

MEMORANDUM

To: Mayor and City Council

Date: May 28, 2013

From: Vice-Mayor Esther Manheimer, Chair

Subject: City Council Finance Committee FY 12-13 Third Quarter Report

The purpose of this memorandum is to provide the City Council an update on progress and achievements made by the Finance Committee during the third quarter of the fiscal year. Below is a bulleted list that highlights some of the committee's accomplishments during that time.

- **2013 Audit Request for Proposal Results and Recommendation**

City Council modified its Financial Policy to require the City to issue a Request for Proposals (RFP) for audit services every five years to ensure ensuring objectivity and fresh perspective. As a result, staff launched a full-scale competitive process (RFP) for audit services under the guidance of the Finance Committee. A total of eight firms responded to the Request for Proposals, and based on a set of criteria, Cherry Bekaert was selected as the top firm. A resolution authorizing the Mayor to execute a contract with Cherry Bekaert and Holland for auditing services for fiscal year 2012-13 was approved at the February 12 council meeting. Cherry Bekaert began auditing work on May 27.

- **UNCA Foundation seeking a partnership with the City for development of 525 Broadway as part of Reed Creek Greenway Corridor**

The Committee reviewed the University of North Carolina-Asheville Foundation's proposal to purchase the former Momentum Site on 525 Broadway to develop as part of the Reed Creek Greenway. City Council passed a resolution authorizing the City Manager to enter into an agreement with UNC Asheville Foundation for the development of 525 Broadway as part of the Reed Creek Greenway Corridor at the January 22 meeting.

- **Proposed consulting contract for WNC Nature Center**

At the request of City Council to reduce the subsidy at the Nature Center, the committee considered staff recommendation to enter into a contract with a consulting firm to make recommendations for cost-saving and revenue producing measures.

- **Preliminary Financial Forecast & Fees and Charges**

The committee reviewed preliminary financial forecast information for FY14 and recommended changes for solid waste services, water rates and parking fees. City council discussed these items at the February 26 City Council meeting and at the budget work sessions that were held on March 12 and April 23. FY 2013-2014 Fees and charges were adopted by City Council on March 27.

As a part of the analysis on water rates, City Council directed staff to look at developing a separate class of customers for manufacturers to encourage job retention and economic development. Staff came back to the committee with a proposed manufacturing rate class at the end of February along with the full recommendation for water rates and all other fees and charges for FY 2014. This class was included in the rates that were adopted in March.

- **Cost Allocation Plan for FY14**

The Cost Allocation Plan distributes central service overhead costs to operating departments. The revised plan refines the cost data and the allocation basis for each of the City's central service functions to ensure that allocations were being made in the fairest and most accurate manner possible. The Water department has historically been charged for its share of central service overhead through the budget process, but has not charged other enterprise funds. The updated plan proposed charging all Enterprise Funds as part of the FY 2013-14 budget with a two year phase-in of the CAP allocation with 50% of the CAP amount charged in the FY 2013-14 budget increasing to the full amount in FY 2014-15.

- **North Fork Dam Engineering Report**

At the direction of City Council, the City of Asheville Water Resources Department contracted with Schnabel Engineering to perform evaluations and inspections to the North Fork and Bee Tree Dams. The committee reviewed these evaluations. Council approved a resolution to authorize the City Manager to execute an engineering design services contract with Schnabel Engineering South to continue work on this project.

Thank you for the opportunity to update the City Council on the Finance Committee's work over the last quarter.