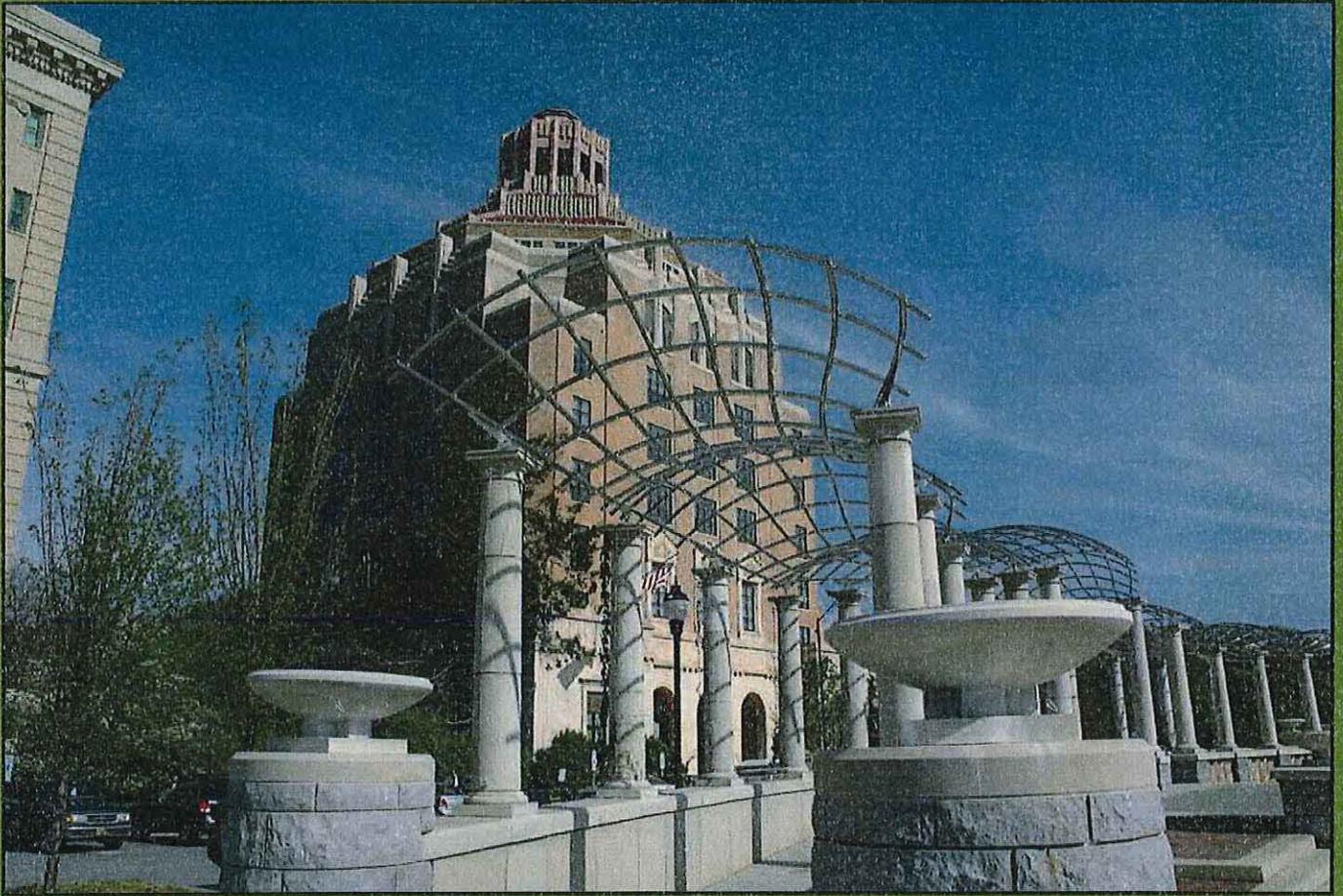


CITY OF ASHEVILLE NORTH CAROLINA



"Our Quality of Service, Your Quality of Life"



2014-2015 Adopted Budget

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**CITY OF ASHEVILLE
NORTH CAROLINA**

**Adopted Annual Budget
Fiscal Year 2014-15**



Esther Manheimer
Mayor

Marc Hunt
Vice Mayor

Chris Pelly
Councilmember

Cecil Bothwell
Councilmember

Gordon Smith
Councilmember

Jan B. Davis
Councilmember

Gwen Wisler
Councilmember

Gary W. Jackson
City Manager

Paul Fetherston
Assistant City Manager

Barbara Whitehorn
Chief Financial Officer

MEMORANDUM

August 12, 2014

TO: Mayor Manheimer and City Council Members
FROM: Gary W. Jackson, City Manager 
SUBJECT: 2014-15 Adopted Annual Budget

I am pleased to present you with a copy of the 2014-15 Adopted Annual Budget Document. This document, which was prepared by the City's Budget & Financial Reporting staff, reflects the City's overall budget plan and policies as approved by City Council for the upcoming fiscal year.

The Fiscal 2014-15 Proposed Annual Operating Budget was presented to City Council on May 27, 2014. In accordance with the North Carolina Local Government Budget and Fiscal Control Act, a summary of the Proposed Budget along with a notice of the Public Hearing was published on May 30 and June 6, 2014. City Council conducted a public hearing on the Proposed Budget on June 10, 2014. The Fiscal Year 2014-15 Budget is balanced with an Ad Valorem tax rate of \$0.46 per \$100 of assessed value, which represents no change from the current year tax rate. All essential City services are continued in the Adopted Budget.

There were three minor changes made to the Proposed Budget prior to its adoption by City Council on June 24, 2014. Those changes are summarized below.

- **Street Cut Utility Fund:** In order to more effectively meet customer service expectations in the street cut program, Public Works staff requested that two additional FTE positions be added for Fiscal 2014-15. The budget impact of these two additional positions is \$66,986. As a result of this change, the adopted Street Cut Utility Fund budget totaled \$1,650,800. The Street Cut Utility Fund budget is fully supported by charges to its users.
- **City Attorney's Budget:** After the Fiscal 2014-15 Proposed Budget was presented to City Council, staff reviewed the City Attorney Department budget and made changes to its plans for contracted legal services to accommodate the addition of one additional position (Associate City Attorney) within the original proposed budget. As a result, FTE positions in the City Attorney Department show an increase of one in Fiscal 2014-15.
- **Capital Improvement Program (CIP):** In the 2014-15 capital budget, \$100,000 was reallocated from the Town Branch Greenway project (\$50,000) and the Charlotte Street Pedestrian and Bike Improvement project (\$50,000) to fund the Neighborhood Sidewalk Program. This was a reallocation of funds only; there was no change to the budgeted total for 2014-15 CIP.

The FY 2014-15 budget numbers and all narrative in this document reflect the budget as adopted by City Council on June 24, 2014, including the changes noted above between the Proposed and Adopted Budgets. The City Manager's Budget Message, however, is included as it was presented with the Proposed Budget on May 27, 2014.



GOVERNMENT FINANCE OFFICERS ASSOCIATION

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Budget Presentation
Award*

PRESENTED TO

City of Asheville

For the Fiscal Year Beginning

July 1, 2013

Executive Director



ASHEVILLE

TABLE OF CONTENTS

	<i>Page</i>
<i>City Manager's Transmittal Letter</i>	
<i>Introduction</i>	
Budget Guide	1
City Manager's Budget Message	2
Organizational Structure	9
Organizational Chart	10
Budget Process	11
FY 2014-15 Budget Schedule	13
Financial Policies	14
<i>Total Budget Summary</i>	
Operating Budget Summary - All Funds	19
Budget Summary - Expenditures	21
Budget Summary - Revenues	25
Budget Summary - Staffing	27
Analysis of Fund Balance	30
<i>Fund Summary</i>	
Fund Summary	33
General Fund	
Summary	34
General Fund Expenditures	35
General Fund Revenues	39
Enterprise Funds	
Water Resources Fund Revenues	48
Transit Services Fund Revenues	49
US Cellular Center Fund Revenues	50
Parking Services Fund Revenues	51
Stormwater Fund Revenues	52
Street Cut Utility Fund Revenues	53
<i>General Government</i>	
Finance and Management Services	55
Administrative Services	58
Economic Development	62
City Attorney's Office	63
Information Technology Services	65
Human Resources	68
Nondepartmental	71

TABLE OF CONTENTS

	<i>Page</i>
<i>Public Safety</i>	
Police	73
Fire & Rescue	76
Nondepartmental	79
<i>Environment & Transportation</i>	
Water Resources Fund	81
Public Works	85
Stormwater Fund	89
Street Cut Utility Fund	91
Transportation	92
Transit Services Fund	95
Parking Services Fund	97
Nondepartmental	99
<i>Culture & Recreation</i>	
Parks, Recreation & Cultural Affairs	101
US Cellular Center Fund	106
Nondepartmental	108
<i>Community Development</i>	
Urban & Planning Design	109
Housing Trust Fund	111
Building Safety	112
Development Services	113
Nondepartmental	115
<i>Capital Improvements Program/Debt Management</i>	
Introduction	117
Operating Budget Impact	118
General Capital Fund	119
Water Resources Capital Fund	123
Debt Management	126
<i>Supplemental Information</i>	
Asheville Community Profile	129
Budget Ordinance	135
Glossary of Budget Terms	141

INTRODUCTION

Budget Guide
City Manager's Budget Message
Organizational Structure
Budget Process
Financial Policies

BUDGET GUIDE

Local governments exist to provide a wide range of basic services on which we all depend: police and fire protection, streets and sidewalks, water systems, garbage collection, and parks, just to name a few. The ability of a local government to provide this wide range of services rests on its financial decision-making. This document contains the City of Asheville's FY 2014-15 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 2014-15 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 2014-15 adopted annual operating budget, including information on total budget expenditures, revenues, and staffing. This section concludes with an estimate of fund balance for the City's general fund.

Fund Summary - The Fund Summary section segregates the expenditures and revenues by

fund. Detailed information is included for all City operating funds, with a focus on the City's largest fund - the general fund. This section also highlights the City's major revenue sources and summarizes the trends and assumptions that were used in developing the FY 2014-15 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 five fiscal years. This section also contains information on the City's annual debt service requirements.

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

Please direct any comments or questions to:
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CITY MANAGER'S BUDGET MESSAGE

May 27, 2014

Honorable Mayor Manheimer and City Council Members:

The City of Asheville is beginning to see steady improvement over the effects of the global economic crisis which has driven many budgetary and operational decisions over the last few years. While the economic outlook is improving, staff continues to work on reengineering and managed cost savings with an eye toward long-term structural sustainability and a continued high level of service. The 2014-2015 proposed budget for operations is primarily a continuation budget; there are few operational changes from the previous year.

The economic, political and social landscape in Western North Carolina and Asheville continues to evolve. Globally, economic recovery has been slow and inconsistent, and continued economic uncertainty has weighed on business optimism and consumer confidence. In North Carolina, the General Assembly continues to pursue a number of legislative issues including tax reform, the transfer of municipal enterprises to regional entities, and other regulatory changes that could impact municipal finances and service delivery. At a local level, Asheville is working to optimize the use of limited resources. City staff's careful fiscal management and ongoing efforts to reengineer in order to provide the highest level of service for the lowest cost is allowing management to entertain strategic goals beyond the maintenance of core services. As the economic hub of Western North Carolina, Asheville's long-term financial sustainability has a significant impact on the economic health of the region as a whole. As such, City staff has been diligent in planning, prioritizing and collaborating to ensure that the budget for fiscal year 2014-2015 is sustainable.

Asheville entered the operating budget process for fiscal year 2014-2015 with three key goals from City Council: fund the implementation of the police strategic plan, address employee compensation, and make improvements to the transit system. While the City of Asheville continues to face challenges and uncertainty in the economic and legislative environment, I am pleased to present a proposed budget that successfully meets the City Council strategic goals as well as providing for continued service at the high level the citizens of Asheville expect.

It is my pleasure to respectfully submit to you the City Manager's Proposed Budget for the fiscal year beginning July 1, 2014 and ending June 30, 2015 with a total operating budget of \$147.5 million. The proposed budget includes a total General Fund Budget of \$99.5 million, a 3.8% increase over FY 2013-2014. The proposed budget is balanced with no change to the current tax rate of 46 cents per \$100 of valuation.

During the economic downturn, the cost to support existing city services outpaced growth in revenues. Asheville addressed this financial gap by reducing expenditures, primarily through freezing salaries, increasing employees' contribution to health insurance, reducing staffing levels through hiring freezes and deferring capital improvements. While this allowed the City to persevere through a global economic crisis without raising the property tax rate or reducing core services, it did not come without consequences. The City fell behind in capital maintenance and investment and employee compensation is below market.

The operating budget proposes a three-percent across the board increase in pay, and a planned FY 2014-2015 city-wide compensation study will address the issue of employee compensation. The deferral of capital investment and maintenance has created a significant backlog on projects and other capital needs. The City Council recognized the necessity of addressing this backlog during the fiscal year 2013-2014 budget process; adopting a \$.03 increase to the property tax rate to fund capital investment (\$.02) and maintenance (\$.01). Beginning in 2014-2015, the City of Asheville is embarking on a comprehensive capital improvement program. In order for the City to maximize the impact of the additional revenue from the property tax increase, Finance and Public Works have worked with the City's financial advisors and bond counsel to develop a plan that includes debt financing and pay-go funding of projects. Over the next five years, the capital improvement plan includes \$132 Million in projects, with approximately \$43 million

CITY MANAGER'S BUDGET MESSAGE

in revenue from outside sources offsetting some of the cost. The Plan is a rolling five-year budget for capital projects. Each year, one year of the five-year plan will be adopted as the capital budget.

The plan includes projects that meet one or more of the City Council's strategic goals: economic growth and sustainability, affordable housing and community development, and high quality of life. Additionally, projects were evaluated for potential outside funding sources in the form of grants or contributions, and perceived return on investment using a triple bottom line approach considering social, environmental and financial returns.

Service continuation and capital improvement define the 2014-2015 budget. 2013-2014 has shown steady growth in revenues, with notable growth in local development permitting revenue. As a leading indicator of the economic health of the City of Asheville, increases in permit activity will translate over time into additional ad valorem taxable value. The turnaround for projects from permit to completion is usually 12-24 months, so the City should start to see the impact of the increased activity as early as fiscal year 2015-2016.

A level of uncertainty remains in the intergovernmental arena, and Asheville will need to remain flexible and adaptive as the North Carolina General Assembly's legislative session comes to a close and the FY 2014-2015 budget is adopted. Key legislative assumptions contemplated in the proposed budget that may impact our financial projections include:

- **Disposition of the City of Asheville's Municipal Water System:** In May, 2013, the North Carolina General Assembly passed legislation requiring the transfer of Asheville's water system to an independent authority, an action that would cost Asheville's General Fund \$1.9 million due to the loss of the water system's contribution to shared central services. The Asheville City Council unanimously voted to legally challenge this legislation. Because the length and outcome of the legal case is still unknown, the FY 2014-2015 proposed budget assumes the City's continued ownership and operation of the water system. The judge heard arguments in the case on Friday, May 23, 2014. It is anticipated that he will announce his ruling within the following two months.
- **House Bill 1050 Privilege License Tax Reform:** Comprehensive tax reform continues to be a major policy focus of the North Carolina General Assembly Short Session in 2014. HB 1050 proposes reforming the local privilege license tax. This bill is highly significant for municipalities. The State estimates that cities will lose more than \$40 million if the tax is repealed. The General Assembly is considering expanding the privilege license tax base, and creating a flat tax of \$100 per business. In either scenario, the City of Asheville will lose considerable revenue, likely between \$500,000 and \$1.5 million. HB 1050 would not go into effect until tax years beginning after January 1, 2015; the change would therefore not impact the 2014-2015 budgeted revenue. The impact of tax reform will, however, continue to be a significant issue for cities to monitor throughout the coming fiscal year and in future budgets.

Government-wide Highlights

City Council budget goals 2014-2015

Employee compensation and managed savings

- City of Asheville Staff has worked to manage departmental budgets conservatively during the financial downturn. With slow but steady improvement in revenues, this conservatism has created adequate savings in the 2013-2014 budget to fund the increase in employee compensation proposed for fiscal year 2014-2015. Staff has been tasked with continuing this careful budget management in order to fund adjustments to compensation identified as part of the planned compensation study upon its completion. Asheville will continue to pursue rightsizing and reengineering of service delivery to make the most cost effective use of the limited resources available. The FY 2014-15 proposed budget for personnel costs includes funding for a 3% across

CITY MANAGER'S BUDGET MESSAGE

- the board compensation pool for employees, as well as a compensation study to be performed by an outside consultant.

Police Strategic Plan

- The Asheville Police Department has developed a strategic plan to improve service delivery, employee retention and resolve structural issues within the department. The 2014-2015 budget includes APD in its plan for a compensation study. The City's aging police fleet and lack of a take-home vehicle program for its patrol officers is an issue that will be addressed through the CIP program; patrol vehicles will be replaced on a five-year asset life schedule and the take-home program will be implemented over the first five years of the replacement schedule.

Asheville Redefines Transit

- Asheville Redefines Transit (ART) still faces considerable financial pressure. Revenues do not cover expenditures, nor do they seem likely to do so. Return on investment for a transit system is weighted more toward the environmental and social aspects of the triple bottom line; the transit system provides access to jobs and helps to limit the number of vehicles on the road. ART riders have asked for a redesign of Route C to better enable people to use ART to reach shopping destinations in south Asheville. Sunday service for better job access has also been an ongoing request from the ridership. The 2014-2015 operating budget addresses both of these issues with the requested redesign of Route C and the addition of limited Sunday service. These changes will be implemented in January, 2015, and partially grant funded, minimizing their budget impact for the fiscal year.

Graffiti Initiative

- In April 2014, City Council approved a new graffiti ordinance that included a 90 day concentrated initiative to aggressively remove graffiti from property. During the 90 day graffiti removal initiative, which will run from July 1, 2014 to September 30, 2014, property owners will receive significant assistance from the City when removing graffiti. As outlined during the April meeting, property owners will be required to sign a waiver and agree to pay 10% of the cost of removal. The City will pay up to \$500 per building per incident. \$300,000 has been included in the FY 2014-15 general fund budget to fund the City's potential costs for this 90 day graffiti removal initiative. The FY 2014-15 proposed budget also includes funding for administrative costs associated with this program. The money for this 90 day initiative is coming from the City's general fund fund balance.

Continuing sound financial management by addressing long-term liabilities

- The City contributes to the statewide Local Governmental Employees' Retirement System (LGERs), a cost-sharing defined benefit pension plan administered by the State of North Carolina. No increase is required in fiscal year 2014-2015.
- In December 2011, the City of Asheville created an irrevocable trust and fully funded the City's net obligation for Other Post Employment Benefits (OPEB), which consists of retiree health care benefits. The City invested its assets with the State of North Carolina State Treasurer's OPEB Investment Fund, which mirrors investments used for statewide pension funds. Concurrent with establishing the trust, the City also adopted a five-year step up plan to fully fund the annual required contribution to meet the ongoing OPEB obligation. The proposed FY 2014-2015 budget includes an annual contribution in the amount of \$600,000. It should be noted that the City suspended offering the retiree health care benefit to new employees hired after June 30, 2012, which will limit future growth of the OPEB obligation. These actions show that Asheville is taking deliberate steps to ensure retiree health care benefits are sustainable and affordable over the long term.

CITY MANAGER'S BUDGET MESSAGE

General Fund Highlights

Revenue Highlights:

- The property tax is the single largest source of revenue for the City's general fund. The proposed FY 2014-15 budget maintains the current tax rate at 46 cents per \$100 of assessed valuation. Based on projections received from the Buncombe County Tax Office, staff is budgeting a 0.9% increase in property tax revenue in FY 2014-15.
- Based on statewide projections from the North Carolina League of Municipalities and local trend data, staff is projecting a 3.4% budget-to-budget increase in sales tax revenue in FY 2014-15.
- Revenue from licenses and permits in the general fund shows a 10.0% increase. Part of this increase is the result of an upward adjustment in the budget for business privilege licenses to reflect actual collections from the prior year. In addition, based on current trends, staff is budgeting a \$300,000 increase in license and permit revenue in the Development Services Department (DSD).
- Intergovernmental revenue in the general fund, which includes state-shared utility taxes as well as Powell Bill funding, is budgeted to increase 2.5% in FY 2014-15.
- The FY 2014-15 proposed general fund budget includes a \$2.0 million fund balance appropriation. The City ended FY 2012-13 with available fund balance of \$15.4 million, which equated to 17.6% of expenditures. Based on current revenue and expenditure projections for FY 2013-14, staff estimates that the City will end the year with sufficient fund balance to appropriate \$2.0 million for budget purposes and maintain a fund balance that exceeds the City's 15% policy target.

	2011-12 Actual	2012-13 Actual	2013-14 Budget	2014-15 Proposed
<u>Revenues:</u>				
Property Taxes	46,800,092	46,891,865	51,606,975	52,103,473
Intergovernmental	10,860,618	11,171,151	11,250,660	11,476,750
Sales & Other Taxes	16,258,875	17,067,516	18,084,277	18,704,766
Charges For Service	4,519,107	4,594,340	8,470,569	8,595,455
Licenses & Permits	4,711,318	5,382,921	4,706,690	5,175,010
Investment Earnings	142,546	69,341	150,000	150,000
Miscellaneous	1,729,173	1,755,350	1,180,063	1,342,500
Other Financing Sources	<u>2,882,915</u>	<u>3,604,870</u>	<u>412,530</u>	<u>2,000,000</u>
Total Appropriations	<u>87,904,644</u>	<u>90,537,354</u>	<u>95,861,764</u>	<u>99,547,954</u>

Expenditure Highlights:

- Public Safety is the largest general fund service area, accounting for 46% of all general fund expenditures. Public Safety expenditures show a \$2.9 million increase in FY 2014-15. A portion of this increase is due to the 3% COLA included in the budget. In addition, the Police Department operating budget reflects a \$325,000 increase in the City's share of the County's Criminal Justice Information System (CJIS) program costs. This increase is primarily due to debt service on a \$3 million new public safety system. The Police Department proposed operating budget also includes \$187,000 in funding to provide all officers with smart phones and \$85,000 to continue purchasing in-car and body cameras.

CITY MANAGER'S BUDGET MESSAGE

- Environment & Transportation is the second largest service area in the general fund, representing 15% of the FY 2014-15 general fund budget. This service area shows a decrease of approximately \$600,000, which is primarily the result of a technical change in which the City's annual resurfacing contract is removed from the Public Works Department's annual operating budget and moved to the City's General Capital Projects Fund. Highlights to note in this service area include: 1) a \$543,000 increase in the General Fund support for Transit Services to cover operating cost increases and the introduction of limited Sunday bus service beginning in January 1, 2015; 2) the inclusion of \$300,000 in contracted services funding in the Public Works Department for a full year of sidewalk cleaning in the central business district; and 3) the addition of \$100,000 in funding in the Public Works Department for median maintenance.
- The decrease in General Government reflects the removal of the every-other-year election costs as well as the accounting change in which unemployment costs and the City's annual contribution to the North Carolina State Treasurer's OPEB Fund are moved to the nondepartmental budget to individual departmental budgets.
- The Culture and Recreation service area shows a 5.0% increase. A portion of this increase (approximately \$234,000) is due to the accounting change in which the US Cellular Center is now being charged the full cost of indirect services provided by the general fund. This accounting change is reflected as an increase in the general fund transfer to the US Cellular Center Fund. Other factors impacting the Culture and Recreation service area include: 1) a \$250,000 increase in pay-as-you-go capital funding for parks facility maintenance; 2) a \$100,000 inflationary increase in the City's mowing contract; and 3) the inclusion of 50,000 for the installation of additional security cameras at parks facilities.
- The increase in the Community Development service area is primarily the result of mid-year FY 2013-14 staffing additions in the Development Services Department to meet the higher workload. In addition, the Planning Department budget includes \$100,000 to fund the River District form based code project.

