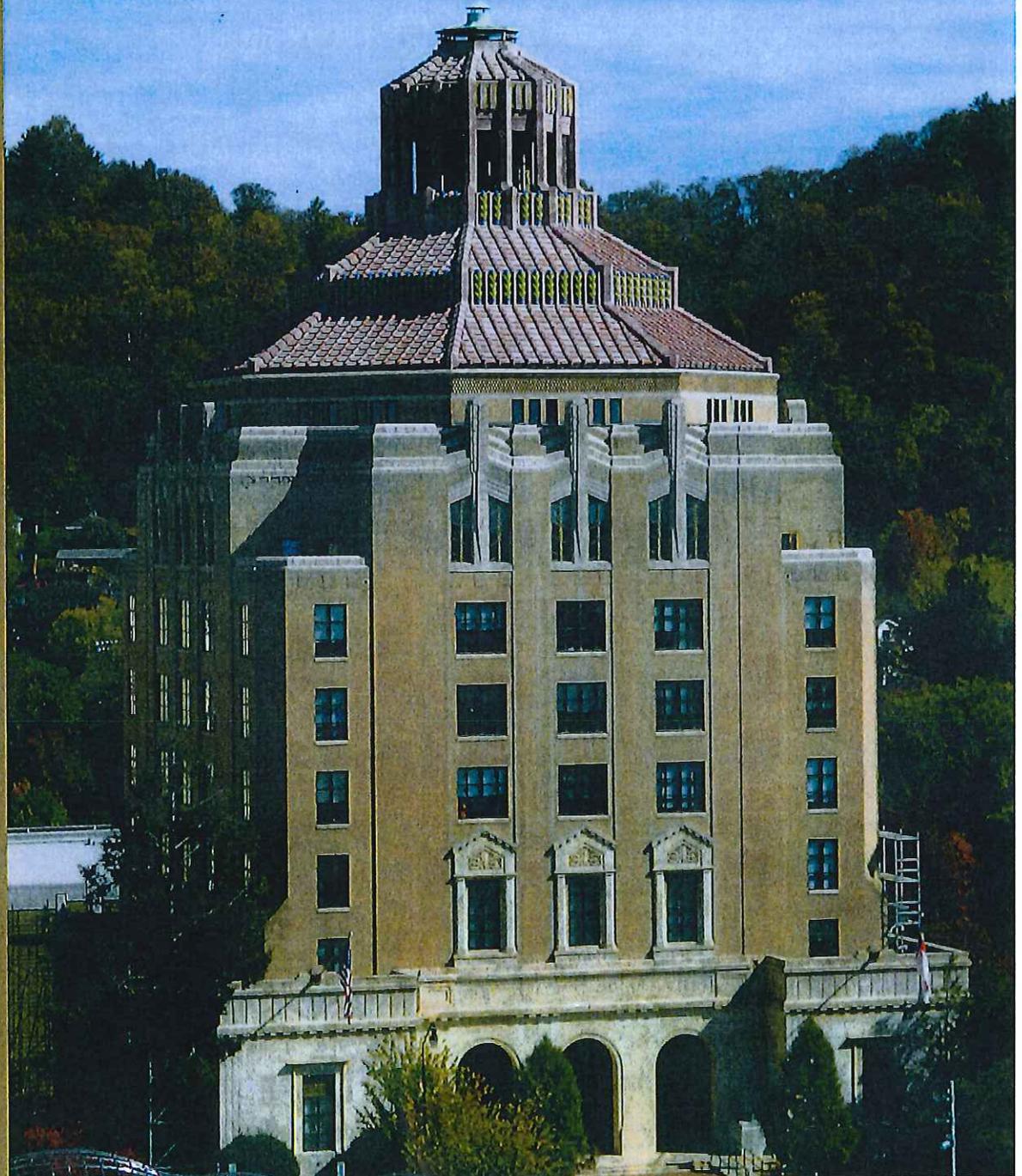




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CITY OF Asheville, North Carolina

PROPOSED 2013-14 BUDGET



**CITY OF ASHEVILLE
NORTH CAROLINA**

**Proposed Annual Budget
Fiscal Year 2013 - 2014**



Terry M. Bellamy
Mayor

Esther Manheimer
Vice Mayor

Marc Hunt
Councilmember

Jan B. Davis
Councilmember

Chris Pelly
Councilmember

Gordon Smith
Councilmember

Cecil Bothwell
Councilmember

Gary W. Jackson
City Manager

Jeffrey B. Richardson
Deputy City Manager

Lauren Bradley
Executive Director Finance & Strategic Planning

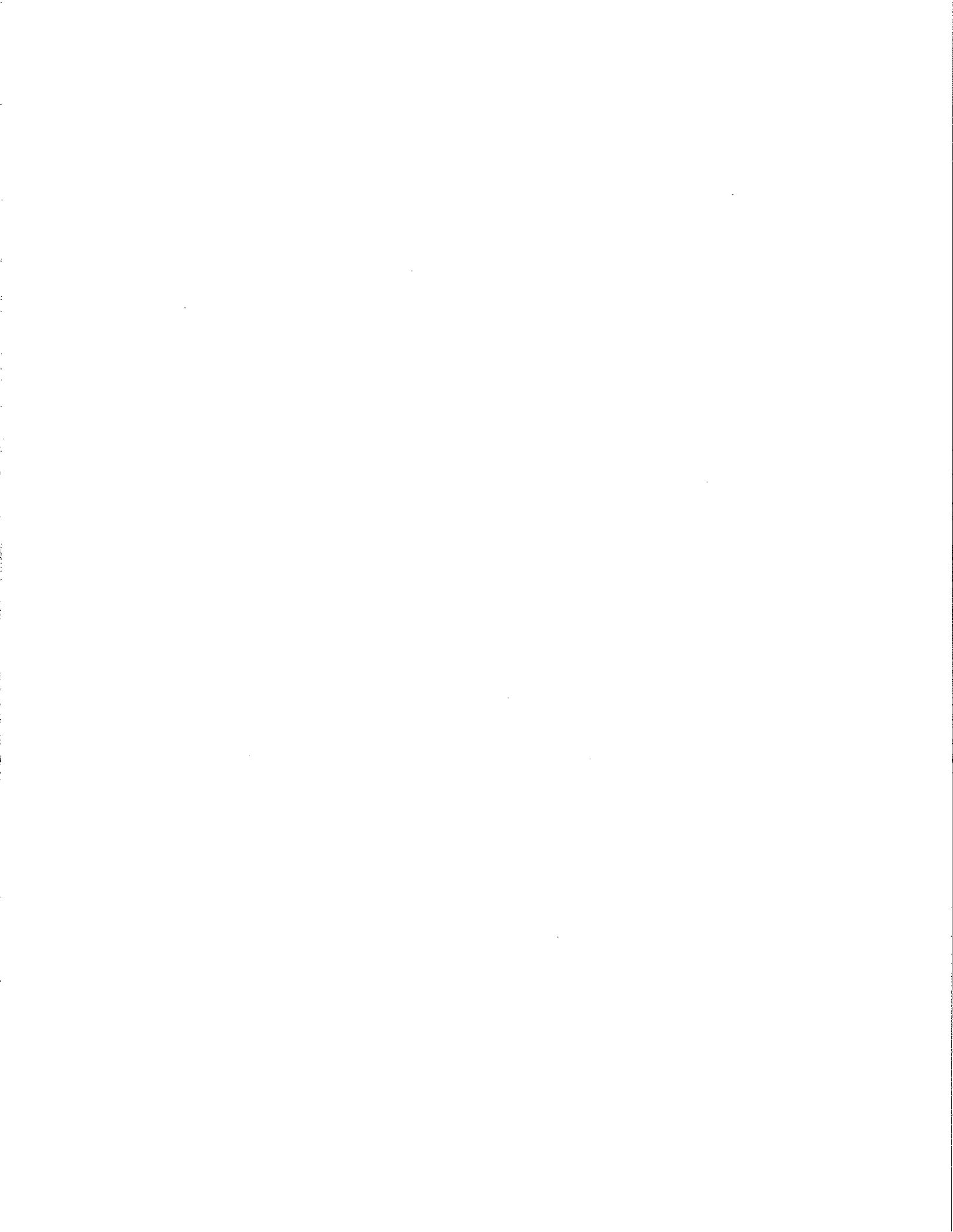


TABLE OF CONTENTS

	<i>Page</i>
 <i>City Manager's Budget Message</i>	
 <i>Introduction</i>	
Organizational Structure	1
Budget Process	2
FY 2013-14 Budget Schedule	4
Financial Policies	6
 <i>Budget Summary</i>	
Operating Budget Summary - All Funds	9
Budget Summary - Expenditures	10
Budget Summary - Revenues	12
Budget Summary - Staffing	13
General Fund	
Summary	15
General Fund Expenditures	16
 <i>General Government</i>	
Finance & Management Services	19
Administrative Services	22
Economic Development	24
City Attorney's Office	25
Information Technology Services	26
Human Resources	28
General Services	30
Nondepartmental	32
 <i>Public Safety</i>	
Police	33
Fire & Rescue	35
Nondepartmental	37
 <i>Environment & Transportation</i>	
Water Resources Fund	39
Public Works	42
Stormwater Fund	45
Street Cut Utility Fund	46
Transportation	47
Transit Services Fund	49
Parking Services Fund	51
Nondepartmental	54

TABLE OF CONTENTS

	<i>Page</i>
<i>Culture & Recreation</i>	
Parks, Recreation & Cultural Affairs	55
Civic Center (US Cellular Center) Fund	59
Nondepartmental	60
<i>Community Development</i>	
Planning and Development	61
Housing Trust Fund	63
Development Services	65
Nondepartmental	66
<i>Capital Improvements Program/Debt Management</i>	
General Capital Fund	67
Community and Economic Development CIP	69
Water Resources Capital Funds	70

May 28, 2013

Honorable Mayor Bellamy and City Council Members:

At the City Council strategic planning retreat in March 2013, City Council received and discussed a paper entitled *Asheville, NC 2013: The Next Community Crossroads*, an update to a paper written three years earlier exploring Asheville's financial structure and the opportunities and challenges it faced in the context of regional growth, municipal service delivery and the community's vision for the future.

In the three years since the first *Financial Crossroads* paper was published, the economic, political and social landscape in Western North Carolina and Asheville has continued to evolve. Globally, economic recovery has been slow and inconsistent, and continued economic uncertainty has weighed on business optimism and consumer confidence. In North Carolina, the General Assembly has pursued a number of legislative issues including tax reform, the transfer of municipal enterprises to regional entities, and other regulatory changes that could impact municipal finances and service delivery. At a local level, our city has been optimizing the use of limited resources to preserve core services in response to declining revenues and increasing costs.

Despite the challenges and uncertainty in the current economic and legislative environment, Asheville entered this budget process with an eye toward recovery from the global financial crisis and renewed optimism about addressing its structural issues to ensure the long-term sustainability of the City and its position as the economic hub of Western North Carolina. Through an extensive budget process that included planning, prioritizing and collaboration, I am pleased to present a proposed budget that makes significant progress in resolving the persistent challenges of the new normal.

It is my pleasure to respectfully submit to you the City Manager's Proposed Budget for the fiscal year beginning July 1, 2013 and ending June 30, 2014 with a total operating budget of \$143,956,990, which represents a 6.9% increase from Fiscal Year 2012-2013. The proposed budget includes a total General Fund Budget of \$90,512,514, a 0.6% increase over FY 2012-2013. The proposed budget is balanced with a revenue neutral tax rate of 43 cents per \$100 of valuation.

During the last several years, the cost to support existing city services outpaced growth in revenues. Asheville addressed this financial gap by reducing expenditures, primarily through freezing salaries, increasing employees' contribution to health insurance, reducing staffing levels through hiring freezes and deferring capital improvements. Consequently, the city persevered a global economic crisis without raising the property tax rate or reducing core services. This is the result of hard work on the part of our City Council, department heads and all city employees, the businesses who continue to invest in our community and the dedication of our residents to protecting and building upon the quality of life we value in Asheville.

Asheville is beginning to see signs that the economic pendulum is swinging toward steady improvement. The Asheville-metro area led the state with 3.6% job growth in year-over-year employment statistics (from Jan. 2012-Jan. 2013). Retail and home sales are also showing signs of recovery, while significant commercial investment is being contemplated downtown, in the River Arts District and in other parts of the city. While much of the financial impact of these indicators will not be realized by the City of Asheville for 12 months or more, they are positive signs that the economy is stabilizing and poised for growth.

Cautious optimism notwithstanding, much uncertainty remains in the intergovernmental arena, and Asheville will need to remain flexible and adaptive as the North Carolina General Assembly's legislative session comes to a close and the FY 2013-2014 budget is adopted. Four key legislative assumptions contemplated in the proposed budget that may impact our financial projections include:

- **Disposition of the City of Asheville's Municipal Water System:** In early May, the North Carolina General Assembly passed legislation requiring the transfer of Asheville's water system to an independent authority, an action that would cost Asheville's General Fund \$1.9 million due to the loss of the water system's contribution to shared central services. The Asheville City Council unanimously voted to legally challenge this legislation. Because the length and outcome of the legal case is unknown, the FY 2013-2014 proposed budget assumes the City's continued ownership and operation of the water system. However, staff has proposed deferring some expenses until the disposition of the water system is clear, including: 1) \$100,000 for roof replacements; 2) \$135,000 for traffic calming and safety projects; 3) \$70,000 for recycling cart replacement; 4) \$133,000 in outside agency grant funding; and 5) \$85,000 in public art funding. In addition, the City will set aside approximately \$1.0 million in unassigned fund balance that can be appropriated if needed in FY 2013-14 to offset the potential loss of the water system. This portion of fund balance will be generated by savings from deferred expenses in the current year, which will bring unassigned fund balance above the 15% policy requirement.
- **State-wide Tax Reform:** Comprehensive tax reform has been a major policy focus of the North Carolina General Assembly in 2013. Tax reform legislation proposes changes to state personal and corporate income taxes, local privilege license taxes and utility taxes, among others. To offset revenue losses from these revenues, the General Assembly is considering expansion of the sales tax base to include a broader range of services. Legislators have stated their intent to make these changes revenue neutral for cities and towns, and an impact analysis specific to each city has been promised but not yet provided. Because the final outcome of tax reform is not yet known or quantifiable, the proposed budget assumes a \$1 million decrease in State revenues, the net difference between assuming the loss of utility taxes and a partially off-setting increase in sales tax revenue. The proposed budget plans to make up this loss with mid-year savings generated by the creation of a county-wide Culture and Recreation Authority, further discussed below. The impact of tax reform will continue to be a significant issue for cities to monitor throughout the coming fiscal year and in future budgets.
- **Creation of a county-wide Culture and Recreation Authority:** Legislation has been introduced authorizing Buncombe County and municipalities in the county to form a joint Culture and Recreation Authority to administer parks and recreation programs and facilities. The bill sets up a flexible mechanism for the initial creation and subsequent expansion of the authority that would allow it to be formed by a combination of local governments, including Asheville. Once established, the county would have the ability to levy a separate ad valorem tax to fund the new authority and its facilities and services. The tax is capped at 7 cents per \$100 valuation. The city's proposed budget assumes all parks, recreation and cultural arts services except for community centers would be transferred to the authority effective January 1, 2014. This move would reduce expenditures in FY 2013-2014 by \$2.5 million. If the authority is not formed in FY 2013-2014, the City will have to either appropriate unassigned fund balance and/or identify mid-year savings to maintain a balanced budget.

Buncombe County and the City of Asheville will work together over the next several months to develop a mutually agreeable structure for operating and managing these services.

- **Other Legislative Impacts:** Earlier this year, the General Assembly passed unemployment insurance reform legislation allows the State of North Carolina to repay its \$2.5 billion debt to the federal government more quickly by raising unemployment taxes on employers and limiting the amount and duration of unemployment benefits claimants can receive. The bill also requires municipalities to maintain a reserve equivalent to 1 percent of their total unemployment insurance taxable wages paid, beginning in Fiscal Year 2013-2014. The financial impact of this change totals \$265,000 and is included in the proposed budget. In addition, legislation has been introduced that would de-annex the Asheville Regional Airport from the city's corporate limits. The loss of revenue from this proposed de-annexation, totaling \$193,000 from rental car fees and property taxes from Fixed Base Operators (FBOs), is included in the proposed budget.

Revenue Neutral Tax Rate

State law requires local governments to publish a revenue-neutral tax rate in the budget immediately following the completion of the reappraisal of real property. The purpose of the revenue-neutral tax rate is to provide citizens with comparative information on tax rates before and after revaluation. The revenue-neutral tax rate, as defined by G.S. 159-11(e), is the rate that is estimated to produce revenue for the next fiscal year equal to the revenue for the current fiscal year if no reappraisal had occurred. For Fiscal Year 2013-2014, the City of Asheville has calculated the revenue neutral tax rate to be 43 cents per \$100 valuation. Appendix A includes a bulletin that walks the reader through how the revenue neutral tax rate is calculated.

Government-wide Highlights

Investing in employees while managing future expenditure growth

- Asheville must continue to pursue rightsizing and reengineering of service delivery to make the most cost effective use of the limited resources available. Insourcing, outsourcing, performance management, reorganization, and partnerships are all opportunities to reap the benefits of innovation. To continue to encourage these efforts, the city must optimize its workforce and then invest in it without compromise. Employees need to be rewarded and recognized for their efforts and high level performance. The FY 2013-14 proposed budget for personnel costs includes funding for a 3% cost of living adjustment (COLA) for employees. This COLA recommendation is made based on the results of a market based compensation study commissioned by City Council during the current fiscal year. By adjusting the City's pay ranges up by 3%, Asheville will be taking an important first step in pursuing a market-based pay plan that rewards employee performance while maintaining its competitiveness in the market.
- Even with the COLA included in the budget, personnel costs show a decrease of 1.6% or \$1.2 million due to several factors. First, as discussed above, the proposed budget assumes that certain parks and recreation functions will become part of the county-wide Culture and Recreation Authority in January 2014, thus those personnel costs are only included in the budget for half the fiscal year. Another factor driving down personnel

costs was the decision by the City during the current fiscal year to contract out several services, including street resurfacing, new sidewalk construction, and operation of the municipal golf course. Finally, the City is freezing approximately 14 positions, which will produce budget savings in the General Fund of \$500,000.

- Incremental changes the City made to the health insurance plan during the last several years, including a continued commitment to wellness and disease prevention, have resulted in flat health care claims costs in FY 2012-2013. Through the third quarter of FY 2012-2013, health care claims were tracking close to budget, and the fund is expected to end the year with reserves that meet its policy requirement. As a result, the City's contribution to the health care program remains unchanged in the FY 2013-2014 budget, while employee contributions to health care will also remain the same.

Achieving community and financial sustainability through targeted investments

- City staff is recommending a comprehensive Economic Development and Community Investment strategy as part of the FY 2013-2014 proposed budget that relies on putting more money into job creation, infrastructure and other capital projects in targeted areas where tax base growth is most promising. Tax base growth in these target areas can then help fund additional improvements that leverage private investment and economic growth. At the same time, increasing the rate of growth in the tax base can help address the structural gap between revenues and expenses.
- A key element to this strategy is adoption of a Capital Improvement Program (CIP) that includes a component for Economic Development and Community Investment projects. In FY 2013-2014 staff is proposing launching this strategy by issuing debt to begin such cornerstone projects as the River Arts District Transportation Improvement Project (RADTIP), multi-modal and pedestrian improvement projects in the Central Business District, transformational affordable housing developments, and enhanced funding for critical capital maintenance like street and sidewalk repairs. The enhanced capital program would continue to be funded in future years by savings generated from the creation of the Culture and Recreation Authority along with other sources of revenue like proceeds from land sales and grants.

Continuing sound financial management by addressing long-term liabilities

- The City contributes to the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing defined benefit pension plan administered by the State of North Carolina. While LGERS has a strong reputation as a well managed pension fund, a modest 0.5% rate increase is necessary in FY 2013-2014. As a result, the City's contribution will increase by \$150,000.
- In December 2011, the City of Asheville created an irrevocable trust and fully funded the City's net obligation for Other Post Employment Benefits (OPEB), which consists of retiree health care benefits. The City invested its assets with the State of North Carolina State Treasurer's OPEB Investment Fund, which mirrors investments used for statewide pension funds. Concurrent with establishing the trust, the City also adopted a five-year step up plan to fully fund the annual required contribution to meet the ongoing OPEB obligation. The proposed FY 2013-2014 budget includes an annual contribution in the amount of \$400,000. It should be noted that the City suspended offering the retiree health care benefit to new employees hired after June 30, 2012, which will limit future

growth of the OPEB obligation. These actions show that Asheville is taking deliberate steps to ensure retiree health care benefits are sustainable and affordable over the long term.

