

Minutes
Finance Committee Meeting
1:00p.m, April 28, 2015
First Floor-North Conference Room, City Hall

Present: Vice Mayor Marc Hunt (Chair), Councilman Gordon Smith,
Councilwoman Gwen Wisler

Staff: Gary Jackson, Paul Fetherston, Cathy Ball, Barbara Whitehorn,
Tony McDowell, Roderick Simmons, Frank McGowan,
Cheryl Heywood

Guests: John Hedrick, Interim Operations Manager, Friends of the Nature
Center; Laura McCue, Board of Directors; Karen Cogburn, Board
member; Nora Carpenter, Board member

Approval of 3/28/14 Minutes

Councilwoman Wisler asked that a few clarifications be made to the minutes. Councilman Smith made a motion that the stated changes be made to the minutes and this motion was seconded by Councilwoman Wisler and the motion carried. Ms. Heywood will make the requested changes.

Friends of the Nature Center Update

Barbara Whitehorn asked that Chris Gentile speak to some of the details about the three year strategy (attachment 1) for reducing the general fund subsidy for the Nature Center. The plan is a result of the discussions that occurred during the last finance committee meeting. Over the next three years, we have some strategies for not only increasing admissions but looking at subsidy from Friends of the Nature Center. Next year, we propose a total savings of \$284,000.00 which will reduce the city subsidy to 45%. Year two we propose to reduce it to 38%, and year three the goal is to reduce the subsidy to 25%. We are looking at ways that we can make our partnerships stronger and get to the point where we are seeking other governmental subsidies.

Public Comment

The Chair opened this item up for public comment.

John Hedrick, Interim Operations Manager at the Friends of the Nature Center said that he has been part of the negotiations with the city to discuss how we can best support the Nature Center going forward. We firmly believe that the Nature Center is an important financial and cultural asset to the city. It is not necessary that the city foot the entire bill and we want to work toward that. However, we think it is important that the city relinquish some control in order to gain some additional finances. At this point in time, we are trying to come up with more money, but we need to be able to make sure that money is spent the way our donors believe it should be. We think that there is

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support from the county to fund this, but they are going to want to have some control over how the funds are spent. The Friends think that we can accomplish the proposed goals, and would like council's support and assistance to achieve those goals. We have submitted a draft Memo of Understanding (MOU) to the city and our goal is to finalize an MOU as quickly as possible as part of the Nature Center's American Zoological Association (AZA) re-accreditation.

Ms. Nora Carpenter, Friends of the Nature Center Board Member, said she wanted to speak to the importance of the Nature Center as it relates to families in Asheville. As part of several parent and community organizations, she has concerns about the idea of closing the Nature Center. The Nature Center does great work. It is not just a zoo, but a rehabilitation center and teaches young people about wildlife in Western NC.

Ms. Laura McCue, Friends of the Nature Center Board Member, said that she would like to speak as a citizen who grew up here, and is invested in the community. Her mother was instrumental in changing the Nature Center from a zoo, to a Nature Center. Her first job was at the Nature Center and shortly after that, worked for the Youth Conservation Corps. We are in a difficult economic predicament, and although the Nature Center is an economic driver for the area, we realize it is costing the city money. Council members are accountable to constituents for responsibly managing the city's money. I hope we can get to a place where the Friends are able to take on a fund raising role. With help from the city and utilizing the board as a fund raising arm we think we can make it a place the city does not want to let go of for any amount of money.

Mr. Roderick Simmons said that the deed restriction says we have to operate the center as a recreational facility but not specifically as a Nature Center. We are restricted from transferring or selling the land, and if we decide to change what we are doing on that property, it must be replaced with a facility that would be considered to be the fair market value of what is built on the property as it currently exists.

Vice Mayor said the question for the committee today is when we come to this line item in the budget work session this afternoon, would we unanimously recommend to full council that we move forward with this proposed recommendation. Councilman Smith made a motion that the finance committee recommend to full council that we move forward with the proposed recommendation for the Nature Center. This motion was seconded by Councilwoman Wisler and the motion carried.