<u>Service Areas</u>	2011-12 Actual	2012-13 Actual	2013-14 Budget	2014-15 Proposed
Public Safety	39,101,015	40,978,957	42,630,497	45,499,309
Environment & Transportation	13,269,253	12,919,184	15,298,325	14,749,023
General Government	10,394,336	10,339,111	14,124,847	13,629,169
Culture & Recreation	9,629,199	10,420,301	10,262,024	10,774,113
Capital Pay-Go/Debt	7,163,290	6,038,478	8,181,053	8,995,878
Community Development	6,549,178	7,287,481	5,365,018	5,900,462
Total General Fund	<u>86,106,271</u>	<u>87,983,512</u>	<u>95,861,764</u>	<u>99,547,954</u>

Unassigned Fund Balance Analysis

The City of Asheville Financial Management Policy recommends that the City maintain a fund balance in the General Fund equal to 15% of expenditures. The City ended FY 2012-13 with an unassigned fund balance of \$15.4 million, which equated to 17.6% of FY 2012-13 expenditures. Based on revenue and expenditure projections for FY 2013-14, staff estimates that the City's unassigned fund balance will increase by another \$1.3 million to \$16.7 million. This level unassigned fund balance will provide sufficient resources for the City to appropriate \$2.0 million in fund balance as part of the FY 2014-15 budget and still maintain an unassigned fund balance that exceeds the City's 15% policy target.

CITY MANAGER'S BUDGET MESSAGE

Highlights from Other Funds

Water Resources Fund

- As previously discussed, the City of Asheville is legally challenging legislation that would force the transfer of the municipal water system to another entity. The proposed budget assumes the continued ownership and operation of the water system, pending the final disposition of litigation.
- In April, City Council approved minor rate adjustments for the 2014-15 fiscal year based on the Raftelis financial model. These rate adjustments are expected to generate approximately \$460,000 in additional revenue.
- The current year budget included an \$8.3 million appropriation from fund balance for capital improvements. The FY 2014-15 proposed budget includes a smaller (\$175,907) appropriation from fund balance; as a result, the overall Water Resources Fund budget shows an 18% year-over-year decrease. Even with this decrease, the FY 2014-15 budget still includes \$10.1 million in pay-as-you-go funding for water capital improvement projects.
- The FY 2014-15 proposed Water Resources budget includes funding to add one GIS Technician position.
- The internal Non-Revenue Water (NRW) Team will continue its efforts to establish operational practices for managing and controlling water loss due to leakage, water theft, and metering inaccuracies.

Stormwater Fund

- The current rate structure for single family properties is \$2.34 per month. The proposed rate structure for FY 2014-15 moves to a tiered system - Properties from 225–2000 square feet will pay \$2.50 per month; properties from 2001–4000 square feet will pay \$4 per month and properties greater than 4001 square feet will pay \$5.50 per month. For non-single family properties, the current rate of \$2.34/ERU (Equivalent Residential Unit) per month will be increased to \$4/ERU per month.
- Staff will utilize the additional funds from the rate change to perform more watershed assessments, install more drainage structures through contracts with construction companies, and perform additional maintenance services. These enhancements will include re-engineering a construction crew to become a preventative maintenance crew, which will include adding a FTE position to this crew. A Project Manager position will also be added to the budget to assist with the construction activities and professional service work that will be taking place.

Transit Fund

- The proposed budget includes funding to implement limited Sunday service and make changes to route C to address inefficiencies with that route. Both of these changes will be implemented on January 1, 2015. The FY 2014-15 cost of these two service changes is \$220,000. The City has applied for additional grant funding that may partially fund the cost increase from Sunday service. If the grant funding is received, the amount of general fund support required in FY 2014-15 would go down by \$80,250. If this occurs, staff will bring a budget amendment to City Council during FY 2014-15, along with recommendations for how the general fund savings might be repurposed.
- In addition to the changes noted above, overall operating costs for the transit system are up about \$300,000 in FY 2014-15. In addition, there is a slight decrease in State funding for transit operations.

CITY MANAGER'S BUDGET MESSAGE

- With the reduction in grant funding, increases in operating costs, and the other service changes noted above, the FY 2014-15 budget includes a \$543,000 increase in the general fund support for the Transit Services Fund.

Parking Services Fund

- Revenues in the current fiscal year are performing better than budget, and this trend is expected to continue next fiscal year. There are no rate changes included in the FY 2014-15 proposed budget.
- Overall, the proposed budget reflects a continuation of existing programs and services in the Parking Services Fund.

US Cellular Center Fund

- Event bookings and operating revenue have been higher than originally anticipated in the adopted FY 2013-14 budget, and this trend is expected to continue in FY 2014-15.
- The proposed budget includes a \$60,000 appropriation from fund balance for small equipment purchases.

Street Cut Utility Fund

- The FY 2014-15 proposed budget includes \$100,000 for equipment/vehicle replacement. Debt proceeds will fund these purchases.
- Otherwise, the proposed Street Cut Fund budget represents a continuation of existing services.

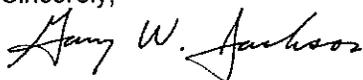
Conclusion

I am pleased to present a proposed budget for Fiscal Year 2014-2015 that continues core services, makes improvements to the transit system and implements, for the first time in the history of the City of Asheville, a comprehensive capital improvement program that is sustainable and will move Asheville to a higher level of financial sophistication and security.

I would like to take this opportunity to thank our department director team for their leadership during the budget process and recognize the tremendous work of the staff in the budget division, Tony McDowell, John Sanchez and Erin Marie Wheeler. Special thanks to the project managers, directors, staff, Barbara Whitehorn and Cathy Ball for their tireless work on the capital improvement program. I would also like to recognize the efforts of all city employees for their dedication to delivering quality services to the Asheville community.

I look forward to working with you and the community to adopt the Fiscal Year 2014-2015 Budget.

Sincerely,



Gary W. Jackson
City Manager

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 include:

- Transit Services Fund
- Parking Services Fund
- Water Resources Fund
- US Cellular Center Fund
- Stormwater Fund
- Street Cut Utility 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
- Community Development Fund
- Water Major Capital Improvement Fund
- HOME Fund
- US Cellular Center Capital Fund
- Parking Services Capital Fund
- Transit Services Capital Fund

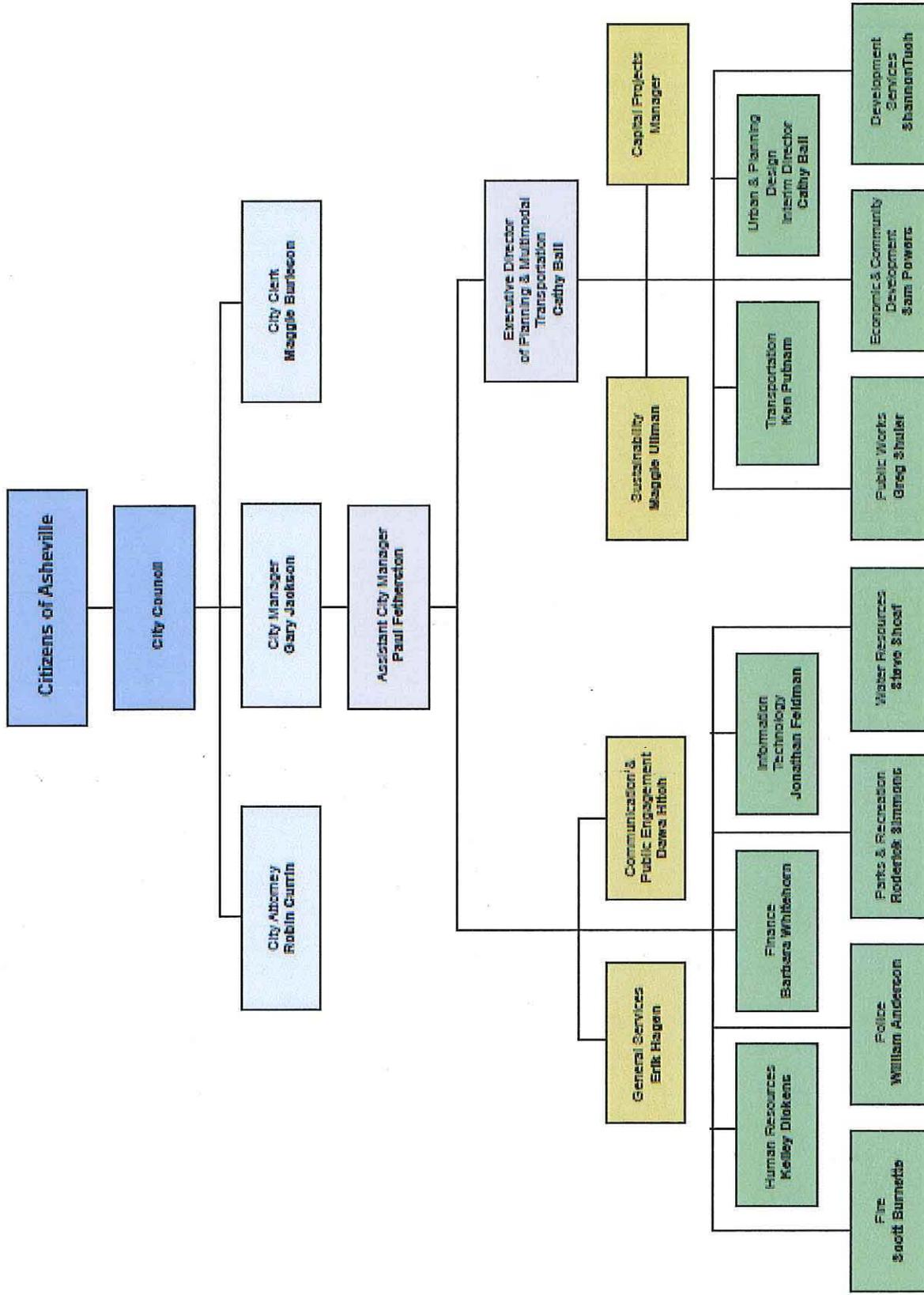
How Funds Interact

City funds interact in a variety of ways. Expenses that occur in one fund are frequently incurred to benefit another fund. When this occurs, the benefiting fund may reimburse the fund providing the goods and services. Examples of such transactions include general government services provided by the General Fund to the Water Resources Fund. Interfund transfers may also result from the exchange of resources between funds to cover operating and capital expenses. For example, the FY 2014-15 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 three divisions: administration, criminal investigations, and patrol. Often within each division there are smaller units responsible for performing specific activities. For example, within the police patrol division is the 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 2014-15 Budget Calendar is displayed on page 13.

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 Adopted 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 2014-15 BUDGET CALENDAR

Item	Date/Deadline
User fee forms distributed to departments	November 4, 2013
User fee proposals due to Budget Office	November 25, 2013
Budget Office analyzes user fee requests	December, 2013
2014-2015 MUNIS Departmental Budget Entry begins	January 6, 2014
Departments complete MUNIS budget entry	January 31, 2014
Budget Office Technical Reviews with departments	February 3-21, 2014
Finance Committee - User Fee Review	March 2014
City Council - Adoption of FY 2014-15 Fees & Charges	April 8, 2014
City Council Operating Budget Worksession	April 22, 2014
City Council Capital Budget Worksession	May 13, 2014
City Council Formal Meeting - Proposed Budget Presentation - Set Public Hearing	May 27, 2014
City Council Formal Meeting: - Budget Public Hearing	June 10, 2014
City Council Formal Meeting Budget Adoption	June 24, 2014

FINANCIAL POLICIES

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

A. Operating Budget Policy

1. Current operating revenues will be sufficient to support current operating expenditures. Fund balance appropriations shall be limited to non-recurring expenditures.
2. Debt proceeds or non-recurring revenues will not be used to finance recurring operating and recurring capital expenditures.
3. The City will integrate performance measures and productivity indicators with the annual budget.
4. The City will prepare a five-year operating budget projection which will include projections of annual growth plus allowances for operating costs of new capital facilities.
5. It is the City's policy that the operating budget be prepared in accordance with Generally Accepted Accounting Principles.

B. Reserves

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

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

C. Interfund Transfers

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

D. Revenue Policy

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

FINANCIAL POLICIES

2. The City will conduct an annual review of specific programs and services which have been identified as potential opportunities for user fees and for which user fees are charged. Where appropriate, user fees will be set at a level sufficient to recover the full costs of the program or service.
3. Regulatory fees shall be set at a level that strives to recover full costs (direct and indirect costs, such as depreciation or usage costs associated with capital assets) of providing the service, unless statutory restrictions limit the fee amount.
4. Non-regulatory fees are charged for a wide variety of services with the primary purpose for non-regulatory fees being to: 1) influence the use of the service and 2) increase equity.
5. Non-regulatory user fees shall be set at a level that is competitive in the marketplace and strives to recover full costs (direct and indirect costs, such as depreciation or usage costs associated with capital assets) except when:
 - free or subsidized service provides a significant public benefit;
 - the City has determined that it should influence personal choice to achieve community-wide public benefits;
 - full cost recovery would result in reduced use of the service or limit access to intended users thereby not achieving community-wide public benefits;
 - the cost of collecting the user fees would be excessively high;
 - ensuring the users pay the fees would require extreme measures.

E. Capital Improvement Policy

1. The City will update and readopt annually a five-year capital improvement program which details each capital project, the estimated cost, description and funding source.
2. The capital improvements plan should be tied to the City's comprehensive growth plan, "City Plan 2025," as well as the City's other adopted Master Plans, to ensure that the capital items requested meet the future growth needs and long-term vision for the City.
3. The City shall appropriate all funds for Capital Projects with a Capital Projects ordinance in accordance with State statutes.
4. Operating expenses for all capital projects will be estimated and accounted for in the Capital Improvements Program and incorporated into the annual operating budget.
5. Capital expenditures included in the CIP as a project will cost at least \$50,000 and have a useful life of at least five years. Equipment purchases are considered operating expenses and will not be included in the CIP.
6. Capital facilities to be financed with bond-indebtedness must adhere to the debt policies of the City including maintenance of adopted debt ratios.

F. Accounting Policy

1. The City will establish and maintain the accounting systems according to the North Carolina Local Budget and Fiscal Control Act.
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. The City will prepare a Comprehensive Annual Financial Report that will be submitted to the Local Government Commission each year according to the commission's stated deadlines.

FINANCIAL POLICIES

3. Full disclosure will be provided in the financial statements and bond representations.
4. Financial system 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 Fiscal Procedures Manual will be maintained as a central reference point and handbook for all activities which have a fiscal impact within the City and will serve as the City's authoritative source for fiscal procedures.

G. Debt Management

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. Payout of aggregate principal outstanding shall be no less than 50% repaid within 10 years.
5. The City will maintain its financial condition so as to maintain a minimum AA bond rating.
6. The City's Water Resources Utility will maintain its financial condition so as to maintain a AA bond rating.
7. The City's Debt Policy will be comprehensive and the City will not knowingly enter into any contracts creating significant unfunded liabilities.

FINANCIAL POLICIES

Investment Policy

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

Governance

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

Purpose and Scope

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

Objectives

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

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

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

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

Responsibility and Control

NCGS §159-25(a)6 delegates management responsibility for the investment program to the City's Finance Officer (FO). The FO shall establish and maintain procedures for the operation of the investment program which are consistent with this policy, State statute, the policies of the LGC, and the strategic plan of the City Council of the City of Asheville. The FO may further delegate authority to persons responsible for investment activities and transactions and the FO will establish and maintain a system of controls to regulate the activities of those persons.

In the absence of a FO and those to which he or she has delegated investment authority, the City Manager or his or her designee is authorized to execute investment activities on behalf of the City of Asheville.

FINANCIAL POLICIES

Investment Policy (Cont)

Authorized Investments

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

- Obligations of the United States
- Obligations of US Government Agencies, including, but not limited to:
 - Federal National Mortgage Association ("FNMA")
 - Federal Home Loan Bank ("FHLB")
 - Federal Home Loan Mortgage Corporation ("FHLMC")
 - Federal Farm Credit Bank ("FFCB")
- Prime quality commercial paper
- Bank certificates of deposit (CDs)
- Bank deposit accounts

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

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

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

BUDGET SUMMARY

Operating Budget Summary

Expenditures

Revenues

Staffing

Analysis of Fund Balance

OPERATING BUDGET SUMMARY: ALL FUNDS

BUDGET SUMMARY BY FUND

FUND SUMMARY

	2011-12 Actual	2012-13 Actual	2013-14 Budget	2014-15 Adopted
<u>Revenues:</u>				
General Fund	87,904,644	90,537,354	95,861,764	99,547,954
Water Resources Fund	33,953,603	33,814,544	42,304,346	34,656,358
Transit Services Fund	5,502,704	5,600,322	5,769,288	6,368,151
US Cellular Center Fund	1,886,109	2,984,129	2,878,433	3,468,498
Parking Services Fund	3,249,254	3,870,255	3,856,700	4,027,807
Golf Fund*	793,678	874,849	0	0
Stormwater Fund	3,107,993	3,120,294	3,648,723	5,261,372
Street Cut Utility Fund	<u>1,541,598</u>	<u>1,399,576</u>	<u>1,493,808</u>	<u>1,650,800</u>
Total	137,939,583	142,201,323	155,813,062	154,980,940
Less Interfund Transactions	(5,245,835)	(6,164,308)	(6,506,822)	(7,415,198)
Net Revenue	<u>132,693,748</u>	<u>136,037,015</u>	<u>149,306,240</u>	<u>147,565,742</u>
<u>Expenditures:</u>				
General Fund	86,106,271	87,983,512	95,861,764	99,547,954
Water Resources Fund	30,815,661	30,917,569	42,304,346	34,656,358
Transit Services Fund	5,405,497	5,899,532	5,769,288	6,368,151
US Cellular Center Fund	2,527,333	2,523,728	2,878,433	3,468,498
Parking Services Fund	2,663,519	4,222,899	3,856,700	4,027,807
Golf Fund*	859,860	339,019	0	0
Stormwater Fund	3,694,373	2,836,710	3,648,723	5,261,372
Street Cut Utility Fund	<u>1,447,759</u>	<u>1,339,293</u>	<u>1,493,808</u>	<u>1,650,800</u>
Total	133,520,273	136,062,262	155,813,062	154,980,940
Less Interfund Transactions	(5,245,835)	(6,164,308)	(6,506,822)	(7,415,198)
Net Expenditure	<u>128,274,438</u>	<u>129,897,954</u>	<u>149,306,240</u>	<u>147,565,742</u>

* The City contracted out operation of the Municipal Golf Course during FY 2012-13.

OPERATING BUDGET SUMMARY: ALL FUNDS

BUDGET SUMMARY BY FUND

Sources of Funds:

	General Fund	Water Resources	Transit Services	US Cellular Center	Stormwater Utility	Parking Services	Street Cut Utility
Property Taxes	52,103,473	0	0	0	0	0	0
Sales & Other Taxes	18,704,466	0	0	0	0	0	0
Intergovernmental	11,476,750	0	2,850,730	0	0	0	0
Licenses & Permits	5,175,010	0	320,000	0	187,000	0	0
Charges For Service	8,595,455	34,364,376	925,000	2,163,922	4,832,372	600	1,550,800
Investment Earnings	150,000	69,780	0	2,000	11,000	2,544	0
Miscellaneous	1,342,500	46,295	0	122,000	25,000	4,024,663	0
Other Financing Sources	2,000,000	175,907	2,317,421	1,180,576	206,000	0	100,000
Total Revenue	99,547,951	34,656,358	6,368,151	3,468,498	5,261,372	4,027,807	1,650,800

Uses of Funds:

	General Fund	Water Resources	Transit Services	US Cellular Center	Stormwater Utility	Parking Services	Street Cut Utility
Salaries & Wages	45,481,705	6,087,858	192,383	965,425	1,314,940	667,497	398,330
Fringe Benefits	18,319,295	2,837,398	63,287	365,837	553,968	351,618	188,029
Operating Costs	23,963,816	9,229,166	6,112,481	1,848,286	2,660,264	1,436,817	964,441
Interfund Transfers	2,738,441	0	0	0	0	616,875	0
Debt Service	5,387,021	6,108,208	0	288,950	91,200	875,000	0
Capital Outlay	3,657,676	10,393,728	0	0	641,000	80,000	100,000
Total Expenditure	99,547,951	34,656,358	6,368,151	3,468,498	5,261,372	4,027,807	1,650,800

BUDGET SUMMARY - EXPENDITURES

<u>Service Area</u>	2011-12	2012-13	2013-14	2014-15
Departments	Actual	Actual	Budget	Adopted
<u>General Government</u>				
Finance & Management Services	3,083,570	2,636,836	2,526,710	2,957,459
Administrative Services	1,219,875	1,298,955	4,191,500	4,042,582
Economic Development	497,557	615,845	438,457	764,515
City Attorney	646,661	671,846	665,063	806,748
Information Technology Services	2,675,076	2,751,099	2,868,637	2,539,664
Human Resources	1,018,123	1,232,396	1,276,285	1,419,701
Nondepartmental	1,342,974	1,132,134	2,158,195	1,098,500
Total General Government	10,483,836	10,339,111	14,124,847	13,629,169
<u>Public Safety</u>				
Police	20,072,896	20,556,220	22,617,301	24,255,781
Fire & Rescue	18,600,324	20,005,479	19,579,293	20,777,981
Nondepartmental	427,795	417,258	433,903	465,547
Total Public Safety	39,101,015	40,978,957	42,630,497	45,499,309
<u>Environment & Transportation</u>				
Water Resources Fund	30,815,661	30,917,569	42,304,346	34,656,358
Public Works	11,253,197	10,955,219	12,894,771	11,817,550
Stormwater Fund	3,694,373	2,836,710	3,648,723	5,261,372
Street Cut Utility Fund	1,447,759	1,339,293	1,493,808	1,650,800
Transportation	941,261	978,670	1,196,052	1,230,927
Transit Services Fund	5,405,497	5,899,532	5,769,288	6,368,151
Parking Services Fund	2,663,519	4,222,899	3,856,700	4,027,807
Nondepartmental	985,295	985,295	1,207,502	1,700,546
Total Environ. & Transportation	57,206,562	58,135,187	72,371,190	66,713,511
<u>Culture & Recreation</u>				
Parks, Rec. & Cultural Arts	9,236,605	9,138,655	9,376,097	9,653,537
US Cellular Center Fund	2,527,333	2,523,728	2,878,433	3,468,498
Golf Fund	859,860	339,019	0	0
Nondepartmental	392,594	1,281,646	885,927	1,120,576
Total Culture & Recreation	13,016,392	13,283,048	13,140,457	14,242,611
<u>Community Development</u>				
Building Safety	3,902,508	3,974,976	0	0
Urban & Planning Design	1,626,996	1,272,140	1,105,908	1,085,823
Housing Trust Fund	300,000	500,000	500,000	500,000
Development Services	0	0	2,858,310	3,596,839
Nondepartmental	719,674	1,540,365	900,800	717,800
Total Community Development	6,549,178	7,287,481	5,365,018	5,900,462
Capital Pay-Go/Debt	7,163,290	6,038,478	8,181,053	8,995,878
TOTAL EXPENDITURES	133,520,273	136,062,262	155,813,062	154,980,940
Less: Interfund Transactions	(5,245,835)	(6,164,308)	(6,506,822)	(7,415,198)
NET EXPENDITURES	<u>128,274,438</u>	<u>129,897,954</u>	<u>149,306,240</u>	<u>147,565,742</u>

