
**CITY OF ASHEVILLE
NORTH CAROLINA**

**Adopted Annual Budget
Fiscal Year 2011 - 2012**



Terry M. Bellamy
Mayor

Brownie W. Newman
Vice Mayor

William A. Russell, Jr.
Councilmember

Jan B. Davis
Councilmember

Esther Manheimer
Councilmember

Gordon Smith
Councilmember

Cecil Bothwell
Councilmember

Gary W. Jackson
City Manager

Jeffrey B. Richardson
Assistant City Manager

Lauren Bradley
Finance and Management Services Director

MEMORANDUM

September 8, 2011

TO: Mayor Bellamy and City Council Members

FROM: Gary W. Jackson, City Manager *AX*

SUBJECT: 2011-12 Adopted Annual Budget

I am pleased to present you with a copy of the 2011-12 Adopted Annual Budget. This document, which was prepared by the City's Budget & Research Division, reflects the City's overall budget plan and policies as approved by City Council for the upcoming fiscal year.

The Fiscal Year 2011-12 Proposed Annual Operating Budget was formally presented to City Council on April 26, 2011. In accordance with the North Carolina Local Government Budget and Fiscal Control Act, a summary of the budget along with a notice of the public hearing was published on April 29 and May 6, 2011. City Council conducted a public hearing on the proposed budget on May 10, 2011. The Fiscal Year 2011-12 budget is balanced with a tax rate of \$0.42 per \$100 of assessed valuation, which represents no change from the previous fiscal year. All essential City programs and services are maintained.

The Adopted Annual Operating Budget includes three changes that were approved by Council after the Proposed Budget was published. Those changes are:

1. Recycling Program Enhancements: At its May 10, 2011 meeting, Council approved enhancements to the household recycling program that included the purchase of 95 gallon containers. To fund this additional cost, Council approved an increase in the household recycling fee of \$0.55 per month. Since the program enhancements and the fee increase will not take place on July 1, 2011, staff only included a partial year's worth of revenue and expenses in the FY 2011-12 operating budget. The amount added to the FY 2011-12 operating budget totaled \$180,000.
2. Funding for the Asheville-Buncombe Regional Sports Commission: Also at the May 10, 2011 meeting, Council approved the addition of \$45,000 to the FY 2011-12 operating budget to provide support to the Asheville-Buncombe Regional Sports Commission. This funding will provide the Sports Commission the resources it needs to hire a full time Executive Director that will continue the work of creating, recruiting, and supporting sporting events in the community.
3. COPS Hiring Program Grant: After the Proposed Budget was presented to Council, the City received notification that it will receive a grant award under the Fiscal Year 2011 Federal COPS Hiring Program. Council approved the City's application for COPS funding for 5 additional police officers. The grant award will be received in October. As a result, the \$129,000 in funding that was included in the Proposed Budget to hire three additional officers in association with the opening of the Hillcrest Bridge was removed from the Adopted Budget pending receipt of the COPS grant funds in October.

On the capital budget side, staff added \$1.5 million to the FY 2011-12 CIP to fund the purchase of the 95 gallon containers. This purchase will be debt financed and the debt service expenses are included in the operating budget adjustment mentioned above. Public Works staff has also updated its cost estimates for two projects that were included in the FY 2011-12 Proposed CIP that was presented to Council on April 26th. Staff is now anticipating that the Montford Street rebuild project will cost \$493,000, and the Wild Cherry bridge replacement will cost \$700,000. Both projects will be debt financed, and the new cost estimates do not change the overall CIP budget for FY 2011-12.

The FY 2011-12 budget numbers and all narrative in this document reflect the budget as adopted by City Council on May 24, 2011. By policy, however, the City Manager's Budget Message is included as it was presented with the proposed budget on April 26, 2011.



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**City of Asheville
North Carolina**

For the Fiscal Year Beginning

July 1, 2010

President

Executive Director

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INTRODUCTION

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Budget Process
Financial Policies

BUDGET GUIDE

Local governments exist to provide a wide range of basic services on which we all depend: police and fire protection, streets and sidewalks, water systems, garbage collection, and parks, just to name a few. The ability of a local government to provide this wide range of services rests on its financial decision-making. This document contains the City of Asheville's FY 2011-12 Adopted Budget, which is the financial plan that will guide City operations over the next year.

The City of Asheville budget document is designed to emphasize service areas instead of organizational units or funds. Five major service areas are identified in the budget document: (1) Public Safety; (2) Environment & Transportation; (3) Culture & Recreation; (4) Community Development; and (5) General Government.

The budget document is divided into the following sections:

Introduction - This section begins with the City Manager's Budget Message which highlights and explains the major budgetary issues facing the City of Asheville during the 2011-12 fiscal year. The Introduction also includes a description of the budget process and City organizational structure and a presentation of the City's financial policies.

Budget Summary - The Budget Summary section provides a detailed picture of the City's FY 2011-12 adopted annual operating budget, including information on total budget expenditures, revenues, and staffing. This section concludes with an estimate of fund balance for the City's general fund.

Fund Summary - The Fund Summary section segregates the expenditures and revenues by fund. Detailed information is included for all City

operating funds, with a focus on the City's largest fund - the general fund. This section also highlights the City's major revenue sources and summarizes the trends and assumptions that were used in developing the FY 2011-12 revenue estimates.

Service Area Summaries - The next five sections present budget data for the major service areas. Detailed budget information is included for the City departments and divisions associated with each service category. Departmental goals, objectives and performance measures are presented in this section.

Capital Improvement Program/Debt Management - The long-range Capital Improvement Program (CIP) describes planned capital improvement projects and funding sources for the next six fiscal years. This section also contains information on the City's annual debt service requirements.

Supplemental Information - The budget document concludes with a Supplemental Information section that includes a community profile, which provides demographic and economic information for the Asheville area. This section also contains a glossary of frequently used budget terms.

Please direct any comments or questions to:
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CITY MANAGER'S BUDGET MESSAGE

April 26, 2011

Honorable Mayor Bellamy and City Council Members,

As we approached the summer of 2010, there was increasing concern that the budget process for Fiscal Year 2011-12 would be unlike any we had experienced in nearly two decades. With declining revenues and the possibility of a challenging state budget on the horizon, there was apprehension over whether the City could continue to provide the same level of high quality services that support Asheville's quality of life. As early as August 2010, staff was preparing, if necessary, to closely examine the types of actions that so many localities around the country have been forced to take to balance their budgets. Deep cuts to services, widespread reductions in workforce, furloughs, and tax increases have made headlines around the state and nation. Fortunately for Asheville, those actions were not warranted in the previous two fiscal years.

Although the City's revenues did decline in Fiscal Year 2010, we were able to avoid significant reductions in services and personnel as a result of the sound fiscal management of the City Council and financial oversight of our departments. As the economy slowly inches forward, revenue projections continue to be relatively weak for municipalities, including ours. It is for this reason we have once again taken a conservative yet forward thinking approach to preparing the City Manager's proposed budget for Fiscal Year 2011-12.

As a result, it is my pleasure to respectfully submit to you a the city manager's proposed annual budget for the fiscal year beginning July 1, 2011 and ending June 30, 2012 with a total operating budget of \$132,360,548, which represents a 0.14% decrease from Fiscal Year 2010-11. The proposed budget includes a General Fund budget of \$87,549,955, which represents a 0.61% decrease from the previous year.

I am proud to say that the proposed budget continues the City's commitment to living within its means while minimizing impacts to Asheville's citizens, businesses and employees. As a result, the proposed budget includes no property tax increase, no fund balance appropriation from the General Fund, minimal service impacts to citizens, and no widespread reduction in positions. Instead, the recommended budget incorporates savings strategies that focus on minimizing expenditures at every opportunity and re-engineering services where reductions in workload or other efficiencies can reduce costs. Consequently, while the overall budget will decrease for the second consecutive year, Asheville will be able to sustain a focus on core services and support a stable and efficient workforce.

Despite the caution we felt in summer 2010, the good news is that the economy is showing some indications of recovery, and the rate of decline in our overall revenues is beginning to slow. Although economic recovery is not coming as fully or as fast as we would hope, Asheville is fortunate to have avoided extreme reductions in services and employment that other communities have suffered.

Asheville's ongoing resilience during this downturn can be attributed to prudent financial decisions made by City Council over the previous two years. The City, as the proposed budget shows, benefited from the actions taken in previous years. For instance, the proposed budget includes eliminating eight full-time positions, the majority of which are positions that were strategically held open during the FY 2010-11 budget. We could not have made this adjustment without the foresight and careful planning of City Council and departments. Overall, the FY 2011-12 proposed budget includes a \$1.2 million, or 2.5%, decrease in salaries and wages. This clearly demonstrates the City's dedication to continuing the trend of decreasing expenses and reengineering services to position our city to continue providing financial stability and quality core services for our citizens.

CITY MANAGER'S BUDGET MESSAGE

Balancing the Budget

As we developed the FY 2011-12 Proposed Budget, it was vitally important to take steps that would provide high quality services with an eye toward sustainability. Therefore, we developed a budget that takes into consideration decreases in revenues while still investing in our community's needs:

- We are proud to announce there are no reductions in direct services provided to residents, visitors and businesses. We will continue to offer the types of services our residents have grown to expect, such as a nationally accredited fire and police departments, a diverse offering of recreational opportunities, quality sanitation, recycling and public works services, and a fully funded public transportation system, among others. Based on citizen feedback, we will also reinstate brush collection at a frequency of twice per month.
- We are not proposing an increase to our property tax rate, nor have we included a fund balance appropriation in the proposed budget. We have limited fee adjustments to only those fees where current charges were not covering a proportionate share of the cost to provide the service. Adjustments to General Fund fees represent less than one-half of 1% of all General Fund revenues. No increases to business license fees or development review fees are recommended. The proposed budget does include adjustments to commercial and multi-family volumetric water rates as well as the wholesale rate, which are designed to create more equitable cost recovery across customer classes; but no changes are proposed to the residential water rate.
- As mentioned above, the FY 2011-12 Proposed Budget includes a \$1.2 million, or 2.5%, decrease in salaries and wages. The bulk of these savings is generated by a recommendation to freeze or eliminate 15 positions in the General Fund. In addition, staff is recommending a third consecutive year of no salary increases. We are fortunate to have dedicated employees who serve their community well, and it was our highest priority to minimize the possibility of staff reductions, furloughs and other actions that would have further reduced employee compensation. We continue to believe that the long term positive effects of job security, avoiding elimination of filled full-time positions, and future affordability during difficult and unpredictable economic times are critical priorities.
- The cost of fringe benefits is increasing by 3.2% in the recommended budget, the lowest rate of increase in the last six years. The proposed budget includes recommendations from City Council's Blue Ribbon Task Force on Health Care, which were designed to support the long-term sustainability of the City's health care program by reducing medical costs and improving employee health. These changes include capping the City's contribution to the health insurance program for FY 2011-12, offering a plan that incorporates wellness incentives, and expanding the employee health care clinic. These recommendations will require changes to the plan design, including increases to premiums, co-payments, and co-insurance. The relatively moderate increase in the budget for fringe benefits is largely driven by the North Carolina state retirement system's increase in the amount local governments are required to contribute, adding approximately \$300,000 to fringe benefit costs.
- Departments have identified more than \$800,000 in operational savings, including reductions to line items such as training, contracted services, supplies, materials, programmatic costs, and uniforms, among others. These savings strategies mean that we will all continue to provide the same level of service with fewer resources and less support.
- A positive highlight in the FY 2011-12 budget is the development of a general capital improvement program that projects \$59.45 million in investments over five years, which is a 45% increase in funding when compared to the previous five years. While the General Fund transfer into the capital fund is projected to remain flat, Asheville is able to increase the overall level of capital investment by reinvesting funds into the CIP that are becoming available as a result of debt retirement. The FY 2011-12 capital improvement plan proposes investments totaling \$17.55

CITY MANAGER'S BUDGET MESSAGE

- million. This funding allows the city to make significant progress toward its capital goals and Master Plan priorities, increasing funding in almost every area of the capital budget. For instance, when compared to FY 2010-11, funding for street maintenance is increasing by 30% and funding for the sidewalk program will nearly double. Funding is also proposed for construction of 1.5 miles of new greenway, critical infrastructure projects including a bridge replacement, and deferred maintenance in city facilities. The largest project funded in the FY 2011-12 CIP is for major exterior repairs to Asheville's historic City Hall building.

City Council Strategic Initiatives

Over the last six years, Asheville City Council has led an annual strategic planning cycle. In February 2011, Asheville City Council adopted six strategic priorities for Fiscal Year 2011-12 and is considering their adoption as part of the current budget process. These focus areas include:

- **Affordable** - *The City of Asheville will offer a standard of living that is affordable and attainable for people of all income levels, life stages and abilities.*
- **Fiscal Responsibility** - *The City of Asheville will support a stronger, more prosperous community by making smart investments that accomplish lasting, tangible returns.*
- **Green & Sustainable** - *Asheville will be the southeastern leader in clean energy and environmental sustainability.*
- **Job Growth and Community Development** – *Asheville will support a dynamic and robust local economy with balanced sustainable growth.*
- **Safe** - *Asheville will be one of the safest and most secure communities when compared to similar cities.*
- **Multimodal Transportation** – *Integrate and implement a multi-modal transportation plan including sidewalks, bike paths, signal preemption, transit, greenways, streets, rivers and access to river, and other system improvements resulting in a funding priority list.*

As part of the strategic planning and budget process, City Council asked staff to produce a document that outlines projected progress on strategic goals in FY 2011-12, as well as the funding implications of those goals. Attachment A provides detailed information about programs and initiatives funded in this year's budget that directly support the organization's strategic priorities. During FY 2011-12, staff will continue to provide City Council with quarterly financial and performance management reports to inform the public about progress tied to the organization's adopted strategic goals and related initiatives.

The key elements of the 2011-12 proposed budget are outlined below.

General Fund Highlights

Revenues:

- The property tax, which comprises 53% of total general fund revenue, is the single largest source of revenue for the City. In the current fiscal year, the City's tax base grew by just under 1.0%, which was the slowest tax base growth in at least 10 years. Prior FY 2010-11, growth in the City's tax base had averaged 3.4% over the last 10 fiscal years. The Buncombe County Tax Assessor is projecting that tax base growth in FY 2011-12 will remain well below historical norms due to the continuing construction slowdown. Staff is projecting property tax revenue growth of only 1.2% in FY 2011-12.

CITY MANAGER'S BUDGET MESSAGE

- The second single largest source of general fund revenue at 18% of the budget, is sales taxes. No general fund revenue has been more impacted by the recession than sales taxes. Between FY 2006-07, when sales tax revenue peaked, and FY 2009-10, the City saw its sales tax revenue decline by \$3.1 million or 18%. Sales tax revenue has finally begun to grow again in the current fiscal year, with revenue through the first eight months of the fiscal year up a modest 3.3% compared to FY 2009-10. The N.C. League of Municipalities predicts that sales tax revenue will not rise quickly without a recovery in the housing market, and such a recovery is not expected during FY 2011-12. As a result, they are projecting the sales tax base to grow by 3.0% - 4.0% in FY 2011-12. Based on this guidance, staff has built 3% sales tax growth into the FY 2011-12 proposed budget.
- As staff reported to City Council in the quarterly financial report, revenue from investment earnings is down substantially from prior years due to the historically low interest rates currently available in the market. Revenue from investment earnings declined by over \$1.0 million between FY 2008-09 and FY 2009-10. With no major changes in interest rates expected next fiscal year, staff is projecting that investment earnings revenue will remain low in FY 2011-12.
- Revenue in the "other financing sources" category shows a decrease, largely due to loss of one-time grant funding from the American Recovery and Reinvestment Act (ARRA) received in FY 2010-11. In the previous year, staff time related to ARRA grant projects was recovered using those funds.
- Staff has budgeted small adjustments to revenues in the charges for service and licenses and permits categories to reflect collection trends over the last two fiscal years.

<u>Revenue Sources:</u>	<u>2010-11 Budget</u>	<u>2011-12 Proposed</u>	<u>Change From Prior Year in \$</u>	<u>in %</u>
Property Tax	46,055,271	46,602,746	547,475	1.2%
Intergovernmental	11,175,602	10,963,573	(212,029)	-1.9%
Sales & Other Taxes	15,144,688	15,523,305	378,617	2.5%
Charges For Service	5,387,771	5,407,654	19,883	0.4%
Licenses & Permits	5,206,866	5,070,977	(135,889)	-2.6%
Investment Earnings	1,014,000	239,700	(774,300)	-76.4%
Miscellaneous	1,210,943	1,334,680	123,737	10.2%
Other Financing Sources	2,887,821	2,407,320	(480,501)	-16.6%
Total Revenue	<u>88,082,962</u>	<u>87,549,955</u>	<u>(533,007)</u>	<u>-0.6%</u>

Expenditures:

- The FY 2011-12 proposed budget includes general fund expenditures that are 0.6% less than the FY 2010-11 budget.
- Public Safety is the largest general fund service area, accounting for 44% of all general fund expenditures. Operating and small capital costs in the Police and Fire Departments were reduced by a total of \$245,000 in the proposed budget. In addition, the Police Department will hold vacant a Telecommunicator position and a Forensics Technician position, which will produce budget savings of \$71,000. In the Fire Department, one Deputy Fire Marshal position stationed at the Development Services Center will be re-assigned to perform periodic fire inspections, which is expected to increase the annual revenue from fire inspections by \$40,000. The only enhancement in this service area is the addition of three Patrol Officers in the Police Department budget in FY 2011-12 due to community safety priorities associated with the opening of the I-240/Hillcrest pedestrian bridge. The cost for the addition of the three positions is \$129,000. All

CITY MANAGER'S BUDGET MESSAGE

- other essential programs and services in the Police and Fire Departments will be maintained at current levels in the FY 2011-12 budget.
- Environment & Transportation is the second largest service area in the General Fund, representing 16% of the FY 2011-12 general fund budget. This service area shows a \$770,000 decrease in FY 2011-12. Almost half of this decrease (\$316,000) is due to a technical budget change in which the costs of the crew that installs new sidewalks is moved from the Public Works Department's General Fund budget over to the General Capital Project Fund. Outside of this technical change, actual reductions in the Public Works Department include the elimination of 3 FTE positions for a savings of \$146,000 and a reduction of \$92,000 in the City's streetlighting budget. In the Transportation Department, Transportation Demand Management (TDM) program was eliminated from the budget and operational accounts were reduced by \$82,000. The only enhancement in this service area is the addition of \$125,000 that will allow the City to resume twice monthly brush collection. Also as a part of the budget, staff is proposing that the City end loose leaf collection and instead collect only leaves that have been bagged. This service change will produce savings of \$83,000. Finally, this service area includes the \$340,000 increase in the General Fund transfer to balance the Transit Services Fund.
- The Culture and Recreation service area shows an increase of \$230,000 due to the merging of the Festivals Fund with the General Fund. Adjusting for this technical change, expenditures in the Culture and Recreation service area show a reduction of just over \$300,000. These reductions include the elimination/freezing of 5 FTE positions in the Parks Department for a savings of \$270,000, as well as \$55,000 in other operating reductions.
- Both the Community Development and General Government service areas show declines in FY 2011-12 as departments in these areas eliminated and froze positions and cut operating budgets to produce total budget savings of approximately \$400,000.
- Personnel costs, including salaries, wages and fringe benefits, make up 65% of the FY 2011-12 general fund budget. Overall, the proposed personnel budget in the general fund is approximately \$400,000 less than the FY 2010-11 budget. The cost impact to the general fund of the N.C. retirement system increase is \$215,000. Factoring out this mandated cost increase, personnel costs show a \$615,000 decrease. Most of this decrease was achieved by eliminating or freezing 15 general fund positions, which will save approximately \$800,000. The general fund personnel budget does include the addition of 3 FTE positions associated with the return to twice monthly brush collection and the addition of 3 Police Patrol Officers for the opening of the Hillcrest pedestrian bridge. These two service enhancements added approximately \$230,000 to the personnel budget
- To balance the FY 2011-12 proposed budget, general fund operating costs are reduced by \$657,000, or 3.1%. This reduction was achieved by trimming various line items, including contracted services, supplies, and materials, throughout the General Fund.
- Interfund transfers are budgeted to increase by a net amount of \$180,000 in FY 2011-12. As noted on the previous page, the Festivals Fund is being merged with the General Fund in FY 2011-12. This technical accounting change results in the elimination of the \$162,000 interfund transfer between those two funds. Absent this technical adjustment, the increase in General Fund interfund transfers is \$340,000, which represents the change in the General Fund transfer to the Transit Services fund to make up for a loss of State funding for transit services.
- In 2010-11, the City redeemed the final payment on the Certificates of Participation (COPs) Series 1997B, which was issued to fund renovations on the Public Works building. Also in 2010-11, the City made the final payment on the 2006 series installment financing, which was issued to pay for radios and vehicles. In paying off these two debt obligations, the City reduced its annual debt service payments by more than \$1.1 million. In FY 2011-12, the City will use this debt capacity to issue \$12.1 million in new debt to fund critical capital improvements, including exterior

CITY MANAGER'S BUDGET MESSAGE

- repairs to City Hall, construction of new sidewalks and greenways, and the replacement of vehicles. Based on the projected timing of this new debt issuance, the City does not anticipate having to make a debt service payment on this issuance until FY 2012-13. Therefore, the \$1.1 million that will go toward debt payments in future years is being directed to the pay-go capital program in FY 2011-12.
- The capital outlay budget, which is comprised of the pay-go capital contribution, as well as departmental small capital, shows an increase of approximately \$1.5 million. As mentioned above, \$1.1 million of this increase is the result of shifting the FY 2011-12 debt service savings to the pay-go capital program. Most of the rest of the increase (\$316,000) is due to the technical budget change in which the costs of the crew that install new sidewalks is moved from the Public Works Department's General Fund budget over to the pay-go capital program. Adjusting for this technical change, the total general fund allocation to capital outlay and debt service in FY 2011-12 is essentially unchanged from the current budget year.

<u>Expense Category:</u>	2010-11	2011-12	<i>Change From Prior Year</i>	
	<u>Budget</u>	<u>Proposed</u>	<u>in \$</u>	<u>in %</u>
Salaries & Wages	40,636,760	39,917,082	(719,678)	-1.8%
Fringe Benefits	16,894,228	17,224,120	329,892	2.0%
Operating Costs	21,040,664	20,383,101	(657,563)	-3.1%
Interfund Transfers	1,497,442	1,677,889	180,447	12.1%
Debt Service	5,434,922	4,273,832	(1,161,090)	-21.4%
Capital Outlay	2,578,946	4,073,931	1,494,985	58.0%
Total Expenditures	<u>88,082,962</u>	<u>87,549,955</u>	<u>(533,007)</u>	<u>-0.6%</u>

Fund Balance Analysis

The City ended FY 2009-10 with available fund balance of \$12.3 million, which equated to 14.2% of FY 2009-10 expenditures. In the current fiscal year, staff is forecasting that the general fund will end the year with expenditures roughly equal to revenues, which means available fund balance will remain at \$12.3 million or 14.2% of estimated expenditures. The City's Financial Management Policy recommends that the City maintain a fund balance in the General Fund equal to 15% of expenditures. For FY 2011-12, staff is recommending that no appropriation from fund balance be made as a part of the general fund budget, which means that available fund balance is forecast to remain at 14.2% in FY 2011-12. If and when stronger economic recovery is achieved and revenues improve, staff will recommend more aggressive strategies for increasing the City's fund balance level.

Other Funds

Water Resources Fund

- The FY 2011-12 Water Resources budget includes the fee adjustments that were approved by City Council on April 12. These adjustments, which will create more equitable cost recovery across the water customer classes, include increases to the commercial and multi-family volumetric rates and the wholesale rate. There will be no changes to the residential rate in FY 2011-12.
- The overall Water Fund budget for FY 2011-12 remains essentially flat compared to FY 2010-11. There is a significant decrease of approximately \$1.5 million in the Fund's debt service obligations in FY 2011-12. The department is re-directing \$1.0 million of this savings to capital in FY 2011-12. The remaining savings in debt service is being used to cover increases in operating costs.

CITY MANAGER'S BUDGET MESSAGE

- The capital outlay category includes \$6.2 million for water capital improvement projects, \$342,000 for rolling stock replacement, and \$120,000 for small capital equipment. The capital outlay category also includes a \$660,224 Sullivan Act transfer to the General Capital Projects Fund, which represents 2% of Water Fund revenues.

Parking Services Fund

- The operating transfer to the Transit Services Fund is increased from \$484,000 to \$500,000 in FY 2011-12.
- The Parking Fund budget includes \$431,260 for capital outlay in FY 2011-12, which represents a significant increase compared to FY 2010-11. \$201,260 of this amount will be used for the installation of the Streetline Smart Parking system at 694 on-street parking spaces. This system will allow for more effective monitoring and enforcement of on-street parking. Once the system is installed, there will be an annual maintenance expense, but this cost is expected to be offset by additional revenue generated by the system. The capital outlay budget also includes funding for the replacement of 150 parking meters and improvements to the AT&T surface lot.
- \$522,000 is budgeted in the debt service account for payment on the Biltmore Avenue parking deck that is now under construction. However, actual debt expenses will be substantially lower in FY 2011-12 due to the timing of the actual loan take out. For this reason, parking revenues are projected to exceed expenses by \$358,740 in FY 2011-12.

Transit Services Fund

- For FY 2011-12, the City expects state transit funding to be reduced by \$600,000. A portion of this decrease will be off-set by a reduction in expenditures. The remaining amount will be covered by increasing the General Fund transfer to the Transit Fund by approximately \$343,000, and by increasing the transfer from the Parking Fund by \$16,000.
- The proposed budget assumes a slight increase in fuel costs despite efficiencies gained from hybrids and the new diesel buses. Other system operating costs are budgeted to be flat in FY 2011-12. Staff will closely monitor the Transit Fund budget in FY 2011-12 in case union contract negotiations this summer or the upcoming RFP for management transit services lead to any unplanned cost increases.
- \$450,000 in transit capital improvements are funded in FY 2011-12 through the General Fund and various grants. Planned projects include the installation of security cameras on buses, the replacement of three bus shelters, signage improvements, and the installation of an automated vehicle location system.

Stormwater Fund

- A Labor Crew Coordinator position in the Stormwater Fund was eliminated from the budget. A portion of the savings from this position elimination will be used to pay the Stormwater Fund's share of the cost for the new Safety Coordinator position in the General Fund.
- The Stormwater Fund proposed budget includes a significant increase in capital spending. \$700,000 will be appropriated from the Stormwater Fund reserves to fund a major project on Victoria Road. Based on financial standards for enterprise funds, the Stormwater Fund should have about \$500,000 in reserves. This transfer will leave more than \$750,000 in Stormwater Fund balance, so reserves will remain more than adequate. Also, the Stormwater Fund will borrow \$430,000 to fund the replacement of several pieces of equipment, including a street sweeper and a backhoe.

CITY MANAGER'S BUDGET MESSAGE

- In addition to the major capital items above, stormwater crews are expected to complete another \$254,000 in capital maintenance projects in FY 2011-12, including projects on Gardenwood Lane and Robindale Avenue.

Street Cut Utility Fund

- This fund was created in FY 2010-11 to track revenues and expenses associated with the City's new street cut repair program. In addition to handling street cut repairs for the City's Water Resources and Stormwater Funds, street cut utility crews also repair cuts for the Metropolitan Sewerage District (MSD) and Public Service Natural Gas (PSNC). Each entity is then billed for 100% cost recovery.
- The proposed budget represents a continuation of the existing program.

Civic Center Fund

- The proposed operating budget represents a continuation of existing programs and services. Therefore, the General Fund subsidy to the Civic Center Fund remains unchanged in FY 2011-12.
- In addition to the General Fund operating transfer of \$392,594 to the Civic Center Fund, the General Fund is also contributing \$300,000 to the Civic Center Capital Fund in FY 2011-12 to assist with funding the Southern Conference renovations planned for the Civic Center.

Golf

- The Golf Fund budget reflected in the Manager's Proposed FY 2011-12 Budget is identical to the FY 2010-11 budget. However, based on revenue trends observed in FY 2009-10 and FY 2010-11, staff estimates that the Golf Fund will require a \$150,000-\$200,000 transfer from the General Fund in FY 2011-12 to break even. This transfer is not currently included in the proposed budget. Staff is working to identifying opportunities for cost savings and revenue enhancements to minimize or avoid a General Fund transfer in FY 2011-12. With City Council's approval, these strategies will be incorporated into the adopted budget.

Next Steps

The City of Asheville's Budget and Research Division coordinates the city's budget process every year. I would like to take this opportunity to thank the staff in this division, Tony McDowell and John Sanchez, for their thorough work. I would also like to recognize the efforts of our department directors and all city employees for their efforts to support and offer an affordable tax rate along with quality core services.

It is also with gratitude that I recognize you, Mayor and City Council members, for your commitment to our strategic planning and budget development processes. The direction and feedback you have provided throughout the year, and especially during the last four months, have supported significant progress and improvements at all levels of the organization. As a result of your sound financial planning and careful decision making, the City is in a strong position to withstand the lingering effects of the recession and to take advantage of economic recovery when it occurs. Despite the challenging financial environment, your leadership has poised Asheville to implement a significant capital program in FY 2011-12, which includes important investments in streets, sidewalks, infrastructure and facilities. The capital program will make significant progress toward achieving high priorities in Asheville's Master Plans, while also having a positive impact on the local economy.

It's true that full economic recovery has not arrived as quickly as we would all hope, and we are entering another financially challenging year. However, with a solid financial foundation, new approaches to critical

CITY MANAGER'S BUDGET MESSAGE

community partnerships, and an organization-wide commitment to quality and innovation, I am confident Asheville will continue to experience great progress next year and in the years that follow.

I look forward to working with you and the community to adopt the Fiscal Year 2011-12 Budget.

Sincerely,

A handwritten signature in black ink that reads "Gary W. Jackson". The signature is written in a cursive style with a large, stylized initial "G".

Gary W. Jackson
City Manager

CITY MANAGER'S BUDGET MESSAGE

ATTACHMENT A

Strategic Initiatives

Affordable - *The City of Asheville will offer a standard of living that is affordable and attainable for people of all income levels, life stages and abilities.*

Goal I: Hold the line on taxes and support tax and fee relief.

Objectives	FY 11-12 Projected Progress	Funding Notes
<p>Objective 1: Explore opportunities to enhance affordability by reducing utility costs through innovative energy efficiency financing programs.</p>	<p>Asheville has two affordable housing rebate programs and has been actively reviewing our operations to contain cost and improve service.</p> <p>Staff will pursue PACE or PACE-type programs that are approved at a Federal regulatory level.</p>	<p>Investment of staff time and resources as well as rebated revenue through program. In FY 09-10, the value of rebates reached nearly \$134,000. Year-to-date in FY 10-11, rebates are valued at almost \$40,000.</p>
<p>Objective 2: Create an Affordable Housing Standing Board or Commission to advise City Council on matters relating to affordable housing consisting of a diverse stakeholder group.</p>	<p>Applications received through the City Council Boards and Commissions process. Development of scope, role and by-laws for board.</p>	<p>Investment of staff time and resources to assist with board facilitation and meeting logistics.</p>

Affordable, Goal II: Support the creation and preservation of affordable rental and home ownership opportunities in Asheville so that all citizens have access to safe, sufficient and affordable housing.

Objectives	FY 11-12 Projected Progress	Funding Notes
<p>Objective 1: Implement reforms to Unified Development Ordinance to encourage affordable housing development; utilize zoning where possible to encourage and align affordable housing with transit.</p>	<p>Sustainability and Density Bonus policy changes adopted by Council to help achieve these goals. Staff continues to have a goal of consideration of land use regulations in important neighborhood corridors.</p>	<p>Resources associated with increased staff time needed for detailed reviews, permitting, and inspections.</p>
<p>Objective 2: Explore opportunities for public/private partnerships and innovative financing mechanisms to incentivize affordable housing development.</p>	<p>The Council's recently adopted Land Use Incentive Policy will provide additional support for development that reflects Council's highest goals and objectives.</p>	<p>Resource investment affected by number of applications received balanced against existing workload of Community Development staff assigned to evaluate applications vs. limits on local work allowed under federal guidelines.</p>
<p>Objective 3: Support the Housing Authority to develop a comprehensive plan for public housing; continue to pursue redevelopment of public housing with a HOPE VI-type project.</p>	<p>Housing Authority has made significant energy-upgrades using ARRA funding. Its grant application for the Reid Center was strongly supported by the City. The Housing Authority will apply for a HOPE VI/Choice Neighborhood planning grant in the next available application round.</p>	<p>The City Council HCD Committee is recommending CDBG funding of \$43,500 to support application. The Housing Authority has also requested that Community Development staff assist in the preparation of the application.</p>

CITY MANAGER'S BUDGET MESSAGE

Affordable, Goal II, Continued

<p>Objective 4: Support initiatives to end chronic homelessness in Asheville with an emphasis on the Housing First philosophy</p>	<p>Strong support for Housing First in Asheville.</p>	<p>The HCD Committee is recommending an increase of \$25,000 (from \$35,000 last year to \$60,000 this year) in CDBG funding for the Homeward Bound Pathways to Permanent Housing. The HOME Consortium is recommending tenant-based rental assistance funding of \$170,000 this year, an increase of \$44,000 from last year.</p>
<p>Objective 5: Continue to provide funding for affordable housing development loans through the Housing Trust Fund; increase the number of long-term affordable units supported by the Housing Trust Fund.</p>	<p>In 2010, the City supported the development of 72 new units of affordable housing through the Housing Trust Fund. Additionally, the City purchased 16 acres of land and entered into a contract to sell the land to Habitat, which if successful, will result in the development of 56 new affordable Habitat homes.</p>	<p>Proposed FY 11-12 budget includes a \$300,000 allocation for the Housing Trust Fund. The administration and management of the HTF program (as well as other city affordable housing incentives) requires the support of .75 FTE.</p>

Fiscally Responsible - *The City of Asheville will create a stronger, more prosperous community with smart investments that accomplish lasting, tangible returns.*

Goal I: Operate the City of Asheville to the highest levels of fiscal responsibility.

Objectives	FY 11-12 Projected Progress	Funding Notes
<p>Objective 1: Identify resources for strategic initiatives and create meaningful performance measures for programs and services.</p>	<p>Continued Quarterly Strategic Operating Reports, established with measurable objectives.</p>	<p>Staff resources dedicated to developing aligned business plans, tracking performance and producing quarterly management reports.</p>
<p>Objective 2: Sustain at least a 15% Fund Balance</p>	<p>Fund balance is currently at 14.2%.</p>	<p>To reach the 15% standard, fund balance would need to grow by an estimated \$1-1.2 million. During FY 2012, staff will continue to closely monitor revenues and expenditures as well as other financial management methodologies to ensure fund balance maintains or improves its current position. When revenues recover, staff will recommend more aggressive strategies for improving the fund balance level.</p>

CITY MANAGER'S BUDGET MESSAGE

Goal II: Explore alternatives for enhancing the city's long-term financial commitment to master plan implementation, infrastructure maintenance, capital improvements, and public facilities.

Objectives	FY 11-12 Projected Progress	Funding Notes
<p>Objective 1: Leverage internal and external partnerships for pursuing capital improvements and infrastructure projects.</p>	<p>1. Secured Civic Center Renovation funding, energy grants. 2. The TIGER II Sustainable Communities Planning Grant and our successful partnership with Land of Sky COG in the HUD Sustainable Communities regional grant creates a working partnership with HUD, DOT, NCDOT and EPA for resource development.</p>	<p>Strategic partnerships for capital investment could lead to creative cost sharing opportunities. An example of success in this area is the Water Fund allocation for infrastructure associated with water lines. In FY 11-12, this transfer will fund \$660,224 in capital improvements, including completion of the Azalea Road project.</p>
<p>Objective 2: Review analysis of revenue streams to identify opportunities for revenue diversification.</p>	<p>Held two Council work sessions; formed Council/Commission study group</p>	<p>An example of success with this goal is the recent approval of MSD's extension line policy, which will allow the City to recover the capital cost of sewer projects through a revenue sharing partnership with MSD. The Airport Road sewer line project, included in the FY 11-12 CIP, will be eligible for this policy.</p>
<p>Objective 3: Explore feasibility of a bond program now or in future years; learn more about financing options outside of a property tax increase.</p>	<p>Capital Planning work session 10/8/10</p>	<p>Five year CIP represents a 45% increase in funding over the previous five years. The FY 11-12 CIP, funded at \$17.55 million, achieves important community goals and Master Plan priorities, including a 30% increase in street maintenance funding and double the funding for the sidewalk program. Staff would recommend considering an increase to the contribution if and when economic recovery leads to revenue growth.</p>
<p>Objective 4: Seek efficiencies in master plan implementation by identifying plan interdependencies, funding sources and key partnerships.</p>	<p>GIS Project mapping; Prepared CIP Analysis work session.</p>	<p>Pursuing partnership with NEMAC for the second phase of project (a decision making tool for capital planning), including development of cost impact not yet quantified.</p>
<p>Objective 5: Conduct a comprehensive review of the City's Enterprise Funds, including financial, operational and capital performance.</p>	<p>Staff recommends considering Water Enterprise Fund financial planning and policies in Fall 2011.</p>	<p>Staff time and resources devoted to comprehensive financial management and facilitation of Council policy review.</p>

CITY MANAGER'S BUDGET MESSAGE

Green & Sustainable - Asheville will be the southeastern leader in clean energy and environmental sustainability.

Goal I: Set and develop a plan for implementing a community energy reduction goal.

Objectives	FY 11-12 Projected Progress	Funding Notes
Objective 1: Work with regional partners to create incentives for green building, energy conservation and energy independence.	Ongoing efforts with Land of Sky Regional Counsel for electric vehicle charging stations and continuing permit rebates for green building. Conducting a neighborhood scale energy assessment and community energy policy tool assessment with local partners through the East of the Riverway Grant Program.	Grant funding will support the installation of 2-4 electric vehicle charging stations, as well as the neighborhood energy assessment and policy tool analysis.
Objective 2: Expand community education programs including climate awareness, water conservation, recycling, stormwater, and sustainability.	EECBG funding for education programs being implemented; partnered with Land of the Sky to offer water usage audits for commercial and institutional users.	ARRA funding will carry this program forward through December 2011. It is anticipated that savings generated through the Green CIP could continue to fund the effort beyond 2011.

Goal II: Take the City of Asheville's sustainability program to the next level.

Objectives	FY 11-12 Projected Progress	Funding Notes
Objective 1: Identify strategies and costs for increasing the city's annual energy reduction goal to 4 percent.	Opportunities reviewed at April 12, 2011 City Council meeting.	FY 11-12 Capital Improvement Plan includes a Green CIP that identifies in the amount of \$1.2 million for energy efficiency projects for city buildings, facilities and infrastructure. Plan is funded by utility savings.
Objective 2: Implement ways to reduce city-wide solid waste.	Staff is pursuing alternative models for recycling and residential solid waste collection.	Single-stream recycling is being considered by City Council.
Objective 3: Review the City of Asheville's ordinances that relate to tree topping, as well as parking lot tree requirements for spacing and shade.	Staff will evaluate the ordinances noted, discuss legal options and constraints with Legal staff, discuss available options with interested stakeholders and prepare options for the consideration of the Council.	Resources associated with staff research and development of new ordinances. Enforcement of expanded ordinances may require additional staff, entailing salary and benefits costs.

