THE CITY OF ASHEVILLE
NORTH CAROLINA

ADOPTED BUDGET 2016–17

CITY OF ASHEVILLE

NORTH CAROLINA

Adopted Annual Budget
Fiscal Year 2016-17

Esther Manheimer
Mayor

Gwen Wisler
Vice Mayor

Brian Haynes
Councilmember

Cecil Bothwell
Councilmember

Gordon Smith
Councilmember

Julie Mayfield
Councilmember

Keith Young
Councilmember

Gary W. Jackson
City Manager

Paul Fetherston
Assistant City Manager

Cathy Ball
Assistant City Manager

Barbara Whitehorn
Chief Financial Officer

MEMORANDUM

August 29, 2016

TO: Mayor Manheimer and City Council Members

FROM: Gary W. Jackson, City Manager

SUBJECT: 2016-2017 Adopted Annual Budget

I am pleased to present you with a copy of the 2016-2017 Adopted Annual Budget Document. This document, which was prepared by the City's Budget & Financial Reporting staff, reflects the City's overall budget plan and policies as approved by City Council for the upcoming fiscal year.

The Fiscal 2016-2017 Proposed Annual Operating Budget was presented to City Council on May 10, 2016. In accordance with the North Carolina Local Government Budget and Fiscal Control Act, a summary of the Proposed Budget along with a notice of the Public Hearing was published on May 6, 2016. City Council conducted a public hearing on the Proposed Budget on May 17, 2016. The Fiscal 2016-2017 General Fund Budget is balanced with an Ad Valorem tax rate of $0.475 per $100 of assessed value, remaining the same as the prior year tax rate. All essential City services are continued in the Budget.

Since the Proposed Budget was presented to City Council, there have been some adjustments per Council direction that have altered the budget. Those changes are summarized below.

- ***Use of Fund Balance:*** At the May 10 City Council meeting, Council requested that approximately $800,000 in additional funds expected to be realized from net income as of the March 31, 2016 third quarter financial report, which would otherwise flow into unrestricted, unallocated fund balance, be reserved for the Lee Walker Heights Project. This allocation brings the fund balance allocation to that project to $2,180,000. This change has no effect on 2016-2017 operating revenue or expenditures.

- ***Additional Resources Dedicated to the Short-Term Rental Program (Homestay):*** Funding for additional staffing and related equipment has been added to the 2016-2017 budget. This enhancement is funded through an increase in Development Services revenue. The total revenue and expense added to the General Fund operating budget is $130,000.

- ***Dedication of funds for the Festival of Neighborhoods:*** Councilmember Smith asked that $2,000 be added to the General Fund operating budget to assist with the funding of the Festival of Neighborhoods. Revenue estimates for Development Services were reevaluated with the addition of the FTE discussed above, and $2,000 was added to offset this increase.

The FY 2016-2017 budget numbers and all narrative in this document reflect the budget as adopted by City Council on June 14, 2016, including the changes noted above between the Proposed and Adopted Budgets. The City Manager's Budget Message, however, is included as it was presented with the Proposed Budget on May 10, 2016.

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July 1, 2015

Executive Director

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BUDGET GUIDE

Local governments exist to provide a wide range of basic services on which we all depend: police and fire protection, streets and sidewalks, water systems, garbage collection, and parks, just to name a few. The ability of a local government to provide this wide range of services rests on its financial decision-making. This document contains the City of Asheville's FY 2016-17 Adopted Budget, which is the financial plan that will guide City operations over the next year.

The budget document is divided into the following sections:

Introduction - This section begins with the City Manager's Budget Message which highlights and explains the major budgetary issues facing the City of Asheville during the 2016-17 fiscal year. The Introduction also includes a description of the budget process and City organizational structure and a presentation of the City's financial policies.

Budget Summary - The Budget Summary section provides a detailed picture of the City's FY 2016-17 adopted annual operating budget, including information on total budget expenditures, revenues, and staffing. This section concludes with an estimate of fund balance for the City's general fund.

Fund Summary - The Fund Summary section segregates the expenditures and revenues by fund. Detailed information is included for all City operating funds, with a focus on the City's largest fund - the general fund. This section also highlights the City's major revenue sources and summarizes the trends and assumptions that were used in developing the FY 2016-17 revenue estimates.

Departmental Summaries - The next four sections present budget data for City departments. Detailed budget information is included for all City departments and divisions, along with departmental goals, objectives and performance measures.

Capital Improvement Program/Debt Management - The long-range Capital Improvement Program (CIP) describes planned capital improvement projects and funding sources for the next five fiscal years. This section also contains information on the City's annual debt service requirements.

Supplemental Information - The budget document concludes with a Supplemental Information section that includes a community profile, which provides demographic and economic information for the Asheville area. This section also contains a glossary of frequently used budget terms.

Please direct any comments or questions to:
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May 10, 2016

Honorable Mayor Manheimer and City Council Members:

It is my pleasure to respectfully submit to you the City Manager's Proposed Budget for the fiscal year beginning July 1, 2016 and ending June 30, 2017 with a total operating budget of $161 million. The proposed budget includes a total General Fund Budget of $110.7 million, a 7.5% increase over the adopted fiscal year 2015-2016 budget. The proposed budget is balanced, keeping the property tax total millage rate at 47.5 cents.

Road Map to the Proposed 2016-17 Budget

The 2016-17 proposed budget builds on the balanced financial foundation that was a key goal in the adopted 2015-16 budget. Growth in the Asheville area continues to be strong. While revenues are recovering from the Great Recession and some are even growing at pre-recession rates, staff continues to model prudence in financial management in order to ensure the ongoing financial sustainability of the City. Costs rising faster than revenues will continue to be an issue; however, staff's efforts in reengineering, innovative service delivery and managed savings are rising to meet the challenge.

Step One: Economic Conditions and Assumptions. The process to develop the 2016-17 proposed budget began in the second quarter of FY 2015-16. Staff developed forecasts of revenue, evaluated inflation assumptions and researched regional, national and global trends to determine potential impacts on the costs of operating the City.

Step Two: Project Statuses and Planning. The journey continued through the second quarter with capital investment tracking and planning. Staff revised estimates using information obtained in market research, reviewed internal capacity and the timing of projects, and identified changes that would impact planning for FY 2016-17.

Step Three: Preliminary Operating Budgets. Departments began developing preliminary operating budgets in December 2015. These budgets were reviewed by a peer group, management and finance, and refined in January and February of 2016. Requests for additional resources were considered and prioritized, to be revisited upon the refinement of revenue projections and FY 2015-16 performance.

Step Four: Bringing it All Together. The end of the third quarter of FY 2015-16 saw the development of the budget as a whole, taking the preliminary department budgets, Council direction, community input, and economic conditions and creating a cohesive whole.

While staff worked on preliminary budgets, City Council developed a 20-year vision for the City. The vision reflects Asheville's unique character and City Council's aspirations for the community. The vision includes eight themes: a Diverse Community, a Well-Planned and Livable Community, a Clean and Healthy Environment, Quality Affordable Housing, Transportation and Accessibility, a Thriving Local Economy, a Connected and Engaged Community, and a Smart City. City management and staff look forward to continued direction from Council and input from the community to inform strategic three-year work plans as the vision is developed into an affordable and sustainable work plan. Below are some of the themes outlined in City Council's vision and the associated strategic investments recommended in the FY 2016-17 proposed budget. The recommended strategic investments were influenced by City Council's vision and honed through feedback received during City Council's budget work sessions.

A Diverse Community. Included in the budget is the development of a diversity and equity program for the City of Asheville. Program development will include evaluation of the City's efforts to equitably engage with and deliver services to the community. Areas of study will include but not be limited to representation on boards and commissions, public input opportunities, contracting and infrastructure investments. Concurrently, staff will conduct benchmarking research to determine how best to structure an equity program for the City.

A Well-Planned and Livable Community. In order to deliver a high level of service for Asheville's citizens and visitors, staff has worked on long-term public safety training. The Asheville Fire Department identified a service gap in the northern part of the City, in and around Montford and Five-Points. To address this, a new station was planned. Land was purchased in fiscal year 2013-14 and the funding for building the station is included in the 2016-17 capital improvement budget. Construction of the new station is scheduled to begin in the second half of the fiscal year and should be complete by the end of fiscal year 2017-18. Hiring for the station will take place in 2017-18 and the station is anticipated to be operational in 2018-19.

The Police Department identified service improvement opportunities in the Downtown, South Slope, and River Arts areas of the City. In order to effectively address the needs of these areas, an additional police district focused on covering the targeted areas is being planned. Site planning, evaluation of needs, and available space for a new District Office is proposed to take place in 2016-17, as is recruitment. Building and/or remodel of existing space, equipment purchases, and hiring is proposed for 2018-19 with the implementation of the new District scheduled for the fourth quarter of 2017-18 (April-June, 2018).

Quality Affordable Housing. A lack of affordable housing is pushing low to middle income residents out of Asheville into surrounding communities. This negatively impacts people who rely on public transit, which is less available as one travels farther from the core of the City. The City Council has made affordable housing a priority in budgeting for several years, dedicating funds to the Affordable Housing Trust Fund and prioritizing affordable housing projects on city-owned land wherever possible.

The 2016-17 proposed budget represents a furtherance of City Council's commitment to affordable housing within the City. City Council has committed $4.2 million to the Lee Walker Heights redevelopment project, a transformational project that will redevelop the existing Lee Walker Heights public housing community. The goal of the project is to create a neighborhood of mixed income housing with easy access to services and transit.

The 2015-16 budget included funding to relocate the Parks Maintenance facility on Hilliard Avenue to the City-owned old National Guard Armory site on Shelburne Road. The current Parks Maintenance facility location at the corner of Hilliard and Clingman Avenues is an ideal location for affordable housing redevelopment, as it is adjacent to Aston Park and within steps of public transit. Relocation and site preparation is scheduled during fiscal year 2016-17.

Transportation and Accessibility. Improvements to the Asheville Redefines Transit (ART) system are an ongoing priority. The following improvements are based on community input and recommendations from the Multi-Modal Transportation Commission and are included in the proposed budget:

1) An additional bus will be added and the route will be adjusted on the S3 line in south Asheville. The full route time will increase from 1.5 hours to 2 hours, with the addition of a stop at MAHEC and other needed locations. The additional bus will reduce the time between buses to one hour, from 1.5 hours.

2) Extended service hours will be implemented on the busiest routes. Routes identified as having the highest capacity of riders early in the morning and late in the evening will have extended hours to accommodate the needs of riders.
3) A Transportation Planner will be added to the operating budget to allow for better analysis and long-term planning within the Transportation Department.

Route changes are proposed for implementation in January 2017.

Thriving Local Economy. The 2016-17 budget includes $250,000 to be contributed as seed money for the Buncombe Community Fund, a fund envisioned to be a local, capital-backed small business loan fund serving the City of Asheville and Buncombe County.

I am pleased to present a proposed budget that successfully integrates City Council strategic goals, while maintaining the high level of core services the citizens of Asheville expect.

Management Initiatives, Compensation, and Staffing

The 2016-17 budget proposes initiatives that will help to ensure the long-term sustainability of the financial health of the City by evaluating existing programs and processes for opportunities for improved efficiency, effectiveness, and service delivery. The economic growth in Asheville improves the City's economic outlook, but creates challenges in hiring and retaining highly qualified employees. The Asheville Metropolitan Statistical Area (MSA) has the lowest unemployment rate in the North Carolina at 4.4%. Overall, the state has a 5.5% unemployment and the national unemployment rate is at 5.0%.[1] This is good news for employees throughout the region. While the City of Asheville's compensation is competitive, as unemployment drops, private sector employers increase wages and add signing bonuses. Critical to keeping the City competitive is the benefit package we are able to offer. As health care costs rise, the cost of employer-provided health insurance can be prohibitive. Many private employers are providing a less attractive benefit package, in some cases cutting dependent coverage altogether. Over the last decade, the City of Asheville's self-insured plan has significantly outperformed the market, averaging cost increases of less than 5% annually in a sector where double-digit increases are the norm. Nevertheless, increases add up and the plan includes increases to employee contributions for the first time in several years. The City must stay ahead of health care costs in order to continue to offer a benefit package that makes us truly competitive. To that end, staff has proposed contracting an actuarial study of the City's health plan and fund. An actuarial study will provide management with the tools to ensure that the benefits we offer are sustainable over the long term. In order to ensure that the review of the City's health plan is inclusive of all employees, an employee management steering committee will be formed with the mission of bridging communications between management, consultants, and staff.

Included in the base budget is a compensation increase of 2.5% for all employees as well as a 1% adjustment to the compensation plan. This results in the equivalent of 3.5% for City employees.[2] The compensation plan will be evaluated and individual jobs selected for benchmarking on an annual basis going forward. This allows the City to adjust the plan with inflation and market demand, aiding in employee retainage and recruiting.

[1] *Bureau of Labor Statistics*, Local Area Unemployment Rates, seasonally adjusted, March, 2016 preliminary.
[2] Because of step plans in public safety, some employee pay rates will increase more than 3.5% in order to maintain the integrity of the compensation p]lan.

In addition to benefits and compensation, one of the 2015-16 initiatives that continues into 2016-17 is right-sizing City staff. Asheville's popularity, not only as a tourist destination but as a great place to live, puts pressure on existing City staff to keep service levels constant. In 2015-16, staff was added in the Fire and Police Departments, Development Services, and Stormwater to meet citizen service demand. This year's increases are primarily to the staff that support the public-facing functions of the City. Staff is being added to the City Manager's Office, Information Technology, Planning, Finance and Management Services, and other support service areas. The APD will be hiring a Crime Analyst, the work of whom will enable the APD to more effectively staff areas of the City depending on crime statistics and trends. Additionally, the Fire Department will have an embedded Financial Analyst going forward, creating a bridge between Finance (where the position will report) and the AFD, where the position will be housed. This model works well to ensure that large operating departments have adequate support to evaluate financial performance.

City-Owned Land Initiative

In response to Council's interest in redevelopment opportunities of city-owned land, the proposed budget includes funding for a study of all city owned land and facilities. The study will analyze potential redevelopment opportunities, existing facility conditions and needs, and the most efficient use of City assets.

Capital Improvement Program

The capital budget for fiscal year 2016-17 continues the rolling five-year capital improvement program (CIP). The program seeks to address Council priorities, infrastructure needs, and deferred maintenance by including projects that meet one or more of the City Council's strategic goals: economic growth and sustainability, affordable housing and community development, and high quality of life. Additionally, projects are evaluated for potential outside funding sources in the form of grants or contributions, and perceived return on investment using a triple bottom line approach considering social, environmental, and financial returns. The plan will be revisited annually, at which point project timelines may shift and priorities realign. As a rolling five-year budget for capital projects, each year, one year of the five-year plan will be adopted as the capital budget.

The capital improvement program, begun in fiscal year 2013-2014, is now in full swing. The program, which leverages the funds available for CIP through a long-term debt model and the use of outside sources of funds, enables the City to fund significant investment in capital improvements city-wide over the next decade, including the construction of signature projects like the Riverfront Redevelopment, greenways, sidewalks and other transportation connections, investment in the City's aging fleet, and critical infrastructure repairs. Capital investment needs, which could easily cost more than $400 million, continue to far exceed available resources which forced staff to work diligently to prioritize projects and ensure that the available CIP funds are put to the highest and best use.

The first tranche of short-term interim debt will be issued in June 2016. Details of the capital budget begin on page 130.

Summary

Fiscal year 2015-16, for the most part, continued the growth trend from 2014-15. Development Services revenue has leveled off, but is nevertheless tracking higher than pre-recession levels. As a leading indicator of economic growth, continued high permitting activity suggests that ad valorem tax values should increase considerably in the 18-24 months following the activity.

Asheville has not seen significant property tax growth yet, with collections trending less than 2% over prior year. However, because property in North Carolina is required to be revalued only every 4-8 years, property can sell for amounts considerably higher than their tax value in the years leading up to a revaluation, especially during a period of growth. With revaluation planned for 2017, many of the parcels that are undervalued, either because of incomplete construction or rapidly increasing sales values in "hot" areas of town, should see significant increases in value on the tax rolls. The issue of undervaluation is significant enough that the Asheville Citizen Times ran an article on Sunday, May 1, discussing the undervaluation of property in various neighborhoods in Asheville.[3] Revaluation not only addresses the issue of undervalued property, but also reevaluates development that has occurred throughout the time period since the last revaluation. With revaluation in 2017, the ongoing effort to encourage economic development will become apparent as these projects are valued and added to the rolls.

Sales tax continues to exceed budget, and is forecast to come in $848,000, or 4.3% higher than budget for 2015-16. The 2016-17 budget is 9.1% higher than the 2015-16 budget, an increase in actual collections of 5.4%.

Legislative Climate

In 2015, the North Carolina General Assembly passed legislation allowing cities to increase vehicle license fees for street maintenance funding in the 2015 session. Council voted to increase the Asheville vehicle license fee from $10 per vehicle to $30, bringing in an additional $1.4 million in revenue. This revenue stream is restricted to streets spending, and will bring the City's annual streets spending to $3.9 million.

2016 is a legislative short session for the North Carolina State Legislature. While a level of uncertainty remains in the intergovernmental arena, there are fewer bills directed at cities this session. Remaining at the forefront is the disposition of the City's municipal water system.

Disposition of the City of Asheville's Municipal Water System

On June 9, 2014, Judge Manning issued a Memorandum of Decision and Order RE: Summary Judgement. In the Decision, Judge Manning ruled that HB 488 violates Article II, Section 24 of the North Carolina Constitution (prohibiting local acts related to health and sanitation); Article I, Section 19 of the N.C. Constitution (prohibiting the taking of a proprietary asset with no rational basis), and Article I, Sections 19 and 35 of the N.C. Constitution (because the taking results in no change in use and is not a valid exercise of the legislative power to condemn). Judge Manning ruled further, if it were determined that HB 488 was a valid exercise of the sovereign power of the State of North Carolina, then the City would be entitled to just compensation for its water system. The State of North Carolina filed a Notice of Appeal from Judge Manning's Memorandum of Decision and Order RE: Summary Judgement to the North Carolina Court of Appeals on July 8, 2014. On October 6, 2015, the North Carolina Court of Appeals reversed the trial court, and upheld the validity of the 2013 Water Act, which among other things, transferred the Asheville water system to a newly created Metropolitan Water and Sewer District. The North Carolina Supreme Court is reviewing the case and will hear oral argument on May 17, 2016. The transfer of the system has been stayed until the Supreme Court makes a decision. We expect that to be in mid to late summer 2016.

[3] *Asheville Citizen Times*, "Biggest tax increase in Buncombe County and Asheville." May 1, 2016.

Ongoing Budget Considerations

As the City moves into fiscal year 2016-17, some of the initiatives introduced in prior fiscal years will continue. Among these are an evaluation of the costs associated with staffing practices within the Fire Department, and a service delivery assessment of the Parks and Recreation Department. Transit and multi-modal transportation solutions will remain a high priority. The proposed 2016-17 budget includes significant investment in the Transit System, addressing the needs of the community and the goals of City Council. Staff and management are committed to continuous improvement of service delivery, support services, and management practices aimed at maximizing the effective and efficient use of taxpayer funds.

Government-wide Highlights

Budget Goals 2016-17

Continued High Level of Service

The 2016-17 General Fund Budget is a continuation budget. The base budget for expenditures included the increase in compensation and health care costs; department directors were tasked with meeting a target budget equivalent to that of 2015-16, with requested additions for service delivery evaluated by the team, the City Manager, and Council. Staff is dedicated to maintaining a high level of service to the community we serve. Demand in Development Service drove staffing increases over the last two budget cycles, staffing changes for 2016-17 address more internal capacity issues as discussed above.

Effective and Efficient Management

City of Asheville staff continues to carefully manage budgets as revenues recover from the downturn. In order to ensure the long-term financial health of the organization, department directors and staff are working to evaluate programs and streamline operations. Cross-departmental cooperation and collaboration is higher than ever, and position-sharing, embedded resources, and other cross-functional strategies are front and center.

In fiscal year 2014-15, the Human Resources Department (HR) and the Communications and Public Engagement Division (CAPE) piloted an embedded resource model for service delivery. This model placed employees from HR and CAPE in departments with high demand for services. Public Safety functions (Police and Fire) now have not only dedicated communications personnel, but also an HR representative that can more effectively address issues specific to those departments. The CAPE model expanded the staffing in the division, enabling the City to engage in more targeted communication and ensure that communication is coordinated and consistent. This model worked well enough that a Financial Analyst will be embedded in the Fire Department beginning in 2016-17, as discussed above.

Other structural changes in cross-departmental management include dedicated resources to effect more customized and efficient service. For example, beginning in July 2016, the Budget Division will have analysts assigned to specific departments, allowing them to gain a level of understanding of the operations of their assigned departments in order to provide guidance and feedback on their budgets throughout the year. HR has similarly dedicated resources for personnel needs. Additionally, directors are working together to hire for cross-functional roles. Public Works and Finance and Management Services worked together to hire for the two City safety roles, moving both under Risk Management and defining the roles so that there is no duplication of work but rather a comprehensive safety program that will benefit the entire organization.

Reducing Taxpayer Subsidy of Programs

An ongoing area of focus is examining programs and services that the City provides that are taxpayer subsidized, some of which might be more appropriately funded through user fees and other sources of revenue. The Solid Waste Collections fee will increase in 2016-17 according to the plan developed by staff in 2011 to move the program toward full-cost recovery. The cost recovery models adopted for the Western North Carolina Nature Center and the Aston Park Tennis Center are moving into the second year of the plans developed to reduce taxpayer subsidy of those programs. Both met with success in their first year, and the plans are moving forward according to Council direction.

Continuing Sound Financial Management by Addressing Long-Term Liabilities

The City contributes to the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing defined benefit pension plan administered by the State of North Carolina. There is a slight increase in rates required in fiscal year 2016-17, which will result in a $127,000 impact to the City's budget.

In December 2011, the City of Asheville created an irrevocable trust and fully funded the City's net obligation for Other Post-Employment Benefits (OPEB), which consists of retiree health care benefits. The City invested its assets with the State of North Carolina State Treasurer's OPEB Investment Fund, which mirrors investments used for statewide pension funds. Concurrent with establishing the trust, the City also adopted a five-year step up plan to fully fund the annual required contribution to meet the ongoing OPEB obligation. The proposed FY 2016-17 budget includes an annual contribution in the amount of $1,000,000. It should be noted that the City suspended offering the retiree health care benefit to new employees hired after June 30, 2012, which will limit future growth of the OPEB obligation. These actions show that Asheville is taking deliberate steps to ensure retiree health care benefits are sustainable and affordable over the long term.

Accounting Change

The City is making an accounting change for the accrual of revenue received from the State. Through FY 2014-15, the City used a 60-day collections rule for year-end accruals. Beginning with the year ending June 30, 2016, the Comprehensive Annual Financial Report (CAFR) will reflect a 90-day accrual of revenues in order to make the City of Asheville's financial reports more comparable to other cities in North Carolina. This change adds $3.9 million to fund balance as of June 30, 2016. This is not additional revenue, but revenue that is being recorded for accounting purposes prior to collection in the first quarter of FY 2016-17.

General Fund Highlights

Revenue Highlights:

- The property tax is the single largest source of revenue for the City. Based on projections received from the Buncombe County Tax Office, staff is assuming a 2.0% increase in the City's property tax base in FY 2016-17. No change in the City's property tax rate is being proposed. The City's tax rate for FY 2016-17 will remain 47.5 cents per $100 of assessed valuation.

- Based on statewide projections from the North Carolina League of Municipalities and local trend data, staff is projecting a 5.4% increase in sales tax revenue in the current fiscal year and a 5.0% increase in FY 2016-17.

- Revenue from licenses and permits shows a 25.5% increase in FY 2016-17 primarily due to the change in the motor vehicle fee that City Council approved in March.

- Intergovernmental revenue, which includes state-shared utility taxes as well as Powell Bill funding, is budgeted to increase 3.7% in FY 2016-17 mostly as a result of a sustained increase in utility tax revenue resulting from changes the State made to the distribution method in the prior fiscal year.

Revenue Sources:	**2013-14 Actual**	**2014-15 Actual**	**2015-16 Budget**	**2016-17 Proposed**
Property Tax	52,052,585	51,888,019	54,833,390	**55,522,058**
Charges For Service	50,023,876	53,036,505	54,497,528	**56,972,426**
Intergovernmental	13,305,397	18,787,749	15,161,379	**15,716,482**
Sales & Other Taxes	17,793,854	20,044,318	20,129,180	**21,970,401**
Licenses & Permits	6,493,311	6,345,825	5,097,994	**6,425,550**
Investment Earnings	352,276	329,692	290,544	**337,700**
Parking Fees	4,384,603	5,220,679	4,322,100	**4,775,044**
Miscellaneous	2,292,822	2,754,075	1,635,950	**2,095,815**
Other Financing Sources	3,037,662	4,396,044	6,092,686	**6,580,616**
Total Revenue	149,736,386	162,802,906	162,060,751	**170,396,092**
Less: Interfund Transactions	(6,461,503)	(8,033,527)	(7,694,976)	**(9,034,276)**
NET REVENUE	143,274,883	154,769,379	154,365,775	**161,361,816**

The FY 2016-17 adopted General Fund budget includes fund balance allocations for one-time expenditures aligned with Council goals as shown below.

Program or Project	Amount
Real Estate and Facilities Diagnostic	$ 75,000
Community Capital Fund	250,000
City-wide planning support	85,000
Parks & Recreation Service Assessment	60,000
Payroll & Benefits Audit	90,000
Creative Solutions Fund	100,000
Quality of Service Award Fund	40,000
Deferred Maintenance	200,000
Performance Management	60,000
TOTAL	$ 960,000

*Note: Fund balance reserves include $1,380,000 for the Lee Walker Heights project.

Expenditure Highlights:

- The FY 2016-17 proposed budget includes General Fund expenditures that are 7.4% more than the FY 2015-16 adopted budget.

- Public Safety is the largest General Fund service area, accounting for 43% of all General Fund expenditures. Public Safety expenditures show a $1.4 million increase in FY 2016-17. Most of this increase is the result of the salary and fringe benefit adjustments discussed early in the budget document. In addition, the Police Department proposed budget includes funding to add a Crime Analyst position.

- Environment & Transportation represents 15% of the FY 2016-17 General Fund budget. This service area shows an increase of approximately $1.1 million, which is primarily the result of the additional General Fund support budgeted for the transit service enhancements that are proposed for January 2017. These enhancements include the addition of one bus on the S3 route to the airport and the extension of service hours (8 hours between morning and night, depending on ridership). The General Fund Environment and Transportation budget also includes the addition of two positions – a Transit Planner in Transportation and a Sanitation Equipment Operator in Public Works. Finally, the Sustainability budget includes $60,000 for food action plan coordination and backyard composting.

- The increase in General Government expenses is due to several factors including: 1) the addition of $250,000 as one-time seed money for the potential development of a community fund loan program for small businesses; 2) the addition of an Equity Program Manager and a Deputy City Clerk in Administrative Services and the addition of a Project Manager in Information Technology Services; 3) the inclusion of $375,000 in one-time funding for a contracted facilities and real estate diagnostic study; and 4) the inclusion of $90,000 to fund an external payroll and benefits audit. The General Government increase is also partially due to the funding for citywide market pay adjustments, as well as contingency funds for inflationary increases, are currently being presented in this service area.

- Most of the increase in Culture and Recreation is the result of the compensation adjustments noted earlier in the message.

- The increase in the Community Development service area budget reflects the addition of an Urban Designer/Planner in the Planning and Urban Design Department along with $85,000 for services and supplies related to citywide planning projects. The Community Development service area also includes an additional $85,000 in funding for strategic partnerships.

Service Areas:	**2013-14 Actual**	**2014-15 Actual**	**2015-16 Budget**	**2016-17 Proposed**
Public Safety	42,668,751	45,564,007	46,569,606	**47,944,730**
Environment & Transportation	13,994,542	15,077,898	14,974,276	**16,062,353**
General Government	12,847,324	18,107,163	16,156,931	**19,406,449**
Culture & Recreation	9,596,690	10,184,678	10,955,585	**11,334,452**
Capital Pay-Go/Debt	8,057,714	9,138,020	9,086,878	**10,132,171**
Community Development	4,930,139	4,682,745	5,405,351	**5,822,511**
Total General Fund	92,095,160	102,754,511	103,148,627	**110,702,666**

Unassigned Fund Balance Analysis

The City of Asheville Financial Management Policy recommends that the City maintain a fund balance in the General Fund equal to 15% of expenditures. The City ended FY 2014-15 with $16.6 million in unassigned fund balance. The adopted FY 2015-16 budget did not include allocations fund balance. Since the start of the fiscal year, $561,000 has been appropriated for storm supplies and other one-time expenditures. Based on the positive revenue and expenditure trends observed through the first three quarters, staff is projecting net income of $1.6 million. With the accounting change discussed above, fund balance will increase $4.9 million as detailed below.

One-time Programs & Projects	$ 960,000
Lee Walker Heights	1,380,000
Infrastructure Reserve	1,100,000
Increase to Unrestricted, Unassigned	1,460,000
TOTAL	$ 4,900,000

Council directed staff to target an unrestricted, unassigned fund balance of 16.5%. Appropriations of fund balance for the projects and programs, including the Lee Walker Heights project and other strategic investments discussed above total $2.1 million; additional funding has been assigned to infrastructure reserves and deferred maintenance.

Highlights from Other Funds

Water Resources Fund

- In March, City Council approved minor rate adjustments for the 2016-17 fiscal year based on the Raftelis financial model developed in 2012 to ensure the long-term financial sustainability of the Water Resources Fund. These rate adjustments are expected to generate approximately $473,000 in additional revenue.
- The Water Resources budget includes funding for the enhancement of service delivery through additions to the pumps and reservoirs workgroup, establishment of a new water maintenance crew, and the addition of personnel to water engineering to assist with plans review. The enhancements include modifications to existing positions, along with the addition of 4 FTE positions for the new maintenance crew.
- Central Stores operation along with 2 FTE positions was transferred to the Water Department during FY 2015-16. The FY 2016-17 budget reflects this organizational change.
- During FY 2014-15, city staff completed a refunding of Water debt that was issued in 2005 and 2007. As a result, debt services expenses show a decrease in FY 2016-17.

Stormwater Fund

- Based on the financial model developed in the previous fiscal year, staff submitted and City Council approved in April a 5% increase in Stormwater fees for FY 2016-17. This rate adjustment is expected to generate approximately $250,000 in additional revenue for the fund.
- The Stormwater operating budget includes a $610,200 transfer to the Stormwater Capital Fund for projects planned in FY 2016-17.
- Otherwise, the Stormwater Fund budget reflects a continuation of existing programs and services.

Transit Services Fund

- As discussed elsewhere in the Budget Document, the proposed budget includes funding to implement two service enhancements in January 2017 - the addition of one bus on the S3 route to the airport and the extension of service hours (8 hours between morning and night, depending on ridership).

- The budget also includes funding to add a Transit Planner position to provide a higher level of staff support for the transit program. In addition, the budget reflects an anticipated increase in the contract with the transit management company that operates the system.

- Overall, the general fund subsidy to the transit fund shows an increase of $940,719 in FY 2016-17. It should be noted that this amount will likely increase again in FY 2017-18 since the two service enhancements discussed above are only funded for half a year in FY 2016-17.

Parking Services Fund

- Revenues in the current fiscal year are performing better than budget, and this trend is expected to continue next fiscal year. Staff is however anticipating a slight decrease in revenue below current trends due to the fact that availability at the Civic Center garage may be impacted by scheduled maintenance. There are no rate changes included in the FY 2016-17 proposed budget. A consultant is currently conducting a comprehensive parking study, which may include rate changes for January 2017.

- The Parking Fund budget includes funding to cover 50% of the cost of the new Downtown Development Manager position that was approved in FY 2015-16.

- The Parking Fund operating budget includes $306,000 to begin a three-year phased replacement of parking meters.

- The proposed budget includes a $458,000 appropriation from Parking fund balance for capital including: 1) elevator rehabilitation in the Civic Center garage, 2) structural maintenance in the Civic Center Garage, and 3) vehicle replacement.

US Cellular Center Fund

- Based on event booking trends in the current fiscal year, staff has projected an increase in operating revenue in the FY 2016-17 budget.

- The budget includes a new Production Coordinator position that will be funded by holding an existing Catering Coordinator position vacant.

- The General Fund transfer shows a slight increase in FY 2016-17.

Street Cut Utility Fund

- The FY 2016-17 budget includes $240,000 for equipment/vehicle replacement in the Street Cut Fund. Debt proceeds will fund these purchases.

- Otherwise, the FY 2016-17 budget for the Street Cut Fund reflects a continuation of existing programs and services.

Conclusion

I am pleased to present a proposed budget for Fiscal Year 2016-17 that makes improvements to the efficiency and effectiveness with which the City delivers services and continues the comprehensive capital improvement program begun in 2014-2015. The 2016-17 budget builds on the foundation of financial sustainability that staff and Council have worked to build. These efforts were recognized this year by Standard & Poor's Rating Agency, which upgraded Asheville's debt rating to AAA in August 2015.

I would like to take this opportunity to thank the following key players in the development of the 2016-17 budget. Tony McDowell, Budget and Financial Reporting Manager; Pat Liguori, Financial Operations Manager; Barbara Whitehorn, Finance Director; and the other members of the Budget Team who worked tirelessly for months to produce this budget: Paul Fetherston and Cathy Ball, Assistant City Managers; Todd Okolichany, Planning Director; James Ayers, General Services Director; and Dawa Hitch, Communications Director. Thank you to the department director team for their leadership and hard work through a new and evolving process. Special thanks to John Sanchez, former Budget Analyst, now Financial Manager for the APD, who continued to support Budget during this year's process. I would also like to recognize the efforts of all city employees for their dedication to delivering quality services to the Asheville community.

I look forward to working with you and the community to adopt the Fiscal Year 2016-17 Budget.

Sincerely,

Gary W. Jackson
City Manager

ASHEVILLE CITY COUNCIL'S 2036 VISION

Asheville is a great place to live because we care about people, we invest in our city, and we celebrate our natural and cultural heritage. Our city is for everyone. Our urban environment and locally-based economy support workers, entrepreneurs and business owners, families and tourists, and people of all ages. Cultural diversity and social and economic equity are evident in all that we do. Our neighborhoods are strong, participation in civic life is widespread, and collaborative partnerships are the foundation of our success.

Here's what makes us special.

A DIVERSE COMMUNITY

Asheville is an inclusive, diverse community. We define diversity broadly, including but not limited to all races, ages, sexual orientations, gender identification, socio-economic backgrounds, and cultural beliefs. We have created a fair and balanced society where everyone can participate and has the opportunity to fulfill their potential because they have access to healthy, affordable food, transportation, quality education, and living wage jobs. Asheville promotes and supports minority business as a means of strengthening our local economy. We use a racial equity lens to review and achieve our city's strategic goals in health, education, housing, and economic mobility.

A WELL-PLANNED AND LIVABLE COMMUNITY

Asheville promotes community through thoughtful, resident-led planning that results in pedestrian oriented development for all ages and abilities, harmonized with an integrated transportation system. Asheville's unique character is reflected in our land use, preserved in our historic structures, and honored when incorporated in new development. Thoroughfares are lined with thriving businesses mixed with residential and office uses, and neighborhoods are socioeconomically diverse with a range of affordable housing choices. Open spaces, parks, greenways, community gardens, and edible landscapes are abundant throughout the city.

A CLEAN AND HEALTHY ENVIRONMENT

Asheville continues to be a leader in innovative technologies and conservation efforts in response to global climate change. The City is powered by locally-generated, clean sources of energy, and air quality problems have disappeared. Views of surrounding mountains have regained clarity unknown since the late 1800s.

Clean energy is not the only priority when preserving our high quality of life. Recognized as a Tree City USA for decades, streets, greenways, and parks embody an urban forest. Emphasis on local resilience spurs the use of municipal land for gardening, farming, and urban orchards. Known as a food destination city, most restaurants serve locally grown foods.

Thanks to an extremely high-quality water source nestled in the gentle folds of the Blue Ridge Mountains, Asheville continues to attract companies that depend on clean water - from breweries to high tech start-ups to restaurants and food manufacturers. Our modern transportation system has increased options that reduce carbon emissions. Successful waste, recycling, and curbside composting programs have greatly reduced the city's landfill needs.

QUALITY AFFORDABLE HOUSING

Asheville is a city with abundant housing choices for people at all economic levels and stages of life. Chronic homelessness is a thing of the past and rapid rehousing strategies abound thanks to an effective network of service providers. Housing is affordable not only because of reasonable prices but also because of low energy and transportation costs. Innovative and historic housing options, from tiny homes and co-housing to apartments and single-family homes, are available throughout the city. Asheville's former public housing communities have been transformed into a diverse mix of affordable and market rate homes within vibrant neighborhoods.

ASHEVILLE CITY COUNCIL'S 2036 VISION

TRANSPORTATION AND ACCESSIBILITY

Whether you drive a car, take the bus, ride a bike or walk, getting around Asheville is easy. Public transportation is widespread, frequent, and reliable. Sidewalks, greenways, and bike facilities get us where we want to go safely and keep us active and healthy. It is easy to live in Asheville without a car and still enjoy economic, academic, and social success.

THRIVING LOCAL ECONOMY

Asheville is unique in its locally-focused economy. Our local businesses are vibrant and, no matter where you are in the city, you see a diversity of customers, employees, and business owners. Our historic buildings are home to funky, eclectic businesses that reflect the character of the city, and a creative economy of artists, makers, and innovators is thriving.

As an employer, the City values its workers by paying living wages and offering benefits that ensure both security and opportunity. Businesses of all types that share those values locate, start, and grow in Asheville, offering a wide range of career opportunities. Plentiful educational options, workforce development, access to capital, economic incentives, and a culture that values homegrown businesses make our economy strong. Our public and private partners have demonstrated a unity of purpose. If you do your part, you will find opportunity for success.

CONNECTED AND ENGAGED COMMUNITY

We pride ourselves on building and growing partnerships – with regional and state governments, nonprofits, the private sector, and neighborhood associations to name a few - to achieve our vision. If you live, work, or play here, you want to be involved and you have a voice. When you join a citizen board or commission, the City provides training and support. Diverse interest groups work together to tackle problems, and neighborhood engagement enables residents to express thoughts, visions, and concrete plans that build a collective and harmonious community. City government is trusted and transparent, and we use the latest technologies and methods to communicate with, engage, and empower community participants. When you live in Asheville, you belong and are valued.

SMART CITY

Asheville has an AAA bond rating. We use our debt capacity and revenue wisely in order to maintain and improve the City's infrastructure and invest in our public employees. We strive to control our costs and still provide the highest possible level of service. We have a diverse revenue base that enables us to plan far into the future and to benefit from our growth. Our individual and corporate citizens generously invest in our community through partnerships and public/private projects that enrich the quality of life in the city.

Fund Accounting
The accounts of the City of Asheville are organized and operated on the basis of funds. A fund is a fiscal and accounting entity with a self-balancing set of accounts comprised of assets, liabilities, fund equity, revenues, and expenses as appropriate. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions.

Funds included in the City of Asheville adopted budget can be grouped into two types: governmental funds and proprietary funds. Governmental funds are those through which most functions of the City are financed. Proprietary funds are used to account for City activities that are similar to those often found in the private sector. Specific City of Asheville funds include:

General Fund
The General Fund is a governmental fund that encompasses most of the City's day-to-day operations, such as police, fire, refuse collection, street maintenance, and parks and recreation. General Fund operations are primarily funded through property tax dollars, but are also supported through sales tax revenue, charges for service, license & permit fees, and investment earnings.

Enterprise Funds
Enterprise Funds are proprietary funds used to account for activities that operate like private businesses, where expenses are primarily financed by revenues derived from user charges. For the City of Asheville, these funds include:

- Transit Services Fund
- Parking Services Fund
- Water Resources Fund
- US Cellular Center Fund
- Stormwater Fund
- Street Cut Utility Fund

Capital & Special Revenue Funds
Capital Funds are used to account for capital replacements and improvements, and Special Revenue Funds are used to account for specific revenue sources that are restricted or committed to expenditures for specific purposes other than debt service or capital projects. Funding is provided from operations, federal or state grants, or long-term financing and may be annual appropriations or project appropriations. Appropriations are approved through the Capital Improvement Plan process. Capital & Special Revenue Funds include:

- General Capital Projects Fund
- Community Development Fund
- Water Major Capital Improvement Fund
- HOME Fund
- US Cellular Center Capital Fund
- Parking Services Capital Fund
- Transit Services Capital Fund

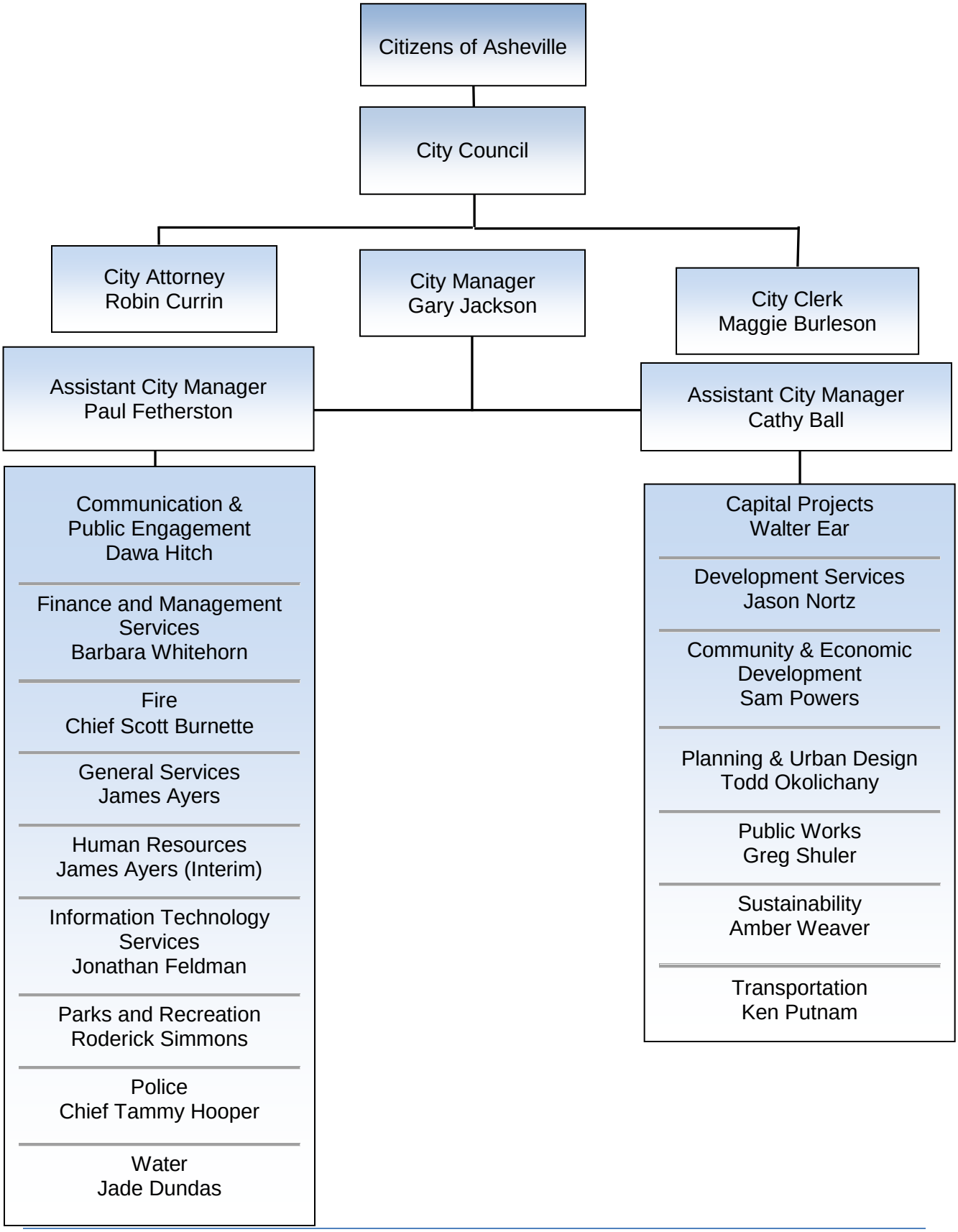
How Funds Interact
City funds interact in a variety of ways. Expenses that occur in one fund are frequently incurred to benefit another fund. When this occurs, the benefiting fund may reimburse the fund providing the goods and services. Examples of such transactions include general government services provided by the General Fund to the Water Resources Fund. Interfund transfers may also result from the exchange of resources between funds to cover operating and capital expenses. For example, the FY 2016-17 budget includes a transfer from the General Fund to the US Cellular Center Fund to support operations. Transfers between funds result in the budgeting of dollars in both participating funds.

Departments & Divisions

Departments are organizational units that provide a major type of public service, such as fire or police protection. Departments are usually subdivided into one or more divisions. For instance, the Police Department consists of three divisions: administration, criminal investigations, and patrol. Often within each division there are smaller units responsible for performing specific activities. For example, within the police patrol division is the drug suppression unit and the traffic safety unit.

A City organizational chart is presented on the following page.

ORGANIZATIONAL STRUCTURE



BUDGET PROCESS

Budget Preparation Overview
Budget preparation affords departments the opportunity to reassess their goals and objectives and the strategies for accomplishing them. Even though the budget may be heard by City Council in May and adopted in June, its preparation begins at least six months prior with projections of City reserves, revenues, and financial capacity. It is against this backdrop that departmental expenditure requests are formulated and reviewed. The FY 2016-17 Budget Calendar is displayed on page 21.

Financial Forecasting
The annual budget process begins with the Budget Office preparing revenue and expenditure projections. These projections serve as the framework for financial decision-making during the City's annual strategic planning and budgeting process. The Budget Office regularly updates the City's general fund forecast to account for changes in local, state, and national economic conditions and trends; changes in City Council priorities and policies; and other variables that might affect the City's ability to provide needed services and maintain its financial health in future years.

City Council Strategic Planning
Linking important objectives with necessary resources requires a process that identifies key goals at the very beginning of budget preparation. The annual strategic planning process begins with the City Council Retreat in late January, at which time Council identifies its goals and priorities for the upcoming fiscal year. Council's directives set the tone for the development of the annual budget.

Departmental Budget Development
Departments begin developing their budget requests in November. During this phase, departments are encouraged to thoroughly review all programs and services assessing their value and priority to the citizens of Asheville. Examination of current departmental programs or positions for possible trade-offs, reduction, or elimination is strongly suggested.

Any new programs or services that departments would like funded are submitted to the Budget Office as expansion requests. Expansion requests identify the program's purpose, costs, objectives, and proposed funding sources. The expansion request also describes how the new or enhanced program is linked with overall Council priorities. Departments are encouraged to prioritize their expansion requests and only submit a limited number of requests each year.

In addition to the budget worksheets and expansion request forms, departments are required to submit the following information to the Budget Office:

- Low Priority Services. Each department is required to submit a list of existing programs and services that could be eliminated or reduced. These services can be used as possible "program trade-offs," allowing departments to shift resources from low priority services to new or enhanced services in order to maximize budget target allowances.

- New or Increased Fees. Proposals for new or increased user fees are also submitted with the departmental budget request packages.

- Performance Objectives & Measures. Performance measures are used to report on the achievements, impacts and outcomes of key City programs. Departments submit an update of their performance objectives and measures during the budget process. Departments report on prior year performance, update current year estimates, and set targets for the upcoming fiscal year. Departments are also encouraged to continually evaluate and refine their performance indicators to ensure that they accurately reflect the organization's mission and priorities.

Budget Team and City Manager Review
Once the Budget Office has completed its technical review of the budget, department directors meet with the Budget Team to discuss the operating and capital budget requests. Expansion requests are evaluated based on the City's financial capacity and on how they relate to City Council priorities. In most years, monies exist to fund only a small number of expansion requests. Following these senior management sessions, a citywide proposed operating budget is developed.

Budget Adoption
The City of Asheville adopts its annual operating budget in accordance with North Carolina General Statutes (N.C.G.S. 159 - Local Government Budget and Fiscal Control Act). These statutes require that City Council adopt a balanced budget in which estimated revenues and appropriated fund balances equal expenditures. The City Manager must submit a balanced budget proposal to the City Council by June 1 of each year, and City Council must adopt the Budget Ordinance by July 1. A formal public hearing is required to obtain taxpayer comment before City Council adopts the budget. By state law, the fiscal year begins on July 1 and ends on June 30.

Budget Amendments & Revisions
After the Budget Ordinance is enacted, state law permits City Council to amend it at any time during the fiscal year. Each amendment must continue to adhere to the balanced budget statutory requirements. Amendments may in no way change the property tax levy or alter a taxpayer's liability.

Budget revisions are transfers within a fund which do not change the total fund appropriation. Budget revisions do not require City Council approval.

Basis of Budgeting
As required by the North Carolina Local Government Budget & Fiscal Control Act, the budget is prepared and adopted using the modified accrual basis of accounting. Briefly, this means that obligations of the City are budgeted as expenditures, but revenues are recognized only when they are measurable and available. The City considers all revenues available if they are collected within 60 days after year end, except for property taxes. Those revenues susceptible to accrual include among others: investment earnings, sales tax, and grants-in-aid earned.

During the year, the City's accounting system is maintained on the same basis as the Adopted budget. This enables departmental budgets to be easily monitored via monthly accounting system reports. At year-end, the City's Comprehensive Annual Financial Report (CAFR) is prepared on a basis consistent with "generally accepted accounting principles" (GAAP). This basis of accounting conforms to the way the City prepares its budget, with a couple of notable exceptions. First, certain items that are referred to as revenues and expenditures in the budget are included as other financing sources and uses in the CAFR. In addition, for financial statement presentation, proprietary funds are adjusted to the full accrual basis. The most significant differences between budget and CAFR for proprietary funds are: a) capital outlay & debt service principal payments are recorded as expenditures for budgetary purposes as opposed to adjustments of balance sheet accounts in the CAFR (GAAP); and b) depreciation is recorded as an expense in the CAFR (GAAP) and not recognized for budgetary purposes.

All outstanding encumbrances on the accounting system on June 30 are carried over into the next year's budget. Outstanding encumbrances at year end do not constitute expenditures or liabilities.

FY 2016-17 BUDGET CALENDAR

Item	Date/Deadline
Begin Operating Budget Process • Revenue Forecast • City Manager Budget Vision • Budget Scenarios: Base, Enhanced, Constrained Budgets • User Fees	November 9, 2015
User Fee Proposals due to Budget Office	December 4, 2015
Budget Office analyzes user fee requests	December, 2015
Departments complete operating budget scenarios	December 14, 2015
Budget Office Technical Reviews with departments	January 4-22, 2016
City Council Retreat	January 29-30, 2016
Budget Team Departmental Review	February 2016
City Council: Adoption of FY 2016-17 Fees & Charges	March 22, 2016
City Council Budget Worksessions	March 22, 2016 April 12, 2016
Executive Team finalizes City Manager Budget	April 1-15, 2016
Budget Office prepares Proposed Budget Document	April 18 – April 26, 2016
Executive Team reviews Proposed Budget Document	April 27 – May 5, 2016
Proposed Budget Document published	May 6, 2016
City Council Formal Meeting - Proposed Budget Presentation	May 10, 2016
City Council Formal Meeting - Budget Public Hearing	May 17, 2016
City Council Formal Meeting - Budget Adoption	June 14, 2016

FINANCIAL POLICIES

The City of Asheville financial policies establish general guidelines for the fiscal management of the City. These guidelines, influenced by the North Carolina Local Government Budget and Fiscal Control Act and sound financial principles, provide the framework for budgetary and fiscal planning. Operating independently of changing circumstances and conditions, these policies assist the decision-making processes of the City Council and City administration.

A. Operating Budget Policy

1. Current operating revenues will be sufficient to support current operating expenditures. Fund balance appropriations shall be limited to non-recurring expenditures.

2. Debt proceeds or non-recurring revenues will not be used to finance recurring operating and recurring capital expenditures.

3. The City will integrate performance measures and productivity indicators with the annual budget.

4. The City will prepare a five-year operating budget projection which will include projections of annual growth plus allowances for operating costs of new capital facilities.

5. It is the City's policy that the operating budget be prepared in accordance with Generally Accepted Accounting Principles.

B. Reserves

1. The City will maintain an undesignated fund balance equal to 15% of the General Fund operating budget, with any amount in excess of 15% being credited to a capital reserve account. This transfer shall be made upon completion of the annual financial audit. The City Council may appropriate this transfer through an amendment to the subsequent year's Budget Ordinance.