BUDGET SUMMARY - EXPENDITURES

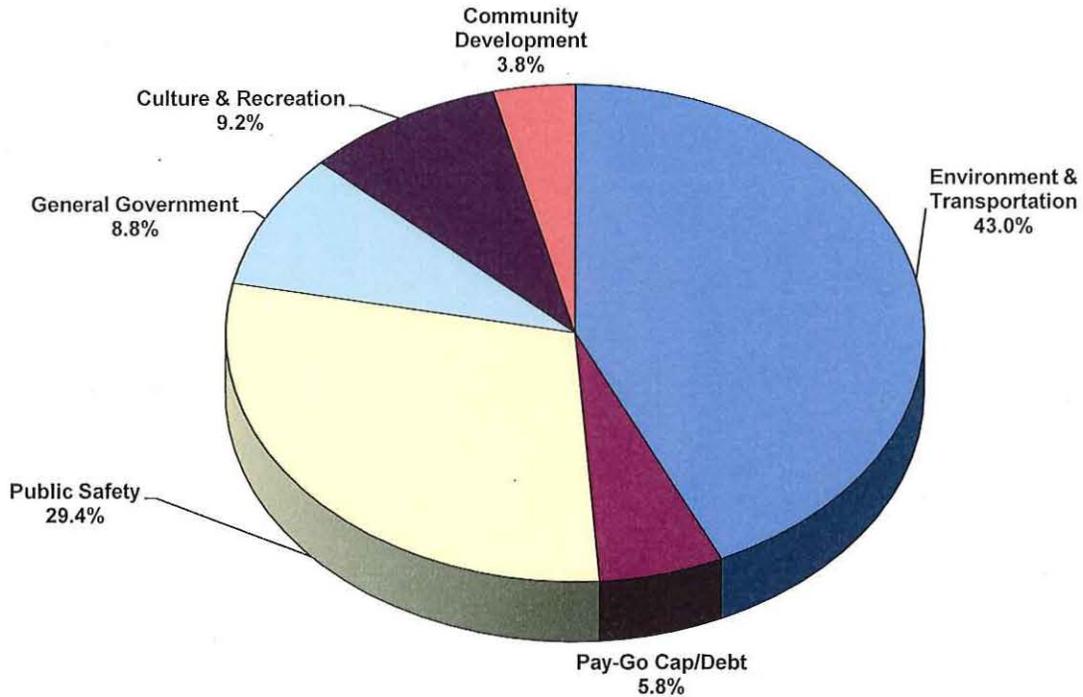
<u>Expenditures by Category</u>	2011-12 Actual	2012-13 Actual	2013-14 Budget	2014-15 Adopted
Salaries & Wages	49,595,672	50,664,726	52,278,174	55,108,138
Fringe Benefits	21,201,534	19,476,861	21,290,864	22,679,432
Operating Costs	33,861,638	35,819,661	40,513,945	42,155,389
Debt Service	13,504,998	12,336,685	12,830,574	12,750,379
Capital Outlay	<u>10,110,596</u>	<u>11,600,021</u>	<u>22,392,683</u>	<u>14,872,404</u>
NET BUDGET	<u>128,274,438</u>	<u>129,897,954</u>	<u>149,306,240</u>	<u>147,565,742</u>

BUDGET HIGHLIGHTS

- Overall, the City's FY 2014-15 adopted budget shows a 1.2% decrease compared to the FY 2013-14 budget. This decrease is primarily due to the fact that the FY 2013-14 Water Resources Fund budget included an \$8.3 million fund balance appropriation for high priority capital projects. Factoring out this large FY 2013-14 fund balance appropriation, the citywide budget-to-budget increase totals 4.6%.
- The FY 2014-15 adopted budget for personnel costs (salaries & wages and fringe benefits) includes funding for a 3% cost of living adjustment (COLA) for employees. Citywide, the budget impact of a 3% COLA is approximately \$1.9 million. Also, as part of the FY 2013-14 budget, a number of positions were frozen as a budget balancing strategy. Most of those positions are being added back in FY 2014-15, which is another factor impacting the personnel budget. Finally, in FY 2013-14, the City temporarily redirected resources from the workers' compensation program to the property and liability insurance program. For FY 2014-15, contributions to the workers' compensation program are restored to prior years' levels. The impact of this change totals approximately \$900,000 and is shown as a budget-to-budget increase in fringe benefit costs. The FY 2014-15 fringe benefit budget also includes a \$200,000 increase in the City's Other Post Employment Benefits (OPEB) contribution as part of the five-year step up plan to fully fund the City's annual required contribution.
- Citywide operating costs for FY 2014-15 are budgeted to increase by 4.1%. Much of this increase is in the Stormwater Fund where operating costs show a \$1.6 million increase. Additional revenue from the Stormwater rate adjustments will be programmed into professional services expenses such as watershed assessments, and contracted service including drainage structure installation and additional maintenance. Operating costs in the Transit Services Fund show a \$560,000 increase due to overall inflation and the plan to implement limited Sunday service beginning January 1, 2015. In the General Fund, operating costs show a decrease primarily due to the fact that funding for the City's annual resurfacing contract is removed from the Public Works Department's annual operating budget and moved to the City's General Capital Projects Fund.
- The City's FY 2014-15 debt service budget totals \$12.7 million, which is essentially flat compared to the current fiscal year.
- Capital outlay includes small capital purchases in departmental operating budgets as well as transfers to the City's various capital project funds. For FY 2014-15, the capital outlay budget totals \$14.9 million. This budget is down about \$7.5 million compared to FY 2013-14, but it should be noted that the FY 2013-14 budget was inflated by the one-time \$8.3 million fund balance appropriation in the Water Resources Fund for capital projects. Even with this decrease, the FY 2014-15 Water Resources Fund budget still includes \$10.1 million in pay-as-you-go funding for capital improvement projects. The General Fund capital outlay budget, which totals \$3.7 million, includes \$3.3 million in funding from the 3-cent property tax rate increase that was approved by City Council in June 2013. Details on the City's Capital Improvement Program (CIP) can be found in the CIP section of the budget document.

BUDGET SUMMARY - EXPENDITURES

CITY OF ASHEVILLE FY 2014-15 EXPENDITURES BY SERVICE AREA NET TOTAL \$147,565,742



Budget-to-Budget Expenditure Comparison

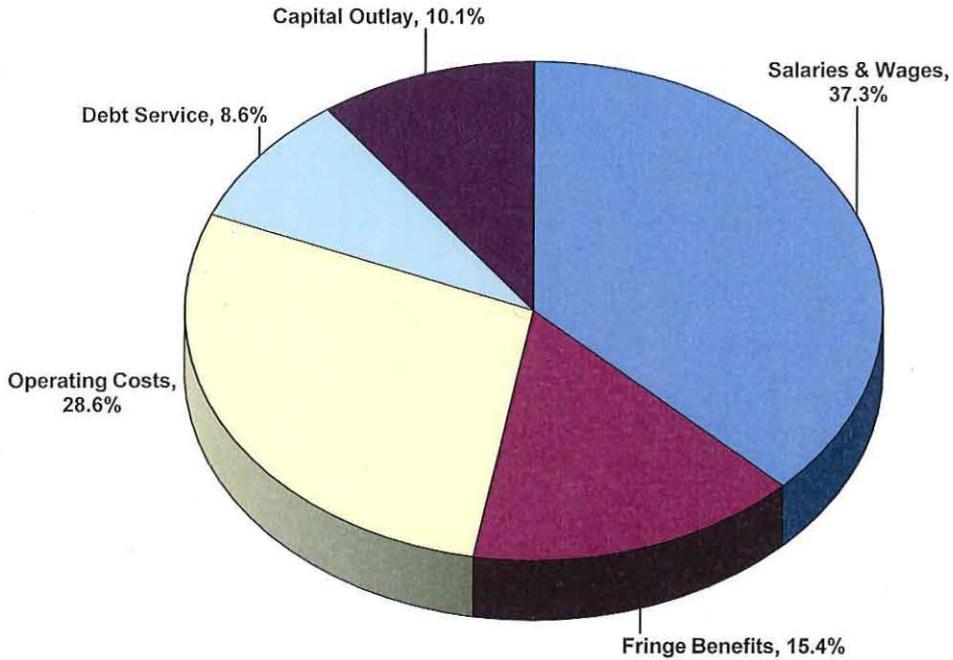
Service Areas:	2013-14	2014-15	Change From Prior Year	
	Budget	Adopted	in \$	in %
Environment & Transportation	72,371,190	66,713,511	(5,657,679)	-7.8%
Public Safety	42,630,497	45,499,309	2,868,812	6.7%
Culture & Recreation	13,140,457	14,242,611	1,102,154	8.4%
General Government	14,124,847	13,629,169	(495,678)	-3.5%
General Capital/Pay-Go Debt	8,181,053	8,995,878	814,825	10.0%
Community Development	5,365,018	5,900,462	535,444	10.0%
Total Expenditures	155,813,062	154,980,940	(832,122)	-0.5%
Less: Interfund Transfers	(6,506,822)	(7,415,198)	(908,376)	14.0%
Net Expenditures	149,306,240	147,565,742	(1,740,498)	-1.2%

Notes:

- 1) Debt service payments in the enterprise funds are included in the respective service areas. All other debt service is included under General Debt Service.

BUDGET SUMMARY - EXPENDITURES

CITY OF ASHEVILLE FY 2014-15 EXPENDITURES BY SERVICE AREA NET TOTAL \$147,565,742



Budget-to-Budget Expenditure Comparison

<u>Expense Category:</u>	<u>2013-14</u>	<u>2014-15</u>	<u>Change From Prior Year</u>	
	<u>Budget</u>	<u>Adopted</u>	<u>in \$</u>	<u>in %</u>
Salaries & Wages	52,278,174	55,108,138	2,829,964	5.4%
Fringe Benefits	21,290,864	22,679,432	1,388,568	6.5%
Operating Costs	40,513,945	42,155,389	1,641,444	4.1%
Debt Service	12,830,574	12,750,379	(80,195)	-0.6%
Capital Outlay	<u>22,392,683</u>	<u>14,872,404</u>	<u>(7,520,279)</u>	<u>-33.6%</u>
Net Expenditures	<u>149,306,240</u>	<u>147,565,742</u>	<u>(1,740,498)</u>	<u>-1.2%</u>

BUDGET SUMMARY - REVENUES

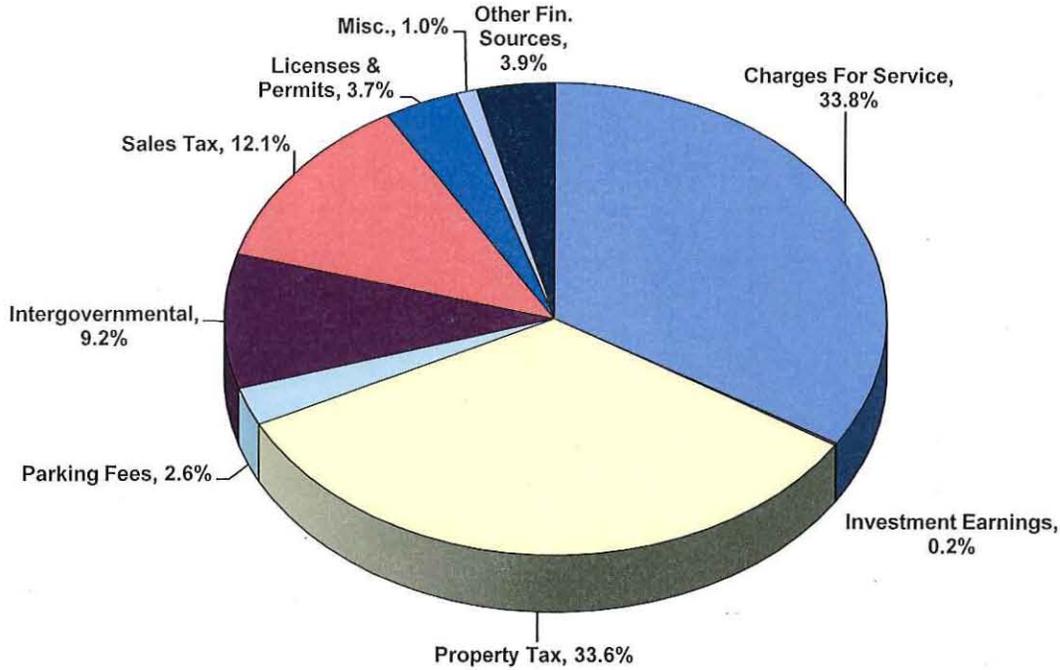
<u>Revenue Sources:</u>	2011-12 Actual	2012-13 Actual	2013-14 Budget	2014-15 Adopted
Property Tax	46,800,092	46,891,865	51,606,975	52,103,473
Charges For Service	45,305,834	45,272,645	49,296,623	52,397,525
Intergovernmental	15,187,531	13,994,461	14,095,571	14,307,480
Sales & Other Taxes	16,258,875	17,067,516	18,084,277	18,704,766
Licenses & Permits	4,901,834	5,955,454	5,213,690	5,682,010
Investment Earnings	346,925	152,398	332,677	245,324
Parking Fees	3,249,254	3,865,516	3,840,200	4,024,663
Miscellaneous	2,267,297	2,359,072	1,349,358	1,535,795
Other Financing Sources	<u>3,621,941</u>	<u>6,642,395</u>	<u>11,993,691</u>	<u>5,979,904</u>
Total Revenue	137,939,583	142,201,322	155,813,062	154,980,940
Less: Interfund Transactions	(5,245,835)	(6,164,308)	(6,506,822)	(7,415,198)
Net Revenue	<u>132,693,748</u>	<u>136,037,014</u>	<u>149,306,240</u>	<u>147,565,742</u>

BUDGET HIGHLIGHTS

- The property tax, which comprises 35% of total revenue, is the single largest source of revenue for the City. The adopted FY 2014-15 budget maintains the current tax rate at 46 cents per \$100 of assessed valuation. Based on projections received from the Buncombe County Tax Office, staff is budgeting a 0.9% increase in property tax revenue in FY 2014-15.
- Most of the revenue in the charges for services category, approximately \$34.4 million, comes from water utility charges. In April, City Council approved minor rate adjustments for the 2014-15 fiscal year based on the Raftelis financial model. These rate adjustments are expected to generate approximately \$460,000 in additional revenue. Overall, revenue from charges for services is budgeted to increase by 6.2% in FY 2014-15. Much of this increase is in the Stormwater Fund, where rate adjustments are projected to produce \$1.9 million in additional revenue.
- Based on statewide projections from the North Carolina League of Municipalities and local trend data, staff is projecting a 3.4% budget-to-budget increase in sales tax revenue in FY 2014-15.
- Intergovernmental revenue, which includes state-shared utility taxes as well as Powell Bill funding, is budgeted to increase 1.5% in FY 2014-15.
- Revenue from licenses and permits shows a 9.0% increase. Part of this increase is the result of an upward adjustment in the budget for business privilege licenses to reflect actual collections from the prior year. In addition, based on current trends, staff is budgeting a \$300,000 increase in license and permit revenue in the Development Services Department (DSD).
- The budget for investment earnings revenue in the Water Resources Fund is reduced to reflect recent trends.
- The other financing sources budget includes items such as interfund transfers and fund balance appropriations. The large decrease in this category in FY 2014-15 is due to the removal of the \$8.3 million FY 2013-14 fund balance appropriation in the Water Resources Fund which has been discussed in other sections of the budget document. The FY 2014-15 adopted general fund budget includes a \$2.0 million fund balance appropriation. The City ended FY 2012-13 with available fund balance of \$15.4 million, which equated to 17.6% of expenditures. Based on current revenue and expenditure projections for FY 2013-14, staff estimates that the City will end the year with sufficient fund balance to appropriate \$2.0 million for budget purposes and maintain a fund balance that exceeds the City's 15% policy target.

BUDGET SUMMARY - REVENUES

CITY OF ASHEVILLE FY 2014-15 REVENUES BY SOURCE NET TOTAL \$147,565,742



Budget-to-Budget Revenue Comparison

Revenue Sources:	2013-14	2014-15	Change From Prior Year	
	Budget	Adopted	in \$	in %
Property Tax	51,606,975	52,103,473	496,498	1.0%
Charges For Service	49,296,623	52,397,525	3,100,902	6.3%
Intergovernmental	14,095,571	14,307,480	211,909	1.5%
Sales & Other Taxes	18,084,277	18,704,766	620,489	3.4%
Licensures & Permits	5,213,690	5,682,010	468,320	9.0%
Investment Earnings	332,677	245,324	(87,353)	-26.3%
Parking Fees	3,840,200	4,024,663	184,463	4.8%
Miscellaneous	1,349,358	1,535,795	186,437	13.8%
Other Financing Sources	11,993,691	5,979,904	(6,013,787)	-50.1%
Total Revenue	155,813,062	154,980,940	(832,122)	-0.5%
Less: Interfund Transactions	(6,506,822)	(7,415,198)	(908,376)	14.0%
Net Revenue	149,306,240	147,565,742	(1,740,498)	-1.2%

BUDGET SUMMARY - STAFFING

FULL-TIME EQUIVALENT POSITIONS BY FUND

	2011-12 Actual	2012-13 Actual	2013-14 Budget	2014-15 Adopted
Environment & Transportation	339.13	314.13	306.25	311.25
Public Safety	504.00	517.00	533.75	533.75
Culture & Recreation	124.40	115.88	110.13	110.13
General Government	97.92	126.93	127.05	128.05
Community Development	74.38	58.30	62.75	62.75
Total FTE Positions	1,139.83	1,132.24	1,139.93	1,145.93

BUDGET HIGHLIGHTS

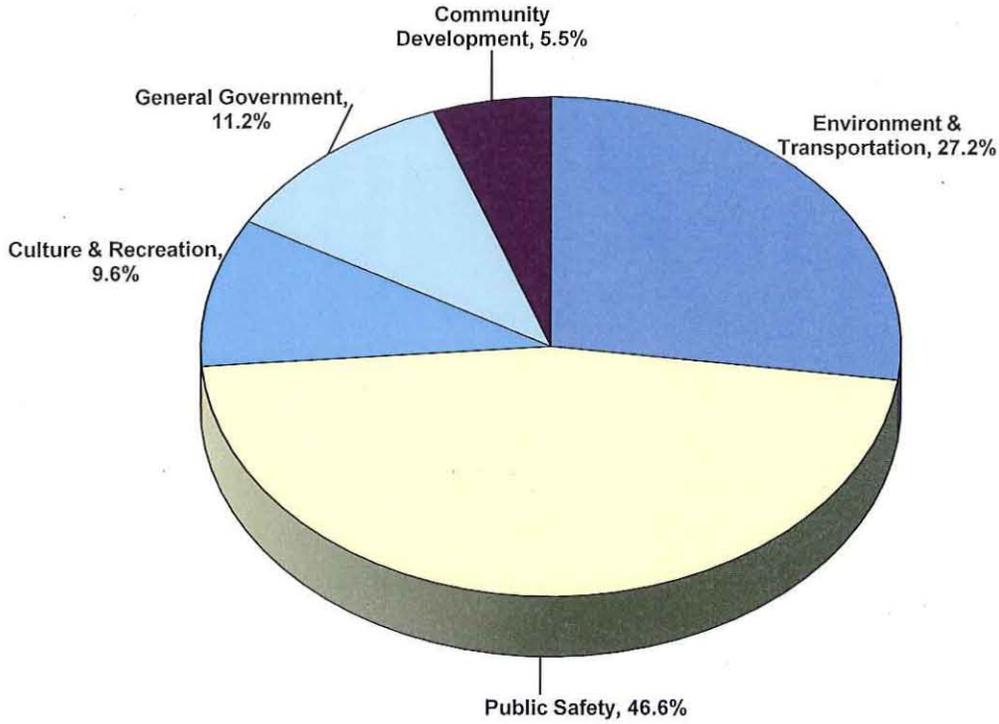
- The FTE count for FY 2013-14 has been adjusted since the start of the fiscal year to reflect position changes since July 1. This includes staff additions in the Development Service Department to meet the higher workload.
- The FY 2014-15 adopted budget includes an additional 6.0 FTE positions. Two of those positions are in the Stormwater Fund. One of the stormwater positions is slated for the new maintenance crew. The other stormwater position is a project manager that will assist with the expanded construction activity and professional service work.
- The other new positions in the FY 2014-15 adopted budget include: 1) a GIS Technician in the Water Resources Fund; 2) two additional positions in the Street Cut Utility Fund; and 3) a new position in the City Attorney's Office.
- Otherwise, position counts for FY 2014-15 will remain the same as the revised FY 2013-14 budget counts. The chart on the following page shows the changes in FTE positions by service area and department for each of the last four fiscal years.

BUDGET SUMMARY - STAFFING

<u>SERVICE AREAS</u>	2011-12	2012-13	2013-14	2014-15
Departments & Divisions	Actual	Actual	Budget	Proposed
<u>Public Safety</u>				
Police	260.00	264.00	267.00	267.00
Police Grant Funded (General Fund)	5.00	5.00	5.00	5.00
Police Grant Funded (Grant Fund)	-	-	4.00	4.00
Fire & Rescue	239.00	248.00	257.75	257.75
<u>Total Public Safety</u>	<u>504.00</u>	<u>517.00</u>	<u>533.75</u>	<u>533.75</u>
<u>Culture & Recreation</u>				
Parks, Recreation & Cultural Arts	97.15	97.38	93.63	93.63
Golf Fund	11.00	0.00	0.00	0.00
US Cellular Center Fund	- 16.25	18.50	16.50	16.50
<u>Total Culture & Recreation</u>	<u>124.40</u>	<u>115.88</u>	<u>110.13</u>	<u>110.13</u>
<u>General Government</u>				
Administrative Services	9.75	46.75	48.00	48.00
Finance & Management Services	43.00	33.75	32.75	32.75
Information Technology Services	19.00	19.00	19.00	19.00
Human Resources	15.67	15.68	16.05	16.05
City Attorney	6.00	6.00	6.00	7.00
Economic Development	4.50	5.75	5.25	5.25
<u>Total General Government</u>	<u>97.92</u>	<u>126.93</u>	<u>127.05</u>	<u>128.05</u>
<u>Environment & Transportation</u>				
Water Resources Fund	147.00	148.00	147.63	148.63
Public Works	106.00	83.51	84.51	84.51
Transportation	11.63	12.30	12.29	12.29
Stormwater Fund	34.00	28.99	28.99	30.99
Transit Services Fund	3.00	3.00	3.00	3.00
Parking Services Fund	19.00	21.33	21.33	21.33
Street Cut Utility Fund	18.50	17.00	8.50	10.50
<u>Total Environment & Transportation</u>	<u>339.13</u>	<u>314.13</u>	<u>306.25</u>	<u>311.25</u>
<u>Community Development</u>				
Urban & Planning Design	19.38	13.50	10.25	10.25
Building Safety	50.00	0.00	0.00	0.00
Development Services	0.00	39.80	48.00	48.00
Community Development Fund	5.00	5.00	4.50	4.50
<u>Total Community Development</u>	<u>74.38</u>	<u>58.30</u>	<u>62.75</u>	<u>62.75</u>
TOTAL CITY WIDE FTE POSITIONS	<u>1,139.83</u>	<u>1,132.24</u>	<u>1,139.93</u>	<u>1,145.93</u>

BUDGET SUMMARY - STAFFING

CITY OF ASHEVILLE FY 2014-15 FTE POSITIONS BY SERVICE AREA TOTAL: 1,145.93



Budget-to-Budget Staffing Comparison

<u>Service Areas:</u>	2013-14	2014-15	Change From Prior Year	
	<u>Budget</u>	<u>Adopted</u>	<u>in #</u>	<u>in %</u>
Environment & Transportation	306.25	311.25	5.00	1.6%
Public Safety	533.75	533.75	0.00	0.0%
Culture & Recreation	110.13	110.13	0.00	0.0%
General Government	127.05	128.05	1.00	0.8%
Community Development	62.75	62.75	0.00	0.0%
Total Citywide FTE Positions	<u>1,139.93</u>	<u>1,145.93</u>	<u>6.00</u>	<u>0.5%</u>

ANALYSIS OF FUND BALANCE

<u>GENERAL FUND</u>	2013-14 Budget*	2013-14 Estimate	2014-15 Adopted
Total Revenues	95,502,961	95,476,588	97,547,954
Total Expenditures	98,882,437	94,282,437	99,547,951
Reserve for Encumbrances	2,779,024	--	--
Revenues Over (Under) Expenditures	(600,453)	1,194,151	(2,000,000)
Unassigned Fund Balance:			
Beginning	15,485,434	15,485,434	16,679,585
Ending	14,884,981	16,679,585	14,679,585
Ending Unassigned Fund Balance as a % of Total Expenditures	15.1%	17.7%	15.0%

*Amended budget as of the 3rd quarter FY 2013-14 financial report, including encumbrances carried forward from FY 2012-13.

