



# Quarterly Financial Report

## *First Quarter of 2015-16*

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**January 12, 2016**

The financial information in this report reflects the City's overall financial position for the fiscal year through September 2015.

### **EXECUTIVE SUMMARY**

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**Amendments.** There were no budget amendments in the General Fund during the first quarter.

**Revenues.** Through September 30, 2015, the City has collected \$14.5 million in General Fund revenue, which represents approximately 14% of the total General Fund revenue budget. This collection rate is typical for the first quarter of the fiscal year. Based on FY 2014-15 year end revenue collections and FY 2015-16 first quarter trends, staff is currently projecting that ***FY 2015-16 General Fund revenue will exceed budget by \$460,000 or 0.44%.***

**Expenditures.** General Fund expenditures through September 30, 2015 totaled \$19.8 million or 19% of budget, which is typical for this point in the fiscal year. Personnel expenses, the largest component of the General Fund budget, are on budget through the first quarter. Staff is projecting that ***FY 2015-16 expenditures (including contract and purchase order commitments) will finish the year under budget by \$746,000 (99.3% of adopted budget).***

**Fund Balance.** The City began FY 2015-16 with unassigned fund balance of \$16.6 million. Based on ***current revenue and expenditure projections for FY 2015-16, staff estimates that unassigned fund balance at June 30, 2016 will be \$17.8 million or 17.4% of estimated expenditures.***

**GENERAL FUND**

Revenue	Prior Year Actuals	Revised Budget	9/30/2015 Actuals	Year End Estimate	Year End Est. Over (Under) Prior
Property Taxes	51,888,019	54,833,390	5,345,771	54,433,390	2,545,371
Sales & Other Taxes	20,044,318	20,129,180	1,973,342	20,629,180	584,862
Intergovernmental	16,126,084	12,098,379	3,365,650	12,298,379	(3,827,705)
Licenses & Permits	5,773,266	4,550,994	1,157,128	4,625,994	(1,147,272)
Sales & Services	9,131,842	9,885,234	2,476,046	9,885,234	753,392
Investment Earnings	134,493	150,000	17,624	135,000	507
Miscellaneous	2,296,602	1,501,450	154,272	1,601,450	(695,152)
Other Financing Sources	467,128	0	0	0	(467,128)
<b>Total Revenue</b>	<b>105,394,624</b>	<b>103,148,627</b>	<b>14,489,833</b>	<b>103,608,627</b>	<b>(1,785,997)</b>
Expenditures	Prior Year Actuals	Revised Budget	9/30/2015 Actuals	Year End Estimate	Year End Est. Over (Under) Prior
Administration	1,479,539	1,663,548	341,139	1,638,595	159,055
General Services	2,448,272	2,733,823	461,080	2,692,816	244,543
Legal Services	796,044	826,848	158,658	814,445	18,401
Finance & Mgmt. Services	2,909,660	2,866,317	518,335	2,823,322	(86,338)
Human Resources	1,603,077	1,647,735	311,743	1,623,019	19,942
Information Tech. Srv	2,579,478	2,524,613	373,924	2,486,744	(92,734)
Nondepartmental	17,708,654	14,359,466	3,292,971	14,334,466	(3,374,188)
Economic Development	1,278,766	2,188,957	253,824	2,156,123	877,356
Fire	21,834,444	21,343,177	4,543,803	22,093,177	258,733
Police	23,279,274	24,799,528	4,456,440	23,875,530	596,256
Development Services	3,238,688	3,830,845	651,906	3,473,382	234,695
Transportation	1,862,392	2,739,927	416,867	2,698,828	836,436
Public Works	11,016,061	9,742,264	1,680,625	9,835,099	(1,180,962)
Capital Projects Division	869,237	701,968	207,811	794,246	(74,991)
Planning & MMT Exec	0	300,395	58,568	297,091	297,091
Planning	826,822	973,342	222,006	958,742	131,920
Parks & Recreation	9,024,102	9,905,874	1,843,340	9,806,815	782,714
<b>Total Expenditure</b>	<b>102,754,511</b>	<b>103,148,627</b>	<b>19,793,039</b>	<b>102,402,440</b>	<b>(352,071)</b>
Rev over (under) Exp	2,640,113	0	(5,303,206)	1,206,187	
<b>Fund Balance Change</b>		<b>0</b>		<b>1,206,187</b>	
<b>Beginning Fund Balance</b>		<b>16,646,856</b>		<b>16,646,856</b>	
<b>Ending Fund Balance</b>		<b>16,646,856</b>		<b>17,853,043</b>	
<b>Ending Fund Balance %</b>		<b>16.1%</b>		<b>17.4%</b>	

**REVENUES:**

At this point in the fiscal year, staff is projecting FY 2015-16 General Fund revenue will be \$103,608,627 which is \$460,000 or 0.44% above the revised budget. Major revenues to report on for the 1st quarter include:

**Property taxes.** Property tax revenue projections are based on assessed valuation estimates provided by Buncombe County in May of this year and on collections from the prior fiscal year. The next update on assessed valuation will come in early January when the City receives its official FY 2015-16 tax base data from Buncombe County. Property tax revenue projections will be refined at that time and reported to City Council in the second quarter financial report. Until that time, staff is conservatively estimating total annual collections at slightly under budget.

**Sales taxes.** Sales tax revenue in the prior fiscal year increased by 12.9%, which was well above budget estimates. For the current fiscal year, the North Carolina League of Municipalities (NCLM) is projecting that sales tax revenue will grow by 4.0%. The City uses the recommendation from the NCLM for budgeting purposes, however; based on the collection trends from last fiscal year, staff is currently projecting that sales tax revenue will exceed budget by \$500,000 in FY 2015-16.

**Licenses and Permits.** The decrease from FY 2014-15 to the FY 2015-16 year end estimate reflects the loss of the Privilege License revenue stream.

**Intergovernmental.** The City has received the first of its two annual payments from Powell Bill funds, and revenue this year is essentially flat compared to FY 2014-15 and right on budget. Last year shows a payment from Henderson County of \$3.7 million that was passed through to Buncombe County. This should not be considered in the comparison. The payment to Buncombe County is included in the non-departmental expenditures in FY 2014-15. The City has also received the first quarter utility tax payment from the State of North Carolina, and early indications point to this revenue exceeding budget. Overall, staff is projecting that intergovernmental revenue will exceed budget by \$200,000 and will be slightly lower than prior year overall.

