



reflects a full year of continued City operation of its Parks and Recreation facilities and programs; and 2) does not include a property tax rate increase above the revenue neutral rate of 43 cents per \$100 of assessed value or a fund balance appropriation. It should be noted that the FY 2013/2014 Parks and Recreation Department budget does still include plans to restructure the city's role in producing special events and festivals, and that plan assumes that the City will produce its last Bele Chere festival in summer 2013.

### ***Enhanced Capital Improvement Program***

As staff indicated at the May 28 Proposed Budget Presentation and at the June 11 Public Hearing, the Proposed Budget recommended that a portion of the savings from the City's participation in the CRA be redirected to the City's Capital Improvement Program (CIP) beginning in FY 2014/2015. Specifically, staff recommended in the Proposed Budget that \$1.1 million in CRA-produced savings (equivalent to 1-cent on the property tax rate) be added to the city's regular CIP; and that \$2.2 million in CRA-produced savings (2-cents on the tax rate) be directed to the City's new comprehensive Community and Economic Development CIP (EDCIP). The Economic Development and Community Investment strategy, as envisioned in the EDCIP, focuses on putting more money into job creation, infrastructure and other capital projects in targeted areas where tax base growth is most promising. Tax base growth in these target areas would then help fund additional improvements that leverage private investment and economic growth.

With the City's participation in the CRA now no longer an option in FY 2013-14, staff is recommending that City Council increase property taxes by 3 cents above revenue neutral, to \$0.46 per \$100 of assessed value, to fund the enhanced capital improvement program. The 1-cent or \$1.1 million that will be added to the City's regular CIP will fund an additional \$5.5 million in deferred maintenance projects over the next five years. This additional funding will provide for greater investment in both street improvements and facility maintenance. With this additional funding, the City will be able to improve its street resurfacing schedule from the current cycle of once every 65 years to once every 35 years (20 years is the benchmark recommended cycle).

The additional 2-cents or \$2.2 million for the EDCIP (along with proceeds from land sales) will provide the initial seed money to leverage a potential \$59 million in capital investments over the next five years. Staff recommends launching this program by issuing debt in FY 2013/2014 to begin such cornerstone projects as the River Arts District Transportation Improvement Project (RADTIP), multi-modal and pedestrian improvement projects, transformational affordable housing developments, and enhanced funding for critical capital maintenance like street and sidewalk repairs. Many of the transformational projects proposed in the EDCIP could have been eligible for the 5% funding from the Sullivan Act that was repealed by the General Assembly earlier this year in HB 252.

This action complies with the Fiscal Responsibility focus area of City Council's Strategic Operation Plan: Operate the City of Asheville's organization to the highest levels of fiscal responsibility.

#### **PROS:**

- Ensures City's compliance with North Carolina General Statutes that require local governments to adopt a balanced budget ordinance by July 1 of each year.
- General Fund operating Budget is balanced with no property tax rate increase or fund balance appropriation and all essential City services are continued.

- Includes funding for enhanced five-year Capital Improvement Program.

**CONS:**

- A revenue shortfall could occur in FY 2013/2014 if the N.C. General Assembly alters the current tax reform proposal prior to its final adoption.
- Based on the current financial forecast, the EDCIP may require additional resources in FY 2017/2018.

Fiscal Impact As noted above, the Proposed FY 2013/2014 General Fund budget is balanced with no property tax rate increase for operations and no fund balance appropriation. The Budget does include a 3-cent property tax rate increase to enhance the City's five-year Capital Improvement Program. The chart below shows the impact of the 3-cent increase for various property values. For example, the owner of a \$250,000 home will see an annual increase of \$100.

Home Value	Current Bill	3 Cents	
		Revised Bill	\$ Increase
150,000	\$630	\$690	\$60
250,000	\$1,050	\$1,150	\$100
350,000	\$1,470	\$1,610	\$140

If Council approves the Budget as currently proposed by staff, the adopted General Fund budget for FY 2013/2014 will be \$95,861,764. The table below highlights the changes between the May 28 Proposed Budget and the Budget that staff is recommending tonight.

