



City of Asheville, North Carolina

FY 2016-17 Budget Worksession

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Chief Financial Officer

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City of Asheville, North Carolina

Capital Budget Context & Assumptions



Current CIP & Flexibility

	2016	2017	2018	2019	2020	Total
AFFORDABLE HOUSING						
Affordable Housing	750,000	-	2,000,000		2,000,000	4,750,000
Parks Maintenance Relocation	1,055,000	-	-	-	-	1,055,000
Eagle Market Place	2,490,271	457,477	-	-	-	2,947,748

	2016	2017	2018	2019	2020	Total
PUBLIC SAFETY						
Radio Infrastructure	3,930,000	1,000,000	-	-	-	4,930,000
Finalee Landslide Mitigation	-	-	-	-	-	-
Fire Station # 14 - Design/ Build	153,424	1,700,000	1,000,000	-	-	2,853,424
Fire Station # 14 - Engine	-	-	600,000	-	-	600,000
SCBA replacement	1,000,000	-	-	-	-	1,000,000
Replacement ladder truck	-	1,400,000	-	-	-	1,400,000



Current CIP & Flexibility

	2016	2017	2018	2019	2020	Total
MULTI-MODAL TRANSPORTATION						
Greenway Connectors	120,000	-	-	-	-	120,000
Cedar Street Bridge Repair	200,000	-	-	-	-	200,000
Broadway Vaulted Sidewalks	250,000	-	-	-	-	250,000
Craven Street Bridge		200,000	200,000			400,000
Hendersonville Road Sidewalk	2,605,747	1,090,000	-	-	-	3,695,747
Neighborhood Sidewalks	215,000	355,000	360,000	360,000	360,000	1,650,000
New Leicester Highway Sidewalks	56,000	840,000	2,734,000	-	-	3,630,000
Haywood Rd Multi-Modal Improvements	82,128					82,128
Hazel Mill Road Sidewalk	-	85,000	332,000	-	-	417,000



Current CIP & Flexibility

	2016	2017	2018	2019	2020	Total
ECONOMIC DEVELOPMENT						
Craven Street Kiosk	150,000	-	-	-	-	150,000
Craven Street	951,156	-	-	-	-	951,156
Craven Street - Rev Offset	(987,401)	-	-	-	-	(987,401)
14 Riverside Drive	315,000	155,000	-	-	-	470,000
Jean Webb Boat Ramp	-	-	56,500	-	-	56,500
Thomas Wolfe Renovations	300,000	200,000	-	-	-	500,000

	2016	2017	2018	2019	2020	Total
QUALITY OF LIFE						
Swimming Pools	750,000	1,000,000	500,000	-	-	2,250,000
Velodrome Safety		500,000	-	-	-	500,000
Soccer Field	600,000	600,000	600,000	600,000	600,000	3,000,000
McCormick Field Various Upgrades	71,863					71,863
Pack Place Capital Improvements	-	2,000,000	-	-	-	2,000,000



Current CIP & Flexibility

- Total Flexibility, 2016-2020: \$11.1 million
 - Affordable Housing: \$ 4,750,000
 - Public Safety: 3,453,424
 - Multi-Modal Transportation: 2,467,000
 - Economic Development: -0-
 - Velodrome Refurbish 500,000



Debt Model

- Total Debt Issue, 2014-2020: \$108 million

Assumptions:

- 1) 2% growth rate in property tax
- 2) Fund Balance growth, 1% years 1-5; 2% thereafter
- 3) 3¢ of property tax dedicated to debt service
 - a. 1¢ maintenance projects
 - b. 2¢ new construction projects



Debt Model

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 - c. Pay-go funds included in model



