

**ITEM TITLE:** Approve the Miscellaneous Budget Ordinance Amendment to Adjust Various Fund Budgets for FY 2025-26.

**RESPONSIBLE DEPARTMENT:** Business Management

**ITEM DATE:** February 25, 2026

**BACKGROUND INFORMATION:**

- **General Fund**

Payment in Lieu – On September 13, 2016, the Town received a \$40,015 payment-in-lieu for a development at 1615 Homestead Road for sidewalk and roadway improvements along Homestead Rd. The North Carolina Department of Transportation (NCDOT) will resurface Homestead Road in the summer of 2026 and the Office of Mobility and Greenways will use the funding to fill bike lane gaps along Homestead Road between High School Road and Weaver Dairy Road.

North Carolina League of Municipalities (NCLM) Grant – The Chapel Hill Fire Department is the recipient of an NCLM safety grant for the purchase of ballistic vests for the trucks to increase firefighter safety in responding to potentially hostile events. The grant will reimburse the Town for 50% of the cost up to \$5,000.

Tree reimbursement – The Town received a notice of non-compliance letter from North Carolina Department of Environmental Quality (NCDEQ) in March 2025 concerning a Jordan Riparian Buffer impact by the property owner of 412 Deming Road. The buffer impact required payment of \$14,673 to be paid into a mitigation bank in February 2022 to address the deforestation by the 412 Deming Road property owner. Unfortunately, the property owner made payment in the wrong mitigation bank which was found through an audit by NCDEQ in 2024 and subsequently, the payment was refunded to the property owner and required to make the payment to the right mitigation bank. The Town working in collaboration with NCDEQ, the property owner agreed to make the payment to the Town for planting trees and shrubs along the stream buffer that needs restoration. The \$14,673 is for the purchase of trees, shrubs and signage for the buffer restoration project in the vicinity of Chapel Hill Community Center along Dickerson Court.

UNC Work Study – The library is funding a work study position this year for \$2,275 to cover essential tasks like shelving. Hiring work-study students results in more funding available for needed part-time program support hours. Participating in UNC's work study program supports Town-Gown relationships; helps students defray the cost of higher education; and exposes a diverse array of young adults to a public service mindset.

FY26 Orange County Costar Subscription Reimbursement – The Town of Chapel Hill will receive a reimbursement from Orange County for a software subscription (Costar) in the amount of \$7,508. This software allows the Economic Development departments at the Town and County access to historical real estate data and the ability to assess commercial property availability. Orange County retains one seat for the subscription through the Town's contract with the vendor annually and has an active MOU agreement for the cost share for the subscription.

Parks Donations – The Town has received \$8,177 from various donations for bench installation, maintenance of the Rose Garden, after school supplies, food resources, and to assist with credit card fees.

- **Grants Fund**

FY 2025 Governor's Highway Safety Grant (GHSP) closeout – In FY2024-25 the Town received a grant from the Governor's Highway Safety Program in the amount of \$172,700. Due to the

federal fiscal year schedule, the Town must de-obligate any unspent funds after September 30, 2025, in order to close out the grant. At the close of the federal fiscal year, there were \$4,874 in unspent grant funds that need to be de-obligated.

Section 5303 Grant – The Town receives annual federal and state funding through the Triangle West Transportation Planning Organization (TWTPPO) to conduct planning activities. In February 2025 the Town got notice that our total 2026 grant amount (including 10% local match) would be \$234,040. In September, without prior notice, we learned that our 2026 grant amount had been decreased to \$229,991. We must adjust the Town budget to reflect this funding decrease.

ABC Grant – The Orange County ABC Board awarded the Town of Chapel Hill \$42,500 to continue supporting the Police Department’s alcohol law enforcement efforts. These funds will be used for overtime salaries and special use funds for alcohol operations, equipment and supplies relating to those operations, and fuel and maintenance for the Town’s designated vehicle used during those operations. There are no matching requirements for this grant.

- **Transit Fund**

GoTriangle revenue allocation – Chapel Hill Transit has negotiated an increase in service with GoTriangle related to the provision of the 420 Route from Hillsborough to Chapel Hill. As a result, GoTriangle will pay the Town of Chapel Hill a total of \$541,421 through July 17th, 2026. This represents an increase of 166,421 over the budgeted revenue amount.

- **Library Gift Fund**

LSTA Conference Scholarship – Our Library Marketing & Communications Coordinator received a continuing education scholarship from the State Library of NC. This money will be used to fund attendance at the 2025 Library Marketing and Communications Conference.

Brick Donation – Patron Cara Brick has donated \$1,000 to the Friends of the Library to support our youth collections. We will use the donation to cover gaps in the collection and fund updates to our Kids Book Kits.

McGaughey Memorial Bench & Plaque – Recognize Memorial Bench & Plaque donation from patron Bryant McGaughey.

Community History Donations – Donations from the Human Kindness Foundation and Dorothy Heningler to the Friends of the Library to support the work of our community history projects.

Main Desk Funding – Recognize funding from the Library Foundation to support main desk operations.

- **Vehicle Replacement Fund**

Proceeds from Sales of Equipment – The Fleet Management Program sells vehicles that have exceeded its useful life and been replaced. The revenue generated from the sale of the vehicles in FY25 will be used to purchase a CHPD Patrol SUV to replace a 15-year-old Patrol SUV. This will help maintain employee morale, reduce maintenance costs and provide for reliable public safety services.

Green Vehicle Purchases – The Climate Action Fund is contributing \$75,000 to the Vehicle Replacement Fund to bridge the gap in funding for the increased cost of purchasing electric vehicles versus traditional internal combustion engine vehicles on the FY26 vehicle replacement

list. The partnership between Public Works and Sustainability strengthens our ability to meet the Town Council's interest and goals of reducing greenhouse gas emissions. This funding will allow 10 vehicles on the FY26 vehicle replacement list to be replaced with electric vehicle options.

- **Affordable Housing Bond Fund**

Recognize Homestead Gardens Community Project Funding – Funds will be spent on early site development activities, such as demolition of the existing vacant building, site grading and paving, installing water, sewer, and storm water infrastructure, and the construction of community amenities and landscaping throughout the site.

- **Affordable Housing Fund**

Recognize Tanyard Branch Trace Community Project Funding – Funds will be spent on early site development activities, such as site grading and paving, installing water, sewer, and storm water infrastructure, and the construction of community amenities and landscaping throughout the site.

- **Transit Grants Fund**

Federal Transit Administration (FTA) Grant – The Town of Chapel Hill has been awarded a grant from the Federal Transit Administration in the amount of \$2,700,000 to upgrade ADA accessibility and amenities at bus stops across the system. The funding total represents a commitment of \$2,160,000 from the FTA and a local share of \$540,000 from the Transit Fund Balance.