
**CITY OF ASHEVILLE
NORTH CAROLINA**

**Adopted Annual Budget
Fiscal Year 2008-2009**



Terry M. Bellamy
Mayor

Jan B. Davis
Vice Mayor

Bill Russell
Councilmember

Dr. Carl Mumpower
Councilmember

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Gary W. Jackson
City Manager

Jeffrey B. Richardson
Assistant City Manager

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Chief Financial Officer

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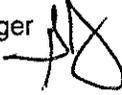
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MEMORANDUM

July 15, 2008

TO: Mayor Bellamy and City Council Members

FROM: Gary W. Jackson, City Manager 

SUBJECT: 2008-09 Annual Budget

I am pleased to present you with a copy of the 2008-09 Adopted Annual Budget. This document, which was prepared by the City's Budget & Research Division, reflects the City's overall budget plan and policies as approved by City Council for the upcoming fiscal year.

The Fiscal Year 2008-09 Annual Operating Budget was formally presented to City Council on May 13, 2008. In accordance with the North Carolina Local Government Budget and Fiscal Control Act, a summary of the budget along with a notice of the public hearing was published on May 30 and June 6, 2008. City Council conducted a public hearing on the proposed budget on June 10, 2008. The Fiscal Year 2008-09 budget is balanced with a tax rate of \$0.42 per \$100 of assessed valuation, which represents no change from the previous fiscal year. All essential City programs and services are maintained.

The net proposed operating budget presented to City Council on May 13 totaled \$135,406,757, which included a General Fund appropriation of \$88,865,552. At the June 17 budget worksession, Council requested that staff make the following additions to the proposed General Fund budget:

- \$10,000 to fund the Each One Reach One program, a summer basketball program for two hundred-fifty youth up to age 21 years, with a year-round mentoring and tutoring component;
- \$50,000 for regional economic development initiatives;
- \$13,092 to fully fund the City Council training allocation proposed by staff.

In order to fund these changes, staff appropriated revenue from the Huntington Chase annexation area, which became available as a result of the legal challenge to this annexation being recently resolved in the City's favor. The Huntington Chase area will become part of the City in July 2008. Total revenue from this annexation is estimated at \$80,000. Staff budgeted this \$80,000 in additional revenue to cover the \$73,092 in costs added to the budget on July 17 and placed the remaining \$6,908 into a contingency account.

The net result of these changes increased the adopted operating budget to \$135,486,757, and the adopted General Fund appropriation to \$88,945,552. The FY 2008-09 budget numbers and all narrative in this document reflect the budget as adopted by City Council on June 24, 2008. By policy, however, the City Manager's Budget Message is included as it was presented with the Proposed Budget on May 13, 2008.

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 2008-09 Adopted Budget, which is the financial plan that will guide City operations over the next year.

The City of Asheville budget document is designed to emphasize service areas instead of organizational units or funds. Five major service areas are identified in the budget document: (1) Public Safety; (2) Environment & Transportation; (3) Culture & Recreation; (4) Community Development; and (5) General Government.

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 2008-09 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 2008-09 proposed 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 2008-09 revenue estimates.

Service Area Summaries - The next five sections present budget data for the major service areas. Detailed budget information is included for the City departments and divisions associated with each service category. Departmental goals, objectives and performance measures are presented in this section.

Capital Improvement Program/Debt Management - The long-range Capital Improvement Program (CIP) describes planned capital improvement projects and funding sources for the next six 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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CITY MANAGER'S BUDGET MESSAGE

May 13, 2008

Honorable Mayor Bellamy and City Council Members,

I am pleased to present to you the proposed City of Asheville annual budget for the fiscal year beginning July 1, 2008 and ending June 30, 2009. Through this document, we address the challenges and opportunities that confront Asheville and provide for the continuation of city services at no less than 2007-08 service levels, while also continuing to implement a number of new strategic initiatives that were launched in the previous fiscal year. An underlying principle of the recommended budget is to balance the constraints of the current economic slowdown with the need to provide quality municipal services at the lowest possible cost to Asheville taxpayers.

To achieve this goal, the recommended budget relies on budget balancing strategies that include maintaining expenditures at current levels wherever possible, reducing spending in non-critical areas, and re-engineering processes to reduce personnel expenditures in the General Fund. As a result, Asheville will be able to maintain a focus on core services, continued implementation of strategic programs, and support a stable and efficient workforce without increasing the property tax rate.

Background and Financial Trends

The FY 2008-09 budget process has proven challenging for the City due to several factors, some of which are directly related to cyclical economic trends and others that are long-term and structural in nature.

Short-Term Cyclical Economic Issues

The recent slowdown in national economic growth has created challenges for local governments in terms of realizing revenue projections while addressing rising commodity prices. Against this backdrop, the City of Asheville began the budget process with a significant shortfall in the General Fund. The City has experienced a reduction in the growth rate for both property and sales taxes, which combined make up 67% of the total General Fund revenue. Growth in property tax revenue has slowed to 2.5%, the slowest growth rate in four years. After growing by an average of 7.8% over the last four years, sales tax collections have only grown by 1.9% through the first seven months of FY 2007-08, with a similar growth rate forecasted for FY 2008-09.

On the expenditure side of the budget, the City is experiencing inflationary pressures in a number of key areas, including health care, fuel, and construction materials. The City was able to contain health care cost increases for a number of years through its wellness and disease management initiatives. However, costs began to increase in FY 2006-07, and these increases have continued into FY 2007-08. As a result, the City's contribution to health care in the FY 2008-09 budget is increased by \$1.5 million.

We successfully addressed the budget crunch brought on by these cyclical economic trends through a collaborative process of identifying cost savings, reducing expenditures and re-engineering processes without reducing services to the public. We employed several specific actions to balance the FY 2008-09 budget including:

- Re-engineering service models in key areas resulting in the elimination of 10 full-time positions in the General Fund;
- Reducing training budgets to defer non-essential training opportunities;
- Eliminating the manager's contingency; and
- Reducing line items for professional services and small capital purchases.

In addition to the operational savings outlined above, we were also able to reduce the pay-as-you-go contribution to capital by financing more of our vehicle replacements (taking advantage of lower interest rates) and by relying on land sale revenue to fund major land purchases. The FY 2008-09 budget also

CITY MANAGER'S BUDGET MESSAGE

includes fee adjustments to account for inflation and to increase cost recovery. Finally, we are attempting to manage our fleet expenses in light of the higher fuel prices by "right-sizing" our fleet and eliminating under-utilized vehicles. A list of some of the other cost savings initiatives and productivity improvements undertaken recently by City departments is included in Attachment A to the Manager's Message.

Long-Term Financial Outlook

Although Asheville is currently experiencing a slowdown in property tax growth, building permit and construction activity, especially in the commercial sector, remain strong. This data shows that Asheville continues to be one of the most desirable places to live and work in our region with continued growth as the center of employment, recreation, healthcare and other services in Western North Carolina. In addition, while projections show a decrease in sales tax growth over the next two years, historical trends point to an improvement in this rate in the next three to five year cycle. Together, this data provides evidence that while we may be experiencing an economic adjustment in the short term, Asheville will continue to benefit from consistent and steady growth in the coming years.

There are, however, additional long-term structural considerations that must be taken into account when planning for future fiscal years. Asheville's limited ability to access revenue sources outside of property taxes, combined with ongoing expenditures related to aging infrastructure, rising employee costs, decreasing federal grant revenues, and costs associated with addressing strategic goals designed to maintain and improve our overall quality of life, will require the City of Asheville to make ongoing and systemic budgetary tradeoffs. Recommended strategies to deal with these long-term issues include identifying a dedicated funding stream for capital improvements and specific funding options to address Council's goals; pursuing ongoing re-engineering and innovation initiatives; and evaluating core versus strategic services, and setting appropriate priorities. We will continue to discuss these long-term structural issues with Council and further define strategies to address them as we continue to update our long-range financial forecasts. Based on City Council direction, staff also plans to launch an in-depth review of the city's capital planning, including research on options for financing and prioritizing improvements, in summer 2008.

Strategic Initiatives

In March 2008, Asheville City Council adopted four strategic priorities for Fiscal Year 2008-09. Council's strategic plan states that the City of Asheville will be a city that is:

Affordable: The City of Asheville will offer a standard of living that is affordable and attainable for people of all income levels, life stages and abilities.

Green: Asheville will be the southeastern leader in clean energy and environmental sustainability while preserving and enhancing the city's natural beauty.

Safe: Asheville will be one of the safest and most secure communities when compared to similar cities.

Sustainable: Asheville will support a sustainable community and a sustainable city government through a strong commitment to infrastructure maintenance, capital improvements, long-term planning and fiscal responsibility.

Attachment B to the Manager's Message provides detailed information about programs and initiatives funded in this year's budget that directly support the organization's strategic priorities. During the last three years, Asheville City Council has led a strategic planning cycle that includes extensive opportunities for citizen input and feedback. Based on this process and the City Council's leadership, this recommended budget is designed to support our citizen's priorities and continue to enhance the quality of life in our community by funding the continuation or enhancement of strategic programs that were recently launched.

The key elements of the 2008-2009 proposed budget are outlined on the following pages.

CITY MANAGER'S BUDGET MESSAGE

General Fund Highlights

Revenues:

- The property tax revenue is the City's largest revenue source for the General Fund, comprising approximately 49% of the total revenue. Based on estimates from the Buncombe County Tax Assessor, staff has budgeted a 2.5% growth in property taxes for FY 2008-09. This growth rate is lower than the ten-year average growth rate of 3.3%.
- Revenue from charges for services shows a 10.8% increase. Based on recent trends, staff is budgeting \$375,000 more in employee contributions into the health care program. This revenue will be collected in the General Fund and transferred to the Insurance Fund. The budget also includes \$230,000 in additional revenue from proposed changes to the fire inspection fees. The budget also includes a \$360,000 increase in revenue from selling fuel to outside entities. This increase is tied directly to the increase in fuel prices.
- The City has seen its sales tax growth slow in FY 2007-08 as a result of the sluggish economy. Sales taxes growth through the first seven months of FY 2007-08 was only 1.9%, and as a result, sales tax revenue is expected to come in under budget by \$300,000 in FY 2007-08. For FY 2008-09, the North Carolina League of Municipalities has forecasted that statewide sales tax growth will be 1-2%. Staff is projecting that local conditions will be slightly better than the statewide forecast, and has therefore budgeted a 2.8% increase in sales taxes for FY 2008-09.
- Intergovernmental revenue shows an increase of 4.1% in 2008-09; this is primarily due to an increase in revenue from state utility taxes.
- License & permit revenue shows a 15.7% increase primarily due to the inclusion of \$200,000 from the new technology fee which Council approved in April. Revenue from this fee will be transferred to the capital budget to provide funding for technology improvements which will enhance the development review process for our customers.

<u>Revenue Sources:</u>	<u>2007-08</u>	<u>2008-09</u>	<u>Change From Prior Year</u>	
	<u>Budget</u>	<u>Proposed</u>	<u>in \$</u>	<u>in %</u>
Property Tax	42,308,832	43,357,175	1,048,343	2.5%
Intergovernmental	10,406,624	10,829,149	422,525	4.1%
Sales Taxes	17,116,370	17,592,167	475,797	2.8%
Other Taxes	300,000	330,000	30,000	10.0%
Charges For Service	9,394,820	10,413,281	1,018,461	10.8%
Licenses & Permits	4,344,166	5,026,280	682,114	15.7%
Investment Earnings	1,014,000	1,014,000	0	0.0%
Miscellaneous	269,550	303,500	33,950	12.6%
App. Fund Bal.	5,151,930	0	(5,151,930)	-100.0%
Total Revenue	<u>90,306,292</u>	<u>88,865,552</u>	<u>(1,440,740)</u>	<u>-1.6%</u>

Expenditures:

- The FY 2008-09 budget includes general fund expenditures that are 1.6% less the FY 2007-08 budget. However, when you subtract out the \$5.1 million in one-time expenses that were funded with fund balance in FY 2007-08, the general fund budget shows a 4.3% increase.

CITY MANAGER'S BUDGET MESSAGE

- Public Safety is the largest general fund service area, accounting for 41% of all general fund expenditures. Expenditures in this service area show a 9.0% increase in FY 2008-09. As with other service areas in the general fund that are personnel-intensive, most of this increase is due to higher employee health costs. The proposed budget includes six additional firefighter positions which will allow the Fire Department to reduce the amount that is spent on overtime. Public Safety personnel costs are also increasing due to market adjustments and step plan increases. The Police operating budget includes a \$165,000 increase in the City's payment to the County for its share of the Criminal Justice Information System (CJIS), and the Fire operating budget includes \$119,000 to pay the County for 911 emergency dispatch services.
- Environment & Transportation is the second largest service area in the general fund, representing 18% of the FY 2008-09 general fund budget. The budget for this service area shows a 2.2% increase. Personnel costs were held down in this service area through the elimination of five positions in Public Works and one position in the Transportation and Engineering Department. The budget also reflects the decision to begin charging the Parking and Stormwater Funds a portion of the General Fund Engineering Department's personnel costs in order to capture the time that staff devotes to these Enterprise Fund functions. For example, 25% of the Department Director's and administrative staff's costs will now be charged to the Parking Fund to reflect time spent on parking issues. In addition, a greater share of construction inspectors' costs will be charged to Stormwater to better capture the portion of their workload in stormwater.
- The Community Development service area shows a 4.2% decrease due to the removal of significant one-time costs for demolition expenses (\$353,000) and development of the affordable housing plan (\$50,000).
- Expenditures in the General Government service area are remaining flat, due in part to the removal of \$290,000 in one-time funding for the downtown master plan update. However, expenses were also held down through the elimination of four positions in the General Government area.
- The Culture & Recreation budget shows a 6.4% increase. As with Public Safety, most of this increase is due to higher employee health care costs and market adjustments. Operating costs were kept flat.
- Personnel costs, including both salaries and wages and fringe benefits constitute 63% of the FY 2008-09 general fund budget. The personnel budget includes a 3% average merit pay increase for City employees and funding for the third year of the market-based compensation plan and the public safety step plan. The fringe benefit budget also includes a \$1.3 million increase in the general fund's contribution to the employee health care program. Personnel cost increases were held down through the elimination of ten FTE positions in the general fund.
- The budget for operating costs is remaining flat in FY 2008-09. Departments were able to maintain flat operating budgets by removing one-time costs from their budgets and by reducing items such as training & travel and professional services. This was achieved despite significant inflation in a number of key areas, such as fuel and materials cost for asphalt and concrete. For example, fuel costs are currently 54% higher than at this point in the prior fiscal year. One way the City is managing this increase in fleet costs is by "right-sizing" our fleet and eliminating under-utilized vehicles.
- General fund debt service shows a net decrease of \$500,000. The City is paying off approximately \$1.0 million in debt in FY 2007-08. However, the City will issue around \$500,000 in new debt in FY 2008-09 to fund \$1.8 million in vehicle replacement. The City will take advantage of lower interest rates to finance all of the vehicle replacements that are budgeted in the general fund in FY 2008-09.

CITY MANAGER'S BUDGET MESSAGE

- \$2.8 million is budgeted for the direct purchase of capital in FY 2008-09, which represents a significant reduction from the prior year. The FY 2007-08 budget included a \$3.8 million one-time appropriation from fund balance for capital. Factoring out this one-time funding, the ongoing budget for capital shows a \$1.1 million decrease. Part of this decrease is due to the fact that departmental small capital budgets were reduced by 50% in order to help balance the general fund budget.
- Interfund transfers are budgeted to increase by a net amount of \$242,000. The general fund subsidy to the Transit Fund is showing a \$290,000 increase. With transit grant revenue remaining flat and operating costs increasing, a larger general fund subsidy is required to balance the Transit Fund budget. The subsidies to the Civic Center and Festivals funds are decreasing in FY 2008-09. A general fund subsidy of \$75,000 is also required to balance the Golf Fund budget in FY 2008-09.

<u>Expense Category:</u>	<u>2007-08</u>	<u>2008-09</u>	<u>Change From Prior Year</u>	
	<u>Budget</u>	<u>Proposed</u>	<u>in \$</u>	<u>in %</u>
Salaries & Wages	39,913,418	42,242,338	2,328,920	5.8%
Fringe Benefits	12,190,624	13,734,183	1,543,559	12.7%
Operating Costs	21,754,318	21,624,484	(129,834)	-0.6%
Interfund Transfers	2,560,685	2,802,562	241,877	9.4%
Debt Service	6,206,480	5,709,822	(496,658)	-8.0%
Capital Outlay	7,680,767	2,752,163	(4,928,604)	-64.2%
Total Expenditures	90,306,292	88,865,552	(1,440,740)	-1.6%

Fund Balance Analysis

In the City's general fund, at the end of FY 2005-06, fund balance exceeded 30%, which was well above the 15% minimum level prescribed by City policy. The strategic decision was made to begin appropriating some of this fund balance to address the City's major capital needs and to pay for other one-time initiatives. As mentioned earlier in the Manager's Message, the FY 2007-08 budget included a \$5.1 million fund balance appropriation that is currently being used to fund a number of one-time initiatives and capital projects. Based on current year-end revenue and expenditure estimates for the general fund for FY 2007-08, staff is projecting that available fund balance will equal to 19.1% of estimated year-end expenditures. As mentioned above, the City policy is to maintain an available fund balance equal to at least 15% of general fund expenditures. With the current slowdown in the economy and no clear indication when growth may return to normal levels, coupled with the fact that Asheville faces some long-term structural budget issues, such as the inability to charge differential water rates, declining grant revenue, and an aging infrastructure, staff is recommending that no fund balance be appropriated with adoption of the FY 2008-09 budget.

Other Funds

Water Resources Fund

- The FY 2008-09 budget includes a 4% increase in water rates which will generate approximately \$800,000 in revenue.
- The Capital Outlay category includes funding for mandatory capital improvement projects, rolling stock, and small capital equipment. The budget includes a \$3.5 million fund balance appropriation to fund the Brevard Road NCDOT project.

CITY MANAGER'S BUDGET MESSAGE

- The debt service for FY 2008-09 is 21% of the total budget. The increase in debt service is due to the recent issuance of \$40 million in revenue bonds for capital improvements.

Parking Services Fund

- Debt service on the existing decks is being paid off in FY 2007-08. The FY 2008-09 budget includes \$500,000 to pay what is expected to be a half-year's debt service payment on a new \$18.5 million Biltmore Avenue parking deck, which is budgeted in the Parking Fund's Capital Improvement Program (CIP). The deck will be financed with a combination of tax exempt and taxable bonds.
- The Parking Fund's CIP also includes \$532,000 to fund major repair and restoration work on the Wall Street garage, which is now twenty years old. This project will be funded with a transfer from the Parking operating fund. The Parking operating fund will also provide \$50,000 to fund wayfinding signs and \$34,000 for security cameras in the garages.
- The 2008-09 budget continues the \$248,116 transfer to the Transit Services Fund.

Transit Services Fund

- Increases in State grant funding are offset by a \$160,000 decrease in funding from the federal government. As a result the federal/state grant revenue category shows almost no increase over FY 2007-08.
- Operating costs show a \$340,000 increase due to higher contract costs for labor and increasing fuel prices.
- As a result of the higher operating costs and the lack of growth in grant funding, the subsidy required from the General Fund shows an increase of \$290,000. Also, in order to balance the Transit Fund budget, \$100,000 that had been previously set aside for capital improvements to the transit system will be transferred back to support operations. The proposed budget also continues the \$248,116 transfer from the Parking Services Fund.

Stormwater Fund

- The revenue budget for utility charges is adjusted to reflect actual collections from FY 2006-07.
- Six positions that were added mid-year in 2007-08 are fully funded in the FY 2008-09 budget. These positions include three construction inspectors, two plan reviewers and an administrative support position. The addition of these positions has allowed the utility to enhance its development review, inspection and enforcement services.

Civic Center Fund

- The budget for operating revenue is adjusted upward by 11.6% to reflect revenue trends observed over the last two fiscal years.
- Operating costs were kept flat to help balance the budget.
- With operating revenues adjusted upward and operating costs kept flat, the General Fund subsidy was reduced by \$33,200.

CITY MANAGER'S BUDGET MESSAGE

Festivals Fund

- A general fund subsidy of \$162,675 is included to support the costs of the Festivals staff. This subsidy is reduced from FY 2007-08 because more cultural arts staff are being directly accounted for in the General Fund.

Golf

- The proposed budget includes additional revenue from increases to the passholder fees and greens fees that Council approved in April.
- The proposed expenditure budget includes cost increase for personnel and utilities.
- Even with the Council-approved fee increases, a \$75,701 General Fund subsidy is required to balance the FY 2008-09 budget.

Conclusion

Each year, the City of Asheville's Finance Department coordinates the city's budget process, and I want to thank the staff in this department and recognize, with sincere appreciation, the assistance and cooperation of our department directors and employees for their many hours of hard work and contributions to this budget. I want to specifically recognize the efforts of Chief Finance Officer Ben Durant and the staff in the Budget and Research Division including Tony McDowell, Sandy Bumgarner and Alina Law.

In closing, this recommended budget supports City Council's strategic priorities for Asheville while maintaining core services and supporting our workforce without increasing the property tax rate. I am proud that the City of Asheville continues to carry forward the community's vision for preserving and enhancing our quality of life while strategically planning for how we will continue to manage economic changes, community growth and evolving needs. I look forward to another successful year where Asheville continues to be recognized as one of the best places to live, work and recreate in the country. I also look forward to the upcoming budget discussions with you and the citizens of Asheville as we move forward with this FY 2008-09 financial plan.

Sincerely,


Gary W. Jackson
City Manager

CITY MANAGER'S BUDGET MESSAGE

ATTACHMENT A

Cost Savings Initiatives & Productivity Improvements

As noted in the City Manager's Budget Message, operating costs were held in check using various budget balancing strategies. This ability to hold the line on costs for existing programs and services is due in large part to cost savings initiatives and productivity improvements that departments have implemented over the last few years. The bulleted list below provides a sampling of some of these initiatives.

- The Human Resources Department coordinated each promotional/out-of-class drug screen to eliminate duplicate testing and further improved the new employee process by providing OSHA health screenings during new employee orientation for applicable positions making us 100% compliant and saving over 500 man-hours per year. These changes have produced an estimated cost savings of \$11,000
- New light fixtures will be installed in the Civic Center lobby in FY 2008-09 producing \$2,000/year in savings. Also, the Civic Center chiller purchase in early FY 2008-09 will save \$85,000/ year. The arena roofing project also has the potential to greatly decrease utility and maintenance costs. Anticipate entering into Phase II of the process in early FY 2008-2009.
- By transitioning from 800 mhz radio modems to the use of cellular data card, the City realized an estimated savings of \$125,000 over a 4 year period. This transition has also increased the speed of access dramatically, where mug shots that took a few minutes to download using the 9600 baud radio modems now only take a few seconds.
- Information Technology Services (ITS) re-engineered long distance to utilize more modern (VOIP) technology, saving approximately \$40,000 over a 4 year period. ITS also re-engineered the way we handle fraudulent and unsolicited email (Spam), to both provide better service and quicker updates. Savings of approximately \$24,000 will be realized over a 4 year period.
- The Public Works Department is using alternative disposal/composting sites during loose leaf season to reduce tipping fee costs. Loose leaves are delivered directly to residents per request, avoiding tipping fees of \$8,000.
- The City's Fleet Division has added a total of 10 compressed natural gas (CNG) vehicles since inception (18 months) resulting in fuel savings estimated at \$14,310.
- The Water Department has saved an estimated \$200,000 by using the Asset Management Program and Best Business Case Evaluations on all projects to determine best value, customer impact, long term sustainability, fire protection upgrades, improved pressure and flow, and to determine life cycle cost.
- The Water Department saved money by utilizing in-house staff to provide construction project management for the revenue bond projects as opposed to contracting with a third party for project management. The Water Department also expanded the AMR (automated meter reading) devices program, which will enable the department to use current employees in other growth areas.
- The Planning Department continues to conduct numerous studies utilizing existing staff instead of consultants. 2007 studies included: the Shiloh Neighborhood Plan, the Merrimon Avenue Zoning Study, and the Haywood Rd. Zoning Study. Savings are estimated at over \$100,000.

CITY MANAGER'S BUDGET MESSAGE

- The Planning Department also secured equipment and developed a process for electronic submittal and review (still testing). This new system will save time and money for both the City and the development community. The Department has also implemented a new code enforcement notification and tracking system, which has significantly improved productivity.
- The Fire & Rescue Department implemented services from stations 10 and 11, resulting in improved service delivery levels and in the process, consolidated engine 5 and ladder 5 to most efficiently re-deploy our resources. Service delivery has also been improved by completely revamping automatic aid agreements with all of our neighboring fire departments. Use of these departments' resources dramatically reduces the city's cost in equipment and personnel. Finally, the Fire Department continues to partner with AB Tech for training, which results in over \$100,000.00 annual savings.
- The Fire & Rescue Department has also stationed fire marshals in the physical areas that they serve to reduce fuel and labor costs and are currently implementing fuel cards to reduce fuel costs when re-fuelling fire apparatus. Firefighters have also taken over the janitorial duties in an additional portion of the Municipal Building to reduce costs and eliminate a cleaning contract. Also, smaller response vehicles and hybrid vehicles are being used where possible.
- The Transportation & Engineering Department restructured the Transit and Parking services divisions to create a Transportation Management Services Division to coordinate all transportation planning functions. These functions include public transportations, bike planning, transportation demand management, planning for sidewalks, coordination with taxi cab providers and trolley services.
- Using a \$2.1 million grant from the state, the Transit Division will replace five buses, which will improve efficiency and reduce maintenance costs.

CITY MANAGER'S BUDGET MESSAGE

ATTACHMENT B

Strategic Initiatives

Affordable: The City of Asheville will offer a standard of living that is affordable and attainable for people of all income levels, life stages and abilities.

- The City of Asheville remained committed to holding the line on property taxes in FY 2008-09 to support our citizen's ability to affordably live and work in the community. No property tax increase is recommended in this budget.
- This year, the city's Affordable Housing Task Force will complete its work on a comprehensive housing affordability plan for Asheville. A recommended plan will be coming forward for Council consideration in early FY 2008-09.
- The FY 2008-09 budget recommends adding \$600,000 in annual General Fund support for the Housing Trust Fund, a dedicated low-interest loan pool set aside for the development of affordable housing.
- FY 2008-09 will mark the first full year that the Asheville-Buncombe Homeless Initiative will operate as an in-house city program. As part of the city's commitment to actively implement the 10-year Plan to End Homelessness in Asheville and Buncombe County, more than \$655,000 in CDBG and HOME funds will support 13 new or continuing programs that will significantly help the homeless or prevent homelessness.
- The City of Asheville remains committed to working with the Housing Authority of the City of Asheville to pursue the redevelopment of public housing through the federal HOPE VI program or a similar initiative in FY 2008-09.
- The West Riverside Operation Weed & Seed Initiative continues to move toward the overall goal of improving quality of life for residents of the West Riverside area. The program will continue its partnership with resource providers who serve more than 200 residents with tutoring/homework assistance, financial planning, small business development and youth programming.

Green: Asheville will be the southeastern leader in clean energy and environmental sustainability while preserving and enhancing the city's natural beauty.

- Fiscal Year 2008-09 will be the first full year that includes a position dedicated to energy coordination. In 2008-09, this position will be responsible for developing a comprehensive energy management plan for the organization.
- The proposed FY 2008-09 budget includes \$25,000 to fund new initiatives in the sustainability/energy program.
- FY 2008-09 will continue the City's commitment to an alternative fuels program for its fleet, maintaining a switch to ethanol and biodiesel in order to reduce vehicle emissions and petroleum consumption.
- The FY 2007-08 General Fund CIP included \$3.2 million in funding for vehicle replacement, which will also have a substantial positive impact on the City's emissions production and petroleum consumption.
- Five hybrid buses will be in operation during FY 2008-09 due to a \$100,000 appropriation made during the middle of the last fiscal year.
- The City's downtown sanitation crew, which provides for expanded seven-day a week garbage collection, as well as the city's graffiti removal pilot program will continue into FY 2008-09.

Safe: Asheville will be one of the safest and most secure communities when compared to similar cities.

- The FY 2007-08 budget included funding to add two additional beats in the City. In FY 2008-09, the Asheville Police Department will graduate between 25-35 new police officer cadets. The FY 2008-09 budget also includes full-year funding for two gang investigators.

CITY MANAGER'S BUDGET MESSAGE

- In FY 2007-08, the City, at a cost of \$70,000, entered into an Emergency Services Contract with the Reems Creek Fire Department to improve emergency response times in the Beaverdam area. Funding for this contract is continued in FY 2008-09.
- The City of Asheville implemented an improved Citizens' Emergency Notification System. The Code Red System allows citizens to register for emergency notification via cellular phone in addition to traditional home telephone notifications.
- The City of Asheville will continue its commitment to improve security systems at city facilities with \$200,000 budgeted for related capital improvements.
- The FY 2008-09 budget includes additional funding in the amount of \$284,000 to continue the City's contractual obligations with Buncombe County for the Criminal Justice Information System (CJIS) and emergency 911 dispatch.

Sustainable: Asheville will support a sustainable community and a sustainable city government through a strong commitment to infrastructure maintenance, capital improvements, long-term planning and fiscal responsibility.

- The FY 2007-08 budget included \$615,000 in funding for property acquisition and project implementation for the Hominy Creek and French Broad River greenway projects. Work is continuing on those two projects. The FY 2008-09 budget continues the City's commitment to greenway development by providing \$345,500 for construction of Phase II of the Reed Creek Greenway. To aid in planning for future greenway projects, the Parks & Recreation FY 2007-08 budget also included \$120,000 to update the City's Parks & Greenways Master Plan. The Master Plan is currently nearing completion, and staff will be bringing the plan to Council for approval in early 2008-09.
- The FY 2007-08 Parks & Recreation CIP also provided \$500,000 in funding for roof replacement at the Montford, East Asheville and Oakley recreation centers, maintenance on the City's swimming pools, and replacement of the irrigation system at the Municipal Golf Course. Work on all three of these projects is underway and will continue into FY 2008-09.
- To help guide future development in the downtown area, the FY 2007-08 budget included \$170,000 to update the Downtown Master Plan. The team managing Phase I of this project held a kick-off meeting last week on May 8, 2008. A series of public meetings is scheduled on this project in the next several months, with the final plan expected to be brought to City Council in October 2008.
- In 2007, City Council approved a \$40 million revenue bond for water line repair and replacement projects as part of Asheville's commitment to upgrading aging infrastructure and ensuring reliable water service. By financing repairs through a revenue bond, the city is able to complete repairs at a much faster rate. In March 2008, the City kicked off a series of major water line replacement projects. A total of 11 projects will be completed in 2008-2009.
- The FY 2007-08 CIP included \$1.3 million to replace the City's enterprise software system (H.T.E.). After many months of preparation by and collaboration between City staff, the Business Technology Improvement Program team issued an enterprise software replacement RFP. To date, sixteen vendors have submitted an Intent to Propose. The bid opening occurred on May 7, 2008. Staff anticipates that vendor selection will take place in the first quarter of FY 2008-09 and implementation will begin some time in early calendar year 2009.
- The FY 2008-09 budget continues the City's commitment to repair aging infrastructure by continuing to provide \$400,000 for capital improvements at the Civic Center and \$952,300 for street and sidewalk maintenance.
- The City of Asheville continues its partnership with the Tourism Development Authority in FY 2008-09 to implement a community-wide wayfinding program. The Parking operating fund includes a \$50,000 allocation to fund wayfinding and improved directional signage in city parking decks.

ORGANIZATIONAL STRUCTURE

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 are:

- Transit Services Fund
- Parking Services Fund
- Water Resources Fund
- Civic Center Fund
- Festivals Fund
- Stormwater Utility Fund
- Golf Fund

Capital Funds

Capital Funds are used to account for capital replacements and improvements. 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 Funds include:

- General Capital Projects Fund
- Street and Sidewalk Improvement Fund
- Community Development Fund
- Water Major Capital Improvement Fund
- HOME Fund
- Civic Center Capital Fund
- Parking Services Capital Fund
- Transit Services Capital Fund

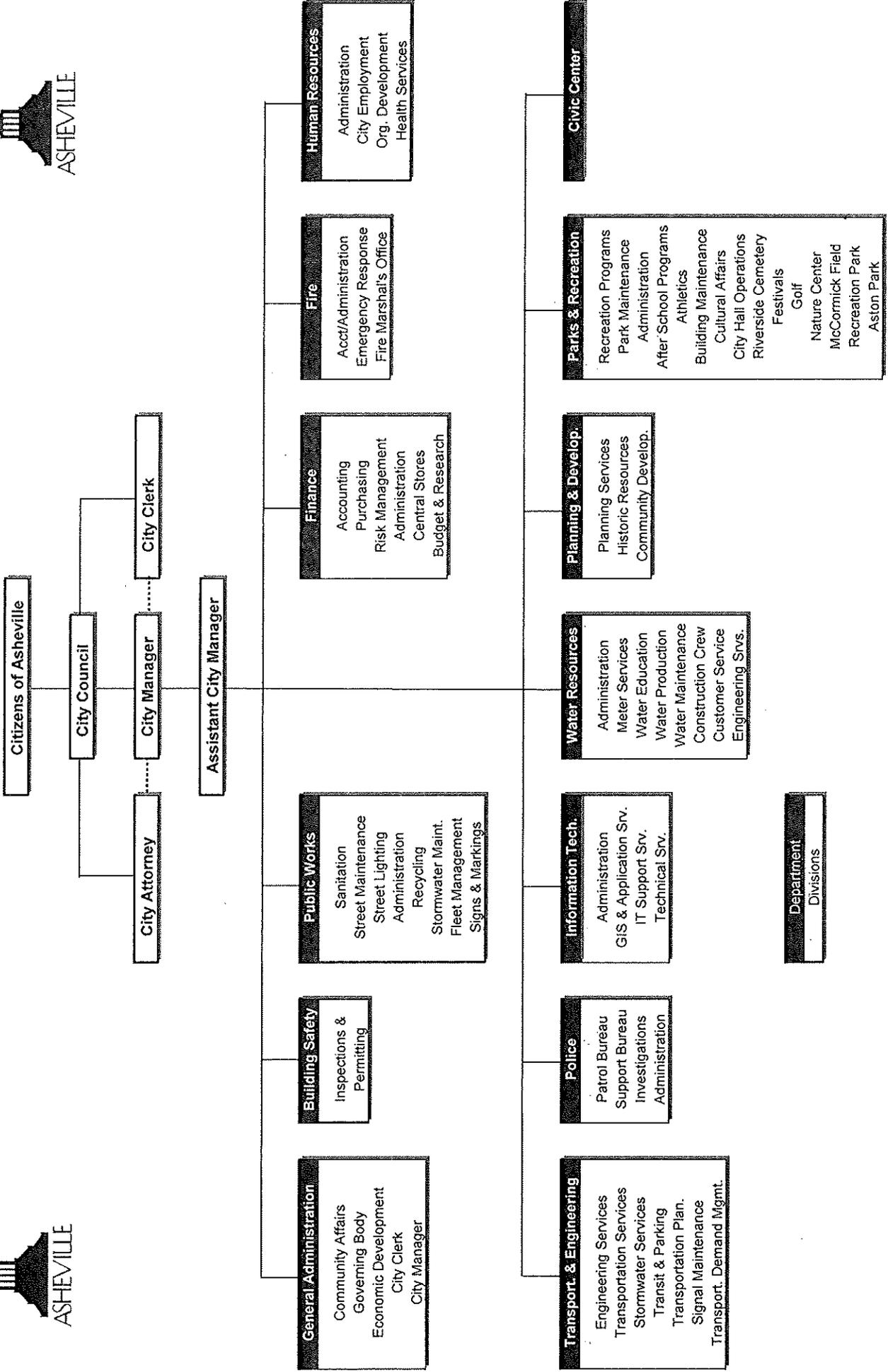
How Funds Interact

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 2008-09 budget includes a transfer from the General Fund to the Civic 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 four divisions: administration, criminal investigations, support bureau, and patrol bureau. Often within each division there are smaller units responsible for performing specific activities. For example, within the police patrol division is the K-9 patrol team and the anti-crime team.

A City organizational chart is presented on the following page.



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 2008-09 Budget Calendar is displayed on pages 17-18.

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 updates the City's general fund forecast annually to adjust 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. The Council's directives set the tone for the development of the annual budget.

Departmental Budget Development

Departments begin developing their budget requests in January. 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 & Research Office:

- *Low Priority Services.* Each department is required to submit a list of existing programs and services that could be eliminated, reduced or scaled back. 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. Some or all additional revenue generated from new or enhanced fees may also be used as a way to maximize departmental target allowances.
- *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 PROCESS

City Manager Review

Once the Budget Office has completed its technical review of the budget, department directors meet with the City Manager in team sessions 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 departmental budget not affecting the total departmental appropriation or fund total. 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: 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. One, 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 2008-09 BUDGET SCHEDULE

<u>Event</u>	<u>Date</u>	<u>Topics</u>
Begin User Fee Process	<i>Wednesday Oct. 31, 2007</i>	Request Forms Distributed
Begin CIP Process	<i>Thursday Nov. 15, 2007</i>	Request Forms Distributed
User Fee Requests Due to Budget	<i>Wednesday Nov. 28, 2007</i>	User Fee Requests returned to Budget
CIP Requests Due to Budget	<i>Thursday Dec. 20, 2007</i>	CIP Requests sent to Budget
Operating Budget Process Begins	<i>Thursday Jan. 3, 2008</i>	Budget Instructions, H.T.E. Worksheets, Position Budget & Performance Measurement Worksheets Distributed
Outside Agency Applications Sent	<i>Monday Jan. 7, 2008</i>	Outside Agency applications sent
City Council Annual Retreat	February 4-5, 2008	Budget Status/Projections Goal Setting & Other Issues
Complete Departmental Budget Requests	<i>Monday Feb. 4, 2008</i>	Line Item and Position Budgets Entered Performance Measures & Narrative Submitted
Budget Office Technical Reviews with Departments	<i>Feb. 5 through Mar. 4, 2008</i>	Departments review budgets with budget office
City Manager & Management Team Review	<i>Mar. 5 through Mar. 31, 2008</i>	Departments present budgets to City Manager
Revenue & Finance Committee/Fees & Charges	Tuesday Mar. 13, 2008 & Tuesday Apr. 1, 2008	Staff Presents Recommendations
Revenue & Finance Committee/Outside Agency Contracts	Wednesday Apr. 30, 2008	Staff Presents Requests & Recommendations
Budget Finalization	<i>April 1 through April 25, 2008</i>	Final adjustments to budget
City Council Budget Preview	Tuesday Apr. 15, 2008	Preview of City Manager's Proposed Budget
Budget Presentation/Set Public Hearing	Tuesday May 13, 2008	Summary of overall budget & key organizational issues
Budget Worksession	Tuesday May 20, 2008	Budget deliberations and decisions
Budget Worksession	Tuesday May 27, 2008	Budget deliberations and decisions
Public Hearing	Tuesday June 10, 2008	Citizen review of proposed budget
Budget Worksession	Tuesday June 17, 2008	Final Budget Decisions
Budget Adoption	Tuesday June 24, 2008	Adopt FY 2008-09 Budget

FINANCIAL POLICIES

A. Revenue Policy

1. As provided by the North Carolina Local Budget and Fiscal Control Act, estimated revenue from the Ad Valorem Tax levy will be budgeted as follows:
 - a) Assessed valuation shall be estimated based on historical trends and growth patterns in a conservative manner.
 - b) The estimated rate of collection of the levy shall not exceed the rate of the preceding fiscal year.
 - c) The tax rate shall be set each year based on the cost of providing general government services. Rates shall be adjusted periodically, but shall not result in revenues exceeding a 5% annual growth in Ad Valorem Tax revenues excluding growth in valuation or an increased collection rate.
2. The City sets fees that will maximize user charges in lieu of Ad Valorem Taxes for services that can be individually identified and where the costs are directly related to the level of service:
 - a) To the extent possible, user charges for water, sewer and downtown parking will be sufficient to finance all operating, capital and debt service costs for said services.
 - b) The Civic Center will operate in a manner such that 90% of budgeted operating costs will be financed through user charges. A profit and loss statement will be prepared for each event for evaluation of cost recovery.
 - c) Recreational programs will be funded from user charges for all programs for which it is practical to charge. User charges should represent at least 10% of the total recreational budget.
 - d) Building and code enforcement activities will be funded through user charges in the form of building permits, inspections, and plan review fees. These fees should represent 100% of operating costs.

e) To the extent practical, any general city service, which is of a higher level or benefits specific recipients, shall be supported by user fees designed to recover costs from such recipients.

f) Where user fees are based on cost recovery, said costs shall be reviewed annually and fees adjusted as practicable.

3. The City will project revenues for five years and will update the projections annually.

B. Operating Budget Policy

1. Current operating revenues will be sufficient to support current operating expenditures. Fund balance appropriated shall not exceed an amount that management can reasonably expect to save during the year.

2. Debt or bond financing will not be used to finance current expenditures.

3. The City will begin to develop a program to 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. The City will establish a risk management program to provide for protection against loss and a reduction in exposure to liability. The City will investigate the establishment of a self-insurance program to provide for protection against major loss in excess of an appropriate amount with excess coverage being purchased to cover catastrophic loss. The establishment of a comprehensive safety program will also be investigated to minimize the City's exposure to liability and thereby reduce the number of claims filed.

6. The City will maintain a capital reserve fund to replace all vehicles and other capital outlay items with a life of more than one year and a value of \$7,500 or more. Revenue equivalent to 7.0 cents on the tax rate and 60% of one-half cent sales tax will be appropriated annually to this fund.