General Fund Highlights

Revenue Highlights:

- The property tax, which comprises 32% of total revenue, is the single largest source of revenue for the City. The Buncombe County Tax Office completed a property revaluation in 2013 with new values set to take effect in Fiscal Year 2013-14. As discussed above, the City's revenue neutral tax rate for FY 2013-14 will be 43 cents per \$100 of assessed valuation. Overall, revenue from property taxes is budgeted to increase by 1.5% in FY 2013-14. Based on the statutory formula for calculating the revenue neutral rate, this increase in property tax revenue can be attributed to improvements in real and personal property over the last year that would have occurred regardless of revaluation.
- The North Carolina General Assembly is currently considering a tax reform package that may impact the utility tax (Intergovernmental Revenue) and sales tax revenue that the City receives from the State. The outcome of this discussion is still uncertain at this point. The Legislature has indicated that the reforms will, on the whole, be revenue-neutral to local governments. However, a city-by-city impact analysis has not yet been provided. To protect the City against this uncertainty, City staff has assumed that revenue from state utility taxes will go down by \$1.5 million and that our sales tax revenue (from an expanded sales tax base) would go up by \$500,000 (in addition to original projections of 5% growth in sales tax revenue year-over-year). As a result, the City's overall net loss would be \$1,000,000.
- Charges for Service are projected to grow by slightly less than \$1 million as a result of a new \$7.00 monthly solid waste fee approved by City Council in March, which replaces the previous \$3.50 household recycling fee. The new fee covers the costs of an expanded recycling program and solid waste collection improvements while off-setting a portion of revenue previously provided by other General Fund sources for these services.
- Revenue from licenses and permits shows a decrease of approximately \$630,000, partly due to an adjustment downward in the budget for business privilege licenses to reflect actual collections from prior years. In addition, staff is currently not including any revenue in the FY 2013-14 budget from electronic gaming operations based on recent court actions regarding the legality of those operations.
- The other financing sources budget includes various adjustments to items such as interfund transfers, debt proceeds, and fund balance appropriation. The decrease increase in this category is primarily due to: (1) pending state legislation that prohibits the City from transferring money from the Water Fund to the General Fund for infrastructure improvements associated with waterline projects (these funds were previously allocated in the General Fund for street resurfacing) and (2) the elimination of a one-time transfer from the Parking Fund to the General Fund in FY 2012-2013.

Revenues:

Property Taxes
Intergovernmental
Sales & Other Taxes
Charges For Service
Licenses & Permits
Investment Earnings
Miscellaneous
Other Financing Sources

	2010-11 Actual	2011-12 Actual	2012-13 Budget	2013-14 Proposed
Property Taxes	46,474,590	46,800,092	47,375,063	48,067,389
Intergovernmental	11,218,617	10,860,618	11,218,229	9,619,660
Sales & Other Taxes	15,120,941	16,258,875	16,990,325	18,584,277
Charges For Service	3,461,927	4,519,107	4,044,560	4,994,987
Licenses & Permits	5,078,257	4,711,318	5,344,000	4,706,690
Investment Earnings	109,528	142,546	225,000	150,000
Miscellaneous	1,178,721	1,729,173	1,100,563	1,156,713
Other Financing Sources	3,249,432	2,882,915	3,624,697	3,232,798
Total Revenues	85,892,014	87,904,644	89,922,437	90,512,514

Expenditure Highlights:

- The FY 2013-14 proposed budget includes general fund expenditures that are 0.6% more than the FY 2012-13 budget.
- Public Safety is the largest general fund service area, accounting for 47% of all general fund expenditures. Public Safety expenditures show a \$2.8 million increase in FY 2013-14. A portion of this increase is due to the 3% COLA included in next year's budget. In addition, staff has updated departmental charges for the general liability and workers compensation insurance programs to reflect recent claims history, premiums, and fund balance levels in the two programs. This update resulted in a shifting of costs from other service areas to public safety in the amount of \$560,000.
- Environment & Transportation is the second largest service area in the general fund, representing 15% of the FY 2013-14 general fund budget. This service area shows a decrease for three primary reasons: 1) the reallocation of general liability and workers compensation expenses noted above resulted in a decrease of \$160,000 in the Public Works Department; 2) the fleet maintenance division was moved from the Public Works Department to the new General Services Department, which is accounted for in the General Government Service Area; and 3) the Water Fund's contribution to infrastructure improvements associated with waterlines, which was included in the FY 2012-13 Public Works Department budget for paving, has been removed from the FY 2013-14 proposed budget
- As noted earlier in the document, the proposed budget assumes that certain parks and recreation functions will become part of a new countywide regional parks authority in January 2014. This decision resulted in a \$2.5 million reduction in the Parks and Recreation Department budget for FY 2013-14.
- The year-over-year changes in the Community Development and General Government service areas are primarily the result of the FY 2012-13 mid-year reorganization in which the building maintenance division was moved from the former Building Safety Department (now renamed the Development Services Department) to the newly formed General Services Department. This change resulted in a decrease in expenses categorized as Community Development and an increase in expenses categorized as General Government. General Government expenses are also being impacted in FY

2013-14 due to the State mandated increase in the City's contribution to the state unemployment program, as well as the inclusion of \$250,000 in costs for the upcoming City Council elections.

- The Capital Pay-Go/Debt budget remains flat compared to FY 2012-13. The FY 2013-14 Capital Improvement Program does include the issuance of additional debt, but payment on that debt will not begin until FY 2014-15 when the City will see an equal reduction in its existing debt.

<u>Service Areas</u>	<u>2010-11 Actual</u>	<u>2011-12 Actual</u>	<u>2012-13 Budget</u>	<u>2013-14 Proposed</u>
Public Safety	39,113,365	39,101,015	39,792,535	42,630,497
Environment & Transportation	13,500,466	13,179,753	14,517,541	13,950,384
General Government	10,456,065	10,483,836	10,719,650	13,891,556
Culture & Recreation	9,194,642	9,629,199	10,474,551	7,500,706
Capital Pay-Go/Debt	7,515,095	7,163,290	7,188,824	7,174,353
Community Development	<u>6,392,906</u>	<u>6,549,178</u>	<u>7,229,336</u>	<u>5,365,018</u>
Total General Fund	<u>86,172,539</u>	<u>86,106,271</u>	<u>89,922,437</u>	<u>90,512,514</u>

Unassigned Fund Balance Analysis

The City of Asheville Financial Management Policy recommends that the City maintain a fund balance in the General Fund equal to 15% of expenditures. The City ended FY 2011-12 with an unassigned fund balance of \$13.63 million, which equated to 15.9% of FY 2011-12 expenditures. At In November 2012, City Council approved the use of \$650,000 in fund balance for one-time employee bonuses. In the current fiscal year, staff has set aside \$1 million in deferred expenditures that will be added to unassigned fund balance, bringing the total to \$14.5 million or 16.2% of estimated expenditures. For FY 2013-2014, it is staff's recommendation that these funds be held in fund balance as a contingency to offset any financial impact should the City's water system be transferred to another entity mid-year. The FY 2013-2014 Proposed General Fund Budget does not include an appropriation from fund balance. Once the legal proceedings related to the water system have concluded and/or the final disposition of the water system is clear, staff will seek City Council direction on how unassigned fund balance above the 15% should be managed.

Highlights from Other Funds

Water Resources Fund

- As previously discussed, the City of Asheville is legally challenging legislation that would force the transfer of the municipal water system to another entity. The proposed budget assumes the continued ownership and operation of the water system, pending the final disposition of litigation.
- In March, City Council approved rate adjustments for the 2013-14 fiscal year that are expected to generate approximately \$300,000 in additional revenue. In addition, the FY

2013-14 proposed budgets for personnel and operating costs in the Water Resources Fund have been adjusted downward to reflect trends observed in actual expenses over the previous two fiscal years.

- The reduction in the operating cost budget, along with an \$8.3 million appropriation from fund balance, allows the City to further enhance capital outlay by approximately \$9.8 million. This category includes \$18.2 million for water capital improvement projects and \$258,000 for rolling stock replacement.

Parking Services Fund

- In March, City Council approved a 25 cent increase in the hourly rate for parking meters and garages. This increase, which is effective July 1, is expected to produce approximately \$400,000 in additional revenue from parking fees.

Stormwater Fund

- Stormwater rates remain unchanged in FY 2013-2014. The Stormwater Fund's cost for indirect services in the upcoming fiscal year totals \$239,419, an expense that has not been previously reflected in the budget.
- The Stormwater Fund budget includes \$641,000 in capital funding for rolling stock replacement and capital maintenance projects. The capital budget is partially funded with a \$430,000 appropriation from Stormwater Fund balance that is in excess of its policy requirement.

Street Cut Utility Fund

- The Street Cut Utility Fund for FY 2013-14 reflects an 18.6% reduction year-over-year, driven by a reduction in full-time positions. Labor crews were re-engineered to provide maximum efficiency and cost effectiveness for the program due to a reduction in expected demand for street cut repairs in the coming year.

Transit Fund

- The proposed budget includes an expected \$100,000 reduction in State funding for transit. The General Fund transfer to the Transit Fund has been increased by this amount to offset this loss in State funding. Transit continues to be an area that requires increased allocations from the General Fund in order to provide the same level of service. Outside of the operating cost increase for the indirect cost charge, the Transit Services budget is essentially flat in FY 2013-14.

US Cellular Center Fund

- All enterprise fund budgets for FY 2013-14 now include the cost of indirect services provided by the General Fund. For the US Cellular Center Fund, the cost of these services totals \$192,783. This accounting change is reflected on the revenue side of the budget as an increase in the General Fund transfer, and on the expense side as an increase in operating costs.

- After two years of declines, early event bookings indicate that operating revenues will likely increase in FY 2013-14. Revenues are expected to be similar to what was collected in FY 2010-11. Nonetheless, the Center will hold two FTE positions in the concessions division vacant in FY 2013-14 as a budget balancing strategy.

Golf Fund

- During the last fiscal year, the City of Asheville leased the municipal golf course to Pope Golf, Inc., a move that had a positive financial impact of approximately \$210,000 by eliminating the General Fund subsidy and providing for a lease payment to the city. The proposed budget includes a lease payment of \$75,000 from Pope Golf to the City of Asheville and no associated expenses in the General Fund.

Conclusion

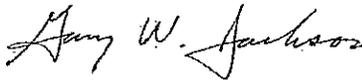
The economic crisis of the last several years has required us to re-evaluate the paradigms that have been governing the public sector for several decades. Asheville has charted a course for achieving long-term financial sustainability by reinventing the way we deliver services, investing in our workforce and making smart investments in job creation and infrastructure that promise to build tax base. These actions will allow Asheville to continue to support our community's quality of life while implementing our strategic goals for the future.

I am pleased to present a proposed budget for Fiscal Year 2013-2014 that makes significant strides in securing Asheville's financial stability while maintaining a revenue neutral tax rate and incorporating contingencies to adapt to uncertain legislative and economic environments.

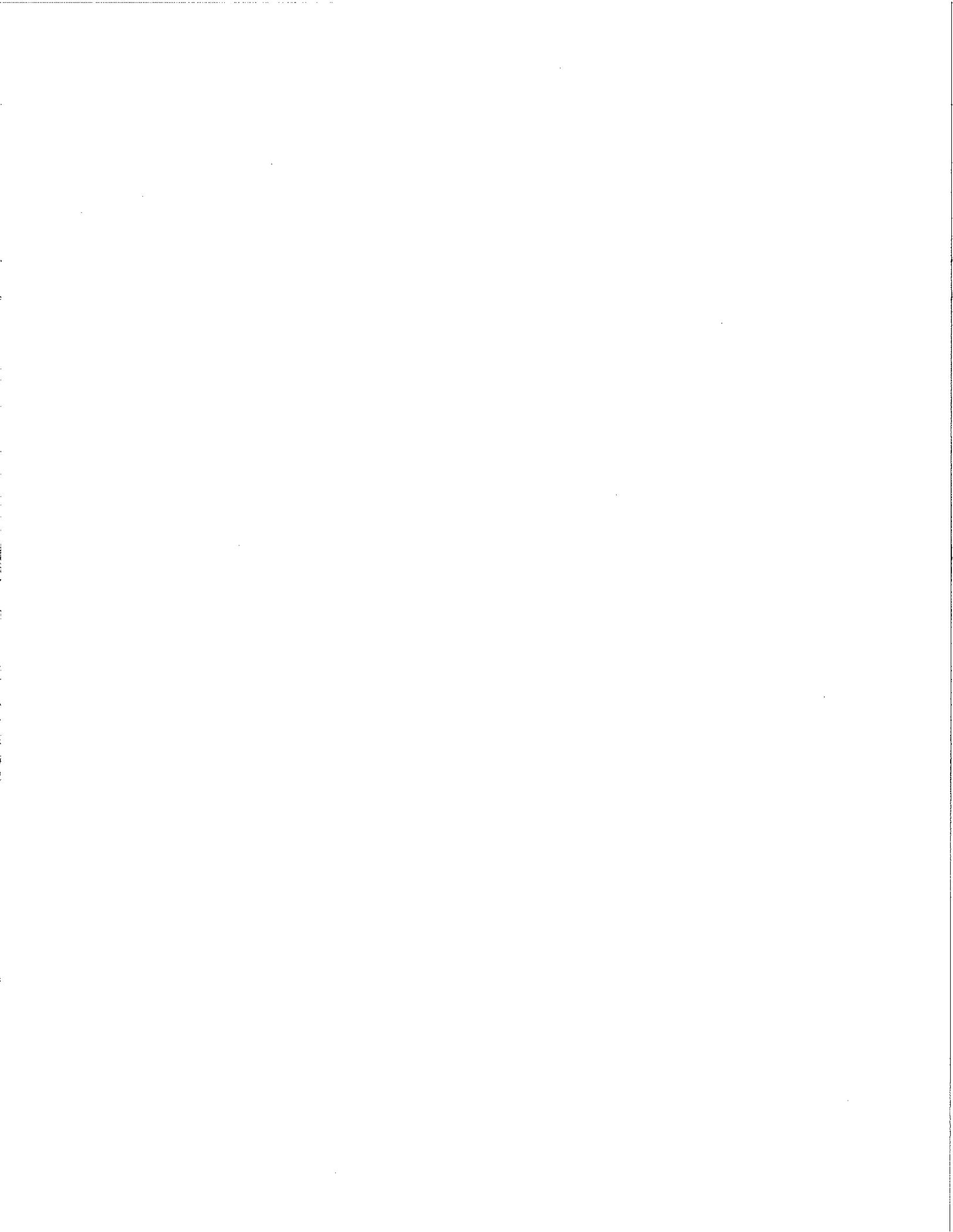
I would like to take this opportunity to thank our department director team for their leadership during the budget process and recognize the tremendous work of the staff in the budget division, Lauren Bradley, Tony McDowell and John Sanchez. I would also like to recognize the efforts of all city employees for their dedication to delivering quality services to the Asheville community.

I look forward to working with you and the community to adopt the Fiscal Year 2013-2014 Budget.

Sincerely,



Gary W. Jackson
City Manager



APPENDIX A

City of Asheville Revenue Neutral Tax Rate Calculation FY 2013-2014

State law requires local governments to publish a revenue-neutral tax rate in the budget immediately following the completion of the reappraisal of real property. The purpose of the revenue-neutral tax rate is to provide citizens with comparative information on tax rates before and after revaluation. The revenue-neutral tax rate, as defined by G.S. 159-11(e), is the rate that is estimated to produce revenue for the next fiscal year equal to the revenue for the current fiscal year if no reappraisal had occurred.

The purpose of this bulletin is to explain how the revenue neutral tax rate was calculated for the City of Asheville for the upcoming fiscal year 2013-2014.

Definitions

Before diving into the calculation, here are some defined terms that are used throughout the document:

- **Real Property:** Real property includes land, buildings, structures, improvements, and permanent fixtures on the land, and all rights and privileges belonging or in any way appertaining to the property.
- **Tax Base:** The value of all real, personal, and public service property within a jurisdiction.
- **Tax Levy:** The total dollar amount of property taxes that optimally would be collected (100% collection rate) based on tax rates and the assessed value of all real, personal, and public service property within a jurisdiction.

Calculating Revenue-Neutral

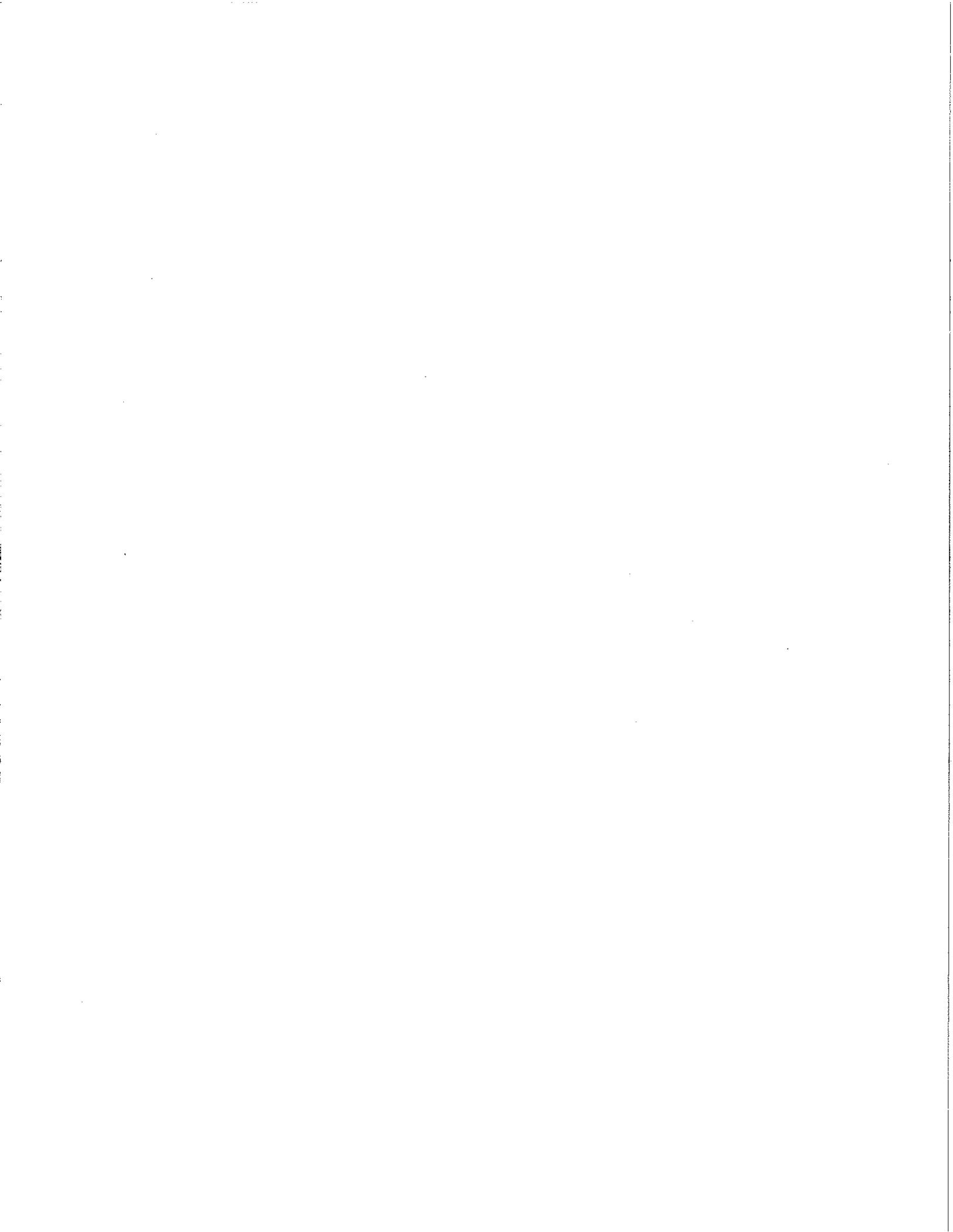
The formula for calculating the Revenue-Neutral Tax Rate is:

Revenue-Neutral Tax Rate = Tax Levy adjusted for natural growth / (Property Tax Base adjusted for appeals loss/100)

The three steps outlined below walks you through how to make this calculation.

