



Quarterly Financial Report

Second Quarter of 2015-16

March 8, 2016

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

EXECUTIVE SUMMARY

Amendments. The General Fund budget presented in this second quarter report reflects the adopted budget of \$103,148,627 along with two budget amendments approved by City Council during the second quarter. A summary of the budget amendments is presented below. None of the budget amendments involved an appropriation from fund balance.

Adopted Budget	103,148,627
Budget Amendments:	
Insurance Recovery – Signal Pole	10,526
Grant Proceeds – Senior Center and Harvest House	<u>7,600</u>
12/31/2015 Budget	<u>\$103,166,753</u>

*** It should be noted that City Council adopted a budget amendment for storm control materials and equipment at its February 23 meeting that included a \$431,000 fund balance appropriation. This amendment will be included in the third quarter report numbers.*

Revenues. Through December 31, 2015, the City has collected \$62.0 million in General Fund revenue, which represents approximately 60% of the total General Fund revenue budget. This percentage is driven primarily by property tax collections. The City receives the majority of these revenues in December and January of each year. 72.8% of the budgeted property tax revenue for FY 2015-16 has been received fiscal year-to-date. Sales tax revenue through the first five months of the fiscal year is up 5.9% compared to the prior fiscal year. Revenue from Development Service fees is trending lower than anticipated through the first six months of the year, and currently stands at 42% of budget. Overall, based on collection trends through the first two quarters, staff is currently projecting that **FY 2015-16 General Fund revenue will exceed budget by \$350,000 or 0.3%.**

Expenditures. General Fund expenditures through December 31, 2015 totaled \$45.9 million or 44% 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 two quarters. Staff is projecting that **FY 2015-16 expenditures (including contract and purchase order commitments) will finish the year under budget by \$1.2 million (98.8% of adopted budget plus amendments).**

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 \$18.2 million or 18.0% of estimated expenditures.***

GENERAL FUND

Revenue	Prior Year Actuals	Revised Budget	12/31/2015 Actuals	Year End Estimate	Year End Est. Over (Under) Prior
Property Taxes	51,888,019	54,833,390	39,942,163	54,433,390	2,545,371
Sales & Other Taxes	20,044,318	20,129,180	7,221,062	21,046,533	1,002,216
Intergovernmental	16,126,084	12,105,979	7,144,372	12,305,979	(3,820,105)
Licenses & Permits	5,773,266	4,550,994	1,856,977	4,000,000	(1,773,266)
Sales & Services	9,131,842	9,885,234	4,943,363	9,886,726	754,884
Investment Earnings	134,493	150,000	76,438	135,000	507
Miscellaneous	2,296,602	1,501,450	801,233	1,701,450	(595,152)
Other Financing Sources	467,128	10,526	10,526	10,526	(456,602)
Total Revenue	105,861,752	103,166,753	61,996,133	103,519,604	(2,342,148)
Expenditures	Prior Year Actuals	Revised Budget	12/31/2015 Actuals	Year End Estimate	Year End Est. Over (Under) Prior
Administration	1,479,539	1,663,548	787,709	1,630,277	150,738
General Services	2,448,272	2,733,823	1,115,437	2,679,147	230,874
Legal Services	796,044	826,848	391,757	817,753	21,709
Finance & Mgmt. Services	2,909,660	2,866,317	1,297,392	2,808,991	(100,669)
Human Resources	1,603,077	1,647,735	759,408	1,614,780	11,704
Information Tech. Srv	2,579,478	2,524,613	947,241	2,474,121	(105,357)
Nondepartmental	17,708,654	14,359,466	7,134,716	14,349,466	(3,359,188)
Economic Development	1,278,766	2,188,957	583,520	2,145,178	866,412
Fire	21,834,444	21,343,177	10,433,100	22,193,177	358,733
Police	23,279,274	24,799,528	10,554,233	23,885,530	606,256
Development Services	3,238,688	3,830,845	1,580,082	3,373,382	134,695
Transportation	1,862,392	2,750,453	1,034,485	2,612,930	750,538
Public Works	11,016,061	9,742,264	3,949,790	9,735,099	(1,280,962)
Capital Projects Division	869,237	701,968	451,170	694,246	(174,991)
Planning & MMT Exec	0	300,395	170,426	294,387	294,387
Planning	826,822	973,342	586,198	953,875	127,053
Parks & Recreation	9,024,102	9,913,474	4,083,838	9,616,070	591,968
Total Expenditure	102,754,511	103,166,753	45,860,500	101,878,409	(876,102)
Rev over (under) Exp	3,107,241	0	16,135,633	1,641,195	
Fund Balance Change		0		1,641,195	
Beginning Fund Balance		16,646,856		16,646,856	
Ending Fund Balance		16,646,856		18,288,051	
Ending Fund Balance %		16.1%		18.0%	

REVENUES:

At this point in the fiscal year, staff is projecting FY 2015-16 General Fund revenue will be \$103,519,604 which is \$350,000 or 0.3% above the revised budget. Major revenues to report on for the 2nd quarter include:

Property taxes. Staff received the official FY 2015-16 assessed valuation data from Buncombe County in January, and it showed that the City's overall tax base grew by 2.0%, which was the largest percentage increase since the end of the recession. However, because growth in the prior year was less than expected, staff is still estimating total annual property tax collections will come in slightly under budget in the current fiscal year.