**Other revenues.** Revenues in the Development Services Department (DSD) continued to be strong in the first quarter and were at 27% of budget as of the end of September. Additionally, based on collections in the prior fiscal year, staff anticipates that ABC revenue (which is reflected in the miscellaneous category) will exceed budget by approximately \$100,000. Miscellaneous revenue will come in lower than prior year because of a land sale in FY 2014-15 that added nearly \$1 million in one-time revenue.

**EXPENDITURES:**

**Salaries.** During the first quarter, there were 5.21 payroll cycles charged against the FY 2015-16 budget, which represents 20% of the total payroll cycles that will occur during this fiscal year. Actual salary expenses in the first quarter across all General Fund departments were also at 20% of budget. For the City's two largest General Departments – 1) Police salary expenses were running slightly under budget, and 2) Fire salary expenses were running slightly over budget. Staff will adjust salary budgets across departments later in the fiscal year as needed based on vacancy rates in each department. Staff anticipates that General Fund salaries will finish FY 2015-16 under budget overall.

**Fuel & Fleet Maintenance.** The General Fund FY 2015-16 budget for fuel and fleet maintenance expenses totals \$3.0 million. First quarter results show expenditures at 19% of budget, which reflects a continuation of positive trends in both fuel and maintenance costs compared to prior years. This is due in part to lower fuel prices and also reflects the City's commitment to purchase fuel efficient vehicles and equipment where appropriate.

***Other Expenses.*** As noted in the Executive Summary, overall General Fund expenses were at 19% at the end of the first quarter, which is typical for this point in the year. Some major expenses, most notably debt service payments, are not incurred until later in the fiscal year. There are no expenditure concerns at the end of the first quarter.

**FUND BALANCE ANALYSIS:**

The City ended FY 2014-15 with unassigned fund balance of \$16.6 million, which equated to 16.8% of FY 2014-15 expenditures and 16.1% of the adopted FY 2015-16 budget. Based on current revenue and expenditure projections for FY 2015-16, staff estimates that unassigned fund balance at June 30, 2016 will be \$17.8 million or 17.4% of estimated expenditures. The City's Financial Management Policy requires that the City maintain a minimum fund balance of 15% of the current-year budget expenditures.

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## ENTERPRISE FUNDS

The following information summarizes year-to-date and year-end projections for the City's six enterprise funds.

### US Cellular Center Fund

	Prior Year	Revised	9/30/2015	Year End	Year End Est.
	Actuals	Budget	Actuals	Estimate	Over (Under) Prior
Operating Revenue	1,624,760	1,970,505	232,724	1,992,643	367,883
Expenditure	3,081,406	3,020,216	375,843	3,020,216	(61,190)
Op. Rev. Over/(Under) Exp.	(1,456,646)	(1,049,711)	(143,119)	(1,027,573)	--
General Fund Transfer	1,023,538	1,049,711		1,049,711	
Total Rev. Over/(Under) Exp.	(433,108)	0		22,138	

\* Represents operating revenue before general fund subsidy

Operating Summary through 9/30/2015:

First quarter highlights in FY 2015-16 included the annual Craft Fair of the Southern Highlands with yet another great year, the annual Asheville Wine & Food Festival, a sold-out Sturgill Simpson concert and the inaugural 5 Point Film Festival and inaugural Asheville Home Brewers Conference. In total, the venue hosted 12 more events than the same period in the previous year. Looking forward, the venue currently has 135 contracted events to be held in the remaining three quarters of the fiscal year, an increase of 10 events over the previous fiscal year. Staff believes event bookings will continue to increase for this fiscal year. Revenues are expected to be at or slightly above budgeted amounts. Expenses are expected to be at budgeted amounts.

### Transit Fund

	Prior Year	Adopted	9/30/2015	Year End	Year End Est.
	Actuals	Budget	Actuals	Estimate	Over (Under) Prior
Revenue	3,884,893	4,233,000	1,389,766	4,233,000	348,107
Expenditure	5,919,202	6,639,992	1,270,416	6,639,992	720,790
Rev. Over/(Under) Exp.	(2,034,309)	(2,406,992)	119,351	(2,406,992)	--
General Fund Subsidy	1,700,546	1,790,117	447,529	1,790,117	
Parking Fund Subsidy	616,875	616,875	154,219	616,875	
Total Rev. Over/(Under) Exp.	283,112	0	721,099	0	

\* Represents operating revenue before general fund and parking fund subsidies

Operating Summary through 9/30/2015:

Expenses and fare revenue are on target for the first quarter. Ridership is 578,959, which is an increase of 50% compared with last year. Staff has changed the way ridership is counted using different technology, and the ridership numbers are much higher than prior years. This method has been approved by FTA and several years of ridership will be required to establish a trend.

**Water Resources Fund**

	Prior Year	Revised	9/30/2015	Year End	Year End Est.
	Actuals	Budget	Actuals	Estimate	Over (Under) Prior
Revenue	35,732,200	35,535,222	10,003,505	36,147,590	415,390
Expenditure	39,259,800	37,473,763	11,082,624	37,357,076	(1,902,724)
Rev. Over/(Under) Exp.	(3,527,600)	(1,938,541)	(1,079,120)	(1,209,486)	--

\* Does not include fund balance appropriation

Operating Summary through 9/30/2015:

Water operating revenues are projected to exceed budget by \$612,368 due primarily to: (1) an increase in revenue associated with development; and (2) an increase in water usage, especially in the multi-family and commercial classes. An increase in revenues in the Taps & Connections line item is directly proportional to an increase in area development. Area development also leads to more water customers, which explains the increase in water usage in the multi-family and commercial classes. Water expenditures are now projected to be \$116,687 under budget due to a variety of factors. Water Resources had a few positions vacant in the first quarter. Since most of those positions have been filled, the savings from vacant positions should begin to level out. Legal fees associated with the merger lawsuit have been greatly reduced while waiting to hear the decision from the Court of Appeals. Now that the Court of Appeals has rendered a decision and the City plans to appeal, third-party legal expenses will increase in the second half of the fiscal year. Any remaining funds will be redirected to other projects to align with the goals in City Council’s Strategic Operating Plan.

It should be noted that the Water Fund budget includes a \$1.9 million appropriation from fund balance for capital improvements. Based on current revenue and expenditure results, it does not appear that this full fund balance appropriation will be needed. At the end of FY 2014-15, the Water Fund had a total fund balance of \$14.6 million.

