TOWN OF Herndon VIRGINIA



March 18 work session follow-ups

Town Council Work Session
April 1, 2025

Finance Department

Water and Sewer Rates

Impact of rate increases

- To measure the estimated impact of the rate increases, a 12,000 gallon/quarter standard usage is used. Typical monthly usage for a household is between 3-5 thousand gallons (tgal). This 12,000 gallon/quarter is an industry standard used by Davenport and TOH Finance.

- The rate model looks at 5/8" meters for residential customers as the standard for all calculations of average usage, average bill, and customer impacts. There are some commercial customers with 5/8" meters as well.
  - Total Water Accounts: 6,053 - 91.2% have the 5/8" meter.

Water: $53.68 /yr

FY2025	
Service Charge 5/8" (Flat)	$16.34
Volumetric (12tgal)*$4.08/tgal	$48.96
Total per bill	$65.30
Total for year (total bill*4 quarters)	$261.20

FY2026 proposed	
Service Charge 5/8" (Flat)	$21.24
Volumetric (12tgal)*$4.79/tgal	$57.48
Total per bill	$78.72
Total for year (total bill*4 quarters)	$314.88

Sewer: $46.84/yr

FY2025	
Service Charge 5/8" (Flat)	$12.76
Volumetric (12tgal)*$8.93/tgal	$107.16
Total per bill	$119.92
Total for year (total bill*4 quarters)	$479.68

FY2026 proposed	
Service Charge 5/8" (Flat)	$15.95
Volumetric (12tgal)*$9.64/tgal	$115.68
Total per bill	$131.63
Total for year (total bill*4 quarters)	$526.52

Water and Sewer Rates

Availability Fees

- for known development projects were included in the rate model through 2027, but no fees assumed FY28-FY31 (conservative approach).

Revenue Assumptions: revenues are about volumes, growth, and rates

- The rate model assumes a 0.5% year over year (YOY) growth in volume at the proposed higher rates.
- All factors included, the YOY increase in revenue for FY 2026 is projected to be $834K for Water and $592K for Sewer Services.

Setting the rates

- Is driven by expected cash outflows (operating expenses, capital outlay, anticipated debt service) offset by cash inflows (availability fees, and other revenues).
  - All assumed inputs were added to the model with forecasted YOY updates.
    - Capital needs over the six years > $100M
    - Fairfax Water and Fairfax County Sewer services: average annual $4M/year
    - Other operating costs average YOY increase: 13.6% (FY26); 3.9% thereafter
    - Debt service: $625K/yr to $6.1M/yr by 2031.

Herndon FTE's compared to surrounding localities

For comparison, we compiled online data, and estimated a General Fund FTE total

Normalized data

	Population	Positions / FTEs	# of employees per capita	# of residents per employee
Leesburg*	49,312	318	0.006	155
Herndon	24,529	237	0.010	103
Vienna	17,125	177	0.010	97
Falls Church*	14,658	211	0.014	69
Fairfax City	24,146	407	0.017	59

Leesburg*		318
excluded Airport, Utilities dept, Library		
Falls Church*		211
excluded Dept Human Services, Library		