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

According to the Local Government Commission, cities in North Carolina should have a minimum fund balance of at least 8%. 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.

ANALYSIS OF FUND BALANCE

- The availability of resources in other funds as well as the potential drain upon general fund resources from other funds may require a higher level of unreserved fund balance.
- Designations by management to compensate for any portion of the fund balance already designated for a specific purpose.
- Liquidity - a disparity between when financial resources actually become available to make payments and the average maturity of the related liabilities may require a higher level of resources be maintained.

The City estimates that for the General Fund, unassigned fund balance will be approximately \$16.7 million at the end of fiscal year 2013-14, which will equal 17.7% of total estimated FY 2013-14 General Fund expenditures. This level of unassigned fund balance will provide sufficient resources for the City to appropriate \$2.0 million in fund balance as part of the FY 2014-15 budget and still maintain an unassigned fund balance that meets the City's 15% policy target.

Enterprise Funds

The other funds in the City's adopted budget are all enterprise funds. For these funds, the City calculates fund balance by taking cash and investments and subtracting out all certain current liabilities and encumbrances. The projected June 30, 2013 fund balance equivalent for the Water Resources Fund and the other Non-Major Enterprise Funds is shown below.

	Fund Balance 6/30/14 Est.	Fund Balance Usage by 6/30/15	Fund Balance 6/30/15 Est.
Water Resources Fund	17,076,053	175,907	16,900,146
Non-Major Enterprise Funds	3,019,611	60,000	2,959,611



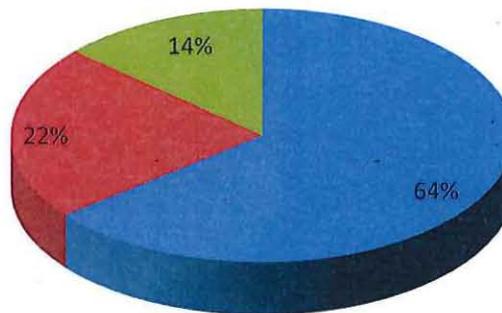
FUND SUMMARY

Expenditure Summary
General Fund
Enterprise Funds

FUND SUMMARY

<u>FUNDS</u>	2011-12	2012-13	2013-14	2014-15
Service Areas	Actual	Actual	Budget	Adopted
<u>GENERAL FUND</u>				
Public Safety	39,101,015	40,978,957	42,630,497	45,499,309
Environment & Transportation	13,269,253	12,919,184	15,298,325	14,749,023
General Government	10,394,336	10,339,111	14,124,847	13,629,169
Culture & Recreation	9,629,199	10,420,301	10,262,024	10,774,113
Capital Pay-Go/Debt	7,163,290	6,038,478	8,181,053	8,995,878
Community Development	<u>6,549,178</u>	<u>7,287,481</u>	<u>5,365,018</u>	<u>5,900,462</u>
Total General Fund	<u>86,106,271</u>	<u>87,983,512</u>	<u>95,861,764</u>	<u>99,547,954</u>
<u>ENTERPRISE FUNDS</u>				
Environment & Transportation	44,026,809	45,216,003	57,072,865	51,964,488
Culture & Recreation	<u>3,387,193</u>	<u>2,862,747</u>	<u>2,878,433</u>	<u>3,468,498</u>
Total Enterprise Funds	47,414,002	48,078,750	59,951,298	55,432,986
TOTAL EXPENDITURES	133,520,273	136,062,262	155,813,062	154,980,940
Less: Interfund Transactions	(5,245,835)	(6,164,308)	(6,506,822)	(7,415,198)
NET EXPENDITURES	<u>128,274,438</u>	<u>129,897,954</u>	<u>149,306,240</u>	<u>147,565,742</u>

FY 2014-15 EXPENDITURES BY FUND
TOTAL: \$147,565,742



- General Fund
- Water Resources
- Non-Major Enterprise Funds

GENERAL FUND SUMMARY

	2011-12 Actual	2012-13 Actual	2013-14 Budget	2014-15 Adopted
<u>Revenues:</u>				
Property Taxes	46,800,092	46,891,865	51,606,975	52,103,473
Intergovernmental	10,860,618	11,171,151	11,250,660	11,476,750
Sales & Other Taxes	16,258,875	17,067,516	18,084,277	18,704,766
Charges For Service	4,519,107	4,594,340	8,470,569	8,595,455
Licenses & Permits	4,711,318	5,382,921	4,706,690	5,175,010
Investment Earnings	142,546	69,341	150,000	150,000
Miscellaneous	1,729,173	1,755,350	1,180,063	1,342,500
Other Financing Sources	2,882,915	3,604,870	412,530	2,000,000
Total Revenues	87,904,644	90,537,354	95,861,764	99,547,954

	2011-12 Actual	2012-13 Actual	2013-14 Budget	2014-15 Adopted
<u>Appropriations:</u>				
Police	20,072,896	20,556,220	22,617,301	24,255,781
Fire & Rescue	18,600,324	20,005,479	19,579,293	20,777,981
Public Works	11,253,197	10,955,219	12,894,771	11,817,550
Capital Pay-Go/Debt	7,163,290	6,038,478	8,181,053	8,995,878
Parks, Recreation & Cult. Arts	9,236,605	9,138,655	9,376,097	9,653,537
Finance & Management Srv.	3,083,570	2,636,836	2,526,710	2,957,459
Information Technology Services	2,675,076	2,751,099	2,868,637	2,539,664
Nondepartmental	2,490,443	3,089,757	3,542,898	2,281,847
Building Safety	3,902,508	3,974,976	0	0
City Attorney	646,661	671,846	665,063	806,748
Development Services	0	0	2,858,310	3,596,839
Administrative Services	1,219,875	1,298,955	4,191,500	4,042,582
Economic Development	497,557	615,845	438,457	764,515
Transportation	941,261	978,670	1,196,052	1,230,927
Urban Planning & Design	1,626,996	1,272,140	1,105,908	1,085,823
Transit Fund Transfer	985,295	985,295	1,157,502	1,700,546
US Cellular Center Transfer	392,594	662,594	885,927	1,120,576
Golf Fund Transfer	0	619,052	0	0
Human Resources	1,018,123	1,232,396	1,276,285	1,419,701
Housing Trust Fund Transfer	300,000	500,000	500,000	500,000
Total Appropriations	86,106,271	87,983,512	95,861,764	99,547,951

GENERAL FUND EXPENDITURES

<u>Service Areas</u>	2011-12 Actual	2012-13 Actual	2013-14 Budget	2014-15 Adopted
Public Safety	39,101,015	40,978,957	42,630,497	45,499,309
Environment & Transportation	13,269,253	12,919,184	15,298,325	14,749,023
General Government	10,394,336	10,339,111	14,124,847	13,629,169
Culture & Recreation	9,629,199	10,420,301	10,262,024	10,774,113
Capital Pay-Go/Debt	7,163,290	6,038,478	8,181,053	8,995,878
Community Development	<u>6,549,178</u>	<u>7,287,481</u>	<u>5,365,018</u>	<u>5,900,462</u>
Total General Fund	<u>86,106,271</u>	<u>87,983,512</u>	<u>95,861,764</u>	<u>99,547,954</u>

BUDGET HIGHLIGHTS

- The FY 2014-15 adopted budget includes general fund expenditures that are 3.8% more than the FY 2013-14 adopted budget.
- Public Safety is the largest general fund service area, accounting for 46% of all general fund expenditures. Public Safety expenditures show a \$2.9 million increase in FY 2014-15. A portion of this increase is due to the 3% COLA included in the budget. In addition, the Police Department operating budget reflects a \$325,000 increase in the City's share of the County's Criminal Justice Information System (CJIS) program costs. This increase is primarily due to debt service on a \$3 million new public safety system. The Police Department proposed operating budget also includes \$187,000 in funding to provide all officers with smart phones and \$85,000 to continue purchasing in-car and body cameras.
- Environment & Transportation is the second largest service area in the general fund, representing 15% of the FY 2014-15 general fund budget. This service area shows a decrease of approximately \$600,000, which is primarily the result of a technical change in which the City's annual resurfacing contract is removed from the Public Works Department's annual operating budget and moved to the City's General Capital Projects Fund. Highlights to note in this service area include: 1) a \$543,000 increase in the General Fund support for Transit Services to cover operating cost increases and the introduction of limited Sunday bus service beginning in January 1, 2015; 2) the inclusion of \$300,000 in contracted services funding in the Public Works Department for a full year of sidewalk cleaning in the central business district; and 3) the addition of \$100,000 in funding in the Public Works Department for median maintenance.
- The decrease in General Government reflects the removal of the every-other-year election costs as well as the accounting change in which unemployment costs and the City's annual contribution to the North Carolina State Treasurer's OPEB Fund are moved to the nondepartmental budget to individual departmental budgets.
- The Culture and Recreation service area shows a 5.0% increase. A portion of this increase (approximately \$234,000) is due to the accounting change in which the US Cellular Center is now being charged the full cost of indirect services provided by the general fund. This accounting change is reflected as an increase in the general fund transfer to the US Cellular Center Fund. Other factors impacting the Culture and Recreation service area include: 1) a \$250,000 increase in pay-as-you-go capital funding for parks facility maintenance; 2) a \$100,000 inflationary increase in the City's mowing contract; and 3) the inclusion of 50,000 for the installation of additional security cameras at parks facilities.
- The increase in the Community Development service area is primarily the result of mid-year FY 2013-14 staffing additions in the Development Services Department to meet the higher workload. In addition, the Planning Department budget includes \$100,000 to fund the River District form based code project.

GENERAL FUND EXPENDITURES

GENERAL FUND EXPENDITURES BY EXPENSE CATEGORY

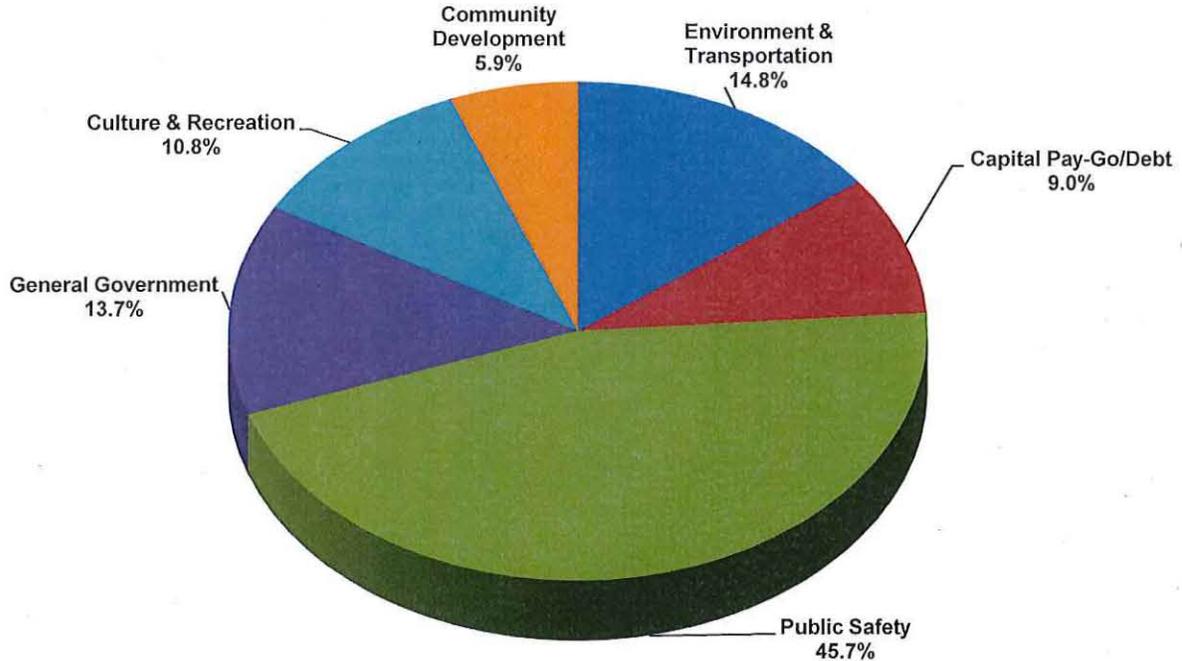
	2011-12 Actual	2012-13 Actual	2013-14 Budget	2014-15 Adopted
Salaries & Wages	40,459,457	41,450,688	42,806,366	45,481,705
Fringe Benefits	16,421,854	15,621,129	17,155,663	18,319,295
Operating Costs	19,928,626	22,700,361	25,550,753	23,963,816
Interfund Transfers	1,767,389	1,490,767	2,043,429	2,738,441
Debt Service	4,109,806	5,055,446	5,387,021	5,387,021
Capital Outlay	<u>3,419,139</u>	<u>1,665,121</u>	<u>2,918,532</u>	<u>3,657,676</u>
TOTAL	<u>86,106,271</u>	<u>87,983,512</u>	<u>95,861,764</u>	<u>99,547,954</u>

BUDGET HIGHLIGHTS

- Personnel costs, including both salaries and wages and fringe benefits make up 64% of the adopted FY 2014-15 general fund budget. As noted earlier in the budget document, the personnel budget includes funding for a 3% cost of living adjustment (COLA) for employees, which has a budget impact of approximately \$1.5 million in the general fund. The personnel budget in the general fund is also impacted by the mid-year staffing additions in the Development Services Department as well as the full cost budgeting of several positions in the general fund that were frozen in FY 2013-14. Finally, the fringe benefit budget in the general fund is impacted by the restoration of funding to the workers' compensation program that was discussed earlier. The impact to the general fund is approximately \$680,000.
- Operating costs show a net decrease of \$1.6 million. Most of this decrease, however, is due to the technical change in which the City's annual resurfacing contract is removed from the Public Works Department's annual operating budget and moved to the City's General Capital Projects Fund. Major operating cost increases impacting the FY 2014-15 general fund budget, all of are discussed elsewhere in the document, include: 1) a \$325,000 increase in the City's share of the County's Criminal Justice Information System (CJIS) program costs; 2) \$272,000 in funding for police technology (smart phones and in-car and body cameras); 3) a \$100,000 inflationary increase in the City's mowing contract; and 4) \$150,000 to fund a full year (\$300,000) of sidewalk cleaning in the central business district.
- Interfund transfers are budgeted to increase by \$695,000. The US Cellular Center transfer is increasing to reflect the FY 2014-15 technical accounting change in which the full cost of indirect services are now being budgeted and accounted for in enterprise funds. The general fund transfer to the Transit Services Fund is budgeted to increase by \$543,000 due to proposed service enhancements, the slight reduction in grant funding, and overall cost inflation.
- In accordance with the City's multi-year debt service and capital improvement financial model, the General Fund debt service budget is maintained at the FY 2013-14 budget level.
- The FY 2014-15 capital outlay budget reflects the transfer of the full \$3.3 million from the FY 2013-14 tax rate increase into the City's debt service and capital improvement fund, along with additional pay-go capital maintenance funding that will be transferred to the general capital fund.

GENERAL FUND EXPENDITURES

CITY OF ASHEVILLE FY 2014-15 GENERAL FUND EXPENDITURES BY SERVICE AREA TOTAL \$99,547,954

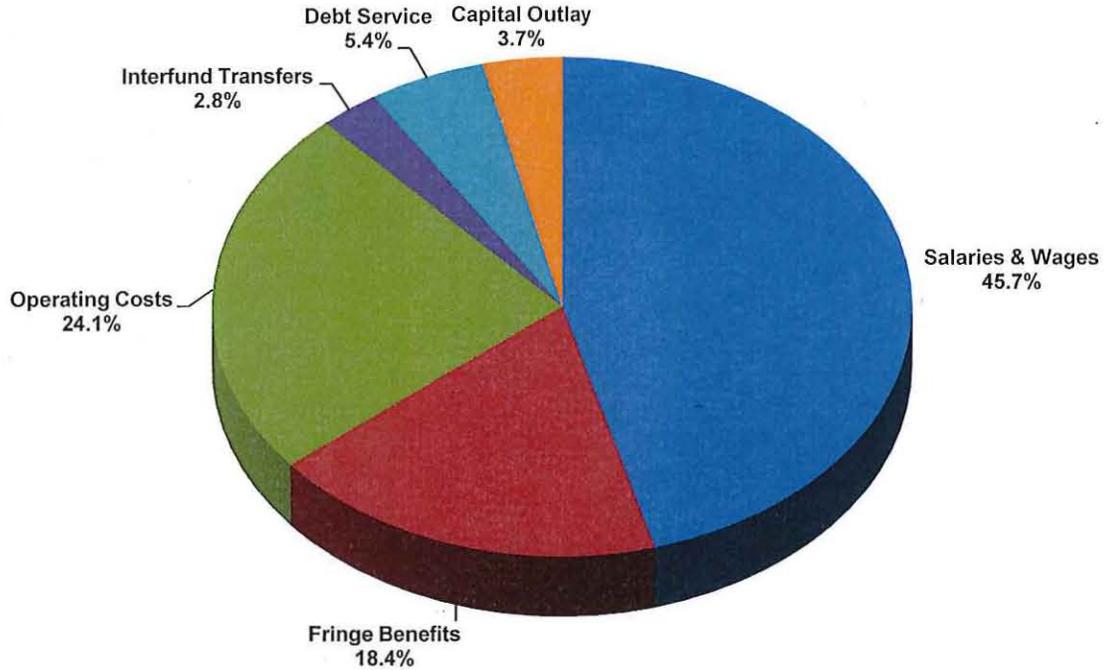


Budget-to-Budget Expenditure Comparison

<u>Service Areas:</u>	2013-14	2014-15	Change From Prior Year	
	<u>Budget</u>	<u>Adopted</u>	<u>in \$</u>	<u>in %</u>
Public Safety	42,630,497	45,499,309	2,868,812	6.7%
Environment & Transportation	15,298,325	14,749,023	(549,302)	-3.6%
General Government	14,124,847	13,629,169	(495,678)	-3.5%
Culture & Recreation	10,262,024	10,774,113	512,089	5.0%
Capital Pay-Go/Debt Service	8,181,053	8,995,878	814,825	10.0%
Community Development	5,365,018	5,900,462	535,444	10.0%
Total General Fund Expenditures	95,861,764	99,547,954	3,686,190	3.8%

GENERAL FUND EXPENDITURES

CITY OF ASHEVILLE FY 2014-15 GENERAL FUND EXPENDITURES BY CATEGORY TOTAL \$99,547,954



Budget-to-Budget Expenditure Comparison

<u>Expense Category:</u>	2013-14	2014-15	Change From Prior Year	
	<u>Budget</u>	<u>Adopted</u>	<u>in \$</u>	<u>Budget</u>
Salaries & Wages	42,806,366	45,481,705	2,675,339	6.2%
Fringe Benefits	17,155,663	18,319,295	1,163,632	6.8%
Operating Costs	25,550,753	23,963,816	(1,586,937)	-6.2%
Interfund Transfers	2,043,429	2,738,441	695,012	34.0%
Debt Service	5,387,021	5,387,021	0	0.0%
Capital Outlay	<u>2,918,532</u>	<u>3,657,676</u>	<u>739,144</u>	<u>25.3%</u>
Total General Fund Expenditures	<u>95,861,764</u>	<u>99,547,954</u>	<u>3,686,190</u>	<u>3.8%</u>

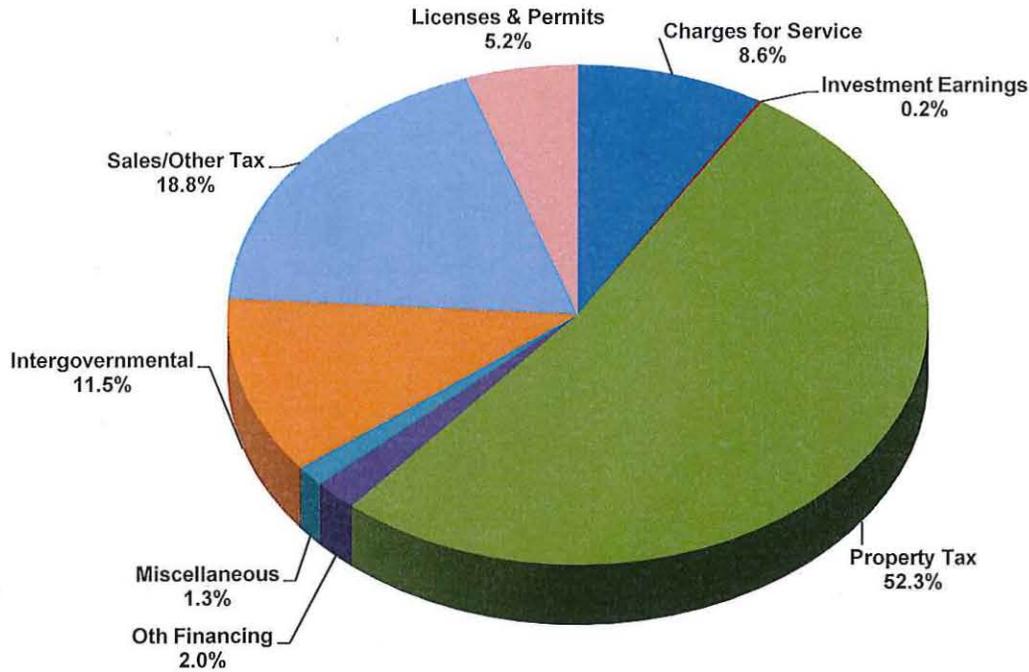
GENERAL FUND REVENUES

	2011-12 Actual	2012-13 Actual	2013-14 Budget	2014-15 Adopted
<u>Taxes</u>				
Property Tax - Current Year	44,144,251	44,381,358	48,465,925	48,962,423
Local Option Sales Tax	15,751,883	16,569,051	17,728,277	18,348,766
Motor Vehicle Taxes	2,021,466	2,151,135	2,639,128	2,639,128
Property Tax - Prior Years	371,033	359,372	501,922	501,922
Other Taxes	770,334	498,465	356,000	356,000
Total Taxes	63,058,967	63,959,381	69,691,252	70,808,239
<u>Licenses & Permits</u>				
Development Srv Fees	2,470,281	2,484,939	2,198,450	2,501,058
Business Privilege Licenses	1,435,371	1,434,570	1,425,000	1,586,202
Motor Vehicle Licenses	312,874	318,606	315,000	320,000
Other	492,792	1,144,805	768,240	767,750
Total Licenses/Permits	4,711,318	5,382,921	4,706,690	5,175,010
<u>Intergovernmental</u>				
State Utility Taxes	6,938,508	6,827,401	6,890,923	7,068,000
Local Utility Franchise	453,124	451,166	460,000	460,000
Powell Bill	2,277,033	2,276,484	2,362,112	2,447,593
State Beer & Wine Taxes	363,888	339,850	365,000	365,000
Other	828,065	1,276,249	1,172,625	1,136,157
Total Intergovernmental	10,860,618	11,171,151	11,250,660	11,476,750
<u>Charges For Service</u>				
Parks & Recreation Fees	1,562,400	1,386,108	1,462,200	1,152,201
Recycling Charges	1,088,047	1,250,156	-	-
Solid Waste Charges	-	-	2,242,000	2,400,000
Fire Protection & Inspections	777,608	1,034,829	797,000	265,289
Cost Allocation Charges*	-	-	2,822,768	3,486,944
Other	1,091,052	923,247	1,146,601	1,291,021
Total Charges For Service	4,519,107	4,594,340	8,470,569	8,595,455
<u>Other</u>				
Investment Earnings	142,546	69,341	150,000	150,000
Miscellaneous	1,729,173	1,755,350	1,180,063	1,342,500
Other Financing Sources	2,882,915	3,604,870	412,530	2,000,000
Total Revenues	<u>87,904,644</u>	<u>90,537,354</u>	<u>95,861,764</u>	<u>99,547,954</u>

