

FY 2019 Budget Public Hearings

Public hearings on the FY 2019 Budget will be held on **April 10** and **April 24**. Both meetings begin at 7pm and are held in the Ingram Council Chambers, 765 Lynn Street, Herndon. Citizens may also submit comments on the FY 2019 Budget online at herndon-va.gov/budget, or via email at budget@herndon-va.gov. For assistance, call 703-435-6804.

Stay informed! Sign up for "News You Can Use" to receive Town of Herndon news and information. Visit herndon-va.gov/e-newsletter to sign up.

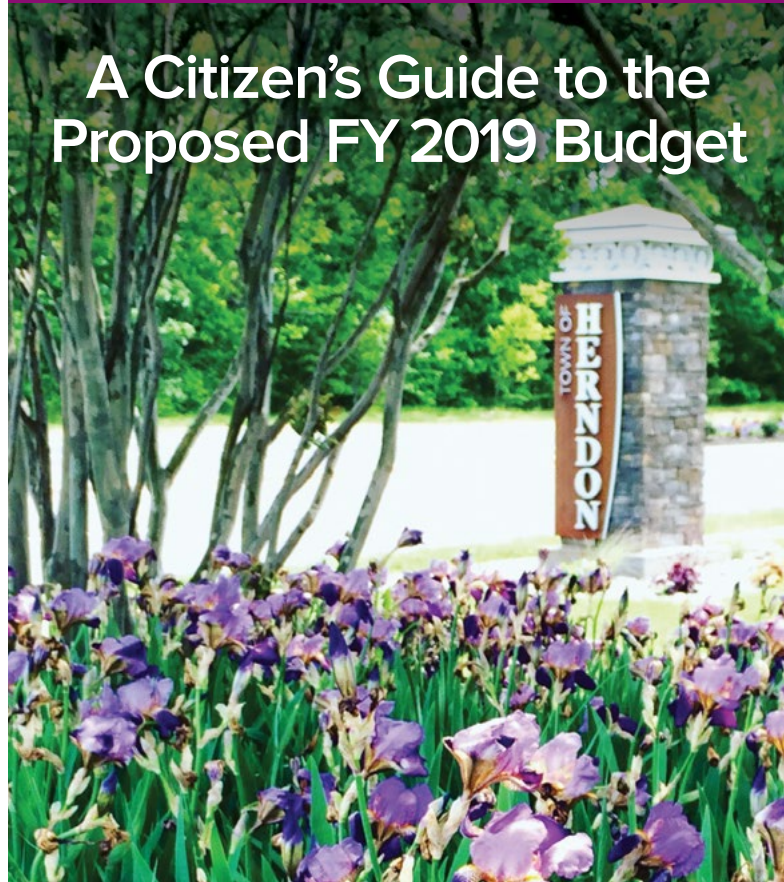
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TOWN OF
Herndon
VIRGINIA

A Citizen's Guide to the
Proposed FY 2019 Budget



TOWN COUNCIL

Lisa C. Merkel, Mayor
Jennifer Baker, Vice Mayor
Grace Wolf Cunningham
Jeff Davidson
Signe Friedrichs
Bill McKenna
Sheila A. Olem

TOWN MANAGER

William H. Ashton II

Information about the
proposed FY 2019 Budget is online at
www.herndon-va.gov/budget



**MESSAGE FROM THE
TOWN MANAGER**

Dear Citizens:

This *Citizen's Guide* provides highlights of the Town of Herndon's proposed FY 2019 Budget. The proposed budget funds Town Council priorities, such as redevelopment of Herndon's downtown into a vibrant mixed-use space as well as continued planning for the coming of Metrorail. It also recommends continuation of the services and programs our citizens expect and enjoy.

In particular, the proposed FY 2019 Budget includes:

- Maintenance of the town real estate tax, meals tax and all other taxes and levies at their current levels, with no increases recommended;
- Continued allocation of resources to capital projects such as downtown redevelopment and planning for Metro;
- Resources to support development of an arts facility that will act as an economic driver for the downtown;
- Implementation of a town-wide sustainability plan, in accordance with the Town Council's Vision;
- Focus on the town's use of technology to support administration and service provision; and
- Increased personnel costs to include a 1.5 percent market rate adjustment and an average pay-for-performance increase of two percent.

The complete proposed FY 2019 Budget is online at www.herndon-va.gov/budget, with hard copies available for review at the Herndon Municipal Center and the Herndon Fortnightly Library. By law, the Herndon Town Council must adopt a FY 2019 Budget by June 30, 2018, with enactment to begin on July 1, 2018, the first day of the new fiscal year. The council will hold two public hearings on the proposed budget, on **Tuesday April 10** and **Tuesday April 24**, both beginning at 7pm in the Ingram Council Chambers, Citizens may also submit comments online at www.herndon-va.gov/budget or via email at budget@herndon-va.gov.