Sales taxes. To date the City has received six months of sales tax revenue and collections are up 6.0% compared to the same time last fiscal year. With revenue coming in higher than anticipated last fiscal year and current year collections trending higher than budget, staff is now projecting that sales tax revenue will exceed budget by \$917,000 in FY 2015-16. Staff will receive a report from the North Carolina League of Municipalities (NCLM) in March that provides statewide sales tax collection trend data with projections and recommendations for growth estimates for the next fiscal year. As a rule, Asheville trends higher than the rest of the state for sales tax growth. As such, staff uses the NCLM provided recommendations and local trend data to develop the annual sales tax budget.

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. Staff has also lowered the year end estimate in this category since the first quarter report due to the fact that revenue from development services permits are trending lower than anticipated through the first six months. Development services revenue were at 42% of budget as of the end of December, and down about \$200,000 compared to the same time last fiscal year. Development Services revenue estimates are based on trends and significant large projects likely to be permitted during the fiscal year. If large projects are delayed, the associated revenue is delayed. Staff believes that while trending below anticipated levels for the current fiscal year, the fees associated with the original budget estimates are still in the development pipeline, and are expected to be collected in future fiscal years.

Intergovernmental. The City has now received two quarters of utility tax payments from the State of North Carolina, and trends continue to indicate that this revenue will exceed budget at year end. As reported in the first quarter report, 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. Finally, as also noted in the first quarter report, last year's actuals show 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. Overall, staff is projecting that intergovernmental revenue will exceed budget by slightly more than \$200,000 primarily as a result of the strong performance in state utility taxes.

Other revenues. Revenues in the Sales and Services category continue to trend on budget. This category includes items such as the solid waste fee and various parks and recreation user fees. 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 \$200,000. 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 two quarters, there were 12.21 payroll cycles charged against the FY 2015-16 budget, which represents 47% of the total payroll cycles that will occur during this fiscal year.¹ Actual salary expenses through the second quarter across all General Fund departments are running at 46%. For the City's two largest General Departments – 1) Police salary expenses are running under budget at 44%, and 2) Fire salary expenses are running slightly over budget at 49%. 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. Through the first two quarters, fleet maintenance expenses have been on budget; however, fuel expenses were running well under budget as a result of lower fuel prices. The US Energy Information Administration (EIA) predicts that lower fuel prices are likely to continue.² Given this trend, staff projects that there will be savings of approximately \$500,000 in this category.

Other Expenses. As noted in the Executive Summary, overall General Fund expenses were at 44% at the end of the first quarter, which is typical for this point in the year. It should be noted that health care plan expenditures (which are shown in a separate fund from the General Fund) were at 56% of budget through the first six months. Plan expenses are trending higher due to a number of factors including: an increase in plan members, an increase in high cost claimants, and rising pharmacy costs. Staff is working with Blue Cross Blue Shield and health care consultants to develop a plan for FY 2016-17 that will allow the City to continue to provide high quality services to the employees with minimal increased impact on the operating budget. Staff will be discussing trends and recommendations with Council during the upcoming budget worksessions.³

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 \$18.2 million or 18.0% of estimated expenditures.⁴ The City's Financial Management Policy requires that the City maintain a minimum unassigned fund balance of 15% of the current-year budget expenditures, which reflects Government Finance Officers Association (GFOA) recommended best practices.⁵

¹ There are 26 bi-weekly pay periods per year; each beginning on Saturday and ending the following Friday. Because the pay periods and the fiscal year beginning and end dates do not usually line up, the overall salary performance of the City should be evaluated against the percentage of pay periods. Staff also tracks seasonal trends in salaries to ensure that departments that rely on seasonal labor are able to predict costs.

² US Energy Information Administration, eia.org. Short-Term Energy Outlook, January 11, 2016.

³ Operating Budget worksessions: 3/8/2016, 3/22/2016; Capital Budget worksession: 4/12/2016.