2. For all other operating funds, the City shall seek to maintain a minimum fund balance as follows:

US Cellular Center Fund	16% of the operating budget
Parking Fund	8% of the operating budget
Stormwater Fund	8% of the operating budget
Transit Fund	8% of the operating budget (portion may be reflected in General Fund)
Water Fund	100% of operating budget/365 days of working capital

C. Interfund Transfers

1. The City will strive to ensure that enterprise funds are financially self sufficient; however, the City may budget a transfer from the General Fund to an enterprise fund to ensure operational and/or capital support for the activities of the fund. If financial performance in the enterprise operating fund is better than budgeted, and the enterprise fund meets the reserve standards set forth in Section B of this policy, then any remaining portion of the

interfund transfer shall be returned to the General Fund as part of the annual financial audit process.

D. Revenue Policy

1. Revenue estimates shall be set at realistic and attainable levels and shall be monitored periodically.

2. The City will conduct an annual review of specific programs and services which have been identified as potential opportunities for user fees and for which user fees are charged. Where appropriate, user fees will be set at a level sufficient to recover the full costs of the program or service.

3. Regulatory fees shall be set at a level that strives to recover full costs (direct and indirect costs, such as depreciation or usage costs associated with capital assets) of providing the service, unless statutory restrictions limit the fee amount.

4. Non-regulatory fees are charged for a wide variety of services with the primary purpose for non-regulatory fees being to: 1) influence the use of the service and 2) increase equity.

5. Non-regulatory fees shall be set at a level that is competitive in the marketplace and strives to recover full costs (direct and indirect costs, such as depreciation or usage costs associated with capital assets) except when:
    - free or subsidized service provides a significant public benefit;
    - the City has determined that it should influence personal choice to achieve community- wide public benefits;
    - full cost recovery would result in reduced use of the service or limit access to intended users thereby not achieving community-wide public benefits;
    - the cost of collecting the user fees would be excessively high;
    - ensuring the users pay the fees would require extreme measures.

E. Capital Improvement Policy

1. The City will update and readopt annually a five-year capital improvement program which details each capital project, the estimated cost, description and funding source.

2. The capital improvements plan should be tied to the City's comprehensive growth plan, "City Plan 2025," as well as the City's other adopted Master Plans, to ensure that the capital items requested meet the future growth needs and long-term vision for the City.

3. The City shall appropriate all funds for Capital Projects with a Capital Projects ordinance in accordance with State statutes.

4. Operating expenses for all capital projects will be estimated and accounted for in the Capital Improvements Program and incorporated into the annual operating budget.

5. Capital expenditures included in the CIP as a project will cost at least $50,000 and have a useful life of at least five years. Equipment purchases are considered operating expenses and will not be included in the CIP.

6. Capital facilities to be financed with bond-indebtedness must adhere to the debt policies of the City including maintenance of adopted debt ratios.

F. Accounting Policy

1. The City will establish and maintain the accounting systems according to the North Carolina Local Budget and Fiscal Control Act, Generally Acepted Accounting Principal (GAAP) and standards established by the Govermental Accounting Stansdards Board (GASB).

2. Full disclosure will be provided in the financial statements and bond representations.

3. Financial system will be maintained to monitor expenditures and revenues on a monthly basis.

4. All revenue collections will be consolidated under the Director of Finance and be audited at least annually.

5. The City's Fiscal Procedures Manual will be maintained as a central reference point and handbook for all activities which have a fiscal impact within the City and will serve as the City's authoritative source for fiscal procedures.

G. Audit Policy

1. An annual audit will be performed by an independent public accounting firm which will issue an official opinion on the annual financial statements, with a management letter detailing areas that need improvement if required. The City will prepare a Comprehensive Annual Financial Report that will be submitted to the Local Government Commission each year according to the commission's stated deadlines.

2. When obtaining the services of independent auditors, the City of Asheville shall enter into multiyear agreements of not more than five years in duration through a series of single-year contracts as consistent with applicable legal requirements. It is the City of Asheville's policy that the independent auditor be replaced at the end of the five-year engagement to enhance auditor independence unless lack of competition among audit firms fully qualified to perform public-sector audit make mandatory rotation counterproductive. The principal factor in the selection of an independent auditor is the auditor's ability to perform a quality audit. In no case should price be allowed to serve as the sole criterion for the selection of an independent auditor.

H.Water Utility Policy

1. Setting Water Rates & Charges: Charges for the water users shall be set at the level to provide sufficient revenues to cover all annual operating and debt services expenditures, to accumulate funds for the acquisition and replacement of capital equipment and

   facilities, and to finance the long-term Capital Improvement Plan. As the Water Fund relies solely on user fees, the City of Asheville will continue to be guided by cost-of-service principles with regard to rates, fees and charge, and will operate the water system at the lowest rates consistent with the obligation to provide proper and efficient services, now and in the future. Rate increases will be evaluated annually and implemented with a maximum level of predictability, consistency and affordability.

2. Debt Service Coverage: Utility debt service coverage ratios shall maintained at a level of 1.25 to 1.5 times coverage or greater (as measured by net revenues, excluding capital contributions, available for debt service divided by total debt service requirements).

3. Debt to Net Plant: Utility system debt shall not exceed 70%- 75% (as measured by total long-term debt divided by total net assets).

4. Cash Financing of Capital: Annual revenues and cash reserves shall provide not less than 30% of CIP funding.

5. Service Affordability: The most commonly used and most cited measure of water service affordability of "percent MHI' – that is, calculating what a year's worth of water bills for an average level of consumption (e.g. 5000 gallons/month) is compared to the median household income (MHI) in the community served by the utility. This indicator is easy to calculate by simply using the calculated bill amount and the U.S. Census Bureau's median household income date from their latest 5-year American Community Survey estimated. The City of Asheville's percent MHI. The average annual residential bill divided by real median household income, shall be < 1.5%.

I. Internal Services Fund Policy

1. Health Fund
   a. Health Claims Budget and Rate Setting

      Health claims shall be budgeted to adequately fund expenses including trend, administrative costs, stop-loss premiums and risk corridor. Expected claims expenses shall be projected based on annual actual mature claims experience adjusted for trend, enrollment and plan design and network changes.

      Trend is defined as year to year medical inflations influenced by utilization, advances in medical technology and increasing cost of medical services.

      Risk corridor, calculated at 5% of expected claims expenses is defined as the difference between expected claims and the aggregate potential liability on group claims to be funded from current rate resources as opposed to reserves. The amount over the risk corridor represents the risk the employer is accepting in the self-funded plan which, if claims exceeded the aggregate potential liability funded from current rate resources, would be paid from reserves.

b. Health Fund Reserve Requirement

The health fund shall maintain reserves designed to offset normal variances in claims cost from year to year, unforeseen catastrophic claims beyond reinsurance, larger than expected medical inflation trends, incurred but not reported claims liability and the impact of future health care legislative mandates.

i. 100% of the incurred but not reported claims liability with the lag factor based on the prior 12-month average, and

ii. 100% of reported and not yet paid claims computed as two weeks of annual claims benefits costs, and

iii. 30% of the aggregate of 1 and 2 above.

Should the health fund fail to meet the required reserve level, the amount needed to restore the fund to the required reserve level shall be funded in subsequent year's rate structure and recovered over a period of not more than three years.

Should the health fund exceed the required reserve level, the amount in excess of the required reserve level shall be credited to the subsequent year's employer health care contribution.

Debt Policy

Purpose

The purpose of the City of Asheville Debt Management Policy is to provide general guidance for the issuance of City debt obligations and the maintenance of the City's ability to incur debt and other long-term obligations at favorable interest rates for capital improvements, facilities and equipment beneficial to the City and necessary for essential services.

The City of Asheville issues and manages debt in accordance with the Local Government Bond Act, North Carolina General Statutes ("NCGS") Chapter 159 Article 4 which prescribes a uniform system of limitations upon and procedures for the exercise by all units of local governments in NC of the power to borrow money secured by a pledge of the taxing power; and the limitations on local debt as noted in NCGS 159-55. Other applicable provisions to certain debt and debt refunding actions are contained within NCGS Chapter 159, Local Government Finance. Long-term planning to meet the current and future needs of the City requires a sound debt position and guidelines that protect the credit quality of the City.

1. It is the responsibility of the Finance Director to ensure that the City's Debt program is managed in accordance with NC General Statutes and IRS requirements and that all statutory reporting to the Local Government Commission, Secondary Markets (via EMMA electronic reporting), bond trustees and the Comprehensive Annual Financial Report be completed in a timely and accurate manner. The City's Fiscal Services Manager will have direct daily responsibility for these matters.

2. The City will confine long-term borrowing to capital improvement or projects that cannot be financed from current revenues or fund balance except where approved justification is provided.

3. The City will utilize a balanced approach to capital funding utilizing debt financing, draws on capital reserves and/or fund balances in excess of policy targets, and current-year (pay-as-you-go) appropriations.

4. When the City finances capital improvements or other projects by issuing bonds or entering into capital leases, it will repay the debt within a period not to exceed the expected useful life of the project.

5. Where feasible, the City will explore the usage of revenue or other self-supporting bonds, such as limited obligation bonds or installment loans, instead of general obligation bonds.

6. Prior to the issuance of new General Obligation (GO) debt, consideration shall be given to forecasted tax rate requirements, ratio of net GO debt to assessed taxable value, net GO debt per capita, and debt service payments to General Fund operating budget.

7. The general obligation debt of the City of Asheville will not exceed 8% of the assessed valuation of the taxable property of the City.

8. Total debt service on tax-supported debt of the City will not exceed 15% of total general government operating revenue.

9. Payout of aggregate principal outstanding shall be no less than 50% repaid within 10 years.

10. The City will maintain its financial condition so as to maintain a minimum AA bond rating.

11. The City's Water Resources Utility will maintain its financial condition so as to maintain an AA bond rating.

12. The City recognizes the importance of underlying and overlapping debt in analyzing financial condition. As a part of its annual CAFR preparation, the City will analyze total indebtedness including underlying and overlapping debt.

13. The City may employ municipal finance professionals to assist in developing a bond issuance strategy, preparing bond documents, and marketing bonds to investors. A listing of some of these professionals include bond counsel, bond underwriters, financial advisors, bond trustees, arbitrage rebate calculators and verification agents.

14. The City will select a method of sale that is the most appropriate in light of the financial market, transaction-specific conditions, City-related conditions, and in accordance with State law.

15. The City will use fixed rate debt in most cases to finance its capital needs however, the City may issue variable rate debt up to (recommend: 15% to 20%) of its total debt portfolio, when necessary.

16. Debt structures that result in significant "back loading" of debt will be avoided.

13. The Finance Director will maintain good communication with bond rating agencies
    - The Finance Director will provide periodic updates on the City's financial condition.
    - Required disclosure on every financial report and bond prospectus will be followed.
    - The City may request ratings prior to the sale of securities from the major rating agencies for municipal bond issues.

14. The City will strive to achieve and maintain the highest credit rating awarded by the municipal bond rating agencies.

15. The City may undertake refinancing of outstanding debt
    - When such refinancing allows the City to realize significant debt service savings (net present value savings equal to at least 3.0 percent of the refunded par amount) without lengthening the term of refinanced debt and without increasing debt service in any subsequent year; or
    - When the public policy benefits outweigh the costs associated with the issuance of new debt and any increase in annual debt service; or
    - When a restrictive covenant is removed to the benefit of the City.

16. The Finance Director shall maintain a system of record keeping and reporting to meet the arbitrage rebate compliance requirements for the federal tax code.

17. The City's debt policy will be comprehensive and the City will not knowingly enter into any contracts creating significant unfunded liabilities.

Investment Policy

The City of Asheville will demonstrate good stewardship of public funds through an Investment Policy and Program that is transparent, fiscally conservative, aligned with City Council objectives and in compliance with all State and local requirements.

Governance
The City of Asheville's Investment Policy shall be governed by the North Carolina Budget and Fiscal Control Act, North Carolina General Statute (NCGS) §159, the policies of the Local Government Commission (LGC), and the direction of the City Council.

Purpose and Scope
The City of Asheville's Investment Policy applies to the investment activities of the City of Asheville. All financial assets of the City shall be administered in accordance with the provisions of the Policy. In addition to the Policy, the investment of bond proceeds and other bond funds (including debt service and reserve funds) shall be governed and controlled by their governing ordinances and by all regulations and rulings applicable to the issuance of such obligations.

Objectives
The objectives of the City's investment activity are, in order of importance, safety, liquidity and yield.

Safety. The primary objective of the City's investment activity is the preservation of capital in the overall portfolio. Funds shall be invested according to NCGS §159-30-33. These statutes provide the authority to invest idle funds and provide the mandatory framework for cash management, reporting and investment decisions. The statutes outline the investment options open to local governments with an emphasis on preservation of capital and mitigation of risk. The City will invest in those institutions collateralized under the Pooling Method, as prescribed under the North Carolina Administrative Code,
Title 20, Chapter 7 (20 NCAC 7). 20 NCAC 7 allows depositories to use an escrow account established with the State Treasurer to secure the deposits of all units of local governments.

Liquidity. The City's investment portfolio should remain sufficiently liquid to enable the City to meet operating requirements that can be reasonably anticipated. Liquidity shall be achieved by maintaining cash equivalent investment balances, matching investment maturities with estimated cash flow requirements and by investing in securities with active secondary markets. Funds held for future capital projects shall be invested in anticipation of projected cash flow requirements.

Yield. The City's operating portfolio shall be designed with the objective of achieving a market rate of return through all budgetary, economic and interest rate cycles. The investment program shall seek to augment returns above this threshold consistent with prudent investment principles. This objective is subject to investment risk constraints and liquidity needs as previously stated.

Responsibility and Control
NCGS §159-25(a)6 delegates management responsibility for the investment program to the City's Finance Officer (FO). The FO shall establish and maintain procedures for the operation of the investment program which are consistent with this policy, State statute, the policies of the LGC, and the strategic plan of the City Council of the City of Asheville. The FO may further delegate authority to persons responsible for investment activities and transactions and the FO will establish and maintain a system of controls to regulate the activities of those persons.
In the absence of a FO and those to which he or she has delegated investment authority, the City Manager or his or her designee is authorized to execute investment activities on behalf of the City of Asheville.

Authorized Investments
The City of Asheville's management of cash and investments must comply with the North Carolina Budget and Fiscal Control Act (NCGS §159) and the policies of the LGC. Funds of the City of Asheville may be invested in the instruments described below, all of which are authorized by the Act and the LGC.

- Obligations of the United States
- Obligations of US Government Agencies, including, but not limited to:

        - Federal National Mortgage Association ("FNMA")
        - Federal Home Loan Bank ("FHLB")
        - Federal Home Loan Mortgage Corporation ("FHLMC")
        - Federal Farm Credit Bank ("FFCB")
    - Prime quality commercial paper
    - Bank certificates of deposit (CDs)
    - Liquid deposit accounts

According to the direction of the City Council, the City shall ensure that financial institutions meeting the following criteria receive full consideration for cash management and investment decision making for bank certificates of deposit:

a. Institution is collateralized under the Pooling Method (see *Safety* above)
b. Institution demonstrates a pattern of community reinvestment aligned with City Council's Strategic Plan
c. Institution has physical location(s) within the City of Asheville city limits
d. Institution provides employment within the city limits

Changes to the governing North Carolina General Statutes and/or the policies of the Local Government Commission will be considered automatically adopted by the City of Asheville as part of this Investment Policy. Any such changes will be included as revisions of or amendments to the policy; however, their implementation by the City is not predicated on inclusion in this document.

OPERATING BUDGET SUMMARY: ALL FUNDS

BUDGET SUMMARY BY FUND

	2013-14 Actual	2014-15 Actual	2015-16 Original Budget	2015-16 Amended Budget	2015-16 Estimate	2016-17 Adopted
Revenues:						
General Fund	97,326,350	105,861,752	103,148,627	103,814,753	104,272,791	**110,834,666**
Water Resources Fund	34,357,131	35,760,771	37,426,205	37,473,763	37,392,878	**36,066,867**
Transit Services Fund	5,673,921	6,202,312	6,639,992	6,639,992	6,639,992	**7,530,711**
US Cellular Center Fund	3,305,111	2,845,336	3,020,216	3,020,216	3,267,219	**3,284,334**
Parking Services Fund	4,388,911	5,227,597	4,625,144	4,625,144	5,200,000	**5,233,344**
Stormwater Fund	3,366,325	5,464,583	5,335,491	6,758,049	5,866,079	**5,589,389**
Street Cut Utility Fund	1,318,637	1,440,555	1,865,076	1,865,076	1,585,315	**1,988,781**
Total	149,736,386	162,802,906	162,060,751	164,196,993	164,224,274	**170,528,092**
Less Interfund Trans.	(6,461,503)	(8,033,527)	(7,694,976)	(7,694,976)	(7,694,976)	**(9,034,276)**
Net Revenue	143,274,883	154,769,379	154,365,775	156,502,017	156,529,298	**161,493,816**
Expenditures:						
General Fund	92,095,160	102,754,511	103,148,627	103,814,753	101,880,359	**110,834,666**
Water Resources Fund	40,683,987	38,742,168	37,426,205	37,473,763	37,095,506	**36,066,867**
Transit Services Fund	5,851,598	5,919,200	6,639,992	6,639,992	6,489,992	**7,530,711**
US Cellular Center Fund	3,130,191	3,273,446	3,020,216	3,020,216	3,245,422	**3,284,334**
Parking Services Fund	3,697,417	3,867,868	4,625,144	4,625,144	4,486,390	**5,233,344**
Stormwater Fund	3,237,180	4,543,182	5,335,491	6,758,049	6,284,986	**5,589,389**
Street Cut Utility Fund	1,360,162	1,440,569	1,865,076	1,865,076	1,585,315	**1,988,781**
Total	150,055,695	160,540,944	162,060,751	164,196,993	161,067,970	**170,528,092**
Less Interfund Trans.	(6,461,503)	(8,033,527)	(7,694,976)	(7,694,976)	(7,694,976)	**(9,034,276)**
Net Expenditure	143,594,192	152,507,417	154,365,775	156,502,017	153,372,994	**161,493,816**

OPERATING BUDGET SUMMARY: ALL FUNDS

BUDGET SUMMARY BY FUND

	General Fund	Water Resources	Transit Services	US Cellular Center	Stormwater Utility	Parking Services	Street Cut Utility
Sources of Funds:							
Property Taxes	55,522,058	0	0	0	0	0	0
Sales & Other Taxes	21,970,401	0	0	0	0	0	0
Intergovernmental	12,733,482	0	2,983,000	0	0	0	0
Licenses & Permits	5,995,550	0	360,000	0	202,000	0	0
Charges For Service	11,269,584	35,845,572	840,000	2,093,800	5,174,389	300	1,748,781
Investment Earnings	150,000	175,000	0	1,700	11,000	0	0
Miscellaneous	1,915,520	46,295	0	122,000	12,000	4,775,044	0
Other Fin. Sources	1,278,071	0	3,347,711	1,066,834	190,000	458,000	240,000
Total Revenue	**110,834,666**	**36,066,867**	**7,530,711**	**3,284,334**	**5,589,389**	**5,233,344**	**1,988,781**

	General Fund	Water Resources	Transit Services	US Cellular Center	Stormwater Utility	Parking Services	Street Cut Utility
Uses of Funds:							
Salaries & Wages	50,309,404	6,900,849	263,212	1,168,404	1,695,116	789,425	447,961
Fringe Benefits	20,033,836	3,052,067	71,223	384,797	794,476	426,936	210,356
Operating Costs	26,501,585	10,408,910	6,642,776	1,456,783	2,184,309	2,118,408	1,090,464
Interfund Transfers	3,797,670	0	553,500	0	0	616,875	0
Debt Service	5,387,021	5,543,881	0	274,350	110,742	829,700	0
Capital Outlay	4,805,150	10,161,160	0	0	804,746	452,000	240,000
Total Expenditure	**110,834,666**	**36,066,867**	**7,530,711**	**3,284,334**	**5,589,389**	**5,233,344**	**1,988,781**

BUDGET SUMMARY: EXPENDITURES

Expenditures by Category	2013-14 Actual	2014-15 Actual	2015-16 Original Budget	2015-16 Amended Budget	2015-16 Estimate	2016-17 Adopted
Salaries & Wages	51,735,685	54,202,619	58,305,310	58,305,310	57,841,581	**61,574,371**
Fringe Benefits	19,048,729	22,310,427	23,773,735	23,773,735	23,584,652	**24,973,691**
Operating Costs	44,839,404	42,606,539	42,744,781	44,881,023	42,404,812	**46,337,004**
Debt Service	12,056,129	12,349,847	12,745,126	12,745,126	12,745,126	**12,145,694**
Capital Outlay	22,375,748	21,037,985	16,796,823	16,796,823	16,796,823	**16,463,056**
NET BUDGET	150,055,695	152,507,417	154,365,775	156,502,017	153,372,994	**161,493,816**

BUDGET HIGHLIGHTS

- Overall, the City's FY 2016-17 adopted budget shows a 4.6% increase compared to the FY 2015-16 original budget.

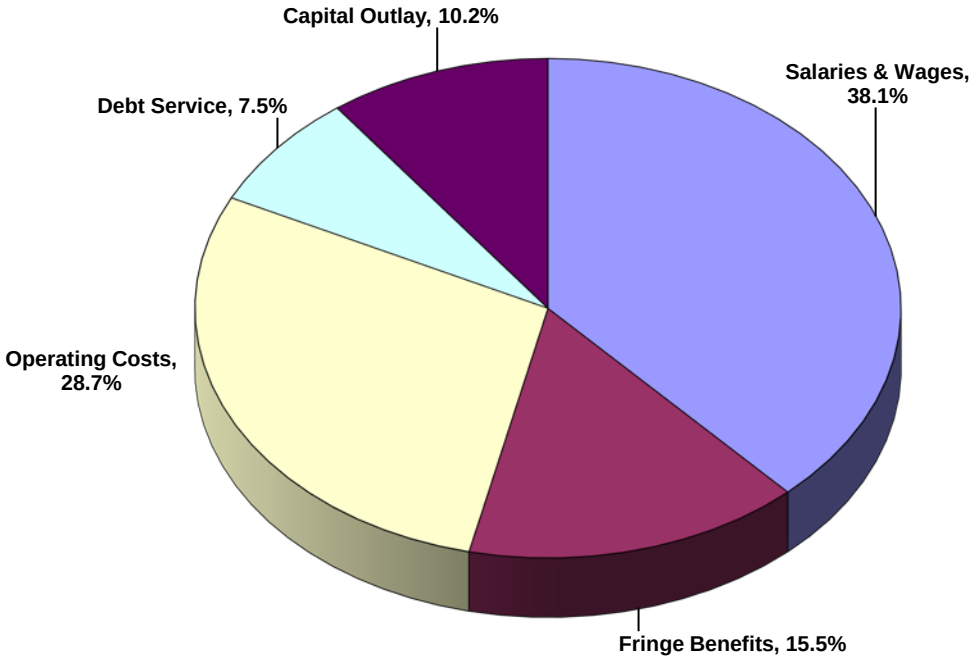
- The FY 2016-17 budget for personnel costs (salaries & wages and fringe benefits) includes funding to provide employees with a 3.5% salary increase in July 2016 along with $500,000 for market adjustments and potential changes to FLSA overtime rules. The personnel budget also includes an increase of approximately $600,000 in the employer contribution to the City's health care program. The personnel budget is also impacted by positions that were added during the current fiscal year, and by positions that are being adopted as part of the FY 2016-17 budget. Finally, the FY 2016-17 fringe benefit budget includes a $200,000 increase in the City's Other Post-Employment Benefits (OPEB) contribution as part of the step up plan to fully fund the City's annual required contribution, and a $127,000 increase in the required contribution to the Local Government Employees Retirement System (LGERS).

- Citywide operating costs show an increase of 8.4% for FY 2016-17, which reflects the new funding directed toward Council goals as discussed in the City Manager's Budget Message. This increase includes the funding allocated to the transit service enhancements, the Buncombe County Community Capital Funding, the real estate & facilities diagnostics, and the disparity study.

- The City's FY 2016-17 debt service budget totals $12.1 million, which is down slightly compared to FY 2015-16. Most of this decrease is due to the refunding of Water debt that was completed in June 2015.

- Capital outlay includes small capital purchases in departmental operating budgets as well as transfers to the City's various capital project funds. For FY 2016-17, the capital outlay budget totals $16.5 million, which represents a $300,000 decrease compared to FY 2015-16. The decrease is due to the fact that one-time funding (from fund balance) in the Water Resources budget was included in the FY 2015-16 budget but not in the adopted budget for FY 2016-17. In the General Fund, the capital outlay budget is up by just over $1.0 million, primarily due to the additional funding from the motor vehicle license fee increase that is being directed toward street improvements.

CITY OF ASHEVILLE
FY 2016-17 EXPENDITURES BY CATEGORY
NET TOTAL $161,493,816



Budget-to-Budget Expenditure Comparison

Expense Category:	2015-16 Original Budget	2016-17 Adopted	Change From Prior Year in $	in %
Salaries & Wages	58,305,310	**61,574,371**	3,269,061	5.6%
Fringe Benefits	23,773,735	**24,973,691**	1,199,956	5.0%
Operating Costs	42,744,781	**46,337,004**	3,592,223	8.4%
Debt Service	12,745,126	**12,145,694**	(599,432)	-4.7%
Capital Outlay	16,796,823	**16,463,056**	(333,767)	-2.0%
Net Expenditures	154,365,775	**161,493,816**	7,128,041	4.6%

BUDGET SUMMARY: REVENUES

Revenue Sources:	2013-14 Actual	2014-15 Actual	2015-16 Original Budget	2015-16 Amended Budget	2015-16 Estimate	2016-17 Adopted
Property Tax	52,052,585	51,888,019	54,833,390	54,833,390	54,433,390	**55,522,058**
Charges For Service	50,023,876	53,036,505	54,497,528	54,497,528	54,697,528	**56,972,426**
Intergovernmental	13,305,397	18,787,749	15,161,379	15,168,979	15,668,979	**15,716,482**
Sales & Other Taxes	17,793,854	20,044,318	20,129,180	20,129,180	21,095,654	**21,970,401**
Licenses & Permits	6,493,311	6,345,825	5,097,994	5,097,994	4,697,994	**6,557,550**
Investment Earnings	352,276	329,692	290,544	290,544	290,544	**337,700**
Parking Fees	4,384,603	5,220,679	4,322,100	4,322,100	4,700,000	**4,775,044**
Miscellaneous	2,292,822	2,754,075	1,635,950	1,733,476	1,983,476	**2,095,815**
Other Financing Sources	3,037,662	4,396,044	6,092,686	8,123,802	3,500,405	**6,580,616**
Total Revenue	149,736,386	162,802,906	162,060,751	164,196,993	161,067,970	**170,528,092**
Less: Interfund Trans.	(6,461,503)	(8,033,527)	(7,694,976)	(7,694,976)	(7,694,976)	**(9,034,276)**
NET REVENUE	143,274,883	154,769,379	154,365,775	156,502,017	153,372,994	**161,493,816**

BUDGET HIGHLIGHTS

- The property tax is the single largest source of revenue for the City. Based on projections received from the Buncombe County Tax Office, staff is assuming a 2.0% increase in the City's property tax base (excluding motor vehicles) in FY 2016-17. There is no change in the City's property tax rate. The City's tax rate for FY 2016-17 will remain 47.5 cents per $100 of assessed valuation.

- Most of the revenue in the charges for services category, approximately $35.8 million, comes from water utility charges. In March, City Council approved minor rate adjustments for the 2016-17 fiscal year based on the Raftelis financial model. These rate adjustments are expected to generate approximately $473,000 in additional revenue in the Water Fund. The FY 2016-17 charges for services budget also includes $1.1 million in additional revenue from the $3.50 increase in the City's monthly solid waste fee.

- Based on statewide projections from the North Carolina League of Municipalities and local trend data, staff is projecting a 5.4% increase in sales tax revenue in the current fiscal year. With revenue coming in higher than anticipated in FY 2014-15 and FY 2015-16 collections trending higher than budget, staff is now projecting that sales tax revenue will exceed budget by $848,000 in FY 2015-16. For FY 2016-17, staff is projecting another 5.0% increase. The budget-to-budget increase is 9.1%.

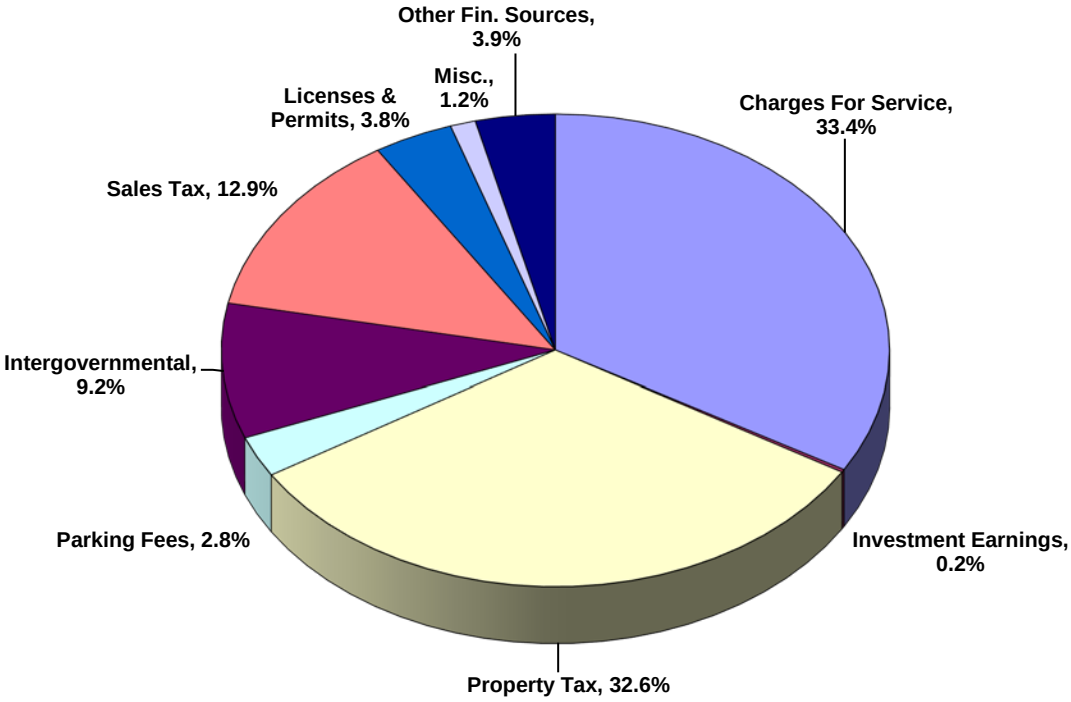
- Intergovernmental revenue, which includes state-shared utility taxes as well as Powell Bill funding, is budgeted to increase 3.7% in FY 2016-17 mostly as a result of a sustained increase in utility tax revenue resulting from changes the State made to the distribution method in the prior fiscal year.

- Revenue from licenses and permits shows a 28.6% increase in FY 2016-17, primarily due to the change in the motor vehicle fee that City Council approved in March.

- Based on collection trends over the last two fiscal years, revenue from parking fees is budgeted to increase by approximately $450,000 or 10.5%.

- The other financing sources budget includes items such as interfund transfers and fund balance appropriations. The FY 2016-17 adopted General Fund budget includes a $960,000 appropriation from fund balance for one-time expenditure items, which is consistent with the City's fund balance policies and multi-year forecast.

CITY OF ASHEVILLE
FY 2016-17 REVENUES BY SOURCE
NET TOTAL $161,493,816



Budget-to-Budget Revenue Comparison

Revenue Sources:	2015-16 Original Budget	2016-17 Adopted	Change From Prior Year in $	in %
Property Tax	54,833,390	**55,522,058**	688,668	1.3%
Charges For Service	54,497,528	**56,972,426**	2,474,898	4.5%
Intergovernmental	15,161,379	**15,716,482**	555,103	3.7%
Sales & Other Taxes	20,129,180	**21,970,401**	1,841,221	9.1%
Licenses & Permits	5,097,994	**6,557,550**	1,459,556	28.6%
Investment Earnings	290,544	**337,700**	47,156	16.2%
Parking Fees	4,322,100	**4,775,044**	452,944	10.5%
Miscellaneous	1,635,950	**2,095,815**	459,865	28.1%
Other Financing Sources	6,092,686	**6,580,616**	487,930	8.0%
Total Revenue	162,060,751	**170,528,092**	8,467,341	5.2%
Less: Interfund Transactions	(7,694,976)	**(9,034,276)**	(1,339,300)	17.4%
Net Revenue	154,365,775	**161,493,816**	7,128,041	4.6%

FULL-TIME EQUIVALENT POSITIONS BY FUND

	2013-14 Actual	2014-15 Actual	2015-16 Budget	2016-17 Adopted
General Fund	905.48	911.98	937.96	**945.83**
Enterprise Funds	225.95	230.95	240.17	**248.84**
Special Revenue	8.50	8.50	10.25	**10.25**
Total FTE Positions	1,139.93	1,151.43	1,188.38	**1,204.92**

BUDGET HIGHLIGHTS

- The FTE position count shows an increase of 16.54 between the adopted FY 2015-16 budget and the adopted FY 2016-17 budget. This increase includes all positions that have been added or adjusted since the start of FY 2015-16 as well as new positions adopted for FY 2016-17. The following 15 positions are new for FY 2016-17:

    - Deputy City Clerk – Administrative Services
    - Equity Program Manager - Administrative Services
    - BTP Analyst – Information Technology Services
    - Project Manager - Information Technology Services
    - Crime Analyst – Police
    - Sanitation Equipment Operator – Public Works
    - Transit Planner – Transportation
    - Production Coordinator – US Cellular Center
    - Urban Designer/Planner – Planning & Urban Design
    - New Water Maintenance Crew (4 FTE) – Water Resources
    - Short-Term Rental Program (2 FTE) – Development Services

- The chart on the following page shows the changes in FTE positions by department for each of the last four fiscal years.

BUDGET SUMMARY: STAFFING

Funds/Departments	2013-14 Actual	2014-15 Actual	2015-16 Budget	2016-17 Adopted
General Fund				
Asheville Police Department	267.00	267.00	279.00	**280.00**
Police Grant Funded (General Fund)	5.00	5.00	0.00	**0.00**
Asheville Fire Department	257.75	257.75	260.75	**260.75**
Parks & Recreation Department	93.63	93.63	90.63	**90.75**
Admin. Services/CMO Department	48.00	10.00	15.00	**17.00**
General Services	-	36.00	37.00	**37.00**
Finance & Management Services	32.75	32.75	33.00	**32.00**
Information Technology Services	19.00	19.00	21.00	**23.00**
Human Resources	16.05	16.05	19.60	**19.60**
City Attorney	6.00	7.00	7.00	**7.00**
Community & Economic Development	5.25	6.25	9.50	**10.00**
Public Works	84.51	72.51	77.19	**77.19**
Capital Projects & Sustainability	-	18.50	16.00	**16.00**
Transportation	12.29	12.29	13.29	**13.29**
Planning & Urban Design	10.25	10.25	9.00	**10.25**
Development Services	48.00	48.00	50.00	**52.00**
Total General Fund	905.48	911.98	937.96	**945.83**
Enterprise Funds				
Water Resources Fund	147.63	148.63	149.00	**155.00**
US Cellular Center Fund	16.50	16.50	16.50	**17.50**
Stormwater Fund	28.99	30.99	39.34	**39.34**
Transit Services Fund	3.00	3.00	3.00	**4.00**
Parking Services Fund	21.33	21.33	21.83	**22.50**
Street Cut Utility Fund	8.50	10.50	10.50	**10.50**
Total Enterprise Funds	225.95	230.95	240.17	**248.84**
Special Revenue Funds				
Police (Grant Fund)	4.00	4.00	4.00	**4.00**
Community Development Fund	4.50	4.50	6.25	**6.25**
Total Special Revenue Funds	8.50	8.50	10.25	**10.25**
TOTAL CITYWIDE FTE POSITIONS	1,139.93	1,151.43	1,188.38	**1,204.92**

ANALYSIS OF FUND BALANCE

General Fund	2015-16 Amended Budget*	2015-16 Estimate	2016-17 Adopted
Total Revenues	103,253,753	104,272,791	109,874,666
Total Expenditures	103,814,753	101,880,359	110,834,666
Unassigned Fund Balance:			
Beginning	16,646,856	16,646,856	19,159,288
Revenues Over/(Under) Expenditures	(561,000)	2,392,432	(960,000)
Plus: FY16 Accrual Change	N/A	3,900,000	N/A
Initial Ending Fund Balance	16,085,856	22,439,288	18,199,288
Less: Lee Walker Reservation	N/A	(2,180,000)	N/A
Less: Infrastructure Reservation	N/A	(1,100,000)	N/A
Ending	16,085,856	19,159,288	18,199,288
Ending Unassigned Fund Balance as a % of Total Expenditures	15.5%	18.8%	16.4%

*Amended budget as of the 3rd quarter FY 2015-16 financial report.

One measure of a city's financial strength is the level of its unassigned fund balance. In general, fund balance is excess or surplus money. At the end of a fiscal year, unassigned fund balance is the amount of fund balance that is remaining after reserves of fund balance for inventories, prepaid expenses, employee paid health benefits, and state statute reserve have been made. Reserves of fund balance are amounts required by state statute, or governmental accounting standards that are legally not available for spending. Fund balance that is unappropriated after budget adoption serves as a general operating reserve for the city. This operating reserve is identified as unassigned fund balance in the chart above.

According to the Local Government Commission, cities in North Carolina should have a minimum fund balance of at least 8%, or one month of operating expenditures. The "industry average" of fund balance, however, is between 10-20% and is preferable. What are the implications when the fund balance falls below the industry average and the state's recommendation? The most costly implication is a decrease in the bond rating, which characterizes the risk of the City's bonds. As the bond rating goes down, interest rates on those bonds increase and the faith and trust of the financial position of the City decreases.

If the fund balance drops to 8% or below, the State will issue a letter of warning giving the government a time frame to bring the fund balance back up. Should the government not comply, the State can step in and assume financial management.

When determining the appropriate level of fund balance for an organization, the following factors, in addition to state minimums or industry averages, should be considered:

- The predictability of revenues and volatility of expenditures - a higher level of unreserved funds may be needed if significant revenue sources are subject to unpredictable fluctuations.

- The availability of resources in other funds as well as the potential drain upon general fund resources from other funds may require a higher level of unreserved fund balance.

- Designations by management to compensate for any portion of the fund balance already designated for a specific purpose.

- Liquidity - a disparity between when financial resources actually become available to make payments and the average maturity of the related liabilities may require a higher level of resources to be maintained.

The City of Asheville Financial Management Policy recommends that the City maintain a fund balance in the General Fund equal to 15% of expenditures. The City ended FY 2014-15 with $16.6 million in unassigned fund balance. The adopted FY 2015-16 budget did not include a fund balance appropriation. The amended FY 2015-16 budget included a $561,000 fund balance appropriation. Based on the positive revenue and expenditure trends observed through the first three quarters, staff is projecting that instead of decreasing, fund balance will actually increase by $2.4 million at the end of FY 2015-16.

In addition, the City is making an accounting change for the accrual of revenue received from the State. Through FY 2014-15, the City used a 60-day collections rule for year-end accruals. Beginning with the year ending June 30, 2016, the Comprehensive Annual Financial Report (CAFR) will reflect a 90-day accrual of revenues in order to make the City of Asheville's financial reports more comparable to other cities in North Carolina. This change will add $3.9 million to fund balance as of June 30, 2016.

Based on revenue and expenditure projections for FY 2015-16 and the accounting change discussed above, staff estimates that the City's unassigned fund balance in the General Fund will be $22.4 million on June 30, 2016. The following reservations and dedications will be made per Council direction:

- Lee Walker Heights $2,180,000
- Infrastructure Reserve $1,100,000

The adopted FY 2016-17 General Fund budget also includes a $960,000 fund balance appropriation for deferred maintenance ($200,000) and other one-time investments ($760,000). The remaining $18.2 million in unrestricted, unallocated fund balance represents 16.4% of General Fund total budgeted expenditures for FY 2016-17.

Enterprise Funds

The other funds in the City's adopted budget are all enterprise funds. For these funds, the City calculates fund balance by taking cash and investments and subtracting out all certain current liabilities and encumbrances. The projected June 30, 2017 fund balance equivalent for the Water Resources Fund and the other Non-Major Enterprise Funds is shown below.

	Fund Balance 6/30/15 Est.	Fund Balance Usage by 6/30/16	Fund Balance 6/30/16 Est.
Water Resources Fund	14,892,965	0	**14,892,965**
Non-Major Enterprise Funds	3,596,515	(458,000)	**3,138,515**

GENERAL FUND SUMMARY

	2013-14 Actual	2014-15 Actual	2015-16 Original Budget	2015-16 Amended Budget	2015-16 Estimate	2016-17 Adopted
Revenues:						
Property Taxes	52,052,585	51,888,019	54,833,390	54,833,390	54,433,390	**55,522,058**
Intergovernmental	10,801,589	16,126,084	12,098,379	12,105,979	12,605,979	**12,733,482**
Sales & Other Taxes	17,793,854	20,044,318	20,129,180	20,129,180	21,095,654	**21,970,401**
Charges For Service	8,673,961	9,131,842	9,985,234	9,885,234	10,001,073	**11,269,584**
Licenses & Permits	5,844,444	5,773,266	4,550,994	4,550,994	4,152,719	**5,995,550**
Investment Earnings	158,368	134,493	150,000	150,000	135,000	**150,000**
Miscellaneous	1,917,784	2,296,602	1,401,450	1,588,450	1,838,450	**1,915,520**
Other Finan. Sources	83,765	467,128	0	571,526	10,526	**1,278,071**
Total Revenues	97,326,350	105,861,752	103,148,627	103,814,753	104,272,791	**110,834,666**

	2013-14 Actual	2014-15 Actual	2015-16 Original Budget	2015-16 Amended Budget	2015-16 Estimate	2016-17 Adopted
Appropriations:						
Police	21,707,066	23,214,497	24,719,331	24,719,331	23,825,530	**25,554,979**
Fire & Rescue	20,515,178	21,834,444	21,343,177	21,343,177	22,143,177	**21,944,428**
Public Works	11,653,073	10,758,134	9,577,250	10,173,264	9,485,099	**9,673,331**
Cap Projects & Sustain.	0	756,826	866,982	866,982	896,968	**1,113,281**
Capital Pay-Go/Debt	8,057,714	9,138,020	9,086,878	9,086,878	9,086,878	**10,132,171**
Parks & Recreation	8,710,763	9,024,102	9,905,874	9,913,474	9,616,070	**10,267,618**
Finance & Mgmt. Svcs.	2,654,612	2,909,660	2,866,317	2,866,317	2,780,327	**3,169,881**
Information Tech. Svcs.	2,192,505	2,579,477	2,524,613	2,524,613	2,448,875	**2,701,009**
Nondepartmental	2,485,511	5,660,700	2,012,957	2,012,957	2,037,761	**3,343,863**
City Attorney	717,952	796,044	826,848	826,848	818,580	**982,182**
Development Services	2,865,122	3,238,687	3,830,845	3,830,845	3,423,382	**4,100,544**
Administrative Services	3,993,863	1,479,539	1,963,943	1,963,943	1,912,535	**2,272,155**
General Services	0	2,448,272	2,733,823	2,733,823	2,651,808	**3,142,432**
Community & Econ. Dev	702,591	1,262,697	2,446,519	2,446,519	2,079,509	**2,868,484**
Transportation	1,047,967	1,862,392	2,739,927	2,837,453	2,752,329	**2,544,905**
Planning & Urban Design	1,002,907	826,822	902,106	988,342	983,400	**1,094,567**
Transit Services Transfer	1,157,502	1,700,546	1,790,117	1,790,117	1,790,117	**2,730,836**
US Cellular Ctr. Trnsfr.	885,927	1,160,576	1,049,711	1,049,711	1,049,711	**1,066,834**
Human Resources	1,244,907	1,603,076	1,461,409	1,461,409	1,598,303	**1,631,166**
Housing Trust Transfer	500,000	500,000	500,000	500,000	500,000	**500,000**
Total Appropriations	92,095,160	102,754,511	103,148,627	103,814,753	101,880,359	**110,834,666**

GENERAL FUND EXPENDITURES BY EXPENSE CATEGORY

	2013-14 Actual	2014-15 Actual	2015-16 Original Budget	2015-16 Amended Budget	2015-16 Estimate	2016-17 Adopted
Salaries & Wages	42,813,537	44,795,107	47,965,132	47,965,132	46,955,102	**50,309,404**
Fringe Benefits	15,483,307	18,095,999	19,116,835	19,116,835	18,714,280	**20,033,836**
Operating Costs	23,231,060	27,536,202	24,113,954	24,780,080	24,258,271	**26,501,585**
Interfund Transfers	2,043,429	2,861,122	2,839,828	2,839,828	2,839,828	**3,797,670**
Debt Service	4,647,611	4,903,491	5,387,021	5,387,021	5,387,021	**5,387,021**
Capital Outlay	3,876,216	4,562,590	3,725,857	3,725,857	3,725,857	**4,805,150**
TOTAL	92,095,160	102,754,511	103,148,627	103,814,753	101,880,359	**110,834,666**

BUDGET HIGHLIGHTS

- Personnel costs, including both salaries and wages and fringe benefits, make up 63% of the adopted FY 2016-17 General Fund budget. As noted earlier in the Budget Document, the personnel budget includes funding to provide employees with a 3.5% salary increase in July 2016 along with funding for market adjustments and changes to FLSA overtime rules. The salaries and wages budget in the General Fund is also impacted by staffing additions. The increase in the fringe benefits budget reflects the increase in the employer contribution to the City's health care program, as well as the adjustment to the City's LGERS contribution rate and the continuing step-up to the City's OPEB funding.

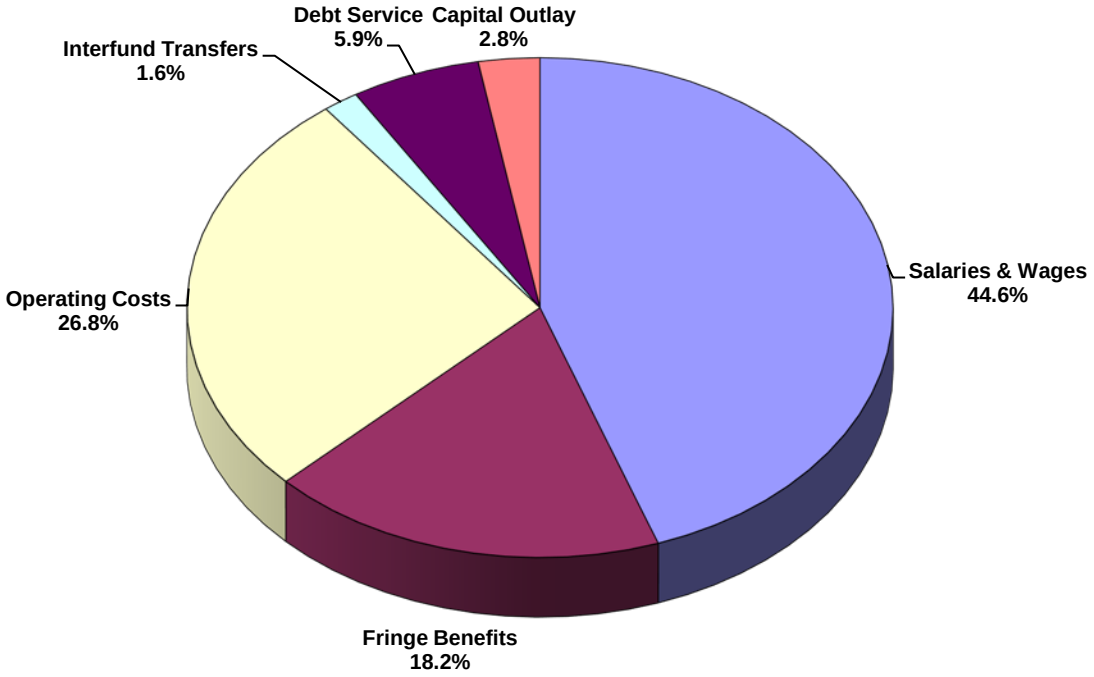
- Operating costs in the General Fund are budgeted to increase by 9.9%. A portion of this increase, approximately $1.3 million, is one-time funding for items such as the disparity study, establishment of the community loan fund for small businesses, the facilities and real estate diagnostic study, the staff creative solutions fund, the Parks services and facilities study, and the payroll and benefits audit.

- Interfund transfers to the Transit Services Fund and the US Cellular Center Fund are budgeted to increase by approximately $958,000, primarily due to the increase in the Transit transfer to fund the service enhancements discussed earlier in the Budget Document.

- In accordance with the City's multi-year debt service and capital improvement financial model, the General Fund debt service budget is maintained at the FY 2015-16 budget level.

- The FY 2016-17 capital outlay budget reflects the transfer of $3.3 million from the FY 2013-14 property tax rate increase into the City's multi-year debt service and capital improvement program, along with additional pay-go capital maintenance funding and departmental capital outlay. Overall, the capital outlay budget shows over a $1.0 million increase in FY 2016-17. This increase includes $800,000 in additional spending on street maintenance, funded with the adjustment to the motor vehicle license fee, and a $200,000 appropriation from the fund balance for the deferred maintenance program.