Step 1. The first step is to determine the growth factor, which is the average annual percentage increase in the tax base due to improvements since the last general reappraisal, adjusting for growth from annexations. **Table 1 shows that the average annual percentage increase for the City of Asheville since FY 2007, excluding annexation growth, is 1.75%.**

Why? When calculating the revenue-neutral tax rate, the City estimates how much growth would have naturally occurred absent revaluation. This "natural growth" is



driven by changes to the real property tax base from construction of new homes and businesses, improvements to existing structures, divisions and conveyances of land, rezoning, and other occurrences unrelated to economic conditions affecting the taxing unit in general. Annexation is not considered "natural growth," and so it is adjusted out. Changes in the personal property base occur each year because personal property is valued on an annual basis. State law provides that the growth factor used in calculating the revenue-neutral rate is based upon the average increase in the tax base "due to improvements since the last general reappraisal." The term "improvements" includes both real and personal property improvements.

Step 2. The second step is to increase the current year FY 2013 estimated property tax levy by the growth factor from Step 1 to determine a projected FY 2014 tax levy. This calculation shows what the tax levy would have been for the following year had revaluation not occurred. Table 2 illustrates this calculation. For the City of Asheville, the current year FY 2013 estimated levy is \$46,883,819. **Increasing the current estimated tax levy by the growth factor of 1.75% yields a projected FY 2014 tax levy of \$47,706,013.** Here's the formula:

$$\$46,883,819 \times 1.0175 = \$47,706,013$$

Step 3. The third statutorily prescribed step is to use the post-revaluation FY 2014 tax base projection provided by the County tax assessor to calculate a tax rate that would produce the levy that was determined in Step 2. The Buncombe County tax assessor's initial projection for the post-revaluation FY 2014 City of Asheville tax base was \$11,358,701,082. This initial projection was done prior to completion of the statutorily required appeals process. Based on appeals data through early May, the tax assessor now estimates that the FY 2014 real property tax base will be reduced by approximately 2.17% once the appeals process is complete. **Adjusting the initial FY 2014 tax base projection to account for 2.17% appeals loss reduces the projected post-revaluation FY 2014 City of Asheville tax base to \$11,142,907,182. The revenue neutral tax rate that would have to be applied to this tax base to produce the levy from Step 2 is 43 cents per \$100 of assessed valuation. Table 3 illustrates this calculation.** Here are the formulas:

Tax Base adjusted for appeals loss:

$$\$11,358,701,082 - (\$9,928,700,000 \times .0217) = \$11,142,907,182$$

$$(\$11,142,907,182/100) \times \text{Revenue-Neutral Tax Rate} = \$47,706,013$$

$$\text{Revenue-Neutral Tax Rate} = \$47,706,013 / (\$11,142,907,182/100) = \underline{\mathbf{0.43}}$$



Analysis

Why is Asheville's estimated revenue-neutral tax rate higher than its current tax rate?

When calculating revenue neutral, the property tax levy is increased by the growth factor (calculated in steps 1 and 2) to account for improvements in real and personal property over the last year. Since the property tax levy would have theoretically increased by this growth from improvements regardless of revaluation, it is included prior to determining the revenue neutral rate. The FY 2013-2014 tax base growth, after factoring in the estimated loss from appeals (2.17% on real property), was less than the 7-year average tax base growth (1.75%). In order to generate the equivalent property tax levy, a higher tax rate (43 cents per \$100 of tax value) is required.

Historically in revaluation years, the City of Asheville's total tax base increased 30-40%, which was well above the average increase in the growth factor. As a result, the revenue neutral tax rate in those revaluation years was substantially lower than the rate in place prior to the revaluation. Due to the recent economic recession and its impact on home values, this suggests that nearly all of Asheville's growth was due to property improvements over the last year as opposed to an economic improvement in value of the existing the tax base.



Table 1

Step 1: Determine the growth factor, which is the average annual percentage increase in the tax base due to improvements since the last general reappraisal, adjusting for annexations				
FY	Assessed Value*	Value of Annexations**	Adjusted Assessed Value	Annual Percent Increase
2007	\$9,746,647,000	N/a	\$9,746,647,000	
2008	\$9,884,023,000	\$3,840,600	\$9,880,182,400	1.37%
2009	\$10,307,404,000	\$104,242,600	\$10,203,161,400	3.23%
2010	\$10,771,020,000	\$109,628,000	\$10,661,392,000	3.43%
2011	\$10,902,131,000	\$1,516,300	\$10,900,614,700	1.20%
2012	\$11,061,338,000	\$52,472,100	\$11,008,865,900	0.98%
2013 (est.)	\$11,126,842,000	\$31,579,900	\$11,095,262,100	0.31%
Average annual increase in adjusted assessed value since 2007 revaluation				1.75%
* Source: City of Asheville CAFR's, except FY 2013 estimate based on TR-2.				
** Source: City of Asheville Planning Department				

Table 2

Step 2: Increase this year's tax levy estimate by the growth factor	
FY 2013 estimated tax levy (Per TR2 Report)	\$46,579,958
FY 2013 late listings & discovered properties (Per TR2 Report)	\$303,861
FY 2013 total estimated tax levy (\$46,579,958 + \$303,861)	\$46,883,819
Increase the FY 2013 total estimated tax levy by growth factor = \$46,883,819 x 1.0175	\$47,706,013

Table 3

Step 3: Divide the result from step 2 by the FY 2014 newly reappraised tax base	
FY 2014 revalued tax base projection	\$11,142,907,182
Tax rate that would produce revenue equal to FY 2013 = \$47,706,013/\$11,142,907,182 x 100	0.43



INTRODUCTION

Budget Guide

City Manager's Budget Message

Organizational Structure

Budget Process

Financial Policies



ORGANIZATIONAL STRUCTURE

Fund Accounting

The accounts of the City of Asheville are organized and operated on the basis of funds. A fund is a fiscal and accounting entity with a self-balancing set of accounts comprised of assets, liabilities, fund equity, revenues, and expenses as appropriate. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions.

Funds included in the City of Asheville Proposed budget can be grouped into two types: governmental funds and proprietary funds. Governmental funds are those through which most functions of the City are financed. Proprietary funds are used to account for City activities that are similar to those often found in the private sector. Specific City of Asheville funds include:

General Fund

The General Fund is a governmental fund that encompasses most of the City's day-to-day operations, such as police, fire, refuse collection, street maintenance, and parks and recreation. General Fund operations are primarily funded through property tax dollars, but are also supported through sales tax revenue, charges for service, license & permit fees, and investment earnings.

Enterprise Funds

Enterprise Funds are proprietary funds used to account for activities that operate like private businesses, where expenses are primarily financed by revenues derived from user charges. For the City of Asheville, these funds include:

- Transit Services Fund
- Parking Services Fund
- Water Resources Fund
- Civic Center Fund
- Street Cut Fund
- Stormwater Fund

Capital Funds

Capital Funds are used to account for capital replacements and improvements. Funding is provided from operations, federal or state grants, or long-term financing and may be annual appropriations or project appropriations. Appropriations are approved through the Capital Improvement Plan process. Capital Funds include:

- General Capital Projects Fund
- Community Development Fund
- Water Major Capital Improvement Fund
- HOME Fund
- Civic Center Capital Fund
- Parking Services Capital Fund
- Transit Services Capital Fund

How Funds Interact

City funds interact in a variety of ways. Expenses that occur in one fund are frequently incurred to benefit another fund. When this occurs, the benefiting fund may reimburse the fund providing the goods and services. Examples of such transactions include general government services provided by the General Fund to the Water Resources Fund. Interfund transfers may also result from the exchange of resources between funds to cover operating and capital expenses. For example, the FY 2013-14 budget includes a transfer from the General Fund to the Civic Center Fund to support operations. Transfers between funds result in the budgeting of dollars in both participating funds.

Departments & Divisions

Departments are organizational units that provide a major type of public service, such as fire or police protection. Departments are usually subdivided into one or more divisions. For instance, the fire department consists of three divisions: support services, emergency response, and fire marshal's office. Often within each division there are smaller units responsible for performing specific activities.

BUDGET PROCESS

Budget Preparation Overview

Budget preparation affords departments the opportunity to reassess their goals and objectives and the strategies for accomplishing them. Even though the budget may be heard by City Council in May and Proposed in June, its preparation begins at least six months prior with projections of City reserves, revenues, and financial capacity. It is against this backdrop that departmental expenditure requests are formulated and reviewed. The FY 2013-14 Budget Calendar is displayed on page 4.

Financial Forecasting

The annual budget process begins with the Budget Office preparing revenue and expenditure projections. These projections serve as the framework for financial decision-making during the City's annual strategic planning and budgeting process. The Budget Office updates the City's general fund forecast annually to adjust for changes in local, state, and national economic conditions and trends; changes in City Council priorities and policies; and other variables that might affect the City's ability to provide needed services and maintain its financial health in future years.

City Council Strategic Planning

Linking important objectives with necessary resources requires a process that identifies key goals at the very beginning of budget preparation. The annual strategic planning process begins with the City Council Retreat, at which time Council identifies its goals and priorities for the upcoming fiscal year. The Council's directives set the tone for the development of the annual budget.

Departmental Budget Development

Departments begin developing their budget requests in January. During this phase, departments are encouraged to thoroughly review all programs and services assessing their "value" and priority to the citizens of Asheville. Examination of current departmental programs

or positions for possible trade-offs, reduction, or elimination is strongly suggested.

Any new programs or services that departments would like funded are submitted to the Budget Office as expansion requests. Expansion requests identify the program's purpose, costs, objectives, and proposed funding sources. The expansion request also describes how the new or enhanced program is linked with overall Council priorities. Departments are encouraged to prioritize their expansion requests and only submit a limited number of requests each year.

In addition to the budget worksheets and expansion request forms, departments submit the following information to the Budget & Research Office:

- *Low Priority Services.* Departments are encouraged to submit a list of existing programs and services that could be eliminated, reduced or scaled back. These services can be used as possible "program trade-offs," allowing departments to shift resources from low priority services to new or enhanced services in order to maximize effectiveness and efficiency.
- *New or Increased Fees.* Proposals for new or increased user fees are also submitted with the departmental budget request packages.
- *Performance Objectives & Measures.* Performance measures are used to report on the achievements, impacts and outcomes of key City programs. Departments submit an update of their performance objectives and measures during the budget process. Departments report on prior year performance, update current year estimates, and set targets for the upcoming fiscal year. Departments are also encouraged to continually evaluate and refine their performance indicators to ensure that they accurately reflect the organization's mission and priorities.

BUDGET PROCESS

City Manager Review

Once the Budget Office has completed its technical review of the budget, department directors meet with the City Manager in team sessions to discuss the operating and capital budget requests. Expansion requests are evaluated based on the City's financial capacity and on how they relate to City Council priorities. In most years, monies exist to fund only a small number of expansion requests. Following these senior management sessions, a citywide proposed operating budget is developed.

Budget Adoption

The City of Asheville adopts its annual operating budget in accordance with North Carolina General Statutes (N.C.G.S. 159 - Local Government Budget and Fiscal Control Act). These statutes require that City Council adopt a balanced budget in which estimated revenues and appropriated fund balances equal expenditures. The City Manager must submit a balanced budget proposal to the City Council by June 1 of each year, and City Council must adopt the Budget Ordinance by July 1. A formal public hearing is required to obtain taxpayer comment before City Council adopts the budget. By state law, the fiscal year begins on July 1 and ends on June 30.

Budget Amendments & Revisions

After the Budget Ordinance is enacted, state law permits City Council to amend it at any time during the fiscal year. Each amendment must continue to adhere to the balanced budget statutory requirements. Amendments may in no way change the property tax levy or alter a taxpayer's liability.

Budget revisions are transfers within a departmental budget not affecting the total departmental appropriation or fund total. Budget revisions do not require City Council approval.

Basis of Budgeting

As required by the North Carolina Local Government Budget & Fiscal Control Act, the budget is prepared and Proposed using the modified accrual basis of accounting. Briefly, this means that obligations of the City are budgeted as expenditures, but revenues are recognized only when they are measurable and available. The City considers all revenues available if they are collected within 60 days after year end, except for property taxes. Those revenues susceptible to accrual include: investment earnings, sales tax, and grants-in-aid earned.

During the year, the City's accounting system is maintained on the same basis as the Proposed budget. This enables departmental budgets to be easily monitored via monthly accounting system reports. At year-end, the City's Comprehensive Annual Financial Report (CAFR) is prepared on a basis consistent with "generally accepted accounting principles" (GAAP). This basis of accounting conforms to the way the City prepares its budget, with a couple of notable exceptions. One, certain items that are referred to as revenues and expenditures in the budget are included as other financing sources and uses in the CAFR. In addition, for financial statement presentation, proprietary funds are adjusted to the full accrual basis. The most significant differences between budget and CAFR for proprietary funds are: a) capital outlay & debt service principal payments are recorded as expenditures for budgetary purposes as opposed to adjustments of balance sheet accounts in the CAFR (GAAP); and b) depreciation is recorded as an expense in the CAFR (GAAP) and not recognized for budgetary purposes.

All outstanding encumbrances on the accounting system on June 30 are carried over into the next year's budget. Outstanding encumbrances at year end do not constitute expenditures or liabilities.

FY 2013-14 BUDGET CALENDAR

Item	Date/Deadline
Capital improvement forms distributed to departments	September 27, 2012
Finance Committee <ul style="list-style-type: none"> - CIP Process/Revenue Update - Other 	September 25, 2012
Capital improvement forms due to Budget Office	October 18, 2012
Scoring and analysis of CIP requests	October 19 – November 9, 2012
User fee forms distributed to departments	November 9, 2012
Team Management <ul style="list-style-type: none"> • Initial review of CIP projects 	November 12, 2012
User Fee Proposals due to Budget Office	November 30, 2012
Team Management & Budget Office <ul style="list-style-type: none"> • Develop draft CIP 	November - December, 2012
Budget Office analyzes user fee requests	November - December, 2012
Finance Committee <ul style="list-style-type: none"> - Business License Audit - Proposed Business/Budget Calendar - Audit RFP Timeline 	December 11, 2012
2013-2014 MUNIS Departmental Budget Entry begins	January 2, 2013
Finance Committee <ul style="list-style-type: none"> • Review draft CIP • Budget Update 	January, 2013
Departments complete MUNIS budget entry	January 31, 2013
Budget Office Technical Reviews with departments	February 4-22, 2013
Finance Committee <ul style="list-style-type: none"> - Fees & Charges - Budget Update on Key Issues 	February 2013
Executive Management Proposed Budget Review/Analysis	March 2013
City Council Budget Worksessions	March 12, 2013 March 19, 2013

FY 2013-14 BUDGET CALENDAR

Item	Date/Deadline
City Council - Adoption of FY 2013-14 Fees & Charges	March 26, 2013
Executive Management Proposed Budget Finalization	March 27-April 9, 2013
City Council Budget Town Hall Meeting	April 3, 2013
Community Budget Input Meeting	April 18, 2013
City Council Budget Worksessions	April 23, 2013 May 17, 2013
City Council Formal Meeting - Proposed Budget Presentation - Set Public Hearing	May 28, 2013
City Council Formal Meeting: - Budget Public Hearing	June 11, 2013
City Council Formal Meeting Budget Adoption	June 25, 2013

FINANCIAL POLICIES

The City of Asheville financial policies establish general guidelines for the fiscal management of the City. These guidelines, influenced by the North Carolina Local Government Budget and Fiscal Control Act and sound financial principles, provide the framework for budgetary and fiscal planning. Operating independently of changing circumstances and conditions, these policies assist the decision-making processes of the City Council and city administration.

A. Operating Budget Policy

1. Current operating revenues will be sufficient to support current operating expenditures. Fund balance appropriations shall be limited to non-recurring expenditures.
2. Debt proceeds or non-recurring revenues will not be used to finance recurring operating and recurring capital expenditures.
3. The City will integrate performance measures and productivity indicators with the annual budget.
4. The City will prepare a five-year operating budget projection which will include projections of annual growth plus allowances for operating costs of new capital facilities.
5. It is the City's policy that the operating budget be prepared in accordance with Generally Accepted Accounting Principles.

B. Reserves

1. The City will maintain an undesignated fund balance equal to 15% of the General Fund operating budget, with any amount in excess of 15% being credited to a capital reserve account. This transfer shall be made upon completion of the annual financial audit. The City Council may appropriate this transfer through an amendment to the subsequent year's Budget Ordinance.
2. For all other operating funds, the City shall seek to maintain a minimum fund balance as follows:

Civic Center Fund	16% of the operating budget
Golf Fund	8% of the operating budget
Parking Fund	8% of the operating budget
Stormwater Fund	8% of the operating budget
Transit Fund	8% of the operating budget (portion may be reflected in General Fund)
Water Fund	100% of operating budget/365 days of working capital

C. Interfund Transfers

1. The City will strive to ensure that enterprise funds are financially self sufficient; however, the City may budget a transfer from the General Fund to an enterprise fund to ensure operational and/or capital support for the activities of the fund. If financial performance in the enterprise operating fund is better than budgeted, and the enterprise fund meets the reserve standards set forth in Section B of this policy, then any remaining portion of the interfund transfer shall be returned to the General Fund as part of the annual financial audit process.

D. Revenue Policy

1. Revenue estimates shall be set at realistic and attainable levels and shall be monitored periodically.

FINANCIAL POLICIES

2. The City will conduct an annual review of specific programs and services which have been identified as potential opportunities for user fees and for which user fees are charged. Where appropriate, user fees will be set at a level sufficient to recover the full costs of the program or service.
3. Regulatory fees shall be set at a level that strives to recover full costs (direct and indirect costs, such as depreciation or usage costs associated with capital assets) of providing the service, unless statutory restrictions limit the fee amount.
4. Non-regulatory fees are charged for a wide variety of services with the primary purpose for non-regulatory fees being to: 1) influence the use of the service and 2) increase equity.
5. Non-regulatory user fees shall be set at a level that is competitive in the marketplace and strives to recover full costs (direct and indirect costs, such as depreciation or usage costs associated with capital assets) except when:
 - free or subsidized service provides a significant public benefit;
 - the City has determined that it should influence personal choice to achieve community-wide public benefits;
 - full cost recovery would result in reduced use of the service or limit access to intended users thereby not achieving community-wide public benefits;
 - the cost of collecting the user fees would be excessively high;
 - ensuring the users pay the fees would require extreme measures.

E. Capital Improvement Policy

1. The City will update and readopt annually a five-year capital improvement program which details each capital project, the estimated cost, description and funding source.
2. The capital improvements plan should be tied to the City's comprehensive growth plan, "City Plan 2025," as well as the City's other adopted Master Plans, to ensure that the capital items requested meet the future growth needs and long-term vision for the City.
3. The City shall appropriate all funds for Capital Projects with a Capital Projects ordinance in accordance with State statutes.
4. Operating expenses for all capital projects will be estimated and accounted for in the Capital Improvements Program and incorporated into the annual operating budget.
5. Capital expenditures included in the CIP as a project will cost at least \$50,000 and have a useful life of at least five years. Equipment purchases are considered operating expenses and will not be included in the CIP.
6. Capital facilities to be financed with bond-indebtedness must adhere to the debt policies of the City including maintenance of adopted debt ratios.

F. Accounting Policy

1. The City will establish and maintain the accounting systems according to the North Carolina Local Budget and Fiscal Control Act.
2. An annual audit will be performed by an independent public accounting firm which will issue an official opinion on the annual financial statements, with a management letter detailing areas that need improvement if required. The City will prepare a Comprehensive Annual Financial Report that will be submitted to the Local Government Commission each year according to the commission's stated deadlines.

FINANCIAL POLICIES

3. Full disclosure will be provided in the financial statements and bond representations.
4. Financial system will be maintained to monitor expenditures and revenues on a monthly basis.
5. All revenue collections will be consolidated under the Director of Finance and be audited at least annually.
6. The City's Fiscal Procedures Manual will be maintained as a central reference point and handbook for all activities which have a fiscal impact within the City and will serve as the City's authoritative source for fiscal procedures.