Sincerely,

William H. Ashton II
Town Manager

FY 2019 PROPOSED BUDGET AT-A-GLANCE

The complete FY 2019 Proposed Budget is online at herndon-va.gov/budget.

Total Budget Expenditures

\$60,222,260 for all funds (General Fund, Water and Sewer Fund, Golf Course Fund, Chestnut Grove Cemetery Fund, Downtown Parking Enterprise Fund and the Capital Projects Funds). The total reflects an increase of 17.7 percent over the adopted FY 2018 budget of \$51,181,877.

General Fund Recurring Budget Expenditures

FY 2019 recurring General Fund expenditures are \$35,191,231, an increase of 1.7 percent over the FY 2018 recurring expenditures of \$34,599,127. Includes personnel, operations and maintenance, debt service and minor capital (excludes transfers).

General Fund Expenditures

\$36,216,231 which reflects an increase of \$598,104 or 1.7 percent more than the FY 2018 adopted budget.

Real Estate Tax

Remains at \$0.2650 per \$100 of assessed value.

One Penny on the Real Estate Tax Rate

Equivalent to approximately \$445,015 in tax revenues (includes assessed value of public service corporations and real property assessments).

Average Residential Property Value

Projected at \$386,541.

Average Residential Real Estate Tax Bill

\$1024.33 based on \$0.2650 per \$100 assessed value.

Personal Property Tax Rate

Remains at \$0.00 per \$100 assessed value.

Meals Tax

Remains at 2.5 percent.

Cigarette Tax

Remains at 75 cents per pack.

Business Professional and Occupational License Tax

All classifications and thresholds remain at the current amounts.

Motor Vehicle License Fee

Remains at \$25 for private passenger and other vehicles weighing less than 4,000 lbs; and \$32 for vehicles weighing in excess of 4,000 lbs.

Consumer Utility Tax

Tax based on the purchase of utility services within the corporate limits of the town. The amount of the tax for residential consumers contains a monthly cap of \$3 per utility.

Sewer Service Rate

Increased from \$5.05 in FY 2018 to \$5.40 per 1,000 gallons of water consumption in FY 2019.

Sewer Availability Fee

Increased from \$7,490 in FY 2018 to \$10,800 in FY 2019 for new, single-family homes.

Sewer Lateral Repair and Replacement Program

Remains at \$2 per year (\$0.50 per quarter).

Water Service Rate

Increased from \$2.90 in FY 2018 to \$2.98 per 1,000 gallons of water consumption in FY 2019. Peak rate increased from \$4.95 in FY 2018 to \$5.08 in FY 2019.

Water Availability Fee

Increased from \$4,863 in FY2018 to \$7,800 in FY2019 for new, single-family homes.

Recycling Fee

Remains at \$16 per year (\$4 per quarter).

Personnel

Personnel costs for all funds total \$27,257,521, an increase of \$374,966 when compared to FY 2018.

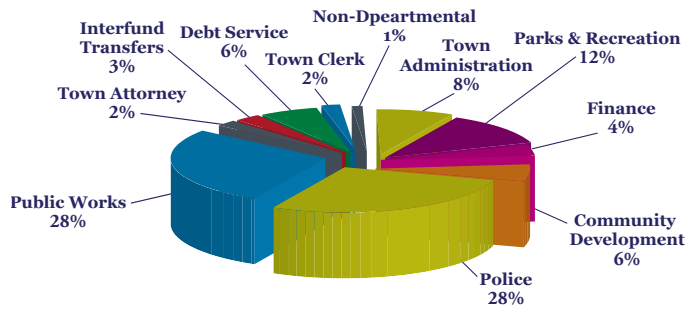
Capital Improvement Program

\$14,700,000 (all funds).



GENERAL FUND

EXPENDITURES BY DEPARTMENT GENERAL FUND (FY 2019)



Proposed FY 2019 Budget: General Fund

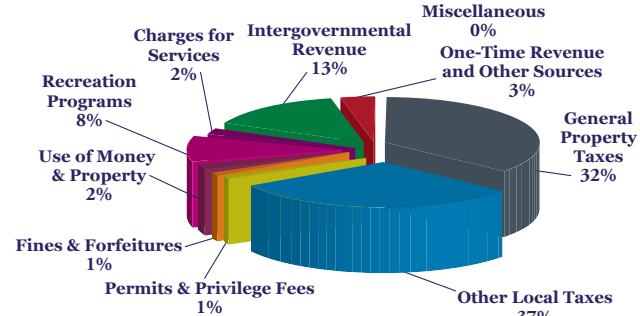
Expenditures

| | |
|---------------------------|---------------------|
| Town Administration | \$3,076,077 |
| Parks & Recreation | 4,768,401 |
| Finance | 1,639,165 |
| Community Development | 1,902,329 |
| Police | 10,155,437 |
| Public Works | 10,091,640 |
| Town Attorney | 526,860 |
| Town Clerk | 703,257 |
| Interfund Transfers | 1,025,000 |
| Debt Service | 2,209,165 |
| Non-Departmental | 118,900 |
| Total Expenditures | \$36,216,231 |