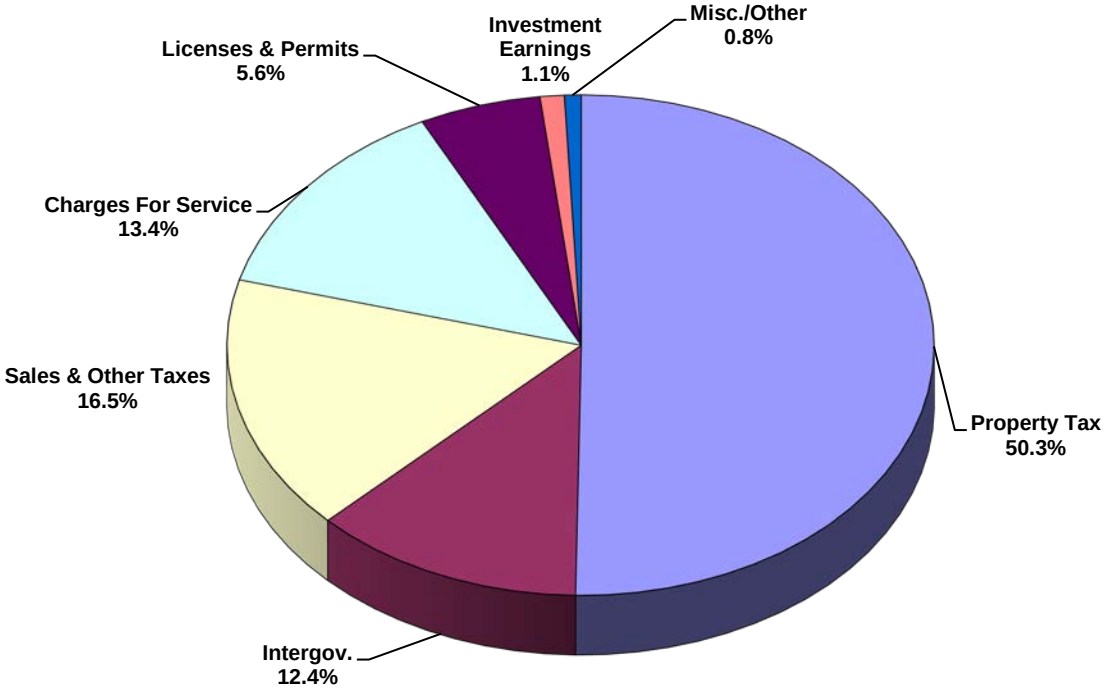
CITY OF ASHEVILLE
FY 2016-17 GENERAL FUND EXPENDITURES BY CATEGORY
TOTAL $110,834,666



Budget-to-Budget Expenditure Comparison

Expense Category:	2015-16 Original Budget	2016-17 Adopted	Change From Prior Year in $	Budget
Salaries & Wages	47,965,132	**50,309,404**	2,344,272	4.9%
Fringe Benefits	19,116,835	**20,033,836**	917,001	4.8%
Operating Costs	24,113,954	**26,501,585**	2,387,631	9.9%
Interfund Transfers	2,839,828	**3,797,670**	957,842	33.7%
Debt Service	5,387,021	**5,387,021**	0	0.0%
Capital Outlay	3,725,857	**4,805,150**	1,079,293	29.0%
Total General Fund Expenditures	103,148,627	**110,834,666**	7,686,039	7.5%

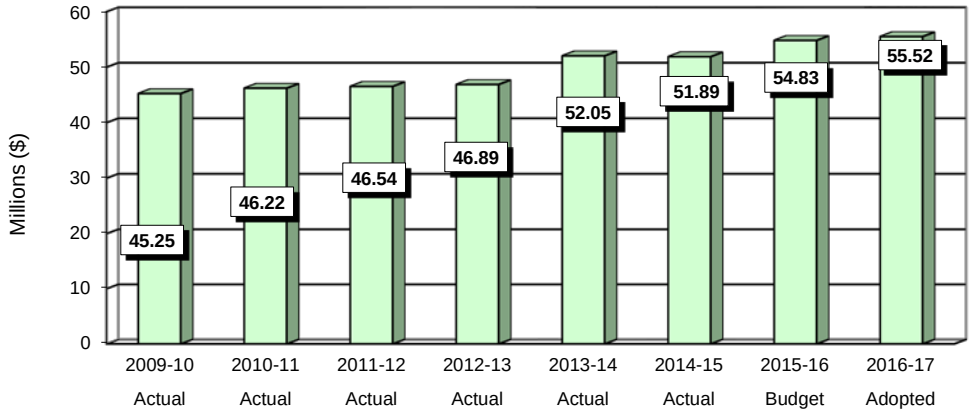
CITY OF ASHEVILLE
FY 2016-17 GENERAL FUND REVENUES BY SOURCE
TOTAL $110,834,666



Budget-to-Budget Revenue Comparison

Revenue Sources:	2015-16 Original Budget	2016-17 Adopted	Change From Prior Year in $	Budget
Property Tax	54,833,390	**55,522,058**	688,668	1.3%
Intergovernmental	12,098,379	**12,733,482**	635,103	5.2%
Sales & Other Taxes	20,129,180	**21,970,401**	1,841,221	9.1%
Charges For Service	9,985,234	**11,269,584**	1,284,350	12.9%
Licenses & Permits	4,550,994	**5,995,550**	1,444,556	31.7%
Investment Earnings	150,000	**150,000**	0	0.0%
Miscellaneous	1,401,450	**1,915,520**	514,070	36.7%
Other Financing Sources	0	**1,278,071**	1,278,071	100.0%
Total General Fund Revenue	103,148,627	**110,834,666**	7,686,039	7.5%

PROPERTY TAXES



Property Taxes:	**2013-14 Actual**	**2014-15 Actual**	**2015-16 Original Budget**	**2015-16 Amended Budget**	**2015-16 Estimate**	**2016-17 Adopted**
Current Year	48,308,564	48,554,170	51,337,719	51,337,719	51,137,719	**52,364,473**
Registered Motor Vehicles	3,153,009	2,864,966	2,795,671	2,795,671	2,795,671	**2,851,584**
Prior Years	591,012	468,883	700,000	700,000	500,000	**306,001**
Total Property Taxes	52,052,585	51,888,019	54,833,390	54,833,390	54,433,390	**55,522,058**

Trends & Assumptions

The property or ad valorem tax is the largest funding source for general government services, providing 50% of the City's total FY 2016-17 General Fund revenue. The property tax is levied each year on the value of real, certain personal, and public service property that is listed as of January 1 of that year. Real property, which consists of residential, commercial, and industrial properties, is typically revalued every four years, while personal and utility values are adjusted annually. The most recent revaluation was completed in 2012, and the new values became effective in FY 2013-14. This was the first revaluation since 2005; the revaluation scheduled for 2009 was delayed due to the economic recession. Real property makes up approximately 86% of the City's total tax base.

The property tax rate for FY 2016-17 will be 47.5 cents per $100 of assessed valuation, which represents no change from the FY 2015-16 rate.

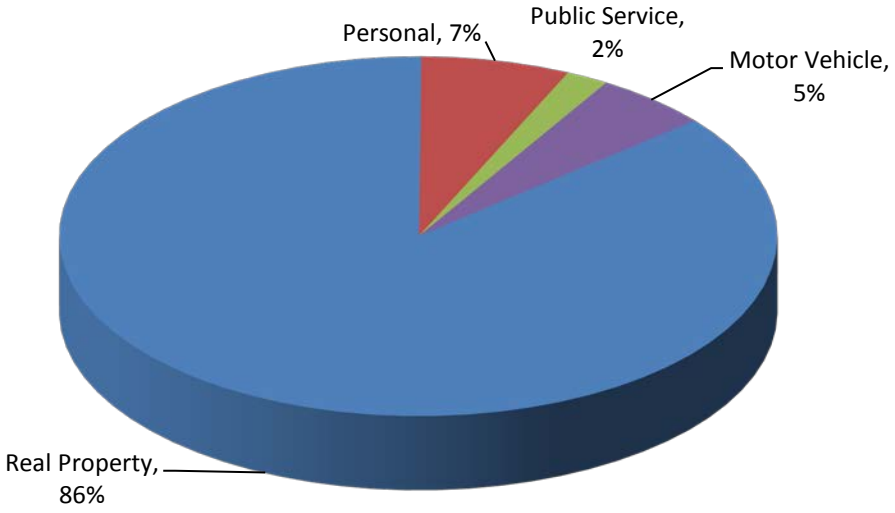
Between FY 2000 and FY 2010, property values in the City grew annually an average rate of 3.1%. Growth in real estate property values in Asheville slowed substantially as a result of the economic recession. Over the last five fiscal years, property values have grown at an annual average rate of less than 1%. Based on projections received from the Buncombe County Tax Office, staff is assuming a 2.0% increase in the City's property tax base (excluding motor vehicles) in FY 2016-17. In a positive sign for future growth, permit values for new construction have increased significantly over the last three years. This and other data indicate that property tax growth should rebound in the near future, as there is typically a two year lag between the issuance of building permits and the receipt of additional property tax revenue from improvements.

ASSESSED VALUATION HISTORY

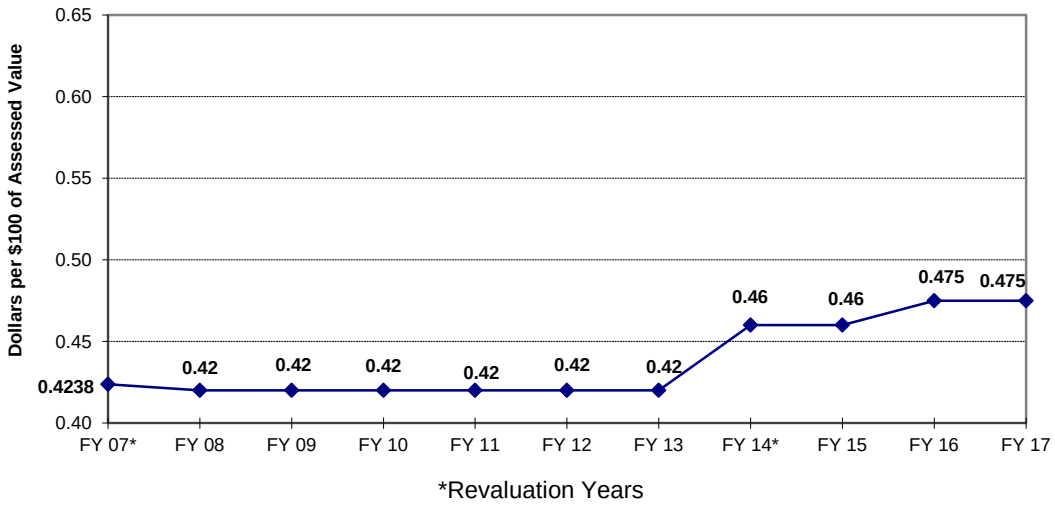
Major Property Categories ($ in thousands)	FY 2011-12	FY 2012-13	FY 2013-14*	FY 2014-15	FY 2015-16
Real Property	$9,634,718	$9,696,841	$9,653,303	$9,640,391	$9,799,217
Percent Change	1.26%	0.64%	-0.44%	-0.13%	1.65%
Personal	$673,731	$688,439	$731,028	$742,083	$761,919
Percent Change	-3.65%	2.18%	6.19%	1.51%	2.67%
Public Service Companies	$191,230	$190,235	$185,757	$181,201	$217,134
Percent Change	2.29%	-0.52%	-2.35%	-2.45%	19.83%
Motor Vehicles**	$513,711	$551,327	$597,911	$591,817	$588,562
Percent Change	7.00%	7.32%	8.45%	-1.02%	-0.55%
TOTAL TAX BASE	**$11,013,390**	**$11,126,842**	**$11,167,999**	**$11,155,492**	**$11,366,832**
Percent Change	**1.22%**	**1.03%**	**0.37%**	**-0.11%**	**1.89%**

*Revaluation Year
** FY 2015-16 motor vehicle valuation is estimated based on expected collections.

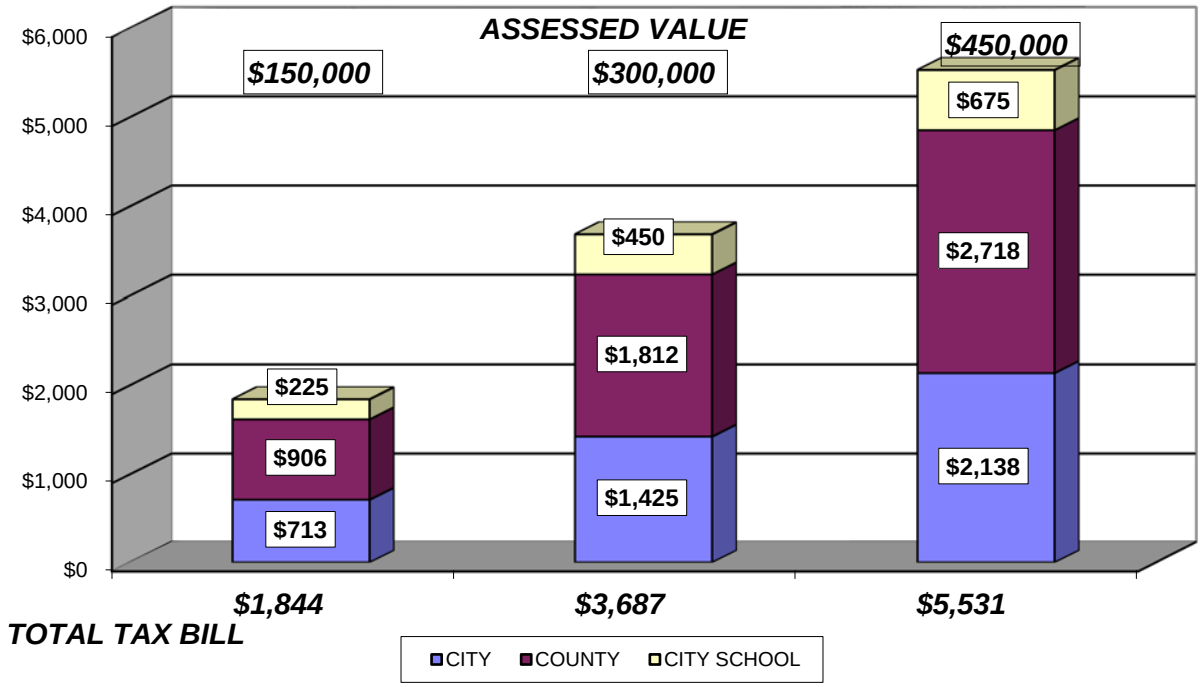
CITY OF ASHEVILLE FY 2015-16 TAX BASE



CITY OF ASHEVILLE PROPERTY TAX RATE HISTORY



FY 2016-17 SAMPLE TAX BILL



Notes: City tax rate: 47.5 cents per $100 of assessed valuation.
County tax rate: 60.4 cents per $100 of assessed valuation.
City School tax rate: 15 cents per $100 of assessed valuation. Not all City of Asheville residents pay the City School tax.

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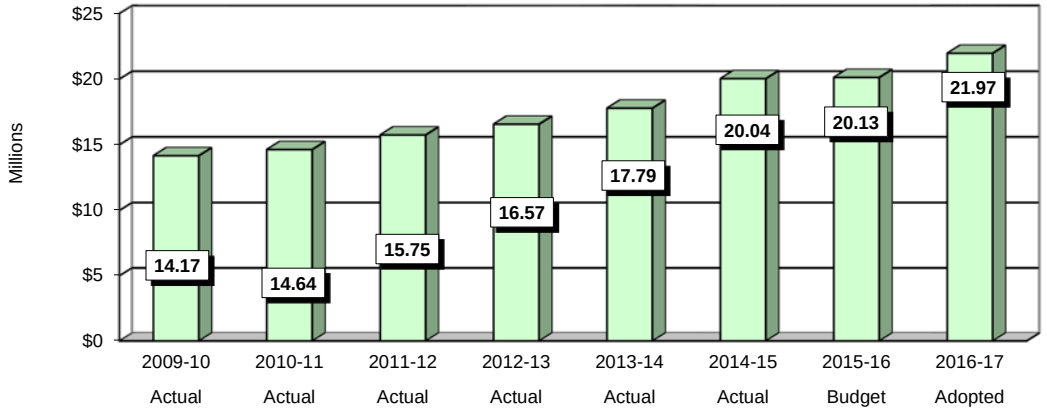
SALES & OTHER TAXES



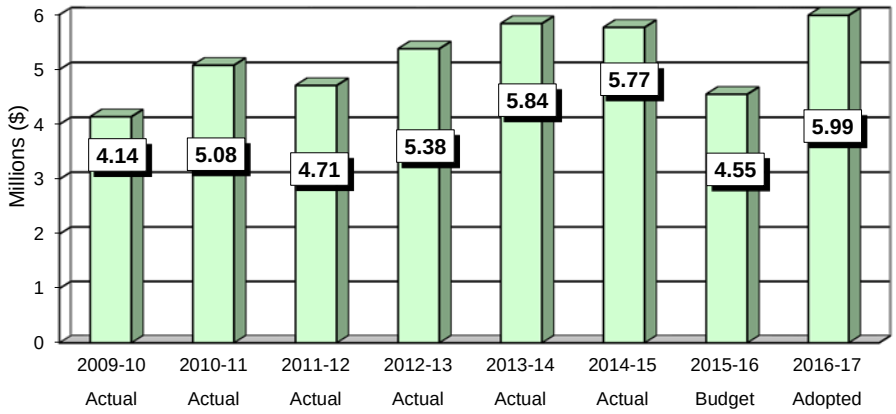
Sales & Other Taxes:	**2013-14 Actual**	**2014-15 Actual**	**2015-16 Original Budget**	**2015-16 Amended Budget**	**2015-16 Estimate**	**2016-17 Adopted**
Sales Taxes	17,245,196	19,472,698	19,683,180	19,683,180	20,525,654	**21,399,647**
Other Taxes	548,658	571,620	446,000	446,000	570,000	**570,754**
Total Sales & Other Taxes	17,793,854	20,044,318	20,129,180	20,129,180	21,095,654	**21,970,401**

Trends & Assumptions

Local option sales tax revenue is collected by the State of North Carolina and distributed back to counties and municipalities on a monthly basis. Net proceeds from Article 39 and Article 42 are returned to the county in which the tax was collected. Under this point-of-delivery distribution method, the City's revenue from this one and one-half-cent (1½ cent) sales tax is dependent only on retail sales activity in Buncombe County. Proceeds from the Article 40 half-cent sales tax are placed in a statewide pool and allocated among all one hundred counties on a per capita basis. Article 40 sales tax revenue is thus dependent on retail sales activity statewide and on Buncombe County's population relative to other counties in the state. During its 2001 session, the state legislature gave local governments the authority to levy an additional half-cent sales tax – Article 44. Revenue from Article 44 replaced local government reimbursement payments that were discontinued by the state. In 2007, the state eliminated Article 44 and replaced it with a hold harmless payment.

Buncombe County's sales tax revenue is divided between the county and the local municipalities based on each entity's share of the total county ad valorem tax levy. Based on this distribution formula, the City currently receives 19.64% of the sales tax revenue distributed to Buncombe County. The state recalculates this percentage each year to account for tax rate changes, annexations, revaluation, and natural growth in the tax base. No revenue was more impacted by the recession than sales taxes. Between FY 2006-07 and FY 2009-10, City sales tax revenue declined by $3.1 million or 18%. Sales tax revenue finally began growing again in FY 2010-11. Based on statewide projections from the North Carolina League of Municipalities and local trend data, staff is projecting a 5.4% increase in sales tax revenue in the current fiscal year. With revenue coming in higher than anticipated in FY 2014-15, and FY 2015-16 collections trending higher than budget, staff is now projecting that sales tax revenue will exceed budget by $848,000 in FY 2015-16. For FY 2016-17, staff is projecting another 5.0% increase. The budget-to-budget increase is 9.1%.

LICENSES & PERMITS



Licenses & Permits:	2013-14 Actual	2014-15 Actual	2015-16 Original Budget	2015-16 Amended Budget	2015-16 Estimate	2016-17 Adopted
DSD Fees	3,024,659	3,257,165	3,401,000	3,401,000	3,152,719	**3,380,000**
Business Privilege Licenses	1,579,972	1,514,735	0	0	0	**0**
Motor Vehicle Licenses	425,509	350,400	320,000	320,000	350,000	**1,750,000**
Other	814,304	650,966	829,994	829,994	650,000	**865,550**
Total Licenses & Permits	5,844,444	5,773,266	4,550,994	4,550,994	4,152,719	**5,995,550**

Trends & Assumptions

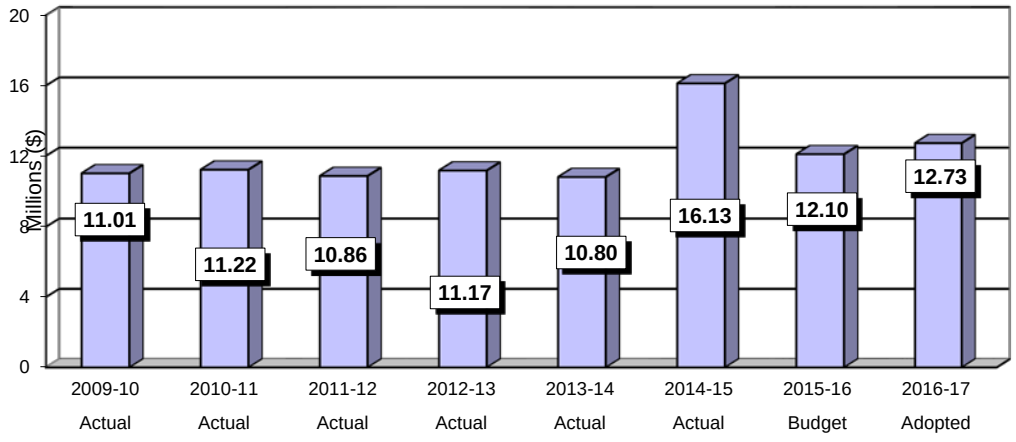
License and permit fees are generally used to offset the cost of regulating certain activities within the City. Some license and permit rates are set by the state, while others are set by City Council. Revenue from licenses and permits is influenced by local population growth, economic conditions, trends in development and re-development activity, and Council-approved fee changes.

Development Services (DSD) Fees: After declining during the recession and remaining flat in FY 2010-11, revenue from development services fees began growing again in FY 2011-12. Development activity increased dramatically in FY 2013-14, and revenue from permits and inspections increased 21% compared to FY 2012-13. This trend toward increased development activity continued in FY 2014-15 with another 7.7% increase in revenue. Although FY 2015-16 revenue estimates are down slightly, staff is expecting development activity to continue to be high in FY 2016-17.

Business Privilege Licenses: The N.C. General Assembly passed legislation that eliminated the City's ability to assess the privilege license fee after FY 2014-15.

Motor Vehicle Licenses: City Council approved an increase in the annual motor vehicle license fee for FY 2016-17 from $10 to $30. Revenue from the $20 increase will go toward street maintenance. The City will continue to use $5 from the fee to support the operational and capital needs of the City's transit system, and $5 to support General Fund activities.

INTERGOVERNMENTAL REVENUE



Intergovernmental:	**2013-14 Actual**	**2014-15 Actual**	**2015-16 Original Budget**	**2015-16 Amended Budget**	**2015-16 Estimate**	**2016-17 Adopted**
State Utility Taxes	7,032,103	8,291,583	7,911,350	7,911,350	8,800,000	**8,619,551**
Local Utility Franchise	44,519	800,728	440,000	440,000	400,000	**405,000**
Powell Bill	2,133,046	1,958,593	2,447,593	2,447,593	2,444,000	**2,444,984**
State Beer & Wine Tax	377,095	419,719	407,829	407,829	393,000	**414,262**
Other	1,214,826	4,655,461	891,607	899,207	568,979	**849,685**
Total Intergovernmental	10,801,589	16,126,084	12,098,379	12,105,979	12,605,979	**12,733,482**

Trends & Assumptions
Intergovernmental revenue includes grants, shared revenues, and reimbursements received by the City of Asheville from other governmental units.

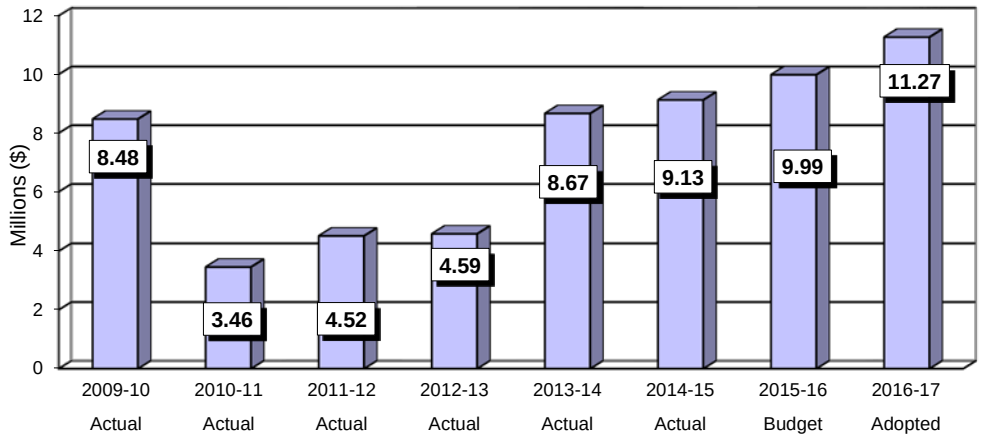
State Utility Taxes: The state levies the following utility taxes: a franchise tax on electricity, a sales tax on telecommunications and video services, and an excise tax on piped natural gas. The state changed the distribution formula for utility taxes in FY 2014-15, which resulted in a significant increase in revenue from this source. Based on two-year trend data and projections from the N.C. League of Municipalities, staff has budgeted an 8.9% increase for FY 2016-17 compared to the FY 2015-16 original budget.

Local Utility Franchise Tax*:* This category includes revenue from Asheville's local agreements with Duke Power and PSNC. It should be noted that the drop in revenue in FY 2013-14 was due to the timing of when the revenue was received. Based on the terms of the agreements, this revenue source is expected to remain flat in FY 2016-17.

State Beer & Wine Tax: The state shares a portion of the proceeds from beer and wine tax receipts with all local governments in which beer and wine is legally sold. The distribution is based on population. Based on collection trends in FY 2015-16 and projections from the N.C. League of Municipalities, staff has budgeted a 1.5% increase for FY 2016-17.

Powell Bill: North Carolina municipalities receive a portion of the proceeds from the state gasoline tax and the Highway Trust Fund. The money is distributed to municipalities based 75% on population and 25% on local street mileage. Powell Bill funds can only be expended to maintain, repair, or construct local streets. Based on actual revenue received in FY 2015-16 and growth projections from the N.C. League of Municipalities, this revenue is expected to remain flat in FY 2016-17.

CHARGES FOR SERVICE



Charges for Service:	2013-14 Actual	2014-15 Actual	2015-16 Original Budget	2015-16 Amended Budget	2015-16 Estimate	2016-17 Adopted
Parks & Recreation Fees	1,608,227	1,346,871	1,447,501	1,447,501	1,559,000	**1,381,151**
Solid Waste Charges	2,396,552	2,454,054	3,596,000	3,596,000	3,700,000	**4,696,000**
Fire Protection	391,413	262,763	265,289	265,289	265,000	**274,327**
Cost Allocation Charges	2,822,768	3,496,694	3,278,273	3,278,273	3,278,273	**3,579,731**
Other	1,455,001	1,571,460	1,398,171	1,298,171	1,198,800	**1,338,375**
Total Charges for Service	8,673,961	9,131,842	9,985,234	9,885,234	10,001,073	**11,269,584**

Trends & Assumptions

Charges for services are revenues derived from charges for the use of specific General Fund services, such as Parks & Recreation programs and curbside recycling. By Council policy, many of these services are partially or fully funded through user charges.

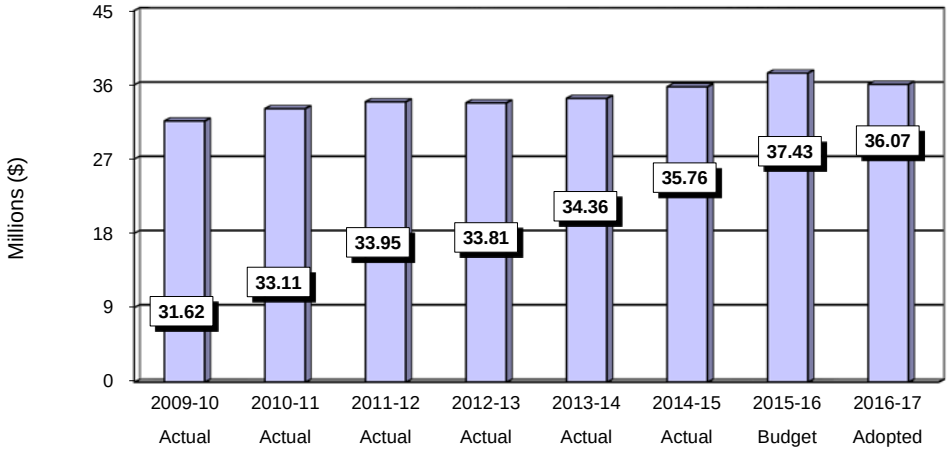
Parks & Recreation Fees*:* Parks and Recreation fee revenue has increased in FY 2015-16 but staff has budgeted conservatively in FY 2016-17 until further trend data is available.

Recycling/Solid Waste Charges: For FY 2016-17, the solid waste fee is being increased by $3.50 per month. This fee increase is expected to generate approximately $1.1 million in additional revenue.

Fire Protection: The Town of Biltmore Forest cancelled its fire protection contract with the City of Asheville at the end of the first quarter in FY 2013-14, which resulted in an annual revenue loss to the City of approximately $750,000. For FY 2016-17, this revenue source is expected to remain flat.

Cost Allocation Charges: The General Fund charges enterprise funds for the cost of internal services such as human resources, information technology services, finance, etc. The City contracts with a private firm to update its cost allocation plan on an annual basis. Based on the latest plan update, this revenue source shows a $300,000 increase in FY 2016-17.

WATER RESOURCES FUND REVENUE



Water Resources Revenue:	**2013-14 Actual**	**2014-15 Actual**	**2015-16 Original Budget**	**2015-16 Amended Budget**	**2015-16 Estimate**	**2016-17 Adopted**
Utility Charges	23,149,897	23,998,586	23,939,695	23,939,695	25,395,670	**24,313,657**
Other Operating Revenue	4,575,159	5,027,507	4,820,500	4,820,500	5,073,403	**4,828,939**
Capital Maintenance Fee	6,455,157	6,559,502	6,650,027	6,650,027	6,798,914	**6,749,271**
App. Fund Balance	-	-	1,890,983	1,938,541	-	**-**
Investment Earnings	176,918	175,176	125,000	125,000	124,889	**175,000**
Total Water Resources Revenue	34,357,131	35,760,771	37,426,205	37,473,763	37,392,878	**36,066,867**

Trends & Assumptions

Water revenue is derived from fees and service charges assessed to residential and commercial customers of the regional water system. Water revenue is influenced by fee changes, population growth, water consumption patterns, local economic conditions, and weather.

Utility Charges: The FY 2016-17 Water Resources budget includes the following rate changes:

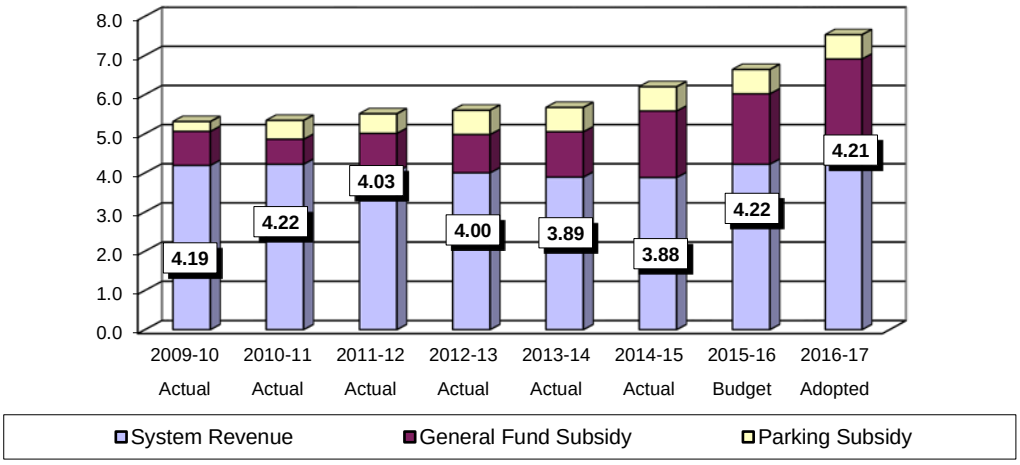
- Single Family, Multi-Family, Small Commercial/Manufacturer: 1.5% increase
- Large Commercial/Manufacturer (>1,000 CCF/month): 3.5% increase
- Wholesale & Irrigation: 5.0% increase
- Capital Improvement Fee: 1.5% increase for each meter size.

These rate adjustments are expected to generate approximately $473,000 in additional revenue.

Capital Maintenance Fee: The purpose of this fee is to provide funding for major capital improvements such as water line replacements and water treatment source improvements. It is a charge based on the size of the meter. As noted, this fee was increased by 1.5% in FY 2016-17.

Other Revenue: The other operating revenue category includes development fees, tap and connection fees, fire line charges, reconnection and delinquency fees, and other miscellaneous revenue. This revenue category is adjusted upward based on recent collection trends. Investment earnings reflect earnings on cash fund balances.

TRANSIT SERVICES FUND REVENUE



Transit Services Revenue:	**2013-14 Actual**	**2014-15 Actual**	**2015-16 Original Budget**	**2015-16 Amended Budget**	**2015-16 Estimate**	**2016-17 Adopted**
Federal/State Grants	2,220,239	2,341,659	2,509,500	2,509,500	2,509,500	**2,429,500**
Grant Pass Through	268,458	320,003	553,500	553,500	398,500	**553,500**
General Fund Subsidy	1,157,502	1,700,546	1,790,117	1,790,117	1,790,117	**2,730,836**
Parking Fund Subsidy	616,875	616,875	616,875	616,875	616,875	**616,875**
Operating Revenue	855,511	862,766	810,000	810,000	825,000	**840,000**
Motor Vehicle License Fee	425,508	350,399	360,000	360,000	350,000	**360,000**
Miscellaneous/Other	129,828	10,062	0	0	0	**0**
Total Transit Revenue	5,673,921	6,202,312	6,639,992	6,639,992	6,489,992	**7,530,711**

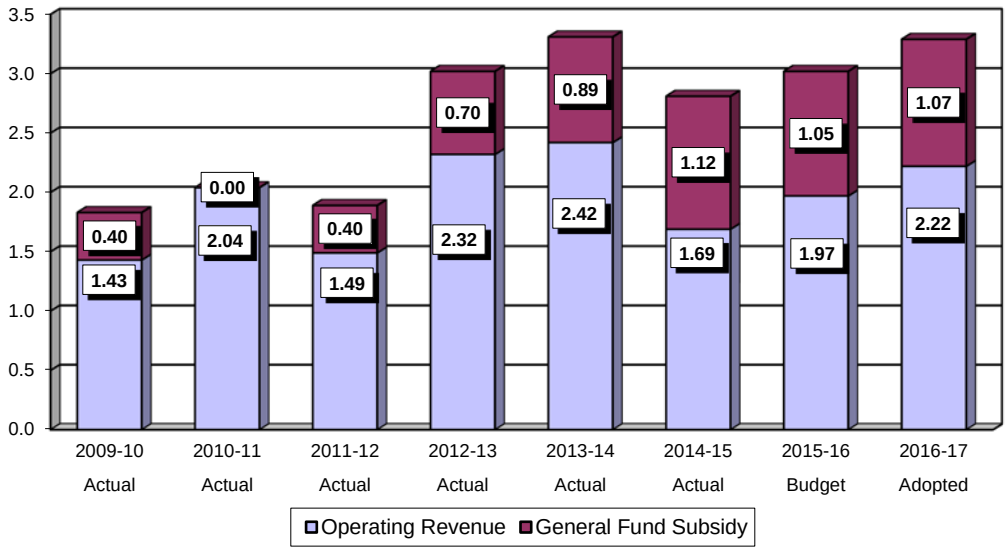
Trends & Assumptions
Transit Fund revenue is derived from three primary sources: federal and state grant funding, local tax support, and passenger charges.

Federal & State Grants: The Transit Fund receives grant funding from the Federal Transit Administration and the North Carolina Department of Transportation. Revenue from federal and state grants (including grant pass-through funds) represents 40% of the fund's total revenue. For FY 2016-17, the City expects grant funding remain essentially flat compared to prior years.

City Support: This category includes both the General Fund and Parking Fund subsidies and the motor vehicle license fee. The Parking Fund subsidy is being held flat in FY 2016-17. The General Fund subsidy shows an increase of $940,719 in FY 2016-17. This additional General Fund support will fund service enhancements and other cost increases in the Transit Fund.

Operating Revenue: This category consists of passenger fares, bulk fare income, and advertising revenue. Based on current trends, staff has budgeted a slight increase in this revenue category in FY 2016-17.

US CELLULAR CENTER FUND REVENUE



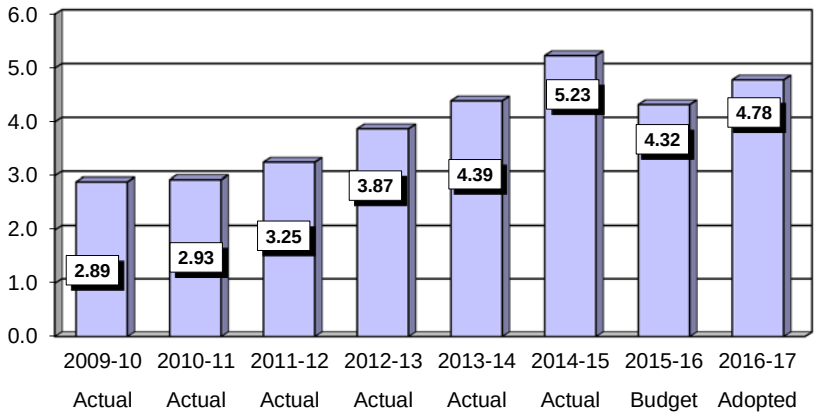
US Cellular Center Revenue:	2013-14 Actual	2014-15 Actual	2015-16 Original Budget	2015-16 Amended Budget	2015-16 Estimate	2016-17 Adopted
Food & Beverage Sales	1,265,791	610,960	845,992	845,992	952,037	**938,000**
Rent	728,174	447,702	440,000	440,000	495,154	**475,800**
Admissions & Other Sales	289,691	495,188	569,013	569,013	640,339	**680,000**
Other	135,528	130,911	115,500	115,500	129,978	**123,700**
Total Operating Revenue	2,419,184	1,684,761	1,970,705	1,970,705	2,217,508	**2,217,500**
General Fund Subsidy	885,927	1,160,576	1,049,711	1,049,711	1,049,711	**1,066,834**
Total US Cellular Center Rev.	3,305,111	2,845,336	3,020,216	3,020,216	3,267,219	**3,284,334**

Trends & Assumptions
The US Cellular Center receives operating revenue from the sale of food and beverages, rental fees charged to the users of the facility, and from various other charges, including facility fees and staffing reimbursements. Operating revenue is supplemented with support from the City's General Fund.

Operating Revenue: Event bookings and operating revenue decreased in FY 2014-15 but have trended upward in FY 2015-16. Projections for FY 2016-17 indicate that operating revenue will remain flat compared to FY 2015-16 estimates.

General Fund Subsidy: As discussed elsewhere in the Budget Document, all enterprise fund budgets now include the full cost of indirect services provided by the General Fund. This accounting change is reflected on the revenue side of the budget as an increase in the General Fund subsidy. It should also be noted that the increase in the General Fund subsidy that began in FY 2012-13 reflects a reallocation of capital resources to pay the annual debt service on funds borrowed for the Southern Conference renovation project.

PARKING SERVICES FUND REVENUE



Parking Services Revenue:	2013-14 Actual	2014-15 Actual	2015-16 Original Budget	2015-16 Amended Budget	2015-16 Estimate	2016-17 Adopted
Garage Revenue	2,529,223	2,732,670	2,275,000	2,275,000	2,879,216	**2,550,000**
Parking Meters	1,249,277	1,382,073	1,250,000	1,250,000	1,417,152	**1,337,444**
Parking Violations	274,095	932,059	524,100	524,100	737,373	**729,100**
Parking Lots & Peripheral Parking	306,673	142,567	250,000	250,000	140,015	**133,500**
Other	29,643	38,228	26,044	26,044	26,244	**25,300**
Total Operating Revenue	4,388,911	5,227,597	4,325,144	4,325,144	5,200,000	**4,775,344**
App. Fund Balance	-	-	300,000	300,000	-	**458,000**
Total Parking Services Revenue	4,388,911	5,227,597	4,625,144	4,625,144	5,200,000	**5,233,344**

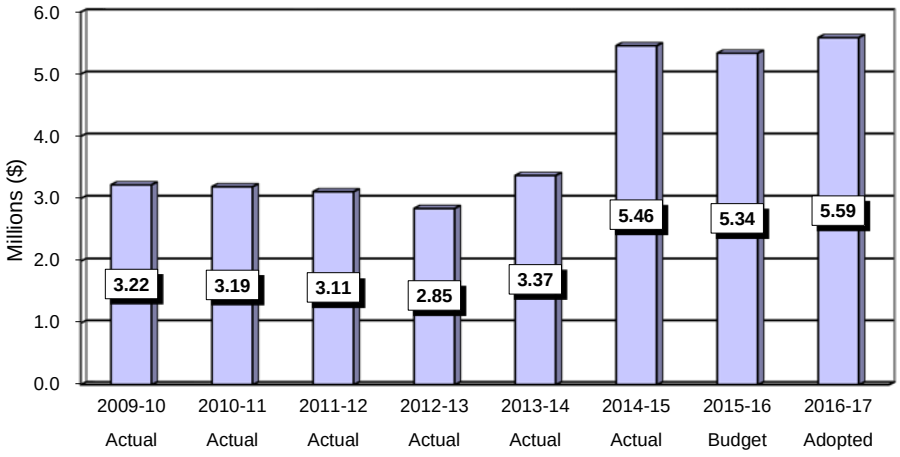
Trends & Assumptions

The Parking Services Fund operates four parking garages, more than 700 on-street metered spaces, and more than 200 lot spaces.

Garage Revenue: Garage revenue has increased over the last few years due to the opening of the Biltmore Avenue garage in FY 2012-13 and the economic recovery, which has bolstered demand. Also, City Council approved a 25 cent increase in the hourly rate for parking garages in FY 2013-14. Revenues in FY 2015-16 performed better than budget. There is no rate increase in the FY 2016-17 budget. Staff is anticipating a slight decrease in revenue below current trends due to the fact that availability at the Civic Center garage may be impacted by scheduled maintenance.

Parking Meters: The hourly rate for meters also increased by 25 cents in FY 2013-14. The City has seen an increase in meter revenue from the Passport parking program that was implemented in FY 2013-14. There is no rate change for parking meters in FY 2016-17. A consultant is currently conducting a comprehensive parking study, which may include rate changes for January 2017.

STORMWATER FUND REVENUE



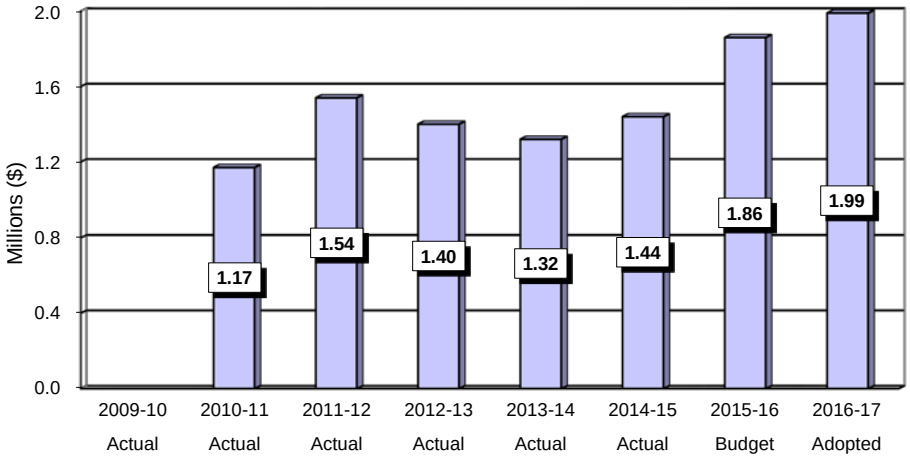
Stormwater Revenue:	2013-14 Actual	2014-15 Actual	2015-16 Original Budget	2015-16 Amended Budget	2015-16 Estimate	2016-17 Adopted
Utility Charges	2,889,985	4,799,897	4,921,491	4,921,491	5,429,357	5,174,389
Licenses & Permits	223,359	222,161	187,000	187,000	206,297	202,000
Other Financing Sources	218,593	390,919	205,000	1,627,558	226,155	190,000
Miscellaneous	22,049	41,346	11,000	11,000	12,135	12,000
Investment Earnings	12,339	10,260	11,000	11,000	12,135	11,000
Total Stormwater Revenue	3,366,325	5,464,583	5,335,491	6,758,049	5,886,079	5,589,389

Trends & Assumptions

The Stormwater Fund was created in FY 2005-06 to account for revenues and expenditures associated with the City's federally mandated stormwater program.

Utility Charges: In FY 2014-15, the City adopted a tiered rate structure for single family properties based on square footage, and increased rates for all single family and non-single family properties. Based on the financial model developed in FY 2014-15, staff submitted and City Council approved a 5% increase in all stormwater rates for FY 2016-17.

STREET CUT UTILITY FUND REVENUE



Street Cut Revenue:	2013-14 Actual	2014-15 Actual	2015-16 Original Budget	2015-16 Amended Budget	2015-16 Estimate	2016-17 Adopted
Charges for Services	1,303,526	1,414,229	1,625,076	1,625,076	1,381,315	1,748,781
Miscellaneous	15,111	26,327	0	0	0	0
Other Financing Sources	0	0	240,000	240,000	204,000	240,000
Total Street Cut Revenue	1,318,637	1,440,555	1,865,076	1,865,076	1,585,315	1,988,781

Trends & Assumptions

The Street Cut Utility fund was created in FY 2010-11 to track revenues and expenses associated with the City's street cut repair program. In addition to handling street cut repairs for the City's Water Resources and Stormwater Funds, street cut utility crews also repair cuts for the Metropolitan Sewerage District (MSD) and Public Service Natural Gas (PSNC). Each entity is then billed for 100% cost recovery.

The FY 2016-17 budget includes $240,000 in revenue from debt proceeds for equipment replacement.

ASHEVILLE

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ASHEVILLE FIRE DEPARTMENT

Scott Burnette, Fire Chief

MISSION

The mission of the City of Asheville Fire and Rescue Department is to protect the lives, property, and environment of all people within Asheville by preventing the occurrence and minimizing the adverse effects of fires, accidents, and all other emergencies. This mission will be accomplished with firefighter pride, preparedness, and professionalism, with a focus on quality customer service and continuous improvement.

DEPARTMENT SUMMARY

	2013-14 Actual	2014-15 Actual	2015-16 Original Budget	2015-16 Amended Budget	2015-16 Estimate	2016-17 Adopted
Expenditures:						
Salaries & Wages	13,216,848	13,783,498	13,838,837	13,838,837	14,392,390	**14,228,670**
Fringe Benefits	4,603,277	5,263,937	5,021,434	5,021,434	5,222,291	**5,238,053**
Operating Costs	2,695,053	2,777,278	2,482,906	2,482,906	2,582,222	**2,477,705**
Capital Outlay	0	9,731	0	0	0	**0**
Total	20,515,178	21,834,444	21,343,177	21,343,177	22,143,177	**21,944,428**
FTE Positions	257.75	257.75	260.75	260.75	260.75	**260.75**

BUDGET HIGHLIGHTS

- The Fire Department FY 2016-17 budget reflects a continuation of existing programs and services. It should be noted however that the City is moving forward with construction of a new fire station in north Asheville which will require the addition of firefighter positions in FY 2017-18. It is estimated that annual operating costs for the new station will be approximately $750,000.

DIVISION SUMMARY

	2013-14 Actual	2014-15 Actual	2015-16 Original Budget	2015-16 Amended Budget	2015-16 Estimate	2016-17 Adopted
Accountability/Administration	2,636,824	3,013,494	3,064,592	3,064,592	3,179,461	**2,994,464**
FTE Positions	9.00	9.00	10.00	10.00	10.00	**9.00**

The Accountability and Administration Division is responsible for ensuring that our citizens and taxpayers are receiving the level and quality of fire and emergency services that they expect. This division encompasses the senior leadership of the department as well as the business office operations. Overall organizational management and leadership are focused in this division. Services include policy direction and development, problem resolution, comprehensive departmental human resource functions, long range and short term planning, payroll, purchasing, clerical and data processing, and information management. Projects include all department capital improvements, contracts for specialized services, emergency service contracts and agreements, annexation service contracts, insurance rating programs, accreditation initiatives, performance measurement, organizational management and benchmarking, as well as being liaisons with neighboring fire and rescue departments, City government departments and divisions, and other city, county, state, and community based agencies and organizations.

Emergency Response	16,502,867	17,495,025	16,669,779	16,669,779	17,294,607	**17,362,164**
FTE Positions	233.75	233.75	229.75	229.75	229.75	**232.75**

The Emergency Response Division is responsible for response to 911 emergency calls for service. This division responds to emergencies throughout the city and all contractual areas. This responsibility is shared by shift operations personnel, as well as necessary support personnel. Emergency responses to fires, medical emergencies, technical rescue incidents, hazardous materials spills, natural disasters, and other type emergencies are provided 24/7/365 through three distinct work shifts. The department operates twelve (12) fire stations with seventeen (17) response companies, responding to over 17,000 emergencies annually. In addition, hydrant maintenance, fleet maintenance and repair, pre-emergency incident surveys, emergency preparedness, all safety and training programs, recruit academy partnerships, firefighter certification and career development, as well as all other direct support services are provided for in this division.

Fire Marshal's Office	1,375,487	1,325,926	1,608,806	1,608,806	1,669,108	**1,587,800**
FTE Positions	15.00	15.00	21.00	21.00	21.00	**19.00**

The Fire Marshal's Office provides state mandated periodic fire inspections of all commercial properties within the City's jurisdiction. This division is responsible for ensuring that buildings and conditions meet minimum safety code requirements. Issuance of necessary permits and regulatory services are a function of this division. In addition, this division provides new construction plans review and new construction inspections. Fire scene investigation services and the City's fire investigation team are also a part of this division. Fire and injury prevention services, including child safety seats and public information, are also provided through this division to the public – especially for targeted groups such as children, the elderly, and the business community.

DEPARTMENTAL GOALS

- Meet or exceed the standard of response coverage as adopted by the Asheville City Council.
- Meet or exceed the standard of coverage minimum requirements for accredited, urban fire departments.
- Benchmark with industry standards for emergency response and staffing.

KEY PERFORMANCE OBJECTIVES & MEASURES

	2014/15 Actual	2015/16 Estimated	**2016/17 Target**
Percentage of emergency responses in zones meeting CFAI turn-out time requirements.	89%	90%	**90%**
Percentage of emergency responses in zones meeting CFAI 1st unit travel time requirements			
Urban	91%	90%	**90%**
Suburban	91%	90%	**90%**
Rural	99%	99%	**90%**
Percentage of emergency responses in zones meeting CFAI effective response force travel time requirements			
Urban	86%	90%	**90%**
Suburban	83%	85%	**90%**
Rural	95%	95%	**90%**
Reliability percentage of first in units to first due fire management zones	87%	85%	**90%**
Percentage of emergency response companies that are staffed in accordance with industry standards			**90%**
Percentage of compliance with state fire code inspection schedule			**90%**
Percentage of compliance with the Development Services Dept. schedule for completed fire prevention code plan reviews.			**90%**
Percentage of fire incidents in inspected commercial premises with a reported dollar loss.			**2%**

ASHEVILLE POLICE DEPARTMENT

Tammy Hooper, Chief of Police

MISSION

We provide the highest level of police services in partnership with the community to enhance the quality of life. We provide public safety and maintain order; enforce the laws of North Carolina, uphold the United States Constitution, and enhance national security. We adhere to the guiding principles of: Integrity, Fairness, Respect, and Professionalism.

DEPARTMENT SUMMARY

	2013-14 Actual	2014-15 Actual	2015-16 Original Budget	2015-16 Amended Budget	2015-16 Estimate	2016-17 Adopted
Expenditures:						
Salaries & Wages	12,771,150	13,237,618	14,025,009	14,025,009	13,517,893	**14,581,789**
Fringe Benefits	4,624,183	5,510,330	5,769,331	5,769,331	5,560,724	**6,162,165**
Operating Costs	4,240,058	4,200,840	4,924,991	4,924,991	4,746,913	**4,802,025**
Capital Outlay	71,675	265,709	0	0	0	**9,000**
Total	21,707,066	23,214,497	24,719,331	24,719,331	23,825,530	**25,554,979**
FTE Positions	276.00	276.00	283.00	283.00	283.00	**284.00**

BUDGET HIGHLIGHTS

- The Police Department budget includes funding to add a Crime Analyst position.
- Four Police positions that are part of the DWI Task Force are budgeted in the City's Grant Fund. The City's contribution toward their salaries increases each year of the grant. For FY 2016-17, this amount will be $133,662. The 4 FTE are included in the position total above.
- The decrease in operating cost is primarily the result of the citywide reduction in fuel budgets.
- The department is scheduled to start a three phase implementation of body worn cameras, including a first phase of purchasing 60 cameras beginning in late FY16. This program will require significant technology support to store and manage recorded audio and video. An additional 60 body worn cameras will be purchased in FY 2016-17.
- Otherwise, the Police Department budget reflects a continuation of existing programs and services. It should be noted however that staff is targeting FY 2017-18 to recommend funding for a patrol unit dedicated to the downtown area. Should Council choose to move forward with developing this model in FY 2017-18, the one-time cost would be approximately $440,000 and ongoing operations would cost $786,000 per year.

DIVISION SUMMARY

	2013-14 Actual	2014-15 Actual	2015-16 Original Budget	2015- 16 Amended Budget	2015-16 Estimate	2016-17 Adopted
Administration	6,956,242	7,420,698	8,744,101	8,744,101	8,427,932	**9,171,198**
FTE Positions	57.00	57.00	60.00	60.00	60.00	**62.00**
Criminal Investig.	2,903,064	2,985,214	2,882,335	2,882,335	2,778,116	**5,364,337**
FTE Positions	47.00	47.00	38.00	38.00	38.00	**73.00**
Patrol Bureau	11,847,760	12,542,876	13,092,895	13,092,895	12,619,482	**11,019,444**
FTE Positions	172.00	172.00	185.00	185.00	185.00	**149.00**

Descriptions for the major functional areas based on the new structure of the department are:

Office of the Chief –
Provides top management support, direction and coordination for all activities of the department. Specific functions include: 1) Professional Standards Section comprised of the Internal Affairs Unit, and the Accreditation (CALEA) Unit; and 2) Financial Services Section comprised of the Purchasing Unit, Logistics Unit and Permits Unit.

Administration Bureau –
Includes both the Special Services Division and the Administrative Services Division which provide project management and policy guidance. Functions within the Special Services Division are: 1) Planning and Research Section, 2) Property and Evidence Section, 3) Recruitment and Career Development Section comprised of the Training Unit, Recruitment Unit, and Human Resource Technician; and 4) Communications Section. Functions within the Administrative Services Division are: 1) Crime Analysis Unit, 2) Technology Unit; and 3) Police Records Unit.