**Parking Fund**

	Prior Year	Adopted	9/30/2015	Year End	Year End Est.
	Actuals	Budget	Actuals	Estimate	Over (Under) Prior
Revenue	5,227,597	4,625,144	1,495,543	5,000,000	(227,597)
Expenditure	3,250,991	4,008,269	556,163	3,869,515	618,524
Transfer to Transit Fund	(616,875)	(616,875)	(154,219)	(616,875)	
Rev. Over/(Under) Exp.	1,359,731	0	785,161	513,610	--

Operating Summary through 9/30/2015:

All categories of parking exceeded projections for the first quarter, in particular transient, after hours and monthly parking. Monthly parking demand has exceeded capacity in all surface lots and in three of the four garages. Biltmore Avenue Garage still has a few monthly spaces available but is experiencing huge demand for transient (hourly) parking. Expenditures are expected to rise due to unforeseen roof repairs at Civic Center and Wall Street garages. In addition, new informational signage will be ordered for Rankin Avenue and Civic Center garages. These signs will provide needed information about the existing capacity of the garages; including at the intersection of Vanderbilt Place and Haywood Street.

At the end of FY 2014-15, the Parking Fund had a total fund balance of \$1.7 million, and an available fund balance of \$1.4 million.

**Stormwater Fund**

	Prior Year	Revised	9/30/2015	Year End	Year End Est.
	Actuals	Budget	Actuals	Estimate	Over (Under) Prior
Revenue	5,503,270	5,750,491	659,632	5,866,079	362,809
Expenditure	4,783,729	5,798,049	746,113	5,682,088	898,359
Rev. Over/(Under) Exp.	719,541	(47,558)	(86,481)	183,991	--

\* Does not include fund balance appropriation

**Operating Summary through 9/30/2015:**

Stormwater construction and maintenance crews installed 206 ft. of pipe on Onteora Boulevard, 40 feet on Cleveland Street, 150 feet on Lyman Street, 20 feet on Orchard Street and 20 feet on Raleigh Road. Stormwater construction and maintenance crews completed 60 additional work orders during the first quarter of FY 2015-16: 20 ditch line and road shoulder repairs, 6 reset or replace lid or grate, 1 pipe maintenance, 10 sinkhole repairs, 8 rain day drain cleanings, 11 catch basin repairs and 4 investigate drainage issue work orders. Stormwater maintenance crews swept 1,410 miles of roadway, cleaned 1,632 catch basins and inspected an additional 781 catch basins. This work resulted in the removal of 326 tons of material and debris.

At the end of FY 2014-15, the Stormwater Fund had a total fund balance of \$2.4 million, and an available fund balance of \$2.0 million. Based on revenue and expenditure trends from the prior fiscal year, it is expected that the Stormwater Fund will perform slightly better than budget in FY 2015-16.

**Street Cut Utility Fund**

	Prior Year	Adopted	9/30/2015	Year End	Year End Est.
	Actuals	Budget	Actuals	Estimate	Over (Under) Prior
Revenue	1,486,851	1,865,076	264,497	1,771,822	284,971
Expenditure	1,440,569	1,865,076	298,849	1,771,822	331,253
Rev. Over/(Under) Exp.	46,282	0	(34,353)	0	--

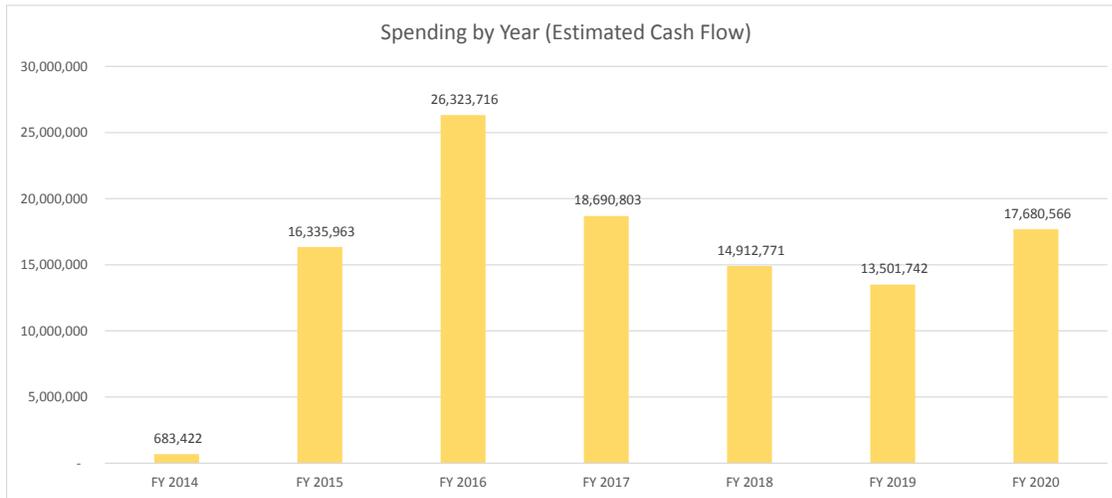
**Operating Summary through 9/30/2015:**

Through September 30, the Utility Patch Crews patched 189 asphalt and 20 concrete cuts for the Water Department; 43 asphalt and 30 concrete cuts for PSNC; 65 asphalt and 13 concrete cuts for MSD; and 10 asphalt cuts for Stormwater for a total of 370 cuts. The total square footage for asphalt cuts is 11,493. The total square footage for concrete cuts is 2,940. An additional 102 dirt cuts were inspected. Payment for services rendered in the first quarter will be received during the second quarter.

## CAPITAL PROJECT UPDATE

The City’s Capital Improvement Program includes more than \$140 million of spending from 2014-2020. Outside sources of funding include Federal and State grants, as well as partnerships with other agencies and groups. The program, conceived in 2012, has two main components: 1) estimates of project costs and 2) the financial model for debt and pay-go funding. Cost estimating relies on the expertise of staff and contractors and includes the evaluation of trends in construction costs (both materials and labor) as well as economic indicators. As the economy improves, the cost of construction is steadily rising. The Mortenson Construction Cost Index<sup>1</sup> shows construction cost climbing steadily since 2009.<sup>2</sup> The financial model, a draw program, is designed such that the City will issue short-term construction debt which is refinanced upon project completion with long-term debt associated with the life-cycle of the asset. The model, which relies on the cash flows to drive debt issues and long-term capital funding plans, is designed to minimize the cost of issuing debt. Cash flows determine the draw down, or short-term debt, issued during construction. The draw program model minimizes interest costs by ensuring that the City is not paying debt service (interest and principal payments) on unspent debt proceeds (cash in the bank). The model is included in Appendix A. Note: the model is regularly updated for changes to cash flows; this version is as of the date on the report.