⁴ There are several key components to evaluating fund balance and the appropriate level of unassigned fund balance that should be maintained. The State of North Carolina requires that unassigned fund balance of at least 1/12th (8%) of budgeted expenditures be maintained. Best practices are to maintain a minimum of 15%, or 60-days of operating funds. Rating agencies put a particular emphasis on unassigned fund balance in their evaluation of a city's creditworthiness.

⁵ GFOA Best Practice, *Appropriate Level of Unrestricted Fund Balance in the General Fund*. September, 2015.

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	12/31/2015	Year End	Year End Est.
	Actuals	Budget	Actuals	Estimate	Over (Under) Prior
Operating Revenue*	1,624,760	1,970,505	1,082,757	2,027,643	402,883
Expenditure	3,081,406	3,020,216	1,205,492	3,055,216	(26,190)
Op. Rev. Over/(Under) Exp.	(1,456,646)	(1,049,711)	(122,735)	(1,027,573)	--
General Fund Transfer	1,023,538	1,049,711	524,856	1,049,711	
Total Rev. Over/(Under) Exp.	(433,108)	0	402,120	22,138	

* Represents operating revenue before general fund subsidy

Operating Summary through 12/31/2015:

The second quarter of FY 2015-16 was a busy quarter at the U.S. Cellular Center. In October the facility was utilized 26 of the 31 days within the month, including three sold out concerts. In total during the second quarter, the facility was utilized for 53 event dates, including 4 sold out concerts, an increase of 17% over the same period in the prior year. Looking forward, the venue has 101 events contracted for the final half of the fiscal year. Revenues are expected to come in above budgeted amounts. Because much of the operating cost of the USCC are directly linked to events, expenses are also expected to come in slightly above budget. If the event load continues its upward trend, staff may bring forward to City Council a budget amendment during the fourth quarter to cover the related costs.

Transit Fund

	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	

* Represents operating revenue before general fund and parking fund subsidies

Operating Summary through 12/31/2015:

Expenses and fare revenue are on target for the second quarter. Ridership is 536,306, which is an increase of approximately 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	12/31/2015	Year End	Year End Est.
	Actuals	Budget	Actuals	Estimate	Over (Under) Prior
Revenue	35,732,200	35,535,222	19,273,113	36,860,304	1,128,104
Expenditure	39,259,800	37,473,763	18,823,837	37,416,504	(1,843,296)
Rev. Over/(Under) Exp.	(3,527,600)	(1,938,541)	449,277	(556,200)	--

* Does not include fund balance appropriation

Operating Summary through 12/31/2015:

Water operating revenues are projected to exceed budget by \$1,325,082 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 \$57,259 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 has leveled out. Legal fees associated with the merger lawsuit increased in November and December after the City filed with the NC Supreme Court. Legal fees are expected to continue to increase in the third and fourth quarters as the City utilizes the services of outside representation.

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.

Parking Fund

	Prior Year	Adopted	12/31/2015	Year End	Year End Est.
	Actuals	Budget	Actuals	Estimate	Over (Under) Prior
Revenue	5,227,597	4,625,144	2,874,480	5,000,000	(227,597)
Expenditure	3,250,991	4,008,269	1,536,452	3,869,515	618,524
Transfer to Transit Fund	(616,875)	(616,875)	(308,438)	(616,875)	
Rev. Over/(Under) Exp.	1,359,731	0	1,029,591	513,610	--

Operating Summary through 12/31/2015:

All categories of parking exceeded revenue projections for the second quarter, in particular transient, after hours and monthly parking. Monthly parking demand has exceeded capacity in all surface lots and garages. We experienced very heavy demand for transient (hourly) parking, due to warm weather, during the Christmas to New Year's holiday period. Expenditures were as expected due to unforeseen roof repairs at Civic Center and Wall Street garages. We expect expenditures to rise some in the third quarter as new informational signage will be installed for the Rankin Avenue and Civic Center garages. These signs (including at the intersection of Vanderbilt Place and Haywood Street) will provide needed information about the existing capacity of the garages. We expect revenue to come in as projected or slightly above projections in third quarter if we continue to have a mild winter.

Stormwater Fund

	Prior Year	Revised	12/31/2015	Year End	Year End Est.
	Actuals	Budget	Actuals	Estimate	Over (Under) Prior
Revenue	5,503,270	5,750,491	2,549,804	5,866,079	362,809
Expenditure	4,783,729	5,798,049	2,330,623	5,508,147	724,418
Rev. Over/(Under) Exp.	719,541	(47,558)	219,181	357,932	--

* Does not include fund balance appropriation

Operating Summary through 12/31/2015:

Stormwater construction and maintenance crews completed the following in the second quarter of the fiscal year: 497 feet of pipe on Sleepy Hollow Dr., and 60 feet on Haith Dr. was installed. Crews completed thirty-one additional work orders, including six ditch line and road shoulder repairs, one pipe maintenance, one sinkhole repair, eighteen rain-day drain cleanings, and five catch basin repairs. Crews swept 1,040 miles of roadway, cleaned 957 catch basins and inspected an additional 926 catch basins. This work resulted in the removal of 339 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, it is expected that the Stormwater Fund will perform slightly better than budget in FY 2015-16.