CITY MANAGER'S BUDGET MESSAGE

Job Growth & Community Development – *Asheville will support a dynamic and robust economy with balanced and sustainable growth.*

Goal I: Create more collaborative and effective working partnerships between the City of Asheville, the business community, and other key organizations to effectively manage the city's regulatory environment while accomplishing economic development goals.

Objectives	FY 11-12 Projected Progress	Funding Notes
Objective 1: Support diversified job growth and business development.	No property tax increase, plan review or permit fee increases. Re-engineered and relocated privilege licensing to One Stop Shop. Continue existing industrial incentive policy and implement the new land use incentives.	In FY 10-11, the City provided \$100,000 in funding in support of the opening of the UNC Pharmacy School. The school is expected to open in Fall 2011. The FY 11-12 budget includes an economic incentive payment to Biltmore Farms in the amount of \$525,000 for public improvements at the Biltmore Park Town Square. Staff expects to launch a site assessment program for developers in FY 11-12.
Objective 2: Support business through reductions in taxes, fees, and regulations.	Re-engineered plan review process for small business adoptive reuses; Urban Progress Zone Designation renewed by NC Department of Commerce; Pilot Program development for small business building reuse assessment	FY 11-12 budget includes no tax rate increase, no development fee increases and no business license increase. Staff recommends allocating existing staff resources for economic development activities and leveraging outside agency contributions.
Objective 3: Partner in regional economic development strategies, including the HUB; continue partnership in the Economic Development Coalition.	Ongoing representation on new AB Tech incubator foundation; HUB alliance; EDC Partnership; CarolinaWest; Sustainable Communities Partnership; Asheville Buncombe Regional Sports Commission; LOS CEDS; SoCon Local Organizing Committee.	Staff recommends maintaining existing indirect and direct cost support.
Objective 4: Expand partnerships with UNC-Asheville, A-B Tech, Mars Hill College, Warren Wilson College and other institutions to achieve common goals, including health and wellness, workforce development, and sustainable Economic Development.	Multiple projects with UNCA; negotiations with AB Tech for drainage improvements and fire station locators; Established BLOCK Academy Partnership w/ EMSDC& AB Tech; RENCI local engagement site lease partnership.	Staff recommends allocating existing staff resources to continue efforts.
Objective 5: Provide leadership in buying local products and services.	Staff research conducted on "buy local" policies. Policy consideration could move forward in FY 11'-12'.	Continued efforts to reach out to local and minority owned businesses to register as vendors with the City of Asheville. Recent changes to the purchasing and contracting policy intended to make it easier to do business with the City, including adjustments to insurance requirements and payment procedures.

CITY MANAGER'S BUDGET MESSAGE

<p>Objective 6: Work cooperatively with state and county elected officials to enable the City to implement practical water system management and voluntary annexation policies</p>	<p>Ongoing communication with Woodfin about annexation and boundary adjustments. We have participated in a regional Land of Sky water resource allocation study and have been involved in a Mills River Watershed partnership. Water Resources has had conversations with County, State and Federal officials regarding CTS site.</p>	<p>No anticipated costs</p>
<p>Objective 7: Consider funding for Asheville Civic Center improvements by building on momentum with existing partners.</p>	<p>Seek out new financial partnerships for investment in the Civic Center.</p>	<p>FY 2012 CIP includes \$300,000 allocation for Civic Center renovations.</p>
<p>Objective 8: Seek partnerships for the 4th of July and New Year's Eve fireworks displays.</p>	<p>A partnership for the 4th of July fireworks has been secured and staff will seek additional opportunities for the New Year's Eve show.</p>	<p>No direct costs.</p>
<p>Objective 9: Support local and regional Sustainable Community Initiatives and seek investments in Sustainable Community target areas, such as the East of the River and Between the Bridges Initiative; seek opportunities for recognition.</p>	<p>The East of the Riverway process is in beginning stages. Significant commitment to neighborhood resident engagement is the key to a successful planning effort. Targeting of resources and new resource development will be necessary to turn the resulting plans into reality.</p>	<p>City staff time is providing the match for federal TIGER II funds. Making sustainable communities a priority for that time will require departmental coordination and balancing of other City priorities.</p>

Job Growth & Community Development, Goal II: Support a strong local economy by continuing to implement sustainable growth and development policies.

Objectives	FY 11-12 Projected Progress	Funding Notes
<p>Objective 1: Promote sustainable, high-density, infill growth that makes efficient use of existing resources.</p>	<p>Sustainable Density Bonus Ordinance adopted. Ongoing support for pertinent policy changes. Partner with development community to actively manage sites adopted in Brownfield program. Expand marketing program for appropriate available city owned sites via social media.</p>	<p>Investments associated research and development of new ordinances. Depending on new policies and/or ordinances, additional staff time may be needed for detailed reviews, permitting, and inspections.</p>
<p>Objective 2: Support the riverfront redevelopment partnership and formation of a dedicated office.</p>	<p>Continued organizational development of Asheville Area Riverfront Redevelopment Commission. Ongoing policy analysis from Between the Bridges project.</p>	<p>Dedicated staff member funded in the FY 11-12 for continuation of river redevelopment efforts.</p>
<p>Objective 3: Complete the Downtown Master Plan implementation.</p>	<p>Land use portions adopted by Council. Ongoing implementation of other recommendations will require staff monitoring and support. During 2011, committees will transition private sector work to existing partners for continued implementation.</p>	<p>Transitional staff support funded in FY 11-12 for committees, directed predominantly to the Downtown Management committee.</p>

CITY MANAGER'S BUDGET MESSAGE

<p>Objective 4: Pursue models for re-formatting the Unified Development Ordinance so that it is easy to use and understand.</p>	<p>Some modifications adopted by Council and additional modifications will be considered during the upcoming year.</p>	<p>Staff will continue to seek opportunities for updating and streamlining the UDO using existing staff resources. Staff will remain informed regarding alternate options for formatting the UDO using consultants when fiscal means allow consideration of that level of change.</p>
<p>Objective 5: Consider tools and programs the City could use to promote job growth and creation.</p>	<p>Continue City Manager's Development Forum to educate community on City tools and programs. Refocus of Minority Business Program. Review with other partners how small businesses and entrepreneurs access capital.</p>	<p>Outside agency funding; staff time and resources.</p>
<p>Objective 6: Improve the affordability of water and stormwater utility rates for residential customers and ensure effectiveness and value for fees charged.</p>	<p>Water Resources Department currently participates in three rebate programs for affordable housing and infill development. Also, Water Resources maintains an active adjustment policy which allows adjustments to bills for leaks or high consumption of undetermined cause.</p>	<p>Water Rate Study was fully funded in FY 10-11 and recommendations are incorporated in FY 11-12 budget.</p>

Job Growth & Community Development, Goal III: Maintain Asheville's commitment to being an "employer of choice" in the region.

Objectives	FY 11-12 Projected Progress	Funding Notes
<p>Objective 1: Attract and retain quality employees with an emphasis on local labor pool development opportunities and by paying sound wages and benefits.</p>	<ol style="list-style-type: none"> 1. Creation of the Healthcare Task Force to review benefits package. 2. Ongoing workforce development opportunities. 3. Increased healthcare cost sharing with employees. 	<p>Blue Ribbon Task Force recommendations are incorporated in FY 11-12 budget. These changes include capping the City's contribution to the health insurance program for FY 2011-12, offering a plan that incorporates wellness incentives, and expanding the employee health care clinic. As a result, increases in fringe benefit costs have slowed dramatically in FY 2012.</p>
<p>Objective 2: Enhance diversity in the City as an organization so that the workforce more closely resembles the community, especially in the area of public safety.</p>	<ol style="list-style-type: none"> 1. Expanded job postings and recruitment methods. 2. Working with departments to improve diversity. 	<p>Staff resources dedicated to implementing objectives.</p>

CITY MANAGER'S BUDGET MESSAGE

Safe - Asheville will be one of the safest and most secure communities when compared to similar cities.

Goal I: Make Asheville the safest city in America based on approved metrics for similarly sized cities; bring benchmark metric back to City Council for approval and tracking.

Objectives	FY 11-12 Projected Progress	Funding Notes
Objective 1: Implement strategies to significantly improve public safety in neighborhoods in Asheville with the highest levels of crime.	Continue reviewing the adjustments to the Patrol beat structure, as well as the number of beats within each district to improve response time.	Three additional patrol officers are funded in FY 2011-12 in support of community safety priorities associated with the opening of the I-240/Hillcrest pedestrian bridge. Funding for three officers is \$129,000.
Objective 2: Reaffirm commitment to eliminate open air drug markets in Asheville.	Continue maintaining a strong presence in high crime neighborhoods and conduct proactive and undercover buys in areas that have open air drug markets.	Funding for Drug Suppression Unit is included in FY 11-12 budget.
Objective 3: Track and monitor performance of the Nuisance Court and the "Changing Together" program.	Staff will monitor progress of the Nuisance Court in conjunction with the District Attorney's Office. The first call-in for "Focused Deterrence" was held with 14 subjects targeted. This was in conjunction with Changing Together and other community based partners.	FY 2011-12 budget includes continuation funding for nuisance court at \$10,000. Staff time with existing resources.
Objective 4: Support recreation and employment alternatives for youth at risk of gang exposure.	Gang Detectives are making home visits to adjudicated youth involved in gang crimes. (178) home visits were conducted this quarter - 263 YTD. Council support for the sale of the Reid center, and TIGER II Sustainable Communities funding are essential elements in the HACA grant application to transform the Reid Center into a community training and education center	In FY 11-12, staff applied for a three-year grant of \$750,000 in funding that would support the creation of a Police Activities League. Grant announcement is anticipated in Fall 2011.
Objective 5: Support the Safe Routes to School program by implementing one school this year.	There has been no statewide competitive grant call since we applied in 2009, but did not win the grant. Statewide grants have required school participation in encouragement programs as well as a large number of children within 2-mile walk/bike zone.	Working with local NCDOT division staff on funding a pedestrian project tied to Bell School, and expect to construct Emma School project this summer.
Objective 6: Seek resources to enhance the Asheville Police Department's internet child abuse program.	A third full-time staff member is currently being trained. Additional computer equipment and software will be provided to assist in investigations.	Seizure monies have been set aside to provide additional training to detectives.

CITY MANAGER'S BUDGET MESSAGE

Safe, Goal II: Maintain accreditation and ISO ratings of Asheville Fire & Rescue Department.

Objectives	FY 11-12 Projected Progress	Funding Notes
Objective 1: Develop an action plan for maintaining fire and rescue standard of cover throughout the city.	Action Plan developed for two areas that currently have low SOC performance. This action plan includes partnering with AB-Tech and AVL Airport to partner with Fire Department facilities.	FY 12-13 CIP includes \$1 million for Airport Rd. facility. CIP year 3 includes \$4 Million for Sandhill Rd. Public Safety Facility.
Objective 2: Increase participation in state fire code inspection schedule to 90 percent.	Increased participation from 75% to 80%	FY 11-12 Budget includes \$25,000 increased revenue from fire inspections.

Multimodal Transportation - *Integrate and implement a multi-modal transportation plan including sidewalks, bike paths, signal preemption, transit, greenways, streets, rivers and access to the river, and other system improvements resulting in a funding priority list.*

Objectives	FY 11-12 Projected Progress	Funding Notes
Objective 1: Make headway on multimodal transit options by doubling the output of sidewalk construction and maintenance.	Proposed FY 11-12 CIP estimated to result in 1.82 miles of new sidewalk and 1.68 miles of sidewalk maintenance.	Proposed FY 11-12 CIP includes a 94% increase in funding for the sidewalk program for a total investment of \$2,861,000.
Objective 2: Seek partnerships for investments in greenway and sidewalk infrastructure, including cost sharing options.	Proposed FY 11-12 CIP includes funding for construction of Beaucatcher Greenway and land acquisition funds for Town Branch Greenway.	Proposed FY 11-12 CIP funding for greenways is \$1.45 million.
Objective 3: Clearly develop a long-term Capital Improvement Program funding plan for sidewalk, bike lane and greenway projects beyond a pay-go strategy.	Proposed FY 11-12 CIP includes debt financing for multi-modal investments including sidewalks, greenways and street rebuilds; FY 13-14 planning year also projects debt financing for multi-modal projects.	Proposed debt financing for multi-modal projects in FY 11-12 is just over \$3 million. Continuing to invest in multi-modal projects at this level in the CIP planning years will require an increased General Fund contribution to the capital budget.
Objective 4: Leverage existing funds to pursue a pedestrian and bike friendly community opportunity.	Assign to the Transportation Department. Identify stakeholders. Process does not include grant funding; it is an earned designation. Review criteria and expectations. Public hearing process, if needed. Share recommendations with City Council. Submit appropriate applications.	Possible costs relating to police training and enforcement of laws affecting bicyclists.
Objective 5: Make progress in solving the Merrimon Corridor problem by pursuing an N.C. D.O.T. analysis using their Complete Streets Policy	Assign to the Transportation Department. Review previous studies. Meet with local NCDOT staff. Share recommendations with City Council	No direct costs anticipated.

CITY MANAGER'S BUDGET MESSAGE

<p>Objective 6: City Council adoption of a Complete Streets policy</p>	<p>Form an internal steering committee including the Transportation, Public Works, and Planning Departments. Identify stakeholders. Review elements of an ideal complete streets policy. Review complete streets policies approved by various cities including North Carolina cities. Prepare draft policy. Public hearing process. Submit policy to City Council for approval.</p>	<p>No direct costs anticipated</p>
<p>Objective 7: Study alternative options for downtown parking, to include the creation of a downtown trolley.</p>	<p>Assign to the DMP Transportation sub-committee. Identify stakeholders. Public hearing process. Share recommendations with City Council</p>	<p>Could involve a contracted study at an estimated cost of \$30,000 to \$50,000. Staff will come back to Council with options during FY 11-12.</p>

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 Adopted 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
- Stormwater Fund
- Golf Fund
- Street Cut Utility 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

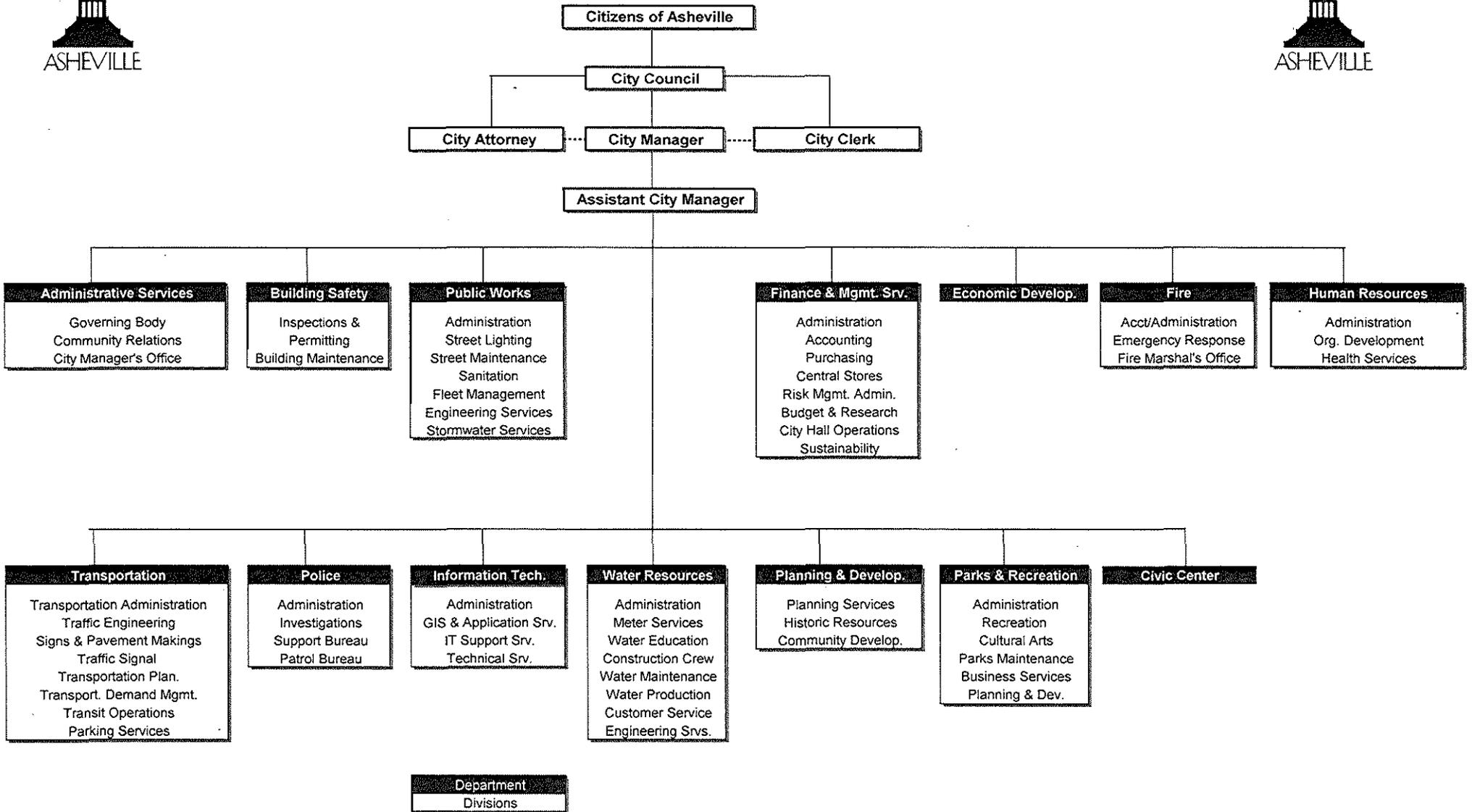
How Funds Interact

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 2011-12 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 police department consists of four divisions: administration, criminal investigations, support bureau, and patrol bureau. Often within each division there are smaller units responsible for performing specific activities. For example, within the police patrol division is the K-9 patrol team and the anti-crime team.

A City organizational chart is presented on the following page.



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 Adopted 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 2011-12 Budget Calendar is displayed on page 25.

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 in late January, 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 Adopted 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 are required to submit the following information to the Budget & Research Office:

- *Low Priority Services.* Each department is required 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 budget target allowances.
- *New or Increased Fees.* Proposals for new or increased user fees are also submitted with the departmental budget request packages. Some or all additional revenue generated from new or enhanced fees may also be used as a way to maximize departmental target allowances.
- *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 Adopted 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 Adopted 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 2011-12 BUDGET CALENDAR

Item	Notes	Date/Deadline
Department Directors Overview of 2011-2012 Budget Process: - Team Management Meeting		January 10, 2011
2011-2012 MUNIS Departmental Budget Entry: - Operating Instructions Provided - Operating Accounts Entered By Departments - Salary Data Reviewed & Entered by Budget		January 11-31, 2011
Finance Committee - Annual Audit and CAFR		January 11, 2011
Finance Committee - Health Care Recommendations		January 25, 2011
Retreat City Council Retreat	Agenda: - Council Goal Setting FY11-12 Budget - Financial Forecast - Legislative Agenda	February 4, 2011
Finance Committee - Update on Key Budget Issues - Fees and Charges		February 22, 2011
City Council Formal Meeting Blue Ribbon Task Force on Health Care recommendations to City Council Q2 City Council presentation: - Strategic Operating Plan updates - Quarterly Financial Report - Preliminary Budget Outlook	All department directors to attend Council	February 22, 2011
Team Management Budget Review	Team Management meeting, note extended time	March 7, 2011 2-5 p.m.
City Council Work Session - Strategic Plan Review - Budget Process		March 8, 2011 3:30 p.m.
Team Management Budget Review	Team Management meeting, note extended time	March 14, 2011 2-5 p.m.
Executive Management Proposed Budget Finalization		March 15-March 21, 2011
City Council Budget Briefing - Compensation and Benefits - Fees & Charges	All department directors to attend City Council	March 22, 2011 Briefing 3 p.m.

FY 2011-12 BUDGET CALENDAR

Item	Notes	Date/Deadline
City Council Budget Briefing - Capital Improvement Program - Enterprise Funds City Council Formal Meeting: - Adopt Fees and Charges		April 12, 2011 Briefing 3 p.m. Formal Meeting 5
City Council Budget Briefing (If Needed) - Remaining follow-up items City Council Formal Meeting: - Proposed Budget Presentation - Set Public Hearing	All department directors to attend Council	April 26, 2011
City Council Formal Meeting Budget Public Hearing	All department directors to attend Council	May 10, 2011
City Council Formal Meeting Budget Adoption Q3 City Council presentation - Strategic Operating Plan updates - Third quarter Financial Report	All department directors to attend Council	May 24, 2011

FINANCIAL POLICIES

A. Revenue Policy

1. As provided by the North Carolina Local Budget and Fiscal Control Act, estimated revenue from the Ad Valorem Tax levy will be budgeted as follows:
 - a) Assessed valuation shall be estimated based on historical trends and growth patterns in a conservative manner.
 - b) The estimated rate of collection of the levy shall not exceed the rate of the preceding fiscal year.
 - c) The tax rate shall be set each year based on the cost of providing general government services. Rates shall be adjusted periodically, but shall not result in revenues exceeding a 5% annual growth in Ad Valorem Tax revenues excluding growth in valuation or an increased collection rate.
2. The City sets fees that will maximize user charges in lieu of Ad Valorem Taxes for services that can be individually identified and where the costs are directly related to the level of service:
 - a) To the extent possible, user charges for water, sewer and downtown parking will be sufficient to finance all operating, capital and debt service costs for said services.
 - b) The Civic Center will operate in a manner such that 90% of budgeted operating costs will be financed through user charges. A profit and loss statement will be prepared for each event for evaluation of cost recovery.
 - c) Recreational programs will be funded from user charges for all programs for which it is practical to charge. User charges should represent at least 10% of the total recreational budget.
 - d) Building and code enforcement activities will be funded through user charges in the form of building permits, inspections, and plan review fees. These fees should represent 100% of operating costs.

e) To the extent practical, any general city service, which is of a higher level or benefits specific recipients, shall be supported by user fees designed to recover costs from such recipients.

f) Where user fees are based on cost recovery, said costs shall be reviewed annually and fees adjusted as practicable.

3. The City will project revenues for five years and will update the projections annually.

B. Operating Budget Policy

1. Current operating revenues will be sufficient to support current operating expenditures. Fund balance appropriated shall not exceed an amount that management can reasonably expect to save during the year.

2. Debt or bond financing will not be used to finance current expenditures.

3. The City will begin to develop a program to 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. The City will establish a risk management program to provide for protection against loss and a reduction in exposure to liability. The City will investigate the establishment of a self-insurance program to provide for protection against major loss in excess of an appropriate amount with excess coverage being purchased to cover catastrophic loss. The establishment of a comprehensive safety program will also be investigated to minimize the City's exposure to liability and thereby reduce the number of claims filed.

6. The City will maintain a capital reserve fund to replace all vehicles and other capital outlay items with a life of more than one year and a value of \$7,500 or more. Revenue equivalent to 7.0 cents on the tax rate and 60% of one-half cent sales tax will be appropriated annually to this fund.

FINANCIAL POLICIES

7. The City will maintain a street & sidewalk reserve fund to provide for upgrading the City's street, sidewalk, and storm drainage systems. Revenues equivalent to 4.1 cents on the tax rate and Powell Bill revenues will be appropriated annually to this reserve.
8. It is the City's policy not to fund requests from outside organizations which provide social services or services which are County-wide in scope.
9. It is the City's policy that all general fund balance exceeding 15% of expenditures shall be earmarked for capital reserve purposes.
10. It is the City's policy that the operating budget be prepared in accordance with Generally Accepted Accounting Principles.

C. Capital Improvement Policy

1. The City will update and readopt annually a six-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," to ensure that the capital items requested meet the future growth needs for the City.
3. Operating expenditures will be used to maintain the Capital Improvements Program and provide all salaries, operating costs, and small capital outlay required.

D. 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.

3. Full disclosure will be provided in the financial statements and bond representations.
4. Financial systems 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 annual financial report will be prepared according to the standards necessary to obtain the Certificate of Achievement of Excellence in Financial Reporting from GFOA and submitted each year for the recognition.
7. 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.

E. Debt Policy

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. Interest, operating, and/or maintenance expenses will be capitalized only for facilities of enterprise activities and will be strictly limited to those expenses incurred prior to actual operation of the facilities.
5. The City will maintain its financial condition so as to maintain a minimum AA bond rating.
6. The City's debt policy will be comprehensive and the City will not knowingly enter into any contracts creating significant unfunded liabilities.

FINANCIAL POLICIES

F. Reserve Policy

1. The City will maintain an unallocated fund balance to be used for unanticipated emergencies of 15% of the general operating budget (excluding capital outlay). These funds will be used to avoid cash-flow interruptions, generate interest income, eliminate need for short-term borrowing, and assist in maintaining an investment-grade bond rating.
2. The City will establish a contingency reserve to provide for unanticipated expenditures of a nonrecurring nature or to meet unexpected increases in service delivery costs. This reserve will be budgeted at 1.5% of the general fund revenues estimated for that fiscal year.
3. The City will maintain a two-to-one ratio of total current assets over total current liabilities in all enterprise funds.



BUDGET SUMMARY

Operating Budget Summary
Expenditures
Revenues
Staffing
Analysis of Fund Balance

OPERATING BUDGET SUMMARY: ALL FUNDS

BUDGET SUMMARY BY FUND

FUND SUMMARY

	2008-09 Actual	2009-10 Actual	2010-11 Budget	2011-12 Adopted
<u>Revenues:</u>				
General Fund	88,727,807	87,182,637	88,082,962	87,645,955
Water Resources Fund	31,442,595	31,618,015	33,011,200	32,890,252
Transit Services Fund	5,109,216	5,311,505	5,736,596	5,718,906
Civic Center Fund	2,177,511	1,823,941	2,114,544	2,105,854
Parking Services Fund	2,890,410	2,825,498	2,911,500	3,118,247
Golf Fund	944,942	727,559	920,000	920,000
Stormwater Fund	2,929,146	3,222,881	3,095,218	4,116,218
Street Cut Utility Fund	0	0	1,578,280	1,618,280
Festivals Fund*	<u>946,949</u>	<u>761,406</u>	<u>709,894</u>	<u>0</u>
Total	135,168,576	133,473,442	138,160,194	138,133,712
Less Interfund Transactions	(4,701,098)	(4,824,415)	(5,617,428)	(5,677,164)
Net Revenue	<u>130,467,478</u>	<u>128,649,027</u>	<u>132,542,766</u>	<u>132,456,548</u>
<u>Expenditures:</u>				
General Fund	87,955,930	92,894,640	88,082,962	87,645,955
Water Resources Fund	35,080,011	31,677,854	33,011,200	32,890,252
Transit Services Fund	5,211,463	5,168,576	5,736,596	5,718,906
Civic Center Fund	2,136,626	1,852,244	2,114,544	2,105,854
Parking Services Fund	3,454,642	1,574,909	2,911,500	3,118,247
Golf Fund	1,049,188	925,104	920,000	920,000
Stormwater Fund	3,233,775	2,652,241	3,095,218	4,116,218
Street Cut Utility Fund	0	0	1,578,280	1,618,280
Festivals Fund*	<u>1,082,444</u>	<u>760,653</u>	<u>709,894</u>	<u>0</u>
Total	139,204,079	137,506,221	138,160,194	138,133,712
Less Interfund Transactions	(4,701,098)	(4,824,415)	(5,617,428)	(5,677,164)
Net Expenditure	<u>134,502,981</u>	<u>132,681,806</u>	<u>132,542,766</u>	<u>132,456,548</u>

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

OPERATING BUDGET SUMMARY: ALL FUNDS

BUDGET SUMMARY BY FUND

Sources of Funds:

	General Fund	Water Resources	Transit Services	Civic Center	Stormwater Utility	Parking Services	Golf Course	Street Cut Utility
Property Taxes	46,602,746	0	0	0	0	0	0	0
Intergovernmental	10,963,573	0	3,094,611	0	0	0	0	0
Sales & Other Taxes	15,439,305	0	0	0	0	0	0	0
Charges For Service	5,587,654	32,289,928	819,000	1,618,860	2,775,218	500	920,000	671,312
Licenses & Permits	5,070,977	0	320,000	0	180,000	0	0	0
Investment Earnings	239,700	225,000	0	20,000	11,000	20,000	0	0
Miscellaneous	1,334,680	16,000	0	74,400	20,000	3,097,747	0	0
Other Financing Sources	2,407,320	359,324	1,485,295	392,594	1,130,000	0	0	946,968
Total Revenue	87,645,955	32,890,252	5,718,906	2,105,854	4,116,218	3,118,247	920,000	1,618,280

Uses of Funds:

	General Fund	Water Resources	Transit Services	Civic Center	Stormwater Utility	Parking Services	Golf Course	Street Cut Utility
Salaries & Wages	39,788,082	6,200,824	145,588	915,955	1,286,262	590,778	382,524	564,542
Fringe Benefits	17,224,120	2,756,548	55,080	350,473	609,777	316,965	171,103	267,635
Operating Costs	20,488,101	10,358,403	5,518,238	839,426	953,362	756,433	366,373	569,460
Interfund Transfers	1,677,889	0	0	0	0	500,000	0	0
Debt Service	4,393,832	6,202,580	0	0	88,684	522,811	0	0
Capital Outlay	4,073,931	7,371,897	0	0	1,178,133	431,260	0	216,643
Total Expenditure	87,645,955	32,890,252	5,718,906	2,105,854	4,116,218	3,118,247	920,000	1,618,280

BUDGET SUMMARY - EXPENDITURES

<u>Service Area</u>	2008-09	2009-10	2010-11	2011-12
Departments	Actual	Actual	Budget	Adopted
<u>General Government</u>				
Finance & Management Services	3,921,486	4,470,361	4,395,479	4,434,843
Information Technology Services	2,317,256	2,550,454	2,441,732	2,269,412
Economic Development	662,950	403,458	464,505	442,446
Legal Services	618,808	682,907	607,413	639,852
Human Resources	1,456,300	1,487,197	1,556,908	1,203,936
Health Care Tran. (Employee Share)	3,088,522	3,370,899	0	0
Nondepartmental	1,105,191	1,333,263	1,158,262	1,360,762
Total General Government	13,170,513	14,328,539	10,624,299	10,351,251
<u>Public Safety</u>				
Police	19,485,554	18,849,570	20,131,654	20,065,236
Fire & Rescue	17,014,221	18,217,271	17,849,548	17,799,409
Nondepartmental	451,489	363,064	400,170	426,958
Total Public Safety	36,951,264	37,429,905	38,381,372	38,291,603
<u>Environment & Transportation</u>				
Water Resources Fund	35,080,011	31,677,854	33,011,200	32,890,252
Public Works	12,020,335	12,409,491	12,949,125	12,072,508
Transportation	1,587,236	1,347,785	1,149,338	965,963
Transit Services Fund	5,211,463	5,168,576	5,736,596	5,718,906
Parking Services Fund	3,454,642	1,574,909	2,911,500	3,118,247
Stormwater Fund	3,233,775	2,652,241	3,095,218	4,116,218
Street Cut Utility Fund	0	0	1,578,280	1,618,280
Nondepartmental	1,066,197	872,831	642,196	985,295
Total Environ. & Transportation	61,653,658	55,703,687	61,073,453	61,485,669
<u>Culture & Recreation</u>				
Parks, Rec. & Cultural Arts	9,791,275	9,100,184	9,318,812	9,716,042
Civic Center Fund	2,136,626	1,852,244	2,114,544	2,105,854
Golf Fund	1,049,188	925,104	920,000	920,000
Festivals Fund	1,082,444	760,653	709,894	0
Nondepartmental	666,990	579,791	555,246	392,594
Total Culture & Recreation	14,726,523	13,217,976	13,618,496	13,134,490
<u>Community Development</u>				
Building Safety	2,543,757	3,170,084	3,676,929	3,640,680
Planning & Development	1,727,981	1,781,021	1,790,273	1,760,172
Housing Trust Fund	600,000	300,000	300,000	300,000
Nondepartmental	251,191	678,208	828,150	766,400
Total Community Development	5,122,929	5,929,313	6,595,352	6,467,252
Capital Pay-Go/Debt	7,579,192	10,894,316	7,867,222	8,403,447
TOTAL EXPENDITURES	139,204,079	137,506,221	138,160,194	138,133,712
Less: Interfund Transactions	(4,701,098)	(4,824,415)	(5,617,428)	(5,677,164)
NET EXPENDITURES	<u>134,502,981</u>	<u>132,681,806</u>	<u>132,542,766</u>	<u>132,456,548</u>

BUDGET SUMMARY - EXPENDITURES

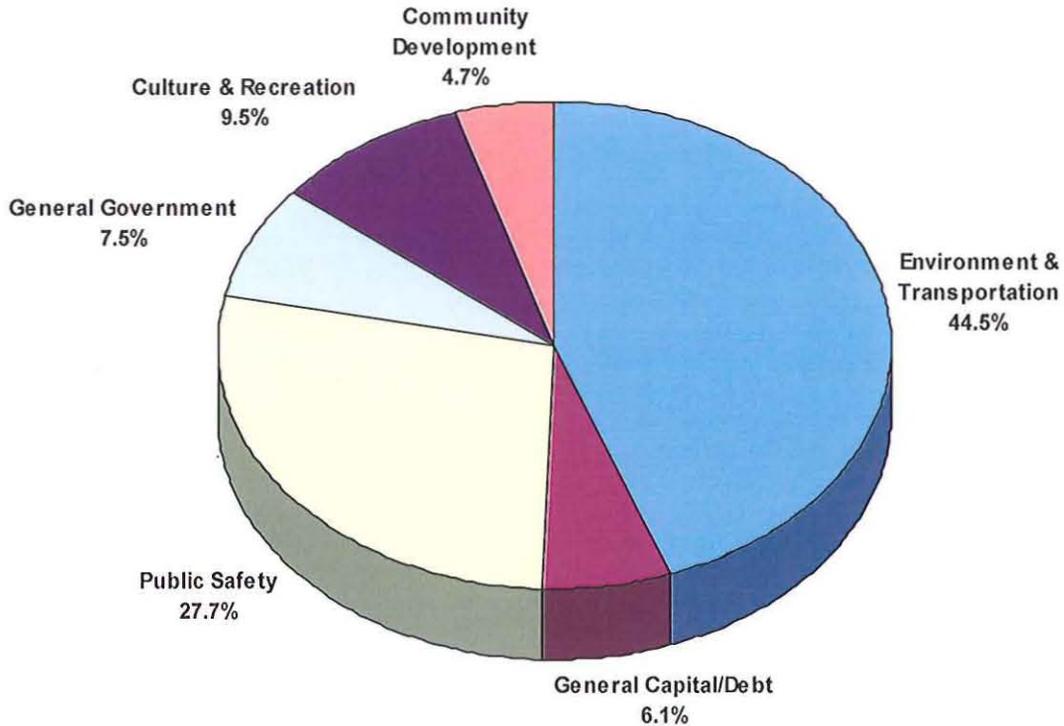
<u>Expenditures by Category</u>	2008-09 Actual	2009-10 Actual	2010-11 Budget	2011-12 Adopted
Salaries & Wages	52,247,513	52,078,596	51,268,540	49,874,555
Fringe Benefits	17,324,479	18,583,874	21,069,236	21,751,701
Operating Costs	36,984,679	36,189,172	36,869,041	36,160,521
Debt Service	13,471,496	12,904,650	13,957,227	11,207,907
Capital Outlay	<u>14,474,814</u>	<u>12,925,514</u>	<u>9,378,722</u>	<u>13,461,864</u>
NET EXPENDITURES	<u>134,502,981</u>	<u>132,681,806</u>	<u>132,542,766</u>	<u>132,456,548</u>

BUDGET HIGHLIGHTS

- Overall, the City's FY 2011-12 adopted budget shows a 0.1% decrease compared to the FY 2010-11 budget.
- The FY 2011-12 adopted budget for salaries and wages shows a \$1.3 million or 2.7% decrease. 15 positions in the General Fund will be frozen or eliminated in FY 2011-12, which will save approximately \$800,000. In addition, the \$190,000 that was included in the FY 2010-11 budget to fund a one-time \$300 payment to all full-time employees earning at or below the Asheville area median income is removed from the FY 2011-12 adopted budget. The budget includes no funding for merit or market-based pay increases for City employees.
- The adopted FY 2011-12 fringe benefits budget shows a 3.2% increase. For the second consecutive year, the North Carolina state retirement system is requiring local governments to increase the amount that they are contributing to the retirement system. In FY 2011-12, the contribution rate will increase by 0.53 percent of payroll. This brings the LGERS employer rate for general employees to 6.88 percent, and to 7.35 percent for law enforcement. This increase added approximately \$300,000 to the City's fringe benefit budget for FY 2011-12.
- The growth in the fringe benefit budget is less in FY 2011-12 than in recent years due to the fact that there is no increase in the City's contribution to the employee health insurance program. The City implemented a number of changes to the health care program in the current fiscal year that have been successful in slowing the growth in expenses. For the FY 2011-12, staff will also implement recommendations made by the Blue Ribbon Task Force, which include expansion of the Employee Health Clinic and implementation of a Wellness Program with incentives. There will also be increases to premiums, co-payments and co-insurance for employees. In FY 2011-12, the City will also begin offering health insurance to same-sex domestic partners as directed by City Council. The anticipated cost impact of this new program is around 1% or less of total claims cost.
- In order to balance the adopted budget, citywide operating costs for FY 2011-12 are reduced by 1.9% or \$708,000. Most of this reduction is in the General Fund where departments trimmed \$650,000 or from their budgets, which equates to 3.1% of the General Fund operating budget. These savings were accomplished by further limiting discretionary spending with expenses like training, supplies, uniforms, small capital purchases, and temporary and seasonal staffing.
- The City will see a significant decrease in debt service expenses in FY 2011-12 in both the General Fund and the Water Resources Fund. In the General Fund, staff has re-programmed all of the \$1.16 million in debt savings back into the General Capital Improvement, and is proposing that the City borrow \$13.6 million in FY 2011-12 for its capital program. In the Water Resources Fund, the debt savings is being used to increase the pay-go capital contribution by \$1.0 million.