	Proposed Budget
General Fund Budget from May 28	90,512,514
<u>Expense Adjustments:</u>	
Restore Parks & Recreation Expense Budget to full year	3,049,250
Reduce Contingency	(1,000,000)
Increase Contribution to Regular CIP & EDCIP	3,300,000
Net Expenditure Changes	<u>5,349,250</u>
<u>Revenue Adjustments:</u>	
Restore Parks & Recreation Revenue Budget to full year	549,250
Budget State Tax Funds	1,000,000
Adjusted Revenue Estimates (e.g. motor vehicle tax)	500,000
3-Cent Property Tax Rate Increase	3,300,000
Net Revenue Changes	<u>5,349,250</u>
<b>General Fund Budget June 25</b>	<b><u>95,861,764</u></b>

Recommendation: Staff requests that Council review the FY 2013/2014 Annual Budget, including the changes noted above, and make necessary recommendations or adjustments followed by adoption of the Budget Ordinance, which will establish an Ad Valorem tax rate of \$0.46 per \$100 of assessed value.

Attachments:

- (1) Capital Improvement Program 2013-14 -  
2017-18
- (2) Budget Ordinance

City of Asheville 5-Year Capital Improvement Program (Regular CIP)

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	Total
<b><u>Revenue Sources:</u></b>						
General Fund	3,618,225	3,618,225	3,718,225	3,718,225	3,718,225	18,391,125
Fee in lieu of sidewalks	0	50,000	50,000	50,000	50,000	200,000
Grants	3,620,000	2,900,000	0	0	0	6,520,000
FY12 LOBs Proceeds	1,200,000	0	0	0	0	1,200,000
Debt Proceeds	10,000,000	3,025,000	2,500,000	4,962,193	6,160,000	26,647,193
Savings from closed projects	75,000	75,000	75,000	75,000	75,000	375,000
<b><u>Total Available Funds</u></b>	<b><u>18,513,225</u></b>	<b><u>9,668,225</u></b>	<b><u>6,343,225</u></b>	<b><u>8,805,418</u></b>	<b><u>10,003,225</u></b>	<b><u>53,333,318</u></b>
<b><u>Projects:</u></b>						
<b><u>Multi-Modal Investments</u></b>						
Hendersonville Rd Sidewalk	4,125,000	0	0	0	0	4,125,000
Street Resurfacing & Maintenance	1,634,193	967,193	990,513	1,079,706	1,577,513	6,249,118
Bus Replacement/Transit Projects	400,000	50,000	50,000	50,000	50,000	600,000
Street Rebuilds	350,000	0	0	350,000	400,000	1,100,000
Greenway Development	350,000	250,000	1,050,000	0	0	1,650,000
Sidewalk Maintenance	250,000	250,000	250,000	250,000	250,000	1,250,000
New Sidewalk Construction	216,225	116,225	366,225	366,225	366,225	1,431,125
Traffic Calming	100,000	100,000	100,000	100,000	100,000	500,000
Bicycle Connector Projects	50,000	50,000	50,000	50,000	50,000	250,000
Traffic Safety Projects	35,000	35,000	35,000	35,000	35,000	175,000
New Leicester Hwy Sidewalk	0	3,630,000	0	0	0	3,630,000
Traffic signal pole replacements	0	100,000	0	100,000	0	200,000
Traffic controller replacements	0	100,000	0	100,000	0	200,000
<b><u>Buildings &amp; Facilities</u></b>						
Golf Course Improvements	450,000	0	0	0	0	450,000
Park Maintenance	400,000	400,000	400,000	400,000	400,000	2,000,000
City Hall Elevator Automation	200,000	0	0	0	200,000	400,000
Roof Replacements	150,000	150,000	150,000	150,000	150,000	750,000
Facility Maintenance	150,000	150,000	150,000	150,000	150,000	750,000
Civic Center	100,000	100,000	100,000	100,000	100,000	500,000
McCormick Field	100,000	275,000	0	0	0	375,000
Montford Fire Station	0	500,000	0	1,500,000	0	2,000,000
Facility Renovations	0	250,000	0	250,000	1,250,000	1,750,000
Refueling Station	0	0	0	0	500,000	500,000
Dr. Grant Southside Center Phase II	0	0	0	0	350,000	350,000

City of Asheville 5-Year Capital Improvement Program (Regular CIP)