Ms. Whitehorn said that the next step would be finalizing the Memo of Understanding (MOU) and moving forward with that.

Review of the Budget Calendar

Ms. Whitehorn reviewed the budget calendar (attachment 2) with the committee.

Pre-Budget Work Session Presentation

Ms. Whitehorn outlined staff recommendations (attachment 3). The revised budget includes two revenue recommendations. In order to make up for the loss of the business privilege license revenue, we recommend 1.) A 1.5 cent increase in the property tax rate and 2.) Continuing the solid waste fee increases that were deferred last year. Staff has identified some expense reductions, management of savings and re-engineering strategies. The combination of those strategies brings us to a place where we can balance the budget. The alternatives show different possible property tax increases and solid waste fees. Mr. McDowell said staff would be coming to council with a third quarter report in May. We are doing a little better than budget this year, and when we end the year the fund balance will be just a little above our 15% target at around 17% or 18% . Mr. Jackson said that our bond rating is tied to the fund balance and a better rating reduces your interest on your debt and saves millions of dollars. If you use fund balance as a one-time solution, you are just facing the same problem the next year because you haven't developed a recurring revenue stream for what is an ongoing problem.

Mr. McDowell said if the property tax rate is adopted in June, it would be effective on the tax bills that go out this fall and are due back in January.

The chair adjourned the meeting.

Nature Center Subsidy Reductions

Goal - To reduce the Subsidy at the WNC Nature Center from \$899,391 to \$660,000 in year 1; \$525,000 in year 2 and \$350,000 in year 3

Year 1 - strategy		annual NC Budget \$ 1,376,484.00	
City Subsidy - \$899,391			
Target Subsidy \$660,000			
Target Subsidy reduction \$239,391			
<i>Action Step</i>	<i>Impact</i>		% of NC budget subsidized by COA
> Raise general admission fees per Attachment "A"	\$ 160,467.00		
> Group admission increase fees by \$1.95 per			
2014 group admission - 12,147 guests	\$ 23,686.00		
CURRENT Asheville resident - \$2.00			
non Asheville resident - \$3.00			
> Operational contribution from Friends of Nature Center	\$ 100,000.00		
Total	\$ 284,153.00		
City Subsidy	\$ 615,238.00		45%

Year 2 - strategy			
City Subsidy - \$615,238			
Target Subsidy \$525,000			
Target Subsidy reduction \$90,238			
<i>Action Step</i>	<i>Impact</i>		% of NC budget subsidized by COA
> 3rd party Concessionaire %	\$ 15,000.00		
based on \$1 per cap @ 15%			
> 3rd party Merchandise %	\$ 15,000.00		
based on \$1 per cap @ 15%			
> Program Fee Adjustment			
2014 - 935 participants			
\$10 across the board increase	\$ 9,350.00		
> Operational contribution from Friends of Nature Center			
up from \$100,000 to \$150,000	\$ 50,000.00		
Total	\$ 89,350.00		
City Subsidy	\$ 525,888.00		38%

Year 3 - strategy			
City Subsidy - \$525,888			
Target Subsidy \$350,000			
Target Subsidy reduction \$175,000			
<i>Action Step</i>	<i>Impact</i>		% of NC budget subsidized by COA
> Other Governmental Support @ 10% of operational bdg	\$ 138,000.00		
> Trackless Train (or other ride upcharge)			
based on \$.25 per cap at 50% share	\$ 12,000.00		
> Operational contribution from Friends of Nature Center			
up from \$150,000 to \$175,000	\$ 25,000.00		
Total	\$ 175,000.00		
City Subsidy	\$ 350,888.00		25%