BUDGET SUMMARY - EXPENDITURES

CITY OF ASHEVILLE FY 2011-12 EXPENDITURES BY SERVICE AREA NET TOTAL \$132,456,548



Budget-to-Budget Expenditure Comparison

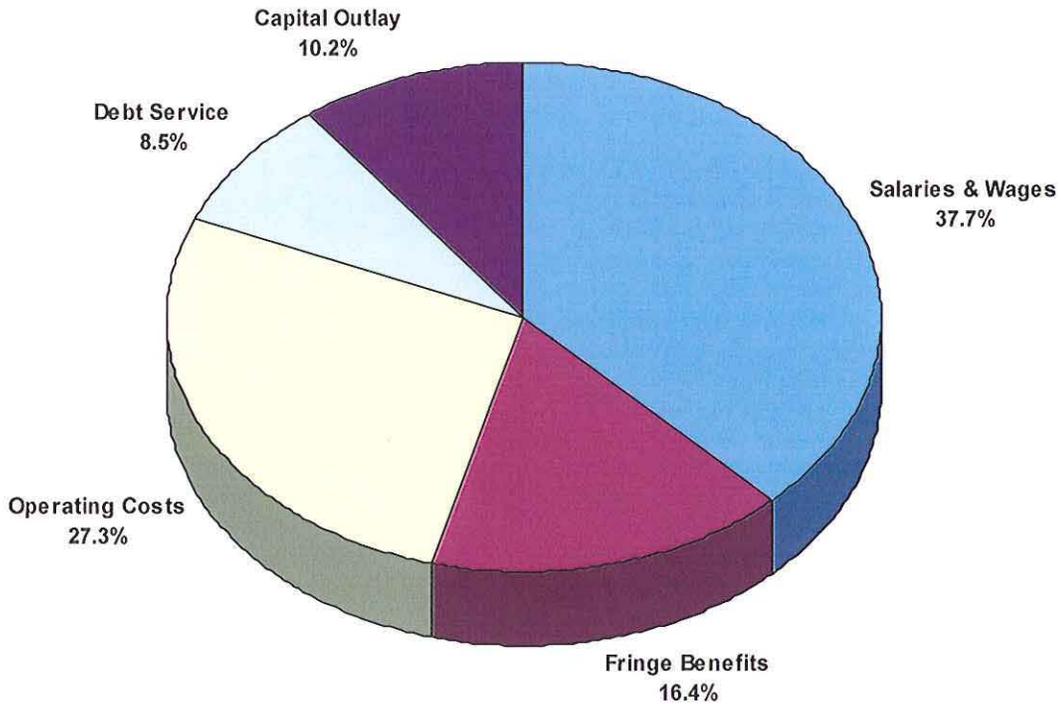
<u>Service Areas:</u>	2010-11	2011-12	Change From Prior Year	
	<u>Budget</u>	<u>Adopted</u>	<u>in \$</u>	<u>in %</u>
Environment & Transportation	61,073,453	61,485,669	412,216	0.7%
Public Safety	38,381,372	38,291,603	(89,769)	-0.2%
Culture & Recreation	13,618,496	13,134,490	(484,006)	-3.6%
General Government	10,624,299	10,351,251	(273,048)	-2.6%
General Capital Pay-Go	7,867,222	8,403,447	536,225	6.8%
Community Development	6,595,352	6,467,252	(128,100)	-1.9%
Total Expenditures	138,160,194	138,133,712	(26,482)	0.0%
Less: Interfund Transfers	(5,617,428)	(5,677,164)	(59,736)	1.1%
Net Expenditures	<u>132,542,766</u>	<u>132,456,548</u>	<u>(86,218)</u>	<u>-0.1%</u>

Notes:

- 1) Debt service payments in the enterprise funds are included in the Environment & Transportation service area. All other debt service is included under General Debt Service.

BUDGET SUMMARY - EXPENDITURES

CITY OF ASHEVILLE FY 2011-12 EXPENDITURES BY SERVICE AREA NET TOTAL \$132,456,548



Budget-to-Budget Expenditure Comparison

Expense Category:	2010-11	2011-12	Change From Prior Year	
	<u>Budget</u>	<u>Adopted</u>	<u>in \$</u>	<u>in %</u>
Salaries & Wages	51,268,540	49,874,555	(1,393,985)	-2.7%
Fringe Benefits	21,069,236	21,751,701	682,465	3.2%
Operating Costs	36,869,041	36,160,521	(708,520)	-1.9%
Debt Service	13,957,227	11,207,907	(2,749,320)	-19.7%
Capital Outlay	9,378,722	13,461,864	4,083,142	43.5%
Net Expenditures	<u>132,542,766</u>	<u>132,456,548</u>	<u>(86,218)</u>	<u>-0.1%</u>

BUDGET SUMMARY - REVENUES

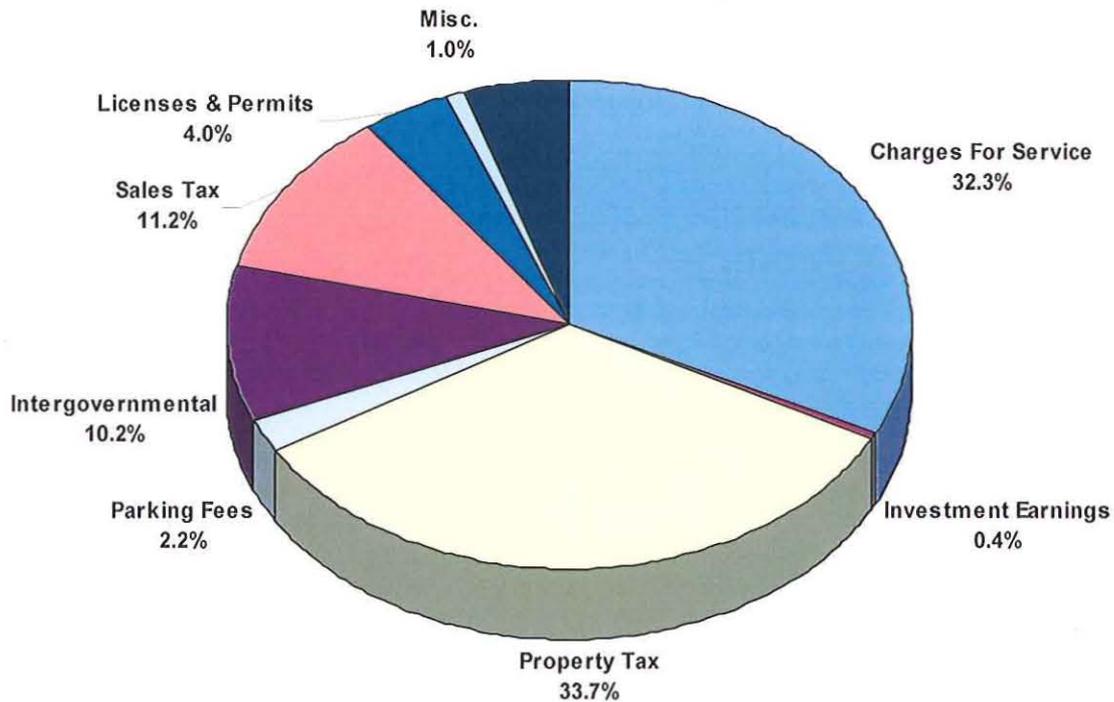
<u>Revenue Sources:</u>	2008-09 Actual	2009-10 Actual	2010-11 Budget	2011-12 Adopted
Property Tax	43,839,812	45,252,649	46,055,271	46,602,746
Charges For Service	47,821,733	45,954,308	44,981,176	44,682,472
Intergovernmental	14,441,114	14,061,497	14,662,802	14,058,184
Sales & Other Taxes	15,337,704	14,561,557	15,144,688	15,439,305
Licenses & Permits	5,992,574	4,644,736	5,703,066	5,570,977
Investment Earnings	1,920,115	419,035	1,444,700	515,700
Parking Fees	2,849,477	2,801,666	2,774,000	3,097,747
Miscellaneous	915,379	1,327,768	1,569,260	1,445,080
Other Financing Sources	<u>2,050,668</u>	<u>4,450,226</u>	<u>5,825,231</u>	<u>6,721,501</u>
Total Revenue	135,168,576	133,473,442	138,160,194	138,133,712
Less: Interfund Transactions	(4,701,098)	(4,824,415)	(5,617,428)	(5,677,164)
Net Revenue	<u>130,467,478</u>	<u>128,649,027</u>	<u>132,542,766</u>	<u>132,456,548</u>

BUDGET HIGHLIGHTS

- The property tax, which comprises 34% of total revenue, is the single largest source of revenue for the City. In FY 2010-11, the City's tax base grew by just under 1.0%, which was the slowest tax base growth in at least ten years. Prior to FY 2010-11, growth in the City's tax base had averaged 3.4% over the last ten fiscal years. The Buncombe County Tax Assessor is projecting that tax base growth in FY 2011-12 will remain well below historical norms due to the continuing construction slowdown. Staff is projecting property tax revenue growth of only 1.2% in FY 2011-12.
- Citywide, the second largest source of revenue is charges for service, which makes up about 32% of the revenue budget. Most of the revenue in this category, approximately \$32.2 million, comes from water utility charges. For FY 2011-12, there are no changes to the residential water rate, however there are increases to the commercial and multi-family rates and the wholesale rate. These adjustments are designed to create more equitable cost recovery across the water customer classes. Overall, revenue from charges for services is budgeted for a slight decrease in FY 2011-12 based on collection trends in FY 2009-10 and FY 2010-11.
- No revenue has been more impacted by the recession than sales taxes. Between FY 2006-07, when sales tax revenue peaked, and FY 2009-10, the City saw its sales tax revenue decline by \$3.1 million or 18%. Sales tax revenue has finally begun to grow again in the current fiscal year; with revenue through the first ten months of the fiscal year up a modest 2.8% compared to FY 2009-10. The N.C. League of Municipalities predicts that sales tax revenue will not rise quickly without a recovery in the housing market, and such a recovery is not expected during FY 2011-12. As a result, they are projecting the sales tax base to continue to grow slowly in FY 2011-12. Based on this guidance, staff has assumed 2% sales tax growth in FY 2011-12.
- As staff reported to City Council in the quarterly financial report, revenue from investment earnings is down substantially from prior years due to the historically low interest rates currently available in the market. Revenue from investment earnings declined by \$1.5 million between FY 2008-09 and FY 2009-10. With no major changes in interest rates expected next fiscal year, staff is projecting that investment earnings revenue will remain low in FY 2011-12.
- The other financing sources category shows an increase in FY 2011-12 primarily due to the \$340,000 increase in the General Fund operating subsidy to the Transit Fund and the \$700,000 appropriation from reserves in the Stormwater Fund for capital projects.

BUDGET SUMMARY - REVENUES

CITY OF ASHEVILLE FY 2011-12 REVENUES BY SOURCE NET TOTAL \$132,456,548



Budget-to-Budget Revenue Comparison

Revenue Sources:	2010-11	2011-12	Change From Prior Year	
	Budget	Adopted	in \$	in %
Property Tax	46,055,271	46,602,746	547,475	1.2%
Charges For Service	44,981,176	44,682,472	(298,704)	-0.7%
Intergovernmental	14,662,802	14,058,184	(604,618)	-4.1%
Sales & Other Taxes	15,144,688	15,439,305	294,617	1.9%
Licenses & Permits	5,703,066	5,570,977	(132,089)	-2.3%
Investment Earnings	1,444,700	515,700	(929,000)	-64.3%
Parking Fees	2,774,000	3,097,747	323,747	11.7%
Miscellaneous	1,569,260	1,445,080	(124,180)	-7.9%
Other Financing Sources	5,825,231	6,721,501	896,270	15.4%
Total Revenue	138,160,194	138,133,712	(26,482)	0.0%
Less: Interfund Transactions	(5,617,428)	(5,677,164)	(59,736)	1.1%
Net Revenue	<u>132,542,766</u>	<u>132,456,548</u>	<u>(86,218)</u>	<u>-0.1%</u>

BUDGET SUMMARY - STAFFING

FULL-TIME EQUIVALENT POSITIONS BY FUND

	2008-09 Actual	2009-10 Actual	2010-11 Budget	2011-12 Adopted
Environment & Transportation	344.38	338.63	339.13	338.13
Public Safety	494.00	497.00	499.00	499.00
Culture & Recreation	161.91	137.02	132.40	129.40
General Government	88.76	97.13	97.13	95.13
Community Development	71.00	78.75	74.75	73.75
TOTAL CITY WIDE	1,160.05	1,148.53	1,142.41	1,135.41

BUDGET HIGHLIGHTS

- The FY 2011-12 budget includes the elimination of 8.0 FTE positions, which will save \$440,000.
- In addition, 7 other positions will be held vacant during FY 2011-12, which will produce budget savings of approximately \$356,000. Since these positions are being frozen instead of eliminated, they remain in the position count for FY 2010-11. As a result, there is a significant reduction in salary and wage costs but the overall position count only shows a slight reduction.
- As a budget balancing strategy in FY 2010-11, the City reduced the frequency of residential brush collection from twice per month to once per month. Based on feedback from citizens and Council, staff is proposing to return to a twice per month collection schedule in FY 2011-12. This change will result in the addition of 3.0 FTE positions in FY 2011-12.
- A Labor Crew Coordinator position in the Stormwater Fund was eliminated from the budget and replaced with a Safety Coordinator position in the Public Works General Fund budget. This position will be jointly funded by the General, Stormwater, and Water Funds.
- Based on a management recommendation from the City's outside auditors, the Festivals Fund has been eliminated and all associated expenses have been moved into the General Fund. As a result, two positions that were formerly reflected in the Festivals Fund are included in the Cultural Arts division of the Parks, Recreation and Cultural Arts Department.
- Based upon information confirmed by HUD, the City is preparing for a 16% reduction in CDBG Entitlement funding from last year, and a 12% reduction in HOME Entitlement funding. Due to these funding cuts, one staff position is being eliminated from the Community Development Program.
- The charts on the following three pages detail the changes in FTE positions by service area, department, and division for each of the last four fiscal years.

BUDGET SUMMARY - STAFFING

<u>SERVICE AREAS</u>	2008-09	2009-10	2010-11	2011-12
Departments & Divisions	Actual	Actual	Budget	Adopted
<u>Public Safety</u>				
Police				
Administration	12.00	12.00	12.00	12.00
Criminal Investigations	38.00	41.00	39.00	39.00
Support Bureau	41.00	39.00	39.00	39.00
Patrol Bureau	170.00	166.00	170.00	170.00
Subtotal Police	261.00	258.00	260.00	260.00
Fire & Rescue				
Accountability/Administration	5.00	4.00	9.00	9.00
Emergency Response	216.00	224.00	216.00	216.00
Fire Marshal's Office	12.00	11.00	14.00	14.00
Subtotal Fire	233.00	239.00	239.00	239.00
Total Public Safety	<u>494.00</u>	<u>497.00</u>	<u>499.00</u>	<u>499.00</u>
<u>Culture & Recreation</u>				
Parks, Recreation & Cultural Arts				
Administration	2.00	2.00	2.00	2.00
Planning	2.00	2.00	2.00	2.00
Cultural Arts	4.75	3.00	2.00	4.75
Recreation Programs	39.15	35.02	31.90	31.90
Business Services	5.00	9.50	9.00	7.00
Specialized Facilities	22.75	15.75	15.75	14.75
Park Maintenance	35.00	38.75	38.75	38.75
Building Maintenance	8.00	--	--	--
City Hall Operations	5.00	--	--	--
Subtotal Parks & Recreation	123.65	106.02	101.40	101.15
Parks & Recreation				
Grant Funded Positions	2.00	1.00	1.00	1.00
Festivals Fund	4.75	2.75	2.75	--
Golf Fund	14.00	11.00	11.00	11.00
Civic Center Fund	17.51	16.25	16.25	16.25
Total Culture & Recreation	<u>161.91</u>	<u>137.02</u>	<u>132.40</u>	<u>129.40</u>

BUDGET SUMMARY - STAFFING

<u>SERVICE AREAS</u>	2008-09	2009-10	2010-11	2011-12
Departments & Divisions	Actual	Actual	Budget	Adopted
<u>General Government</u>				
Finance and Management Services				
Administration	--	--	1.00	1.00
City Clerk	1.00	1.00	1.00	1.00
City Manager	5.00	4.00	4.00	4.00
Community Relations	7.00	7.00	4.00	4.00
Sustainability	--	1.00	1.00	1.00
Purchasing	5.00	4.00	4.00	4.00
Central Stores	2.00	2.00	2.00	2.00
Risk Management Admin	3.00	3.00	3.00	3.00
Budget & Research	3.00	3.00	2.00	2.00
Finance Administration	3.00	3.00	3.00	3.00
Accounting	16.00	18.00	18.00	16.00
City Hall Operations	--	6.00	8.00	8.00
Subtotal Administrative Srv.	45.00	52.00	51.00	49.00
Administrative Services - Grant Funded	--	--	3.00	3.00
Information Technology Services				
Administration	2.00	3.50	3.00	3.00
GIS & Application Services	4.00	5.00	6.00	6.00
IT Support Services	5.00	6.00	5.00	5.00
Technical Services	6.00	5.00	5.00	5.00
Subtotal Information Services	17.00	19.50	19.00	19.00
Human Resources				
Administration	11.50	12.50	10.50	10.50
CAYLA	2.00	1.00	1.00	1.00
Health Services	2.26	2.13	2.13	2.13
Subtotal Human Resources	15.76	15.63	13.63	13.63
City Attorney	6.00	5.50	6.00	6.00
Economic Development	5.00	4.50	4.50	4.50
Total General Government	<u>88.76</u>	<u>97.13</u>	<u>97.13</u>	<u>95.13</u>

BUDGET SUMMARY - STAFFING

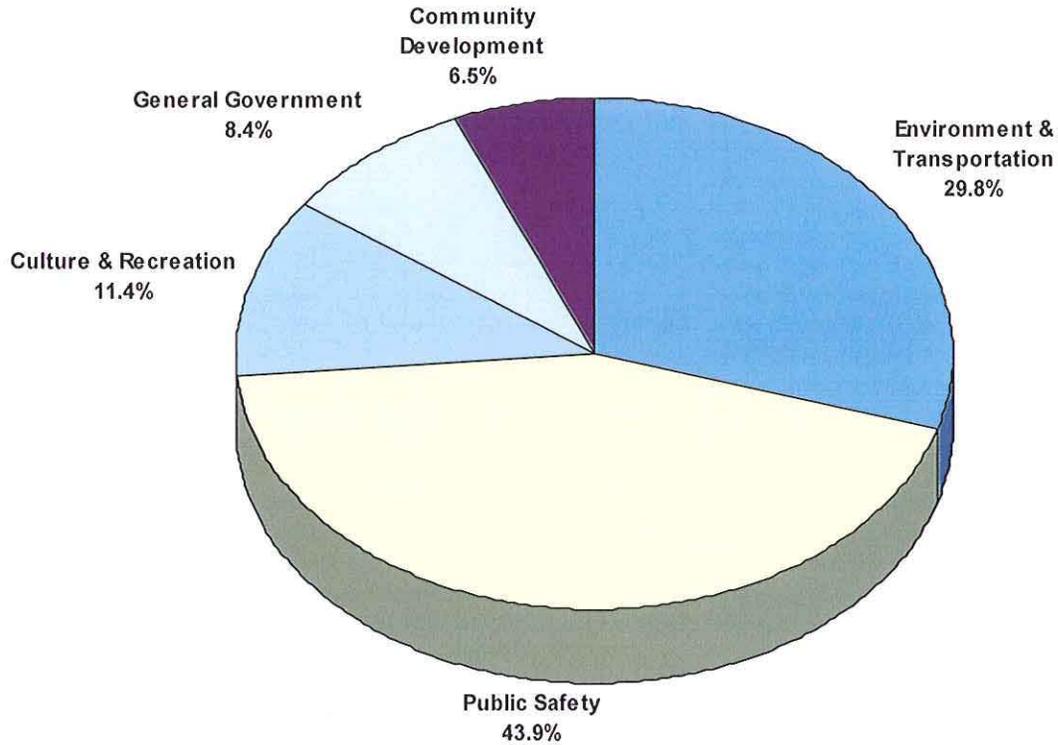
<u>SERVICE AREAS</u>	2008-09	2009-10	2010-11	2011-12
Departments & Divisions	Actual	Actual	Budget	Adopted
<u>Environment & Transportation</u>				
Water Resources Fund				
Administration	8.00	7.00	7.00	7.00
Meter Services	17.00	17.00	17.00	17.00
Water Education	1.00	--	--	--
Water Maintenance	49.00	49.00	43.00	43.00
Water Production	41.00	41.00	41.00	41.00
Customer Service	22.00	22.00	22.00	22.00
Construction Crew	7.00	7.00	7.00	7.00
Water Engineering Services	8.00	9.00	9.00	9.00
Subtotal Water Resources Fund	153.00	152.00	146.00	146.00
Public Works				
Administration	4.75	4.00	5.50	6.50
Engineering Services	--	9.00	9.00	9.00
Signs & Markings	4.00	--	--	--
Streets & Sidewalks	52.00	52.00	45.50	43.50
Fleet Maintenance	14.00	14.00	15.00	15.00
Sanitation	37.00	35.00	30.00	32.00
Subtotal Public Works	111.75	114.00	105.00	106.00
Transportation				
City Engineering	11.00	--	--	--
Administration	--	3.00	2.00	2.00
Traffic Engineering	3.00	2.00	2.00	2.00
Signs & Markings	--	4.00	4.00	4.00
Traffic Signal Maintenance	2.00	2.00	2.00	2.00
Transportation Planning	3.63	1.63	1.63	1.63
Transportation Demand Mgmt.	--	1.00	1.00	0.00
Subtotal Transportation	19.63	13.63	12.63	11.63
Stormwater Fund	38.00	37.00	35.00	34.00
Transit Services Fund	3.00	3.00	3.00	3.00
Parking Services Fund	19.00	19.00	19.00	19.00
Street Cut Utility Fund	--	--	18.50	18.50
Total Environment & Transportation	<u>344.38</u>	<u>338.63</u>	<u>339.13</u>	<u>338.13</u>

BUDGET SUMMARY - STAFFING

<u>SERVICE AREAS</u>	2008-09	2009-10	2010-11	2011-12
Departments & Divisions	Actual	Actual	Budget	Adopted
 <u>Community Development</u>				
Planning & Development				
Planning Services	23.00	19.75	19.75	19.75
Homeless Program	1.00	1.00	1.00	1.00
Historic Resources	2.00	2.00	2.00	2.00
Subtotal Planning & Development	26.00	22.75	22.75	22.75
Building Safety				
Inspections & Permits	39.00	40.00	37.00	37.00
Building Maintenance	--	10.00	9.00	9.00
Subtotal Building Safety	39.00	50.00	46.00	46.00
Community Development Fund	6.00	6.00	6.00	5.00
Total Community Development	<u>71.00</u>	<u>78.75</u>	<u>74.75</u>	<u>73.75</u>
 TOTAL CITY WIDE FTE POSITIONS	 1,160.05	 1,148.53	 1,142.41	 1,135.41

BUDGET SUMMARY - STAFFING

CITY OF ASHEVILLE FY 2011-12 FTE POSITIONS BY SERVICE AREA TOTAL: 1,135.41



Budget-to-Budget Staffing Comparison

<u>Service Areas:</u>	2010-11	2011-12	Change From Prior Year	
	<u>Budget</u>	<u>Adopted</u>	<u>in #</u>	<u>in %</u>
Environment & Transportation	339.13	338.13	(1.00)	-0.3%
Public Safety	499.00	499.00	0.00	0.0%
Culture & Recreation	132.40	129.40	(3.00)	-2.3%
General Government	97.13	95.13	(2.00)	-2.1%
Community Development	74.75	73.75	(1.00)	-1.3%
Total Citywide FTE Positions	<u>1,142.41</u>	<u>1,135.41</u>	<u>(7.00)</u>	<u>-0.6%</u>

ANALYSIS OF FUND BALANCE

<u>GENERAL FUND</u>	2010-11 Budget*	2010-11 Estimate	2011-12 Adopted
Total Revenues	88,553,790	87,199,188	87,645,955
Total Expenditures	89,003,790	87,178,790	87,645,955
Revenues Over (Under) Expenditures	(450,000)	20,398	0
Available Fund Balance:			
Beginning	12,319,000	12,319,000	12,339,398
Ending	11,869,000	12,339,398	12,339,398
Ending Available Fund Balance as a % of Total Expenditures	13.3%	14.2%	14.2%

*Budget as of the 3rd quarter FY 2009-10 financial report including encumbrances from the prior fiscal year.

One measure of a city's financial strength is the level of its available fund balances. In general, fund balance is excess or surplus money. At the end of a fiscal year, available fund balance is the amount of fund balance that is remaining after reserves of fund balance for inventories, prepaid expenses, employee paid health benefits, and state statute reserve have been made. Reserves of fund balance are amounts required by state statute, or governmental accounting standards that are legally not available for spending. Fund balance that is unappropriated after budget adoption serves as a general operating reserve for the city. This operating reserve is identified as available fund balance in the chart above.

According to the Local Government Commission, cities in North Carolina should have a minimum fund balance of at least 8%. The "industry average" of fund balance, however, is between 10-20% and is preferable. What are the implications when the fund balance falls below the industry average and the state's recommendation? The most costly implication is a decrease in the bond rating which characterizes the risk of the City's bonds. As the bond rating goes down, interest rates on those bonds increase and the faith and trust of the financial position of the City decreases.

If the fund balance drops to 8% or below, the State will issue a letter of warning giving the government a time frame to bring the fund balance back up. Should the government not comply; the State can step in and assume financial management.

When determining the appropriate level of fund balance for an organization, the following factors, in addition to state minimums or industry averages should be considered:

- The predictability of revenues and volatility of expenditures - a higher level of unreserved funds may be needed if significant revenue sources are subject to unpredictable fluctuations.

ANALYSIS OF FUND BALANCE

- The availability of resources in other funds as well as the potential drain upon general fund resources from other funds may require a higher level of unreserved fund balance.
- Designations by management to compensate for any portion of the fund balance already designated for a specific purpose.
- Liquidity - a disparity between when financial resources actually become available to make payments and the average maturity of the related liabilities may require a higher level of resources be maintained. One measure of a city's financial strength is the level of its available fund balances. In general, fund balance is excess or surplus money. At the end of a fiscal year, unreserved fund balance is that portion of a municipality's money that can be appropriated in the new fiscal year to cover expenditures. Fund balance that is unappropriated after budget adoption serves as a general operating reserve for the city. This operating reserve is identified as unreserved fund balance in the chart above.

The City estimates that for the General Fund, unreserved fund balance will be approximately \$12.3 million at the end of fiscal year 2010-11, which will equal 14.2% of total estimated FY 2010-11 General Fund expenditures. The FY 2011-12 adopted budget includes no appropriation from fund balance. Budget staff estimates that fund balance available for appropriation at the end of FY 2011-12 will therefore remain at 14.2% of General Fund expenditures.

Enterprise Funds

The other funds in the City's adopted budget are all enterprise funds. For these funds, the City calculates a "fund balance equivalent" by taking cash and investments and subtracting out all certain current liabilities and encumbrances. The projected June 30, 2012 fund balance equivalent for the Water Resources Fund and the other Non-Major Enterprise Funds is shown below.

	Fund Balance Equivalent 6/30/11 Est.	Fund Balance Usage by 6/30/12	Fund Balance Equivalent 6/30/12 Est.
Water Resources Fund	17,238,569	0	17,238,569
Non-Major Enterprise Funds	4,534,778	700,000	3,834,778

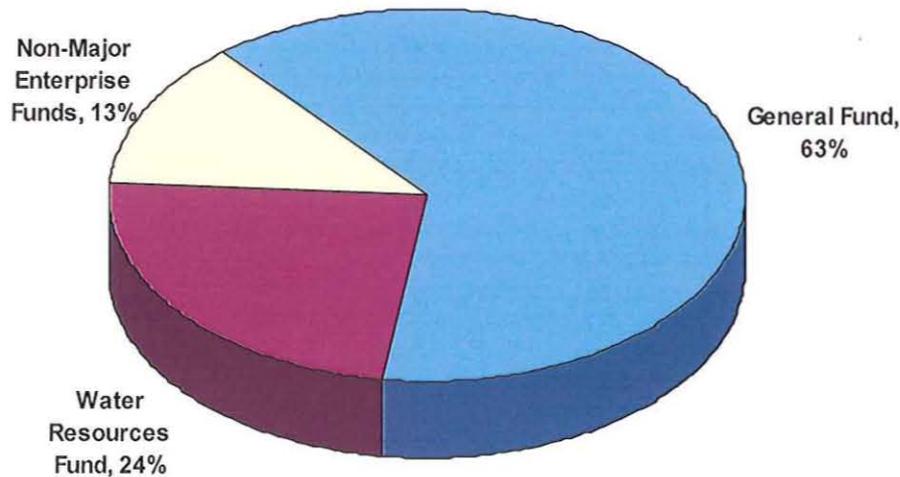
FUND SUMMARY

Expenditure Summary
General Fund
Enterprise Funds

FUND SUMMARY

<u>FUNDS</u> Service Areas	2008-09 Actual	2009-10 Actual	2010-11 Budget	2011-12 Adopted
<u>GENERAL FUND</u>				
Public Safety	36,951,264	37,429,905	38,381,372	38,291,603
Environment & Transportation	15,626,068	14,630,107	14,740,659	14,023,766
General Government	13,170,513	14,328,539	10,624,299	10,351,251
Culture & Recreation	10,458,265	9,679,975	9,874,058	10,108,636
Capital Pay-Go/Debt	7,579,192	10,894,316	7,867,222	8,403,447
Community Development	<u>5,122,929</u>	<u>5,929,313</u>	<u>6,595,352</u>	<u>6,467,252</u>
Total General Fund	87,955,930	92,894,640	88,082,962	87,645,955
<u>ENTERPRISE FUNDS</u>				
Environment & Transportation	46,979,891	41,073,580	46,332,794	47,461,903
Culture & Recreation	<u>4,228,258</u>	<u>3,538,001</u>	<u>3,744,438</u>	<u>3,025,854</u>
Total Enterprise Funds	51,208,149	44,611,581	50,077,232	50,487,757
TOTAL EXPENDITURES	139,204,079	137,506,221	138,160,194	138,133,712
Less: Interfund Transactions	(4,701,098)	(4,824,415)	(5,617,428)	(5,677,164)
NET EXPENDITURES	<u>134,502,981</u>	<u>132,681,806</u>	<u>132,542,766</u>	<u>132,456,548</u>

FY 2011-12 EXPENDITURES BY FUND
TOTAL: \$132,456,548



GENERAL FUND SUMMARY

	2008-09 Actual	2009-10 Actual	2010-11 Budget	2011-12 Adopted
<u>Revenues:</u>				
Property Taxes	43,839,812	45,252,649	46,055,271	46,602,746
Intergovernmental	11,863,028	11,012,986	11,175,602	10,963,573
Sales & Other Taxes	15,337,704	14,561,557	15,144,688	15,439,305
Charges For Service	10,447,023	8,477,841	5,387,771	5,587,654
Licenses & Permits	5,496,735	4,139,585	5,206,866	5,070,977
Investment Earnings	1,191,668	74,342	1,014,000	239,700
Miscellaneous	551,837	938,139	1,210,943	1,334,680
Other Financing Sources	0	2,725,539	2,887,821	2,407,320
Subtotal	88,727,807	87,182,637	88,082,962	87,645,955
Appropriated Fund Bal.	--	--	--	
Total Revenues	88,727,807	87,182,637	88,082,962	87,645,955

	2008-09 Actual	2009-10 Actual	2010-11 Budget	2011-12 Adopted
<u>Appropriations:</u>				
Police	19,485,554	18,849,570	20,131,654	20,065,236
Fire & Rescue	17,014,221	18,217,271	17,849,548	17,799,409
Public Works	12,020,335	12,409,491	12,949,125	12,072,508
Capital Pay-Go/Debt	7,579,192	10,894,316	7,867,222	8,283,447
Parks, Recreation & Cult. Arts	9,791,275	9,100,184	9,318,812	9,716,042
Finance & Management Srv.	3,921,486	4,470,361	4,395,479	4,434,843
Information Technology Services	2,317,256	2,550,454	2,441,732	2,269,412
Nondepartmental	1,838,495	2,378,285	2,386,582	2,554,120
Building Safety	2,543,757	3,170,084	3,676,929	3,640,680
City Attorney	618,808	682,907	607,413	639,852
Economic Development	662,950	403,458	464,505	442,446
Transportation	1,587,236	1,347,785	1,149,338	965,963
Planning & Development	1,727,981	1,781,021	1,790,273	1,760,172
Transit Fund Transfer	1,066,197	872,831	642,196	985,295
Civic Center Transfer	397,989	391,315	392,594	392,594
Golf Fund Transfer	75,701	0	0	0
Festivals Fund Transfer	162,675	184,726	162,652	0
Human Resources	1,456,300	1,487,197	1,556,908	1,203,936
Health Care (Employee Contr.)	3,088,522	3,370,899	0	0
Housing Trust Fund Transfer	600,000	300,000	300,000	300,000
Total Appropriations	87,955,930	92,894,640	88,082,962	87,645,955

Note: The City implemented a new financial software system in FY 2009-10. As a result, some of the revenue classifications changed and do not match prior year data.

GENERAL FUND EXPENDITURES

<u>Service Areas</u>	2008-09 Actual	2009-10 Actual	2010-11 Budget	2011-12 Adopted
Public Safety	36,951,264	37,429,905	38,381,372	38,291,603
Environment & Transportation	15,626,068	14,630,107	14,740,659	14,023,766
General Government	13,170,513	14,328,539	10,624,299	10,351,251
Culture & Recreation	10,458,265	9,679,975	9,874,058	10,108,636
Capital Pay-Go/Debt	7,579,192	10,894,316	7,867,222	8,403,447
Community Development	<u>5,122,929</u>	<u>5,929,313</u>	<u>6,595,352</u>	<u>6,467,252</u>
Total General Fund	<u>87,955,930</u>	<u>92,894,640</u>	<u>88,082,962</u>	<u>87,645,955</u>

BUDGET HIGHLIGHTS

- The FY 2011-12 adopted budget includes general fund expenditures that are 0.5% less than the FY 2010-11 budget.
- Public Safety is the largest general fund service area, accounting for 44% of all general fund expenditures. Operating and small capital costs in the Police and Fire Department were reduced by a total of \$245,000 in the adopted budget. In addition, the Police Department will hold vacant a Telecommunicator position and a Forensics Technician position, which will produce budget savings of \$71,000. In the Fire Department, one Deputy Fire Marshal position stationed at the Development Services Center will be re-assigned to perform periodic fire inspections which is expected to increase the annual revenue from fire inspections by \$40,000. All other essential programs and services in the Police and Fire Departments will be maintained at current levels in the FY 2011-12 budget.
- Environment & Transportation is the second largest service area in the general fund, representing 16% of the FY 2011-12 general fund budget. This service area shows a \$717,000 decrease in FY 2011-12. Almost half of this decrease (\$316,000) is due to a technical budget change in which the costs of the crew that install new sidewalks is moved from the Public Works Department's General Fund budget over to the General Capital Project Fund. Outside of this technical change, actual reductions in the Public Works Department include the elimination of 3 FTE positions for a savings of \$146,000 and a reduction of \$92,000 in the City's streetlighting budget. In the Transportation Department, Transportation Demand Management (TDM) program was eliminated from the budget and operational accounts were reduced by \$82,000. Also as a part of the budget, the City will end loose leaf collection and instead collect only leaves that have been bagged. This service change will produce savings of \$83,000. The City will, however, resume twice monthly brush collection at a cost of \$125,000. Also, as mentioned in the Transmittal Letter, the City will be enhancing its recycling program in FY 2011-12, with the additional cost covered by a 55-cent increase in the monthly recycling fee, which will be effective January 1, 2012. Finally, this service area includes the \$340,000 increase in the General Fund transfer to balance the Transit Services Fund.
- The Culture and Recreation service area shows an increase of \$230,000 due to the merging of the Festivals Fund with the General Fund. Adjusting for this technical change, expenditures in the Culture and Recreation service area show a reduction of just over \$300,000. These reductions include the elimination/freezing of 5 FTE positions in the Parks Department for a savings of \$270,000 as well as \$55,000 in other operating reductions.
- Both the Community Development and General Government service areas also show declines in FY 2011-12 as departments in these areas eliminated and froze positions and cut operating budgets to produce total budget savings of approximately \$400,000.

GENERAL FUND EXPENDITURES

GENERAL FUND EXPENDITURES BY EXPENSE CATEGORY

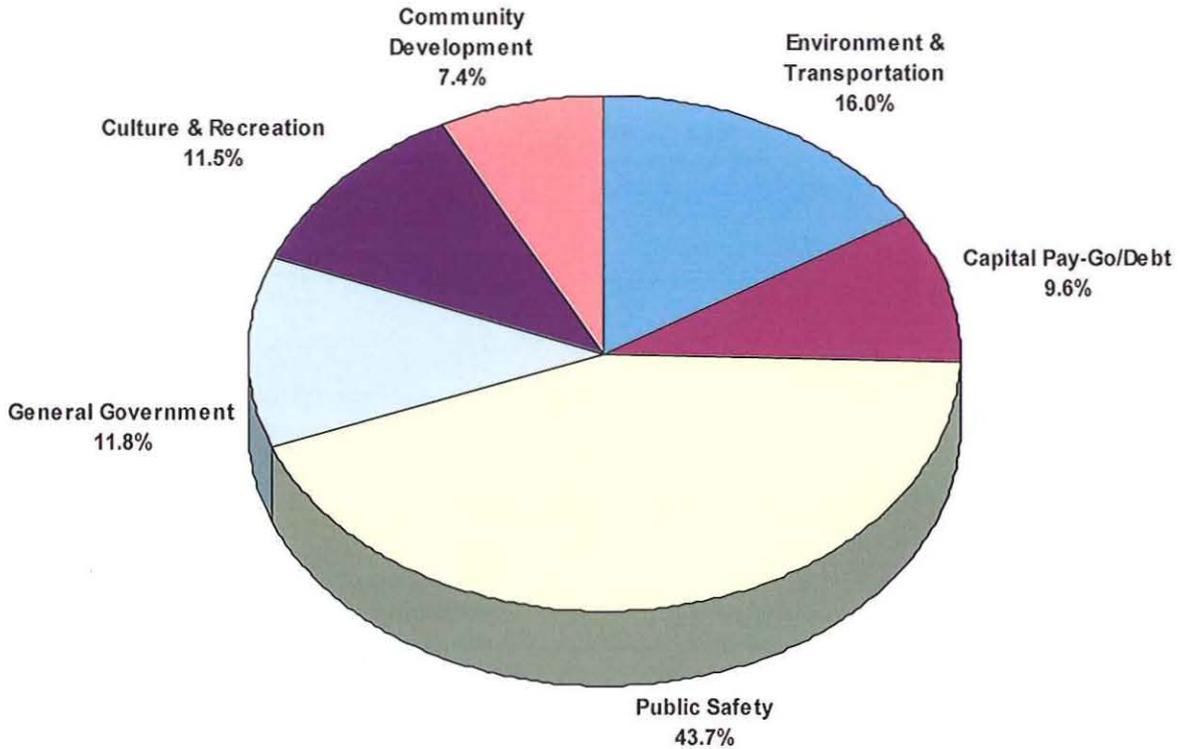
	2008-09 Actual	2009-10 Actual	2010-11 Budget	2011-12 Adopted
Salaries & Wages	42,733,069	42,711,622	40,636,760	39,788,082
Fringe Benefits	13,874,113	15,004,194	16,894,228	17,224,120
Operating Costs	20,738,808	22,278,302	21,040,664	20,488,101
Interfund Transfers	2,302,562	1,748,872	1,497,442	1,677,889
Debt Service	5,097,904	5,210,411	5,434,922	4,393,832
Capital Outlay	<u>3,208,474</u>	<u>5,941,239</u>	<u>2,578,946</u>	<u>4,073,931</u>
TOTAL	<u>87,955,930</u>	<u>92,894,640</u>	<u>88,082,962</u>	<u>87,645,955</u>

BUDGET HIGHLIGHTS

- Personnel costs, including both salaries and wages and fringe benefits make up 65% of the FY 2011-12 general fund budget. Overall, the adopted personnel budget in the general fund is approximately \$518,000 less than the FY 2010-11 budget. The cost impact to the general fund of the N.C. retirement system increase that was mentioned earlier in the budget document is \$215,000. Factoring out this mandated cost increase, personnel costs show a \$733,000 decrease. Most of this decrease was achieved by eliminating or freezing 15 general fund positions, which will save approximately \$800,000. The general fund personnel budget does include the addition of 3 FTE positions associated with the return to twice monthly brush collection.
- In order to balance the FY 2011-12 adopted budget, general fund operating costs are reduced by \$552,000 or 2.6%. This reduction was achieved by trimming various line items, including contracted services, supplies, and materials, throughout the general fund.
- Interfund transfers are budgeted to increase by a net amount of \$180,000 in FY 2011-12. As noted on the previous page, the festivals fund is being merged with the general fund in FY 2011-12. This technical accounting change results in the elimination of the \$162,000 interfund transfer between those two funds. Ignoring this technical adjustment, the increase in general fund interfund transfers is \$342,000, which represents the change in the general fund transfer to the transit services fund.
- In 2010-11, the City redeemed the final payment on the Certificates of Participation (COPs) Series 1997B, which was issued to fund renovations on the Public Works building. Also in 2010-11, the City made the final payment on the 2006 series installment financing, which was issued to pay for radios and vehicles. In paying off these two debt obligations, the City reduced its annual debt service payments by over \$1.1 million. In FY 2011-12, the City will use this debt capacity to issue \$12.1 million in new debt to fund critical capital improvements, including exterior repairs to City Hall, construction of new sidewalks and greenways, and the replacement of vehicles. Based on the projected timing of this new debt issuance, the City does not anticipate having to make a debt service payment on this issuance until FY 2012-13. Therefore, the \$1.1 million that will go toward debt payments in future years is being directed to the pay-go capital program in FY 2011-12.
- The capital outlay budget, which is comprised of the pay-go capital contribution as well as departmental small capital, shows an increase of approximately \$1.5 million. As mentioned above, \$1.1 million of this increase is the result of shifting the FY 2011-12 debt service savings over to the pay-go capital program. Most of the rest of the increase (\$316,000) is due to the technical budget change mentioned on the previous page in which the costs of the crew that install new sidewalks is moved from the Public Works Department's General Fund budget over to the pay-go capital program. Adjusting for this technical change, the total general fund allocation to capital outlay and debt service in FY 2011-12 is essentially unchanged from the current budget year.