Street Cut Utility Fund

	Prior Year	Adopted	12/31/2015	Year End	Year End Est.
	Actuals	Budget	Actuals	Estimate	Over (Under) Prior
Revenue	1,486,851	1,865,076	554,200	1,678,568	191,717
Expenditure	1,440,569	1,865,076	646,787	1,678,568	237,999
Rev. Over/(Under) Exp.	46,282	0	(92,587)	0	--

Operating Summary through 12/31/2015:

The Street Cut Utility Fund is responsible for repairing cuts made to City streets for repair and maintenance of water, sanitary sewer, gas and any other buried utility lines. The fund bills the entity that requires the cut for the repair that is required. Through December 31, 2015 the utility patch crews patched 132 asphalt and 27 concrete cuts for the Water Department; 12 asphalt and 7 concrete cuts for PSNC; 41 asphalt and 10 concrete cuts for MSD; and 23 asphalt cuts for Stormwater for a total of 252 cuts. The square footage for asphalt cuts totaled 11,040. The square footage for concrete cuts totaled 2,168. An additional 115 dirt cuts were inspected. Payment for services rendered in the second quarter will be received during the third 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 Index⁶ shows construction cost climbing steadily since 2009. It is anticipated that construction cost inflation will reach pre-recession levels soon nationwide.⁷ It should be noted that the recovery has been faster in the City of Asheville's construction industry than in the industry in general; pushing costs up more rapidly.

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 cost estimates to drive debt issues and long-term capital funding plans, is designed to minimize the cost of issuing debt by carefully tracking cash flows and estimates. Estimated 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.

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.

⁶ 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.

⁷ *Wall Street Journal*. Peter Grant, "Construction Costs are rising as Economy Improves." February 10, 2015.

Radio Infrastructure

Budget	Revised Estimated	Expenditures & Encumbrances	Avail Budget	Savings (overage)	Ongoing Operating Impact/year
6,142,000	5,922,394	4,662,341	1,479,659	219,606	no additional costs

The radio equipment manufacturing phase is complete and system components have been delivered to the staging facility in Asheville. Site preparations and electrical improvements continue with system installations now scheduled to begin in March/April. Delays in electrical improvements at equipment sites will compress the implementation phase slightly to bring the project to completion in the fall of 2016 as projected.

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, construction administration and land acquisition costs.

Clingman Forest Greenway

Budget	Revised Estimated	Expenditures & Encumbrances	Avail Budget	Savings (overage)	Ongoing Operating Impact/year
1,531,500	2,590,566	59,676	1,471,824	(1,059,066)	maintenance TBD

Design for the Clingman Forest Greenway are complete, pending FHWA review of design and NEPA documentation. Plans and cost estimates are being reviewed by the Capital Projects Division. 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	2,388,184	318,817	2,443,686	374,319	maintenance TBD

Design for the Town Branch Greenway are complete, pending FHWA review of design and NEPA documentation. Plans and cost estimates are being reviewed by the Capital Projects Division. Staff is evaluating the project plans for potential savings including value engineering, adjustments to the project scope, materials and phasing. Additional engineering and design work may be added to evaluate a retaining wall include in this project. The engineering/design effort would reduce future construction costs.

French Broad River West Greenway

Budget	Revised Estimated	Expenditures & Encumbrances	Avail Budget	Savings (overage)	Ongoing Operating Impact/year
1,006,000	2,812,463	273,477	732,523	(1,806,463)	maintenance TBD

Recent plans are close to the 75% design stage. The 25% plans for the French Broad River West Greenway have been reviewed by the design team as well as Duke Energy. Design challenges have included the realignment of the northern terminus to better connect to the Craven St. phase of the greenway corridor currently under construction. This includes a no-rise certification study.

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	2,239,758	11,831,054	n/a	maintenance TBD

Construction of the River Arts District Transportation Improvement Plan (RADTIP) is planned to begin in fiscal year 2017. Final design will be completed in the fourth quarter of fiscal year 2016. Real estate acquisition is underway and will be completed by the first quarter of fiscal year 2017. Utility relocation is scheduled to begin in September of 2016.

RADTIP is the largest project underway. 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 higher than budgeted; however, the RADTIP projects, in particular, present opportunities for phasing, value engineering and scope evaluation. Refined cost estimates will be developed as the project moves closer to construction.