Operations Bureau –
Includes both the Investigations/Support Operations Division and the Patrol Operations Division and is responsible for investigating all serious crimes reported. Functions within the Investigations/Support Operations Division are: 1) Criminal Investigations Section comprised of the Victim Services Unit, Buncombe County Anti-Crime Team (BCAT) Unit, General Investigations Unit, Major Case Investigations Unit, Forensic Services Unit, Special Victims Unit, and the Drug Suppression Unit; and 2) Special Operations Section comprised of the Traffic Safety Unit, DWI Task Force Unit, Special Events and Crime Prevention Unit, Animal Services Unit and the School Resource Officer Unit. The Patrol Operations Division conducts and coordinates city-wide community policing efforts, responds to calls for service, provides 24 hour patrols, conducts criminal incident and traffic collision investigations. Functions within the Patrol Operations Division are: 1) ADAM District Section, 2) BAKER District Section, 3) CHARLIE District Section; and 4) EDWARD Section comprised of the Downtown Unit and the Public Housing Unit.

DEPARTMENTAL GOALS

- Maintain the highest level of quality service by adhering to our Guiding Principles of: Integrity, Fairness, Respect, and Professionalism.
- Enhance external and internal customer service through communication and community outreach.

- Utilize resources efficiently and effectively in preventing and suppressing criminal and drug activity.
- Partner with the community to enhance the quality of life and resolve neighborhood concerns.
- Establish a working environment that encourages teamwork, empowerment, communication and professional development.
- Maintain a dynamic organization that utilizes leading-edge technology and methods of enhancing community policing and drug enforcement activities.

KEY PERFORMANCE OBJECTIVES & MEASURES (N.C. Local Government Benchmarking Project Data)

	2014/15 Actual
Percentage of reported Part I cases that are cleared	38.7%
Response time to high priority calls (minutes)	6.3
Calls dispatched per sworn officer	515

NON-DEPARTMENTAL PUBLIC SAFETY

BUDGET SUMMARY

Expenditures:	2013-14 Actual	2014-15 Actual	2015-16 Original Budget	2015-16 Amended Budget	2015-16 Estimate	2016-17 Adopted
CrimeStoppers	37,748	40,200	37,584	37,584	37,584	**41,923**
Police ID Bureau	393,381	410,089	389,317	389,317	389,317	**403,400**
Transfer to Grant Fund	15,378	64,777	80,197	80,197	80,197	*
Total	446,507	515,066	507,098	507,098	507,098	**445,323**

BUDGET HIGHLIGHTS

- The Police ID Bureau and CrimeStoppers are both part of Buncombe County government; the City pays 50% of the costs of the programs. The FY 2016-17 budget amounts are based on estimates supplied by Buncombe County. Other Buncombe County municipalities do not participate in the funding of these programs.

- As noted earlier in the Budget Document, the transfer to the Grant Fund to support the DWI Task Force is budgeted in the Police Department budget for FY 2016-17.

ASHEVILLE

PARKS & RECREATION DEPARTMENT

Roderick Simmons, Director

MISSION

The Parks & Recreation Department is dedicated to enhancing your quality of life by providing diverse cultural and recreational experiences.

DEPARTMENT SUMMARY

	2013-14 Actual	2014-15 Actual	2015-16 Original Budget	2015-16 Amended Budget	2015-16 Estimate	2016-17 Adopted
Expenditures:						
Salaries & Wages	4,061,474	4,080,650	4,595,290	4,595,290	4,460,851	**4,712,600**
Fringe Benefits	1,473,036	1,679,868	1,864,386	1,864,386	1,809,842	**1,941,259**
Operating Costs	3,153,772	3,191,299	3,446,198	3,453,798	3,345,377	**3,613,759**
Capital Outlay	22,482	72,285	0	0	0	**0**
Total	8,710,763	9,024,102	9,905,874	9,913,474	9,616,070	**10,267,618**
FTE Positions	93.63	93.63	90.63	90.63	90.63	**90.75**

BUDGET HIGHLIGHTS

- The Parks & Recreation Department includes $60,000 to fund a service and facilities assessment for the department.
- Otherwise, the Parks & Recreation Department budget reflects a continuation of existing programs and services.

DIVISION SUMMARY

	2013-14 Actual	2014-15 Actual	2015-16 Original Budget	2015-16 Amended Budget	2015-16 Estimate	2016-17 Adopted
Administration	1,296,686	1,300,572	1,413,466	1,413,466	1,372,114	**1,478,652**
FTE Positions	6.00	6.00	6.00	6.00	6.00	**6.00**

The Administration Division provides overall leadership and coordination of the department's activities and goals; coordinates department activities with other departments; and is responsible for execution of the Master Plan for the department. The division also provides business planning and strategic planning expertise; provides "back of house" operational support for the department; and oversees marketing, communications, and media relations.

Park Operations	3,143,075	3,517,599	3,815,645	3,815,645	3,704,015	**3,957,135**
FTE Positions	38.38	38.38	35.38	35.38	35.38	**35.38**

This unit manifests the vision and maintenance for all park projects and recreational facilities; provides site planning and detailed project plans; manages the contracting process for construction projects. Also oversees maintenance of all park and recreational facilities and natural areas in the city's inventory.

Recreation Operations	3,154,538	3,028,348	3,481,096	3,488,696	3,379,254	**3,575,874**
FTE Positions	35.50	35.50	35.50	35.50	35.50	**35.63**

This unit manifests programs and access to services delivered by community centers, community outreach activities; youth and adult athletics programming; and recreational programming in the community; and also ensures that programs serves special populations including seniors, low income participants, and underserved neighborhood. This unit also builds community partnerships, develops marketing plans, manages specialized facilities and pools, and maintains public art.

Nature Center	908,278	966,762	974,264	974,264	945,761	**1,024,657**
FTE Positions	11.75	11.75	11.75	11.75	11.75	**11.75**

Aston Park	208,187	210,820	221,403	221,403	214,926	**231,300**
FTE Positions	2.00	2.00	2.00	2.00	2.00	**2.00**

DEPARTMENTAL GOALS

- Maximize the planning effort.
- Maximize the level of service available to the community by using partnerships to take advantage of existing facilities, share new facilities, and provide additional programming and services to the community.
- Create management resources to increase efficiency, continuity, and sustainability in critical focus areas needed in the department.
- Marketing, communications, and credibility.
- Strategically increase programming level of service.
- Ensure a continued high level of service in parks.
- Increase level of service for indoor facilities.

KEY PERFORMANCE OBJECTIVES & MEASURES (N.C. Local Government Benchmarking Project Data)

	2014/15 Actual
Volunteer hours as a percent of paid staff (in FTEs)	13%
Acres of park maintained per maintenance FTE	28.7
Recreation Centers per 10,000 population	10.5
Miles of land trails per 10,000 population	0.61

COMMUNITY & ECONOMIC DEVELOPMENT DEPARTMENT

Sam Powers, Director

MISSION

The focus of the City of Asheville, Community and Economic Development Department is to promote the City's community and economic development policies through linked and collaborative initiatives that leverage resources to create a livable community and vibrant and robust Asheville economy.

DEPARTMENT SUMMARY

	2013-14 Actual	2014-15 Actual	2015-16 Original Budget	2015-16 Amended Budget	2015-16 Estimate	2016-17 Adopted
Expenditures:						
Salaries & Wages	303,547	410,141	629,723	629,723	623,426	**696,100**
Fringe Benefits	104,010	139,940	209,582	209,582	207,486	**250,485**
Operating Costs	282,043	712,616	1,607,214	1,607,214	1,248,597	**1,921,899**
Capital Outlay	12,991	0	0	0	0	0
Total	702,591	1,262,697	2,446,519	2,446,519	2,079,509	**2,868,484**
FTE Positions	5.25	6.25	9.50	9.50	9.50	**10.00**

BUDGET HIGHLIGHTS

- The Community & Economic Development (ED) Department budget includes $320,000 in one-time funding for a disparity study, which will allow the City to evaluate current business and hiring practices in order to identify areas that should be changed or improved. The City can then take steps to become a model of good management practices with regard to diversity and equity.
- The budget also includes $75,000 in one-time funding for a contracted real estate diagnostics evaluation.
- The FY 2016-17 budget for planned economic incentive payments totals $1,143,240, which is essentially unchanged from FY 2015-16.
- The ED Department budget also includes funding to cover 50% of the cost of the new Downtown Development Manager position that was approved for addition in FY 2015-16.
- Beginning in FY 2015-16, the budget for the Homeless Program and the CAYLA program were moved under the Community & Economic Development Department.

DEPARTMENTAL GOALS

- Promote Asheville's economic development policies through collaborative initiatives that create a diverse, vibrant and robust economy.

KEY PERFORMANCE OBJECTIVES & MEASURES

	2014-15 Actual	2015-16 Estimated	2016-17 Target
• *Unemployment rate*	4.4%	3.4%	**3.4%**
• *Total employment*	183,000	186,000	**189,000**

Recent Economic Development Announcements in 2015-16

- Burial Beer Production Expansion ($1.8M investment, 17 new jobs)
- AC Hotel: 132 room hotel with retail space and structured parking deck
- Patton Place Apartments: 116 unit multi-family housing with structured parking deck
- Hyatt Place Hotel: 140 room hotel with meeting facilities, rooftop bar and structured parking deck
- Cambria Suites: 12 story mixed use facility with 136 hotel room, structured parking and meeting facilities

HOUSING TRUST FUND

Sam Powers, Community & Economic Development Director

The Housing Trust Fund provides resources to increase the supply of affordable housing in the City of Asheville. The Fund's activities are administered by the Community Development Division.

BUDGET SUMMARY	2013-14 Actual	2014-15 Actual	2015-16 Original Budget	2015-16 Amended Budget	2015-16 Estimate	2016-17 Adopted
Expenditures:						
General Fund Contribution	500,000	500,000	500,000	500,000	500,000	**500,000**

BUDGET HIGHLIGHTS

- The FY 2016-17 budget continues the $500,000 General Fund operating budget contribution to the Housing Trust Fund.

PLANNING & URBAN DESIGN DEPARTMENT

Todd Okolichany, Director

MISSION

The mission of the Asheville Planning & Urban Design Department is to encourage sustainable sound physical and economic development through implementation of City Council policies that value our resources (historic, natural, housing, etc.) and ongoing community involvement; and by providing quality service, information, and assistance.

DEPARTMENT SUMMARY

	2013-14 Actual	2014-15 Actual	2015-16 Original Budget	2015-16 Amended Budget	2015-16 Estimate	2016-17 Adopted
Expenditures:						
Salaries & Wages	603,766	507,265	563,484	563,484	614,263	**672,756**
Fringe Benefits	213,867	212,716	250,291	250,291	272,846	**247,343**
Operating Costs	185,275	106,841	88,331	169,625	96,291	**174,468**
Capital Outlay	0	0	0	0	0	**0**
Total	1,002,907	826,822	902,106	988,342	983,400	**1,094,567**
FTE Positions	10.25	10.25	9.00	9.00	9.00	**10.25**

BUDGET HIGHLIGHTS

- The FY 2016-17 budget includes funding to add one additional Planner/Urban Designer FTE position for the Downtown Master Plan and other projects.
- The FY 2016-17 Planning & Urban Design budget includes an additional $85,000 for services and supplies related to citywide planning projects.

PLANNING & URBAN DESIGN DEPARTMENT

DIVISION SUMMARY

	2013-14 Actual	2014-15 Actual	2015-16 Original Budget	2015-16 Amended Budget	2015-16 Estimate	2016-17 Adopted
Planning Services	799,266	643,855	735,950	822,186	802,271	**929,873**
FTE Positions	7.50	7.50	7.00	7.00	7.00	**8.25**

The Planning Services Division conducts current and long-range planning. Planners are responsible for reviewing plans for development and redevelopment in the City's jurisdiction to ensure conformance with sound planning principles and City regulations, and for revising the City development guidelines as necessary. This division is also responsible for all comprehensive and small area plans and related matters. This division provides assistance to the Planning and Zoning Commission, the Board of Adjustment, the River District Design Review Board, and the Technical Review Committee.

Historic Resources	132,268	125,743	166,156	166,156	181,129	**164,694**
FTE Positions	1.75	1.75	2.00	2.00	2.00	**2.00**

The Historic Resources Division provides assistance to the Historic Resources Commission in its efforts to protect and preserve the architectural history of Asheville.

Homeless Program	71,374	57,225	**	**	**	**
FTE Positions	1.00	1.00	**	**	**	**

The Homeless Program was moved to the Economic Development Department in FY 2015-16.

DEPARTMENTAL GOALS

- Finalize Form-Based Code for River Arts District, amend Haywood Road Form Based Code, and initiate code amendments for signs, open space and retaining walls.
- Complete the following projects: Draft Comprehensive Plan Update, Haywood Street/Page Avenue visioning, and South Slope Visioning/Master Plan.
- Initiate the following projects: Downtown Master Plan update, amendments to the Downtown Design Review Guideline, and various corridor planning.
- Adopt utility substation ordinance, airport height ordinance, and animal control/urban farm ordinance.
- Adopt UDO amendments for accessory dwelling units/homestays (or implement recommendations of the ADU Task Force) and on increasing opportunities for small-scale residential housing.
- Complete Asheland Avenue city-owned property rezoning.
- Implement portions of the Historic Preservation Master Plan, create historic landmarks story maps for website, and manage the stabilization of Thomas Wolfe Cabin and prepare a plan for its long-term use.
- Support other city projects, including: Downtown Public Space Management, Lee Walker Heights redevelopment, RADTIP, climate change vulnerability (w/ NEMAC), I-26 Working Group, Facilities Master Plan and amendments to River Design Guidelines.

DEVELOPMENT SERVICES DEPARTMENT

Jason Nortz, Director

MISSION

Protect the lives, health, and property in Asheville while supporting economic development by providing building and development permitting services and enforcing the North Carolina State Building Codes, Asheville Housing Code, and related environmental codes. Development Services is dedicated to providing excellent customer service as it relates to the application and permitting process, plan review, and building inspection services to all areas within the Asheville City limits.

DEPARTMENT SUMMARY

	2013-14 Actual	2014-15 Actual	2015-16 Original Budget	2015-16 Amended Budget	2015-16 Estimate	2016-17 Adopted
Expenditures:						
Salaries & Wages	1,898,774	2,133,587	2,498,126	2,498,126	2,232,416	**2,578,292**
Fringe Benefits	709,399	859,852	1,039,450	1,039,450	928,890	**1,088,271**
Operating Costs	256,949	245,248	293,269	293,269	262,076	**303,981**
Capital Outlay	0	0	0	0	0	**0**
Total	2,865,122	3,238,687	3,830,845	3,830,845	3,423,382	**3,970,544**
FTE Positions	48.00	48.00	50.00	50.00	50.00	**50.00**

BUDGET HIGHLIGHTS

- The adopted budget includes $130,000 to fund additional resources dedicated to the short-term rental program.
- Otherwise, the FY 2016-17 Development Services Department budget represents a continuation of existing programs and services.

DEPARTMENTAL GOALS

- The customer experience is one in which customers feel their needs were met with acceptable wait times in the lobby, for permits, and inspections; found the information they needed online easily and quickly; able to communicate with staff directly when needed; and felt staff was useful resource.
- Customers feel the service provided is a good value by meeting quality, time, and cost expectations; understand the true cost of the services; and having incentives offered by the Department.
- Everyone is treated fairly with customers having equal access to information; staff effectively triaging projects and customer needs; and the Department implementing transparent business practices and reducing barriers to development.
- Customers feel confident that the built environment is safe and the natural environment is protected with buildings being efficient and structurally sound; erosion and runoff are controlled; development is controlled on steep slopes; the community is protected from flooding; and permitting supports sustainable practices.
- The Permit Application Center will accommodate the needs of customers, make them feel welcomed and appreciated by providing adequate seating and work stations; access to information and resources; and a friendly and pleasing environment.
- Staff are happy and engaged; feel valued, respected, and supported; participate in engagement opportunities; and productivity improves.

KEY PERFORMANCE OBJECTIVES & MEASURES (N.C. Local Government Benchmarking Project Data)

	2014/15 Actual
Inspections per day per inspector FTE	10.5
Plan reviews per year per reviewer FTE	585
Percentage of inspection responses within one working day of request	99%
Percentage of inspections that are reinspections	16.8%

PUBLIC WORKS DEPARTMENT

Greg Shuler, Director

MISSION

The Public Works Department exists to provide safe and efficient movement of people and goods within the City and to maintain a safe, litter-free environment in the most economical and efficient manner possible. The Department functions to maintain and improve a variety of services and infrastructures, while delivering excellent customer service to the community.

DEPARTMENT SUMMARY

	2013-14 Actual	2014-15 Actual	2015-16 Original Budget	2015-16 Amended Budget	2015-16 Estimate	2016-17 Adopted
Expenditures:						
Salaries & Wages	3,011,699	3,103,383	2,969,790	2,969,790	3,003,205	**2,963,102**
Fringe Benefits	1,338,725	1,473,525	1,444,052	1,444,052	1,460,300	**1,500,092**
Operating Costs	7,237,338	6,157,965	5,162,408	5,758,422	5,220,493	**5,184,137**
Capital Outlay	65,311	23,261	1,000	1,000	1,011	**26,000**
Total	11,653,073	10,758,134	9,577,250	10,173,264	9,685,009	**9,673,331**
FTE Positions	84.51	72.51	77.19	77.19	77.19	**77.19**

BUDGET HIGHLIGHTS

- Part of maintaining a clean and healthy environment is ensuring the consistent and timely pickup of waste. The current staffing of the Sanitation Division in Public Works does not allow for multiple employees to be off of work without an impact on the collection schedule. In order to mitigate this problem and provide consistent pick up not only of solid waste, but also of brush, staff recommends hiring one additional equipment operator at an annual cost of $45,000 for salary and benefits.

- The Public Works budget includes ongoing funding for the following programs: 1) $100,000 for median maintenance; 2) $100,000 for guardrail maintenance; 3) $90,000 for graffiti removal; 4) $300,000 for sidewalk cleaning in the central business district.

- As mentioned earlier in the Budget Document, a safety position was moved from the Public Works Department to the Finance department during FY 2015-16. The FY 2016-17 reflects this organizational change.

- City Council approved a $3.50 increase to the solid waste fee in March which will become effective July 1. The new rate will be $14.00 per month.

- City Council also approved a $20 increase in the annual motor vehicle fee for FY 2016-17, which will provide additional funding for street maintenance. The additional funding is reflected in the Budget Summary section under Capital Pay-Go funding.

- The budget for the street lighting program was moved from Public Works to the Transportation Department at the start of FY 2014-15. This change is reflected as a decrease in operating costs after FY 2013-14.

DIVISION SUMMARY	2013-14 Actual	2014-15 Actual	2015-16 Original Budget	2015-16 Amended Budget	2015-16 Estimate	2016-17 Adopted
Administration	800,467	1,247,975	950,708	950,708	961,405	**881,785**
FTE Positions	6.50	4.50	6.00	6.00	6.00	**5.00**

The responsibilities of the Public Works Administration Division include overseeing, leading, and directing the Public Works divisions. This division develops operational procedures and policies; keeps abreast of new cost effective materials, equipment and training opportunities, and ensures that service levels remain constant or are improved without increasing costs. Public Works Administration also manages general street, sidewalk, bridge, drainage and signalization improvements.

Streets & Sidewalks	4,266,904	5,086,269	3,618,061	4,214,075	3,658,777	**3,768,927**
FTE Positions	34.01	36.01	39.19	39.19	39.19	**39.19**

The Street Maintenance Division's mission is to construct and maintain the City's streets, sidewalks, and storm drainage systems in an efficient, customer-oriented manner; and to provide responsive emergency services in all types of weather.

Sanitation	4,524,506	4,423,890	5,008,481	5,008,481	5,064,834	**5,022,619**
FTE Positions	32.00	32.00	32.00	32.00	32.00	**33.00**

The Sanitation Division's mission is to provide quality services to all customers through on-schedule collection of municipal solid waste, bulky items, yard waste, and brush debris; and to ensure efficiency in every task, special project, equipment operation, and customer request.

Engineering Services	837,176	**	**	**	**	**
FTE Positions	12.00	**	**	**	**	**

This division is now reported under the Capital Projects and Sustainability section of the Budget Document.

Street Lighting	1,224,020	**	**	**	**	**
FTE Positions	0.00	0.00	**0.00**	**	**	**0.00**

Beginning in FY 2014-15, the Transportation Department is responsible for overseeing the City's street lighting program.

DIVISION SUMMARY

	2013-14 Actual	2014-15 Actual	2015-16 Budget	2016-17 Adopted
Fleet Management	316,657	*	*	*
FTE Positions	*	*	*	*

The Fleet Management division was moved to the General Services division during FY 2012-13.

DEPARTMENTAL GOALS

- Provide safe, efficient, and sustainable multi-modal transportation systems within the City of Asheville
- Provide efficient collection of municipal solid waste, yard waste, large and bulky items, and household recycling
- Improve the effectiveness of Public Works services
- Improve environmental stewardship and protection of natural resources
- Perform all work in the safest possible manner
- Institute and promote preventative maintenance practices

KEY PERFORMANCE OBJECTIVES & MEASURES

	2014/15 Actual	2015/16 Estimated	**2016/17 Target**
Solid waste diverted from landfill through recycling initiatives	28.4%	28.7%	30%
Complete rating of sidewalk conditions	n/a	n/a	100%
Sidewalk cleaning (linear feet cleaned)	1,489,278	3,430,011	3,500,000
Number of graffiti tags cleaned	20,205	11,144	15,000
Street maintenance by treatment type (miles treated)			
Hot Mix Asphalt	4.5	5.2	5.5
Preservation	n/a	2.7	6.0

SUSTAINABILITY & CAPITAL PROJECTS MANAGEMENT DIVISIONS

Cathy Ball, Assistant City Manager

DIVISION SUMMARY

	2013-14 Actual	2014-15 Actual	2015-16 Original Budget	2015-16 Amended Budget	2015-16 Estimate	2016-17 Adopted
Capital Projects Mgmt.		502,576	701,968	701,968	696,968	**811,927**
FTE Positions		14.50	14.00	14.00	14.00	**14.00**

The Capital Projects Management Division exists to provide efficient and effective project management, program development, and engineering services for City projects related to infrastructure, and as assigned by the Capital Improvement Program. Services provided by the division include professional engineering, surveying, and design; cost estimation and scheduling; contract administration and management; utility relocation; and right-of-way research and acquisition. The Capital Projects Management Division is a new organization within the City, established in 2014. The group previously was reported in the Engineering Services Division, which operated within the Public Works Department. The expenditures above reflect the costs for the division net of staff expenses which can be directly charged to capital projects.

Sustainability		254,250	165,014	165,014	156,763	**301,354**
FTE Positions		2.00	2.00	2.00	2.00	**2.00**

The Sustainability Division coordinates the City's efforts to achieve the goal of reducing its carbon footprint by 80% by 2050, with a 2% reduction each year. The Sustainability Division also oversees the city's long term waste reduction goal of 50% municipal solid waste reduction by ton by the year 2035, with a 1.5% reduction each year.

BUDGET HIGHLIGHTS

- The Sustainability budget includes $30,000 for Food Action Plan Coordination and $30,000 for a Backyard Composting Program. Both programs will be funded with savings achieved through the LED Streetlight/Green Sustainability initiative.
- In prior years, savings from the LED Streetlight/Green Sustainability initiative have been transferred to the Sustainability budget at the end of the fiscal year. Beginning with FY 2016-17, an estimate of those savings will be included in the Sustainability adopted budget.
- Prior to FY 2014-15, these functions were accounted for in other City departments.
- The capital projects management division budget reflects the estimated net cost after charging staff time to specific capital projects that are assigned to each project manager.

DEPARTMENTAL GOALS

The Capital Projects Management Division aims to improve how it meets the needs and expectations of our customers.

- Provide consistent and effective communication of project status, changes, and impacts to affected customers during each phase of the project.

- Provide a forum for staff to develop and standardize methods for:
  - Review and development of the scope of work for City project/program, and designs.
  - Common formats for preliminary engineering services, and project/program development (feasibility studies, cost estimates, etc.)
  - Development of design and construction contract formats

- Provide a forum to improve project execution and integration with project stakeholders, including:
  - Improve forecasting and delivery of project timelines/schedules.
  - Cost estimates and cost controls.

KEY PERFORMANCE OBJECTIVES & MEASURES

	2014-15 Actual	**2015-16 Estimated**	**2016-17 Target**
Municipal Operations Greenhouse Gas Emissions [Carbon Footprint - Goal of 4% annual reduction]	19,876 MT CO2e	19,876 MT CO2e	**18,938 MT CO2e**
City's Annual Waste Reduction Goal [tons collected per calendar year]	21,847	22,179	**21,496**

TRANSPORTATION
Ken Putnam, Director

MISSION

The City of Asheville's Transportation Department is dedicated to providing for the safety, health, mobility, and quality of life for Asheville citizens and guests through the administration of engineering, infrastructure, and transportation related projects.

DEPARTMENT SUMMARY

	2013-14 Actual	2014-15 Actual	2015-16 Original Budget	2015-16 Amended Budget	2015-16 Estimate	2016-17 Adopted
Expenditures:						
Salaries & Wages	583,114	337,366	654,478	654,478	657,440	**631,060**
Fringe Benefits	228,899	253,294	283,200	283,200	284,482	**278,111**
Operating Costs	235,954	1,271,732	1,802,249	1,899,775	1,810,407	**1,635,734**
Capital Outlay	0	0	0	0	0	**0**
Total	1,047,967	1,862,392	2,739,927	2,837,453	2,752,329	**2,544,905**
FTE Positions	12.29	12.29	13.29	13.29	13.29	**13.29**

BUDGET HIGHLIGHTS

- The FY 2016-17 budget for the Transportation Department includes continued funding in the amount of $100,000 for traffic calming projects and $35,000 for traffic safety projects.
- The budget for the street lighting program was moved from Public Works to the Transportation Department at the start of FY 2014-15. This change is reflected as an increase in operating costs after FY 2013-14. As noted earlier in the Budget Document, the street lighting budget was lowered for FY 2016-17 to reflect recent trends, and the anticipated savings was moved to the Sustainability budget.
- It should be noted that FY 2014-15 actuals for salaries and wages are net of Powell Bill eligible expenses.

DIVISION SUMMARY

	2013-14 Actual	2014-15 Actual	2015-16 Original Budget	2015-16 Amended Budget	2015-16 Estimate	2016-17 Adopted
Administration	213,561	213,337	232,758	232,758	233,812	**243,857**
FTE Positions	2.67	2.67	2.67	2.67	2.67	**2.67**

The Transportation Department Administration Division provides administrative support to the Traffic Engineering Division, the Transportation Planning Division, Transit Services Division and the Parking Services Division including oversight of the operating and capital budget.

Traffic Engineering	212,824	210,941	204,790	204,790	205,717	**213,079**
FTE Positions	2.00	2.00	2.00	2.00	2.00	**2.00**

The Traffic Engineering Division is responsible for the planning, design, installation, operation, and maintenance of traffic control devices (signs, signals, street markings) throughout the City and on a contract basis with the North Carolina Department of Transportation for state routes within the City. The division also conducts traffic studies and surveys, and reviews major developments and curb cut requests. The division also works with citizens, other departments, and outside agencies on traffic-related issues.

Traffic Signal Maint.	181,271	173,571	222,915	320,441	223,924	**218,737**
FTE Positions	2.00	2.00	2.00	2.00	2.00	**2.00**

The Traffic Signal Maintenance Division provides for the safe control and flow of all modes of transportation in the City through the development of standards, high quality customer service, quick response, and careful planning.

Transportation Plan.	193,945	173,021	275,239	275,239	276,485	**204,740**
FTE Positions	1.63	1.63	2.63	2.63	2.63	**2.63**

The Transportation Planning Division provides citywide planning services, including the Metropolitan Planning Organization (MPO) and transit projects.

Signs and Markings	242,348	11,067	294,522	294,522	295,855	**297,722**
FTE Positions	4.00	4.00	4.00	4.00	4.00	**4.00**

The Signs and Markings Division installs and maintains regulatory, warning, and guide signs and pavement markings along city-maintained streets. FY 2014-15 actuals are net of Powell Bill eligible expenses.

Traffic Safety/ Calming	4,018	48,886	135,000	135,000	135,611	**135,000**
Street Lighting	**	1,031,569	1,374,703	1,374,703	1,380,925	**1,231,770**

DEPARTMENTAL GOALS

- Providing services on a "customer first" basis by consistently applying sound and reasonable transportation planning and traffic engineering principles.
- Filter all planning, engineering and operations activities through a Complete Streets framework that considers all users, including pedestrians, bicyclists, transit vehicles and riders, children, the elderly, and people with disabilities.

KEY PERFORMANCE OBJECTIVES & MEASURES

Measure	2014/15 Actual	2015/16 Estimated	**2016/17 Target**
Respond to customer complaints & concerns in a timely, professional, & courteous manner		95%	**96%**
Respond to traffic-engineering related requests in a timely, professional, and courteous manner		95%	**96%**
Respond to installation/removal of street light requests in a timely and professional manner. Coordinate with Duke/Progress Energy as required.		95%	**96%**
Respond to emergency service calls for traffic signal malfunctions in a timely manner.		98%	**99%**
Respond to service calls for street lights by investigating and performing repairs or contracting repairs as required.		95%	**96%**
Respond to emergency service calls regarding STOP and YIELD signs in a timely manner.		99%	**100%**
Perform preventive maintenance functions on all city-maintained traffic signals and warning flashers.		100%	**100%**
Review development plans, traffic impact studies, and driveway access points for compliance with City policies.		100%	**100%**

NON-DEPARTMENTAL COMMUNITY & RESIDENT SERVICES

The City provides funding to outside agencies (strategic partners) for the purpose of promoting community and economic development in the City of Asheville. The City also supports community and economic development through nondepartmental activities, such as the Economic Incentives program. Strategic partner and nondepartmental funding includes the following:

BUDGET SUMMARY

Expenditures:	2013-14 Actual	2014-15 Actual	2015-16 Original Budget	2015-16 Amended Budget	2015-16 Estimate	2016-17 Adopted
HCD Committee:						
One Youth at a Time	1,360	3,300	5,000	5,000	5,000	**5,000**
YWCA	6,000	2,000	12,000	12,000	12,000	**12,000**
AHOPE	15,000	29,650	28,400	28,400	28,400	**30,000**
United Way 211	1,875	2,500	0	0	0	**2,000**
Children First	15,000	15,000	20,000	20,000	20,000	**20,000**
Asheville Greenworks	4,000	9,000	15,350	15,350	15,350	**0**
Child Abuse Prevention Srvs.	3,335	4,583	0	0	0	**0**
Asheville Design Center	7,000	4,000	4,000	4,000	4,000	**2,000**
Green Opportunities	18,000	7,332	17,150	17,150	17,150	**0**
App. Sustainable Agr. Project	0	1,040	0	0	0	**5,000**
Asheville Area Arts Council	0	6,986	5,000	5,000	5,000	**10,000**
Partners Unlimited	0	2,500	5,000	5,000	5,000	**5,000**
Project Lighten Up	0	0	3,500	3,500	3,500	**3,500**
Read to Succeed	0	0	4,000	4,000	4,000	**4,000**
Blue Ridge Food Ventures	0	0	25,000	25,000	25,000	**0**
Pisgah Legal Services	0	0	9,000	9,000	9,000	**0**
Bountiful Cities	0	0	0	0	0	**11,000**
Residents' Council	0	0	0	0	0	**10,000**
My Daddy Taught Me That	0	0	0	0	0	**20,000**
On Track Financial	0	0	0	0	0	**12,000**
WNC New Economy Coal.	0	0	0	0	0	**6,900**
Direct Allocations:						
LEAF Programming	0	0	0	0	0	**40,000**
IRL Programming	0	0	0	0	0	**45,000**
Economic Incentives	440,000	*	*	*	*	*****
Community Relations Council	26,540	5,345	0	0	0	**0**
YMI Utilities	24,000	24,000	24,000	24,000	24,000	**24,000**
Total	562,110	117,236	172,400	172,400	172,400	**257,400**

BUDGET HIGHLIGHTS

- The adopted budget includes $85,000 for LEAF and IRL programming.
- * The budget for economic incentives is now included in the Community & Economic Development Department.

ASHEVILLE

ADMINISTRATIVE SERVICES/CITY MANAGER'S OFFICE

Paul Fetherston, Assistant City Manager | Cathy Ball, Assistant City Manager

MISSION

The City of Asheville's Department of Administrative Services is in the business of ensuring the highest quality of life in the community we serve so that Asheville remains one of the best places to live in the country. The department consults with operational departments to provide: coordination and support in community relations, public engagement, marketing and communications services; and administration of the City Manager's office.

DEPARTMENT SUMMARY

	2013-14 Actual	2014-15 Actual	2015-16 Original Budget	2015-16 Amended Budget	2015-16 Estimate	2016-17 Adopted
Expenditures:						
Salaries & Wages	2,570,545	946,353	1,264,678	1,264,678	1,231,574	**1,454,170**
Fringe Benefits	873,736	343,886	461,441	461,441	449,362	**503,923**
Operating Costs	2,487,270	189,300	237,824	237,824	231,599	**314,062**
Capital Outlay	142,275	0	0	0	0	**0**
Cost Transfers	-2,079,963	0	0	0	0	**0**
Total	3,993,863	1,479,539	1,963,943	1,963,943	1,912,535	**2,272,155**
FTE Positions	48.00	10.00	15.00	15.00	15.00	**17.00**

BUDGET HIGHLIGHTS

- The FY 2016-17 Administrative Services budget reflects the addition of a Deputy City Clerk position.
- The FY 2016-17 Administrative Services budget also includes the addition of an Equity Program Manager position which would allow the City to dedicate resources to specifically addressing issues surrounding race, gender and areas of discrimination.

DIVISION SUMMARY	2013-14 Actual	2014-15 Actual	2015-16 Original Budget	2015-16 Amended Budget	2015-16 Estimate	2016-17 Adopted
Governing Body	233,763	251,764	225,780	225,780	219,870	**235,335**
FTE Positions	0.00	0.00	0.00	0.00	0.00	**0.00**

The Governing Body Division provides funding for the salaries and operating expenses of the Mayor and the City Council.

City Clerk	116,952	122,881	120,417	120,417	117,265	**219,737**
FTE Positions	1.00	1.00	1.00	1.00	1.00	**2.00**

The City Clerk gives notice of Council meetings, maintains a journal of proceedings of City Council, is the custodian of all official City records, and performs other duties that may be required by law or City Council.

City Manager	868,562	726,314	1,036,275	1,036,275	1,009,150	**1,223,933**
FTE Positions	5.00	5.00	7.00	7.00	7.00	**8.00**

The City Manager Division is responsible for managing and coordinating the operations of all City departments and for ensuring that City Council goals and objectives are incorporated into departmental goals and objectives.

Communications/Pub. Eng.	322,598	378,372	581,471	581,471	566,250	**592,950**
FTE Positions	4.00	4.00	7.00	7.00	7.00	**7.00**

The Community and Public Engagement Division facilitates the creation and continuance of programs that focus on making information about City services and programs more accessible to communities, neighborhoods and individuals in Asheville.

Sustainability	156,482	*	*	*	*	*
FTE Positions	2.00	*	*	*	*	*

The Sustainability Division is now reported under the Community & Resident Services section of the Budget Document.

General Services	2,295,506	*	*	*	*	*
FTE Positions	36.00	*	*	*	*	*

The General Services function became a separately managed department in FY 2014-15.

DEPARTMENTAL GOALS

- Provide leadership strategies and implement policies and initiatives that support Asheville City Council's Strategic Plan and associated goals, objectives and action items.
- Record all official action of the City Council, safeguard all official records, and provide accurate information to citizens in an efficient and professional manner.
- Reduce the number of circumstances that lead to citizen complaints, respond effectively to complaints that do occur, and facilitate citizen requests for service.
- Foster an informed and engaged community by effectively communicating the City's goals, services, programs and initiatives.
- Continue commitment to a diverse communication portfolio seeking to reach and engage residents and stakeholders through tools such as, the government channel, relationships with neighborhoods and stakeholder groups, the city website, social media and other emerging communication and civic engagement tools.
- Foster collaboration and strategic communication between departments for all internal and external communications.
- Provide high quality customer service to internal and external staff through quality of service and communications.
- Benchmark and track performance measures across all divisions for opportunities to reduce costs, improve efficiency, and provide higher quality of service.

LEGAL DEPARTMENT/CITY ATTORNEY'S OFFICE

Robin Currin, City Attorney

MISSION

The City Attorney's Office advises and represents the City of Asheville in all settings where legal advice and representation are needed or requested.

DEPARTMENT SUMMARY

	2013-14 Actual	2014-15 Actual	2015-16 Original Budget	2015-16 Amended Budget	2015-16 Estimate	2016-17 Adopted
Expenditures:						
Salaries & Wages	430,379	524,168	555,852	555,852	550,294	**599,764**
Fringe Benefits	122,128	166,051	186,326	186,326	184,463	**206,205**
Operating Costs	165,445	105,825	84,670	84,670	83,823	**176,213**
Capital Outlay	0	0	0	0	0	**0**
Total	717,952	796,044	826,848	826,848	818,580	**982,182**
FTE Positions	6.00	7.00	7.00	7.00	7.00	**7.00**

BUDGET HIGHLIGHTS

- The outside legal services budget is increased by $10,000 in FY 2016-17.
- Contracted funding with an outside legal firm for representation at the N.C. General Assembly was moved from the nondepartmental section of the budget to the City Attorney budget after adoption of the FY 2015-16 and is reflected in the adopted FY 2016-17 budget under operating cost.

LEGAL DEPARTMENT/CITY ATTORNEY'S OFFICE

DEPARTMENTAL GOALS

- Handle all lawsuits (motions, etc.) in a timely fashion, including referral to outside counsel when appropriate.
- Process ordinances, resolutions, and routine contracts (within Manager's signing authority) in a timely manner.
- Risk/loss minimization.
- Compliance as to regulatory and intergovernmental matters.
- Assist in development and pursuit of legislative program, including management of governmental relations.
- Endeavor to bring more litigation matters in house to reduce outside counsel costs.
- Create and utilize a document management system to organize office files.

KEY PERFORMANCE OBJECTIVES & MEASURES

	2014/15 Actual	2015/16 Estimated	2016/17 Target
• *Respond to pleadings and motions by court or legally mandated deadlines*	100%	100%	**100%**
• *Complete reviews and edits of ordinances and resolutions within 10 days (30 days for conditional zoning permits)*	90%	95%	**95%**
• *Advise boards and commissions (meeting attendance)*	95%	90%	**95%**
• *Complete review and response on routine contracts and agreements within 2 weeks of receipt*	90%	90%	**95%**
• *Reorganize office documents and put document management system in place*	80%	85%	**95%**

FINANCE AND MANAGEMENT SERVICES

Barbara Whitehorn, Director/CFO

MISSION

The City of Asheville's Department of Finance and Management Services provides a foundation of support that enables sound decision-making and execution of City initiatives through responsible stewardship of public assets.

DEPARTMENT SUMMARY

	2013-14 Actual	2014-15 Actual	2015-16 Original Budget	2015-16 Amended Budget	2015-16 Estimate	2016-17 Adopted
Expenditures:						
Salaries & Wages	1,519,394	1,624,625	1,764,904	1,764,904	1,711,957	**1,884,021**
Fringe Benefits	541,422	639,431	700,107	700,107	679,104	**735,054**
Operating Costs	593,796	645,604	470,306	470,306	456,197	**626,849**
Capital Outlay	0	0	0	0	0	**0**
Cost Transfers	0	0	-69,000	-69,000	-66,930	**-76,043**
Total	2,654,612	2,909,660	2,866,317	2,866,317	2,780,327	**3,169,881**
FTE Positions	32.75	32.75	33.00	33.00	33.00	**32.00**

BUDGET HIGHLIGHTS

- Central Stores operation along with 2 FTE positions was transferred to the Water Department during FY 2015-16. The FY 2016-17 reflects this organizational change.
- A safety position that was previously budgeted in the Public Works Department was moved to the Risk Management Administration division during FY 2015-16. The FY 2016-17 reflects this organizational change.
- The position in the Strategic Performance division was converted into a Senior Budget Analyst and moved to the Budget and Financial Reporting division during FY 2015-16. Another vacant position in Accounting is being converted into an Agreements, Grants, & Partnerships Coordinator.
- The Finance Administration budget includes $90,000 to fund an external payroll and benefits audit to recommend improvements to existing processes and programs.
- Also, one position was moved from the Planning Department to the Purchasing Division of the Finance Department after adoption of the FY 2016-17 budget.

DIVISION SUMMARY

	2013-14 Actual	2014-15 Actual	2015-16 Original Budget	2015-16 Amended Budget	2015-16 Estimate	2016-17 Adopted
Finance Administration	765,503	749,796	563,848	563,848	580,932	**767,387**
FTE Positions	4.00	4.00	4.00	4.00	4.00	**4.00**

The Finance Administration Division provides leadership for the variety of responsibilities assigned to the department. This division also: monitors the City's Capital Improvement Program; directs and manages the Asheville Public Financing Corporation; and structures, implements and monitors special financial arrangements such as the City's self-insurance program and pension obligation financing.

Purchasing	248,606	280,502	318,565	318,565	309,013	**338,347**
FTE Positions	4.00	4.00	4.00	4.00	4.00	**4.00**

The Purchasing Division's functions include the procurement of all City commodities and the sale of City-owned surplus property by sealed bids and/or public auction. The operation of the City's Central Stores Facility is also a function of this division, but Central Stores expenses are accounted for in a separate division.

Central Stores	140,073	143,814	154,625	154,625	149,986	**0**
FTE Positions		2.00	2.00	2.00	2.00	**0.00**

The Central Stores Division maintains inventory in support of all departments and divisions of the City. Inventory consists of three major classes: water maintenance materials, stormwater/drainage materials, and general operating supplies (consisting of office, safety and janitorial products). Central Stores has been moved to the Water Fund.

Risk Management Admin	180,795	274,030	319,520	319,520	315,934	**492,307**
FTE Positions	3.00	4.00	4.00	4.00	4.00	**5.00**

The Risk Management Administration Division analyzes the relative loss exposure for all City operations and activities and provides recommendations to City staff and City departments. Risk Management also places appropriate protective coverage for the City either through adequate insurance at the best possible premium or by selecting and implementing alternative risk financing, risk transfer, loss prevention, and loss control techniques.

Budget & Research	200,918	284,554	**	**	**	**
FTE Positions	3.00	3.00	**	**	**	**

The function of the Budget & Research Division is to plan, prepare and monitor the City's operating and capital budgets, review the efficiency of City activities, and provide assistance to the City Manager and other departments in performance management, planning and evaluation.

DIVISION SUMMARY	2013-14 Actual	2014-15 Actual	2015-16 Original Budget	2015-16 Amended Budget	2015-16 Estimate	2016-17 Adopted
Accounting	1,118,717	1,171,950	**	**	**	**
FTE Positions	15.75	15.75	**	**	**	**

The Accounting Division maintains City financial records in accordance with the North Carolina General Statutes and generally accepted principles of governmental accounting. This division's activities include: financial record keeping, all payroll related functions, accounts payable & accounts receivable activities, treasury management, and fiscal grant management. This division is also responsible for the City's internal audit functions.

Strategic Plan. & Perf.	62,345	62,345	0	**0**
FTE Positions	1.00	1.00	1.00	**0.00**
Internal Audit	87,405	87,405	85,253	**110,309**
FTE Positions	1.00	1.00	1.00	**1.00**
Fiscal Services	737,514	737,514	725,388	**755,674**
FTE Positions	10.00	10.00	10.00	**10.00**
Budget & Fin. Reporting	622,495	622,495	613,820	**705,857**
FTE Positions	7.00	7.00	7.00	**8.00**

DEPARTMENTAL GOALS

- Improve communication and cross-functional collaboration through partnerships and education.
- Clearly define performance expectations and motivators to attract, develop, and retain high quality staff.
- Instill confidence, inspire trust, and ensure transparency through accurate, purposeful financial and managerial processes and reporting.

Sub-Goals:

- Provide complete, accurate and timely services and data to help the City to facilitate effective decision making and fiscal accountability and in support of City strategic goals.
- Continually assess and evaluate the way we conduct business in order to optimize efficiency, productivity, and cost effectiveness. Encourage reasonable risk taking and new approaches to improve processes.
- Provide finance staff with the level of tools, collaborative opportunities, resources and professional development critical to their success in achieving established work plans.
- Obtain the best value for the commodities and services that the City needs using the most efficient and customer service oriented processes while following North Carolina General Statutes.
- Identify and evaluate all community agreements, including leased properties and develop a system to monitor those agreements.
- Provide safety training and ensure compliance with OSHA regulations.

HUMAN RESOURCES

James Ayers, Interim Director

MISSION

It is the mission of the City of Asheville Human Resources Department to provide excellent service in alignment with The Asheville Way organizational core values. The department will strive to provide for the personal and professional development of employees by encouraging opportunities for continuous improvement in an ethical, diverse, safe, healthy, and fair work environment.

DEPARTMENT SUMMARY

	2013-14 Actual	2014-15 Actual	2015-16 Original Budget	2015-16 Amended Budget	2015-16 Estimate	2016-17 Adopted
Expenditures:						
Salaries & Wages	709,328	797,648	874,198	874,198	956,086	**967,916**
Fringe Benefits	258,734	298,713	379,166	379,166	414,683	**404,880**
Operating Costs	276,845	506,715	208,045	208,045	227,533	**258,370**
Capital Outlay	0	0	0	0	0	**0**
Total	1,244,907	1,603,076	1,461,409	1,461,409	1,598,303	**1,631,166**
FTE Positions	16.05	16.05	19.60	19.60	19.60	**19.60**

BUDGET HIGHLIGHTS

- The Human Resources budget includes an additional $60,000 to enhance organizational development efforts and for the development and implementation of a performance management system.
- Otherwise, the Human Resources budget reflects a continuation of existing programs and services.

DIVISION SUMMARY

	2013-14 Actual	2014-15 Actual	2015-16 Original Budget	2015-16 Amended Budget	2015-16 Estimate	2016-17 Adopted
Administration	1,090,452	1,443,927	1.461,409	1,461,409	1,598,303	**1,631,166**
FTE Positions	12.00	12.00	15.00	15.00	15.00	**15.00**

The Administration Division provides leadership for the variety of responsibilities assigned to the Human Resources Department.

CAYLA	154,455	159,149	**	**	**	**
FTE Positions	1.00	1.00	**	**	**	**

The City of Asheville Youth Leadership Academy (CAYLA) is committed to providing its students with a) a meaningful summer work experience, b) leadership development through seminars and community service, and c) college preparatory activities, including yearlong academic support. CAYLA recruits, trains, and places local high school students at meaningful summer jobs with the City and with participating agencies, in addition to providing weekly day-long workshops on financial literacy, leadership, career exploration, and 21st Century job skills.
** The CAYLA program is now reported under the Economic and Community Development Department section of the Budget Document.

Health Services	**	**	**	**	**	**
FTE Positions	3.05	3.05	4.60	**	**	**4.60**

The Health Services Division is responsible for providing programs on employee health and wellness, including certain OSHA compliance programs, initial management of work injuries, and Federal DOT and City drug & alcohol testing. Health Services also strives to improve the quality of life for City employees by serving as an accessible medical resource for all employees.

* The Health Services Division budget was moved to the Health Insurance Fund beginning in FY 2011-12.

HUMAN RESOURCES

DEPARTMENTAL GOALS

- To foster an equitable and inclusive environment that allows the City to attract and retain a diverse workforce.
- To provide enhanced compensation and benefit packages that will attract and retain highly qualified candidates and employees.
- To provide a workplace environment that seeks to recognize, promote, and advocate for the health, safety, and wellness of each and every employee.
- To invest in the City's workforce through proactive employee relations practices and ongoing development opportunities based on The Asheville Way and provided at all levels of the organization.

KEY PERFORMANCE OBJECTIVES & MEASURES

	2014/15 Actual	2015/16 Estimated	**2016/17 Target**
Employment Applications Reviewed	12,365	13,194	**13,250**
Applications Reviewed per 100 Employees	1,074	1,103	**1,100**
New Hires/Rehires Processed	316	321	**330**
Employee Turnover Rate (Voluntary)	10.47%	9.25%	**<9.0%**

INFORMATION TECHNOLOGY SERVICES DEPARTMENT

Jonathan Feldman, Director/CIO

MISSION

Information Technology Services strives to provide a high level of customer service by providing quality technical deliverables with a high level of professionalism and responsiveness. We adhere to principles of technical and fiscal stewardship with an end goal of a high quality of life for employees and citizens.

DEPARTMENT SUMMARY

	2013-14 Actual	2014-15 Actual	2015-16 Original Budget	2015-16 Amended Budget	2015-16 Estimate	2016-17 Adopted
Expenditures:						
Salaries & Wages	1,133,523	1,184,860	1,302,804	1,302,804	1,263,720	**1,465,049**
Fringe Benefits	387,620	428,982	484,348	484,348	469,818	**529,658**
Operating Costs	1,070,125	1,308,388	1,112,461	1,112,461	1,079,087	**1,081,302**
Capital Outlay	0	16,626	25,000	25,000	24,250	**25,000**
Cost Transfers	-398,763	-359,379	-400,000	-400,000	-388,000	**-400,000**
Total	2,192,505	2,579,477	2,524,613	2,524,613	2,448,875	**2,701,009**
FTE Positions	19.00	19.00	21.00	21.00	21.00	**23.00**

BUDGET HIGHLIGHTS

- The Information Technology Services (ITS) Department budgets includes the addition of two FTE positions to help address workload. One position (BTP Analyst) was funded within the ITS existing base budget by utilizing funds that were previously budgeted for contracted services.

- The addition of the second position (Project Manager) will enable the ITS department to better address technology needs and improve customer service within the City. As City staff has grown to meet community needs and expectations, the ITS department has kept up with minimal increases to budget and staff. However, as we continue to grow and technology needs become ever greater, current ITS staff is operating above capacity.

DIVISION SUMMARY

	2013-14 Actual	2014-15 Actual	2015-16 Original Budget	2015-16 Amended Budget	2015-16 Estimate	2016-17 Adopted
Administration	244,905	248,718	262,927	262,927	255,039	**279,356**
FTE Positions	2.00	2.00	2.00	2.00	2.00	**2.00**

The Administration Division ensures that customer friendly, useful, and labor-saving technology services are deployed by each area of the department. To this end, we responsibly plan and manage personnel, budget, capital projects, and outsourcing activities; act as liaison to and provide performance metrics to external departments, City Council, vendors, and citizens; and provide administrative support to all divisions of the department.

IT Support Services	578,342	655,602	600,188	600,188	582,182	**606,891**
FTE Positions	5.00	5.00	7.00	7.00	7.00	**8.00**

The IT Support Services Division is the first point of contact for customers, ensures timely, efficient and courteous transactions. The division provides centralized help desk service, documentation, knowledge management, other task and project management tools.

Technical Services	729,323	783,088	770,989	770,989	747,859	**769,230**
FTE Positions	6.00	6.00	5.00	5.00	5.00	**5.00**

The Technical Services Division continuously in order to enhance security, sustainability, reliability, expandability and quality of data and communication systems. Assist with complex technical support issues and work with vendors to smoothly integrate outsourced services and products into the City infrastructure.

Business & Public Tech.	639,935	892,070	890,509	890,509	863,794	**1,045,532**
FTE Positions	6.00	6.00	7.00	7.00	7.00	**8.00**

The GIS & Application Services Division provides flexible, automated, and standards-based application services and software to the City's business units. By focusing and tailoring our products, we aim to provide increased business intelligence, leading to a more efficient and effective City. We will accomplish this goal by working with customers to best prioritize and use resources and by organizing information by geography to best serve our customers' location-based activities.

DEPARTMENTAL GOALS

- Ensure that technology services are focused on business requirements of City Council's strategic plan, City departments and citizens; display innovative leadership in automating City processes to save labor, improve efficiency and reduce expenses.
- Match resourcing with City of Asheville demand for technology services.
- Use techniques pioneered in startup environments to benefit the City of Asheville including, but not limited to, cloud computing, new workplace processes, digital marketing and business, customer and user experience, project management, and business and product planning.
- Maintain a high quality of operations, security and reliability. Continuously improve infrastructure and educate employees about their role in security awareness.
- Use techniques including test environments and data analysis to ensure that employees and citizens receive quality, timely business technology products.

