

HERNDON TOWN COUNCIL
Work Session Minutes
Tuesday, February 20, 2024

1. Call to Order

Mayor Olem called the February 20, 2024, Town Council work session meeting to order at 7:00 p.m. in the Herndon Council Chambers Building, 765 Lynn Street, Herndon, Virginia. In attendance were: Mayor Sheila Olem, Vice Mayor Clark Hedrick, and Councilmembers Naila Alam, Cesar del Aguila, Pradip Dhakal, and Keven LeBlanc.

Councilmember Donielle M. Scherff was absent.

Staff present during the meeting: William H. Ashton II, Town Manager; Lesa Yeatts, Town Attorney; Kirstyn Barr Jovanovich, Town Clerk; Chief Maggie DeBoard, Herndon Police Department; Lisa Gilleran, Director of Community Development; Scott Robinson, Director of Public Works; Tammy Chastain, Deputy Director of Public Works; Maria Lee, Budget Manager; Dave Bracamonte, Systems Manager; Mike Farr, Utility Manager; Charles Bednarek, Project Engineer, and Margie Tacci, Deputy Town Clerk.

Determination of a Quorum

Mayor Olem determined there was a quorum of six Councilmembers present, with Councilmember Scherff absent. Mayor Olem reminded the Council of the meeting decorum.

2. Discussion

a. Water and Sewer Fund Capital Planning and Rates Update Presentation by Davenport and Company

Mayor Olem recognized Scott Robinson, Director of Public Works, to introduce the Town's consultants for this item. Mr. Robinson provided opening remarks and introduced Kyle Laux, Senior Vice President of Davenport and Company, the firm that serves as the Town's financial consultants.

Mr. Laux reviewed the Town's water and sewer fund policies, expenditure challenges, goals, objectives, and observations. He stated that evening that he will present an update on the water and sewer rates as the Council is working on the FY 2025 proposed budget and the multiple years that feed into the rate model. He

reviewed the following: (1) background and historical financial results, (2) changes this year compared to the prior year's multi-year financial plan, (3) projections for the multi-year financial plan, (4) compliance with the Town's adopted financial policy guidelines, and (5) commitment to maintain AAA bond ratings. He stated that the multi-year model covers the predicted water and sewer rates over the next five to six years.

Mr. Laux reviewed the consultant's recommendations for the water and sewer fund and discussed next steps. He stated that the water and sewer fees are expected to increase over the next four years. Starting in 2029, less of an increase is proposed than in the years leading up to it, since at that point, the revenues should be close to the expenditures. He indicated that growth and increases in availability fees could lessen the impact of the predicted increase in user fees. Approaching this one year at a time, Mr. Laux suggested that over the next five years, where appropriate, the Town use proceeds from bonds, cash reserves, American Rescue Plan Act (ARPA) funds, and funds from availability fees to help fund necessary capital projects in the water and sewer system. By engaging these other sources of funding, the users will not be overburdened with the capital project costs.

Going forward, Mr. Laux recommends that the Town review and re-evaluate the water and sewer model annually. He stated that following the adoption of the FY 2025 Budget and Capital Improvement Plan (CIP), Davenport would like to discuss implementation of the water and sewer rate model with the Council later this year in late spring or early summer.

There was brief discussion among Council, staff, and the consultants on the water and sewer rate model, anticipated trends, and expected fees going forward. Discussion among the Council, staff, and consultants included: (1) local and national water and sewer rates, (2) concern over residents being able to pay their water and sewer bills at higher rates, (3) communication of fee changes to residents, (4) ways to reduce costs, (5) amount of reserve funds, (6) impact of new development, (7) impacts of an aging system and major repairs, (8) expected level of risk, (9) debt service coverage and depreciation costs in the model, and (10) impact of Environmental Protection Agency (EPA) and other environmental regulations on fees.

b. FY2025 General Fund Budget Discussion

Mayor Olem recognized William H. Ashton II, Town Manager, to begin the discussion. Mr. Ashton provided an overview of the General Fund, discussing: (1) strategic objectives, (2) current and projected revenues and expenditures for the General Fund, (3) real estate and other local tax rates, and (4) stormwater management fund. He stated that at the Council's second work session in March, he will discuss the Enterprise Funds, which includes Water and Sewer rates. He underscored that the budget did not project any proposed tax rate increases.