G. Debt Management

1. Capital projects financed through the issuance of bonds shall be financed for a period not to exceed the expected useful life of the project.
2. The general obligation debt of the City of Asheville will not exceed 8% of the assessed valuation of the taxable property of the City.
3. Total debt service on tax-supported debt of the City will not exceed 15% of total general government operating revenue.
4. Payout of aggregate principal outstanding shall be no less than 50% repaid within 10 years.
5. The City will maintain its financial condition so as to maintain a minimum AA bond rating.
6. The City's Water Resources Utility will maintain its financial condition so as to maintain a AA bond rating.
7. The City's debt policy will be comprehensive and the City will not knowingly enter into any contracts creating significant unfunded liabilities.

BUDGET SUMMARY

Operating Budget Summary

Expenditures

Revenues

Staffing

Analysis of Fund Balance

OPERATING BUDGET SUMMARY: ALL FUNDS

BUDGET SUMMARY BY FUND

FUND SUMMARY

	2010-11 Actual	2011-12 Actual	2012-13 Budget	2013-14 Proposed
<u>Revenues:</u>				
General Fund	85,892,014	87,904,644	89,922,437	90,512,514
Water Resources Fund	33,110,712	33,953,603	33,531,552	42,304,346
Transit Services Fund	5,341,821	5,502,704	5,739,989	5,769,288
Civic Center Fund	2,037,502	1,886,109	2,508,078	2,878,433
Parking Services Fund	2,925,728	3,249,254	3,546,354	3,856,700
Golf Fund*	742,182	793,678	924,554	0
Stormwater Fund	3,186,151	3,107,993	3,290,723	3,648,723
Street Cut Utility Fund	1,170,538	1,541,598	1,834,923	1,493,808
Festivals Fund**	<u>491,451</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	134,898,099	137,939,583	141,298,610	150,463,812
Less Interfund Transactions	(5,297,370)	(5,245,835)	(6,580,740)	(6,506,822)
Net Revenue	<u>129,600,729</u>	<u>132,693,748</u>	<u>134,717,870</u>	<u>143,956,990</u>
<u>Expenditures:</u>				
General Fund	86,172,539	86,106,271	89,922,437	90,512,514
Water Resources Fund	31,067,676	30,815,661	33,531,552	42,304,346
Transit Services Fund	5,211,151	5,405,497	5,739,989	5,769,288
Civic Center Fund	2,180,045	2,527,333	2,508,078	2,878,433
Parking Services Fund	2,500,045	2,663,519	3,546,354	3,856,700
Golf Fund*	885,370	859,860	924,554	0
Stormwater Fund	2,761,742	3,694,373	3,290,723	3,648,723
Street Cut Utility Fund	1,181,988	1,447,759	1,834,923	1,493,808
Festivals Fund**	<u>664,812</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	132,625,368	133,520,273	141,298,610	150,463,812
Less Interfund Transactions	(5,297,370)	(5,245,835)	(6,580,740)	(6,506,822)
Net Expenditure	<u>127,327,998</u>	<u>128,274,438</u>	<u>134,717,870</u>	<u>143,956,990</u>

* The City contracted out operation of the Municipal Golf Course in FY 2012-13.

** Beginning in FY 2011-12, programs previously accounted for in the Festivals Fund were moved to the General Fund.

BUDGET SUMMARY – EXPENDITURES

<u>Service Area</u>	2010-11	2011-12	2012-2013	2013-14
Departments	Actual	Actual	Budget	Proposed
<u>General Government</u>				
Finance & Management Services	3,201,360	3,083,570	3,229,995	2,656,632
Information Technology Services	2,402,872	2,675,076	2,642,090	2,868,637
Administrative Services	1,243,450	1,219,875	1,286,663	1,345,416
Economic Development	468,055	497,557	447,909	438,457
City Attorney	631,889	646,661	650,544	665,063
Human Resources	1,318,951	1,018,123	1,321,559	1,276,285
General Services				2,616,162
Nondepartmental	1,189,488	1,342,974	1,140,890	2,024,904
Total General Government	10,456,065	10,483,836	10,719,650	13,891,556
<u>Public Safety</u>				
Police	20,311,219	20,072,896	20,960,817	22,617,301
Fire & Rescue	18,392,042	18,600,324	18,413,612	19,579,293
Nondepartmental	410,104	427,795	418,106	433,903
Total Public Safety	39,113,365	39,101,015	39,792,535	42,630,497
<u>Environment & Transportation</u>				
Water Resources Fund	31,067,676	30,815,661	33,531,552	42,304,346
Public Works	11,781,357	11,253,197	12,517,166	11,696,830
Transportation	1,070,614	941,261	1,015,080	1,046,052
Transit Services Fund	5,211,151	5,405,497	5,739,989	5,769,288
Parking Services Fund	2,500,045	2,663,519	3,546,354	3,856,700
Stormwater Fund	2,761,742	3,694,373	3,290,723	3,648,723
Street Cut Utility Fund	1,181,988	1,447,759	1,834,923	1,493,808
Nondepartmental	642,196	985,295	985,295	1,207,502
Total Environ. & Transportation	56,216,769	57,206,562	62,461,082	71,023,249
<u>Culture & Recreation</u>				
Parks, Rec. & Cultural Arts	8,746,740	9,236,605	9,638,866	6,614,779
Civic Center Fund	2,180,045	2,527,333	2,508,078	2,878,433
Golf Fund	885,370	859,860	924,554	0
Festivals Fund	664,812	0	0	0
Nondepartmental	447,902	392,594	835,685	885,927
Total Culture & Recreation	12,924,869	13,016,392	13,907,183	10,379,139
<u>Community Development</u>				
Building Safety	3,572,824	3,902,508	4,143,458	0
Planning & Development	1,745,910	1,626,996	1,803,481	906,926
Housing Trust Fund	300,000	300,000	500,000	500,000
Development Services	0	0	0	2,858,310
Nondepartmental	774,172	719,674	782,397	900,800
Total Community Development	6,392,906	6,549,178	7,229,336	5,166,036
Capital Pay-Go/Debt	7,515,095	7,163,290	7,188,824	7,174,353
TOTAL EXPENDITURES	132,625,368	133,520,273	141,298,610	150,463,812
Less: Interfund Transactions	(5,297,370)	(5,245,835)	(6,580,740)	(6,506,822)
NET EXPENDITURES	127,327,998	128,274,438	134,717,870	143,956,990

BUDGET SUMMARY - EXPENDITURES

<i>Expenditures by Category</i>	2010-11 Actual	2011-12 Actual	2012-13 Budget	2013-14 Proposed
Salaries & Wages	51,070,169	49,595,672	51,632,836	50,872,866
Fringe Benefits	20,497,591	21,201,534	21,428,543	20,981,425
Operating Costs	33,062,624	33,861,638	36,969,616	37,886,142
Debt Service	11,618,586	13,504,998	13,005,345	12,830,574
Capital Outlay	<u>11,079,028</u>	<u>10,110,596</u>	<u>11,681,530</u>	<u>21,385,983</u>
NET BUDGET	<u>127,327,998</u>	<u>128,274,438</u>	<u>134,717,870</u>	<u>143,956,990</u>

BUDGET HIGHLIGHTS

- Overall, the City's FY 2013-14 proposed budget shows a 6.9% or \$9.2 million increase compared to the FY 2012-13 budget. Almost all of this increase is in the Water Resources Fund where \$8.3 million is being appropriated from Water fund balance for high priority capital projects. Excluding this one-time fund balance appropriation in the Water Resources Fund, the total city budget is increasing by 0.7%. The City's General Fund budget shows only a 0.6% increase.
- The FY 2013-14 proposed budget for personnel costs (salaries & wages and fringe benefits) includes funding for a 3% cost of living adjustment (COLA) for employees. Even with this COLA included in the budget and a State mandated increase in the City's contribution to the retirement system, personnel costs show a decrease of 1.6% or \$1.2 million due to several factors. First, the proposed budget assumes that certain parks and recreation functions will become part of a new countywide regional parks authority in January 2014, thus those personnel costs are only included in the budget for half the fiscal year. Another factor driving down personnel costs was the decision by the City during the current fiscal year to contract out several services, including street resurfacing, new sidewalk construction, and operation of the municipal golf course. Finally, the City is freezing approximately 14 positions, which will produce budget savings in the General Fund of \$500,000.
- Citywide operating costs for FY 2013-14 are budgeted to increase by 2.5%. One factor holding down operating costs is the fact that certain parks & recreation expenses are only budgeted for half the fiscal year. Also, operating costs in the Water Resources Fund were adjusted downward to more closely approximate actual expenses from prior years.
- The City's FY 2013-14 debt service budget totals \$12.8 million, which is down slightly from FY 2012-13. The General Fund debt service budget is kept flat compared to FY 2012-13.
- Citywide pay-as-you-go capital expenses are budgeted to increase by approximately \$9.7 million. Almost all of this increase is in the Water Resources Fund, which, as noted above, includes an \$8.3 million fund balance appropriation for high priority capital projects. In the General Fund, the pay-as-you-go contribution to capital is flat compared to FY 2012-13, but there is the potential to add approximately \$1.0 million in one-time funding to the capital budget mid-year if the regional parks authority is approved. Until the outcome of the regional parks authority policy discussion is known, and more is known about the future of the water system litigation, a portion of pay-as-you-go capital funding will be held in contingency.
- As noted above certain expenses will be delayed until the outcome of the water system litigation is known. These expenses include: 1) \$100,000 for roof replacements; 2) \$135,000 for traffic calming and safety projects; 3) \$70,000 for recycling cart replacement; 4) \$133,000 in outside agency grant funding; and 5) \$85,000 in public art funding. In addition, the City has captured approximately \$1.0 million in savings from deferred expenses in the current year that may be appropriated if needed in FY 2013-14 to offset the potential loss of the water system.

BUDGET SUMMARY - REVENUES

<u>Revenue Sources:</u>	2010-11 Actual	2011-12 Actual	2012-13 Budget	2013-14 Proposed
Property Tax	46,474,590	46,800,092	47,375,063	48,067,389
Charges For Service	43,259,565	45,305,834	44,261,594	45,743,511
Intergovernmental	14,211,984	15,187,531	14,153,048	12,439,571
Sales & Other Taxes	15,120,941	16,258,875	16,990,325	18,584,277
Licenses & Permits	5,585,413	4,901,834	5,844,000	5,213,690
Investment Earnings	279,033	346,925	373,500	332,677
Parking Fees	2,912,941	3,249,254	3,525,854	3,839,700
Miscellaneous	1,488,318	2,267,297	1,214,063	1,326,508
Other Financing Sources	<u>5,565,313</u>	<u>3,621,941</u>	<u>7,561,163</u>	<u>14,916,489</u>
Total Revenue	134,898,099	137,939,583	141,298,610	150,463,812
Less: Interfund Transactions	(5,297,370)	(5,245,835)	(6,580,740)	(6,506,822)
Net Revenue	<u>129,600,729</u>	<u>132,693,748</u>	<u>134,717,870</u>	<u>143,956,990</u>

BUDGET HIGHLIGHTS

- The property tax, which comprises 32% of total revenue, is the single largest source of revenue for the City. The Buncombe County Tax Office completed a property revaluation in 2013 with new values set to take effect for the 2013-14 fiscal year. As discussed in the Manager's Budget Message, the City's revenue neutral tax rate for FY 2013-14 will be 43 cents per \$100 of assessed valuation. Overall, revenue from property taxes is budgeted to increase by 1.5% in FY 2013-14. Based on the statutory formula for calculating the revenue neutral rate, this increase in property tax revenue can be attributed to improvements in real and personal property over the last year that would have occurred regardless of revaluation.
- The second largest source of revenue is charges for service, which makes up about 30% of the revenue budget. Most of the revenue in this category, approximately \$33.7 million, comes from water utility charges. In March, City Council approved water rate adjustments for the 2013-14 fiscal year that are expected to generate approximately \$300,000 in additional revenue. Overall, revenue from charges for services is budgeted to increase by 3.3% in FY 2013-14. Approximately \$1.0 million of this increase will come from the new \$7.00 monthly solid waste fee that Council approved in March, which replaces the old \$3.50 household recycling fee.
- The State Legislature is currently considering a tax reform package that may impact the utility tax and sales tax revenue that the City receives from the State. The outcome of this discussion is still uncertain at this point. The Legislature has indicated that the reforms will on the whole be revenue-neutral to local governments but they have not, as of yet, produced a city-by-city impact analysis. To hedge against this uncertainty, City staff has assumed that our revenue from state utility taxes will go down by \$1.5 million and that our sales tax revenue (from an expanded sales tax base) would go up by \$500,000. As a result, the City's overall net loss would be \$1,000,000.
- Revenue from licenses and permits shows a decrease of \$630,000. Part of this decrease is the result of an adjustment downward in the budget for business privilege licenses to reflect actual collections from prior years. In addition, staff is currently not including any revenue in the FY 2013-14 budget from electronic gaming operations based on recent court actions which have banned their operation.
- In March, City Council approved a 25 cent increase in the hourly rate for parking meters and garages. This increase, which is effective July 1, is expected to produce approximately \$400,000 in additional revenue from parking fees.
- The other financing sources budget includes various adjustments to items such as interfund transfers, debt proceeds, and fund balance appropriation. The large increase in this category is due to the \$8.3 million fund balance appropriation in the Water Resources Fund.

BUDGET SUMMARY - STAFFING

FULL-TIME EQUIVALENT POSITIONS BY FUND

	2010-11 Actual	2011-12 Actual	2012-13 Budget	2013-14 Proposed
Environment & Transportation	339.13	339.13	314.13	305.63
Public Safety	499.00	504.00	517.00	517.00
Culture & Recreation	132.40	124.40	115.88	115.88
General Government	97.13	97.92	126.93	126.93
Community Development	74.75	74.38	58.30	58.30
TOTAL CITY WIDE	1,142.41	1,139.83	1,132.24	1,123.74

BUDGET HIGHLIGHTS

- The FTE count for FY 2012-13 has been adjusted since the start of the fiscal year to reflect position changes since July 1. This includes a reduction of 11 FTE positions from the contracting out of the Municipal Golf Course, and a reduction of 10.5 FTE positions associated with the contracting out of street resurfacing and new sidewalk construction.
- The FY 2013-14 proposed budget includes an 8.5 FTE reduction in the Street Cut Fund, which reflects a scaled back program based on a reduction in expected demand for street cut repairs during FY 2013-14. Labor crews were re-engineered to provide maximum efficiency and cost effectiveness for the program.
- Otherwise, position counts for FY 2013-14 will remain the same as FY 2012-13. The chart on the following page shows the changes in FTE positions by service area and department for each of the last four fiscal years.
- It should be noted that frozen positions that will be held vacant for all or part of the upcoming fiscal year are still included in the FTE count above. The City plans to freeze approximately 14 positions throughout the year as a budget balancing strategy.
- If the county-wide Culture and Recreation Authority is implemented January 1, as contemplated in the proposed budget, the City would experience a mid-year reduction of approximately 63 positions.

BUDGET SUMMARY - STAFFING

<u>SERVICE AREAS</u>	2010-11 Actual	2011-12 Actual	2012-13 Budget	2013-14 Proposed
Departments & Divisions				
<u>Public Safety</u>				
Police	260.00	260.00	264.00	264.00
Police Grant Funded Positions	0.00	5.00	5.00	5.00
Fire & Rescue	239.00	239.00	248.00	248.00
Total Public Safety	<u>499.00</u>	<u>504.00</u>	<u>517.00</u>	<u>517.00</u>
<u>Culture & Recreation</u>				
Parks, Recreation & Cultural Arts	101.40	97.15	97.38	97.38
Grant Funded Positions	1.00	0.00	0.00	0.00
Festivals Fund	2.75	0.00	0.00	0.00
Golf Fund	11.00	11.00	0.00	0.00
Civic Center Fund	16.25	16.25	18.50	18.50
Total Culture & Recreation	<u>132.40</u>	<u>124.40</u>	<u>115.88</u>	<u>115.88</u>
<u>General Government</u>				
Administrative Services	9.00	9.75	9.75	9.75
Finance & Management Services	45.00	43.00	33.75	33.75
Information Technology Services	19.00	19.00	19.00	19.00
Human Resources	13.63	15.67	15.68	15.68
City Attorney	6.00	6.00	6.00	6.00
Economic Development	4.50	4.50	5.75	5.75
General Services			37.00	37.00
Total General Government	<u>97.13</u>	<u>97.92</u>	<u>126.93</u>	<u>126.93</u>
<u>Environment & Transportation</u>				
Water Resources Fund	146.00	147.00	148.00	148.00
Public Works	105.00	106.00	83.51	83.51
Transportation	12.63	11.63	12.30	12.30
Stormwater Fund	35.00	34.00	28.99	28.99
Transit Services Fund	3.00	3.00	3.00	3.00
Parking Services Fund	19.00	19.00	21.33	21.33
Street Cut Utility Fund	18.50	18.50	17.00	8.50
Total Environment & Transportation	<u>339.13</u>	<u>339.13</u>	<u>314.13</u>	<u>305.63</u>
<u>Community Development</u>				
Planning & Development	22.75	19.38	13.50	13.50
Building Safety	46.00	50.00	0	0
Development Services	0	0	39.80	39.80
Community Development Fund	6.00	5.00	5.00	5.00
Total Community Development	<u>74.75</u>	<u>74.38</u>	<u>58.30</u>	<u>58.30</u>
TOTAL CITY WIDE FTE POSITIONS	<u>1,142.41</u>	<u>1,139.83</u>	<u>1,132.24</u>	<u>1,123.74</u>

GENERAL FUND SUMMARY

	2010-11 Actual	2011-12 Actual	2012-13 Budget	2013-14 Proposed
<u>Revenues:</u>				
Property Taxes	46,474,590	46,800,092	47,375,063	48,067,389
Intergovernmental	11,218,617	10,860,618	11,218,229	9,619,660
Sales & Other Taxes	15,120,941	16,258,875	16,990,325	18,584,277
Charges For Service	3,461,927	4,519,107	4,044,560	4,994,987
Licenses & Permits	5,078,257	4,711,318	5,344,000	4,706,690
Investment Earnings	109,528	142,546	225,000	150,000
Miscellaneous	1,178,721	1,729,173	1,100,563	1,156,713
Other Financing Sources	3,249,432	2,882,915	3,624,697	3,232,798
Total Revenues	85,892,014	87,904,644	89,922,437	90,512,514

	2010-2011 Actual	2011-12 Actual	2012-13 Budget	2013-14 Adopted
<u>Appropriations:</u>				
Police	20,311,219	20,072,896	20,960,817	22,617,301
Fire & Rescue	18,392,042	18,600,324	18,413,612	19,579,293
Public Works	11,781,357	11,253,197	12,517,166	11,696,830
Capital Pay-Go/Debt	7,515,095	7,163,290	7,188,824	7,174,353
Parks, Recreation & Cult. Arts	8,746,740	9,236,605	9,638,866	6,614,779
Finance & Management Srv.	1,738,836	3,083,570	3,229,995	2,656,632
General Services	0	0	0	2,616,162
Information Technology Services	2,402,872	2,675,076	2,642,090	2,868,637
Nondepartmental	2,665,313	2,490,443	2,340,187	3,409,607
Building Safety	3,572,824	3,902,508	4,143,458	0
City Attorney	631,889	646,661	650,544	665,063
Development Services	0	0	0	2,858,310
Administrative Services	2,705,974	1,219,875	1,286,663	1,345,416
Economic Development	468,055	497,557	447,909	438,457
Transportation	1,070,614	941,261	1,015,080	1,046,052
Planning & Development	1,745,910	1,626,996	1,803,481	1,105,908
Transit Fund Transfer	642,196	985,295	985,295	1,157,502
Civic Center Transfer	0	392,594	695,685	885,927
Golf Fund Transfer	0	0	140,000	0
Festivals Fund Transfer	162,652	0	0	0
Human Resources	1,318,951	1,018,123	1,321,559	1,276,285
Housing Trust Fund Transfer	300,000	300,000	500,000	500,000
Total Appropriations	86,172,539	86,106,271	89,922,437	90,512,514

GENERAL FUND EXPENDITURES

<u>Service Areas</u>	2010-11 Actual	2011-12 Actual	2012-13 Budget	2013-14 Proposed
Public Safety	39,113,365	39,101,015	39,792,535	42,630,497
Environment & Transportation	13,500,466	13,179,753	14,517,541	13,950,384
General Government	10,456,065	10,483,836	10,719,650	13,891,556
Culture & Recreation	9,194,642	9,629,199	10,474,551	7,500,706
Capital Pay-Go/Debt	7,515,095	7,163,290	7,188,824	7,174,353
Community Development	<u>6,392,906</u>	<u>6,549,178</u>	<u>7,229,336</u>	<u>5,365,018</u>
Total General Fund	<u>86,172,539</u>	<u>86,106,271</u>	<u>89,922,437</u>	<u>90,512,514</u>

BUDGET HIGHLIGHTS

- The FY 2013-14 proposed budget includes general fund expenditures that are 0.6% more than the FY 2012-13 budget.
- Public Safety is the largest general fund service area, accounting for 47% of all general fund expenditures. Public Safety expenditures show a \$2.8 million increase in FY 2013-14. A portion of this increase is due to the 3% COLA included in next year's budget. In addition, staff has updated departmental charges for the general liability and workers compensation insurance programs to reflect recent claims history, premiums, and fund balance levels in the two programs. This update resulted in a shifting of costs from other service areas to public safety in the amount of \$560,000.
- Environment & Transportation is the second largest service area in the general fund, representing 15% of the FY 2013-14 general fund budget. This service area shows a decrease for three primary reasons: 1) the reallocation of general liability and workers compensation expenses noted above resulted in a decrease of \$160,000 in the Public Works Department; 2) the fleet maintenance division was moved from the Public Works Department to the new General Services Department, which is accounted for in the General Government Service Area; and 3) the Water Fund's contribution to infrastructure improvements associated with waterlines, which was included in the FY 2012-13 Public Works Department budget for paving, has been removed from the FY 2013-14 proposed budget
- As noted earlier in the document, the proposed budget assumes that certain parks and recreation functions will become part of a new countywide regional parks authority in January 2014. This decision resulted in a \$2.5 million reduction in the Parks and Recreation Department budget for FY 2013-14.
- The year-to-year changes in the Community Development and General Government service areas are primarily the result of the FY 2012-13 mid-year reorganization in which the building maintenance division was moved from the old Building Safety Department (now renamed the Development Services Department) to the newly formed General Services Department. This change resulted in a decrease in expenses categorized as Community Development and an increase in expenses categorized as General Government. General Government expenses are also being impacted in FY 2013-14 due to the State mandated increase in the City's contribution to the state unemployment program, as well as the inclusion of \$250,000 in costs for the upcoming City Council elections.
- The Capital Pay-Go/Debt budget remains flat compared to FY 2012-13. The FY 2013-14 Capital Improvement Program does include the issuance of additional debt, but payment on that debt will not begin until FY 2014-15 when the City will see an equal reduction in its existing debt.