KEY PERFORMANCE OBJECTIVES & MEASURES

	2014/15 Actual	2015/16 Estimated	**2016/17 Target**
Percentage of good and excellent Customer Service Survey results	95%	95%	**>85%**
IT Services budget, as a percentage of all City operating funds (NC comps average 2.75% for FY14/15)	1.75%	1.64%	**2.45%**
IT spending per City employee (NC comps average $4,700 for FY14/15)	$2,216	$2,121	**$4,573**
Network and system uptime	99.14%	99.17%	**99%**
Percentage of normal priority calls resolved within 24 hours	59.50%	59.30%	**50%**

GENERAL SERVICES DEPARTMENT

James Ayers, Director

MISSION

The mission of the General Services Department is to provide safe, effective, and efficient service delivery for operations and maintenance of existing facilities, project management for the design and construction of new public buildings, acquisition and maintenance of fleet vehicles and equipment, and specialty support activities such as custodial and mail management services.

DEPARTMENT SUMMARY

	2013-14 Actual	2014-15 Actual	2015-16 Original Budget	2015-16 Amended Budget	2015-16 Estimate	2016-17 Adopted
Expenditures:						
Salaries & Wages	**	1,474,033	1,540,842	1,540,842	1,494,617	**1,609,000**
Fringe Benefits	**	576,574	704,342	704,342	683,212	**743,856**
Operating Costs	**	2,389,567	2,948,639	2,948,639	2,860,179	**3,169,576**
Capital Outlay	**	0	0	0	0	**0**
Cost Transfers	**	-1,991,902	-2,460,000	-2,460,000	-2,386,200	**-2,380,000**
Total	**	2,448,272	2,733,823	2,733,823	2,651,808	**3,142,432**
FTE Positions	**	36.00	37.00	37.00	37.00	**37.00**

BUDGET HIGHLIGHTS

- The General Services Department FY 2016-17 budget includes $300,000 in one-time funding for a contracted facilities diagnostic study. Funding for the study will come from proceeds collected from the sale of City owned land in prior fiscal years.
- Otherwise, the General Services Department budget reflects a continuation of existing programs and services.

GENERAL SERVICES DEPARTMENT

DIVISION SUMMARY

	2013-14 Actual	2014-15 Actual	2015-16 Original Budget	2015-16 Amended Budget	2015-16 Estimate	2016-17 Adopted
City Hall Operations	**	411,835	402,176	402,176	390,111	**376,709**
FTE Positions	**	7.00	7.00	7.00	7.00	**7.00**
Facility Maintenance	**	1,601,419	2,076,162	2,076,162	2,016,787	**2,409,548**
FTE Positions	**	14.00	14.00	14.00	14.00	**14.00**
Fleet Management (net after departmental charge backs)	**	435,018	252,485	252,485	244,910	**356,175**
FTE Positions	**	15.00	16.00	16.00	16.00	**16.00**

KEY PERFORMANCE OBJECTIVES & MEASURES

	2015/16 Estimated	**2016/17 Target**
Average percentage of fleet equipment in-service	96%	**95%**
Average percentage of facility work orders requiring a call-back	6%	**5%**
Percentage of operations customer services rated "A"	91%	**90%**

NON-DEPARTMENTAL GENERAL GOVERNMENT

BUDGET SUMMARY

Expenditures:	2013-14 Actual	2014-15 Actual	2015-16 Original Budget	2015-16 Amended Budget	2015-16 Estimate	2016-17 Adopted
Buncombe County Tax Collections	846,605	860,422	850,000	850,000	850,000	**875,000**
Board of Elections	226,464	0	230,000	230,000	230,000	**0**
Employee Market Adjustments	0	0	0	0	0	**500,000**
Employee Quality of Service Pool	0	0	0	0	0	**40,000**
WNC Diversity Engage. Coalition	*	*	*	*	*	**10,000**
Small Business Loan Program	0	0	0	0	0	**250,000**
Creative Solutions Fund	0	0	0	0	0	**100,000**
City Manager Contingency	0	0	0	0	0	**175,000**
Contingency for Inflation	0	0	0	0	0	**361,640**
Employee Transit Passes	4,037	4,274	4,000	4,000	4,000	**4,000**
City Stormwater Costs	96,129	164,639	110,000	110,000	110,000	**140,000**
Other	167,659	3,999,063	139,459	139,459	139,459	**183,500**
Total	1,340,894	5,028,398	1,333,459	1,333,459	1,333,459	**2,639,140**

BUDGET HIGHLIGHTS

- The FY 2015-16 budget included $230,000 for the payment to the Buncombe County Board of Elections for fall 2015 City Council elections. Election costs are included in the budget every other year.

- The City pays Buncombe County for tax collection services. This budget is adjusted upward based on payment trends in FY 2014-15 and FY 2015-16.

- The budget for the payment to the WNC Diversity Engagement Coalition was previously accounted for in the Human Resources Department budget.

- The FY 2016-17 budget includes a pool of funding for employee market adjustments and potential changes to FLSA overtime rules, and a pool of funding to supplement the departmental Quality of Service Awards budgets. This funding will be allocated to specific departmental budgets during the fiscal year.

- The FY 2016-17 budget includes $250,000 as one-time seed money for the potential development of a community fund loan program for small businesses.

- The FY 2016-17 budget also includes $100,000 in one-time funding for a Staff Creative Solutions Fund for important innovations that improve efficiency, effectiveness and customer service for the City.

- Finally, the FY 2016-17 budget includes a City Manager's contingency allocation of $175,000 and a general contingency of $361,640 to hedge against potential cost increases in FY 2016-17, particularly in fuel prices. With fuel prices at historically low levels, staff felt it was prudent to budget fuel expenses based on current trends but set aside a pool of general contingency funds that could be tapped if prices rise.

WATER RESOURCES UTILITY ENTERPRISE FUND

Jade Dundas, Director

MISSION

It is the mission of the Water Resources Department to manage and protect community resources and to provide the highest quality of water service to customers. The department will do this in the following ways: continuous improvement in products, systems, and processes to maximize customer satisfaction; continuous communication among and between staff, customers, and governing board; continuous involvement with the community and region; valuing honesty, hard work, creativity, faith in each other, perseverance, and respect for diversity.

DEPARTMENT SUMMARY

	2013-14 Actual	2014-15 Actual	2015-16 Original Budget	2015-16 Amended Budget	2015-16 Estimate	2016-17 Adopted
Expenditures:						
Salaries & Wages	5,693,541	5,888,188	6,313,474	6,313,474	6,257,688	**6,900,849**
Fringe Benefits	2,308,513	2,717,442	2,878,632	2,878,632	2,853,196	**3,052,067**
Operating Costs	8,798,622	8,379,768	9,811,266	9,858,824	9,724,573	**10,408,910**
Debt Service	6,119,390	6,120,445	6,101,413	6,101,413	6,047,501	**5,543,881**
Capital Outlay	17,763,921	15,636,324	12,321,420	12,321,420	12,212,548	**10,161,160**
Total	40,683,987	38,742,168	37,426,205	37,473,763	37,095,506	**36,066,867**
FTE Positions	147.63	148.63	149.00	149.00	149.00	**155.00**
Revenues:						
Charges For Service	34,016,523	35,273,471	35,300,222	35,300,222	37,158,087	**35,845,572**
Investment Earnings	176,918	175,176	125,000	125,000	124,889	**175,000**
Miscellaneous	163,690	312,124	110,000	110,000	109,902	**46,295**
Other Finan. Sources	0	0	1,890,983	1,938,541	0	**0**
Total	34,357,131	35,760,771	37,426,205	37,473,763	37,392,878	**36,066,867**

BUDGET HIGHLIGHTS

- In March, City Council approved minor rate adjustments for the 2016-17 fiscal year based on the Raftelis financial model developed in 2012 to ensure the long-term financial sustainability of the Water Resources Fund. These rate adjustments are expected to generate approximately $473,000 in additional revenue.

- The Water Resources budget includes funding for the enhancement of service delivery through additions to the pumps and reservoirs workgroup, establishment of a new water maintenance crew, and the addition of personnel to water engineering to assist with plans review. The enhancements include modifications to existing positions, along with the addition of 4 FTE positions for the new maintenance crew.

- Central Stores operation along with 2 FTE positions was transferred to the Water Department during FY 2015-16. The FY 2016-17 reflects this organizational change.

- During FY 2014-15, city staff completed a refunding of Water debt that was issued in 2005 and 2007. As a result, debt services expenses show a decrease in FY 2016-17.

DIVISION SUMMARY

	2013-14 Actual	2014-15 Actual	2015-16 Original Budget	2015-16 Amended Budget	2015-16 Estimate	2016-17 Adopted
Administration	1,041,592	1,146,127	1,149,963	1,149,963	1,139,802	**1,342,482**
FTE Positions	7.00	8.00	9.00	9.00	9.00	**8.00**

The Administration Division provides planning and management services for the Water Resources Department.

Meter Services	1,270,215	1,693,635	1,906,926	1,906,926	1,890,076	**2,208,501**
FTE Positions	25.00	25.00	22.00	22.00	22.00	**24.00**

The Meter Services Division is responsible for timely and accurate meter reading services and maintenance and replacement of meters.

Water Maintenance	3,408,004	3,320,806	3,923,369	3,923,369	3,888,702	**4,064,083**
FTE Positions	42.00	42.00	43.00	43.00	43.00	**47.00**

The Water Maintenance Division is responsible for maintaining and upgrading approximately 1,625 miles of distribution mains, service lines, valves, meters, fire hydrants, pumps, and storage reservoirs throughout the water system.

Water Production	4,906,982	4,948,368	5,705,795	5,705,795	5,655,378	**6,088,148**
FTE Positions	41.63	41.63	43.00	43.00	43.00	**43.00**

The Water Production and Quality Control Division is responsible for operating and maintaining the North Fork, Mills River, and Bee Tree Water Treatment Plants as well as protecting and managing a 22,000-acre watershed.

Department-Wide Expenses	27,972,198	25,554,785	22,124,885	22,172,443	21,929,389	**19,322,074**

Costs of this activity are not allocable to individual divisions or activities. Examples include debt service, transfer to capital, insurance, and cost allocation (administrative costs to the City) expenses.

DIVISION SUMMARY

	2013-14 Actual	2014-15 Actual	2015-16 Original Budget	2015-16 Amended Budget	2015-16 Estimate	2016-17 Adopted
Water Operating Equipment	199,433	127,603	335,920	335,920	332,952	**794,640**

There is a five-year replacement plan in place to ensure that capital equipment is replaced in a timely and cost effective manner. This plan is based on a comprehensive evaluation of all capital equipment, including rolling stock.

Customer Service	1,270,150	1,318,933	1,418,471	1,418,471	1,405,937	**1,463,745**
FTE Positions	23.00	23.00	23.00	23.00	23.00	**23.00**

The Customer Service Division is responsible for processing utility bill payments, establishing new water and sewer service, and assisting customers with various water and other City related issues or concerns.

Engineering Services	615,413	683,561	860,876	860,876	853,269	**783,194**
FTE Positions	9.00	9.00	9.00	9.00	9.00	**10.00**

The Engineering Services Division is responsible for providing timely plan review and inspection services to the development community, external customers, and internal customers. This includes processing water availability requests, reviewing and approving water line extensions, and inspecting newly installed water lines.

DEPARTMENTAL GOALS

- Renew and/or abandon two miles of two-inch and smaller mains throughout the distribution system annually.
- Perform proactive leak detection on 360 miles of the distribution system annually.
- Repair or replace 100 hydrants annually.
- Repair or replace 125 valves annually.
- Review, comment, and approve water system extension engineering plans within 10 business days.
- Review application for accuracy and prepare Letter of Commitments (LOC) for water allocation within five business days.
- Ensure that employee get an average of 25 training hours per year, including job related, health safety and ISO 14001 trainings.
- Maintain 365 days of cash in fund balance.
- Annually improve upon the number of work days without accidents.
- Continue to reduce the amount of non-revenue water.

KEY PERFORMANCE OBJECTIVES & MEASURES

	2014/15 Actual	2015/16 Estimated	**2016/17 Target**
Non-Revenue Water in millions of gallons per day (MGD)	5	4	**3.75**
Percentage of water bills not collected	1.67%	1.98%	**1.75%**
Peak daily demand as a percentage of treatment capacity	56%	54.4%	**55%**
Customer complaints about water quality per 1,000 meters	6.2	5.8	**6.0**

STORMWATER UTILITY ENTERPRISE FUND

Greg Shuler, Public Works Director

MISSION

The Stormwater Fund is responsible for the timely installation, maintenance, repair and revitalization of the storm drainage, catch basins, pipes, etc. within the City's streets and rights-of-way. The Stormwater Fund works to promote improved water quality for the citizens of Asheville.

FUND SUMMARY

	2013-14 Actual	2014-15 Actual	2015-16 Original Budget	2015-16 Amended Budget	2015-16 Estimate	2016-17 Adopted
Expenditures:						
Salaries & Wages	1,082,291	1,349,989	1,652,666	1,652,666	1,946,772	**1,695,116**
Fringe Benefits	492,691	591,174	757,790	757,790	892,645	**794,476**
Operating Costs	971,739	1,881,958	2,604,747	3,612,305	3,068,283	**2,184,309**
Debt Service	95,473	117,057	110,742	110,742	130,449	**110,742**
Capital Outlay	594,986	603,004	209,546	624,546	246,836	**804,746**
Total	3,237,180	4,543,182	5,335,491	6,758,049	6,284,986	**5,589,389**
FTE Positions	28.99	30.99	39.34	39.34	39.34	**39.34**
Revenues:						
Charges For Service	2,889,985	4,799,897	4,921,491	4,921,491	5,429,357	**5,174,389**
Licenses & Permits	223,359	222,161	187,000	187,000	206,297	**202,000**
Other Financing Sources	218,593	390,919	205,000	1,627,558	226,155	**190,000**
Miscellaneous	22,049	41,346	11,000	11,000	12,135	**12,000**
Investment Earnings	12,339	10,260	11,000	11,000	12,135	**11,000**
Total	3,366,325	5,464,583	5,335,491	6,758,049	5,886,079	**5,589,389**

BUDGET HIGHLIGHTS

- Based on the financial model developed in the previous fiscal year, staff submitted and City Council approved in April a 5% increase in Stormwater fees for FY 2016-17. This rate adjustment is expected to generate approximately $250,000 in additional revenue for the fund.
- The Stormwater operating budget includes a $610,200 transfer to the Stormwater Capital Fund for projects planned in FY 2016-17.
- Otherwise, the Stormwater Fund budget reflects a continuation of existing programs and services.

DEPARTMENTAL GOALS

- Continue to protect the environment by removing debris from stormwater drains, streets, and ditch lines.
- Continue to improve overall stormwater infrastructure.
- Continue to maintain our drainage infrastructure.
- Continually look for efficiency improvements to ensure the highest level of service is provided at the lowest cost.

KEY PERFORMANCE OBJECTIVES & MEASURES

	2014-15 Actual	2015-16 Estimated	2016-17 Target
Linear feet of new or replacement storm drains installed	1,801	2,100	**2,500**
Shoulder miles of City streets swept	3,150	3,850	**4,000**
Tons of solids collected from City streets and drainage structures	1,255	1,200	**1,250**
Catch basins and storm drains cleaned	8,860	6,500	**7,000**
Linear feet of roadway ditching completed	N/A	45,000	**50,000**

PARKING SERVICES UTILITY FUND

Ken Putnam, Transportation Director

MISSION

The City of Asheville is dedicated to providing safe, reliable and efficient parking in downtown Asheville. The city's Parking Services Division provides for the orderly turnover of parking and the maximum utilization of parking spaces. Asheville provides on-street parking as well as four parking garages and several permit lots downtown.

FUND SUMMARY

	2013-14 Actual	2014-15 Actual	2015-16 Original Budget	2015-16 Amended Budget	2015-16 Estimate	2016-17 Adopted
Expenditures:						
Salaries & Wages	594,377	636,584	732,460	732,460	699,497	**789,425**
Fringe Benefits	253,238	296,029	391,218	391,218	371,657	**426,936**
Operating Costs	1,227,000	1,408,274	1,724,591	1,724,591	1,634,701	**2,118,408**
Debt Service	892,725	873,325	860,000	860,000	860,000	**829,700**
Transfer to Transit Fund	616,875	616,875	616,875	616,875	616,875	**616,875**
Capital Outlay	113,202	36,781	300,000	300,000	300,000	**452,000**
Total	3,697,417	3,867,868	4,625,144	4,625,144	4,486,390	**5,233,344**
FTE Positions	21.33	21.33	21.83	21.83	21.83	**22.50**
Revenues:						
Garage Revenues	2,529,223	2,732,670	2,275,000	2,275,000	2,879,216	**2,550,000**
Parking Meters	1,249,277	1,382,073	1,250,000	1,250,000	1,417,152	**1,337,444**
Parking Violations	274,095	932,059	650,400	524,100	737,373	**729,100**
Parking Lots & Peripheral	306,673	142,567	123,500	250,000	140,015	**133,500**
Other	29,643	38,228	326,244	26,044	26,244	**483,300**
Total	4,388,911	5,227,597	4,625,144	4,325,144	5,200,000	**5,233,344**

BUDGET HIGHLIGHTS

- Revenues in the current fiscal year are performing better than budget, and this trend is expected to continue next fiscal year. Staff is however anticipating a slight decrease in revenue below current trends due to the fact that availability at the Civic Center garage may be impacted by scheduled maintenance. There are no rate changes included in the FY 2016-17 adopted budget. A consultant is currently conducting a comprehensive parking study, which may include rate changes for January 2017.

- The Parking Fund budget includes funding to cover 50% of the cost of the new Downtown Development Manager position that was approved in FY 2015-16.

- The Parking Fund operating budget includes $306,000 to begin a three-year phased replacement of parking meters.

- The adopted budget includes a $458,000 appropriation from Parking fund balance for capital including: 1) elevator rehabilitation in the Civic Center garage, 2) structural maintenance in the Civic Center Garage, and 3) vehicle replacement.

KEY PERFORMANCE OBJECTIVES & MEASURES

	2014/15 Actual	2015/16 Estimated	**2016/17 Target**
Increase the number of on-street, metered parking spaces in the CBD		744	**760**
Increase parking meter revenue by increased meter maintenance to minimize parking meter downtime.			**3%**
Increase Passport Parking transactions at on-street parking meters in the CBD (Baseline: 56,574 transactions in FY 2013-14)			**10%**

TRANSIT SERVICES ENTERPRISE FUND

Ken Putnam, Transportation Director

MISSION

It shall be the mission of the Transit Services division to provide public transportation, within the confines of available resources, in such a manner as to maximize service to all destinations necessary for the benefit and well-being of the citizens of this community. This includes access to health, employment, and recreation facilities, as well as to the goods and services necessary for everyday living.

FUND SUMMARY

	2013-14 Actual	2014-15 Actual	2015-16 Original Budget	2015-16 Amended Budget	2015-16 Estimate	2016-17 Adopted
Expenditures:						
Salaries & Wages	160,546	184,440	198,719	198,719	198,719	**263,212**
Fringe Benefits	56,088	62,504	68,074	68,074	68,074	**71,223**
Operating Costs	5,351,583	5,350,002	5,819,699	5,819,699	5,669,699	**6,642,776**
Operating Pass Through	268,458	320,006	553,500	553,500	553,500	**553,500**
Capital Outlay	14,923	2,248	0	0	0	**0**
Total	5,851,598	5,919,200	6,639,992	6,639,992	6,489,992	**7,530,711**
FTE Positions	3.00	3.00	3.00	3.00	3.00	**4.00**
Revenues:						
Operating Revenue	855,511	862,766	810,000	810,000	825,000	**840,000**
Miscellaneous	1,462	9,843	0	0	0	**0**
Federal/State Grants	2,832,316	2,341,659	2,509,500	2,509,500	2,509,500	**2,429,500**
Operating Pass Through	268,458	320,006	553,500	553,500	398,500	**553,500**
General Fund Subsidy	1,157,502	1,700,546	1,790,117	1,790,117	1,790,117	**2,730,836**
Parking Fund Subsidy	616,875	616,875	616,875	616,875	616,875	**616,875**
Other	75,000	219	0	0	0	**0**
Motor Vehicle License Fee	425,508	350,399	360,000	360,000	350,000	**360,000**
Total	5,673,921	6,202,312	6,639,992	6,639,992	6,489,992	**7,530,711**

BUDGET HIGHLIGHTS

- As discussed elsewhere in the Budget Document, the adopted budget includes funding to implement two service enhancements in January 2017 - the addition of one bus on the S3 route to the airport and the extension of service hours (8 hours between morning and night, depending on ridership).

- The budget also includes funding to add a Transit Planner position to provide a higher level of staff support for the transit program. In addition, the budget reflects an anticipated increase in the contract with the transit management company that operates the system.

- Overall, the general fund subsidy to the transit fund shows an increase of $940,719 in FY 2016-17. It should be noted that this amount will likely increase again in FY 2017-18 since the two service enhancements discussed above are only funded for half a year in FY 2016-17.

KEY PERFORMANCE OBJECTIVES & MEASURES

	2014/15 Actual	2015/16 Estimated	**2016/17 Target**
Annual ridership (millions of passengers)	1.4	1.4	**1.5**
Operating cost per revenue hour	$87	$87	**$85**
On-time performance	68%	70%	**70%**

US CELLULAR CENTER ENTERPRISE FUND

Sam Powers, Community & Economic Development Director

MISSION

The mission of the U.S. Cellular Center Asheville, formerly the Asheville Civic Center, is to foster exceptional experiences for patrons and promoters in the heart of Asheville. The Center has been providing facilities for entertainment, convention, commercial, cultural and sports activities for the City and surrounding community since 1974. The Center includes a 7,200-seat arena, a banquet hall, a performing arts auditorium with seating capacity of 2,431, and an exhibition hall.

DEPARTMENT SUMMARY

	2013-14 Actual	2014-15 Actual	2015-16 Original Budget	2015-16 Amended Budget	2015-16 Estimate	2016-17 Adopted
Expenditures:						
Salaries & Wages	1,024,722	936,309	1,033,906	1,033,906	1,111,000	**1,168,404**
Fringe Benefits	304,518	351,081	361,652	361,652	388,619	**384,797**
Operating Costs	1,487,901	1,500,068	1,338,708	1,338,708	1,438,530	**1,456,783**
Debt Service	300,550	288,950	285,950	285,950	307,272	**274,350**
Capital Outlay	12,500	197,038	0	0	0	**0**
Total	3,130,191	3,273,446	3,020,216	3,020,216	3,245,422	**3,284,334**
FTE Positions	16.50	16.50	16.50	16.50	16.50	**17.50**
Revenues:						
Food & Beverage Sales	1,265,791	610,960	845,992	845,992	952,037	**938,000**
Rent	728,174	447,702	440,000	440,000	495,154	**475,800**
Admissions/Other Sales	289,691	495,188	569,013	569,013	640,339	**680,000**
Capital Maint. Fee	104,512	52,492	81,000	81,000	91,153	**89,000**
Investment Earnings	1,057	3,078	2,000	2,000	2,251	**1,700**
Other	29,959	75,341	32,500	32,500	36,574	**33,000**
Subtotal Operations	2,419,184	1,684,761	1,970,505	1,970,505	2,217,508	**2,217,500**
General Fund Transfer	885,927	1,160,576	1,049,711	1,049,711	1,049,711	**1,066,834**
Total	3,305,111	2,845,336	3,020,216	3,020,216	3,267,219	**3,284,334**

US CELLULAR CENTER ENTERPRISE FUND

BUDGET HIGHLIGHTS

- Based on event booking trends in the current fiscal year, staff has projected an increase in operating revenue in the FY 2016-17 budget.
- The budget includes a new Production Coordinator position that will be funded by holding an existing Catering Coordinator position vacant.
- The General Fund transfer shows a slight increase in FY 2016-17.

DEPARTMENTAL GOALS

"Exceptional Experiences through Superior Service"

- Continue to operate the US Cellular Center with minimal subsidy from the general fund for annual operating expenses and small capital equipment.
- Continue to improve the customer experience through superior service.
- Continue to invest in capital projects that will improve customers' experiences and improve operational efficiency.

KEY PERFORMANCE OBJECTIVES & MEASURES

	2014/15 Actual	2015/16 Estimated	**2016/17 Target**
Expenses funded through General Fund subsidy	35%	32%	32%

STREET CUT UTILITY FUND

Greg Shuler, Public Works Director

MISSION

The Street Cut Utility Fund is responsible for the repair of all street cuts on city streets made by private contractors, utility companies such as gas, power, and cable, and the City's Water & Stormwater operations.

FUND SUMMARY

	2013-14 Actual	2014-15 Actual	2015-16 Original Budget	2015-16 Amended Budget	2015-16 Estimate	2016-17 Adopted
Expenditures:						
Salaries & Wages	366,671	412,001	408,953	408,953	347,610	**447,961**
Fringe Benefits	150,374	196,199	199,534	199,534	169,604	**210,356**
Operating Costs	842,737	831,704	1,016,589	1,016,589	864,101	**1,090,464**
Debt Service	380	664	0	0	0	**0**
Capital Outlay	0	0	240,000	240,000	204,000	**240,000**
Total	1,360,162	1,440,569	1,865,076	1,865,076	1,585,315	**1,988,781**
FTE Positions	8.50	10.50	10.50	10.50	10.50	**10.50**
Revenues:						
Charges For Service	1,303,526	1,414,229	1,625,076	1,625,076	1,381,315	**1,748,781**
Other Financing Sources	0	0	240,000	240,000	204,000	**240,000**
Internal Charges	15,111	0	0	0	0	**0**
Miscellaneous	0	26,327	0	0	0	**0**
Total	1,318,637	1,440,555	1,865,076	1,865,076	1,585,315	**1,988,781**

BUDGET HIGHLIGHTS

- The FY 2016-17 budget includes $240,000 for equipment/vehicle replacement in the Street Cut Fund. Debt proceeds will fund these purchases.
- Otherwise, the FY 2016-17 budget for the Street Cut Fund reflects a continuation of existing programs and services.

KEY PERFORMANCE OBJECTIVES & MEASURES

	2014-15 Actual	2015-16 Estimated	2016-17 Target
• *Reduce street cut repair cost per square foot*	$19.25	$21.34	**$19.00**

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ASHEVILLE

GENERAL CAPITAL PROJECT SUMMARY

Staff has worked with its financial advisors to develop a multi-year debt management and capital improvement program utilizing additional revenue that was generated by the 3-cent property tax rate increase that City Council approved in June 2013. The total capital improvement program (CIP) includes project expenses totaling approximately $149 million.

Projects will be funded with a mix of internal City resources and external resources such as grants and partnerships. Approximately $110 million in funding will come from City resources through the issuance of municipal debt. Projects were selected based a number of criteria including: public safety, economic growth and sustainability, affordable housing & community development, quality of life, availability of outside funding sources, and potential return on investment.

At the April 26, 2016 meeting, City Council approved a resolution authorizing and directing the City Manager or the Chief Financial Officer, with advice from the City Attorney and Bond Counsel, to proceed and negotiate on behalf of the City for the financing of CIP Projects for a principal amount not to exceed $46,000,000. This is the first debt issued as part of the long-term capital program. This short-term draw Limited Obligation Bonds (LOBs) issue is expected to be refinanced with long-term obligations next year. Representatives from the City and the City's Financial Advisors, DEC Associates, met with the Local Government Commission (LGC) on April 8, 2016, and received preliminary approval to proceed with an RFP for the bonds. A formal LGC application will be filed for approval at the June LGC meeting

The charts on the following pages show a summary of the projects and their anticipated cash flows between the current fiscal year and FY 2019-20. It is important to note that project detail in the CIP can and often does change during the year based on various factors. Staff updates City Council via the quarterly financial reports on progress with capital projects.

RELATIONSHIP TO THE ANNUAL OPERATING BUDGET

An important aspect of capital improvement planning is the effect that capital projects have upon the annual operating budget. Many CIP projects in the City of Asheville are funded through annual operating funds, (pay as you go) such as the General Fund and the Water Resources Fund. In these instances, the Capital Improvement Program (CIP) and the annual operating budget are directly linked since this project funding is authorized with the adoption of the annual operating budget. Projects funded through debt financing also impact the operating budget through ongoing debt service expenses.

In addition, some completed CIP projects will impact the operating budget through ongoing expenses for staffing and operations. For example, when a new fire station or recreation center is built, the costs of maintaining and staffing the new facility must be funded in the operating budget. Advance knowledge of these costs aids in the budgeting process. Some CIP projects, such as new parking decks, may impact the operating budget by generating additional revenue as well as additional costs. Other projects may create cost savings by reducing annual operating expenses.

The estimated impact of the capital improvement budget on the annual operating budget in FY 2016-17 is $27.32 million, including debt service costs incurred from the long-term financing of capital projects approved this year and in prior years, pay-as-you-go financing of current year projects, and operating costs associated with new capital projects that were completed in FY 2015-16 or are expected to be completed in FY 2016-17. There are several projects planned in the five-year CIP that will have significant impacts on the City's operating budget, and staff is in the process of refining its estimates of future impacts. The project that will have the largest and the most immediate annual impact is the Fire Station #14 project. This new fire station in north Asheville which will require the addition of firefighter positions in FY 2017-18. It is estimated that annual operating costs for the new station will be approximately $750,000.

Total Impact of Capital Budget on FY 2016-17 Operating Budget	
General Fund Pay-Go/Debt	10,132,171
Water Resources Fund CIP Transfer	9,366,520
Water Resources Fund Debt Service	5,543,881
Non-Major Enterprise Funds Pay-Go/Debt	2,241,992
New Greenway Maintenance	35,000
Total	**27,319,564**

FIVE–YEAR GENERAL CAPITAL PROJECT SUMMARY (Cash Flow)

	Prior Years	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	TOTAL
AFFORDABLE HOUSING							
Affordable Housing	-	-	750,000	2,000,000	-	2,000,000	**4,750,000**
Parks Maintenance Relocation	108,745	80,000	866,255	-	-	-	**1,055,000**
Eagle Market Place	1,028,695	1,821	2,869,484	-	-	-	**3,900,000**
Subtotal	1,137,440	81,821	4,485,739	2,000,000	-	2,000,000	**9,705,000**
PUBLIC SAFETY							
Radio Infrastructure	702,430	3,930,000	1,509,570	-	-	-	**6,142,000**
Finalee Landslide Mitigation	223,761	587,052	-	-	-	-	**810,813**
Fire Station # 14 - Land	529,976	-	-	-	-	-	**529,976**
Fire Station # 14 - Design/ Build	-	-	1,853,424	1,000,000	-	-	**2,853,424**
Fire Station # 14 - Engine	-	-	-	600,000	-	-	**600,000**
SCBA Replacement	-	1,050,000	-	-	-	-	**1,050,000**
Replacement Ladder Truck	-	-	-	1,400,000	-	-	**1,400,000**
Replacement Engine	-	-	600,000	-	-	-	**600,000**
Subtotal	1,456,167	5,567,052	3,962,994	3,000,000	-	-	**13,986,213**
MULTI-MODAL TRANSPORTATION							
Azalea Road	2,731,992	2,585,773	20,029	-	-	-	**5,337,794**
Azalea Road - Rev Offset	(3,678,966)	(682,355)	-	-	-	-	**(4,361,321)**
Greenway Connectors	-	-	120,000	-	-	-	**120,000**
Greenway Connector- Rev Offsets	-	-	(96,000)	-	-	-	**(96,000)**
Cedar Street Bridge Repair	-	-	280,000	-	-	-	**280,000**
Broadway Vaulted Sidewalks	-	250,000	-	-	-	-	**250,000**
Chunn's Cove Bridge Repair	-	-	-	-	-	500,000	**500,000**
Craven Street Bridge	-	-	180,000	200,000	-	-	**380,000**
Charlotte Street Improvements	-	-	-	-	200,000	1,050,000	**1,250,000**
Hendersonville Road Sidewalk	405,685	2,629,315	1,090,000	-	-	-	**4,125,000**
Less Henderson. Rd - Revenue Offset	-	(2,032,613)	(872,000)	(395,387)	-	-	**(3,300,000)**
Neighborhood Sidewalks	8,613	215,000	356,387	360,000	360,000	360,000	**1,660,000**
New Leicester Highway Sidewalks	-	56,000	840,000	2,734,000	-	-	**3,630,000**
Less New Leicester - Revenue Offset	-	(44,800)	(672,000)	(2,187,200)	-	-	**(2,904,000)**
Hazel Mill Road Sidewalk	-	-	85,000	332,000	-	-	**417,000**
Subtotal	(532,676)	2,976,320	1,331,416	1,043,413	560,000	1,910,000	**7,288,473**

FIVE–YEAR GENERAL CAPITAL PROJECT SUMMARY (Cash Flow)

	Prior Years	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	TOTAL
ECONOMIC DEVELOPMENT							
Town Branch Greenway	53,056	290,046	789,893	1,231,364	-	-	**2,364,359**
Livingston Street	-	250,000	210,385	1,263,240	241,425	-	**1,965,050**
RADTIP	1,280,926	4,179,389	15,113,489	11,443,036	4,887,363	-	**36,904,203**
French Broad Riv. West Gwy	19,293	275,778	1,094,773	1,422,619	-	-	**2,812,463**
Clingman Forest Greenway	6,870	76,025	2,127,070	363,937	-	-	**2,573,902**
Five-Points Roundabout	28,973	162,975	1,220,698	2,489,014	845,786	-	**4,747,446**
14 Riverside Drive	-	34,365	586,316	-	-	-	**620,681**
Less Rev Offset Projects Above	(119,925)	(2,326,447)	(9,335,951)	(8,042,409)	(2,638,193)	-	**(22,462,925)**
Craven Street Kiosk	2,036	238,520	117,480	-	-	-	**358,036**
Less Kiosk Revenue Offset	-	-	(150,000)	-	-	-	**(150,000)**
Craven Street	4,125,403	3,638,949	54,935	-	-	-	**7,819,287**
Less Craven - Revenue Offset	(966,273)	(1,186,801)	(395,600)	-	-	-	**(2,548,674)**
Jean Webb Boat Ramp	-	-	-	56,500	-	-	**56,500**
Less Webb Revenue Offset	-	-	-	(50,000)	-	-	**(50,000)**
I-26 Connector	-	-	-	-	-	1,000,000	**1,000,000**
S Lexington Utility Relocation	243,789	27,906	-	-	-	-	**271,695**
Thomas Wolfe Renovations	-	-	300,000	200,000	-	-	**500,000**
Less Wolfe Revenue Offset	-	-	(300,000)	(200,000)	-	-	**(500,000)**
Haywood Street Demo	406,933	-	-	-	-	-	**406,933**
Subtotal	5,081,081	5,660,705	11,433,488	10,177,301	3,336,381	1,000,000	**36,688,956**
QUALITY OF LIFE							
Golf Course Irrigation System	368,434	1,500	-	-	-	-	**369,934**
Swimming Pools	-	36,335	798,665	1,250,000	-	-	**2,085,000**
Velodrome Safety	-	-	500,000	-	-	-	**500,000**
Carrier Park Improvements	-	250,000	-	-	-	-	**250,000**
Turf field replacement	-	-	600,000	600,000	600,000	600,000	**2,400,000**
Beaucatcher Greenway	230,900	118,258	2,827,106	-	-	-	**3,176,264**
Less Beaucatcher Rev. Offset	(1,261,780)	-	(925,000)	-	-	-	**(2,186,780)**
McCormick Field Clubhouse	87,549	-	-	-	-	-	**87,549**
McCormick Field Seats	256,704	170	-	-	-	-	**256,874**
McCormick Field Var Upgrades	-	-	71,863	-	-	-	**71,863**
AAM Capital Imprvmnts	-	-	2,000,000	-	-	-	**2,000,000**
Subtotal	(318,193)	406,263	5,872,634	1,850,000	600,000	600,000	**9,010,704**

FIVE–YEAR GENERAL CAPITAL PROJECT SUMMARY (Cash Flow)

	Prior Years	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	TOTAL
MAINTENANCE							
Computer Replacement*	Debt issued	250,000	250,000	250,000	250,000	250,000	**1,250,000**
City Hall A/C Controls	-	-	74,740	-	-	-	**74,740**
Various facility upgrades	-	-	550,000	275,000	275,000	275,000	**1,375,000**
Park Fac/ Playground / Fields FY15	-	296,625	53,375	-	-	-	**350,000**
Park Facilities/ Playground / Fields	-	150,000	800,000	600,000	600,000	600,000	**2,750,000**
Underground Fuel Tank at Fuel Station	-	45,000	45,000	-	-	-	**90,000**
Streets and Sidewalk Program	-	2,000,000	2,800,000	2,800,000	2,800,000	2,800,000	**13,200,000**
Less - Streets Motor Vehicle Revenue	-	-	(800,000)	(800,000)	(800,000)	(800,000)	**(3,200,000)**
Capital Project Mgmt Cost Reimb.	215,000	500,000	500,000	500,000	500,000	500,000	**2,715,000**
Fleet Replacement*	Debt issued	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	**15,000,000**
Subtotal	215,000	6,241,625	7,273,115	6,625,000	6,625,000	6,625,000	**33,604,740**
PROJECT TOTALS	7,038,819	20,933,786	34,359,386	24,695,714	11,121,381	12,135,000	**110,284,086**

❋ Debt for computer replacement and fleet replacement expenses in prior years has already been issued, so it is not included in the five year cash flow above.

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CAPITAL IMPROVEMENT PROGRAM

14 Riverside Drive

Description
The 14 Riverside Drive grant funded project will include renovation and civil work for an 1,800 square foot City owned building and site adjacent to future park and greenway space in the River Arts District. One-third of the building will be used for public restrooms and an unstaffed visitor info portal and two-thirds of the building will be used for income producing flex space (gallery, office, performance, meeting, retail, studio) to be rented to private sector partners. The site will include a 16 vehicle parking lot (2 ADA accessible); ramp, deck and required landscaping.

Project Schedule	
Estimated Start Date	June-14
Estimated Completion Date	August-16
Current Phase	Design

Project Funding						
Funding Source(s)	Prior Years	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Grant(s)			450,000			
Enterprise Fund(s)						
General Fund-Pay-Go						
Debt Financing		34,365	205,046			
Possible Grants and Other Funding Opportunities						

CAPITAL IMPROVEMENT PROGRAM

Affordable Housing

Description
The Affordable Housing project will support a broad range of activities including market studies, engineering and architectural studies and plans, traffic analysis, infrastructure improvement, subsidies, land banking and construction. The initial tangible product will be redevelopment of existing City owned land for affordable housing. Although the parks maintenance facility was the first targeted for this repurposing, other facilities may be subsituted.

Project Schedule	
Estimated Start Date	June-15
Estimated Completion Date	Ongoing
Current Phase	Implementation

Project Funding						
Funding Source(s)	Prior Years	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Grant(s)						
Enterprise Fund(s)						
General Fund-Pay-Go						
Debt Financing			750,000	2,000,000		2,000,000
Possible Grants and Other Funding Opportunities						

CAPITAL IMPROVEMENT PROGRAM

Broadway Vaulted Sidewalk

Description
The Broadway Vaulted Sidewalk project will rebuild the vaulted sidewalk along Broadway from Walnut Street to Tingle Alley while taking additional measures to increase the safety of the vault underneath.

Project Schedule	
Estimated Start Date	July-15
Estimated Completion Date	May-16
Current Phase	Design

Project Funding						
Funding Source(s)	Prior Years	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Grant(s)						
Enterprise Fund(s)						
General Fund-Pay-Go						
Debt Financing		250,000				
Possible Grants and Other Funding Opportunities						

CAPITAL IMPROVEMENT PROGRAM

Carrier Park Improvements

Description
The Carrier Park Improvements project will contruct quality restroom facilities as well as a gathering plaza, kiosks, interpretive and map signage, gates and landscaping for this highly used park resource in West Asheville.

Project Schedule	
Estimated Start Date	April-13
Estimated Completion Date	June-16
Current Phase	Construction

Project Funding						
Funding Source(s)	Prior Years	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Grant(s)						
Enterprise Fund(s)						
General Fund-Pay-Go						
Debt Financing		250,000				
Possible Grants and Other Funding Opportunities						

CAPITAL IMPROVEMENT PROGRAM

Cedar Street Bridge Repair

Description
The Cedar Street Bridge Repair project will repair the 122 foot long bridge that carries Cedar Street across the Norfolk Southern Railroad. The current bridge was originally constructed in 1966.

Project Schedule	
Estimated Start Date	July-15
Estimated Completion Date	June-16
Current Phase	Design

Project Funding						
Funding Source(s)	Prior Years	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Grant(s)						
Enterprise Fund(s)						
General Fund-Pay-Go						
Debt Financing			280,000			
Possible Grants and Other Funding Opportunities						

CAPITAL IMPROVEMENT PROGRAM

Charlotte Street Improvements

Description
The Charlotte Street Improvements project will include design, procurement of right of ways, and construction of improvements in the Charlotte Street Innovation District. Additional funding will be required in years 2021 and later.

Project Schedule	
Estimated Start Date	January-19
Estimated Completion Date	May-21
Current Phase	Pre-Design

Project Funding						
Funding Source(s)	Prior Years	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Grant(s)						
Enterprise Fund(s)						
General Fund-Pay-Go						
Debt Financing					200,000	1,050,000
Possible Grants and Other Funding Opportunities						

CAPITAL IMPROVEMENT PROGRAM

Chunn's Cove Bridge Rehabilitation

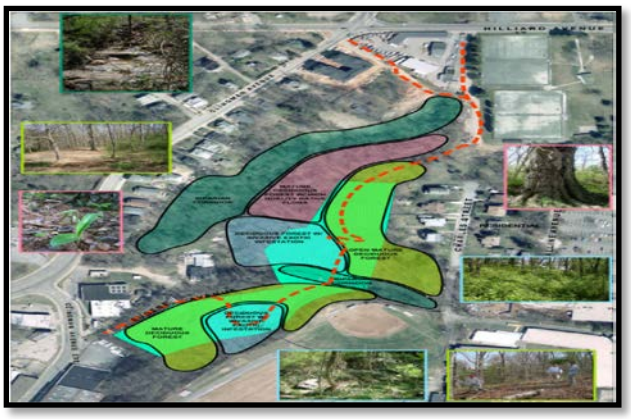
Description
The Chunn's Cove Bridge Rehabilitation project will provide structural rehabilitation to the 34 foot Chunn's Cove Road Bridge. The bridge was originally constructed in 1930 with a rehabilitation done in 1983.

Project Schedule	
Estimated Start Date	July-20
Estimated Completion Date	June-20
Current Phase	Pre-Design

Project Funding						
Funding Source(s)	Prior Years	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Grant(s)						
Enterprise Fund(s)						
General Fund-Pay-Go						
Debt Financing						500,000
Possible Grants and Other Funding Opportunities						

CAPITAL IMPROVEMENT PROGRAM

Clingman Forest Greenway



Description
The partially grant funded Clingman Forest Greenway project will construct a multimodal half mile trail connecting the riverfront area and downtown.The trail will start at the Hillard and Clingman intersection and travel in in a southern direction to terminate at the Clingman and Haywood intersection. Design is completed and the project is pending completion of land acquisition.

Project Schedule	
Estimated Start Date	March-13
Estimated Completion Date	June-18
Current Phase	Pre-Construction

Project Funding						
Funding Source(s)	Prior Years	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Grant(s)			1,016,390	363,937		
Enterprise Fund(s)						
General Fund-Pay-Go						
Debt Financing	6,870	76,025	1,110,680			
Possible Grants and Other Funding Opportunities						

CAPITAL IMPROVEMENT PROGRAM

Craven Street Bridge

Description
The Craven Street Bridge project will construct a new multi-modal bridge across the French Broad River at Craven Street parallel to the existing bridge. The new bridge and the existing bridge will function in tandem as a one-way pair. The existing bridge will carry two lanes of eastbound traffic and the new bridge will carry one lane of westbound traffic along with bicycle and pedestrian facilities.

Project Schedule	
Estimated Start Date	TBD
Estimated Completion Date	TBD
Current Phase	Pre-Design

Project Funding						
Funding Source(s)	Prior Years	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Grant(s)						
Enterprise Fund(s)						
General Fund-Pay-Go						
Debt Financing			180,000	200,000		
Possible Grants and Other Funding Opportunities						

CAPITAL IMPROVEMENT PROGRAM

Craven Street Improvements

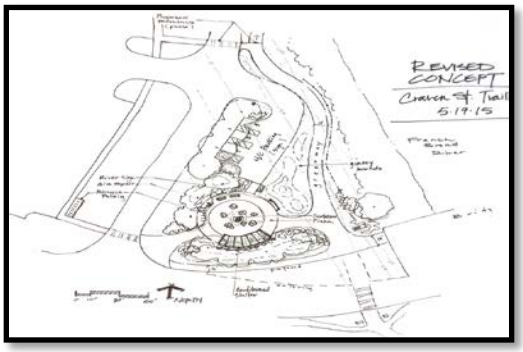
Description
The Craven Street Improvement project in West Asheville is long-term enhancement that will include multi-modal roadway improvements including pedestrian and bike facilities, Stormwater Best Management Practices and stream restoration, low impact parking, greenway construction and water line improvements. The Craven Street Improvement project is located in the area surrounding the New Belgium Brewery construction site and is the City's portion of a public-private partnership with The State of North Carolina, North Carolina Golden Leaf Foundation, NCDOT, Clean Water Management Trust Fund, Buncombe County, the Economic Development Administration, and the Asheville–Buncombe Economic Development Coalition and others in support of New Belgium Brewing's investment of $175 million in our community.

Project Schedule	
Estimated Start Date	September-12
Estimated Completion Date	December-15
Current Phase	Construction

Project Funding						
Funding Source(s)	Prior Years	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Grant(s)	256,070	1,080,796	450,535			
Enterprise Fund(s)	649,034	54,935				
General Fund-Pay-Go	61,169					
Debt Financing	3,159,130	2,452,148				
Possible Grants and Other Funding Opportunities		51,070				

CAPITAL IMPROVEMENT PROGRAM

Craven Street Kiosk



Description
The grant funded Craven Street Kiosk project will construct a landmark pavillion over visitor information signage to accompany the amenities at the French Broad River Greenway trailhead located at the public parking area on Craven Street.

Project Schedule	
Estimated Start Date	March-15
Estimated Completion Date	December-15
Current Phase	Design

Project Funding						
Funding Source(s)	Prior Years	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Grant(s)			150,000			
Enterprise Fund(s)						
General Fund-Pay-Go						
Debt Financing	2,036	206,000				
Possible Grants and Other Funding Opportunities						

CAPITAL IMPROVEMENT PROGRAM

Eagle Market Place

Description
The Eagle Market Place project is a Mountain Housing Opportunities (MHO) project that is partially City funded. The goal of the renovations at Eagle and Market Streets is to stimulate growth in the area by adding commercial space and 62 affordable housing units.

Project Schedule	
Estimated Start Date	November-13
Estimated Completion Date	TBD
Current Phase	Construction

Project Funding						
Funding Source(s)	Prior Years	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Grant(s)						
Enterprise Fund(s)						
General Fund-Pay-Go						
Debt Financing	1,028,695	1,821	2,869,484			
Possible Grants and Other Funding Opportunities						

CAPITAL IMPROVEMENT PROGRAM

Field Turf Replacement

Description
The Field Turf Replacement project will replace the artificial turf at playing fields around the City including Memorial Stadium and Park Lawn Bowling to name a few.

Project Schedule	
Estimated Start Date	July-15
Estimated Completion Date	Ongoing
Current Phase	Implementation

Project Funding						
Funding Source(s)	Prior Years	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Grant(s)						
Enterprise Fund(s)						
General Fund-Pay-Go						
Debt Financing			600,000	600,000	600,000	600,000
Possible Grants and Other Funding Opportunities						

CAPITAL IMPROVEMENT PROGRAM

Fire Station #14

Description
The Fire Station #14 project will include the design and build of a new fire station on Broadway Street to primarily serve the Northwest and Central sections of Asheville. This enhanced fire service coverage area would alleviate the Fire Department's Standard of Coverage voids in the identified areas. The land for the project was purchased in 2014.

Project Schedule	
Estimated Start Date	June-14
Estimated Completion Date	September-17
Current Phase	Planning

Project Funding						
Funding Source(s)	Prior Years	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Grant(s)						
Enterprise Fund(s)						
General Fund-Pay-Go						
Debt Financing	529,976		1,853,424	1,000,000		
Possible Grants and Other Funding Opportunities						

CAPITAL IMPROVEMENT PROGRAM

Fire Station #14 Engine

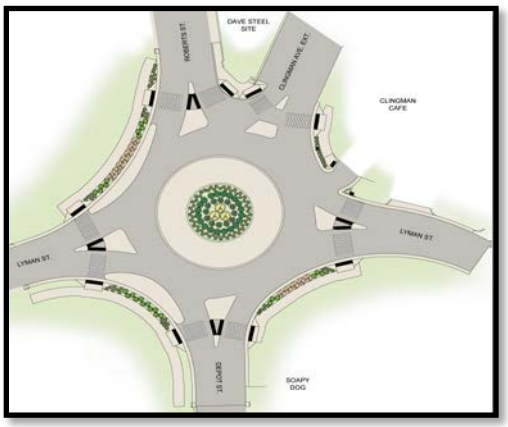
Description
This project will purchase a new engine for the new Fire Station #14.

Project Schedule	
Estimated Start Date	August-17
Estimated Completion Date	July-18
Current Phase	Future Acquistion

Project Funding						
Funding Source(s)	Prior Years	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Grant(s)						
Enterprise Fund(s)						
General Fund-Pay-Go						
Debt Financing				600,000		
Possible Grants and Other Funding Opportunities						

CAPITAL IMPROVEMENT PROGRAM

Five Points Roundabout



Description
The partially grant funded Five-Points Roundabout project will clear, grade, relocate utilities, and construct a roundabout to replace a five-way stop condition at the existing intersection of Roberts, Depot and Lyman Streets. Construction of roadway geometric improvements will include road realignment, ADA accessible ramps and crossings, adjacent sidewalks, roadway and pedestrian-level lighting, landscaping, signs, and markings.

Project Schedule	
Estimated Start Date	March-13
Estimated Completion Date	September-19
Current Phase	Design

Project Funding						
Funding Source(s)	Prior Years	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Grant(s)				263,964	845,786	
Enterprise Fund(s)						
General Fund-Pay-Go	28,973					
Debt Financing		162,975	1,220,698	2,225,050		
Possible Grants and Other Funding Opportunities						

CAPITAL IMPROVEMENT PROGRAM

Fleet Replacement

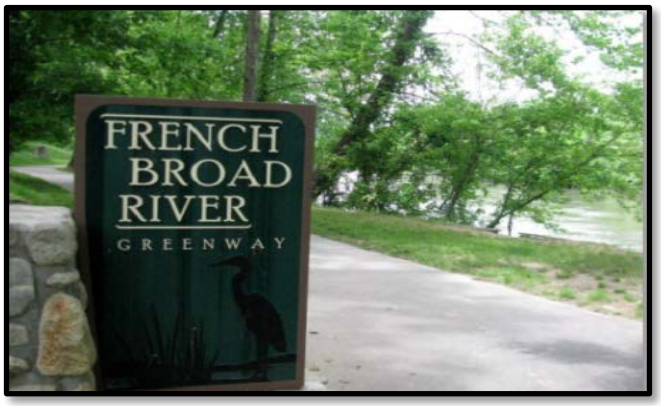
Description
This project includes an analytical breakdown of all city owned vehicles (from small single axle trailers up to and including fire trucks) to determine projected annual replacement costs and implementation of an approved vehicle replacement program. The development, approval, and subsequent utilization of a Vehicle Replacement Plan would have a positive financial impact on annual fleet line operating costs. A structured replacement plan will account for the optimal replacement cycle, thereby reducing operating costs and establishing a model for future fleet funding.

Project Schedule	
Estimated Start Date	July-14
Estimated Completion Date	Ongoing
Current Phase	Acquisition

Project Funding						
Funding Source(s)	Prior Years	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Grant(s)						
Enterprise Fund(s)						
General Fund-Pay-Go						
Debt Financing	N/A	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
Possible Grants and Other Funding Opportunities						

CAPITAL IMPROVEMENT PROGRAM

French Broad River West Greenway



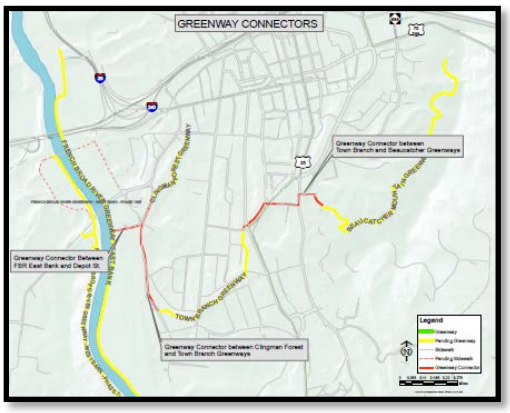
Description
The partially grant funded French Broad River West Greenway project will connect the French Broad River park system via a .9 stretch of trail traveling northward to the Clingman/Haywood Bridge where the New Belgium Greenway begins. This greenway will link the riverfront with the city-wide greenway network.