City of Asheville, North Carolina

Debt Model

FY Ending	Revenues			Expenses		Surplus/Deficit	Fund Balance*	Coverage
	Economic Development	General Government	Total Resources	Total Debt Service				
June-14	\$ 2,200,000	\$ 5,387,021	\$ 7,587,021	\$ 4,951,906	\$ 2,635,116	\$ 2,635,116	0.53	
June-15	\$ 2,200,000	\$ 6,487,021	\$ 8,687,021	\$ 4,925,087	\$ 3,761,934	\$ 6,423,401	1.30	
June-16	\$ 2,200,000	\$ 6,487,021	\$ 8,687,021	\$ 5,505,733	\$ 3,181,288	\$ 9,668,923	1.76	
June-17	\$ 2,244,000	\$ 6,509,021	\$ 8,753,021	\$ 6,322,537	\$ 2,430,484	\$ 12,196,096	1.93	
June-18	\$ 2,288,880	\$ 6,531,461	\$ 8,820,341	\$ 7,111,565	\$ 1,708,776	\$ 14,026,832	1.97	
June-19	\$ 2,334,658	\$ 6,554,350	\$ 8,889,007	\$ 9,399,907	\$ (510,899)	\$ 13,656,201	1.45	
June-20	\$ 2,381,351	\$ 6,577,696	\$ 8,959,047	\$ 9,807,939	\$ (848,892)	\$ 13,080,433	1.33	
June-21	\$ 2,428,978	\$ 6,601,510	\$ 9,030,488	\$ 11,535,415	\$ (2,504,927)	\$ 10,837,115	0.94	
June-22	\$ 2,477,557	\$ 6,625,800	\$ 9,103,357	\$ 11,935,948	\$ (2,832,591)	\$ 8,221,266	0.69	
June-23	\$ 2,527,108	\$ 6,650,575	\$ 9,177,684	\$ 11,763,605	\$ (2,585,921)	\$ 5,799,771	0.49	
June-24	\$ 2,577,651	\$ 6,675,846	\$ 9,253,497	\$ 10,747,314	\$ (1,493,817)	\$ 4,421,949	0.41	
June-25	\$ 2,629,204	\$ 6,701,623	\$ 9,330,826	\$ 9,742,842	\$ (412,015)	\$ 4,098,373	0.42	
June-26	\$ 2,681,788	\$ 6,727,915	\$ 9,409,703	\$ 7,981,389	\$ 1,428,314	\$ 5,608,655	0.70	
June-27	\$ 2,735,423	\$ 6,754,733	\$ 9,490,156	\$ 7,709,188	\$ 1,780,969	\$ 7,501,797	0.97	
June-28	\$ 2,790,132	\$ 6,782,087	\$ 9,572,219	\$ 7,492,813	\$ 2,079,406	\$ 9,731,239	1.30	



Debt Model: Capacity

- Coverage
 - DEFINITION: What percent of the following year's debt service can the year-ending fund balance cover?
 - Coverage through FY 2020 are greater than 1- 100% of next year's debt service covered
 - As debt issues planned come online in 2018, 2020 and 2022, debt service increases, coverage decreases
 - Any additions to the costs reduce the coverage
 - Current lowest coverage projected for 2024 at 41%



Debt Model: Capacity

- Revenue Growth
 - DEFINITION: the increase in revenue driven by higher taxable values
 - Current Assumption: 2%
 - If ad valorem values increase more, capacity will be created
 - Each penny on the rate is worth more money
 - Revaluation presents an opportunity for growth



City of Asheville, North Carolina

Operating Budget Context & Assumptions



Base Revenue Assumptions

- Property Tax Collections
 - estimated 2% increase
 - No tax rate change
- Sales Tax Collections
 - Year-to-Date growth: 6.5%
 - Expected to exceed budget by \$900,000
 - 5% increase over forecast for FY 2015-16



Base Revenue Assumptions

- Other Revenue
 - State utility taxes – 4.6% increase based on trend
 - Powell Bill – flat
 - DSD fees – 4.5% decrease based on trend
 - Internal cost allocation - \$300,000 increase
 - ABC revenue - \$400,000 increase
- Total General Fund base revenue growth: \$3.7 million



Base Expenditure Assumptions: Managed Savings

- General Fund Fuel Budgets Reduced
- Funding contingency
- Line-item Technical Reviews



Base Expenditure Assumptions: Compensation & Benefits

- \$1.75 million set aside
- Employer health care cost increase: \$600,000
- Other Post Employment Benefits (OPEB) Trust funding step-up: \$200,000; \$1,000,000 total



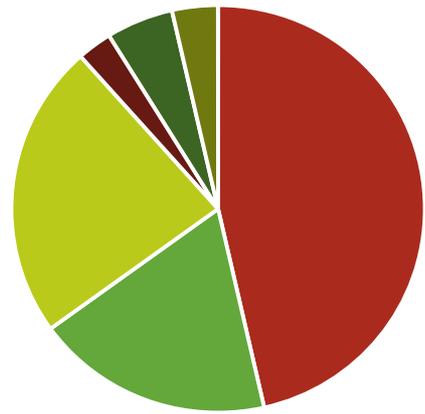
Base Expenditure Assumptions: Increases

- Workers Compensation, Property & Liability Insurance cost increase
- Transit System Subsidy Increase: \$569,000 (new contract estimate, no service enhancements)