Smith's (Craven Street) Bridge

Budget	Revised Estimated	Expenditures & Encumbrances	Avail Budget	Savings (overage)	Ongoing Operating Impact/year
380,000	6,000,000	-	380,000	(5,620,000)	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 and pursuing alternative funding mechanisms including grants and partnerships. For the long-term, staff is reviewing 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	3,782,571	217,429	-	no additional costs

FY15 (contract) Street Resurfacing in progress includes:
Wellington Street from Haywood Road to State Street

Completed FY15 projects include:
Covington Street from Haywood to Sulphur Springs Road
Patton Avenue from Pritchard Park to Biltmore Avenue
Lexington Avenue from College to Patton
Ballentree Boulevard
South Oak Forest
East School Road
Shiloh Road
Onteora Boulevard

The FY16 Street Resurfacing list is currently under review by the Streets Division

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	299,920	2,208	-	no additional costs

Construction is 75% complete. Remaining work includes less than 600 linear ft. of sidewalk, and a 3 foot high, 20 ft. long retaining wall remaining. The project will 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	3,873,185	251,815	(66,429)	no additional costs

Construction on this project began in October 2015 and is expected to be complete by December 2016. The project is nearly 20% complete with installed sidewalk, and the contractor has recently submitted retaining wall designs for City and NCDOT approval.

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, and is pending approval from NCDOT. 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 12 streets (total mileage of 4.09 miles) from the backlog list eligible for the construction petition phase, which is the last step before construction.

The project timeline is as follows for all streets on the backlog list:

- 1) Petition Phase – November, December, January, February, March, April
- 2) Contract Phase – March, April, May
- 3) Construction Phase – June, July, August
- 4) Once these streets are completed, the entire backlog list will be eliminated and staff will then move forward with current traffic calming projects as funds are made available.

Traffic Safety Projects

Budget	Revised Estimated	Expenditures & Encumbrances	Avail Budget	Savings (overage)	Ongoing Operating Impact/year
122,094	122,094	84,016	38,078	-	no additional costs

The project at the intersection of Montford Avenue and Cullowhee Street/Soco Street including intersection improvements and a fully-actuated 3-phase traffic signal was completed during December 2015. Available funds will continue to be used for pedestrian oriented projects including audible pedestrian signals at city-owned and maintained signalized intersections.

Craven Street Improvements

Budget	Revised Estimated	Expenditures & Encumbrances	Avail Budget	Savings (overage)	Ongoing Operating Impact/year
8,086,324	8,086,324	7,884,947	201,377	-	maintenance TBD

The Craven Street project is continuing to move forward. The roadway alignment is complete. The major construction elements of the stream restoration is complete, planting will be finalized in the spring. The wall construction associated with the greenway is ongoing with construction on the final wall underway currently. The placement of asphalt is dependent on the temperature and weather, the final layer of asphalt will not be placed on the Greenway until spring. The storm-water best management practices are ongoing and plantings finalized in the spring. The Low Impact Parking area is near completion with touch up work required which will take place in spring. The utility work is complete including water and sewer. The major components of the project were finalized in the fall, with the final layer of asphalt placed in the spring along the greenway 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	4,686,112	1,159,964	-	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, so has been focused on the seventh floor plan as needed to fulfill the design brief of providing flexible team-oriented spaces, conference room, storage, and related items. Schematic design work and preliminary floor plans have been completed for the seventh floor, and review by the City is underway. Also, the Architect has completed the proposed life safety plan required to meet building codes, and preliminary historic preservation documents have been prepared as well.

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 March. 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 is recommending that the CIP be used if necessary to meet cash flow needs supporting Housing Trust Fund allocations.

14 Riverside Drive

Budget	Revised Estimated	Expenditures & Encumbrances	Avail Budget	Savings (overage)	Ongoing Operating Impact/year
470,000	620,681	18,429	451,571	(150,681)	maintenance TBD

The Level I Site Plan was routed through the Development Services Department, with comments were received on September 17, 2015. Staff is working with the design consultant on revisions to address the Level 1 Site Plan, and to finalize construction plans. The bid package is expected to be ready for advertisement in the third quarter of FY 2016.

Broadway Vaulted Sidewalk

Budget	Revised Estimated	Expenditures & Encumbrances	Avail Budget	Savings (overage)	Ongoing Operating Impact/year
250,000	250,000	43,578	206,422	-	no additional costs

Staff and the City’s Legal department have obtained easements for the retaining wall. The design consultant has provided the City with three structural design options, of which the city has chosen a large block, gravity retaining wall. The design consultant is working on final civil design plans for the sidewalk, and traffic control measures for vehicles and pedestrians.