Project Schedule	
Estimated Start Date	October-14
Estimated Completion Date	March-18
Current Phase	Design

Project Funding						
Funding Source(s)	Prior Years	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Grant(s)			700,000	1,035,734		
Enterprise Fund(s)						
General Fund-Pay-Go						
Debt Financing	19,293	275,778	394,773	386,885		
Possible Grants and Other Funding Opportunities						

CAPITAL IMPROVEMENT PROGRAM

Greenway Connectors



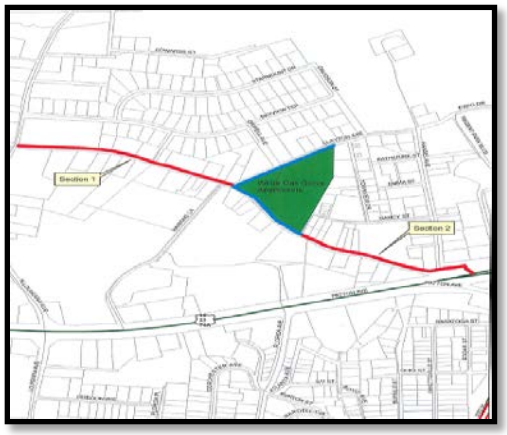
Description
The partially grant funded Greenway Connectors project includes design and construction of a network of connectors for the Beaucatcher, Town Branch, and Clingman Forest greenways, each of which terminate in or near Asheville's East of the Riverway and South Slope areas, to each other and surrounding work, educational, child care, shopping, recreational and other destinations. Connections will be on-street, with clear wayfinding and infrastructure details guiding users between greenways and destinations. Beaucatcher Greenway will connect Overlook Park and adjacent residential neighborhoods to Biltmore Avenue. Town Branch Greenway will begin near Choctaw and McDowell Streets and connects surrounding residential areas to each other and to Depot Street. Clingman Forest Greenway will begin near Clingman Avenue at Clingman Extension and connect the River Arts District to Aston Park near Hilliard Ave and South French Broad Avenue.

Project Schedule	
Estimated Start Date	July-15
Estimated Completion Date	TBD
Current Phase	Planning

Project Funding						
Funding Source(s)	Prior Years	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Grant(s)			96,000			
Enterprise Fund(s)						
General Fund-Pay-Go						
Debt Financing			24,000			
Possible Grants and Other Funding Opportunities						

CAPITAL IMPROVEMENT PROGRAM

Hazel Mill Road Sidewalk



Description
The Hazel Mill Road Sidewalk project will provide pedestrian links to mass transit from proposed apartment complex development that includes affordable housing units via a sidewalk on one side of Hazel Mill Road, from Louisiana Avenue to Patton Avenue.

Project Schedule	
Estimated Start Date	July-16
Estimated Completion Date	November-17
Current Phase	Pre-Design

Project Funding						
Funding Source(s)	Prior Years	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Grant(s)						
Enterprise Fund(s)						
General Fund-Pay-Go						
Debt Financing			85,000	332,000		
Possible Grants and Other Funding Opportunities						

CAPITAL IMPROVEMENT PROGRAM

Hendersonville Road Sidewalks

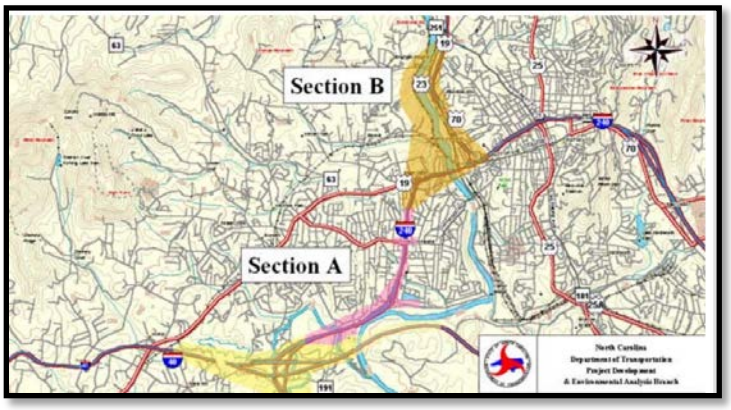
Description
The Hendersonville Road Sidewalks project is a partnership project with the Department of Transportation to add sidewalks along Hendersonville Road.

Project Schedule	
Estimated Start Date	November-13
Estimated Completion Date	December-16
Current Phase	Construction

Project Funding						
Funding Source(s)	Prior Years	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Grant(s)		2,032,613	872,000	395,387		
Enterprise Fund(s)						
General Fund-Pay-Go						
Debt Financing	405,685	596,702	218,000			
Possible Grants and Other Funding Opportunities						

CAPITAL IMPROVEMENT PROGRAM

I-26 Connector



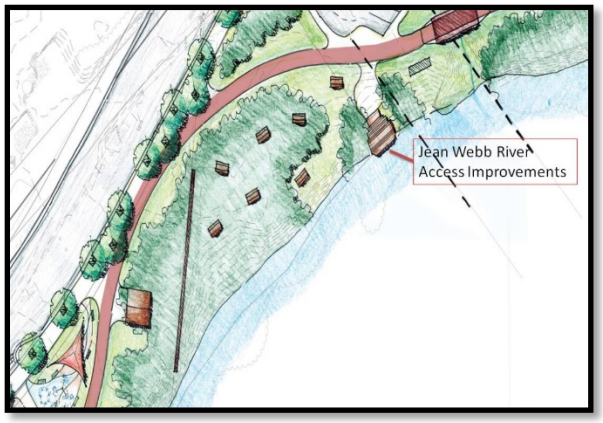
Description
This project includes the first installment of the $2 million commitment made by the City for the I-26 Connector.

Project Schedule	
Estimated Start Date	TBD
Estimated Completion Date	TBD
Current Phase	Pre-Design

Project Funding						
Funding Source(s)	Prior Years	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Grant(s)						
Enterprise Fund(s)						
General Fund-Pay-Go						
Debt Financing						1,000,000
Possible Grants and Other Funding Opportunities						

CAPITAL IMPROVEMENT PROGRAM

Jean Webb Boat Ramp



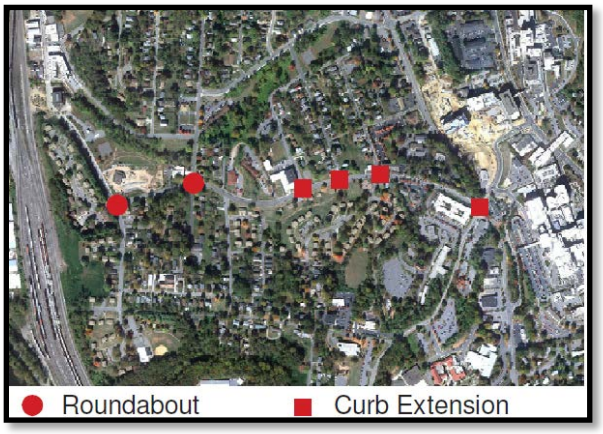
Description
The Jean Webb Boat Ramp grant funded project will include the addition of a boat ramp on the French Broad River on the edge of Jean Webb Park in partnership with the North Carolina Wildlife Resources Commission.

Project Schedule	
Estimated Start Date	July-17
Estimated Completion Date	December-17
Current Phase	Pre-Construction

Project Funding						
Funding Source(s)	Prior Years	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Grant(s)				50,000		
Enterprise Fund(s)						
General Fund-Pay-Go						
Debt Financing				6,500		
Possible Grants and Other Funding Opportunities						

CAPITAL IMPROVEMENT PROGRAM

Livingston Street



Description
The Livingston Street partially grant funded project will make multimodal connections between the River Arts District and the rest of the East of the Riverway neighborhoods and provide access from those neighborhoods to educational facilities and jobs including AB Tech, Asheville High and Mission Hospitals. The project will transform the exisiting Depot Street and Livingston Street from near the Glenrock Hotel to Victoria Road to a complete street that is useful for walking, bicycling, and transit as well as motor vehicles.

Project Schedule	
Estimated Start Date	July-15
Estimated Completion Date	January-20
Current Phase	Design

Project Funding						
Funding Source(s)	Prior Years	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Grant(s)				493,159	241,425	
Enterprise Fund(s)						
General Fund-Pay-Go						
Debt Financing		250,000	210,385	770,081		
Possible Grants and Other Funding Opportunities						

CAPITAL IMPROVEMENT PROGRAM

McCormick Field

Description
The McCormick Field project will improve the field according to the agreement between the City and the Asheville Tourists.

Project Schedule	
Estimated Start Date	March-12
Estimated Completion Date	June-16
Current Phase	Implementation

Project Funding						
Funding Source(s)	Prior Years	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Grant(s)						
Enterprise Fund(s)						
General Fund-Pay-Go						
Debt Financing	344,253	170	71,863			
Possible Grants and Other Funding Opportunities						

CAPITAL IMPROVEMENT PROGRAM

Neighborhood Sidewalk Program

Description
The Neighborhood Sidewalk Program project will invest in critical sidewalk linkages throughout the City.

Project Schedule	
Estimated Start Date	July-14
Estimated Completion Date	Ongoing
Current Phase	Design and Construction

Project Funding						
Funding Source(s)	Prior Years	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Grant(s)						
Enterprise Fund(s)						
General Fund-Pay-Go						
Debt Financing	8,613	215,000	356,387	360,000	360,000	360,000
Possible Grants and Other Funding Opportunities						

CAPITAL IMPROVEMENT PROGRAM

New Leicester Highway Sidewalks

Description
The New Leicester Highway Sidewalks project is a partnership project with the Department of Transportation to add sidewalks and pedestrian crossings on New Leicester Highway (NC81) from Patton Avenue to the City limits.

Project Schedule	
Estimated Start Date	July-15
Estimated Completion Date	June-17
Current Phase	Design

Project Funding						
Funding Source(s)	Prior Years	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Grant(s)		44,800	672,000	2,187,200		
Enterprise Fund(s)						
General Fund-Pay-Go						
Debt Financing		11,200	168,000	546,800		
Possible Grants and Other Funding Opportunities						

Asheville Art Museum Capital Improvement

Description
The Asheville Art Museum Capital Improvements project will invest in building systems and related improvements.

Project Schedule	
Estimated Start Date	TBD
Estimated Completion Date	TBD
Current Phase	Pre-Implementation

Project Funding						
Funding Source(s)	Prior Years	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Grant(s)						
Enterprise Fund(s)						
General Fund-Pay-Go						
Debt Financing			2,000,000			
Possible Grants and Other Funding Opportunities						

CAPITAL IMPROVEMENT PROGRAM

Park Facilities

Description
The Park Facilities project will provide ongoing maintenance of parks and recreation department facilities, restrooms and buildings.

Project Schedule	
Estimated Start Date	July-15
Estimated Completion Date	On-Going
Current Phase	Construction

Project Funding						
Funding Source(s)	Prior Years	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Grant(s)						
Enterprise Fund(s)						
General Fund-Pay-Go						
Debt Financing		150,000	800,000	600,000	600,000	600,000
Possible Grants and Other Funding Opportunities						

CAPITAL IMPROVEMENT PROGRAM

Parks Maintenance Relocation

Description
The Park Maintenance Relocation project will move this division from their current building to multiple buildings. The project will including pre-move renovations.

Project Schedule	
Estimated Start Date	June-14
Estimated Completion Date	December-15
Current Phase	Implementation

Project Funding						
Funding Source(s)	Prior Years	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Grant(s)						
Enterprise Fund(s)						
General Fund-Pay-Go						
Debt Financing	108,745	80,000	866,255			
Possible Grants and Other Funding Opportunities						

CAPITAL IMPROVEMENT PROGRAM

Radio Infrastructure

Description
The Radio Infrastructure project will be a system-wide replacement of equipment and infrastructure originally installed in 1988.

Project Schedule	
Estimated Start Date	May-13
Estimated Completion Date	September-16
Current Phase	Construction

Project Funding						
Funding Source(s)	Prior Years	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Grant(s)						
Enterprise Fund(s)						
General Fund-Pay-Go						
Debt Financing	702,430	3,930,000	1,509,570			
Possible Grants and Other Funding Opportunities						

CAPITAL IMPROVEMENT PROGRAM

Replacement Engine

Description
The Replacement Engine project will replace one of the City Fire Department's engines in need of retirement.

Project Schedule	
Estimated Start Date	August-17
Estimated Completion Date	July-18
Current Phase	Future Acquistion

Project Funding						
Funding Source(s)	Prior Years	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Grant(s)						
Enterprise Fund(s)						
General Fund-Pay-Go						
Debt Financing			600,000			
Possible Grants and Other Funding Opportunities						

CAPITAL IMPROVEMENT PROGRAM

Replacement Ladder Truck

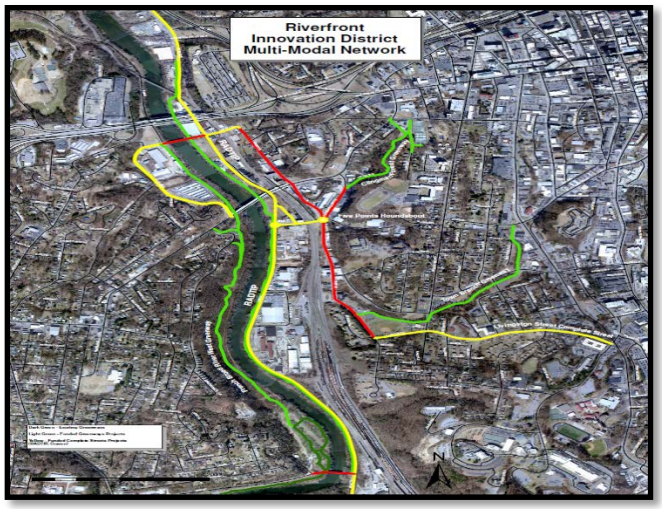
Description
The Ladder Truck Replacement project will replace one of the City Fire Department's ladder trucks in need of retirement.

Project Schedule	
Estimated Start Date	August-15
Estimated Completion Date	July-16
Current Phase	Future Acquistion

Project Funding						
Funding Source(s)	Prior Years	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Grant(s)						
Enterprise Fund(s)						
General Fund-Pay-Go						
Debt Financing				1,400,000		
Possible Grants and Other Funding Opportunities						

CAPITAL IMPROVEMENT PROGRAM

River Arts District Transportation Improvement Plan (RADTIP)



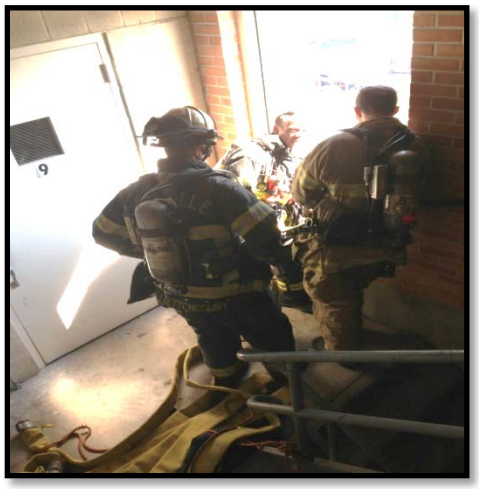
Description
The RADTIP grant funded project will add 12,000 linear feet of multi-modal transportation including sidewalk with curb and gutter, street trees and furniture, public art, bike lanes and greenways as well as on-street parking, roadway inprovments (including a roundabout and traffic signal upgrades) and off-road stormwater improvements.

Project Schedule	
Estimated Start Date	April-14
Estimated Completion Date	June-19
Current Phase	Design

Project Funding						
Funding Source(s)	Prior Years	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Grant(s)			5,803,250	7,954,345	2,000,000	
Enterprise Fund(s)						
General Fund-Pay-Go						
Debt Financing	1,280,926	4,179,389	9,310,239	3,488,691	2,887,363	
Possible Grants and Other Funding Opportunities						

CAPITAL IMPROVEMENT PROGRAM

SCBA Replacement



Description
The SCBA Replacement project will replace the Self Contained Breathing Apparatus (SCBA) or air tanks used by firefighters when responding to a fire. The project scope includes replacement of 110 Self Contained Breathing Apparatus, addition of 15 units and the purchase of a fill station to fill the breathing air bottles. Due to changes in technology and standards of SCBA's, replacement of all units at once is necessary. This eliminates the possibility of incompatible units being intermixed and standardizes the operations and training required for use. The new units also give City firefighters the ability to breathe for an additional 15 minutes compared to the existing fleet of SCBA.

Project Schedule	
Estimated Start Date	July-15
Estimated Completion Date	June-16
Current Phase	Acquisition

Project Funding						
Funding Source(s)	Prior Years	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Grant(s)						
Enterprise Fund(s)						
General Fund-Pay-Go						
Debt Financing		1,050,000				
Possible Grants and Other Funding Opportunities						

CAPITAL IMPROVEMENT PROGRAM

Streets and Sidewalks Program

Description
This project will provide maintenance of existing streets and sidewalks.

Project Schedule	
Estimated Start Date	June-15
Estimated Completion Date	On-going
Current Phase	Construction

Project Funding						
Funding Source(s)	Prior Years	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Grant(s)						
Enterprise Fund(s)						
General Fund-Pay-Go			800,000	800,000	800,000	800,000
Debt Financing		2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Possible Grants and Other Funding Opportunities						

CAPITAL IMPROVEMENT PROGRAM

Swimming Pools

Description
The Swimming Pools project addresses safety and maintenance concerns at the Malvern Hills, Walton Street and Recreation Park City pools. Work would address the pools themselves as well as handicap access issues, the bathhouse, support features and ongoing maintenance issues.

Project Schedule	
Estimated Start Date	July-15
Estimated Completion Date	On-going
Current Phase	Feasibility

Project Funding						
Funding Source(s)	Prior Years	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Grant(s)						
Enterprise Fund(s)						
General Fund-Pay-Go						
Debt Financing		36,335	798,665	1,250,000		
Possible Grants and Other Funding Opportunities						

CAPITAL IMPROVEMENT PROGRAM

Thomas Wolfe Renovations

Description
The Thomas Wolfe Renovations project will provide for the initial design fees to update patron technology and client needs as well as address public safety.

Project Schedule	
Estimated Start Date	June-16
Estimated Completion Date	TBD
Current Phase	Pre-Design

Project Funding						
Funding Source(s)	Prior Years	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Grant(s)						
Enterprise Fund(s)						
General Fund-Pay-Go			300,000	200,000		
Debt Financing						
Possible Grants and Other Funding Opportunities						

CAPITAL IMPROVEMENT PROGRAM

Town Branch Greenway

Description
The partially grant funded Town Branch Greenway project will connect the riverfront, the Southside neighborhood and the South Slope of downtown via a 2.2 mile greenway that begins where Ashland Avenue becomes McDowell Street and travels in a southeasterly direction to terminate on Depot Street just south of the Glen Rock development. It will also provide multimodal access to Lee Walker Heights, Livingston Heights and Erkine-Walton neighborhoods.

Project Schedule	
Estimated Start Date	March-13
Estimated Completion Date	December-17
Current Phase	Pre-Construction

Project Funding						
Funding Source(s)	Prior Years	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Grant(s)			300,000	875,011		
Enterprise Fund(s)						
General Fund-Pay-Go	53,056	37,895				
Debt Financing		252,151	489,893	356,353		
Possible Grants and Other Funding Opportunities						

CAPITAL IMPROVEMENT PROGRAM

Underground Fuel Tank Repair

Description
This project will repair the aging underground fuel tank system at the City fueling station.

Project Schedule	
Estimated Start Date	September-15
Estimated Completion Date	December-15
Current Phase	Implementation

Project Funding						
Funding Source(s)	Prior Years	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Grant(s)						
Enterprise Fund(s)						
General Fund-Pay-Go						
Debt Financing		45,000	45,000			
Possible Grants and Other Funding Opportunities						

CAPITAL IMPROVEMENT PROGRAM

Velodrome Safety

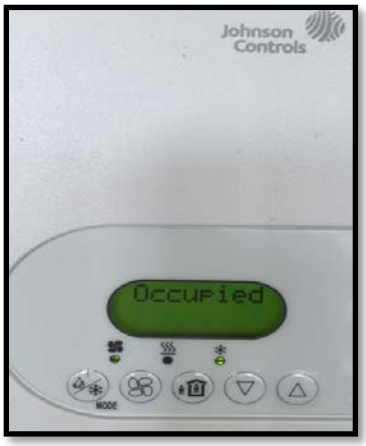
Description
The Velodrome Safety project will rebuild the velodrome from the subsurface to address safety issues with cracking pavement and will upgrade lighting. Replacement of these old park amenities will reduce costly repairs and mainteneance of the old outdated track facility.

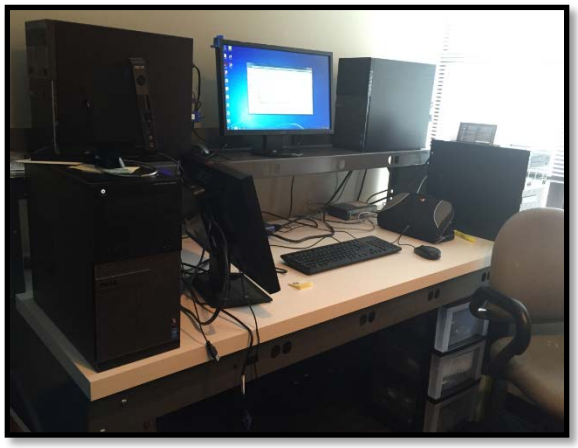
Project Schedule	
Estimated Start Date	April-13
Estimated Completion Date	TBD
Current Phase	Pre-Construction

Project Funding						
Funding Source(s)	Prior Years	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Grant(s)						
Enterprise Fund(s)						
General Fund-Pay-Go						
Debt Financing			500,000			
Possible Grants and Other Funding Opportunities						

CAPITAL IMPROVEMENT PROGRAM

General Capital Replacements and Upgrades





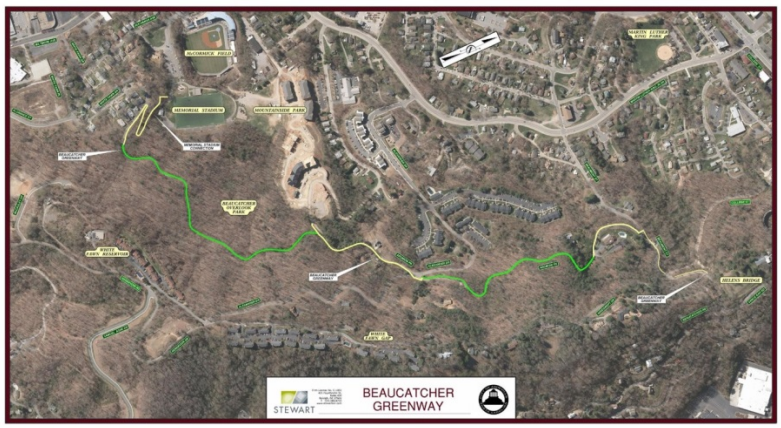
Description
The General Capital Replacements and Upgrades project will replace various City computers, facility roofs, City Hall air conditioning controls as well as other City facility upgrades.

Project Schedule	
Estimated Start Date	July-13
Estimated Completion Date	On-Going
Current Phase	Implementation

Project Funding						
Funding Source(s)	Prior Years	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Computer Replacement	Debt Issued	250,000	250,000	250,000	250,000	250,000
Roof Replacement		150,000	150,000	150,000	150,000	150,000
A/C Controls			74,740			
Various Facility Upgrades			550,000	275,000	275,000	275,000

CAPITAL IMPROVEMENT PROGRAM

Beaucatcher Greenway



Description
The Beaucatcher Greenway, a 1.25 mile route along a wooded corridor with commanding views of downtown Asheville, will connect the old White Fawn Reservoir (future park) and the old Beaucatcher Reservoir (future park) and is intended to serve as a major connection to Memorial Stadium, Mountainside Park, McCormick Field and the Town Branch Greenway corridor. Traveling from McCormick Field parking lot to Helen's Bridge along the side of Beaucatcher Mountain, the completed trail will consist of a 10-foot wide asphalt trail that is accessible for trail users of all ages, abilities, and socio-economic demographics.

Project Funding						
Funding Source(s)	Prior Years	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Grant(s)			925,000			
Enterprise Fund(s)						
General Fund-Pay-Go	1,020,728					
Debt Financing			989,484			
Prior Debt	241,052					

WATER RESOURCES CAPITAL IMPROVEMENT FUND SUMMARY

	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021
Revenue Sources:					
Water Operating Fund Transfer	9,366,520	11,226,425	10,775,800	11,591,400	10,408,895
Revenue Bonds	12,000,000	40,000,000	0	0	0
Total Revenues:	***21,366,520***	***51,226,425***	***10,775,800***	***11,591,400***	***10,408,895***
Use of Funds:					
NCDOT Projects:					
McFee Road Bridge	80,000				
Distribution System Projects:					
200 Bingham Road Maintenance Facility	1,750,000			250,000	
AB Tech Area Waterline Improvements	1,373,325				
Affordable Housing Infill Develop. Incentive	30,000	30,000	30,000	30,000	30,000
Fairview Service Area WL Improvements	12,000,000			1,500,000	1,500,000
Main Transmission Line Projects			500,000		
Merrimon Avenue Main Replacement		3,125,000	3,825,000	2,050,000	
Meter / Vault Repair	500,000	500,000	500,000	500,000	500,000
Pressure Optimization	140,000	205,000	125,000	100,000	100,000
Right-of-Way (ROW) Clearing	150,000	150,000	150,000	150,000	150,000
Water Production Projects:					
Corrosion Control Study	50,000	700,000			
Education Facility				250,000	
Mills River Raw Water Reservoir 15 MG				1,540,000	
North Fork WTP Dam / Tunnel Eval/ Repairs		40,000,000			
Replacement of Water Storage Tanks				550,000	
Ridgeview Tank 95,000 GAL	500,000				
Software Updates / HMI - all WTP's	200,000				
Water Storage Tank / Pump Station Maint.	150,000	300,000	200,000	200,000	200,000
Water Treatment Plant Improvements	1,000,000				
Water Treatment Plant Maintenance	200,000	160,000	120,000	120,000	145,000

WATER RESOURCES CAPITAL IMPROVEMENT FUND SUMMARY (Cont.)

	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021
Neighborhood Water Line Replace. Proj.:					
2015 Neighborhood Enhancement Area 1	513,350				
2015 Neighborhood Enhancement Area 2	452,845				
2015 Neighborhood Enhancement Area 3	1,000,000	1,041,925			
Arbutus Road				143,990	
Barnard Avenue & Sevier Street	162,000				
Beacon Village			2,000,000		
Biltmore Avenue	515,000				
Blue Ridge Rd, BR Assembly Dr, & Maney Ln		940,000			
Deanwood Cir, Forest St, & Ardmore St		240,000			
Donna Drive				150,150	
East & West Euclid Parkway, East & West Avon				462,000	
Gashes Creek Rd & Gabrielle Lane			506,000		
Glendale Avenue				616,000	
Hill Street, Greenlee Street, & Cross Place					877,800
Iris Street & Moreview Drive					291,830
Joyner Avenue			268,800		
Knauth Road	100,000				
Lane Avenue, Meadow Brook Avenue & Dunn Street					485,100
Long Shoals Road		250,000			
McDowell Street					1,299,375
Muirfield Subdivision		909,500			
North Fork Right Fork & Walkertown Roads				298,760	
Old Bee Tree/Rainbow Ridge/Halcyon Hill, etc. Roads			175,000		
Patton Avenue		810,000			
Pisgah View Apartments		813,000			
Plateau & Hilltopia Roads		88,000			
Sherwood Road		38,000			
Smokey Park Highway & Old 19/23			1,650,000	1,650,000	1,700,000
South French Broad Avenue					617,210
South Grove Street & Morgan Avenue		252,000			
Springdale Avenue		110,000			
Sunset Drive			206,000		
Valley View Road		64,000			
Vinewood Circle & Bingham Road					850,080
Wamboldt Avenue, Success Avenue & Euclid				308,000	

WATER RESOURCES CAPITAL IMPROVEMENT FUND SUMMARY (Cont.)

	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021
Water System Master Plan Projects:					
Candler School Rd / Old Candler Town Rd				172,500	977,500
Fairmont Rd from Old 19/23 to Justice Ridge Rd				550,000	685,000
Swannanoa River Rd from Caledonia to Bryson			280,000		
Tunnel Rd from Overbrook and Crockett			240,000		
Water Model & Master Plan Update	500,000	500,000			
Total Use of Funds	***21,366,520***	***51,226,425***	***10,775,800***	***11,591,400***	***10,408,895***

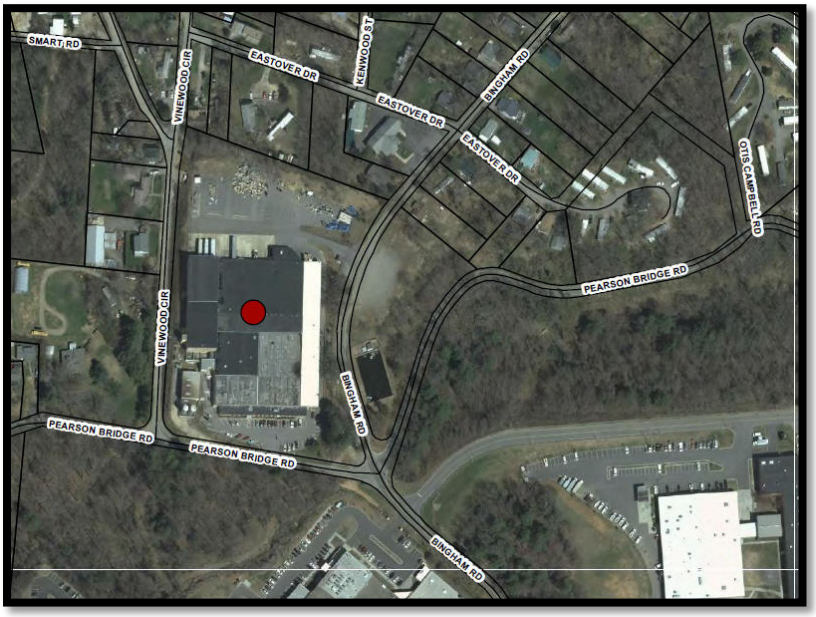
CAPITAL IMPROVEMENT PROGRAM

NCDOT McFee Road Bridge

Description
NCDOT project for bridge replacement on McFee Road (Enka/Candler) and relocation of existing water line. Project will involve utility work by NCDOT's contractor to install approximately 100 Linear Feet of new 12-inch water line and all associated appurtenances. The City will reimburse NCDOT according to the Utility Agreement.

Project Funding						
Funding Source(s)	Prior Years	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Grant(s)						
Enterprise Fund(s)						
Water Fund-Pay-Go		80,000				
Debt Financing						
Possible Grants and Other Funding Opportunities						

200 Bingham Road Maintenance Facility



Description
Building up fit and site improvements for 200 Bingham Road (West Asheville). Improvements will be made to enable the Customer Services Division to move from the existing City Hall site to 200 Bingham Road in FY 16-17. Improvements will include building up fit, parking improvements and other various site improvements.

Project Funding

Funding Source(s)	Prior Years	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Grant(s)						
Enterprise Fund(s)						
Water Fund-Pay-Go	6,261,802	1,750,000			250,000	
Debt Financing						
Possible Grants and Other Funding Opportunities						

AB Tech Area Waterline Improvements

Description
Install 20,725 LF of 12" water line on Meadow Road, Victoria Road, Short McDowell Street and McDowell Street (Downtown Asheville). Reconnect services and abandon the old 12" cast iron water line. Road resurfacing will be required.

Project Funding						
Funding Source(s)	Prior Years	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Grant(s)						
Enterprise Fund(s)						
Water Fund-Pay-Go	1,500,000	1,373,325				
Debt Financing						
Possible Grants and Other Funding Opportunities						

Affordable Housing Infill Development Incentive

Description
Part of the City of Asheville's Affordable Housing Fee Rebate Program to provide a rebate of 50% for water tap and meter fees associated with the construction of new affordable housing. Applicants must submit documentation and meet the requirements of the program to receive the rebate. This is an ongoing project.

Project Funding						
Funding Source(s)	Prior Years	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Grant(s)						
Enterprise Fund(s)						
Water Fund-Pay-Go	500,000 Annually	26,950	30,000	30,000	30,000	30,000
Debt Financing						
Possible Grants and Other Funding Opportunities						

Fairview Service Area WL Improvements

Description
Construction of a 1 million gallon per day pumping station on Charlotte Hwy near Rose Hill Rd, construction of a 0.5 million gallon storage tank on Charlotte Hwy near Cedar Mountain Rd, removal of the existing Mine Hole Gap pressure reducing valve (PRV), and 4 new PRV's on Emma's Grove Rd, Gap Creek Rd, Cane Creek Rd, and Mills Gap Rd.

Project Funding						
Funding Source(s)	Prior Years	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Grant(s)						
Enterprise Fund(s)						
Water Fund-Pay-Go	2,650,000				1,500,000	1,500,000
Debt Financing		12,000,000				
Possible Grants and Other Funding Opportunities						

Table of Contents

Main Transmission Line Projects

Description
Various projects as recommended by Brown & Caldwell consulting engineers as part of the Main Transmission Line Evaluation. Specific Projects have not yet been identified.

Project Funding						
Funding Source(s)	Prior Years	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Grant(s)						
Enterprise Fund(s)						
Water Fund-Pay-Go	1,000,000			500,000		
Debt Financing						
Possible Grants and Other Funding Opportunities						

CAPITAL IMPROVEMENT PROGRAM

Merrimon Avenue Main Replacement

Description
Water Distribution System Project to install 31,680 LF of 12" WL on Merrimon Avenue from I-240 to 6 miles north. NCDOT surfacing will be required.

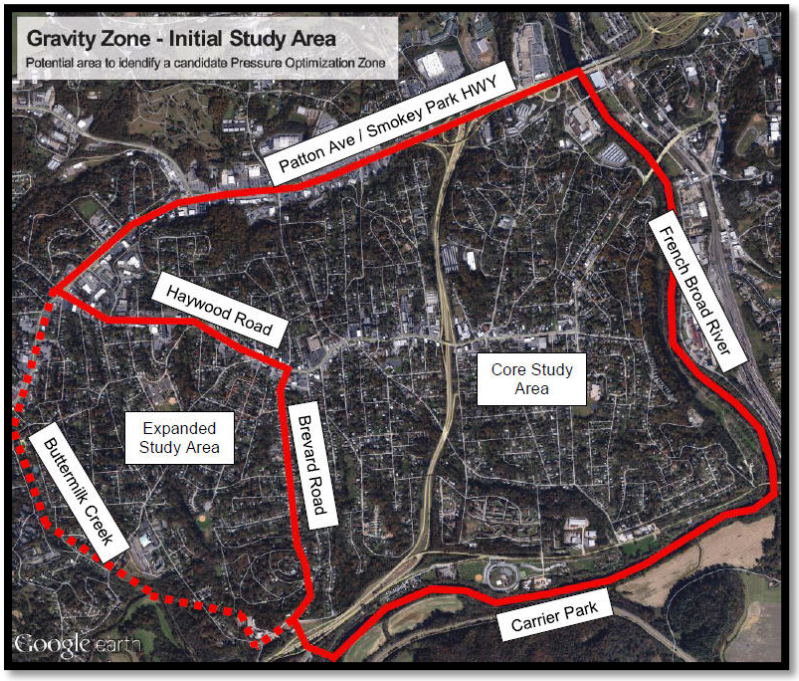
Project Funding						
Funding Source(s)	Prior Years	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Grant(s)						
Enterprise Fund(s)						
Water Fund-Pay-Go			3,125,000	3,825,000	2,050,000	
Debt Financing						
Possible Grants and Other Funding Opportunities						

Meter / Vault Repair

Description
Upgrade selected vaults in various locations throughout the water distribution system.

Project Funding						
Funding Source(s)	Prior Years	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Grant(s)						
Enterprise Fund(s)						
Water Fund-Pay-Go	2,500,000	500,000	500,000	500,000	500,000	500,000
Debt Financing						
Possible Grants and Other Funding Opportunities						

Pressure Optimization



Description
Project to reduce high pressures in the distribution system. Includes Pressure Optimization Pilot from FY 14/15 & 15/16 in the Haw Creek and Spivey Mountain Pressure zones and study and implementation of a third larger zone that is planned for the west or east Asheville areas with significant leaks, breaks, and high pressure.

Project Funding

Funding Source(s)	Prior Years	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Grant(s)						
Enterprise Fund(s)						
Water Fund-Pay-Go		143,050	205,000	125,000	100,000	100,000
Debt Financing						
Possible Grants and Other Funding Opportunities						

Right-of-Way (ROW) Clearing

Description
Project recommended as part of the Main Transmission Line Evaluation to access large transmission water lines. Project will be ongoing annually.

Project Funding						
Funding Source(s)	Prior Years	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Grant(s)						
Enterprise Fund(s)						
Water Fund-Pay-Go	300,000	150,000	150,000	150,000	150,000	150,000
Debt Financing						
Possible Grants and Other Funding Opportunities						

Corrosion Control Study

Description
Project will be divided into two parts: the study and subsequent implementation of its recommendations. The study will seek a less costly method of providing corrosion control in the distribution system while ensuring continued adherence to the Lead & Copper Rule. The implementation will include installation of new equipment at each WTP.

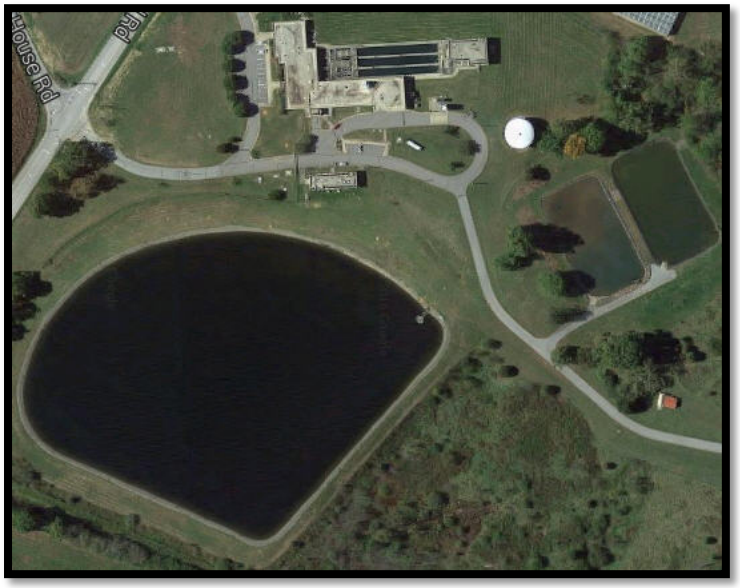
Project Funding						
Funding Source(s)	Prior Years	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Grant(s)						
Enterprise Fund(s)						
Water Fund-Pay-Go	55,000	50,000	700,000			
Debt Financing						
Possible Grants and Other Funding Opportunities						

Education Facility

Description
Project includes a LEED certified building to provide for the education of water science and resources for area students and a space for continuing education training and meetings. The new building will replace the existing education building.

Project Funding						
Funding Source(s)	Prior Years	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Grant(s)						
Enterprise Fund(s)						
Water Fund-Pay-Go					250,000	
Debt Financing						
Possible Grants and Other Funding Opportunities						

Mills River Raw Water Reservoir 15 MG



Description
Construct a 15 million gallon raw water reservoir at the Mills River WTP to add an extra high-quality source of water during an extended outage at the North Fork or William DeBruhl WTP's.

Project Funding						
Funding Source(s)	Prior Years	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Grant(s)						
Enterprise Fund(s)						
Water Fund-Pay-Go					1,540,000	
Debt Financing						
Possible Grants and Other Funding Opportunities						

CAPITAL IMPROVEMENT PROGRAM

North Fork WTP Dam / Tunnel Evaluation / Repairs

Description
Includes replacing one joint of the raw water line that runs through the North Fork dam into the plant and additional repairs as needed. Also includes reinforcement to the downstream face of the existing dam and construction of additional spillway to handle excessive water in emergencies.

Project Funding						
Funding Source(s)	Prior Years	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Grant(s)						
Enterprise Fund(s)						
Water Fund-Pay-Go	15,305,000					
Debt Financing			40,000,000			
Possible Grants and Other Funding Opportunities						

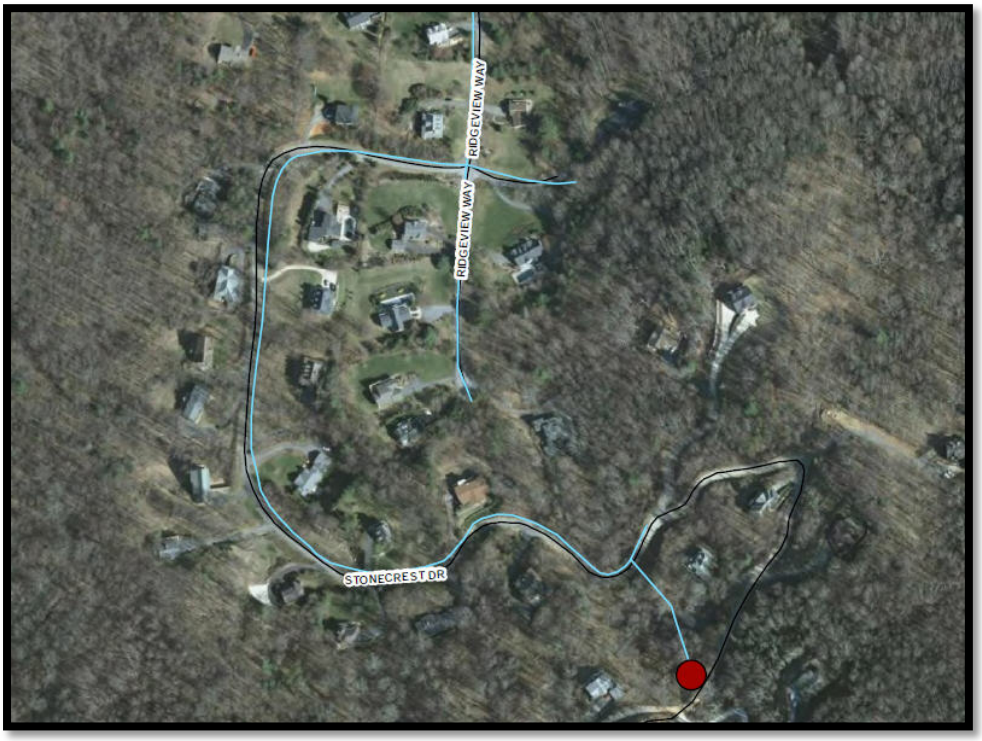
Replacement of Water Storage Tanks

Description
Project includes replacement of the Park Avenue, Gaston Mountain, and/or the Eastmoor water storage tanks. Also includes disposal of the existing structures and engineering costs.

Project Funding						
Funding Source(s)	Prior Years	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Grant(s)						
Enterprise Fund(s)						
Water Fund-Pay-Go					550,000	
Debt Financing						
Possible Grants and Other Funding Opportunities						

CAPITAL IMPROVEMENT PROGRAM

Ridgeview Tank 95,000 GAL



Description
Install a new 95,000 gallon water storage tank to replace the 20,000 gallon tank at Ridgeview.

Project Funding						
Funding Source(s)	Prior Years	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Grant(s)						
Enterprise Fund(s)						
Water Fund-Pay-Go	300,000	500,000				
Debt Financing						
Possible Grants and Other Funding Opportunities						

CAPITAL IMPROVEMENT PROGRAM

Software Updates / HMI – all WTP's

Description
SCADA is a computer system that monitors and controls infrastructure and facility-based processes at the water treatment plants and pump stations. Human Machine Interface or HMI is the subsystem which allows a human operator to view data from the SCADA system and control infrastructure and/or processes.

Project Funding						
Funding Source(s)	Prior Years	FY 2017	FY 2018		FY 2020	FY 2021
Grant(s)						
Enterprise Fund(s)						
Water Fund-Pay-Go		200,000				
Debt Financing						
Possible Grants and Other Funding Opportunities						

CAPITAL IMPROVEMENT PROGRAM

Water Storage Tank / Pump Station Maintenance

Description
Refurbish water storage tanks, pump stations, and associated piping. Includes painting and crack/spall repair.

Project Funding						
Funding Source(s)	Prior Years	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Grant(s)						
Enterprise Fund(s)						
Water Fund-Pay-Go	1,000,000	150,000	300,000	200,000	200,000	200,000
Debt Financing						
Possible Grants and Other Funding Opportunities						

Water Treatment Plant Improvements

Description
Project will include replacement of all valves associated with filters at the North Fork WTP. Project will also include upgrading the hypochlorite tank, installing a water supply at the backwash lagoon, installing a safety shower / locker room, and upgrading the dry chemical storage and shop at the William DeBruhl WTP.

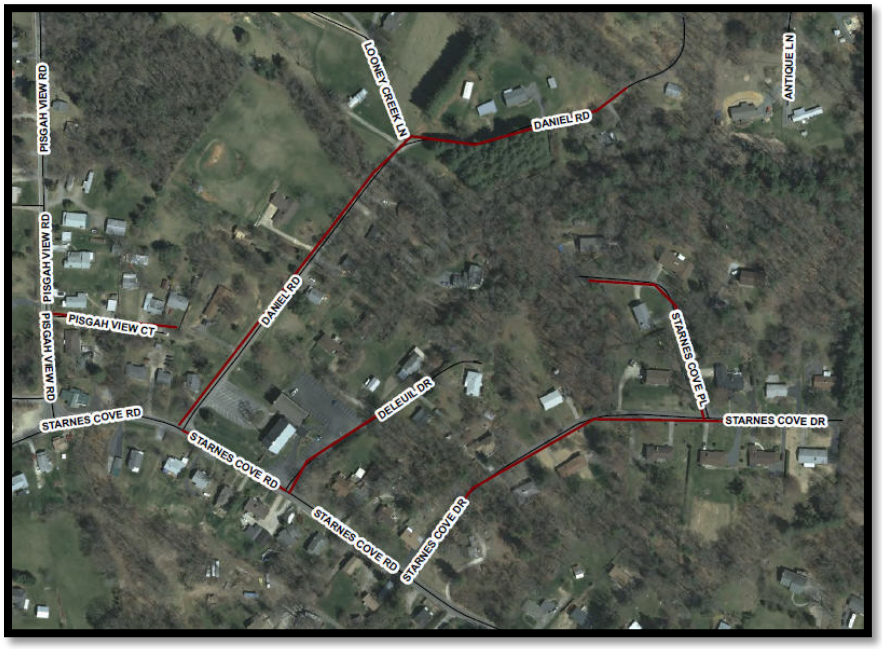
Project Funding						
Funding Source(s)	Prior Years	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Grant(s)						
Enterprise Fund(s)						
Water Fund-Pay-Go	2,900,000	1,000,000				
Debt Financing						
Possible Grants and Other Funding Opportunities						

Water Treatment Plant Maintenance

Description
Maintain the reliability of buildings and associated building equipment. Project includes major facility repairs (e.g. roof replacement at all three WTP's, new HVAC at North Fork, VFD for high service pumps at Mills River, etc.).

Project Funding						
Funding Source(s)	Prior Years	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Grant(s)						
Enterprise Fund(s)						
Water Fund-Pay-Go		200,000	160,000	120,000	120,000	145,000
Debt Financing						
Possible Grants and Other Funding Opportunities						

2015 Neighborhood Enhancement Area 1



Description
Replace approximately 29,220 Linear Feet of 6-inch, 8-inch, and 12-inch water lines and appurtenances along various streets within the Enka Lake Road, Lindsey Road, Starnes Cove Road, and Emma Road communities.

Project Funding

Funding Source(s)	Prior Years	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Grant(s)						
Enterprise Fund(s)						
Water Fund-Pay-Go	2,814,500	513,350				
Debt Financing						
Possible Grants and Other Funding Opportunities						

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Description
Replace approximately 12,900 Linear Feet of 6-inch water line and appurtenances along various streets within the Tiny Farms community. Also, replace approximately 13,800 LF of 6-inch water line and appurtenances along various streets within the Mount Carmel Acres Subdivision.

Project Funding						
Funding Source(s)	Prior Years	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Grant(s)						
Enterprise Fund(s)						
Water Fund-Pay-Go	2,400,000	482,845				
Debt Financing						
Possible Grants and Other Funding Opportunities						

2015 Neighborhood Enhancement Area 3

Description
Replace approximately 26,500 Linear Feet of 6-inch water line and appurtenances along various streets within the Kenilworth and Malvern Hills communities. Additionally, the project will include approximately 1,000 LF of new 30-inch water main along Tunnel Road near the Kenilworth neighborhood.

Project Funding						
Funding Source(s)	Prior Years	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Grant(s)						
Enterprise Fund(s)						
Water Fund-Pay-Go	1,334,500	1,000,000	1,041,925			
Debt Financing						
Possible Grants and Other Funding Opportunities						

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Arbutus Road

Description
Replace 935 LF of 6-inch Cast Iron Pipe with 6-inch Ductile Iron Pipe and transfer services to new line (East Asheville).

Project Funding						
Funding Source(s)	Prior Years	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Grant(s)						
Enterprise Fund(s)						
Water Fund-Pay-Go					143,990	
Debt Financing						
Possible Grants and Other Funding Opportunities						

Barnard Avenue & Sevier Street

Description
Replace 1,775 LF of 2" galvanized and 2" PVC with 6" DIP; move meters from behind houses (West Asheville).

Project Funding						
Funding Source(s)	Prior Years	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Grant(s)						
Enterprise Fund(s)						
Water Fund-Pay-Go		162,000				
Debt Financing						
Possible Grants and Other Funding Opportunities						

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Beacon Village

Description
Replace 25,125 Linear Feet of 2-inch galvanized, 6-inch PVC, and 6-inch CIP with 6-inch Ductile Iron Pipe (Swannanoa).

Project Funding						
Funding Source(s)	Prior Years	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Grant(s)						
Enterprise Fund(s)						
Water Fund-Pay-Go				2,000,000		
Debt Financing						
Possible Grants and Other Funding Opportunities						

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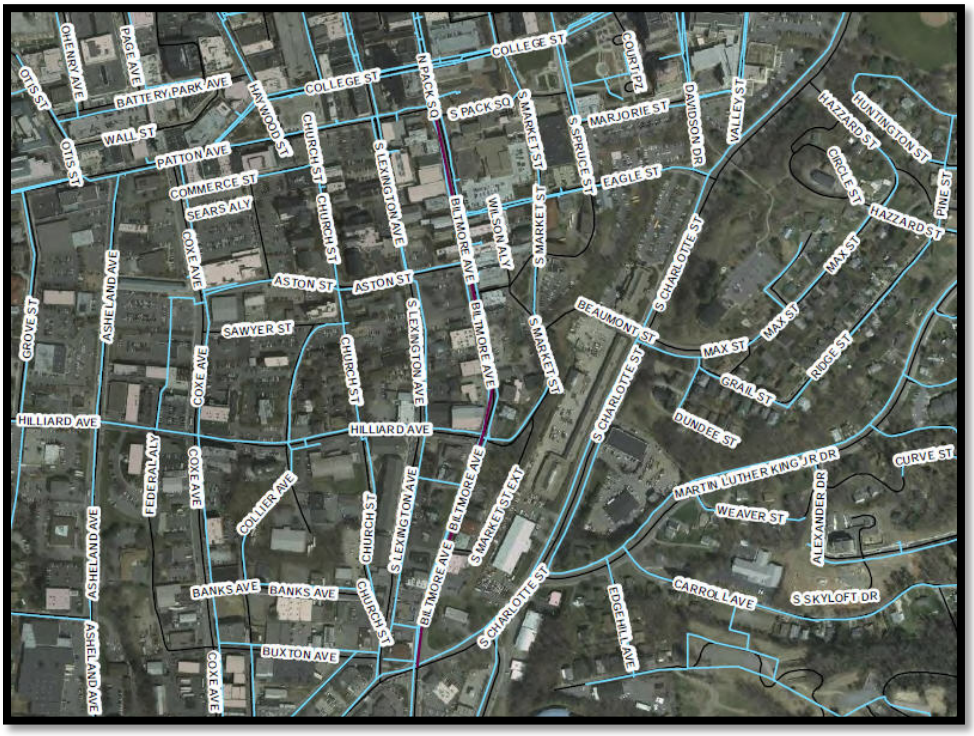


Description
Abandon 4,125 LF of old 6" CIP waterline from College Street to Southside Avenue and transfer services to the existing 12" waterline (Downtown Asheville).