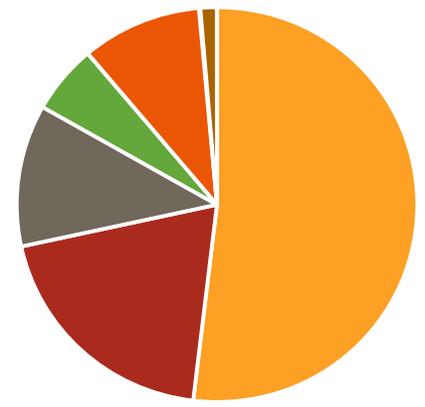


Base Budget

Expenditures



Revenue





Fee Recommendations: multi-year schedules

- Parks & Recreation
 - Aston Park increases according to schedule; \$22k
 - Adjustment to WNC Nature Center fees (no change to admissions)
- Solid Waste
 - Fee Increase from \$10.50 to \$14/mo.; \$1.1 million
- Stormwater Fee Increase
 - 5% overall increase; \$252k
- Water Rate Increases
 - Increase in rates according to schedule:
 - 1.5% single family, multi-family and small commercial
 - 3.5% large commercial and manufacturing
 - \$473k



Other Fee Recommendations

- US Cellular Center
 - Various fees and charges changes; \$28k
- Motor Vehicle Fee
 - Recommend \$30/year fee, increase of \$20
 - \$1.4 million in additional restricted revenue



Fees: Mid-Year Review

- Parking Fund fees
 - Parking study currently underway
- Development Services Department fees
 - Fees to be evaluated
 - Cost recovery
 - Benchmarking



Issue Review and Discussion



Vehicle License Fee

- GS 20-97 - City's can increase the Motor Vehicle License Fee to from \$10 to \$30 per vehicle
 - \$5 Transit - Current
 - \$5 General Fund - Current
 - \$20 Street Maintenance – New
- \$1.4 million additional revenue
 - Restricted to Streets funding



Vehicle License Fee: Streets Spending

- Current Spending
 - \$2.5 M – Powell Bill (State)
 - \$600 K – General Fund
 - \$3.1 M – Total
- Revenues from Vehicle Tax - \$1.4 M
- Minimum Streets Funding with added vehicle tax
 - \$2.5 M – Powell Bill
 - \$1.4 M – Vehicle Tax
 - \$3.9 M – Total



