



FY 2014 BUDGET PLANNING: BUILDING THE PROPOSED BUDGET

Asheville City Council Budget Session
May 15, 2013

FY 2014 Budget schedule

What	When
Finance Committee: Update on key issues for next year's budget	Tues., Feb. 12
Budget Work Session	Tues., Mar. 12
Budget Work Session	Tues., Mar. 19
Proposed Fees & Charges Presented to Council	Tues., Mar. 26
City Council Budget Town Hall Meeting	Wed., Apr. 3
Community Budget Input Meeting	Thurs., Apr. 18
Budget Work Session	Tues., Apr. 23
Budget Work Session	Fri., May 17
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Budget Public Hearing	Tues., June 11
Council to Vote on Proposed Budget	Tues., June 25

Budget balancing considerations from April 23

- Financial impact of various items remains uncertain
 - ✓ Revenue reform proposed by the NCGA
 - ✓ Disposition of the city's water system
 - Culture and Recreation Authority

Proposed FY 2014 budget assumptions from April 23

- ❑ Budget Water Fund contribution to central services
 - Offset potential loss of contributions by (1) capturing current year savings for fund balance contingency and (2) deferring expenses until later in the year
 - This approach gives the city flexibility to adapt to changing conditions; permanent reductions would have to be considered if the water system is transferred

- ❑ Reduce revenue projections
 - Offset loss with property tax increase; alternative is to consider additional service reductions

Assumptions:	
Revenues	
	% Change
Property Taxes	1.75%
Sales Tax	8.50%
Expenditures	
Employee Compensation	3%
Attrition	1.25%
Revenue	
	Dollar Impact
Property Taxes	772,524
Sales Taxes	1,222,954
Electronic Gaming Revenue	(200,000)
State Utility Taxes	(1,500,000)
Privilege Licenses	(250,000)
Parking Fund Transfer	(120,000)
Cost Allocation Adjustment	500,000
Golf Course Lease impact	210,000
Water System Transfer	-
ETJ Development Review Fees	(219,000)
Airport Deannexation	(193,000)
Total Revenue Change	\$ 223,478
Expenditure	
	Dollar Impact
Compensation	(1,775,220)
Health Care	-
LGERS/Pension contribution increase	(150,000)
Post Retirement Benefits ARC	(350,000)
Self-insurance liability contribution	(425,000)
Election Costs	(250,000)
Unemployment Insurance Reserve	(260,000)
Operating Increases	(217,958)
Public Safety Overtime - technical adjustment	(200,000)
Economic Development Incentives	75,000
Reduction of State transit funding	(200,000)
Total Expenditure Change	(3,753,178)
Revenue Over (Under) Exp	(3,529,700)

Budget Balancing Plan

Starting Point	(3,529,700)
Expenditure Reductions	
Retirement incentive/Freeze or eliminate 15 positions	500,000
Line Item Reductions/Fleet right-sizing	550,000
Discontinue Bele Chere/Re-engineer special events	200,000
Re-engineering special facilities	108,000
Contract out street and sidewalk construction	-
Revenue Enhancements	
Fee Adjustments	940,000
WNC Nature Center Partnership	250,000
Property Tax Increase (1 cent) or Service Reductions	1,000,000
Total Budget Balancing Strategies	3,548,000
Revenues Over (Under) Expenditures	18,300
Contingency Plan - Water System Impact	
Potential Losses - Water system transfer	(1,900,000)
Total Revenue Impact	(1,900,000)
Deferred Expenses	
Defer contracted services/other line items in FY 13 for fund balance	1,000,000
Defer Grant Center Splash Pad design (FY 13 CIP)	350,000
Defer building maintenance roof replacements in FY 14	100,000
Defer traffic calming and safety allocation	135,000
Defer outside agency grants	133,000
Defer public art allocation	85,000
Defer recycling cart replacements	70,000
Total Deferred Expenses	1,873,000
Revenues Over (Under) Expenditures	(27,000)

Proposed FY 2014: Enhanced Capital Improvement Program

- ❑ Implementation of enhanced capital improvements and economic development investments will require additional revenue.
 - An additional \$3 million in the CIP would increase capital maintenance, infrastructure projects and fund ED CIP including RADTIP and downtown projects.
 - Funding sources could come from a combination of city revenues and other sources.