*Revenue was reclassified for reporting purposes

GENERAL FUND REVENUES

CITY OF ASHEVILLE FY 2014-15 GENERAL FUND REVENUES BY SOURCE TOTAL \$99,547,954

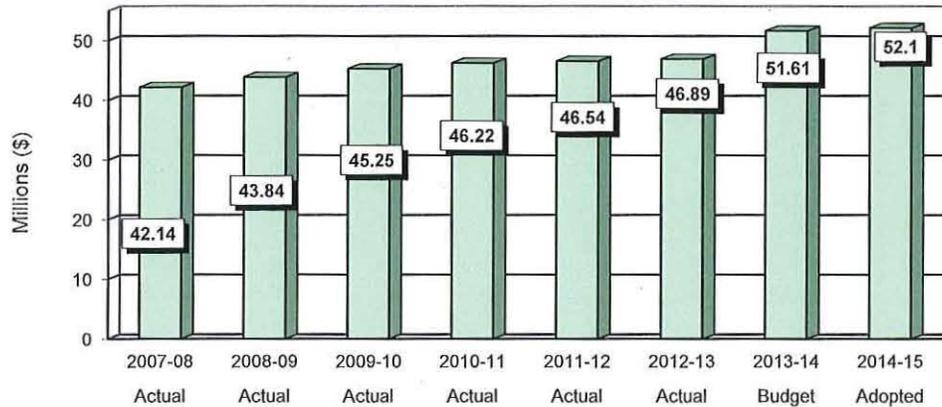


Budget-to-Budget Revenue Comparison

<u>Revenue Sources:</u>	2013-14	2014-15	Change From Prior Year	
	<u>Budget</u>	<u>Adopted</u>	<u>in \$</u>	<u>Budget</u>
Property Tax	51,606,975	52,103,473	496,498	1.0%
Intergovernmental	11,250,660	11,476,750	226,090	2.0%
Sales & Other Taxes	18,084,277	18,704,766	620,489	3.4%
Charges For Service	8,470,569	8,595,455	124,886	1.5%
Licenses & Permits	4,706,690	5,175,010	468,320	10.0%
Investment Earnings	150,000	150,000	0	0.0%
Miscellaneous	1,180,063	1,342,500	162,437	13.8%
Other Financing Sources	412,530	2,000,000	1,587,470	384.8%
Total General Fund Revenue	95,861,764	99,547,954	3,686,190	3.8%

GENERAL FUND REVENUES

PROPERTY TAXES



<u>Property Taxes</u>	2011-12 Actual	2012-13 Actual	2013-14 Budget	2014-15 Adopted
Current Year	44,144,251	44,381,358	48,465,925	48,962,423
Registered Motor Vehicles	2,021,466	2,151,135	2,639,128	2,639,128
Prior Years	<u>371,033</u>	<u>359,372</u>	<u>501,922</u>	<u>501,922</u>
Total Property Taxes	46,536,750	46,891,865	51,606,975	52,103,473

Trends & Assumptions

The Property or Ad Valorem Tax is the largest funding source for general government services, providing 52% of the City's total FY 2014-15 general fund revenue. The property tax is levied each year on the value of real, certain personal, and public service property that is listed as of January 1 of that year. Real property, which consists of residential, commercial, and industrial properties, is typically revalued every four years, while personal and utility values are adjusted annually. The most recent revaluation was completed in 2012, and the new values became effective in FY 2013-14. This was the first revaluation since 2005. Real property makes up approximately 87% of the City's total tax base.

The current tax rate, which is 46 cents per \$100 of assessed valuation, will remain the same in FY 2014-15.

Between FY 2000 and FY 2010, property values in the City grew annually an average rate of 3.1%. Growth in real estate property values in Asheville slowed substantially as a result of the economic recession. Over the last three fiscal years, property values have grown at an annual average rate of approximately 1%. Based on projections provided by the County Tax Office, this trend toward slower growth will continue in FY 2014-15. In a positive sign for future growth, permit values for new construction have increased significantly over the last two years. With the typical lag time between the issuance of a building permit and the addition of that property value to the City's tax base being two years or longer, the current data indicate that the City will begin see a rebound in its property tax base growth in the near future.

GENERAL FUND REVENUES

ASSESSED VALUATION HISTORY

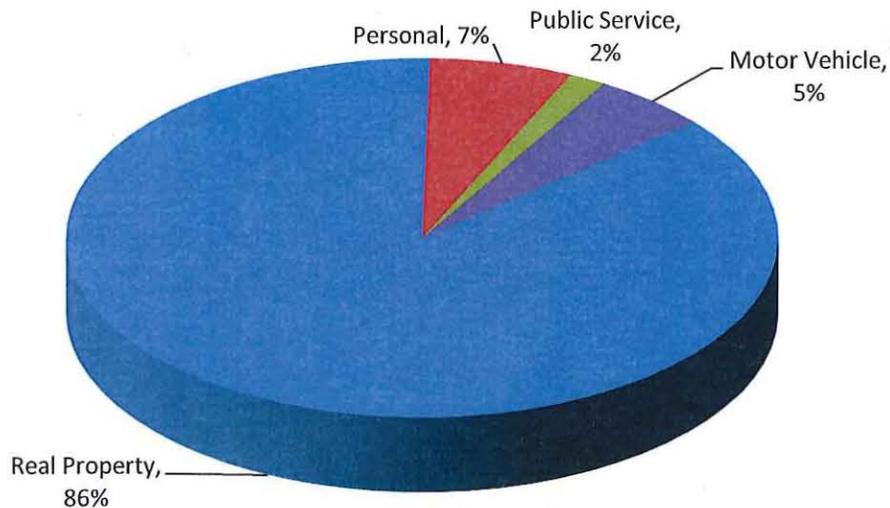
Major Property Categories

(\$ in thousands)

	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14*
Real Property	\$5,521,476	\$5,530,052	\$9,634,718	\$9,696,841	\$9,653,303
Percent Change	4.4%	0.2%	1.26%	0.64%	-0.44%
Personal	\$707,473	\$699,285	\$673,731	\$688,439	\$731,028
Percent Change	-1.5%	-1.2%	-3.65%	2.18%	6.19%
Public Service Companies	\$193,434	\$186,956	\$191,230	\$190,235	\$185,757
Percent Change	-1.3%	-3.3%	2.29%	-0.52%	-2.35%
Motor Vehicles	\$520,998	\$480,112	\$513,711	\$551,327	\$597,911
Percent Change	-8.8%	-7.8%	7.00%	7.32%	8.45%
TOTAL TAX BASE	\$10,800,915	\$10,880,726	\$11,013,390	\$11,126,842	\$11,167,999
Percent Change	3.5%	0.70%	1.22%	1.03%	0.37%

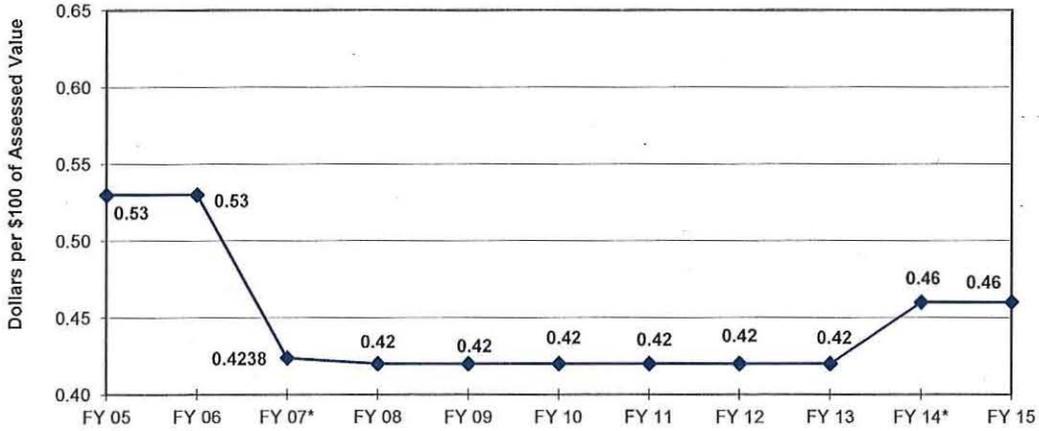
*Revaluation Year

City of Asheville FY 2013-14 Tax Base



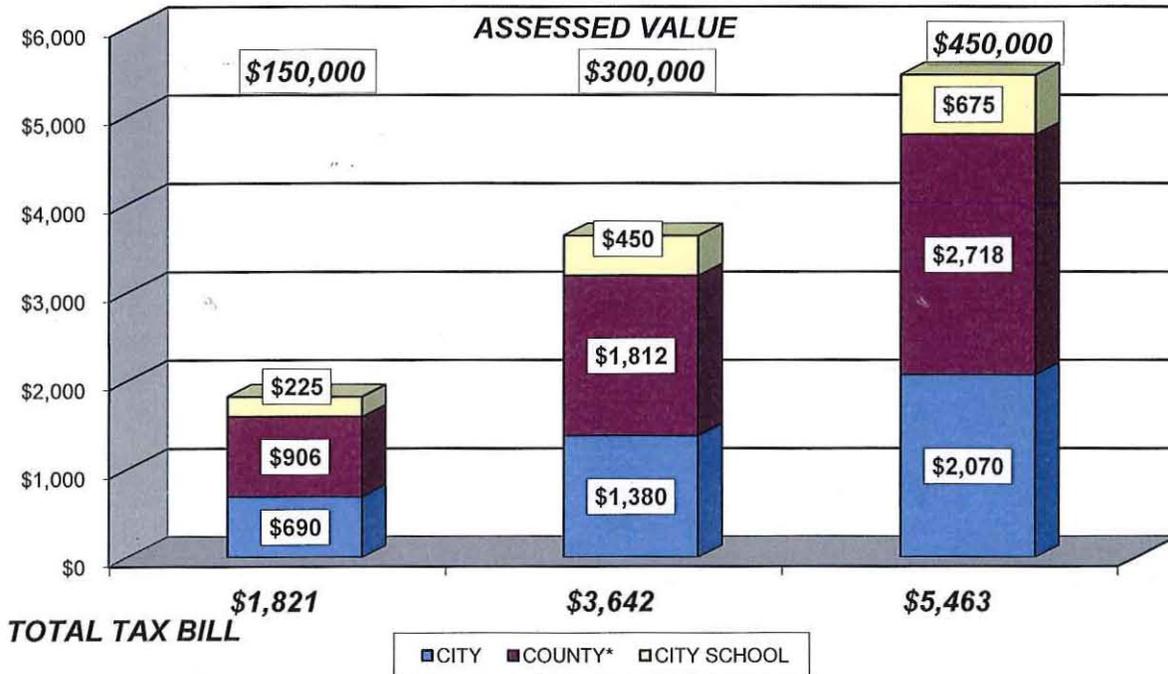
GENERAL FUND REVENUES

City of Asheville Property Tax Rate History



*Revaluation Years

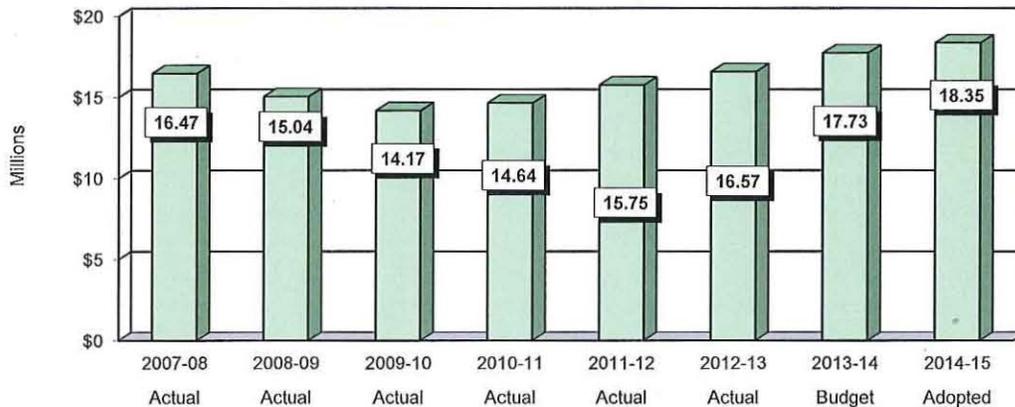
FY 2014-15 Sample Tax Bill



Notes: City tax rate: 46 cents per \$100 of assessed valuation
 County tax rate: 60.4 cents per \$100 of assessed valuation
 City School tax rate: 15 cents per \$100 of assessed valuation. Not all City of Asheville residents pay the City School tax.

GENERAL FUND REVENUES

LOCAL OPTION SALES TAX



<u>Sales Tax Components</u>	2011-12 Actual	2012-13 Actual	2013-14 Budget	2014-15 Adopted
Article 39	7,323,264	7,705,463	8,338,639	8,630,491
Article 40	2,819,157	2,943,149	3,244,467	3,358,023
Article 42	3,502,042	3,707,970	4,098,917	4,242,379
Hold Harmless/Other	<u>2,107,420</u>	<u>2,212,469</u>	<u>2,046,254</u>	<u>2,117,873</u>
Total Sales Tax	15,751,883	16,569,051	17,728,277	18,348,766

Trends & Assumptions

Local option sales tax revenue is collected by the State of North Carolina and distributed back to counties and municipalities on a monthly basis.

Net proceeds from Article 39 and Article 42 are returned to the county in which the tax was collected. Under this point of delivery distribution method, the City's revenue from this one and one-half-cent (1 ½) sales tax is dependent only on retail sales activity in Buncombe County. Proceeds from the Article 40 half-cent sales tax is placed in a statewide pool and allocated among all one hundred counties on a per capita basis. Article 40 sales tax revenue is thus dependent on retail sales activity statewide and on Buncombe County's population relative to other counties in the State. During its 2001 session, the State Legislature gave local governments the authority to levy an additional half-cent sales tax – Article 44. Revenue from Article 44 replaced local government reimbursement payments that were discontinued by the state. In 2007, the state eliminated Article 44 and replaced it with a hold harmless payment.

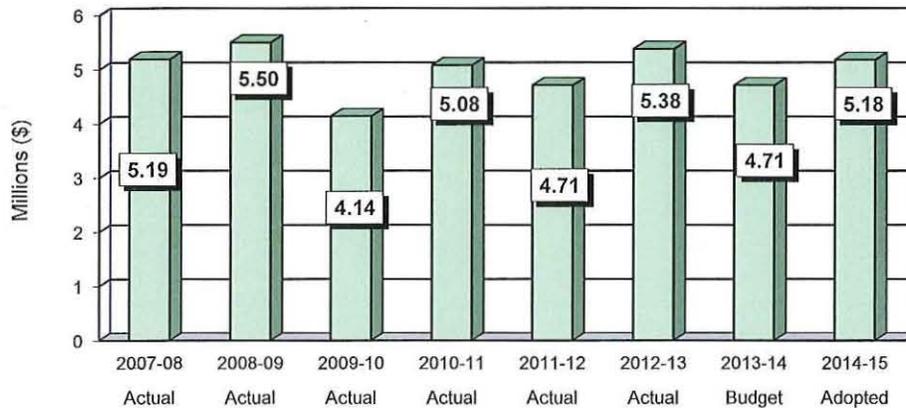
Buncombe County's sales tax revenue is divided between the county and the local municipalities

based on each entity's share of the total county ad valorem tax levy. Based on this distribution formula, the City currently receives 19.73% of the sales tax revenue distributed to Buncombe County. The state recalculates this percentage each year to account for tax rate changes, annexations, revaluation, and natural growth in the tax base.

No revenue was more impacted by the recession than sales taxes. Between FY 2006-07 and FY 2009-10, the City saw its sales tax revenue decline by \$3.1 million or 18%. Sales tax revenue finally began growing again in FY 2010-11, when it increased by 3.8%. It increased again by 7.5% in FY 2011-12. In the current fiscal year, sales tax revenue through the first eleven months of the fiscal year is up 3.5% compared to the same time period in FY 2012-13. For FY 2014-15, the N.C. League of Municipalities is projecting that the statewide local sales tax base will grow by 3.75%. Since local collections have been running slightly below statewide collections, staff have budgeted a 3.5% increase for the City of Asheville.

GENERAL FUND REVENUES

LICENSES & PERMITS



<u>Licenses & Permits</u>	2011-12 Actual	2012-13 Actual	2013-14 Budget	2014-15 Adopted
Building Safety Fees	2,470,281	2,484,939	2,198,450	2,501,058
Business Privilege Licenses	1,435,371	1,434,570	1,425,000	1,586,202
Motor Vehicle Licenses	312,874	318,606	315,000	320,000
Other	<u>492,792</u>	<u>1,144,805</u>	<u>768,240</u>	<u>767,750</u>
Total Licenses & Permits	4,711,318	5,382,921	4,706,690	5,175,010

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.

Development Services (DSD) Fees: After declining during the recession and remaining flat in FY 2010-11, revenue from development services fees began growing again in FY 2011-12. Revenue in that fiscal year was up 5.3%, and remained at that same level in FY 2012-13.

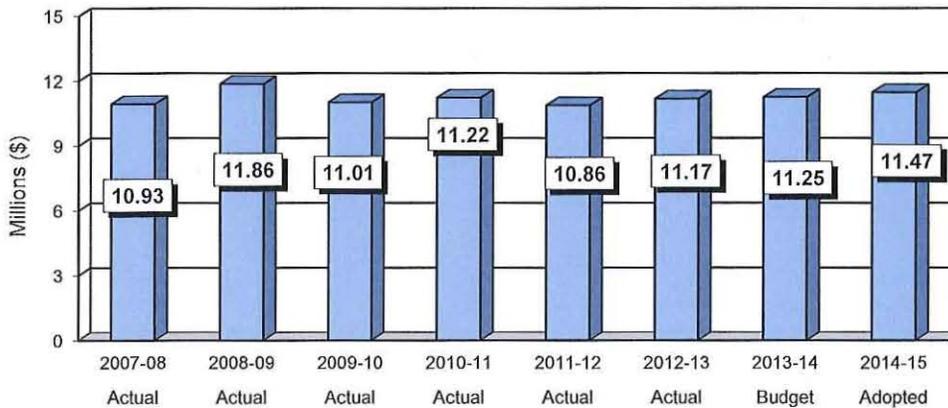
Development activity increased dramatically in FY 2013-14. Preliminary year end estimates for FY 2013-14 show DSD license and permit revenue of \$2.9 million, which represents an increase of 18% over FY 2012-13. Staff is expecting this trend of increased development activity to continue in FY 2014-15.

Business Privilege Licenses: The City charges a privilege license fee on certain businesses operating within the City of Asheville. Based on collection trends in FY 2013-14, staff has budgeted an 11% increase for FY 2014-15. It should be noted that the N.C. General Assembly has passed legislation that will eliminate the City's ability to assess the privilege license fee after FY 2014-15.

Motor Vehicle Licenses: The City levies an annual registration fee of \$10 on all motor vehicles owned by City residents. Half of this revenue is recorded in the general fund, and the other is recorded in the transit services fund where it is used to support the operational and capital needs of the City's transit system. This revenue is expected to remain essentially flat in FY 2014-15.

GENERAL FUND REVENUES

INTERGOVERNMENTAL REVENUE



<u>Intergovernmental</u>	2011-12 Actual	2012-13 Actual	2013-14 Budget	2014-15 Adopted
State Utility Taxes	6,938,508	6,827,401	6,890,923	7,068,000
Local Utility Franchise	453,124	451,166	460,000	460,000
Powell Bill	2,277,033	2,276,484	2,362,112	2,447,593
State Beer & Wine Tax	363,888	339,850	365,000	365,000
Other	<u>828,065</u>	<u>1,276,249</u>	<u>1,175,625</u>	<u>1,136,157</u>
Total Intergovernmental	10,860,618	11,171,151	11,250,660	11,476,750

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. Growth in the electric and natural gas revenues is highly sensitive to weather conditions; cool summers and mild winters can lead to a year with little or no growth. Significant changes in the total amount of electricity used within a municipality, such as the loss of a factory, also will lower the revenue from the tax on electricity. This revenue source has remained essentially flat over the last several fiscal years. Based on collection trends in FY 2013-14 and FY 2014-15 projections from the N.C. League of Municipalities, staff has budgeted a 2.5% increase for FY 2014-15.

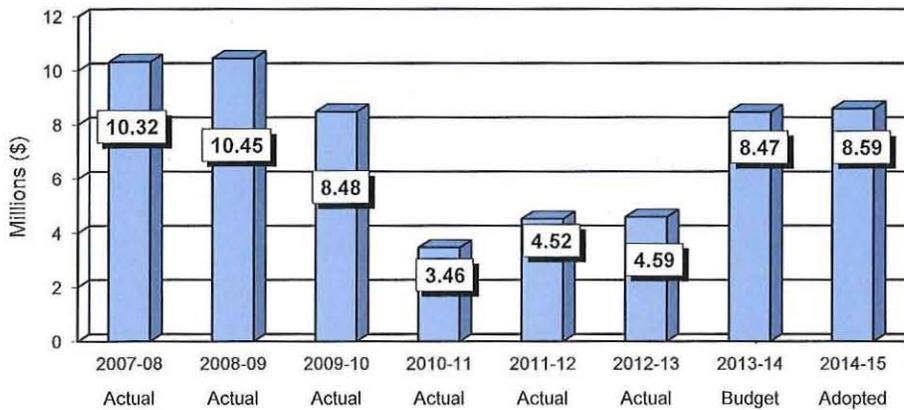
Local Utility Franchise Tax: This category includes revenue from Asheville's local utility franchise agreements for electricity and natural gas. This revenue source is expected to remain unchanged in FY 2014-15.

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 remain flat in FY 2014-15.

Powell Bill: North Carolina municipalities receive a portion of the proceeds from the state gasoline tax and the Highway Trust Fund. The money is distributed to municipalities based 75% on population and 25% on local street mileage. Powell Bill funds can only be expended to maintain, repair, or construct local streets. Based on actual revenue received in FY 2013-14 and growth projections from the N.C. League of Municipalities for FY 2014-15, this revenue shows a budget-to-budget increase of 3.6%.