FINANCIAL POLICIES

7. The City will maintain a street & sidewalk reserve fund to provide for upgrading the City's street, sidewalk, and storm drainage systems. Revenues equivalent to 4.1 cents on the tax rate and Powell Bill revenues will be appropriated annually to this reserve.
8. It is the City's policy not to fund requests from outside organizations which provide social services or services which are County-wide in scope.
9. It is the City's policy that all general fund balance exceeding 15% of expenditures shall be earmarked for capital reserve purposes.
10. It is the City's policy that the operating budget be prepared in accordance with Generally Accepted Accounting Principles.

C. Capital Improvement Policy

1. The City will update and readopt annually a six-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," to ensure that the capital items requested meet the future growth needs for the City.
3. Operating expenditures will be used to maintain the Capital Improvements Program and provide all salaries, operating costs, and small capital outlay required.

D. Accounting Policy

1. The City will establish and maintain the accounting systems according to the North Carolina Local Budget and Fiscal Control Act.
2. 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.

3. Full disclosure will be provided in the financial statements and bond representations.
4. Financial systems will be maintained to monitor expenditures and revenues on a monthly basis.
5. All revenue collections will be consolidated under the Director of Finance and be audited at least annually.
6. The City's annual financial report will be prepared according to the standards necessary to obtain the Certificate of Achievement of Excellence in Financial Reporting from GFOA and submitted each year for the recognition.
7. 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.

E. Debt Policy

1. Capital projects financed through the issuance of bonds shall be financed for a period not to exceed the expected useful life of the project.
2. The general obligation debt of the City of Asheville will not exceed 8% of the assessed valuation of the taxable property of the City.
3. Total debt service on tax-supported debt of the City will not exceed 15% of total general government operating revenue.
4. Interest, operating, and/or maintenance expenses will be capitalized only for facilities of enterprise activities and will be strictly limited to those expenses incurred prior to actual operation of the facilities.
5. The City will maintain its financial condition so as to maintain a minimum AA bond rating.
6. The City's debt policy will be comprehensive and the City will not knowingly enter into any contracts creating significant unfunded liabilities.

FINANCIAL POLICIES

F. Reserve Policy

1. The City will maintain an unallocated fund balance to be used for unanticipated emergencies of 15% of the general operating budget (excluding capital outlay). These funds will be used to avoid cash-flow interruptions, generate interest income, eliminate need for short-term borrowing, and assist in maintaining an investment-grade bond rating.
2. The City will establish a contingency reserve to provide for unanticipated expenditures of a nonrecurring nature or to meet unexpected increases in service delivery costs. This reserve will be budgeted at 1.5% of the general fund revenues estimated for that fiscal year.
3. The City will maintain a two-to-one ratio of total current assets over total current liabilities in all enterprise funds.

OPERATING BUDGET SUMMARY: ALL FUNDS

BUDGET SUMMARY BY FUND

FUND SUMMARY

	2005-06 Actual	2006-07 Actual	2007-08 Budget	2008-09 Adopted
<u>Revenues:</u>				
General Fund	79,802,856	86,335,365	90,306,292	88,945,552
Water Resources Fund	24,409,889	31,437,503	30,349,390	35,371,109
Transit Services Fund	3,794,840	4,637,865	4,969,837	5,395,260
Civic Center Fund	1,919,559	2,052,530	1,958,698	2,103,414
Parking Services Fund	2,473,601	2,927,021	3,594,000	3,099,700
Golf Fund	915,852	896,252	1,041,500	1,164,701
Stormwater Utility Fund	2,569,404	3,073,936	3,033,404	3,304,383
Festivals Fund	<u>997,195</u>	<u>887,044</u>	<u>1,192,928</u>	<u>1,107,681</u>
Total	116,883,193	132,247,516	136,446,049	140,491,800
Less Interfund Transactions	(4,108,948)	(4,406,566)	(4,961,148)	(5,005,043)
Net Revenue	<u>112,774,245</u>	<u>127,840,950</u>	<u>131,484,901</u>	<u>135,486,757</u>
<u>Expenditures:</u>				
General Fund	74,905,581	81,735,181	90,306,292	88,945,552
Water Resources Fund	22,177,805	30,089,287	30,349,390	35,371,109
Transit Services Fund	3,836,715	4,289,875	4,969,837	5,395,260
Civic Center Fund	1,919,559	1,972,880	1,958,698	2,103,414
Parking Services Fund	1,559,927	1,893,523	3,594,000	3,099,700
Golf Fund	877,010	953,622	1,041,500	1,164,701
Stormwater Utility Fund	2,025,708	2,269,157	3,033,404	3,304,383
Festivals Fund	<u>1,188,846</u>	<u>1,310,166</u>	<u>1,192,928</u>	<u>1,107,681</u>
Total	108,491,151	124,513,691	136,446,049	140,491,800
Less Interfund Transactions	(4,108,948)	(4,406,566)	(4,961,148)	(5,005,043)
Net Expenditure	<u>104,382,203</u>	<u>120,107,125</u>	<u>131,484,901</u>	<u>135,486,757</u>

OPERATING BUDGET SUMMARY: ALL FUNDS

BUDGET SUMMARY BY FUND

Sources of Funds:

	General Fund	Water Resources	Transit Services	Civic Center	Stormwater Utility	Parking Services	Festivals	Golf	All Funds
Property Tax	43,437,175	0	0	0	0	0	0	0	43,437,175
Charges For Service	10,413,281	30,974,000	796,755	1,580,025	2,707,383	0	929,306	1,089,000	48,489,750
Intergovernmental	10,829,149	0	2,350,652	0	0	0	0	0	13,179,801
Local Option Sales Tax	17,592,167	0	0	0	0	0	0	0	17,592,167
Other Taxes	330,000	0	0	0	0	0	0	0	330,000
Licenses & Permits	5,026,280	0	333,540	0	287,000	0	0	0	5,646,820
Investment Earnings	1,014,000	800,000	0	55,000	30,000	50,000	700	0	1,949,700
Miscellaneous	303,500	39,550	0	70,400	0	3,049,700	0	0	3,463,150
Other	0	0	348,116	0	280,000	0	15,000	0	643,116
General Fund Subsidy	0	0	1,566,197	397,989	0	0	162,675	75,701	2,202,562
Appropriated Fund Balance	0	3,557,559	0	0	0	0	0	0	3,557,559
Total Revenue	88,945,552	35,371,109	5,395,260	2,103,414	3,304,383	3,099,700	1,107,681	1,164,701	140,491,800
Less: Interfund Transactions									(5,005,043)
Net Revenue									135,486,757

Uses of Funds:

	General Fund	Water Resources	Transit Services	Civic Center	Stormwater Utility	Parking Services	Festivals	Golf	All Funds
Salaries & Wages	42,242,338	5,849,869	131,149	900,444	1,464,339	614,840	124,491	507,274	51,834,744
Fringe Benefits	13,734,183	2,115,495	41,050	294,843	467,744	213,742	39,420	174,127	17,080,604
Operating Costs	21,704,484	8,765,701	5,223,061	908,127	867,000	869,779	943,770	483,300	39,765,082
Interfund Transfers	2,802,562	0	0	0	0	248,116	0	0	3,050,678
Debt Service	5,709,822	7,648,970	0	0	150,000	500,000	0	0	14,008,792
Capital Outlay	2,752,163	10,991,074	0	0	355,300	653,223	0	0	14,751,760
Total Expenditure	88,945,552	35,371,109	5,395,260	2,103,414	3,304,383	3,099,700	1,107,681	1,164,701	140,491,800
Less: Interfund Transactions									(5,005,043)
Net Expenditure									135,486,757

BUDGET SUMMARY - EXPENDITURES

<u>Service Area</u>	2005-06	2006-07	2007-08	2008-09
Departments	Actual	Actual	Budget	Adopted
<u>General Government</u>				
Finance	4,681,643	5,717,640	2,531,916	2,642,397
Information Technology	2,580,204	1,788,627	2,229,306	2,302,182
General Administration	1,481,262	1,780,402	2,217,765	1,886,512
Legal Services	569,597	502,051	595,718	624,864
Human Resources	923,511	1,028,830	1,501,499	1,545,062
Health Care Tran. (Employee Share)	**	**	2,425,000	2,800,000
Nondepartmental	909,373	1,511,482	1,392,397	1,140,580
Total General Government	11,145,590	12,329,032	12,893,601	12,941,597
<u>Public Safety</u>				
Police	14,804,354	16,251,889	17,917,119	19,712,616
Fire & Rescue	13,102,709	14,450,624	15,407,781	16,613,560
Nondepartmental	475,233	314,213	342,749	376,629
Total Public Safety	28,382,296	31,016,726	33,667,649	36,702,805
<u>Environment & Transportation</u>				
Water Resources Fund	22,177,805	30,089,287	30,349,390	35,371,109
Public Works	9,953,850	10,202,154	11,421,816	12,078,348
Engineering	1,781,234	1,814,662	2,158,712	1,600,030
Transit Services Fund	3,836,715	4,289,875	4,969,837	5,395,260
Parking Services Fund	1,559,927	1,893,523	3,594,000	3,099,700
Stormwater Utility Fund	2,025,708	2,269,157	3,033,404	3,304,383
Interfund Transfers	2,069,438	2,238,896	2,267,865	2,518,497
Total Environ. & Transportation	43,404,677	52,797,554	57,795,024	63,367,327
<u>Culture & Recreation</u>				
Parks, Rec. & Cultural Affairs	7,926,607	8,337,829	9,176,288	9,857,088
Civic Center Fund	1,919,559	1,972,880	1,958,698	2,103,414
Golf Fund	877,010	953,622	1,041,500	1,164,701
Festivals Fund	1,188,846	1,310,166	1,192,928	1,107,681
Interfund Transfers	548,137	413,340	685,120	636,365
Nondepartmental	493,106	316,295	17,500	17,500
Total Culture & Recreation	12,953,265	13,304,132	14,072,034	14,886,749
<u>Community Development</u>				
Building Safety	1,911,813	2,084,331	2,828,101	2,595,832
Planning & Development	1,306,992	1,509,865	1,804,830	1,880,068
Housing Trust Fund	600,000	600,000	600,000	600,000
Nondepartmental	247,277	176,575	293,195	279,100
Total Community Development	4,066,082	4,370,771	5,526,126	5,355,000
Capital Reserve Funding	3,777,926	5,174,287	6,285,135	1,528,500
General Debt Service	4,761,315	5,521,189	6,206,480	5,709,822
TOTAL BUDGET	108,491,151	124,513,691	136,446,049	140,491,800
Less: Interfund Transactions	(4,108,948)	(4,406,566)	(4,961,148)	(5,005,043)
NET BUDGET	<u>104,382,203</u>	<u>120,107,125</u>	<u>131,484,901</u>	<u>135,486,757</u>

** Accounted for in the Finance Department prior to FY 2007-08.

BUDGET SUMMARY - EXPENDITURES

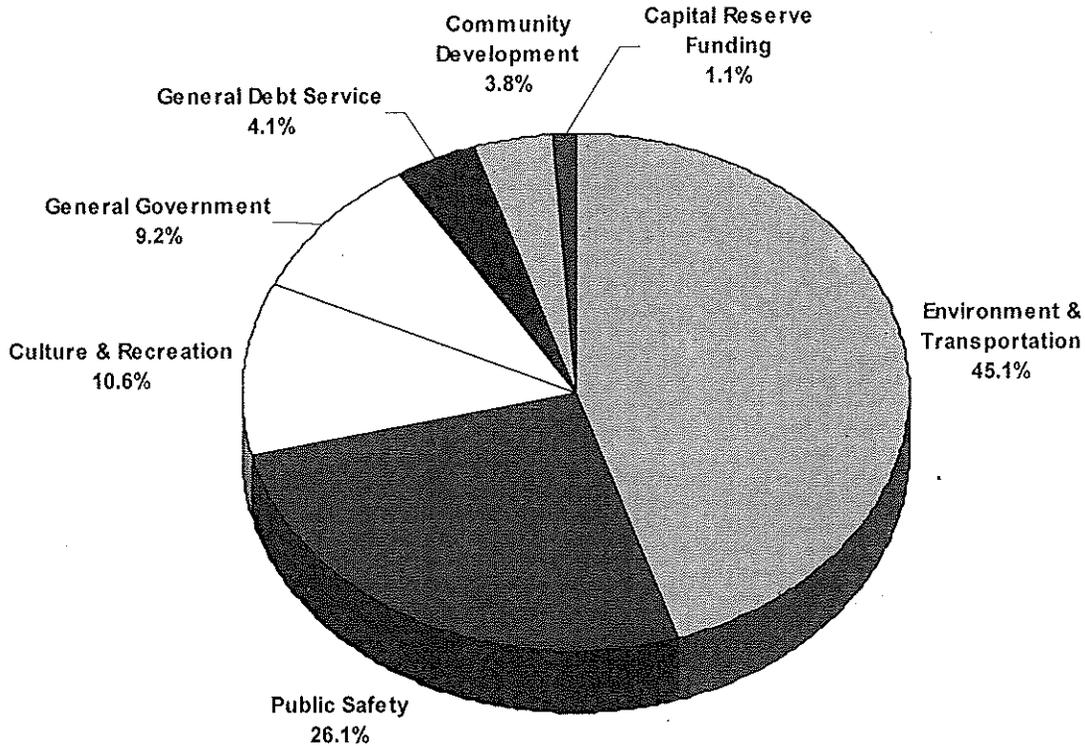
<i>Expenditures by Category</i>	2005-06 Actual	2006-07 Actual	2007-08 Budget	2008-09 Adopted
Salaries & Wages	40,361,567	43,476,117	48,457,434	51,834,744
Fringe Benefits	12,613,208	13,430,104	15,036,866	17,080,604
Operating Costs	31,970,814	34,937,062	39,743,291	37,810,857
Debt Service	9,262,107	11,130,407	12,293,123	14,008,792
Capital Outlay	<u>10,174,507</u>	<u>17,133,705</u>	<u>15,954,187</u>	<u>14,751,760</u>
NET BUDGET	<u>104,382,203</u>	<u>120,107,125</u>	<u>131,484,901</u>	<u>135,486,757</u>

BUDGET HIGHLIGHTS

- The personnel budget includes a 3% average merit pay increase for City employees and funding for the third year of the market-based compensation plan. The personnel budget also includes approximately \$800,000 to provide a full-year's funding for new positions that were only funded for a partial year in FY 2007-08. The fringe benefit budget includes a \$1.5 million increase in the City's contribution to the health care fund.
- Citywide operating costs show a decrease of 4.9% in FY 2008-09. A portion of this decrease is due to the removal of one-time costs in the FY 2007-08 Budget; however, the majority of this decrease is the result of reductions required to balance the General Fund budget. Reductions were made to training & travel, professional services, and a number of other operating budget items. This overall decrease in operating costs was achieved despite significant inflation in a number of key areas, such as fuel and materials cost for asphalt and concrete. For example, fuel costs are currently 54% higher than at this point in the prior fiscal year. One way the City is managing this increase in fleet costs is by "right-sizing" our fleet and eliminating under-utilized vehicles.
- Overall, capital funding shows a decrease of 7.5% in FY 2008-09. In the General Fund, capital funding is approximately \$4.9 million less than in FY 2007-08, partly due to the removal of one-time funding and partly due to an overall reduction in the pay-as-you-go contribution to the general capital reserve fund. Capital funding in the Water Resources Fund shows an increase of \$2.4 million, due to the appropriation of \$3.5 million in fund balance for the Brevard Road NCDOT project.
- Annual debt service requirements for FY 2008-09 total \$14.0 million, which represents an increase of 14% over FY 2007-08. The increase in debt service is due to the recent issuance of \$40 million in revenue bonds for capital improvements in the Water Fund. In the General Fund, debt service shows a decrease of approximately \$500,000. In the Parking fund, debt service on the existing decks is being paid off in FY 2007-08. The FY 2008-09 budget includes \$500,000 to pay what is expected to be a half-year's debt service payment on a new \$18.5 million Biltmore Avenue parking deck, which is budgeted in the Parking Fund's Capital Improvement Program (CIP). The deck will be financed with a combination of tax exempt and taxable bonds.

BUDGET SUMMARY - EXPENDITURES

CITY OF ASHEVILLE FY 2008-09 EXPENDITURES BY SERVICE AREA NET TOTAL \$135,486,757



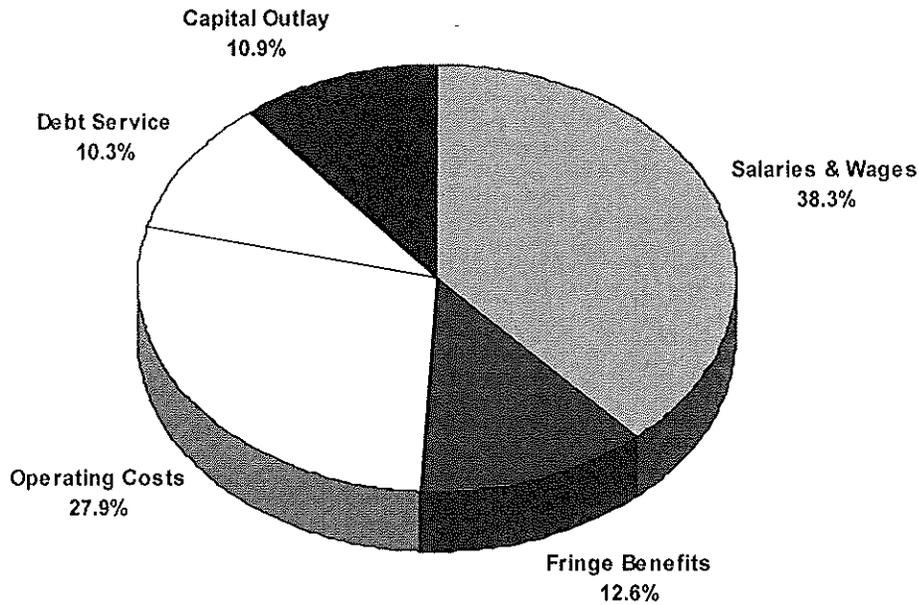
Budget-to-Budget Expenditure Comparison

Service Areas:	2007-08	2008-09	Change From Prior Year	
	<u>Budget</u>	<u>Adopted</u>	<u>in \$</u>	<u>in %</u>
Environment & Transportation	57,795,024	63,367,327	5,572,303	9.6%
Public Safety	33,667,649	36,702,805	3,035,156	9.0%
Culture & Recreation	14,072,034	14,886,749	814,715	5.8%
General Government	12,893,601	12,941,597	47,996	0.4%
General Debt Service	6,206,480	5,709,822	(496,658)	-8.0%
Community Development	5,526,126	5,355,000	(171,126)	-3.1%
Capital Reserve Funding	6,285,135	1,528,500	(4,756,635)	-75.7%
Total Expenditures	136,446,049	140,491,800	4,045,751	3.0%
Less: Interfund Transfers	(4,961,148)	(5,005,043)	(43,895)	0.9%
Net Expenditures	<u>131,484,901</u>	<u>135,486,757</u>	<u>4,001,856</u>	<u>3.0%</u>

Note: Debt service payments in the Water Resources and Parking Services funds are included in the Environment & Transportation service area. All other debt service is included under General Debt Service.

BUDGET SUMMARY - EXPENDITURES

CITY OF ASHEVILLE FY 2008-09 EXPENDITURES BY CATEGORY NET TOTAL \$135,486,757



Budget-to-Budget Expenditure Comparison

<u>Expense Category:</u>	2007-08	2008-09	Change From Prior Year	
	<u>Budget</u>	<u>Adopted</u>	<u>in \$</u>	<u>in %</u>
Salaries & Wages	48,457,434	51,834,744	3,377,310	7.0%
Fringe Benefits	15,036,866	17,080,604	2,043,738	13.6%
Operating Costs	39,743,291	37,810,857	(1,932,434)	-4.9%
Debt Service	12,293,123	14,008,792	1,715,669	14.0%
Capital Outlay	15,954,187	14,751,760	(1,202,427)	-7.5%
Net Expenditures	<u>131,484,901</u>	<u>135,486,757</u>	<u>4,001,856</u>	<u>3.0%</u>

BUDGET SUMMARY - REVENUES

<u>Revenue Sources:</u>	2005-06 Actual	2006-07 Actual	2007-08 Budget	2008-09 Adopted
Property Tax	36,874,015	41,265,168	42,308,832	43,437,175
Charges For Service	39,339,239	46,874,315	46,110,725	48,489,750
Intergovernmental	10,849,612	11,816,509	12,734,525	13,179,801
Local Option Sales Tax	16,106,644	17,399,164	17,116,370	17,592,167
Other Taxes	308,368	320,916	300,000	330,000
Licenses & Permits	5,128,655	6,425,813	4,855,166	5,646,820
Investment Earnings	2,277,925	2,779,911	1,295,500	1,949,700
Miscellaneous/Parking Fees	4,422,018	3,651,381	3,422,300	3,463,150
Other/Interfund Subsidy	1,576,717	1,714,338	2,830,701	2,845,678
Appropriated Fund Bal.	--	--	<u>5,471,930</u>	<u>3,557,559</u>
Total Revenue	116,883,193	132,247,516	136,446,049	140,491,800
Less: Interfund Transactions	(4,108,948)	(4,406,566)	(4,961,148)	(5,005,043)
Net Revenue	<u>112,774,245</u>	<u>127,840,950</u>	<u>131,484,901</u>	<u>135,486,757</u>

BUDGET HIGHLIGHTS

- Property tax revenue is the City's single largest revenue source. Based on estimates from the Buncombe County Tax Assessor, staff has budgeted a 2.5% growth in assessed value for FY 2008-09. In addition, the City will receive an estimated \$80,000 in property tax revenue from a recently resolved annexation challenge. Total growth in property tax revenue is budgeted at 2.7%.
- Revenue from charges for services shows a 5.2% increase. Part of this growth is due to a 4% increase in water rates which will generate approximately \$800,000 in revenue in the Water Resources Fund. Also, based on prior year collections, staff is budgeting \$300,000 more in collections from the Stormwater utility charge. Based on recent trends, staff is budgeting \$375,000 more in employee contributions into the health care program. This revenue will be collected in the General Fund and transferred to the Insurance Fund. The budget also includes \$230,000 in additional revenue from changes to the fire inspection fees.
- The City has seen its sales tax growth slow in FY 2007-08 as a result of the sluggish economy. Sales taxes growth through the first seven months of FY 2007-08 was only 1.9%, and as a result, sales tax revenue is expected to come in under budget by \$300,000 in FY 2007-08. For FY 2008-09, the North Carolina League of Municipalities has forecasted that statewide sales tax growth will be 1-2%. Staff is projecting that local conditions will be slightly better than the statewide forecast, and has therefore budgeted a 2.8% increase in sales taxes for FY 2008-09.
- Intergovernmental revenue shows an increase of 3.5% in 2008-09, primarily due to an increase in revenue from state utility taxes.
- License & permit revenue shows a 16% increase primarily due to the inclusion of \$200,000 from the new technology fee which Council approved in April. Revenue from this fee will be transferred to the capital budget to provide funding for technology improvements which will enhance the development review process for our customers.
- The only fund balance appropriation is in the Water Resources Fund where \$3.5 million in reserves is being used to fund a portion of the cost of the Brevard Road NCDOT project.

BUDGET SUMMARY - REVENUES

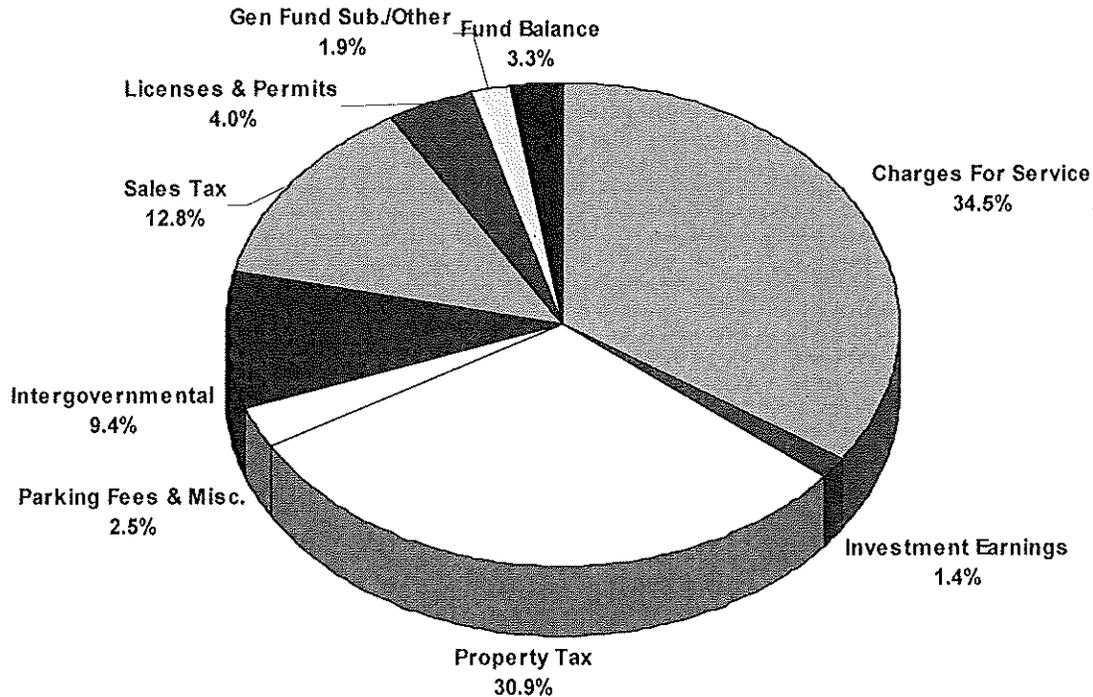
<u>Summary of City Funds</u>	2005-06 Actual	2006-07 Actual	2007-08 Budget	2008-09 Adopted
<u>General Fund</u>				
Property Tax	36,874,015	41,265,168	42,308,832	43,437,175
Intergovernmental	8,780,411	9,441,851	10,406,624	10,829,149
Local Option Sales Tax	16,106,644	17,399,164	17,116,370	17,592,167
Other Taxes	308,368	320,916	300,000	330,000
Charges For Service	9,192,295	9,775,592	9,394,820	10,413,281
Licenses & Permits	4,948,489	5,877,789	4,344,166	5,026,280
Investment Earnings	1,776,420	1,660,801	1,014,000	1,014,000
Miscellaneous	1,816,211	594,084	269,550	303,500
Appropriated Fund Bal.	-	-	<u>5,151,930</u>	<u>0</u>
Total General Fund	<u>79,802,856</u>	<u>86,335,365</u>	<u>90,306,292</u>	<u>88,945,552</u>
<u>Water Resources Fund</u>				
Charges For Service	23,881,117	30,406,152	30,119,840	30,974,000
Investment Earnings	388,859	940,606	195,000	800,000
Appropriated Fund Bal.	0	0	0	3,557,559
Miscellaneous	<u>139,913</u>	<u>90,745</u>	<u>34,550</u>	<u>39,550</u>
Total Water Resources Fund	<u>24,409,889</u>	<u>31,437,503</u>	<u>30,349,390</u>	<u>35,371,109</u>
<u>Transit Services Fund</u>				
Intergovernmental	2,069,201	2,374,658	2,327,901	2,350,652
General Fund Subsidy	813,485	1,046,596	1,275,565	1,566,197
Parking Fund Subsidy	0	248,116	248,116	248,116
Licenses & Permits	180,166	308,638	327,000	333,540
Charges For Service	729,448	658,914	791,255	796,755
Other	<u>2,540</u>	<u>943</u>	<u>0</u>	<u>100,000</u>
Total Transit Services Fund	<u>3,794,840</u>	<u>4,637,865</u>	<u>4,969,837</u>	<u>5,395,260</u>
<u>Parking Services Fund</u>				
Miscellaneous	2,383,270	2,866,774	3,034,000	3,049,700
Investment Earnings	90,331	60,247	60,000	50,000
Debt Proceeds	<u>0</u>	<u>0</u>	<u>500,000</u>	<u>0</u>
Total Parking Services Fund	<u>2,473,601</u>	<u>2,927,021</u>	<u>3,594,000</u>	<u>3,099,700</u>

BUDGET SUMMARY - REVENUES

<u>Summary of City Funds</u>	2005-06 Actual	2006-07 Actual	2007-08 Budget	2008-09 Adopted
 <u>Civic Center Fund</u>				
Charges For Service	1,457,522	1,479,132	1,439,000	1,580,025
General Fund Subsidy	374,423	413,340	431,198	397,989
Other	95	0	0	0
Miscellaneous	66,687	76,335	68,500	70,400
Investment Earnings	<u>20,832</u>	<u>83,723</u>	<u>20,000</u>	<u>55,000</u>
Total Civic Center Fund	<u>1,919,559</u>	<u>2,052,530</u>	<u>1,958,698</u>	<u>2,103,414</u>
 <u>Festivals Fund</u>				
Charges For Service	882,784	864,543	923,306	929,306
General Fund Subsidy	100,000	0	253,922	162,675
Investment Earnings	0	0	0	700
Other	<u>14,411</u>	<u>22,501</u>	<u>15,700</u>	<u>15,000</u>
Total Festivals Fund	<u>997,195</u>	<u>887,044</u>	<u>1,192,928</u>	<u>1,107,681</u>
 <u>Stormwater Utility Fund</u>				
Charges for Service	2,356,828	2,795,945	2,402,504	2,707,383
Licenses & Permits	0	239,386	184,000	287,000
Debt Proceeds	215,000	6,286	121,900	280,000
Investment Earnings	<u>(2,424)</u>	32,319	5,000	30,000
Appropriated Fund Bal.	=	=	<u>320,000</u>	<u>0</u>
Total Stormwater Utility Fund	<u>2,569,404</u>	<u>3,073,936</u>	<u>3,033,404</u>	<u>3,304,383</u>
 <u>Golf Fund</u>				
Charges for Service	839,245	894,037	1,040,000	1,089,000
Investment Earnings	2,893	2,215	1,500	0
General Fund Subsidy	<u>73,714</u>	<u>0</u>	<u>0</u>	<u>75,701</u>
Total Golf Fund	<u>915,852</u>	<u>896,252</u>	<u>1,041,500</u>	<u>1,164,701</u>

BUDGET SUMMARY - REVENUES

CITY OF ASHEVILLE FY 2008-09 BUDGET BY REVENUE SOURCE NET TOTAL \$135,486,757



Budget-to-Budget Revenue Comparison

<u>Revenue Sources:</u>	2007-08	2008-09	Change From Prior Year	
	<u>Budget</u>	<u>Adopted</u>	<u>in \$</u>	<u>in %</u>
Property Tax	42,308,832	43,437,175	1,128,343	2.7%
Charges For Service	46,110,725	48,489,750	2,379,025	5.2%
Intergovernmental	12,734,525	13,179,801	445,276	3.5%
Local Option Sales Tax	17,116,370	17,592,167	475,797	2.8%
Other Taxes	300,000	330,000	30,000	10.0%
Licenses & Permits	4,855,166	5,646,820	791,654	16.3%
Investment Earnings	1,295,500	1,949,700	654,200	50.5%
Miscellaneous	3,422,300	3,463,150	40,850	1.2%
Other	2,830,701	2,845,678	14,997	0.5%
Appropriated Fund Bal.	5,471,930	3,557,559	(1,914,371)	-35.0%
Total Revenue	136,446,049	140,491,800	4,045,751	3.0%
Less: Interfund Transactions	(4,961,148)	(5,005,043)	(43,895)	0.9%
Net Revenue	131,484,901	135,406,757	3,921,856	3.0%

BUDGET SUMMARY - STAFFING

FULL-TIME EQUIVALENT POSITIONS BY FUND

	2005-06 Actual	2006-07 Actual	2007-08 Budget	2008-09 Adopted	2008-09 Change
General Fund	859.67	870.67	912.91	907.91	-5.00
Enterprise Funds	192.50	218.50	242.26	242.26	0.00
Grant Funds	8.75	7.00	7.00	9.00	+2.00
TOTAL CITY WIDE	1,060.92	1,096.17	1,162.17	1,159.17	-3.00

BUDGET HIGHLIGHTS

- The FY 2008-09 budget includes the elimination of 10 FTE positions. The following vacant positions were eliminated to help balance the General Fund budget:
 - Assistant Traffic Engineer
 - General Administration Secretary
 - Deputy City Clerk
 - Internal Auditor
 - Training Director
 - 5 Concrete Crew positions

- The adopted budget includes six additional firefighter positions which will allow the department to reduce the amount that is spent on overtime.

- The Fundraising Specialist in Parks & Recreation, which was previously funded out of the General Fund, is being moved to a Grant Fund for FY 2008-09. This move reflects the philosophy that this position must "pay for itself" through the grants and sponsorships that it generates.

- The City has received various donations and grants for the CAYLA program that will allow the City to retain the current part-time temporary Program Coordinator as a full-time (FTE) position.

- The charts on the following three pages detail the changes in FTE positions by service area, department, and division for each of the last four fiscal years.

BUDGET SUMMARY - STAFFING

<u>SERVICE AREAS</u>	2005-06	2006-07	2007-08	2008-09
Departments & Divisions	Actual	Actual	Budget	Adopted
<u>Public Safety</u>				
Police				
Administration	11.00	12.00	12.00	12.00
Criminal Investigations	37.00	33.00	38.00	38.00
Support Bureau	36.00	37.00	41.00	41.00
Patrol Bureau	156.00	160.00	170.00	170.00
Subtotal Police	240.00	242.00	261.00	261.00
Police				
Grant Funded Positions	1.00	0.00	0.00	0.00
Fire & Rescue				
Technical Services	5.00	5.00	5.00	5.00
Emergency Response	189.00	210.00	210.00	216.00
Fire Marshal's Office	16.00	13.00	12.00	12.00
Subtotal Fire	210.00	228.00	227.00	233.00
Total Public Safety	<u>451.00</u>	<u>470.00</u>	<u>488.00</u>	<u>494.00</u>
<u>Culture & Recreation</u>				
Parks, Recreation & Cultural Affairs				
Administration	6.75	8.00	9.00	8.00
Recreation Programs	29.65	33.02	32.76	32.76
Athletics	5.00	5.00	5.00	5.00
Riverside Cemetery	2.00	2.00	2.00	2.00
After School Program	5.63	5.26	5.26	5.26
Cultural Affairs	2.00	1.00	1.00	1.00
Aston Park	2.00	2.00	2.00	2.00
Nature Center	15.75	15.00	14.75	14.75
McCormick Field	1.00	1.00	1.00	1.00
Park Maintenance	36.00	36.00	39.00	39.00
Building Maintenance	8.00	8.00	8.00	8.00
City Hall Operations	4.63	4.63	5.00	5.00
Subtotal Parks & Recreation	118.41	120.91	124.77	123.77
Parks & Recreation				
Grant Funded Positions	0.00	1.00	1.00	2.00
Festivals Fund	5.00	4.50	4.75	4.75
Golf Fund	13.75	14.00	14.00	14.00
Civic Center Fund	17.75	17.00	17.51	17.51
Total Culture & Recreation	<u>154.91</u>	<u>157.41</u>	<u>162.03</u>	<u>162.03</u>

BUDGET SUMMARY - STAFFING

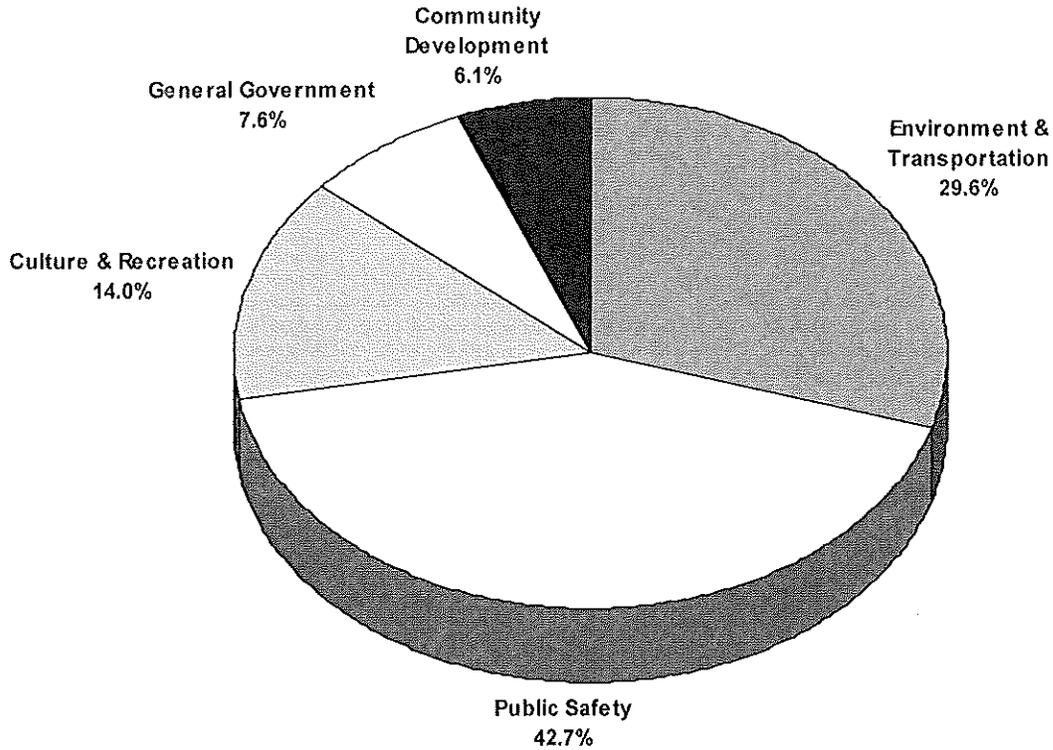
<u>SERVICE AREAS</u>	2005-06	2006-07	2007-08	2008-09
Departments & Divisions	Actual	Actual	Budget	Adopted
<u>Community Development</u>				
Planning & Development				
Planning Services	21.00	24.00	24.00	23.00
Homeless Program	0.00	0.00	1.00	1.00
Historic Resources	1.00	1.00	1.00	2.00
Subtotal Planning & Development	22.00	25.00	26.00	26.00
Building Safety	32.00	37.00	39.00	39.00
Community Development Fund	7.75	6.00	6.00	6.00
Total Community Development	<u>61.75</u>	<u>68.00</u>	<u>71.00</u>	<u>71.00</u>
<u>General Government</u>				
General Administration				
City Clerk	1.00	1.00	2.00	1.00
City Manager	5.00	5.00	6.00	5.00
Community Affairs	3.00	5.00	7.00	7.00
Economic Development	5.00	5.00	5.00	5.00
Subtotal General Administration	14.00	16.00	20.00	18.00
Finance				
Administration	3.00	3.00	3.00	3.00
Accounting	16.00	16.00	17.00	16.00
Purchasing	4.00	4.00	5.00	5.00
Budget & Research	3.00	3.00	3.00	3.00
Risk Management Admin	3.00	3.00	3.00	3.00
Print Shop	2.00	0.00	0.00	0.00
Central Stores	2.00	2.00	2.00	2.00
Customer Service	16.00	0.00	0.00	0.00
Subtotal Finance	49.00	31.00	33.00	32.00
Information Technology				
Administration				2.00
GIS & Application Services				4.00
IT Support Services	16.00	16.00	17.00	5.00
Technical Services				6.00
Subtotal Information Services	16.00	16.00	17.00	17.00
Human Resources				
Administration	5.00	9.50	11.50	10.50
Organization & Development	3.00	1.00	2.00	2.00
City Employment	1.00	0.00	0.00	0.00
Health Services	2.26	2.26	2.26	2.26
Grant Funded (CAYLA)	0.00	0.00	0.00	1.00
Subtotal Human Resources	11.26	12.76	15.76	15.76
City Attorney	5.00	5.00	6.00	6.00
Total General Government	<u>95.26</u>	<u>80.76</u>	<u>91.76</u>	<u>88.76</u>

BUDGET SUMMARY - STAFFING

<u>SERVICE AREAS</u>	2005-06	2006-07	2007-08	2008-09
Departments & Divisions	Actual	Actual	Budget	Adopted
<u>Environment & Transportation</u>				
Water Resources Fund				
Administration	8.00	7.00	7.00	7.00
Meter Services	17.00	17.00	17.00	17.00
Water Education	1.00	1.00	1.00	1.00
Water Maintenance	52.00	50.00	49.00	49.00
Water Production	31.00	32.00	41.00	41.00
Customer Service	0.00	20.00	22.00	22.00
Construction Crew	7.00	7.00	7.00	7.00
Water Engineering Services	0.00	0.00	8.00	8.00
Subtotal Water Resources Fund	116.00	134.00	152.00	152.00
Public Works				
Administration	4.00	4.00	4.75	4.75
Signs & Markings	4.00	4.00	4.00	4.00
Street Maintenance	58.00	52.00	57.00	52.00
Fleet Maintenance	14.00	14.00	14.00	14.00
Sanitation	35.00	35.00	37.00	37.00
Subtotal Public Works	115.00	109.00	116.75	111.75
Transportation & Engineering				
City Engineering	17.00	18.00	17.00	17.00
Transportation Services	3.00	3.00	4.00	3.00
Traffic Signal Maintenance	3.00	3.00	2.00	2.00
Transportation Planning	4.00	4.00	3.63	3.63
Subtotal Engineering	27.00	28.00	26.63	25.63
Stormwater Utility Fund	23.00	30.00	32.00	32.00
Transit Services Fund	2.00	2.00	3.00	3.00
Parking Services Fund	15.00	17.00	19.00	19.00
<u>Total Environment & Transportation</u>	<u>298.00</u>	<u>320.00</u>	<u>349.38</u>	<u>343.38</u>
TOTAL CITY WIDE FTE POSITIONS	1060.92	1096.17	1162.17	1159.17

BUDGET SUMMARY - STAFFING

CITY OF ASHEVILLE FY 2008-09 FTE POSITIONS BY SERVICE AREA TOTAL: 1,159.17



Budget-to-Budget Staffing Comparison

<u>Service Areas:</u>	2007-08	2008-09	Change From Prior Year	
	<u>Budget</u>	<u>Adopted</u>	<u>in #</u>	<u>in %</u>
Environment & Transportation	349.38	343.38	(6.00)	-1.7%
Public Safety	488.00	494.00	6.00	1.2%
Culture & Recreation	162.03	162.03	0.00	0.0%
General Government	91.76	88.76	(3.00)	-3.0%
Community Development	<u>71.00</u>	<u>71.00</u>	<u>0.00</u>	<u>0.0%</u>
Total Citywide FTE Positions	<u>1,162.17</u>	<u>1,159.17</u>	<u>(3.00)</u>	<u>-0.3%</u>

ANALYSIS OF FUND BALANCE

<u>GENERAL FUND</u>	2007-08 Budget*	2007-08 Estimate	2008-09 Adopted
Total Revenues	85,681,039	86,105,039	88,945,552
Total Expenditures	92,022,266	91,507,266	88,945,552
Revenues Over (Under) Expenditures	(6,341,227)	(5,402,227)	0
Unreserved Fund Balance:			
Beginning	21,851,811	21,851,811	17,449,584
Transit Loan Repayment	--	1,000,000	--
Ending	16,699,881	17,449,584	17,449,584
Ending Unreserved Fund Balance as a % of Total Expenditures	18.1%	19.1%	19.6%

* Budget as of the 3rd quarter FY 2007-08 financial report including encumbrances from the prior fiscal year.