Project Funding						
Funding Source(s)	Prior Years	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Grant(s)						
Enterprise Fund(s)						
Water Fund-Pay-Go		515,000				
Debt Financing						
Possible Grants and Other Funding Opportunities						

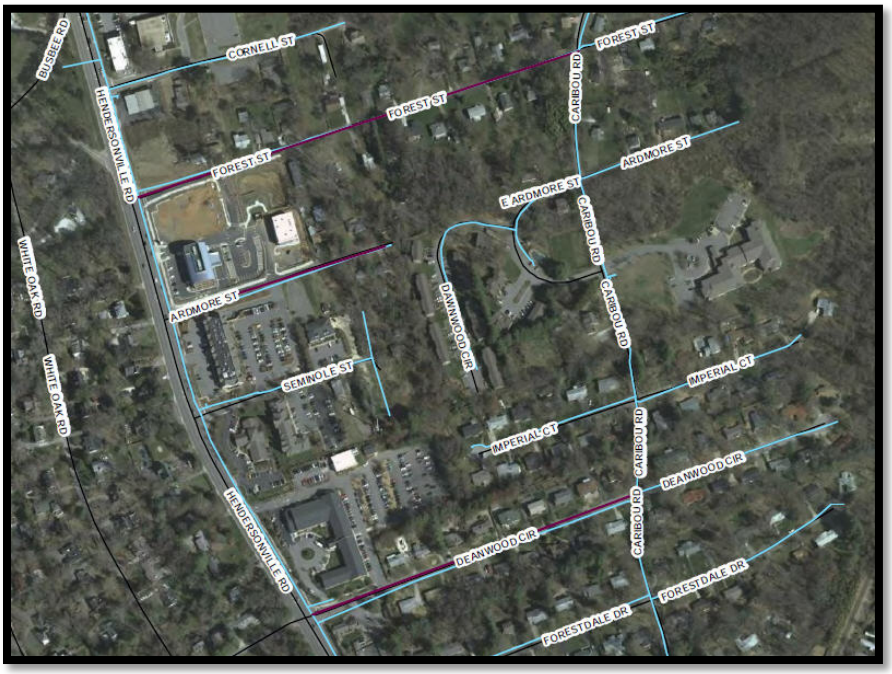
CAPITAL IMPROVEMENT PROGRAM

Blue Ridge Road, Blue Ridge Assembly Drive & Maney Lane

Description
Replace 8,205 LF of 6" CIP and 1.5" galvanized with 6" DIP on Blue Ridge Road, Blue Ridge Assembly Drive, and Maney Lane (East Asheville).

Project Funding						
Funding Source(s)	Prior Years	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Grant(s)						
Enterprise Fund(s)						
Water Fund-Pay-Go			940,000			
Debt Financing						
Possible Grants and Other Funding Opportunities						

Deanwood Circle, Forest Street & Ardmore Street



Description
Replace 2,094 LF of 6" asbestos and 2" galvanized with 6" DIP on Deanwood Circle, Forest Street, and Ardmore Street (South Asheville).

Project Funding						
Funding Source(s)	Prior Years	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Grant(s)						
Enterprise Fund(s)						
Water Fund-Pay-Go			240,000			
Debt Financing						
Possible Grants and Other Funding Opportunities						

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Donna Drive

Description
Replace 975 feet of 2-inch Galvanized Pipe with 6-inch Ductile Iron Pipe and transfer services to new line (North Asheville).

Project Funding						
Funding Source(s)	Prior Years	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Grant(s)						
Enterprise Fund(s)						
Water Fund-Pay-Go					150,150	
Debt Financing						
Possible Grants and Other Funding Opportunities						

CAPITAL IMPROVEMENT PROGRAM

East & West Euclid Parkway, East & West Avon Parkway

Description
Replace 3,000 LF of 2-inch galvanized and 6-inch cast iron pipe with 6-inch ductile iron pipe. Kill old 2-inch and 4-inch lines and transfer services to new 6-inch ductile iron pipe (North Asheville).

Project Funding						
Funding Source(s)	Prior Years	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Grant(s)						
Enterprise Fund(s)						
Water Fund-Pay-Go					462,000	
Debt Financing						
Possible Grants and Other Funding Opportunities						

Gashes Creek Road & Gabrielle Lane

Description
Replace 4,165 Linear Feet of 6-inch CIP, 4-inch CIP, and 2-inch galvanized with 6-inch Ductile Iron Pipe and transfer services (East Asheville).

Project Funding

Funding Source(s)	Prior Years	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Grant(s)						
Enterprise Fund(s)						
Water Fund-Pay-Go				506,000		
Debt Financing						
Possible Grants and Other Funding Opportunities						

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CAPITAL IMPROVEMENT PROGRAM

Glendale Avenue

Description
Replace 4,000 LF of 6-inch Cast Iron Pipe with 6-inch Ductile Iron Pipe and transfer services to new line (East Asheville).

Project Funding						
Funding Source(s)	Prior Years	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Grant(s)						
Enterprise Fund(s)						
Water Fund-Pay-Go					616,000	
Debt Financing						
Possible Grants and Other Funding Opportunities						

CAPITAL IMPROVEMENT PROGRAM

Hill Street, Greenlee Street & Cross Place

Description
Replace 5,700 LF of 4-inch and 6-inch Cast Iron Pipe with 8-inch Ductile Iron Pipe and transfer service to the new line (Downtown Asheville).

Project Funding						
Funding Source(s)	Prior Years	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Grant(s)						
Enterprise Fund(s)						
Water Fund-Pay-Go						877,800
Debt Financing						
Possible Grants and Other Funding Opportunities						

Iris Street & Moreview Drive

Description
Extend 1,435 feet of existing 6-inch Ductile Iron Pipe on Iris, replace 460 feet of 2-inch Galvanized pipe on Moreview Drive with 6-inch Ductile Iron Pipe, and transfer services to the new line (South Asheville).

Project Funding

Funding Source(s)	Prior Years	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Grant(s)						
Enterprise Fund(s)						
Water Fund-Pay-Go						291,830
Debt Financing						
Possible Grants and Other Funding Opportunities						

CAPITAL IMPROVEMENT PROGRAM

Joyner Avenue

Description
Replace 2,800 Linear Feet of 6-inch CIP with 6-inch CIP due to depth issues (West Asheville).

Project Funding						
Funding Source(s)	Prior Years	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Grant(s)						
Enterprise Fund(s)						
Water Fund-Pay-Go				268,800		
Debt Financing						
Possible Grants and Other Funding Opportunities						

CAPITAL IMPROVEMENT PROGRAM

Knauth Road

Description
Replace 1,207 LF of 2" Galvanized with 6" Ductile Iron Pipe and move the line to the road (East Asheville).

Project Funding						
Funding Source(s)	Prior Years	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Grant(s)						
Enterprise Fund(s)						
Water Fund-Pay-Go		100,000				
Debt Financing						
Possible Grants and Other Funding Opportunities						

CAPITAL IMPROVEMENT PROGRAM

Lane Avenue, Meadow Brook Avenue, Pinewood Lane, Inglewood & Dunn Street

Description
Replace 3,150 LF of 2-inch Galvanized Pipe with 6-inch Ductile Iron Pipe and transfer services to the new line (West Asheville).

Project Funding						
Funding Source(s)	Prior Years	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Grant(s)						
Enterprise Fund(s)						
Water Fund-Pay-Go						485,100
Debt Financing						
Possible Grants and Other Funding Opportunities						

Long Shoals Road

Description
Abandon 4,800 LF of old 2" Galvanized and 6" CIP on Long Shoals Road from Brevard Road to Clayton Road and transfer services (South Asheville).

Project Funding						
Funding Source(s)	Prior Years	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Grant(s)						
Enterprise Fund(s)						
Water Fund-Pay-Go			250,000			
Debt Financing						
Possible Grants and Other Funding Opportunities						

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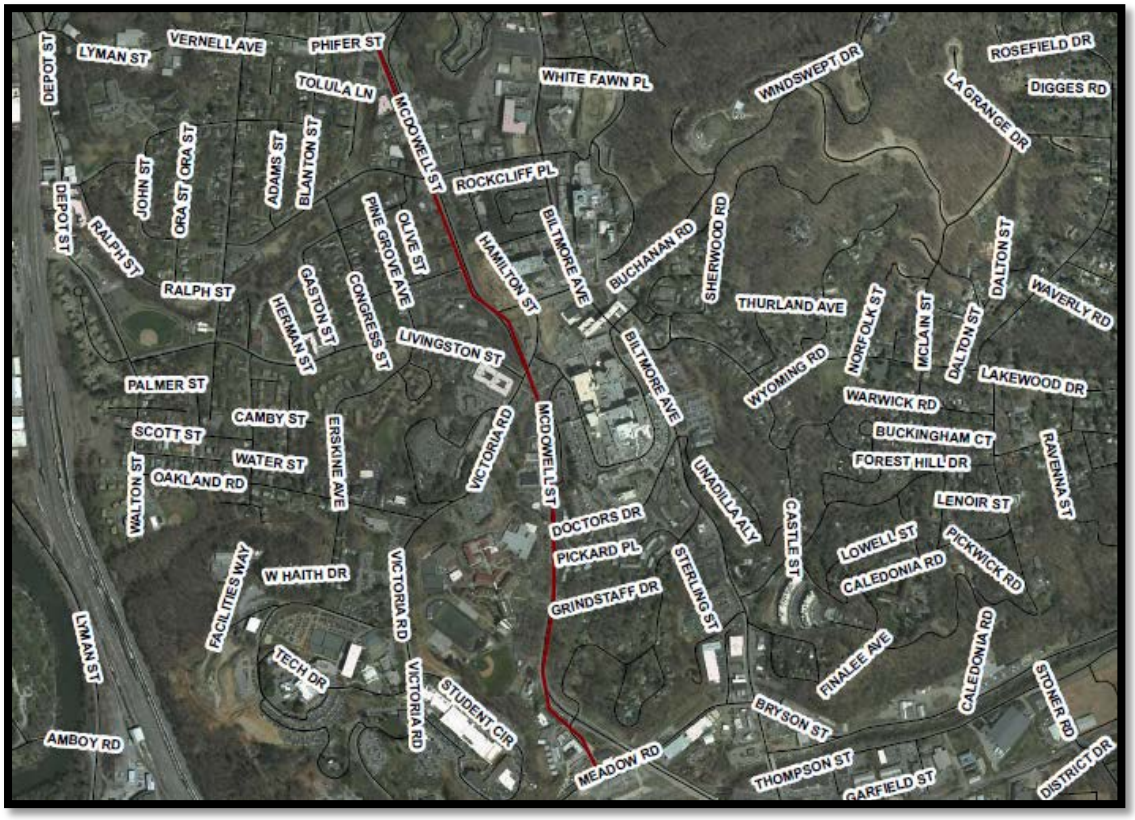

Description
Replace 6,750 LF of 12-inch Cast Iron Pipe with 12-inch Ductile Iron Pipe and transfer services to new line (Downtown Asheville).

Project Funding						
Funding Source(s)	Prior Years	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Grant(s)						
Enterprise Fund(s)						
Water Fund-Pay-Go						1,299,375
Debt Financing						
Possible Grants and Other Funding Opportunities						

Muirfield Subdivision

Description
Install 6,000 LF of 6" water line on Muirfield Drive, Muirfield Circle, Mayfair Place, Maybury Place, Maybury Court, and Muirfield Place. Transfer all existing services and abandon old 6" PVC and 2" galvanized water lines (Royal Pines).

Project Funding

Funding Source(s)	Prior Years	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Grant(s)						
Enterprise Fund(s)						
Water Fund-Pay-Go	160,500		909,500			
Debt Financing						
Possible Grants and Other Funding Opportunities						

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North Fork Right Fork & Walkertown Roads

Description
Replace 1,940 LF of 2-inch Galvanized Pipe with 6-inch Ductile Iron Pipe and transfer services to new line (Black Mountain).

Project Funding						
Funding Source(s)	Prior Years	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Grant(s)						
Enterprise Fund(s)						
Water Fund-Pay-Go					298,760	
Debt Financing						
Possible Grants and Other Funding Opportunities						

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CAPITAL IMPROVEMENT PROGRAM

Old Bee Tree, Rainbow Ridge, Halcyon Hill, Cabin Hill Roads & North Lane

Description
Replace approximately 25,00 LF of 1" - 2" galvanized waterline with 6" DIP on Old Bee Tree Road, Rainbow Ridge Road, Halcyon Hill Road, Cabin Hill Road, and North Lane (Swannanoa).

Project Funding						
Funding Source(s)	Prior Years	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Grant(s)						
Enterprise Fund(s)						
Water Fund-Pay-Go				175,000		
Debt Financing						
Possible Grants and Other Funding Opportunities						

Patton Avenue

Description
Replace 4,000 LF of 6" and 10" CIP and 565 LF of 2" galvanized with 12" DIP (West Asheville).

Project Funding						
Funding Source(s)	Prior Years	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Grant(s)						
Enterprise Fund(s)						
Water Fund-Pay-Go			810,000			
Debt Financing						
Possible Grants and Other Funding Opportunities						

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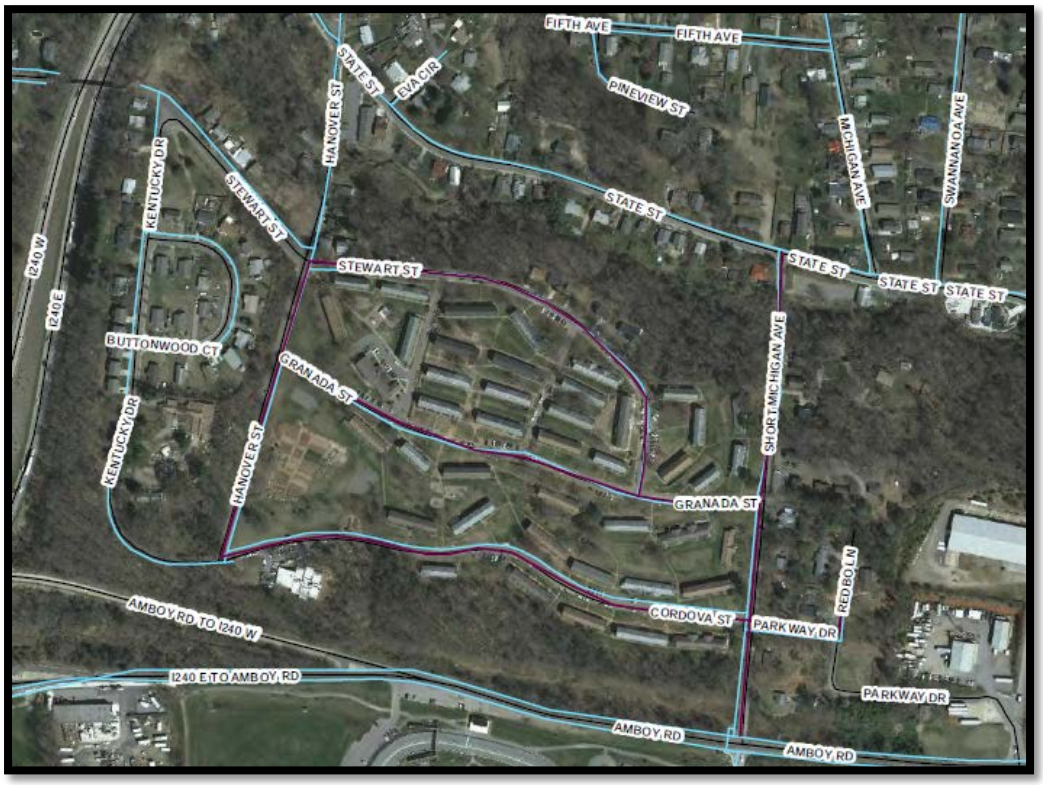
Pisgah View Apartments



Description
Replace 4,000 LF of 6" and 10" CIP and 565 LF of 2" galvanized with 12" DIP (West Asheville).

Project Funding						
Funding Source(s)	Prior Years	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Grant(s)						
Enterprise Fund(s)						
Water Fund-Pay-Go			813,000			
Debt Financing						
Possible Grants and Other Funding Opportunities						

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Plateau & Hilltopia Roads

Description
Replace 1,100 LF of 2" galvanized waterline with 6" DIP on Plateau Road and Hilltopia Road (East Asheville).

Project Funding						
Funding Source(s)	Prior Years	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Grant(s)						
Enterprise Fund(s)						
Water Fund-Pay-Go			88,000			
Debt Financing						
Possible Grants and Other Funding Opportunities						

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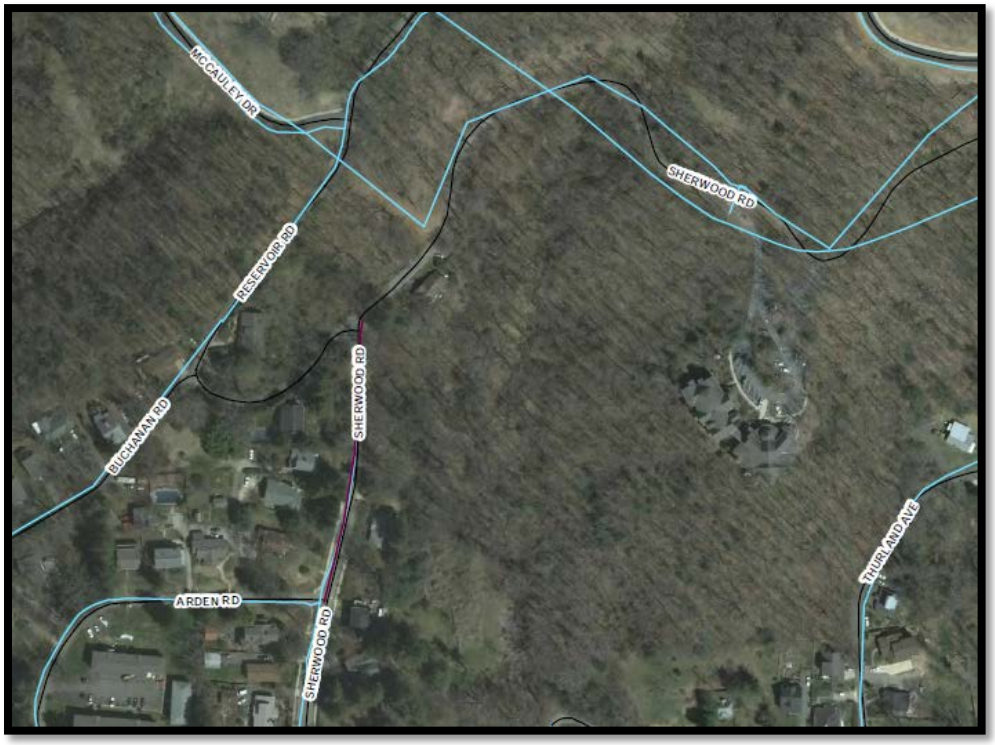
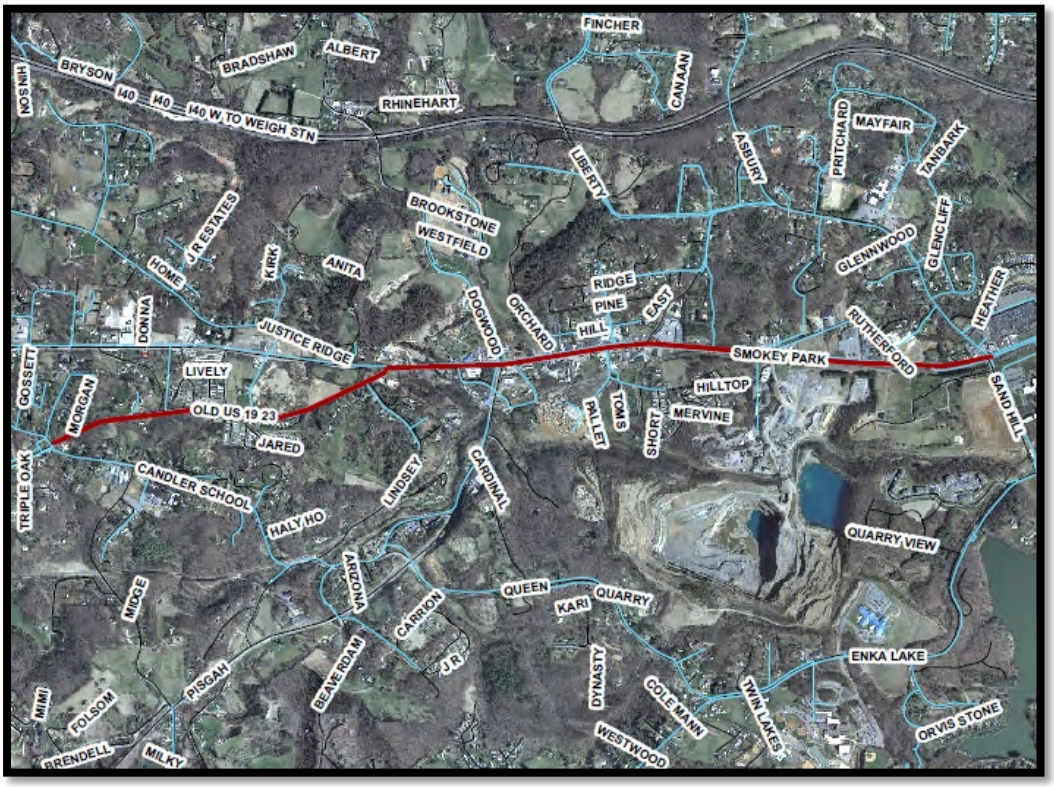
Sherwood Road



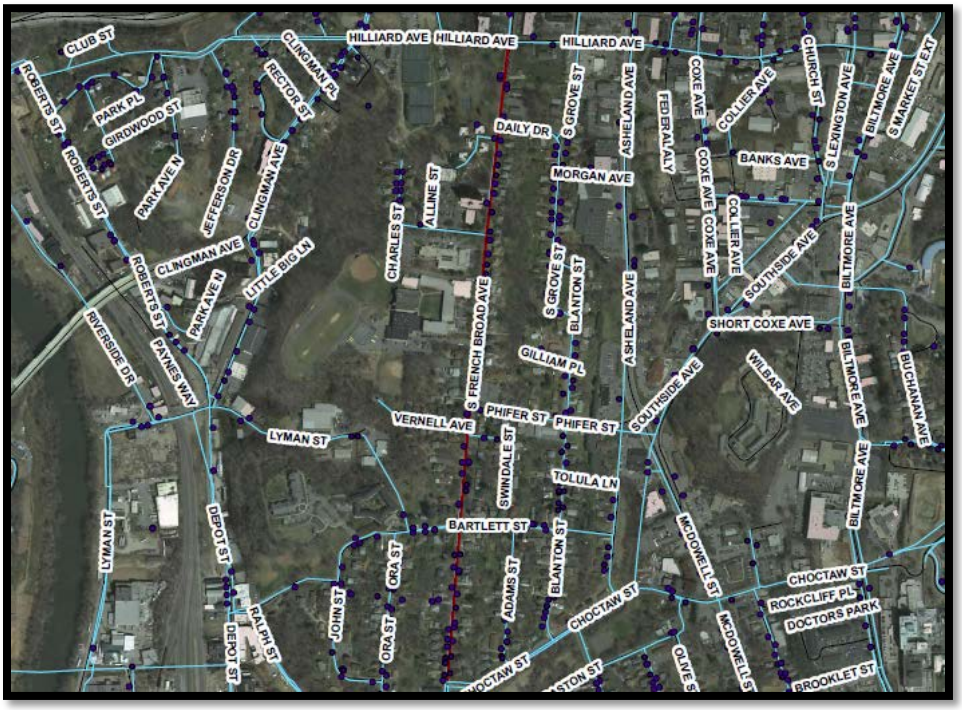
Description
Replace 465 LF of 2" and 1" galvanized waterlines with 6" DIP (Downtown Asheville).

Project Funding						
Funding Source(s)	Prior Years	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Grant(s)						
Enterprise Fund(s)						
Water Fund-Pay-Go			38,000			
Debt Financing						
Possible Grants and Other Funding Opportunities						



Description
Replace 18,771 LF of 6" asbestos and 2" galvanized waterlines on Smokey Park Highway and Old 19/23 with 6" and 12" DIP (West Asheville).

Project Funding						
Funding Source(s)	Prior Years	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Grant(s)						
Enterprise Fund(s)						
Water Fund-Pay-Go				1,650,000	1,650,000	1,700,000
Debt Financing						
Possible Grants and Other Funding Opportunities						

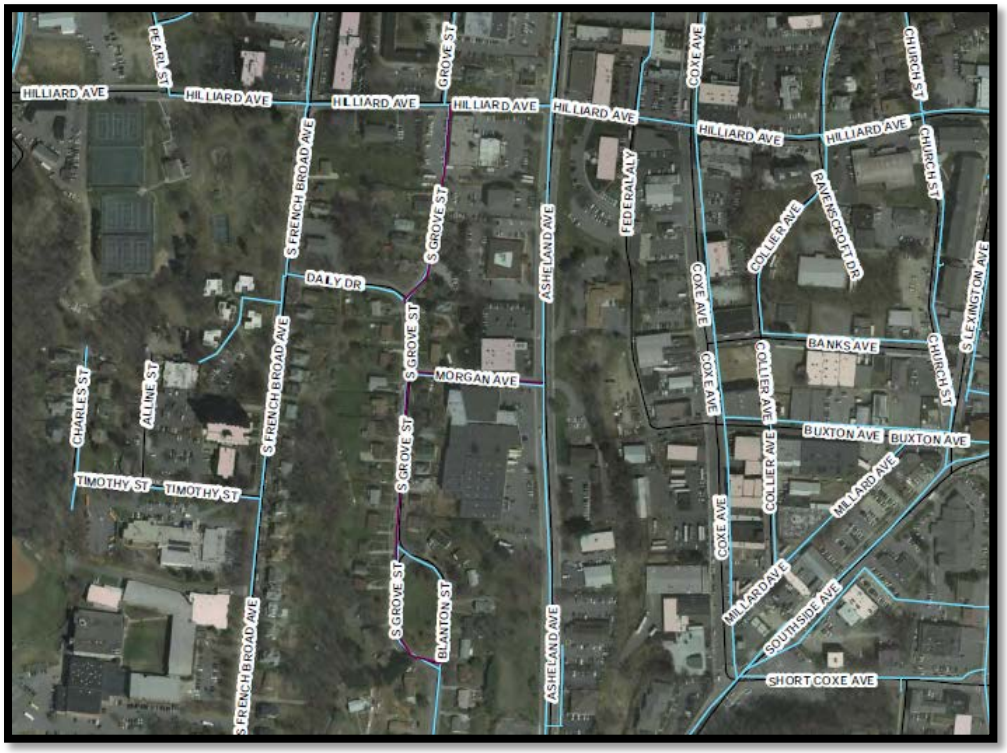


Description
Replace 4,008 LF of 6-inch cast iron pipe with 6-inch Ductile Iron Pipe and transfer services to the new line (Downtown Asheville).

Project Funding						
Funding Source(s)	Prior Years	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Grant(s)						
Enterprise Fund(s)						
Water Fund-Pay-Go						617,210
Debt Financing						
Possible Grants and Other Funding Opportunities						

CAPITAL IMPROVEMENT PROGRAM

South Grove Street & Morgan Avenue



Description
Replace 1,000 LF of 4" CIP and 1,200 LF of 6" CIP with 6" DIP on South Grove Street and Morgan Avenue (Downtown Asheville).

Project Funding						
Funding Source(s)	Prior Years	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Grant(s)						
Enterprise Fund(s)						
Water Fund-Pay-Go			252,000			
Debt Financing						
Possible Grants and Other Funding Opportunities						

Springdale Avenue

Description
Replace 1,360 LF of 2" galvanized with 6" DIP and move meters from behind the houses (Southeast Asheville).

Project Funding						
Funding Source(s)	Prior Years	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Grant(s)						
Enterprise Fund(s)						
Water Fund-Pay-Go			110,000			
Debt Financing						
Possible Grants and Other Funding Opportunities						

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Sunset Drive

Description
Replace 2,570 Linear Feet of 2-inch galvanized and 6-inch asbestos water lines with 6-inch Ductile Iron Pipe (East Asheville).

Project Funding						
Funding Source(s)	Prior Years	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Grant(s)						
Enterprise Fund(s)						
Water Fund-Pay-Go				206,000		
Debt Financing						
Possible Grants and Other Funding Opportunities						

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CAPITAL IMPROVEMENT PROGRAM

Valley View Road

Description
Replace 800 Linear Feet of 1-inch galvanized with 6-inch DIP (Southeast Asheville).

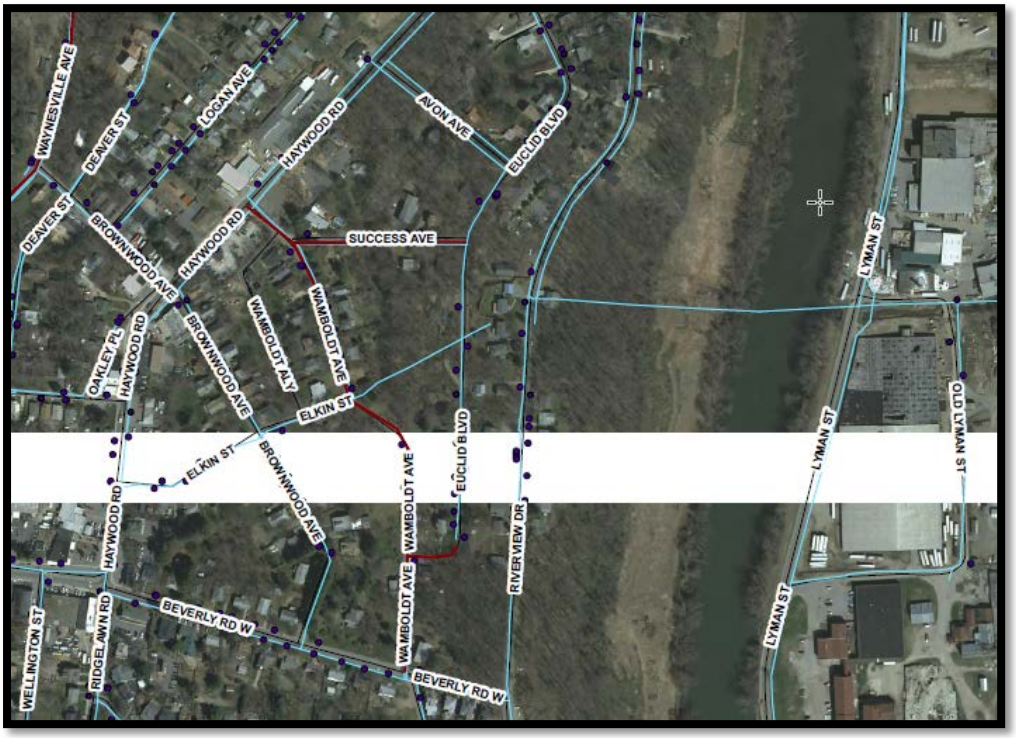
Project Funding						
Funding Source(s)	Prior Years	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Grant(s)						
Enterprise Fund(s)						
Water Fund-Pay-Go			64,000			
Debt Financing						
Possible Grants and Other Funding Opportunities						

CAPITAL IMPROVEMENT PROGRAM

Vinewood Circle, Kenwood Street, Eastwood Drive & Bingham Road

Description
Replace 4,350 feet of 2-inch galvanized pipe, 1,170 feet of 1 1/2-inch galvanized pipe with 6-inch Ductile Iron Pipe and transfer services to the new line (West Asheville).

Project Funding						
Funding Source(s)	Prior Years	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Grant(s)						
Enterprise Fund(s)						
Water Fund-Pay-Go						850,080
Debt Financing						
Possible Grants and Other Funding Opportunities						



Description
Replace 2,000 LF of 3/4-inch galvanized, 1 1/2-inch galvanized, 2-inch galvanized and 6-inch cast iron pipe with 6-inch ductile iron pipe. Kill old 3/4-inch, 1 1/2-inch, 2-inch and 6-inch lines and transfer services to new 6-inch ductile iron pipe (West Asheville).

Project Funding						
Funding Source(s)	Prior Years	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Grant(s)						
Enterprise Fund(s)						
Water Fund-Pay-Go					308,000	
Debt Financing						
Possible Grants and Other Funding Opportunities						

CAPITAL IMPROVEMENT PROGRAM

Candler School Road / Old Candler Town Road

Description
Install 6,100 LF of 8" water line to replace the existing 6" pipe on Candler School Road / Old Candler Town Road from Queen Road to Old US 19/23 Highway. Connect to the existing 6" and 8" pipes at Old US 19/23 Highway and the existing 6" and 8" pipes at Queen Road (Enka/Candler).

Project Funding						
Funding Source(s)	Prior Years	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Grant(s)						
Enterprise Fund(s)						
Water Fund-Pay-Go					172,500	977,500
Debt Financing						
Possible Grants and Other Funding Opportunities						

CAPITAL IMPROVEMENT PROGRAM

Fairmont Road from Old 19/23 to Justice Ridge Road

Description
Install 5,250 LF of 8" water line to replace the existing 6" pipe on Fairmont Road from Old US 19/23 Highway to Justice Ridge Road. Connect to the existing 6" and 8" pipes at Old US 19/23 Highway and the existing 6" and 8" pipes at Justice Ridge Road (West Asheville).

Project Funding						
Funding Source(s)	Prior Years	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Grant(s)						
Enterprise Fund(s)						
Water Fund-Pay-Go					550,000	685,000
Debt Financing						
Possible Grants and Other Funding Opportunities						

CAPITAL IMPROVEMENT PROGRAM

Swannanoa River Road from Caledonia to Bryson Street

Description
Install 500 LF of 12" water line to replace the existing 8" pipe on Swannanoa River Road between Caledonia Road and Bryson Street. Connect to the existing 12" pipe to the west and the existing 8" and 12" pipes to the east.

Project Funding						
Funding Source(s)	Prior Years	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Grant(s)						
Enterprise Fund(s)						
Water Fund-Pay-Go				280,000		
Debt Financing						
Possible Grants and Other Funding Opportunities						

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CAPITAL IMPROVEMENT PROGRAM

Tunnel Road from Overlook Road to Crockett Avenue

Description
Install 410 LF of 8" water line to replace the existing 6" pipe on Tunnel Road between Overbrook Road and Crockett Avenue. Connect to the existing 16" pipe to the east and the existing 6" and 8" pipes to the west.

Project Funding						
Funding Source(s)	Prior Years	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Grant(s)						
Enterprise Fund(s)						
Water Fund-Pay-Go				240,000		
Debt Financing						
Possible Grants and Other Funding Opportunities						

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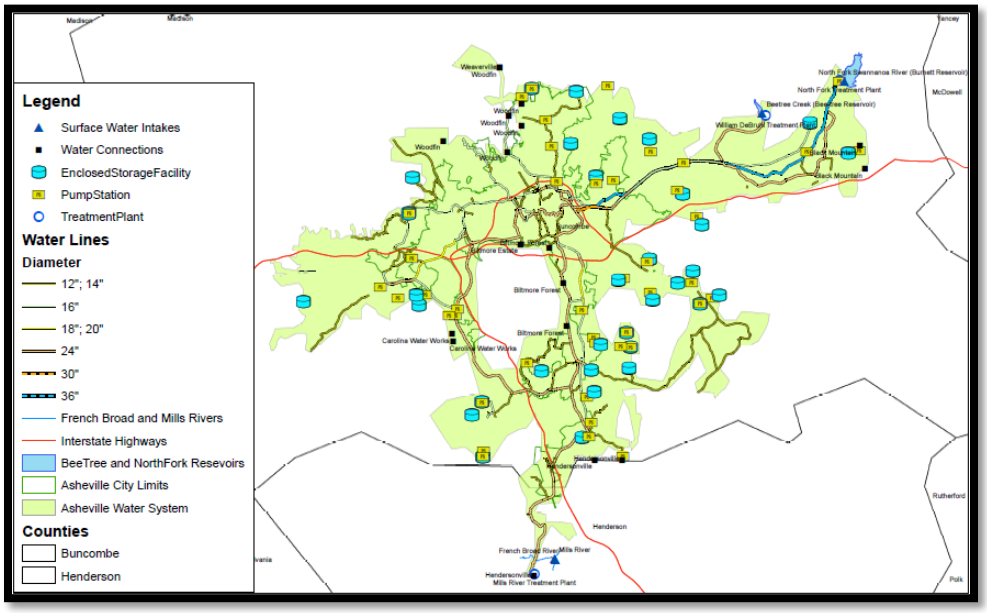
Water Model & Master Plan Update



Description
This project will provide an evaluation and update of the 2009 Jordan Jones & Goulding Water Master Plan Update. In order to support the Master Plan update, this project will also include in a preliminary phase and update of the water model.

Project Funding

Funding Source(s)	Prior Years	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Grant(s)						
Enterprise Fund(s)						
Water Fund-Pay-Go		500,000	500,000			
Debt Financing						
Possible Grants and Other Funding Opportunities						

STORMWATER CAPITAL IMPROVEMENT FUND SUMMARY

	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021
Revenue Source:					
Transfer from Stormwater Operating Fund	610,200	1,636,800	1,465,400	1,401,400	1,390,700
Debt Proceeds	190,000	0	0	0	0
Prior Year Transfer from Stormwater Operating Fund	750,000				
Total Revenue	**1,550,200**	**1,636,800**	**1,465,400**	**1,401,400**	**1,390,700**
Use of Funds:					
Vehicle Replacement	190,000				
Morris St Improvements	750,000				
Edwin Place, Celia Place, & Canterbury Drive Storm Drainage Improvements	481,200	748,300			
Lakeshore Dr Stormwater Drainage Replace.	129,000				
Sulphur Springs Road Storm Drainage Improve.		470,500	247,500		
Carter St. to Ann St. Storm Drainage Improve.			410,000	215,500	
Druid Drive Storm Drainage Improvements			547,400	218,100	
Waynesville Avenue Storm Drainage Improve.				359,500	189,000
Canterbury Drive Storm Drainage Improvement		418,000	260,500		
Glendale Avenue Storm Drainage Improvements - Phase 1				608,300	320,200
Glendale Avenue Storm Drainage Improvements - Phase 2					881,500
Total Use of Funds	***1,550,200***	***1,636,800***	***1,465,400***	***1,401,400***	***1,390,700***

PARKING SERVICES CAPITAL IMPROVEMENT FUND SUMMARY

	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021
Revenue Source:					
Transfer from Parking Operating Fund	575,000	1,040,000	0	400,000	0
Debt Proceeds	0	5,000,000	0	0	0
Total Revenues:	***575,000***	***6,040,000***	***0***	***400,000***	***0***
Use of Funds:					
Elevator Modernization (3 older garages)	425,000	440,000			
Modernization (30-Year Life) – Civic Center	150,000	5,000,000			
Structural Maintenance – Rankin Ave		300,000			
Structural Maintenance – Wall St		300,000			
Structural Maintenance – Biltmore Ave				400,000	
Total Use of Funds	***575,000***	***6,040,000***	***0***	***400,000***	***0***

COMPREHENSIVE DEBT MANAGEMENT POLICY

Purpose

The purpose of the City of Asheville Comprehensive Debt Management Policy is to provide guidance for the issuance of City debt obligations and the maintenance of the City's ability to incur debt and other long-term obligations at favorable interest rates for capital improvements, facilities and equipment beneficial to the City and necessary for essential services.

The City of Asheville issues and manages debt in accordance with the Local Government Bond Act, North Carolina General Statutes ("NCGS") Chapter 159 Article 4 which prescribes a uniform system of limitations upon and procedures for the exercise by all units of local governments in NC of the power to borrow money secured by a pledge of the taxing power; and the limitations on local debt as noted in NCGS 159-55. Other applicable provisions to certain debt and debt refunding actions are contained within NCGS Chapter 159, Local Government Finance. Long-term planning to meet the current and future needs of the City requires a sound debt position and guidelines that protect the credit quality of the City.

The City's current bond ratings are:

Moody's	Aa1
Standard & Poor's	AA+

Scope

These debt guidelines apply to all debt issued by the City in the various funds; noting that there are specific requirements imposed by the type of debt issued which may be inconsistent with, or not applicable to, some portion of these guidelines. Among these limitations are Council and/or voter approval, length of time to issue debt for approved uses and capital requirements, such as length of asset lives and dollar value of assets financed. Further restrictions are related to the nature of the debt and whether it is general obligation debt (backed by the taxing authority of the City) or debt backed by other specific pledged revenue and/or collateral.

The City will confine long-term borrowing to capital improvement or projects that cannot be financed from current revenues or fund balance except where approved justification is provided. The City will utilize a balanced approach to capital funding utilizing debt financing, draws on capital reserves and/or fund balances in excess of policy targets, and current-year (pay-as-you-go) appropriations.

When the City finances capital improvements or other projects by issuing bonds or entering into capital leases, it will repay the debt within a period not to exceed the expected useful life of the project or asset. Target debt ratios will be calculated as part of the annual Budget process and presented as part of the annual CIP process.

Prior to the issuance of new General Obligation (GO) debt, consideration shall be given to forecasted tax rate requirements, ratio of net GO debt to assessed taxable value, net GO debt per capita, and debt service payments to General Fund operating budget.

The City may employ municipal finance professionals to assist in developing a bond issuance strategy, preparing bond documents, and marketing bonds to investors.

The City will select a method of sale that is the most appropriate in light of the financial market, transaction-specific conditions, City-related conditions and in accordance with State law.

The City will use fixed rate debt in most cases to finance its capital needs; however, the City may issue variable rate debt up to (recommend: 15% or 20%) of its total debt portfolio, when necessary.
Debt structures that result in significant "back loading" of debt will be avoided.
The Finance Director will maintain good communication with bond rating agencies.

- The Finance Director will provide periodic updates on the City's financial condition.
- Required disclosure on every financial report and bond prospectus will be followed.
- The City may request ratings prior to the sale of securities from the major rating agencies for municipal bond issues.

The City will strive to achieve and maintain the highest credit rating awarded the municipal bond rating agencies.
The City may undertake refinancing of outstanding debt.

- When such refinancing allows the City to realize significant debt service savings (net present value savings equal to at least 3.0% of the refunded par amount is currently recommended by the LGC) without lengthening the term of refinanced debt and without increasing debt service in any subsequent year; or
- When the public policy benefits outweigh the costs associated with the issuance of new debt and any increase in annual debt service; or
- When a restrictive covenant is removed to the benefit of the City.

The Finance Director shall maintain a system of record keeping and reporting to meet the arbitrage rebate compliance requirements for the federal tax code.

Responsibility

The Finance Director has primary responsibility for developing, recommending and monitoring debt financing and debt refunding/restructuring strategies and instruments. The selection and sourcing of financial consultants and service providers is also within the scope of duties of the Finance Director. The Fiscal Services Manager, under the direction of the Finance Director, is tasked with daily operational debt responsibility.

The City Manager and the Finance Director are responsible for the administration and issuance of debt including the completion of specific tasks and responsibilities included in this policy. The City will evaluate the debt policy at least every five years.

Service providers and oversight

- The City will retain external **bond counsel** for all debt issues. Bond counsel are attorneys who specialize in all matters related to municipal debt. All debt issued by the City will include a written opinion by bond counsel affirming that the City is authorized to issue the debt, stating that the City has met all state constitutional and statutory requirements necessary for issuance, and determining the debt's federal income tax status.
- The City shall use a competitive bidding process in the sale of debt to identify its **Underwriter** unless the nature of the issue warrants a negotiated sale. The City shall attempt to award the bonds based on a true interest cost (TIC) basis; however, the City may issue bonds based on a net interest cost (NIC) basis as long as the financial advisor agrees that the NIC basis can satisfactorily determine the lowest and best bid.
- The City will retain an external **financial advisor**, to be selected through a competitive process administered by the City's Finance Department. The utilization of the financial advisor for certain bond sales will be at the discretion of the Finance Department on a case-by-case basis and pursuant

to the financial advisory services contract. The selection criteria for financial advisors will include comprehensive municipal debt experience, experience with diverse financial structuring requirements and pricing of municipal securities. For each City bond sale, the financial advisor will provide the City with information on pricing and underwriting fees for comparable sales by other issuers.

- The Finance Director shall periodically solicit, on a competitive basis, other service providers (**escrow agents, verification agents, trustees, etc**.) as needed to facilitate the sale of bonds or the post-sale management of bond issues.
- All bonds issued under the authority of the Local Government Bond Act are approved by the **Local Government Commission**. Approval of an application as noted in N.C.G.S. 159-51 for a bond issue to the LGC is contingent on criteria established in N.C.G.S. 159-52. Such criteria require resolution of issues such as low tax collection rate (below ninety percent (90%)), receipt of a qualified audit opinion, or violations of the Local Government Budget and Fiscal Control Act.

Issuance of Debt

The scheduling and amount of bond sales and installment purchase transactions will be recommended by the Finance Director and the City Manager. The City Council must approve the sale. These decisions will be based upon the identified cash flow requirements for each project to be financed, market conditions, and other relevant factors including the debt ratios. If the cash requirements for capital projects are minimal in any given year, the City may choose not to issue debt. Instead, the City may fund up-front project costs and reimburse these costs when financing is arranged. In these situations the City will adopt a reimbursement resolution prior to the expenditure of project funds.

Fixed rate general obligation bond sales are conducted on a competitive basis by the Local Government Commission (LGC), a division of the Office of the State Treasurer. Variable rate bonds, revenue and LOBs and special obligation bonds will be sold on a negotiated basis with the underwriter selection determined through a competitive process. Underwriters will be selected for each issue based on the particular experience and expertise necessary for that issue.

Debt service for each issue will be structured in an attempt to level out the City's total debt service payments over the life of the debt portfolio. This structuring also assists in minimizing the interest payments over the life of the issue. Structuring must take into consideration current market conditions and practices in the municipal finance market.

Arbitrage Compliance

Arbitrage is the profit that results from investing low-yield tax-exempt bond proceeds in higher-yield securities. Federal law requires that investment earnings in excess of the bond yield (arbitrage earnings) must be rebated to the Federal Government. However, if a jurisdiction meets certain IRS spend-down exceptions for bond proceeds, it is allowed to keep any positive arbitrage interest earnings. Arbitrage regulations apply to all of the City's tax-exempt financings. The Department of Finance will invest bond proceeds at the highest yield possible, consistent with the City's investment guidelines and any restrictions imposed by the governing documents of each series of bonds. The Department of Finance is responsible for monitoring investments and cash flows of the City's bond funds, and contracting for third party arbitrage compliance calculations on an annual basis.

Credit Ratings

The Finance Director shall be responsible for maintaining relationships with the rating agencies that assign ratings to the City's various debt obligations. This effort shall include providing periodic updates on the City's general financial condition along with coordinating meetings and presentations in conjunction with a new

debt issuance. The ratings provide investors with a simple way to compare the relative investment quality of different bonds. Bond ratings express the opinions of the rating agencies as to the issuer's ability and willingness to pay debt service when it is due. Ratings are generally determined by the following four factors:

- Fiscal factors - financial results have the most significant impact on the rating process. This review involves an examination of results of operations, including a review of the actual fiscal performance versus planned budget performance, with deviations from the plan to be explained. The general fund financial statement is examined with emphasis on current financial position and fund balances, as well as three to five year trends in planning and budgeting procedures. Pension liabilities are also important in the analysis process. The early production of the City's CAFR is a positive step in providing meaningful, valuable and timely information to the rating agencies.

- Economic factors - the overall economic strength of the City is heavily weighted in the valuation of the City's creditworthiness by diversity of both the economic base and tax base. The diversity of the City's industries reflects its abilities to weather industry-specific downturns as well as general economic recession. In either scenario, stronger surviving industries carry the ailing industries through the period of downturn. In a truly diverse economy, it is rare that all industries will deteriorate to the same level at the same time. The strength of the City's tax base is equally crucial. The City relies on taxes on its residents and businesses for the majority of its revenues. The ability of the City to continue to receive those revenues is directly related to the ability of its taxpayers to pay their taxes. Property values, employment, unemployment, income levels, costs of living, and other factors impacting the wealth of the taxpayers provide an indication of the strength of the City's tax base.

- Debt factors - the City's overall debt burden is considered in the credit analysis process. In addition to government regulated debt ceilings, the City's ability to maintain manageable debt levels and debt service coverage is evaluated. Positive indicators are proper management of existing debt, proactive efforts in identifying and executing financially prudent refunding opportunities, and closely matching capital financing structures to the funding needs of the project.

- Administrative and management factors - these factors include the examination of the form of government and assessment of the City's ability to implement plans as well as to fulfill legal requirements. The focus is on the capabilities of the management staff within the City, which is seen as a vital ingredient in assessing its credit quality. Managerial and legislative willingness to make difficult decisions, development of financial policies, and the reliability and continuity of regularly-updated accounting financial information are key. Management that keeps in regular contact with the rating agencies is well-regarded. Continual monitoring of factors impacting credit ratings is provided by the Finance Director. These factors include the avoidance of operating deficits and the maintenance of high collection rates for all revenues.

Use of Rating Agencies

The Finance Director shall be responsible for determining if a rating shall be requested on a particular financing, and which of the major rating agencies shall be asked to provide such a rating.

Credit Enhancement

The City shall seek to use credit enhancement (letters of credit, bond insurance, surety bonds, etc.) when such credit enhancement proves cost-effective. Selection of credit enhancement providers should be conducted using a competitive process when practical. Credit enhancement may be used to improve or establish a credit rating on a City debt obligation even if such credit enhancement is not cost effective if, in

the opinion of the Finance Director, the use of such credit enhancement meets the City's debt financing goals and objectives.

Debt Coverage

In order to enhance future credit ratings, and thereby reduce insurance and/or interest costs, the City will maintain a minimum of one hundred-five percent (105%) operating coverage. Coverage ratios for revenue bonds will be maintained at the levels required in the respective debt covenants. Coverage ratios will be monitored and reported as part of the City's annual debt affordability analysis. The City's water system revenue bonds contain rate covenants that require the annual current operating receipts exclusive of transfers (i.e. rate and fee charges for services – not fund balance transfers), and net of annual current expenses, be sufficient to pay for the annual current water debt service. This amount generally is required to be not less than one hundred-twenty percent (120%) of the parity debt service and one hundred percent (100%) of all debt service in the fund. The City is generally obligated to adjust rates and fees to sufficiently provide for the maintenance of debt coverage ratios.

Reporting

Required annual reporting on debt is contained in the Comprehensive Annual Financial Report ('CAFR'). This publication is available on the City's website.

The Finance Director presents debt benchmarking data to the City Council which includes but is not limited to per capita debt, debt to assessed valuation, and outstanding and authorized G.O. debt. Benchmarking will also include historical and comparative data for selected North Carolina municipalities. This will be presented in connection with the annual CIP presentation to City Council.

The City will provide full, accurate disclosure of all material information to investors, lenders and other financing participants necessary for such parties to make an informed judgment about the City's debt and financial condition. At a minimum, this information shall be provided to such parties from issuance of the debt to its retirement. The City will follow established market practices and contract for necessary services to provide such disclosure. To fulfill the need for both initial (at the time of issuance) and continuing disclosure, the City will follow the guidance of the Government Finance Officers Association (GFOA), including its Disclosure Guidelines publication. The City will also disclose all bond sales, annually file certain financial information and operating data related to the bonds with the national and state repositories, and prepare announcements of significant events to meet the Securities and Exchange Commission to meet their requirements of Rule 15c-12 by complying with reporting requirements in the Electronic Municipal Market Access ('EMMA') data port. It is through this website that all annual event and other material event notifications are posted and reported to the Municipal Securities Rulemaking Board ('MSRB').

GLOSSARY

Arbitrage: With respect to the issuance of municipal securities, arbitrage refers to the difference between the interest paid on tax-exempt bonds and the interest earned by investing the proceeds of the bonds in higher-yielding securities. Internal Revenue Code of 1986, Section 148 generally restricts the ability to earn arbitrage in connection with tax-exempt bonds. In the case of an arbitrage rebate payment made by an issuer to the federal government in connection with an issue of tax-exempt bonds, the payment represents the amount of arbitrage earnings on bond proceeds, except for earnings that are not required to be rebated under limited exemptions provided under the Internal Revenue Code. An issuer is generally required to perform certain calculations every five years during the life of the bonds to determine whether an arbitrage payment must be made. These calculations cease to be required when all bond proceeds are fully

expended. These calculations are very detailed and specific and are almost exclusively performed by firms that are knowledgeable in this arena and are called 'arbitrage rebate calculators'.