The City’s debt model is based on the use of the 2¢ per \$100 valuation tax rate increase for new capital spending and the 1¢ increase for maintenance adopted by Council for FY 2013-14. At present, the City has no additional capacity within the model to add new spending, or increase existing project or maintenance spending without a new revenue source. It should be noted that the City is not in danger of exceeding the *legal* debt capacity. The City is subject to the Local Government Bond Act of North Carolina, which limits the amount of net bonded debt the City may have outstanding to eight percent of the appraised value of property subject to taxation. At June 30, 2015, such statutory limit for the City was approximately \$880,828,000 providing a legal debt margin of approximately \$843,431,000.<sup>3</sup> The total estimated debt issue through 2020 is approximately \$108 million. A graph of spending by year (estimated cash flows) is provided below.



<sup>1</sup> Mortenson Construction Cost Index is an index on construction cost compiled by Minneapolis-based M.A. Mortenson Co. The index, based on a starting value of 100 in the first quarter of 2009, reached 111 in the fourth quarter of 2014.

<sup>2</sup> *Wall Street Journal*. Peter Grant, “Construction Costs are rising as Economy Improves.” February 10, 2015.

<sup>3</sup> City of Asheville Comprehensive Annual Financial Report (CAFR) for the Fiscal Year Ended June 30, 2015. Notes to the Financial Statements, Note VI: *Long-term Liabilities*.

Following is a list of current projects underway, with original budgets (estimates 2012 and 2013), current estimates (as available), expenditures to date and variances. Short narratives for each project are included for clarity. Where quantifiable, ongoing operating costs associated with projects are included and/or discussed.

Appendix B includes a full list of the projects planned through 2020.

**Radio Infrastructure**

Budget	Revised Estimated	Expenditures & Encumbrances	Avail Budget	Savings (overage)	Ongoing Operating Impact/year
6,142,000	5,922,394	4,538,076	1,603,924	219,606	no additional costs

The project is nearing a final design, and entering the system manufacturing phase. System components are scheduled for installation beginning December/January.

**Beaucatcher Greenway**

Budget	Revised Estimated	Expenditures & Encumbrances	Avail Budget	Savings (overage)	Ongoing Operating Impact/year
1,261,781	n/a	329,612	932,169	n/a	maintenance TBD

The Beaucatcher Greenway project construction drawing and specification phase is nearing completion. A revised estimate will be provided when the construction bid process is complete. It is anticipated that the cost will increase due to higher material, labor and land acquisition costs.

**Clingman Forest Greenway**

Budget	Revised Estimated	Expenditures & Encumbrances	Avail Budget	Savings (overage)	Ongoing Operating Impact/year
1,531,500	2,379,152	131,095	1,400,405	(847,652)	maintenance TBD

Design for the Clingman Forest Greenway is complete, pending NEPA documentation and FHWA design review. Plans and cost estimates are being reviewed. Staff is evaluating the project plans for potential savings including value engineering, adjustments to the project scope, materials and phasing.

**Town Branch Greenway**

Budget	Revised Estimated	Expenditures & Encumbrances	Avail Budget	Savings (overage)	Ongoing Operating Impact/year
2,762,503	1,799,616	55,475	2,707,028	962,887	maintenance TBD

Town Branch Greenway design is complete; plans and cost estimates are being reviewed by the capital projects team. Pending NEPA documentation and FHWA design review. Current estimates include potential savings; however, the estimates are preliminary and will be updated as additional information becomes available. As with other estimates, staff anticipates that cost inflation will be significant.

**French Broad River West Greenway**

Budget	Revised Estimated	Expenditures & Encumbrances	Avail Budget	Savings (overage)	Ongoing Operating Impact/year
1,006,000	1,820,448	255,071	750,929	(814,448)	maintenance TBD

25% plans for the French Broad River West Greenway have been reviewed by the design team. Stewart Engineering is working on the next design submittal and revised cost estimates are expected. Current estimates show the complete build at nearly double initial estimates; however, staff evaluation of value engineering and scope will impact costs, and staff continues to pursue other revenue opportunities to fund the project.

**River Arts District Transportation Improvement Plan (RADTIP)**

Budget	Revised Estimated	Expenditures & Encumbrances	Avail Budget	Savings (overage)	Ongoing Operating Impact/year
14,759,889	n/a	2,243,888	12,516,001	n/a	maintenance TBD

The design contract for the River Arts District Transportation Improvement Plan (RADTIP) is currently underway. 75% plans became available for review in the second quarter of the fiscal year. The City received the plat details for right of ways acquisition and had begun the process of acquiring the necessary land. Construction will begin in fiscal year 2017.

RADTIP is the largest project underway and includes a number of smaller projects. Estimates, originally made in 2012, are proving to be low due to the changing economic climate. The construction market has seen steady growth for the past several years, which has a direct impact on the cost of labor and materials, as discussed above. Estimates, given market conditions in 2015, are coming in at up to 50% over existing budget; however, the RADTIP projects, in particular, present opportunities for phasing, value engineering and scope evaluation.

**Smith’s (Craven Street) Bridge**

Budget	Revised Estimated	Expenditures & Encumbrances	Avail Budget	Savings (overage)	Ongoing Operating Impact/year
400,000	6,000,000	-	400,000	(5,600,000)	maintenance TBD

The Smith’s Bridge project is currently not funded in the Capital Improvement Program, except for \$400,000 for initial design.

Staff is evaluating the ongoing operational impact to the Public Works maintenance budget and workload of the addition of the bridge to the City’s infrastructure.

**Streets and Sidewalk Program**

Budget	Revised Estimated	Expenditures & Encumbrances	Avail Budget	Savings (overage)	Ongoing Operating Impact/year
4,000,000	4,000,000	1,998,509	2,001,491	-	no additional costs

FY15 (contract) Street Resurfacing in progress includes:  
 Covington Street from Haywood to Sulphur Springs Road  
 Wellington Street from Haywood Road to State Street  
 Patton Avenue from Pritchard Park to Biltmore Avenue  
 Lexington Avenue from College to Patton

Completed projects include:

- Ballentree Boulevard
- South Oak Forest
- East School Road
- Shiloh Road
- Onteora Boulevard

The FY16 Concrete Maintenance Contract was submitted to City Council 10/13/15 meeting.

The Capital Projects Division is developing designs, cost estimates, and project packages for various streets and sidewalks identified. Public Works selection of streets to resurface is based on analysis provided by the 2014 Pavement Condition Rating (PCR). Final selection will depend on PCR, cost estimates and available funding.