One measure of a city's financial strength is the level of its available fund balances. In general, fund balance is excess or surplus money. At the end of a fiscal year, unreserved 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 unreserved 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%. 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.

ANALYSIS OF 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 be maintained. One measure of a city's financial strength is the level of its available fund balances. In general, fund balance is excess or surplus money. At the end of a fiscal year, unreserved fund balance is that portion of a municipality's money that can be appropriated in the new fiscal year to cover expenditures. Fund balance that is unappropriated after budget adoption serves as a general operating reserve for the city. This operating reserve is identified as unreserved fund balance in the chart above.

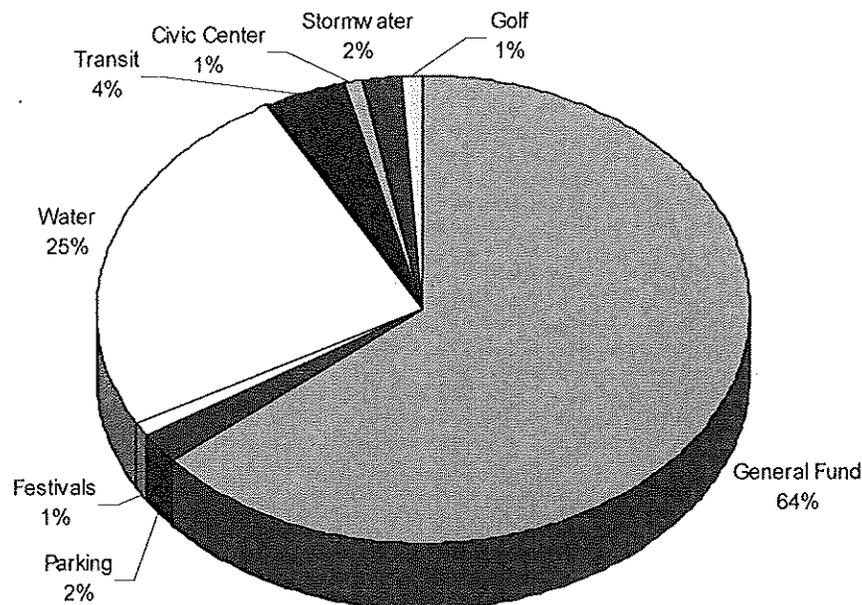
The City estimates that for the General Fund, unreserved fund balance will be approximately \$17.4 million at the end of fiscal year 2007-08, which will equal 19.1% of total estimated FY 2007-08 General Fund expenditures. The year-end fund balance estimate for FY 2007-08 is adjusted to reflect the fact that approximately \$1.0 million, which was held in reserve on June 30, 2007 due to the delayed Transit grant draw downs, will be released into the unreserved fund balance. The FY 2008-09 adopted budget does not include any General Fund appropriation from fund balance. Budget staff estimates that fund balance available for appropriation at the end of FY 2008-09 will equal 19.6% of General Fund expenditures.



FUND SUMMARY

<u>FUNDS</u>	2005-06	2006-07	2007-08	2008-09
Service Areas	Actual	Actual	Budget	Adopted
<u>GENERAL FUND</u>				
Public Safety	28,382,296	31,016,726	33,667,649	36,702,805
Environment & Transportation	13,804,522	14,255,712	15,848,393	16,196,875
General Government	11,145,590	12,329,032	12,893,601	12,941,597
Culture & Recreation	8,967,850	9,067,464	9,878,908	10,510,953
Capital Reserve Funding	3,777,926	5,174,287	6,285,135	1,528,500
General Debt Service	4,761,315	5,521,189	6,206,480	5,709,822
Community Development	<u>4,066,082</u>	<u>4,370,771</u>	<u>5,526,126</u>	<u>5,355,000</u>
Total General Fund	74,905,581	81,735,181	90,306,292	88,945,552
<u>ENTERPRISE FUNDS</u>				
Environment & Transportation	29,600,155	38,541,842	41,946,631	47,170,452
Culture & Recreation	<u>3,997,607</u>	<u>4,236,668</u>	<u>4,193,126</u>	<u>4,375,796</u>
Total Enterprise Funds	33,597,762	42,778,510	46,139,757	51,546,248
TOTAL BUDGET	108,503,343	124,513,691	136,446,049	140,491,800
Less: Interfund Transactions	(4,108,948)	(4,406,566)	(4,961,148)	(5,005,043)
NET BUDGET	<u>104,394,395</u>	<u>120,107,125</u>	<u>131,484,901</u>	<u>135,486,757</u>

FY 2008-09 EXPENDITURES BY FUND
TOTAL: \$135,486,757



GENERAL FUND SUMMARY

	2005-06 Actual	2006-07 Actual	2007-08 Budget	2008-09 Adopted
<u>Revenues:</u>				
Property Taxes	36,874,015	41,265,168	42,308,832	43,437,175
Intergovernmental	8,780,411	9,441,851	10,406,624	10,829,149
Local Option Sales Tax	16,106,644	17,399,164	17,116,370	17,592,167
Other Taxes	308,368	320,916	300,000	330,000
Charges For Service	9,192,295	9,775,592	9,394,820	10,413,281
Licenses & Permits	4,948,489	5,877,789	4,344,166	5,026,280
Investment Earnings	1,776,420	1,660,801	1,014,000	1,014,000
Miscellaneous	1,816,211	594,084	269,550	303,500
Subtotal	79,802,856	86,335,365	85,154,362	88,945,552
Appropriated Fund Bal.	--	--	5,151,930	0
Total Revenues	79,802,856	86,335,365	90,306,292	88,945,552

	2005-06 Actual	2006-07 Actual	2007-08 Budget	2008-09 Adopted
<u>Appropriations:</u>				
Police	14,804,354	16,251,889	17,917,119	19,712,616
Fire & Rescue	13,102,709	14,450,624	15,407,781	16,613,560
Public Works	9,953,850	10,202,154	11,421,816	12,078,348
Capital Reserve Funding	4,177,926	5,174,287	6,285,135	1,528,500
Debt Service	4,761,315	5,521,189	6,206,480	5,709,822
Parks, Recreation & Cult. Affairs	7,926,607	8,337,829	9,176,288	9,857,088
Finance	4,681,643	5,717,640	2,531,916	2,642,397
Information Technology	2,580,204	1,788,627	2,229,306	2,302,182
Nondepartmental	1,724,989	2,358,565	2,085,841	1,813,809
Building Safety	1,911,813	2,084,331	2,828,101	2,595,832
Legal Services	569,597	502,051	595,718	624,864
General Administration	1,481,262	1,780,402	2,217,765	1,886,512
Engineering	1,781,234	1,814,662	2,158,712	1,600,030
Street & Sidewalk Transfer	952,300	1,152,300	952,300	952,300
Planning & Development	1,306,992	1,509,865	1,804,830	1,880,068
Transit Fund Transfer	1,117,138	1,046,596	1,275,565	1,566,197
Civic Center Fund Subsidy	374,423	413,340	431,198	397,989
Golf Fund Subsidy	73,714	0	0	75,701
Festivals Fund Subsidy	100,000	0	253,922	162,675
Human Resources	923,511	1,028,830	1,501,499	1,545,062
Health Care (Employee Contr.)	**	**	2,425,000	2,800,000
Housing Trust Fund Transfer	600,000	600,000	600,000	600,000
Total Appropriations	74,905,581	81,735,181	90,306,292	88,945,552

** Accounted for in the Finance Department prior to FY 2007-08.

GENERAL FUND EXPENDITURES

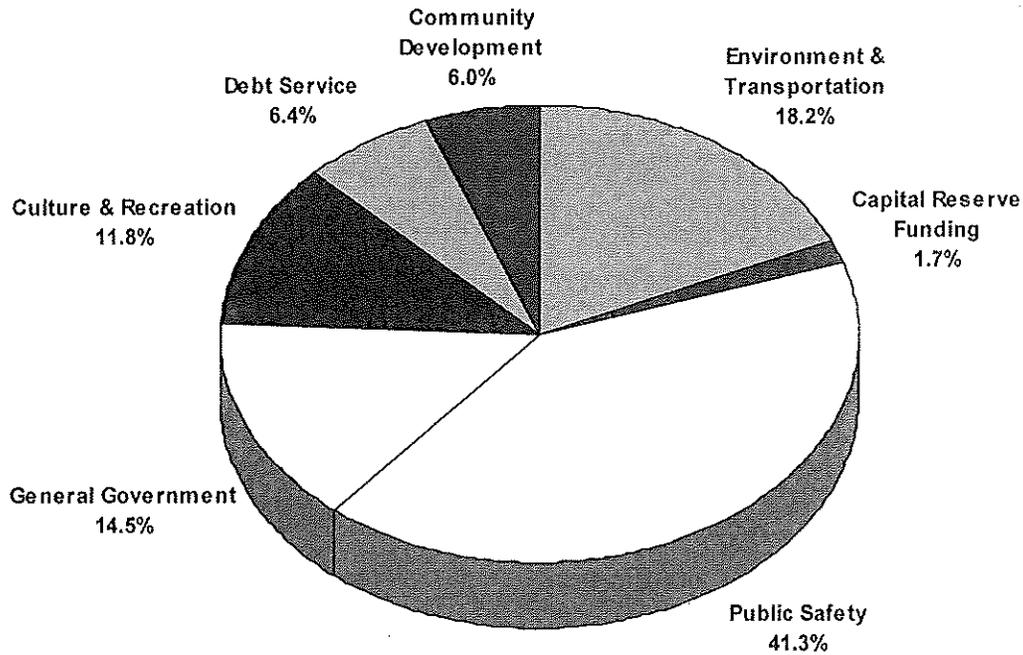
<u>Service Areas</u>	2005-06 Actual	2006-07 Actual	2007-08 Budget	2008-09 Adopted
Public Safety	28,382,296	31,016,726	33,667,649	36,702,805
Environment & Transportation	13,804,522	14,255,712	15,848,393	16,196,875
General Government	11,145,590	12,329,032	12,893,601	12,941,597
Culture & Recreation	8,967,850	9,067,464	9,878,908	10,510,953
Capital Reserve Funding	3,777,926	5,174,287	6,285,135	1,528,500
Debt Service	4,761,315	5,521,189	6,206,480	5,709,822
Community Development	<u>4,066,082</u>	<u>4,370,771</u>	<u>5,526,126</u>	<u>5,355,000</u>
Total General Fund	<u>74,905,581</u>	<u>81,735,181</u>	<u>90,306,292</u>	<u>88,945,552</u>

BUDGET HIGHLIGHTS

- The FY 2008-09 budget includes general fund expenditures that are 1.5% less the FY 2007-08 budget. However, when you subtract out the \$5.1 million in one-time expenses that were funded with fund balance in FY 2007-08, the general fund budget shows a 4.3% increase.
- Public Safety is the largest general fund service area, accounting for 41% of all general fund expenditures. Expenditures in this service area show a 9.0% increase in FY 2008-09. As with other service areas in the general fund that are personnel-intensive, most of this increase is due to higher employee health costs. The budget includes six additional firefighter positions which will allow the Fire & Rescue Department to reduce the amount that is spent on overtime. Public Safety personnel costs are also increasing due to market adjustments and step plan increases. The Police operating budget includes a \$165,000 increase in the City's payment to the County for its share of the Criminal Justice Information System (CJIS), and the Fire operating budget includes \$119,000 to pay the County for 911 emergency dispatch services.
- Environment & Transportation is the second largest service area in the general fund, representing 18% of the FY 2008-09 general fund budget. The budget for this service area shows a 2.2% increase. Personnel costs were held down in this service area through the elimination of five positions in Public Works and one position in the Transportation and Engineering Department. The budget also reflects the decision to begin charging the Parking and Stormwater Funds a portion of the General Fund Engineering Department's personnel costs in order to capture the time that staff devotes to these Enterprise Fund functions. For example, 25% of the Department Director's and administrative staff's costs will now be charged to the Parking Fund to reflect time spent on parking issues. In addition, a greater share of construction inspectors' costs will be charged to Stormwater to better capture time the portion of their workload in stormwater. Also, one grant supported position in the Transportation and Engineering Department was moved from the General Fund to the Transit Fund.
- The Community Development service area shows a 3.1% decrease due to the removal of significant one-time costs for demolition expenses (\$353,000) and development of the affordable housing plan (\$50,000).
- Expenditures in the General Government service area are remaining flat. This is partly due to removal of \$290,000 in one-time funding for the downtown master plan update. However, expenses were also held down through the elimination of four positions in the General Government area.
- The Culture & Recreation budget shows a 6.4% increase. As with Public Safety, most of this increase is due to higher employee health care costs and market adjustments. Operating costs were kept flat.

GENERAL FUND EXPENDITURES

CITY OF ASHEVILLE FY 2008-09 GENERAL FUND EXPENDITURES BY SERVICE AREA TOTAL \$88,945,552

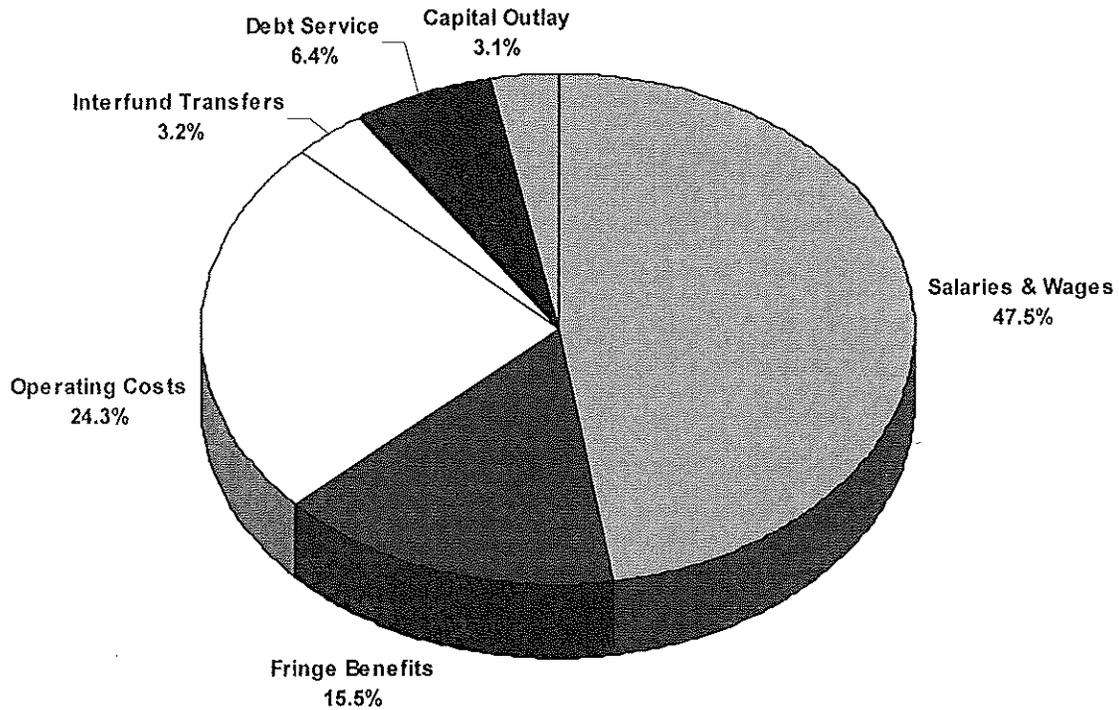


Budget-to-Budget Expenditure Comparison

<u>Service Areas:</u>	2007-08	2008-09	<i>Change From Prior Year</i>	
	<u>Budget</u>	<u>Adopted</u>	<u>in \$</u>	<u>in %</u>
Public Safety	33,667,649	36,702,805	3,035,156	9.0%
Environment & Transportation	15,848,393	16,196,875	348,482	2.2%
General Government	12,893,601	12,941,597	47,996	0.4%
Culture & Recreation	9,878,908	10,510,953	632,045	6.4%
Capital Reserve Funding	6,285,135	1,528,500	(4,756,635)	-75.7%
Debt Service	6,206,480	5,709,822	(496,658)	-8.0%
Community Development	5,526,126	5,355,000	(171,126)	-3.1%
Total General Fund Expenditures	90,306,292	88,945,552	(1,360,740)	-1.5%

GENERAL FUND EXPENDITURES

CITY OF ASHEVILLE FY 2008-09 GENERAL FUND EXPENDITURES BY CATEGORY TOTAL \$88,945,552



Budget-to-Budget Expenditure Comparison

<u>Expense Category:</u>	2007-08	2008-09	<i>Change From Prior Year</i>	
	<u>Budget</u>	<u>Adopted</u>	<u>in \$</u>	<u>in %</u>
Salaries & Wages	39,913,418	42,242,338	2,328,920	5.8%
Fringe Benefits	12,190,624	13,734,183	1,543,559	12.7%
Operating Costs	21,754,318	21,704,484	(49,834)	-0.2%
Interfund Transfers	2,560,685	2,802,562	241,877	9.4%
Debt Service	6,206,480	5,709,822	(496,658)	-8.0%
Capital Outlay	7,680,767	2,752,163	(4,928,604)	-64.2%
Total General Fund Expenditures	90,306,292	88,945,552	(1,360,740)	-1.5%

GENERAL FUND EXPENDITURES

GENERAL FUND EXPENDITURES BY EXPENSE CATEGORY

	2005-06 Actual	2006-07 Actual	2007-08 Budget	2008-09 Adopted
Salaries & Wages	34,250,739	36,318,446	39,913,418	42,242,338
Fringe Benefits	10,500,310	10,922,417	12,190,624	13,734,183
Operating Costs	17,502,626	19,258,152	21,754,318	21,704,484
Interfund Transfers	2,265,275	2,059,936	2,560,685	2,802,562
Debt Service	4,761,315	5,521,189	6,206,480	5,709,822
Capital Outlay	5,625,316	7,655,041	7,680,767	2,752,163
TOTAL	<u>74,905,581</u>	<u>81,735,181</u>	<u>90,306,292</u>	<u>88,945,552</u>

BUDGET HIGHLIGHTS

- Personnel costs, including both salaries and wages and fringe benefits constitute 63% of the FY 2008-09 general fund budget. The personnel budget includes a 3% average merit pay increase for City employees and funding for the third year of the market-based compensation plan and the public safety step plan. The fringe benefit budget includes a \$1.3 million increase in the general fund's contribution to the employee health care program. Personnel cost increases were held down through the elimination of ten FTE positions in the general fund.
- The budget for operating costs is remaining flat in FY 2008-09. Departments were able to maintain flat operating budgets by removing one-time costs from their budgets and by reducing items such as training & travel and professional services. This achievement occurred despite significant inflation in a number of key areas, such as fuel and materials cost for asphalt and concrete. For example, fuel costs are currently 54% higher than at this point in the prior fiscal year. One way the City is managing this increase in fleet costs is by "right-sizing" our fleet and eliminating under-utilized vehicles.
- General fund debt service shows a net decrease of \$500,000. The City is paying off approximately \$1.0 million in debt in FY 2007-08. However, the City will issue around \$500,000 in new debt in FY 2008-09 to fund \$1.8 million in vehicle replacement. The City will take advantage of lower interest rates to finance all of the vehicle replacements that are budgeted in the general fund in FY 2008-09.
- \$2.8 million is budgeted for the direct purchase of capital in FY 2008-09, which represents a significant reduction from the prior year. The FY 2007-08 budget included a \$3.8 million one-time appropriation from fund balance for capital. Factoring out this one-time funding, the ongoing budget for capital shows a \$1.1 million decrease. Part of this decrease is due to the fact that departmental small capital budgets were reduced by 50% in order to help balance the general fund budget.
- Interfund transfers are budgeted to increase by a net amount of \$242,000. The general fund subsidy to the Transit Fund is showing a \$290,000 increase. With transit grant revenue remaining flat and operating costs increasing, a larger general fund subsidy is required to balance the Transit Fund budget. A general fund subsidy of \$75,000 is also required to balance the Golf Fund budget in FY 2008-09. The subsidies to the Civic Center and Festivals funds are decreasing in FY 2008-09.

GENERAL FUND EXPENDITURES

<u>Department</u>	2005-06	2006-07	2007-08	2008-09
Division	Actual	Actual	Budget	Adopted
<u>Police</u>				
Patrol Bureau	9,198,282	9,578,763	10,383,760	11,432,988
Support Bureau	1,854,976	2,701,427	3,289,556	3,637,462
Criminal Investigation	2,200,759	2,278,281	2,371,083	2,654,261
Administration	1,550,337	1,693,418	1,872,720	1,987,905
Subtotal Police	14,804,354	16,251,889	17,917,119	19,712,616
<u>Fire & Rescue</u>				
Emergency Response	10,630,790	11,690,391	12,747,060	13,784,740
Accountability/Administration	1,603,880	1,871,825	1,876,973	1,968,202
Fire Marshal's Office	868,039	888,408	783,748	860,618
Subtotal Fire	13,102,709	14,450,624	15,407,781	16,613,560
<u>Public Works</u>				
Sanitation	3,015,315	3,027,586	3,406,300	3,688,037
Street Maintenance	2,814,197	2,796,689	3,484,972	3,472,925
Street Lighting	1,486,908	1,502,062	1,577,369	1,580,000
Administration	998,792	1,009,492	1,112,976	1,076,203
Recycling	656,651	670,179	707,351	756,529
Fleet Maintenance	782,172	956,471	880,278	1,241,615
Signs & Markings	199,815	239,675	252,570	263,039
Subtotal Public Works	9,953,850	10,202,154	11,421,816	12,078,348
<u>Parks, Recreation, & Cultural Affairs</u>				
Recreation Programs	2,077,816	2,214,588	2,437,551	2,623,907
Park Maintenance	2,024,594	2,200,689	2,153,734	2,370,486
Administration	621,125	677,540	943,829	801,308
After School Programs	245,844	250,339	268,623	306,022
Athletics	652,498	666,587	685,720	759,127
Building Maintenance	490,234	503,316	546,549	566,655
Cultural Affairs	228,618	201,465	153,470	338,414
Nature Center	817,709	857,538	1,061,503	1,073,242
McCormick Field	179,973	195,382	195,647	209,501
Recreation Park	84,913	88,396	120,200	173,422
Aston Park	180,778	210,598	254,143	233,353
City Hall Operations	131,716	84,931	151,608	186,292
Riverside Cemetery	190,646	186,460	203,711	215,359
Subtotal Parks & Recreation	7,926,464	8,337,829	9,176,288	9,857,088
<u>Building Safety</u>	1,911,813	2,084,331	2,828,101	2,595,832

GENERAL FUND EXPENDITURES

<u>Department</u>	2005-06	2006-07	2007-08	2008-09
Division	Actual	Actual	Budget	Adopted
<u>Finance</u>				
Accounting	1,100,177	1,210,278	1,264,800	1,252,193
Administration	251,245	328,214	350,999	368,801
Purchasing	309,369	246,480	311,517	372,518
Group Health	2,481,191	3,884,361	-	-
Workers Compensation	(104,596)	(392,242)	-	-
Insurance & Bonds	182,674	(28,680)	-	-
Budget & Research	184,218	124,209	197,883	220,385
Risk Management Admin.	211,366	237,109	263,267	272,473
Print Shop	22,207	20,158	-	-
Police Separation Allowance	(27,272)	(23,774)	-	-
Police/Fire Disability	(23,120)	(29,767)	-	-
Central Stores	138,236	141,294	143,449	156,027
Subtotal Finance	4,681,643	5,717,640	2,531,916	2,642,397
<u>General Administration</u>				
City Manager	491,533	580,311	599,354	582,221
Community Oriented Government	329,630	461,567	368,601	476,116
Governing Body	159,976	171,575	184,760	193,193
Economic Development	392,603	477,384	933,396	539,616
City Clerk	107,520	89,565	131,654	95,366
Subtotal General Admin.	1,481,262	1,780,402	2,217,765	1,886,512
<u>Planning & Development</u>				
Planning Services	1,225,735	1,417,836	1,660,074	1,657,273
City Development	6,514	11,725	-	-
Historic Resources	74,743	80,304	84,506	142,540
Homeless Program	-	-	60,250	80,255
Subtotal Planning & Dev.	1,306,992	1,509,865	1,804,830	1,880,068
<u>Engineering</u>				
City Engineering	966,967	1,034,883	1,259,485	875,046
Transportation Services	290,606	264,445	293,056	273,636
Traffic Signal Maintenance	213,555	259,442	304,651	238,461
Transportation Planning	310,106	255,892	301,520	209,312
Transportation Demand Mgmt.	-	-	-	3,575
Subtotal Engineering	1,781,234	1,814,662	2,158,712	1,600,030
<u>Legal Services</u>				
	569,597	502,051	595,718	624,864

GENERAL FUND EXPENDITURES

<u>Department</u>	2005-06	2006-07	2007-08	2008-09
Division	Actual	Actual	Budget	Adopted
<u>Human Resources</u>				
Human Resources	446,550	511,006	1,106,441	1,052,553
City Employment	76,973	79,882	-	-
Organizational Development	204,623	221,393	151,181	237,380
Health Services	195,365	216,549	243,877	255,129
Subtotal Human Resources	923,511	1,028,830	1,501,499	1,545,062
<u>Information Technology</u>				
Administration	-	-	-	222,986
Technical Services	-	-	-	1,081,332
GIS & Application Services	-	-	-	379,356
IT Support Services	2,580,204	1,788,627	2,229,306	618,508
Subtotal Information Technology	2,580,204	1,788,627	2,229,306	2,302,182
<u>Other Appropriations</u>				
Debt Service	4,761,315	5,521,189	6,206,480	5,709,822
Capital Reserve Funding	4,177,926	5,174,287	6,285,135	1,528,500
Nondepartmental	1,724,989	2,358,565	2,085,841	1,813,809
Street & Sidewalk Fund Transfer	952,300	1,152,300	952,300	952,300
Transit Services Fund Transfer	1,117,138	1,046,596	1,275,565	1,566,197
Golf Fund Transfer	73,714	-	-	75,701
Festivals Fund Transfer	100,000	-	253,922	162,675
Civic Center Fund Transfer	374,423	413,340	431,198	397,989
Housing Trust Fund Transfer	600,000	600,000	600,000	600,000
Health Care (Employee Contr.)	-	-	2,425,000	2,800,000
Subtotal Other	13,881,805	16,266,277	20,515,441	15,606,993
TOTAL APPROPRIATIONS	74,905,438	81,735,181	90,306,292	88,945,552

OUTSIDE AGENCY CONTRACTS

The City of Asheville contracts with numerous outside agencies that are working in the community to improve the quality of life in the Asheville area. Funding is provided through a nondepartmental account in the City's general fund. Outside agency contracts for FY 2008-09 are as follows.

BUDGET SUMMARY	2007-08 Budget	2008-09 Adopted
Expenditures:		
Visitors' Center	50,000	0
Community Relations Council	50,000	50,000
One Youth at a Time	7,000	7,000
YWCA	10,000	10,000
Kids Voting	1,000	1,000
AHOPE	20,000	20,000
United Way 211	5,000	5,000
A-B Education Coalition	10,000	0
Asheville Area Arts Council	12,500	12,500
Asheville Art Museum	5,000	5,000
Children First	22,500	22,500
Each One Reach One	0	10,000
Partners Unlimited	5,000	0
Quality Forward	10,000	10,000
The Media Arts Project	3,000	0
Meet the Geeks	3,000	3,000
Youthful Hand	5,000	5,000
Shiloh Community Assoc.	6,095	0
TOTAL	<u>225,095</u>	<u>161,000</u>

BUDGET HIGHLIGHTS

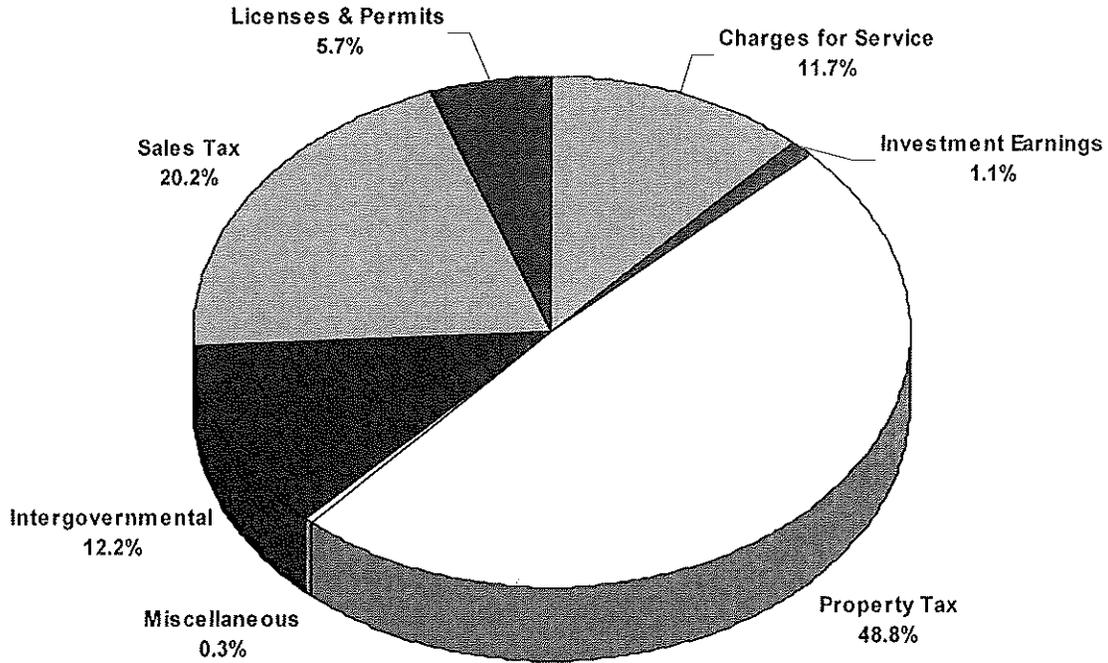
- The City has completed its funding commitment for the Chamber of Commerce's Visitors' Center so that payment is removed from the FY 2008-09 budget.
- During budget deliberations, City Council agreed to add \$10,000 in funding for Each One Reach One.
- Four agencies – AB Education Coalition, Partners Unlimited, Media Arts Project, and Shiloh Community Association – did not apply for funding in FY 2008-09.

GENERAL FUND REVENUES

	2005-06 Actual	2006-07 Actual	2007-08 Budget	2008-09 Adopted
<u>Taxes</u>				
Property Tax - Current Year	33,828,065	38,632,281	39,756,227	40,830,130
Local Option Sales Tax	16,106,644	17,399,164	17,116,370	17,592,167
Motor Vehicle Taxes	2,697,874	2,286,398	2,177,605	2,232,045
Property Tax - Prior Years	348,076	346,489	375,000	375,000
Other Taxes	308,368	320,916	300,000	330,000
Total Taxes	51,593,472	58,985,248	59,725,202	61,359,342
<u>Licenses & Permits</u>				
Building Safety Fees	1,916,942	2,643,955	2,131,000	2,623,550
Cable Franchise Fees	871,148	803,967	6,346	200,000
Local Utility Franchise Tax	395,586	501,431	510,000	510,000
Business Privilege Licenses	745,900	1,040,814	1,100,000	1,100,000
Motor Vehicle Licenses	617,348	618,181	337,000	337,000
Other	401,565	269,441	259,820	255,730
Total Licenses/Permits	4,948,489	5,877,789	4,344,166	5,026,280
<u>Intergovernmental</u>				
State Utility Taxes	4,733,340	5,372,491	5,965,289	6,242,537
Powell Bill	2,326,644	2,282,069	2,407,200	2,659,885
County Law Enforcement	181,415	0	0	0
ABC Revenue	653,537	1,006,913	897,500	950,000
State Beer & Wine Taxes	323,492	330,717	325,000	335,000
Other	561,983	449,661	811,635	641,727
Total Intergovernmental	8,780,411	9,441,851	10,406,624	10,829,149
<u>Charges For Service</u>				
Internal Charges	2,367,665	2,571,356	2,627,495	2,415,865
Employee Insurance Contrib.	2,399,744	2,597,801	2,425,000	2,800,000
Parks & Recreation Fees	1,176,434	1,315,493	1,375,310	1,304,850
Recycling Charges	808,945	825,459	411,346	411,346
Fire Protection & Inspections	864,216	978,346	1,133,000	1,544,562
Outside Vehicle Repairs & Fuel	801,227	879,052	879,240	1,241,615
Other	774,064	608,085	543,429	695,043
Total Charges for Service	9,192,295	9,775,592	9,394,820	10,413,281
<u>Other</u>				
Miscellaneous	1,816,211	594,084	269,550	303,500
Investment Earnings	1,776,420	1,660,801	1,014,000	1,014,000
App. Fund Balance	-	-	5,151,930	0
Total Revenues	79,802,856	86,335,365	90,306,292	88,945,552

GENERAL FUND REVENUES

CITY OF ASHEVILLE FY 2008-09 GENERAL FUND REVENUES BY SOURCE TOTAL \$88,945,552

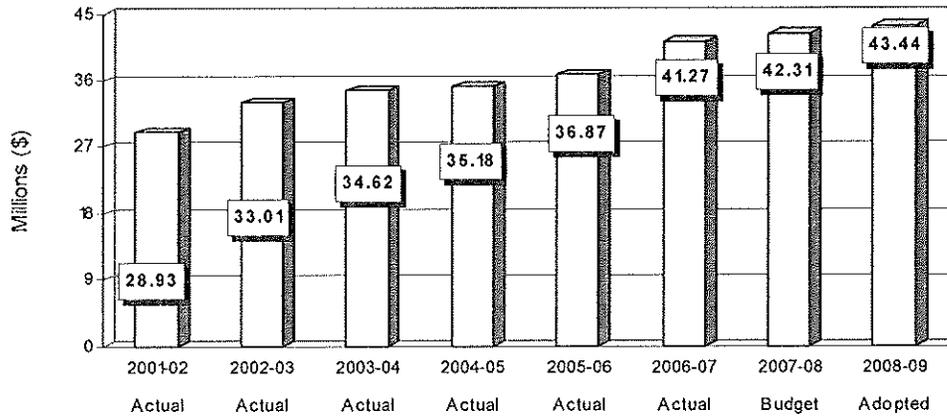


Budget-to-Budget Revenue Comparison

<u>Revenue Sources:</u>	2007-08	2008-09	<i>Change From Prior Year</i>	
	<u>Budget</u>	<u>Adopted</u>	<u>in \$</u>	<u>in %</u>
Property Tax	42,308,832	43,437,175	1,128,343	2.7%
Intergovernmental	10,406,624	10,829,149	422,525	4.1%
Sales Taxes	17,116,370	17,592,167	475,797	2.8%
Other Taxes	300,000	330,000	30,000	10.0%
Charges For Service	9,394,820	10,413,281	1,018,461	10.8%
Licenses & Permits	4,344,166	5,026,280	682,114	15.7%
Investment Earnings	1,014,000	1,014,000	0	0.0%
Miscellaneous	269,550	303,500	33,950	12.6%
App. Fund Bal.	5,151,930	0	(5,151,930)	-100.0%
Total General Fund Revenue	90,306,292	88,945,552	(1,360,740)	-1.5%

GENERAL FUND REVENUES

PROPERTY TAXES



<u>Property Taxes</u>	2005-06 Actual	2006-07 Actual	2007-08 Budget	2008-09 Adopted
Current Year	33,828,065	38,632,281	39,756,227	40,830,130
Registered Motor Vehicles	2,697,874	2,286,398	2,177,605	2,232,045
Prior Years	348,076	346,489	375,000	375,000
Total Property Taxes	<u>36,874,015</u>	<u>41,265,168</u>	<u>42,308,832</u>	<u>43,437,175</u>

Trends & Assumptions

The Property or Ad Valorem Tax is the largest funding source for general government services, providing 49% of the City's total FY 2008-09 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 revalued every four years, while personal and utility values are adjusted annually. Real property makes up approximately 80% of the City's total tax base. The most recent revaluation was completed in 2005, and the new values become effective in FY 2006-07. The current tax rate is 42 cents per \$100 of assessed valuation, and staff is recommending no change in the rate for FY 2008-09.

Over the last ten years, the property tax base has grown by an average of 3.3% per year. In FY 2006-07, the City experienced a ten-year high growth rate of 5.5%. The growth rate returned to normal in FY 2007-08 as the tax base grew by 3.2%.

Based on estimates from the Buncombe County Tax Assessor, staff has budgeted a 2.5% growth in assessed value for FY 2008-09. In addition, the City will receive an estimated \$80,000 in property tax revenue from a recently resolved annexation challenge. Total growth in property tax revenue is budgeted at 2.7%.

GENERAL FUND REVENUES

ASSESSED VALUATION HISTORY

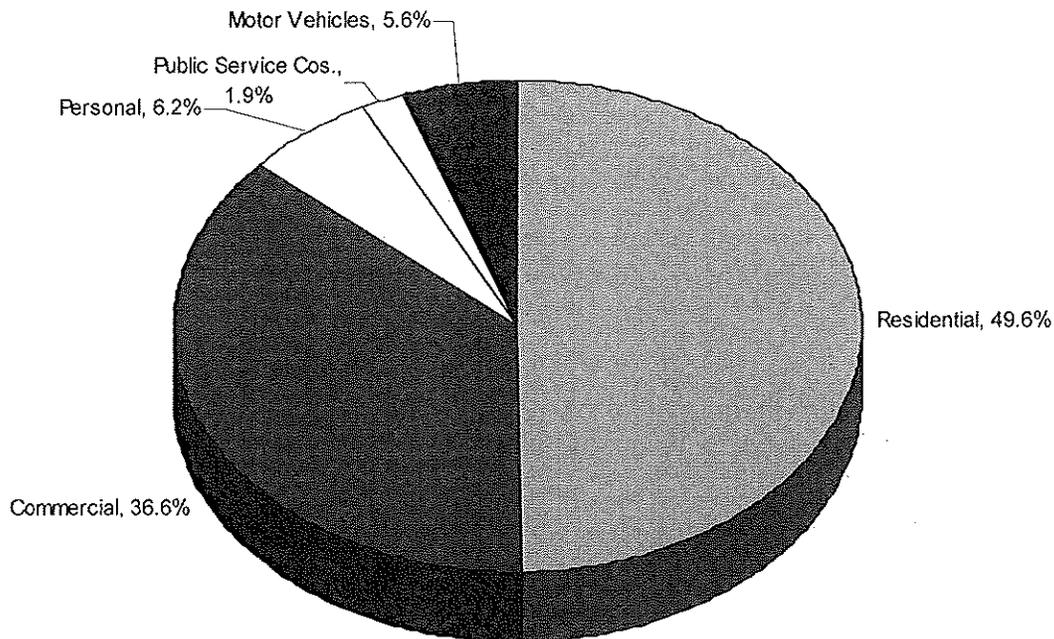
Major Property Categories

(\$ in thousands)

	FY 2002-03**	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07**
Residential	\$2,940,284	\$3,083,292	\$3,169,846	\$3,284,605	\$4,867,777
Percent Change	29.3%	4.9%	2.8%	3.6%	48.2%
Commercial	\$2,155,124	\$2,197,518	\$2,280,227	\$2,309,749	\$3,598,231
Percent Change	28.2%	2.0%	3.8%	1.3%	55.8%
Personal	\$579,976	\$565,156	\$580,056	\$597,418	\$613,292
Percent Change	-1.2%	-2.6%	2.6%	3.0%	2.7%
Public Service Companies	\$158,102	\$158,730	\$162,514	\$165,360	\$189,426
Percent Change	-7.1%	0.4%	2.4%	1.8%	14.6%
Motor Vehicles	\$496,247	\$531,994	\$486,374	\$509,456	\$549,169
Percent Change	50.2%	7.2%	-8.6%	4.7%	7.8%
TOTAL TAX BASE	\$6,329,733	\$6,536,690	\$6,679,017	\$6,866,588	\$9,817,895
Percent Change	21.5%	3.3%	2.2%	2.8%	43.0%

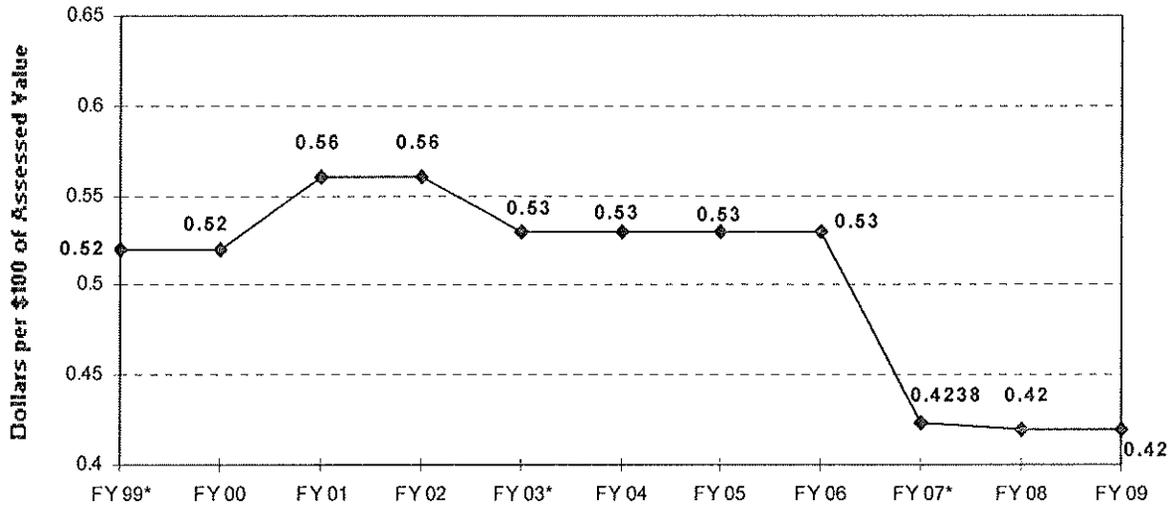
**Revaluation years.

