



City of Asheville, NC

Finance Department

Minutes

Finance Committee
3:30p.m., September 27, 2011
HR Training Room, 6th Floor, City Hall

Present: Committee: Councilman Bill Russell (Chair), Councilman Cecil Bothwell, Councilwoman, Councilwoman Esther Manheimer

Staff: Lauren Bradley, Kelley Dickens, Cheryl Walker, Tony McDowell, Pat Liguori, Tia Keith, Samantha Jones, Cheryl Heywood, John Sanchez

- Approval of 9/13/11 Minutes
 - The minutes of the 9/13 meeting were approved by the committee.
- Audit Update
 - Brian Broom, Dixon Hughes Goodman, LLC gave the committee a brief update on the progress of the audit. Mr. Broom stated that city staff has had schedules ready and that the audit is progressing nicely. With the GASB54 changes, new accounts have been created in the city's chart of accounts. These accounts still need to be mapped and following the mapping, trial balances will be shared next week with city staff. Mr. Broom stated that there should be no problems with preparing the financial statements and final portions of the audit, and that he does not foresee any deviation from the 10/31 completion date.
- Water Rate Analysis
 - Steve Shoaf shared data and information pertinent raising the water rates for the top manufacturing class of customers. Mr. Shoaf stated that based on a ten year phase in, rates would increase three percent per year, and would generate 1.6million during the 10 year phase in period.
 - Councilman Bothwell asked if a quicker raise in rates would incentivize businesses to use conservation measures to use less water.
 - Mr. Shoaf said that according to the research firm Raftaelis Consulting, it does cause businesses to reduce usage by fifty percent, which would also cause reduced revenue.

- Councilwoman Manheimer asked if there is a way to communicate to the businesses targeted that there are discussions about raising water rates.
 - Mr. Shoaf said he could send out a survey to those targeted, and report the results back to the committee.
 - The committee requested that after staff obtain feedback from businesses, that this item go to full council at the full council meeting in November.
- Retiree Health Care
 - The Blue Ribbon Task Force requested that staff do further analysis of health care costs for current and future retiree funding. It was their conclusion that costs to the City for retiree health care is not sustainable.
 - Kelley Dickens told the committee that local governments across the country are struggling with this issue and many counties no longer offer retiree health care. She further explained to the committee that the cost to the City is triple for retirees versus active employees. Ms. Dickens put forth two options for consideration: 1) make changes to eligibility for the high deductible plan with smaller contributions from the City or 2) Eliminate the option for retiree health benefits for new hires. Ms. Dickens said that the intent is to try to reach a decision by the end of the calendar year, because rating agencies look at liabilities for the City's bond rating in January.
 - Councilman Bothwell asked staff to supply the compensation information for all boards and commissions.
 - Mr. Jackson said he would get that information and send it to the committee.