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	Total
<b>Infrastructure</b>						
Bridge Repair	500,000	0	0	500,000	600,000	<b>1,600,000</b>
Downtown Clean & Green Initiative	150,000	300,000	300,000	300,000	300,000	<b>1,350,000</b>
Public Art Acquisition	47,807	47,807	47,807	47,807	47,807	<b>239,035</b>
Public Art Maintenance	40,000	40,000	40,000	40,000	40,000	<b>200,000</b>
<b>Equipment &amp; Technology</b>						
Radio Infrastructure	6,000,000	0	0	0	0	<b>6,000,000</b>
Vehicle Replacement - Environment & Infrastru	1,300,000	820,000	1,050,000	1,500,000	1,500,000	<b>6,170,000</b>
Vehicle Replacement - Public Safety	1,125,000	787,000	987,000	1,250,000	1,250,000	<b>5,399,000</b>
Public Safety Radio Replacement	200,000	200,000	136,680	136,680	136,680	<b>810,040</b>
Roll Cart Replacement	90,000	0	90,000	0	90,000	<b>270,000</b>
Route Optimization	0	0	0	0	110,000	<b>110,000</b>
<b><u>Total Projects</u></b>	<b><u>18,513,225</u></b>	<b><u>9,668,225</u></b>	<b><u>6,343,225</u></b>	<b><u>8,805,418</u></b>	<b><u>10,003,225</u></b>	<b><u>53,333,318</u></b>
<b><u>Over (Under)</u></b>	<b><u>0</u></b>	<b><u>0</u></b>	<b><u>0</u></b>	<b><u>0</u></b>	<b><u>0</u></b>	<b><u>0</u></b>



Plan B: 3 cents for CIP

ORDINANCE NO. \_\_\_\_\_

AN ORDINANCE ADOPTING THE ANNUAL BUDGET AND FIXING THE TAX RATE FOR THE CITY OF ASHEVILLE FOR THE FISCAL YEAR 2013-14

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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 2013-14 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, 2013 and ending June 30, 2014.

**GENERAL FUND**

Revenues:

Taxes-Ad Valorem	\$51,867,389	
Other Taxes	18,084,277	
Intergov Revenue	11,250,660	
Licenses and Permits	4,706,690	
Sales and Services	5,387,387	
Investment Earnings	150,000	
Miscell Revenue	1,180,063	
Oth Financing Source	<u>3,235,298</u>	
Total Revenues		<u>\$95,861,764</u>

Appropriations:

Departmental Operations		<u>\$95,861,764</u>
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**WATER RESOURCES FUND**

Revenues:

Sales and Services	\$33,719,987	
Investment Earnings	150,677	
Miscell Revenue	46,295	
Oth Financing Source	<u>8,387,387</u>	
Total Revenues		<u>\$42,304,346</u>

Appropriations:

Water Resources Operations		<u>\$42,304,346</u>
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Plan B: 3 cents for CIP

**PARKING SERVICES FUND**

Revenues:

Sales and Services	\$500	
Investment Earnings	16,000	
Miscell Revenue	<u>3,840,200</u>	
Total Revenues		<u>\$3,856,700</u>

Appropriations:

Parking Services Operations		<u>\$3,856,700</u>
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**STORMWATER FUND**

Revenues:

Licenses and Permits	\$187,000	
Sales and Services	2,789,723	
Investment Earnings	11,000	
Miscell Revenue	25,000	
Oth Financing Source	<u>636,000</u>	
Total Revenues		<u>\$3,648,723</u>

Appropriations:

Stormwater Operations		<u>\$3,648,723</u>
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**TRANSIT SERVICES FUND**

Revenues:

Intergov Revenue	\$2,844,911	
Licenses and Permits	320,000	
Sales and Services	830,000	
Oth Financing Source	<u>1,774,377</u>	
Total Revenues		<u>\$5,769,288</u>

Appropriations:

Transit Services Operations		<u>\$5,769,288</u>
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**CIVIC CENTER FUND**

Revenues:

Sales and Services	\$1,889,506	
Investment Earnings	5,000	
Miscell Revenue	98,000	
Oth Financing Source	<u>885,927</u>	
Total Revenues		<u>\$2,878,433</u>

Appropriations:

Civic Center Operations		<u>\$2,878,433</u>
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Plan B: 3 cents for CIP

**STREET CUT UTILITY FUND**

Revenues:

Sales and Services	\$1,493,808	
Total Revenues		<u>\$1,493,808</u>

Appropriations:

Street Cut Operations		<u>\$1,493,808</u>
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**HOUSING PARTNERSHIP FUND (GENERAL FUND)**

Revenues:

Miscell Revenue	\$150,000	
Oth Financing Source	<u>500,000</u>	
Total Revenues		<u>\$650,000</u>

Appropriations:

Housing Partnership Fund Ops.		<u>\$650,000</u>
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**INTERNAL SERVICE FUNDS**

Revenues:

Sales and Services	\$15,990,713	
Investment Earnings	10,000	
Miscell Revenue	400	
Oth Financing Source	<u>1,360,590</u>	
Total Revenues		<u>\$17,361,703</u>

Appropriations:

Health Insurance	\$13,919,928	
Property & Liability	2,351,475	
Workers Compensation	<u>1,090,300</u>	
Total Expenditures		<u>\$17,361,703</u>

Plan B: 3 cents for CIP

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 (REGULAR CIP)**

<u>Revenues:</u>		
Transfer from General Fund	\$307,807	
Debt Proceeds	11,200,000	
Intergovernmental	3,300,000	
Capital Reserves	<u>75,000</u>	
Total Revenues		<u>\$14,882,807</u>
<u>Appropriations:</u>		
General Capital Fund Expenditures		<u>\$14,882,807</u>

**GENERAL CAPITAL PROJECTS FUND (ED CIP)**

<u>Revenues:</u>		
Debt Proceeds	\$5,250,000	
Transfer from General Fund	2,200,000	
Land Sale Proceeds	<u>150,000</u>	
Total Revenues		<u>\$7,600,000</u>
<u>Appropriations:</u>		
General Capital Fund Expenditures		<u>\$7,600,000</u>

**WATER CAPITAL PROJECTS FUND**

<u>Revenues:</u>		
Transfer from Water Resources Fund		<u>\$18,287,262</u>
<u>Appropriations:</u>		
Water Capital Fund Expenditures		<u>\$18,287,262</u>

**TRANSIT CAPITAL PROJECTS FUND**

<u>Revenues:</u>		
Transfer from General Fund	\$80,000	
Intergovernmental	<u>320,000</u>	
Total Revenues		<u>\$400,000</u>
<u>Appropriations:</u>		
Transit Capital Fund Expenditures		<u>\$400,000</u>

Plan B: 3 cents for CIP

**STORMWATER CAPITAL PROJECTS FUND**

<u>Revenues:</u>	
Transfer from Stormwater Fund	<u>\$570,000</u>
<u>Appropriations:</u>	
Stormwater Capital Fund Expenditures	<u>\$570,000</u>

**CIVIC CENTER CAPITAL PROJECTS FUND**

<u>Revenues:</u>	
Transfer from General Fund	\$100,000
Intergovernmental	523,584
Miscellaneous	<u>147,000</u>
Total Revenues	<u>\$770,584</u>
<u>Appropriations:</u>	
Civic Center Capital Fund Expenditures	<u>\$770,584</u>

**COMMUNITY DEVELOPMENT BLOCK GRANT FUND**

<u>Revenues:</u>	
Federal Grant	\$993,543
Program Income	<u>83,500</u>
Total Revenues	<u>\$1,077,043</u>
<u>Appropriations:</u>	
Fiscal 2013-14 CDBG Program	<u>\$1,077,043</u>

**HOME OWNERSHIP GRANT FUND**

<u>Revenues:</u>	
Federal Grant	\$938,844
Program Income	<u>24,284</u>
Total Revenues	<u>\$963,128</u>
<u>Appropriations:</u>	
Fiscal 2013-14 HOME Program	<u>\$963,128</u>

Plan B: 3 cents for CIP

**SECTION 108 REHAB GRANT FUND**

Revenues:

Program Income \$71,181

Appropriations:

Section 108 Expenditures \$71,181

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 March 26,2013 in ordinance number 4174 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, 2014, the following tax on each \$100 assessed valuation of taxable property as listed on January 1, 2013 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 \$0.4600

Such rate of tax is based on an estimated total assessed value of property for the purposes of taxation of \$10,591,579,879 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 \$2,639,128.

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, 2013 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 2013-14 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. Effective July 1, 2013, the Pay & Classification Plan is amended to incorporate all personnel actions such as reclassifications and pay modifications recommended by the Human Resources department and approved by the City Manager. Funding for the Plan and compensation items is included in the various departments.

Plan B: 3 cents for CIP

Section 10. 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 11. That this ordinance shall be in full force and effect upon date of final passage.

Read, approved and adopted this 25th day of June, 2013.

\_\_\_\_\_  
City Clerk

\_\_\_\_\_  
Mayor

Approved as to form:

\_\_\_\_\_  
City Attorney