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. The procurement of Architectural & Engineering services needed for programming, space planning, cost estimation, schematic design, and related work has been placed on hold pending resolution of the long-term operational funding of this facility. 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

The total cash and investments for the City of Asheville at December 31, 2015 were \$113,088,220. 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 0.791%. Shown below are the total investments as of December 31, 2015, reduced by contractual commitments and the funds that are restricted by bond order.

Total Cash & Investments as of 12/31/15		\$113,088,220
Less:		
Budgeted Commitments:		
Outstanding Encumbrances	(28,290,558)	
Bond Restricted Funds:		
Funds held by trustee:		
Funds in Principal & Interest Accounts	(2,386,943)	
Bond Proceeds to Be Drawn Down	(1,595,098)	
		<u>(32,272,599)</u>
Net Amount		\$80,815,621

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

SUMMARY

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.

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

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

\$108,151,359

Total Financing Amount:

FY Ending	Revenues				Expenses				Total Debt Service	Surplus/Deficit	Fund Balance*	Coverage
	Economic Development	Government	General	Total Resources	Current Debt	Other Expenses	Draw Programs Interest	Short Term IFAs				
June-14	\$ 2,200,000	\$ 5,387,021	\$ 7,587,021	\$ 7,587,021	\$ 4,647,611	\$ 304,295			\$ 4,951,906	\$ 2,635,116	\$ 2,635,116	0.53
June-15	\$ 2,200,000	\$ 6,687,021	\$ 8,687,021	\$ 8,687,021	\$ 4,925,087				\$ 4,925,087	\$ 3,761,984	\$ 6,423,401	1.30
June-16	\$ 2,200,000	\$ 6,487,021	\$ 8,687,021	\$ 8,687,021	\$ 4,727,373		\$ 190,934	\$ 587,426	\$ 5,505,733	\$ 3,161,288	\$ 9,668,923	1.76
June-17	\$ 2,238,500	\$ 6,506,271	\$ 8,744,771	\$ 8,744,771	\$ 4,537,271		\$ 430,064	\$ 1,355,183	\$ 6,322,537	\$ 2,422,234	\$ 12,187,846	1.93
June-18	\$ 2,277,674	\$ 6,525,658	\$ 8,803,332	\$ 8,803,332	\$ 4,086,380		\$ 174,670	\$ 2,034,723	\$ 7,111,565	\$ 1,691,966	\$ 14,001,690	1.37
June-19	\$ 2,317,533	\$ 6,545,788	\$ 8,863,321	\$ 8,863,321	\$ 2,270,147		\$ 378,909	\$ 2,530,425	\$ 9,399,907	\$ (536,566)	\$ 13,605,121	1.45
June-20	\$ 2,358,090	\$ 6,566,066	\$ 8,924,156	\$ 8,924,156	\$ 1,789,657		\$ 284,675	\$ 3,444,850	\$ 9,807,939	\$ (883,763)	\$ 12,993,440	1.32
June-21	\$ 2,399,356	\$ 6,586,699	\$ 8,986,056	\$ 8,986,056	\$ 1,715,721		\$ 170,986	\$ 3,421,988	\$ 11,535,415	\$ (2,549,359)	\$ 10,703,950	0.89
June-22	\$ 2,441,345	\$ 6,607,694	\$ 9,049,039	\$ 9,049,039	\$ 1,318,385			\$ 2,661,532	\$ 11,935,948	\$ (2,886,909)	\$ 8,031,120	0.67
June-23	\$ 2,484,069	\$ 6,629,055	\$ 9,113,124	\$ 9,113,124	\$ 971,050			\$ 1,981,992	\$ 11,763,605	\$ (2,650,480)	\$ 5,541,262	0.47
June-24	\$ 2,527,540	\$ 6,650,791	\$ 9,178,331	\$ 9,178,331	\$ 870,774			\$ 1,302,452	\$ 10,747,314	\$ (1,568,963)	\$ 4,083,104	0.38
June-25	\$ 2,571,772	\$ 6,672,907	\$ 9,244,679	\$ 9,244,679	\$ 782,317			\$ 622,912	\$ 9,742,842	\$ (498,163)	\$ 3,666,604	0.38
June-26	\$ 2,616,778	\$ 6,695,410	\$ 9,312,188	\$ 9,312,188	\$ 725,251				\$ 7,981,389	\$ 1,330,799	\$ 5,070,795	0.64