City of Asheville FY 2006-07 Tax Base

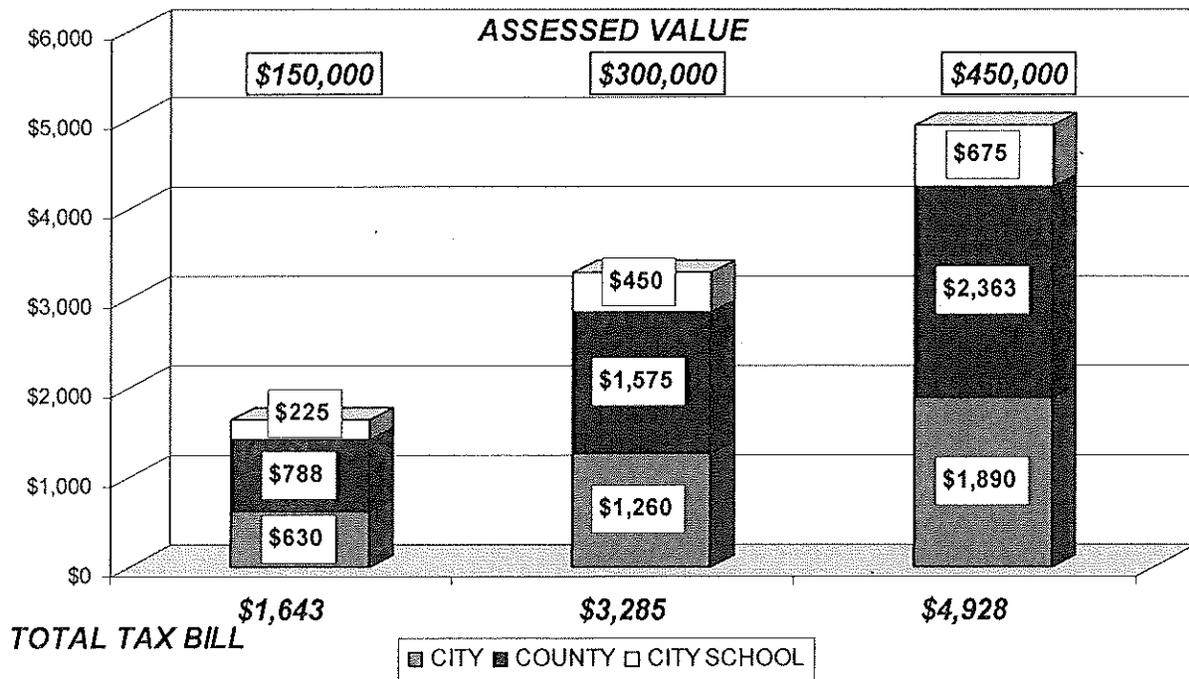


GENERAL FUND REVENUES

City of Asheville Tax Rate History



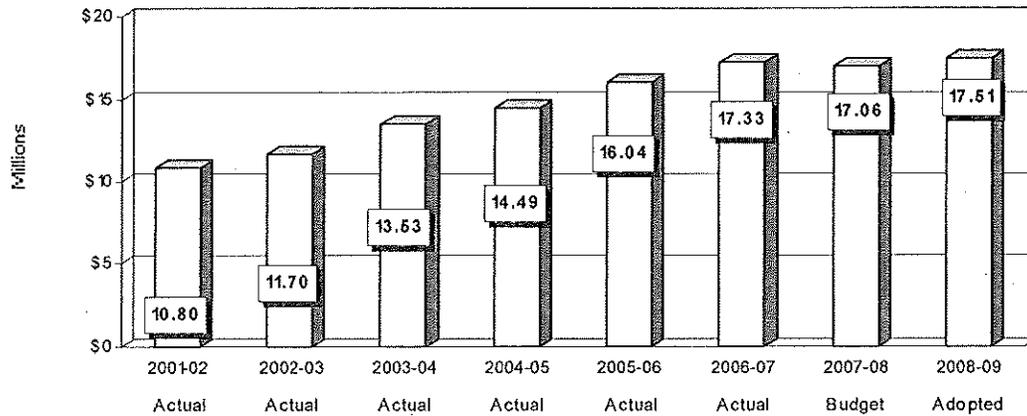
FY 2008-09 Sample Tax Bill



Note: City tax rate: 42 cents per \$100 of assessed valuation
 County tax rate: 52.5 cents per \$100 of assessed valuation
 City School tax rate: 15 cents per \$100 of assessed valuation. Approximately 65% of City of Asheville residents pay the City School tax.

GENERAL FUND REVENUES

LOCAL OPTION SALES TAX



<u>Sales Tax Components</u>	2005-06 Actual	2006-07 Actual	2007-08 Budget	2008-09 Adopted
One Cent	7,607,367	8,096,194	8,485,835	8,690,410
Half Cent (83)	2,751,909	3,170,234	3,078,584	3,120,940
Half Cent (86)	2,719,832	3,049,729	2,828,328	2,953,178
Half Cent (02)	<u>2,963,949</u>	<u>3,009,987</u>	<u>2,668,623</u>	<u>2,748,680</u>
Total Sales Tax	16,106,644	17,326,144	17,061,370	17,513,208
Percent Change	10.69%	7.57%	-1.53%	2.65%

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 the one-cent sales tax are returned to the county in which the tax was collected. Under this point of sale distribution method, the City's revenue from the one-cent sales tax is dependent on retail sales activity in Buncombe County. Proceeds from the 83 and 86 half-cent sales taxes are placed in a statewide pool and allocated among all one hundred counties on a per capita basis. 83 and 86 half-cent sales tax revenue is thus dependent on retail sales activity statewide and on Buncombe County's population relative to other counties in the State.

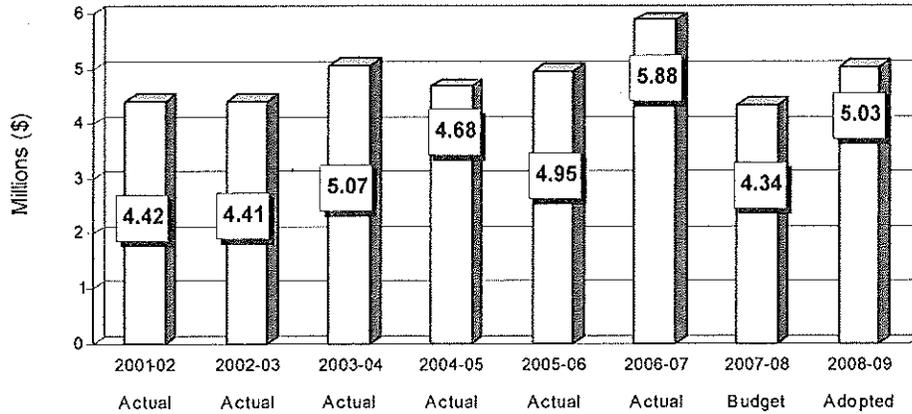
During its 2002 session, the State Legislature gave counties the authority to levy an additional half-cent sales tax beginning in December of 2002. Revenue from this new half-cent (02) sales tax replaced local government reimbursement payments that were discontinued by the State. Proceeds from the 02 half-cent sales tax are distributed half per capita and half point of sale. In addition, the 02 half-cent sales tax does not apply to food purchased for home consumption.

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 19.88% 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.

The City has experienced healthy sales tax growth in each of the last four years, with average growth over that time of 7.8%. The City has seen its sales tax growth slow in FY 2007-08 as a result of the sluggish economy. Sales taxes growth through the first seven months of FY 2007-08 was only 1.9%, and as a result, sales tax revenue is expected to come in under budget by \$300,000 in FY 2007-08. For FY 2008-09, the North Carolina League of Municipalities has forecasted that statewide sales tax growth will be 1-2%. Staff is projecting that local conditions will be slightly better than the statewide forecast, and has therefore budgeted a 2.7% increase in sales taxes for FY 2008-09. Including the Fire District Sales Tax revenue, the overall growth rate is 2.8%.

GENERAL FUND REVENUES

LICENSES & PERMITS



<u>Licenses & Permits</u>	2005-06 Actual	2006-07 Actual	2007-08 Budget	2008-09 Adopted
Building Safety Fees	1,916,942	2,643,955	2,131,000	2,623,550
Cable Franchise Fees	871,148	803,967	6,346	200,000
Local Utility Franchise Tax	395,586	501,431	510,000	510,000
Business Privilege Licenses	745,900	1,040,814	1,100,000	1,100,000
Motor Vehicle Licenses	617,348	618,181	337,000	337,000
Other	<u>401,565</u>	<u>269,441</u>	<u>259,820</u>	<u>255,730</u>
Total Licenses & Permits	4,948,489	5,877,789	4,344,166	5,026,280
Percent Change	5.81%	18.78%	-26.09%	15.70%

Trends & Assumptions

License & 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 & permits is influenced by local population growth, economic conditions, trends in development and re-development activity, and Council-approved fee changes.

Building Safety Fees: Included in this revenue for FY 2008-09 is \$200,000 from the new development technology fee which Council approved in April. Revenue from this fee will be transferred to the capital budget to provide funding for technology improvements which will enhance the development review process for our customers.

Cable Franchise Fees & Local Utility Franchise Tax: The State of North Carolina under the Video Services Bill now collects most of what used to be considered local cable franchise revenue and shares it with municipalities as a part of the state

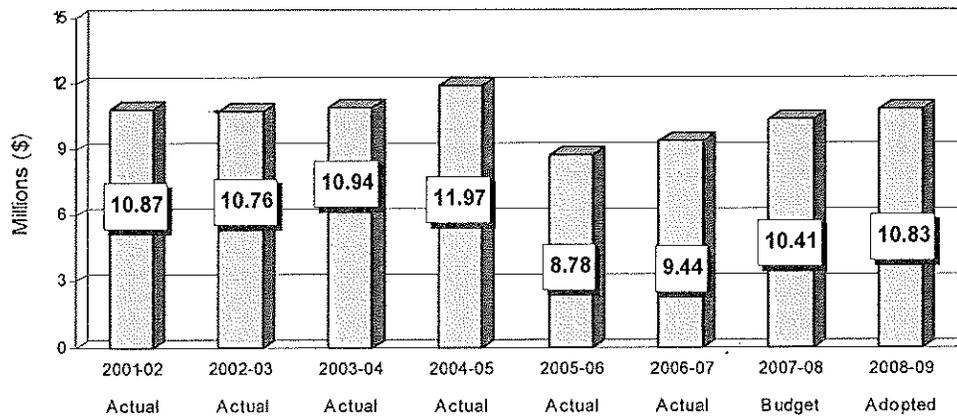
utility taxes. However, the City still receives some revenue for parts of our franchise agreement not covered under the State law. Revenue from the local utility franchise tax on electricity and gas is expected to remain flat.

Motor Vehicle Licenses: The City levies an annual registration fee of \$10 on all motor vehicles owned by City residents. In prior years, all of this money was collected in the General Fund and half of the revenue was transferred to the Transit Services Fund to support the operational and capital needs of the City's transit system. Beginning in 2007-08, this revenue was split with half going into each fund. No growth is expected in FY 2008-09.

Business Privilege Licenses: The City levies a privilege license fee on certain businesses operating within the City of Asheville. Based on prior collections, no increase is budgeted for FY 2008-09.

GENERAL FUND REVENUES

INTERGOVERNMENTAL REVENUE



	2005-06 Actual	2006-07 Actual	2007-08 Budget	2008-09 Adopted
<u>Intergovernmental</u>				
State Utility Taxes	4,733,340	5,372,491	5,965,289	6,242,537
Powell Bill	2,326,644	2,282,069	2,407,200	2,659,885
County Law Enforcement	181,415	0	0	0
ABC Revenue	653,537	1,006,913	897,500	950,000
State Beer & Wine Tax	323,492	330,717	325,000	335,000
Other	<u>561,983</u>	<u>449,661</u>	<u>811,635</u>	<u>641,727</u>
Total Unrestricted Intergov.	8,780,411	9,441,851	10,406,624	10,829,149
Percent Change	-26.62%	7.53%	10.22%	4.06%

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 then shares a portion of these revenues with municipalities based on sales and consumption within each city.

This revenue source is influenced by the economy, local weather conditions, population growth, annexations, and any changes in local utility rates. Annual growth in this revenue over the last five fiscal years has averaged 5.0%. Based on this trend and forecasts from The N.C. League of Municipalities, staff is including a 4.6% increase in total utility tax revenue in FY 2008-09.

ABC Revenue: A portion of net profits from Alcoholic Beverage Control sales in the City of

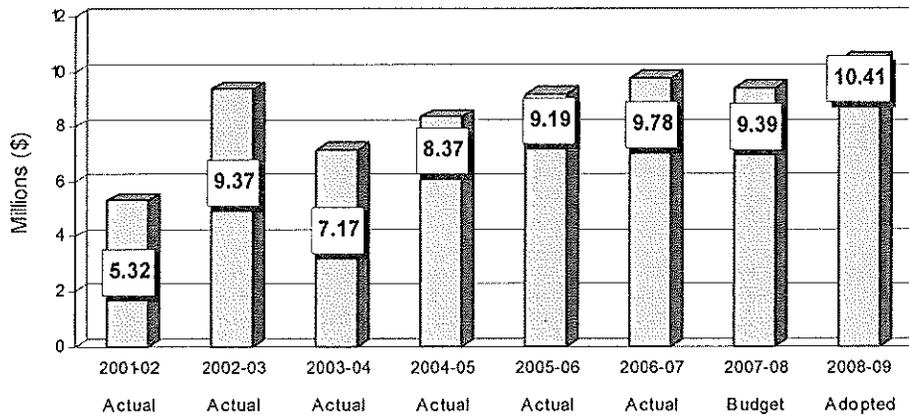
Asheville are divided between the City and Buncombe County. Based on current year trends, the budget includes a 5.8% increase in this revenue.

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. This revenue is expected to increase slightly in FY 2008-09.

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.

GENERAL FUND REVENUES

CHARGES FOR SERVICE



<u>Charges For Service</u>	2005-06 Actual	2006-07 Actual	2007-08 Budget	2008-09 Adopted
Charges to Other Funds	2,367,665	2,571,356	2,627,495	2,415,865
Employee Insurance Contributions	2,399,744	2,597,801	2,425,000	2,800,000
Parks & Recreation Fees	1,159,473	1,315,493	1,375,310	1,304,850
Recycling Charges	808,945	825,459	411,346	411,346
Fire Protection & Inspections	864,216	978,346	1,133,000	1,544,562
Outside Vehicle Repairs & Fuel	801,227	879,052	879,240	1,241,615
Other	<u>774,064</u>	<u>608,085</u>	<u>543,429</u>	<u>695,043</u>
Total Charges For Service	9,192,295	9,775,592	9,394,820	10,413,281
Percent Change	9.78%	6.35%	-3.90%	10.84%

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.

Charges to Other Funds: Charges to other funds are transfers to the general fund from other City funds. The transfer amounts are designed to cover the cost of services provided by general fund departments in support of these enterprise fund operations. With water engineering services now being accounted for in the Water Resources Fund instead of the General Fund, this charge to the Water Fund has gone away; therefore the charges to other funds category shows a decrease in FY 2008-09.

Employee Insurance Contributions: City employees are charged differing rates based on the type of health insurance coverage they select. For FY 2008-09, the budget is adjusted to reflect collection trends over the last two years.

Parks & Recreation Fees: Revenue from parks & recreation fees is expected to remain flat in FY 2008-09.

Recycling Charges: The monthly recycling fee was reduced by 50% at the start of FY 2007-08. There is no change to the fee in the adopted budget, therefore this revenue is expected to remain flat in FY 2008-09.

GENERAL FUND REVENUES

Fire Protection & Inspections: The City's fire department provides fire protection services to the Asheville Suburban Fire District of Buncombe County and the Town of Biltmore Forest. The charge for this service is based on the assessed value of the property being served. In addition, the Fire & Rescue Department provides inspection services and charges a fee for this service. The Fire Department made changes to

the current fee structure which would generate an additional \$230,000 in revenue in FY 2008-09.

Outside Vehicle Repairs & Fuel: The City's fleet maintenance division provides fuel and limited repair services to certain governmental units and non-profit agencies, including Mission/St. Joseph's Hospital and the Metropolitan Sewerage District. This revenue is expected to increase by \$360,000 in FY 2008-09. This increase is tied directly to the increase in fuel prices.

ENTERPRISE FUNDS

Enterprise funds provide public services that are operated in a manner similar to private business, where expenses are primarily financed by revenues derived from user charges. The City of Asheville's annual operating budget includes the following enterprise funds:

Water Resources Fund: This fund accounts for water and sewer services in the City of Asheville. The utility rate structure is designed to produce sufficient revenues to cover all operating expenses including debt service and maintenance of adequate working capital.

	2005-06	2006-07	2007-08	2008-09
	Actual	Actual	Budget	Adopted
Expenditures:				
Salaries & Wages	3,729,029	4,410,304	5,285,035	5,849,869
Fringe Benefits	1,351,543	1,634,334	1,915,343	2,115,495
Operating Costs	9,171,924	7,859,419	9,364,444	8,765,701
Debt Service	3,893,095	4,954,448	5,279,698	7,648,970
Capital Outlay	<u>4,032,214</u>	<u>11,231,052</u>	<u>8,504,870</u>	<u>10,991,074</u>
Total	22,177,805	30,089,287	30,349,390	35,371,109
FTE Positions	116.00	134.00	152.00	152.00
Revenues:				
Charges For Service	23,881,117	30,406,152	30,119,840	30,974,000
Investment Earnings	388,859	940,606	195,000	800,000
Appropriated Fund Balance	0	0	0	3,557,559
Miscellaneous	<u>139,913</u>	<u>90,745</u>	<u>34,550</u>	<u>39,550</u>
Total	24,409,889	31,437,503	30,349,390	35,371,109

Transit Services Fund: This fund is established to account for the provision of public transit services within the City of Asheville. The City's Engineering Department manages and administers transit operations.

	2005-06	2006-07	2007-08	2008-09
	Actual	Actual	Budget	Adopted
Expenditures:				
Salaries & Wages	75,068	87,507	79,030	131,149
Fringe Benefits	20,176	23,723	22,051	41,050
Operating Costs	3,677,002	4,174,621	4,381,256	4,720,936
Operating Pass Through	60,266	0	487,500	502,125
Capital Outlay	<u>4,203</u>	<u>4,024</u>	<u>0</u>	<u>0</u>
Total	3,836,715	4,289,875	4,969,837	5,395,260
FTE Positions	2.00	2.00	3.00	3.00
Revenues:				
Operating Revenue	729,448	658,914	791,255	796,755
Miscellaneous	2,540	943	0	0
Federal/State Grants	2,008,935	2,374,658	1,840,401	1,848,527
Operating Pass Through	60,266	0	487,500	502,125
General Fund Subsidy	813,485	1,046,596	1,275,565	1,566,197
Parking Fund Subsidy	0	248,116	248,116	248,116
Transfer from Capital Fund	0	0	0	100,000
Motor Vehicle License Fee	<u>180,166</u>	<u>308,638</u>	<u>327,000</u>	<u>333,540</u>
Total	3,794,840	4,637,865	4,969,837	5,395,260

ENTERPRISE FUNDS

Parking Services Fund: This fund accounts for the parking facilities and meters owned and operated as enterprises of the City of Asheville. Operations include three parking garages, over 700 on-street metered spaces, and more than 200 lot spaces.

	2005-06	2006-07	2007-08	2008-09
	Actual	Actual	Budget	Adopted
Expenditures:				
Salaries & Wages	349,718	353,966	500,042	614,840
Fringe Benefits	124,654	127,650	175,776	213,742
Operating Costs	413,708	545,772	971,167	869,779
Contingency (Future Decks)	--	--	459,554	0
Debt Service	607,658	603,519	731,945	500,000
Transfer to Transit Fund	0	248,116	248,116	248,116
Capital Outlay	<u>64,189</u>	<u>14,500</u>	<u>507,400</u>	<u>653,223</u>
Total	1,559,927	1,893,523	3,594,000	3,099,700
FTE Positions	15.00	17.00	19.00	19.00
Revenues:				
Garage Revenues	1,097,383	1,293,317	1,377,000	1,417,000
Parking Meters	913,212	919,411	950,000	932,000
Parking Violations	253,749	544,407	570,000	570,200
Parking Lots & Peripheral	118,926	109,639	137,000	129,500
Lease-Purchase Proceeds	0	0	500,000	0
Other	<u>90,331</u>	<u>60,247</u>	<u>60,000</u>	<u>51,000</u>
Total	2,473,601	2,927,021	3,594,000	3,099,700

Civic Center Fund: This fund accounts for the operation of the City of Asheville Civic Center, which is used for concerts, family shows, trade shows, and sporting events. This fund is supported by a general fund subsidy of \$397,989.

	2005-06	2006-07	2007-08	2008-09
	Actual	Actual	Budget	Adopted
Expenditures:				
Salaries & Wages	778,104	809,055	785,771	900,444
Fringe Benefits	208,703	233,074	240,635	294,843
Operating Costs	932,752	930,751	932,292	908,127
Capital Outlay	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	1,919,559	1,972,880	1,958,698	2,103,414
FTE Positions	17.75	17.00	17.51	17.51
Revenues:				
Food & Beverage Sales	497,070	588,432	482,000	587,580
Rent	619,707	571,361	584,500	618,595
Admissions & Other Sales	340,840	319,339	372,500	373,850
Capital Maintenance Fee	64,651	71,511	65,000	66,900
Investment Earnings	20,832	83,723	20,000	55,000
Other	<u>2,036</u>	<u>4,824</u>	<u>3,500</u>	<u>3,500</u>
Subtotal Operations	1,545,136	1,639,190	1,527,500	1,705,425
General Fund Subsidy	374,423	413,340	431,198	397,989
Total	1,919,559	2,052,530	1,958,698	2,103,414

ENTERPRISE FUNDS

Festivals Fund: This fund accounts for the direct salary & operating costs associated with City-produced festivals such as Bele Chere, First Night, the Fourth of July, and the Film Festival.

	2005-06	2006-07	2007-08	2008-09
	Actual	Actual	Budget	Adopted
Expenditures:				
Salaries & Wages	167,505	176,744	189,127	124,491
Fringe Benefits	48,694	50,227	64,795	39,420
Operating Costs	972,647	1,083,195	939,006	943,770
Capital Outlay	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	1,188,846	1,310,166	1,192,928	1,107,681
FTE Positions	5.00	4.50	4.75	4.75
Revenues:				
Sponsorships	192,000	263,298	260,000	308,266
Beverages	293,557	221,288	283,290	281,290
Vendor Fees & Booths	196,248	174,841	194,750	197,750
Souvenirs	63,302	35,325	53,000	41,000
Tickets/Events	137,677	169,791	132,266	101,000
General Fund Subsidy	100,000	0	253,922	162,675
Other	<u>14,411</u>	<u>22,501</u>	<u>15,700</u>	<u>15,700</u>
Total	997,195	887,044	1,192,928	1,107,681

Stormwater Utility Fund: The Stormwater Fund was a new fund in FY 2005-06. It accounts for revenues and expenditures associated with the City's expanded stormwater maintenance program, which was put in place to meet federally-mandated requirements.

	2005-06	2006-07	2007-08	2008-09
	Actual	Actual	Budget	Adopted
Expenditures:				
Salaries & Wages	622,001	930,384	1,279,002	1,464,339
Fringe Benefits	225,171	343,161	389,239	467,744
Operating Costs	729,912	754,383	1,006,713	867,000
Debt Service	39	51,251	75,000	150,000
Capital Outlay	<u>448,585</u>	<u>189,978</u>	<u>283,450</u>	<u>355,300</u>
Total	2,025,708	2,269,157	3,033,404	3,304,383
FTE Positions	23.00	30.00	32.00	32.00
Revenues:				
Charges For Service	2,356,828	2,795,945	2,402,504	2,707,383
Licenses & Permits	0	239,386	184,000	287,000
Lease-Purchase Proceeds	215,000	6,286	121,900	280,000
Investment Earnings	-2,424	32,319	5,000	30,000
Appropriated Fund Balance	<u>0</u>	<u>0</u>	<u>320,000</u>	<u>0</u>
Total	2,569,404	3,073,936	3,033,404	3,304,383

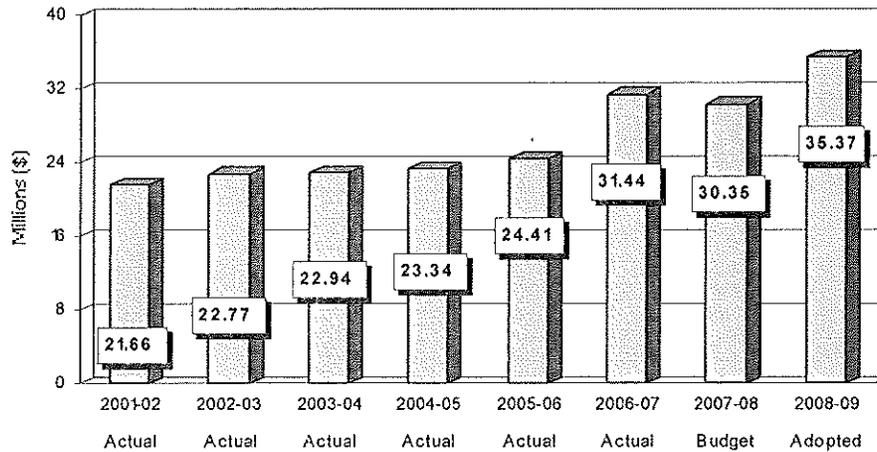
ENTERPRISE FUNDS

Golf Fund: The City took over operation of the Municipal Golf course in FY 2005-06.

	2005-06	2006-07	2007-08	2008-09
	Actual	Actual	Budget	Adopted
Expenditures:				
Salaries & Wages	389,403	435,721	446,009	507,274
Fringe Benefits	133,957	142,898	135,172	174,127
Operating Costs	353,650	375,003	460,319	483,300
Capital Outlay	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	877,010	953,622	1,041,500	1,164,701
FTE Positions	13.75	14.00	14.00	14.00
Revenues:				
Pro Shop Sales	44,958	44,363	80,000	58,000
Membership Fees	150,782	164,891	155,000	206,000
Snack Bar	74,406	71,914	75,000	80,000
Equipment Rental	266,786	258,377	280,000	275,000
Green Fees	302,313	354,492	450,000	470,000
Other	<u>2,893</u>	<u>2,215</u>	<u>1,500</u>	<u>0</u>
Subtotal Operations	842,138	896,252	1,041,500	1,089,000
General Fund Subsidy	73,714	0	0	75,701
Total	915,852	896,252	1,041,500	1,164,701

ENTERPRISE FUND REVENUES

WATER RESOURCES FUND REVENUE



<u>Water Resources Revenue</u>	2005-06 Actual	2006-07 Actual	2007-08 Budget	2008-09 Adopted
Utility Charges	19,935,367	20,221,753	20,100,000	20,904,000
Other Operating Revenue	4,085,663	4,205,673	4,054,390	4,109,550
Capital Maintenance Fee	0	6,069,461	6,000,000	6,000,000
Appropriated Fund Balance	--	--	--	3,557,559
Investment Earnings	<u>388,859</u>	<u>940,606</u>	<u>195,000</u>	<u>800,000</u>
Total Water Resources Revenue	24,409,889	31,437,503	30,349,390	35,371,109
Percent Change	4.72%	28.79%	-34.61%	16.55%

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 2008-09 budget includes a 4% increase in water rates, which will generate approximately \$800,000 in additional revenue.

Capital Maintenance Fee: This is a capital improvements fee similar to MSD's Meter/Maintenance Charge. 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

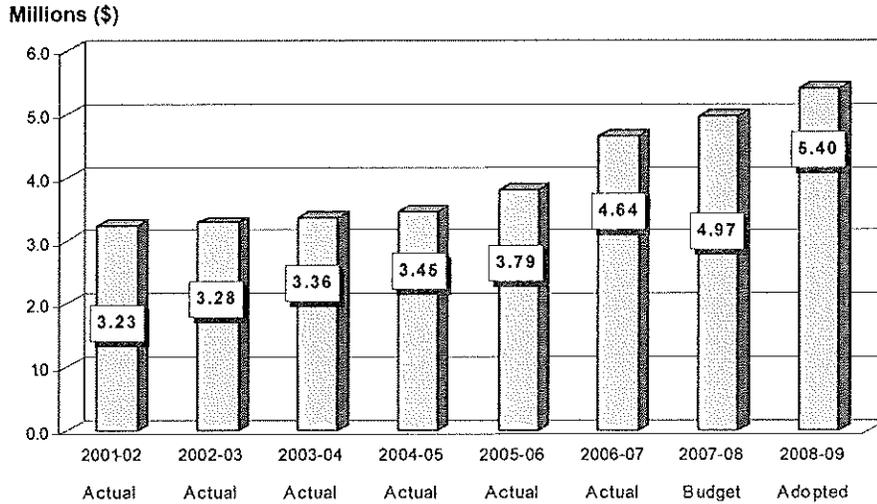
charge based on the size of the meter. Based on collection trends over the last two years, no change is budgeted in this revenue in FY 2008-09.

Other Revenue: Investment earnings reflect earnings on cash fund balances. The budget for investment earnings is adjusted upward to reflect the higher earnings received over the last two fiscal years.

A slight increase is budgeted in other operating revenue, which includes development fees, tap and connection fees, fire line charges, reconnection and delinquency fees and other miscellaneous revenue.

ENTERPRISE FUND REVENUES

TRANSIT SERVICES FUND REVENUE



<u>Transit Services Revenue</u>	2005-06 Actual	2006-07 Actual	2007-08 Budget	2008-09 Adopted
Federal/State Grants	2,069,201	2,374,658	2,327,901	2,350,652
General Fund Subsidy	813,485	1,046,596	1,275,565	1,566,197
Parking Fund Subsidy	0	248,116	248,116	248,116
Passenger Fares	729,448	658,914	791,255	796,755
Motor Vehicle License Fee	180,166	308,638	327,000	333,540
Other	<u>2,540</u>	<u>943</u>	<u>0</u>	<u>100,000</u>
Total Transit Revenue	3,794,840	4,637,865	4,969,837	5,395,260
Percent Change	10.00%	22.22%	7.16%	8.56%

Trends & Assumptions

Transit Fund revenue is derived from three primary sources: federal & 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 represents 44% of the fund's total revenue. Increases in state grant funding are offset by a \$160,000 decrease in funding from the federal government. As a result the federal/state grant revenue category shows almost no increase over FY 2007-08.

Local Tax Support: This category includes both the general fund subsidy and the motor vehicle license fee. The general fund subsidy to the transit services fund is budgeted to increase by approximately \$290,000 in FY 2008-09. The City also levies an annual registration fee of \$10 on all motor vehicles owned by City residents. The

revenue generated from this fee goes to support the transit fund to support operations. Local tax support provides 35% of total transit fund revenue.

Parking Fund Subsidy: In the FY 2006-07 budget, funding was included in the Transit Services Fund to expand the hours of operation for city buses and to initiate a limited-time fare free program. These new transit initiatives were funded with a \$248,116 transfer from the Parking Services Fund. This transfer was continued in FY 2007-08, and staff is recommending that this transfer continue in FY 2008-09.

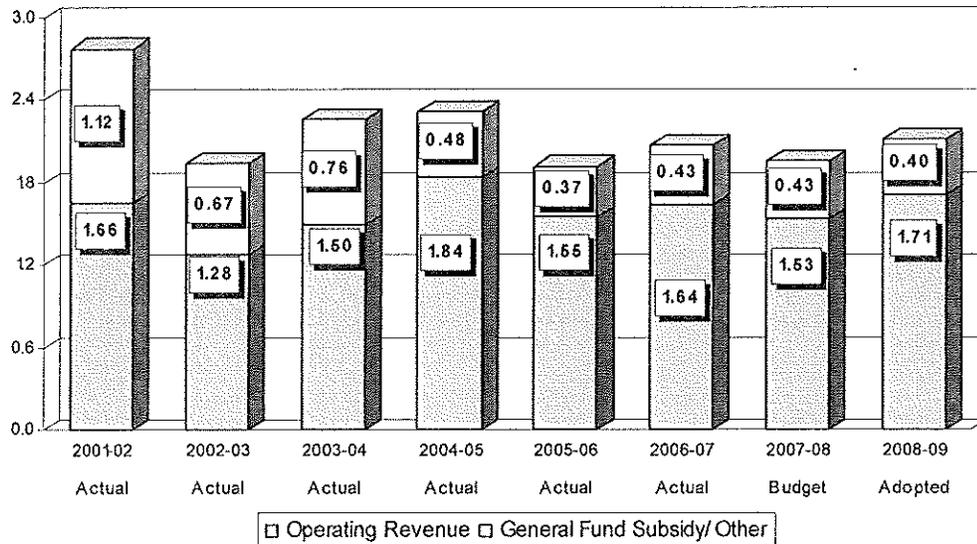
Passenger Fares: Charges to transit riders provides 15% of total fund revenue. This revenue is expected to remain flat in FY 2008-09.

Other: This revenue category includes \$100,000 in FY 2008-09 that will be transferred from the Transit Capital Fund.

ENTERPRISE FUND REVENUES

CIVIC CENTER FUND REVENUE

Millions (\$)



	2005-06 Actual	2006-07 Actual	2007-08 Budget	2008-09 Adopted
<u>Civic Center Revenue</u>				
Food & Beverage Sales	497,070	588,432	482,000	587,580
Rent	619,707	571,361	584,500	618,595
Admissions & Other Sales	340,840	319,339	372,500	373,850
Other	<u>87,519</u>	<u>160,058</u>	<u>88,500</u>	<u>125,400</u>
Total Operating Revenue	1,545,136	1,639,190	1,527,500	1,705,425
Percent Change	-15.89%	6.09%	-6.81%	11.65%
General Fund Subsidy	<u>374,423</u>	<u>413,340</u>	<u>431,198</u>	<u>397,989</u>
Total Civic Center Revenue	1,919,559	2,052,530	1,958,698	2,103,414

Trends & Assumptions

The Civic 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: Operating revenue shows a budget-to-budget increase of 11.6%. The FY 2008-09 revenue budget is adjusted to reflect trends observed during FY 2006-07 and FY 2007-08. Operating revenue remains consistent due to continued strong bookings and high attendance at events.

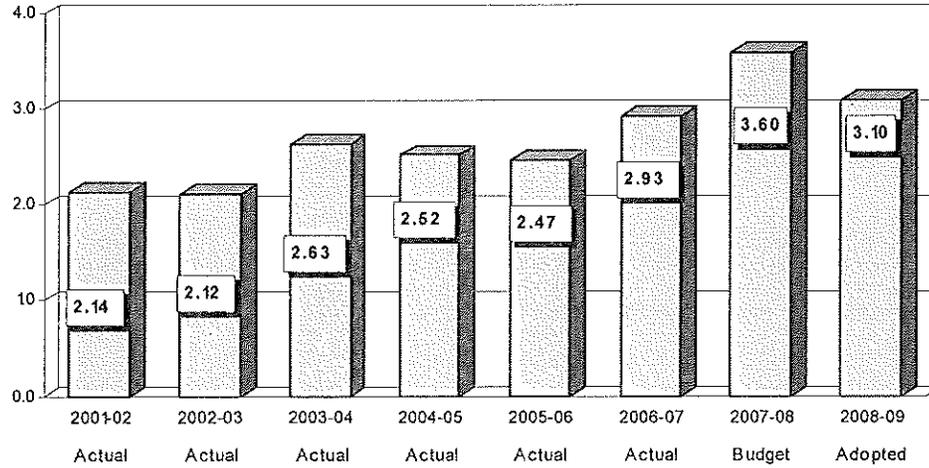
General Fund Subsidy: This strong performance in operating revenue has allowed the Center to operate at a substantially lower loss over the last several fiscal years. As such, the General Fund subsidy has remained in the \$400,000 range over the last five years. In the years prior to that, the operating deficit had routinely exceeded \$700,000.

The general fund subsidy for FY 2008-09 shows a decrease of \$33,209.

ENTERPRISE FUND REVENUES

PARKING SERVICES FUND REVENUES

Millions (\$)



<u>Parking Services Revenue</u>	2005-06 Actual	2006-07 Actual	2007-08 Budget	2008-09 Adopted
Garage Revenue	1,097,383	1,293,317	1,377,000	1,417,000
Parking Meters	913,212	919,411	950,000	932,000
Parking Violations	253,749	544,407	570,000	570,200
Parking Lots & Peripheral Parking	118,926	109,639	137,000	129,500
Debt Proceeds	0	0	500,000	0
Other	<u>90,331</u>	<u>60,247</u>	<u>60,000</u>	<u>51,000</u>
Total Parking Services Revenue	2,473,601	2,927,021	3,594,000	3,099,700
Percent Change	-1.98%	18.33%	22.79%	-13.75%

Trends & Assumptions

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

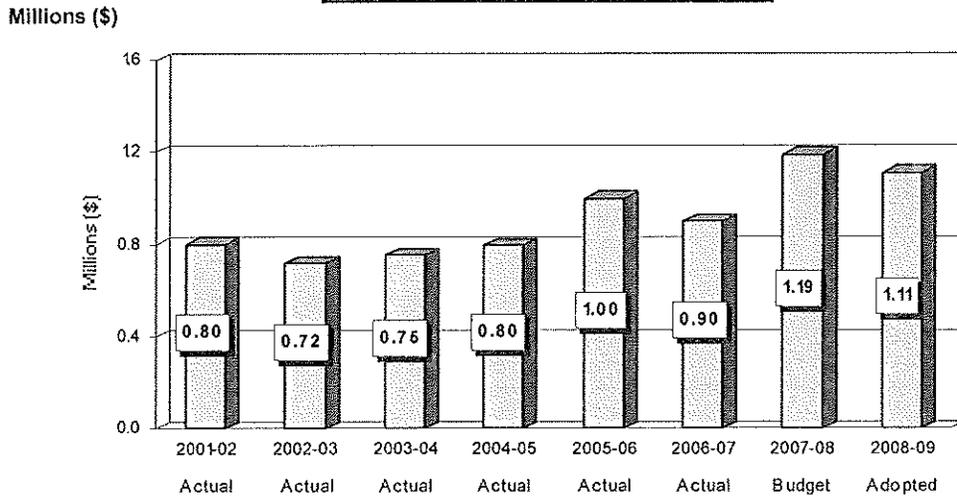
Garage Revenue: The Budget includes additional revenue from the change to the maximum all day fee that Council adopted in April.

Parking Meters & Parking Violations: Based on prior year collections, a slight decrease is budgeted in revenue from parking meters.

Debt Proceeds: The FY 2007-08 budget included \$500,000 in debt proceeds to fund the replacement of gate equipment in the City garages.