Finance Committee suggested WNC Nature Center Admission Fee Proposal

Fee Schedule	Current Fee	New Fee	% Increase	Discount for City Residents vs. Non-residents
City Resident – Adult	\$6	\$7.95	33%	27%
City Resident -- Senior (age 67+)	\$5	\$6.95	39%	30%
City Resident – Child ages 3-15	\$4	\$5.95	49%	14%
Non-City Resident – Adult	\$8	\$10.95	37%	-0-
Non-City Resident -- Senior (age 67+)	\$7	\$9.95	42%	-0-
Non-City Resident – Child ages 3-15	\$4	\$6.95	74%	-0-

Anticipated increase in collections: **\$160,467**

FY 2015-16 BUDGET CALENDAR

Item	Date/Deadline
User fee forms distributed to departments	November 24, 2014
User fee proposals due to Budget Office	December 17, 2014
Budget Office analyzes user fee requests	December, 2014
2015-16 MUNIS Departmental Budget Entry begins	January 2, 2015
Departments complete MUNIS budget entry	January 30, 2015
Budget Request FY 2016 Check- In Reviews with departments	February 2-27, 2015
Finance Committee - User Fee Review	March 24, 2015
City Council - Adoption of FY 2015-16 Fees & Charges	April 14, 2015
City Council Operating Budget Worksession	April 28, 2015
City Council Capital Budget Worksession	May 12, 2015
City Council Formal Meeting - Proposed Budget Presentation - Set Public Hearing	May 26, 2015
City Council Formal Meeting: - Budget Public Hearing	June 09, 2015
City Council Formal Meeting Budget Adoption	June 23, 2015

ATT 3

Revised Budget Scenario	
General Fund Funding Gap	Property Tax Increase: 1.5 cents Solid Waste Fee Increase: \$3.50/month
Budget forecast includes:	
Legislative Impacts	
Loss of Business Privilege License Tax	\$ (1,500,000)
Sales Tax changes	unknown
Implementation of Comp and Class Study Estimate	\$ (1,650,000)
Inflation in operational costs	\$ (483,000)
Adjustments:	
APD Housing Authority Unit (DHS grant)	\$ (241,000)
Police Strategic Plan	\$ (160,000)
Living Wage Adjustment	\$ (250,000)
Adjustments to base budget	\$ 399,900
(3,884,100) Adjusted Budget Gap	
679,000 Tier 1 Expense Reductions - Managed Savings	
Freeze positions, defer minor capital maintenance	
Expense reductions identified by departments	
(3,205,100) Adjusted Budget Gap	
171,100 Tier 2 Expense Reductions - Reengineering & Savings	
Changes to service delivery models (no impact on quality of service)	
Eliminate vacant positions identified as non-strategic	
Reduce contracted maintenance and other services	
(3,034,000) Adjusted Budget Gap	
284,000 Tier 1 Revenue Enhancements	
Nature Center, increase gate admission	\$ 184,000
Nature Center, increase membership contribution	\$ 100,000
(2,750,000) Adjusted Budget Gap	
1,650,000 State Legislative Impact Revenue Offsets	
Property Tax increase to offset loss of PLT, 1.5 cents	\$ 1,650,000
Property Tax increase to offset Sales Tax changes	unknown
(1,100,000) Adjusted Budget Gap	
1,100,000 Tier 2 Revenue Enhancements	
Increase Solid Waste Fee by \$3.50 (\$1 = \$314k)	\$ 1,100,000
(0) Adjusted Budget Gap	