GENERAL FUND EXPENDITURES

GENERAL FUND EXPENDITURES BY EXPENSE CATEGORY

	2010-11 Actual	2011-12 Actual	2012-13 Budget	2013-14 Proposed
Salaries & Wages	41,781,983	40,459,457	41,321,736	41,401,058
Fringe Benefits	16,268,305	16,421,854	16,853,993	16,846,224
Operating Costs	19,057,378	19,928,626	22,347,303	22,922,950
Interfund Transfers	1,104,848	1,767,389	1,820,980	2,043,429
Debt Service	4,430,795	4,109,806	5,387,021	5,387,021
Capital Outlay	3,529,230	3,419,139	2,191,404	1,911,832
TOTAL	<u>86,172,539</u>	<u>86,106,271</u>	<u>89,922,437</u>	<u>90,512,514</u>

BUDGET HIGHLIGHTS

- Personnel costs, including both salaries and wages and fringe benefits make up 64% of the FY 2013-14 general fund budget. The proposed personnel budget in the general fund includes funding for a 3% cost of living adjustment (COLA) for employees. Even with this COLA included in the budget and a State mandated increase in the City's contribution to the retirement system, personnel costs in the General Fund are remaining essentially flat. As noted earlier in the budget document, personnel costs are not increasing for several reasons, including: 1) the presumed establishment of a new countywide regional parks authority in January 2014; 2) the contracting out in the current fiscal year of several services, including street resurfacing and new sidewalk construction; and 3) the freezing of certain General Fund positions.
- Operating costs show a net \$575,000 million or 2.6% increase in the FY 2013-14 general fund budget. \$250,000 of this increase is the result of budgeting for the cost of the fall 2013 City Council elections.
- Interfund transfers are budgeted to increase by \$220,000. The Civic Center transfer is increasing to reflect the FY 2013-14 technical accounting change in which indirect service costs are budgeted and accounted for in all enterprise fund operations. The Transit Services Fund transfer is also increasing due to this accounting change and to offset a reduction in state grant funding. The General Fund transfer to the Golf Fund is eliminated.
- As noted on the previous page, the General Fund debt service and capital outlay budgets will be essentially flat in FY 2013-14.



GENERAL GOVERNMENT

Finance and Management Services

General Administration

Economic Development

City Attorney's Office

Information Technology Services

Human Resources

General Services Department

Nondepartmental

FINANCE AND MANAGEMENT SERVICES

Lauren Bradley, Executive Director

MISSION: The City of Asheville's Department of Finance and Management Services provides fundamental business services, critical resources and support to City departments so they can provide the best possible services to the public. The department consults with operational departments to provide: budgeting, accounting and long-range financial planning for operational and capital needs; high quality building operations; management of the City's purchasing and contracting systems; implementation of comprehensive risk management and insurance programs, and; a framework for sustainable government operations with a focus on resources conservation and climate protection.

DEPARTMENT SUMMARY

	2010-11 Actual	2011-12 Actual	2012-13 Budget	2013-14 Proposed
Expenditures:				
Salaries & Wages	1,897,189	1,771,984	1,894,743	1,589,123
Fringe Benefits	746,184	789,427	920,815	666,594
Operating Costs	623,042	582,020	514,437	400,912
Capital Outlay	0	0	0	0
Cost Transfers	<u>-65,055</u>	<u>-59,861</u>	<u>-100,000</u>	<u>0</u>
Total	3,201,360	3,083,570	3,229,995	2,656,629
FTE Positions	45.00	43.00	33.75	33.75

BUDGET HIGHLIGHTS

- The FY 2013-14 budget reflects the FY 2012-13 mid-year reorganization in which the city hall operations division was moved from Finance to the new General Services Department. As part of this reorganization, one position was also moved to the Economic Development Department.
- The personnel budget in the Finance Department is also impacted by the plan to hold four positions in the department vacant for all or part of FY 2013-14.

FINANCE AND MANAGEMENT SERVICES

DIVISION SUMMARY	2010-11 Actual	2011-12 Actual	2012-13 Budget	2013-14 Proposed
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<u>Purchasing</u>	354,718	353,009	350,652	278,846
278, FTE Positions	4.00	4.00	4.00	4.00

The Purchasing Division's functions include the procurement of all City commodities and the sale of City-owned surplus property by sealed bids and/or public auction. The operation of the City's Central Stores Facility is also a function of this division, but Central Stores expenses are accounted for in a separate division.

<u>Central Stores</u>	146,325	145,694	156,938	151,760
FTE Positions	2.00	2.00	2.00	2.00

The Central Stores Division maintains inventory in support of all departments and divisions of the City. Inventory consists of three major classes: water maintenance materials, stormwater/drainage materials and general operating supplies (consisting of office, safety and janitorial products).

<u>Risk Management Admin</u>	234,592	172,901	243,828	199,760
FTE Positions	3.00	3.00	3.00	3.00

The Risk Management Administration Division analyzes the relative loss exposure for all City operations and activities and provides recommendations to City staff and City departments. Risk Management also places appropriate protective coverage for the City either through adequate insurance at the best possible premium or by selecting and implementing alternative risk financing, risk transfer, loss prevention and loss control techniques.

<u>Budget & Research</u>	184,500	186,005	191,117	180,336
FTE Positions	2.00	2.00	2.00	2.00

The function of the Budget & Research Division is to plan, prepare and monitor the City's operating and capital budgets, review the efficiency of City activities, and provide assistance to the City Manager and other departments in performance management, planning and evaluation.

<u>City Hall Operations</u>	417,620	495,435	464,216	*
FTE Positions	8.00	8.00	*	*

The City Hall Operations staff strives to provide the highest quality of service to all employees and visitors to the City Hall building.

* The City Hall Division budget was moved to the General Services Department during FY 2012-13 (7 FTE to General Services Department and 1 FTE to Economic Development Department).

FINANCE AND MANAGEMENT SERVICES

DIVISION SUMMARY	2010-11 Actual	2011-12 Actual	2012-13 Budget	2013-14 Proposed
<u>Sustainability</u>	39,273	115,801	82,611	129,922
FTE Positions	1.00	1.00	2.75	2.75

The Sustainability Division coordinates the City's efforts to achieve the goal of reducing its carbon footprint by 4% each year for the next five years.

<u>Finance Administration</u>	391,965	469,474	550,945	494,185
FTE Positions	4.00	4.00	3.00	4.00

The Finance Administration Division provides leadership for the variety of responsibilities assigned to the department. This division also: monitors the City's Capital Improvement Program; directs and manages the Asheville Public Financing Corporation; and structures, implements and monitors special financial arrangements such as the City's self-insurance program and pension obligation financing. This division is also responsible for the City's internal audit functions.

<u>Accounting</u>	1,432,366	1,145,252	1,189,689	1,221,732
FTE Positions	18.00	15.00	16.00	16.00

The Accounting Division maintains City financial records in accordance with the North Carolina General Statutes and generally accepted principles of governmental accounting. This division's activities include: financial record keeping, all payroll related functions, accounts payable & accounts receivable activities, treasury management, and fiscal grant management.

ADMINISTRATIVE SERVICES

Jeffrey B. Richardson, Deputy City Manager

MISSION: The City of Asheville's Department of Administrative Services is in the business of ensuring the highest quality of life in the community we serve so that Asheville remains one of the best places to live in the country. The department consults with operational departments to provide: community relations, marketing and communications services; and administration of the City Manager's office.

DEPARTMENT SUMMARY

	2010-11	2011-12	2012-13	2013-14
	Actual	Actual	Budget	Proposed
Expenditures:				
Salaries & Wages	840,420	832,419	823,859	840,101
Fringe Benefits	238,283	241,124	241,126	254,911
Operating Costs	164,746	146,332	221,678	250,404
Capital Outlay	0	0	0	0
Cost Transfers	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	1,243,450	1,219,875	1,286,663	1,345,416
FTE Positions	9.00	9.75	9.75	9.75

BUDGET HIGHLIGHTS

- The proposed Administrative Services Department budget represents a continuation of existing programs and services.

ADMINISTRATIVE SERVICES

DIVISION SUMMARY	2010-11 Actual	2011-12 Actual	2012-13 Budget	2013-14 Proposed
<u>Governing Body</u>	176,142	177,620	176,084	170,808
FTE Positions	0.00	0.00	0.00	0.00

The Governing Body Division provides funding for the salaries and operating expenses of the Mayor and the City Council.

<u>City Clerk</u>	111,319	111,031	114,245	115,482
FTE Positions	1.00	1.00	1.00	1.00

The City Clerk gives notice of Council meetings, maintains a journal of proceedings of City Council, is the custodian of all official City records, and performs other duties that may be required by law or City Council.

<u>City Manager</u>	617,061	577,617	579,436	649,448
FTE Positions	4.00	4.75	4.75	4.75

The City Manager Division is responsible for managing and coordinating the operations of all City departments and for ensuring that City Council goals and objectives are incorporated into departmental goals and objectives.

<u>Community Relations</u>	338,928	353,607	417,348	409,678
FTE Positions	4.00	4.00	4.00	4.00

The Community Relations Division facilitates the creation and continuance of programs that focus on making information about City services and programs more accessible to communities, neighborhoods and individuals in Asheville.

ECONOMIC DEVELOPMENT

Sam Powers, Director

MISSION: The focus of the City of Asheville, Office of Economic Development, is to promote the City's economic development policies through linked and collaborative initiatives that leverage resources to create a vibrant and robust Asheville economy.

DEPARTMENT SUMMARY

	2010-11	2011-12	2012-13	2013-14
	Actual	Actual	Budget	Proposed
Expenditures:				
Salaries & Wages	240,687	228,030	239,366	205,993
Fringe Benefits	85,907	89,755	90,067	91,542
Operating Costs	141,461	171,459	118,476	140,922
Capital Outlay	<u>0</u>	<u>8,313</u>	<u>0</u>	<u>0</u>
Total	468,055	497,557	447,909	438,457
FTE Positions	4.50	4.50	5.75	5.75

BUDGET HIGHLIGHTS

- As noted earlier in the document, one FTE position from the Finance & Management Services Department was moved to Economic Development as part of a mid-year FY 2012-13 reorganization.
- Also, one FTE position in Economic Development is targeted to be held vacant for all or part of FY 2013-14.

CITY ATTORNEY'S OFFICE

Bob Oast, City Attorney

MISSION: The City Attorney's Office advises and represents the City of Asheville in all settings where legal advice and representation are needed or requested.

DEPARTMENT SUMMARY

	2010-11	2011-12	2012-13	2013-14
	Actual	Actual	Budget	Proposed
Expenditures:				
Salaries & Wages	409,855	428,163	435,913	440,253
Fringe Benefits	133,791	147,492	143,445	153,332
Operating Costs	88,244	71,006	71,186	71,748
Capital Outlay	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	631,889	646,661	650,544	665,333
FTE Positions	6.00	6.00	6.00	6.00

BUDGET HIGHLIGHTS

- The City Attorney budget reflects a continuation of existing programs and services.

INFORMATION TECHNOLOGY SERVICES

Jonathan Feldman, Director

MISSION: Information Technology Services strives to provide a high level of customer service by providing quality technical deliverables with a high level of professionalism and responsiveness. We adhere to principles of technical and fiscal stewardship with an end goal of a high quality of life for employees and citizens.

DEPARTMENT SUMMARY

	2010-11	2011-12	2012-13	2013-14
	Actual	Actual	Budget	Proposed
Expenditures:				
Salaries & Wages	1,134,189	1,131,377	1,106,204	1,211,675
Fringe Benefits	391,047	413,653	437,297	421,908
Operating Costs	1,178,814	1,458,633	1,439,314	1,560,054
Capital Outlay	34,136	20,955	83,000	25,000
Cost Transfers	<u>-335,313</u>	<u>-349,542</u>	<u>-423,725</u>	<u>-350,000</u>
Total	2,402,872	2,675,076	2,642,090	2,868,637
FTE Positions	19.00	19.00	19.00	19.00

BUDGET HIGHLIGHTS

- The Information Technology Services (ITS) Department operating budget includes \$200,000 for the replacement of public safety radios, which represents a \$100,000 increase over the current fiscal year.
- Otherwise, the ITS budget reflects a continuation of existing programs and services.

INFORMATION TECHNOLOGY SERVICES

DIVISION SUMMARY	2010-11 Actual	2011-12 Actual	2012-13 Budget	2013-14 Proposed
<u>Administration</u>	283,744	256,402	330,780	229,768
FTE Positions	3.00	3.00	3.00	2.00

The Administration Division ensures that customer friendly, useful, and labor-saving technology services are deployed by each area of the department. To this end, we responsibly plan and manage personnel, budget, capital projects, and outsourcing activities; act as liaison to and provide performance metrics to external departments, City Council, vendors, and citizens; and provide administrative support to all divisions of the department.

<u>GIS & Application Services</u>	597,793	669,829	553,928	827,946
FTE Positions	6.00	6.00	6.00	6.00

The GIS & Application Services Division provides flexible, automated, and standards-based application services and software to the City's business units. By focusing and tailoring our products, we aim to provide increased business intelligence, leading to a more efficient and effective City. We will accomplish this goal by working with customers to best prioritize and use resources and by organizing information by geography to best serve our customers' location-based activities.

<u>IT Support Services</u>	611,619	583,653	1,120,796	1,055,652
FTE Positions	5.00	5.00	5.00	5.00

The IT Support Services Division ensures all customer information technology needs are met in a timely, efficient, and courteous way. To meet these needs, provide a centralized Help Desk service, documentation and knowledge management, and other task and project management tools and services.

<u>Technical Services</u>	909,716	1,165,192	736,586	755,271
FTE Positions	5.00	5.00	5.00	6.00

The Technical Services Division continuously improves network infrastructure in order to enhance the quality and reliability of both data and communication systems.

HUMAN RESOURCES

Kelley Dickens, Director

MISSION: It is the mission of the City of Asheville Human Resources Department to provide excellent service in alignment with The Asheville Way organizational core values. The department will strive to provide for the personal and professional development of employees by encouraging opportunities for continuous improvement in an ethical, diverse, safe, healthy, and fair work environment.

DEPARTMENT SUMMARY

	2010-11	2011-12	2012-13	2013-14
	Actual	Actual	Budget	Proposed
Expenditures:				
Salaries & Wages	781,152	604,330	733,640	741,680
Fringe Benefits	318,655	262,848	304,195	305,247
Operating Costs	255,767	150,945	283,724	229,358
Capital Outlay	0	0	0	0
Cost Transfers	<u>-36,623</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	1,318,951	1,018,123	1,321,559	1,276,285
FTE Positions	13.63	15.67	15.68	15.68

BUDGET HIGHLIGHTS

- With the completion in the current year of the market based salary study, the Human Resources contracted services budget is reduced by approximately \$40,000.

HUMAN RESOURCES

DIVISION SUMMARY	2010-11	2011-12	2012-13	2013-14
	Actual	Actual	Budget	Proposed
<u>Administration</u>	945,590	861,259	1,157,504	1,110,706
FTE Positions	10.50	12.00	11.60	11.60

The Administration Division provides leadership for the variety of responsibilities assigned to the Human Resources Department.

<u>CAYLA</u>	151,867	149,477	164,055	165,579
FTE Positions	1.00	1.00	1.00	1.00

The City of Asheville Youth Leadership Academy (CAYLA) is committed to providing its students with a) a meaningful summer work experience, b) leadership development through seminars and community service, and c) college preparatory activities, including yearlong academic support. CAYLA recruits, trains and places local high school students at meaningful summer jobs with the City and with participating agencies, in addition to providing weekly day-long workshops on financial literacy, leadership, career exploration and 21st Century job skills.

<u>Health Services</u>	221,494	*7,387	*	*
FTE Positions	2.13	2.67	3.08	3.08

The Health Services Division is responsible for providing programs on employee health and wellness, including certain OSHA compliance programs, initial management of work injuries, and Federal DOT and City drug & alcohol testing. Health Services also strives to improve the quality of life for City employees by serving as an accessible medical resource for all employees.

* The Health Services Division budget was moved to the Health Insurance Fund beginning in FY 2011-12.

GENERAL SERVICES

Robert Griffin, Director

DEPARTMENT SUMMARY

	2010-11	2011-12	2012-13	2013-14
	Actual	Actual	Budget	Proposed
Expenditures:				
Salaries & Wages				1,562,635
Fringe Benefits				644,292
Operating Costs				4,009,235
Capital Outlay				0
Cost Transfers				<u>-3,600,000</u>
				0
Total				2,616,162
FTE Positions				37.00

BUDGET HIGHLIGHTS

- The General Services Department was created in FY 2012-13 and includes the following functions: fleet maintenance, building maintenance, and city hall operations.

GENERAL SERVICES

DIVISION SUMMARY	2010-11 Actual	2011-12 Actual	2012-13 Budget	2013-14 Proposed
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Administration

FTE Positions				* 2.00
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The Administration Division provides leadership for the variety of responsibilities assigned to the General Services Department.

* FY 2013-14 expenses for the Administration Division are currently included in the Building Maintenance Division.

City Hall Operations

FTE Positions				462,012 7.00
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The City Hall Operations staff strives to provide the highest quality of service to all employees and visitors to the City Hall building.