ENTERPRISE FUND REVENUES

FESTIVALS FUND REVENUES



<u>Festivals Revenue</u>	2005-06 Actual	2006-07 Actual	2007-08 Budget	2008-09 Adopted
Sponsorships	192,000	263,298	260,000	308,266
Beverages	293,557	221,288	283,290	281,290
Vendor Fees & Booths	196,248	174,841	194,750	197,750
Souvenirs	63,302	35,325	53,000	41,000
Tickets/Events	137,677	169,791	132,266	101,000
General Fund Subsidy	100,000	0	253,922	162,675
Other	<u>14,411</u>	<u>22,501</u>	<u>15,700</u>	<u>15,700</u>
Total Festivals Revenue	997,195	887,044	1,192,928	1,107,681
Percent Change	25.16%	-11.05%	34.48%	-7.15%

Trends & Assumptions

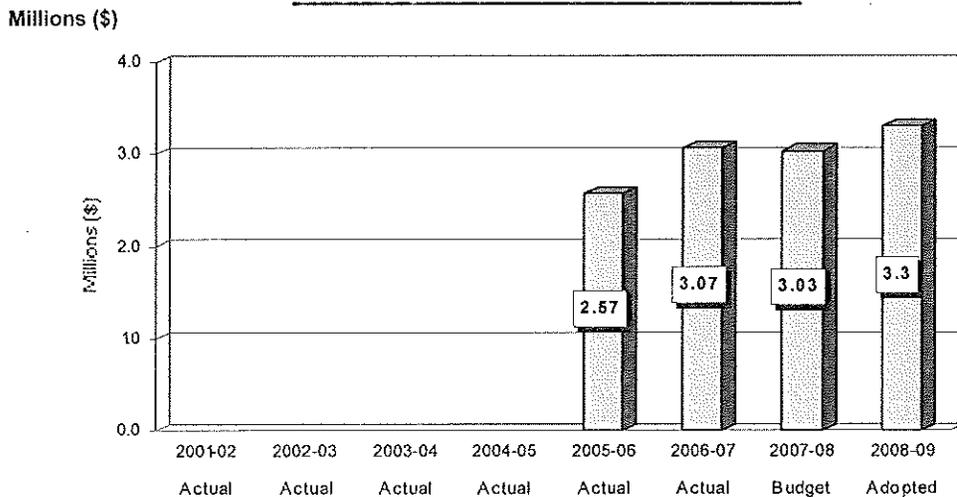
The Festivals Fund was created in FY 2001-02 to account for revenues and expenditures associated with City-produced festivals, such as Bele Chere and the Film Festival.

Operating Revenue: Operating revenue is expected to remain flat in FY 2008-09.

General Fund Subsidy: A general fund subsidy of \$162,675 is included to support the costs of the Festivals staff. This subsidy is reduced from FY 2007-08 because more cultural arts staff is being directly accounted for in the General Fund.

ENTERPRISE FUND REVENUES

STORMWATER FUND REVENUES



<u>Stormwater Revenue</u>	2005-06 Actual	2006-07 Actual	2007-08 Budget	2008-09 Adopted
Utility Charges	2,356,828	2,795,945	2,402,504	2,707,383
Licenses & Permits	0	239,386	184,000	287,000
Lease-Purchase Proceeds	215,000	6,286	121,900	280,000
App. Fund Balance	--	--	320,000	0
Other	<u>-2,424</u>	<u>32,319</u>	<u>5,000</u>	<u>30,000</u>
Total Stormwater Revenue	2,569,404	3,073,936	3,033,404	3,304,383
Percent Change		19.5%	-1.3%	8.9%

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.

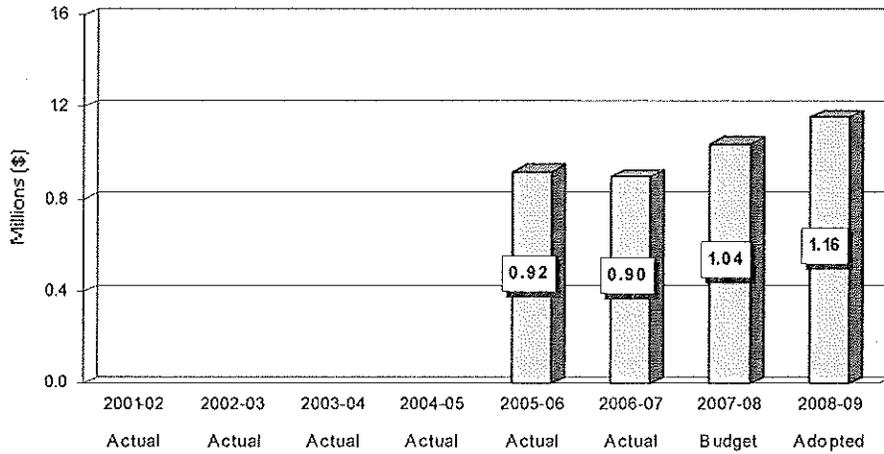
Licenses & Permits: The FY 2008-09 budget is adjusted to reflect collection in FY 2006-07 and fee increases adopted by Council in April.

Utility Charges: Based on utility charge revenue collected during FY 2006-07 and trends observed through the first nine months of the current fiscal year, staff is budgeting \$2.7 million in utility charge revenue for FY 2008-09.

ENTERPRISE FUND REVENUES

GOLF FUND REVENUES

Millions (\$)



<u>Golf Revenue</u>	2005-06 Actual	2006-07 Actual	2007-08 Budget	2008-09 Adopted
Pro Shop Sales	44,958	44,363	80,000	58,000
Membership Fees	150,782	164,891	155,000	206,000
Snack Bar	74,406	71,914	75,000	80,000
Equipment Rental	266,786	258,377	280,000	275,000
Green Fees	302,313	354,492	450,000	470,000
Other	2,893	2,215	1,500	0
General Fund Subsidy	<u>73,714</u>	<u>0</u>	<u>0</u>	<u>75,701</u>
Total Golf Revenue	915,852	896,252	1,041,500	1,164,701
Percent Change		-2.2%	15.6%	11.5%

Trends & Assumptions

The Golf Fund was created in FY 2005-06 when the City assumed operation of the Municipal Golf Course from Buncombe County as a part of the Water Agreement termination.

Operating Revenues: The budget includes additional revenue from increases to the

passholder fees and greens fees that Council approved in April.

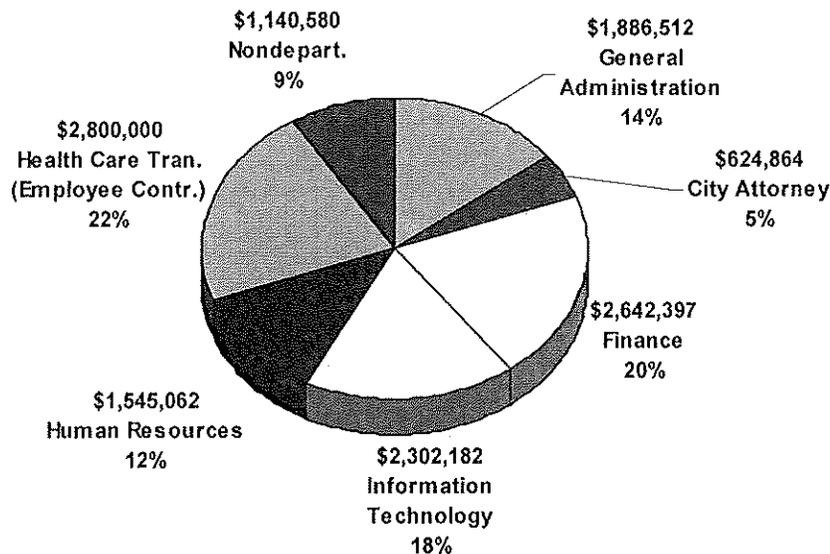
General Fund Subsidy: Even with the Council-approved fee increases, a \$75,701 General Fund subsidy is required to balance the FY 2008-09 budget.



GENERAL GOVERNMENT SUMMARY

BUDGET SUMMARY	2005-06 Actual	2006-07 Actual	2007-08 Budget	2008-09 Adopted
Expenditures:				
General Administration	1,481,262	1,780,402	2,217,765	1,886,512
City Attorney's Office	569,597	502,051	595,718	624,864
Finance	4,681,643	5,717,640	2,531,916	2,642,397
Information Technology	2,580,204	1,788,627	2,229,306	2,302,182
Human Resources	923,511	1,028,830	1,501,499	1,545,062
Health Care Tran. (Employee Contr.)	-	-	2,425,000	2,800,000
Nondepartmental	909,373	1,511,482	1,392,397	1,140,580
Total Expenditures	11,145,590	12,329,032	12,893,601	12,941,597
FTE Positions	95.26	80.76	91.76	88.76
Revenues:				
General Administration	38,747	234,211	157,000	166,000
Finance	2,770,362	2,919,057	2,192,600	2,214,600
Information Technology	42,510	37,021	54,743	54,743
Human Resources	-	-	-	25,000
Subtotal	2,851,619	3,190,289	2,404,343	2,460,343
General Revenue Support	8,293,971	9,138,743	10,489,258	10,481,254
Total Revenues	11,145,590	12,329,032	12,893,601	12,941,597

FY08-09 General Government Budget by Department



GENERAL ADMINISTRATION

Jeffrey B. Richardson, Assistant City Manager

MISSION: The mission of the General Administration Department is to provide fair and consistently high quality services to all citizens and employees by creating a cooperative, outcome-oriented and informed environment. We promise to all City employees our commitment to: leadership by example; open communication; an atmosphere of mutual trust and loyalty; pride and enjoyment in work; recognition of accomplishment; excellence; new ideas; fairness and consistency; personal and professional development; a safe and healthy workplace; fair pay and benefits; necessary tools to do the job; and responsible financial management.

DEPARTMENT SUMMARY

	2005-06	2006-07	2007-08	2008-09
	Actual	Actual	Budget	Adopted
Expenditures:				
Salaries & Wages	929,288	1,119,102	1,182,540	1,228,978
Fringe Benefits	240,954	293,782	323,875	368,241
Operating Costs	245,325	454,441	898,440	489,293
Capital Outlay	65,695	28,836	1,000	0
Cost Transfers	<u>0</u>	<u>-115,759</u>	<u>-188,090</u>	<u>-200,000</u>
Total	1,481,262	1,780,402	2,217,765	1,886,512
FTE Positions	14.00	16.00	20.00	18.00
Revenues:				
Charges For Service	<u>38,747</u>	<u>234,211</u>	<u>157,000</u>	<u>166,000</u>
Subtotal	38,747	234,211	157,000	166,000
General Revenue Support	1,442,515	1,546,191	2,060,765	1,720,512
Total	1,481,262	1,780,402	2,217,765	1,886,512

BUDGET HIGHLIGHTS

- The budget includes the elimination of two FTE positions – the Deputy City Clerk and a Secretary in the City Manager’s Office. The elimination of these positions saved approximately \$84,000.
- The FY 2007-08 budget included \$290,000 in one-time funding for the downtown master plan update, which is removed from the FY 2008-09 budget.
- The budget does include continued funding for the legal and contracted services associated with the sale of City-owned property, but the level of funding is reduced from FY 2007-08.

GENERAL ADMINISTRATION

DIVISION SUMMARY	2005-06	2006-07	2007-08	2008-09
	Actual	Actual	Budget	Adopted
<u>Governing Body</u>	159,976	171,575	184,760	193,193
FTE Positions	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.

<u>City Clerk</u>	107,520	89,565	131,654	95,366
FTE Positions	1.00	1.00	2.00	1.00

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.

<u>City Manager</u>	491,533	580,311	599,354	582,221
FTE Positions	5.00	5.00	6.00	5.00

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.

<u>Community Oriented Government</u>	329,630	461,567	368,601	476,116
FTE Positions	3.00	5.00	7.00	7.00

The Community Oriented Government 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.

<u>Economic Development</u>	392,603	477,384	933,396	539,616
FTE Positions	5.00	5.00	5.00	5.00

The Economic Development Division is responsible for establishing and executing activities and policies that result in the retention, expansion, and attraction of quality business investments and jobs for the City of Asheville.

GENERAL ADMINISTRATION

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.
- Continue to make Asheville a desirable place to live, work and play by pursuing policies that enhance the quality of life for all City residents.
- Record all official action of the City Council, safeguard all official records, and provide accurate information to citizens in an efficient and professional manner.
- Promote Asheville's economic development policies through collaborative initiatives that create a diverse, vibrant and robust economy.
- 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 engaged and informed community by effectively communicating the city's goals, services, programs and initiatives.
- Utilize a broad range of communication tools including the City's Web site, the Asheville Channel, and in-house print services to foster a community that is well-informed and involved in decisions.

KEY PERFORMANCE OBJECTIVES & MEASURES

- Percentage of citizens who rate the overall quality of life in Asheville as either "Good" or "Excellent" in the City's citizen survey.
- Percentage of leading economic indicators, such as unemployment rate and job creation, that is consistent with or better than the national average.
- Percentage of City Council minutes prepared within 3 days of the meeting and approved without amendment.
- Percentage of City Council agendas produced electronically 4 days prior to meeting.
- Percentage of citizens who rate the City's public information services, including the city Web site and Cable Channel, as either "Good" or "Excellent" in the City's citizen survey.
- Percentage of all requests for public records, service or complaint resolution fulfilled or closed in no more than 10 business days.
- Percentage of citizen requests for service or complaints resolved satisfactorily as judged by the customer.

Note: Key performance objectives & measures have been revised for FY 2008-09, and staff is currently developing targets.

CITY ATTORNEY'S OFFICE

Bob Oast, City Attorney

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

DEPARTMENT SUMMARY

	2005-06 Actual	2006-07 Actual	2007-08 Budget	2008-09 Adopted
Expenditures:				
Salaries & Wages	333,343	354,312	398,043	435,050
Fringe Benefits	81,109	85,843	95,342	121,216
Operating Costs	155,145	61,896	102,333	68,598
Capital Outlay	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	569,597	502,051	595,718	624,864
FTE Positions	5.00	5.00	6.00	6.00

BUDGET HIGHLIGHTS

- In addition to the reduction in training and travel, the City Attorney's budget includes a \$10,000 reduction in the budget for outside legal services.

DEPARTMENTAL GOALS

- Handle all lawsuits (motions, etc.) in timely fashion.
- Process ordinances, resolutions and routine contracts (within Manager's signing authority) in timely manner.
- Risk/loss minimization.

KEY PERFORMANCE OBJECTIVES & MEASURES

	<i>2006/07</i> <u>Actual</u>	<i>2007/08</i> <u>Estimate</u>	<i>2008/09</i> <u>Target</u>
• <i>Respond to pleadings and motions by court or legally mandated deadlines.</i>	N/A	100%	100%
• <i>Complete reviews and edits within 10 days (30 days for conditional zoning permits.)</i>	N/A	90%	90%
• <i>Complete review and response on completed contracts within 2 weeks.</i>	N/A	N/A	80%
• <i>Early involvement in matters that lead to litigation/claims.</i>	N/A	N/A	As needed

FINANCE

Benjamin C. Durant III, Chief Financial Officer

MISSION: The mission of the Finance Department is to preserve and promote the City's financial condition and to deliver support and other services effectively and efficiently.

DEPARTMENT SUMMARY

	2005-06 Actual	2006-07 Actual	2007-08 Budget	2008-09 Adopted
Expenditures:				
Salaries & Wages	1,811,933	1,310,144	1,527,980	1,635,169
Fringe Benefits	590,379	418,652	447,984	530,818
Operating Costs	11,056,884	11,968,837	555,952	476,410
Capital Outlay	22,777	0	0	0
Cost Transfers	<u>-8,800,330</u>	<u>-7,979,993</u>	<u>0</u>	<u>0</u>
Total	4,681,643	5,717,640	2,531,916	2,642,397
FTE Positions	49.00	31.00	33.00	32.00
Revenues:				
Investment Earnings	1,759,108	1,647,145	1,000,000	1,000,000
Charges To Other Funds	2,940	1,724	2,500	2,500
Licenses & Permits	757,127	1,051,348	1,110,100	1,110,100
Charges For Service	1,410	1,120	0	0
Miscellaneous	<u>249,777</u>	<u>217,720</u>	<u>80,000</u>	<u>102,000</u>
Subtotal	2,770,362	2,919,057	2,192,600	2,214,600
General Revenue Support	1,911,281	2,798,583	339,316	427,797
Total	4,681,643	5,717,640	2,531,916	2,642,397

BUDGET HIGHLIGHTS

- The budget includes the elimination of the vacant Internal Auditor position which was added to the budget in FY 2007-08. The elimination of this position saved approximately \$52,000.
- Beginning with the 2007-08 fiscal year, the City insurance programs, which were a part of the Finance Department, are accounted for in a separate internal service fund.

FINANCE

DIVISION SUMMARY	2005-06 Actual	2006-07 Actual	2007-08 Budget	2008-09 Adopted
<u>Administration</u>	251,245	328,214	350,999	368,801
FTE Positions	3.00	3.00	3.00	3.00

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

<u>Accounting</u>	1,100,177	1,210,278	1,264,800	1,252,193
FTE Positions	16.00	16.00	17.00	16.00

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.

<u>Purchasing</u>	309,369	246,480	311,517	372,518
FTE Positions	4.00	4.00	5.00	5.00

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.

<u>Central Stores</u>	138,236	141,294	143,449	156,027
FTE Positions	2.00	2.00	2.00	2.00

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).

<u>Risk Management Admin</u>	211,366	237,109	263,267	272,473
FTE Positions	3.00	3.00	3.00	3.00

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.

FINANCE

DIVISION SUMMARY	2005-06 Actual	2006-07 Actual	2007-08 Budget	2008-09 Adopted
<u>Budget & Research</u>	184,218	124,209	197,883	220,385
FTE Positions	3.00	3.00	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 management, planning and evaluation.

<u>Group Health</u>	2,481,191	3,884,361	0	0
<u>Workers Compensation</u>	-104,596	-392,242	0	0
<u>Insurance & Bonds</u>	-182,674	-28,680	0	0
<u>Police/Fire Disability</u>	-23,120	-29,767	0	0
<u>Police Separation Allowance</u>	-27,272	-23,774	0	0

Beginning with the 2007-08 fiscal year, the five programs above are accounted for in a separate internal service fund.

DEPARTMENTAL GOALS

- Provide high quality financial management services to facilitate sound business decisions.
- Provide great customer service with a high level of professionalism and responsiveness.
- Continuously improve the efficiency of its key business processes through automation and other re-engineering initiatives.
- Establish the department as a learning and growth organization by promoting growth opportunities for all employees.

KEY PERFORMANCE OBJECTIVES & MEASURES

- Maintain general fund balance at a minimum of 20% of general fund expenditures.
- Successfully settle 90% of liability claims through mediation.
- Decrease worker's compensation actions or injuries from prior year's level.
- Receive an unqualified audit opinion, as well as the GFOA Excellence in Financial Reporting Award.
- Receive a score of 80% or higher on internal customer service satisfaction survey.
- Pay 99.5% of all bills within vendor contract terms.
- Establish a culture of continuous learning and professional growth in the Finance Department.

INFORMATION TECHNOLOGY SERVICES

Jonathan Feldman, Director

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

DEPARTMENT SUMMARY

	2005-06 Actual	2006-07 Actual	2007-08 Budget	2008-09 Adopted
Expenditures:				
Salaries & Wages	846,835	924,277	1,030,765	1,080,160
Fringe Benefits	207,838	236,480	262,546	298,431
Operating Costs	2,042,034	1,019,741	1,299,557	1,341,347
Capital Outlay	31,145	50,418	87,788	70,500
Cost Transfers	<u>-547,648</u>	<u>-442,289</u>	<u>-451,350</u>	<u>-488,256</u>
Total	2,580,204	1,788,627	2,229,306	2,302,182
FTE Positions	16.00	16.00	17.00	17.00
Revenues:				
Charges For Service	<u>42,510</u>	<u>37,021</u>	<u>54,743</u>	<u>54,743</u>
Subtotal	42,510	37,021	54,743	54,743
General Revenue Support	2,501,436	1,751,606	2,174,563	2,247,439
Total	2,580,204	1,788,627	2,229,306	2,302,182

BUDGET HIGHLIGHTS

- The budget for Information Technology Services includes reductions in operating costs of approximately \$100,000. Reductions were made to training/travel, professional services and small capital.

INFORMATION TECHNOLOGY SERVICES

DIVISION SUMMARY	2005-06 Actual	2006-07 Actual	2007-08 Budget	2008-09 Adopted
<u>Information Services</u>	2,580,204	1,788,627	2,229,306	0
FTE Positions	16.00	16.00	17.00	0.00

Beginning in FY2008-09, the Information Services Department will be accounted for in the following divisions:

<u>Administration</u>	222,986
FTE Positions	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.

<u>GIS & Application Services</u>	379,356
FTE Positions	4.00

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.

<u>IT Support Services</u>	618,508
FTE Positions	5.00

The IT Support Services Division ensures all customer information technology needs are met in a timely, efficient, and courteous way. To meet these needs, provide a centralized Help Desk service, documentation and knowledge management, and other task and project management tools and services.

<u>Technical Services</u>	1,081,332
FTE Positions	6.00

The Technical Services Division continuously improves network infrastructure in order to enhance the quality and reliability of both data and communication systems.

INFORMATION TECHNOLOGY SERVICES

DEPARTMENTAL GOALS

- Ensure that technology services are aligned with business requirements of City staff and citizens; follow on successes like mapAsheville to save labor and improve efficiency.
- Pursue organizational development strategy, including staff industry certifications and industry accreditation.
- Significantly improve security and reliability by modernizing data center & data handling practices.
- Utilize test environment and automated deployment system to ensure quality & timely IT products are received by users and citizens.
- Monitor and act on metrics regarding work load, capacity, and network health to enable proactive management of resources.

KEY PERFORMANCE OBJECTIVES & MEASURES

<i>Performance Measures</i>	<i>Data Collection Source or Procedure (Reporting Period)</i>	<i>FY07</i>	<i>FY08 (est)</i>
• <i>Percentage of good and excellent Customer Service Survey results</i>	<i>Online surveys (Quarterly)</i>	92.5%	94.6%
• <i>Percentage of City operating budget allocated to IT Services</i>	<i>Budgetary systems (Yearly)</i>		1.8%
• <i>Key performance data including percentage of availability to users</i>	<i>Network and system monitoring tools (Monthly)</i>		99.9%
• <i>Percentage of infrastructure replaced per year</i>	<i>Inventory database (Yearly)</i>		9.5%
• <i>User satisfaction rating with enterprise software</i>	<i>Survey (Yearly)</i>	51.0%	51.0%
• <i>Percentage of correlation between addressing systems (data correctness)</i>	<i>GIS and centralized software (Quarterly)</i>	87.0%	94.0%
• <i>Percentage of normal priority calls resolved within 24 hours</i>	<i>Help desk software data (Monthly)</i>	-	59.5%

HUMAN RESOURCES

Lisa Roth, Director

MISSION: It is the mission of the Human Resources Department to provide a full range of customer-friendly services which foster a competitive, representative, healthy and fair work environment and to provide for the personal and professional development of employees.

DEPARTMENT SUMMARY

	2005-06	2006-07	2007-08	2008-09
	Actual	Actual	Budget	Adopted
Expenditures:				
Salaries & Wages	607,698	626,044	781,283	826,940
Fringe Benefits	147,504	153,101	196,377	233,356
Operating Costs	205,716	286,420	558,886	522,173
Capital Outlay	0	0	2,360	0
Cost Transfers	<u>-37,407</u>	<u>-36,735</u>	<u>-37,407</u>	<u>-37,407</u>
Total	923,511	1,028,830	1,501,499	1,545,062
FTE Positions	11.26	12.76	15.76	15.76
Revenues:				
Intergovernmental	<u>0</u>	<u>0</u>	<u>0</u>	<u>25,000</u>
Subtotal	0	0	0	25,000
General Revenue Support	923,511	1,028,830	1,501,499	1,520,062
Total	923,511	1,028,830	1,501,499	1,545,062

BUDGET HIGHLIGHTS

- The budget includes the elimination of the vacant Training Director position which was added to the budget in FY 2007-08. The elimination of this position saved approximately \$54,000.
- The City has received various donations and grants for the CAYLA program that will allow the City to retain the current part-time temporary Program Coordinator as a full-time (FTE) position in FY 2008-09. This position will be accounted for in a grant fund.

HUMAN RESOURCES

DIVISION SUMMARY	2005-06 Actual	2006-07 Actual	2007-08 Budget	2008-09 Adopted
<u>Human Resources</u>	446,550	511,006	1,106,441	1,052,553
FTE Positions	5.00	9.50	11.50	10.50

Human Resources provides leadership for the variety of responsibilities assigned to the Human Resources Department, including benefits, compensation, employment, and employee relations and wellness.

<u>Organizational Development</u>	204,623	221,393	151,181	237,380
FTE Positions	3.00	1.00	2.00	2.00

The Organizational Development Division is responsible for training, education, succession planning, and workforce development.

<u>Health Services</u>	195,365	216,549	243,877	255,129
FTE Positions	2.26	2.26	2.26	2.26

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.

DEPARTMENTAL GOALS

- To provide diversity strategies that will enable the organization to mirror our community.
- To provide succession planning strategies that will allow the organization to grow and prosper in the future.
- To provide enhanced compensation and benefit packages that will attract and retain highly qualified candidates and employees.
- To provide proactive recruiting strategies that attract well qualified, high performing, and diversified candidates.

KEY PERFORMANCE OBJECTIVES & MEASURES

- Perform exit interviews on employees voluntarily leaving the City to determine trends.
- Increase the percentage of qualified minorities who apply and are successful in obtaining employment and promotions within all departments
- Study all jobs within the City and have them appropriately slotted into a new market-based broad-band compensation plan.
- Increase participation in the City's disease management programs and look for areas to expand into new disease types.

Reduce time from posting of position to hiring of candidate.

NONDEPARTMENTAL GENERAL GOVERNMENT

BUDGET SUMMARY

Expenditures:	2005-06 Actual	2006-07 Actual	2007-08 Budget	2008-09 Adopted
Board of Tax Supervision	565,110	635,922	650,000	675,000
Board of Elections	91,706	0	159,416	0
Manager's Contingency	0	0	31,800	0
Unemployment	11,679	19,437	33,273	40,912
Group Disability	20,311	20,570	47,560	51,140
URTV	0	18,750	25,000	68,021
Education Channel	0	0	0	7,976
Employee Transit Passes	5,824	3,853	5,936	6,071
City Stormwater Costs	64,043	101,952	110,000	115,000
Other	<u>150,700</u>	<u>710,998</u>	<u>329,412</u>	<u>176,460</u>
Total	909,373	1,511,482	1,392,397	1,140,580

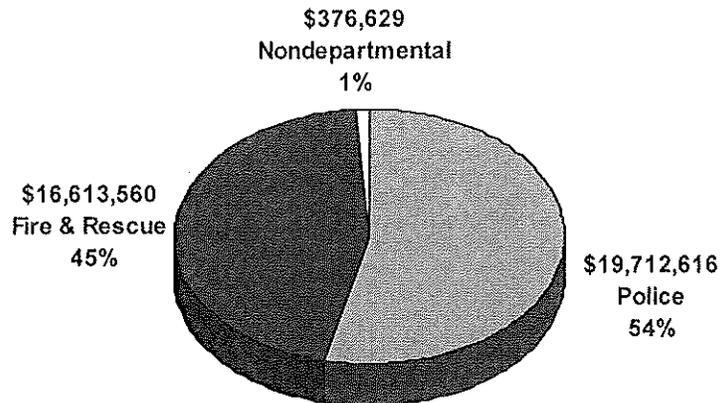
BUDGET HIGHLIGHTS

- In order to help balance the budget, no funding is included in the Manager's Contingency for FY 2008-09.
- Under the new State Video Service Franchise Bill, the City will receive supplemental P.E.G. funding which must be passed on to the local Education and Public Access (URTV) channels. For FY 2008-09, this amount will total \$7,976 for each channel. In addition, the City shares 60% of the regular P.E.G. funding with URTV. For FY 2008-09, this revenue will provide approximately \$60,000 in funding for URTV and \$40,000 for the City's government channel.

PUBLIC SAFETY SUMMARY

BUDGET SUMMARY	2005-06 Actual	2006-07 Actual	2007-08 Budget	2008-09 Adopted
Expenditures:				
Police	14,804,354	16,251,889	17,917,119	19,712,616
Fire & Rescue	13,102,709	14,450,624	15,407,781	16,613,560
Nondepartmental	475,233	314,213	342,749	376,629
Total Expenditures	28,382,296	31,016,726	33,667,649	36,702,805
FTE Positions	451.00	470.00	488.00	494.00
Revenues:				
Police	310,108	466,389	338,520	380,470
Fire & Rescue	977,319	1,099,029	1,332,906	1,772,774
Subtotal	1,287,427	1,565,418	1,671,426	2,153,244
General Revenue Support	27,094,869	29,451,308	31,996,223	34,549,561
Total Revenues	28,382,296	31,016,726	33,667,649	36,702,805

FY 2008-09 Public Safety Budget by Department



POLICE

William Hogan, 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

	2005-06	2006-07	2007-08	2008-09
	Actual	Actual	Budget	Adopted
Expenditures:				
Salaries & Wages	9,661,120	10,284,380	11,148,787	12,154,721
Fringe Benefits	3,297,985	3,435,793	3,758,447	4,235,471
Operating Costs	1,762,992	2,475,146	2,949,759	3,305,334
Capital Outlay	<u>82,257</u>	<u>56,570</u>	<u>60,126</u>	<u>17,090</u>
Total	14,804,354	16,251,889	17,917,119	19,712,616
FTE Positions	240.00	242.00	261.00	261.00
Revenues:				
Intergovernmental	170,887	215,145	175,000	185,000
Charges for Service	43,026	41,781	41,300	40,700
Miscellaneous	61,165	174,287	92,000	109,500
Licenses & Permits	<u>35,030</u>	<u>35,176</u>	<u>30,220</u>	<u>30,270</u>
Subtotal	310,108	466,389	338,520	380,470
General Revenue Support	14,494,246	15,785,500	17,578,599	19,332,146
Total	14,804,354	16,251,889	17,917,119	19,712,616

BUDGET HIGHLIGHTS

- The Police Department will hold two non-sworn positions vacant in FY 2008-09, which will produce a savings of \$87,000.
- The Police operating budget includes a \$165,000 increase in the City's payment to the County for its share of the Criminal Justice Information System (CJIS).
- The FY 2008-09 budget includes a full-year's funding for two gang investigators that were added during the FY 2007-08 budget year.

POLICE

DIVISION SUMMARY	2005-06 Actual	2006-07 Actual	2007-08 Budget	2008-09 Adopted
<u>Administration</u>	1,550,337	1,693,418	1,872,720	1,987,905
FTE Positions	11.00	12.00	12.00	12.00

The Administration Division provides top management support, direction, and coordination for all operations and activities of the department. Specific activities include: Professional Standards, Project Management, and Employee Services.

<u>Criminal Investigations</u>	2,200,759	2,278,281	2,371,083	2,654,261
FTE Positions	37.00	33.00	38.00	38.00

The Criminal Investigations Division is responsible for investigating all serious crimes reported to police. Functions include: general investigations, youth services and sexual assault investigations, support for the Metropolitan Enforcement Group, forensic services, school liaison, and victim services.

<u>Support Bureau</u>	1,854,976	2,701,427	3,289,556	3,637,462
FTE Positions	36.00	37.00	41.00	41.00

The Support Services Division provides services to both the public and the police operating divisions. These services include: police/fire communications, property control, police records, court liaison, crime analysis, accreditation, and building maintenance. The animal control function is responsible for enforcing the City of Asheville animal control ordinance. The officers also investigate violations of state laws concerning domestic animals and coordinate with the Wildlife Resources Commission and the Humane Society.

<u>Patrol Bureau</u>	9,198,282	9,578,763	10,383,760	11,432,988
FTE Positions	156.00	160.00	170.00	170.00

The Patrol Division responds to public calls for service, conducts criminal incident and traffic accident investigations, enforces laws, maintains continuous 24-hour patrol, and provides organization and leadership in community-based problem solving activities.

POLICE

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.
- Maintain a unit designated to educate employees and the public about local gangs to include GREAT and track the criminal activity associated with each gang member.

KEY PERFORMANCE OBJECTIVES & MEASURES

	<u>2006/07</u> <u>Actual</u>	<u>2007/08</u> <u>Estimate</u>	<u>2008/09</u> <u>Target</u>
• Clear, as defined by UCR* standards, 25% of assigned part I cases.	27%	23%	28%
• Enhance APD operations by securing \$100,000 of grant funds, thus reducing dependence on the City's general fund.	\$548,765	\$146,675	\$120,000
• Improve public acceptance within the community by increasing minority representation within the department's workforce through the hiring of eight protected class employees.	13	13	10
• Improve the police department's image within the City by implementing a "Marketing the Police" project to include conducting a Community and Police Day and conducting bi-annual Citizen Police Academies or Junior Academies.	Web-site Active & 3 CPAs Com. Pol. Day	APD Blotter Crime Mapper 2 CPAs/1JCPA Com. Pol. Day	Expand Web Site 3 CPAs Com. Pol. Day
• Increase the applicant pool by actively pursuing and participating in 15 job fairs, targeting protected class candidates.	23	12	18
• Implement a traffic safety program focused on safer streets and sidewalks by increasing public awareness campaigns and conducting monthly traffic Checking Stations in targeted traffic accident reduction locations.	Traffic Team Formed, 8 Seatbelt Checks	67 Traffic DPs 4-DWI 29-Seatbelts	Education Accident Reductions

POLICE

KEY PERFORMANCE OBJECTIVES & MEASURES (Cont)

	2006/07 <i>Actual</i>	2007/08 <i>Estimate</i>	2008/09 <i>Target</i>
<ul style="list-style-type: none"> • <i>Improve quality of life for residents in targeted neighborhoods by conducting monthly drug enforcement activities, to include undercover operations and community awareness events.</i> 	13	15	15
<ul style="list-style-type: none"> • <i>Increase youth participation awareness and interaction with the Police by recruiting and maintaining involvement in the Explorer Post. Conduct quarterly community awareness events to raise awareness levels.</i> 	<p style="text-align: center;"><i>Explorer Post Redesigned</i></p>	<p style="text-align: center;">12-Active New Uniforms Reg. Meetings</p>	<p style="text-align: center;"><i>Increase Membership and Comm. Activities</i></p>

* Uniform Crime Reporting (UCR) Part I Crimes are: criminal homicide, forcible rape, robbery, aggravated assault, burglary, larceny, motor vehicle theft, and arson.

FIRE & RESCUE

Greg Grayson, 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 priority on safety, courtesy, excellent service, efficiency and with a focus on quality customer service and continuous improvement.

DEPARTMENT SUMMARY

	2005-06	2006-07	2007-08	2008-09
	Actual	Actual	Budget	Adopted
Expenditures:				
Salaries & Wages	9,067,191	9,912,808	10,572,394	11,189,186
Fringe Benefits	2,230,726	2,431,910	2,616,256	3,093,529
Operating Costs	1,759,697	1,894,728	2,163,381	2,208,172
Capital Outlay	<u>45,095</u>	<u>211,178</u>	<u>55,750</u>	<u>122,673</u>
Total	13,102,709	14,450,624	15,407,781	16,613,560
FTE Positions	210.00	228.00	227.00	233.00
Revenues:				
Charges for Service	864,216	978,346	1,133,000	1,497,562
Intergovernmental	42,275	42,275	132,906	136,893
Sales Tax	63,587	73,020	55,000	78,959
Miscellaneous	5,691	5,388	10,000	10,300
Licenses & Permits	<u>1,550</u>	<u>0</u>	<u>2,000</u>	<u>2,060</u>
Subtotal	977,319	1,099,029	1,332,906	1,772,774
General Revenue Support	12,125,390	13,351,595	14,074,875	14,840,786
Total	13,102,709	14,450,624	15,407,781	16,613,560

BUDGET HIGHLIGHTS

- The budget includes six additional firefighter positions which will allow the department to reduce the amount that is spent on overtime.
- The Fire operating budget includes \$119,000 to pay the County for 911 emergency dispatch services.

FIRE & RESCUE

DIVISION SUMMARY	2005-06 Actual	2006-07 Actual	2007-08 Budget	2008-09 Adopted
<u>Technical Services Branch</u>	1,603,880	1,871,825	1,876,973	1,968,202
FTE Positions	5.00	5.00	5.00	5.00

The Fire/Rescue Technical Services Branch is responsible for ensuring that our citizens and taxpayers are receiving the level and quality of fire and emergency services that they are paying for. This branch encompasses the administration, business office operations of the department. Overall organizational management and leadership are focused in this branch. 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.

<u>Emergency Response Branch</u>	10,630,790	11,690,391	12,747,060	13,784,740
FTE Positions	189.00	210.00	210.00	216.00

The Emergency Response Branch is responsible for response to 911 emergency calls for service. This branch encompasses the A, B and C shift divisions of the department and 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 7/24/365 through three distinct work shifts. The department operates eleven (11) fire and rescue stations with sixteen (16) response companies, responding to over 15,000 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 branch. 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.

<u>Fire Marshal's Office Division</u>	868,039	888,408	783,748	860,618
FTE Positions	16.00	13.00	12.00	12.00

The Fire Marshal's Office Division 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 & RESCUE

DEPARTMENTAL GOALS

The Fire and Rescue Department has established a formal Strategic Operating Plan (SOP), consistent with the City SOP and approved by City Council. The SOP focuses on continuous improvement and development of people, infrastructure, and services. A representative sampling of goals related to performance measurement includes:

- Meet or exceed the current (2004) standard of response coverage as adopted by the Asheville City Council.
- Meet or exceed the standard of coverage minimum requirements for accredited, urban fire and rescue departments.
- Maintain and improve the insurance rating score.
- Benchmark with industry standards for emergency response and staffing at the state and national levels.

KEY PERFORMANCE OBJECTIVES & MEASURES

<i>Performance Measures</i>	<i>City Wide Performance</i>		
	<i>1st six months of 2007</i>	<i>2nd six months of 2007</i>	<i>Change</i>
<i>Percentage of emergency responses in 8 minutes or less from 911 calls to arrival of first unit. (70% = minimum)</i>	79%	81%	+2%
<i>Percentage of emergency responses in 14 minutes or less from 911 calls to arrival of total effective response force. (70% = minimum)</i>	75%	76%	+1%
<i>Percentage of travel time for first arriving units to emergencies in 5 minutes 12 seconds or less. (70% = minimum)</i>	79%	81%	+2%
<i>Percentage of travel time for total effective response force to emergencies in less than 10 minutes 24 seconds. (70% = minimum)</i>	68%	72%	+4%
<i>Percentage of travel time for first arriving units to emergencies in 4 minutes or less. (90% = standard)</i>	63%	65%	+2%
<i>Percentage of travel time for total effective response force to emergencies in 8 minutes or less. (90% = standard)</i>	56%	58%	+2%
<i>Percentage of first due response companies that are staffed in accordance with the industry standard. (100% = standard)</i>	24%	37%	+13%

NONDEPARTMENTAL PUBLIC SAFETY

Intergovernmental services and nondepartmental public safety appropriations for FY 2008-09 include the following:

BUDGET SUMMARY

Expenditures:	2005-06 Actual	2006-07 Actual	2007-08 Budget	2008-09 Adopted
Police ID Bureau	329,362	218,286	308,441	340,631
CrimeStoppers	41,181	28,177	34,308	35,998
Transfer to Grant Fund	<u>104,690</u>	<u>67,750</u>	<u>0</u>	<u>0</u>
Total	475,233	314,213	342,749	376,629

BUDGET HIGHLIGHTS

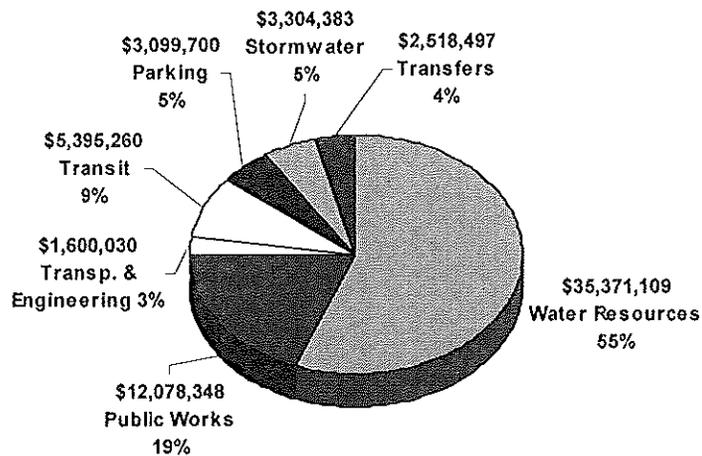
- The amounts that the City pays the County for the Police ID Bureau and the CrimeStoppers programs is slated to increase by approximately \$34,000 in FY 2008-09.



ENVIRONMENT & TRANSPORTATION SUMMARY

BUDGET SUMMARY	2005-06 Actual	2006-07 Actual	2007-08 Budget	2008-09 Adopted
Expenditures:				
Water Resources Fund	22,177,805	30,089,287	30,349,390	35,371,109
Public Works	9,953,850	10,202,154	11,421,816	12,078,348
Transportation & Engineering	1,781,234	1,814,662	2,158,712	1,600,030
Transit Services Fund	3,836,715	4,289,875	4,969,837	5,395,260
Parking Services Fund	1,559,927	1,893,523	3,594,000	3,099,700
Stormwater Utility Fund	2,025,708	2,269,157	3,033,404	3,304,383
Interfund Transfers	2,069,438	2,238,896	2,267,865	2,518,497
Total Expenditures	43,404,677	52,797,554	57,795,024	63,367,327
 FTE Positions	 298.00	 320.00	 349.38	 343.38
Revenues:				
Water Resources Fund	24,409,889	31,437,503	30,349,390	35,371,109
Public Works	4,059,971	4,117,879	3,786,649	4,440,896
Transportation & Engineering	1,016,753	742,053	774,500	240,030
Transit Services Fund	3,794,840	4,637,865	4,969,837	5,395,260
Parking Services Fund	2,473,601	2,927,021	3,594,000	3,099,700
Stormwater Utility Fund	2,569,404	3,073,936	3,033,404	3,304,383
 Subtotal	 38,324,458	 46,936,257	 46,507,780	 51,851,378
General Revenue Support	8,426,725	9,395,780	11,287,244	11,515,949
Total Revenues	46,751,183	56,332,037	57,795,024	63,367,327

FY 2008-09 Environment & Transportation Budget by Department



WATER RESOURCES FUND

David Hanks, Director

MISSION: The Water Resources Department will be the innovative leader in the water industry. Using the concept of continuous improvement, we accept the challenge of providing our regional customers with water to enhance their quality of life; being stewards over the most vital of all natural resources; and empowering our employees to meet our customer needs by providing the finest drinking water in the United States in an efficient and cost effective manner.