GENERAL FUND EXPENDITURES

CITY OF ASHEVILLE FY 2011-12 GENERAL FUND EXPENDITURES BY SERVICE AREA TOTAL \$87,645,955

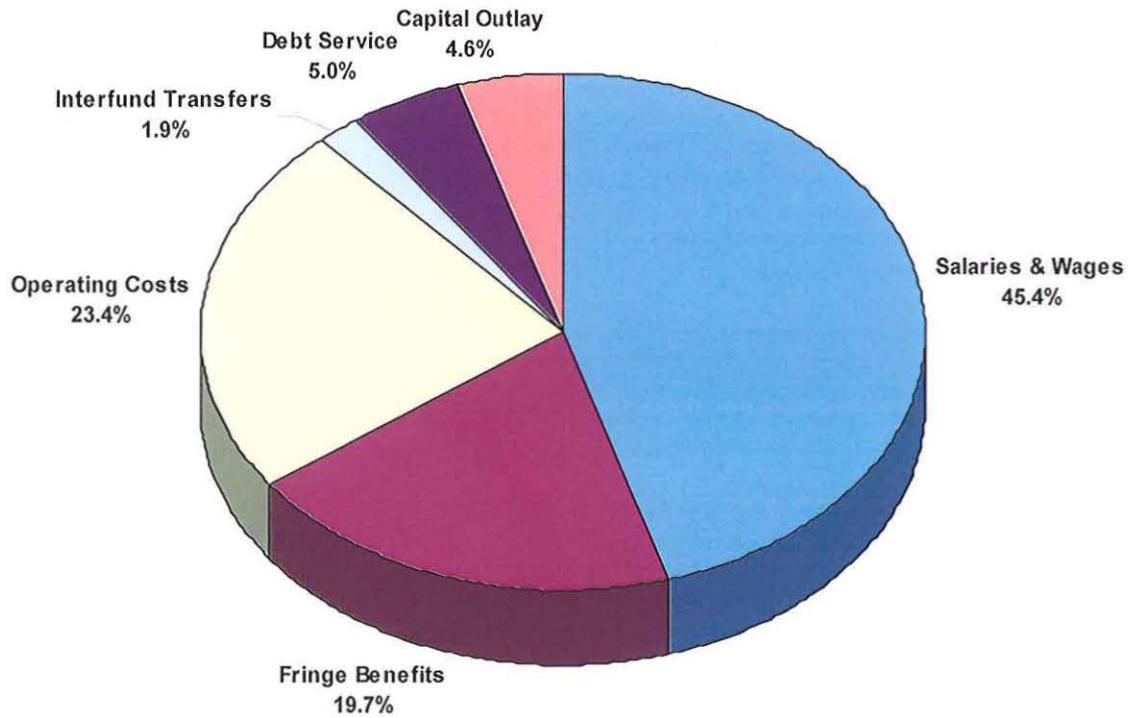


Budget-to-Budget Expenditure Comparison

<u>Service Areas:</u>	2010-11	2011-12	Change From Prior Year	
	<u>Budget</u>	<u>Adopted</u>	<u>in \$</u>	<u>in %</u>
Public Safety	38,381,372	38,291,603	(89,769)	-0.2%
Environment & Transportation	14,740,659	14,023,766	(716,893)	-4.9%
General Government	10,624,299	10,351,251	(273,048)	-2.6%
Culture & Recreation	9,874,058	10,108,636	234,578	2.4%
Capital Pay-Go/Debt Service	7,867,222	8,403,447	536,225	6.8%
Community Development	6,595,352	6,467,252	(128,100)	-1.9%
Total General Fund Expenditures	<u>88,082,962</u>	<u>87,645,955</u>	<u>(437,007)</u>	<u>-0.5%</u>

GENERAL FUND EXPENDITURES

CITY OF ASHEVILLE FY 2011-12 GENERAL FUND EXPENDITURES BY CATEGORY TOTAL \$87,645,955



Budget-to-Budget Expenditure Comparison

<u>Expense Category:</u>	2010-11	2011-12	Change From Prior Year	
	<u>Budget</u>	<u>Adopted</u>	<u>in \$</u>	<u>Budget</u>
Salaries & Wages	40,636,760	39,788,082	(848,678)	-2.1%
Fringe Benefits	16,894,228	17,224,120	329,892	2.0%
Operating Costs	21,040,664	20,488,101	(552,563)	-2.6%
Interfund Transfers	1,497,442	1,677,889	180,447	12.1%
Debt Service	5,434,922	4,393,832	(1,041,090)	-19.2%
Capital Outlay	2,578,946	4,073,931	1,494,985	58.0%
Total General Fund Expenditures	88,082,962	87,645,955	(437,007)	-0.5%

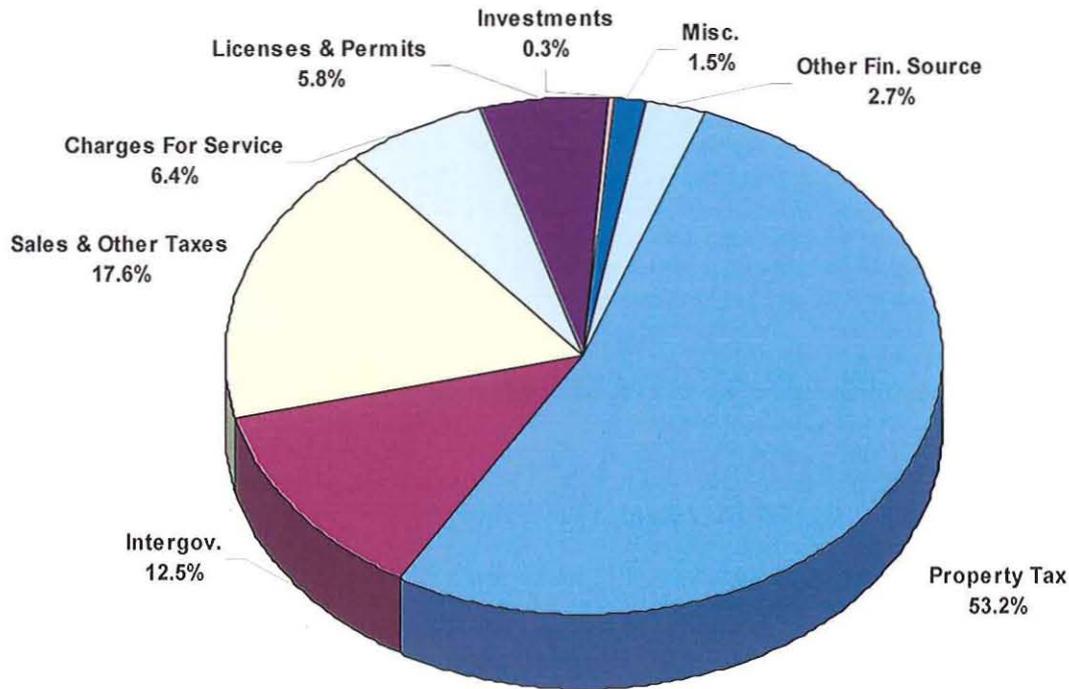
GENERAL FUND REVENUES

	2008-09 Actual	2009-10 Actual	2010-11 Budget	2011-12 Adopted
<u>Taxes</u>				
Property Tax - Current Year	41,247,841	42,873,555	43,423,226	43,883,779
Local Option Sales Tax	15,036,346	14,172,843	14,834,688	15,109,305
Motor Vehicle Taxes	2,193,424	1,875,854	2,232,045	2,232,045
Property Tax - Prior Years	398,547	503,239	400,000	486,922
Other Taxes	301,358	388,715	310,000	330,000
Total Taxes	59,177,516	59,814,206	61,199,959	62,042,051
<u>Licenses & Permits</u>				
Building Safety Fees	2,699,515	2,195,840	2,434,925	2,306,700
Local Utility Franchise Tax	707,654	615,365	693,000	483,000
Business Privilege Licenses	1,476,118	709,537	1,400,000	1,400,000
Motor Vehicle Licenses	312,791	302,449	321,162	310,000
Other	300,657	316,394	357,779	571,277
Total Licenses/Permits	5,496,735	4,139,585	5,206,866	5,070,977
<u>Intergovernmental</u>				
State Utility Taxes	7,403,284	7,315,397	7,400,000	7,500,000
Powell Bill	2,372,265	2,125,431	2,070,170	2,135,723
ABC Revenue	750,000	750,000	900,000	850,000
State Beer & Wine Taxes	349,564	113,235	360,000	360,000
Other	987,915	708,923	445,432	117,850
Total Intergovernmental	11,863,028	11,012,986	11,175,602	10,963,573
<u>Charges For Service</u>				
Internal Charges	2,329,899	--	--	--
Employee Insurance Contrib.	3,088,522	3,465,010	--	--
Parks & Recreation Fees	1,253,880	1,234,551	1,523,959	1,586,211
Recycling Charges	420,682	956,542	950,500	1,140,500
Fire Protection & Inspections	1,544,159	1,647,319	1,673,743	1,768,891
Outside Vehicle Repairs & Fuel	1,130,007	842,057	1,258,594	1,258,594
Other	679,874	332,362	28,975	--
Total Charges For Service	10,447,023	8,477,841	5,387,771	5,587,654
<u>Other</u>				
Investment Earnings	1,191,668	74,342	1,014,000	239,700
Miscellaneous	551,837	938,139	1,210,943	1,334,680
Other Financing Sources	--	2,725,539	2,887,821	2,407,320
Total Revenues	<u>88,727,807</u>	<u>87,132,637</u>	<u>88,082,962</u>	<u>87,645,955</u>

Note: The City implemented a new financial software system in FY 2009-10. As a result, some of the revenue classifications changed and do not match prior year data.

GENERAL FUND REVENUES

CITY OF ASHEVILLE FY 2011-12 GENERAL FUND REVENUES BY SOURCE TOTAL \$87,645,955

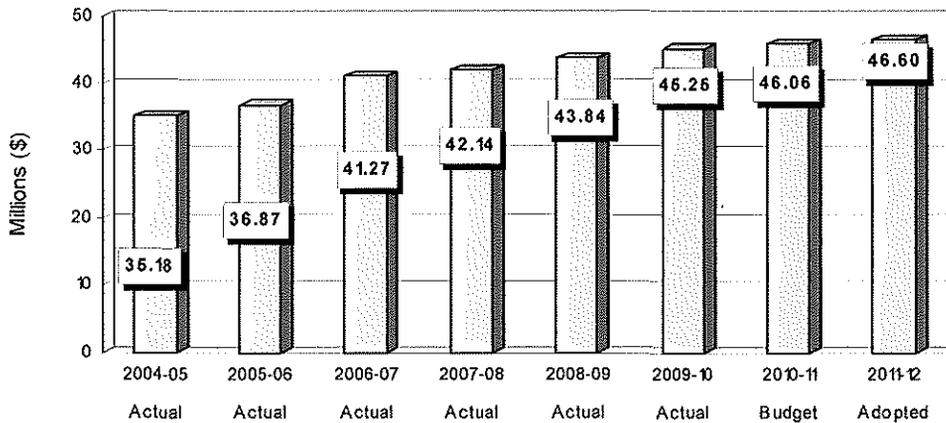


Budget-to-Budget Revenue Comparison

<i>Revenue Sources:</i>	2010-11	2011-12	Change From Prior Year	
	<u>Budget</u>	<u>Adopted</u>	<u>in \$</u>	<u>Budget</u>
Property Tax	46,055,271	46,602,746	547,475	1.2%
Intergovernmental	11,175,602	10,963,573	(212,029)	-1.9%
Sales & Other Taxes	15,144,688	15,439,305	294,617	1.9%
Charges For Service	5,387,771	5,587,654	199,883	3.7%
Licenses & Permits	5,206,866	5,070,977	(135,889)	-2.6%
Investment Earnings	1,014,000	239,700	(774,300)	-76.4%
Miscellaneous	1,210,943	1,334,680	123,737	10.2%
Other Financing Sources	2,887,821	2,407,320	(480,501)	-16.6%
Total General Fund Revenue	<u>88,082,962</u>	<u>87,645,955</u>	<u>(437,007)</u>	<u>-0.5%</u>

GENERAL FUND REVENUES

PROPERTY TAXES



<u>Property Taxes</u>	2008-09 Actual	2009-10 Actual	2010-11 Budget	2011-12 Adopted
Current Year	41,247,841	42,873,555	43,423,226	43,883,779
Registered Motor Vehicles	2,193,424	1,875,854	2,232,045	2,232,045
Prior Years	<u>398,547</u>	<u>503,239</u>	<u>400,000</u>	<u>486,922</u>
Total Property Taxes	43,839,812	45,252,649	46,055,271	46,602,746

Trends & Assumptions

The Property or Ad Valorem Tax is the largest funding source for general government services, providing 53% of the City's total FY 2011-12 general fund revenue. The property tax is levied each year on the value of real, certain personal, and public service property that is listed as of January 1 of that year. Real property, which consists of residential, commercial, and industrial properties, is revalued every four years, while personal and utility values are adjusted annually. Real property makes up approximately 80% of the City's total tax base. The most recent revaluation was completed in 2005, and the new values become effective in FY 2006-07. The revaluation scheduled for 2009 was delayed due to the economic recession and its impact on housing values. The current tax rate, which is 42 cents

per \$100 of assessed valuation, will remain the same in FY 2011-12.

Over the last ten years, the property tax base has grown by an average of 3.4% per year. In FY 2010-11, however, the City's tax base grew by just under 1.0%, which was the slowest tax base growth in at least ten years. The Buncombe County Tax Assessor is projecting that tax base growth in FY 2011-12 will remain well below historical norms due to the continuing construction slowdown. Another factor slowing the overall growth in property tax revenue is motor vehicles are re-valued annually, and with many consumers delaying the purchase of new automobiles during the recession, the value of the motor vehicle tax base has declined. Staff is projecting property tax revenue growth of only 1.2% in FY 2011-12.

GENERAL FUND REVENUES

ASSESSED VALUATION HISTORY

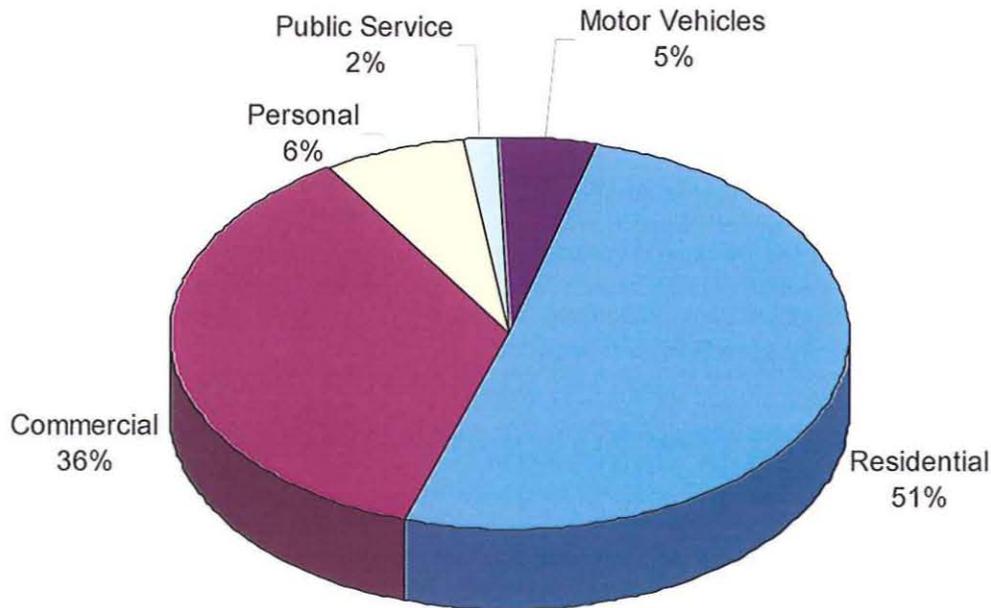
Major Property Categories

(\$ in thousands)

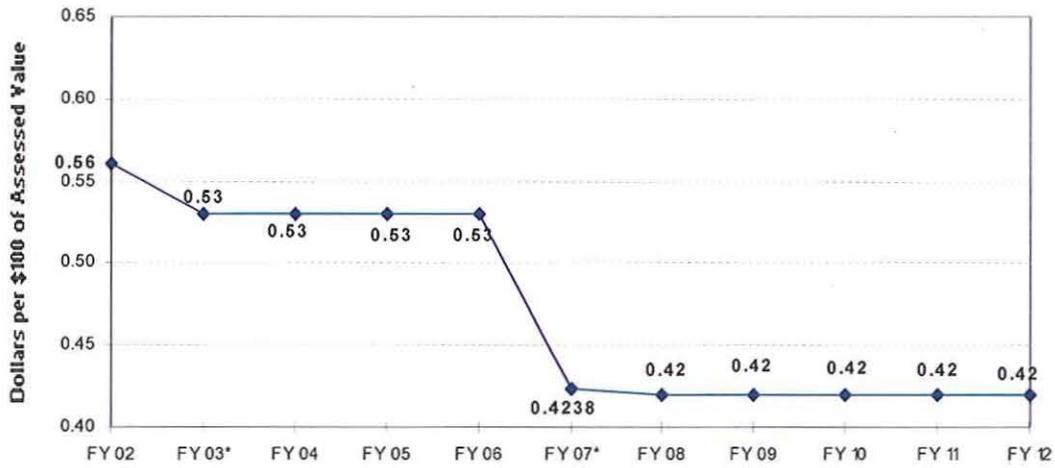
	FY 2005-06	FY 2006-07*	FY 2007-08	FY 2008-09	FY 2009-10
Residential	\$3,284,605	\$4,867,777	\$5,007,378	\$5,286,384	\$5,521,476
Percent Change	3.6%	48.2%	2.9%	5.6%	4.4%
Commercial/Industrial	\$2,309,749	\$3,598,231	\$3,589,744	\$3,663,006	\$3,857,533
Percent Change	1.3%	55.8%	-0.2%	2.0%	3.9%
Personal	\$597,418	\$613,292	\$654,581	\$718,508	\$707,473
Percent Change	3.0%	2.7%	6.7%	9.8%	-1.5%
Public Service Companies	\$165,360	\$189,426	\$190,305	\$195,966	\$193,434
Percent Change	1.8%	14.6%	0.5%	3.0%	-1.3%
Motor Vehicles	\$509,456	\$549,169	\$572,808	\$571,325	\$520,998
Percent Change	4.7%	7.8%	4.3%	-0.3%	-8.8%
TOTAL TAX BASE	\$6,866,588	\$9,817,895	\$10,014,816	\$10,435,190	\$10,800,915
Percent Change	2.8%	43.0%	2.0%	4.2%	3.5%

* Revaluation year.

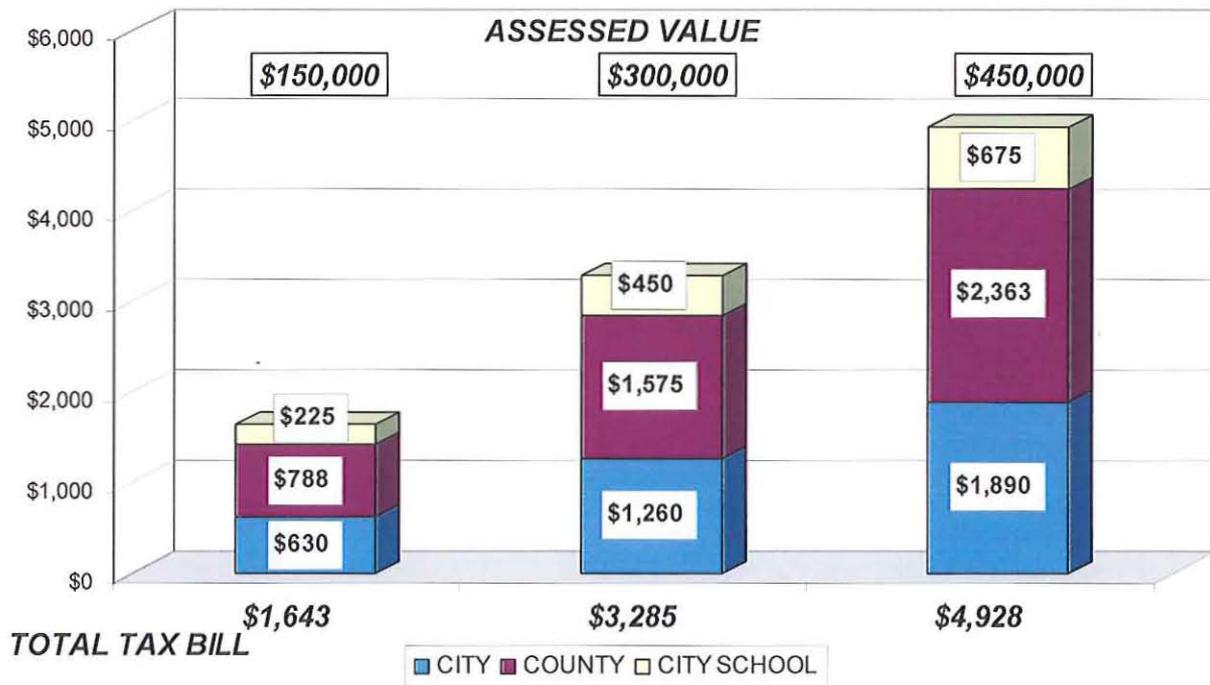
City of Asheville FY 2009-10 Tax Base



GENERAL FUND REVENUES



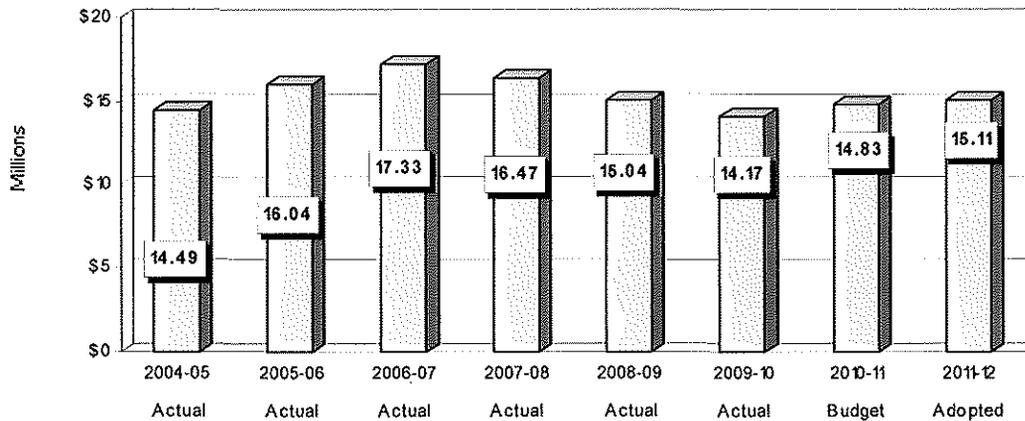
FY 2011-12 Sample Tax Bill



Note: City tax rate: 42 cents per \$100 of assessed valuation
 County tax rate: 52.5 cents per \$100 of assessed valuation
 City School tax rate: 15 cents per \$100 of assessed valuation. Approximately 65% of City of Asheville residents pay the City School tax.

GENERAL FUND REVENUES

LOCAL OPTION SALES TAX



<u>Sales Tax Components</u>	2008-09 Actual	2009-10 Actual	2010-11 Budget	2011-12 Adopted
Article 39	7,045,487	6,596,753	6,914,330	6,955,906
Article 40	2,655,989	2,514,766	2,565,283	2,690,857
Article 42	2,614,326	2,923,022	2,623,756	2,749,330
Article 44/Hold Harmless	<u>2,644,075</u>	<u>2,138,302</u>	<u>2,731,319</u>	<u>2,713,212</u>
Total Sales Tax	15,036,346	14,172,843	14,834,688	15,109,305

Trends & Assumptions

Local option sales tax revenue is collected by the State of North Carolina and distributed back to counties and municipalities on a monthly basis.

Net proceeds from Article 39 and Article 42 are returned to the county in which the tax was collected. Under this point of delivery distribution method, the City's revenue from this one and one-half-cent (1 ½) sales tax is dependent only on retail sales activity in Buncombe County. Proceeds from the Article 40 half-cent sales tax is placed in a statewide pool and allocated among all one hundred counties on a per capita basis. Article 40 sales tax revenue is thus dependent on retail sales activity statewide and on Buncombe County's population relative to other counties in the State. During its 2001 session, the State Legislature gave local governments the authority to levy an additional half-cent sales tax – Article 44. Revenue from Article 44 replaced local government reimbursement payments that were discontinued by the state. In 2007, the state eliminated Article 44 and replaced it with a hold harmless payment.

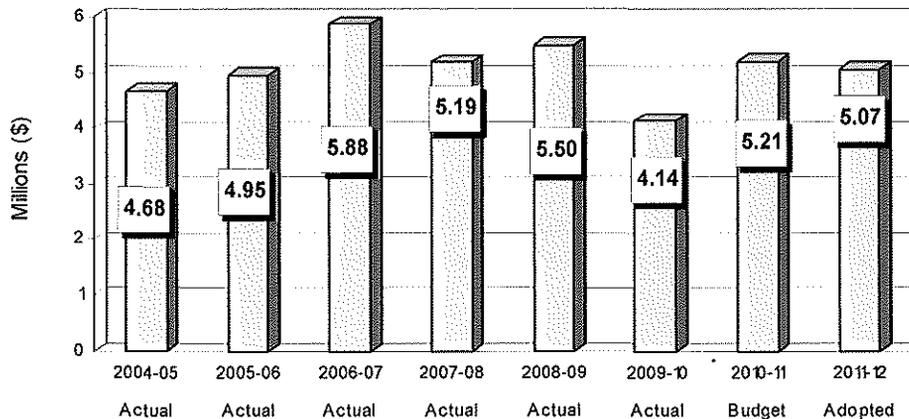
Buncombe County's sales tax revenue is divided between the county and the local municipalities based on each entity's share of the total county ad

valorem tax levy. Based on this distribution formula, the City currently receives 19.72% of the sales tax revenue distributed to Buncombe County. The state recalculates this percentage each year to account for tax rate changes, annexations, revaluation, and natural growth in the tax base.

No revenue has been more impacted by the recession than sales taxes. Between FY 2006-07, when sales tax revenue peaked, and FY 2009-10, the City saw its sales tax revenue decline by \$3.1 million or 18%. Sales tax revenue finally began to grow again in FY 2010-11; with revenue through the first ten months of the fiscal year up a modest 2.8% compared to FY 2009-10. The N.C. League of Municipalities predicts that sales tax revenue will not rise quickly without a recovery in the housing market, and such a recovery is not expected during FY 2011-12. As a result, they are projecting the sales tax base to continue to grow slowly in FY 2011-12. Based on this guidance, staff has assumed 2% sales tax growth in FY 2011-12.

GENERAL FUND REVENUES

LICENSES & PERMITS



<u>Licenses & Permits</u>	2008-09 Actual	2009-10 Actual	2010-11 Budget	2011-12 Adopted
Building Safety Fees	2,699,515	2,195,840	2,434,925	2,306,700
Local Utility Franchise Tax	707,654	615,365	693,000	483,000
Business Privilege Licenses	1,476,118	709,537	1,400,000	1,400,000
Motor Vehicle Licenses	312,791	302,449	321,162	310,000
Other	<u>300,657</u>	<u>316,394</u>	<u>357,779</u>	<u>571,277</u>
Total Licenses & Permits	5,496,735	4,139,585	5,206,866	5,070,977

Trends & Assumptions

License & permit fees are generally used to offset the cost of regulating certain activities within the City. Some license and permit rates are set by the state, while others are set by City Council. Revenue from licenses & permits is influenced by local population growth, economic conditions, trends in development and re-development activity, and Council-approved fee changes.

Building Safety Fees: After substantial growth in FY 2006-07 and FY 2007-08, revenue from building safety fees began declining in FY 2008-09 and fell dramatically in FY 2009-10 due to the recession. Through the first six months of calendar year 2011, the City has seen an increase in permit activity, however, the value of the construction permits, and thus the revenue from building safety fees, continues to be lower than historic norms. This trend is expected to continue in FY 2011-12.

Local Utility Franchise Tax: The State of North Carolina under the Video Services Bill now collects what used to be considered local cable franchise revenue and shares it with municipalities as a part of the state utility taxes. This change is what is driving the decrease in this revenue category. Meanwhile, revenue from Asheville's

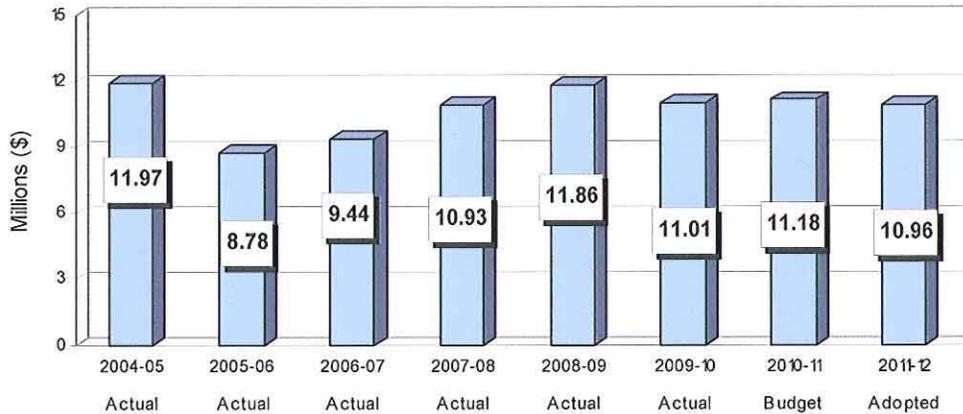
local utility franchise tax on electricity and gas is expected to remain flat compared to prior year collections.

Business Privilege Licenses: The City levies a privilege license fee on certain businesses operating within the City of Asheville. Revenue in FY 2009-10 was impacted by a technical accounting adjustment. Otherwise, revenue from this source has been flat the last several years and is expected to remain that way in FY 2011-12.

Motor Vehicle Licenses: The City levies an annual registration fee of \$10 on all motor vehicles owned by City residents. In prior years, all of this money was collected in the general fund and half of the revenue was transferred to the Transit Services Fund to support the operational and capital needs of the City's transit system. This revenue is also expected to remain flat in FY 2011-12.

GENERAL FUND REVENUES

INTERGOVERNMENTAL REVENUE



<u>Intergovernmental</u>	2008-09 Actual	2009-10 Actual	2010-11 Budget	2011-12 Adopted
State Utility Taxes	7,403,284	7,315,397	7,400,000	7,500,000
Powell Bill	2,372,265	2,125,431	2,070,170	2,135,723
ABC Revenue	750,000	750,000	900,000	850,000
State Beer & Wine Tax	349,564	113,235	360,000	360,000
Other	<u>987,915</u>	<u>708,923</u>	<u>445,432</u>	<u>117,850</u>
Total Intergovernmental	11,863,028	11,012,986	11,175,602	10,963,573

Trends & Assumptions

Intergovernmental revenue includes grants, shared revenues, and reimbursements received by the City of Asheville from other governmental units.

State Utility Taxes: The state levies the following utility taxes: a franchise tax on electricity, a sales tax on telecommunications and video services, and an excise tax on piped natural gas. The state then shares a portion of these revenues with municipalities based on sales and consumption within each city. Growth in the electric and natural gas revenues is highly sensitive to weather conditions; cool summers and mild winters can lead to a year with little or no growth. Significant changes in the total amount of electricity used within a municipality, such as the loss of a factory, also will lower the revenue from the tax on electricity. Annexations can also impact revenue from all four of these taxes.

Based on current year collection trends, staff has budgeted a slight increase in this revenue in FY 2011-12.

ABC Revenue: A portion of net profits from Alcoholic Beverage Control sales in the City of

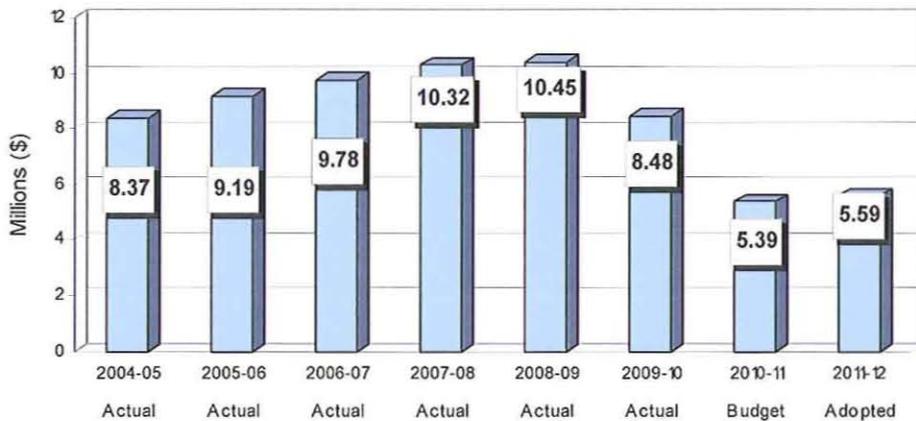
Asheville are divided between the City and Buncombe County. The budget for this revenue is decreased slightly in FY 2011-12 based on recent trends.

State Beer & Wine Tax: The state shares a portion of the proceeds from beer and wine tax receipts with all local governments in which beer and wine is legally sold. The distribution is based on population. The state withheld a portion of this revenue in FY 2009-10 but restored the full distribution in FY 2010-11. This revenue is expected to remain flat in FY 2011-12.

Powell Bill: North Carolina municipalities receive a portion of the proceeds from the state gasoline tax and the Highway Trust Fund. The money is distributed to municipalities based on 75% on population and 25% on local street mileage. Powell Bill funds can only be expended to maintain, repair, or construct local streets. Revenue from this source declined at the outset of the recession but is expected to increase slightly in FY 2011-12.

GENERAL FUND REVENUES

CHARGES FOR SERVICE



<u>Charges For Service</u>	2008-09 Actual	2009-10 Actual	2010-11 Budget	2011-12 Adopted
Internal Charges	2,329,899	--	--	--
Employee Insurance Contributions	3,088,522	3,465,010	--	--
Parks & Recreation Fees	1,253,880	1,234,551	1,523,959	1,586,211
Recycling Charges	420,682	956,542	950,500	1,140,500
Fire Protection & Inspections	1,544,159	1,647,319	1,673,743	1,768,891
Outside Vehicle Repairs & Fuel	1,130,007	842,057	1,258,594	1,258,594
Other	<u>679,874</u>	<u>332,362</u>	<u>28,975</u>	--
Total Charges For Service	10,447,023	8,477,841	5,387,771	5,587,654

Trends & Assumptions

Charges for services are revenues derived from charges for the use of specific general fund services, such as Parks & Recreation programs and curbside recycling. By Council policy, many of these services are partially or fully funded through user charges.

Internal Charges: Charges to other funds are transfers to the general fund from other City funds, specifically the water fund. With the conversion to the City's new financial system in FY 2009-10, this revenue is now classified under other financing sources.

Employee Insurance Contributions: Beginning in FY 2010-11, employee insurance contributions are accounted for in the Health Insurance Fund.

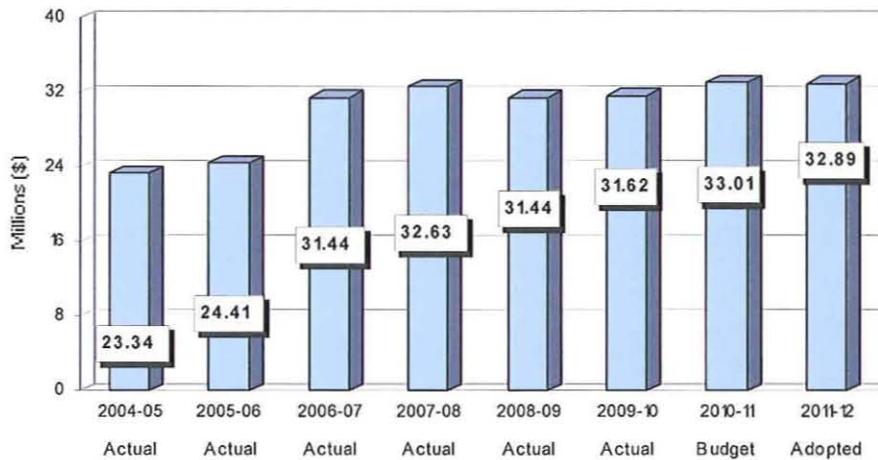
Parks & Recreation Fees: Revenue from Parks and Recreation fees is expected to remain essentially flat in FY 2011-12.

Recycling Charges: At its May 10, 2011 meeting, Council approved enhancements to the household recycling program that included the purchase of 95 gallon containers. To fund this additional cost, Council approved an increase in the household recycling fee of \$0.55 per month, which will become effective on January 1, 2012.

Fire Protection & Inspections: One Deputy Fire Marshal position stationed at the Development Services Center will be re-assigned to perform periodic fire inspections. This change is expected to increase the annual revenue from fire inspections by \$40,000. In addition, City Council approved the implementation of a surcharge on fire inspections that staff perform in the City's extraterritorial jurisdiction (ETJ) which is expected to produce \$25,000 in additional revenue.