- ❑ Staff would recommend considering a minimum of an additional \$2 million in capital improvements; \$3 million in additional investment would be optimal.

Proposed FY 2014 Budget Assumptions: Culture & Recreation Authority

TWO-YEAR BUDGET PROJECTION

	Option 1		Option 2		Option 3	
Assumption	No CRA impact in FY14 budget		No CRA impact in FY14 budget		Include CRA impact in FY14 budget	
Options for balancing the FY14 budget	1 penny for operating (or service reductions) No increase for CIP		1 penny for operating (or service reductions) 3 pennies for CIP		No tax rate increase for operating No increase for CIP	
CRA outcome Jan. 1	Yes	No	Yes	No	Yes	No
City Tax Rate Impact - FY 13 Rate	42	42	42	42	42	42
FY14 Revenue Neutral tax rate	43	43	43	43	43	43
FY14 Tax Rate increase for operating	1	1	1	1	0	0
FY14 Tax Rate increase for CIP	0	0	3	3	0	0
FY14 Total City Tax Rate	44	44	47	47	43	43
FY15 Tax Rate Decrease from CRA	-2	0	-5	0	0	0
FY15 Tax Rate Increase for Operating	0	0	0	0	0	1.5
FY15 Tax Rate increase for CIP	0	3	0	0	0	3
FY15 Total City Tax Rate	42	47	42	47	43	47.5

Tax rate impacts

Home Value	Current Bill	2 Cents		3 Cents		4 Cents	
		Revised Bill	Increase	Revised Bill	Increase	Revised Bill	Increase
150,000	\$630	\$660	\$30	\$675	\$45	\$690	\$60
250,000	\$1,050	\$1,100	\$50	\$1,125	\$75	\$1,150	\$100
350,000	\$1,470	\$1,540	\$70	\$1,575	\$105	\$1,610	\$140

Next Steps

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Post Retirement Benefits ARC	(350,000)
Self-insurance liability contribution	(425,000)
Election Costs	(250,000)
Unemployment Insurance Reserve	(260,000)
Operating Increases	(217,958)
Public Safety Overtime - technical adjustment	(200,000)
Economic Development Incentives	75,000
Reduction of State transit funding	(200,000)
Culture and Recreation Authority Impact	2,500,000
Total Expenditure Change	(1,253,178)
Revenue Over (Under) Exp	(1,029,700)

Budget Balancing Plan	
Starting Point	(1,029,700)
Expenditure Reductions	
Retirement incentive/Freeze positions	500,000
Line Item Reductions/Fleet right-sizing	550,000
Discontinue Bele Chere/Re-engineer special events	-
Re-engineering special facilities	-
Contract out street and sidewalk construction	-
Revenue Enhancements	
Fee Adjustments	1,048,000
WNC Nature Center Partnership	-
Property Tax Increase (1 cent) or Service Reductions	-
Total Budget Balancing Strategies	2,098,000
Revenues Over (Under) Expenditures	1,068,300
Contingency Plan - Water System Impact	
Potential Losses - Water system transfer	(1,900,000)
Total Revenue Impact	(1,900,000)
Deferred Expenses	
Defer contracted services/other line items in FY 13 for fund balance	1,000,000
Defer Grant Center Splash Pad design (FY 13 CIP)	350,000
Defer building maintenance roof replacements in FY 14	100,000
Defer traffic calming and safety allocation	135,000
Defer outside agency grants	87,000
Defer public art allocation	-
Defer recycling cart replacements	70,000
Total Deferred Expenses	1,742,000
Revenues Over (Under) Expenditures	(158,000)