DEPARTMENT SUMMARY

	2005-06	2006-07	2007-08	2008-09
	Actual	Actual	Budget	Adopted
Expenditures:				
Salaries & Wages	3,729,029	4,410,304	5,285,035	5,849,869
Fringe Benefits	1,351,543	1,634,334	1,915,343	2,115,495
Operating Costs	9,171,924	7,859,419	9,364,444	8,765,701
Debt Service	3,893,095	4,954,448	5,279,698	7,648,970
Capital Outlay	<u>4,032,214</u>	<u>11,231,052</u>	<u>8,504,870</u>	<u>10,991,074</u>
Total	22,177,805	30,089,287	30,349,390	35,371,109
FTE Positions	116.00	134.00	152.00	152.00
Revenues:				
Charges For Service	23,881,117	30,406,152	30,119,840	30,974,000
Investment Earnings	388,859	940,606	195,000	800,000
Appropriated Fund Balance	0	0	0	3,557,559
Miscellaneous	<u>139,913</u>	<u>90,745</u>	<u>34,550</u>	<u>39,550</u>
Total	24,409,889	31,437,503	30,349,390	35,371,109

BUDGET HIGHLIGHTS

- The FY 2008-09 budget includes a 4% increase in water rates which will generate approximately \$800,000 in revenue.
- The Capital Outlay category includes funding for mandatory capital improvement projects, rolling stock, and small capital equipment. The budget includes a \$3.5 million fund balance appropriation to fund the Brevard Road NCDOT project.
- The debt service for FY 2008-09 is 21% of the total budget. The increase in debt service is due to the recent issuance of \$40 million in revenue bonds for capital improvements.

WATER RESOURCES FUND

DIVISION SUMMARY	2005-06 Actual	2006-07 Actual	2007-08 Budget	2008-09 Adopted
<u>Administration</u>	624,867	638,889	642,357	663,600
FTE Positions	8.00	7.00	7.00	7.00

The Administration Division provides planning and management services for the operating division.

<u>Meter Services</u>	1,291,538	1,197,540	2,786,996	2,122,305
FTE Positions	17.00	17.00	17.00	17.00

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

<u>Water Education</u>	80,685	72,988	82,225	79,203
FTE Positions	1.00	1.00	1.00	1.00

The Water Education Division promotes customer education and directs and coordinates programs to make more efficient use of our existing water supplies. Water education programs are conducted for all members of the community with a special emphasis on school children.

<u>Construction Crew</u>	417,326	428,651	549,253	547,222
FTE Positions	7.00	7.00	7.00	7.00

The Construction Crew Division is responsible for performing small water distribution system improvement projects.

<u>Water Maintenance</u>	3,386,307	3,952,087	4,045,362	4,177,034
FTE Positions	52.00	50.00	49.00	49.00

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.

<u>Water Production</u>	3,223,292	3,484,951	4,107,844	4,601,857
FTE Positions	31.00	32.00	41.00	41.00

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 20,000-acre watershed.

WATER RESOURCES FUND

DIVISION SUMMARY	2005-06 Actual	2006-07 Actual	2007-08 Budget	2008-09 Adopted
<u>Department-Wide Expenses</u>	12,492,430	19,198,646	15,742,011	20,813,609

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

<u>Water Operating Equipment</u>	661,360	329,158	1,129,000	707,800
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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.

<u>Customer Service</u>	786,377	977,314	1,074,768
FTE Positions	20.00	22.00	22.00

The Customer Service Division is responsible for providing information and service to City and County residents in the areas of water, sewage and public works. This division administers the billing and associated customer service functions for the Water Resources Department and Metropolitan Sewerage District. Prior to FY 2006-07, Customer Services was accounted for in the General Fund Finance Department.

<u>Engineering Services</u>	287,028	583,711
FTE Positions	8.00	8.00

Water Engineering Services were moved from the General Fund in FY 2007-08.

DEPARTMENTAL GOALS

- Ensure the highest quality drinking water to our customers at the lowest possible cost.
- Enhance the image of the City of Asheville through customer education programs and improved customer relations.
- Continuously improve our product, systems and processes to maximize customer satisfaction.
- Provide efficient and timely maintenance and repair of water mains, service lines, valves, and fire hydrants throughout the water system.
- Provide timely and professional engineering, management, financial, safety, and administrative services to the operating divisions of the Water Resources Department.
- Deliver excellent customer service, meter reading, meter reliability, and backflow assessment to our customers.
- Provide and implement a capital improvement program which satisfies all legal mandates and continues to improve water distribution system master planning and rehabilitation of critical needs.
- Maintain ISO 14001 Environmental Management System Registration.

WATER RESOURCES FUND

KEY PERFORMANCE OBJECTIVES & MEASURES

	<u>2006/07</u> <u>Actual</u>	<u>2007/08</u> <u>Estimate</u>	<u>2008/09</u> <u>Target</u>
• <i>Water Quality Regulations will be met 100% of the time and reported to customers annually in a Consumer Confidence Report</i>	100%	100%	100%
• <i>Increase the ratio of galvanized service lines renewed (versus repaired) in order to reduce leakage and improve service to customers</i>	70%	70%	70%
• <i>Increase the percentage of work orders responded to within 10 days</i>	100%	100%	100%
• <i>Continue to maintain Operating Margin at a level comparable to other water utilities in North Carolina</i>	54%	36% or better	36% or better
• <i>Continue to maintain Days of Operating Revenue in Accounts Receivable at a level comparable to other water utilities in North Carolina</i>	34 days	Less than 55 days or better	Less than 55 days or better
• <i>Continue to fund capital improvements to refurbish and replace aging infrastructure and to meet future regulations</i>	\$6,069,461	\$6,000,000	\$6,000,000
• <i>Answer incoming Customer Service calls as soon as possible. Meet or exceed Call Center Best Practices for abandoned calls.</i>	N/A	N/A	2 minutes or less

PUBLIC WORKS

F. Mark Combs, 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.

DEPARTMENT SUMMARY

	2005-06 Actual	2006-07 Actual	2007-08 Budget	2008-09 Adopted
Expenditures:				
Salaries & Wages	3,239,916	3,374,520	4,008,012	4,158,083
Fringe Benefits	1,428,012	1,415,246	1,638,791	1,679,495
Operating Costs	7,991,384	7,992,487	8,500,640	9,339,388
Capital Outlay	133,859	132,400	89,486	44,150
Cost Transfer	<u>-2,839,321</u>	<u>-2,712,499</u>	<u>-2,815,113</u>	<u>-3,142,768</u>
Total	9,953,850	10,202,154	11,421,816	12,078,348
FTE Positions	115.00	109.00	116.75	111.75
Revenues:				
Intergovernmental	2,329,224	2,282,069	2,407,200	2,659,885
Charges for Service	1,726,607	1,835,810	1,379,449	1,781,011
Investment Earnings	<u>4,140</u>	<u>0</u>	<u>0</u>	<u>0</u>
Subtotal	4,059,971	4,117,879	3,786,649	4,440,896
General Revenue Support	5,896,459	6,084,275	7,635,167	7,637,452
Total	9,953,850	10,202,154	11,421,816	12,078,348

BUDGET HIGHLIGHTS

- The budget includes the elimination of one five-person sidewalk crew in the Streets division, which saved approximately \$200,000.
- The Public Works operating budget includes a \$237,000 increase in tipping fees paid at the Buncombe County Transfer Station for solid waste disposal. The City currently pays \$33 per ton to dispose of its waste. Tipping fees will increase by \$9 per ton to \$42 per ton on July 1, 2008. A portion of this increase, \$2.00 per ton, is due to a state surcharge that will be levied on all municipal solid waste disposed in NC beginning July 1, 2008.
- The operating budget also shows an increase due to higher gas prices. Expenses for fuel are recorded in the Fleet Management Division and then charged back to City departments and to the outside agencies that purchase fuel from the City.
- The budget includes \$25,000 to fund new initiatives in the sustainability/energy program.

PUBLIC WORKS

DIVISION SUMMARY	2005-06 Actual	2006-07 Actual	2007-08 Budget	2008-09 Adopted
<u>Administration</u>	998,792	1,009,492	1,112,976	1,076,203
FTE Positions	4.00	4.00	4.75	4.75

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.

<u>Signs & Markings</u>	199,815	239,675	252,570	263,039
FTE Positions	4.00	4.00	4.00	4.00

The Signs & Markings 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 time, and careful planning.

<u>Street Lighting</u>	1,486,908	1,502,062	1,577,369	1,580,000
FTE Positions	0.00	0.00	0.00	0.00

The Public Works Department is responsible for overseeing the City's street lighting. The budget above represents the cost for street lighting in the City of Asheville.

<u>Street Maintenance</u>	2,814,197	2,796,689	3,484,972	3,472,925
FTE Positions	58.00	52.00	57.00	52.00

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.

<u>Sanitation</u>	3,015,315	3,027,586	3,406,300	3,688,037
FTE Positions	35.00	35.00	37.00	37.00

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.

<u>Recycling</u>	656,651	670,179	707,351	756,529
FTE Positions	0.00	0.00	0.00	0.00

The Recycling Division accounts for the cost of the City's curbside recycling program. The City contracts with a private sector firm for its curbside recycling services. The contract is administered through the Sanitation Division.

PUBLIC WORKS

DIVISION SUMMARY	2005-06 Actual	2006-07 Actual	2007-08 Budget	2008-09 Adopted
<u>Fleet Management</u>	782,172	956,471	880,278	1,241,615
FTE Positions	14.00	14.00	14.00	14.00

The Fleet Management Division is responsible for the maintenance and repair of more than 700 vehicles and equipment within the city's fleet. Fleet's highly trained and competent staff typically completes more than 8,000 work orders annually. The Fleet Management Division supplies fuel for city vehicles as well as for several other government and non-profit agencies including the Buncombe County School Board. The budget for Fleet Management represents the remaining net budget after allocating costs back to the departments.

DEPARTMENTAL GOALS

- Weekly collection of municipal solid waste; 'Bulky items' collection system; "set out" service for special needs citizens.
- To provide streets resurfacing program at a competitive rate
- Seven-day/week waste collection of downtown street cans; higher level of general cleanliness in CBD.
- Reduce greenhouse gas emissions by utilizing 10% ethanol blended gasoline (E10) and 5% biodiesel (B5).
- Increase the collection of silts and other debris to prevent sedimentation.
- Create energy management plan to reduce energy usage per city goals.

KEY PERFORMANCE OBJECTIVES & MEASURES

- Tons collected per month and year.
- Number of collection points.
- Number of roll carts in service.
- Number of bulky item (e.g., chairs, beds, mattresses and springs, sofas) collection requests received.
- Maintain unit costs of production at a rate below that of our private sector competitors.
- Comparatively gauge cost effectiveness of program against peers in other cities.
- Resurface streets on a "worst first" philosophy through utilization of an accurate pavement condition rating program to ensure that the true priorities are addressed annually through the resurfacing program.
- The practices for the new business district crew are listed.
 - Collection frequency: 7 per week
 - Washing frequency: 3 per quarter
 - General cleaning frequency: 1 per week

PUBLIC WORKS

KEY PERFORMANCE OBJECTIVES & MEASURES (Cont.)

- Measure the incremental cost of utilizing B5 & E10.
- Calculate the carbon reduction resulting from the use of B5 & E10.
- Decrease the amount of debris that enters Asheville's waterways by increasing the collection of debris deposited on City streets and in City maintained drainage structures before they reach the waterways.
- ICLEI (CAP) software to calculate greenhouse gas emissions.

TRANSPORTATION & ENGINEERING

Cathy D. Ball, City Engineer

MISSION: It is the mission of the Transportation & Engineering Department to provide technical, professional, and innovative engineering services of the highest quality to our customers and encourage growth and personal development opportunities for ourselves.

DEPARTMENT SUMMARY

	2005-06	2006-07	2007-08	2008-09
	Actual	Actual	Budget	Adopted
Expenditures:				
Salaries & Wages	1,017,224	1,109,910	1,289,315	971,622
Fringe Benefits	301,511	318,731	365,040	292,333
Operating Costs	438,708	363,438	484,357	331,125
Capital Outlay	<u>23,791</u>	<u>22,583</u>	<u>20,000</u>	<u>4,950</u>
Total	1,781,234	1,814,662	2,158,712	1,600,030
FTE Positions	27.00	28.00	26.63	25.63
Revenues:				
Intergovernmental	307,934	70,778	274,500	33,030
Charges to Other Funds	370,281	472,522	300,000	20,000
Licenses & Permits	328,495	196,229	195,000	175,000
Miscellaneous	1,863	224	0	7,000
Charges for Service	<u>8,180</u>	<u>2,300</u>	<u>5,000</u>	<u>5,000</u>
Subtotal	1,016,753	742,053	774,500	240,030
General Revenue Support	764,481	1,072,609	1,384,212	1,360,000
Total	1,781,234	1,814,662	2,158,712	1,600,030

BUDGET HIGHLIGHTS

- The budget includes the elimination of the Assistant Traffic Engineer position, which will save approximately \$90,000.
- The budget also reflects the decision to begin charging the Parking and Stormwater Funds a portion of the General Fund Engineering Department's personnel costs in order to capture the time that staff devotes to these Enterprise Fund functions. For example, 25% of the Department Director's and administrative staff's costs will now be charged to the Parking Fund to reflect time spent on parking issues. In addition, a greater share of construction inspectors' costs will be charged to Stormwater to better capture time the portion of their workload in stormwater.
- In order to help balance the General Fund budget, operating costs, including professional and contracted services, was reduced by approximately \$100,000.
- One grant supported position in the Transit area was moved from the General Fund to the Transit Fund during FY 2007-08.

TRANSPORTATION & ENGINEERING

DIVISION SUMMARY	2005-06	2006-07	2007-08	2008-09
	Actual	Actual	Budget	Adopted
<u>City Engineering</u>	966,967	1,034,883	1,259,485	875,046
FTE Positions	17.00	18.00	17.00	17.00

The City Engineering Division provides professional engineering, surveying and other technical services to all City departments. These services include the design and administration of capital improvement projects, all water system record-keeping, review and inspection of all extensions to the water system, water line design, storm drainage design, street paving, public inquiries of water availability, right-of-way research, and flood plain management.

<u>Transportation Services</u>	290,606	264,445	293,056	273,636
FTE Positions	3.00	3.00	4.00	3.00

The Transportation Services 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.

<u>Traffic Signal Maintenance</u>	213,555	259,442	304,651	238,461
FTE Positions	3.00	3.00	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.

<u>Transportation Planning</u>	310,106	255,892	301,520	209,312
FTE Positions	4.00	4.00	3.63	3.63

The Transportation Planning division provides citywide planning services, including MPO and transit projects.

<u>Transportation Demand Management</u>	0	0	0	3,575
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The Transportation Demand Management Division seeks to alter the demand for roadway capacity and increase transportation system efficiency by moving more people in fewer vehicles. A series of strategies are used to decrease the use of the single occupancy vehicle (SOV) and encourage the use of alternatives such as transit, carpooling, vanpooling, bicycling, walking, teleworking and alternative work schedules.

TRANSPORTATION & ENGINEERING

DEPARTMENTAL GOALS

- Perform surveying, design, contract administration and inspection services for all City departments in a timely and economically competitive manner.
- Administer and enforce soil erosion and stormwater ordinances, plan review delegation, and all pertinent permitting processes in accordance with all applicable local, State, and Federal requirements.
- Perform traffic engineering services in a professional and timely manner.

KEY PERFORMANCE OBJECTIVES & MEASURES

- Number of notices of violations issued.
- Number of permits reviewed within designated time frame.
- Number of miles of added bike lane enhancements.

Note: Key performance objectives & measures have been revised for FY 2008-09, and staff is currently developing targets.

TRANSIT SERVICES FUND

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

	2005-06	2006-07	2007-08	2008-09
	Actual	Actual	Budget	Adopted
Expenditures:				
Salaries & Wages	75,068	87,507	79,030	131,149
Fringe Benefits	20,176	23,723	22,051	41,050
Operating Costs	3,677,002	4,174,621	4,381,256	4,720,936
Operating Pass Through	60,266	0	487,500	502,125
Capital Outlay	<u>4,203</u>	<u>4,024</u>	<u>0</u>	<u>0</u>
Total	3,836,715	4,289,875	4,969,837	5,395,260
FTE Positions	2.00	2.00	3.00	3.00
Revenues:				
Operating Revenue	729,448	658,914	791,255	796,755
Miscellaneous	2,540	943	0	0
Federal/State Grants	2,008,935	2,374,658	1,840,401	1,848,527
Operating Pass Through	60,266	0	487,500	502,125
General Fund Subsidy	813,485	1,046,596	1,275,565	1,566,197
Parking Fund Subsidy	0	248,116	248,116	248,116
Transfer from Capital Fund	0	0	0	100,000
Motor Vehicle License Fee	<u>180,166</u>	<u>308,638</u>	<u>327,000</u>	<u>333,540</u>
Total	3,794,840	4,637,865	4,969,837	5,395,260

BUDGET HIGHLIGHTS

- Increases in State grant funding are offset by a \$160,000 decrease in funding from the federal government. As a result the federal/state grant revenue category shows almost no increase over FY 2007-08.
- Operating costs show a \$340,000 increase due to higher contract costs for labor and increasing fuel prices.
- As a result of the higher operating costs and the lack of growth in grant funding, the subsidy required from the General Fund shows an increase of \$290,000. Also, in order to balance the Transit Fund budget, \$100,000 that had been previously set aside for capital improvements to the transit system will be transferred back to support operations. The budget also continues the \$248,116 transfer from the Parking Services Fund.

TRANSIT SERVICES FUND

DIVISION SUMMARY	2005-06 Actual	2006-07 Actual	2007-08 Budget	2008-09 Adopted
<u>Administration</u>	238,651	319,613	360,112	343,885
FTE Positions	2.00	2.00	3.00	3.00

The Administration Division will evaluate and implement strategies and routes necessary to achieve the mission of the department. This division includes the salary, fringe benefits, and operating costs for the Transit Services Director.

<u>Transit Operations</u>	3,556,189	3,970,262	4,609,725	5,051,375
FTE Positions	0.00	0.00	0.00	0.00

The City contracts with a private sector management firm for transit operation services. The Transit Operations Division includes those contract costs, as well as the costs for para-transit service.

KEY PERFORMANCE OBJECTIVES & MEASURES

- Number of passengers per mile.
- Operating cost per mile.

Note: Key performance objectives & measures have been revised for FY 2008-09, and staff is currently developing targets.

PARKING SERVICES FUND

MISSION: The Parking Services Fund is responsible for the operation, maintenance and parking enforcement of City-owned public parking, including parking garages and City employee parking lots. There are three garages with a total of 1,050 spaces, over 700 on-street spaces and more than 200 lot spaces.

FUND SUMMARY

	2005-06	2006-07	2007-08	2008-09
	Actual	Actual	Budget	Adopted
Expenditures:				
Salaries & Wages	349,718	353,966	500,042	614,840
Fringe Benefits	124,654	127,650	175,776	213,742
Operating Costs	413,708	545,772	971,167	869,779
Contingency (Future Decks)	--	--	459,554	0
Debt Service	607,658	603,519	731,945	500,000
Transfer to Transit Fund	0	248,116	248,116	248,116
Capital Outlay	<u>64,189</u>	<u>14,500</u>	<u>507,400</u>	<u>653,223</u>
Total	1,559,927	1,893,523	3,594,000	3,099,700
FTE Positions	15.00	17.00	19.00	19.00
Revenues:				
Garage Revenues	1,097,383	1,293,317	1,377,000	1,417,000
Parking Meters	913,212	919,411	950,000	932,000
Parking Violations	253,749	544,407	570,000	570,200
Parking Lots & Peripheral	118,926	109,639	137,000	129,500
Lease-Purchase Proceeds	0	0	500,000	0
Other	<u>90,331</u>	<u>60,247</u>	<u>60,000</u>	<u>51,000</u>
Total	2,473,601	2,927,021	3,594,000	3,099,700

BUDGET HIGHLIGHTS

- Debt service on the existing decks is being paid off in FY 2007-08. The FY 2008-09 budget includes \$500,000 to pay what is expected to be a half-year's debt service payment on a new \$18.5 million Biltmore Avenue parking deck, which is budgeted in the Parking Fund's Capital Improvement Program (CIP). The deck will be financed with a combination of tax exempt and taxable bonds.
- The Parking Fund's CIP also includes \$532,000 to fund major repair and restoration work on the Wall Street garage, which is now twenty years old. This project will be funded with a transfer from the Parking operating fund. The Parking operating fund will also provide \$50,000 to fund wayfinding signs and \$34,000 for security camera in the garages.
- The 2008-09 budget continues the \$248,116 transfer to the Transit Services Fund.
- Approximately \$460,000 in the FY 2007-08 budget is set aside to go to fund balance for future parking deck construction costs.

PARKING SERVICES FUND

DIVISION SUMMARY	2005-06	2006-07	2007-08	2008-09
	Actual	Actual	Budget	Adopted
<u>Parking Garages</u>	1,139,135	1,385,585	2,802,114	1,610,933
FTE Positions	6.50	8.50	9.50	9.50

The Parking Garages Division is responsible for the daily operation and maintenance of the City's three parking garages. This division also handles special event parking operations.

<u>Parking Services</u>	420,792	507,938	791,886	1,488,767
FTE Positions	8.50	8.50	9.50	9.50

The Parking Services Division manages and coordinates the operation of all parking facilities except parking garages. This includes on-street parking, meter installation and repair, parking enforcement, administration of parking rules and regulations, and the depositing of all revenues generated from parking operations, including garages.

KEY PERFORMANCE OBJECTIVES & MEASURES

- Number of additional parking spaces added per year.
- Customer satisfaction.

Note: Key performance objectives & measures have been revised for FY 2008-09, and staff is currently developing targets.

STREET & SIDEWALK FUND

BUDGET SUMMARY

Expenditures:	2005-06 Actual	2006-07 Actual	2007-08 Budget	2008-09 Adopted
Street & Sidewalk Contribution	952,300	1,152,300	952,300	952,300

BUDGET HIGHLIGHTS

- Despite increases in materials costs, funding for the Street & Sidewalk Fund was not able to be increased in FY 2008-09.

STORMWATER UTILITY FUND

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.

FUND SUMMARY

	2005-06	2006-07	2007-08	2008-09
	Actual	Actual	Budget	Adopted
Expenditures:				
Salaries & Wages	622,001	930,384	1,279,002	1,464,339
Fringe Benefits	225,171	343,161	389,239	467,744
Operating Costs	729,912	754,383	1,006,713	867,000
Debt Service	39	51,251	75,000	150,000
Capital Outlay	<u>448,585</u>	<u>189,978</u>	<u>283,450</u>	<u>355,300</u>
Total	2,025,708	2,269,157	3,033,404	3,304,383
FTE Positions	23.00	30.00	32.00	32.00
Revenues:				
Charges For Service	2,356,828	2,795,945	2,402,504	2,707,383
Licenses & Permits	0	239,386	184,000	287,000
Lease-Purchase Proceeds	215,000	6,286	121,900	280,000
Investment Earnings	-2,424	32,319	5,000	30,000
Appropriated Fund Balance	<u>0</u>	<u>0</u>	<u>320,000</u>	<u>0</u>
Total	2,569,404	3,073,936	3,033,404	3,304,383

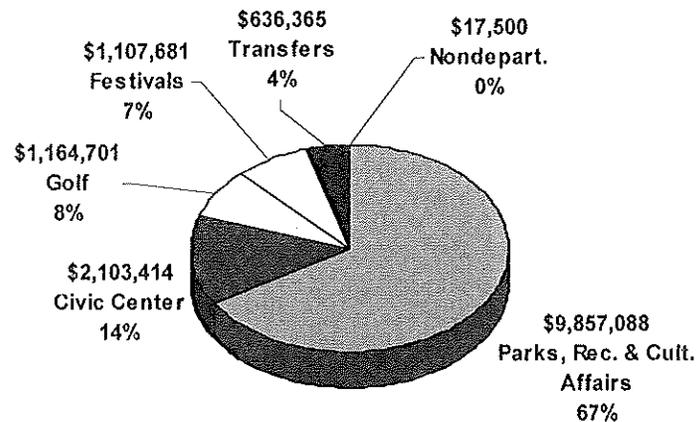
BUDGET HIGHLIGHTS

- The revenue budget for utility charges is adjusted to reflect actual collections from FY 2006-07.
- Otherwise, the budget reflects a continuation of existing programs & services.

CULTURE & RECREATION SUMMARY

BUDGET SUMMARY	2005-06 Actual	2006-07 Actual	2007-08 Budget	2008-09 Adopted
Expenditures:				
Parks, Recreation & Cultural Affairs	7,926,607	8,337,829	9,176,288	9,857,088
Civic Center Fund	1,919,559	1,972,880	1,958,698	2,103,414
Golf Fund	877,010	953,622	1,041,500	1,164,701
Festivals Fund	1,188,846	1,310,166	1,192,928	1,107,681
Interfund Transfers	548,137	413,340	685,120	636,365
Nondepartmental	493,106	316,295	17,500	17,500
Total Expenditures	12,953,265	13,304,132	14,072,034	14,886,749
FTE Positions	154.91	157.41	162.03	162.03
Revenues:				
Parks, Recreation & Cultural Affairs	1,229,109	1,402,275	1,581,839	1,493,654
Civic Center Fund	1,919,559	2,052,530	1,958,698	2,103,414
Golf Fund	915,852	896,252	1,041,500	1,164,701
Festivals Fund	997,195	887,044	1,192,928	1,107,681
Subtotal	5,061,715	5,238,101	5,774,965	5,869,450
General Revenue Support	7,738,598	7,665,189	8,297,069	9,017,299
Total Revenues	12,800,313	12,903,290	14,072,034	14,886,749

FY 2008-09 Culture & Recreation Budget by Department



PARKS, RECREATION & CULTURAL AFFAIRS

Roderick Simmons, Director

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

DEPARTMENT SUMMARY

	2005-06	2006-07	2007-08	2008-09
	Actual	Actual	Budget	Adopted
Expenditures:				
Salaries & Wages	4,386,138	4,686,921	4,982,432	5,418,660
Fringe Benefits	1,283,475	1,380,336	1,506,119	1,825,465
Operating Costs	2,300,637	2,391,856	2,732,145	2,745,963
Capital Outlay	82,587	16,879	55,322	0
Cost Transfers	<u>-126,230</u>	<u>-138,163</u>	<u>-100,000</u>	<u>-145,000</u>
Total	7,926,607	8,337,829	9,176,288	9,857,088
FTE Positions	118.41	120.91	124.77	123.77
Revenues:				
Charges for Service	1,159,473	1,321,648	1,382,160	1,311,775
Intergovernmental	15,842	15,365	134,679	132,879
Miscellaneous	40,622	51,606	51,000	35,000
Investment Earnings	<u>13,172</u>	<u>13,656</u>	<u>14,000</u>	<u>14,000</u>
Subtotal	1,229,109	1,402,275	1,581,839	1,493,654
General Revenue Support	6,697,355	6,935,554	7,594,449	8,363,434
Total	7,926,607	8,337,829	9,176,288	9,857,088

BUDGET HIGHLIGHTS

- The FY 2007-08 budget included \$120,000 in one-time funding to update the Parks & Greenways Master Plan. This funding is removed from the FY 2008-09 budget.
- The Fundraising Specialist which was previously funded out of the General Fund is being moved to a Grant Fund for FY 2008-09. This move reflects the philosophy that this position must "pay for itself" through the grants and sponsorships that it generates.
- The budget also reflects a change in the portion of cultural arts staff time that is being charged to the Festivals Fund. A greater share of this staffs' time will be charged to the General Fund in FY 2008-09.
- Otherwise, the budget represents a continuation of existing programs and services.

PARKS, RECREATION & CULTURAL AFFAIRS

DIVISION SUMMARY	2005-06	2006-07	2007-08	2008-09
	Actual	Actual	Budget	Adopted
<u>Administration</u>	621,125	677,540	943,829	801,308
FTE Positions	6.75	8.00	9.00	8.00

The goal of the Administration Division is to provide efficient and responsive support services in clerical support, customer service, human resources, accounting, long-range planning, budget administration, policy and procedure development, research, community involvement, staff development, marketing, volunteer programs, and fundraising.

<u>Recreation Programs</u>	2,077,816	2,214,588	2,437,551	2,623,907
FTE Positions	29.65	33.02	32.76	32.76

The Recreation Programs Division provides a comprehensive recreation program available to all citizens and visitors. The division focuses on: developing a teamwork approach between program sections, developing community support for activities, programs, and facilities through public relations and marketing, creating safe and inviting environments for recreational opportunities, and providing leisure services and recreation programs which are accessible to the public, including the disabled.

<u>Athletics</u>	652,498	666,587	685,720	759,127
FTE Positions	5.00	5.00	5.00	5.00

The Athletics Division provides athletic programs for the citizens of and visitors to the Asheville area while being as self-sufficient as possible and providing an economic impact to the community. The division also provides the Outdoor Recreation Program and City Employee Wellness and Fitness, and operates special facilities, including the Food Lion Skate Park, Memorial Stadium, Richmond Hill, Azalea Park, and Carrier Park.

<u>Riverside Cemetery</u>	190,646	186,460	203,711	215,359
FTE Positions	2.00	2.00	2.00	2.00

The Riverside Cemetery Division strives to preserve the historical significance of the people buried in Riverside Cemetery and provides for daily burial and landscape service needs.

<u>Cultural Affairs</u>	228,618	201,465	153,470	338,414
FTE Positions	2.00	1.00	1.00	1.00

The Cultural Affairs Division produces quality programs which highlight cultural diversity, address social issues, promote artistic awareness, enhance community pride, foster tourism, and contribute to the long-term economic benefit of the Asheville area.

<u>Building Maintenance</u>	490,234	503,316	546,549	566,655
FTE Positions	8.00	8.00	8.00	8.00

The Building Maintenance Division is committed to maintaining all City facilities in such a manner that will minimize the impact of facility operations and equipment on the scheduled day-to-day operations.

PARKS, RECREATION & CULTURAL AFFAIRS

DIVISION SUMMARY	2005-06	2006-07	2007-08	2008-09
	Actual	Actual	Budget	Adopted
<u>After School Program</u>	245,844	250,339	268,623	306,022
FTE Positions	5.63	5.26	5.26	5.26

The Asheville Parks & Recreation Department and the Asheville City Schools as partners provide a comprehensive program of supervised recreation and enrichment activities after school and during summers for children ages 5 through 12. The programs are planned and organized to provide social interaction in a safe, supervised environment that will allow youth to develop interests and relationships to meet their individual needs. A staff is provided that is sensitive, committed and trained to create wholesome opportunities for children during the hours their parents are at work.

<u>Park Maintenance</u>	2,024,594	2,200,689	2,153,734	2,370,486
FTE Positions	36.00	36.00	39.00	39.00

The Park Maintenance Division strives to provide a safe and inviting environment within all City parks and recreation facilities. The division focuses on construction, renovation, and maintenance of City-owned parks, recreation center grounds, athletic fields, street medians, greenways, fountains, and playgrounds. The division also administers and maintains the Heritage Trail and the citywide public art program and provides physical support to City sponsored festivals and events.

<u>City Hall Operations</u>	131,716	84,931	151,608	186,292
FTE Positions	4.63	4.63	5.00	5.00

The City Hall Operations staff strives to provide the highest quality of service to all employees and visitors to the City Hall building.

<u>Aston Park</u>	180,778	210,598	254,143	233,353
FTE Positions	2.00	2.00	2.00	2.00

The City assumed operation of the Aston Park & Tennis Center from Buncombe County during the 2004-05 fiscal year.

<u>Nature Center</u>	817,709	857,538	1,061,503	1,073,242
FTE Positions	15.75	15.00	14.75	14.75

<u>McCormick Field</u>	179,973	195,382	195,647	209,501
FTE Positions	1.00	1.00	1.00	1.00

<u>Recreation Park</u>	84,913	88,396	120,200	173,422
FTE Positions	0.00	0.00	0.00	0.00

These three park facilities became part of the City's operations in FY 2005-06 when the Water Agreement was terminated.

PARKS, RECREATION & CULTURAL AFFAIRS

DEPARTMENTAL GOALS

- Increase the amount of linear feet of paved greenways in the city.
- Improve the maintenance condition of the Urban Trail.
- Provide quality community-based park planning, including open space preservation.
- Provide quality recreation programs, especially for our youth and children, while encouraging innovation and creativity.
- Encourage an open dialogue with our citizens in order to make sure that we are striving to meet their needs.

KEY PERFORMANCE OBJECTIVES & MEASURES

- Develop the French Board River Corridor Connector by linking .6 miles of existing trails to the west and .35 miles of existing trail to the east, which will increase the number of paved trail miles by 1.
- Development of the Hominy Creek Greenway which will increase the number of paved trail miles by 1.6.
- Percent of Maintenance Assessment plan accomplished.
- Percent of capital spending plan accomplished (**Target 2008 – 100%**).
- Percent of in-house managed projects completed within approved budget (**Target 2008 – 100%**).
- Percent of in-house managed projects within approved timeline (**Target 2008 – 100%**).
- Number of preserved opens space acres per 1,000 population (**Target 2008 – 50 acres**).
- The percentage of survey respondents rating the preservation of open space by the city as good or excellent (**Target 2008 – 60%**).
- Number of tracts of land under option for purchase or acquired for parkland (**Target 2008 – 10 acres**).
- Number of community-based park planning projects (**Target 2008 – 5 projects**).
- The percentage of survey respondents rating department programming and their environment as good or excellent **Target 2008 – 60%**).
- Number of community programs offered by the department (**Target 2008 – 50 programs**).
- Fiscal Year number of program hours (**Target 2008 – 5,000 hours**).
- Total number of program participation (**Target 2008 – 20,000**).

CIVIC CENTER FUND

Sherman Bass, Director

MISSION: The mission of the Asheville Civic Center is to provide facilities for the presentation of a wide variety of cultural, entertainment, and public events while placing strong emphasis on the maintenance of a positive image and pleasant appearance at the least possible cost.

DEPARTMENT SUMMARY

	2005-06	2006-07	2007-08	2008-09
	Actual	Actual	Budget	Adopted
Expenditures:				
Salaries & Wages	778,104	809,055	785,771	900,444
Fringe Benefits	208,703	233,074	240,635	294,843
Operating Costs	932,752	930,751	932,292	908,127
Capital Outlay	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	1,919,559	1,972,880	1,958,698	2,103,414
FTE Positions	17.75	17.00	17.51	17.51
Revenues:				
Food & Beverage Sales	497,070	588,432	482,000	587,580
Rent	619,707	571,361	584,500	618,595
Admissions & Other Sales	340,840	319,339	372,500	373,850
Capital Maintenance Fee	64,651	71,511	65,000	66,900
Investment Earnings	20,832	83,723	20,000	55,000
Other	<u>2,036</u>	<u>4,824</u>	<u>3,500</u>	<u>3,500</u>
Subtotal Operations	1,545,136	1,639,190	1,527,500	1,705,425
General Fund Subsidy	374,423	413,340	431,198	397,989
Total	1,919,559	2,052,530	1,958,698	2,103,414

BUDGET HIGHLIGHTS

- The budget for operating revenue is adjusted upward by 11.6% to reflect revenue trends observed over the last two fiscal years.
- Operating costs were kept flat to help balance the budget.
- With operating revenues adjusted upward and operating costs kept flat, the General Fund subsidy was reduced by \$33,209.
- Otherwise, the budget represents a continuation of existing programs & services.

CIVIC CENTER FUND

DEPARTMENTAL GOALS

- Continue to operate the Civic Center with minimal subsidy from the general fund for annual operating expenses and small capital equipment.
- Assist with the development process for the future of the Civic Center.
- Improve the image of the Asheville Civic Center through excellent customer service and a clean facility.

KEY PERFORMANCE OBJECTIVES & MEASURES

	<i>2006/07</i> <u>Actual</u>	<i>2007/08</i> <u>Estimate</u>	<i>2008/09</i> <u>Target</u>
• <i>General Fund subsidy as a % of total Civic Center Fund revenue</i>	20.1%	20.9%	18.9%

FESTIVALS FUND

MISSION: The mission of the Festivals Fund is to produce quality celebrations which highlight cultural diversity, enhance community pride, foster tourism, and contribute to the long-term economic benefit of the Asheville area.

FUND SUMMARY

	2005-06	2006-07	2007-08	2008-09
	Actual	Actual	Budget	Adopted
Expenditures:				
Salaries & Wages	167,505	176,744	189,127	124,491
Fringe Benefits	48,694	50,227	64,795	39,420
Operating Costs	972,647	1,083,195	939,006	943,770
Capital Outlay	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	1,188,846	1,310,166	1,192,928	1,107,681
FTE Positions	5.00	4.50	4.75	4.75
Revenues:				
Sponsorships	192,000	263,298	260,000	308,266
Beverages	293,557	221,288	283,290	281,290
Vendor Fees & Booths	196,248	174,841	194,750	197,750
Souvenirs	63,302	35,325	53,000	41,000
Tickets/Events	137,677	169,791	132,266	101,000
General Fund Subsidy	100,000	0	253,922	162,675
Other	<u>14,411</u>	<u>22,501</u>	<u>15,700</u>	<u>15,700</u>
Total	997,195	887,044	1,192,928	1,107,681

BUDGET HIGHLIGHTS

- A general fund subsidy of \$162,675 is included to support the costs of the Festivals staff. This subsidy is reduced from FY 2007-08 because more cultural arts staff is being directly accounted for in the General Fund.
- Otherwise, the budget represents a continuation of existing programs & services.

FESTIVALS FUND

DIVISION SUMMARY	2005-06 Actual	2006-07 Actual	2007-08 Budget	2008-09 Adopted
<u>Administration</u>	219,185	228,733	253,922	169,825
FTE Positions	5.00	4.50	4.75	4.75
<u>Bele Chere</u>	841,152	935,774	801,306	805,306
<u>First Night</u>	20,150	24,676	17,000	20,000
<u>4th of July</u>	14,339	26,454	24,550	24,550
<u>Film Festival</u>	94,020	94,529	96,150	88,000

KEY PERFORMANCE OBJECTIVES & MEASURES

	<u>2006/07</u> <u>Actual</u>	<u>2007/08</u> <u>Estimate</u>	<u>2008/09</u> <u>Target</u>
• <i>Cost Recovery for Festivals Fund.</i>	68%	79%	85%

GOLF FUND

FUND SUMMARY

	2005-06	2006-07	2007-08	2008-09
	Actual	Actual	Budget	Adopted
Expenditures:				
Salaries & Wages	389,403	435,721	446,009	507,274
Fringe Benefits	133,957	142,898	135,172	174,127
Operating Costs	353,650	375,003	460,319	483,300
Capital Outlay	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	877,010	953,622	1,041,500	1,164,701
FTE Positions	13.75	14.00	14.00	14.00
Revenues:				
Pro Shop Sales	44,958	44,363	80,000	58,000
Membership Fees	150,782	164,891	155,000	206,000
Snack Bar	74,406	71,914	75,000	80,000
Equipment Rental	266,786	258,377	280,000	275,000
Green Fees	302,313	354,492	450,000	470,000
Other	<u>2,893</u>	<u>2,215</u>	<u>1,500</u>	<u>0</u>
Subtotal Operations	842,138	896,252	1,041,500	1,089,000
General Fund Subsidy	73,714	0	0	75,701
Total	915,852	896,252	1,041,500	1,164,701

BUDGET HIGHLIGHTS

- The budget includes additional revenue from increases to the passholder fees and greens fees that Council approved in April.
- The expenditure budget includes cost increase for personnel and utilities.
- Even with the Council-approved fee increases, a \$75,701 General Fund subsidy is required to balance the FY 2008-09 budget.

NONDEPARTMENTAL CULTURE & RECREATION

Outside agency and nondepartmental culture & recreation funding for FY 2008-09 includes the following:

BUDGET SUMMARY

Expenditures:	2005-06 Actual	2006-07 Actual	2007-08 Budget	2008-09 Adopted
Summer Youth Program	83,106	67,705	0	0
Asheville Area Arts Council	10,000	10,000	12,500	12,500
Asheville Art Museum	0	5,000	5,000	5,000
Transfer to Civic Center Capital	400,000	0	0	0
Transfer to Capital Funds	<u>0</u>	<u>233,590</u>	<u>0</u>	<u>0</u>
Total	493,106	316,295	17,500	17,500

BUDGET HIGHLIGHTS

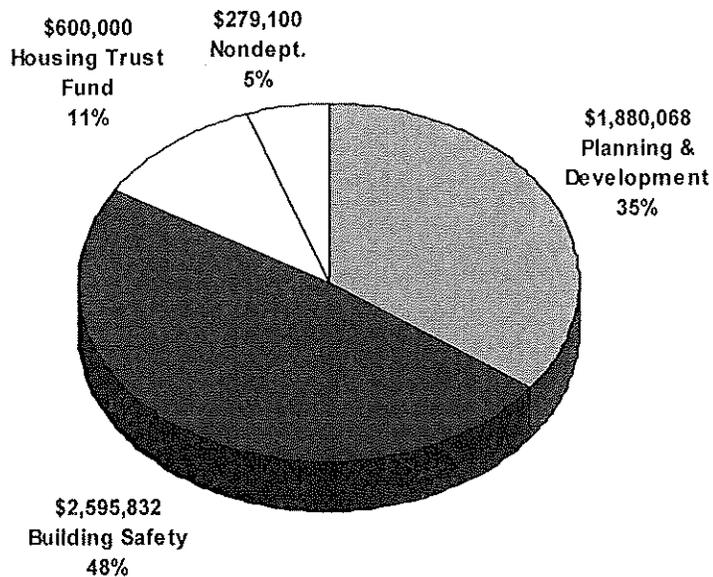
- The Summer Youth Program (now called CAYLA) was transferred to the Human Resource Department's budget beginning in FY 2007-08.
- Funding for outside agency contracts is kept flat in FY 2008-09.