ENTERPRISE FUND REVENUES

WATER RESOURCES FUND REVENUE



<u>Water Resources Revenue</u>	2008-09 Actual	2009-10 Actual	2010-11 Budget	2011-12 Adopted
Utility Charges	21,034,771	21,214,020	22,400,000	22,040,676
Other Operating Revenue	3,953,120	3,957,110	3,906,700	4,266,024
Capital Maintenance Fee	5,846,409	6,146,019	6,394,500	6,358,552
Investment Earnings	<u>608,295</u>	<u>300,866</u>	<u>310,000</u>	<u>225,000</u>
Total Water Resources Revenue	31,442,595	31,618,015	33,011,200	32,890,252

Trends & Assumptions

Water revenue is derived from fees and service charges assessed to residential and commercial customers of the regional water system. Water revenue is influenced by fee changes, population growth, water consumption patterns, local economic conditions, and weather.

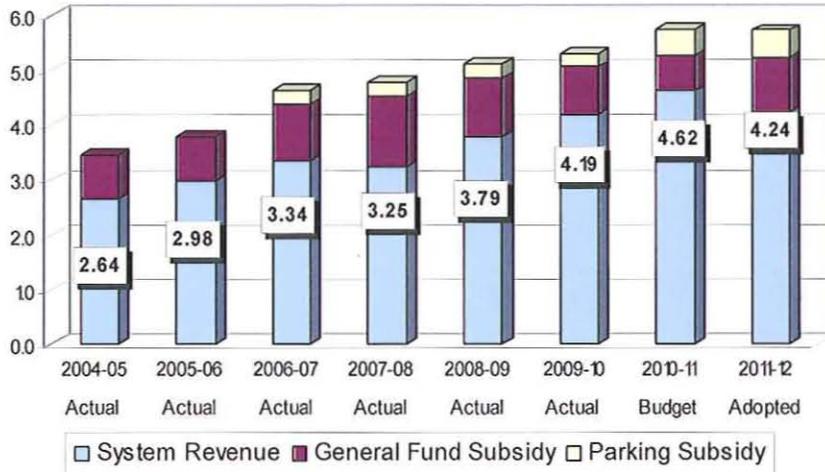
Utility Charges: The FY 2011-12 Water Resources budget includes the fee adjustments that were approved by City Council on April 12. These adjustments, which will create more equitable cost recovery across the water customer classes, include increases to the commercial and multi-family volumetric rates and the wholesale rate. There will be no changes to the residential rate in FY 2011-12.

Capital Maintenance Fee: The purpose of this fee is to provide funding for major capital improvements such as water line replacements and water treatment source improvements. It is a charge based on the size of the meter. This revenue is expected to remain flat in FY 2011-12.

Other Revenue: This category includes development fees, tap and connection fees, fire line charges, reconnection and delinquency fees and other miscellaneous revenue. Investment earnings reflect earnings on cash fund balances. The budget for investment earnings is adjusted downward to reflect current interest rates.

ENTERPRISE FUND REVENUES

TRANSIT SERVICES FUND REVENUE



<u>Transit Services Revenue</u>	2008-09 Actual	2009-10 Actual	2010-11 Budget	2011-12 Adopted
Federal/State Grants	2,553,611	3,048,510	3,463,200	3,070,611
General Fund Subsidy	1,066,197	872,831	642,196	985,295
Parking Fund Subsidy	248,116	248,116	484,000	500,000
Operating Revenue	832,117	831,063	831,000	843,000
Motor Vehicle License Fee	309,175	313,863	316,200	320,000
Miscellaneous	<u>100,000</u>	<u>-2,879</u>	<u>0</u>	<u>0</u>
Total Transit Revenue	5,109,216	5,311,505	5,736,596	5,718,906

Trends & Assumptions

Transit Fund revenue is derived from three primary sources: federal & state grant funding, local tax support, and passenger charges.

Federal & State Grants: The Transit Fund receives grant funding from the Federal Transit Administration and the North Carolina Department of Transportation. Revenue from federal and state grants represents 54% of the fund's total revenue. For FY 2011-12, the City expects state transit funding to be reduced by \$600,000.

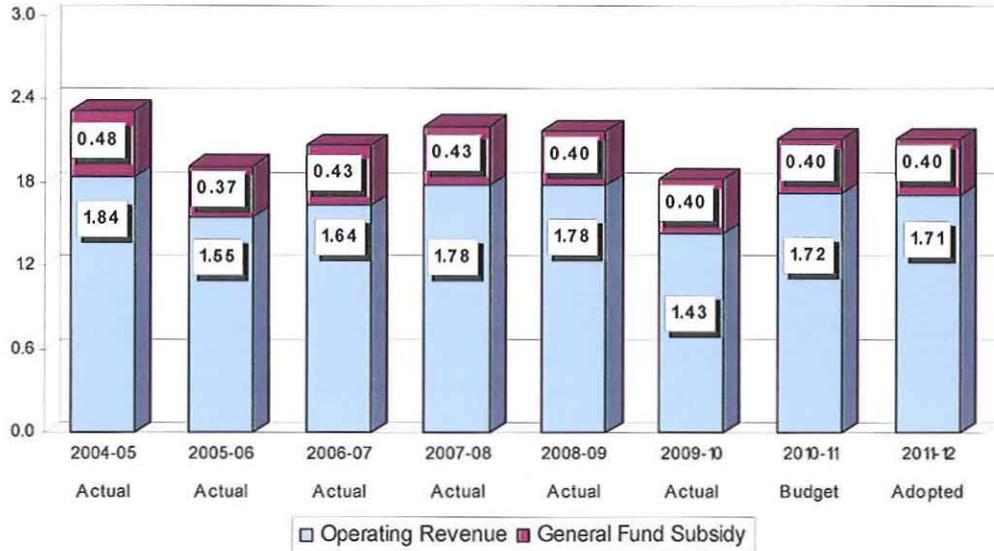
City Support: This category includes both the general fund and parking fund subsidies and the

motor vehicle license fee. The parking fund subsidy is being increased by \$16,000 in FY 2011-12. The general fund subsidy is being increased by \$343,000 in order to help offset the decrease in state grant funding.

Operating Revenue: This category consists of passenger fares, bulk fare income, and advertising revenue. Based on current trends, staff has budgeted a slight increase in this revenue category in FY 2011-12.

ENTERPRISE FUND REVENUES

CIVIC CENTER FUND REVENUE



<u>Civic Center Revenue</u>	2008-09 Actual	2009-10 Actual	2010-11 Budget	2011-12 Adopted
Food & Beverage Sales	798,918	549,212	632,800	769,000
Rent	491,265	429,958	530,750	459,860
Admissions & Other Sales	358,849	349,717	414,000	390,000
Other	<u>130,490</u>	<u>103,738</u>	<u>144,400</u>	<u>94,400</u>
Total Operating Revenue	1,779,522	1,432,626	1,721,950	1,713,260
General Fund Subsidy	<u>397,989</u>	<u>391,315</u>	<u>392,594</u>	<u>392,594</u>
Total Civic Center Revenue	2,177,511	1,823,941	2,114,544	2,105,854

Trends & Assumptions

The Civic Center receives operating revenue from the sale of food and beverages, rental fees charged to the users of the facility, and from various other charges including facility fees and staffing reimbursements. Operating revenue is supplemented with support from the City's general fund.

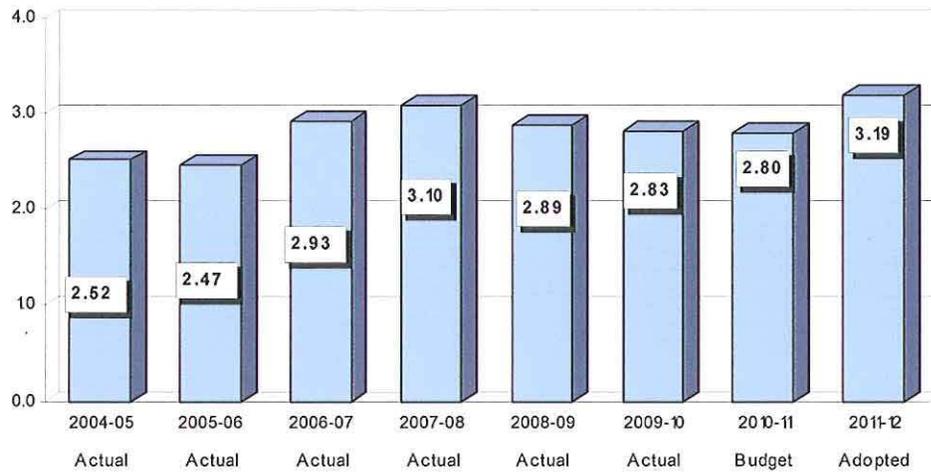
Operating Revenue: Operating revenue decreased by approximately \$300,000 in FY 2009-10, but trends in FY 2010-11 indicate that operating revenue has rebounded. FY 2010-11 estimates indicate that operating revenue will

exceed the budgeted amount of \$1.7 million. Since Civic Center operating revenue can vary greatly from year to year, staff has budgeted FY 2011-12 revenue at essentially the same level as FY 2010-11.

General Fund Subsidy: The general fund subsidy has remained in the \$400,000 range over the last five years. This trend continues with the FY 2011-12 budget, which includes a general fund subsidy of \$392,594.

ENTERPRISE FUND REVENUES

PARKING SERVICES FUND REVENUES



<u>Parking Services Revenue</u>	2008-09 Actual	2009-10 Actual	2010-11 Budget	2011-12 Adopted
Garage Revenue	1,136,838	1,146,345	1,090,000	1,214,625
Parking Meters	986,648	1,002,940	940,000	940,000
Parking Violations	574,936	516,598	596,000	660,822
Parking Lots & Peripheral Parking	148,731	134,088	140,000	260,000
App. Fund Balance	--	--	109,000	0
Other	<u>43,257</u>	<u>25,527</u>	<u>36,500</u>	<u>42,800</u>
Total Parking Services Revenue	2,890,410	2,825,498	2,911,500	3,118,247

Trends & Assumptions

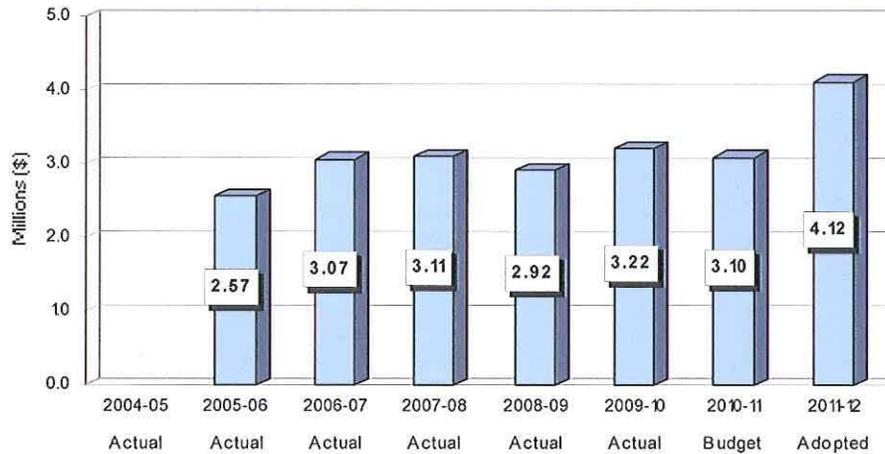
The Parking Services Fund operates three parking garages, over 700 on-street metered spaces, and more than 200 lot spaces.

Garage Revenue: Based on trends in FY 2010-11 and fee increases approved by City Council during the budget process, staff has budgeted a \$124,000 increase in parking garage revenue in FY 2011-12.

Parking Meters & Parking Violations: The revenue budget for parking meters remains flat in FY 2011-12. The budget for parking violations is increased by \$64,000 to reflect enforcement trends in the current fiscal year.

ENTERPRISE FUND REVENUES

STORMWATER FUND REVENUES



<u>Stormwater Revenue</u>	2008-09	2009-10	2010-11	2011-12
	Actual	Actual	Budget	Adopted
Utility Charges	2,576,677	2,980,755	2,665,218	2,775,218
Licenses & Permits	186,666	206,909	180,000	180,000
Debt Proceeds	0	0	0	430,000
App. Fund Balance	--	--	0	700,000
Transfer from Other Funds	0	0	200,000	0
Other	<u>165,803</u>	<u>35,217</u>	<u>50,000</u>	<u>31,000</u>
Total Stormwater Revenue	2,929,146	3,222,881	3,095,218	4,116,218

Trends & Assumptions

The Stormwater Fund was created in FY 2005-06 to account for revenues and expenditures associated with the City's federally mandated stormwater program.

Licenses & Permits: The current recession has slowed revenue collections in the licenses and permits category. The FY 2011-12 budget reflects a continuation of this trend.

Utility Charges: A slight increase is budgeted in FY 2011-12 for revenue from utility charges based on trends in FY 2009-10 and FY 2010-11.

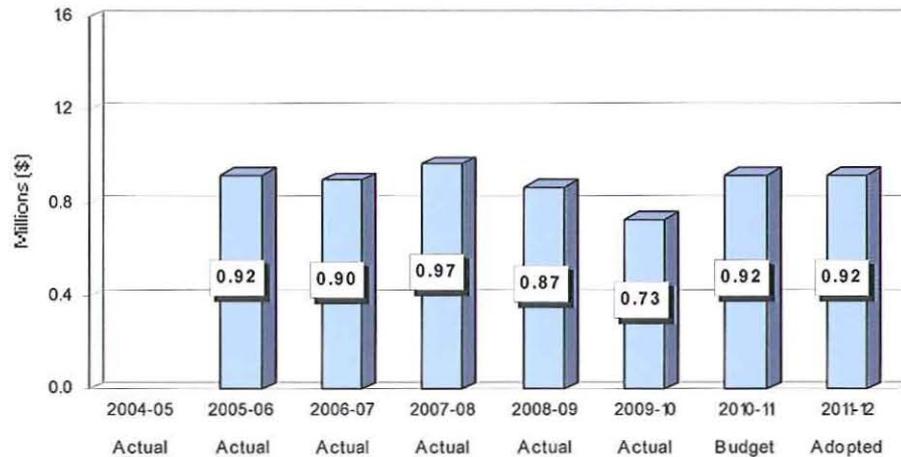
Transfer from Other Funds: The one-time transfer in from capital and grant funds that was budgeted in FY 2010-11 is removed from the budget in FY 2011-12.

Debt Proceeds: The FY 2011-12 adopted budget includes \$430,000 in debt proceeds to fund the replacement of vehicles in the Stormwater Fund.

Fund Balance: The FY 2011-12 budget also includes a \$700,000 appropriation from Stormwater Fund reserves to fund a major capital project on Victoria Road.

ENTERPRISE FUND REVENUES

GOLF FUND REVENUES



<u>Golf Revenue</u>	2008-09 Actual	2009-10 Actual	2010-11 Budget	2011-12 Adopted
Pro Shop Sales	27,644	22,421	10,000	10,000
Membership Fees	170,379	134,240	180,000	180,000
Snack Bar	57,029	54,860	40,000	40,000
Equipment Rental	246,604	201,249	255,000	255,000
Green Fees	359,344	314,789	435,000	435,000
Other	<u>8,242</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Operating Revenue	869,241	727,559	920,000	920,000
General Fund Subsidy	<u>75,701</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Golf Revenue	944,942	727,559	920,000	920,000

Trends & Assumptions

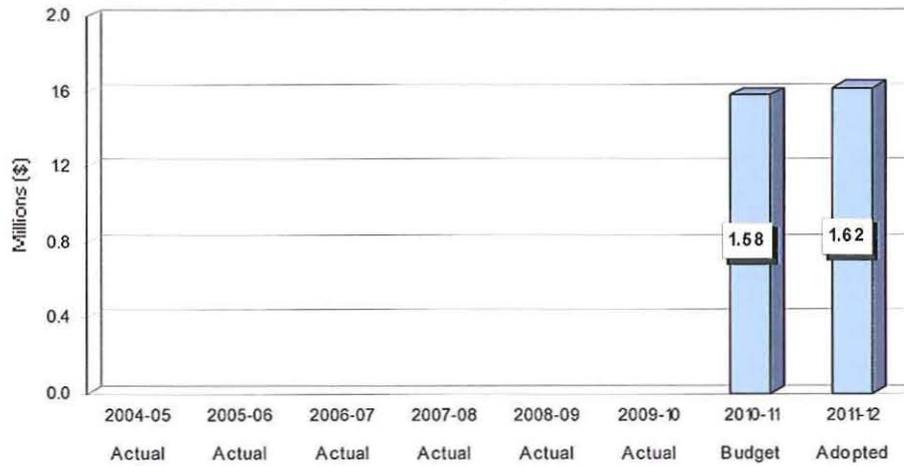
The Golf Fund was created in FY 2005-06 when the City assumed operation of the Municipal Golf Course from Buncombe County as a part of the Water Agreement termination.

The Golf Fund FY 2011-12 budget is identical to the FY 2010-11 budget. However, based on revenue trends observed in FY 2009-10 and FY

2010-11, staff estimates that the Golf Fund will require a \$150,000-\$200,000 transfer from the General Fund in FY 2011-12 in order to break even. This transfer is not currently included in the budget. Staff is working to identify opportunities for cost savings and revenue enhancements to minimize or avoid a General Fund transfer in FY 2011-12.

ENTERPRISE FUND REVENUES

STREET CUT UTILITY FUND REVENUES



<u>Street Cut Revenue</u>	2008-09 Actual	2009-10 Actual	2010-11 Budget	2011-12 Adopted
Charges for Services			631,312	671,312
Internal Charges			<u>946,968</u>	<u>946,968</u>
Total Street Cut Revenue			1,578,280	1,618,280

Trends & Assumptions

The Street Cut Utility fund was created in FY 2010-11 to track revenues and expenses associated with the City's new street cut repair program. In addition to handling street cut repairs for the City's Water Resources and Stormwater

Funds, street cut utility crews also repair cuts for the Metropolitan Sewerage District (MSD) and Public Service Natural Gas (PSNC). Each entity is then billed for 100% cost recovery.

GENERAL GOVERNMENT

Finance and Management Services

Economic Development

City Attorney's Office

Information Technology Services

Human Resources

Nondepartmental

FINANCE AND MANAGEMENT SERVICES*

Lauren Bradley, Director

MISSION: The City of Asheville's Departments of Finance and Management Services, and the City Manager's Office, are 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. We accomplish this by providing 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 and long-range financial planning for operational and capital needs; high quality building operations; community relations, marketing and communications services; administration of the City Manager's office; 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

	2008-09 Actual	2009-10 Actual	2010-11 Budget	2011-12 Adopted
Expenditures:				
Salaries & Wages	2,607,964	2,867,475	2,699,136	2,750,197
Fringe Benefits	815,104	957,912	1,023,536	1,130,982
Operating Costs	594,849	713,001	807,807	653,664
Capital Outlay	0	0	0	0
Cost Transfers	<u>-96,431</u>	<u>-68,027</u>	<u>-135,000</u>	<u>-100,000</u>
Total	3,921,486	4,470,361	4,395,479	4,434,843
FTE Positions	45.00	52.00	51.00	49.00

BUDGET HIGHLIGHTS

- In order to help balance the FY 2011-12 budget, the Finance and Management Services Department's and City Manager divisions' operating budgets were reduced by approximately \$157,000.
- In order to provide more effective cleaning services for city facilities, one custodian position was added to the city hall operation budget at the beginning of FY 2010-11. This position was funded by reducing the amount of the custodial contract with the City's outside vendor.
- As a result of recent changes in workload arising from technology enhancements, two vacant Account Clerk positions in the Finance and Management Services Department are eliminated from the FY 2011-12 budget. This personnel reduction created a savings of approximately \$93,000.
- \$17,000 in funding that was included in the FY 2009-10 and FY 2010-11 budgets for temporary staffing during MUNIS implementation is removed in FY 2011-12.
- Salaries have increased partly due to a change in staffing in the Community Relations Division. These changes are expected to offer a greater level of community coordination and public outreach with public safety departments while continuing the city's efforts with online communications.

* Includes the City Manager's Office, City Clerk, and Community Relations divisions.

FINANCE AND MANAGEMENT SERVICES

DIVISION SUMMARY	2008-09 Actual	2009-10 Actual	2010-11 Budget	2011-12 Adopted
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<u>Administration</u>			103,820	123,902
FTE Positions			1.00	1.00

<u>Governing Body</u>	171,738	168,743	184,604	175,469
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>	130,676	107,775	111,315	113,151
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>	571,498	651,962	551,452	571,286
FTE Positions	5.00	4.00	4.00	4.00

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>	489,626	530,797	289,451	341,056
FTE Positions	7.00	7.00	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.

<u>Purchasing</u>	392,623	377,709	360,409	347,467
FTE Positions	5.00	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.

FINANCE AND MANAGEMENT SERVICES

DIVISION SUMMARY	2008-09 Actual	2009-10 Actual	2010-11 Budget	2011-12 Adopted
<u>Central Stores</u>	138,786	145,381	162,216	155,440
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>	244,862	250,723	241,402	241,738
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>	223,015	193,794	188,839	189,426
FTE Positions	3.00	3.00	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>	275,236	400,588	462,996
FTE Positions	6.00	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.

<u>Sustainability</u>	5,597	77,585	80,138
FTE Positions	1.00	1.00	1.00

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>	348,833	338,342	352,624	359,996
FTE Positions	3.00	3.00	3.00	3.00

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 the Asheville Claims 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.

FINANCE AND MANAGEMENT SERVICES

DIVISION SUMMARY	2008-09 Actual	2009-10 Actual	2010-11 Budget	2011-12 Adopted
<u>Accounting</u>	1,239,824	1,424,302	1,371,174	1,272,778
FTE Positions	16.00	18.00	18.00	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.

DEPARTMENTAL GOALS

- Provide leadership strategies and implement policies and initiatives that support Asheville City Council's Strategic Plan and associated goals, objectives and action items.
- Continue to make Asheville a desirable place to live, work and play by pursuing policies that enhance the quality of life for all City residents.
- Record all official action of the City Council, safeguard all official records, and provide accurate information to citizens in an efficient and professional manner.
- Reduce the number of circumstances that lead to citizen complaints, respond effectively to complaints that do occur, and facilitate citizen requests for service.
- Foster an engaged and informed community by effectively communicating the City's goals, services, programs and initiatives.
- Utilize a broad range of communication tools including the City's website, the Asheville Channel, and in-house print services to foster a community that is well-informed and involved in decisions.
- Provide high quality financial management services to facilitate sound business decisions.
- Provide great customer service with a high level of professionalism and responsiveness.
- Continuously improve the efficiency of its key business processes through automation and other re-engineering initiatives.
- Establish the department as a learning and growth organization by promoting growth opportunities for all employees.

FINANCE AND MANAGEMENT SERVICES

KEY PERFORMANCE OBJECTIVES & MEASURES

The Finance and Management Services Department is a new department for FY 2011-12 that combines the old Finance Department with certain divisions from Administrative Services. The new department has developed a business plan for FY 2011-12 that includes a number of goals, objectives, and performance measures that tie back to City Council's Strategic Plan. A sampling of those performance measures is listed below. The department will report quarterly on its progress toward achieving its goals.

- Maintain 15% or better General Fund fund balance
- Achieve a market rate of return on investment portfolio
- Maintain Standard & Poor's credit rating of AA+ or better
- Achieve annual carbon footprint reduction of 4% or better
- Average number of calendar days to post contracts above \$30,000
- Maintain inventory accuracy of 95%
- Average number of calendar days for A/P to review, approve, and pay invoices
- Customer satisfaction with services for mail, print, City Hall snack shop and building appearance
- Rate of lost time injuries per 100 employees

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

	2008-09 Actual	2009-10 Actual	2010-11 Budget	2011-12 Adopted
Expenditures:				
Salaries & Wages	281,535	243,891	235,425	234,750
Fringe Benefits	87,088	75,330	83,025	89,220
Operating Costs	294,327	84,237	146,055	118,476
Capital Outlay	0	0	0	0
Total	662,950	403,458	464,505	442,446
FTE Positions	5.00	4.50	4.50	4.50

BUDGET HIGHLIGHTS

- In order to help balance the FY 2011-12 budget, the Economic Development operating budget was reduced by approximately \$28,000.
- Otherwise, the budget represents a continuation of existing programs and services.

DEPARTMENTAL GOALS

- Promote Asheville's economic development policies through collaborative initiatives that create a diverse, vibrant and robust economy.

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

	2008-09 Actual	2009-10 Actual	2010-11 Budget	2011-12 Adopted
Expenditures:				
Salaries & Wages	429,811	449,549	406,222	428,508
Fringe Benefits	118,568	118,631	131,755	141,908
Operating Costs	70,429	114,727	69,436	69,436
Capital Outlay	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	618,808	682,907	607,413	639,852
FTE Positions	6.00	5.50	6.00	6.00

BUDGET HIGHLIGHTS

- In FY 2010-11, a part-time Administrative Assistant position was changed to full-time to provide additional support in the City Manager and City Attorney Offices.

DEPARTMENTAL GOALS

- Handle all lawsuits (motions, etc.) in a timely fashion.
- Process ordinances, resolutions and routine contracts (within Manager's signing authority) in a timely manner.
- Risk/loss minimization.
- Compliance as to regulatory and intergovernmental matters.
- Pursue legislative agenda.

KEY PERFORMANCE OBJECTIVES & MEASURES

	<u>2009/10 Actual</u>	<u>2010/11 Estimated</u>	<u>2011/12 Target</u>
• Respond to pleadings and motions by court or legally mandated deadlines.	N/A	100%	100%
• Complete reviews and edits within 10 days (30 days for conditional zoning permits.)	N/A	90%	90%
• Complete review and response on routine contracts & agreements within 2 weeks of receipt.	N/A	N/A	80%

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

	2008-09 Actual	2009-10 Actual	2010-11 Budget	2011-12 Adopted
Expenditures:				
Salaries & Wages	1,129,133	1,270,270	1,123,668	1,095,965
Fringe Benefits	303,761	355,171	406,353	432,735
Operating Costs	1,128,849	1,232,316	1,308,946	1,140,712
Capital Outlay	49,423	44,633	28,000	25,000
Cost Transfers	<u>-293,910</u>	<u>-351,936</u>	<u>-425,235</u>	<u>-425,000</u>
Total	2,317,256	2,550,454	2,441,732	2,269,412
FTE Positions	17.00	19.50	19.00	19.00

BUDGET HIGHLIGHTS

- With the departure of an ITS Manager in FY 2010-11, a staffing reorganization was undertaken that resulted in personnel savings of \$24,000.
- Because City staff has successfully met project deadlines to convert more software modules from H.T.E. to MUNIS, the annual maintenance contract with H.T.E. continues to decline. In FY 2011-12, the amount budgeted for H.T.E. maintenance is reduced by \$81,000.
- The ITS Department also achieved another \$80,000 in contracted services savings by re-engineering radio and telephone service.
- In addition, ITS identified another \$18,000 in operating savings from various line items to help balance the FY 2011-12 budget.

INFORMATION TECHNOLOGY SERVICES

DIVISION SUMMARY	2008-09 Actual	2009-10 Actual	2010-11 Budget	2011-12 Adopted
<u>Information Services</u>	92,163	0	0	0
FTE Positions	0.00	0.00	0.00	0.00

Beginning in FY2008-09, the Information Services Department is accounted for in the following divisions:

<u>Administration</u>	181,641	316,475	348,532	327,730
FTE Positions	2.00	3.50	3.00	3.00

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>	405,213	546,832	523,922	526,325
FTE Positions	4.00	5.00	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>	555,200	567,823	614,416	539,501
FTE Positions	5.00	6.00	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>	1,083,040	1,119,324	954,862	875,856
FTE Positions	6.00	5.00	5.00	5.00

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

INFORMATION TECHNOLOGY SERVICES

DEPARTMENTAL GOALS

- Ensure that technology services are focused on business requirements of the City staff and citizens; display innovative leadership automating City processes to save labor, improve efficiency, and reduce expenses.
- Pursue organizational development strategy, including staff industry certifications and industry accreditation.
- Significantly improve security and reliability by modernizing data center & data handling practices.
- Utilize test environment and automated deployment system to ensure quality & timely IT products are received by users and citizens.
- Monitor and act on metrics regarding work load, capacity, and network health to enable proactive management of resources.

KEY PERFORMANCE OBJECTIVES & MEASURES

	<u>2009/10</u> <u>Actual</u>	<u>2010/11</u> <u>Estimated</u>	<u>2011/12</u> <u>Target</u>
• <i>Percentage of good and excellent Customer Service Survey results</i>	96.75%	93.33%	90%
• <i>IT Services budget, as a percentage of all City operating funds</i>	1.80%	1.79%	1.74%
• <i>Network & system uptime</i>	99.86%	99.80%	99.9%
• <i>Percentage of correlation between GIS and enterprise software</i>	94.19%	97.405	95%
• <i>Percentage of normal priority calls resolved within 24 hours</i>	65.51%	52.07%	60%

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

	2008-09 Actual	2009-10 Actual	2010-11 Budget	2011-12 Adopted
Expenditures:				
Salaries & Wages	882,155	924,692	862,506	661,065
Fringe Benefits	237,423	297,896	369,447	292,329
Operating Costs	370,078	299,365	362,362	250,542
Capital Outlay	0	0	0	0
Cost Transfers	<u>-33,356</u>	<u>-34,756</u>	<u>-37,407</u>	<u>0</u>
Total	1,456,300	1,487,197	1,556,908	1,203,936
FTE Positions	15.76	15.63	13.63	13.63

BUDGET HIGHLIGHTS

- Beginning FY 2011-12, the health services division will be accounted for in the Insurance Fund. This accounting change results in a \$230,000 reduction in the General Fund Human Resources Department's budget.
- The Assistant Director position and a Compensation Analyst position were eliminated in FY 2010-11, which produced total savings of approximately \$170,000.
- The Human Resources Department's FY 2011-12 operating budget is lowered by \$40,000, which includes reductions in contracted services and tuition reimbursement, as well as various other line item adjustments.

HUMAN RESOURCES

DIVISION SUMMARY	2008-09 Actual	2009-10 Actual	2010-11 Budget	2011-12 Adopted
<u>Administration</u>	993,205	1,105,245	1,163,653	1,040,575
FTE Positions	10.50	12.50	10.50	10.50

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

<u>CAYLA</u>	152,508	140,792	163,124	163,361
FTE Positions	2.00	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>	310,180	241,160	230,131	
FTE Positions	2.26	2.13	2.13	2.13

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 is moved to the Health Insurance Fund beginning in FY 2011-12.

DEPARTMENTAL GOALS

- To provide diversity strategies that will enable the organization to mirror our community.
- To provide enhanced compensation and benefit packages that will attract and retain highly qualified candidates and employees.
- To provide a workplace environment that seeks to recognize, promote and advocate for the health, safety and wellness of each and every employee.
- To invest in the City's workforce through proactive employee relations practices and ongoing development opportunities based on *The Asheville Way* and provided at all levels of the organization.

HUMAN RESOURCES

KEY PERFORMANCE OBJECTIVES & MEASURES

- Identify departmental metrics to be utilized in performance measurement and annual reporting for the department.
- Identify measurements related to fiscal savings from the wellness program, the health clinic, and benefit plan changes.
- Review compensation and performance management systems for the City and propose changes.

NONDEPARTMENTAL GENERAL GOVERNMENT

BUDGET SUMMARY

Expenditures:	2008-09 Actual	2009-10 Actual	2010-11 Budget	2011-12 Adopted
Buncombe County Tax Collections	675,765	671,725	700,000	710,000
Board of Elections	0	213,948	0	223,000
Unemployment	64,540	120,073	110,000	134,330
Group Disability	51,140	60,165	70,330	0
URTV	68,021	0	0	0
Education Channel	7,976	0	0	0
Employee Transit Passes	9,975	4,533	7,542	7,542
City Stormwater Costs	125,070	140,067	139,001	145,001
Other	<u>102,704</u>	<u>122,752</u>	<u>131,389</u>	<u>140,889</u>
Total	1,105,191	1,333,263	1,158,262	1,360,762

BUDGET HIGHLIGHTS

- The payment to the Buncombe County Board of Elections for City Council elections occurs every other year. With City Council elections scheduled for the fall of 2011, the FY 2011-12 budget includes \$223,000 in funding for this cost.
- The City's payment to the State of North Carolina for unemployment shows a budget increase of \$24,000.
- Otherwise, the budget reflects a continuation of existing programs and services.

PUBLIC SAFETY

Police

Fire

Nondepartmental

POLICE

Wade Wood, Interim 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

	2008-09 Actual	2009-10 Actual	2010-11 Budget	2011-12 Adopted
Expenditures:				
Salaries & Wages	12,221,547	11,553,876	11,674,028	11,514,473
Fringe Benefits	4,320,089	4,458,404	5,200,836	5,421,562
Operating Costs	2,943,918	2,837,290	3,256,790	3,129,201
Capital Outlay	0	0	0	0
Total	19,485,554	18,849,570	20,131,654	20,065,236
FTE Positions	261.00	258.00	260.00	260.00

BUDGET HIGHLIGHTS

- During FY 2011-12, the Police Department will hold vacant a Telecommunicator position and a Forensics Technician position, which will produce budget savings of \$71,000. The department also reduced its budget for temporary staffing by \$50,000.
- The Police Department also made various reductions to its operating budget that produced FY 2011-12 savings of approximately \$115,000.

POLICE

DIVISION SUMMARY	2008-09 Actual	2009-10 Actual	2010-11 Budget	2011-12 Adopted
<u>Administration</u>	1,865,045	1,948,461	2,002,695	2,056,171
FTE Positions	12.00	12.00	12.00	12.00

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>	2,900,131	2,584,278	2,751,282	2,686,303
FTE Positions	38.00	41.00	39.00	39.00

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>	3,391,537	3,386,806	3,794,382	3,692,701
FTE Positions	41.00	39.00	39.00	39.00

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.

<u>Patrol Bureau</u>	11,328,842	10,930,025	11,583,295	11,630,061
FTE Positions	170.00	166.00	170.00	170.00

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.

DEPARTMENTAL GOALS

- Maintain the highest level of quality service by adhering to our Guiding Principles of: Integrity, Fairness, Respect and Professionalism.
- Enhance external and internal customer service through communication and community outreach.
- Utilize resources efficiently and effectively in preventing and suppressing criminal and drug activity.
- Partner with the community to enhance the quality of life and resolve neighborhood concerns.
- Establish a working environment that encourages teamwork, empowerment, communication and professional development.
- Maintain a dynamic organization that utilizes leading-edge technology and methods of enhancing community policing and drug enforcement activities.

POLICE

DEPARTMENTAL GOALS (Cont.)

- Maintain a unit designated to educate employees and the public about local gangs to include Gang Resistance Education and Training (GREAT) and track the criminal activity associated with each gang member.

KEY PERFORMANCE OBJECTIVES & MEASURES

	<u>2009/10</u> <u>Actual</u>	<u>2010/11</u> <u>Estimated</u>	<u>2011/12</u> <u>Target</u>
• <i>Clear, as defined by UCR* Standards, 25% of assigned Part I Cases.</i>	37%	33%	25%
• <i>Enhance APD operations by securing \$100,000 of grant funds, thus reducing dependence on the City's general fund.</i>	\$353,610	\$200,018	\$100,000
• <i>Improve public acceptance within the community by increasing minority representation within the department's workforce through the hiring of eight protected class employees.</i>	8	9	8
• <i>Implement a traffic safety program focused on safer streets and sidewalks by increasing public awareness campaigns and conducting monthly traffic Checking Stations in targeted traffic accident reduction locations.</i>	3 PSA's 25% Accident Reduction	3 PSA's 28.6% Accident Reduction	4 PSA's 25% Target Accident Reduction
• <i>Increase the applicant pool by actively pursuing and participating in 15 job fairs, targeting protected class candidates.</i>	13 Job Fairs	15 Job Fairs	15 Job Fairs
• <i>Improve quality of life for residents in targeted neighborhoods by conducting monthly drug enforcement activities, to include undercover operations and community awareness events.</i>	28 Operations	37 Operations	25 Operations
• <i>Increase youth participation awareness and interaction with the Police by recruiting and maintaining involvement in the Explorer Post. Conduct quarterly community awareness events to raise awareness levels.</i>	12 Meetings Increase Counselors 1 Regional Competition	12 Meetings 2 Regional Competitions New Uniforms	12 Meetings Participate in Regional Competitions

* Uniform Crime Reporting (UCR) Part I Crimes are: criminal homicide, forcible rape, robbery, aggravated assault, burglary, motor vehicle theft and arson.

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

	2008-09 Actual	2009-10 Actual	2010-11 Budget	2011-12 Adopted
Expenditures:				
Salaries & Wages	11,796,227	12,387,821	11,634,093	11,598,549
Fringe Benefits	3,166,582	1,906,288	4,079,414	4,193,565
Operating Costs	1,990,183	3,849,387	2,091,041	2,007,295
Capital Outlay	<u>61,229</u>	<u>73,775</u>	<u>45,000</u>	<u>0</u>
Total	17,014,221	18,217,271	17,849,548	17,799,409
FTE Positions	233.00	239.00	239.00	239.00

BUDGET HIGHLIGHTS

- The Fire Department's adopted budget includes \$45,000 in savings from annexation contracts with rural fire departments that are expiring in FY 2011-12.
- The department is also re-bidding the Emergency Notification System contract and expects to save the General Fund approximately \$19,000 in FY 2011-12.
- The \$45,000 allocation for small capital that was included in the FY 2010-11 budget is eliminated in FY 2011-12.
- The Fire Department also made various other reductions to its operating budget that produced FY 2011-12 savings of approximately \$32,000.
- One Deputy Fire Marshal position stationed at the Development Services Center will be re-assigned to perform periodic fire inspections. This change is expected to increase the annual revenue from fire inspections by \$40,000. In addition, City Council approved the implementation of a surcharge on fire inspections that staff perform in the City's extraterritorial jurisdiction (ETJ) which is expected to produce \$25,000 in additional revenue.

FIRE & RESCUE

DIVISION SUMMARY	2008-09 Actual	2009-10 Actual	2010-11 Budget	2011-12 Adopted
<u>Accountability/Administration</u>	1,819,830	2,023,217	1,902,447	1,850,907
FTE Positions	5.00	4.00	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>	14,222,588	15,093,394	14,924,427	14,923,770
FTE Positions	216.00	224.00	216.00	216.00

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>	971,803	1,100,660	1,022,674	1,024,732
FTE Positions	12.00	11.00	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.

FIRE & RESCUE

DEPARTMENTAL GOALS

The Fire Department has established a formal Strategic Operating Plan (SOP), consistent with the City SOP and approved by City Council. The SOP focuses on continuous improvement and development of people, infrastructure, and services. A representative sampling of goals related to performance measurement includes:

- Meet or exceed the current (2009) standard of response coverage as Adopted by the Asheville City Council.
- Meet or exceed the standard of coverage minimum requirements for accredited, urban fire departments.
- Benchmark with industry standards for emergency response and staffing.