Fleet Management

FTE Positions				314,600 16.00
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The Fleet Management Division is responsible for the maintenance and repair of more than 700 vehicles and equipment within the City's fleet. Fleet's highly trained and competent staff typically completes more than 8,000 work orders annually. The Fleet Management Division supplies fuel for City vehicles as well as for several other government and non-profit agencies including the Buncombe County School Board. The budget for Fleet Management represents the remaining net budget after allocating costs back to the departments.

Building Maintenance

FTE Positions				1,839,550 12.00
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The Building Maintenance Division is committed to maintaining all City facilities in such a manner that will minimize the impact of facility operations and equipment on the scheduled day-to-day operations.

NONDEPARTMENTAL GENERAL GOVERNMENT

BUDGET SUMMARY

Expenditures:	2010-11 Actual	2011-12 Actual	2012-13 Budget	2013-14 Proposed
Buncombe County Tax Collections	706,937	713,710	720,000	720,000
Board of Elections	0	229,441	0	250,000
Unemployment	134,324	121,652	126,250	415,000
OPEB Contribution	0	0	0	341,404
Employee Transit Passes	2,725	3,155	7,542	4,000
City Stormwater Costs	127,748	118,624	145,000	135,000
Other	<u>217,754</u>	<u>156,392</u>	<u>142,098</u>	<u>159,500</u>
Total	1,189,488	1,342,974	1,140,890	2,024,904

BUDGET HIGHLIGHTS

- The FY 2013-14 budget includes \$250,000 for the payment to the Buncombe County Board of Elections for City Council elections that occur every other year.
- The nondepartmental budget also includes \$265,000 to fund this City's estimated FY 2013-14 contribution to the State unemployment reserve.
- Finally, the nondepartmental budget includes \$341,000 to fund the General Fund's share of the City's FY 2013-14 annual contribution to the North Carolina State Treasurer's OPEB Fund.

POLICE

PUBLIC SAFETY

Police
Fire
Nondepartmental

DEPARTMENTAL

POLICE

William Anderson, Chief of Police

MISSION: We provide the highest level of police services in partnership with the community to enhance the quality of life. We provide public safety and maintain order; enforce the laws of North Carolina, uphold the United States Constitution and enhance national security. We adhere to the guiding principles of: Integrity, Fairness, Respect and Professionalism.

DEPARTMENT SUMMARY

	2010-11 Actual	2011-12 Actual	2012-13 Budget	2013-14 Proposed
Expenditures:				
Salaries & Wages	12,327,525	12,016,269	12,259,731	12,820,056
Fringe Benefits	4,803,345	4,930,962	5,106,763	5,019,582
Operating Costs	3,180,350	3,106,425	3,494,323	4,777,663
Capital Outlay	<u>0</u>	<u>19,240</u>	<u>100,000</u>	<u>0</u>
Total	20,311,219	20,072,896	20,960,817	22,617,301
FTE Positions	260.00	265.00	269.00	269.00

BUDGET HIGHLIGHTS

- The Police Department operating budget reflects the revised departmental charges for the general liability and workers compensation insurance programs that was discussed earlier in the budget document.
- The Police Department operating costs include \$100,000 for potential investment in a new firing range.
- The Police Department budget also includes a \$300,000 adjustment in fuel and fleet maintenance budgets based on expenditure trends in the current fiscal year.
- The Police personnel budget includes a full year's funding for 4 police officer positions that were added after the start of the 2012-13 fiscal year. These positions, which were assigned to the public housing unit, are fully funded by the Asheville Housing Authority.
- For FY 2013-14, the budgets for the administration and the support divisions have been combined.

POLICE

DIVISION SUMMARY	2010-11 Actual	2011-12 Actual	2012-13 Budget	2013-14 Proposed
<u>Administration</u>	2,037,941	1,627,104	2,139,517	7,813,911
FTE Positions	12.00	12.00	15.00	60.00

The Administration Division provides top management support, direction, and coordination for all operations and activities of the department. Specific activities include: professional standards, project management, and employee services.

<u>Criminal Investigations</u>	2,774,687	2,830,196	2,721,267	2,997,038
FTE Positions	39.00	39.00	42.00	42.00

The Criminal Investigations Division is responsible for investigating all serious crimes reported to police. Functions include: general investigations, youth services and sexual assault investigations, support for the Metropolitan Enforcement Group, forensic services, school liaison, and victim services.

<u>Support Bureau</u>	3,555,217	3,616,222	4,027,903	*
FTE Positions	39.00	39.00	45.00	*

The Support Services Division provides services to both the public and the police operating divisions. These services include: police/fire communications, property control, police records, court liaison, crime analysis, accreditation, and building maintenance. The animal control function is responsible for enforcing the City of Asheville animal control ordinance. The officers also investigate violations of state laws concerning domestic animals and coordinate with the Wildlife Resources Commission and the Humane Society.

* The Support Bureau Division budget is merged with the Administration Division in FY 2013-14.

<u>Patrol Bureau</u>	11,943,375	11,999,374	12,072,130	11,806,352
FTE Positions	170.00	175.00	167.00	167.00

The Patrol Division responds to public calls for service, conducts criminal incident and traffic accident investigations, enforces laws, maintains continuous 24-hour patrol, and provides organization and leadership in community-based problem solving activities.

FIRE & RESCUE

Scott Burnette, Fire Chief

MISSION: The mission of the City of Asheville Fire and Rescue Department is to protect the lives, property and environment of all people within Asheville by preventing the occurrence and minimizing the adverse effects of fires, accidents and all other emergencies. This mission will be accomplished with firefighter pride, preparedness and professionalism, with a focus on quality customer service and continuous improvement.

DEPARTMENT SUMMARY

	2010-11 Actual	2011-12 Actual	2012-13 Budget	2013-14 Proposed
Expenditures:				
Salaries & Wages	12,022,092	12,074,277	12,125,451	12,803,307
Fringe Benefits	4,108,971	4,234,415	4,239,635	4,366,866
Operating Costs	2,259,976	2,291,632	2,048,527	2,409,120
Capital Outlay	<u>1,003</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	18,392,042	18,600,324	18,413,612	19,579,293
FTE Positions	239.00	239.00	248.00	248.00

BUDGET HIGHLIGHTS

- The Fire Department operating budget reflects the revised departmental charges for the general liability and workers compensation insurance programs that was discussed earlier in the budget document. This change resulted in a \$190,000 increase Fire operating costs.
- The Fire Department budget also includes a \$250,000 adjustment in fuel and fleet maintenance budgets based on expenditure trends in the current fiscal year.
- Several fire annexation contracts will expire in FY 2013-14, which will create a budget savings of approximately \$150,000.
- The Fire Department personnel budget includes funding for the 3% employee COLA as well as an adjustment to reflect current year spending trends. Staff will be conducting an analysis in the upcoming months to determine if it would be more cost effective to add additional firefighter positions or continue to pay overtime at the current level.

FIRE & RESCUE

DIVISION SUMMARY	2010-11 Actual	2011-12 Actual	2012-13 Budget	2013-14 Proposed
<u>Accountability/Administration</u>	2,235,251	2,564,722	2,026,593	2,523,129
FTE Positions	9.00	9.00	9.00	9.00

The Fire/Rescue Accountability and Administration Division is responsible for ensuring that our citizens and taxpayers are receiving the level and quality of fire and emergency services that they are paying for. This division encompasses the senior leadership of the department as well as the business office operations. Overall organizational management and leadership are focused in this division. Services include policy direction and development, problem resolution, comprehensive departmental human resource functions, long range and short term planning, payroll, purchasing, clerical and data processing and information management. Projects include all department capital improvements, contracts for specialized services, emergency service contracts and agreements, annexation service contracts, insurance rating programs, accreditation initiatives, performance measurement, organizational management and benchmarking, as well as being liaisons with neighboring fire and rescue departments, city government departments and divisions and other city, county, state and community based agencies and organizations.

<u>Emergency Response</u>	14,964,337	14,706,935	15,342,732	15,751,220
FTE Positions	216.00	216.00	225.00	225.00

The Emergency Response Division is responsible for response to 911 emergency calls for service. This division responds to emergencies throughout the city and all contractual areas. This responsibility is shared by shift operations personnel as well as necessary support personnel. Emergency responses to fires, medical emergencies, technical rescue incidents, hazardous materials spills, natural disasters and other type emergencies are provided 24/7/365 through three distinct work shifts. The department operates eleven (11) fire and rescue stations with fifteen (15) response companies, responding to over 15,000 emergencies annually. In addition, hydrant maintenance, fleet maintenance and repair, pre-emergency incident surveys, emergency preparedness, all safety and training programs, recruit academy partnerships, firefighter certification and career development as well as all other direct support services are provided for in this division.

<u>Fire Marshal's Office</u>	1,192,454	1,328,667	1,044,287	1,304,944
FTE Positions	14.00	14.00	14.00	14.00

The Fire Marshal's Office provides state mandated periodic fire inspections of all commercial properties within the City's jurisdiction. This division is responsible for ensuring that buildings and conditions meet minimum safety code requirements. Issuance of necessary permits and regulatory services are a function of this division. In addition, this division provides new construction plans review and new construction inspections. Fire scene investigation services and the City's fire investigation team are also a part of this division. Fire and injury prevention services, including child safety seats and public information, are also provided through this division to the public – especially for targeted groups such as children, the elderly and the business community.

NONDEPARTMENTAL PUBLIC SAFETY

Nondepartmental public safety appropriations for FY 2013-14 include the following:

BUDGET SUMMARY

Expenditures:	2010-11 Actual	2011-12 Actual	2012-13 Budget	2013-14 Proposed
Police ID Bureau	356,124	387,946	377,605	392,327
CrimeStoppers	<u>53,980</u>	<u>39,849</u>	<u>40,501</u>	<u>41,576</u>
Total	410,104	427,795	418,106	433,903

BUDGET HIGHLIGHTS

- The Police ID Bureau and Crimestoppers are both part of Buncombe County government, and the City pays 50% of the costs of the programs. The FY 2013-14 proposed budget amounts are based on estimates supplied by Buncombe County.



ENVIRONMENT & TRANSPORTATION

Water Resources Fund
Public Works
Stormwater Fund
Street Cut Utility Fund
Transportation
Transit Services Fund
Parking Services Fund
Nondepartmental

WATER RESOURCES FUND

Steve Shoaf, Director

MISSION: It is the mission of the Water Resources Department to manage and protect community resources and to provide the highest quality of water service to customers. The department will do this in the following ways: continuous improvement in products, systems and processes to maximize customer satisfaction; continuous communication among and between staff, customers and governing board; continuous involvement with the community and region; valuing honesty, hard work, creativity, faith in each other, perseverance, and respect for diversity.

DEPARTMENT SUMMARY

	2010-11 Actual	2011-12 Actual	2012-13 Budget	2013-14 Proposed
Expenditures:				
Salaries & Wages	5,580,052	5,544,056	6,368,465	6,141,684
Fringe Benefits	2,555,118	2,911,238	2,783,228	2,698,681
Operating Costs	9,408,318	8,524,536	9,549,978	8,765,720
Debt Service	7,117,083	6,198,691	6,128,491	6,152,519
Capital Outlay	<u>6,407,105</u>	<u>7,637,140</u>	<u>8,701,390</u>	<u>18,545,742</u>
Total	31,067,676	30,815,661	33,531,552	42,304,346
FTE Positions	146.00	147.00	148.00	148.00
Revenues:				
Charges For Service	32,781,581	33,100,375	33,374,052	33,719,987
Investment Earnings	142,300	190,627	112,500	150,677
Miscellaneous	154,051	432,721	0	46,295
Intergovernmental	32,780	0	0	0
Other Financing Sources	<u>0</u>	<u>229,880</u>	<u>45,000</u>	<u>8,387,387</u>
Total	33,110,712	33,953,603	33,531,552	42,304,346

BUDGET HIGHLIGHTS

- In March, City Council approved rate adjustments for the 2013-14 fiscal year that are expected to generate approximately \$300,000 in additional revenue.
- The FY 2013-14 proposed budgets for personnel and operating costs in the Water Resources Fund are adjusted downward to reflect trends observed in actual expenses over the previous two fiscal years.
- The reduction in the operating cost budget, along with an \$8.3 million appropriation from fund balance, allowed staff to increase capital outlay category by approximately \$9.8 million. This category includes \$18.2 million for water capital improvement projects and \$258,000 for rolling stock replacement.
- Starting in FY 2013-14, most neighborhood waterline improvement projects will be contracted out. A Valve and Leak Detection Crew was formed from the in-house Construction Crew to maintain water valve operability and efficiency. This will help to reduce customer interruptions and inconveniences.
- An in-house task force is investigating the causes of non-revenue water in our system. In FY 2014 this group will collect data from numerous activities and perform a comprehensive water audit. The audit will be used to identify and quantify the causes of non-revenue water and look for ways to reduce their impact on our system.

WATER RESOURCES FUND

DIVISION SUMMARY	2010-11 Actual	2011-12 Actual	2012-13 Budget	2013-14 Proposed
<u>Administration</u>	728,254	841,142	764,869	1,044,675
FTE Positions	7.00	7.00	8.00	8.00

The Administration Division provides planning and management services for the Water Resources Department.

<u>Meter Services</u>	1,348,824	1,229,389	1,355,492	1,315,508
FTE Positions	17.00	19.00	19.00	19.00

The Meter Services Division is responsible for timely and accurate meter reading services and maintenance and replacement of meters.

<u>Water Education</u>	19,497	2,996	7,040	4,400
FTE Positions	0.00	0.00	0.00	0.00

The Water Education Division promotes customer education and directs and coordinates programs to make more efficient use of our existing water supplies. Water education programs are conducted for all members of the community with a special emphasis on school children. These efforts are currently accomplished through a partnership with the City's sustainability division whereby water quality, stormwater and environmental sustainability education are offered.

<u>Construction Crew</u>	576,650	527,123	658,627	0
FTE Positions	7.00	7.00	7.00	0.00

The Construction Crew Division is responsible for performing small water distribution system improvement projects. This division is merged with Water Maintenance for the FY 2013-14 budget.

<u>Water Maintenance</u>	3,692,447	3,593,754	4,299,740	4,322,800
FTE Positions	43.00	42.00	42.00	49.00

The Water Maintenance Division is responsible for maintaining and upgrading approximately 1,625 miles of distribution mains, service lines, valves, meters, fire hydrants, pumps, and storage reservoirs throughout the water system.

<u>Water Production</u>	4,453,304	4,817,487	4,964,836	5,011,622
FTE Positions	41.00	41.00	41.00	41.00

The Water Production and Quality Control Division is responsible for operating and maintaining the North Fork, Mills River, and Bee Tree Water Treatment Plants as well as protecting and managing a 22,000-acre watershed.

WATER RESOURCES FUND

DIVISION SUMMARY	2010-11 Actual	2011-12 Actual	2012-13 Budget	2013-14 Proposed
<u>Department-Wide Expenses</u>	18,174,889	17,490,419	19,118,690	28,312,176

Costs of this activity are not allocable to individual divisions or activities. Examples include debt service, transfer to capital, bad debt expense, insurance, and cost allocation (administrative costs to the City) expenses.

<u>Water Operating Equipment</u>	296,740	267,495	256,880	258,480
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There is a five-year replacement plan in place to ensure that capital equipment is replaced in a timely and cost effective manner. This plan is based on a comprehensive evaluation of all capital equipment, including rolling stock.

<u>Customer Service</u>	1,201,659	1,429,219	1,446,851	1,391,474
FTE Positions	22.00	23.00	23.00	23.00

The Customer Service Division is responsible for processing utility bill payments, establishing new water and sewer service, and assisting customers with various water and other City related issues or concerns.

<u>Engineering Services</u>	575,412	616,637	658,527	643,211
FTE Positions	9.00	8.00	8.00	8.00

The Engineering Services Division is responsible for providing timely plan review and inspection services to the development community, external customers, and internal customers. This includes processing water availability requests, reviewing and approving water line extensions, and inspecting newly installed water lines.

PUBLIC WORKS

Cathy Ball, Executive Director

MISSION: The Public Works Department exists to provide safe and efficient movement of people and goods within the City and to maintain a safe, litter-free environment in the most economical and efficient manner possible. The Department functions to maintain and improve a variety of services and infrastructures.

DEPARTMENT SUMMARY

	2010-11	2011-12	2012-13	2013-14
	Actual	Actual	Budget	Proposed
Expenditures:				
Salaries & Wages	4,065,513	3,716,766	3,714,337	3,358,157
Fringe Benefits	1,967,058	1,866,023	1,930,431	1,503,685
Operating Costs	7,800,725	7,562,097	9,383,860	6,785,488
Capital Outlay	120,641	342,606	34,928	49,500
Cost Transfer	<u>-2,172,578</u>	<u>-2,234,295</u>	<u>-2,546,390</u>	<u>0</u>
Total	11,781,357	11,253,197	12,517,166	11,696,830
FTE Positions	105.00	106.00	83.51	83.51

BUDGET HIGHLIGHTS

- The Public Works Department proposed budget for FY 2013-14 reflects the impact of the current year reorganization in which the fleet maintenance division was moved to the new General Services Department.
- The decision was made during FY 2012-13 to contract out the City's resurfacing and new sidewalk construction programs, which led to a mid-year FTE reduction of 10.5 positions in Public Works. The FY 2013-14 personnel budget for Public Works reflects this reengineering.
- Based on expenditure trends over the last two fiscal years, the budget for snow and ice removal is reduced by \$70,000 in FY 2013-14.
- Otherwise, the Public Works budget represents a continuation of existing programs and services.

PUBLIC WORKS

DIVISION SUMMARY	2010-11 Actual	2011-12 Actual	2012-13 Budget	2013-14 Proposed
<u>Administration</u>	1,111,797	996,619	1,088,139	922,718
FTE Positions	5.50	6.50	6.50	6.50

The responsibilities of the Public Works Administration Division include overseeing, leading and directing the Public Works divisions. This division develops operational procedures and policies; keeps abreast of new cost effective materials, equipment and training opportunities; and ensures that service levels remain constant or are improved without increasing costs. Public Works Administration also manages general street, sidewalk, bridge, drainage and signalization improvements.

<u>Street Lighting</u>	1,693,237	1,608,526	1,548,198	1,548,198
FTE Positions	0.00	0.00	0.00	0.00

The Public Works Department is responsible for overseeing the City's street lighting. The budget above represents the cost for street lighting in the City of Asheville. Annual savings in the street lighting budget from the installation of LED lights is used to help fund the City's green sustainability initiatives.

<u>Streets & Sidewalks</u>	2,239,559	3,323,904	3,289,827	2,671,364
FTE Positions	45.50	43.50	33.01	33.01

The Street Maintenance Division's mission is to construct and maintain the City's streets, sidewalks, and storm drainage systems in an efficient, customer-oriented manner; and to provide responsive emergency services in all types of weather.

<u>Sanitation</u>	4,687,742	4,674,728	4,965,543	4,945,325
FTE Positions	30.00	32.00	32.00	32.00

The Sanitation Division's mission is to provide quality services to all customers through on-schedule collection of municipal solid waste, bulky items, yard waste, and brush debris; and to ensure efficiency in every task, special project, equipment operation, and customer request.

<u>Engineering Services</u>	1,795,662	555,855	1,646,630	1,609,225
FTE Positions	9.00	9.00	12.00	12.00

The Engineering Services Division provides professional engineering, surveying and other technical services to all City departments. These services include the design and administration of capital improvement projects, all water system record-keeping, review and inspection of all extensions to the water system, water line design, storm drainage design, street paving, public inquiries of water availability, right-of-way research, and flood plain management. This division was moved to the Public Works Department during FY 2009-10.

PUBLIC WORKS

DIVISION SUMMARY	2010-11	2011-12	2012-13	2013-14
	Actual	Actual	Budget	Proposed
<u><i>Fleet Management</i></u>	253,360	93,565	148,030	*
FTE Positions	15.00	15.00	*	*

The Fleet Management Division is responsible for the maintenance and repair of more than 700 vehicles and equipment within the City's fleet. Fleet's highly trained and competent staff typically completes more than 8,000 work orders annually. The Fleet Management Division supplies fuel for City vehicles as well as for several other government and non-profit agencies including the Buncombe County School Board. The budget for Fleet Management represents the remaining net budget after allocating costs back to the departments.

*The Fleet Management division was moved to the General Services Department during FY 2012-13.