Revenues

| | |
|----------------------------------|---------------------|
| General Property Taxes | \$11,739,701 |
| Other Local Taxes | 13,333,714 |
| Permit & Privilege Fees | 539,663 |
| Fines & Forfeitures | 460,000 |
| Use of Money & Property | 789,500 |
| Recreation Programs | 2,741,200 |
| Charges for Services | 830,833 |
| Intergovernmental Revenue | 4,706,717 |
| One-Time Revenue & Other Sources | 1,010,544 |
| Miscellaneous | 64,359 |
| Total Revenues | \$36,216,231 |

REVENUES BY SOURCE GENERAL FUND (FY 2019)



Based on a real estate tax rate of \$0.265 per \$100 in assessed value, total FY 2019 general property taxes, which include real estate taxes, are projected at \$11,739,701. This amount represents 32 percent of the total General Fund resources. Projected FY 2019 revenues include \$700,544 from the General Fund unassigned fund balance and \$310,000 from Lease Purchases for financing a portion of one-time operating costs for consultants, equipment, and minor construction, and to augment financing of select General Fund projects in the FY 2019 Capital Improvement Program (CIP).

ENTERPRISE FUNDS

The town's Enterprise Funds operate much like private businesses. They are stand-alone funds (separate from the General Fund) whereby users' fees – not real estate taxes – support operational, maintenance and capital expenditures. All Enterprise Fund revenues are used to provide services and to maintain or expand facilities. The town's Enterprise Funds are as follows:

Water and Sewer Fund

| | |
|------------------|---------------------|
| Personnel | \$1,100,112 |
| O&M | \$4,851,100 |
| Capital | \$7,035,000 |
| Non-Departmental | \$741,000 |
| Total | \$13,727,212 |

Cemetery

| | |
|------------------|------------------|
| Personnel | \$387,453 |
| O&M | \$167,300 |
| Capital | \$62,240 |
| Non-Departmental | \$68,590 |
| Debt | \$199,300 |
| Total | \$884,883 |

Golf Course

| | |
|------------------|--------------------|
| Personnel | \$915,934 |
| O&M | \$352,200 |
| Capital | \$22,000 |
| Non-Departmental | \$57,000 |
| Debt | \$131,100 |
| Total | \$1,478,934 |

Downtown Parking

| | |
|--------------|--------------------|
| O&M | \$15,000 |
| Capital | \$1,000,000 |
| Debt | \$225,000 |
| Total | \$1,240,000 |

Capital Projects

| | |
|------------------|--------------------|
| Capital Projects | \$6,540,000 |
| IT projects | \$135,000 |
| Total | \$6,675,000 |



CAPITAL IMPROVEMENT PROGRAM

The Capital Improvement Program (CIP) provides a six-year plan for the acquisition, development, enhancement or replacement of public facilities. The proposed FY 2019-FY 2024 CIP contains 49 separate capital projects; the proposed FY 2019 portion of the CIP provides funding for 19 general fund projects as well as six enterprise fund projects. Funding sources for projects include recurring general fund revenues, grants, general obligation bonds (long-term debt financing), developer proffers, golf course fund, water and sewer fund, and in limited cases, use of general fund unassigned fund balance. Many of the projects pursue county, state or federal funding to reduce the impact on the general fund. Major projects proposed for funding include:

Downtown Redevelopment – Art Center Interior

Provides funding for the interior build-out of an 18,000-square foot arts center, as per the town's agreement with Comstock, which is responsible for the building shell. Funding for the interior build-out is a combination of a proffer from Comstock (\$500,000), general obligation bond funding by the town (estimated at \$1,300,000) with a potential grant from Fairfax County at \$1,200,000.

| | |
|-----------------|-------------|
| FY 2019: | \$500,000 |
| Total FY 19-24: | \$3,000,000 |

Downtown Parking Capital Contribution

Funds a capital contribution towards the cost of 339 public parking spaces within a public/private parking structure, as per the Comstock agreement. This addresses the town's legacy commitments to public shared parking including the replacement of surface parking lots that will be redeveloped; it also addresses the provision of parking spaces for future retail and the arts center in the downtown. This project is part of the Downtown Parking Fund; it is currently planned for general obligation bond financing.