Backloading Repayment Costs: The City will seek to structure debt with level principal and interest costs over the life of the debt. Backloading of costs will be considered only when natural disasters or extraordinary or unanticipated external factors make the short-term cost of the debt prohibitive, when the benefits derived from the debt issuance can clearly be demonstrated to be greater in the future than in the present, when such structuring is beneficial to the City's overall amortization schedule, or when such structuring will allow debt service to more closely match project revenues during the early years of the project's operation.

***Bond Counsel*:** The City will retain external bond counsel (who must be an attorney) for all debt issues. All debt issued by the City will include a written opinion by bond counsel affirming that the City is authorized to issue the debt, stating that the City has met all state constitutional and statutory requirements necessary for issuance and determining the debt's federal income tax status. Bond counsel will be selected through a competitive process administered jointly by the City's Department of Finance and the City Attorney's Office.

Bond rating: An evaluation of the credit risk associated with a particular bond issue by internationally recognized independent rating agencies (Moody's, Standard & Poor's or Fitch). The City of Asheville currently enjoys a general obligation rating of Aa1/AA+ which indicates the City is viewed as having an extremely strong ability to repay debt obligations.

Bond Covenant: A legally enforceable promise made by an issuer of bonds to the bondholders, normally contained in the bond resolution or bond indenture.

Bond Indenture: A formal agreement, also called a deed of trust, between an issuer of bonds and the bondholder.

Bonds: A debt obligation, or a written promise to pay back an amount (face value of the bond), plus interest, by way of periodic payments within a specified period of time.

Competitive Sale: With the exception of GO bond sales that are conducted by the LGC, the City will seek to issue its debt obligations using a competitive process unless it is determined by the Director of Finance that an alternative sale method will produce better results for the City.

Conduit Debt: Debt issued by the government to provide capital financing for a third party that is not part of the government; the third party, not the government, is responsible for repaying the debt through lease or loan payments to the government.

Continuing Disclosure: The requirement for all bond issuers to provide on-going disclosure information to established national information repositories and maintain compliance with disclosure standards promulgated by state and national regulatory agencies. This mandatory and important reporting is due each January 31. Reporting guidelines and sample documents are provided by the LGC.

Cost and Fees: Where practical, all costs and fees related to issuance of bonds will be paid out of the proceeds of the bond issue.

***Credit Enhancement*:** Credit enhancements encompass a variety of provisions that may be used to reduce the credit risk of an obligation. Credit enhancements are often incorporated into debt instruments. Examples include: collateralization where one or more parties may agree to post collateral and collateral levels may be

fixed or variable over time; third party loan guarantees; letters of credit issued by a financial institution; bond insurance where an insurance policy may provide for compensation in the event that a party defaults and surety bonds where a surety (third party) ensures that the principal party (the City) obligations to the obligee (bondholders) will be performed.

Debt covenant: Legal obligations contained in a bond issue document such as a covenant for a specified debt service coverage ratio.

***Debt coverage ratio*:** A bond covenant or obligation, the rations is a stipulated formula measurement of the amount of net revenues available from specified revenues to cover required annual debt service payments. The ratio amount and formula for calculation are included in the particular bond document.

***Debt Instruments*:** Consistent with the limitations of the Local Government Bond Act the City provides for long-term financing needs through the use of, but not limited to, general obligation bonds, limited obligation bonds, certificates of participation, revenue bonds, installment sales/lease obligations and private placements. Debt obligations are generally approved locally and by the Local Government Commission as required by state statute. Referenda, notices and public hearings, again as required by state statues, are conducted prior to final debt approval and issuance.

***Debt Limits*:** The City will not issue general obligation bonds if such issuance would cause the City to default on or breach the covenants of any prior bonds. In addition, the aggregate limit should be the lower of the limit set forth in NC Statute 159-55 (eight percent (8%) of the total assessed value of all real and personal property revenues within the City's limits) or a set target debt limit or ratios established by the City Council.

***Debt service*:** The periodic repayment to creditors/holders of debt principal and interest on debt obligations.

Defease: To set aside sufficient money to retire outstanding debt. A full defeasance results in release from covenants and contractual obligations contained in the bond documents. Defeasance funds result from refunding of original debt issues. (This may also be known as an 'advance refunding'.)

***Finance Officer*:** The City officer performing the duties of finance officer of a unit of local government pursuant to NCGS 159-24 of the Local Government Budget and Fiscal Control Act is the unit's Finance Officer. The City of Asheville's Finance Officer is the Finance Director.

***Financial Advisor*:** The City will retain an external financial advisor, to be selected for through a competitive process administered by the City's Department of Finance. The utilization of the financial advisor for certain bond sales will be at the discretion of the Department of Finance on a case-by-case basis and pursuant to the financial advisory services contract. The selection criteria for financial advisors will include comprehensive municipal debt experience, experience with diverse financial structuring requirements and pricing of municipal securities. For each City bond sale the financial advisor will provide the City with information on pricing and underwriting fees for comparable sales by other issuers.

***General obligation bonds*:** The City may borrow money from lenders, pledging the full faith and credit of the City to pay the loan through tax revenue. This type of bond requires both the approval of voters through the referendum process and the approval of the Local Government Commission. The City sells general obligation bonds ("GO Bonds") to pay for expenses associated with capital projects or any public improvement as described in NCGS 15-48. Bond sales are held as needed based on cash flow needs of the projects being financed. The City may also issue GO debt under the 2/3 rule, wherein the City may issue up to 2/3 the value of GO debt retired in the prior year so long as no new GO debt was issued in the same year.

Length of Debt: Debt will be structured for the shortest period consistent with a fair allocation of costs to the useful life of the asset. Debt issues that include multiple projects with different useful lives can be split into segments with different term lengths. Alternatively, a blended useful life for the projects to be financed can be used to determine the term of the debt.

***Limited Obligation Bonds ("LOBs") or Certificates of Participation Bonds ("COPs")*:** This is an alternative financing method requiring no voter approval. The City may enter into LOBs or COPs, which are essentially installment sale contracts, for buildings or equipment using the building or equipment to secure the financing. These bonds should only be used when the property being financed has sufficient value to secure the debt and will survive the term of the financing. Issuance of LOBs or COPs will be made in accordance with the provisions of NCGS 159-153 and with the approval of the Local Government Commission.

Local Government Commission: All bonds issued under the authority of the Local Government Bond Act are approved by the Local Government Commission. Approval of an application as noted in N.C.G.S. 159-51 for a bond issue to the LGC is contingent on criteria established in N.C.G.S. 159-52. Such criteria require resolution of issues such as low tax collection rate (below ninety percent (90%)), receipt of a qualified audit opinion, or violations of the Local Government Budget and Fiscal Control Act.

Negotiated Sale: When determined to be appropriate by the Director of Finance, the City may elect to sell its debt obligations through a negotiated sale. Such determination may be made on an issue-by-issue basis, for a series of issues, or for part or all of a specific financing program. Selection of the underwriter or underwriting syndicate shall be made pursuant to selection procedures set forth in these debt guidelines.

Private Placements: Debt may be privately placed with a lending institution when private placement will enhance the attractiveness of the offering consistent with the receipt of the lowest true interest cost possible. The LGC must approve the use of all private placements in accordance with NCGS 159-153.

Referendum: The process by where voters determine the City's ability to sell General Obligation Bonds. This generally occurs in connection with November elections.

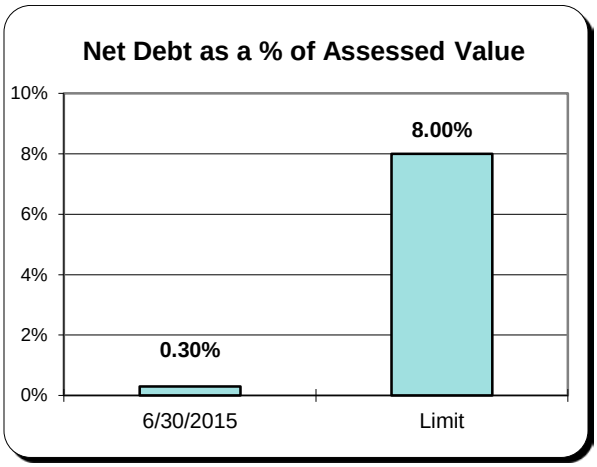
Revenue bonds: Bonds issued by the City that are backed with specified revenue sources from an enterprise fund for which the bonds were issued. The City's enterprise funds include fee for service business activities, such as the Water Fund, the Parking Fund and the Stormwater Fund. The City may borrow money from lenders, pledging the revenues from charges and fees of the enterprise fund to repay the debt. Revenue bonds do not require voter approval. Issuance of Revenue Bonds will be made in accordance with the provisions of NCGA 159-5 and with the approval of the Local Government Commission.

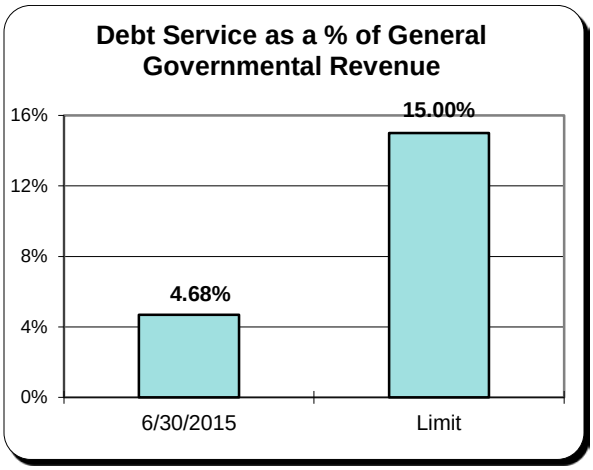
True Interest Cost ("TIC") and Net Interest Cost ("NIC"): Methods used to select the lowest effective interest cost bid in competitive bid sales. NIC is an average interest cost rate for a bond issue, calculated on the basis of simple interest (not compound interest). *The NIC calculation does not take into consideration the time value of money.* The winning NIC bid may not provide the lowest effective interest cost in present value terms. TIC is the internal rate of return that will be paid by the issuer to investors. It is the interest rate that discounts the debt service payable for a bond issue to its present value, or net proceeds. Because TIC takes into account the time value of money, it is generally considered to be a more accurate measure of the issuer's true cost of borrowing than the NIC.

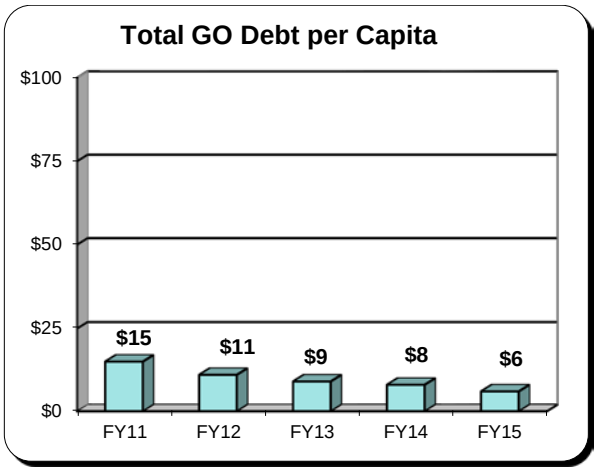
Two-thirds Bonds: The City is authorized to issue general obligation debt under the 2/3 rule, established by state statute, wherein the City may issue new G.O. bonds up to 2/3 the value of the general obligation debt retired in the prior year so long as no other new general obligation debt was issued in the same year.

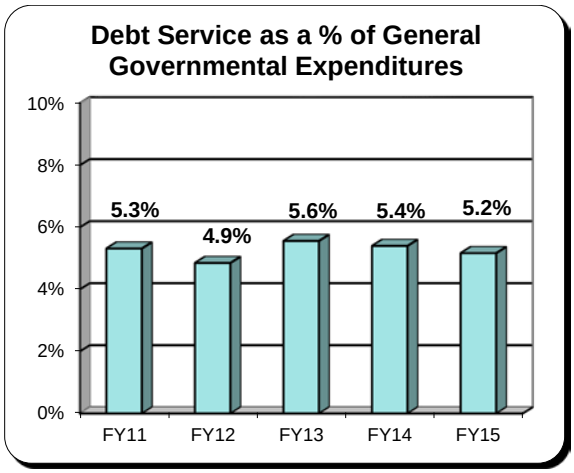
Underwriter: Investment banking entity or groups of such entities that purchase, for resale to the public, bonds or other debt obligations issued by the City and/or LGC on the City's behalf. This professional may also be referred to as an Investment Banker or bookrunner.

Voter Authorization: The City will seek voter authorization to issue general obligation bonds as directed by the City Council, and in accordance with North Carolina General Statute (NCGS) 159-49. Such authority will be sought only after it is determined that the project costs are eligible and appropriate for multi-year financing.


Net Debt as a % of Assessed Value
10%
8%
6%
4%
2%
0%
0.30%
8.00%
6/30/2015
Limit


Debt Service as a % of General Governmental Revenue
16%
12%
8%
4%
0%
4.68%
15.00%
6/30/2015
Limit


Total GO Debt per Capita
$100
$75
$50
$25
$0
$15
$11
$9
$8
$6
FY11
FY12
FY13
FY14
FY15


Debt Service as a % of General Governmental Expenditures
10%
8%
6%
4%
2%
0%
5.3%
4.9%
5.6%
5.4%
5.2%
FY11
FY12
FY13
FY14
FY15

Legal Debt Limit. 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 8% of the appraised value of property subject to taxation. At June 30, 2015, such statutory limit for the City was approximately $880,828,000. The City had outstanding debt of $37,397,000, providing a legal debt margin of approximately $843,431,000.

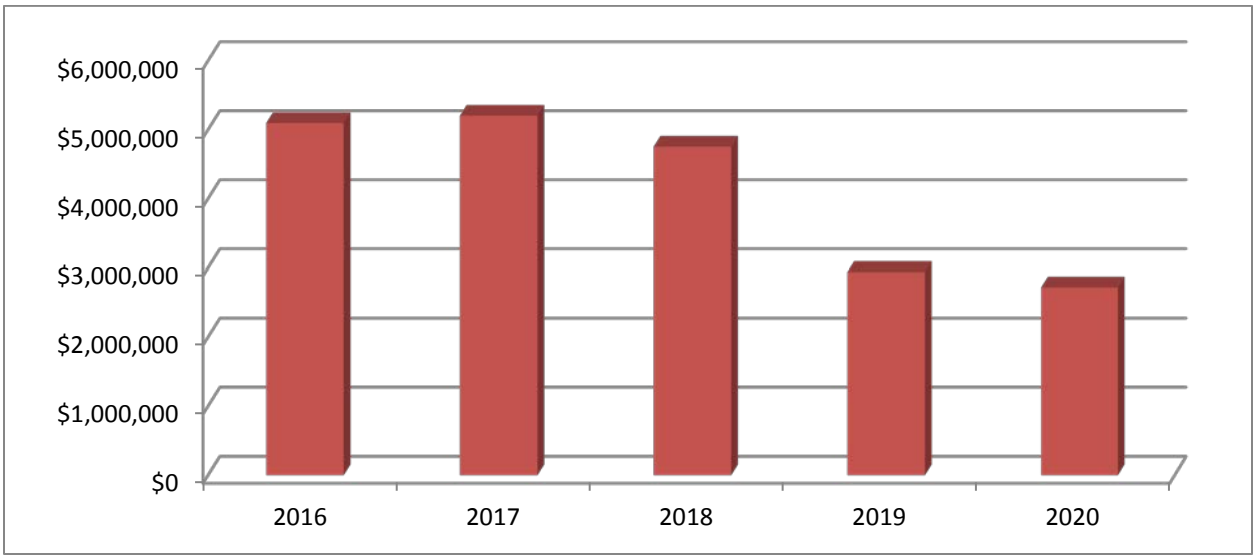
Future Maturities of Long-Term Obligations. Annual debt service requirements to maturity, including interest are as follows:

	General Obligation Bonds		Limited Obligation Bonds and Installment Financings		Other Long-Term Obligations (See Note VI.F)		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
Governmental Activities								
2016	$ 100,000	$ 26,000	$ 3,978,595	$ 880,855	$ 71,240	$ 36,904	$ 4,149,835	$ 943,759
2017	100,000	21,000	4,207,888	762,997	76,240	33,154	4,384,128	817,151
2018	100,000	16,000	3,925,090	600,976	81,240	29,089	4,106,330	646,066
2019	100,000	11,000	2,260,610	456,012	86,240	24,709	2,446,850	491,721
2020	100,000	6,000	2,092,262	407,622	91,240	19,926	2,283,502	433,548
2021-2025	70,000	1,750	4,205,967	1,284,094	311,920	29,015	4,587,887	1,314,859
2026-2030	-	-	2,661,666	582,273	-	-	2,661,666	582,273
2031-2033	-	-	1,050,000	72,188	-	-	1,050,000	72,188
	$ 570,000	$ 81,750	$ 24,382,078	$ 5,047,017	$ 718,120	$ 172,797	$ 25,670,198	$ 5,301,564

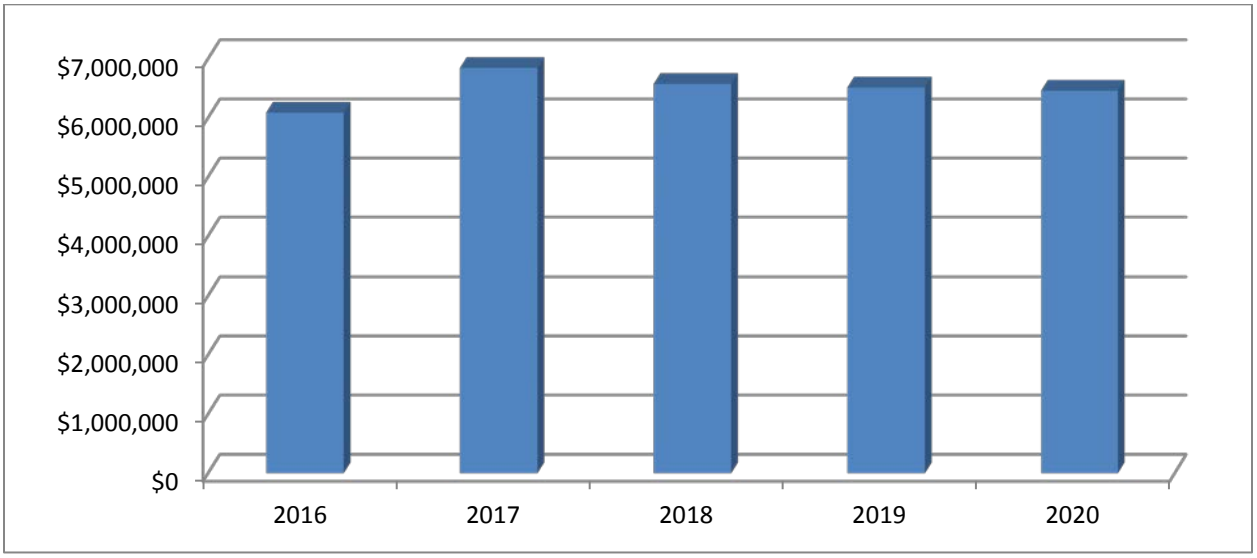
	Revenue Bonds		Limited Obligation Bonds and Installment Financings		Other Long-Term Obligations (See Note VI.F)		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
Business-type Activities								
2016	$ 3,145,000	$ 1,459,096	$ 814,272	$ 496,969	$ 159,910	$ 10,290	$ 4,119,182	$ 1,966,355
2017	3,150,000	2,208,238	850,709	468,829	159,910	5,145	4,160,619	2,682,212
2018	3,250,000	2,108,963	771,668	431,087	9,910	-	4,031,578	2,540,050
2019	3,340,000	1,986,888	777,638	397,333	9,910	-	4,127,548	2,384,221
2020	3,490,000	1,832,838	748,333	376,296	9,910	-	4,248,243	2,209,134
2021-2025	19,965,000	6,620,561	3,264,377	1,423,776	49,548	-	23,278,925	8,044,337
2026-2030	12,910,000	2,318,059	3,220,000	710,900	49,548	-	16,179,548	3,028,959
2031-2033	7,075,000	369,772	1,280,000	88,000	9,910	-	8,364,910	457,772
	$ 56,325,000	$ 18,904,415	$ 11,726,997	$ 4,393,190	$ 458,556	$ 15,435	$ 68,510,553	$ 23,313,040

Future Maturities of Long-Term Obligations

Total Debt Service – Governmental Activities



Total Debt Service – Business Type Activities



Note – Reflects data from the FY 2014-15 Comprehensive Financial Report and does not include any additional debt issued in FY 2015-16.

ASHEVILLE

ASHEVILLE COMMUNITY PROFILE

Community Description

The City of Asheville, with a population of 88,512 (2015 est.), is the largest city in western North Carolina, the 10th largest in the State of North Carolina and is the county seat of Buncombe County. It sits on approximately 45 square miles on a high plateau near the Great Smoky Mountains National Park. It is 240 miles west of Raleigh, North Carolina, the State's capital, and 204 miles north of Atlanta, Georgia. The City is also the center of western North Carolina's only Metropolitan Statistical Area, which is comprised of Buncombe, Madison, Henderson and Haywood Counties. Known as Morristown in 1792, the community later became the Village of Ashville (without the first "e"). The Town of Asheville, named in honor of Governor Samuel Ashe, was incorporated January 27, 1798 and was reincorporated in 1883 as the City of Asheville

The City is the regional center of health care, manufacturing, transportation, banking, professional services and retail trade. Other leading industry sectors include tourism, government, hospitality and food services. Asheville is nestled between the Blue Ridge and Great Smoky Mountains and located astride the French Broad and Swannanoa Rivers. The City is surrounded by lush mountains, many with elevations above 5,000 feet.

Recreational opportunities abound in the Asheville area with approximately 16% of the region's area designated as public or recreational. The Biltmore Estate, George Vanderbilt's 19th century estate, comprises over 8,000 acres just outside the city limits. The Blue Ridge Parkway is also headquartered in Asheville. The City also has a strong historic preservation program. This assistance in the preservation of downtown housing and historic structures has created a truly unique and vibrant urban atmosphere in downtown Asheville.

Asheville's natural and architectural beauty, moderate climate, strong job market, and outstanding educational and health care facilities make it one of the most attractive locations in the United States. Asheville is consistently ranked high among the best places to live, work and retire. The City's long-range planning is directed toward preserving this area's high quality of life, so that it shall remain one of the "best places."

Form of City Government

The City of Asheville operates under a Council/Manager form of government. The six-member City Council and the Mayor are elected at-large for staggered terms of four years. City Council, which acts as the City's legislative and policy-making body, selects the City Manager, who is the City's chief administrator and is responsible for implementing the policies and programs adopted by the City Council. The City's workforce provides basic City services including fire and police protection, planning and economic development, public works (streets, traffic, solid waste and stormwater services), parks and recreation, and water.

Demographic Information

The United States Department of Commerce, Bureau of the Census, has recorded the population of the City as follows:

1990	2000	2010
61,855	68,889	83,393

Personal per capita income for the Asheville Metropolitan Statistical Area (MSA) and the State of North Carolina (the "*State*") as of June 30 is presented in the following table:

Year	City (MSA)	State
2010	33,653	35,462
2011	34,775	36,520
2012	36,125	37,910
2013	37,029	38,683
2014	36,470	39,646

Source: United States Department of Commerce, Bureau of Economic Analysis (latest data available).

Statistical Information

Climate

Avg. Yearly Temp.	55.6 F
Avg. Yearly Rainfall	47.07 in
Avg. Yearly Snowfall	13.3 in
Avg. Elevation	2,165 ft

Police Protection

Number of Stations	6
Number of Police Personnel	284
Number of Patrol Districts	3
Number of:	
Calls for Service Dispatched	106,779
UCR Part I Crimes Reported	4,774
UCR Part I Crimes Cases Cleared	1,949
Traffic Accidents Reported	7,745

Fire Protection

Number of Stations	12
Number of Fire Personnel	260
Number of Responses (FY14)	17,529
Number of Inspections (FY14)	9,389

Utilities

Miles of Streets	405.38
Number of Street Lights	10,193
Number of City-Maintained Signals	62
Miles of Water Mains	1,691
Treatment Plants	3
Water Service Connections	58,589
Fire Hydrants	6,977
Daily Avg. Consumption of Water (gal)	19.9 million
Max. Daily Capacity of Treat. Plants (gal)	43.5 million

Culture & Recreation

Community Centers	11
Parks & Playgrounds	59
Park Acreage	874
Swimming Pools	3
Tennis Courts	26

Education

There are two public school systems serving the City, the Asheville City Schools and the Buncombe County Schools. Asheville City Schools has five elementary schools and three secondary schools with just under 4,000 students. In addition, approximately 5,000 of the 25,597 students attending the Buncombe County Schools system reside within the corporate limits of the City. The State provides funding for a basic minimum educational program that is supplemented by the County and federal governments. This minimum program provides funds for operational costs only, while financing of public school facilities has been a joint State and County effort. Thus, local financial support is provided by the County for capital and operating costs that are not provided for by the State or federal government. The City does not provide any funding for the school system. The Buncombe County Board of Commissioners levies an Asheville City Schools tax for enhanced education funding on real and personal property located within the Asheville City Schools district. Approximately 52% of property parcels located within the City are subject to the supplemental school tax.

There are several post-secondary institutions located in the County area. The City is home to The University of North Carolina Asheville ("*UNC Asheville*"), a four-year liberal arts university that is part of the University of North Carolina system. Of the 17 constituent institutions in the University of North Carolina system, UNC Asheville is the only institution dedicated to liberal arts. UNC Asheville offers more than 30 majors leading to the Bachelor of Arts, Bachelor of Science, and Master of Liberal Arts degrees. Approximately 3,700 undergraduate students attend the university, which has approximately 225 full-time faculty members and 300 staff members.

Asheville-Buncombe Technical Community College ("*AB Tech*") offers both general and trade curriculums for students of all ages. AB Tech offers 64 curriculum programs, 52 degrees, 22 diplomas and 69 certificates. Its main campus in the City includes 22 buildings on 145 acres. Montreat College, Warren Wilson College, Brevard College and Mars Hill College are located within 10 to 30 miles of the City. The colleges are four-year private, coeducational, comprehensive liberal arts colleges offering undergraduate degrees in over 48 major programs. The combined full-time enrollment at these four colleges approaches 4,000 students.

Economic Indicators

Growth in many of the City's revenues depends on the state of the economy. When the economy is expanding, revenues are up, and when the economy slows, revenues react accordingly. Given this relationship, key economic indicators, such as retail sales, unemployment rates, job growth, construction starts and hotel/motel sales are helpful in assessing why revenues are either up or down, and how they might be trending in the future. Although the City's revenues are most directly impacted by the local economy, trends in North Carolina and across the nation are also important.

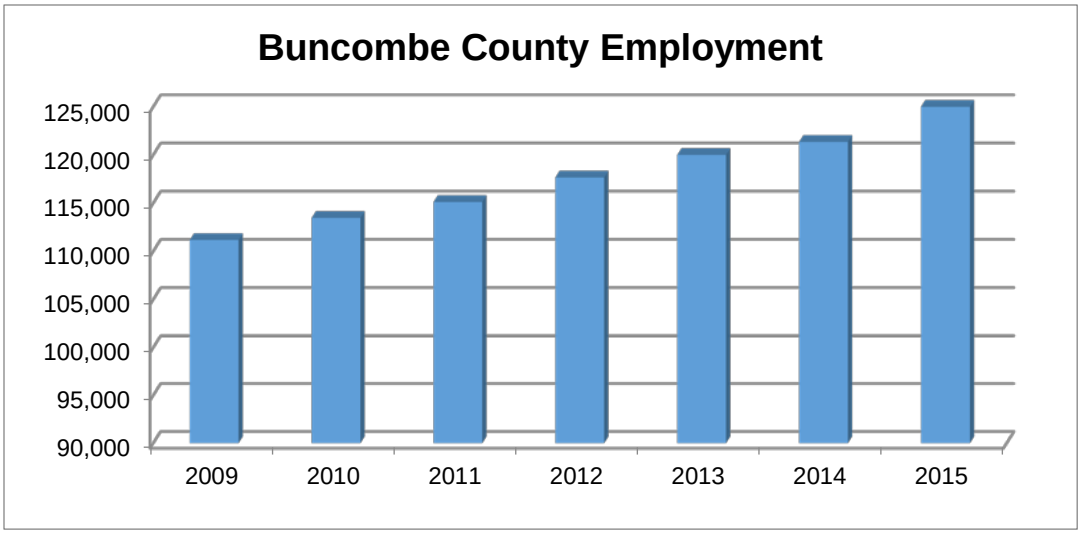
Retail Sales - Taxable sales figures are not available for the City of Asheville. Taxable sales for Buncombe County for fiscal years ended June 30, 2010 through 2014 are shown in the following table:

Fiscal Year Ended June 30	Total Taxable Sales	Increase (Decrease) Over Previous Year
2011	3,125,296,879	5.78%
2012	3,308,421,583	5.86%
2013	3,632,106,651	9.78%
2014	3,789,896,675	4.34%
2015	4,305,329,030	13.60%

Source: North Carolina Department of Revenue, Sales and Use Tax Division.

In addition to being an important indicator of overall local economic health, Buncombe County retail sales activity also directly impacts the City's general fund budget through sales tax receipts. The economic recession and its lingering effects caused retail sales to drop substantially in FY 2009 and FY 2010, with sales falling over 10% during this time period. Sales rebounded in FY 2011 and have continued growing since that time, with FY 2015 retail sales growing by 13.60%. Approximately 75% of the retail sales in Buncombe County occur within the City of Asheville. Among the large cities in North Carolina, Asheville has one of the highest levels of retail sales per resident. This data reflects Asheville's position as the regional economic center for Western North Carolina. Asheville's high level of retail sales per resident is also likely associated with Asheville's status as a tourist destination. According to a recent Standard and Poor's credit report, per capita retail sales in the Asheville area were 239% of the national average in 2011.

Labor Market Trends (*Sources: N.C. Employment Security Commission & the Asheville Area Chamber of Commerce)*
The unemployment rate is a critical indicator of relative strength in the local economy. During the recession, the unemployment rate in Buncombe County peaked at 9.7% in February 2010. Since then local employment has seen steady improvement, and the County's unemployment rate as of May 2015 stood at 4.5%. Local unemployment rates are below both the statewide rate (5.9%) and the national rate (5.5%). As of May, Buncombe County had the lowest unemployment rate of any county in North Carolina. Between 2001 and 2008, the total employment in Buncombe County increased by 12,740 jobs or 12.3%. With the onset of the recession, average employment in 2009 dropped by 4.7%. Employment began growing again 2010 and in 2012, exceeded pre-recessionary levels. County employment for 2014 totaled 121,350. The area's leading industry in terms of employment is health care and social assistance. Other leading industry sectors include government, accommodation and food services, and retail trade.



Metro Area Workforce

Largest Employment (Industry)	% of Employment
Health Care & Social Assistance	19%
Retail Trade	14%
Accommodations & Food Services	13%
Manufacturing	11%
Educational Services	7%
Administrative & Support & Waste	6%
Public Administration	5%
Construction	4%

Buncombe County Employment Growth

Year	Avg. Employment	% Change
2006	115,026	3.63%
2007	116,452	1.24%
2008	116,720	0.23%
2009	111,171	-4.75%
2010	113,465	2.06%
2011	115,114	0.95%
2012	117,664	2.22%
2013	120,001	1.99%
2014	121,350	1.12%
2015	125,223	3.19%

Major Buncombe County Employers

Company/Institution	NAICS 3-DIGIT DESCRIPTION	Approximate # of Employees
Mission Health System and Hospitals	Hospitals	3,000+
Buncombe County Public Schools	Educational Services	3,000+
City of Asheville	Executive, Leg., Govt.	1,000-2,999
The Biltmore Company	Museums, Historical Sites	1,000-2,999
Buncombe County Government	Executive, Leg., Govt.	1,000-2,999
The Omni Grove Park Inn Resort & Spa	Accommodation	1,000-2,999
Ingles Markets, Inc. (Home Office Buncombe County)	Food & Beverage Stores	1,000-2,999
Veterans Administration	Hospitals	1,000-2,999
Asheville Buncombe Community Coll.	Educational Services	1,000-2,999
CarePartners Inc.	Nursing & Residential Care	750-999
Eaton Corporation – Electrical Division	Electrical Equip.	750-999
BorgWarner Turbo Systems	Transportation Equip	500-749
Asheville City Schools	Educational Services	500-749
Arvato Digital Services	Computer & Electronic Equip	500-749
Sitel, A Subsidiary of Onex Corp.	Administrative & Support Services	500-749
Thermo Fisher Scientific, Inc.	Machinery Manufacturing	500-749
UNC – Asheville	Educational Services	500-749
Guthy Renker Fulfillment Services	Administrative & Support Services	500-749
MB Haynes Corp.	Construction	500-749

Source: Asheville Area Chamber of Commerce and North Carolina Employment Security Commission

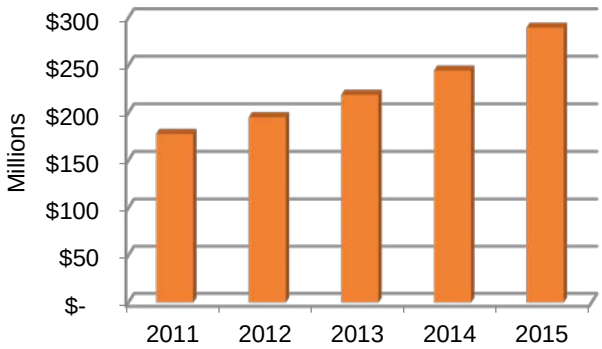
ACCRA Cost of Living Index (Select N.C. Cities)

Cities	All Items	Food	Housing
Asheville	**104.8**	**103.9**	**106.5**
Raleigh	93.3	101.9	77.8
Charlotte	95.0	100.0	85.5
Winston-Salem	91.1	102.7	67.1
Wilmington	99.5	106.0	89.3

(100 = Composite National Average)

Buncombe County Hotel/Motel Sales
(Sources: N.C. Department of Commerce & the Asheville Area Chamber of Commerce)

	Hotel/Motel Sales	**% Change**
2006	156,752,276	13.4%
2007	168,839,645	7.7%
2008	163,836,134	-3.0%
2009	149,598,804	-8.7%
2010	164,471,930	10.1%
2011	177,743,689	8.1%
2012	195,354,880	9.9%
2013	218,954,780	12.1 %
2014	244,393,209	11.6 %
2015	289,499,665	18.5%



Asheville's setting, in the heart of a vast and beautiful recreational area, has made tourism an important part of the local economy. The most recent data from the N.C. Department of Commerce indicate that domestic tourism in Buncombe County generated an economic impact of $963 million in 2014. Buncombe County ranked 5th in travel impact among the state's 100 counties. Over 9,790 jobs in Buncombe County are directly linked to travel and tourism. Hotel/motel sales are a good indicator of the status of the local tourist economy. Hotel/motel sales grew steadily between 2004 and 2007, however the effects of the recession began in 2008 and extended into 2009, with hotel/motel sales falling by a combined 11.7% over those two years. Sales have rebounded since the recession ended however, and they reached a new high in calendar year 2015.

Construction Trends

The following table summarizes the number and value of new building permits issued in the City:

CALENDAR YEAR	BUILDING PERMITS ISSUED	BUILDING PERMITS VALUES
2011	2,892	180,625,549
2012	2,854	180,213,364
2013	3,175	290,634,189
2014	2,990	335,630,507
2015	3,198	435,704,929

Source: City of Asheville Development Services Department.

ORDINANCE NO. 4508

AN ORDINANCE ADOPTING THE ANNUAL BUDGET AND FIXING THE TAX RATE FOR THE CITY OF ASHEVILLE FOR THE FISCAL YEAR 2016-17

WHEREAS, Article 3 of Chapter 159 of the N. C. General Statutes requires local governments in North Carolina to adopt ordinances establishing an annual budget, in accordance with procedures specified in said Article 3; and

WHEREAS, the Asheville City Council, following a public hearing as required by law has considered the proposed annual budget for the City of Asheville for the 2016-17 fiscal year;

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF ASHEVILLE THAT:

Section 1. The following anticipated revenues and authorized expenditures by fund, together with a financial plan for internal service funds, are hereby appropriated for operating City government for the fiscal year beginning July 1, 2016 and ending June 30, 2017.

GENERAL FUND

Revenues:		
Taxes-Ad Valorem	$55,522,058	
Other Taxes	21,970,401	
Intergov Revenue	12,733,482	
Licenses and Permits	5,995,550	
Sales and Services	11,269,584	
Investment Earnings	150,000	
Miscell Revenue	1,915,520	
Oth Financing Source	1,278,071	
Total Revenues		$110,834,666
Appropriations:		
Departmental Operations		$110,834,666

WATER RESOURCES FUND

Revenues:		
Sales and Services	$35,845,572	
Investment Earnings	175,000	
Miscell Revenue	46,295	
Total Revenues		$36,066,867
Appropriations:		
Water Resources Operations		$36,066,867

PARKING SERVICES FUND

Revenues:		
Sales and Services	$300	
Miscell Revenue	4,775,044	
Oth Financing Source	458,000	
Total Revenues		$5,233,344
Appropriations:		
Parking Services Operations		$5,233,344

STORMWATER FUND

Revenues:		
Licenses and Permits	$202,000	
Sales and Services	5,174,389	
Investment Earnings	11,000	
Miscell Revenue	12,000	
Oth Financing Source	190,000	
Total Revenues		$5.589,389
Appropriations:		
Stormwater Operations		$5.589,389

TRANSIT SERVICES FUND

Revenues:		
Intergov Revenue	$2,983,000	
Licenses and Permits	360,000	
Sales and Services	840,000	
Oth Financing Source	3,347,711	
Total Revenues		$7,530,711
Appropriations:		
Transit Services Operations		$7,530,711

US CELLULAR CENTER FUND

Revenues:		
Sales and Services	$2,093,800	
Investment Earnings	1,700	
Miscell Revenue	122,000	
Oth Financing Source	1,066,834	
Total Revenues		$3,284,334
Appropriations:		
Civic Center Operations		$3,284,334

STREET CUT UTILITY FUND

Revenues:		
Sales and Services	$1,748,781	
Oth Financing Source	240,000	
Total Revenues		$1,988,781
Appropriations:		
Street Cut Operations		$1,988,781

HOUSING PARTNERSHIP FUND (GENERAL FUND)

Revenues:		
Miscell Revenue	$150,000	
Oth Financing Source	500,000	
Total Revenues		$650,000
Appropriations:		
Housing Partnership Fund Ops.		$650,000

SUSTAINABILITY FUND (GENERAL FUND)

Revenues:		
Oth Financing Source	$301,354	
Total Revenues		$301,354
Appropriations:		
Sustainability Fund Ops.		$301,354

INTERNAL SERVICE FUNDS

Revenues:		
Sales and Services	$17,949,439	
Investment Earnings	11,000	
Miscell Revenue	470,000	
Total Revenues		$18,430,439
Appropriations:		
Health Insurance	$14,764,247	
Workers Compensation	1,488,745	
Property & Liability	2,177,447	
Total Expenditures		$18,430,439

CAPITAL RESERVE 2100 FUND (GENERAL FUND)

Revenues:		
Oth Financing Source	$8,736,521	
Total Revenues		$8,736,521
Appropriations:		
Capital Reserve Fund Ops.		$8,736,521

Section 2. All appropriations included in the following Capital Project and other multi-year project funds are approved for the financing life of each project, which may extend beyond one fiscal year.

GENERAL CAPITAL PROJECTS FUND

Revenues:		
Transfer from General Fund	$1,150,000	
Intergov Revenue	16,187,066	
Other Revenue	190,000	
Oth Financing Source	29,222,650	
Total Revenues		$46,749,716
Appropriations:		
General Capital Fund Expenditures		$46,749,716

WATER CAPITAL PROJECTS FUND

Revenues:		
Transfer from Water Resources Fund	$9,366,520	
Oth Financing Source	12,000,000	
Total Revenues		$21,366,520
Appropriations:		
Water Capital Fund Expenditures		$21,366,520

STORMWATER CAPITAL PROJECTS FUND

Revenues:		
FY17 Transfer from Stormwater Fund	$610,200	
Prior Year Transfer from Stormwater Fund	750,000	
Oth Financing Source	190,000	
Total Revenues		$1,550,200
Appropriations:		
Stormwater Capital Fund Expenditures		$1,550,200

PARKING CAPITAL PROJECTS FUND

Revenues:		
Transfer from Parking Operating Fund		$575,000
Appropriations:		
Parking Capital Fund Expenditures		$575,000

TRANSIT CAPITAL PROJECTS FUND

Revenues:		
Transfer from General Fund	$120,000	
Total Revenues		$120,000
Appropriations:		
Transit Capital Fund Expenditures		$120,000

US CELLULAR CENTER CAPITAL PROJECTS FUND

Revenues:		
Transfer from General Fund	$125,650	
Miscellaneous	150,000	
Total Revenues		$275,650
Appropriations:		
US Cellular Center Capital Fund Expenditures		$275,650

COMMUNITY DEVELOPMENT BLOCK GRANT FUND

Revenues:		
Federal Grant FY 2016-17	$932,001	
Program Income FY 2016-17	69,750	
Program Income FY 2015-16	12,399	
Total Revenues		$1,014,150
Appropriations:		
Fiscal 2016-17 CDBG Program	1,001,751	
Fiscal 2015-16 CDBG Program	12,399	
Total Appropriations		$1,014,150

HOME OWNERSHIP GRANT FUND

Revenues:		
Federal Grant FY 2016-17	$961,627	
Program Income FY 2016-17	19,526	
Program Income FY 2015-16	800	
Total Revenues		$981,953
Appropriations:		
Fiscal 2016-17 HOME Program	$981,153	
Fiscal 2015-16 HOME Program	800	
Total Appropriations		$981,953

SECTION 108 REHAB GRANT FUND

Revenues:	
Program Income	$67,230
Appropriations:	
Section 108 Expenditures	$67,230

SPECIAL REVENUE GRANT FUND

Revenues:		
Federal Grant	$104,000	
State Grant	149,337	
Total Revenues		$253,337
Appropriations:		
Continuum of Care Grant (HMIS)	$104,000	
Emergency Solution Grant (ESG)	149,337	
Total Appropriations		$253,337

Section 3. It is estimated that revenues in the amounts indicated in the foregoing schedule will be available to support the foregoing appropriations. The fees & charges, as readopted and changed on March 22, 2016 in ordinance number 4489, shall be set forth in a Fees and Charges Manual to be kept on file in the Office of the City Clerk.

Section 4. There is hereby levied for the fiscal year ending June 30, 2017, the following tax on each $100 assessed valuation of taxable property as listed on January 1, 2016 for purposes of raising the revenues from current year's property tax as set forth in the foregoing estimates of revenues and in order to finance the foregoing appropriations:

Tax Rate per $100 Assessed Valuation $0.4750

Such rate of tax is based on an estimated total assessed value of property for the purposes of taxation of $10,996,090,294 assuming 99.60% collection of the levy. In addition, Ad Valorem Tax revenue from taxes levied on motor vehicles at the same tax rate is estimated at $2,851,584.

Section 5. The City Manager is authorized to amend the budget by transfer of appropriations within each fund. All amendments affecting revenues or total fund appropriations shall be approved by ordinance by the City Council, to be acted on at any regular or special meeting and approved by a simple majority of those present and voting, a quorum being present. Only one reading will be required and a public hearing or publication of notice is not necessary unless requested by Council.

Section 6. The reserve for encumbrances at June 30, 2016 and carry-over appropriations, representing prior commitments as of that date shall be reappropriated pursuant to North Carolina General Statute 159-13, to the departments within various funds, under which expenditures may be made during fiscal year 2016-17 as the previous commitments are satisfied.

Section 7. Copies of this ordinance shall be furnished to the City Manager and Director of Finance, to be kept on file by them for their direction in the collection of revenues and expenditures of amounts appropriated.

Section 8. The Pay & Classification Plan is amended to incorporate all personnel actions such as reclassifications and pay modifications recommended by the Human Resources department and approved by the City Manager. Funding for the Plan and compensation items is included in the various departments. The amended plan will become effective with the pay cycle that ends on July 15, 2016.

Section 9. Compensation for the Mayor, Vice-Mayor and Councilmembers will be $20,538.96 - $21,262.96, $17,045.60 - $17,646.46, and $15,089.88 - $15,621.80, respectively. Travel for official activities will be reimbursed under the same plan used for City employees.

Section 10. Should any section, paragraph, sentence, clause or phrase of this ordinance be declared unconstitutional or invalid for any reason, the remainder of said ordinance shall not be affected thereby.

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

Read, approved and adopted this 14th day of June, 2016.

Magdalen Burleson
City Clerk

Approved as to form:

City Attorney

Mayor

GLOSSARY OF TERMS

Accrual Basis - Method of accounting in which transactions are recognized at the time they are incurred as opposed to when cash is received or spent.

Adopted Budget - The budget approved by City Council and enacted via a budget appropriation ordinance, on or before June 30 of each year.

Ad Valorem Taxes - Commonly referred to as property taxes, ad valorem taxes are levied on the value of real, certain personal, and public utility property according to the property's valuation and the tax rate.

Appropriated Fund Balance - The amount of fund balance appropriated as a revenue for a given fiscal year to offset operating expenses that exceed current revenue.

Appropriation - An authorization made by City Council which permits the City administrative staff to incur obligations against and to make expenditures of governmental resources. Appropriations are usually made for fixed amounts and are typically granted for a one-year period.

Assessed Value - The fair market value placed on personal and real property owned by taxpayers by the Buncombe County Tax Supervisor. Real property is reappraised and assessed value established every four years.

Basis of Budgeting – This refers to the form of accounting utilized throughout the budget process.

Bond - A written promise to pay a specified sum of money (principal) at a specific future date, along with periodic interest payments paid at a specified percentage of the principal.

Budget - A plan of financial operation comprised of an estimate of proposed expenditures for a fiscal year and the proposed means of financing those expenditures (revenue estimates).

Budget Amendment - Formal action by City Council to change an appropriation or revenue estimate during the fiscal year.

Budget Calendar - The schedule of key dates or milestones which the City follows in the preparation and adoption of the budget.

Budget Document - The official written statement prepared by the City's administrative staff which presents the proposed budget to the City Council.

Budget Message - A general discussion of the proposed budget presented to the City Council by the City Manager as a part of the budget document. The budget message explains principal budget issues against the background of financial experience in recent years and presents recommendations made by the City Manager.

Budget Ordinance - The official enactment by City Council establishing the legal authority for City administrative staff to obligate and expend funds.

Budget Process - Activities that encompass the development, implementation, and evaluation of a plan for the provision of services and capital needs.

Capital Outlay - Items of significant value (more than $1,000) and having a useful life of several years, also referred to as fixed assets.

Capital Improvement Program - A plan to identify, prioritize, and approve capital needs (over $25,000) for a six-year period.

Capital Projects - Projects established to account for the cost of capital improvements. Typically, a capital project encompasses a purchase of land and/or the construction of or improvements to a building or facility.

Certificates of Participation (COPs) - A financing mechanism in which certificates or securities are sold to investors who underwrite a project. The issuance of COPs is secured by lease-purchase agreements to which the City is a party.

Community Development Block Grant (CDBG) - A U.S. Department of Housing & Community Development federal assistance grant to support local provision of decent housing and a suitable living environment for persons of low and moderate income.

Contingency Reserve - A budgetary reserve set aside for emergencies or unforeseen expenditures not otherwise budgeted.

Cost Transfer – A reallocation of cost from one activity to another. The City uses cost transfers to avoid double counting expenditures associated with internal transactions between City departments. For example, when fleet maintenance repairs a fire engine, that expense is recorded in both the fleet division and the fire department. A negative expense or cost transfer is then entered in the fleet division to eliminate the double counting. The remaining expenses in the fleet division after all cost transfers represent the net cost of that activity to the City.

Debt Service - Payment of interest and principal on borrowed funds, such as bonds or lease-purchase payments.

Department - A management unit of closely associated City divisions and activities.

Departmental Mission - A brief statement explaining the general purpose and goal of the department in relation to the overall City mission.

Depreciation – An accounting charge associated with expiration in the service life of fixed assets. Depreciation is not recorded as an expense for budget purposes.

Division - A term used to describe a City cost center with distinct objectives and activities.

Enterprise Fund - A type of fund that accounts for governmental operations that are financed and operated in a manner similar to private business enterprises. It is financed primarily from charges to users for services provided.

Included in this category are the Civic Center, Water Resources, Transit Services, and Parking Services Funds.

Encumbrance – The legal commitment of appropriated funds to purchase an item or service. To encumber funds means to set aside or commit funds for a future expenditure.

Expenditures - The measurement focus of governmental fund accounting. Financial resources expended during a period for operations, capital outlay, and long-term principal retirement and interest. Expenditures reflect the cost incurred to acquire goods or services.

Expenses – The measurement focus of propriety fund accounting. Costs expired during a period, including depreciation and other allocations, as in business accounting. Expenses reflect the cost of goods or services used.

Fiscal Year - An accounting period extending from July 1 through the following June 30.

Fixed Assets – Assets, such as land, buildings, machinery, furniture, and other equipment, which are intended to be held or used over a long time period.

Full Time Equivalent Position (FTE) - A unit for measuring staffing levels equal to one position working 37.5 hours per week for an entire year. Temporary/seasonal positions, such as summer Parks & Recreation staff, are not included in the FTE count.

Fund - A fiscal entity with a self-balancing set of accounts used to account for an activity(s) with common objectives.

Fund Balance - The cumulative excess of revenues over expenditures in a fund at the end of a fiscal year. With certain limitations, fund balance may be used to balance the subsequent year's budget.

General Fund - A type of governmental fund used to account for revenues and expenditures for regular day-to-day operations of the City, which are not accounted for in the proprietary funds; i.e., Enterprise and Intergovernmental Service Funds. The primary sources of revenue for this fund are local taxes and state-shared revenues.

General Obligation Bonds - Bonds issued by City government, usually requiring voter approval, that are backed by the City's full faith, credit, and taxing power.

Generally Accepted Accounting Principles (GAAP) - The set of accounting rules and procedures used by governmental agencies to account for the receipt and expenditure of funds.

Goal - The underlying reason(s) for the provision of essential City services.

Interfund Transfer – The movement of monies between funds of the same governmental entity.

Internal Charges - Charges for goods or services provided by one City department to other departments within the City on a cost reimbursement basis.

Internal Service Fund - A type of proprietary fund used to account for the financing of goods or services provided by one City activity to other City activities on a cost-recovery basis.

ITRE: Standard rating system used to assess street pavement condition.

Lease-Purchase - A contractual agreement to purchase a fixed asset over a period of several years. Also known as installment purchasing.

Line-Item Budget - A budget summarizing the detail categories of expenditure for goods and services that the City intends to purchase during the fiscal year.

Local Government Budget and Fiscal Control Act - The legal guidelines of the State of North Carolina which govern budgetary and fiscal affairs of local governments.

Modified Accrual Basis - A method for recording receipts and expenditures in which expenditures are recognized when the goods or services are received, and revenues are recognized when measurable and available to pay expenditures in the accounting period.

NCDOT: North Carolina Department of Transportation.

Operating Budget - The City's financial plan which outlines proposed expenditures for the fiscal year and estimates the revenues which will be used to finance them.

Pay-As-You-Go Financing - A method of paying for capital projects that relies on current revenue rather than on debt.

Payment In Lieu of Taxes (PILOTs) - Money transferred from an outside non-profit agency into the General Fund. The principle underlying such transfers is that the City would have received the equivalent amount in taxes had the service been provided by a private firm.

Performance Measure - Indicators used to determine how effectively and efficiently a department achieved its objectives.

Performance Objective - A statement of expected results or impacts which is specific, measurable, realistic, and consistent with overall departmental and organizational goals.

Proposed Budget - The City Manager's recommended balanced budget, which is submitted to City Council prior to June 1.

Proprietary Fund - A type of fund that accounts for governmental operations that are financed and operated in a manner similar to a private business enterprise. It is financed primarily from charges to users for services provided. Proprietary funds used by the City of Asheville include the Enterprise and Internal Service Funds.

Revenue - A term used to represent actual or expected income to a specific fund.

Tax Collection Rate - The percentage of the tax levy that can reasonably be expected to be collected during the fiscal year.

Tax Rate - The level at which taxes are levied. For example, the tax rate is $0.46 per $100 of assessed value.

Tax Levy - The total dollar amount of tax that optimally should be collected based on tax rates and assessed values of personal and real properties.

Transmittal Letter – A letter from the City Manager summarizing the major differences between the proposed budget and the adopted budget.