KEY PERFORMANCE OBJECTIVES & MEASURES

	<u>2009/10</u> <u>Actual</u>	<u>2010/11</u> <u>Estimated</u>	<u>2011/12</u> <u>Target</u>
• <i>Percentage of emergency responses in metro/urban fire management zones meeting CFAI 1st unit travel time requirements</i>	90%	90%	90%
• <i>Percentage of emergency responses in metro/urban fire management zones meeting CFAI total effective response force travel time requirements</i>	98%	91%	90%
• <i>Reliability percentage of first in units to first due fire management zones</i>	91%	90%	90%
• <i>Percentage of compliance with state fire code inspection schedule</i>	77%	81%	90%
• <i>Percentage of completed initial plans review and issuance of small commercial permits (up-fits, small remodels, etc.) within 5 city business days, when no significant issues are present.</i>	75%	92%	90%
• <i>Percentage of completed initial plans review and issuance of large commercial permits (new construction, extensive remodel or renovations) within 20 city business days, when no significant issues are present.</i>	80%	94%	90%
• <i>Percentage of emergency response companies that are staffed in accordance with industry standard</i>	47%	47%	53%

NONDEPARTMENTAL PUBLIC SAFETY

Intergovernmental services and nondepartmental public safety appropriations for FY 2011-12 include the following:

BUDGET SUMMARY

Expenditures:	2008-09 Actual	2009-10 Actual	2010-11 Budget	2011-12 Adopted
Police ID Bureau	409,848	342,049	359,374	387,056
CrimeStoppers	<u>41,641</u>	<u>21,015</u>	<u>40,796</u>	<u>39,902</u>
Total	451,489	363,064	400,170	426,958

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 2011-12 Adopted 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

	2008-09 Actual	2009-10 Actual	2010-11 Budget	2011-12 Adopted
Expenditures:				
Salaries & Wages	5,858,865	5,989,996	6,222,321	6,200,824
Fringe Benefits	2,236,883	2,335,077	2,692,587	2,756,548
Operating Costs	9,662,934	8,842,944	9,965,987	10,358,403
Debt Service	7,401,240	7,647,970	7,782,305	6,202,580
Capital Outlay	<u>9,920,089</u>	<u>6,861,867</u>	<u>6,348,000</u>	<u>7,371,897</u>
Total	35,080,011	31,677,854	33,011,200	32,890,252
FTE Positions	153.00	152.00	146.00	146.00
Revenues:				
Charges For Service	30,797,176	31,177,452	32,681,200	32,289,928
Investment Earnings	608,295	300,866	310,000	225,000
Miscellaneous	37,124	139,696	20,000	16,000
Other Financing Sources	<u>0</u>	<u>0</u>	<u>0</u>	<u>359,324</u>
Total	31,442,595	31,618,015	33,011,200	32,890,252

BUDGET HIGHLIGHTS

- The FY 2011-12 Water Resources budget includes the fee adjustments that were approved by City Council on April 12. These adjustments, which will create more equitable cost recovery across the water customer classes, include increases to the commercial and multi-family volumetric rates and the wholesale rate. There will be no changes to the residential rate in FY 2011-12.
- The overall Water Fund budget for FY 2011-12 remains essentially flat compared to FY 2010-11. There is a significant decrease of approximately \$1.5 million in the Fund's debt service obligations in FY 2011-12. The department is re-directing \$1.0 million of this savings to capital in FY 2011-12. The remaining savings in debt service is being used to cover increases in operating costs.
- The capital outlay category includes \$6.2 million for water capital improvement projects, \$342,000 for rolling stock replacement, and \$120,000 for small capital equipment. The capital outlay category also includes a \$660,224 Sullivan Act transfer to the General Capital Projects Fund, which represents 2% of Water Fund revenues.

WATER RESOURCES FUND

DIVISION SUMMARY	2008-09 Actual	2009-10 Actual	2010-11 Budget	2011-12 Adopted
<u>Administration</u>	733,703	674,119	700,109	747,921
FTE Positions	8.00	7.00	7.00	7.00

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

<u>Meter Services</u>	1,069,561	1,118,730	1,289,849	1,285,833
FTE Positions	17.00	17.00	17.00	17.00

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

<u>Water Education</u>	20,442	11,977	16,900	17,000
FTE Positions	1.00	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>	485,817	584,977	596,428	714,989
FTE Positions	7.00	7.00	7.00	7.00

The Construction Crew Division is responsible for performing small water distribution system improvement projects.

<u>Water Maintenance</u>	4,184,513	3,987,123	4,576,799	4,198,836
FTE Positions	49.00	49.00	43.00	43.00

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>	4,756,293	4,827,433	5,522,120	5,591,222
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	2008-09 Actual	2009-10 Actual	2010-11 Budget	2011-12 Adopted
<u>Department-Wide Expenses</u>	20,932,807	17,617,914	17,993,630	18,041,821

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>	167,160	1,058,859	352,000	342,000
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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>	1,163,535	1,215,617	1,308,491	1,291,762
FTE Positions	22.00	22.00	22.00	22.00

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>	610,726	581,106	654,874	658,868
FTE Positions	8.00	9.00	9.00	9.00

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.

DEPARTMENTAL GOALS

- Ensure the highest quality drinking water to our customers at the lowest possible cost.
- Enhance the image of the City of Asheville through customer education programs and improved customer relations.
- Continuously improve our product, systems, and processes to maximize customer satisfaction.
- Provide efficient and timely maintenance and repair of water mains, service lines, valves, meters, and fire hydrants throughout the water system.
- Provide timely and professional engineering, management, financial, safety, and administrative services to the operating divisions of the Water Resources Department.
- Deliver excellent customer service, meter reading, meter reliability, and backflow assessment to our customers.
- Provide and implement a capital improvement program which satisfies all legal mandates and continues to improve water distribution system master planning and rehabilitation of critical needs.
- Maintain ISO 14001 Environmental Management System Registration.

WATER RESOURCES FUND

KEY PERFORMANCE OBJECTIVES & MEASURES

	<u>2009/10</u> <u>Actual</u>	<u>2010/11</u> <u>Estimated</u>	<u>2011/12</u> <u>Target</u>
• <i>Water Supply Management and Water Production will meet community demands for safe water 100% of the time</i>	100%	100%	100%
• <i>Compliance with State and Federal Water Quality Regulations will be met 100% of the time</i>	100%	100%	100%
• <i>Water Quality and system status will be reported to customers annually in the Annual Water Quality Report</i>	100%	100%	100%
• <i>Use application and payment records to assess utilization of affordable housing rebate and incentive programs</i>	71	37	50
• <i>Repair or replace water lines discovered contributing to leakage and improve service to customers</i>	100%	100%	100%
• <i>Maintain the percentage of engineering plan reviews and maintenance work orders responded to within 10 days</i>	100%	80%	100%
• <i>Continue to fund capital improvement to refurbish and replace aging infrastructure and to meet future regulations</i>	\$5,597,735	\$5,625,000	\$6,249,673
• <i>Answer incoming Customer Service calls as soon as possible. Meet or exceed Call Center Best Practices for abandoned calls</i>	2.5 minutes	2.3 minutes	Less than 2.3 minutes

PUBLIC WORKS

Cathy Ball, 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

	2008-09 Actual	2009-10 Actual	2010-11 Budget	2011-12 Adopted
Expenditures:				
Salaries & Wages	3,931,674	4,172,936	3,847,333	3,636,789
Fringe Benefits	1,645,243	1,753,843	1,993,697	1,910,176
Operating Costs	8,913,208	8,406,704	10,297,283	9,737,061
Capital Outlay	56,501	58,044	42,402	20,072
Cost Transfer	<u>-2,526,291</u>	<u>-1,982,036</u>	<u>-3,231,590</u>	<u>-3,231,590</u>
		0		
Total	12,020,335	12,409,491	12,949,125	12,072,508
FTE Positions	111.75	109.00	105.00	106.00

BUDGET HIGHLIGHTS

- The adopted budget includes the elimination of 3 FTE positions in the Public Works Department for a savings of \$146,000. These positions include: the Solid Waste Operations Manager, a Labor Crew Coordinator, and a Tree Crew position. Additional General Fund personnel savings of \$97,000 were achieved by moving a concrete crew that was split between the General Fund and the Street Cut Utility Fund entirely over to the Street Cut Fund.
- The Public Works Department adopted budget includes the addition of \$125,000 that will allow the department to resume twice monthly brush collection. 3 FTE positions are added to the budget for this service enhancement. Also as a part of the budget, staff is proposing that the City end loose leaf collection and instead collect only leaves that have been bagged. This service change will produce savings of \$83,000.
- The salaries and operating costs for the crew that installs new sidewalk has been moved out of the Public Works General Fund budget and will now be accounted for in the General Capital Projects Fund. This technical change results in a \$316,000 reduction in the Public Works General Fund budget.
- The Public Works General Fund budget includes the addition of a new Safety Coordinator position. This position will be jointly funded by the General, Stormwater, and Water Funds. The cost to the General Fund is \$25,000.
- In order to help balance the FY 2011-12 budget, the Public Works Department operating budget was reduced by approximately \$220,000. Major reductions included \$92,000 in savings from streetlighting and \$30,000 in savings due to the elimination of one recycling drop off site.

PUBLIC WORKS

DIVISION SUMMARY	2008-09 Actual	2009-10 Actual	2010-11 Budget	2011-12 Adopted
<u>Administration</u>	1,090,282	1,184,912	997,701	921,340
FTE Positions	4.75	4.00	5.50	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>Signs & Markings</u>	260,176	0	0	0
FTE Positions	4.00	--	--	--

The Signs & Markings Division was moved to the Transportation Department during FY 2009-10.

<u>Street Lighting</u>	1,783,604	1,774,909	1,788,122	1,696,139
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.

<u>Streets & Sidewalks</u>	3,252,141	3,241,627	3,295,351	2,980,008
FTE Positions	52.00	52.00	45.50	43.50

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>	3,707,882	4,704,699	4,667,755	4,623,400
FTE Positions	37.00	35.00	30.00	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>Recycling</u>	820,474	0	0	0
FTE Positions	0.00	--	0.00	--

Beginning with FY 2010-11, the Recycling Division is accounted for as a part of the Sanitation Division.

PUBLIC WORKS

DIVISION SUMMARY	2008-09	2009-10	2010-11	2011-12
	Actual	Actual	Budget	Adopted
<u>Fleet Management</u>	1,105,775	1,047,012	1,282,394	1,246,876
FTE Positions	14.00	14.00	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.

<u>Engineering Services</u>	456,332	917,802	604,745
FTE Positions	--	9.00	9.00

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.

DEPARTMENTAL GOALS

- Provide collection of municipal solid waste, yard waste collection, large item collection, special needs collection and increase diversion (recycling).
- To provide streets asphalt resurfacing program at a competitive rate.
- Increase the collection of silts and other debris to prevent sedimentation.
- Increase use of Compressed Natural Gas (CNG); internally/externally and increase external gasoline and diesel sales.
- Implement projects as funded by the American Recovery and Reinvestment Act (ARRA).

KEY PERFORMANCE OBJECTIVES & MEASURES

	<u>2009/10</u> <u>Actual</u>	<u>2010/11</u> <u>Estimated</u>	<u>2011/12</u> <u>Target</u>
• <i>Divert 47% of waste from landfill through recycling and waste reduction</i>	46%	40%	47%
• <i>Collect 1,050 tons of solids from entering Asheville waterways through good storm water housekeeping programs</i>	1,132 tons	1,143 tons	1,050 tons

PUBLIC WORKS

KEY PERFORMANCE OBJECTIVES & MEASURES (Cont.)

	<u>2009/10</u> <u>Actual</u>	<u>2010/11</u> <u>Estimated</u>	<u>2011/12</u> <u>Target</u>
• Complete one mile of new sidewalk linkages with realigned construction crew in Engineering Division	N/A	0.92 miles	2.17 miles
• Complete 80% of vehicle preventative maintenance checks on time	N/A	N/a	80%
• Sidewalk Cleaning with Nuisance Court labor	22.66 miles	34.61 miles	30.00 miles
• Conversion of existing streetlights to energy efficient LED's	0	787	2,842

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

	2008-09 Actual	2009-10 Actual	2010-11 Budget	2011-12 Adopted
Expenditures:				
Salaries & Wages	1,489,571	1,400,692	1,328,262	1,286,262
Fringe Benefits	471,396	493,065	572,718	609,777
Operating Costs	831,105	671,640	906,105	953,362
Debt Service	73,928	46,269	240,000	88,684
Capital Outlay	<u>367,809</u>	<u>40,574</u>	<u>48,133</u>	<u>1,178,133</u>
Total	3,233,775	2,652,241	3,095,218	4,116,218
FTE Positions	38.00	37.00	35.00	34.00
Revenues:				
Charges For Service	2,680,540	2,980,755	2,665,218	2,775,218
Licenses & Permits	186,666	206,909	180,000	180,000
Other Financing Sources	0	23,460	200,000	1,130,000
Miscellaneous	38,064	0	20,000	20,000
Investment Earnings	<u>23,876</u>	<u>11,757</u>	<u>30,000</u>	<u>11,000</u>
Total	2,929,146	3,222,881	3,095,218	4,116,218

BUDGET HIGHLIGHTS

- A Labor Crew Coordinator position in the Stormwater Fund was eliminated from the budget. A portion of the savings from this position elimination will be used to fund the Stormwater Fund's share of the cost for the new Safety Coordinator position in the General Fund.
- The Stormwater Fund adopted budget includes a significant increase in capital spending. \$700,000 will be appropriated from the Stormwater Fund reserves to fund a major project on Victoria Road. Based on financial standards for enterprise funds, the Stormwater Fund should have around \$500,000 in reserves. This transfer from reserves will leave more than \$750,000 in Stormwater fund balance so reserves will remain more than adequate. Also, the Stormwater Fund will borrow \$430,000 to fund the replacement of several pieces of equipment, including a street sweeper and a backhoe.
- In addition to the major capital items above, stormwater crews are expected to complete another \$254,000 in capital maintenance projects in FY 2011-12, including projects on Gardenwood Lane and Robindale Avenue.

STREET CUT UTILITY FUND

FUND SUMMARY

	2008-09 Actual	2009-10 Actual	2010-11 Budget	2011-12 Adopted
Expenditures:				
Salaries & Wages			561,708	564,542
Fringe Benefits			240,732	267,635
Operating Costs			562,197	569,460
Capital Outlay			<u>213,643</u>	<u>216,643</u>
Total			1,578,280	1,618,280
FTE Positions			18.50	18.50
Revenues:				
Charges For Service			631,312	671,312
Internal Charges			<u>946,968</u>	<u>946,968</u>
Total			1,578,280	1,618,280

BUDGET HIGHLIGHTS

- This fund was created in FY 2010-11 to track revenues and expenses associated with the City's new street cut repair program. In addition to handling street cut repairs for the City's Water Resources and Stormwater Funds, street cut utility crews also repair cuts for the Metropolitan Sewerage District (MSD) and Public Service Natural Gas (PSNC). Each entity is then billed for 100% cost recovery.
- The adopted budget represents a continuation of the existing 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

	2008-09 Actual	2009-10 Actual	2010-11 Budget	2011-12 Adopted
Expenditures:				
Salaries & Wages	1,033,950	818,414	614,165	548,037
Fringe Benefits	302,498	295,448	239,833	223,370
Operating Costs	244,247	229,488	278,840	190,056
Capital Outlay	<u>6,541</u>	<u>4,435</u>	<u>16,500</u>	<u>4,500</u>
Total	1,587,236	1,347,785	1,149,338	965,963
FTE Positions	19.63	13.63	12.63	11.63

BUDGET HIGHLIGHTS

- The FY 2011-12 adopted budget includes the elimination of the Transportation Demand Management (TDM) program which was jointly funded by the City and the State of North Carolina. The net savings to the City from this change is approximately \$50,000. One FTE position is eliminated in the Transportation Department budget.
- In order to help balance the FY 2011-12 adopted budget, the Transportation Department reduced its operating budget by approximately \$82,000.

TRANSPORTATION

DIVISION SUMMARY	2008-09 Actual	2009-10 Actual	2010-11 Budget	2011-12 Adopted
<u>City Engineering/Admin</u>	975,860	466,645	212,119	184,265
FTE Positions	11.00	3.00	2.00	2.00

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>	231,198	207,269	193,222	177,949
FTE Positions	3.00	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>	168,279	177,211	213,222	198,007
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>	133,239	141,329	154,293	149,297
FTE Positions	3.63	1.63	1.63	1.63

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

<u>Transportation Demand Mgt.</u>	78,660	83,162	99,979	0
	--	1.00	1.00	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>		272,669	276,503	256,445
FTE Positions		4.00	4.00	4.00

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

TRANSPORTATION

DEPARTMENTAL GOALS

- Providing traffic-engineering related services on a "customer first" basis by consistently applying sound and reasonable traffic engineering principles.
- Providing transportation-planning related services including pedestrian and bicycle needs on a "customer first" basis by consistently applying sound and reasonable transportation planning principles.
- Providing transit related services on a "customer first" basis.
- Providing parking related services on a "customer first" basis.

KEY PERFORMANCE OBJECTIVES & MEASURES

	<u>2009/10</u> <u>Actual</u>	<u>2010/11</u> <u>Estimated</u>	<u>2011/12</u> <u>Target</u>
• <i>Respond to customer complaints & concerns in a timely, professional, & courteous manner</i>	100%	98%	100%
• <i>Perform preventative maintenance on all City maintained traffic signals</i>	100%	100%	100%
• <i>Provide appropriate response times for emergency and standard service calls for traffic signal malfunctions and missing/damaged signage</i>	100%	98%	100%
• <i>Review development plans, traffic impact studies, and driveway access points for compliance with City policies</i>	100%	100%	100%

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

	2008-09	2009-10	2010-11	2011-12
	Actual	Actual	Budget	Adopted
Expenditures:				
Salaries & Wages	151,090	152,133	145,588	145,588
Fringe Benefits	44,130	46,359	54,056	55,080
Operating Costs	4,918,155	4,613,141	4,983,452	4,964,738
Operating Pass Through	98,088	356,943	553,500	553,500
Capital Outlay	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	5,211,463	5,168,576	5,736,596	5,718,906
FTE Positions	3.00	3.00	3.00	3.00
Revenues:				
Operating Revenue	832,117	831,063	831,000	843,000
Miscellaneous	943	-2,879	0	0
Federal/State Grants	2,374,658	2,691,567	2,909,700	2,517,111
Operating Pass Through	98,088	356,943	553,500	553,500
General Fund Subsidy	1,066,197	872,831	642,196	985,295
Parking Fund Subsidy	248,116	248,116	484,000	500,000
Transfer from Capital Fund	100,000	0	0	0
Motor Vehicle License Fee	<u>309,175</u>	<u>313,863</u>	<u>316,200</u>	<u>320,000</u>
Total	5,109,216	5,311,505	5,736,596	5,718,906

BUDGET HIGHLIGHTS

- For FY 2011-12, the City expects state transit funding to be reduced by \$600,000. A portion of this decrease will be off-set by a reduction in expenditures. The remaining amount will be covered by increasing the General Fund transfer to the Transit Fund by approximately \$343,000, and by increasing the transfer from the Parking Fund by \$16,000.
- The adopted budget assumes a slight increase in fuel costs despite efficiencies gained from hybrids and the new diesel buses. Other system operating costs are budgeted to be flat in FY 2011-12. Staff will closely monitor the Transit Fund budget in FY 2011-12 in case the union contract negotiations this summer or the upcoming RFP for management transit services leads to any unplanned cost increases.
- \$450,000 in transit capital improvements are funded in FY 2011-12 through the General Fund and various grants. Planned projects include the installation of security cameras on buses, the replacement of three bus shelters, signage improvements, and the installation of an automated vehicle location system.

TRANSIT SERVICES FUND

DIVISION SUMMARY	2008-09 Actual	2009-10 Actual	2010-11 Budget	2011-12 Adopted
<u>Administration</u>	403,700	375,638	354,579	350,579
FTE Positions	3.00	3.00	3.0	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>	4,807,763	4,810,438	5,382,017	5,368,327
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.

KEY PERFORMANCE OBJECTIVES & MEASURES

	<u>2009/10</u> <u>Actual</u>	<u>2010/11</u> <u>Estimated</u>	<u>2011/12</u> <u>Target</u>
• <i>Annual Ridership Per Million</i>	1.5	1.4	1.4
• <i>Operating Cost Per Hour</i>	\$77	\$77	\$77
• <i>On-time Performance</i>	77%	77%	80%

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

	2008-09	2009-10	2010-11	2011-12
	Actual	Actual	Budget	Adopted
Expenditures:				
Salaries & Wages	527,036	474,590	709,849	590,778
Fringe Benefits	201,296	230,041	293,868	316,965
Operating Costs	1,072,705	540,329	913,783	756,433
Debt Service	0	0	500,000	522,811
Transfer to Transit Fund	248,116	248,116	484,000	500,000
Capital Outlay	<u>1,405,489</u>	<u>81,834</u>	<u>10,000</u>	<u>431,260</u>
Total	3,454,642	1,574,909	2,911,500	3,118,247
FTE Positions	19.00	19.00	19.00	19.00
Revenues:				
Garage Revenues	1,136,838	1,146,345	1,090,000	1,214,625
Parking Meters	986,648	1,002,940	940,000	940,000
Parking Violations	574,936	516,598	596,000	660,822
Parking Lots & Peripheral	148,731	134,088	140,000	260,000
Appropriated Fund Balance	--	0	109,000	0
Other	<u>43,257</u>	<u>25,527</u>	<u>36,500</u>	<u>42,800</u>
Total	2,890,410	2,825,498	2,911,500	3,118,247

BUDGET HIGHLIGHTS

- The operating transfer to the Transit Services Fund is increased from \$484,000 to \$500,000 in FY 2011-12.
- The Parking Fund budget includes \$431,260 for capital outlay in FY 2011-12, which represents a significant increase compared to FY 2010-11. \$201,260 of this amount will be used for the installation of the Streetline Smart Parking system at 694 on-street parking spaces. This system will allow for more effective monitoring and enforcement of on-street parking. Once the system is installed, there will be an annual maintenance expense, but this cost is expected to be offset by additional revenue generated by the system. The capital outlay budget also includes funding for the replacement of 150 parking meters and improvements to the AT&T surface lot.
- \$522,000 is budgeted in the debt service account for payment on the Biltmore Avenue parking deck that is now under construction. However, actual debt expenses will be substantially in FY 2011-12 due to the timing of the actual loan take out. For this reason, parking revenues are projected to exceed expenses by \$358,740 in FY 2011-12.

PARKING SERVICES FUND

DIVISION SUMMARY	2008-09 Actual	2009-10 Actual	2010-11 Budget	2011-12 Adopted
<u>Parking Garages</u>	1,653,690	875,532	2,006,885	1,838,827
FTE Positions	9.50	9.50	9.50	9.50

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>	1,800,952	699,378	904,615	1,279,420
FTE Positions	9.50	9.50	9.50	9.50

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.

KEY PERFORMANCE OBJECTIVES & MEASURES

	<u>2009/10</u> <u>Actual</u>	<u>2010/11</u> <u>Estimated</u>	<u>2011/12</u> <u>Target</u>
<ul style="list-style-type: none"> • <i>Increase the number of on-street, metered parking spaces in the CBD (Baseline = 744 metered parking spaces)</i> 	0%	0%	5%
<ul style="list-style-type: none"> • <i>Increase parking meter revenue by increased meter maintenance to minimize parking meter downtime.</i> 	0%	1%	2%
<ul style="list-style-type: none"> • <i>Increase monthly parking customers in the parking garages</i> 	0%	0%	2%

NONDEPARTMENTAL ENVIRONMENT & TRANSPORTATION

BUDGET SUMMARY

Expenditures:	2008-09 Actual	2009-10 Actual	2010-11 Budget	2011-12 Adopted
Transfer to Transit Fund	<u>1,066,197</u>	<u>872,831</u>	<u>642,196</u>	<u>985,295</u>
Total	1,066,197	872,831	642,196	985,295

BUDGET HIGHLIGHTS

- As discussed elsewhere in the budget, the transfer from the General Fund to the Transit Services Fund is increased by \$343,000.

CULTURE & RECREATION

*Parks, Recreation & Cultural Arts
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

	2008-09	2009-10	2010-11	2011-12
	Actual	Actual	Budget	Adopted
Expenditures:				
Salaries & Wages	5,394,536	4,668,022	4,353,782	4,261,130
Fringe Benefits	1,819,732	1,965,345	1,908,112	1,934,385
Operating Costs	2,651,392	2,396,929	3,049,974	3,513,583
Capital Outlay	12,709	69,888	6,944	6,944
Cost Transfers	<u>-87,094</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	9,791,275	9,100,184	9,318,812	9,716,042
FTE Positions	123.65	106.02	101.40	101.15

BUDGET HIGHLIGHTS

- Beginning in FY 2011-12, the programs previously accounted for in the Festivals enterprise fund (Bele Chere, the 4th of July, and 2.75 FTE positions) will be moved to the General Fund Parks and Recreation budget. This technical adjustment means that approximately \$700,000 in costs previously shown in the Festivals Fund are included in the Parks General Fund budget for FY 2011-12.
- The FY 2011-12 budget includes the elimination of 3 FTE positions in the Parks Department – two positions in the Business Services division and one position at the Nature Center. Savings from these position changes total \$150,000.
- The department will also freeze a vacant Recreation Center Director position and a Labor Crew Supervisor position during FY 2011-12, which produces personnel savings of \$120,000.
- The Parks and Recreation Department will also re-engineering operations at the Nature Center gift shop in FY 2011-12 in order to reduce net costs by \$15,000.
- Finally, in order to help balance the FY 2011-12 budget, the Parks Department operating budget was reduced by approximately \$40,000.

PARKS, RECREATION & CULTURAL ARTS

DIVISION SUMMARY	2008-09 Actual	2009-10 Actual	2010-11 Budget	2011-12 Adopted
<u>Administration</u>	369,996	403,318	425,843	400,661
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>	2,259,213	3,231,242	2,834,946	2,316,898
FTE Positions	30.39	35.02	31.90	31.90

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>Athletics</u>	583,978	0	0	0
FTE Positions	4.00	0.00	0.00	0.00

The Athletics Division is accounted for in the Recreation Division in FY 2010-11.

<u>After School Program</u>	317,889	0	0	0
FTE Positions	4.76	0.00	0.00	0.00

The After School Program budget is accounted for in the Recreation Division in FY 2010-11.

<u>Cultural Arts</u>	382,486	275,545	245,009	953,022
FTE Positions	4.75	3.00	2.00	4.75

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>	2,220,380	2,619,676	2,949,678	2,929,256
FTE Positions	35.00	38.75	38.75	38.75

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>	434,172	619,738	745,513	1,301,936
FTE Positions	5.00	9.50	9.00	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	2008-09 Actual	2009-10 Actual	2010-11 Budget	2011-12 Adopted
<u>Planning</u>	188,191	185,674	198,183	198,436
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.

<u>City Hall Operations</u>	180,992	0	0	0
FTE Positions	5.00	0.00	0.00	0.00

The City Hall Operations division was moved to the Administrative Services Department during FY 2009-10.

<u>Building Maintenance</u>	599,288	0	0	0
FTE Positions	8.00	0.00	0.00	0.00

The Building Maintenance Division was moved to the Building Safety Department during FY 2009-10.

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>	1,099,040	1,041,857	1,090,333	925,053
FTE Positions	14.75	12.75	12.75	11.75
<u>Aston Park</u>	234,412	233,241	260,554	219,724
FTE Positions	2.00	2.00	2.00	2.00
<u>Swimming Pools</u>	177,821	177,426	256,006	181,991
FTE Positions	0.00	0.00	0.00	0.00
<u>McCormick Field</u>	192,783	143,939	178,090	166,932
FTE Positions	1.00	0.00	0.00	0.00
<u>Food Lion Skate Park</u>	87,632	85,839	106,829	94,257
FTE Positions	1.00	1.00	1.00	1.00
<u>Riverside Cemetery</u>	247,740	62,013	27,828	27,876
FTE Positions	2.00	0.00	0.00	0.00
<u>Specialized Facilities</u>	214,163	20,676	0	0
FTE Positions	2.00	0.00	0.00	0.00
<u>Recreation Park</u>	1,099	0	0	0
FTE Positions	0.00	0.00	0.00	0.00

PARKS, RECREATION & CULTURAL ARTS

DEPARTMENTAL GOALS

- Maximize the planning effort
- Improve administration effectiveness and transparency
- Create management resources to increase efficiency, continuity and sustainability in critical focus areas needed in department
- Enhance marketing, communications, and credibility
- Enhance public confidence for and appreciation of the arts -- including festivals and the WNC Nature Center
- Strengthen the organizational structure of public and cultural arts delivery
- Build public and organizational capacity for the arts
- Ensure a continued high level of service in parks
- Strategically increase recreational programming level of service
- Develop an annual list of completed existing Facility Enhancements projects and post to website
- Increase the level of service and access for Parks, Facilities and Greenways

KEY PERFORMANCE OBJECTIVES & MEASURES

	<u>2009/10</u> <u>Actual</u>	<u>2010/11</u> <u>Estimated</u>	<u>2011/12</u> <u>Target</u>
• <i>Complete upgrades to Red Wolf habitat and exhibit area at the WNC Nature Center</i>	*	*	<i>Upgrades completed by June 30, 2012</i>
• <i>Complete the WNC Nature Center Site Plan</i>	*	*	<i>Deliverables Due Sept. 30, 2012</i>
• <i>Deliver Cultural Arts programs through the Mobile Art Lab</i>	*	*	<i>180 program hours per quarter</i>

PARKS, RECREATION & CULTURAL ARTS

KEY PERFORMANCE OBJECTIVES & MEASURES (Cont.)

<ul style="list-style-type: none"> • <i>Implement maintenance plan for the public art collection</i> 	*	*	<ul style="list-style-type: none"> <i>Clean artwork as identified on dept. schedule by June 30, 2012</i>
<ul style="list-style-type: none"> • <i>Maximize use of volunteers.</i> 	*	18,408 volunteer hours	18,000 volunteer hours
<ul style="list-style-type: none"> • <i>Provide recreation programming for at risk youth</i> 	*	15,845 program hours	15,000 program hours
<ul style="list-style-type: none"> • <i>Prioritize a list of needed easements to connect greenways and parks</i> 	*	List Developed	20% to be acquired for next corridor
<ul style="list-style-type: none"> • <i>Completion of new Community Center at Livingston St Park</i> 	*	*	Cultural Arts Phase completed by Q2 FY 2011
<ul style="list-style-type: none"> • <i>Complete the development of the Reed Creek Greenway Phase II by Q2 FY 2012</i> 	*	*	.3 mile
<ul style="list-style-type: none"> • <i>Develop Construction Drawings for Town Branch, Clingman, and Beaucatcher Greenways</i> 	*	*	To be completed in Q4 FY 2012
<ul style="list-style-type: none"> • <i>Develop Construction Drawings for Splash Pad, Trail & Playground at Livingston St Park</i> 	*	Completed	N/A

* New performance measures were developed mid-year and were not tracked previously.

FESTIVALS FUND

MISSION: The mission of the Festivals Fund is to produce quality celebrations which highlight cultural diversity, enhance community pride, foster tourism, and contribute to the long-term economic benefit of the Asheville area.

FUND SUMMARY

	2008-09 Actual	2009-10 Actual	2010-11 Budget	2011-12 Adopted
Expenditures:				
Salaries & Wages	112,274	120,013	124,841	
Fringe Benefits	37,712	40,230	49,685	
Operating Costs	932,458	600,410	535,368	
Capital Outlay	<u>0</u>	<u>0</u>	<u>0</u>	
Total	1,082,444	760,653	709,894	
FTE Positions	4.75	2.75	2.75	
Revenues:				
Sponsorships	270,325	144,737	243,917	
Beverages	229,906	180,844	161,500	
Vendor Fees & Booths	165,126	162,286	121,125	
Souvenirs	32,190	26,322	20,000	
Tickets/Events	6,866	14,828	0	
Other	<u>79,861</u>	<u>47,663</u>	<u>700</u>	
Subtotal Operations	784,274	576,680	547,242	
General Fund Subsidy	162,675	184,726	162,652	
Total	946,949	761,406	709,894	

BUDGET HIGHLIGHTS

- Based on a management recommendation from the City's outside auditors, the Festivals Fund is merged with the General Fund in FY 2011-12.

FESTIVALS FUND

DIVISION SUMMARY	2008-09 Actual	2009-10 Actual	2010-11 Budget	2011-12 Adopted
<u>Administration</u>	152,745	164,467	183,440	0
FTE Positions	4.75	2.75	2.75	0.00
 <u>Bele Chere</u>	 850,629	 520,358	 500,054	 0
 <u>4th of July</u>	 6,805	 20,225	 26,400	 0
 <u>Film Festival</u>	 72,265	 55,603	 0	 0

GOLF FUND

FUND SUMMARY

	2008-09 Actual	2009-10 Actual	2010-11 Budget	2011-12 Adopted
Expenditures:				
Salaries & Wages	468,434	402,718	382,524	382,524
Fringe Benefits	166,452	154,629	169,082	171,103
Operating Costs	414,302	367,758	368,394	366,373
Capital Outlay	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	1,049,188	925,104	920,000	920,000
FTE Positions	14.00	11.00	11.00	11.00
Revenues:				
Pro Shop Sales	27,644	22,421	10,000	10,000
Membership Fees	170,379	134,240	180,000	180,000
Snack Bar	57,029	54,860	40,000	40,000
Equipment Rental	246,604	201,249	255,000	255,000
Green Fees	359,344	314,789	435,000	435,000
Other	<u>8,242</u>	<u>0</u>	<u>0</u>	<u>0</u>
Subtotal Operations	869,241	727,559	920,000	920,000
General Fund Subsidy	75,701	<u>0</u>	<u>0</u>	<u>0</u>
Total	944,942	727,559	920,000	920,000

BUDGET HIGHLIGHTS

- The Golf Fund budget reflected in the Manager's adopted FY 2011-12 Budget is identical to the FY 2010-11 budget. However, based on revenue trends observed in FY 2009-10 and FY 2010-11, staff estimates that the Golf Fund will require a \$150,000-\$200,000 transfer from the General Fund in FY 2011-12 in order to break even. This transfer is not currently included in the adopted budget. Staff is working to identify **Adopted** opportunities for cost savings and revenue enhancements to minimize or avoid a General Fund transfer in FY 2011-12.

CIVIC CENTER FUND

Sam Powers, Director

MISSION: The mission of the Asheville Civic Center is to foster exceptional experiences for patrons and promoters in the heart of Asheville.

DEPARTMENT SUMMARY

	2008-09 Actual	2009-10 Actual	2010-11 Budget	2011-12 Adopted
Expenditures:				
Salaries & Wages	907,175	826,834	915,955	915,955
Fringe Benefits	292,496	280,279	343,012	350,473
Operating Costs	929,820	745,132	853,577	839,426
Capital Outlay	<u>7,135</u>	<u>0</u>	<u>2,000</u>	<u>0</u>
Total	2,136,626	1,852,244	2,114,544	2,105,854
FTE Positions	17.51	16.25	16.25	16.25
Revenues:				
Food & Beverage Sales	798,918	549,212	632,800	769,000
Rent	491,265	429,958	530,750	459,860
Admissions & Other Sales	358,849	349,717	414,000	390,000
Capital Maintenance Fee	77,092	68,716	70,900	70,900
Investment Earnings	49,069	14,164	70,000	20,000
Other	<u>4,329</u>	<u>20,858</u>	<u>3,500</u>	<u>3,500</u>
Subtotal Operations	1,779,522	1,432,626	1,721,950	1,713,260
General Fund Transfer	397,989	391,315	392,594	392,594
Total	2,177,511	1,823,941	2,114,544	2,105,854

BUDGET HIGHLIGHTS

- The adopted operating budget represents a continuation of existing programs and services. Therefore, the General Fund subsidy to the Civic Center Fund remains unchanged in FY 2011-12.
- In addition to the General Fund operating transfer of \$392,594 to the Civic Center Fund, the General Fund is also contributing \$300,000 to the Civic Center Capital Fund in FY 2011-12 to assist with funding the Southern Conference renovations planned for the Civic Center.

CIVIC CENTER FUND

DEPARTMENTAL GOALS

"Exceptional Experiences Through Superior Service"

- Continue to operate the Civic Center with minimal subsidy from the general fund for annual operating expenses and small capital equipment.
- Continue to improve the customer experience through superior service.
- Continue to invest in capital projects that will improve customers' experiences and improve operational efficiency.

KEY PERFORMANCE OBJECTIVES & MEASURES

	<i>2009/10</i> <u>Actual</u>	<i>2010/11</i> <u>Estimated</u>	<i>2011/12</i> <u>Target</u>
• <i>General Fund subsidy as a % of total Civic Center Fund revenue</i>	18.8%	18.6%	18.4%

NONDEPARTMENTAL CULTURE & RECREATION

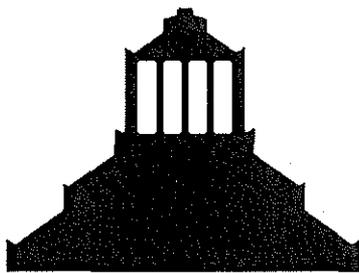
Outside agency and nondepartmental culture & recreation funding for FY 2011-12 includes the following:

BUDGET SUMMARY

Expenditures:	2008-09 Actual	2009-10 Actual	2010-11 Budget	2011-12 Adopted
Asheville Area Arts Council	15,625	0	0	0
Transfer to Festivals Fund	162,675	184,726	162,652	0
Transfer to Civic Center Fund	397,989	391,315	392,594	392,594
Transfer to Golf Fund	75,701	0	0	0
Asheville Art Museum	5,000	3,750	0	0
Pritchard Park	<u>10,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	666,990	579,791	555,246	392,594

BUDGET HIGHLIGHTS

- As noted earlier in the Budget Document, the General Fund transfer to the Civic Center Fund remains unchanged in FY 2011-12.



ASHEVILLE

COMMUNITY DEVELOPMENT

Planning & Development

Community Development & HOME Funds

Housing Trust Revolving Fund

Building Safety

Nondepartmental

PLANNING & DEVELOPMENT

Judy Daniel, Director

MISSION: The mission of the Asheville Planning & Development Department is to encourage sound physical and economic development through community involvement and valuing our resources (historic, natural, housing, etc.) and by providing quality service, information and assistance.

DEPARTMENT SUMMARY

	2008-09	2009-10	2010-11	2011-12
	Actual	Actual	Budget	Adopted
Expenditures:				
Salaries & Wages	1,211,644	1,216,187	1,204,241	1,153,816
Fringe Benefits	378,138	391,090	443,857	454,648
Operating Costs	138,199	173,744	142,175	151,708
Capital Outlay	0	0	0	0
Total	1,727,981	1,781,021	1,790,273	1,760,172
FTE Positions	26.00	22.75	22.75	22.75

BUDGET HIGHLIGHTS

- The Planning Department will hold one Planner I position in the Development Services Center vacant in FY 2011-12 and reduce the status of some other staff to part-time which will produce personnel savings of \$103,000.

PLANNING & DEVELOPMENT

DIVISION SUMMARY	2008-09 Actual	2009-10 Actual	2010-11 Budget	2011-12 Adopted
<u>Planning Services</u>	1,520,202	1,550,413	1,554,217	1,512,516
FTE Positions	23.00	19.75	19.75	19.75

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>	137,964	148,858	151,558	157,119
FTE Positions	2.00	2.00	2.00	2.00

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>	69,815	82,023	84,498	90,537
FTE Positions	1.00	1.00	1.00	1.00

DEPARTMENTAL GOALS

- Improve the quality of life in Asheville by working with citizens, community organizations and developers to identify guidelines for growth and to establish and enforce sound standards for development.
- Preserve the natural and built environment of the City of Asheville while accommodating new growth and development.
- Provide timely and accurate review and permitting of land development projects.
- Provide thorough, effective, and timely code enforcement services and assistance.
- Promote a range of housing options for residents of Asheville by providing opportunities for the development of different housing types.
- Improve the economic climate through support of community and economic development activities.
- Encourage sustainable development and promote redevelopment in accordance with the City's Smart Growth Policies.
- Preserve and protect the historic, cultural and architectural resources of the City and help educate the community about the importance of preservation to the planning process.
- Improve collection, coordination and dissemination of data in order to end homelessness in Asheville and Buncombe County.