| | |
|-----------------|-------------|
| FY 2019: | \$1,000,000 |
| Total FY 19-24: | \$3,600,000 |

Herndon Community Center – Phase 5

Provides a second story addition to the Herndon Community Center, providing about 10,000 square feet of additional floor space that improves the fitness and instruction areas and adds multi-purpose space and storage space. The project includes locker room improvements, reconfigures the entrance area and addresses heating and air conditioning shortcomings in the lobby. The project is proposed to be supported mainly by general obligation bond funding.

| | |
|-----------------|-------------|
| FY 2019: | \$0 |
| Total FY 19-24: | \$4,325,000 |

Runnymede Park Nature Center

Provides funding for design and construction of a nature center facility at Runnymede Park, to include exhibits and furnishings. The project is proposed to be supported mainly by general obligation bond funding.

| | |
|-----------------|-------------|
| FY 2019: | \$0 |
| Total FY 19-24: | \$2,950,000 |

Vehicular and Pedestrian Access to Herndon Metrorail Station

Provides access near the north side of the Herndon Metrorail Station. A lane is planned to allow buses and passenger vehicles to drop off and pick up Metrorail passengers. Funding sources include regional transportation funding and Congestion Mitigation for Air Quality (CMAQ) federal funding. The Phase 2 Dulles Metrorail extension may be complete by 2020.

| | |
|-----------------|-------------|
| FY 2019: | \$0 |
| Total FY 19-24: | \$3,282,000 |

Van Buren Street Improvements (Herndon Parkway north to "old" Spring Street.)

Rebuilds a portion of Van Buren Street to create a "complete street" with emphasis on traffic calming and pedestrian/bicycle facilities. This section of street provides a key linkage for multi-modal movements between the W&OD Trail and Herndon Parkway, also linking downtown Herndon to the Herndon Metro Station via the Trails to Herndon Metrorail CIP project. A large majority of the project costs are supported by grant sources.

| | |
|-----------------|-------------|
| FY 2019: | \$1,400,000 |
| Total FY 19-24: | \$4,158,000 |

Van Buren Street Improvements Part II

This is the second of two projects to rebuild Van Buren Street, providing key linkages at the north and south ends of the project above. Project costs are supported by grant sources.

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|-----------------|-------------|
| FY 2019: | \$1,280,000 |
| Total FY 19-24: | \$2,630,000 |

Downtown Utility Relocation

Provides funding to relocate overhead utilities below ground. The project will help spur downtown development by reducing infrastructure costs for the private sector. General obligation bond funding supports \$2,600,000 of the total cost.

| | |
|----------------------|-------------|
| Previous Allocation: | \$2,925,000 |
| Total FY 19-24: | \$2,925,000 |

Major Road Repaving Projects

Supports major maintenance of the town's arterial street network. The proposed paving program has been structured to complete segments that were previously delayed, including asphalt milling, concrete curb and gutter replacement, repaving, restriping and traffic loop replacement. A portion of the town's meals tax has been allocated toward funding of this project.

| | |
|-----------------|-------------|
| FY 2019: | \$250,000 |
| Total FY 19-24: | \$1,250,000 |

Police Radio Equipment

Replaces radios and associated equipment; new equipment will insure interoperability with Fairfax County and new encryption requirements. Fairfax County will purchase \$372,000 of the equipment; the town's share is \$630,000.

| | |
|-----------------|-----------|
| FY 2019: | \$0 |
| Total FY 19-24: | \$630,000 |

General Water Maintenance and Replacement

Provides for major component replacement of the water distribution system, to be phased and prioritized based on pipe age, material, and localized General Fund projects.

| | |
|-----------------|-------------|
| FY 2019: | \$95,000 |
| Total FY 19-24: | \$2,735,000 |

Water and Sewer Capacity Purchases

Water: provides for water capacity through Fairfax County. The purchase and financing arrangements are not yet finalized.

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|-----------------|---|
| FY 2019: | \$6,500,000 |
| Total FY 19-24: | \$6,844,000 (preliminary total cost estimate; annual debt service amounts anticipated at \$421,000/year.) |

Sewer: Provides for wastewater treatment capacity allocations at the Blue Plains Wastewater Treatment Plant. Additional capacity is needed to support development and redevelopment in the town.

| | |
|-----------------|---|
| FY 2019: | \$80,000 |
| Total FY 19-24: | \$32,080,000 (preliminary total cost estimate; annual debt service amounts anticipated at \$2,082,000 per year. Specific loan arrangements to be determined.) |