Alternative A	
General Fund Funding Gap	Property Tax Increase: 1.0 cents Solid Waste Fee Increase: \$1.75/month
Budget forecast includes:	
Legislative Impacts	
Loss of Business Privilege License Tax	\$ (1,500,000)
Sales Tax changes	unknown
Implementation of Comp and Class Study Estimate	\$ (1,650,000)
Inflation in operational costs	\$ (483,000)
Adjustments:	
APD Housing Authority Unit (DHS grant)	\$ (241,000)
Police Strategic Plan	\$ (160,000)
Living Wage Adjustment	\$ (250,000)
Adjustments to base budget	\$ 399,900
(3,884,100) Adjusted Budget Gap	
679,000 Tier 1 Expense Reductions - Managed Savings	
Freeze positions, defer minor capital maintenance	
Expense reductions identified by departments	
(3,205,100) Adjusted Budget Gap	
171,100 Tier 2 Expense Reductions - Reengineering & Savings	
Changes to service delivery models (no impact on quality of service)	
Eliminate vacant positions identified as non-strategic	
Reduce contracted maintenance and other services	
(3,034,000) Adjusted Budget Gap	
284,000 Tier 1 Revenue Enhancements	
Nature Center, increase gate admission	\$ 184,000
Nature Center, increase membership contribution	\$ 100,000
(2,750,000) Adjusted Budget Gap	
1,100,000 State Legislative Impact Revenue Offsets	
Property Tax increase to offset loss of PLT, 1.0 cents	\$ 1,100,000
Property Tax increase to offset Sales Tax changes	unknown
(1,650,000) Adjusted Budget Gap	
550,000 Tier 2 Revenue Enhancements	
Increase Solid Waste Fee by \$1.75 (\$1 = \$314k)	\$ 550,000
(1,100,000) Adjusted Budget Gap	

Alternative B	
General Fund Funding Gap	Property Tax Increase: 1.5 cents Solid Waste Fee Increase: NONE
Budget forecast includes:	
Legislative Impacts	
Loss of Business Privilege License Tax	\$ (1,500,000)
Sales Tax changes	unknown
Implementation of Comp and Class Study Estimate	\$ (1,650,000)
Inflation in operational costs	\$ (483,000)
Adjustments:	
APD Housing Authority Unit (DHS grant)	\$ (241,000)
Police Strategic Plan	\$ (160,000)
Living Wage Adjustment	\$ (250,000)
Adjustments to base budget	\$ 399,900
(3,884,100) Adjusted Budget Gap	
679,000 Tier 1 Expense Reductions - Managed Savings	
Freeze positions, defer minor capital maintenance	
Expense reductions identified by departments	
(3,205,100) Adjusted Budget Gap	
171,100 Tier 2 Expense Reductions - Reengineering & Savings	
Changes to service delivery models (no impact on quality of service)	
Eliminate vacant positions identified as non-strategic	
Reduce contracted maintenance and other services	
(3,034,000) Adjusted Budget Gap	
284,000 Tier 1 Revenue Enhancements	
Nature Center, increase gate admission	\$ 184,000
Nature Center, increase membership contribution	\$ 100,000
(2,750,000) Adjusted Budget Gap	
1,650,000 State Legislative Impact Revenue Offsets	
Property Tax increase to offset loss of PLT, 1.5 cents	\$ 1,650,000
Property Tax increase to offset Sales Tax changes	unknown
(1,100,000) Adjusted Budget Gap	
0 Tier 2 Revenue Enhancements	
Increase Solid Waste Fee by -0- (\$1 = \$314k)	\$ -
(1,100,000) Adjusted Budget Gap	

Alternative C	
General Fund Funding Gap	Property Tax Increase: 1.5 cents Solid Waste Fee Increase: \$1.75/month
Budget forecast includes:	
Legislative Impacts	
Loss of Business Privilege License Tax	\$ (1,500,000)
Sales Tax changes	unknown
Implementation of Comp and Class Study Estimate	\$ (1,650,000)
Inflation in operational costs	\$ (483,000)
Adjustments:	
APD Housing Authority Unit (DHS grant)	\$ (241,000)
Police Strategic Plan	\$ (160,000)
Living Wage Adjustment	\$ (250,000)
Adjustments to base budget	\$ 399,900
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Freeze positions, defer minor capital maintenance	
Expense reductions identified by departments	
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Property Tax Increase to offset loss of PLT, 1.5 cents	\$ 1,650,000
Property Tax Increase to offset Sales Tax changes	unknown
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550,000 Tier 2 Revenue Enhancements	
Increase Solid Waste Fee by \$1.75 (\$1 = \$314k)	\$ 550,000
(550,000) Adjusted Budget Gap	