June-27	\$ 2,662,571	\$ 6,718,307	\$ 9,380,878	\$ 9,380,878	\$ 661,500				\$ 7,709,188	\$ 1,671,691	\$ 6,843,840	0.89
June-28	\$ 2,709,166	\$ 6,741,604	\$ 9,450,771	\$ 9,450,771	\$ 643,125				\$ 7,492,813	\$ 1,957,958	\$ 8,938,675	1.19
June-29	\$ 2,756,877	\$ 6,765,309	\$ 9,521,886	\$ 9,521,886	\$ 616,875				\$ 7,268,563	\$ 2,253,324	\$ 11,370,773	1.56
June-30	\$ 2,804,817	\$ 6,789,430	\$ 9,594,247	\$ 9,594,247	\$ 597,188				\$ 7,050,876	\$ 2,543,371	\$ 14,141,559	2.01
June-31	\$ 2,853,901	\$ 6,813,972	\$ 9,667,873	\$ 9,667,873	\$ 570,988				\$ 6,826,626	\$ 2,841,247	\$ 17,265,638	2.53
June-32	\$ 2,903,845	\$ 6,838,943	\$ 9,742,788	\$ 9,742,788	\$ 551,250				\$ 6,606,988	\$ 3,133,850	\$ 20,744,801	3.14
June-33	\$ 2,954,662	\$ 6,864,352	\$ 9,819,014	\$ 9,819,014					\$ 6,399,326	\$ 3,959,326	\$ 25,119,023	4.29
June-34	\$ 3,006,368	\$ 6,890,205	\$ 9,896,574	\$ 9,896,574					\$ 6,168,688	\$ 4,234,866	\$ 29,656,290	5.27
June-35	\$ 3,058,880	\$ 6,916,511	\$ 9,975,491	\$ 9,975,491					\$ 5,463,688	\$ 4,511,803	\$ 34,965,219	6.40
June-36	\$ 3,112,512	\$ 6,943,277	\$ 10,055,789	\$ 10,055,789					\$ 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
AFFORDABLE HOUSING								
Affordable Housing		250,000	500,000	-	2,000,000	-	2,000,000	4,750,000
Parks Maintenance Relocation	30,595	83,692	1,055,000	-	-	-	-	1,169,287
Eagle Market Place	530,372	471,380	2,490,271	457,477	-	-	-	3,949,500
Subtotal	560,967	805,072	4,045,271	457,477	2,000,000	-	2,000,000	9,868,787
PUBLIC SAFETY								
Radio Infrastructure	42,472	949,922	4,930,000	-	-	-	-	5,922,394
Finalee Landslide Mitigation	23,400	787,413	-	-	-	-	-	810,813
Fire Station # 14 - Land	529,976	-	-	-	-	-	-	529,976
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	-	-	-	1,000,000	-	-	-	1,000,000
Replacement Engine	-	-	-	-	-	600,000	-	600,000
Subtotal	595,848	1,737,335	6,083,424	2,700,000	1,600,000	600,000	-	13,316,607
MULTI-MODAL TRANSPORTATION								
Azalea Road	2,731,992	2,603,260	-	-	-	-	-	5,335,252
Azalea Road - Rev Offset	(3,776,064)	(742,112)	-	-	-	-	-	(4,518,176)
Greenway Connectors	-	-	120,000	-	-	-	-	120,000
Greenway Connector- Rev Offsets	-	-	(96,000)	-	-	-	-	(96,000)
Chunn's Cove Bridge Rehab	-	-	-	-	-	-	500,000	500,000
Cedar Street Bridge Repair	-	-	200,000	-	-	-	-	200,000
Broadway Vaulted Sidewalks	-	-	250,000	-	-	-	-	250,000
Craven Street Bridge	-	-	200,000	200,000	-	-	-	400,000
Charlotte Street Improvements	-	-	-	-	-	200,000	1,050,000	1,250,000
Hendersonville Road Sidewalk	95,682	400,000	3,695,747	-	-	-	-	4,191,429
Hendersonville Road - Rev Offset	-	-	(2,904,613)	-	-	-	-	(2,904,613)
Neighborhood Sidewalks	-	10,000	215,000	355,000	360,000	360,000	360,000	1,660,000
New Leicester Highway Sidewalks	-	-	253,000	3,377,000	-	-	-	3,630,000
New Leicester Hwy - Rev Offset	-	-	(202,400)	(2,701,600)	-	-	-	(2,904,000)
Haywood Rd Multi-Modal Improvements	-	-	82,128	-	-	-	-	82,128
Hazel Mill Road Sidewalk	-	-	-	85,000	332,000	-	-	417,000
Subtotal	(948,390)	2,271,148	1,812,862	1,315,400	692,000	560,000	1,910,000	7,613,020
ECONOMIC DEVELOPMENT								
Town Branch Greenway	-	31,500	-	423,750	1,344,366	-	-	1,799,616
Livingston Street	-	-	250,000	-	-	1,412,500	536,566	2,199,066
RADTIP	-	1,046,836	8,268,530	5,902,000	7,000,000	7,299,000	4,859,000	34,375,366
French Broad Riv. West Gwy	-	101,201	148,960	422,790	1,147,497	-	-	1,820,448