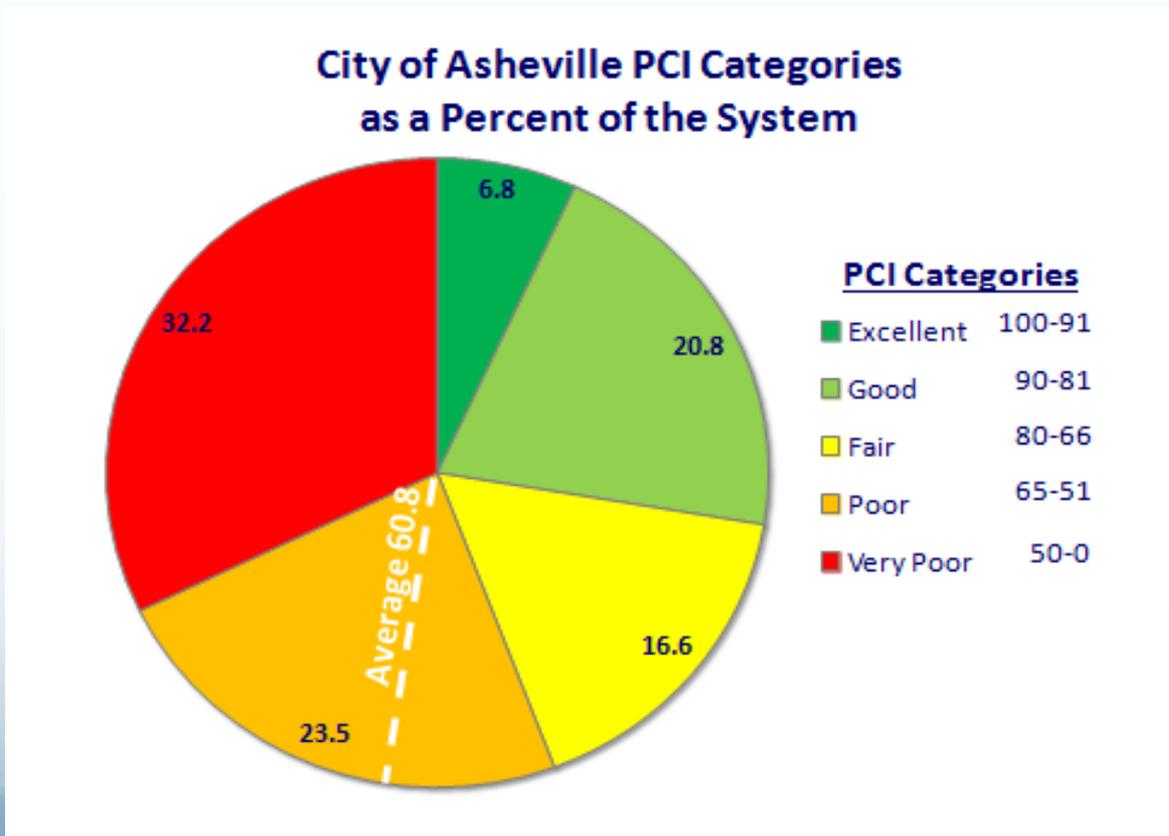
Vehicle License Fee: Flexible Revenue

- All Revenues
 - \$2.5 million – Powell Bill (State)
 - \$600,000 – General Fund
 - \$1.4 million – new fee
 - \$4.5 million – Total
- **\$600 K available for other priorities**



Streets Issues & Commitments

- Pavement Condition Index: 60.8





Streets Issues & Commitments

- Comparison to Other Cities in North Carolina

Municipality	Miles	PCI
Apex	280	83
Asheville	405	60.8
Burlington	530	87
Chapel Hill	340	80
Salisbury	345	84



Fiscal Impact & Decision Points

- \$1.4 million available
 - \$800,000 restricted to Streets pending
- Operations Impact \$800k = 1.7 miles resurfacing

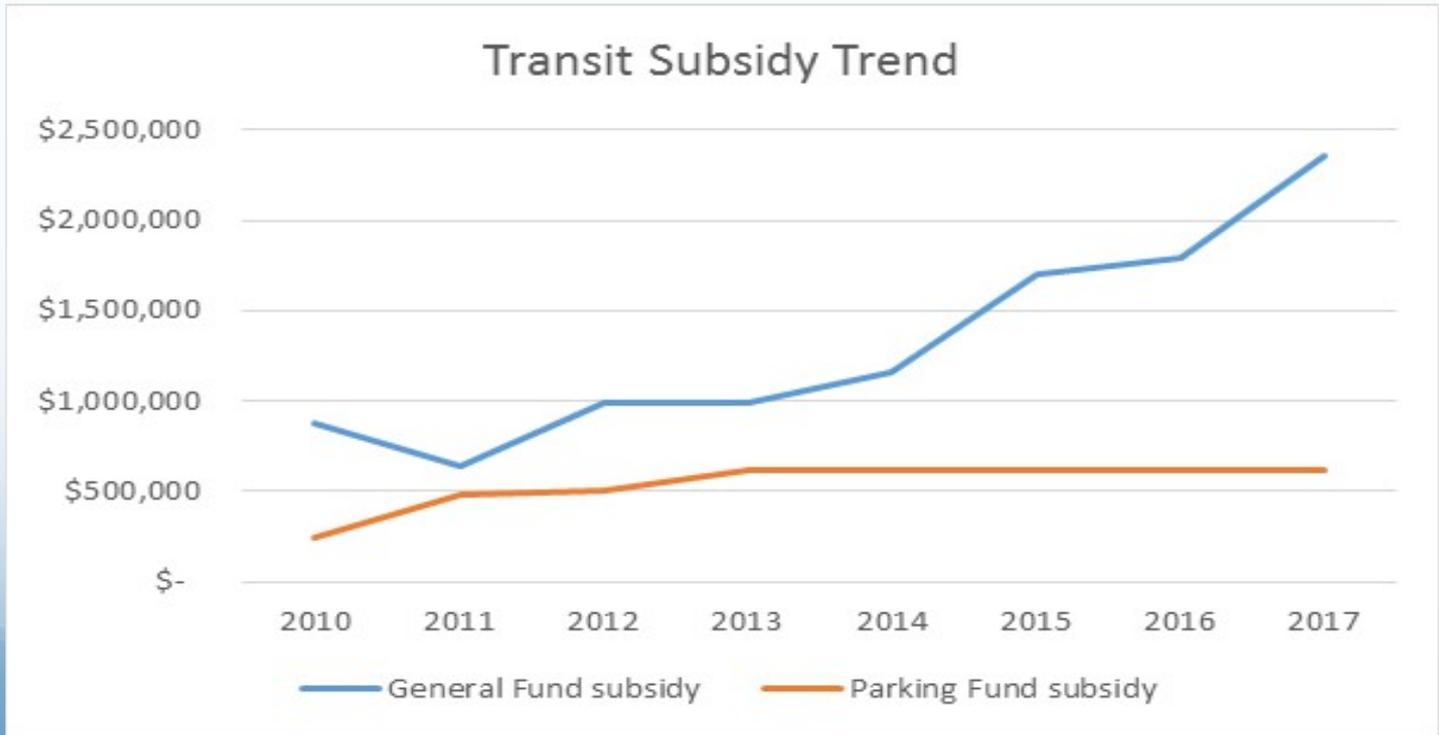
• Debt Service Model:

Issue Amount	Annual Debt Service	Remaining Funding (Streets restricted)	Non-Restricted Funds Remaining	Resurfacing Miles
\$ 4,000,000	\$ 400,000	\$ 400,000	\$ 600,000	8.3
8,000,000	800,000	-	600,000	16.7
\$ 14,000,000	\$ 1,400,000	\$ -	\$ -	29.2



Transit System

- \$5 of existing vehicle license fee
- Services subsidized by the Parking and General Funds





Transit System

- Budget Performance and year-end forecast

	Prior Year	Adopted	12/31/2015	Year End	Year End Est.
	Actuals	Budget	Actuals	Estimate	Over (Under) Prior
Operating Revenue*	3,884,893	4,233,000	1,701,607	4,233,000	348,107
Expenditure	5,919,202	6,639,992	2,864,126	6,639,992	720,790
Rev. Over/(Under) Exp.	(2,034,309)	(2,406,992)	(1,162,519)	(2,406,992)	--
General Fund Subsidy	1,700,546	1,790,117	895,059	1,790,117	
Parking Fund Subsidy	616,875	616,875	308,438	616,875	
Total Rev. Over/(Under) Exp.	283,112	0	40,977	0	

* Operating Revenue is revenue directly from operations. It does not include the subsidies from the General and Parking Services Funds.

- Anticipated Savings on Fuel
- Grant Uncertainty



Fiscal Impacts & Decision Points

Priority	Cost	Ranking
Additional bus on S3 to the airport	\$ 384,000 ongoing	#1
S4 extension to Biltmore Village; extend W3 to Enka-Candler	\$ 215,000 ongoing	#2
Extended hours (8 additional)	\$ 250,000 ongoing	#3
City Transportation Planner position	\$ 73,000 ongoing	n/a
Transit Master Plan Update	\$ 120,000 one-time	n/a



Affordable Housing

Budget

- CIP
 - 2016: \$ 750,000
 - 2018: \$2,000,000
 - 2020: \$2,000,000
- Operations
 - Dedicated funding of \$500,000 per year



Affordable Housing

Council Goal: 2800 units in seven years

- Funding, 1500 units
 - \$11,000 City contribution per unit
 - \$16,000,000 necessary funding
 - Using HOME, CDBG, HTF, LUIG, CIP: \$11,560,000
 - Shortfall of \$4.5 million



Affordable Housing

Existing Commitments

- Parks Maintenance Relocation
 - Funded in CIP
 - Expected completion January 1, 2017
- Eagle Market Place
 - Funded in CIP
 - Construction expected to recommence



Affordable Housing

Opportunities and Requests

- Lee Walker Heights
 - Current ask from HACA: \$4.25 million
 - Additional ask for post-Phase 2 of \$2 million likely
 - Funding from multiple sources
 - Amount of commitment affects availability of funding for 7-year goal, CDBG awards and other investments