STORMWATER FUND

MISSION: The Stormwater Fund is responsible for the timely installation, maintenance, repair and revitalization of the storm drainage, catch basins, pipes, etc. within the City's streets and rights-of-way.

FUND SUMMARY

	2010-11 Actual	2011-12 Actual	2012-13 Budget	2013-14 Proposed
Expenditures:				
Salaries & Wages	1,232,782	1,064,925	1,201,855	1,170,422
Fringe Benefits	554,614	623,901	590,336	567,823
Operating Costs	569,708	544,495	886,112	1,175,078
Debt Service	44,638	129,382	95,327	94,400
Capital Outlay	<u>360,000</u>	<u>1,107,984</u>	<u>517,093</u>	<u>641,000</u>
Total	2,761,742	3,470,687	3,290,723	3,648,723
FTE Positions	35.00	34.00	28.99	28.99
Revenues:				
Charges For Service	2,917,995	2,756,911	2,789,723	2,789,723
Licenses & Permits	206,441	190,516	180,000	187,000
Other Financing Sources	47,808	116,551	290,000	636,000
Miscellaneous	6,800	31,503	20,000	25,000
Investment Earnings	<u>7,107</u>	<u>12,512</u>	<u>11,000</u>	<u>11,000</u>
Total	3,186,151	3,107,993	3,290,723	3,648,723

BUDGET HIGHLIGHTS

- As discussed elsewhere in the Budget Document, all enterprise fund budgets for FY 2013-14 now include the cost of indirect services provided by the General Fund. For the Stormwater Fund, the cost of these services totals \$239,419. This accounting change is reflected on the expense side of the budget as an increase in operating costs.
- The Stormwater Fund budget includes \$641,000 in capital funding for rolling stock replacement as well as both in-house and contracted capital maintenance projects. The capital budget is partially funded with a \$430,000 appropriation from Stormwater Fund balance. The rolling stock replacement will be funded with debt proceeds.
- Otherwise, the FY 2013-14 Stormwater Fund budget reflects a continuation of existing programs and services.

STREET CUT UTILITY FUND

MISSION: The Street Cut Utility Fund is responsible for the repair of all street cuts on city streets made by private contractors, utility companies such as gas, power, and cable, and the City's Water & Stormwater operations.

FUND SUMMARY

	2010-11	2011-12	2012-13	2013-14
	Actual	Actual	Budget	Proposed
Expenditures:				
Salaries & Wages	365,640	574,156	601,152	390,465
Fringe Benefits	230,069	283,819	286,407	150,044
Operating Costs	412,448	444,084	569,460	906,290
Debt Service	945	780	161,261	3,359
Capital Outlay	<u>172,886</u>	<u>144,920</u>	<u>216,643</u>	<u>43,650</u>
Total	1,181,988	1,447,759	1,834,923	1,493,808
FTE Positions	18.50	18.50	17.00	8.5
Revenues:				
Charges For Service	40,000	1,541,598	671,312	1,493,808
Other Financing Sources	0	0	216,643	0
Internal Charges	<u>1,130,538</u>	<u>0</u>	<u>946,968</u>	<u>0</u>
Total	1,170,538	1,541,598	1,834,923	1,493,808

BUDGET HIGHLIGHTS

- As noted on the previous page, all enterprise fund budgets for FY 2013-14 now include the cost of indirect services provided by the General Fund. For the Street Cut Fund, the cost of these services totals \$152,108. This accounting change is reflected on the expense side of the budget as an increase in operating costs.
- The FY 2013-14 proposed budget, which includes a reduction in FTE positions, reflects a scaled back street cut program due to a reduction in expected demand for street cut repairs during FY 2013-14. Labor crews were re-engineered to provide maximum efficiency and cost effectiveness for the program.

TRANSPORTATION

Ken Putnam, Director

MISSION: The City of Asheville's Transportation Department is dedicated to providing for the safety, health, mobility, and quality of life for Asheville citizens and guests through the administration of engineering, infrastructure and transportation related projects.

DEPARTMENT SUMMARY

	2010-11	2011-12	2012-13	2013-14
	Actual	Actual	Budget	Proposed
Expenditures:				
Salaries & Wages	588,816	553,089	555,682	562,701
Fringe Benefits	232,631	222,407	226,415	227,300
Operating Costs	249,167	165,765	232,983	256,051
Capital Outlay	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
				0
Total	1,070,614	941,261	1,015,080	1,046,052
FTE Positions	12.63	11.63	12.30	12.30

BUDGET HIGHLIGHTS

- The FY 2013-14 proposed budget for the Transportation Department represents a continuation of existing programs and services.

TRANSPORTATION

DIVISION SUMMARY	2010-11	2011-12	2012-13	2013-14
	Actual	Actual	Budget	Proposed
<u>City Engineering/Admin</u>	226,359	179,906	187,147	197,880
FTE Positions	2.00	2.00	2.67	2.67

The City Engineering function moved to the Public Works Department during FY 2009-10, and the division was renamed Transportation Administration.

<u>Traffic Engineering</u>	154,707	185,076	192,301	200,138
FTE Positions	2.00	2.00	2.00	2.00

The Traffic Engineering Division is responsible for the planning, design, installation, operation, and maintenance of traffic control devices (signs, signals, street markings) throughout the City and on a contract basis with the North Carolina Department of Transportation for state routes within the City. The division also conducts traffic studies and surveys, and reviews major developments and curb cut requests. The division also works with citizens, other departments, and outside agencies on traffic-related issues.

<u>Traffic Signal Maintenance</u>	188,476	191,968	198,507	199,131
FTE Positions	2.00	2.00	2.00	2.00

The Traffic Signal Maintenance Division provides for the safe control and flow of all modes of transportation in the City through the development of standards, high quality customer service, quick response, and careful planning.

<u>Transportation Planning</u>	152,875	144,756	150,904	172,524
FTE Positions	1.63	1.63	1.63	1.63

The Transportation Planning Division provides citywide planning services, including MPO and transit projects.

<u>Transportation Demand Mgt.</u>	93,755	2,830	0	0
FTE Positions	1.00	0.00	0.00	0.00

The Transportation Demand Management Division seeks to alter the demand for roadway capacity and increase transportation system efficiency by moving more people in fewer vehicles. A series of strategies are used to decrease the use of the single occupancy vehicle (SOV) and encourage the use of alternatives such as transit, carpooling, vanpooling, bicycling, walking, teleworking and alternative work schedules.

<u>Signs and Markings</u>	254,442	236,725	250,156	241,379
FTE Positions	4.00	4.00	4.00	4.00

The Signs & Markings Division was previously accounted for in the Public Works Department.

<u>Traffic Safety Funds</u>			35,000	35,000
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These funds were previously accounted for in a capital project fund.

TRANSIT SERVICES FUND

MISSION: It shall be the mission of the Transit Services division to provide public transportation, within the confines of available resources, in such a manner as to maximize service to all destinations necessary for the benefit and well-being of the citizens of this community. This includes access to health, employment and recreation facilities, as well as to the goods and services necessary for everyday living.

FUND SUMMARY

	2010-11 Actual	2011-12 Actual	2012-13 Budget	2013-14 Proposed
Expenditures:				
Salaries & Wages	152,290	153,591	153,566	159,341
Fringe Benefits	55,312	61,897	56,813	59,851
Operating Costs	4,837,468	4,763,307	4,976,110	4,996,596
Operating Pass Through	161,051	419,967	553,500	553,500
Capital Outlay	<u>5,030</u>	<u>6,735</u>	<u>0</u>	<u>0</u>
Total	5,211,151	5,405,497	5,739,989	5,769,288
FTE Positions	3.00	3.00	3.00	3.00
Revenues:				
Operating Revenue	907,340	840,414	883,000	855,000
Miscellaneous	1,462	22,503	0	0
Federal/State Grants	2,832,316	2,421,651	2,381,319	2,266,411
Operating Pass Through	161,051	419,967	553,500	553,500
General Fund Subsidy	642,196	985,295	985,295	1,157,502
Parking Fund Subsidy	484,000	500,000	616,875	616,875
Other	1,401	0	0	0
Motor Vehicle License Fee	<u>300,715</u>	<u>312,874</u>	<u>320,000</u>	<u>320,000</u>
Total	5,341,821	5,502,704	5,739,989	5,769,288

BUDGET HIGHLIGHTS

- The proposed budget includes an expected \$100,000 reduction in State funding for transit. The General Fund transfer is increased in order to offset this reduction in State funding.
- As discussed elsewhere in the Budget Document, all enterprise fund budgets for FY 2013-14 now include the cost of indirect services provided by the General Fund. For the Transit Services Fund, the cost of these services totals \$41,310. This accounting change is reflected on the revenue side of the budget as an increase in the General Fund transfer, and on the expense side as an increase in operating costs.
- Outside of the operating cost increase for the indirect cost charge, the Transit Services budget is essentially flat in FY 2013-14.

TRANSIT SERVICES FUND

DIVISION SUMMARY	2010-11 Actual	2011-12 Actual	2012-13 Budget	2013-14 Proposed
<u>Administration</u>	334,628	346,101	348,034	414,220
FTE Positions	3.00	3.00	3.00	3.00

The Administration Division will evaluate and implement strategies and routes necessary to achieve the mission of the department. This division includes the salary, fringe benefits, and operating costs for the Transit Services Director.

<u>Transit Operations</u>	4,876,524	5,059,396	5,391,955	5,355,068
FTE Positions	0.00	0.00	0.00	0.00

The City contracts with a private sector management firm for transit operation services. The Transit Operations Division includes those contract costs, as well as the costs for para-transit service.

PARKING SERVICES FUND

MISSION: The City of Asheville is dedicated to providing safe, reliable and efficient parking in downtown Asheville. The city's Parking Services Division provides for the orderly turnover of parking and the maximum utilization of parking spaces. Asheville provides on-street parking as well as three parking garages and several permit lots downtown.

FUND SUMMARY

	2010-11 Actual	2011-12 Actual	2012-13 Budget	2013-14 Proposed
Expenditures:				
Salaries & Wages	515,535	525,763	638,954	626,747
Fringe Benefits	277,656	321,854	311,132	317,893
Operating Costs	593,921	768,181	877,433	1,158,701
Debt Service	24,155	102,355	926,960	892,725
Transfer to Transit Fund	484,000	500,000	616,875	616,875
Transfer to General Fund	0	0	120,000	0
Capital Outlay	<u>604,777</u>	<u>445,366</u>	<u>55,000</u>	<u>243,759</u>
Total	2,500,045	2,663,519	3,546,354	3,856,700
FTE Positions	19.00	19.00	21.33	21.33
Revenues:				
Garage Revenues	1,307,460	1,586,979	1,675,000	1,848,000
Parking Meters	1,051,121	1,103,316	1,075,000	1,250,000
Parking Violations	407,337	334,831	653,554	427,700
Parking Lots & Peripheral	124,703	181,314	100,000	314,000
Other	<u>35,108</u>	<u>42,814</u>	<u>42,800</u>	<u>17,000</u>
Total	2,925,728	3,249,254	3,546,354	3,856,700

BUDGET HIGHLIGHTS

- The indirect cost charge for the Parking Services Fund for FY 2013-14 is \$187,923 and is reflected in the operating costs above.
- In March, City Council approved a 25 cent increase in the hourly rate for parking meters and garages. This increase, which is effective July 1, is expected to produce approximately \$400,000 in additional revenue in the Parking Services Fund.

PARKING SERVICES FUND

DIVISION SUMMARY	2010-11 Actual	2011-12 Actual	2012-13 Budget	2013-2014 Proposed
<u>Parking Garages</u>	1,163,648	1,434,136	2,682,763	2,761,446
FTE Positions	9.50	9.50	11.33	11.33

The Parking Garages Division is responsible for the daily operation and maintenance of the City's three parking garages. This division also handles special event parking operations.

<u>Parking Services</u>	1,336,399	1,229,383	863,591	1,095,254
FTE Positions	9.50	9.50	10.00	10.00

The Parking Services Division manages and coordinates the operation of all parking facilities except parking garages. This includes on-street parking, meter installation and repair, parking enforcement, administration of parking rules and regulations, and the depositing of all revenues generated from parking operations, including garages.

NONDEPARTMENTAL ENVIRONMENT & TRANSPORTATION

BUDGET SUMMARY

Expenditures:	2010-11 Actual	2011-12 Actual	2012-13 Budget	2013-14 Proposed
GF Transfer to Transit Fund	642,196	1,074,795	985,295	1,157,502
GF Transfer to Grant Fund	<u>0</u>	<u>0</u>	<u>0</u>	<u>50,000</u>
Total	642,196	1,074,795	985,295	1,207,502

BUDGET HIGHLIGHTS

- As discussed elsewhere in the budget, the transfer from the General Fund to the Transit Services Fund is increased to account for the indirect cost charge to transit and due to the fact that State funding for transit is decreasing.
- The nondepartmental section also includes \$50,000 that will be used as the City's match for a grant application that was submitted to the French Broad River MPO. If the \$200,000 grant is awarded, it will be used to develop a multi-modal transportation plan. If the City does not receive the grant the \$50,000 will be held in contingency.



PARKS, RECREATION & CULTURAL ARTS

CULTURE & RECREATION

*Parks, Recreation & Cultural Arts
Golf Fund
Civic Center Fund
Nondepartmental*

PARKS, RECREATION & CULTURAL ARTS

Roderick Simmons, Director

MISSION: The Parks, Recreation & Cultural Arts Department is dedicated to enhancing your quality of life by providing diverse cultural and recreational experiences.

DEPARTMENT SUMMARY

	2010-11 Actual	2011-12 Actual	2012-13 Budget	2013-14 Proposed
Expenditures:				
Salaries & Wages	4,329,102	4,076,824	4,205,382	2,761,578
Fringe Benefits	1,800,378	1,801,372	1,856,805	1,357,301
Operating Costs	2,617,260	3,339,090	3,576,679	2,495,900
Capital Outlay	<u>0</u>	<u>19,319</u>	<u>0</u>	<u>0</u>
Total	8,746,740	9,236,605	9,638,866	6,614,779
FTE Positions	101.40	97.15	97.38	97.38

BUDGET HIGHLIGHTS

- As discussed earlier in the document, the proposed budget assumes that certain parks and recreation functions will become part of a new countywide regional parks authority in January 2014. The revenues and expenses associated with those functions are therefore only included in the City's proposed budget for half the fiscal year.
- The budget balancing plan for FY 2013-2014 includes restructuring the city's role in producing special events and festivals. Instead of acting as a promoter or producer of such events, the city would seek to provide contract support to special events that meet a public purpose or achieve specific economic development goals. As a result, the city will produce its last Bele Chere festival in summer 2013, a move that will yield approximately \$200,000 in savings in the General Fund. When the county-wide Culture and Recreation Authority is created, support for special events and festivals may be contemplated in its range of services.

PARKS, RECREATION & CULTURAL ARTS

DIVISION SUMMARY	2010-11	2011-12	2012-13	2013-14
	Actual	Actual	Budget	Proposed
<u>Administration</u>	435,554	372,740	393,559	290,238
FTE Positions	2.00	2.00	2.00	2.00

The Administration Division provides overall leadership and coordination of the department's activities and goals; coordinates department activities with other departments; and is responsible for execution of the Master Plan for the department.

<u>Recreation Programs</u>	2,273,564	2,382,375	2,382,823	2,166,462
FTE Positions	31.90	31.90	32.50	32.50

The Recreation Division oversees all Community Centers and their City-organized activities; provides management of the youth and adult athletics programming; provides recreational programming in the community; and serves special populations including seniors and afterschool.

<u>Cultural Arts</u>	222,826	1,076,643	914,905	782,447
FTE Positions	2.00	4.75	4.63	4.63

The Cultural Arts Division promotes all aspects of the department's Cultural Arts programming; manages the W.C. Reid Center; oversees permitting of COA events; coordinates City of Asheville Events/Festivals; and manages the City of Asheville's Public Art collection.

<u>Park Maintenance</u>	2,869,668	2,685,681	3,158,777	1,930,923
FTE Positions	38.75	34.75	33.75	34.50

The Park Maintenance Division oversees maintenance of all City of Asheville Parks and Public Facilities; manages the grounds keeping at McCormick Field; and oversees Park Security and safety with the assistance of APD.

<u>Business Services</u>	1,138,207	995,187	1,202,143	564,158
FTE Positions	9.00	7.00	7.00	7.00

The Business Services Division provides business planning and strategic planning expertise; provides "back of house" operational support for the department; and oversees marketing, communications and media relations.

PARKS, RECREATION & CULTURAL ARTS

DIVISION SUMMARY	2010-11 Actual	2011-12 Actual	2012-13 Budget	2013-14 Proposed
<u>Planning</u>	205,693	156,161	139,263	114,401
FTE Positions	2.00	2.00	2.00	2.00

The Parks Planning and Development Division manifests vision for all park projects; provides site planning and detailed project plans; and manages the contracting process for construction projects.

Specialized Facilities: The Specialized Facilities Division provides management and/or oversight of: McCormick Field, Municipal Golf Course, WNC Nature Center, Swimming Pools, Riverside Cemetery, Food Lion Skate Park, and Aston Park Tennis Center. The budgets for those individual cost centers are listed below.

<u>Nature Center</u>	1,026,915	946,953	911,507	451,462
FTE Positions	12.75	11.75	11.75	11.75
<u>Aston Park</u>	202,156	209,463	220,196	109,385
FTE Positions	2.00	2.00	2.00	2.00
<u>Swimming Pools</u>	156,427	157,242	184,689	141,780
FTE Positions	0.00	0.00	0.00	0.00
<u>McCormick Field</u>	104,147	140,171	0	0
FTE Positions	0.00	0.00	0.00	0.00
<u>Food Lion Skate Park</u>	82,300	85,108	94,737	47,200
FTE Positions	1.00	1.00	1.00	1.00
<u>Riverside Cemetery</u>	28,619	28,724	29,127	16,333
FTE Positions	0.00	0.00	0.00	0.00
<u>Specialized Facilities</u>	0	157	0	0
FTE Positions	0.00	0.00	0.00	0.00

GOLF FUND

FUND SUMMARY

	2010-11	2011-12	2012-13	2013-14
	Actual	Actual	Budget	Proposed
Expenditures:				
Salaries & Wages	385,377	359,741	386,349	*
Fringe Benefits	169,538	186,263	171,832	*
Operating Costs	330,456	313,856	366,373	*
Capital Outlay	<u>0</u>	<u>0</u>	<u>0</u>	*
Total	885,370	859,860	924,554	*
FTE Positions	11.00	11.00	0.00	*
Revenues:				
Pro Shop Sales	17,840	17,497	18,000	*
Membership Fees	91,000	91,200	136,554	*
Snack Bar	46,560	47,409	50,000	*
Equipment Rental	223,652	250,036	225,000	*
Green Fees	353,842	377,523	355,000	*
Other	<u>9,288</u>	<u>10,013</u>	<u>0</u>	*
Subtotal Operations	742,182	793,678	784,554	*
General Fund Subsidy	<u>0</u>	<u>0</u>	<u>140,000</u>	*
Total	742,182	793,678	924,554	*

BUDGET HIGHLIGHTS

- The City contracted out operation of the Municipal Golf Course during FY 2012-13. A lease payment from the contractor of \$75,000 is included as a revenue in the proposed FY 2013-14 General Fund Parks & Recreation Department budget.

US CELLULAR CENTER FUND

Sam Powers, Director

MISSION: The mission of the U.S. Cellular Center Asheville, formerly the Asheville Civic Center, is to foster exceptional experiences for patrons and promoters in the heart of Asheville. The Center has been providing facilities for entertainment, convention, commercial, cultural and sports activities for the City and surrounding community since 1974. The Center includes a 7,200-seat arena, a banquet hall, a performing arts auditorium with seating capacity of 2,431, and an exhibition hall.