GENERAL FUND REVENUES

CHARGES FOR SERVICE



<u>Charges For Service</u>	2011-12 Actual	2012-13 Actual	2013-14 Budget	2014-15 Adopted
Parks & Recreation Fees	1,562,400	1,386,108	1,462,200	1,152,201
Recycling Charges	1,088,047	1,250,156	-	-
Solid Waste Charges	-	-	2,242,000	2,400,000
Fire Protection & Inspections	777,608	1,034,829	797,000	265,289
Cost Allocation Charges	-	-	2,822,768	3,486,944
Other	<u>1,091,052</u>	<u>923,247</u>	<u>1,146,601</u>	<u>1,291,021</u>
Total Charges For Service	<u>4,519,107</u>	<u>4,594,340</u>	<u>8,470,569</u>	<u>8,595,455</u>

Trends & Assumptions

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

Parks & Recreation Fees: The FY 2014-15 budget for Parks and Recreation fee revenue shows a decrease due to the removal of revenue associated with the Bele Chere festival which ended in 2013.

Recycling/Solid Waste Charges: In March 2013, City Council replaced the \$3.50 per month household recycling fee with a \$7.00 per month solid waste fee. Based on collection trends in FY 2013-14, staff has budgeted this revenue source at \$2.4 million in FY 2014-15.

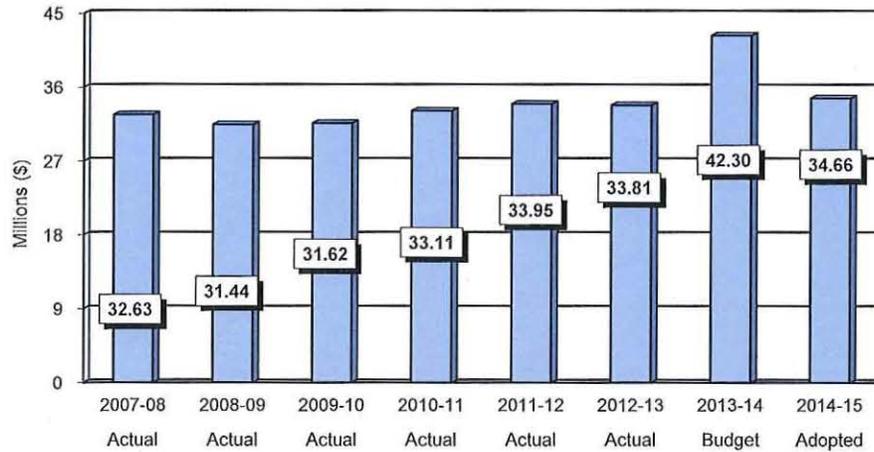
Fire Protection & Inspections: The FY 2014-15 budget reflects the loss of revenue associated with the Town of Biltmore Forest's decision to

cancel its fire protection contract with the City of Asheville in August 2013.

Cost Allocation Charges: The general fund charges enterprise funds for the cost of internal services such as human resources, information technology services, finance, etc. The City contracts with a private firm to update its cost allocation plan on an annual basis. Prior to FY 2013-14, the City only budgeted for and assessed cost allocation charges to the Water Resources Fund. In that fiscal year, the general fund charged all other enterprise funds 50% of their total cost allocation charge. In FY 2014-15, all enterprise funds will be charged 100% of their cost allocation amount. It should also be noted that prior to FY 2013-14, cost allocation charges were accounted for as other financing sources, not charges for services.

ENTERPRISE FUND REVENUES

WATER RESOURCES FUND REVENUE



<u>Water Resources Revenue</u>	2011-12 Actual	2012-13 Actual	2013-14 Budget	2014-15 Adopted
Utility Charges	22,795,417	22,886,573	23,210,259	23,572,342
Other Operating Revenue	4,751,728	4,498,295	4,145,105	4,286,079
Capital Maintenance Fee	6,215,831	6,356,965	6,455,918	6,552,250
App. Fund Balance	-	-	8,342,387	175,907
Investment Earnings	<u>190,627</u>	<u>72,711</u>	<u>150,677</u>	<u>69,780</u>
Total Water Resources Revenue	33,953,603	33,814,544	42,304,346	34,656,358

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 2014-15 Water Resources budget includes the following rate changes:

- Single Family, Multi-Family, Small Commercial/Manufacturer: 1.5% increase
- Large Commercial/Manufacturer (>1,000 CCF/month): 3.5% increase
- Wholesale & Irrigation: 4% increase
- Capital Improvement Fee: 1.5% increase for each meter size.

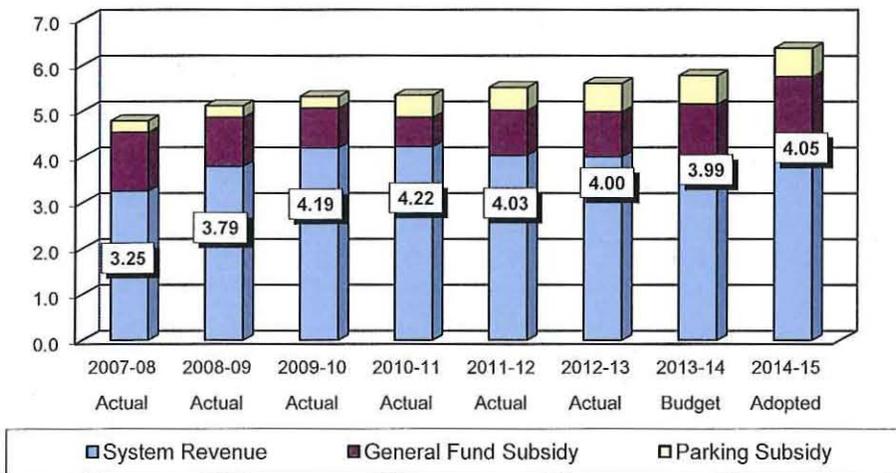
These rate adjustments are expected to generate approximately \$460,000 in additional revenue

Capital Maintenance Fee: The purpose of this fee is to provide funding for major capital improvements such as water line replacements and water treatment source improvements. It is a charge based on the size of the meter. As noted, this fee was increased by 1.5% in FY 2014-15.

Other Revenue: The other operating revenue category includes development fees, tap and connection fees, fire line charges, reconnection and delinquency fees and other miscellaneous revenue. This revenue category is adjusted upward based on recent collection trends. Investment earnings reflect earnings on cash fund balances. Fund balance in excess of the City's policy target has been drawn down recently in order to address capital needs; as a result, investment earnings have declined.

ENTERPRISE FUND REVENUES

TRANSIT SERVICES FUND REVENUE



<u>Transit Services Revenue</u>	2011-12 Actual	2012-13 Actual	2013-14 Budget	2014-15 Adopted
Federal/State Grants	2,832,316	2,599,634	2,266,411	2,252,230
Grant Pass Through	419,967	223,676	553,500	553,500
General Fund Subsidy	985,295	985,295	1,157,502	1,700,546
Parking Fund Subsidy	500,000	616,875	616,875	616,875
Operating Revenue	840,414	802,845	855,000	925,000
Motor Vehicle License Fee	312,874	318,605	320,000	320,000
Miscellaneous	<u>1,462</u>	<u>53,392</u>	<u>0</u>	<u>0</u>
Total Transit Revenue	5,502,704	5,600,322	5,769,288	6,368,151

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 (including grant pass through funds) represents 44% of the fund's total revenue. For FY 2014-15, the City expects grant funding to remain essentially flat compared to FY 2013-14.

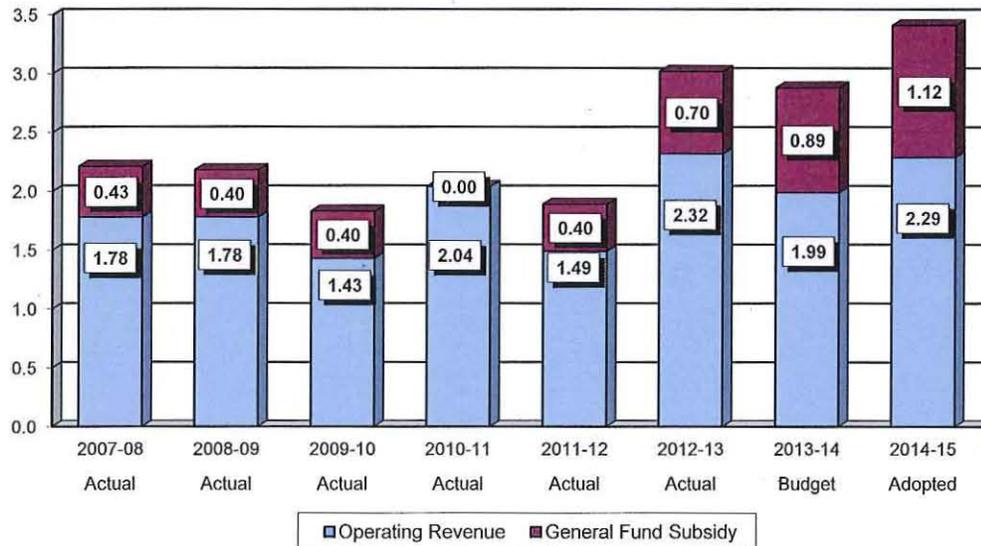
City Support: This category includes both the general fund and parking fund subsidies and the

motor vehicle license fee. The parking fund subsidy is being held flat in FY 2014-15. The general fund subsidy shows a \$534,000 increase. This increase is due to several factors, including transit service enhancements, general cost increases, and the budgeting for full indirect cost recovery from all enterprise funds.

Operating Revenue: This category consists of passenger fares, bulk fare income, and advertising revenue. Based on current trends, staff has budgeted a slight increase in this revenue category in FY 2014-15.

ENTERPRISE FUND REVENUES

US CELLULAR CENTER FUND REVENUE



<u>US Cellular Center Revenue</u>	2011-12 Actual	2012-13 Actual	2013-14 Budget	2014-15 Adopted
Food & Beverage Sales	602,810	728,359	946,006	1,153,922
Rent	469,115	669,707	519,000	451,500
Admissions & Other Sales	249,802	792,221	424,500	558,500
Other	<u>173,788</u>	<u>131,248</u>	<u>103,000</u>	<u>124,000</u>
Total Operating Revenue	1,495,515	2,321,535	1,992,506	2,287,922
App. Fund Balance	-	-	-	60,000
General Fund Subsidy	<u>392,594</u>	<u>662,594</u>	<u>885,927</u>	<u>1,120,576</u>
Total Civic Center Revenue	1,886,109	2,984,129	2,878,433	3,468,498

Trends & Assumptions

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

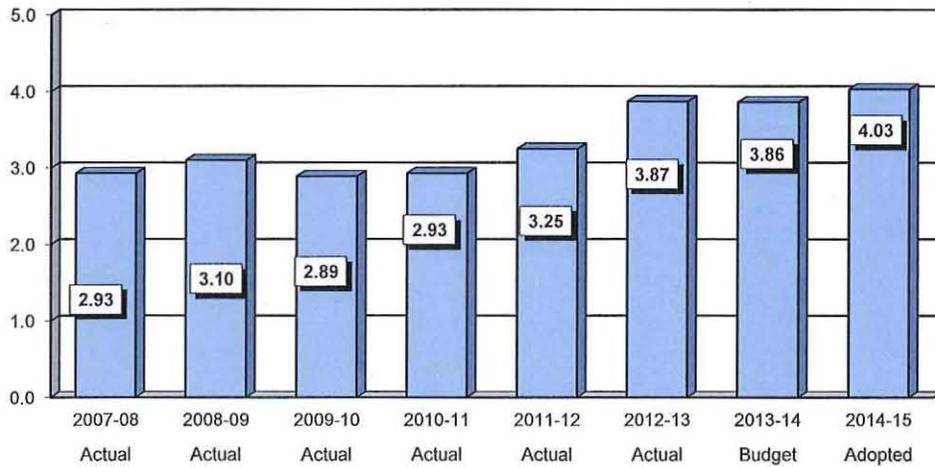
Operating Revenue: Event bookings at the US Cellular Center have been strong over the last two years and indications are that this trend will continue in FY 2014-15. The operating revenue budget is adjusted to reflect this trend.

General Fund Subsidy: As discussed elsewhere in the Budget Document, all enterprise fund

budgets for FY 2014-15 now include the full cost of indirect services provided by the General Fund. This accounting change is reflected on the revenue side of the budget as an increase in the General Fund subsidy. It should also be noted that the increase in the General Fund subsidy that began in FY 2012-13 reflects a reallocation of capital resources to pay the annual debt service on funds borrowed for the Southern Conference renovation project. Factoring out this change and the cost allocation charge, the operating subsidy for the US Cellular Center remains flat at \$392,594.

ENTERPRISE FUND REVENUES

PARKING SERVICES FUND REVENUES



<u>Parking Services Revenue</u>	2011-12 Actual	2012-13 Actual	2013-14 Budget	2014-15 Adopted
Garage Revenue	1,586,979	1,927,120	1,848,000	2,073,000
Parking Meters	1,103,316	1,091,540	1,250,000	1,239,413
Parking Violations	334,831	632,471	427,700	448,250
Parking Lots & Peripheral Parking	181,314	189,745	314,000	264,000
Other	<u>42,814</u>	<u>29,379</u>	<u>17,000</u>	<u>3,144</u>
Total Parking Services Revenue	3,249,254	3,870,255	3,856,700	4,027,807

Trends & Assumptions

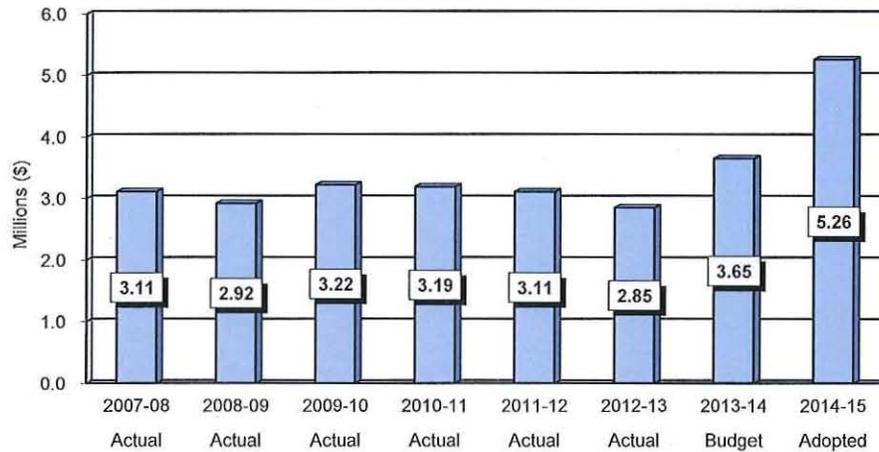
The Parking Services Fund operates four parking garages, over 700 on-street metered spaces, and more than 200 lot spaces.

Garage Revenue: Garage revenue has increased over the last few years due to the opening of the Biltmore Avenue garage in FY 2012-13 and the recovery in the economy, which has bolstered demand. Also, City Council approved a 25 cent increase in the hourly rate for parking garages in FY 2013-14. There is no rate increase in the FY 2014-15 budget.

Parking Meters: The hourly rate for meters was also increased by 25 cents in FY 2013-14, but there is no rate increase for FY 2014-15. The City has seen an increase in meter revenue from the Passport parking program that was implemented in FY 2013-14.

ENTERPRISE FUND REVENUES

STORMWATER FUND REVENUES



<u>Stormwater Revenue</u>	2011-12 Actual	2012-13 Actual	2013-14 Budget	2014-15 Adopted
Utility Charges	2,756,911	2,585,060	2,789,723	4,832,372
Licenses & Permits	190,516	253,928	187,000	187,000
Other Financing Sources	116,551	0	636,000	206,000
Miscellaneous	31,503	3,944	25,000	25,000
Investment Earnings	<u>12,512</u>	<u>4,362</u>	<u>11,000</u>	<u>11,000</u>
Total Stormwater Revenue	3,107,993	2,847,294	3,648,723	5,261,372

Trends & Assumptions

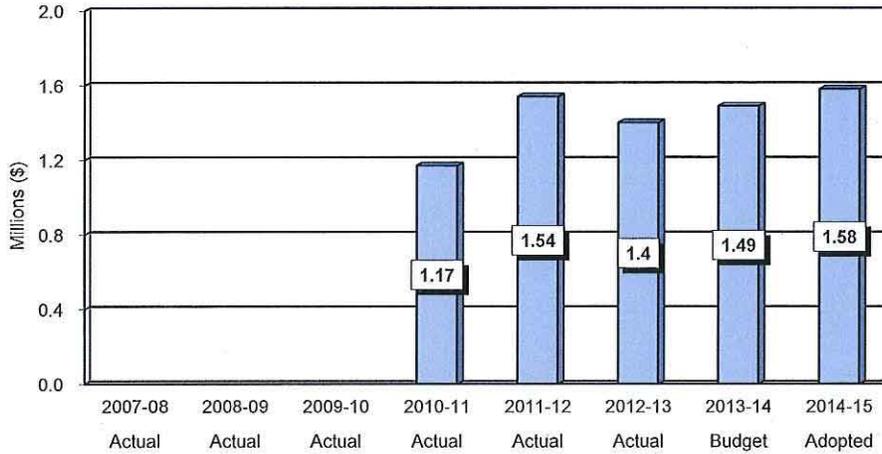
The Stormwater Fund was created in FY 2005-06 to account for revenues and expenditures associated with the City's federally mandated stormwater program.

Utility Charges: The adopted FY 2014-15 budget includes changes to the rate structure in the Stormwater Fund. The old rate for single family properties was \$2.34 per month. The new adopted rate structure is a tiered system - properties from 225-2000 square feet will pay

\$2.50 per month; properties from 2001-4000 square feet will pay \$4 per month and properties greater than 4001 square feet will pay \$5.50 per month. For non-single family properties, the old rate of \$2.34/ERU (Equivalent Residential Unit) per month will be increased to \$4/ERU per month. Council adopted the new rate structure in June 2014; however it is anticipated that the new rates will not go into effect ninety days after the start of the new fiscal year.

ENTERPRISE FUND REVENUES

STREET CUT UTILITY FUND REVENUES



<u>Street Cut Revenue</u>	2011-12 Actual	2012-13 Actual	2013-14 Budget	2014-15 Adopted
Charges for Services	1,541,598	1,399,498	1,493,808	1,483,814
Miscellaneous	0	78	0	0
Other Financing Sources	<u>0</u>	<u>0</u>	<u>0</u>	<u>100,000</u>
Total Street Cut Revenue	1,541,597	1,399,576	1,493,808	1,583,814

Trends & Assumptions

The Street Cut Utility fund was created in FY 2010-11 to track revenues and expenses associated with the City's street cut repair program. In addition to handling street cut repairs for the City's Water Resources and Stormwater Funds, street cut utility crews also repair cuts for the Metropolitan Sewerage District (MSD) and

Public Service Natural Gas (PSNC). Each entity is then billed for 100% cost recovery.

The FY 2014-15 budget includes \$100,000 in revenue from debt proceeds for equipment replacement.



GENERAL GOVERNMENT

Finance and Management Services

General Administration

Economic Development

City Attorney's Office

Information Technology Services

Human Resources

Nondepartmental

FINANCE AND MANAGEMENT SERVICES

Barbara Whitehorn, Finance Director

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

DEPARTMENT SUMMARY

	2011-12	2012-13	2013-14	2014-15
	Actual	Actual	Budget	Adopted
Expenditures:				
Salaries & Wages	1,771,984	1,795,325	1,503,875	1,830,138
Fringe Benefits	789,427	680,310	633,284	716,809
Operating Costs	582,020	215,375	389,551	460,443
Capital Outlay	0	0	0	19,069
Cost Transfers	<u>-59,861</u>	<u>-54,174</u>	<u>0</u>	<u>-69,000</u>
Total	3,083,570	2,636,836	2,526,710	2,957,459
FTE Positions	43.00	33.75	32.75	32.75

BUDGET HIGHLIGHTS

- The FY 2013-14 Finance Department budget included savings from holding several positions vacant. The FY 2014-15 adopted budget includes funding to fill all of the positions that were held vacant in FY 2013-14.
- The FY 2014-15 Finance Department budget also includes a full year of funding for a capital budget analyst position that was added after adoption of the FY 2013-14 budget. This position is funded with revenue from the enhanced capital improvement program.
- The risk management division budget includes \$68,000 to fund the ongoing contract for City Hall security. This contract was previously funded with building security monies that were part of the City's General Capital Projects Fund.
- The central stores budget includes \$19,069 to purchase an inventory management system that allows automated bar coding.

FINANCE AND MANAGEMENT SERVICES

DIVISION SUMMARY	2011-12	2012-13	2013-14	2014-15
	Actual	Actual	Budget	Adopted
<u>Budget & Research</u>	186,005	175,023	180,336	191,978
FTE Positions	2.00	2.00	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 performance management, planning and evaluation.

<u>Purchasing</u>	353,009	282,588	278,846	334,570
FTE Positions	4.00	4.00	4.00	4.00

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

<u>Central Stores</u>	145,694	140,674	151,851	164,840
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>	172,901	144,237	199,760	323,525
FTE Positions	3.00	3.00	4.00	4.00

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.

<u>Finance Administration</u>	469,474	141,688	494,185	616,171
FTE Positions	4.00	3.00	4.00	4.00

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

FINANCE AND MANAGEMENT SERVICES

DIVISION SUMMARY	2011-12 Actual	2012-13 Actual	2013-14 Budget	2014-15 Adopted
<u>Accounting</u>	1,145,252	1,114,202	1,221,732	1,326,372
FTE Positions	15.00	16.00	15.75	15.75

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

<u>City Hall Operations</u>	495,435	468,390	*	*
FTE Positions	8.00	*	*	*

* The City Hall Division budget was moved to General Services during FY 2012-13 (7 FTE to General Services and 1 FTE to the Economic Development Department).

<u>Sustainability</u>	115,801	170,034	*	*
FTE Positions	1.00	2.75	*	*

The Sustainability Division coordinates the City's efforts to achieve the goal of reducing its carbon footprint by 4% each year for the next five years.

* The Sustainability Division budget was moved to the Administrative Services Department during FY 2013-14 (2.00 FTE).

DEPARTMENTAL GOALS

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

Sub-Goals:

- Provide complete, accurate and timely services and data to help the City to facilitate effective decision making and fiscal accountability and in support of City strategic goals.
- Continually assess and evaluate the way we conduct business in order to optimize efficiency, productivity, and cost effectiveness. Encourage reasonable risk taking and new approaches to improve processes.
- Provide finance staff with the level of tools, collaborative opportunities, resources and professional development critical to their success in achieving established work plans.
- Obtain the best value for the commodities and services that the City needs using the most efficient and customer service oriented processes while following NC GS.
- Manage inventories to assure the timely, cost effective and efficient receipt and distribution of materials.
- Provide payment processing services for City departments and management in order to ensure timely vendor payments for goods and services.
- Reduce the number and severity of accidents and injuries for City personnel to enhance the quality of the work environment while minimizing costs and lost time.

ADMINISTRATIVE SERVICES

Paul Fetherston, Assistant City Manager

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

DEPARTMENT SUMMARY

	2011-12 Actual	2012-13 Actual	2013-14 Budget	2014-15 Adopted
Expenditures:				
Salaries & Wages	832,419	845,716	2,487,987	2,468,998
Fringe Benefits	241,124	267,995	932,513	942,361
Operating Costs	146,332	185,244	4,371,000	3,031,223
Capital Outlay	0	0	0	0
Cost Transfers	<u>0</u>	<u>0</u>	<u>-3,600,000</u>	<u>-2,400,000</u>
				0
Total	1,219,875	1,298,955	4,191,500	4,042,582
FTE Positions	9.75	9.75	48.00	48.00

BUDGET HIGHLIGHTS

- The community relations division includes \$20,000 to fund an enhanced marketing program.
- The reduction in the community relations division budget reflects the technical adjustment to move the Changing Together program to the City's Grant Fund.
- Otherwise, the adopted Administrative Services Department budget represents a continuation of existing programs and services.

