

# BOARD OF ALDERMEN

ITEM NO. C(6)

## AGENDA ITEM ABSTRACT

MEETING DATE: November 21, 2006

**TITLE: A Request to Approve Revised Capital Budget Policy and to Approve Budget Amendment**

<b>DEPARTMENT:</b> Management Services	<b>PUBLIC HEARING:</b> YES ____ NO <u>x</u>
<b>ATTACHMENTS:</b> A: Resolution Approving Capital Policy B: Budget Amendment C: Proposed Capital Budgeting Policy	<b>FOR INFORMATION CONTACT:</b> L. Bingham Roenigk, 918-7439 George Seiz, 918-7427

### PURPOSE:

The Board of Aldermen is requested to approve a resolution that approves the proposed capital budgeting policy that ensures project ordinances will be adopted in compliance with the North Carolina Fiscal Control Act and will provide budgetary flexibility necessary to accomplish projects in a cost-effective manner. The policy provides authority to the Town Manager to transfer funds between line items in a project as long as the project can still be achieved without increasing the total funding of the project. If project cost changes, a budget amendment is required. In addition, the Board is requested to approve a budget amendment for sidewalk and greenway projects that reflect current cost estimates.

### INFORMATION

In the FY2006-07 annual budget ordinance that was adopted by the Board on June 6, 2006, the Town Manager may approve transfers between line items within a capital project up to \$10,000 annually. In addition, the Board approved a budget amendment on June 20<sup>th</sup> that budgeted each sidewalk as a separate project within the Bond Fund. With twenty separate sidewalk projects, it has been a difficult effort to manage multiple projects and be restricted to line-item activity within each sidewalk project with little flexibility to adjust the budgets.

The proposed budget amendment fully projects all sidewalk projects underway in Phase IA. Sufficient funds are available within the \$1,230,000 that was issued for these projects. In addition, town staff will modify the Morgan Creek greenway project budget to show only design costs as budgeted and planned for with the BAN issue. The greenway budget for the Bolin Creek greenway will be removed from the books as funding for that will occur with a different BAN issue at a later time.

When Phase IB sidewalk projects are budgeted they are likely to be combined projects defined by the bidding process. Detailed records on each sidewalk project will be maintained at the Public Works department. A budget amendment will be presented at in the near future to reflect Phase IB projects that will anticipate all project costs, including contingency.

### FISCAL IMPACT:

There is no fiscal impact in approving the capital budget policy or the budget amendment. The policy will encourage cost-effective oversight of project budgets and reduce the amount of paperwork and administrative time that results from maintaining the current, more restrictive, policy. As mentioned in previous board meetings, however, town staff may recommend modifying the amount of Bond Anticipation Notes issued to accommodate budgeting and spending for Phase IB projects. The Public

Works Director will present cost estimates requested by the Board for Rogers Road and Phase IB projects on December 5<sup>th</sup>. Looking forward, staff will also revisit these same costs, refine them and proposed a BAN issue amount in January with the Board with a formal resolution to be adopted in early February, 2007. A budget amendment will likely be presented with these discussions as priorities are determined and costs are refined.

STAFF RECOMMENDATION

Approve the capital budget policy resolution (Attachment A) and budget amendment (Attachment B).