COMMUNITY DEVELOPMENT SUMMARY

BUDGET SUMMARY	2005-06 Actual	2006-07 Actual	2007-08 Budget	2008-09 Adopted
Expenditures:				
Planning & Development	1,306,992	1,509,865	1,804,830	1,880,068
Building Safety	1,911,813	2,084,331	2,828,101	2,595,832
Housing Trust Fund	600,000	600,000	600,000	600,000
Nondepartmental	247,277	176,575	293,195	279,100
Total Expenditures	4,066,082	4,370,771	5,526,126	5,355,000
FTE Positions	154.91	157.41	162.03	162.03
Revenues:				
Planning & Development	302,470	274,742	190,598	331,550
Building Safety	1,936,942	2,659,133	2,141,000	2,633,550
Subtotal	2,239,412	2,933,875	2,331,598	2,965,100
General Revenue Support	1,851,799	2,011,698	3,194,528	2,389,900
Total Revenues	4,091,211	4,945,573	5,526,126	5,355,000

FY 2008-09 Community Development Budget by Department



PLANNING & DEVELOPMENT

Judy Daniel, Director

MISSION: The mission of the Asheville Planning & Development Department is to encourage sound physical and economic development through community involvement and valuing our resources (historic, natural, housing, etc.) and by providing quality service, information and assistance.

DEPARTMENT SUMMARY

	2005-06	2006-07	2007-08	2008-09
	Actual	Actual	Budget	Adopted
Expenditures:				
Salaries & Wages	924,598	1,078,443	1,199,179	1,307,547
Fringe Benefits	258,233	295,091	360,191	394,181
Operating Costs	117,647	126,885	243,960	178,340
Capital Outlay	<u>0</u>	<u>9,446</u>	<u>1,500</u>	<u>0</u>
Total	1,306,992	1,509,865	1,804,830	1,880,068
FTE Positions	22.00	25.00	26.00	26.00
Revenues:				
Charges for Service	262,180	251,403	130,348	233,250
Licenses & Permits	20,204	20,989	18,000	34,000
Intergovernmental	0	0	22,500	30,000
Transfer from Other Funds	<u>0</u>	<u>0</u>	18,750	30,000
Miscellaneous	<u>20,086</u>	<u>2,350</u>	<u>1,000</u>	<u>4,300</u>
Subtotal	302,470	274,742	190,598	331,550
General Revenue Support	1,004,522	1,235,123	1,614,232	1,548,518
Total	1,306,992	1,509,865	1,804,830	1,880,068

BUDGET HIGHLIGHTS

- The budget includes a full year's funding for the homeless initiative which was brought in-house mid-way through FY 2007-08. This program is supported by the CDBG Fund as well as through grant funding from Buncombe County.
- The one-time \$50,000 cost for development of the affordable housing plan, which was included in the FY 2007-08 budget is removed from the operating budget in FY 2008-09.
- Otherwise, the budget represents a continuation of existing programs & services.

PLANNING & DEVELOPMENT

DIVISION SUMMARY	2005-06 Actual	2006-07 Actual	2007-08 Budget	2008-09 Adopted
<u>Planning Services</u>	1,225,735	1,417,836	1,660,074	1,657,273
FTE Positions	21.00	24.00	24.00	23.00

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. The primary focus of the code enforcement section is to enforce City of Asheville's codes, policies, & procedures which relate to land development. These activities include flood plain, zoning, sign and other ordinances. This division is also involved in enforcement of the junked car ordinance and the noise ordinance.

<u>City Development</u>	6,514	11,725	0	0
FTE Positions	0.00	0.00	0.00	0.00

The City Development Division has been merged with the Economic Development division in the General Administration department.

<u>Historic Resources</u>	74,743	80,304	84,506	142,540
FTE Positions	1.00	1.00	1.00	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.

<u>Homeless Program</u>	0	0	60,250	80,255
FTE Positions	0.00	0.00	1.00	1.00

DEPARTMENTAL GOALS

- Improve the quality of life in Asheville by working with citizens and developers to identify guidelines for growth and to establish standards for development, and by working with developers to assure that development meets those standards.
- Preserve the natural and built environment of the City of Asheville while accommodating new growth and development.
- Provide timely and accurate review and permitting for land development.
- Provide thorough, effective, and timely code enforcement services and assistance.
- Promote a range of housing options for residents of Asheville by providing opportunities for the development of different housing types and by improving the economic climate through community and economic development activities.
- Encourage sustainable development and promote redevelopment in accordance with the City's Smart Growth Policies.

PLANNING & DEVELOPMENT

KEY PERFORMANCE OBJECTIVES & MEASURES

OBJECTIVES & PERFORMANCE MEASURES

KEY: NA=not applicable

Strategic Vision Priority Areas	<u>2006/07 Actual</u>	<u>2007/08 Estimate</u>	<u>2008/09 Target</u>
Planning Services			
• <i>Improve customer access to accurate information – perform monthly updates</i>	N/A	50%	80%
• <i>Develop, present and complete 100% of key UDO amendments in FY 07/08 and FY 08/09</i>	N/A	80%	70%
• <i>Maintain timeliness of reviews – number of applications reviewed within the specified time period</i>	N/A	90%	95%
Growth Management			
• <i>Maintain Annexation Program – maintain previous year's growth</i>	NA	100%	80%
• <i>Develop, update, adopt neighborhood plans and small area plans</i>	N/A	1-adopted 1-initiated	1-adopted 1-initiated
Zoning Code Enforcement			
• <i>Complaints investigated within 24 hours</i>	NA	80%	90%
• <i>Cases closed within 30 days</i>	NA	85%	95%
Historic Resources			
• <i>Extend protection of resources –</i>			
<i>Local landmarks designated</i>	N/A	2	1
<i>National Register properties reviewed</i>	N/A	2	2
<i>Certificates of Appropriateness issued</i>	N/A	190	195

COMMUNITY DEVELOPMENT & HOME FUNDS

MISSION: The mission of the Planning Department's Community Development Division is to improve the City's housing and economic environment, especially for low income residents, through programs designed to provide home-ownership opportunities, high quality rental housing, job creation, improved public facilities, and needed public services.

BUDGET SUMMARY

	2005-06 Actual	2006-07 Actual	2007-08 Budget	2008-09 Adopted
Revenues & Expenditures:				
Community Development Fund	1,506,390	1,939,291	1,852,905	1,379,999
HOME Fund	1,560,145	1,671,933	1,427,794	1,359,938
FHAP Federal Grant	103,641	96,640	100,000	100,000
Section 108 Loan Repayments	224,128	223,534	132,497	214,690
ADDI Federal Grant	116,700	0	0	0
FEMA Katrina Interim Assistance	<u>49,050</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	3,560,054	3,931,398	3,513,196	3,054,627
FTE Positions	7.75	6.00	6.00	6.00

BUDGET HIGHLIGHTS

- The Community Development Division is responsible for:
 - Administration of the following federal grant programs: Community Development Block Grant (CDBG), Home Investments Partnership Act Program (HOME), American Dream Downpayment Initiative (ADDI), Fair Housing Assistance Program (FHAP), and two federally guaranteed Section 108 Loans;
 - Administration of the City's Housing Trust Fund;
 - Administration of the City's Fee Rebate program for affordable housing;
 - The City's Homeless Initiative (since FY 2008)
 - Planning, resource development and technical assistance for other housing and community development programs;
- This summary of the Community Development Fund is included for information purposes only. The Community Development Fund is a continuing balance fund and is not part of the City's annual operating budget.
- CDBG funds can be used for a wide range of activities within the City of Asheville, including housing rehabilitation, economic development, public improvements and social services. No more than 20% of the budget may be spent on administrative costs.
- HOME funds must be used to develop or preserve affordable housing and may be used anywhere within the area covered by the Asheville Regional Housing Consortium, that is Buncombe, Henderson, Madison and Transylvania Counties. No more than 10% of grant funds may be used for administration.
- ADDI funds are HOME funds that must be used only for down-payment assistance for low-income homebuyers.
- FHAP funds are used to provide education and outreach on Fair Housing issues and to investigate complaints of unlawful discrimination.

COMMUNITY DEVELOPMENT FUND

COMMUNITY DEVELOPMENT GOALS

- Maximize federal funding for programs.
- Implement the 2005-2010 Strategic Plan, and the City's Strategic Operating Plan as it relates to affordable housing issues.
- Administer grants in compliance with regulations.
- Increase production of housing for low-income households.
- Provide support to other effective programs in the community that serve low-income residents.

KEY PERFORMANCE OBJECTIVES & MEASURES

	2006/07 <u>Actual</u>	2007/08 <u>Estimate</u>	2008/09 <u>Target</u>
• <i>Number of applications submitted for federal or state grant funds.</i>	4	4	4
• <i>Number of housing units produced with assistance from:</i>			
○ CDBG	121	447	66
○ HOME	298	188	238
○ <i>Fee Rebates only</i>	<u>4</u>	<u>1</u>	<u>2</u>
<i>Unduplicated Total:</i>	423	636	306
• <i>Reduce the number of Chronically Homeless as measured in January point-in-time count</i>	105	181	150

Notes:

1. *Housing "production" includes new construction, rehabilitation & repair, relocation, rent assistance, and direct assistance to homebuyers. Each unit represents a household with improved housing conditions due to the use of these funds.*
2. *Units generated through use of Housing Trust Funds are not counted here (see Housing Trust Revolving Fund).*
3. *The unusually high projection for CDBG production in 2007-08 is due to two improvement projects in public housing communities, each of which will impact a large number of units for a relatively small outlay.*
4. *The January 2006 count of chronically homeless people was unrealistically low, due to classification errors by some agencies participating in the count.*

HOUSING TRUST REVOLVING FUND

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

BUDGET SUMMARY	2005-06	2006-07	2007-08	2008-09
	Actual	Actual	Budget	Adopted
Expenditures:				
General Fund Contribution	600,000	600,000	600,000	600,000

BUDGET HIGHLIGHTS

- The budget continues to appropriate new funds to the Housing Trust Fund at the \$600,000 level.

KEY PERFORMANCE OBJECTIVES & MEASURES

	<u>2006/07</u>	<u>2007/08</u>	<u>2008/09</u>
	<u>Actual</u>	<u>Estimate</u>	<u>Target</u>
<i>Number of homes completed with assistance from Housing Trust Fund</i>	139	70	148

BUILDING SAFETY

Robert Griffin, Director

MISSION: The mission of the Asheville Building Safety Department is to protect lives, health, and property in Asheville, and to support economic development by providing building and development permitting services and enforcing the North Carolina State Building Code, Asheville's Minimum Housing Code, and related environmental codes.

DEPARTMENT SUMMARY

	2005-06	2006-07	2007-08	2008-09
	Actual	Actual	Budget	Adopted
Expenditures:				
Salaries & Wages	1,367,638	1,491,575	1,754,656	1,815,766
Fringe Benefits	385,507	410,072	517,326	560,007
Operating Costs	158,668	165,472	556,119	220,059
Capital Outlay	0	17,212	0	0
Total	1,911,813	2,084,331	2,828,101	2,595,832
FTE Positions	32.00	37.00	39.00	39.00
Revenues:				
Licenses & Permits	1,916,942	2,643,955	2,131,000	2,623,550
Charges for Service	20,020	15,178	10,000	10,000
Subtotal	1,936,942	2,659,133	2,141,000	2,633,550
General Revenue Support	0	0	687,101	0
Total	1,936,942	2,084,331	2,828,101	2,633,550

BUDGET HIGHLIGHTS

- The FY 2007-08 budget included \$353,000 in one-time demolition funding, which is removed from the FY 2008-09 budget.
- The Building Safety revenue budget includes \$200,000 from the new technology fee which Council approved in April. Revenue from this fee will be transferred to the capital budget to provide funding for technology improvements which will enhance the development review process for our customers.
- Otherwise, the budget represents a continuation of existing programs & services.

BUILDING SAFETY

DIVISION SUMMARY	2005-06 Actual	2006-07 Actual	2007-08 Budget	2008-09 Adopted
<u>Permitting & Inspections</u>	1,911,813	2,084,331	2,828,101	2,595,832
FTE Positions	32.00	37.00	39.00	39.00

The purpose of the Permitting and Inspections Division is to provide for a One Stop Permit Center, the enforcement of the State Building Code, City Housing Code and related environmental/safety codes. The division processes permits, conducts plan reviews, and inspects structures under renovation, construction, or change of occupancy. Upon the completion of final inspections, either certificates of occupancy confirming compliance with the State Codes, or Housing Certificates confirming compliance with the local Housing Code are issued.

DEPARTMENTAL GOALS

- To provide effective and timely NC State Building Code enforcement through inspection of new construction, repairs, remodels, or rehabilitation.
- To provide a one-stop development and permit information center to assist the public in the permitting and approval of all development and construction projects.
- To provide effective and timely plan review services through the review of plans submitted for permitting.
- To provide continuing education opportunities for code enforcement officers, contractors, designers, and realtors.
- To provide fee rebates supporting environmental and sustainable construction.
- To provide all building code enforcement, plan review, and development services center activities through user fees and charges for building permits, inspections, and plan reviews.

KEY PERFORMANCE OBJECTIVES & MEASURES

	<u>2006/07</u> <u>Actual</u>	<u>2007/08</u> <u>Estimate</u>	<u>2008/09</u> <u>Target</u>
• Complete 100% of inspections within 24 hours of request	95%	95%	98%
• Reduce inspection disapprovals to 10% of completed inspections	12%	10%	10%
• Eliminate substandard structures in the City through demolition	17	10	10

BUILDING SAFETY

KEY PERFORMANCE OBJECTIVES & MEASURES (Cont.)

	<u>2006/07</u> <u>Actual</u>	<u>2007/08</u> <u>Estimate</u>	<u>2008/09</u> <u>Target</u>
• <i>Complete initial reviews of:</i>			
<i>Residential plans within 5 days</i>	6.85	5	5
<i>Small commercial plans within 5 days</i>	12.5	10	10
<i>Large commercial plans within 15 days</i>	20.6	15	15
• <i>Maximize the percentage of operating costs recovered through departmentally-generated revenue</i>	127%	98%	95%
• <i>Complete application processing in Development Services Center within 1 working day</i>	2	1	1
• <i>Maintain the average cost per inspection of the building codes at or below State average.</i>	\$50	\$47	\$50
• <i>Hours spent on plan approvals that utilized the express approval program</i>	65	75	75
• <i>Deliver 12 education sessions for code enforcement officers, contractors and designers on building codes</i>	15	14	15

NONDEPARTMENTAL COMMUNITY DEVELOPMENT

The City provides funding to outside agencies 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. Outside agency and nondepartmental funding includes the following:

BUDGET SUMMARY

Expenditures:	2005-06 Actual	2006-07 Actual	2007-08 Budget	2008-09 Adopted
Community Relations Council	40,000	50,000	50,000	50,000
Visitors Center	100,000	50,000	50,000	0
One Youth at a Time	9,500	7,625	7,000	7,000
YWCA	15,000	7,500	10,000	10,000
Education Coalition	20,000	10,000	10,000	0
Kids Voting	2,000	1,000	1,000	1,000
Caring for Children	3,750	1,250	0	0
Mediation Center	22,500	7,500	0	0
Children First	0	15,000	22,500	22,500
Economic Development Comm.	0	0	0	50,000
United Way 211	5,000	5,000	5,000	5,000
Economic Incentives	9,777	6,200	85,600	85,600
AHOPE	15,000	0	20,000	20,000
Each One Reach One	0	0	0	10,000
Sister Cities	2,000	500	0	0
Partners Unlimited	0	5,000	5,000	0
Quality Forward	0	10,000	10,000	10,000
Media Arts Project	0	0	3,000	0
Meet the Geeks	0	0	3,000	3,000
Youthful Hand	0	0	5,000	5,000
Shiloh Community Association	0	0	6,095	0
Other	<u>2,750</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	247,277	176,575	293,195	279,100

BUDGET HIGHLIGHTS

- The City has completed its funding commitment for the Chamber of Commerce's Visitors' Center so that payment is removed from the FY 2008-09 budget.
- During budget deliberations, City Council agreed to add \$10,000 in funding for Each One Reach One.
- Four agencies – Education Coalition, Partners Unlimited, Media Arts Project, and Shiloh Community Association – did not apply for funding in FY 2008-09.



CAPITAL IMPROVEMENT PROGRAM

2008/09 TO 2012/13

Capital Budget Process

The Capital Improvement Program (CIP) is a six-year financing plan for infrastructure improvements, facility construction and improvement, and equipment acquisition. The City's emphasis on long-range capital improvement planning focuses attention on the current and future needs of the community and on balancing those needs with the City's fiscal resources.

The CIP is updated annually based on input from City Council, the public and City staff. The FY 2008-09 CIP is influenced by a number of other planning processes, including the City's long-range Strategic Operating Plan, the Unified Development Ordinance, the Parks & Recreation Master Plan, the Pedestrian Thoroughfare Plan, and the 1998 Parking Study.

The annual capital budget process begins in December, about one month before departments begin work on their operating budgets. Departments submit a list of CIP requests to the Budget & Research Office in mid January. Budget & Research then reviews all requests, including projects that had been tentatively scheduled in previous years' CIPs, and makes recommendations to the City Manager and the management team. Following the City Manager's review, the CIP is then submitted to the City Council for approval along with the City's annual operating budget. Approval of the CIP commits the City to the first year of capital projects.

In order to be included in the CIP, a capital item or construction project must have a useful life of more than one year and an initial cost of at least \$25,000. All capital items not meeting these criteria are included in the annual operating budget as capital outlay. The one exception to this rule is vehicles. All vehicle purchases, regardless of price, are included in the CIP.

General Capital Reserve Fund

The General Capital Reserve Fund provides funding for all general government capital needs. FY 2008-09 funding is provided by an \$8,190,622 pay-as-you-go contribution from the General Fund, \$2,128,600 in debt proceeds, \$1,150,000 in land sale revenue, and \$40,000 in grant funding. Major departmental itemized requests are displayed as approved.

Civic Center Capital Fund

The Civic Center Capital Fund includes a \$400,000 transfer from the General fund to fund building maintenance and improvement projects.

Water Resources Fund

CIP items and projects in the Water Resources Operating & Capital Improvement Funds are funded with utility revenues generated by the Water Resources Operating Fund and the capital improvements fee. The FY 2008-09 budget includes \$9.1 million in capital improvement projects. In addition, \$707,800 is budgeted in FY 2008-09 to replace capital equipment.

Parking Services Fund

CIP items and projects in the Parking Services Capital Improvement Fund are funded with a combination of revenues generated by the Parking Services Operating Fund and debt proceeds. The FY 2008-09 CIP includes budget authorization for a planned parking garage on Biltmore Avenue.

CAPITAL IMPROVEMENT PROGRAM 2008/09 TO 2012/13

SUMMARY OF MAJOR GENERAL CAPITAL PROJECTS

- The adopted CIP includes \$1.8 million in funding for vehicle replacement. This level of funding will allow for the replacement of approximately 16 vehicles including an aerial ladder in the Fire & Rescue Department; as well as vehicles in the Police, Public Works, and Parks Departments. The City will take advantage of lower interest rates to finance all of the vehicle replacements that are budgeted in the general fund in FY 2008-09. The City has been awarded a \$40,000 Mobile Source Emissions Reduction Grant from the N.C. Department of Environment and Natural Resources (DENR). One of the vehicles slated for replacement in Public Works' Capital Improvement Program (CIP) is a knuckleboom used for refuse collection. This grant funding will allow the City to purchase a compressed natural gas (CNG) knuckleboom instead of a diesel-powered vehicle.
- The technology improvements category includes \$535,000 of which \$335,000 will go toward the ongoing replacement of public safety radios. The remaining \$200,000 will be used to fund technology improvements to aid the development review process. The funding for these improvements will come from the development review technology fee that Council approved in April. The technology improvements funded with this fee will allow the City to serve the development community better by offering, for example, paperless systems in the future. This will benefit the development community fiscally in the future, serving to reduce operational costs on a project -- such as printing out multiple blueprints for submittal to City staff.
- The facility & equipment maintenance category includes \$535,000. Of this amount, \$225,000 will be used for ongoing City-wide general building needs. Another \$200,000 will go to enhance security at City-owned facilities. The facility & equipment maintenance category also includes \$48,000 to replace old equipment used in the production of programming for the City's government television. Funding for this item comes from the PEG revenue that is received as a part of the video (former cable franchise) services taxes collected by the State and shared with municipalities.
- The FY 2008-09 CIP continues the City's commitment to provide \$400,000 annually to fund projects at the Civic Center. Projects slated for next fiscal year include upgrades to arena seating as well as, replacement of the portable stage, emergency lighting generator, and stage curtains.
- The CIP includes an ongoing contribution of \$952,300 to the Street & Sidewalk Fund for maintenance & repair of existing streets & sidewalks.
- The CIP includes funding for two major land purchases, one in Haw Creek and the other for the Beaucatcher Overlook Park. City Council previously voted to authorize acquisition of property in the Haw Creek area for park purposes and a greenway link to the Blue Ridge Parkway and Mountain to Sea trail. The cost of the property is \$750,000. The City will fund one-third of the purchase price (\$250,000) with Buncombe County and the neighborhood association funding the remaining amount. The CIP also includes funding for the second installment payment for the purchase of land for the Beaucatcher Overlook Park. The exact amount that the City will owe toward the \$900,000 payment will depend upon the amount of private funding raised by the Trust for Public Land. The CIP provides budget authorization up to \$900,000 for this payment. Funding for both of these land purchases will come from proceeds that the City expects to receive in FY 2008-09 from the sale of City-owned property.
- The Parks & Recreation CIP includes \$345,500 in funding to continue work on phase II of the Reed Creek Greenway. The CIP also includes funding to meet the City's contractual obligation to provide \$35,000 in annual funding for McCormick Stadium. Finally, the Parks CIP includes \$75,000 to fund the City's ongoing commitment to public art and the Urban Trail.

CAPITAL IMPROVEMENT PROGRAM 2008/09 TO 2012/13

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. Most CIP projects in the City of Asheville are funded through annual operating funds, 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 these projects receive authorization 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 2008-09 is \$26.95 million, including debt service costs incurred from the long-term financing of capital projects approved this year and in prior years, and pay-as-you-go financing of current year projects. The table below summarizes the total impact of the capital budget on the FY 2007-08 operating budget.

Total Impact of Capital Budget on FY 2008-09 Operating Budget	
General Fund CIP Transfer	8,190,622
Water Resources Fund CIP Transfer	9,811,974
Water Resources Fund Debt Service	7,648,970
Stormwater Fund Debt Service	150,000
Parking Services Fund Debt Service	500,000
Parking Services Fund CIP Transfer	<u>653,000</u>
Total	26,954,566

The only capital project approved in the FY 2008-09 budget that is expected to have a notable impact on the City's operating budget in future years is the Biltmore Avenue parking garage. The impact from the garage operations will not occur until FY 2009-10 at the earliest. The garage will require a minimum of two additional FTE. The annual personnel and operating costs for the garage are expected to be approximately \$234,000. Revenue estimates are still being finalized for the garage, but it is unlikely that revenues will cover the cost of operating the facility and servicing the debt. Therefore, revenues from other parking activities or from the General Fund may be required to cover all costs.

CAPITAL IMPROVEMENT PROGRAM 2008/09 TO 2012/13

GENERAL CAPITAL RESERVE FUND SUMMARY

Revenue Sources:

	Budget	Adopted	PLANNING YEARS			
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
General Fund Transfer	9,706,102	8,190,622	8,676,545	9,107,390	9,076,979	9,434,852
Land Sale Proceeds	0	1,150,000	0	0	0	0
Debt Proceeds	3,907,950	2,128,600	6,631,000	600,000	750,000	1,000,000
Fund Balance Appropriation	3,767,500	0	0	0	0	0
Grant Funding	80,000	40,000	0	0	0	0
Total Available Funds	17,461,552	11,509,222	15,307,545	9,707,390	9,826,979	10,434,852

Use of Funds:

	Budget	Adopted	PLANNING YEARS			
	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13
Debt Service	6,206,480	5,709,822	5,667,895	5,688,541	4,754,179	4,845,552
Fleet Replacement	3,222,650	1,833,600	1,643,600	1,559,000	1,883,000	2,215,000
Fleet - New	979,500	0	78,750	157,500	157,500	157,500
Facility & Equipment Maintenance	1,460,450	473,000	250,000	325,000	350,000	375,000
Technology Improvements	2,023,272	535,000	254,000	417,050	800,000	300,000
Parks & Recreation	1,400,000	455,500	558,000	160,000	490,000	480,000
Land Purchases	0	1,150,000	0	0	0	0
Civic Center	400,000	400,000	400,000	400,000	400,000	400,000
Streets & Sidewalks	952,300	952,300	952,300	952,300	952,300	1,541,800
Traffic & Pedestrian Improvements	816,900	0	140,000	48,000	40,000	120,000
Fire Stations	0	0	5,363,000	0	0	0
Total Use of Funds	17,461,552	11,509,222	15,307,545	9,707,390	9,826,979	10,434,852

CAPITAL IMPROVEMENT PROGRAM 2008/09 TO 2012/13

GENERAL CAPITAL RESERVE FUND PROJECT DETAIL

<u>PROJECTS</u>	2008/09	2009/10	2010/11	2011/12	2012/13
<u>Fleet Replacement</u>					
Police	298,600	300,000	305,000	320,000	330,000
Public Works	360,000	518,600	430,000	550,000	600,000
Building Safety	0	0	42,000	51,000	55,000
Parks & Recreation	75,000	75,000	100,000	125,000	150,000
Fire & Rescue	1,100,000	750,000	600,000	750,000	1,000,000
Fleet	0	0	30,000	35,000	20,000
Planning	0	0	25,000	25,000	30,000
Engineering	0	0	27,000	27,000	30,000
Subtotal Fleet Replacement	1,833,600	1,643,600	1,559,000	1,883,000	2,215,000
<u>Fleet: New Additions</u>					
Police Take Home Program	0	78,750	157,500	157,500	157,500
Subtotal Fleet Additions	0	78,750	157,500	157,500	157,500
<u>Facility & Equipment Maintenance/Upgrades</u>					
General Maintenance	225,000	250,000	275,000	300,000	325,000
Building Security Enhancements	200,000				
Government TV Equipment	48,000	0	50,000	50,000	50,000
Subtotal Facilities/Equipment	473,000	250,000	325,000	350,000	375,000
<u>Fire</u>					
Station 12 - Sandhill Rd		5,363,000			
Subtotal Fire Stations	0	5,363,000	0	0	0
<u>Technology Improvements</u>					
Radio Replacements	335,000	54,000	105,050	475,000	0
Continuity of Operations Data Center			112,000	125,000	100,000
Development Review Improvements	200,000	200,000	200,000	200,000	200,000
Subtotal Technology	535,000	254,000	417,050	800,000	300,000

CAPITAL IMPROVEMENT PROGRAM 2008/09 TO 2012/13

GENERAL CAPITAL RESERVE FUND PROJECT DETAIL

PROJECTS	2008/09	2009/10	2010/11	2011/12	2012/13
<u>Civic Center</u>					
Replace Arena Seating	225,000				
Replace Emergency Lighting Generator	40,000				
Replace portable stage	125,000				
Replace stage curtains	10,000				
Install generator for ice floor		225,000			
Replace control system on elevator		150,000			
Replace auditorium curtains		25,000			
Replace boilers			250,000		
Replace arena lighting			80,000		
Replace banquet tables			70,000		
Replace sound system in arena				100,000	
Repair plaster in auditorium				100,000	
Replace auditorium carpet				150,000	
Replace some windows				50,000	
Convert locker rooms to dressing					100,000
Make production office back area					100,000
Replace sound system in auditorium					125,000
Remodel green room					75,000
Subtotal Civic Center	400,000	400,000	400,000	400,000	400,000
<u>Streets & Sidewalks</u>					
Annual Paving/Maintenance Program	752,300	752,300	752,300	752,300	752,300
Annual Sidewalk Program	200,000	200,000	200,000	200,000	200,000
Beaverdam Rd Sidewalk					589,500
Subtotal Streets/Sidewalks	952,300	952,300	952,300	952,300	1,541,800
<u>Traffic Improvements</u>					
Fairview Rd Signal Upgrades		80,000			
Charlotte St Signal Upgrades		60,000			
Pinchot Dr Pedestrian Improvements			48,000		
Burton St Traffic Calming				40,000	
Citywide Pedestrian Signals					120,000
Subtotal Traffic Improv.	0	140,000	48,000	40,000	120,000

CAPITAL IMPROVEMENT PROGRAM 2008/09 TO 2012/13

GENERAL CAPITAL RESERVE FUND PROJECT DETAIL

<u>PROJECTS</u>	2008/09	2009/10	2010/11	2011/12	2012/13
<u>Parks & Recreation</u>					
Reed Creek Greenway Phase II	345,500				
Azalea Park Pond		198,000			
McCormick Field	35,000	35,000	35,000	35,000	35,000
Parks/Facilities Improvement			50,000	110,000	110,000
Golf Course Irrigation Phase II		250,000			
Greenway Land Acquisition				150,000	150,000
Stephens Lee Center Gym Floor Replacement				120,000	
Urban Trail	50,000	50,000	50,000	50,000	50,000
Public Art	25,000	25,000	25,000	25,000	25,000
Golf Course 11th Hole Green Rebuilding					65,000
Wash Water Recycling System at Golf Course					45,000
Subtotal Parks & Recreation	455,500	558,000	160,000	490,000	480,000
<u>Land Purchases</u>					
Overlook Park	900,000				
Haw Creek	250,000				
Subtotal Land Purchases	1,150,000	0	0	0	0

CAPITAL IMPROVEMENT PROGRAM 2008/09 TO 2012/13

WATER RESOURCES CAPITAL EQUIPMENT SUMMARY

Items	2008/09	2009/10	2010/11	2011/12	2012/13
1993 FORD 1-1/2TN DUMP	\$46,000				
1992 FORD TRUCK W/CRANE	\$40,000				
1979 DIAMOND REO PUMP TRUCK	\$50,000				
1997 FORD TRUCK 4-WD	\$40,000				
2001 F250 4X4 EXT. CAB	\$35,000				
2002 F250 4X4 PICK UP	\$35,000				
2002 F250 4X4 PICK UP	\$26,400				
2000 FORD F250 TRUCK	\$23,000				
1999 JCB BACKHOE	\$80,000				
2002 S10 PICK UP	\$19,000				
2001 F250 4X4 EXT.CAB	\$19,000				
1983 FORD TRACTOR	\$35,000				
2001 FORD RANGER	\$19,000				
2001 FORD RANGER	\$19,000				
1999 CUSTOM 20TN TRAILER	\$16,500				
1980 HUDSON TRAILER	\$16,500				
2001 TAURUS 4DR	\$20,000				
2002 F250 4X4 PICK UP	\$26,400				
1990 PUMP - TRASH CENTRIFUGAL	\$12,000				
1970 AIR COMPRESSOR	\$15,000				
1970 AIR COMPRESSOR	\$15,000				
1970 AIR COMPRESSOR	\$15,000				
1970 AIR COMPRESSOR	\$15,000				
2002 S10 PICK UP	\$32,000				
2000 CHEVY S-10 4X4	\$19,000				
1995 FORD TRUCK F150 4WD	\$19,000				
1999 FORD PICKUP TRUCK		\$40,000			
1999 FORD PICKUP TRUCK		\$40,000			
1999 JCB BACKHOE		\$80,000			
1969 BUTLER TANK TRAILER		\$40,000			
1970 AIR COMPRESSOR		\$15,000			
1995 DITCH WITCH TRENCHER		\$49,000			
1993 JCB BACKHOE/LOADER		\$80,000			
2001 INTERN DUMP TRUCK		\$120,000			
1998 AIR COMPRESSOR		\$12,000			
1994 AIR COMPRESSOR		\$12,000			
1995 FORD TRACTOR 4WD		\$39,600			
2002 EXPLORER		\$31,800			
2002 S10 PICK UP		\$21,000			
2002 EXPLORER		\$31,800			
2003 S10 PICKUP		\$21,000			
1999 JCB 215E BACKHOE		\$80,000			
2004 CHEVY COLORADO		\$21,100			
1999 NEW HOLLAND TRACTOR		\$27,500			

CAPITAL IMPROVEMENT PROGRAM 2008/09 TO 2012/13

WATER RESOURCES CAPITAL EQUIPMENT SUMMARY

Items	2008/09	2009/10	2010/11	2011/12	2012/13
1997 CUSTOM 20TN TRAILER		\$16,000			
2002 CHEVY SUBURBAN		\$33,000			
1999 FORKLIFT			\$24,200		
2003 CHEVY MALIBU			\$20,000		
2004 CHEVY COLORADO			\$21,800		
1990 GENERATOR NORTH FORK			\$90,000		
1990 GENERATOR PEACH KNOB			\$25,000		
2006 FORD F350 SUPERCAB 4X4			\$35,000		
2003 S10 PICKUP			\$21,000		
2002 INTERNATIONAL TANDEM			\$114,000		
2001 JCB BACKHOE			\$80,000		
2006 CHEVY COLORADO			\$21,800		
2006 FORD F350 SUPERCAB 4X4			\$35,000		
2003 S10 PICKUP			\$21,000		
2002 SKID STEER LOADER			\$38,500		
2001 JCB BACKHOE			\$80,000		
2004 CHEVY SERVICE BODY			\$35,000		
2006 FORD EXPLORER			\$32,000		
2006 CHEV. PICKUP TRUCK			\$29,700		
1999 CUSTOM 20TN TRAILER			\$16,000		
2005 311C CAT EXCAVATOR			\$71,000		
2002 LEEBOY ROLLER				\$22,000	
2006 FORD F350 SUPERCAB 4X4				\$35,000	
2003 DODGE DURANGO				\$26,400	
2005 311C CAT EXCAVATOR				\$71,000	
2006 CHEVY COLORADO				\$22,500	
2006 FORD F350 SUPERCAB 4X4				\$26,400	
2004 CHEVY SERVICE BODY				\$35,000	
2002 JOHN DEER BACK HOE				\$80,000	
2006 BACKHOE/LOADER JCB				\$80,000	
2004 410G BACKHOE				\$80,000	
2003 DODGE DURANGO				\$26,400	
2004 JEEP LIBERTY				\$21,800	
2005 JEEP LIBERTY				\$21,800	
2003 CHEVY MALIBU				\$20,600	
2005 JEEP LIBERTY				\$21,800	
2004 STERLING LT9500				\$115,000	
2005 6X12 TRAILER				\$10,000	
2004 JEEP LIBERTY				\$21,800	
2004 FORD F750 SGL DUMP				\$70,000	

CAPITAL IMPROVEMENT PROGRAM 2008/09 TO 2012/13

WATER RESOURCES CAPITAL EQUIPMENT SUMMARY

<u>Items</u>	2008/09	2009/10	2010/11	2011/12	2012/13
2005 CHEV. TRUCK 1-TON					\$35,000
2005 JEEP LIBERTY					\$22,500
2005 JEEP LIBERTY					\$22,500
2004 STERLING LT9500					\$110,000
2005 FORD TRUCK F350					\$35,000
2005 FREIGHTLINER PATCH T					\$176,000
2005 CHEV. PICKUP S-10					\$22,000
2005 JEEP LIBERTY					\$24,000
2005 JEEP LIBERTY					\$22,500
2005 WSTR TANDEM					\$122,000
2004 BOBCAT SKID STEER					\$38,500
2005 FORD TRUCK RANGER					\$22,000
2005 CHEV. TRUCK 3/4-TON					\$35,000
1999 FORD PICKUP TRUCK					\$21,800
2005 WESTERN STAR TANDEM					\$105,000
	\$707,800	\$810,800	\$811,000	\$807,500	\$813,800

CAPITAL IMPROVEMENT PROGRAM 2008/09 TO 2012/13

WATER RESOURCES CAPITAL IMPROVEMENT FUND SUMMARY

Revenue Sources:

Water Operating Funds
Transfer from Fund Balance
CIP Fee

Total Revenues:

REQUESTED	PLANNING YEARS				
	2008/2009	2009/2010	2010/2011	2011/2012	2012/2013
2,200,000	2,672,441	3,426,125	3,734,203	3,882,896	
3,557,559					
3,346,615	3,350,275	3,348,875	3,349,075	3,350,875	
9,104,174	6,022,716	6,775,000	7,083,278	7,233,771	

Use of Funds:

NC DOT Projects:

I-240 Widen I-26 to N. of Haywood
Long Shoals at I-26
Brevard Road (I-40 to I-26 Crossing)
I-26 (Patton to 19/23)
Long Shoals I-26 to 191
Brevard Rd (Parkway to Long Shoals)
Brevard Rd (Long Shoals to NC 280)
Sweeten Creek Rd (Rock Hill to US 25)
I-26 Widening Project
Sandhill Road
I-40 from I-240 to 19/23
NC 63 from Gilbert to Newfound

Distribution Systems Projects:

North Fork / Bee Tree Upgrade Continuation
Allen Mountain Upgrade
Pressure Reduction Strategies

Evaluation

Flow Meters
Distribution System Refurbishment & Replace
North Fork Raw Water Pumps
Riceville Reservoir
Spivey Mountain Tank
Affordable Housing Infill Development Incentiv
Neighborhood Enhancement Backlog

Management Tools / Equipment:

New Maintenance Facility
Master Plan Update
Main Marking/Mapping
Meter Testing

Total Use of Funds

	2008/2009	2009/2010	2010/2011	2011/2012	2012/2013
I-240 Widen I-26 to N. of Haywood	162,920	162,920			
Long Shoals at I-26	800,108	800,108			
Brevard Road (I-40 to I-26 Crossing)	4,230,000				
I-26 (Patton to 19/23)		282,000			
Long Shoals I-26 to 191			569,250	569,250	
Brevard Rd (Parkway to Long Shoals)			711,489	711,489	
Brevard Rd (Long Shoals to NC 280)			1,233,375	1,233,375	
Sweeten Creek Rd (Rock Hill to US 25)				1,219,164	1,836,701
I-26 Widening Project					2,734,996
Sandhill Road	2,252,398				
I-40 from I-240 to 19/23	40,429				
NC 63 from Gilbert to Newfound					
North Fork / Bee Tree Upgrade Continuation	308,333				
Allen Mountain Upgrade		571,667			
Pressure Reduction Strategies		500,000			
Flow Meters		500,631			
Distribution System Refurbishment & Replace			610,886	850,000	850,000
North Fork Raw Water Pumps	225,722				
Riceville Reservoir	320,000				
Spivey Mountain Tank		1,100,000			
Affordable Housing Infill Development Incentiv	500,000	500,000	500,000	500,000	500,000
Neighborhood Enhancement Backlog		500,000	500,000	500,000	500,000
New Maintenance Facility	264,264	500,000	2,500,000	1,500,000	
Master Plan Update					812,074
Main Marking/Mapping		432,949			
Meter Testing		172,441			
9,104,174	6,022,716	6,775,000	7,083,278	7,233,771	

CAPITAL IMPROVEMENT PROGRAM 2008/09 TO 2012/13

PARKING SERVICES CAPITAL FUND SUMMARY

Revenue Sources :

	2008/09	2009/10	2010/11	2011/12	2012/13
Debt Proceeds	18,500,000	21,500,000			
Parking Operating Fund	653,000	594,000	51,100	0	0
Total Revenue	19,153,000	22,094,000	51,100	0	0

Use of Funds:

Sweeper	25,000				
Cushman	12,000				
Biltmore Ave Garage	18,500,000				
Wall Street Deck Restoration	532,000				
Wayfinding Signs	50,000	50,000			
Garage Security Cameras	34,000				
Rankin Garage Restoration		544,000			
Proposed Haywood St Garage		21,500,000			
Vehicle Replacement			21,100		
Gem Car Replacement			30,000		
Total Use of Funds	19,153,000	22,094,000	51,100	0	0

- Debt service on the existing decks is being paid off in FY 2007-08. The FY 2008-09 budget includes \$500,000 to pay what is expected to be a half-year's debt service payment on a new \$18.5 million Biltmore Avenue parking deck, which is budgeted in the Parking Fund's Capital Improvement Program (CIP). The deck will be financed with a combination of tax exempt and taxable bonds.
- The Parking Fund's CIP also includes \$532,000 to fund major repair and restoration work on the Wall Street garage, which is now twenty years old. This project will be funded with a transfer from the Parking operating fund. The Parking operating fund will also provide \$50,000 to fund wayfinding signs and \$34,000 for security camera in the garages.