**Haywood Rd Multi-Modal Improvements**

Budget	Revised Estimated	Expenditures & Encumbrances	Avail Budget	Savings (overage)	Ongoing Operating Impact/year
302,128	302,128	21,815	280,313	-	no additional costs

Construction on this project began in October and is expected to be complete in March of 2016.

**Hendersonville Rd Sidewalk**

Budget	Revised Estimated	Expenditures & Encumbrances	Avail Budget	Savings (overage)	Ongoing Operating Impact/year
4,125,000	4,191,429	526,338	3,598,662	(66,429)	no additional costs

Construction on this project began in October and is expected to be complete in December of 2016.

**Neighborhood Sidewalk Program**

Budget	Revised Estimated	Expenditures & Encumbrances	Avail Budget	Savings (overage)	Ongoing Operating Impact/year
580,000	580,000	8,613	571,387	-	no additional costs

New Haw Creek Road design is nearing completion. The project is pending selection of a pedestrian bridge followed by approval of right of way encroachment by NCDOT. Additional neighborhood sidewalk projects will be recommended to City Council by the Multimodal Transportation Commission (MMTC).

**Traffic Calming**

Budget	Revised Estimated	Expenditures & Encumbrances	Avail Budget	Savings (overage)	Ongoing Operating Impact/year
300,000	300,000	51,740	248,260	-	no additional costs

Two projects have been completed - Bear Creek Road and Riverview Drive. There are 14 streets (total mileage of 4.52 miles) eligible for the construction petition phase, the last step before construction.

The project timeline is as follows for all streets:

- 1) Petition Phase – November, December, January, February
- 2) Contract Phase – March, April, May
- 3) Construction Phase – June, July, August

**Traffic Safety Projects**

Budget	Revised Estimated	Expenditures & Encumbrances	Avail Budget	Savings (overage)	Ongoing Operating Impact/year
122,094	122,094	81,307	40,787	-	no additional costs

Currently, an ongoing project is in the construction phase at the intersection of Montford Avenue and Cullowhee Street/Soco Street including intersection improvements and a fully-actuated 3-phase traffic signal. Once this project is completed, the available funds will continue to be used for pedestrian oriented projects including audible pedestrian signals where needed.

**Craven Street Improvements**

Budget	Revised Estimated	Expenditures & Encumbrances	Avail Budget	Savings (overage)	Ongoing Operating Impact/year
7,854,724	7,900,550	7,832,956	21,768	(45,826)	maintenance TBD

The Craven Street project is continuing to move forward. The roadway alignment is complete with the final layer of asphalt remaining. This surface course of asphalt will take place in late fall of this year. The stream restoration is in the final stages of construction, planting will be finalized in the spring of 2016. The wall construction associated with the greenway is ongoing. The placement of asphalt is dependent on the temperature, the final layer of asphalt will not be placed on the Greenway until spring. The storm-water best management practices are under construction with grading completed this fall and plantings finalized in the spring of 2016. The Low Impact Parking area is near completion with a final layer of stone needed which will be complete by December 2015. The utility work is complete including water and sewer. The major components of the project were finalized this fall, with the final layer of asphalt placed in the spring and the final plantings taking place in the spring also.

**City Hall Repairs**

Budget	Revised Estimated	Expenditures & Encumbrances	Avail Budget	Savings (overage)	Ongoing Operating Impact/year
5,846,076	5,846,076	4,686,054	1,160,022	-	maintenance TBD

The exterior renovations achieved final completion in the third quarter of FY15. The interior renovation work is currently in the design phase, with initial focus on the mechanical, electrical, plumbing, and fire sprinkler systems. There is likely insufficient budget remaining for the full build-out of the seventh and eighth floors. Designs and cost estimates are in progress.

**Affordable Housing**

Budget	Revised Estimated	Expenditures & Encumbrances	Avail Budget	Savings (overage)	Ongoing Operating Impact/year
750,000	750,000	19,520	730,480	-	no additional costs

The process that will lead to the repurposing of the Parks Maintenance facility continues to move forward. Affordable Housing CIP funds have been allocated to Phase 1 and Phase 2 environmental studies, and to geotechnical testing. Staff anticipates issuing an RFP for affordable housing development in the third quarter. Funds have also been allocated for infrastructure work to support the development of 12 new affordable housing units on Nancy Street and Hazel Mill Road. Staff will propose that CIP funds be made available for financing affordable housing as part of the upcoming Housing Trust Fund application cycle.

**14 Riverside Drive**

Budget	Revised Estimated	Expenditures & Encumbrances	Avail Budget	Savings (overage)	Ongoing Operating Impact/year
450,000	470,000	1,500	448,500	(20,000)	maintenance TBD

The 14 Riverside Drive project was submitted for Level I Site Plan Review and comments were received on September 17, 2015. Holmes has completed site and building survey. Staff is working with the contractor on revisions to address the Level 1 Site Plan Review comments and preparing plans for grading and storm-water review through development services. Mathews Architecture is working with the design team to finalize construction plans.

**Broadway Vaulted Sidewalk**

Budget	Revised Estimated	Expenditures & Encumbrances	Avail Budget	Savings (overage)	Ongoing Operating Impact/year
250,000	250,000	-	250,000	-	no additional costs

The rebuild of the Broadway vaulted sidewalk (southwest corner at Broadway and Walnut) is in negotiations with stakeholders. Staff worked with the property owner to gain rights of entry to perform survey and testing. Legal is working with property owner’s representatives for temporary easement for construction, and a permanent easement for the retaining wall. Mattern and Craig will perform surveying and testing, after which design will begin.

**Fire Station #14**

Budget	Revised Estimated	Expenditures & Encumbrances	Avail Budget	Savings (overage)	Ongoing Operating Impact/year
2,383,400	3,983,500	529,976	1,853,424	(1,600,100)	\$750,000 first full year

This project is in the planning phase. Work is underway on procurement of Architectural & Engineering services needed for programming, space planning, cost estimation, schematic design, and related activities. Of key importance is planning for the ongoing operational impact of adding a fire station. The first full year operational cost is estimated at \$750,000, an amount which will increase annually with the cost of labor and inflation. There will also be maintenance and equipment cost impacts.