Mr. Ashton noted that residential property tax values, comprising 62.6 percent of the tax base, increased by 4.65 percent in Fiscal Year (FY) 2024, while commercial values, which comprise 37.4 percent of the tax base, decreased by 4.60 percent in FY 2024. He stated that the tax equalization rate for FY 2025 had not yet been determined at that time. Mr. Ashton noted that Fairfax County has proposed a four-cent real estate tax rate increase in the County's proposed FY 2025 budget.

Mr. Ashton discussed the General Fund expenditures and stated that personnel services make up the largest portion of the General Fund at approximately \$2.0 million, or 68 percent. This includes two proposed cost of living adjustments in July and January of the next fiscal year, and an average two percent (2%) pay for performance increases. Mr. Ashton also discussed operations and maintenance costs and capital outlays from each department, and reviewed other notable expenditures, including Council initiatives and donations. He discussed the newly established Stormwater Management Fund, which utilizes stormwater grant money from Fairfax County. He highlighted proposed stream restoration projects for this fund in FY 2025.

There was brief discussion among Council and staff about the General Fund revenues and expenditures, including: (1) current and proposed tax rates, (2) ways to decrease expenditures, (3) factors that impact the Town's tax base and tax rates, (4) sustaining and growing the tax base, and (5) engaging Fairfax County in assisting with growth opportunities in the Town.

Responding to Councilmember Dhakal, Mr. Ashton stated that staff can add a column that displays pre-pandemic revenue and expenditures compared to current levels. Councilmember Dhakal suggested using 2019 actual budget numbers for the additional column.

3. Roundtable

Councilmember Dhakal: no comments.

Councilmember del Aguila: stated that he was sorry he missed last week's meeting because he was on a business trip.

Councilmember del Aguila presented a PowerPoint about Town branding related to a recent campaign by Fairfax County that he saw at Dulles Airport. He questioned why the Town was left off the County's promotional advertising and stated that the Town was missing revenue opportunities by not encouraging travelers to visit Herndon.

Councilmember del Aguila thanked the Town Manager for including an idea he had for discussion in the closed meeting later that evening and asked the Council

to consider his idea. He asked the Council to bring forward ideas to promote the Town's long term success.

Councilmember del Aguila provided comments on last week's regular meeting and expressed that he was disappointed in some of the comments that were made. He referenced the values listed in the agreement they made at the beginning of their term. He asked Mayor Olem and Vice Mayor Hedrick to stop what he considered to be personal attacks on a single Councilmember. Councilmember del Aguila said it was his understanding that there were "political caveats" at last week's regular meeting, and he wanted to announce that he is a proud Democrat. While he understands it is a non-partisan election year, he wanted everyone to know this.

Councilmember Alam: shared that she attended the service for Firefighter Trevor Brown, who recently lost his life in the line of duty in Sterling.

Councilmember Le Blanc: echoed Councilmember Alam's comments on honoring Firefighter Trevor Brown and said the funeral was very impactful.

On a lighter note, Councilmember LeBlanc shared that it was National Pet Day. He wished a Happy National Pet Day to his two dogs, the families with pets in the community, and Officer Bragg, along with the other Herndon Police Department's K-9 officers.

Councilmember LeBlanc stated that he saw that Councilmember Dhakal attended an event that past weekend and provided letters. He asked if he could see the letters, so that he can help promote events in Town.

The Town Clerk indicated she can provide a copy of Councilmember Dhakal's letter.

Vice Mayor Hedrick: echoed his colleagues' comments on honoring Firefighter Trevor Brown and how the event impacted the community.

Vice Mayor Hedrick stated that in his comments, he had been careful not to make personal attacks, indicating he thought it is important to talk about the facts of the matter. He said he was elected to find problems and solutions, including attendance.