GENERAL FUND DEBT SERVICE

Debt service expenditures in the general fund for FY 2008-09 are as follows:

BUDGET SUMMARY	Adopted 2008/09
<u>General Obligation Bonds:</u>	
1993 Street and Sidewalk Series A	107,560
1993 Street and Sidewalk Series B	44,220
1999 Refunding Bonds	530,611
G/O Refunding 2000	<u>160,550</u>
Total General Obligation Bonds	842,941
 <u>Certificates of Participation:</u>	
1997A Municipal Bldg	434,082
1997B Refunding Public Works	1,126,095
2006 Fire Station 6 & 11	<u>581,427</u>
Total Certificates of Participation	2,141,604
 <u>Other Debt:</u>	
MSD	<u>38,000</u>
Total Other Debt Service	38,000
 <u>Equipment Lease-Purchases:</u>	
1999 Fire Truck/Trash Cans	25,353
2003 Fire Trucks	203,668
2004 Auto-Reach/Trash Cans/Fire Engine	157,793
2006 Radio Equip/Fire & PW Vehicles	550,463
2007 & 2008 Equipment Purchases**	1,300,000
2009 Equipment Purchases**	<u>450,000</u>
Total Equipment Lease-Purchases	2,687,277
TOTAL GENERAL FUND DEBT SERVICE	<u>5,709,822</u>

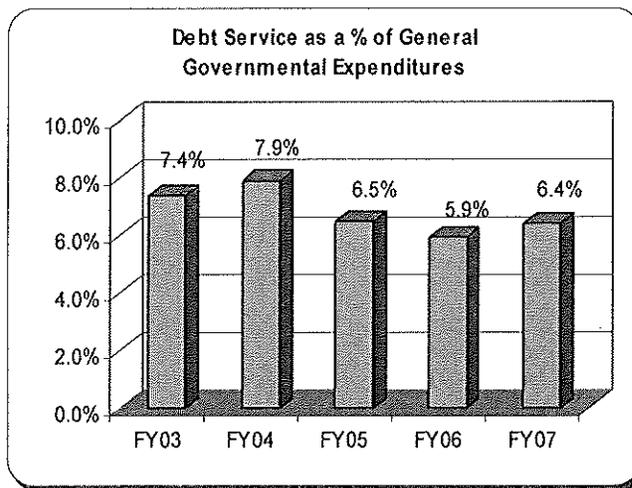
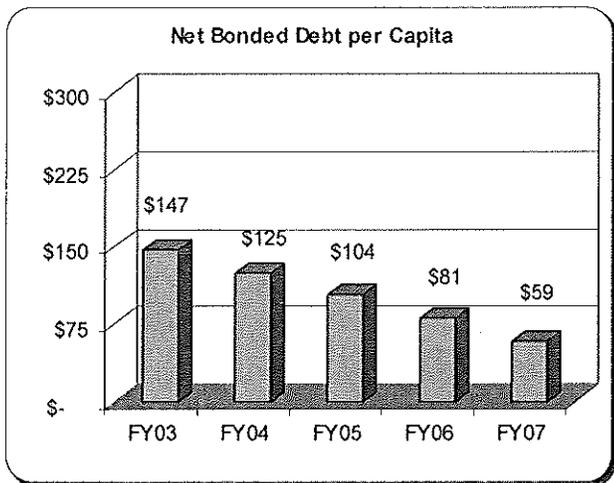
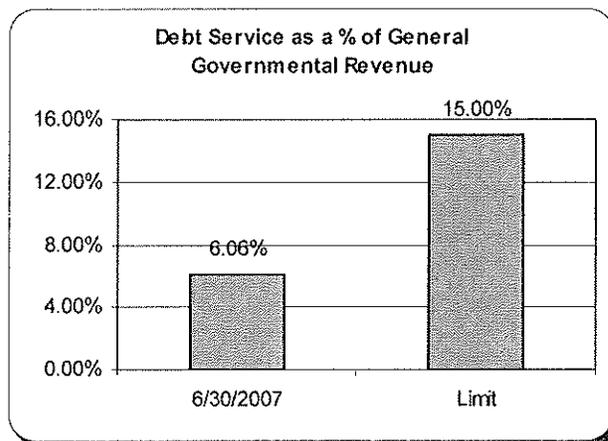
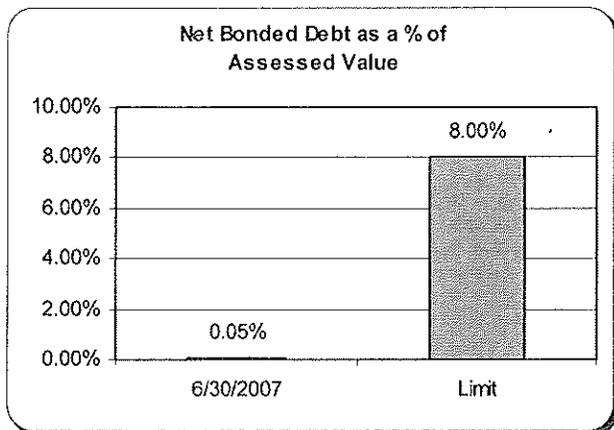
** Estimates

DEBT MANAGEMENT

The objective of the City of Asheville debt management policy is to maintain the City's ability to incur present and future debt at the most beneficial interest rates without adversely affecting the City's ability to finance essential City services.

Policy Statements:

- Capital projects financed through the issuance of bonds shall be financed for a period not to exceed the expected useful life of the project.
- The general obligation debt of the City of Asheville will not exceed 8% of the assessed valuation of the taxable property of the City.
- Total debt service on tax-supported debt of the City will not exceed 15% of total general government operating revenue.
- Interest, operating, and/or maintenance expenses will be capitalized only for facilities of enterprise activities and will be strictly limited to those expenses incurred prior to actual operation of the facilities.
- The City will maintain its financial condition so as to maintain a minimum AA bond rating.
- The City's debt policy will be comprehensive and the City will not knowingly enter into any contracts creating significant unfunded liabilities.



DEBT MANAGEMENT

COMPUTATION OF LEGAL DEBT MARGIN DIRECT & OVERLAPPING BONDED DEBT AS OF JUNE 30, 2007

Legal Debt Margin Computation

Assessed value - January 1, 2007		<u>\$9,746,647,000</u>
Debt limit - Eight (8) percent of assessed value		\$779,731,000
Total Bonded Debt	\$50,175,000	
Less: Revenue Bonds	<u>40,580,000</u>	<u>9,596,000</u>
Legal debt margin at June 30, 2007		<u>\$770,135,000</u>

Overlapping Debt - County of Buncombe

County assessed value - January 1, 2007		<u>\$26,181,099,000</u>
City valuation as a percent of County valuation (a)		<u>37.23%</u>

Jurisdiction	Net General Obligation Bonded Debt Outstanding	Percentage Applicable to Government	Amount Applicable to Government
Direct:			
City of Asheville (b)	\$4,455,000	100.00%	\$4,455,000
Overlapping:			
County of Buncombe	85,470,000	26.79%	22,897,000
Total	<u>\$89,925,000</u>		<u>\$27,352,000</u>

(a) Percentage of direct and overlapping debt is based on 2007 assessed valuation of Buncombe County as compared to the 2007 assessed valuation of the City of Asheville.

(b) Excluding general obligation bonds reported in the Enterprise Funds of the City of Asheville.

DEBT MANAGEMENT

OUTSTANDING GENERAL OBLIGATION BONDS AS OF JUNE 30, 2007

The City has issued general obligation bonds to provide funds for the acquisition and construction of major capital facilities related to both general and proprietary activities. All general obligation bonds are backed by the full faith, credit and taxing power of the City. Principal and interest requirements are appropriated when due. General obligation bonds outstanding at June 30, 2007 are as follows:

	Interest rates	Date issued	Date series matures	Amount of original issue	Balance outstanding June 30,2006
General Fund:					
Street, sidewalk and storm drainage, Series 1993A	5.50-5.25%	7/1/1993	2/1/2013	1,300,000	520,000
Street, sidewalk and storm drainage, Series 1993B	5.00-5.25	7/1/1993	2/1/2013	500,000	215,000
General Obligation refunding bonds, Series 1993C	4.00-4.80	7/1/1993	6/1/2008	10,305,000	760,000
General Obligation refunding bonds, Series 1999	4.00-4.20	2/9/1999	6/1/2012	4,952,360	1,590,696
General Obligation refunding bonds, Series 2000	4.75-5.00	12/01/2000	12/01/2020	1,970,000	<u>1,370,000</u>
Total General Fund					4,455,696
Enterprise Fund:					
Water - 1995	5.40-6.40	6/1/1995	6/1/2011	3,000,000	1,200,000
Water - 1999	4.00-4.20	2/9/1999	6/1/2012	12,217,640	<u>3,924,305</u>
Total Enterprise Fund					5,124,305
Total General Obligation Bonds					9,580,000
Premium on Bonds					16,051
Total GO Bonds & Premium					\$9,596,051

ANNUAL GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS

Annual debt service requirements to maturity for the City's general obligation bonds are as follows:

Fiscal Year Ending June 30	Business-type Activities	Governmental Activities	Total
2008	1,593,369	1,675,009	3,268,378
2009	1,512,010	842,941	2,354,951
2010	1,510,961	733,187	2,244,148
2011	983,711	501,284	1,484,995
2012	63,024	328,661	391,685
2013-2017		749,675	749,675
2018-2021		404,750	404,750
Total	\$5,663,075	\$5,235,507	\$10,898,582

DEBT MANAGEMENT

INSTALLMENT FINANCING CONTRACTS

The City has entered into various installment financing contracts with the Asheville Public Financing Corporation, a blended component unit, for renovation and construction of municipal facilities. These contracts were funded by the execution and delivery of Certificates of Participation and certain lease contracts. The outstanding contracts at June 30, 2007 are as follows:

	<u>Interest rates</u>	<u>Date issued</u>	<u>Date series matures</u>	<u>Amount of original issue</u>	<u>Balance outstanding June 30, 2007</u>
General Fund:					
Municipal Building Series 1997-A	4.00-5.13	11/01/1997	6/01/2018	14,045,000	9,315,000
Refunding Series 1997-B	4.00-5.00	11/01/1997	6/01/2011	3,480,000	1,545,000
Fire Stations & Equip. Series 2006	3.92	6/28/2006	6/28/2021	8,030,300	<u>7,195,444</u>
					18,055,444
Enterprise Fund:					
Parking Services Series 1992	5.00-6.50	2/15/1992	2/01/2008	5,385,000	570,000
Stormwater Series 2006	3.92	6/28/2006	6/28/2011	215,000	<u>172,000</u>
					<u>742,000</u>
Total Installment Financing					<u>\$18,797,444</u>

ANNUAL DEBT SERVICE REQUIREMENTS – INSTALLMENT FINANCING CONTRACTS

Annual debt service requirements to maturity for the installment financing contracts, including interest of \$53,562 for the enterprise fund and \$5,046,570 for the general fund, are as follows:

<u>Fiscal Year Ending June 30</u>	<u>Enterprise Funds</u>	<u>General Long-Term Debt Account Group</u>	<u>Total</u>
2008	656,654	2,681,544	3,338,198
2009	47,954	2,644,115	2,692,069
2010	46,302	2,614,087	2,660,389
2011	44,652	2,580,938	2,625,590
2012	-	1,663,851	1,663,851
2013-2017	-	8,094,892	8,094,892
2018-2021	-	<u>2,822,587</u>	<u>2,822,587</u>
Totals	<u>\$795,562</u>	<u>\$25,812,292</u>	<u>\$23,897,576</u>

DEBT MANAGEMENT

INSTALLMENT PURCHASE CONTRACTS

The City has entered into installment purchase contracts with various agencies for the purchase of assorted assets. These obligations are considered a limited obligation of the City and are secured by the assets themselves.

	Interest Rates	Date Issued	Date Series Mature	Amount of Original Issue	Balance Outstanding at June 30, 2006
Trucks and cans	5.12%	12/9/1999	12/9/2009	\$359,230	\$58,763
Fire Trucks	3.06	11/29/2002	11/15/2012	1,546,308	850,469
Radio equipment	2.64	1/28/2003	1/17/2008	309,790	65,249
Trucks and carts	2.35	4/30/2004	4/30/2009	741,577	306,529
					\$1,281,010

ANNUAL DEBT SERVICE REQUIREMENTS – INSTALLMENT PURCHASE CONTRACTS

Annual maturities on all installment purchase contracts are as follows:

Fiscal Year Ending June 30	Business-type Activities	Governmental Activities	Total
2008	\$	\$429,155	\$429,155
2009	-	357,887	357,887
2010	-	182,658	182,658
2011	-	165,277	165,277
2012	-	160,545	160,545
2013	-	78,501	78,501
Total	\$	\$1,374,023	\$1,374,023

ASHEVILLE COMMUNITY PROFILE

Community Description

The City of Asheville, with a population of 75,948, comprises an area of approximately 43.4 square miles in Western North Carolina. Asheville is the regional center for manufacturing, transportation, health care, banking, professional services, and shopping. The City is the county seat of Buncombe County, the largest city in Western North Carolina, and the eleventh largest city in the State. 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, which was incorporated in 1797, 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 1,000-person 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.

Statistical Information

Year Established

Asheville	1883
Buncombe County	1792

Size (square miles)

Asheville	43.4
Buncombe County	660

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	2
Number of Police Personnel	242
Number of Patrol Districts	3
Number of:	
Calls for Service Dispatched	102,281
UCR Part I Crimes Reported	4,748
UCR Part I Crimes Cases Cleared	1,288
Traffic Accidents Investigated	3,738

Utilities

Miles of Streets	373.48
Number of Street Lights	9,809
Number of City-Maintained Intersections	62
Miles of Water Mains	1,625
Treatment Plants	3
Water Service Connections	50,903
Fire Hydrants	3,228
Daily Avg. Consumption of Water (gal)	21.4 million
Max. Daily Capacity of Treat. Plants (gal)	43.5 million

Fire Protection

Number of Stations	9
Number of Fire Personnel	228
Number of Calls Answered	13,777
Number of Inspections Conducted	3,290

Culture & Recreation

Community Centers	11
Parks & Playgrounds	42
Park Acreage	700
Swimming Pools	3
Tennis Courts	22

ASHEVILLE COMMUNITY PROFILE

Demographic Information

(Source: U.S. Census Bureau, American Factfinder 2006; Geographic Area: City of Asheville, unless otherwise indicated. The Asheville Metropolitan Statistical Area includes the following counties: Buncombe, Haywood, Henderson, & Madison.)

Population (State Est. as of 7/06)

City of Asheville	75,948
Buncombe County	221,320
Asheville Metro. Stat. Area	398,543

Population Growth 2000-2006

City of Asheville	10.3%
Buncombe County	7.3%

<u>Age</u>	<u>Number</u>	<u>Percent</u>
Under 5 years	3,956	5.2%
5-9	4,578	6.0%
10-14	4,220	5.6%
15-19	4,059	5.3%
20-24	5,177	6.8%
25-34	13,068	17.2%
35-44	9,829	12.9%
45-54	9,878	13.0%
55-59	4,441	5.8%
60-64	3,833	5.0%
65-74	5,378	7.1%
75-84	5,113	6.7%
85+ years	2,417	3.2%
Median Age	39.2	

<u>Households</u>	<u>Number</u>	<u>Percent</u>
Total	35,872	
Family Households	18,704	52.1%
Non-Family Households	17,168	47.9%
Average Household Size	2.24	
Average Family Size	3.07	

<u>Housing Occupancy</u>	<u>Number</u>	<u>Percent</u>
Total Housing Units	40,878	
Occupied Housing Units	35,872	87.8%
Vacant Housing Units	5,006	12.2%
Homeowner Vacancy Rate	1.7%	
Rental Vacancy Rate	6.6%	

<u>Race</u>	<u>Number</u>	<u>Percent</u>
White	61,306	80.7%
Black or African American	11,256	14.8%
Other	3,386	4.5%
Hispanic or Latino (any race)	5,223	6.9%

<u>Housing Tenure</u>	<u>Number</u>	<u>Percent</u>
Occupied Housing Units	35,872	
Owner-Occupied Housing Units	20,324	56.7%
Renter-Occupied Housing Units	15,548	43.3%

<u>Sex</u>	<u>Number</u>	<u>Percent</u>
Male	34,480	45.4%
Female	41,468	54.6%

Other Demographic Information

(Source: Asheville Area Chamber of Commerce)

Public Schools

Number of Elementary Schools	6
Number of Middle/High Schools	2/1
Total Student Enrollment	3,826

Area Colleges & Universities

	<u>Enrollment</u>
University of North Carolina-Asheville	3,348
Western Carolina University	7,600
Mars Hill College	1,036
Warren Wilson College	775
Montreat College	416
Asheville-Bunc. Tech/Comm College	5,900

Medical

Hospitals/Beds	3/1,668
Doctors	762
Dentists	143

Housing

Avg. Price of Area Homes Sold (4/2008)	\$278,690
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ASHEVILLE COMMUNITY PROFILE

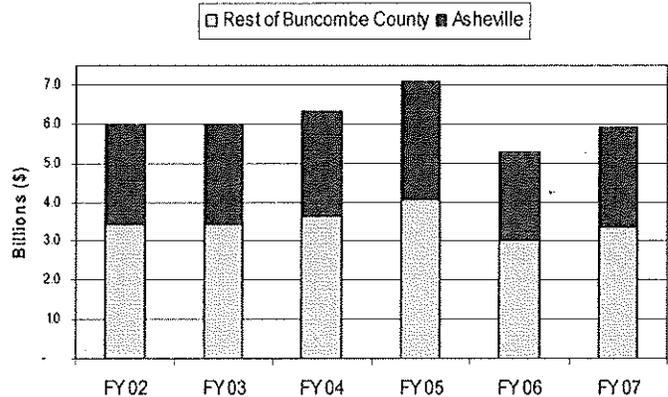
Economic Indicators

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 (Source: N.C. Department of Revenue)

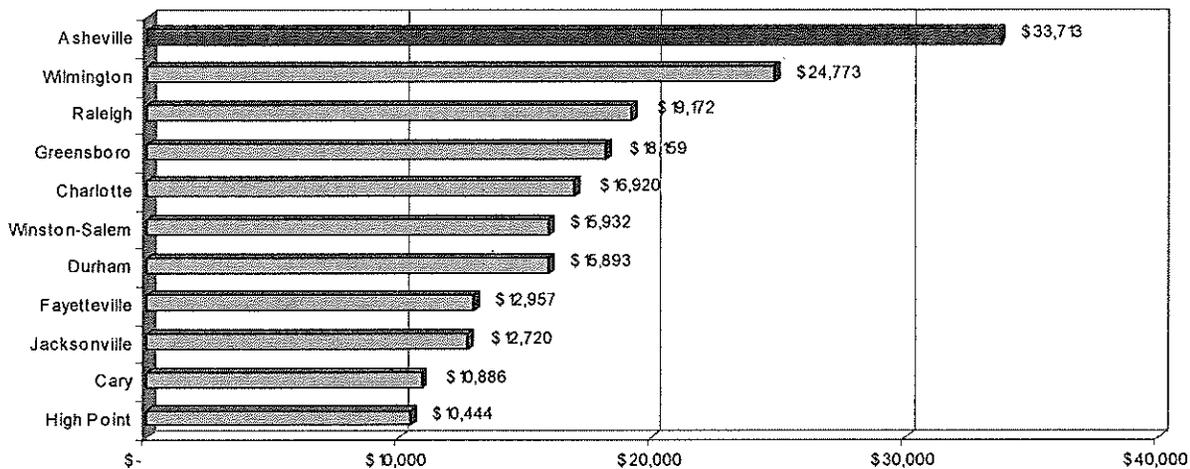
Buncombe County Retail Sales

		<u>% Growth</u>
FY 96-97	2,914,171,587	5.57%
FY 97-98	3,081,052,389	5.73%
FY 98-99	3,211,541,498	4.24%
FY 99-00	3,244,933,551	1.04%
FY 00-01	3,385,178,057	4.32%
FY 01-02	3,431,308,897	1.36%
FY 02-03	3,443,728,087	0.41%
FY 03-04	3,652,735,132	6.07%
FY 04-05	4,052,113,042	10.93%
FY 05-06	3,002,061,125	N/A
FY 06-07	3,336,213,094	11.13%



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. Between FY 96-97 and FY 98-99, retail sales countywide grew at an average annual rate of 5.18%. However, the economic recession and its lingering effects caused retail sales growth to slow substantially between FY 99-00 and FY 02-03, with annual growth averaging only 1.78% over this time period. Retail sales rebounded in FY 03-04 and FY 04-05 and has continued to grow through FY 06-07. Due to a change in the way the State calculates retail sales, FY 05-06 data is not comparable to prior years.

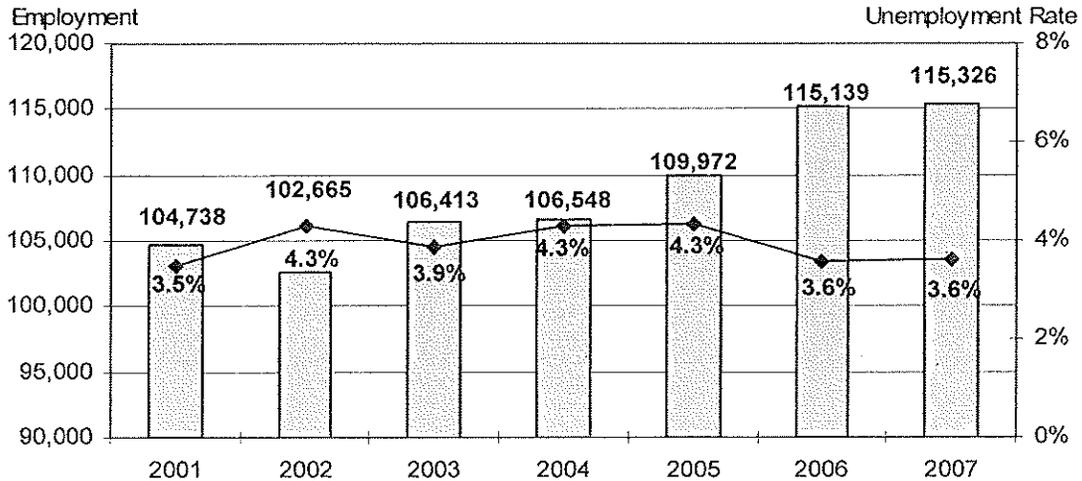
Per Capita Retail Sales for North Carolina's Eleven Largest Cities FY 2006-07



Of the \$3.3 billion in retail sales recorded in Buncombe County during FY 2006-07, \$2.6 billion or 77% of those sales occurred within the City of Asheville. Among the eleven largest cities in North Carolina, Asheville had the highest level of retail sales per resident in FY 2006-07. 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.

ASHEVILLE COMMUNITY PROFILE

Labor Market Trends (Sources: N.C. Employment Security Commission & the Asheville Area Chamber of Commerce)



Buncombe County Workforce

<u>Largest Employment Sectors (NAICS)</u>	<u>% of Employment</u>	<u>Employment Growth</u>		
		<u>Year</u>	<u>Avg. Employment</u>	<u>% Change</u>
Health Services & Private Education	16.7%	1998	102,171	-1.23%
Government (federal, state and local)	15.2%	1999	102,931	0.74%
Leisure & Hospitality	13.5%	2000	104,617	1.64%
Retail Trade	13.3%	2001	104,738	0.12%
Manufacturing	12.1%	2002	102,665	-1.98%
Professional & Business Services	9.9%	2003	106,413	3.65%
Construction	7.0%	2004	106,548	0.13%
Financial Activities	3.5%	2005	109,972	3.21%
Wholesale	3.1%	2006	115,139	4.70%
Transportation & Utilities	2.7%	2007	115,326	0.16%
Information	1.3%			

The unemployment rate is a critical indicator of relative strength in the local economy. The unemployment rate fell in 2006 and remained flat through 2007. As of April 2008, the county's unemployment rate stood at 4.1%. Local unemployment rates are below both the statewide (5.1%) and national (4.8%) unemployment rates.

Between 1997 and 2007, the total employment in Buncombe County increased by 11,882 jobs or 11.5%. Asheville is currently experiencing employment growth rates above both the state and national averages. In 2007, average Buncombe County employment increased by 0.16%, reaching an all-time high of 115,326.

The County's leading industry in terms of employment is health care & private education, which employed 28,900 people in 2007. Other leading industry sectors include government, leisure & hospitality, and retail trade. Together these four sectors accounted for approximately 59% of all Buncombe County jobs in 2007. Despite the fact that it remains the fifth largest industry sector in Buncombe County, the manufacturing sector has experienced a significant decline in recent years. Over the last seven years, local manufacturing employment has declined 24%.

According to the U.S. Bureau of Labor Statistics, the average annual pay in the Asheville Metropolitan Statistical Area (MSA) in 2006 was \$33,210. Asheville's MSA average annual pay was below both the state (\$35,520) and national (\$39,190) averages. The MSA's 2006 average was 93.5% of the state average and 84.7% of the national average.

ASHEVILLE COMMUNITY PROFILE

Labor Market Trends (Sources: Asheville Area Chamber of Commerce & N.C. Department of Commerce)

Major Buncombe County Employers

Employer	Employment	Employer	Employment
Mission Health & Hospitals	3,000+	VA Medical Center	1,000-2,999
Buncombe County Public Schools	3,000+	The Biltmore Company	1,000-2,999
Ingles Markets, Inc.	3,000+	Wal-Mart Stores, Inc.	1,000-2,999
Buncombe County	1,000-2,999	The Grove Park Inn Resort & Spa	1,000-2,999
City of Asheville	1,000-2,999	CarePartners	750-999

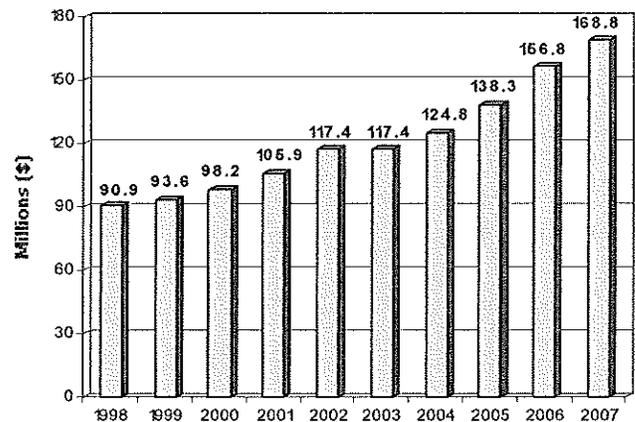
ACCRA Cost of Living Index (4th Quarter 2007)

Cities	All Items	Food	Housing
Asheville	99.6	101.3	104.6
Raleigh	99.3	102.1	96.7
Charlotte	89.7	99.1	75.6
Winston-Salem	89.8	97.7	75.4
Columbia, SC	89.2	98.4	77.2

(100 = The Composite National Average)

Buncombe County Hotel/Motel Sales (Sources: N.C. Department of Commerce & the Asheville Area Chamber of Commerce)

	<u>Hotel/Motel Sales</u>	<u>% Change</u>
1998	90,915,449	12.3%
1999	93,599,204	3.0%
2000	98,176,768	4.9%
2001	105,942,408	7.9%
2002	117,411,941	10.8%
2003	117,444,465	0.0%
2004	124,767,177	6.2%
2005	138,271,482	10.8%
2006	156,752,276	13.4%
2007	168,839,645	7.7%



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 \$645.71 million in 2006, an increase of 10.4% compared to 2005. Buncombe County ranks 5th in travel impact among the state's 100 counties. Over 8,970 jobs in Buncombe County are directly linked to travel and tourism. Growth in hotel/motel sales is a good indicator of the status of the local tourist economy. Hotel/motel sales have grown steadily since 2003.

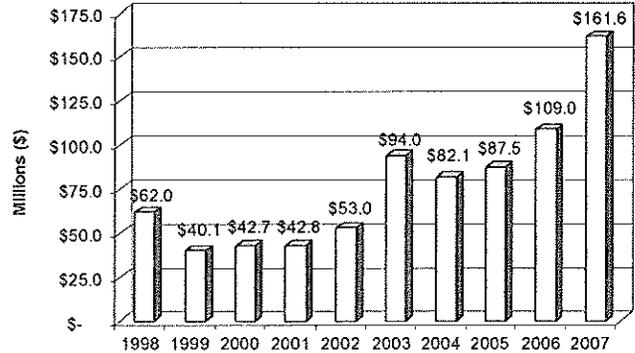
ASHEVILLE COMMUNITY PROFILE

Construction Trends (Source: City of Asheville Building Safety Department)

Residential Permit Valuation

Residential Permit Valuation

		<u>% Change</u>
1998	60,867,405	
1999	37,271,779	-38.77%
2000	41,708,329	11.90%
2001	41,897,612	0.45%
2002	52,343,315	24.93%
2003	93,330,295	78.30%
2004	81,642,524	-12.52%
2005	87,098,910	6.68%
2006	108,985,834	25.13%
2007	161,644,733	48.32%

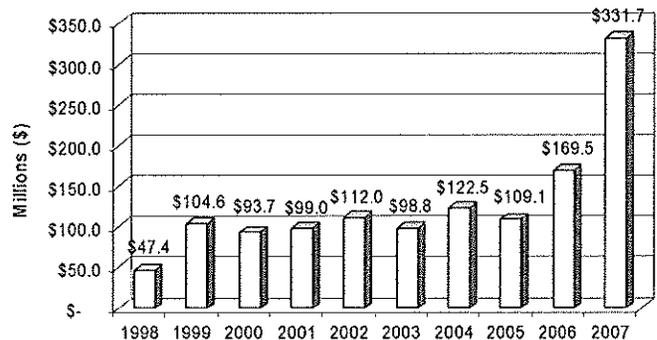


Residential property is the single largest component of the City's tax base comprising 49.9% of the City's total assessed valuation. Trends in residential construction are therefore an important indicator of overall growth in the City's financial capacity. In addition, residential development generally costs more to service than other types of development. Explosive growth in residential construction can thus lead to more demand for services and higher operating costs for City departments. The value of residential construction in the City has been well above historical averages in each of the last four years. Single-family construction values increased significantly in 2007 with a 48% increase.

Commercial Permit Valuation

Commercial Permit Valuation

		<u>% Change</u>
1998	47,432,064	-28.36%
1999	104,611,542	120.55%
2000	93,723,352	-10.41%
2001	98,982,460	5.61%
2002	111,985,132	13.14%
2003	98,748,514	-11.82%
2004	122,571,901	24.13%
2005	109,124,425	-10.97%
2006	169,568,937	55.39%
2007	331,721,367	95.63%



Commercial property is the second largest component of the City's tax base comprising 34.4% of the City's total assessed valuation. Growth in commercial construction is important for the City's financial capacity and for the overall health of the local economy. Commercial construction activity increased substantially in 1999 and remained steady through 2005. Commercial construction reached a new high in 2006 and again in 2007 with \$331.7 million in new project permits. Major commercial construction projects permitted in 2007 include the Mission Hospital Dogwood Building, the Hilton Hotel, Biltmore Park projects, and the Barnes and Noble Asheville Mall location.

BUDGET ORDINANCE

ORDINANCE NO. 3636

AN ORDINANCE ADOPTING THE ANNUAL BUDGET AND FIXING THE TAX RATE FOR THE CITY OF ASHEVILLE FOR THE FISCAL YEAR 2008-09

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 2008-09 fiscal year;

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF ASHEVILLE THAT:

Section 1. The following amounts are hereby appropriated for operating City government for the fiscal year beginning July 1, 2008 and ending June 30, 2009, according to the following schedules:

GENERAL FUND

Revenues:

Property Taxes	\$43,437,175
Intergovernmental Revenue	10,829,149
Sales & Other Taxes	17,922,167
Charges For Service	10,413,281
Licenses & Permits	5,026,280
Investment Earnings	1,014,000
Miscellaneous Revenue	<u>303,500</u>
Total Revenues	<u>\$88,945,552</u>

Appropriations:

Departmental Operations	<u>\$88,945,552</u>
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WATER RESOURCES FUND

Revenues:

Charges For Service	\$30,974,000
Investment Earnings	800,000
Miscellaneous Revenue	39,550
Appropriated Fund Balance	<u>3,557,559</u>
Total Revenues	<u>\$35,371,109</u>

Appropriations:

Water Resources Operations	<u>\$35,371,109</u>
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BUDGET ORDINANCE

PARKING SERVICES FUND

Revenues:

Miscellaneous Revenue	\$3,048,700	
Investment Earnings	<u>51,000</u>	
Total Revenues		<u>\$3,099,700</u>

Appropriations:

Parking Services Operations		<u>\$3,099,700</u>
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STORMWATER UTILITY FUND

Revenues:

Charges For Service	\$2,707,383	
Licenses & Permits	287,000	
Debt Proceeds	280,000	
Investment Earnings	<u>30,000</u>	
Total Revenues		<u>\$3,304,383</u>

Appropriations:

Stormwater Utility Operations		<u>\$3,304,383</u>
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FESTIVALS FUND

Revenues:

Charges for Service	\$929,306	
Miscellaneous Revenue	15,700	
General Fund Transfer	<u>162,675</u>	
Total Revenues		<u>\$1,107,681</u>

Appropriations:

Festivals Operations		<u>\$1,107,681</u>
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TRANSIT SERVICES FUND

Revenues:

Intergovernmental Revenue	\$2,350,652	
Charges For Service	796,755	
Licenses & Permits	333,540	
Parking Fund Transfer	248,116	
Capital Fund Transfer	100,000	
General Fund Transfer	<u>1,566,197</u>	
Total Revenues		<u>\$5,395,260</u>

Appropriations:

Transit Services Operations		<u>\$5,395,260</u>
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BUDGET ORDINANCE

CIVIC CENTER FUND

Revenues:

Charges For Service	\$1,580,025	
General Fund Subsidy	397,989	
Miscellaneous Revenue	70,400	
Investment Earnings	<u>55,000</u>	
Total Revenues		<u>\$2,103,414</u>

Appropriations:

Civic Center Operations		<u>\$2,103,414</u>
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GOLF FUND

Revenues:

Charges For Service	\$1,089,000	
General Fund Subsidy	<u>75,701</u>	
Total Revenues		<u>\$1,164,701</u>

Appropriations:

Golf Operations		<u>\$1,164,701</u>
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WATER MAJOR CAPITAL IMPROVEMENT FUND FY 2008-09

Revenues:

Contribution from Water Resources Fund		<u>\$9,104,174</u>
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Appropriations:

I240 Widen I26 to N. of Haywood	162,920	
Long Shoals (I26 to US25)	800,108	
Brevard Road (I40 to I26 Crossing)	4,230,000	
Sand Hill Road	2,252,398	
I-40 from I-240 to 19/23	40,429	
North Fork/Bee Tree Upgrade Continuation	308,333	
North Fork Raw Water Pumps	225,722	
Riceville Reservoir	320,000	
Affordable Housing Infill Development Incentives	500,000	
New Maintenance Facility	<u>264,264</u>	
Total Appropriations		<u>\$9,104,174</u>

BUDGET ORDINANCE

WATER MAJOR CAPITAL IMPROVEMENT FUND FY 2007-08 PROJECTS

Revenues:

Debt Proceeds	\$580,846	
Contribution from Water Resources Fund	<u>1,100,000</u>	
Total Appropriations		<u>\$1,680,846</u>

Appropriations:

Automated Meter Readers	1,000,000	
Cost of Issuance	580,846	
Innsbruck Mall	<u>100,000</u>	
Total Appropriations		<u>\$1,680,846</u>

COMMUNITY DEVELOPMENT FUND

Revenues:

HUD Grant – 34 th Year CDBG Entitlement	\$1,226,681	
Program Income	<u>153,318</u>	
Total Revenues		<u>\$1,379,999</u>

Appropriations:

Fiscal 2008-09 CDBG Program		<u>\$1,379,999</u>
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HOME INVESTMENT TRUST FUND

Revenues:

HUD Grant – 17 th Year HOME Entitlement	\$1,315,867	
HUD Grant – ADDI Entitlement	10,071	
Program Income	<u>33,000</u>	
Total Revenues		<u>\$1,358,938</u>

Appropriations:

Fiscal 2008-09 Home Program		<u>\$1,358,938</u>
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SECTION 108 REHAB FUND

Revenues:

Program Income	\$84,000	
Due from CDBG Fund	<u>130,690</u>	
Total Revenues		<u>\$214,690</u>

Appropriations:

Section 108 Debt Service		<u>\$214,690</u>
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BUDGET ORDINANCE

FAIR HOUSING ASSISTANCE PROGRAM

Revenues:

HUD FHAP Grant \$100,000

Appropriations:

Fiscal 2008-09 FHAP Program \$100,000

GRANT FUND – FUNDRAISING SPECIALIST

Revenues:

Grants Revenues \$52,405

Appropriations:

Parks Fundraising Program \$52,405

GRANT FUND – CAYLA PROGRAM

Revenues:

Grants Revenues \$58,000

Appropriations:

CAYLA Program \$58,000

GENERAL CAPITAL RESERVE FUND

Revenues:

Contribution from General Fund	\$8,190,622	
Land Sale Proceeds	1,150,000	
State Grant	40,000	
Debt Proceeds	<u>1,793,600</u>	
Total Revenues		<u>\$11,174,222</u>

Appropriations:

Departmental Operations	\$4,314,400	
Land Purchases	1,150,000	
Debt Service	<u>5,709,822</u>	
Total Appropriations		<u>\$11,174,222</u>

HOUSING TRUST REVOLVING FUND

Revenues:

Transfer from General Fund \$600,000

Appropriations:

Housing Trust Fund Operations \$600,000

BUDGET ORDINANCE

CIVIC CENTER CAPITAL FUND

Revenues:

Transfer from General Capital Reserve Fund \$400,000

Appropriations:

Arena Seating \$225,000

Emergency Lighting Generator 40,000

Portable Stage 125,000

Stage Curtains 10,000

Total Revenues \$400,000

GENERAL CAPITAL PROJECTS FUND – GOVERNMENT TV EQUIPMENT

Revenues:

Transfer from General Capital Reserve Fund \$48,000

Appropriations:

Improvements \$48,000

GENERAL CAPITAL PROJECTS FUND – DEVELOPMENT REVIEW TECHNOLOGY

Revenues:

Transfer from General Capital Reserve Fund \$200,000

Appropriations:

Improvements \$200,000

GENERAL CAPITAL PROJECTS FUND – REED CREEK GREENWAY PHASE II

Revenues:

Transfer from General Capital Reserve Fund \$345,500

Appropriations:

Improvements \$345,500

GENERAL CAPITAL PROJECTS FUND – RADIO REPLACEMENT

Revenues:

Debt Proceeds \$335,000

Appropriations:

Improvements \$335,000

BUDGET ORDINANCE

GENERAL CAPITAL PROJECTS FUND – URBAN TRAIL MAINTENANCE

<u>Revenues:</u>	
Transfer from General Capital Reserve Fund	<u>\$58,663</u>
<u>Appropriations:</u>	
Improvements	<u>\$58,663</u>

GENERAL CAPITAL PROJECTS FUND – PUBLIC ART

<u>Revenues:</u>	
Transfer from General Capital Reserve Fund	<u>\$48,747</u>
<u>Appropriations:</u>	
Improvements	<u>\$48,747</u>

GENERAL CAPITAL PROJECTS FUND – MCCORMICK FIELD

<u>Revenues:</u>	
Transfer from General Capital Reserve Fund	<u>\$35,000</u>
<u>Appropriations:</u>	
Improvements	<u>\$35,000</u>

GENERAL CAPITAL PROJECTS FUND – BUILDING SECURITY

<u>Revenues:</u>	
Transfer from General Capital Reserve Fund	<u>\$200,000</u>
<u>Appropriations:</u>	
Improvements	<u>\$200,000</u>

STREET & SIDEWALK FUND - STREET PAVING & SIDEWALK PROGRAM 08-09

<u>Revenues:</u>	
Transfer from General Capital Reserve Fund	<u>\$952,300</u>
<u>Appropriations:</u>	
Street Paving 08-09	\$752,300
Sidewalk Program 08-09	<u>200,000</u>
Total Appropriations	<u>\$952,300</u>

BUDGET ORDINANCE

PARKING CAPITAL FUND

Revenues:

Debt Proceeds	\$18,500,000	
Transfer from Parking Operating Fund	<u>582,000</u>	
Total Revenues		<u>\$19,082,000</u>

Appropriations:

Biltmore Avenue Garage	\$18,500,000	
Wall Street Deck Restoration	532,000	
Wayfinding Signs	<u>50,000</u>	
Total Appropriations		<u>\$19,082,000</u>

Section 2. 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 in the attachment, shall be set forth in a Fees and Charges Manual to be kept on file in the Office of the City Clerk.

Section 3. There is hereby levied for the fiscal year ending June 30, 2009, the following tax on each \$100 assessed valuation of taxable property as listed on January 1, 2008 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 \$0.4200

Such rate of tax is based on an estimated total assessed value of property for the purposes of taxation of \$9,849,503,064 assuming 98.70% collection of the levy. In addition, Ad Valorem Tax revenue from taxes levied on motor vehicles at the same tax rate is estimated at \$2,232,045.

Section 4. 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 5. The City Manager is authorized to expend up to \$20,000 in general contingency funds in the event of any need he deems an emergency. Said action shall be reported to the City Council at the next regularly scheduled Council meeting and the budget ordinance amended accordingly.

Section 6. The reserve for encumbrances at June 30, 2008 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 2008-09 as the previous commitments are satisfied.

Section 7. Copies of this ordinance shall be furnished to the City Manager, Director of Finance and City Accountant, to be kept on file by them for their direction in the collection of revenues and expenditures of amounts appropriated.

BUDGET ORDINANCE

Section 8. 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 9. That this ordinance shall be in full force and effect upon date of final passage.

Read, approved and adopted this 24th day of June, 2008.

Magdalen Bourleson
City Clerk

Severin Bellamy
Mayor

Approved as to form:

[Signature]
City Attorney

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.

GLOSSARY OF TERMS

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 proprietary 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.

GLOSSARY OF TERMS

General Obligation Bonds - Bonds issued by City government, usually requiring voter approval, that are backed by the 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 enterprise fund or 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.

PEG Fee: Fee paid by the local cable television company in support of the public, educational, and governmental access channels.

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.

Target-Based Budgeting - A budget process in which departments are provided with a maximum level for their budget requests based on expected revenues and City Council priorities. The Budget & Research office requires separate justification for proposed spending levels that exceed the target.

GLOSSARY OF TERMS

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 \$.53 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.