenue and ~40% of accounts experience a peak charge during the year

- While similar, there are some differences in Herndon's Peak Rate Ordinance vs. the policies applied by Fairfax Water to its retail customers (Herndon is a wholesale customer)

- The Water-Sewer Customer Service Team provides courtesy "high read" checks and usage analysis; a leak ordinance provides relief for catastrophic bills; real-time volume data will not be available to customers unless meter technology upgrades are implemented

Appendix

Could the Solid Waste Fee cover a Spring Bulk Pickup Event?

Solid Waste Fee Analysis									
FY 2027									
			Residential				Multi-Family		
		Per Qtr Rate	$21	$30	$35	Per Qtr Rate	$21	$51	$56
			CURRENT	PROPOSED	FOLLOW-UP		CURRENT	PROPOSED	FOLLOW-UP
	CATEGORY	# Units	FY2027	FY2027	FY2027	# Units	FY2027	FY2027	FY2027
Revenue	001-344400 Solid Waste Fee	5238	439,992.00	629,321.00	739,821.00	956	80,304.00	193,640.00	213,140.00
	Total - Solid Waste Fee Revenue		$ 439,992.00	$ 629,321.00	$ 739,821.00		$ 80,304.00	$ 193,640.00	$ 213,140.00
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
	Incremental impact of Spring Bulk Pickup Event	130,000			110,500.00				19,500.00
	Total - Solid Waste Fee Expenditures		$ 629,321.00	$ 629,321.00	$ 739,821.00		$ 193,640.00	$ 193,640.00	$ 213,140.00
	Overages in Expenses covered by Real Estate Excise Tax		189,329.00	-	-		113,336.00	-	-
	% Recovery from Solid Waste Fee		70%	100%	100%		41%	100%	100%
					Input % Desired				Input % Desired

Definition – Peak Rates

- **Town code Chapter 74 – Article III. – WATER**
  Section 74-326 – Schedule of charges (c)

All water consumed during the peak use periods in excess of the average consumption of the preceding two winter quarter billing periods shall be charged an additional amount of $8.15 per 1,000 gallons. This peak use period charge shall be applied in addition to the base water usage charge in subsection (a) above.

(1) Average consumption of the preceding two winter quarter billing periods is defined as the average of any consumption for the quarterly billing periods reflected in bills issued during the months of December through May.

(2) Peak use period consumption is defined as any consumption for a quarterly billing period reflected in bills issued during the months of June through November.

- **Town code Chapter 74 – Article II. – SEWERS AND SEWAGE DISPOSAL**
  Section 74-262 – Schedule of rates (b)

There shall be no charge for sanitary sewer service for water used in excess of the average consumption of the preceding two winter quarter billing periods.

Peak Billing Rate History

Water Volumetric Rates	Per 1K Gallons	YOY inc	Peak Volumetric Rates	YOY inc	% above Water rate
FY2016	$ 2.90	-	$ 4.95	-	70.7%
FY2017	2.90	0%	4.95	0.0%	70.7%
2018 (Began 1/1/18)	2.98	2.8%	5.08	2.6%	70.5%
FY2019	3.06	2.7%	5.23	3.0%	70.9%
FY2020	3.16	3.3%	5.38	2.9%	70.3%
FY2021	3.16	0.0%	5.38	0.0%	70.3%
FY2022	3.21	1.6%	5.46	1.5%	70.1%
FY2023	3.31	3.1%	5.64	3.3%	70.4%
FY2024	3.47	4.8%	5.91	4.8%	70.3%
FY2025	4.08	17.6%	6.94	17.4%	70.1%
FY2026	4.79	17.4%	8.15	17.4%	70.1%
FY2027 (proposed)	5.63	17.5%	9.58	17.5%	70.2%

Peak Billing savings for customers

Winter quarter average: 12k gallons per quarter*
Peak month total metered consumption: 20k gallons
FY27 proposed rates

Peak Billing		Rate	Metered Consumption	Charge Amount
	Water Flat Svc Charge	$27.61	N/A	$27.61
	Sewer Flat Svc Charge	19.94	N/A	19.94
	Water Consumption	5.63	20 tgal	112.60
	Sewer Consumption	10.42	12 tgal	125.04
	Peak Charge	9.58	8 tgal	76.64
	Total			361.83
Non-peak Billing				
	Water Flat Svc Charge	$27.61	N/A	$27.61
	Sewer Flat Svc Charge	19.94	N/A	19.94
	Water Consumption	5.63	20 tgal	112.60
	Sewer Consumption	10.42	20 tgal	208.40
Fairfax Water	Total			368.55
Peak Billing	**SAVINGS**	**$6.72**		

* 12 thousand gallons per quarter used by Davenport for rate study analysis

Peak impacts

FY26 (thru March)	FY25	Last 2 years
Total Water Sales* • $3.4M Peak Water • $421k (12%)	Total Water Sales* • $4M Peak Water • $467k (11.7%)	Average of 40% of customers charged peak in a given month

* Includes flat rate service charges, irrigation, peak consumption charges and all other water consumption

W&S Customer Service

- Courtesy “High Read” consumption checks performed on top 30 customers.
- Courtesy usage analysis and/or “interrogations” of meters performed for customers that request it.
- Water leak adjustment application and review process for qualified customers.
- Yearly residential pool fill sewer credits for qualified customers.
- Real time usage data available with future upgrade to AMI (advanced metering infrastructure) next-gen technology.
- Payment options:
  - In person: Cash, Check, Card*
  - Online: E-check, Auto pay (E-check or Card*)
  - After hours: Drop box outside HMC doors on Lynn St.
  - Phone: E-check or Card* during business hours
  - Bank billpay: Set up through customer’s financial institution

* 3.5% transaction fee applies