Affordable Housing

Opportunities and Requests

- Land Banking and City-Owned Property
 - City property under consideration
 - 16A, West Asheville
 - Currently P&S Asheville Area Habitat for Humanity
 - Asheland Avenue
 - Under review for possible rezoning
 - Potential property (not currently City-owned) being evaluated



Fiscal Impact & Decision Points

Parks Maintenance Relocation

- Developer incentive for affordable housing
 - Price of land or other option
- Permanent Location
 - Temporarily housed at the armory
 - Permanent location will have to be identified and developed/built



Fiscal Impact & Decision Points

Lee Walker Heights

- HUD Section 108 Loans
 - Paid back with CDBG allocation
 - Limits available funds for CDBG subrecipients
 - 20-year loan; CDBG approved with annual Federal budget, no guarantee
- Total Funding \$4.25m + \$2m?
 - Commitment of all existing revenue streams limits other affordable housing investment



Fiscal Impact & Decision Points

Affordable Housing Bonds

- General Obligation Bonds
 - Requires a Bond Referendum
 - Increase to property tax rate
- PRO: Community vote, least expensive debt
- CON: Requires extensive preparation, public education and outreach
- First Opportunity: November, 2018



Public Safety: Fire Department Budget

	2013-14	2014-15	2015-16
	Actual	Actual	Budget
Expenditures:			
Salaries & Wages	13,216,848	13,783,498	13,838,837
Fringe Benefits	4,603,277	5,263,937	5,021,434
Operating Costs	2,695,053	2,777,278	2,482,906
Capital Outlay	<u>0</u>	<u>9,731</u>	<u>0</u>
Total	20,515,178	21,834,444	21,343,177
FTE Positions	257.75	257.75	260.75



Public Safety: Fire Department Budget Performance

	Prior Year	Revised	12/31/2015	Year End	Year End Est.
Fire	Actuals	Budget	Actuals	Estimate	Over (Under) Prior
Personnel Costs	\$19,047,435	\$18,860,271	\$ 9,245,559	\$19,571,402	\$ 523,967
Operating Costs	\$ 2,787,009	\$ 2,507,470	\$ 1,187,541	\$ 2,621,775	\$ (165,234)
Total Expenditures	\$21,834,444	\$21,367,741	\$10,433,100	\$22,193,177	\$ 358,733

- Personnel Costs trending over budget
- Operating Costs down due to fuel savings



Public Safety: Fire Department

Context

- Adoption of “urban” standard of cover time
 - 2009; 5 minutes 12 seconds
- Purchase of land in 2014 for a potential north fire station (#14)
- Construction and Engine included in CIP



Fiscal Impact & Decision Points

- Operating Budget Impact: \$750,000 per year
 - Equivalent to .76¢ on the property tax rate
 - DHS Staffing grant could offset first two years
 - Highly competitive grant
- Other Public Safety Needs
 - Police Department will be asking for \$1 million for a downtown district for CBD, South Slope and RAD in a future fiscal year



Thomas Wolfe Auditorium

History

- Built in 1939
 - Cosmetic upgrades in 1974
 - House systems predominantly original to building
- Acoustics and Structural Capacity Evaluation
 - 2015-16



Thomas Wolfe Auditorium

Results of the Evaluation

- Auditorium can be modified to provide a high level of acoustic performance
- Structurally feasible to make changes
- Estimated Cost, with inflation (assuming 2018 or later construction):
 - \$20 to \$55 million



City of Asheville, North Carolina

Next Steps: April 12 Worksession

- Continued Issue Statements
 - Important Unknowns
 - Water Utility
 - Powell Bill
 - Other Topics
- Flexible funds for Council Allocation
 - Strategic Investments Meeting Council Goals and Operational Needs
 - Affordable Housing-City-owned land
 - Racial Equity-Disparity study
 - Strategic Partnerships



Process Review, Q3 & Q4

- ✓ • Trend Analysis
- ✓ • Departmental Budget Reviews
- ✓ • Revenue Analysis
 - Council Worksessions
 - Review Council Strategy
- Adoption of Fees & Charges
- Performance Measures
- Budget Document
- Adoption of Budget



Key Dates

- ✓ ● Budget Briefing: March 8
- Council Budget Worksessions: March 22 and April 12
- Council adoption of FY17 fee changes: March 22
- Staff works to incorporate Council Goals into Budget: March – April 15
- Proposed Budget Document published: May 6
- Proposed Budget presented to Council: May 10
- Public Hearing: May 24
- Budget Adoption: June 14