TOWN OF Herndon VIRGINIA

Town Council Regular Meeting
Agenda Item 7.a.

Agenda Item: **Ordinance 25-O-11 to amend the Fiscal Year (FY) 2025 Adopted Budget for the American Rescue Plan Act (ARPA) Fund and the General Fund**

Meeting Date: May 27, 2025

Category: Consent

Prepared by: John Irish, Acting Director of Public Works - Engineering, Maria Lee, Budget Manager

Description:
The proposed ordinance has been submitted to amend the fiscal year 2025 Adopted Budget for the American Rescue Plan Act (ARPA) Fund and the General Fund. This is Amendment 6 for the fiscal year. Attachment A provides the details of the proposed amendment.

The Code of Virginia §15.2-2507 allows a locality to amend its adopted budget, and that any such amendment which exceeds one percent of the total expenditures shown in the currently adopted budget must be accomplished by publishing notice of a meeting and a public hearing in accordance with §15.2-1427. As this proposed amendment does not meet the one percent threshold, a public hearing is not required.

Background:
The proposed amendment to the FY 2025 budget addresses three key funding needs:

1. Fuel Tanks Replacement Project – $100,000 Contingency Request
This federally funded project, supported by the American Rescue Plan Act (ARPA), involves:

- Closure and abandonment of two existing 10,000-gallon underground tanks.
- Installation of two new 12,000-gallon above-ground tanks at the Town Shop (1479 Sterling Road).
- Replacement of the concrete fuel island while retaining the existing steel columns and canopy.
- Replacement of fuel dispensers and temporary removal/reinstallation of the fuel management system.
- Contingency funding of $100,000 is requested to align with industry standards (10–20% of project costs) for unforeseen site conditions, design adjustments,

and potential change orders. In accordance with Town policy, these funds will be sourced from interest earned on ARPA funds after the contract award to ensure flexibility during construction and mitigate delays or cost overruns.

2. Increase in Legal Fees – $59,660 Request
The Town requires additional legal funding due to an uptick in complex matters, litigation, and specialized legal issues. The breakdown is as follows:

- Outside legal counsel for complex/litigation matters: $50,000
- Trademark renewal (due July 2025): $7,320
- Upgrade of legal research software to include AI drafting tools: $2,340

3. IT department budget neutral transfer – $140,000 Request
The Town is requesting a zero-impact budget transfer to the IT Consulting Services budget line from the Microcomputer/Peripherals budget line.

- This reallocation is essential to support the initial phases of implementing the IT roadmap proposed by assessment consultants.
- The transfer will enable IT to engage the necessary consulting expertise without increasing the overall budget.

Timing Impact
All expenditures are expected to occur during FY 2025, pending ordinance approval.

Strategic Focus Area:
Strong Fiscal Stewardship

Fiscal Impact:
If approved, the funding impact is as follows:

1. Fuel Tanks Replacement Project funded by the ARPA Fund Balance representing previously earned and available interest income;
2. Legal fees will be financed by the General Fund Use of Fund Balance; and
3. IT fund transfer has zero net budget impact.

Legal Impact:
The Code of Virginia §15.2-2507 allows localities to amend their adopted budget. For budget amendments that exceed one percent of the total expenditures, the governing body must hold a public hearing and advertise in accordance with Code of Virginia §15.2-1427. As this proposed amendment does not meet the one percent threshold, a public hearing is not required.

Staff Recommendation/Next Steps:
Staff recommends approval of the proposed ordinance.

Attachments:
1. Ordinance (Proposed)
2. Attachment A