## INVESTMENT REPORT

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The total cash and investments for the City of Asheville at September 30, 2015 were \$99,178,176. These investments represent cash and cash equivalents and do not reflect budgeted contractual commitments against these funds. These investments comply with North Carolina General Statutes, the City's investment policies and the City's bond restrictions. The average rate of return for all investments is 0.572%. Shown below are the total investments as of September 30, 2015, reduced by contractual commitments and the funds that are restricted by bond order.

<b>Total Cash &amp; Investments as of 9/30/15</b>		<b>\$99,178,176</b>
<b>Less:</b>		
Budgeted Commitments:		
Outstanding Encumbrances	(29,857,608)	
Bond Restricted Funds:		
Funds held by trustee:		
Funds in Principal & Interest Accounts	(225,696)	
Bond Proceeds to Be Drawn Down	<u>(1,594,536)</u>	
		<u>(31,677,840)</u>
<b>Net Amount</b>		<b>\$67,500,336</b>

Attached to this report are a graph (attachment A) and a table (attachment B) that provide greater detail on the allocation of funds within the City's investment portfolio.

## SUMMARY

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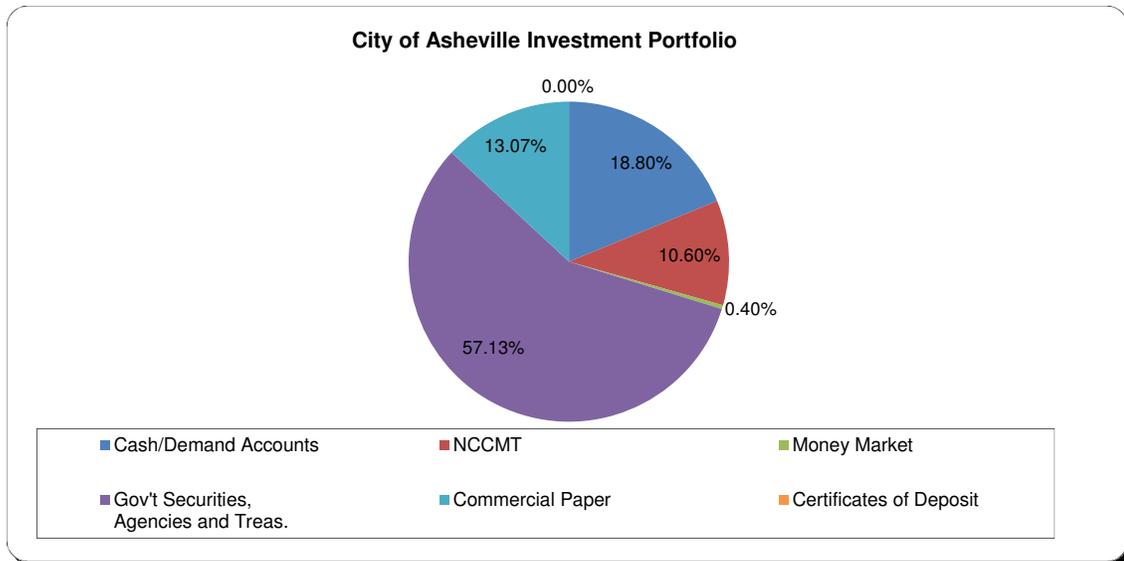
*For more information.* This summary is based on detailed information produced by the City's financial management team. If you would like additional information, or have any questions about the report, please call the Finance and Management Services Department at 259-5598.

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## ATTACHMENT A

### CITY OF ASHEVILLE INVESTMENT PORTFOLIO September 30, 2015

	Cash/Demand Accounts	NCCMT	Money Market	Gov't Securities, Agencies and Treas.	Commercial Paper	Certificates of Deposit	TOTAL
Held by Bond Trustee	\$ -	\$ 1,420,122	\$ 400,110	\$ -	\$ -	\$ -	\$ 1,820,232
Held by the City	18,641,920	9,088,394	-	56,660,623	12,967,007	-	97,357,944
<b>TOTAL</b>	<b>\$18,641,920</b>	<b>\$10,508,516</b>	<b>\$400,110</b>	<b>\$56,660,623</b>	<b>\$12,967,007</b>	<b>\$ -</b>	<b>\$99,178,176</b>



**ATTACHMENT B**

**INVESTMENT MANAGER'S REPORT at September 30, 2015**

**TOTAL MARKET VALUE**

	7/01/15 - 9/30/15
<b>BEGINNING MARKET VALUE</b>	\$ 110,202,265
Additions	27,331,974
Maturities	(38,275,026)
Change in market value	<u>(81,036)</u>
<b>ENDING MARKET VALUE</b>	<u>\$ 99,178,176</u>

Investment revenue: \$ 85,547

**CASH EQUIVALENTS AND BOND MATURITY SCHEDULE**

Cash	\$ 29,550,546	30%
Cash equivalents <91 days	10,029,179	10%
91 days to less than 1 year	36,950,886	37%
1 to 5 years	22,555,783	23%
5 to 10 years	91,782	0%
<b>TOTAL</b>	<u>\$ 99,178,176</u>	<u>100%</u>

**INVESTMENT SUMMARY**

<b>ASSET CLASS</b>		
Fixed income	\$ 59,598,451	60%
Cash & equivalents	39,579,725	40%
Total asset value	<u>\$ 99,178,176</u>	<u>100%</u>

**MONTH END PORTFOLIO INFORMATION**

**Weighted average yield** 0.5720%  
**Weighted average maturity** 374 days

Benchmark indicators:  
3 month T-Bill secondary Market 0.0200%  
6 month T-Bill secondary Market 0.1800%  
1 year T-Bill secondary market 0.3500%  
NCCMT Cash Portfolio 0.0700%

City of Asheville, North Carolina  
2014-2020 Capital Improvement Plan Model - Priority 1 Projects

Assumptions	
FB Growth (1-5yrs)	1.00%
FB Growth (after 5)	2.00%
Revenues Growth	1.75%