DEPARTMENT SUMMARY

	2010-11 Actual	2011-12 Actual	2012-13 Budget	2013-14 Proposed
Expenditures:				
Salaries & Wages	939,441	913,983	983,194	983,149
Fringe Benefits	339,409	390,708	352,367	340,909
Operating Costs	901,196	909,346	869,426	1,253,825
Debt Service	0	0	303,091	300,550
Capital Outlay	<u>0</u>	<u>313,296</u>	<u>0</u>	<u>0</u>
Total	2,180,045	2,527,333	2,508,078	2,878,433
FTE Positions	16.25	16.25	18.50	18.50
Revenues:				
Food & Beverage Sales	1,004,802	602,810	859,033	946,006
Rent	454,406	296,273	484,860	519,000
Admissions & Other Sales	437,236	422,644	370,000	424,500
Capital Maintenance Fee	121,798	79,163	90,000	90,000
Investment Earnings	7,998	1,240	5,000	5,000
Other	<u>8,480</u>	<u>41,385</u>	<u>3,500</u>	<u>8,000</u>
Subtotal Operations	2,037,502	1,443,515	1,812,393	1,992,506
General Fund Transfer	0	392,594	695,685	885,927
Total	2,037,502	1,886,109	2,508,078	2,788,433

BUDGET HIGHLIGHTS

- As discussed elsewhere in the Budget Document, all enterprise fund budgets for FY 2013-14 now include the cost of indirect services provided by the General Fund. For the US Cellular Center Fund, the cost of these services totals \$192,783. This accounting change is reflected on the revenue side of the budget as an increase in the General Fund transfer, and on the expense side as an increase in operating costs.
- After two down years, early event bookings indicate that operating revenues will likely increase in FY 2013-14. Revenues are expected to be similar to what was collected in FY 2010-11.
- The Center will hold two FTE positions in the concessions division vacant in FY 2013-14.

NONDEPARTMENTAL CULTURE & RECREATION

Outside agency and nondepartmental culture & recreation funding for FY 2013-14 includes the following:

BUDGET SUMMARY

Expenditures:	2010-11 Actual	2011-12 Actual	2012-13 Budget	2013-14 Proposed
Transfer to Festivals Fund	162,652	0	0	0
Transfer to Civic Center Fund	0	392,594	695,685	885,927
Transfer to Golf Fund	0	0	140,000	0
Asheville Art Museum	1,250	0	0	0
Pack Place HVAC	<u>284,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	447,902	392,594	835,685	885,927

BUDGET HIGHLIGHTS

- The General Fund nondepartmental budget includes the transfer to the US Cellular Center, which was discussed earlier in the Culture and Recreation section.

COMMUNITY DEVELOPMENT

Planning & Development
Community Development & HOME Funds
Housing Trust Revolving Fund
Development Services Department
Nondepartmental

PLANNING & DEVELOPMENT

Judy Daniel, Director

MISSION: The mission of the Asheville Planning & Development Department is to encourage sustainable sound physical and economic development through implementation of City Council policies that value our resources (historic, natural, housing, etc.) and ongoing community involvement; and by providing quality service, information and assistance.

DEPARTMENT SUMMARY

	2010-11	2011-12	2012-13	2013-14
	Actual	Actual	Budget	Proposed
Expenditures:				
Salaries & Wages	1,191,138	1,074,789	1,112,517	655,782
Fringe Benefits	439,057	432,350	450,898	347,967
Operating Costs	115,715	119,857	240,066	102,159
Capital Outlay	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	1,745,910	1,626,996	1,803,481	1,105,908
FTE Positions	22.75	19.38	13.50	13.50

BUDGET HIGHLIGHTS

- During FY 2012-13 certain functions in the Planning Department were moved to the Development Services Department. The FY 2013-14 proposed budget reflects the reduction in the Planning Department budget associated with this reorganization.

PLANNING & DEVELOPMENT

DIVISION SUMMARY	2010-11 Actual	2011-12 Actual	2012-13 Budget	2013-14 Proposed
<u>Planning Services</u>	1,523,993	1,433,462	1,587,316	906,926
FTE Positions	19.75	16.88	11.00	11.00

The Planning Services Division conducts current and long-range planning. Planners are responsible for reviewing plans for development and redevelopment in the City's jurisdiction to ensure conformance with sound planning principles and City regulations, and for revising the City development guidelines as necessary. This division is also responsible for all comprehensive and small area plans and related matters. This division provides assistance to the Planning and Zoning Commission, the Board of Adjustment, the River District Design Review Board, and the Technical Review Committee. The primary focus of the code enforcement section is to enforce City of Asheville's codes, policies, & procedures which relate to land development. These activities include flood plain, zoning, sign and other ordinances. This division is also involved in enforcement of the junked car ordinance and the noise ordinance.

<u>Historic Resources</u>	143,993	125,279	131,712	129,302
FTE Positions	2.00	1.50	1.50	1.50

The Historic Resources Division provides assistance to the Historic Resources Commission in its efforts to protect and preserve the architectural history of Asheville.

<u>Homeless Program</u>	77,924	68,255	84,453	69,680
FTE Positions	1.00	1.00	1.00	1.00

HOUSING TRUST FUND

The Housing Trust Fund provides resources to increase the supply of affordable housing in the City of Asheville. The Fund's activities are administered by the Planning & Development Department's Community Development Division.

BUDGET SUMMARY	2010-11	2011-12	2012-13	2013-14
	Actual	Actual	Budget	Proposed
Expenditures:				
General Fund Contribution	300,000	300,000	500,000	500,000

BUDGET HIGHLIGHTS

- The FY 2013-14 proposed budget continues the \$500,000 General Fund contribution to the Housing Trust Fund.

BUILDING SAFETY

DEPARTMENT SUMMARY

	2010-11 Actual	2011-12 Actual	2012-13 Budget	2013-14 Proposed
Expenditures:				
Salaries & Wages	1,954,306	1,951,140	2,064,241	*
Fringe Benefits	804,456	865,219	921,774	*
Operating Costs	808,911	1,041,427	1,149,643	*
Capital Outlay	<u>5,151</u>	<u>44,722</u>	<u>7,800</u>	*
Total	3,572,824	3,902,508	4,143,458	*
FTE Positions	46.00	50.00	*	*

BUDGET HIGHLIGHTS

- During FY 2012-13, departmental functions were re-organized and the permitting and inspections division was moved under the Development Services Department and the building maintenance division was moved under the General Service Department.

Development Services Department

Shannon Tuch, Intern Director

DEPARTMENT SUMMARY

	2010-11	2011-12	2012-13	2013-14
	Actual	Actual	Budget	Proposed
Expenditures:				
Salaries & Wages				1,848,014
Fringe Benefits				725,293
Operating Costs				285,003
Capital Outlay				<u>0</u>
Total				2,858,310
FTE Positions				39.80

BUDGET HIGHLIGHTS

- In an effort to consolidate plan review, permitting, and inspections, the City created the Development Services Department during FY 2012-13 by merging functions from the Building Safety and Planning Departments, along with certain stormwater inspections and permitting functions. The FY 2013-14 budget for this department is shown above. It should be noted that the stormwater personnel are not reflected in the cost or FTE totals above, but instead are shown under the Stormwater Fund budget.
- One position in this department will be held vacant in FY 2013-14.

NONDEPARTMENTAL COMMUNITY DEVELOPMENT

The City provides funding to outside agencies for the purpose of promoting community and economic development in the City of Asheville. The City also supports community and economic development through nondepartmental activities, such as the Economic Incentives program. Outside agency and nondepartmental funding includes the following:

BUDGET SUMMARY

Expenditures:	2010-11 Actual	2011-12 Actual	2012-13 Budget	2013-14 Proposed
Community Relations Council	24,998	35,705	35,000	0
One Youth at a Time	5,950	5,600	5,440	0
YWCA	6,000	6,000	8,000	0
Kids Voting	250	1,000	0	0
Children First	17,800	17,800	15,740	0
United Way 211	0	0	2,500	0
Economic Incentives	609,174	508,518	519,997	638,400
AHOPE	20,000	15,000	20,000	0
Asheville Greenworks	8,000	8,000	8,000	0
Economic Development Coalition	40,000	40,000	60,000	60,000
Meet the Geeks	0	0	0	0
Youthful Hand	3,750	0	4,720	0
Child Abuse Prevention Services	5,250	5,000	5,000	0
Asheville Design Center	4,000	3,000	4,000	0
YMI Utilities	24,000	24,000	24,000	24,000
Hall Fletcher PTO	5,000	0	0	0
Governor's Western Residence	0	5,000	0	0
A/B Sports Commission	0	45,000	45,000	45,000
Green Opportunities	0	0	25,000	0
Other	0	51	0	0
FY14 Outside Agency Funding	<u>0</u>	<u>0</u>	<u>0</u>	<u>133,400</u>
Total	774,172	719,674	782,397	900,800

BUDGET HIGHLIGHTS

- The City has \$133,400 set aside to allocate for potential outside agency funding in FY 2013-14. Decisions about this funding will be made after the budget process is complete. The City may hold this funding in contingency until more is known about the potential outcome of the water system litigation.
- The Economic Incentives budget reflects the City's annual payments related to the Linamar economic development agreements.
- The Economic Development Coalition and Sports Commission budgets will be included as contracts for service in the Economic Development Department budget.

CAPITAL IMPROVEMENTS &
DEBT MANAGEMENT

Narrative & Overview
General Capital Fund
Enterprise Capital Funds
Debt Management

CAPITAL IMPROVEMENT PROGRAM 2013/14 TO 2017/18

GENERAL CAPITAL FUND SUMMARY

<i>Pay-As-You-Go</i>	2013/14	2014/15	2015/16	2016/17	2017/18
Revenue Sources:					
General Fund	2,518,225	3,030,193	3,030,193	3,230,193	3,030,193
Fee in lieu of sidewalks	0	50,000	50,000	50,000	50,000
Grants	320,000	0	0	0	0
Savings from closed projects	75,000	75,000	75,000	75,000	75,000
Total Available Funds	<u>2,913,225</u>	<u>3,155,193</u>	<u>3,155,193</u>	<u>3,355,193</u>	<u>3,155,193</u>
Use of Funds:					
Multi-Modal Maintenance/Improve.					
Street Resurfacing & Maintenance	734,193	750,635	893,955	1,043,955	843,955
Sidewalk Maintenance	250,000	466,667	466,667	466,667	466,667
New Sidewalk Construction	366,225	782,892	782,892	782,892	782,892
Traffic Safety/Pedestrian Improve.	35,000	35,000	35,000	35,000	35,000
Transit System Projects/Buses	400,000	100,000	50,000	50,000	50,000
Traffic Calming	100,000	100,000	100,000	100,000	100,000
Traffic Signal Poles	0	100,000	100,000	100,000	100,000
Traffic Controllers	0	100,000	100,000	100,000	100,000
Bicycle Connector Projects	0	50,000	0	50,000	50,000
Facility Maintenance/Improvements					
Roof Replacements	100,000	150,000	150,000	150,000	150,000
Park/Recreation Center Maintenance	400,000	0	0	0	0
Civic Center Renovations	100,000	100,000	100,000	100,000	100,000
General Facility Maintenance	50,000	130,000	150,000	150,000	150,000
Public Art Maintenance	40,000	0	0	0	0
Public Art Capital Projects	47,807	0	0	0	0
Equipment & Technology					
Public Safety Radio Replacements	200,000	200,000	136,680	136,680	136,680
Roll Cart Replacement	90,000	90,000	90,000	90,000	90,000
Total Use of Funds	<u>2,913,225</u>	<u>3,155,193</u>	<u>3,155,193</u>	<u>3,355,193</u>	<u>3,155,193</u>

CAPITAL IMPROVEMENT PROGRAM 2013/14 TO 2017/18

GENERAL CAPITAL FUND SUMMARY (Cont.)

<i>Pay-As-You-Use (Debt-Funded)</i>	2013/14	2014/15	2015/16	2016/17	2017/18
Revenue Sources:					
General Fund	0	587,000	587,000	387,807	0
Grants	3,300,000	2,900,000	0	0	0
FY12 LOBs Proceeds	1,200,000	0	0	0	0
Debt Proceeds	10,000,000	3,025,000	2,500,000	4,962,193	6,160,000
Total Available Funds	<u>14,500,000</u>	<u>6,512,000</u>	<u>3,087,000</u>	<u>5,350,000</u>	<u>6,160,000</u>
Use of Funds:					
Vehicle & Equipment Replacement					
Vehicle Replacements – Public Safety	1,125,000	787,000	987,000	1,250,000	1,250,000
Vehicle Replacements – Other Dept.	1,300,000	820,000	1,050,000	1,500,000	1,500,000
Multi-Modal Investments					
New Sidewalk Construction	4,125,000	3,630,000	0	0	0
Greenway Development Program	350,000	250,000	1,050,000	0	0
Street Rebuilds	350,000	0	0	350,000	400,000
Infrastructure					
Bridge Repair	500,000	0	0	500,000	600,000
Buildings & Facilities					
Dr. Grant Southside Center Phase II	0	0	0	0	350,000
McCormick Field	100,000	275,000	0	0	0
Montford Fire Station	0	500,000	0	1,500,000	0
Golf Course Improvements	450,000	0	0	0	0
City Hall Elevator Automation	200,000	0	0	0	200,000
Facility Renovations	0	250,000	0	250,000	1,250,000
Refueling Station	0	0	0	0	500,000
Equipment & Technology					
Radio Infrastructure	6,000,000	0	0	0	0
Route Optimization	0	0	0	0	110,000
Total Use of Funds	<u>14,500,000</u>	<u>6,512,000</u>	<u>3,087,000</u>	<u>5,350,000</u>	<u>6,160,000</u>

CAPITAL IMPROVEMENT PROGRAM 2013/14 TO 2017/18

COMMUNITY & ECONOMIC DEVELOPMENT CIP

	2013/14	2014/15	2015/16	2016/17	2017/18
Revenue Sources:					
Enhanced GF Funding	0	1,245,833	821,319	0	0
Debt Proceeds	11,450,000	5,094,167	7,047,231	11,321,102	8,780,700
Land Sale Proceeds	150,000	2,260,000	4,020,000	1,222,854	1,540,000
Solid Waste Fee	0	300,000	50,000	0	0
Parking Fund Debt Proceeds	0	5,200,000	0	0	0
Total Available Funds	11,600,000	14,100,000	11,938,550	12,543,956	10,320,700
Use of Funds:					
All Investment Areas					
Property Acquisition and Demolition	0	1,000,000	500,000	250,000	250,000
I-26 Partnership	0	0	0	500,000	500,000
Affordable/Workforce Housing	1,000,000	500,000	500,000	500,000	500,000
Parking Deck Construction	6,000,000	6,000,000	0	0	0
Riverfront & Revitalized Neighborhoods					
RAD Parking Improvements	0	280,000	250,000	0	0
Bicycle Improvements	0	75,000	12,000	85,509	150,000
RADTIP Transportation Project	1,500,000	3,000,000	9,000,000	8,000,000	8,000,000
Municipal Facility Relocation	250,000	1,100,000	0	0	0
Greenway Development	0	100,000	350,000	1,300,000	0
14 Riverside Drive Renovations	0	30,000	80,000	0	0
Street Infrastructure Development	0	30,000	300,000	0	0
Vibrant Downtown					
Downtown Clean & Green Initiative	0	385,000	396,550	408,447	420,700
Multi-modal & Ped Improvements	550,000	800,000	500,000	1,000,000	500,000
Recycling and Trash Containers	0	300,000	50,000	0	0
Downtown Pedestrian Infrastructure			0	0	0
Underground Utilities	300,000	500,000	0	500,000	0
Asheville Art Museum Renovations	2,000,000	0	0	0	0
Total Use of Funds	11,600,000	14,100,000	11,938,550	12,543,956	10,320,700

CAPITAL IMPROVEMENT PROGRAM 2013/14 TO 2017/18

WATER RESOURCES CAPITAL IMPROVEMENT FUND SUMMARY

	2013/14	2014/15	2015/16	2016/17	2017/18
Revenue Source:					
Transfer from Water Operating Funds	18,287,262	11,040,078	11,012,078	11,958,578	12,022,078
Use of Funds:					
NCDOT Projects:					
McFee Road Bridge				80,000	
Mills Gap Road Bridge		65,000			
Distribution System Projects					
Affordable Housing Infill Development Incentive	50,000	50,000	50,000	50,000	50,000
Brevard Road from I-26 to Sardis Road		386,000			
Gerber Road & Ball Brothers Vault	50,000				
Meadow Rd, Lyman St, Victoria Rd, McDowell St				2,500,000	
Merrimon Avenue Main Replacement				1,350,000	3,825,000
Meter / Vault Repair	500,000	500,000	500,000	500,000	500,000
Water Production Projects					
Fairview Reservoir - 1 MG	1,050,000				
Hydraulic System	95,000				
Mills River Raw Water Reservoir 15 MG				1,540,000	
North Fork WTP Dam / Tunnel	6,000,000	6,000,000			
North Fork WTP Generator Transfer Switch	550,000				
Pump Station Meters	500,000				
Ridgeview Tank 95,000 GAL			300,000		
Software Updates / HMI - all WTP's				200,000	
VFD Motors or Soft Starts at Pump Stations	180,000				
Water Storage Tank / Pump Station Maintenance	150,000	150,000	150,000	150,000	150,000
Water Treatment Plant Improvements	1,900,000				
Neighborhood Water Line Replacement					
Barnard Avenue & Sevier Street				581,251	
Biltmore Avenue				1,227,995	
Blue Ridge Rd, BR Assembly Dr, & Maney Lane					640,000
Britt Drive	72,030				
College Circle		150,000	850,000		
Conestee St & Conestee Place			191,969		
Daniel/Starnes Cove Roads, Pisgah View Ct.			242,000		
Deanwood Cir, Forest St, & Ardmore St					350,190
Dogwood Court (East)			166,585		

CAPITAL IMPROVEMENT PROGRAM 2013/14 TO 2017/18

WATER RESOURCES CAPITAL IMPROVEMENT FUND SUMMARY (Cont.)

	2013/14	2014/15	2015/16	2016/17	2017/18
Neighborhood Water Line Replacement (cont)					
Fortune, N. Blue Ridge, Taylor , & Freeman	250,000				
Frederick Street			47,596		
Gatehouse, Parkridge, & Creekside Court			193,556		
Glenn Bridge Road SE			200,000		
Gorman Bridge, River View Church, Wilson	1,130,000	1,130,000			
Hanover St, Pennsylvania/Richland/Montana	1,125,471				
Hazel Mill Rd, Annie St, & Richland St	378,158				
Hendersonville Road	540,226				
Innsbrook & Maplewood Roads	630,264				
Joe Jenkins Road	250,000				
Kenilworth side roads, Ravenna St, Finalee Ave, Knauth Road			859,896	409,332	
Lindsey Road			140,000		
Long Shoals Road					250,000
Monte Vista Place	96,000				
Mountain Crest Road / Patton Cemetery Road	310,000				
Mt. Carmel Subdivision and Erwin Hills Road		210,000	1,190,000		
Muirfield Subdivision		160,000	910,000		
North, Northview, Forsythe, & West Streets	360,000				
Old Bee Tree/Rainbow Ridge/Halcyon Hill				350,000	
Patton Avenue					1,146,454
Piney Mountain Church Rd			160,000		
Pisgah View Apartments					938,008
Plateau & Hilltopia Roads					183,433
Sherwood Road					38,000
Smokey Park Highway & Old 19/23				2,500,000	2,500,000
South Grove Street & Morgan Avenue					375,203
South Lexington Avenue					60,000
South Malvern Hills Subdivision		757,970	876,554		
Springdale Avenue					229,291
Sweeten Creek Road		1,166,108	1,348,545		
Tiny Farms Subdivision	750,000				
Valley View Road					64,000
Waynesville Ave, Tremont St, & Short Tremont			850,377		
Willis Way & Woodley Avenue	270,113				

CAPITAL IMPROVEMENT PROGRAM 2013/14 TO 2017/18

WATER RESOURCES CAPITAL IMPROVEMENT FUND SUMMARY (Cont.)

	2013/14	2014/15	2015/16	2016/17	2017/18
<i>Water System Master Plan Projects:</i>					
Beaucatcher Rd from Buckstone to Kenilworth		142,500	807,500		
Candler School Rd / Old Candler Town Rd					172,500
Enka Lake Rd from Sand Hill to Ironwood		172,500	977,500		
Fairmont Rd from Old 19/23 to Justice Ridge Rd					550,000
Mills Gap Rd Concord Pump Sta to Keswick tank	1,100,000				
Swannanoa River Rd from Caledonia to Bryson				280,000	
Tunnel Rd from Overbrook and Crockett				240,000	
<i>Total Use of Funds</i>	18,287,262	11,040,078	11,012,078	11,958,578	12,022,078