	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	600,000	600,000	600,000	600,000	2,750,000
Park Facilities/ Playground / Fields	-	-	90,000	-	-	-	-	90,000
Underground Fuel Tank at Fuel Station	-	-	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	10,350,000
Streets and Sidewalk Program	-	350,000	500,000	500,000	500,000	500,000	500,000	2,715,000
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

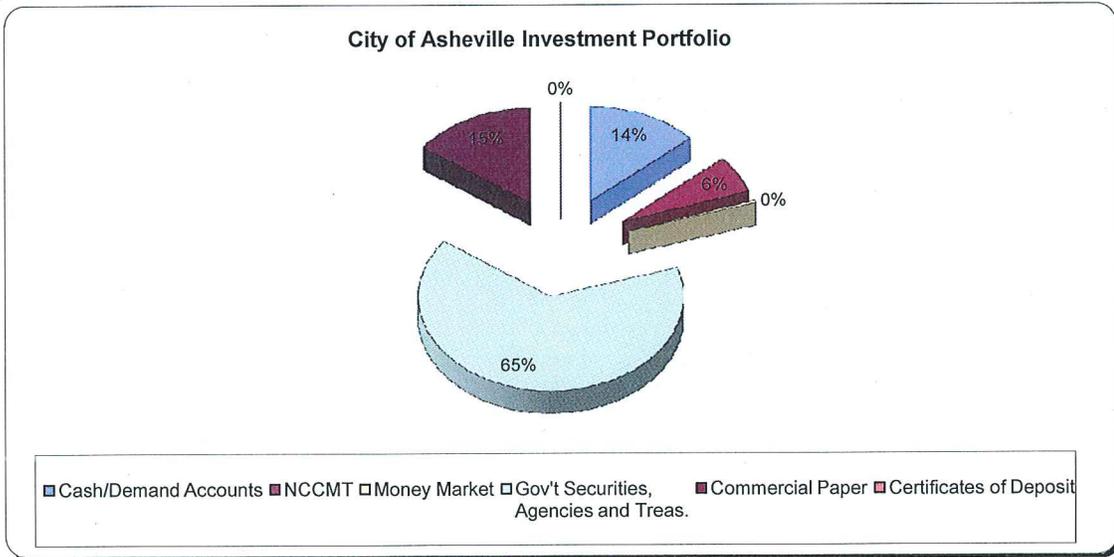
PROJECT TOTALS

	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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ATTACHMENT C

CITY OF ASHEVILLE INVESTMENT PORTFOLIO
December 31, 2015

	Cash/Demand Accounts	NCCMT	Money Market	Gov't Securities, Agencies and Treas.	Commercial Paper	Certificates of Deposit	TOTAL
Held by Bond Trustee	\$ -	\$ 3,581,953	\$ 405,413	\$ -	\$ -	\$ -	\$ 3,987,366
Held by the City	15,270,825	3,540,603	-	73,322,959	16,966,468	-	109,100,854
TOTAL	\$15,270,825	\$7,122,556	\$405,413	\$73,322,959	\$16,966,468	\$ -	\$113,088,220



ATTACHMENT C

INVESTMENT MANAGER'S REPORT at December 31, 2015

TOTAL MARKET VALUE

	10/01/15 - 12/31/15
BEGINNING MARKET VALUE	\$ 100,471,450
Additions	91,262,517
Maturities	(78,275,890)
Change in market value	<u>(369,857)</u>
ENDING MARKET VALUE	<u>\$ 113,088,220</u>

Investment revenue: \$ 155,281

CASH EQUIVALENTS AND BOND MATURITY SCHEDULE

Cash	\$ 22,798,794	20%
Cash equivalents <91 days	14,530,070	13%
91 days to less than 1 year	35,868,560	32%
1 to 5 years	39,790,955	35%
5 to 10 years	99,842	0%
TOTAL	<u>\$ 113,088,220</u>	<u>100%</u>

INVESTMENT SUMMARY

ASSET CLASS		
Fixed income	\$ 75,759,357	67%
Cash & equivalents	<u>37,328,864</u>	<u>33%</u>
Total asset value	<u>\$ 113,088,220</u>	<u>100%</u>

MONTH END PORTFOLIO INFORMATION

Weighted average yield 0.791%
Weighted average maturity 370 days

Benchmark indicators:

3 month T-Bill secondary Market 0.2300%
 6 month T-Bill secondary Market 0.4900%
 1 year T-Bill secondary market 0.6300%
 NCCMT Cash Portfolio 0.2400%