ADMINISTRATIVE SERVICES

DIVISION SUMMARY	2011-12 Actual	2012-13 Actual	2013-14 Budget	2014-15 Adopted
<u>Governing Body</u>	177,620	197,872	170,808	176,716
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>	111,031	115,749	115,482	119,464
FTE Positions	1.00	1.00	1.00	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>	577,617	615,291	649,448	715,252
FTE Positions	4.75	4.75	5.00	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 Relations</u>	353,607	370,043	409,678	366,784
FTE Positions	4.00	4.00	4.00	4.00

The Community Relations 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>Sustainability</u>	*	*	129,922	170,655
FTE Positions	*	*	2.00	2.00

The Sustainability Division coordinates the City's efforts to achieve the goal of reducing its carbon footprint by 4% each year for the next five years. FY 2011-12 and FY 2012-13 expenses for the Sustainability Division are included in the Finance Department.

<u>General Services</u>			2,716,162	2,493,711
FTE Positions			36.00	36.00

The General Division coordinates the City's following functions: fleet maintenance, building maintenance, and City Hall operations.

ADMINISTRATIVE SERVICES

DEPARTMENTAL GOALS

- Provide leadership strategies and implement policies and initiatives that support Asheville City Council's Strategic Plan and associated goals, objectives and action items.
- Record all official action of the City Council, safeguard all official records, and provide accurate information to citizens in an efficient and professional manner.
- Reduce the number of circumstances that lead to citizen complaints, respond effectively to complaints that do occur, and facilitate citizen requests for service.
- Foster an informed and engaged community by effectively communicating the City's goals, services, programs and initiatives.
- Continue commitment to a diverse communication portfolio seeking to reach and engage residents and stakeholders through tools such as, the government channel, relationships with neighborhoods and stakeholder groups, the city website, social media and other emerging communication and civic engagement tools.
- Foster collaboration and strategic communication between departments for all internal and external communications.
- Provide high quality customer service to internal and external staff through quality of service and communications.
- Maintain City facilities employing measures to reduce operating costs through utilization of sustainable technology.
- Maintain the City fleet; including trailers, portable generators, light towers, etc., in a manner that maximizes the availability rate to user departments.
- Specific facilities shall be maintained providing a clean and safe environment in the most efficient and effective manner possible.
- Benchmark and track performance measures across all divisions for opportunities to reduce costs, improve efficiency, and provide higher quality of service.

KEY PERFORMANCE OBJECTIVES & MEASURES

	<u>2012/13</u> <u>Actual</u>	<u>2013/14</u> <u>Estimated</u>	<u>2014/15</u> <u>Target</u>
• <i>Median response time for records requests; (FY'12- 170 Fulfilled and FY'13 244 fulfilled)</i>	2	2	2
• <i>Average number of people visiting the blog per quarter</i>	5591	5034	5750
• <i>Average number of Twitter re-tweets per quarter</i>	197	356	400

ADMINISTRATIVE SERVICES

KEY PERFORMANCE OBJECTIVES & MEASURES (Cont)

	<u>2012/13</u> <u>Actual</u>	<u>2013/14</u> <u>Estimated</u>	<u>2014-15</u> <u>Target</u>
• Average number of Facebook likes/comments/shares per quarter	403	New measure	New measure
• Average number of YouTube views per quarter	1989	3327	3500
• Average number of community meetings attended to present information	27	29	29
• Provide notification and scheduling for all vehicle and equipment preventative maintenance services	N/A	Reports Generated and distributed weekly to all departments	80.00%
• Monitor number of repeat repairs within 30 days of initial work order	N/A	1.4% repeat repairs currently, working to reduce this to below 1%	Less than 1.00%
• Coordinate with the City's Office of Sustainability for energy star/energy efficient compliance components	N/A	All replaced lighting and HVAC equipment is replaced with energy efficient components that meet or exceed these standards	Replace at least 80%
• Respond to Facility work order requests in a timely manner. See below for priority breakdown			
• Priority 1 - Emergency Request	N/A	100% response	Within an hour
• Priority 2 – Standard Request	N/A	96% completion	Within 30 days
• Priority 3 - Preventative maintenance meeting manufacture recommendations, OSHA Code, or other regulatory requirements	N/A	93% completion	99%
• Priority 4 - New Construction Request	N/A	100% cost and feasibility within 60 days	Within 60 days

ECONOMIC DEVELOPMENT

Sam Powers, Director

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

DEPARTMENT SUMMARY

	2011-12 Actual	2012-13 Actual	2013-14 Budget	2014-15 Adopted
Expenditures:				
Salaries & Wages	228,030	206,600	205,993	302,958
Fringe Benefits	89,755	73,882	91,542	114,125
Operating Costs	171,459	335,363	140,922	347,432
Capital Outlay	<u>8,313</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	497,557	615,845	438,457	764,515
FTE Positions	4.50	5.75	5.25	5.25

BUDGET HIGHLIGHTS

- The Economic Development (ED) Department budget reflects the addition of two positions that were moved to the department after the 2013-14 budget was adopted.
- The Economic Development Coalition (\$60,000) and Sports Commission (\$45,000) budgets are now included as contracts for service in the Economic Development Department budget.
- The FY 2014-15 ED budget also includes \$40,000 in funding to continue Moogfest support. Since FY 2013-14 funding was added mid-year, it is not included in the adopted budget shown above.

DEPARTMENTAL GOALS

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

KEY PERFORMANCE OBJECTIVES & MEASURES

Recent Economic Development Announcements:

- F(x), a major life-sciences biotechnology company announced the opening of a facility in Asheville. This announcement continues to build the region's Biotechnology cluster.
- Jacob Holm Industries announced a major expansion with \$46 Million capital investment and the creation of 66 new skilled manufacturing jobs. The company is located just outside the city limits, but is a major water system customer and the expansion will continue to provide revenue enhancement for the water department.
- MoogFest, a major arts/culture, technology, design, and music event, completed a successful 5 day run in April 2014. MoogFest showcased the city's burgeoning place on the global technology landscape, and was supported by a city performance-based partnership agreement.

CITY ATTORNEY'S OFFICE

Robin Currin, City Attorney

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

DEPARTMENT SUMMARY

	2011-12	2012-13	2013-14	2014-15
	Actual	Actual	Budget	Adopted
Expenditures:				
Salaries & Wages	428,163	449,429	440,253	541,792
Fringe Benefits	147,492	139,474	153,332	164,068
Operating Costs	71,006	82,943	71,478	100,888
Capital Outlay	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	646,661	671,846	665,063	806,748
FTE Positions	6.00	6.00	6.00	7.00

BUDGET HIGHLIGHTS

- Based on trends in the current fiscal year, the City Attorney's FY 2014-15 budget includes a total of \$50,000 for outside legal services, which is a \$20,000 increase compared to the adopted FY 2013-14 budget.
- The City Attorney's budget also includes funding to add one Associate City Attorney position.

DEPARTMENTAL GOALS

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

CITY ATTORNEY'S OFFICE

KEY PERFORMANCE OBJECTIVES & MEASURES

	<i>2012/13</i> <u>Actual</u>	<i>2013/14</i> <u>Estimated</u>	<i>2014/15</i> <u>Target</u>
• <i>Respond to pleadings and motions by court or legally mandated deadlines</i>	100%	100%	100%
• <i>Complete reviews and edits of ordinances & resolutions within 10 days (30 days for conditional zoning permits.)</i>	N/A	95%	95%
• <i>Complete review and response on routine contracts & agreements within 2 weeks of receipt</i>	N/A	90%	95%
• <i>Advise boards and commissions (meeting attendance)</i>	90%	90%	95%
• <i>Reorganize office documents and put document management system in place</i>	N/A	N/A	100%
• <i>Hire for vacant position and newly added position</i>	N/A	N/A	100%

INFORMATION TECHNOLOGY SERVICES

Jonathan Feldman, Director/CIO

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

DEPARTMENT SUMMARY

	2011-12	2012-13	2013-14	2014-15
	Actual	Actual	Budget	Adopted
Expenditures:				
Salaries & Wages	1,131,377	1,209,630	1,211,675	1,229,200
Fringe Benefits	413,653	382,131	421,908	442,937
Operating Costs	1,458,633	1,482,287	1,560,054	1,192,527
Capital Outlay	20,955	47,590	25,000	25,000
Cost Transfers	<u>-349,542</u>	<u>-370,539</u>	<u>-350,000</u>	<u>-350,000</u>
		0		
Total	2,675,076	2,751,099	2,868,637	2,539,664
FTE Positions	19.00	19.00	19.00	19.00

BUDGET HIGHLIGHTS

- After adoption of the FY 2013-14 budget, funding for computer replacements (\$350,000) was moved from the Information Technology Services (ITS) Department's general fund operating budget to the capital project fund. The decrease in the operating budget between FY 2013-14 and FY 2014-15 reflects this accounting change.
- Otherwise, the ITS budget reflects a continuation of existing programs and services.

INFORMATION TECHNOLOGY SERVICES

DIVISION SUMMARY	2011-12 Actual	2012-13 Actual	2013-14 Budget	2014-15 Adopted
<u>Administration</u>	256,402	228,764	229,768	249,882
FTE Positions	3.00	3.00	2.00	2.00

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

<u>IT Support Services</u>	583,653	908,360	1,055,652	690,704
FTE Positions	5.00	5.00	5.00	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>	1,165,192	888,194	755,271	839,649
FTE Positions	5.00	5.00	6.00	6.00

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

<u>GIS & Application Services</u>	669,829	725,781	827,946	759,429
FTE Positions	6.00	6.00	6.00	6.00

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

DEPARTMENTAL GOALS

- Ensure that technology services are focused on business requirements of the City staff and citizens; display innovative leadership in automating City processes to save labor, improve efficiency, and reduce expenses.
- Pursue organizational development strategy, including staff industry certifications and industry accreditation.
- Through best practices and investments, continuously improve security and reliability.
- Utilize test environment and automated deployment systems 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.

INFORMATION TECHNOLOGY SERVICES

KEY PERFORMANCE OBJECTIVES & MEASURES

	<u>2012/13</u> <u>Actual</u>	<u>2013/14</u> <u>Estimated</u>	<u>2014/15</u> <u>Target</u>
• <i>Percentage of good and excellent Customer Service Survey results</i>	88%	92.44%	90%
• <i>IT Services budget, as a percentage of all City operating funds (NC comps average 2.59%)</i>	1.74%	1.96%	2%
• <i>IT spending per City employee (NC comps average \$4,096)</i>	\$2,280	\$2,547	\$2,547
• <i>Network & system uptime</i>	99.93%	98.14%	99.99%
• <i>Percentage of normal priority calls resolved within 24 hours</i>	46.56%	62%	60%

HUMAN RESOURCES

Kelley Dickens, Director

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

DEPARTMENT SUMMARY

	2011-12	2012-13	2013-14	2014-15
	Actual	Actual	Budget	Adopted
Expenditures:				
Salaries & Wages	604,330	725,087	741,680	829,015
Fringe Benefits	262,848	268,308	305,247	332,128
Operating Costs	150,945	239,001	229,358	258,558
Capital Outlay	0	0	0	0
Cost Transfers	0	0	0	0
Total	1,018,123	1,232,396	1,276,285	1,419,701
FTE Positions	15.67	15.68	16.05	16.05

BUDGET HIGHLIGHTS

- The Human Resources budget reflects a continuation of existing programs and services.

HUMAN RESOURCES

DIVISION SUMMARY	2011-12 Actual	2012-13 Actual	2013-14 Budget	2014-15 Adopted
<u>Administration</u>	861,259	1,083,482	1,110,706	1,235,844
FTE Positions	12.00	11.60	12.00	12.00

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

<u>CAYLA</u>	149,477	148,914	165,579	183,857
FTE Positions	1.00	1.00	1.00	1.00

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

<u>Health Services</u>	*7,387	*	*	*
FTE Positions	2.67	3.08	3.05	3.05

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

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

DEPARTMENTAL GOALS

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

HUMAN RESOURCES

KEY PERFORMANCE OBJECTIVES & MEASURES

	<u>2012/13</u> <u>Actual</u>	<u>2013/14</u> <u>Estimated</u>	<u>2014/15</u> <u>Target</u>
• <i>Employment Applications Received</i>	7,895	12,400	12,000
• <i>New Hires/Rehires Processed</i>	248	283	265
• <i>Review and forward qualified employment applications to hiring managers within 5 business days of job posting closing date</i>	95%	95%	100%
• <i>Employee orientation completed for all new hires within 30 days</i>	100%	100%	100%
• <i>Positions studied for classification</i>	N/A	38	290
• <i>Respond to Department Director request for classification study review within 10 work days</i>	N/A	28%	80%
• <i>Enhance Wellness program: Increase employee engagement by utilization of BCBS wellness program</i>	N/A	Enrolled in Wellness 82.80% Completed Wellness Requirements 91.70%	Enrolled in Wellness 85% Completed Wellness Requirements 95%
• <i>City-Sponsored Wellness Events</i>	N/A	14	45
• <i>Number of employee grievances</i>	14	12	<2
• <i>Complete exit interviews</i>	N/A	25%	80%

NONDEPARTMENTAL GENERAL GOVERNMENT

BUDGET SUMMARY

Expenditures:	2011-12 Actual	2012-13 Actual	2013-14 Budget	2014-15 Adopted
Buncombe County Tax Collections	713,710	719,357	720,000	820,000
Board of Elections	229,441	0	250,000	0
Unemployment	121,652	137,798	415,000	0
OPEB Contribution	0	0	341,404	0
Employee Transit Passes	3,155	3,559	4,000	4,000
City Stormwater Costs	118,624	82,252	135,000	110,000
Other	<u>156,392</u>	<u>189,168</u>	<u>292,791</u>	<u>164,500</u>
Total	1,342,974	1,132,134	2,158,195	1,098,500

BUDGET HIGHLIGHTS

- The FY 2013-14 budget included \$250,000 for the payment to the Buncombe County Board of Elections for City Council elections. Since elections occur every other year, this funding is not included in the FY 2014-15 budget.
- The budgets for unemployment costs and the City's annual contribution to the North Carolina State Treasurer's OPEB Fund, which were budgeted in the adopted nondepartmental budget in FY 2013-14 are moved to departmental budgets in the FY 2014-15 adopted budget.



PUBLIC SAFETY

Police

Fire

Nondepartmental

POLICE

William Anderson, 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

	2011-12	2012-13	2013-14	2014-15
	Actual	Actual	Budget	Adopted
Expenditures:				
Salaries & Wages	12,016,269	12,376,905	12,820,056	13,484,516
Fringe Benefits	4,930,962	4,664,486	5,019,582	5,599,304
Operating Costs	3,106,425	3,496,254	4,777,663	5,171,961
Capital Outlay	19,240	18,575	0	0
Transfer to Grant Fund	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
				0
Total	20,072,896	20,556,220	22,617,301	24,255,781
FTE Positions	265.00	269.00	276.00	276.00

BUDGET HIGHLIGHTS

- The Police Department adopted operating budget includes \$187,000 in funding to provide all officers with smart phones.
- The Police Department budget also includes \$85,000 for the purchase of in-car and body cameras.
- The Police Department operating budget reflects a \$325,000 increase in the City's share of the County's Criminal Justice Information System (CJIS) program costs. This increase is primarily due to debt service on a \$3 million new public safety system.

POLICE

DIVISION SUMMARY	2011-12 Actual	2012-13 Actual	2013-14 Budget	2014-15 Adopted
<u>Administration</u>	1,627,104	2,780,557	7,813,911	8,475,815
FTE Positions	12.00	15.00	57.00	57.00

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>	2,830,196	2,919,492	2,997,038	3,485,644
FTE Positions	39.00	42.00	47.00	47.00

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>Patrol Bureau</u>	11,999,374	11,087,394	11,806,352	12,294,322
FTE Positions	175.00	167.00	172.00	172.00

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.

<u>Support Bureau</u>	3,616,222	3,768,777	*	*
FTE Positions	39.00	45.00	*	*

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.

* The Support Bureau Division budget was merged with the Administration Division in FY 2013-14.

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.
- Create a criminal intelligence unit designated to educate employees and the public about local gangs and other subversive groups and track the criminal activity associated with each organization.

POLICE

KEY PERFORMANCE OBJECTIVES & MEASURES

	2012/13 Actual	2013/14 Estimated	2014/15 Target
• Clear, as defined by UCR* Standards, 35% of assigned Part I Cases.	39%	34%	35%
• Enhance APD operations by securing grant funds, thus reducing dependence on the City's general fund.	\$161,600	\$788,000	\$448,000
• Improve public acceptance within the community by increasing minority representation within the department's workforce through the hiring of five protected class employees.	4	21	15
• Increase neighborhood watch/business watch programs by 10%. Establish list of active groups and encourage neighborhood activities to increase membership.	18	25	30
• Increase the applicant pool by actively pursuing and participating in 15 job fairs, targeting protected class candidates to include media recruitment.	15	17	15
• Improve quality of life for residents in targeted neighborhoods by conducting monthly drug enforcement activities, to include undercover operations and community awareness events.	200	135	110
• 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.	4	5	6
• Increase the number of active members in our volunteer programs by 10% and increase hours worked by 10%.	7 volunteers 496.7 hrs worked	9 volunteers 500 hrs worked	10 volunteers 550 hrs worked

FIRE & RESCUE

Scott Burnette, Fire Chief

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

DEPARTMENT SUMMARY

	2011-12 Actual	2012-13 Actual	2013-14 Budget	2014-15 Adopted
Expenditures:				
Salaries & Wages	12,074,277	13,090,499	12,803,307	13,370,442
Fringe Benefits	4,234,415	4,298,167	4,366,866	4,938,270
Operating Costs	2,291,632	2,616,813	2,409,120	2,469,269
Capital Outlay	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	18,600,324	20,005,479	19,579,293	20,777,981
FTE Positions	239.00	248.00	257.75	257.75

BUDGET HIGHLIGHTS

- The Fire Department adopted budget reflects a continuation of existing programs and services.

FIRE & RESCUE

DIVISION SUMMARY	2011-12 Actual	2012-13 Actual	2013-14 Budget	2014-15 Adopted
<u>Accountability/Administration</u>	2,564,722	2,807,927	2,523,129	2,789,662
FTE Positions	9.00	9.00	9.00	9.00

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

<u>Emergency Response</u>	14,706,935	15,846,112	15,751,220	16,780,195
FTE Positions	216.00	225.00	233.75	233.75

The Emergency Response Division is responsible for response to 911 emergency calls for service. This division responds to emergencies throughout the city and all contractual areas. This responsibility is shared by shift operations personnel, as well as necessary support personnel. Emergency responses to fires, medical emergencies, technical rescue incidents, hazardous materials spills, natural disasters, and other type emergencies are provided 24/7/365 through three distinct work shifts. The department operates eleven (11) fire and rescue stations with fifteen (15) 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 division.

<u>Fire Marshal's Office</u>	1,328,667	1,351,440	1,304,944	1,208,124
FTE Positions	14.00	14.00	15.00	15.00

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

FIRE & RESCUE

DEPARTMENTAL GOALS

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

KEY PERFORMANCE OBJECTIVES & MEASURES

	<u>2012/13</u> <u>Actual</u>	<u>2013/14</u> <u>Estimated</u>	<u>2014/15</u> <u>Target</u>
• <i>Percentage of emergency responses in zones meeting CFAI 1st unit travel time requirements</i>	94%	94%	90%
• <i>Percentage of emergency responses in fire management zones meeting CFAI total effective response force travel time requirements</i>	99%	99%	90%
• <i>Reliability percentage of first in units to first due fire management zones</i>	85%	84%	90%
• <i>Percentage of compliance with State fire code inspection schedule</i>	80%	87%	90%
• <i>Percentage of completed initial plans review and issuance of small commercial permits (up-fits, small remodels, etc.) within 5 city business days, when no significant issues are present.</i>	95%	94%	90%
• <i>Percentage of completed initial plans review and issuance of large commercial permits (new construction, extensive remodel or renovations) within 20 city business days, when no significant issues are present.</i>	95%	94%	90%
• <i>Percentage of emergency response companies that are staffed in accordance with industry standards</i>	63%	63%	69%

NONDEPARTMENTAL PUBLIC SAFETY

Nondepartmental public safety appropriations for FY 2014-15 include the following:

BUDGET SUMMARY

Expenditures:	2011-12 Actual	2012-13 Actual	2013-14 Budget	2014-15 Adopted
CrimeStoppers	39,849	40,695	41,576	41,359
Police ID Bureau	<u>387,946</u>	<u>376,563</u>	<u>392,327</u>	<u>424,188</u>
Total	427,795	417,258	433,903	465,547

BUDGET HIGHLIGHTS

- The Police ID Bureau and Crimestoppers are both part of Buncombe County government, and the City pays 50% of the costs of the programs. The FY 2014-15 adopted budget amounts are based on estimates supplied by Buncombe County, which include a \$32,000 increase in Police ID Bureau costs.



ENVIRONMENT & TRANSPORTATION

Water Resources Fund
Public Works
Stormwater Fund
Street Cut Utility Fund
Transportation
Transit Services Fund
Parking Services Fund
Nondepartmental

WATER RESOURCES FUND

Steve Shoaf, Director

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

DEPARTMENT SUMMARY

	2011-12 Actual	2012-13 Actual	2013-14 Budget	2014-15 Adopted
Expenditures:				
Salaries & Wages	5,544,056	5,787,616	6,141,684	6,087,858
Fringe Benefits	2,911,238	2,430,963	2,698,681	2,837,398
Operating Costs	8,524,536	8,375,951	8,765,720	9,229,166
Debt Service	6,198,691	6,124,616	6,152,519	6,108,208
Capital Outlay	<u>7,637,140</u>	<u>8,198,423</u>	<u>18,545,742</u>	<u>10,393,728</u>
Total	30,815,661	30,917,569	42,304,346	34,656,358
FTE Positions	147.00	148.00	147.63	148.63
Revenues:				
Charges For Service	33,100,375	33,171,207	33,719,987	34,364,376
Investment Earnings	190,627	72,711	150,677	69,780
Miscellaneous	432,721	458,426	46,295	46,295
Intergovernmental	0	0	0	0
Other Financing Sources	<u>229,880</u>	<u>112,200</u>	<u>8,387,387</u>	<u>175,907</u>
Total	33,953,603	33,814,544	42,304,346	34,656,358

BUDGET HIGHLIGHTS

- In April, City Council approved minor rate adjustments for the 2014-15 fiscal year based on the Raftellis financial model. These rate adjustments are expected to generate approximately \$460,000 in additional revenue.
- The FY 2014-15 adopted Water Resources budget includes funding to add one GIS Technician position.
- The FY 2013-14 budget included an \$8.3 million appropriation from fund balance for capital improvements. The FY 2014-15 adopted budget includes a smaller (\$175,907) appropriation from fund balance; as a result, the overall Water Resources Fund budget shows an 18% year-over-year decrease. Even with this decrease, the FY 2014-15 budget still includes \$10.1 million in pay-as-you-go funding for water capital improvement projects.
- The internal Non-Revenue Water (NRW) Team will continue its efforts to establish operational practices for managing and controlling water loss due to leakage, water theft, and metering inaccuracies.