PLANNING & DEVELOPMENT

KEY PERFORMANCE OBJECTIVES & MEASURES

	<u>2009/10</u> <u>Actual</u>	<u>2010/11</u> <u>Estimate</u>	<u>2011/12</u> <u>Target</u>
Planning Services			
• <i>Improve customer access to accurate information – perform monthly updates</i>	75%	80%	80%
• <i>Develop, present and complete 100% of key UDO amendments in FY 07/09 and FY 09/10</i>	80%	80%	90%
• <i>Maintain timeliness of reviews – number of applications reviewed within the specified time period</i>	90%	95%	95%
Growth Management			
• <i>Maintain Annexation Program – maintain previous year's growth</i>	100%	100%	100%
• <i>Develop, update, adopt neighborhood plans and small area plans</i>	1-adopted 1-initiated	1-adopted 1-initiated	1-adopted 1-initiated
Zoning Code Enforcement			
• <i>Complaints investigated within 24 hours</i>	70%	80%	80%
• <i>Cases closed within 30 days</i>	75%	85%	85%
Historic Resources			
• <i>Extend protection of resources – Local landmarks designated</i>	0	2	1
<i>National Register properties reviewed</i>	0	1	1
<i>Certificates of Appropriateness issued</i>	166	176	175

HOUSING TRUST REVOLVING FUND

The Housing Trust Revolving 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	2008-09	2009-10	2010-11	2011-12
	Actual	Actual	Budget	Adopted
Expenditures:				
General Fund Contribution	600,000	300,000	300,000	300,000

BUDGET HIGHLIGHTS

- The FY 2011-12 adopted budget continues the General Fund contribution to the Housing Trust Fund at the \$300,000 level.

BUILDING SAFETY

Robert Griffin, Director

MISSION: The mission of the Asheville Building Safety Department is to protect lives, health, and property in Asheville, and to support economic development by providing building and development permitting services and enforcing the North Carolina State Building Code, Asheville's Minimum Housing Code, and related environmental codes.

DEPARTMENT SUMMARY

	2008-09	2009-10	2010-11	2011-12
	Actual	Actual	Budget	Adopted
Expenditures:				
Salaries & Wages	1,812,893	2,099,885	1,982,161	1,904,803
Fringe Benefits	554,231	686,894	826,491	857,368
Operating Costs	176,633	381,383	860,477	870,709
Capital Outlay	0	1,922	7,800	7,800
Total	2,543,757	3,170,084	3,676,929	3,640,680
FTE Positions	39.00	50.00	46.00	46.00

BUDGET HIGHLIGHTS

- With the continued slowdown in construction due to the recession, the Building Safety Department will freeze one vacant Inspector position in FY 2011-12. The department will also reclassify one DSC Case Manager position and reduce its overtime budget. All together, these changes will produce personnel savings of approximately \$76,000

BUILDING SAFETY

DIVISION SUMMARY	2008-09 Actual	2009-10 Actual	2010-11 Budget	2011-12 Adopted
<u>Permitting & Inspections</u>	2,543,757	2,541,230	2,621,043	2,572,552
FTE Positions	39.00	40.00	37.00	37.00

The purpose of the Permitting and Inspections Division is to provide for a One Stop Permit Center, the enforcement of the State Building Code, City Housing Code and related environmental/safety codes. The division processes permits, conducts plan reviews, and inspects structures under renovation, construction, or change of occupancy. Upon the completion of final inspections, either certificates of occupancy confirming compliance with the state codes, or housing certificates confirming compliance with the local housing code are issued.

<u>Building Maintenance</u>	628,854	1,055,886	1,068,128
FTE Positions	10.00	9.00	9.00

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. This division was moved to the Building Safety Department during FY 2009-10.

DEPARTMENTAL GOALS

- To provide effective and timely NC State Building Code enforcement through inspection of new construction, repairs, remodels, or rehabilitation.
- To provide a one-stop development and permit information center to assist the public in the permitting and approval of all development and construction projects.
- To provide effective and timely plan review services through the review of plans submitted for permitting.
- To provide continuing education opportunities for code enforcement officers, contractors, designers, and realtors.
- To provide fee rebates supporting environmental and sustainable construction.
- To provide all building code enforcement, plan review, and development services center activities through user fees and charges for building permits, inspections, and plan reviews.

KEY PERFORMANCE OBJECTIVES & MEASURES

	<u>2009/10</u> <u>Actual</u>	<u>2010/11</u> <u>Estimated</u>	<u>2011/12</u> <u>Target</u>
• Complete 100% of inspections within 24 hours of request	95	98	100

BUILDING SAFETY

KEY PERFORMANCE OBJECTIVES & MEASURES (cont.)

	<u>2009/10</u> <u>Actual</u>	<u>2010/11</u> <u>Estimated</u>	<u>2011/12</u> <u>Target</u>
• <i>Reduce inspection disapprovals to 10% of completed inspections</i>	13.7	12	10
• <i>Eliminate substandard structures in the City through demolition</i>	11	15	10
• <i>Presentations to realtors, developers, and homeowner associations on the Minimum Housing Code</i>	7	5	6
• <i>Deliver 12 education session for code enforcement officers, contractors, and designers on building codes</i>	14	16	12
• <i>Complete application processing in Development Service Center within 1 working day</i>	2	2	1
• <i>Complete initial review of single family home plans within 5 days</i>	8	7	5

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:	2008-09 Actual	2009-10 Actual	2010-11 Budget	2011-12 Adopted
Community Relations Council	50,000	50,000	50,000	0
One Youth at a Time	7,000	7,000	5,600	5,600
YWCA	10,000	10,000	8,000	8,000
Kids Voting	1,000	750	0	1,000
Children First	22,500	22,500	17,800	17,800
United Way 211	5,000	5,000	0	0
Economic Incentives	506,250	450,958	606,250	525,000
AHOPE	20,000	20,000	20,000	20,000
Asheville Greenworks	10,000	10,000	8,000	8,000
Economic Development Coalition	50,000	50,000	40,000	40,000
Meet the Geeks	3,000	1,500	0	0
Youthful Hand	5,000	5,000	4,000	4,000
Center for Diversity Education	1,200	0	0	0
Child Abuse Prevention Services	6,000	4,500	5,000	5,000
Asheville Design Center	5,000	5,000	4,000	4,000
YMI Utilities	0	24,000	24,000	24,000
Hall Fletcher PTO	5,000	0	0	0
Governor's Western Residence	0	0	0	5,000
A/B Sports Commission	0	0	0	40,000
Other	<u>5,300</u>	<u>12,000</u>	<u>17,500</u>	<u>59,000</u>
Total	251,191	678,208	810,150	766,400

BUDGET HIGHLIGHTS

- The adopted budget reflects the Outside Agency funding amounts that were approved by City Council on June 14, 2011.
- The one-time \$100,000 payment in support of the UNC School of Pharmacy that was in the FY 2010-11 economic incentives budget is taken out in FY 2011-12. The \$525,000 remaining in the economic incentives budget in FY 2011-12 is for the Biltmore Farms agreement.

CAPITAL IMPROVEMENTS &
DEBT MANAGEMENT

Narrative & Overview
General Capital Fund
Enterprise Capital Funds
Debt Management

CAPITAL IMPROVEMENT PROGRAM

2011/12 TO 2015/16

Capital Budget Process

The Capital Improvement Program (CIP) is a five-year financing plan for infrastructure improvements, facility construction and improvement, and equipment acquisition. The City's emphasis on long-range capital improvement planning focuses attention on the current and future needs of the community and on balancing those needs with the City's fiscal resources.

Expenditures in the General Capital Project section are divided into five categories: Multi-modal, Infrastructure, Buildings and Facilities, Equipment and Technology and Vehicle Replacement. Within each category, projects are organized by program area (i.e., street maintenance, sidewalk maintenance, etc.) or specific projects.

Project Selection

Every project or program area was submitted and evaluated using a team-based scoring model. After the scoring process, results were reviewed and optimized to ensure consistency with Council policy direction, Master Plan priorities and other qualitative factors. Some program areas have specific evaluation tools that help prioritize capital investments. Examples of these areas include:

- Streets – Every city street is evaluated and assigned a score based on condition, allowing the city to resurface the streets with the highest needs first.
- New Sidewalk Construction – Sidewalk projects were divided into two categories: major projects and minor projects. Major projects are considered to be higher capital investment projects that are good candidates for debt financing. These projects tend to be along DOT roads or other major traffic corridors. Minor projects are considered smaller capital investment projects that are good candidates for pay-go funding and in-house construction. These projects tend to be on city streets. Both groups of projects were scored and ranked based on criteria identified in the Pedestrian Thoroughfare Plan. The projects with the highest scores were considered for the available funding.
- Vehicle Replacement – All vehicles in the fleet were evaluated and assigned a score according to a model developed by the American Public Works Association. The model evaluates vehicle age, usage, type of service, reliability, condition and repair costs. The vehicles with the highest score are considered for replacement first.

CIP Structure and Outcomes

As adopted, the CIP projects \$59.45 million in investments over five years, which is a 45% increase in funding when compared to the previous five years. This level of funding is slightly above "Scenario 2" that was presented at the City Council capital planning retreat. While the CIP assumes that the General Fund transfer to the capital budget remains flat all five years, the city is able to increase the overall level of capital investment by reinvesting funds into the capital program that are becoming available as a result of debt retirement in FY 11-12 and FY 13-14. If and when city revenues improve as a result of economic recovery, staff would recommend that City Council consider increasing the General Fund transfer to the capital budget in future years.

It is important to note that project detail in the CIP can and often changes during the year based various factors. Staff updates City Council within the quarterly financial reports on progress with capital projects.

The FY 11-12 capital improvement plan proposes investments totaling \$17.55 million. This level of funding allows the city to make significant progress toward its capital goals and increases funding in almost every program area of the capital budget.

CAPITAL IMPROVEMENT PROGRAM

2011/12 TO 2015/16

SUMMARY OF MAJOR GENERAL CAPITAL PROJECTS

- The Street Resurfacing and Maintenance program includes \$1.02 million in funding which represents a 30% increase in funding over the current year. This funding level will allow for the resurfacing of 5.9 miles of City streets. In addition to the resurfacing program, the CIP includes \$293,000 for the Montford Avenue street rebuild project, which the first rebuild project funded in over five years.
- The amount allocated in the CIP for the City's sidewalk program in FY 2011-12 totals just over \$2.0 million, which is nearly double the total funding in the current fiscal year. From this amount, \$1.8 million is designated for new sidewalk construction. The specific projects that are adopted for FY 2011-12 are listed on page --. This \$1.8 million investment is anticipated to produce 1.82 miles of new sidewalk in the City, which is nearly three times the level of output from the current year funding. Funding for maintenance of existing sidewalk is continued at the same level as FY 2010-11.
- The adopted CIP includes \$1.45 million in debt proceeds to fund greenway development. \$1.25 million of this amount is for the construction of the Beaucatcher/Overlook greenway, which will be 1.5 miles in length. The remaining \$200,000 will be used for land acquisition for the Town Branch greenway which is the next scheduled greenway construction project.
- The adopted CIP includes \$2.1 million in infrastructure improvement projects. Included in this funding is \$660,000 in Sullivan Act proceeds that will be used to completion the Azalea Road project and fund improvements on Melrose. Major infrastructure projects funded in the FY 2011-12 CIP through debt proceeds or pay-go resources include the Wild Cherry bridge replacement, the rebuilding of the historic Cherokee and Sunset retaining wall, the installation of sewer lines on Airport Road, and the replacement of signal poles at two downtown intersections.
- \$7.2 million is allocated in the adopted CIP for buildings and facilities projects. The bulk of this funding (\$5.5 million) is directed toward the exterior repairs that are needed for City Hall. Other buildings and facilities projects include: 1) \$200,000 for roof replacements; 2) \$325,000 for recreation center and park maintenance; 3) \$845,000 for general maintenance projects such as the Municipal Building chiller replacement, HVAC conversion, and the Fleet building ventilation system; and 4) \$87,000 for the maintenance and acquisition of public art.
- \$2.9 million in funding is provided in the CIP for vehicle replacement in FY 2011-12, which is a 50% increase over the FY 2010-11 funding level. Included in this amount is nearly \$700,000 dedicated to alternative fuel vehicles, which will produce an estimated 1.3% reduction in the City's fleet carbon footprint.
- In addition to the General Capital Projects Fund, the CIP section of the Budget Document includes a summary of the Enterprise Funds' CIPs. Pages – present the Water, Parking and Stormwater capital improvement programs.
- Finally, page – displays the City's 5-year "Green" CIP. As a part of this program, the City plans to borrow approximately \$3.0 million over the next three fiscal years to fund street lighting upgrades and other energy improvement projects. The utility savings that will be achieved through these projects will be used to pay the debt service and provide funding for additional energy improvement projects in the future.

CAPITAL IMPROVEMENT PROGRAM 2011/12 TO 2015/16

RELATIONSHIP TO THE ANNUAL OPERATING BUDGET

An important aspect of capital improvement planning is the effect that capital projects have upon the annual operating budget. Most CIP projects in the City of Asheville are funded through annual operating funds, such as the General Fund and the Water Resources Fund. In these instances, the Capital Improvement Program (CIP) and the annual operating budget are directly linked since these projects receive authorization with the adoption of the annual operating budget. Projects funded through debt financing also impact the operating budget through ongoing debt service expenses.

In addition, some completed CIP projects will impact the operating budget through ongoing expenses for staffing and operations. For example, when a new fire station or recreation center is built, the costs of maintaining and staffing the new facility must be funded in the operating budget. Advance knowledge of these costs aids in the budgeting process. Some CIP projects, such as new parking decks, may impact the operating budget by generating additional revenue as well as additional costs. Other projects may create cost savings by reducing annual operating expenses.

The estimated impact of the capital improvement budget on the annual operating budget in FY 2011-12 is \$22.68 million, including debt service costs incurred from the long-term financing of capital projects approved this year and in prior years, and pay-as-you-go financing of current year projects. The only capital project approved in the FY 2011-12 CIP that is expected to add costs to the City's operating budget in future years is the Beaucatcher/Overlook greenway. Maintenance costs on the new greenway are expected to be minimal but will be added to the FY 2012-13 Parks operating budget. The table below summarizes the total impact of the capital budget on the FY 2010-11 operating budget.

Total Impact of Capital Budget on FY 2011-12 Operating Budget	
General Fund Pay-Go/Debt	8,283,447
Water Resources Fund CIP Transfer	6,249,673
Water Resources Fund Debt Service	6,202,580
Water Resources Fund Sullivan Act	660,224
Stormwater Fund Pay-Go/Debt	343,184
Parking Services Fund Pay-Go/Debt	<u>944,071</u>
Total	22,683,179

CAPITAL IMPROVEMENT PROGRAM 2011/12 TO 2015/16

GENERAL CAPITAL FUND SUMMARY

<i>Pay-As-You-Go</i>	2011/12	2012/13	2013/14	2014/15	2015/16
Revenue Sources:					
General Fund Transfer	2,848,525	2,858,225	2,858,225	2,858,225	2,858,225
Sullivan Act Transfer	660,224	990,336	1,320,448	1,650,560	1,650,560
Debt Savings	1,161,090	215,250	-	-	-
4% Technology Fee Funds	125,000	125,000	125,000	125,000	125,000
Fee In Lieu of Sidewalks	50,000	50,000	50,000	50,000	50,000
Grants	375,000	200,000	40,000	40,000	40,000
Savings from Closed Projects	160,000	75,000	75,000	75,000	75,000
Total Available Funds	5,379,839	4,513,811	4,468,673	4,798,785	4,798,785
Use of Funds:					
Multi-Modal Maintenance/Improve.					
Street Resurfacing & Maintenance	1,020,274	893,581	873,880	872,130	880,130
Sidewalk Maintenance	250,000	250,000	250,000	250,000	250,000
New Sidewalk Construction	516,225	476,225	366,225	368,288	498,608
Traffic Safety/Pedestrian Improve.	35,000	35,000	35,000	35,000	35,000
Transit System Projects	450,000	250,000	130,313	150,000	50,000
Bicycle Connector Projects	-	96,000	-	-	-
Infrastructure					
Water Line infrastructure	660,224	990,336	1,320,448	1,650,560	1,650,560
Airport Road Sewer Line Project	130,000	-	-	-	-
Cherokee/Sunset Retaining Wall	300,000	-	-	-	-
Facility Maintenance/Improvements					
Roof Replacements	200,000	200,000	200,000	200,000	200,000
Recreation Center Maintenance	100,000	100,000	100,000	100,000	100,000
Park Maintenance	200,000	200,000	200,000	200,000	200,000
Civic Center Renovations	300,000	400,000	400,000	400,000	400,000
Facility Maintenance	755,309	104,862	50,000	30,000	50,000
Public Art Maintenance	40,000	40,000	40,000	40,000	45,000
Public Art Acquisitions	47,807	47,807	47,807	47,807	47,807
McCormick Field Maint. Contract	-	40,000	40,000	40,000	40,000
Equipment & Technology					
Public Safety Radio Replacements	200,000	100,000	200,000	200,000	136,680
Development Ser. Software	125,000	125,000	125,000	125,000	125,000
Fuel Station Pump Replacement	-	75,000	-	-	-
Roll Cart Replacement	-	90,000	90,000	90,000	90,000
Total Use of Funds	5,379,839	4,513,811	4,468,673	4,798,785	4,798,785

CAPITAL IMPROVEMENT PROGRAM 2011/12 TO 2015/16

GENERAL CAPITAL FUND SUMMARY (Cont.)

Pay-As-You-Use (Debt-Funded)

	2011/12	2012/13	2013/14	2014/15	2015/16
Revenue Sources:					
Debt Proceeds	13,793,000	2,000,000	12,364,840	750,000	2,000,000
Grants	-	-	6,204,000	-	-
Total Available Funds	13,793,000	2,000,000	18,568,840	750,000	2,000,000
Use of Funds:					
Vehicle & Equipment Replacement					
Vehicle Replacements	2,930,000	1,000,000	2,248,840	750,000	900,000
Emergency Response Vehicle	-	-	245,000	-	-
Multi-Modal Investments					
New Sidewalk Construction	1,300,000	-	8,115,000	-	-
Greenway Development Program	1,450,000	-	-	-	-
Street Rebuilds	293,000	-	315,000	-	-
Infrastructure					
Wild Cherry Bridge Replacement	700,000	-	-	-	-
CBD Traffic Signal Pole Replacements	120,000	-	450,000	-	-
Buildings & Facilities					
City Hall Exterior Repairs	5,500,000	-	-	-	-
Sandhill Road Public Safety Facility	-	-	4,000,000	-	-
Livingston Street Rec. Center Phase II	-	-	3,000,000	-	-
Airport Road Fire Station	-	1,000,000	-	-	-
Community Center Renovations	-	-	-	-	350,000
Fire Station 9 Remodel	-	-	-	-	750,000
Equipment & Technology					
VHF Radio Replacement	-	-	195,000	-	-
Recycling Carts	1,500,000	-	-	-	-
Total Use of Funds	13,793,000	2,000,000	18,568,840	750,000	2,000,000
GRAND TOTAL BOTH PAGES	19,172,839	6,513,811	23,037,513	5,548,785	6,798,785

CAPITAL IMPROVEMENT PROGRAM 2011/12 TO 2015/16

GENERAL CAPITAL FUND YEAR ONE PROJECT DETAIL

CIP Area:	Multi-Modal		
Program:	Streets		
STREET RESURFACING PROGRAM			
Revenue			
Pay-Go			\$1,020,274
Project Details:			
City Quadrant	Street Name	Linear Feet	Project Cost
North	Barnard Avenue	2,270.40	\$55,118
North	Crabapple Lane	3,168.00	\$56,670
South	London Road	5,808.00	\$155,842
South	Schenck Parkway	1,320.00	\$112,931
South	Springside Road	4,118.40	\$105,244
South	Maple Lane	211.20	\$4,857
South	Busbee View Circle	400.00	\$9,200
North	Montview Drive	1,003.20	\$39,012
North	Coleman Avenue	2,323.20	\$108,413
North	Conestee Street	1,214.40	\$51,948
North	Conestee Place	211.20	\$2,968
West	Shelburne Road	3,643.20	\$93,101
East	Liberty Street	2,112.00	\$101,992
East	Crayton Road	1,214.40	\$52,300
North	Westall Avenue	897.60	\$30,677
Contingency			\$40,000
TOTALS		29,915.20	\$1,020,274
STREET REBUILD PROGRAM			
Revenue			
Debt Financing			\$293,000
Project Details:			
City Quadrant	Street Name	Linear Feet	Project Cost
North	Montford Avenue	2,270.40	\$293,000
TOTALS		2,270.40	\$293,000

CAPITAL IMPROVEMENT PROGRAM 2011/12 TO 2015/16

GENERAL CAPITAL FUND YEAR ONE PROJECT DETAIL

CIP Area:	Multi-Modal		
Program:	Sidewalks		
SIDEWALK MAINTENANCE PROGRAM			
Revenue			
Pay-Go			\$250,000
Project Details:			
City Quadrant	Project Name	Linear Feet	Project Cost
West	Patton to Rumbough	3,000	\$33,000
West	Olney	800	\$30,100
North	Robindale Street	880	\$9,773
Central	Clingman Avenue	1,344	\$17,127
North	Washington Street	1,806	\$22,000
Central	Pearl Street	1,014	\$38,000
Various	Sidewalk repairs and ADA improvements		\$100,000
TOTALS		8,844	\$250,000

CIP Area:	Multi-Modal		
Program:	New Sidewalk Construction		
NEW SIDEWALK CONSTRUCTION PROGRAM			
Revenue			
Pay-Go			\$516,225
Fee-in-lieu			\$50,000
Debt Financing			\$1,300,000
TOTAL			\$1,866,225
Project Details:			
City Quadrant	Project Name	Linear Feet	Project Cost
	Sidewalk crew labor costs & related expenses		\$316,225
East	Tunnel Road (Crockett to Arco)	2,084	\$50,000
North	Merrimon Avenue (connection to Beaverdam park)	250	\$50,000
Central	Short Coxe Avenue (Southside to Biltmore)	550	\$100,000
North	Lake Shore Drive (Merrimon to Mt. Vernon)	245	\$50,000
East	Kennilworth Knoll (existing sidewalk to Tunnel Rd)	240	\$45,000
East	Tunnel Road (Maple Springs to Craig Circle)	1,300	\$316,250
West	Patton Ave Sidewalk (Smokey Park Bridge to Wilburn)	5,200	\$711,250
South	Overlook Road Sidewalk - Design and ROW acquisiton	N/A	\$111,250
North	Beaverdam Road (Kimbery to Elk Mountain)	1,000	\$116,250
TOTAL		9,869	\$1,866,225

CAPITAL IMPROVEMENT PROGRAM 2011/12 TO 2015/16

GENERAL CAPITAL FUND YEAR ONE PROJECT DETAIL

CIP Area:	Multi-Modal		
Program:	Traffic Safety & Pedestrian Improvements		
TRAFFIC SAFETY & PEDESTRIAN IMPROVEMENTS			
Revenue			
Pay-Go			\$35,000
Project Details:			
City Quadrant	Project Name	Project Cost	
Central	Haywood & Montford Traffic Signal Upgrade	\$35,000	
	Ped signals & crosswalks along 3 approaches		

CIP Area:	Multi-Modal		
Program:	Transit System Improvements		
TRANSIT SYSTEM PROGRAM FY 11-12			
Revenue			
Pay-Go			\$75,000
Grants			\$375,000
TOTAL			\$450,000
Project Details:			
Project Name	Description	Project Cost	
Transit Security Cameras	Cameras on buses	\$150,000	
Bus Shelter Replacement (3)	Transit Master plan	\$50,000	
Bus System Signage	Transit Master plan	\$25,000	
Automated Vehicle Location System	Transit Master plan	\$225,000	
TOTAL			\$450,000

CAPITAL IMPROVEMENT PROGRAM 2011/12 TO 2015/16

GENERAL CAPITAL FUND YEAR ONE PROJECT DETAIL

CIP Area:	Multi-Modal		
Program:	Greenways		
GREENWAY DEVELOPMENT PROGRAM			
Revenue			
Debt Financing			\$1,450,000
Project Details:			
City Quadrant	Project Name	Length in Miles	Project Cost
Central	Downtown Beaucatcher Overlook Greenway	1.5	\$1,250,000
N/A	Land Acquisition funds for Greenway Projects	N/A	\$200,000
TOTAL MILES		1.5	\$1,450,000

CIP Area:	Infrastructure		
Program:	Water Line Infrastructure Projects		
INFRASTRUCTURE ASSOCIATED WITH WATER LINES			
Revenue			
Sullivan Act Transfer			\$660,224
Project Details:			
Project Name			Project Cost
Azalea Road project			\$560,000
Melrose Avenue			\$100,224
TOTAL			\$660,224

CAPITAL IMPROVEMENT PROGRAM 2011/12 TO 2015/16

GENERAL CAPITAL FUND YEAR ONE PROJECT DETAIL

CIP Area:	Facility Maintenance and Improvements	
Program:	Roof Replacement	
ROOF REPLACEMENT PROGRAM		
Revenue		
Pay-Go		\$200,000
Project Details:		
Project	Description	Cost
Fire Station 3	Oregon Avenue	\$57,000
Fire Station 5	Hendersonville Rd	\$57,000
Fire Station 8	Tunnel Road	\$57,000
Fleet Maintenance	Charlotte Street	\$29,000
TOTAL		\$200,000

CIP Area:	Facility Maintenance and Improvements	
Program:	Park Maintenance	
PARK MAINTENANCE		
Revenue		
Pay-Go		\$200,000
Project Details:		
Project	Description	Cost
Montford Center Playground Replacement		\$150,000
Aston Park Court Lifts		\$30,000
Court Resurfacing	Tennis and basketball courts	\$20,000
TOTAL		\$200,000

CAPITAL IMPROVEMENT PROGRAM 2011/12 TO 2015/16

GENERAL CAPITAL FUND YEAR ONE PROJECT DETAIL

CIP Area:	Facility Maintenance and Improvements	
Program:	Facility Maintenance Projects	
FACILITY MAINTENANCE PROGRAM		
Revenue		
Pay-Go		\$755,309
Project Details:		
Project	Description	Cost
HVAC Conversion to 410A	Required by law	\$370,000
Municipal Building Chiller Replacement		\$125,000
National Guard Armory Remediation		\$50,000
Fire Extinguishing System for Data Center	Safety project	\$75,000
Fleet Building Vehicle Exhaust Ventilation	Safety project	\$100,000
General facility maintenance projects		\$35,309
TOTAL		\$755,309

CIP Area:	Facility Maintenance and Improvements	
Program:	Recreation Center Maintenance	
RECREATION CENTER MAINTENANCE		
Revenue		
Pay-Go		\$100,000
Project Details:		
Project	Description	Cost
Stephens Lee Floor Replacement	1st floor retile	\$40,000
Stephens Lee Exterior Repairs	Reseal brick, replace flashing	\$30,000
ADA Improvements at centers	Two centers per year	\$30,000
TOTAL		\$100,000

CAPITAL IMPROVEMENT PROGRAM 2011/12 TO 2015/16

WATER RESOURCES CAPITAL IMPROVEMENT FUND SUMMARY

	2011/12	2012/13	2013/14	2014/15	2015/16
Revenue Source:					
Transfer from Water Operating Funds	6,249,673	6,530,550	6,843,000	7,087,000	7,259,739
Use of Funds:					
NCDOT Projects:					
Brevard Rd (Long Shoals to NC 280)					950,000
Brevard Rd (Parkway to Long Shoals)					711,489
I-26 Widening Project				1,000,000	1,000,000
Long Shoals I-26 to 191					569,250
Distribution System Projects					
24" and 36" Main Transmission Line Evaluation	100,000				
Affordable Housing Infill Development Incentive	100,000	50,000	50,000	50,000	50,000
Allen Mountain / Goodson Cove Tank	400,000				
Automated Meter Reading (AMR)	1,850,000	1,300,000			
Automated Valve, Lowes Tunnel Road	50,000				
Bulk Water Stations (4)	159,225				
Fairview Reservoir - 1 MG		500,000	800,000		
Merrimon Avenue Main Replacement				925,000	925,000
Mine Hole Gap Tank		250,000			
New Maintenance Facility	250,000	250,000	500,000	1,000,000	
North Fork WTP Dam / Tunnel Eval. & Repairs	555,000	750,000	750,000		
North Fork WTP Generator Transfer Switch			250,000	1,000,000	500,000
Road Resurfacing at the NF and WD WTP's	175,000	85,000			
Software Updates / HMI - all WTP's				150,000	
Spillway Gate Inspection/Repairs	140,000				
Spivey Mountain Tank					500,000
Microturbine	100,000				
Walnut Cove Pump Replacement	150,000				
Water Storage Tank / Pump Station Maint.	100,000	100,000	100,000	100,000	100,000

CAPITAL IMPROVEMENT PROGRAM 2011/12 TO 2015/16

WATER RESOURCES CAPITAL IMPROVEMENT FUND SUMMARY (Cont.)

	2011/12	2012/13	2013/14	2014/15	2015/16
<i>Neighborhood Water Line Replacement Projects</i>					
Chaledon Subdivision	460,000				
Chatham Road Water	125,000				
Franam Acres Subdivision / Oakbrook Road	270,000				
Horizon Hill	62,948	419,650			
Grovemont Development	600,000	716,000			
Lindsay Road from Old 19/23 to Pisgah Hwy				170,000	
McIntosh Road "B"		424,900			
Mountain Crest Road / Patton Cemetery Road		335,000	335,000		
Mount Carmel Line Replacement		200,000			
Muirfield Subdivision			350,000		
Old Haw Creek Road	200,000				
Riddle Road	402,500				
Woodcrest, Innsbrook, & Maplewood Roads		150,000	250,000		
<i>Water System Master Plan Projects:</i>					
Additional Water Treatment Plant Capacity			1,000,000	1,000,000	1,000,000
Beaucatcher Rd from Buckstone to Kenilworth			926,000		
Candler School Rd / Old Candler Town Rd					550,000
College Street from Windswept to Clemmons				500,000	
Enka Lake Rd from Sand Hill to Ironwood				700,000	404,000
Monte Vista / Sand Hill School Road		1,000,000	1,532,000		
Tunnel Rd from Overbrook and Crockett				228,000	
Swannanoa River Rd from Caledonia to Bryson				264,000	
<i>Total Use of Funds</i>	6,249,673	6,530,550	6,843,000	7,087,000	7,259,739

CAPITAL IMPROVEMENT PROGRAM 2011/12 TO 2015/16

PARKING FUND CAPITAL SUMMARY

	2011/12	2012/13	2013/14	2014/15	2015/16
<u>Revenue Source:</u>					
Transfer from Parking Operating Funds	421,260	275,000	245,000	275,000	275,000
Parking Fund Reserves	0	55,000	0	155,000	280,000
Total Revenue	421,260	330,000	245,000	430,000	555,000
<u>Use of Funds:</u>					
Vehicle Replacement	15,000	65,000	0	0	0
Civic Center Garage Lighting	0	160,000	140,000	0	0
Replace Parking Meters - 150 per year	105,000	105,000	105,000	105,000	105,000
Streetline Smart Parking	201,260	0	0	0	0
Civic Center Parking Garage Restoration	0	0	0	0	450,000
PARCS Equipment Replacement	0	0	0	325,000	0
AT&T Surface Parking Lot	100,000	0	0	0	0
Total Expenditures	421,260	330,000	245,000	430,000	555,000

STORMWATER FUND CAPITAL SUMMARY

	2011/12	2012/13	2013/14	2014/15	2015/16
<u>Revenue Source:</u>					
Debt Proceeds	430,000	0	0	0	0
Stormwater Fund Reserves	700,000	290,000	0	0	0
Total Revenue	1,130,000	290,000	0	0	0
<u>Use of Funds:</u>					
Vehicle Replacement	430,000	0	0	0	0
Michigan Ave. Drainage	0	290,000	0	0	0
Victoria Road	700,000	0	0	0	0
Total Expenditures	1,130,000	290,000	0	0	0

CAPITAL IMPROVEMENT PROGRAM 2011/12 TO 2015/16

STORMWATER FUND IN-HOUSE CAPITAL PROJECTS

	2011/12	2012/13	2013/14	2014/15	2015/16
Revenue Source:					
Stormwater Fund Operating Funds	254,500	248,500	240,000	240,000	220,000
Total Revenue	254,500	248,500	240,000	240,000	220,000
Use of Funds:					
North Bear Creek Drainage				120,000	120,000
Fairway Drive Drainage		124,000			
Gardenwood Ln. Drainage	65,000				
Robindale Ave	120,000				
State Street			125,000		
Waynesville Ave		124,500	115,000	120,000	100,000
Small Capital Projects:					
Ballentree Pipe Replacement					
Hanover St Slipline					
White Fawn Dr					
Armory Fleet Wash Facility	2,500				
N. Market St. Drainage	50,000				
Federal Alley	17,000				
Lakewood Dr			40,000		
Lakeshore Dr			40,000		
Total Expenditures	254,500	248,500	320,000	240,000	220,000

**CAPITAL IMPROVEMENT PROGRAM
2011/12 TO 2015/16**

GREEN CAPITAL PROJECTS

	2011/12	2012/13	2013/14	2014/15	2015/16
<i>Revenue Source:</i>					
Debt Proceeds	1,192,481	1,478,004	1,094,115		
Utility Savings	90,102	261,416	414,218	474,773	446,578
Transfer from Reserves				24,995	39,450
Total Revenue	1,282,582	1,739,420	1,508,333	499,768	486,028
<i>Use of Funds:</i>					
LED Streetlight Upgrades	1,192,481	1,478,004	406,115		
Facility Energy Improvements			688,000		
Transfer to Reserves	90,102	68,643	54,050		
Transfer to Debt Service		162,774	306,169	499,768	486,027
Total Expenditures	1,282,582	1,739,420	1,508,333	499,768	486,028

GENERAL FUND DEBT SERVICE

Debt service expenditures in the general fund for FY 2011-12 are as follows:

BUDGET SUMMARY	Adopted 2011/12
<u>General Obligation Bonds:</u>	
1993 Street and Sidewalk Series A	108,875
1993 Street and Sidewalk Series B	48,390
1999 Refunding Bonds	25,545
G/O Refunding 2000	<u>145,850</u>
Total General Obligation Bonds	328,660
 <u>Installment Financings:</u>	
2006 Fire Station 10 & 11	536,133
1997A Municipal Bldg	1,127,718
1997C Grove Arcade	151,600
2010 Livingston St. Center	294,905
Prior Year CIP Projects**	<u>457,133</u>
Total Installment Financings	2,567,489
 <u>Other Debt:</u>	
MSD	<u>38,000</u>
Total Other Debt Service	38,000
 <u>Equipment Lease-Purchases:</u>	
2002 Fire Trucks/Trash Cans	160,547
2008 BTIP/Fire & PW Vehicles	1,069,136
2011 Fire Aerial Ladder*	<u>230,000</u>
Total Equipment Lease-Purchases	1,459,683
TOTAL GENERAL FUND DEBT SERVICE	<u>4,393,832</u>

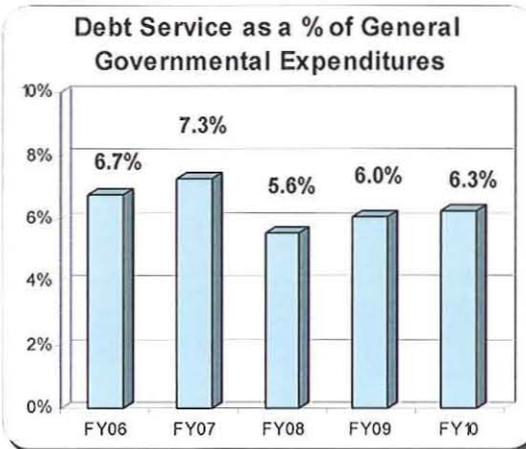
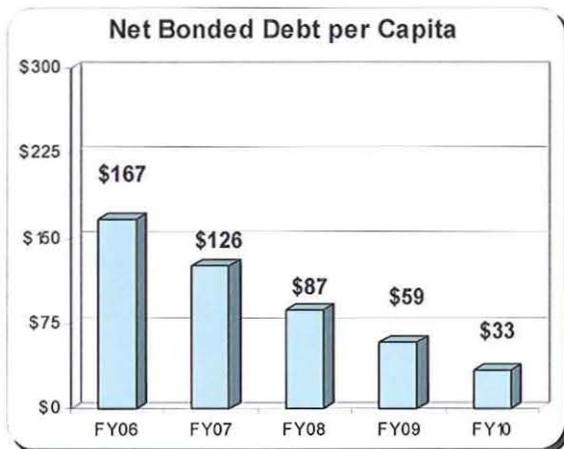
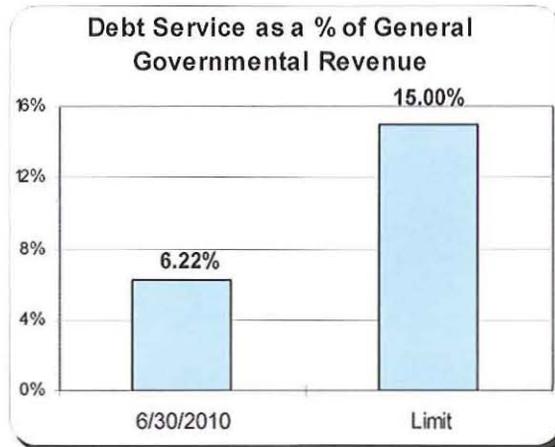
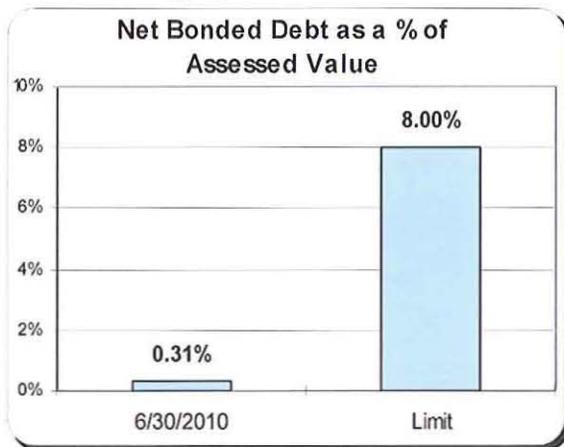
** Estimates

DEBT MANAGEMENT

The objective of the City of Asheville debt management policy is to maintain the City's ability to incur present and future debt at the most beneficial interest rates without adversely affecting the City's ability to finance essential City services.

Policy Statements:

- Capital projects financed through the issuance of bonds shall be financed for a period not to exceed the expected useful life of the project.
- The general obligation debt of the City of Asheville will not exceed 8% of the assessed valuation of the taxable property of the City.
- Total debt service on tax-supported debt of the City will not exceed 15% of total general government operating revenue.
- Interest, operating, and/or maintenance expenses will be capitalized only for facilities of enterprise activities and will be strictly limited to those expenses incurred prior to actual operation of the facilities.
- The City will maintain its financial condition so as to maintain a minimum AA bond rating.
- The City's debt policy will be comprehensive and the City will not knowingly enter into any contracts creating significant unfunded liabilities.