Friday, April 17, 2015

Version 5

Total Financing Amount: \$108,151,359

FY Ending	Revenues		Total Resources	Expenses						Total Debt Service	Surplus/Deficit	Fund Balance*	Coverage	
	Economic Development	General Government		Current Debt	Other Expenses	Draw Programs Interest	Short Term IFAs	Long Term LOBs	Long Term SOBs					
June-14	\$ 2,200,000	\$ 5,387,021	\$ 7,587,021	\$ 4,647,611	\$ 304,295						\$ 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							\$ 4,925,087	\$ 3,761,934	\$ 6,423,401	1.30
June-16	\$ 2,200,000	\$ 6,487,021	\$ 8,687,021	\$ 4,727,373		\$ 190,934	\$ 587,426				\$ 5,505,733	\$ 3,181,288	\$ 9,668,923	1.76
June-17	\$ 2,238,500	\$ 6,506,271	\$ 8,744,771	\$ 4,537,271		\$ 430,084	\$ 1,355,183				\$ 6,322,537	\$ 2,422,234	\$ 12,187,846	1.93
June-18	\$ 2,277,674	\$ 6,525,858	\$ 8,803,532	\$ 4,086,380		\$ 174,670	\$ 2,034,723	\$ 462,713	\$ 353,081		\$ 7,111,565	\$ 1,691,966	\$ 14,001,690	1.97
June-19	\$ 2,317,533	\$ 6,545,788	\$ 8,863,321	\$ 2,270,147		\$ 378,909	\$ 2,714,263	\$ 2,530,425	\$ 1,506,163		\$ 9,399,907	\$ (536,586)	\$ 13,605,121	1.45
June-20	\$ 2,358,090	\$ 6,566,066	\$ 8,924,156	\$ 1,799,657		\$ 284,675	\$ 3,344,850	\$ 2,903,594	\$ 1,475,163		\$ 9,807,939	\$ (883,783)	\$ 12,993,440	1.32
June-21	\$ 2,399,356	\$ 6,586,699	\$ 8,986,056	\$ 1,715,721		\$ 170,956	\$ 3,421,938	\$ 4,311,988	\$ 1,914,813		\$ 11,535,415	\$ (2,549,359)	\$ 10,703,950	0.93
June-22	\$ 2,441,345	\$ 6,607,694	\$ 9,049,039	\$ 1,318,385			\$ 2,661,532	\$ 4,516,569	\$ 3,439,463		\$ 11,935,948	\$ (2,886,909)	\$ 8,031,120	0.67
June-23	\$ 2,484,069	\$ 6,629,055	\$ 9,113,124	\$ 971,050			\$ 1,981,992	\$ 5,456,150	\$ 3,354,413		\$ 11,763,605	\$ (2,650,480)	\$ 5,541,262	0.47
June-24	\$ 2,527,540	\$ 6,650,791	\$ 9,178,331	\$ 870,774			\$ 1,302,452	\$ 5,304,725	\$ 3,269,363		\$ 10,747,314	\$ (1,568,983)	\$ 4,083,104	0.38
June-25	\$ 2,571,772	\$ 6,672,907	\$ 9,244,679	\$ 782,317			\$ 622,912	\$ 5,153,300	\$ 3,184,313		\$ 9,742,842	\$ (498,163)	\$ 3,666,604	0.38
June-26	\$ 2,616,778	\$ 6,695,410	\$ 9,312,188	\$ 725,251				\$ 4,156,875	\$ 3,099,263		\$ 7,981,389	\$ 1,330,799	\$ 5,070,735	0.64
June-27	\$ 2,662,571	\$ 6,718,307	\$ 9,380,878	\$ 661,500				\$ 4,033,475	\$ 3,014,213		\$ 7,709,188	\$ 1,671,691	\$ 6,843,840	0.89
June-28	\$ 2,709,166	\$ 6,741,604	\$ 9,450,771	\$ 643,125				\$ 3,920,525	\$ 2,929,163		\$ 7,492,813	\$ 1,957,958	\$ 8,938,675	1.19
June-29	\$ 2,756,577	\$ 6,765,309	\$ 9,521,886	\$ 616,875				\$ 3,807,575	\$ 2,844,113		\$ 7,268,563	\$ 2,253,324	\$ 11,370,773	1.56
June-30	\$ 2,804,817	\$ 6,789,430	\$ 9,594,247	\$ 597,188				\$ 3,694,625	\$ 2,759,063		\$ 7,050,876	\$ 2,543,371	\$ 14,141,559	2.01
June-31	\$ 2,853,901	\$ 6,813,972	\$ 9,667,873	\$ 570,938				\$ 3,581,675	\$ 2,674,013		\$ 6,826,626	\$ 2,841,247	\$ 17,265,638	2.53
June-32	\$ 2,903,845	\$ 6,838,943	\$ 9,742,788	\$ 551,250				\$ 3,468,725	\$ 2,588,963		\$ 6,608,938	\$ 3,133,850	\$ 20,744,801	3.14
June-33	\$ 2,954,662	\$ 6,864,352	\$ 9,819,014					\$ 3,355,775	\$ 2,503,913		\$ 5,859,688	\$ 3,959,326	\$ 25,119,023	4.29
June-34	\$ 3,006,368	\$ 6,890,205	\$ 9,896,574					\$ 3,242,825	\$ 2,418,863		\$ 5,661,688	\$ 4,234,886	\$ 29,856,290	5.27
June-35	\$ 3,058,980	\$ 6,916,511	\$ 9,975,491					\$ 3,129,875	\$ 2,333,813		\$ 5,463,688	\$ 4,511,803	\$ 34,965,219	6.40
June-36	\$ 3,112,512	\$ 6,943,277	\$ 10,055,789					\$ 3,016,925	\$ 2,248,763		\$ 5,265,688	\$ 4,790,102	\$ 40,454,625	7.68

