

## MEMORANDUM

April 5, 2011

To: City Council Finance Committee  
From: Lauren Bradley, Administrative Services Director  
Via: Gary W. Jackson, City Manager  
Subject: Action items from March 22, 2011 budget work session

The purpose of this memorandum is to respond to action items that were identified by City Council during the March 22, 2011 budget work session. These items will be discussed at the April 5, 2011 Finance Committee meeting.

- (1) Turnover/Compensation** – Prepare an analysis of turnover rates in the organization and provide funding options for possible employee salary adjustments in FY 2012. Present this information at the April 5 Finance Committee and the April 12 Council budget briefing.

Attachment 1 illustrates the City of Asheville's turnover rate between FY 2005-2006 through 2009-2010. From FY 05-06 to FY 09-10, the city's overall turnover rate decreased by 22%. Staff from the Human Resources Department will be at the Finance Committee to provide further analysis of this information.

In order to provide an enhanced level of compensation in the FY 11-12 budget, the city would need to identify cost savings from other areas for funding. The type of salary adjustment that is pursued would necessitate the type of revenue required. For instance, a one-time bonus would be funded by one-time revenues, such as fund balance or a reduction in the General Fund contribution to the capital improvement budget. A recurring adjustment to the base salary would require a recurring source of revenue. This type of adjustment would require reductions to services currently projected for inclusion in the budget.

In FY 10-11, the city provided a \$300 one-time bonus to all employees who made below the area median income at a total cost of \$140,000 to the General Fund. Staff would recommend funding for this type of program come from a reduction in the General Fund contribution to the capital improvement budget.

The General Fund cost of a 1% increase to base salaries for a full year is \$600,000. Likewise, the cost of a 2% increase for a full year is \$1.2 million. Staff would recommend funding for this type of salary adjustment come from recurring savings in the General Fund, which would require reductions to services and likely staffing.

- (2) Outsource Health Clinic** – Provide analysis of the potential for cost savings with a third party manager (Mission Hospital)

Since March 22, the city manager has been in touch with Mission Hospital's executive management to begin exploring potential opportunities for partnership. It is anticipated that this process will proceed over the next several months, along with additional staff research on best practices for clinic management. Recommendations would be brought forward for City Council consideration for the FY 12-13 health plan year.

- (3) Waste Stream Reduction** – Calculate tonnage reduction estimate for the program and provide at the April 12 Council budget briefing. Also analyze the feasibility of alternative implementation and rate models.

During the Waste Stream Reduction Pilot Program, there was an average decrease in waste of 3.32 pounds per household per week for the pilot area. For 27,300 households, this would equate to approximately 2,356 tons per year, or \$110,757 in avoided tipping fees.

Staff has developed an alternative recycling proposal that incorporates larger recycling roll carts as well as a partnership with RecycleBank. Staff will be prepared to discuss the program concept at the April 5 Finance Committee meeting.

- (4) Domestic Partner Registry** – Provide activity report with the quarterly financial report.

The original fee proposed for the domestic partner registry was based on a benchmark analysis of what other cities in North Carolina are charging for the same service. Because this service is new to the City of Asheville, benchmark comparisons were used to develop a market-base fee structure until the actual costs of providing the service could be better quantified. Based on City Council's direction to implement a full cost recovery fee, as well as input from stakeholder groups about the service and rate structure, staff has since developed an estimated full cost recovery fee of \$45 per registration. If City Council is interested in developing separate fees for a "city resident" versus "non-city resident," staff would recommend \$30 and \$60 respectively. Given the opportunity to review the fee as well as the overall registry process on a quarterly basis, staff recommends consideration of the alternative fee structure based on a full cost recovery calculation.

Attachment 1

Department	COI	AVG EMP	TERMS 2005-2006	TURNOVER RATE	AVG EMP	TERMS 2006-2007	TURNOVER RATE	AVG EMP	TERMS 2007-2008	TURNOVER RATE	AVG EMP	TERMS 2008-2009	TURNOVER RATE	AVG EMP	TERMS 2009-2010	TURNOVER RATE
CM / Admin Serv. / Econ Dev. / Legal*		16	5	32.26%	15	5	33.33%	18	6	34.29%	20	7	35.90%	20	3	15.00%
Building Safety		35	4	11.43%	36	10	28.17%	38	8	21.33%	38	3	8.00%	36	6	16.67%
Civic Center		17	1	6.06%	17	1	5.88%	18	2	11.11%	18	3	17.14%	16	4	25.81%
Finance		30	2	6.78%	28	8	28.57%	31	1	3.28%	33	6	18.46%	30	6	20.00%
Fire		211	12	5.69%	219	10	4.57%	233	13	5.59%	232	12	5.17%	229	16	6.99%
Human Resources		18	0	0.00%	19	4	21.62%	21	4	19.51%	19	6	31.58%	15	8	53.33%
Information Technology		18	0	0.00%	18	2	11.11%	18	1	5.56%	20	2	10.26%	20	4	20.51%
Parks and Recreation		125	18	14.46%	137	14	10.22%	142	18	12.68%	143	13	9.12%	137	15	10.95%
Planning and Development		30	4	13.33%	29	4	13.79%	30	5	16.95%	29	5	17.24%	28	1	3.57%
Police		214	40	18.69%	221	33	14.97%	233	29	12.45%	246	27	10.98%	249	30	12.05%
Public Works		131	28	21.37%	138	27	19.57%	149	17	11.45%	152	18	11.88%	145	13	9.00%
Transportation		20	7	35.90%	24	4	17.02%	28	5	18.18%	29	3	10.53%	29	2	7.02%
Water		122	14	11.52%	126	17	13.49%	139	15	10.79%	144	19	13.19%	141	9	6.38%
<b>TOTAL</b>		<b>984</b>	<b>135</b>	<b>13.73%</b>	<b>1025</b>	<b>139</b>	<b>13.56%</b>	<b>1094</b>	<b>124</b>	<b>11.33%</b>	<b>1119</b>	<b>124</b>	<b>11.08%</b>	<b>1093</b>	<b>117</b>	<b>10.70%</b>
		<b>2005-2006</b>			<b>2006-2007</b>			<b>2007-2008</b>			<b>2008-2009</b>			<b>2009-2010</b>		

	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010
ALL	13.73%	13.56%	11.33%	11.08%	10.70%
POLICE	18.69%	14.97%	12.45%	10.98%	12.05%
FIRE	5.69%	4.57%	5.59%	5.17%	6.99%