DEBT MANAGEMENT

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

AS OF JUNE 30, 2010

(amounts expressed in thousands)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable (1)</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes: County			
Subtotal, overlapping debt	\$ 67,860	37.35%	\$ 25,346
City of Asheville direct debt	1,652	100.00%	1,652
Total direct and overlapping debt	\$ 69,512		\$ 26,998

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Asheville. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

(1) The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the county's taxable assessed value that is within the government's boundaries and dividing it by the county's total taxable assessed value.

DEBT MANAGEMENT

OUTSTANDING GENERAL OBLIGATION BONDS AS OF JUNE 30, 2010

The City has issued general obligation bonds to provide funds for the acquisition and construction of major capital facilities related to both general and proprietary activities. All general obligation bonds are backed by the full faith, credit and taxing power of the City. Principal and interest requirements are appropriated when due. General obligation bonds outstanding at June 30, 2010 are as follows:

	<u>Interest rates</u>	<u>Date issued</u>	<u>Date series matures</u>	<u>Amount of original issue</u>	<u>Balance outstanding June 30, 2010</u>
General Fund:					
Street, sidewalk and storm drainage, Series 1993A	5.10-5.25%	7/1/1993	2/1/2013	1,300,000	265,000
Street, sidewalk and storm drainage, Series 1993B	5.10-5.25%	7/1/1993	2/1/2013	500,000	105,000
General Obligation refunding bonds, Series 1999	4.20%	2/9/1999	6/1/2012	4,952,360	211,997
General Obligation refunding bonds, Series 2000	4.90-5.00%	12/01/2000	12/01/2020	1,970,000	<u>1,070,000</u>
Total General Fund					1,651,997
Enterprise Fund:					
Water - 1995	5.10%	6/1/1995	6/1/2011	3,000,000	475,000
Water - 1999	4.20%	2/9/1999	6/1/2012	12,217,640	<u>522,003</u>
Total Enterprise Fund					998,003
Total General Obligation Bonds					<u>2,650,000</u>

ANNUAL GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS

Annual debt service requirements to maturity for the City's general obligation bonds are as follows:

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
Fiscal Year Ending June 30,				
2011	422,480	78,804	937,520	46,191
2012	269,517	59,145	60,483	2,540
2013	190,000	45,675	-	-
2014	100,000	36,000	-	-
2015-2019	500,000	105,000	-	-
2020-2022	170,000	7,750	-	-
Total	<u>1,651,997</u>	<u>332,374</u>	<u>998,003</u>	<u>48,731</u>

DEBT MANAGEMENT

INSTALLMENT FINANCING CONTRACTS

The City has entered into various installment financing contracts with the Asheville Public Financing Corporation, a blended component unit, for renovation and construction of municipal facilities. These contracts were funded by the execution and delivery of Certificates of Participation and certain lease contracts. The outstanding contracts at June 30, 2010 are as follows:

	<u>Interest rates</u>	<u>Date issued</u>	<u>Date series matures</u>	<u>Amount of original issue</u>	<u>Balance outstanding June 30, 2010</u>
General Fund:					
Municipal Building Series 1997-A	4.00-5.13	11/01/1997	6/01/2018	14,045,000	7,255,000
Taxable 1997-C	Variable	11/13/1997	6/01/2018	5,515,000	1,590,000
Fire Stations & Equip. Series 2006	3.92	6/28/2006	6/28/2021	8,030,300	<u>4,687,287</u>
					13,532,287
Enterprise Fund:					
Stormwater Series 2006	3.92	6/28/2006	6/28/2011	215,000	<u>43,000</u>
Total Installment Financing					<u>\$13,575,287</u>

ANNUAL DEBT SERVICE REQUIREMENTS – INSTALLMENT FINANCING CONTRACTS

Annual debt service requirements to maturity for the installment financing contracts are as follows:

	<u>Governmental Activities</u>		<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
Fiscal Year Ending June 30,				
2011	2,145,753	799,939	43,000	1,652
2012	1,330,153	697,506	-	-
2013	1,380,153	631,903	-	-
2014	1,435,153	563,596	-	-
2015-2019	6,885,767	1,554,858	-	-
2020-2022	770,308	45,294	-	-
Total	<u>13,532,287</u>	<u>4,152,959</u>	<u>43,000</u>	<u>1,652</u>

DEBT MANAGEMENT

INSTALLMENT PURCHASE CONTRACTS

The City has entered into installment purchase contracts with various agencies for the purchase of assorted assets. These obligations are considered a limited obligation of the City and are secured by the assets themselves.

	<u>Interest Rates</u>	<u>Date Issued</u>	<u>Date Series Mature</u>	<u>Amount of Original Issue</u>	<u>Balance Outstanding at June 30, 2010</u>
Fire trucks	3.06%	11/29/2002	11/15/2012	1,546,308	386,577
Fire and Sanitation trucks	2.49%	6/25/2008	6/1/2013	5,000,000	3,072,157
Fire trucks	3.58%	5/7/2010	5/1/2015	1,300,000	1,300,000
Total					\$4,758,734

ANNUAL DEBT SERVICE REQUIREMENTS – INSTALLMENT PURCHASE CONTRACTS

Annual maturities on all installment purchase contracts are as follows:

	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
Fiscal Year Ending June 30,		
2011	\$ 1,413,449	\$ 124,401
2012	1,438,474	86,112
2013	1,386,811	46,420
2014	260,000	16,289
2015	260,000	6,981
Total	\$ 4,758,734	\$ 280,203

SUPPLEMENTAL
INFORMATION

Asheville Community Profile
Budget Ordinance
Glossary of Budget Terms

ASHEVILLE COMMUNITY PROFILE

Community Description

The City of Asheville, with a population of 83,393, comprises an area of approximately 45.2 square miles in Western North Carolina. Asheville is the regional center for manufacturing, transportation, health care, banking, professional services, and shopping. The City is the county seat of Buncombe County, the largest city in Western North Carolina, and the eleventh largest city in the State. Asheville is nestled between the Blue Ridge and Great Smoky Mountains and located astride the French Broad and Swannanoa Rivers. The City is surrounded by lush mountains, many with elevations above 5,000 feet.

Recreational opportunities abound in the Asheville area with approximately 16% of the region's area designated as public or recreational. The Biltmore Estate, George Vanderbilt's 19th century estate, comprises over 8,000 acres just outside the city limits. The Blue Ridge Parkway is also headquartered in Asheville. The City also has a strong historic preservation program. This assistance in the preservation of downtown housing and historic structures has created a truly unique and vibrant urban atmosphere in downtown Asheville.

Asheville's natural and architectural beauty, moderate climate, strong job market, and outstanding educational and health care facilities make it one of the most attractive locations in the United States. Asheville is consistently ranked high among the best places to live, work and retire. The City's long-range planning is directed toward preserving this area's high quality of life, so that it shall remain one of the "best places."

Form of City Government

The City of Asheville, which was incorporated in 1797, operates under a Council/Manager form of government. The six-member City Council and the Mayor are elected at-large for staggered terms of four years. City Council, which acts as the City's legislative and policy-making body, selects the City Manager, who is the City's chief administrator and is responsible for implementing the policies and programs adopted by the City Council. The City's 1,000-person workforce provides basic City services including fire and police protection, planning and economic development, public works (streets, traffic, solid waste and stormwater services), parks and recreation, and water.

Statistical Information

Year Established

Asheville	1883
Buncombe County	1792

Size (square miles)

Asheville	45.2
Buncombe County	660

Climate

Avg. Yearly Temp.	55.6 F
Avg. Yearly Rainfall	47.07 in
Avg. Yearly Snowfall	13.3 in
Avg. Elevation	2,165 ft

Police Protection

Number of Stations	4
Number of Police Personnel	260
Number of Patrol Districts	3
Number of:	
Calls for Service Dispatched	110,353
UCR Part I Crimes Reported	4,280
UCR Part I Crimes Cases Cleared	1,107
Traffic Accidents Reported	3,321

Utilities

Miles of Streets	379.38
Number of Street Lights	9,809
Number of City-Maintained Intersections	62
Miles of Water Mains	1,643
Treatment Plants	3
Water Service Connections	51,776
Fire Hydrants	3,345
Daily Avg. Consumption of Water (gal)	20.9 million
Max. Daily Capacity of Treat. Plants (gal)	44 million

Fire Protection

Number of Stations	11
Number of Fire Personnel	239
Number of Responses	13,585
Number of Inspections Conducted	3,542

Culture & Recreation

Community Centers	11
Parks & Playgrounds	73
Park Acreage	937
Swimming Pools	3
Tennis Courts	30

ASHEVILLE COMMUNITY PROFILE

Demographic Information

(Source: U.S. Census Bureau, American Factfinder 2007; Geographic Area: City of Asheville, unless otherwise indicated. The Asheville Metropolitan Statistical Area includes the following counties: Buncombe, Haywood, Henderson, & Madison.)

<u>Population</u>			<u>Households</u>	
City of Asheville	83,393		Total	37,380
Buncombe County	238,318		Family Households	18,452 49.4
			Non-Family Households	18,928 50.6
			Average Household Size	2.12
			Average Family Size	2.82
<u>Age</u>			<u>Housing Occupancy</u>	
	<u>Number</u>	<u>Percent</u>	Total Housing Units	41,626
Under 5 years	4,765	5.7	Occupied Housing Units	37,380 89.8
5 to 9 years	4,349	5.2	Vacant Housing Units	4,246 10.2
10 to 14 years	3,851	4.6	Homeowner Vacancy Rate	3.7
15 to 19 years	4,677	5.6	Rental Vacancy Rate	7.2
20 to 24 years	6,613	7.9	<u>Housing Tenure</u>	
25 to 29 years	7,167	8.6	Occupied Housing Units	37,380
30 to 34 years	6,604	7.9	Owner-Occupied Housing Units	18,830 50.4
35 to 39 years	5,829	7.0	Renter-Occupied Housing Units	18,550 49.6
40 to 44 years	5,135	6.2	<u>Sex</u>	
45 to 49 years	5,181	6.2	Male	39,325 47.2
50 to 54 years	5,415	6.5	Female	44,068 52.8
55 to 59 years	5,289	6.3		
60 to 64 years	4,885	5.9		
65 to 69 years	3,499	4.2		
70 to 74 years	2,727	3.3		
75 to 79 years	2,312	2.8		
80 to 84 years	2,425	2.9		
85 years and over	2,670	3.2		
Median age (years)	38.2			
<u>Race</u>				
White	66,143	79.3		
Black or African American	11,134	13.4		
Other	6,116	7.3		

Other Demographic Information

(Source: Asheville Area Chamber of Commerce)

<u>Public Schools</u>		<u>Area Colleges & Universities</u>	
Number of Elementary Schools	6	University of North Carolina-Asheville	3,629
Number of Middle/High Schools	2/1	Western Carolina University	9,050
Total Student Enrollment	3,849	Mars Hill College	1,245
		Warren Wilson College	1,002
		Montreat College	1,113
		Asheville-Bunc. Tech/Comm College	6,408
<u>Housing</u>			
Avg. Price Area Existing Homes (2010)	\$250,985		

ASHEVILLE COMMUNITY PROFILE

Economic Indicators

Growth in many of the City's revenues depends on the state of the economy. When the economy is expanding, revenues are up, and when the economy slows, revenues react accordingly. Given this relationship, key economic indicators, such as retail sales, unemployment rates, job growth, construction starts and hotel/motel sales are helpful in assessing why revenues are either up or down, and how they might be trending in the future. Although the City's revenues are most directly impacted by the local economy, trends in North Carolina and across the nation are also important.

Retail Sales (Source: N.C. Department of Revenue)

Buncombe County Retail Sales

		<u>% Growth</u>
FY 00-01	3,385,178,057	4.32%
FY 01-02	3,431,308,897	1.36%
FY 02-03	3,443,728,087	0.41%
FY 03-04	3,652,735,132	6.07%
FY 04-05	4,052,113,042	10.93%
FY 05-06	3,002,061,125	NA
FY 06-07	3,336,213,094	11.13%
FY 07-08	3,283,356,807	-1.58%
FY 08-09	2,995,665,910	-8.76%
FY 09-10	2,909,115,924	-2.90%
FY 10-11	3,125,296,879	7.43%

In addition to being an important indicator of overall local economic health, Buncombe County retail sales activity also directly impacts the City's general fund budget through sales tax receipts. The economic recession and its lingering effects caused retail sales to drop substantially in FY 07-08, FY 08-09, and FY 09-10, with sales falling over 11% during this time period. Sales rebounded in FY 10-11, with year-over-year growth of 7.43%. Note: Due to a change in the way the state calculates retail sales, data since FY 04-05 is not comparable to prior years.

Approximately 75% of the retail sales in Buncombe County occur within the City of Asheville. Among the large cities in North Carolina, Asheville has one of the highest levels of retail sales per resident. This data reflects Asheville's position as the regional economic center for Western North Carolina. Asheville's high level of retail sales per resident is also likely associated with Asheville's status as a tourist destination.

Labor Market Trends (Sources: N.C. Employment Security Commission & the Asheville Area Chamber of Commerce)

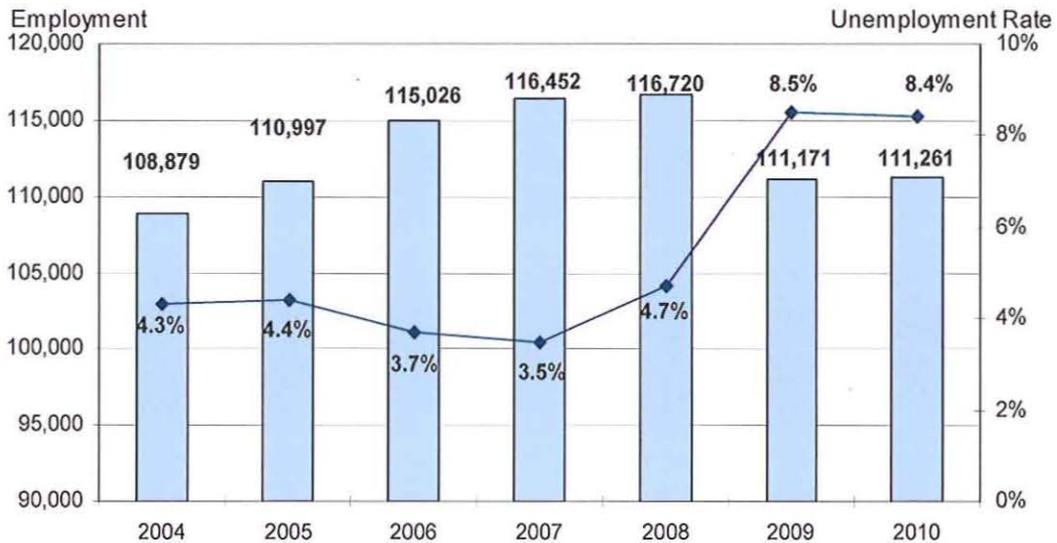
The unemployment rate is a critical indicator of relative strength in the local economy. As the effects of the recession began to be felt in Buncombe County, the average unemployment climbed throughout 2009 and the early part of 2010, peaking at 9.7% in February 2010. The local employment data have improved slightly since then, and as of July 2011, the county's unemployment rate stood at 8.0%. Local unemployment rates are below both the statewide rate (10.3%) and the national rate (9.3%).

Between 2001 and 2008, the total employment in Buncombe County increased by 12,740 jobs or 12.3%. With the onset of the recession, average employment in 2009 dropped by 4.7% and remained essentially flat in 2010. The Asheville metro area's leading industry in terms of employment is health care & private education. Other leading industry sectors include government, leisure & hospitality, and retail trade. Together these four sectors account for approximately 64% of all Asheville metro area jobs.

According to the latest data provided by the U.S. Bureau of Labor Statistics, the average annual wage in the Asheville Metropolitan Statistical Area (MSA) in May 2010 was \$36,840. For the State of North Carolina, it was \$40,500. Asheville's MSA average annual wage was 91% of the State average.

ASHEVILLE COMMUNITY PROFILE

Labor Market Trends (Sources: N.C. Employment Security Commission & the Asheville Area Chamber of Commerce)



Metro Area Workforce

Largest Employment Sectors (NAICS)	% of Employment
Health Services & Private Education	19.2%
Leisure & Hospitality	15.8%
Retail Trade	15.1%
Government (federal, state and local)	14.4%
Manufacturing	11.5%
Professional & Business Services	8.9%
Construction	4.6%
Financial Activities	3.6%
Wholesale	2.9%
Transportation & Utilities	2.8%
Information	1.2%

Buncombe County Employment Growth

Year	Avg. Employment	% Change
2001	103,980	
2002	105,436	1.40%
2003	107,854	2.29%
2004	108,879	0.95%
2005	110,997	1.95%
2006	115,026	3.63%
2007	116,452	1.24%
2008	116,720	0.23%
2009	111,171	-4.75%
2010	111,261	0.08%

Major Buncombe County Employers

Employer	Employment	Employer	Employment
Mission Health & Hospitals	3,000+	VA Medical Center	1,000-2,999
Buncombe County Public Schools	3,000+	The Biltmore Company	1,000-2,999
Ingles Markets, Inc.	1,000-2,999	The Grove Park Inn Resort & Spa	1,000-2,999
Buncombe County	1,000-2,999	BorgWarner Turbo & Emissions Systems	750-999
City of Asheville	1,000-2,999	CarePartners	750-999

ASHEVILLE COMMUNITY PROFILE

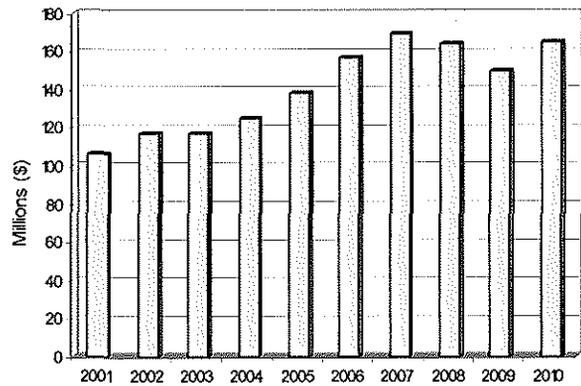
ACCRA Cost of Living Index (2nd Quarter 2011)

Cities	All Items	Food	Housing
Asheville	99.7	102.0	96.7
Raleigh	92.4	102.7	81.4
Charlotte	94.0	98.9	79.9
Winston-Salem	90.3	100.5	72.1

(100 = The Composite National Average)

Buncombe County Hotel/Motel Sales (Sources: N.C. Department of Commerce & the Asheville Area Chamber of Commerce)

	<u>Hotel/Motel Sales</u>	<u>% Change</u>
2001	105,942,408	7.9%
2002	117,411,941	10.8%
2003	117,444,465	0.0%
2004	124,767,177	6.2%
2005	138,271,482	10.8%
2006	156,752,276	13.4%
2007	168,839,645	7.7%
2008	163,836,134	-3.0%
2009	149,598,804	-8.7%
2010	164,471,930	10.1%



Asheville's setting, in the heart of a vast and beautiful recreational area, has made tourism an important part of the local economy. The most recent data from the N.C. Department of Commerce indicate that domestic tourism in Buncombe County generated an economic impact of \$729.02 million in 2010. Buncombe County ranks 5th in travel impact among the state's 100 counties. Over 8,940 jobs in Buncombe County are directly linked to travel and tourism. Hotel/motel sales are a good indicator of the status of the local tourist economy. Hotel/motel sales grew steadily between 2004 and 2007, however the effects of the recession began being felt in 2008 and extended into 2009, with hotel/motel sales falling by a combined 11.7% over those two years. Sales did rebound in 2010, but they still remain below their 2007 peak.

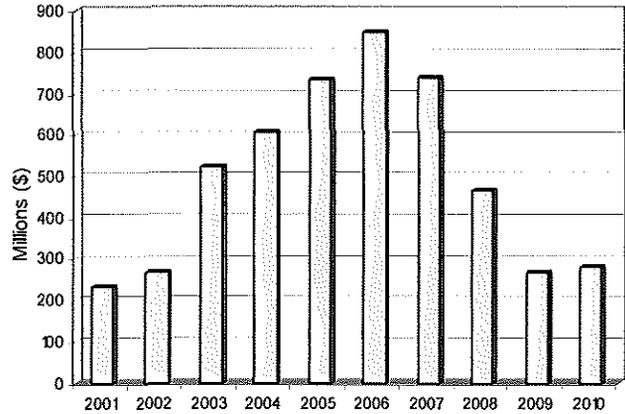
ASHEVILLE COMMUNITY PROFILE

Construction Trends (Source: US Census Bureau)

Residential Permit Valuation (Asheville MSA)

Residential Permit Valuation (in thousands)

		<u>% Change</u>
2001	233,905	
2002	267,234	14.2%
2003	521,762	95.2%
2004	604,992	16.0%
2005	732,966	21.2%
2006	847,083	15.6%
2007	739,846	-12.7%
2008	465,000	-37.1%
2009	267,520	-42.5%
2010	278,780	4.2%



Residential property is the single largest component of the City's tax base comprising 50% of the City's total assessed valuation. Trends in residential construction are therefore an important indicator of overall growth in the City's financial capacity. In addition, residential development generally costs more to service than other types of development. Explosive growth in residential construction can thus lead to more demand for services and higher operating costs for City departments. Residential construction increased during the first part of the last decade, peaking in 2006. Residential construction value and activity has decreased sharply with the recession.

ORDINANCE NO. 3981

AN ORDINANCE ADOPTING THE ANNUAL BUDGET AND FIXING THE TAX RATE FOR THE CITY OF ASHEVILLE FOR THE FISCAL YEAR 2011-12

WHEREAS, Article 3 of Chapter 159 of the N. C. General Statutes requires local governments in North Carolina to adopt ordinances establishing an annual budget, in accordance with procedures specified in said Article 3; and

WHEREAS, the Asheville City Council, following a public hearing as required by law has considered the proposed annual budget for the City of Asheville for the 2011-12 fiscal year;

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF ASHEVILLE THAT:

Section 1. The following anticipated revenues and authorized expenditures by fund, together with a financial plan for internal service funds, are hereby appropriated for operating City government for the fiscal year beginning July 1, 2011 and ending June 30, 2012.

GENERAL FUND

Revenues:

Property Taxes	\$46,602,746	
Intergovernmental	10,963,573	
Sales & Other Taxes	15,439,305	
Charges For Service	5,587,654	
Licenses & Permits	5,070,977	
Investment Earnings	239,700	
Miscellaneous	1,334,680	
Other Financing Sources	<u>2,407,320</u>	
Total Revenues		<u>\$87,645,955</u>

Appropriations:

Departmental Operations		<u>\$87,645,955</u>
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WATER RESOURCES FUND

Revenues:

Charges For Service	\$32,289,928	
Investment Earnings	225,000	
Miscellaneous	16,000	
Other Financing Sources	<u>359,324</u>	
Total Revenues		<u>\$32,890,252</u>

Appropriations:

Water Resources Operations		<u>\$32,890,252</u>
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PARKING SERVICES FUND

Revenues:

Miscellaneous Revenue	\$3,097,747	
Investment Earnings	20,000	
Charges For Service	<u>500</u>	
Total Revenues		<u>\$3,118,247</u>

Appropriations:

Parking Services Operations		<u>\$3,118,247</u>
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STORMWATER FUND

Revenues:

Charges For Service	\$2,775,218	
Licenses & Permits	180,000	
Investment Earnings	11,000	
Miscellaneous	20,000	
Other Financing Sources	<u>1,130,000</u>	
Total Revenues		<u>\$4,116,218</u>

Appropriations:

Stormwater Operations		<u>\$4,116,218</u>
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TRANSIT SERVICES FUND

Revenues:

Intergovernmental Revenue	\$3,094,611	
Charges For Service	819,000	
Licenses & Permits	320,000	
Other Financing Sources	<u>1,485,295</u>	
Total Revenues		<u>\$5,718,906</u>

Appropriations:

Transit Services Operations		<u>\$5,718,906</u>
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CIVIC CENTER FUND

Revenues:

Charges For Service	\$1,618,860	
Investment Earnings	20,000	
Miscellaneous	74,400	
Other Financing Sources	<u>392,594</u>	
Total Revenues		<u>\$2,105,854</u>

Appropriations:

Civic Center Operations		<u>\$2,105,854</u>
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GOLF FUND

Revenues:

Charges For Service	<u>\$920,000</u>	
Total Revenues		<u>\$920,000</u>

Appropriations:

Golf Operations		<u>\$920,000</u>
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STREET CUT UTILITY FUND

Revenues:

Charges For Service	\$671,312	
Other Financing Sources	<u>946,968</u>	
Total Revenues		<u>\$1,618,280</u>

Appropriations:

Street Cut Operations		<u>\$1,618,280</u>
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HOUSING PARTNERSHIP FUND (GENERAL FUND)

Revenues:

Miscellaneous	\$150,000	
Other Financing Sources	<u>300,000</u>	
Total Revenues		<u>\$450,000</u>

Appropriations:

Housing Partnership Fund Ops.		<u>\$450,000</u>
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INTERNAL SERVICE FUNDS

Revenues:

Charges For Service	\$16,698,953	
Other Financing Sources	1,400,000	
Miscellaneous Revenue	1,786,500	
Investment Earnings	<u>10,000</u>	
Total Revenues		<u>\$19,895,453</u>

Appropriations:

Health Insurance	\$14,377,409	
Property & Liability	4,360,270	
Workers Compensation	<u>1,157,774</u>	
Total Revenues		<u>\$19,895,453</u>

Section 2. All appropriations included in the following Capital Project and other multi-year project funds are approved for the financing life of each project, which may extend beyond one fiscal year.

GENERAL CAPITAL PROJECTS FUND

<u>Revenues:</u>		
Transfer from General Fund	\$2,404,341	
Debt Proceeds	13,673,000	
Transfer from Water Resources Fund	660,224	
Licenses & Permits	125,000	
Miscellaneous	50,000	
Capital Reserves	<u>160,000</u>	
Total Revenues		<u>\$17,072,565</u>
<u>Appropriations:</u>		
General Capital Project Fund Expenditures		<u>\$17,072,565</u>

WATER CAPITAL PROJECTS FUND

<u>Revenues:</u>		
Transfer from Water Resources Fund		<u>\$6,249,673</u>
<u>Appropriations:</u>		
Water Capital Fund Expenditures		<u>\$6,249,673</u>

TRANSIT CAPITAL PROJECTS FUND

<u>Revenues:</u>		
Transfer from General Fund	\$75,000	
Intergovernmental	<u>375,000</u>	
Total Revenues		<u>\$450,000</u>
<u>Appropriations:</u>		
Transit Capital Fund Expenditures		<u>\$450,000</u>

PARKING CAPITAL PROJECTS FUND

<u>Revenues:</u>		
Transfer from Parking Services Fund		<u>\$301,260</u>
<u>Appropriations:</u>		
Parking Capital Fund Expenditures		<u>\$301,260</u>

STORMWATER CAPITAL PROJECTS FUND

Revenues:

Transfer from Stormwater Fund	\$700,000	
Debt Proceeds	<u>430,000</u>	
Total Revenues		<u>\$1,130,000</u>

Appropriations:

Stormwater Capital Fund Expenditures		<u>\$1,130,000</u>
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CIVIC CENTER CAPITAL PROJECTS FUND

Revenues:

Transfer from General Fund		<u>\$300,000</u>
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Appropriations:

Civic Center Capital Fund Expenditures		<u>\$300,000</u>
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COMMUNITY DEVELOPMENT BLOCK GRANT FUND

Revenues:

Federal Grant	\$1,097,812	
Program Income	<u>118,859</u>	
Total Revenues		<u>\$1,216,671</u>

Appropriations:

Fiscal 2011-12 CDBG Program		<u>\$1,216,671</u>
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HOME OWNERSHIP GRANT FUND

Revenues:

Federal Grant	\$1,280,903	
Program Income	<u>93,933</u>	
Total Revenues		<u>\$1,374,836</u>

Appropriations:

Fiscal 2011-12 HOME Program		<u>\$1,374,836</u>
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SECTION 108 REHAB GRANT FUND

Revenues:

Program Income		<u>\$69,194</u>
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Appropriations:

Section 108 Expenditures		<u>\$69,194</u>
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GRANT FUND

Revenues:

Federal Grant \$100,000

Appropriations:

Fiscal 2011-12 FHAP Program \$100,000

Section 3. It is estimated that revenues in the amounts indicated in the foregoing schedule will be available to support the foregoing appropriations. The fees & charges, as readopted and changed on April 12, 2011 in ordinance number 3960 and amended by City Council thereafter, shall be set forth in a Fees and Charges Manual to be kept on file in the Office of the City Clerk.

Section 4. There is hereby levied for the fiscal year ending June 30, 2012, the following tax on each \$100 assessed valuation of taxable property as listed on January 1, 2011 for purposes of raising the revenues from current year's property tax as set forth in the foregoing estimates of revenues and in order to finance the foregoing appropriations:

Tax Rate per \$100 Assessed Valuation \$0.4200

Such rate of tax is based on an estimated total assessed value of property for the purposes of taxation of \$10,554,059,404 assuming 99.00% collection of the levy. In addition, Ad Valorem Tax revenue from taxes levied on motor vehicles at the same tax rate is estimated at \$2,232,045.

Section 5. The City Manager is authorized to amend the budget by transfer of appropriations within each fund. All amendments affecting revenues or total fund appropriations shall be approved by ordinance by the City Council, to be acted on at any regular or special meeting and approved by a simple majority of those present and voting, a quorum being present. Only one reading will be required and a public hearing or publication of notice is not necessary unless requested by Council.

Section 6. The City Manager is authorized to expend up to \$20,000 in general contingency funds in the event of any need he deems an emergency. Said action shall be reported to the City Council at the next regularly scheduled Council meeting and the budget ordinance amended accordingly.

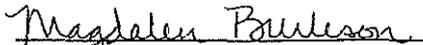
Section 7. The reserve for encumbrances at June 30, 2011 and carry-over appropriations, representing prior commitments as of that date shall be reappropriated pursuant to North Carolina General Statute 159-13, to the departments within various funds, under which expenditures may be made during fiscal year 2011-12 as the previous commitments are satisfied.

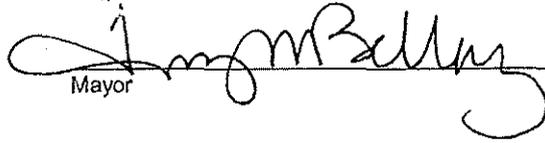
Section 8. Copies of this ordinance shall be furnished to the City Manager and Director of Finance, to be kept on file by them for their direction in the collection of revenues and expenditures of amounts appropriated.

Section 9. Should any section, paragraph, sentence, clause or phrase of this ordinance be declared unconstitutional or invalid for any reason, the remainder of said ordinance shall not be affected thereby.

Section 10. That this ordinance shall be in full force and effect upon date of final passage.

Read, approved and adopted this 24th day of May, 2011.


City Clerk


Mayor

Approved as to form:

City Attorney

GLOSSARY OF TERMS

Accrual Basis - Method of accounting in which transactions are recognized at the time they are incurred as opposed to when cash is received or spent.

Adopted Budget - The budget approved by City Council and enacted via a budget appropriation ordinance, on or before June 30 of each year.

Ad Valorem Taxes - Commonly referred to as property taxes, ad valorem taxes are levied on the value of real, certain personal, and public utility property according to the property's valuation and the tax rate.

Appropriated Fund Balance - The amount of fund balance appropriated as a revenue for a given fiscal year to offset operating expenses that exceed current revenue.

Appropriation - An authorization made by City Council which permits the City administrative staff to incur obligations against and to make expenditures of governmental resources. Appropriations are usually made for fixed amounts and are typically granted for a one-year period.

Assessed Value - The fair market value placed on personal and real property owned by taxpayers by the Buncombe County Tax Supervisor. Real property is reappraised and assessed value established every four years.

Basis of Budgeting - This refers to the form of accounting utilized throughout the budget process.

Bond - A written promise to pay a specified sum of money (principal) at a specific future date, along with periodic interest payments paid at a specified percentage of the principal.

Budget - A plan of financial operation comprised of an estimate of proposed expenditures for a fiscal year and the proposed means of financing those expenditures (revenue estimates).

Budget Amendment - Formal action by City Council to change an appropriation or revenue estimate during the fiscal year.

Budget Calendar - The schedule of key dates or milestones which the City follows in the preparation and adoption of the budget.

Budget Document - The official written statement prepared by the City's administrative staff which presents the proposed budget to the City Council.

Budget Message - A general discussion of the proposed budget presented to the City Council by the City Manager as a part of the budget document. The budget message explains principal budget issues against the background of financial experience in recent years and presents recommendations made by the City Manager.

Budget Ordinance - The official enactment by City Council establishing the legal authority for City administrative staff to obligate and expend funds.

Budget Process - Activities that encompass the development, implementation, and evaluation of a plan for the provision of services and capital needs.

Capital Outlay - Items of significant value (more than \$1,000) and having a useful life of several years, also referred to as fixed assets.

Capital Improvement Program - A plan to identify, prioritize, and approve capital needs (over \$25,000) for a six-year period.

Capital Projects - Projects established to account for the cost of capital improvements. Typically, a capital project encompasses a purchase of land and/or the construction of or improvements to a building or facility.

Certificates of Participation (COPs) - A financing mechanism in which certificates or securities are sold to investors who underwrite a project. The issuance of COPs is secured by lease-purchase agreements to which the City is a party.

GLOSSARY OF TERMS

Community Development Block Grant (CDBG) - A U.S. Department of Housing & Community Development federal assistance grant to support local provision of decent housing and a suitable living environment for persons of low and moderate income.

Contingency Reserve - A budgetary reserve set aside for emergencies or unforeseen expenditures not otherwise budgeted.

Cost Transfer - A reallocation of cost from one activity to another. The City uses cost transfers to avoid double counting expenditures associated with internal transactions between City departments. For example, when fleet maintenance repairs a fire engine, that expense is recorded in both the fleet division and the fire department. A negative expense or cost transfer is then entered in the fleet division to eliminate the double counting. The remaining expenses in the fleet division after all cost transfers represent the net cost of that activity to the City.

Debt Service - Payment of interest and principal on borrowed funds, such as bonds or lease-purchase payments.

Department - A management unit of closely associated City divisions and activities.

Departmental Mission - A brief statement explaining the general purpose and goal of the department in relation to the overall City mission.

Depreciation - An accounting charge associated with expiration in the service life of fixed assets. Depreciation is not recorded as an expense for budget purposes.

Division - A term used to describe a City cost center with distinct objectives and activities.

Enterprise Fund - A type of fund that accounts for governmental operations that are financed and operated in a manner similar to private business enterprises. It is financed primarily from charges to users for services provided. Included in this category are the Civic Center, Water Resources, Transit Services, and Parking Services Funds.

Encumbrance - The legal commitment of appropriated funds to purchase an item or service. To encumber funds means to set aside or commit funds for a future expenditure.

Expenditures - The measurement focus of governmental fund accounting. Financial resources expended during a period for operations, capital outlay, and long-term principal retirement and interest. Expenditures reflect the cost incurred to acquire goods or services.

Expenses - The measurement focus of propriety fund accounting. Costs expired during a period, including depreciation and other allocations, as in business accounting. Expenses reflect the cost of goods or services used.

Fiscal Year - An accounting period extending from July 1 through the following June 30.

Fixed Assets - Assets, such as land, buildings, machinery, furniture, and other equipment, which are intended to be held or used over a long time period.

Full Time Equivalent Position (FTE) - A unit for measuring staffing levels equal to one position working 37.5 hours per week for an entire year. Temporary/seasonal positions, such as summer Parks & Recreation staff, are not included in the FTE count.

Fund - A fiscal entity with a self-balancing set of accounts used to account for an activity(s) with common objectives.

Fund Balance - The cumulative excess of revenues over expenditures in a fund at the end of a fiscal year. With certain limitations, fund balance may be used to balance the subsequent year's budget.

General Fund - A type of governmental fund used to account for revenues and expenditures for regular day-to-day operations of the City, which are not accounted for in the proprietary funds; i.e., Enterprise and Intergovernmental Service Funds. The primary sources of revenue for this fund are local taxes and state-shared revenues.

GLOSSARY OF TERMS

General Obligation Bonds - Bonds issued by City government, usually requiring voter approval, that are backed by the the City's full faith, credit, and taxing power.

Generally Accepted Accounting Principles (GAAP) - The set of accounting rules and procedures used by governmental agencies to account for the receipt and expenditure of funds.

Goal - The underlying reason(s) for the provision of essential City services.

Interfund Transfer – The movement of monies between funds of the same governmental entity.

Internal Charges - Charges for goods or services provided by one City department to other departments within the City on a cost reimbursement basis.

Internal Service Fund - A type of proprietary fund used to account for the financing of goods or services provided by one City activity to other City activities on a cost-recovery basis.

ITRE: Standard rating system used to assess street pavement condition.

Lease-Purchase - A contractual agreement to purchase a fixed asset over a period of several years. Also known as installment purchasing.

Line-Item Budget - A budget summarizing the detail categories of expenditure for goods and services that the City intends to purchase during the fiscal year.

Local Government Budget and Fiscal Control Act - The legal guidelines of the State of North Carolina which govern budgetary and fiscal affairs of local governments.

Modified Accrual Basis - A method for recording receipts and expenditures in which expenditures are recognized when the goods or services are received, and revenues are recognized when measurable and available to pay expenditures in the accounting period.

NCDOT: North Carolina Department of Transportation.

Operating Budget - The City's financial plan which outlines proposed expenditures for the fiscal year and estimates the revenues which will be used to finance them.

Pay-As-You-Go Financing - A method of paying for capital projects that relies on current revenue rather than on debt.

Payment In Lieu of Taxes (PILOTs) - Money transferred from an enterprise fund or an outside non-profit agency into the General Fund. The principle underlying such transfers is that the City would have received the equivalent amount in taxes had the service been provided by a private firm.

PEG Fee: Fee paid by the local cable television company in support of the public, educational, and governmental access channels.

Performance Measure - Indicators used to determine how effectively and efficiently a department achieved its objectives.

Performance Objective - A statement of expected results or impacts which is specific, measurable, realistic, and consistent with overall departmental and organizational goals.

Proposed Budget - The City Manager's recommended balanced budget, which is submitted to City Council prior to June 1.

Proprietary Fund - A type of fund that accounts for governmental operations that are financed and operated in a manner similar to a private business enterprise. It is financed primarily from charges to users for services provided. Proprietary funds used by the City of Asheville include the Enterprise and Internal Service Funds.

Revenue - A term used to represent actual or expected income to a specific fund.

Target-Based Budgeting - A budget process in which departments are provided with a maximum level for their budget requests based on expected revenues and City Council priorities. The Budget & Research office requires separate justification for proposed spending levels that exceed the target.

GLOSSARY OF TERMS

Tax Collection Rate - The percentage of the tax levy that can reasonably be expected to be collected during the fiscal year.

Tax Rate - The level at which taxes are levied. For example, the tax rate is \$0.42 per \$100 of assessed value.

Tax Levy - The total dollar amount of tax that optimally should be collected based on tax rates and assessed values of personal and real properties.

Transmittal Letter – A letter from the City Manager summarizing the major differences between the proposed budget and the adopted budget.