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	TOTAL
<b>AFFORDABLE HOUSING</b>								
Affordable Housing		250,000	500,000	-	2,000,000		2,000,000	<b>4,750,000</b>
Parks Maintenance Relocation	30,595	83,692	1,055,000	-	-	-	-	<b>1,169,287</b>
Eagle Market Place	530,372	471,380	2,490,271	457,477	-	-	-	<b>3,949,500</b>
Subtotal	<b>560,967</b>	<b>805,072</b>	<b>4,045,271</b>	<b>457,477</b>	<b>2,000,000</b>	<b>-</b>	<b>2,000,000</b>	<b>9,868,787</b>
<b>PUBLIC SAFETY</b>								
Radio Infrastructure	42,472	949,922	4,930,000	-	-	-	-	<b>5,922,394</b>
Finalee Landslide Mitigation	23,400	787,413	-	-	-	-	-	<b>810,813</b>
Fire Station # 14 - Land	529,976	-	-	-	-	-	-	<b>529,976</b>
Fire Station # 14 - Design/ Build	-	-	153,424	1,700,000	1,000,000	-	-	<b>2,853,424</b>
Fire Station # 14 - Engine	-	-	-	-	600,000	-	-	<b>600,000</b>
SCBA replacement	-	-	1,000,000	-	-	-	-	<b>1,000,000</b>
Replacement ladder truck	-	-	-	1,000,000	-	-	-	<b>1,000,000</b>
Replacement Engine	-	-	-	-	-	600,000	-	<b>600,000</b>
Subtotal	<b>595,848</b>	<b>1,737,335</b>	<b>6,083,424</b>	<b>2,700,000</b>	<b>1,600,000</b>	<b>600,000</b>	<b>-</b>	<b>13,316,607</b>
<b>MULTI-MODAL TRANSPORTATION</b>								
Azalea Road	2,731,992	2,603,260	-	-	-	-	-	<b>5,335,252</b>
Azalea Road - Rev Offset	(3,776,064)	(742,112)	-	-	-	-	-	<b>(4,518,176)</b>
Greenway Connectors	-	-	120,000	-	-	-	-	<b>120,000</b>
Greenway Connector- Rev Offsets	-	-	(96,000)	-	-	-	-	<b>(96,000)</b>
Chunn's Cove Bridge Rehab	-	-	-	-	-	-	500,000	<b>500,000</b>
Cedar Street Bridge Repair	-	-	200,000	-	-	-	-	<b>200,000</b>
Broadway Vaulted Sidewalks	-	-	250,000	-	-	-	-	<b>250,000</b>
Craven Street Bridge	-	-	200,000	200,000	-	-	-	<b>400,000</b>
Charlotte Street Improvements	-	-	-	-	-	200,000	1,050,000	<b>1,250,000</b>
Hendersonville Road Sidewalk	95,682	400,000	3,695,747	-	-	-	-	<b>4,191,429</b>
Hendersonville Road - Rev Offset	-	-	(2,904,613)	-	-	-	-	<b>(2,904,613)</b>
Neighborhood Sidewalks	-	10,000	215,000	355,000	360,000	360,000	360,000	<b>1,660,000</b>
New Leicester Highway Sidewalks	-	-	253,000	3,377,000	-	-	-	<b>3,630,000</b>
New Leicester Hwy - Rev Offset	-	-	(202,400)	(2,701,600)	-	-	-	<b>(2,904,000)</b>
Haywood Rd Multi-Modal Improvements			82,128					<b>82,128</b>
Hazel Mill Road Sidewalk	-	-	-	85,000	332,000	-	-	<b>417,000</b>
Subtotal	<b>(948,390)</b>	<b>2,271,148</b>	<b>1,812,862</b>	<b>1,315,400</b>	<b>692,000</b>	<b>560,000</b>	<b>1,910,000</b>	<b>7,613,020</b>
<b>ECONOMIC DEVELOPMENT</b>								
Town Branch Greenway	-	31,500	-	423,750	1,344,366	-	-	<b>1,799,616</b>
Livingston Street	-	-	250,000	-	-	1,412,500	536,566	<b>2,199,066</b>
RADTIP	-	1,046,836	8,268,530	5,902,000	7,000,000	7,299,000	4,859,000	<b>34,375,366</b>
French Broad Riv. West Gwy	-	101,201	148,960	422,790	1,147,497	-	-	<b>1,820,448</b>

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	TOTAL
Clingman Forest Greenway	-	226,503	-	452,000	1,700,649	-	-	2,379,152
Five-Points Roundabout	-	100,000	100,000	407,758	791,530	-	-	1,399,288
Craven Street Kiosk	-	-	150,000	-	-	-	-	150,000
Rev Offset	-	-	(4,182,600)	(3,865,372)	(9,244,771)	(3,744,758)	-	(21,037,501)
Craven Street	651,927	6,147,467	951,156	-	-	-	-	7,750,550
Craven Street - Rev Offset	(710,203)	(800,000)	(987,401)	-	-	-	-	(2,497,604)
14 Riverside Drive	-	-	470,000	-	-	-	-	470,000
Jean Webb Boat Ramp	-	-	-	-	56,500	-	-	56,500
Rev Offset	-	-	(470,000)	-	(50,000)	-	-	(520,000)
I-26 Connector	-	-	-	-	-	-	1,000,000	1,000,000
South Lexington Utility Relocation	-	280,000	-	-	-	-	-	280,000
Thomas Wolfe Renovations	-	-	400,000	100,000	-	-	-	500,000
Haywood Street Demo	405,724	-	-	-	-	-	-	405,724
Subtotal	347,448	7,133,507	5,098,645	3,842,926	2,745,771	4,966,742	6,395,566	30,530,605

#### QUALITY OF LIFE

Golf Course Irrigation System	-	320,000	-	-	-	-	-	320,000
Swimming Pools	-	-	750,000	1,000,000	500,000	-	-	2,250,000
Velodrome Safety	-	-	500,000	-	-	-	-	500,000
Carrier Park Improvements	-	-	250,000	-	-	-	-	250,000
Soccer Field	-	-	600,000	600,000	600,000	600,000	600,000	3,000,000
McCormick Field Clubhouse	87,549	-	-	-	-	-	-	87,549
McCormick Field Seats	-	259,453	-	-	-	-	-	259,453
McCormick Field Various Upgrades	-	-	71,863	-	-	-	-	71,863
Pack Place Capital Improvements	-	-	-	2,000,000	-	-	-	2,000,000
Subtotal	87,549	579,453	2,171,863	3,600,000	1,100,000	600,000	600,000	8,738,865

#### MAINTENANCE

Computer Replacement	-	209,910	250,000	250,000	250,000	250,000	250,000	1,459,910
Roof Replacements	-	-	150,000	150,000	150,000	150,000	150,000	750,000
City Hall A/C Controls	-	-	74,740	-	-	-	-	74,740
Various facility upgrades	-	125,000	275,000	275,000	275,000	275,000	275,000	1,500,000
Park Facilities/ Playground / Fields FY15	-	350,000	-	-	-	-	-	350,000
Park Facilities/ Playground / Fields	-	-	350,000	600,000	600,000	600,000	600,000	2,750,000
Underground Fuel Tank at Fuel Station	-	-	90,000	-	-	-	-	90,000
Streets and Sidewalk Program	-	350,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	10,350,000
Capital Project Mgmt Cost Reimb.	40,000	175,000	500,000	500,000	500,000	500,000	500,000	2,715,000
Fleet Replacement	-	2,599,538	3,421,911	3,000,000	3,000,000	3,000,000	3,000,000	18,021,449
Subtotal	40,000	3,809,448	7,111,651	6,775,000	6,775,000	6,775,000	6,775,000	38,061,099

PROJECT TOTALS	683,422	16,335,963	26,323,716	18,690,803	14,912,771	13,501,742	17,680,566	108,128,983
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