Speaking during Vice Mayor Hedrick's comments, Councilmember del Aguila stated that the Mayor and Vice Mayor have an issue with attendance, which has passed, and said that the majority of the body has addressed the issue.

Mayor Olem stated that Vice Mayor Hedrick had the floor.

Vice Mayor Hedrick stated that he saw a problem with attendance, which he wants to address in the Town Code. He thinks this is a matter that can still be addressed through a code change and stated that he is not advocating to censure anyone.

Mayor Olem: offered kudos to the Department of Public Works for getting the roads ready for the predicted storm that past weekend.

Mayor Olem echoed Councilmember LeBlanc's comments on National Pet Day and wished a Happy National Pet Day to her cat Bandit.

Mayor Olem stated that she has not attacked anyone personally, stating that the Council has been discussing attendance for all the Town's boards and commissions, which should include the Town Council being held to the same standard. She stated that virtual attendance has been available for some time.

William H. Ashton II, Town Manager: no comments.

4. **Closed Meeting**

- a. **A Closed Meeting pursuant to Code of Virginia Section 2.2-3711 (A)(3), a matter involving a discussion or consideration of the acquisition of real property for a public purpose in the downtown because discussion in an open meeting would adversely affect the town's bargaining position or negotiating strategy; and pursuant to Code of Virginia Section 2.2-3711 (A)(8) for consultation with legal counsel regarding specific legal matters requiring the provision of legal advice by such counsel, relating to real estate in the downtown.**

Mayor Olem stated that the Council needed to go into a closed meeting and that the appropriate meeting notices were provided in accordance with state law. The closed meeting was held in the Hoover Conference Room in the Herndon Council Chambers Building, 765 Lynn Street, Herndon, Virginia.

Councilmember LeBlanc moved that the Council convene in a closed meeting to discuss the following as permitted by Code of Virginia Section 2.2-3711 (A)(3), a matter involving a discussion or consideration of the acquisition of real property for a public purpose in the downtown because discussion in an open meeting would adversely affect the town's bargaining position or negotiating strategy; and pursuant to Code of Virginia Section 2.2-3711 (A)(8) for consultation with legal counsel regarding specific legal matters requiring the provision of legal advice by such counsel, relating to real estate in the downtown. Councilmember del Aguila seconded the motion, which carried by a 6-0 roll call vote. The vote was: Councilmembers Alam, del Aguila, Dhakal, and LeBlanc, Mayor Olem and Vice Mayor Hedrick, voting "Aye." Councilmember Scherff was absent.

At 9:04 p.m. Mayor Olem called a brief recess, and at 9:10 p.m., the closed meeting reconvened in the Hoover Conference Room, six members present, with Mayor Olem presiding. Councilmember Scherff was absent.

Councilmember Dhakal moved to come out of the closed meeting. Motion seconded by Councilmember Alam and carried by a 6-0 roll call vote. The vote was: Councilmembers Alam, del Aguila, Dhakal, and LeBlanc, Mayor Olem and Vice Mayor Hedrick, voting "Aye." Councilmember Scherff was absent.

The Council came out of closed meeting at 10:20 p.m.

Councilmember Dhakal moved to certify that, to the best of each member's knowledge, in the closed meeting just concluded, nothing was discussed except the matter or matters (1) specifically identified in the motion to convene in closed meeting and (2) lawfully permitted to be discussed in a closed meeting under the provisions of the Virginia Freedom of Information Act as cited in that motion. Motion seconded by Councilmember LeBlanc and carried by a 6-0 roll call vote. The vote was: Councilmembers Alam, del Aguila, Dhakal, and LeBlanc, Mayor Olem and Vice Mayor Hedrick, voting "Aye." Councilmember Scherff was absent.

Aye: 6

Nay: 0

Absent: 1

5. Adjournment

There being no further business, Mayor Olem adjourned the February 20, 2024, Town Council Work Session at 10:22 p.m.



Amanda E.M. Kertz
Chief Deputy Town Clerk



Minutes approved by Town Council: April 23, 2024