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**Subject:** Fiscal Year 2024-25 Budget Amendment #4

**Agenda Date:** 06/17/2025

**Department:** Finance

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**PURPOSE:** To approve budget, grant, and capital project ordinance amendments for Fiscal Year 2024-25 (FY 2025).

**BACKGROUND:**

**Communication & Engagement**

1. **Language Access Program:** The Town is in receipt of a grant award from the University of North Carolina at Chapel Hill in the amount of \$25,000. Allowable expenses under the grant include costs associated with Language Access Program services. This amendment formally establishes the Language Access Program (*Grant Project #99905*) in the Grants Multi-Year Fund in the amount of \$25,000 to be used consistent with the donor's intent.

**Planning, Zoning, and Inspections**

2. **Safe Routes to School:** PZI is in receipt of an additional grant award from the North Carolina Department of Transportation (NCDOT) for the Safe Routes to School project in the amount of \$128,000. Acceptance and subsequent use of this additional funding award is contingent on a 20% matching contribution from the Town. This amendment provides for the appropriation of the total additional amount of \$160,000 in the Safe Routes to School project (*Grant Project #54012*), already established in the Grants Multi-Year Fund. This amendment also authorizes a transfer from the General Fund in the amount of \$32,000 for the Town contribution, to be provided for by an appropriation of fund balance.
3. **Transportation Demand Management:** This amendment establishes the Transportation Demand Management (TDM) project (*Grant Project #54030*) in the Grants Multi-Year Fund in the amount of \$10,000 to be offset in full by grant revenue. This project enables the Town to receive periodic reimbursement for expenses allowable under the TDM grant agreement.

**Public Works**

4. **Town Hall Renovations:** The Public Works Department is requesting additional funding for the Town Hall Renovations capital project (*Capital Project #66250*) in the Capital Projects Multi-Year Fund. This request is due to unanticipated additional costs in an earlier phase of the project. This amendment provides for an increase to the project ordinance in the amount of \$67,135.38, and authorizes a transfer from the General Fund of the same amount, to be provided for by an appropriation of fund balance.
5. **Westwood Cemetery:** Consistent with the Westwood Cemetery Master Plan previously authorized by Council, the Public Works Department is requesting the establishment of the Westwood Cemetery capital project (*Capital Project Ordinance #66048*) in the Capital Projects Multi-Year Fund in the amount of \$54,521.51. This amendment authorizes a transfer from the General Fund of the same amount to fund the project, to be provided for by a reallocation of existing ARP-enabled funding allocated for the same purpose.

6. **Wayfinding:** The Public Works Department requests the establishment of the Wayfinding project (*Capital Project Ordinance #66047*) in the Capital Projects Multi-Year Fund in the amount of \$148,048. This project provides for the construction of Town signage to help with visitor navigation of the Town. For use toward this project, the Town received an award of \$100,000 from the Carrboro Tourism Development Authority and an award of \$44,827 in Article 46 Economic Development funding. This amendment also authorizes a transfer from the General Fund for the remaining \$3,221, to be provided for by reallocation.
7. **Stormwater Utility Enterprise Fund:** The Stormwater Utility Enterprise Fund included an adopted FY2025 budget of \$1,642,008. As part of fiscal year-end closeout, revenues in the fund are estimated not-to-exceed \$1,200,000. This amendment provides for a revision to the revenue budget through a reduction of \$442,008 based on actual performance of fee revenues in the fund, and an increased appropriation of fund balance at the same amount. The Stormwater Utility Enterprise Fund also included an appropriation for operating emergency reserves in the amount of \$400,000. As these funds were not utilized during the fiscal year, this amendment reallocates this amount to provide for a transfer out into the Stormwater Capital Fund for use toward future capital needs. This amendment also appropriates one-time Stormwater Fund balance for an additional catch-up contribution in the amount of \$100,000 to be transferred out into the Stormwater Utility Capital Fund.

## Finance

8. **Capitalization Threshold:** During the audit of the Town's financial statements for the fiscal year ended June 30, 2024, the Town's independent audit firm made a recommendation to set a \$50,000 minimum capitalization threshold for leases subject to Governmental Accounting Standards Board (GASB) Statement No. 87 and subscription-based IT arrangements (SBITAs) subject to GASB Statement No. 96. In prior fiscal years, the Town capitalized leases and SBITAs at a minimum of \$5,000. This amendment changes the Town's minimum capitalization threshold effective the fiscal year ending June 30, 2025, consistent with the independent audit firm's recommendation. There is no additional budgetary impact associated with this item.
9. **ARP-Enabled Programs:** In FY2024, Council adopted an ordinance to recognize all remaining revenue associated with its American Rescue Plan (ARP) allocation, also known as "revenue replacement," ordinance. This amendment provides for the following:
  - a. Formal closeout of the American Rescue Plan Act (ARPA) Fund (a special revenue fund), including the appropriation and transfer of all remaining ARPA Fund balance into the General Fund, in an amount currently estimated at \$365,315.18, representing interest earned in the ARPA Fund. As a result of the transfer in, fund balance appropriated in the General Fund shall be reduced by an equivalent amount. All other budget amounts in the ARPA Fund for FY2025 shall be zeroed and closed out.
  - b. The reappropriation of unspent ARP-enabled amounts in the General Fund in an amount totaling \$5,528,180. This amount is funded through an appropriation of fund balance in the General Fund, at the equivalent amount, currently allocated for ARP.
10. **Interfund Transfers:** As part of fiscal year-end, additional one-time fund transfers are necessary to provide for the Town contributions previously authorized by Council into capital projects and special revenue funds. This amendment formally authorizes transfers from the General Fund to fund these contributions, currently estimated at \$1,469,228, for the following funds and projects, to be provided for through an equivalent appropriation of fund balance.

- a. Capital Projects Multi-Year Fund - \$1,139,000
  - i. Pedestrian Safety Implementation and Bike Plan
  - ii. Bicycle Loop Detectors
  - iii. Vehicle Replacements for FY2025
- b. Bond Projects Multi-Year Fund - \$142,035
  - i. Morgan Creek Greenway
  - ii. Homestead Road Chapel HS Multi-Use Path
- c. Affordable Housing Fund - \$188,193

**FISCAL IMPACT:** This amendment increases the budget appropriation for the Grants Multi-Year Fund by \$239,827; increases the General Fund by \$7,096,543; increases the Capital Projects Multi-Year Fund by \$269,704; increases the ARPA Fund by \$365,315.18; and increases the Stormwater Utility Enterprise Fund by \$100,000.

**RECOMMENDATION:** The Manager recommends the Council approve the budget, grant, and capital project ordinance amendments for Fiscal Year 2024-25.