WATER RESOURCES FUND

DIVISION SUMMARY	2011-12 Actual	2012-13 Actual	2013-14 Budget	2014-15 Adopted
<u>Administration</u>	841,142	1,001,741	1,044,675	1,069,666
FTE Positions	7.00	8.00	7.00	8.00

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

<u>Meter Services</u>	1,229,389	1,166,432	1,315,508	1,817,143
FTE Positions	19.00	19.00	25.00	25.00

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

<u>Water Education</u>	2,996	0	4,400	0
FTE Positions	0.00	0.00	0.00	0.00

<u>Construction Crew</u>	527,123	300,718	0	0
FTE Positions	7.00	7.00	0.00	0.00

The Construction Crew Division is responsible for performing small water distribution system improvement projects. This division was merged with Water Maintenance in the FY 2013-14 budget.

<u>Water Maintenance</u>	3,593,754	3,437,600	4,322,800	3,760,188
FTE Positions	42.00	42.00	42.00	42.00

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>	4,817,487	4,537,995	5,011,622	5,327,177
FTE Positions	41.00	41.00	41.63	41.63

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

<u>Department-Wide Expenses</u>	17,490,419	17,855,959	28,312,176	20,359,724
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Costs of this activity are not allocable to individual divisions or activities. Examples include debt service, transfer to capital, insurance, and cost allocation (administrative costs to the City) expenses.

WATER RESOURCES FUND

DIVISION SUMMARY	2011-12 Actual	2012-13 Actual	2013-14 Budget	2014-15 Adopted
<u>Water Operating Equipment</u>	267,495	684,822	258,480	254,728

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>	1,429,219	1,337,657	1,391,474	1,385,022
FTE Positions	23.00	23.00	23.00	23.00

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

<u>Engineering Services</u>	616,637	594,645	643,211	682,710
FTE Positions	8.00	8.00	9.00	9.00

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

DEPARTMENTAL GOALS

- 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, meters, 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>2012/13 Actual</u>	<u>2013/14 Estimated</u>	<u>2014/15 Target</u>
• <i>Water Supply Management and Water Production will meet community demands for safe water 100% of the time</i>	100%	100%	100%
• <i>Compliance with State and Federal Water Quality Regulations will be met 100% of the time</i>	100%	100%	100%
• <i>Water quality and system status will be reported to customers annually in the Annual Water Quality Report</i>	100%	100%	100%
• <i>Use application and payment records to assess utilization of affordable housing rebate and incentive programs (number)</i>	32	30	35
• <i>Average miles of water distribution piping proactively searched with advanced leak detection methods</i>	4 per day	6 per day	7 per day
• <i>Maintain the percentage of engineering plan reviews and maintenance work orders responded to within 10 days</i>	81.5%	60%	100%
• <i>Continue to fund capital improvement to refurbish and replace aging infrastructure and to meet future regulations</i>	\$7,438,564	\$16,946,000	\$10,084,000
• <i>Answer incoming Customer Service calls as soon as possible. Meet or exceed Call Center Best Practices for abandoned calls</i>	1:52 minutes	2.25 minutes	2.0 minutes
• <i>Water loss volume in Million Gallons per Day (MGD)</i>	6.0 MGD	5.4 MGD	5.2 MGD

PUBLIC WORKS

Greg Shuler, Director

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

DEPARTMENT SUMMARY

	2011-12 Actual	2012-13 Actual	2013-14 Budget	2014-15 Adopted
Expenditures:				
Salaries & Wages	3,716,766	2,920,762	3,358,157	3,504,107
Fringe Benefits	1,866,023	1,761,860	1,503,685	1,783,202
Operating Costs	7,562,097	7,679,667	7,983,429	7,015,831
Capital Outlay	342,606	561,124	49,500	4,750
Cost Transfer	<u>-2,234,295</u>	<u>-1,968,194</u>	<u>0</u>	<u>-490,340</u>
Total	11,253,197	10,955,219	12,894,771	11,817,550
FTE Positions	106.00	83.51	84.51	84.51

BUDGET HIGHLIGHTS

- For FY 2014-15, funding for the City's annual resurfacing contract is removed from the Public Works Department's annual operating budget and moved to the City's General Capital Projects Fund. This change is reflected in the operating cost budget.
- In April 2014, City Council approved a new graffiti ordinance that included a 90 day concentrated initiative to aggressively remove graffiti from property. During the 90 day graffiti removal initiative, which will run from July 1, 2014 to September 30, 2014, property owners will receive significant assistance from the City when removing graffiti. \$300,000 has been included in the FY 2014-15 Public Works Department budget to fund the City's potential costs for this 90 day graffiti removal initiative. The adopted budget also includes funding for administrative costs associated with this program. The money for this 90 day initiative is coming from the City's general fund fund balance.
- Following two mild winters, staff reduced the storm control budget at the start of FY 2013-14. However, the FY 2013-14 budget was later amended as a result of the especially harsh winter. For FY 2014-15, staff restored the storm control budget to the amount adopted prior to FY 2013-14. This \$100,000 budget-to-budget increase is reflected in the street and sidewalk division.
- The FY 2014-15 adopted Public Works Department budget includes \$100,000 in funding for median maintenance.
- The FY 2014-15 adopted Public Works Department budget also includes \$300,000 in contracted services funding for a full year of sidewalk cleaning in the central business district.

PUBLIC WORKS

DIVISION SUMMARY	2011-12	2012-13	2013-14	2014-15
	Actual	Actual	Budget	Adopted
<u>Administration</u>	996,619	2,882,316	922,718	1,237,463
FTE Positions	6.50	6.50	6.50	6.50

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>Street Lighting</u>	1,608,526	1,383,562	1,696,139	1,356,000
FTE Positions	0.00	0.00	0.00	0.00

The budget above represents the cost for street lighting in the City of Asheville. Annual savings in the street lighting budget from the installation of LED lights is used to help fund the City's green sustainability initiatives. Beginning in FY 2014-15, the Transportation Department will be responsible for overseeing the City's street lighting program.

<u>Streets & Sidewalks</u>	3,323,904	1,275,164	4,339,219	3,733,090
FTE Positions	43.50	33.01	34.01	34.01

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>	4,674,728	4,654,707	4,945,325	4,988,421
FTE Positions	32.00	32.00	32.00	32.00

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>Engineering Services</u>	555,855	442,813	991,370	502,576
FTE Positions	9.00	12.00	12.00	12.00

The Engineering Services 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 storm drainage design, street paving, right-of-way research, and flood plain management.

PUBLIC WORKS

DIVISION SUMMARY	2011-12 Actual	2012-13 Actual	2013-14 Budget	2014-15 Adopted
<u>Fleet Management</u>	93,565	316,657	*	*
FTE Positions	15.00	*	*	*

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.

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

DEPARTMENTAL GOALS

- Provide safe and efficient transportation systems within the City of Asheville
 - Continually look for improvements to the roadway system.
 - Manage a proactive road maintenance and preservation program, including evaluating pavement condition and creating a database of street ratings.
 - Promote public safety through engineering and maintenance practices.
 - Continue construction and maintenance of pedestrian and bicycle infrastructure.
 - Seek partnerships for investments in greenway and sidewalk infrastructure, including cost sharing options.

- Provide efficient collection of municipal solid waste, yard waste, large and bulky items, and household recycling
 - Complete a route optimization study for Sanitation routes.
 - Reduce CO₂ emissions and fuel consumption by continuing to replace diesel fueled vehicles with CNG powered vehicles.
 - Complete pre and post trip inspections/maintenance in order to reduce vehicle maintenance expense.

- Improve the effectiveness of Public Works services
 - Develop written policy and procedure manuals for each division.
 - Offer employee training opportunities and utilize outside resources such as American Public Works Association webinars and workshops.
 - Improve communication with other departments and local agencies.
 - Improve communication to the public concerning anticipated street/lane closures to provide more efficient transportation alternatives to citizens.
 - Maintain consistent communication with the community, City Council, Boards and Commissions
 - Search for new opportunities to work with community stakeholders as well as enhance existing cooperation.
 - Improve communication skills and methods in order to eliminate unnecessary meetings.
 - Capture and collect meaningful data in order to aid in decision making.

- Improve environmental stewardship and protection of natural resources
 - Reduce fuel usage within the department. Work to reduce fuel consumption through efficient routing and reduction in vehicle idling.
 - Increase the collection of silts and other debris to prevent sedimentation.
 - Meet or exceed environmental regulations to protect natural resources.
 - Minimize the amount of waste generated; reuse and recycle whenever possible.

PUBLIC WORKS

DEPARTMENTAL GOALS (Cont.)

- Partner with other agencies to improve environmental related projects.
- Conduct all operations to assure that construction and maintenance activities promote long term sustainability in the community.
- Perform all work in the safest possible manner
 - Promote safety by incorporating best management practices.
 - Ensure personal protective equipment and training is provided to employees.
 - Assure that all active work zones are coordinated and administered per modern specifications.

KEY PERFORMANCE OBJECTIVES & MEASURES

	<i>2012/13</i> <u>Actual</u>	<i>2013/14</i> <u>Estimated</u>	<i>2014/15</i> <u>Target</u>
• <i>Divert 30% of solid waste from landfill through recycling initiatives</i>	28.2%	28.5%	30%
• <i>Complete 4,000 linear feet of sidewalk repairs</i>	5,124	3,736	4,000
• <i>Sidewalk cleaning with Nuisance Court and contracted labor</i>	37.92 miles	47.25 miles	50 miles

STORMWATER 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

	2011-12 Actual	2012-13 Actual	2013-14 Budget	2014-15 Adopted
Expenditures:				
Salaries & Wages	1,064,925	1,083,070	1,170,422	1,314,940
Fringe Benefits	623,901	487,885	567,823	553,968
Operating Costs	544,495	597,842	1,175,078	2,660,264
Debt Service	129,382	87,673	94,400	91,200
Capital Outlay	<u>1,107,984</u>	<u>580,240</u>	<u>641,000</u>	<u>641,000</u>
Total	3,470,687	2,836,710	3,648,723	5,261,372
FTE Positions	34.00	28.99	28.99	30.99
Revenues:				
Charges For Service	2,756,911	2,585,060	2,789,723	4,832,372
Licenses & Permits	190,516	253,928	187,000	187,000
Other Financing Sources	116,551	0	636,000	206,000
Miscellaneous	31,503	3,944	25,000	25,000
Investment Earnings	<u>12,512</u>	<u>4,362</u>	<u>11,000</u>	<u>11,000</u>
Total	3,107,993	2,847,294	3,648,723	5,261,372

BUDGET HIGHLIGHTS

- The existing rate for single family properties was \$2.34 per month. The adopted rate structure moves to a tiered system - Properties from 225–2000 square feet will pay \$2.50 per month; properties from 2001-4000 square feet will pay \$4 per month and properties greater than 4001 square feet will pay \$5.50 per month. For non-single family properties, the current rate of \$2.34/ERU (Equivalent Residential Unit) per month will be increased to \$4/ERU per month. It is anticipated that the new single family rates will go into effect ninety days after the start of the new fiscal year.
- Staff will utilize the additional funds from the rate change to perform more watershed assessments, install more drainage structures through contracts with construction companies, and perform additional maintenance services. These enhancements will include re-engineering a construction crew to become a preventative maintenance crew, which will include adding a FTE position to this crew. A Project Manager position will also be added to the budget to assist with the construction activities and professional service work that will be taking place.
- As discussed elsewhere in the Budget Document, all FY 2014-15 enterprise fund budgets now include the full cost of indirect services provided by the General Fund. For the Stormwater Fund, the cost of these services totals \$599,778. This accounting change is reflected on the expense side of the budget as an increase in operating costs.

STORMWATER FUND

KEY PERFORMANCE OBJECTIVES & MEASURES

	<u>2012/13</u> <u>Actual</u>	<u>2013/14</u> <u>Estimated</u>	<u>2014/15</u> <u>Target</u>
• <i>Install XX linear feet of new or replacement storm drains</i>	2,010	2,689	3,300
• <i>Sweep 3,500 shoulder miles of City streets</i>	3,427	3,797	3,500
• <i>Collect 1,200 tons of solids from City streets and drainage structures</i>	1,118	1,245	1,100
• <i>Clean 10,000 catch basins/storm drains</i>	11,241	9,992	10,000
• <i>Ditching of roadway</i>		6,618	15,840

STREET CUT UTILITY FUND

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

FUND SUMMARY

	2011-12	2012-13	2013-14	2014-15
	Actual	Actual	Budget	Adopted
Expenditures:				
Salaries & Wages	574,156	505,521	390,465	398,330
Fringe Benefits	283,819	236,590	150,044	188,029
Operating Costs	444,084	517,240	906,290	968,441
Debt Service	780	844	3,359	0
Capital Outlay	<u>144,920</u>	<u>79,098</u>	<u>43,650</u>	<u>100,000</u>
Total	1,447,759	1,339,293	1,493,808	1,650,800
FTE Positions	18.50	17.00	8.50	10.50
Revenues:				
Charges For Service	1,541,598	1,399,498	1,493,808	1,550,800
Other Financing Sources	0	0	0	100,000
Internal Charges	0	0	0	0
Miscellaneous	<u>0</u>	<u>78</u>	<u>0</u>	<u>0</u>
Total	1,541,598	1,399,576	1,493,808	1,650,800

BUDGET HIGHLIGHTS

- As noted elsewhere, enterprise fund budgets for FY 2014-15 now include the full cost of indirect services provided by the General Fund. For the Street Cut Fund, the cost of these services totals \$235,843. This accounting change is reflected on the expense side of the budget as an increase in operating costs.
- The FY 2014-15 adopted budget includes \$100,000 for equipment/vehicle replacement. Debt proceeds will fund these purchases.
- In order to more effectively meet customer service expectations in the street cut program, two additional FTE positions are added for FY 2014-15. The budget impact of these two additional positions is \$66,986.

KEY PERFORMANCE OBJECTIVES & MEASURES

	2012/13	2013/14	2014/15
	<u>Actual</u>	<u>Estimated</u>	<u>Target</u>
• <i>Reduce street cut repair cost per square foot</i>	\$22.37	\$19.25	\$19.00

TRANSPORTATION

Ken Putnam, Director

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

DEPARTMENT SUMMARY

	2011-12	2012-13	2013-14	2014-15
	Actual	Actual	Budget	Adopted
Expenditures:				
Salaries & Wages	553,089	564,597	562,701	587,826
Fringe Benefits	222,407	219,620	227,300	251,958
Operating Costs	165,765	194,453	406,051	391,143
Capital Outlay	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
			0	
Total	941,261	978,670	1,196,052	1,230,927
FTE Positions	11.63	12.30	12.29	12.29

BUDGET HIGHLIGHTS

- The FY 2014-15 adopted budget for the Transportation Department includes continued funding in the amount of \$100,000 for traffic calming projects and \$35,000 for traffic safety projects.
- Otherwise, the budget for the Transportation Department represents a continuation of existing programs and services.

TRANSPORTATION

DIVISION SUMMARY	2011-12 Actual	2012-13 Actual	2013-14 Budget	2014-15 Adopted
<u>Administration</u>	179,906	186,806	197,880	222,857
FTE Positions	2.00	2.67	2.67	2.67

The City Engineering function moved to the Public Works Department during FY 2009-10, and the division was renamed Transportation Administration.

<u>Traffic Engineering</u>	185,076	206,931	200,138	203,817
FTE Positions	2.00	2.00	2.00	2.00

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

<u>Traffic Signal Maintenance</u>	191,968	188,298	199,131	213,406
FTE Positions	2.00	2.00	2.00	2.00

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

<u>Transportation Planning</u>	144,756	189,595	222,524	184,002
FTE Positions	1.63	1.63	1.63	1.63

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

<u>Transportation Demand Mgt.</u>	2,830	0	0	0
FTE Positions	0.00	0.00	0.00	0.00

<u>Signs and Markings</u>	236,725	207,040	241,379	271,845
FTE Positions	4.00	4.00	4.00	4.00

The Signs & Markings Division was previously accounted for in the Public Works Department.

<u>Traffic Safety/Traffic Calming</u>	0	0	135,000	135,000
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TRANSPORTATION

DEPARTMENTAL GOALS

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

KEY PERFORMANCE OBJECTIVES & MEASURES

	<u>2012/13</u> <u>Actual</u>	<u>2013/14</u> <u>Estimated</u>	<u>2014/15</u> <u>Target</u>
• <i>Respond to customer complaints & concerns in a timely, professional, & courteous manner</i>	100%	100%	100%
• <i>Perform preventative maintenance on all City maintained traffic signals</i>	100%	100%	100%
• <i>Provide appropriate response times for emergency and standard service calls for traffic signal malfunctions and missing/damaged signage</i>	100%	100%	100%
• <i>Review development plans, traffic impact studies, and driveway access points for compliance with City policies</i>	100%	100%	100%
• <i>Miles of on-road bicycle facilities added to the transportation network</i>	0.5	1	1

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

	2011-12 Actual	2012-13 Actual	2013-14 Budget	2014-15 Adopted
Expenditures:				
Salaries & Wages	153,591	157,781	159,341	192,383
Fringe Benefits	61,897	55,665	59,851	63,287
Operating Costs	4,763,307	5,356,548	4,996,596	5,558,981
Operating Pass Through	419,967	253,556	553,500	553,500
Capital Outlay	<u>6,735</u>	<u>75,982</u>	<u>0</u>	<u>0</u>
Total	5,405,497	5,899,532	5,769,288	6,368,151
FTE Positions	3.00	3.00	3.00	3.00
Revenues:				
Operating Revenue	840,414	802,845	855,000	925,000
Miscellaneous	1,462	11,883	0	0
Federal/State Grants	2,832,316	2,599,634	2,266,411	2,252,230
Operating Pass Through	419,967	223,676	553,500	553,500
General Fund Subsidy	985,295	985,295	1,157,502	1,700,546
Parking Fund Subsidy	500,000	616,875	616,875	616,875
Other	0	41,509	0	0
Motor Vehicle License Fee	<u>312,874</u>	<u>318,605</u>	<u>320,000</u>	<u>320,000</u>
Total	5,502,704	5,600,322	5,769,288	6,368,151

BUDGET HIGHLIGHTS

- The adopted budget includes funding to implement limited Sunday service and make changes to route C to address inefficiencies with that route. Both of these changes will be implemented on January 1, 2015. The FY 2014-15 cost of these two service changes is \$220,000. The City has applied for additional grant funding that may partially fund this cost increase
- In addition to the changes noted above, overall operating costs for the transit system are up about \$300,000 in FY 2014-15. In addition, there is a slight decrease in State funding for transit operations.
- With the reduction in grant funding, increases in operating costs, and the other service changes, the FY 2014-15 budget includes a \$543,000 increase in the General Fund support for Transit Services.
- As discussed elsewhere in the Budget Document, enterprise fund budgets now include the full cost of indirect services provided by the General Fund. For the Transit Services Fund, the cost of these services totals \$69,461. This accounting change is reflected on the revenue side of the budget as an increase in the General Fund transfer, and on the expense side as an increase in operating costs.

TRANSIT SERVICES FUND

DIVISION SUMMARY	2011-12 Actual	2012-13 Actual	2013-14 Budget	2014-15 Adopted
<u>Administration</u>	346,101	439,756	414,220	460,211
FTE Positions	3.00	3.00	3.00	3.00

The Administration Division will evaluate and implement strategies and routes necessary to achieve the mission of the department.

<u>Transit Operations</u>	5,059,396	5,459,776	5,355,068	5,907,940
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.

KEY PERFORMANCE OBJECTIVES & MEASURES

	<u>2012/13 Actual</u>	<u>2013/14 Estimated</u>	<u>2014/15 Target</u>
• <i>Annual ridership per million</i>	1.4	1.4	1.5
• <i>Operating cost per hour</i>	\$90	\$94	\$95
• <i>On-time performance</i>	69%	70%	70%

PARKING SERVICES FUND

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

FUND SUMMARY

	2011-12 Actual	2012-13 Actual	2013-14 Budget	2014-15 Adopted
Expenditures:				
Salaries & Wages	525,763	569,561	626,747	667,497
Fringe Benefits	321,854	268,613	317,893	351,618
Operating Costs	768,181	845,714	1,158,701	1,436,817
Debt Service	102,355	801,284	892,725	875,000
Transfer to Transit Fund	500,000	616,875	616,875	616,875
Transfer to General Fund	0	120,000	0	0
Capital Outlay	<u>445,366</u>	<u>1,000,852</u>	<u>243,759</u>	<u>80,000</u>
Total	2,663,519	4,222,899	3,856,700	4,027,807
FTE Positions	19.00	21.33	21.33	21.33
Revenues:				
Garage Revenues	1,586,979	1,927,120	1,848,000	2,073,000
Parking Meters	1,103,316	1,091,540	1,250,000	1,239,413
Parking Violations	334,831	632,471	427,700	448,250
Parking Lots & Peripheral	181,314	189,745	314,000	264,000
Other	<u>42,814</u>	<u>29,379</u>	<u>17,000</u>	<u>3,144</u>
Total	3,249,254	3,870,255	3,856,700	4,027,807

BUDGET HIGHLIGHTS

- As discussed elsewhere in the Budget Document, enterprise fund budgets now include the full cost of indirect services provided by the General Fund. For the Parking Services Fund, the cost of these services totals \$348,756.
- Revenues in the current fiscal year are performing better than budget, and this trend is expected to continue next fiscal year. There are no rate changes included in the FY 2014-15 adopted budget.
- Overall, the adopted budget reflects a continuation of existing programs and services.

PARKING SERVICES FUND

DIVISION SUMMARY	2011-12 Actual	2012-13 Actual	2013-14 Budget	2014-15 Adopted
<u>Parking Services</u>	1,229,383	2,494,907	1,095,254	988,686
FTE Positions	9.50	10.00	10.83	10.83

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.

<u>Parking Garages</u>	1,434,136	1,727,992	2,761,446	3,039,121
FTE Positions	9.50	11.33	10.50	10.50

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.

KEY PERFORMANCE OBJECTIVES & MEASURES

	<u>2012/13 Actual</u>	<u>2013/14 Estimated</u>	<u>2014/15 Target</u>
<ul style="list-style-type: none"> • <i>Increase the number of on-street, metered parking spaces in the CBD (Baseline = 744 metered parking spaces)</i> 	1.0%	3.0%	3.0%
<ul style="list-style-type: none"> • <i>Increase parking meter revenue by increased meter maintenance to minimize parking meter downtime.</i> 	1.0%	2.0%	2.0%
<ul style="list-style-type: none"> • <i>Increase monthly parking customers in the parking garages</i> 	10.0%	4.0%	4.0%

NONDEPARTMENTAL ENVIRONMENT & TRANSPORTATION

BUDGET SUMMARY

Expenditures:	2011-12 Actual	2012-13 Actual	2013-14 Budget	2014-15 Adopted
GF Transfer to Grant Fund	0	0	50,000	0
GF Transfer to Transit Fund	<u>1,074,795</u>	<u>985,295</u>	<u>1,157,502</u>	<u>1,700,546</u>
Total	1,074,795	985,295	1,207,502	1,700,546

BUDGET HIGHLIGHTS

- As discussed in the Transit Services section, the FY 2014-15 budget includes a \$543,000 increase in the General Fund support for Transit Services.



CULTURE & RECREATION

*Parks, Recreation & Cultural Arts
Civic Center Fund
Nondepartmental*

PARKS, RECREATION & CULTURAL ARTS

Roderick Simmons, Director

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

DEPARTMENT SUMMARY

	2011-12	2012-13	2013-14	2014-15
	Actual	Actual	Budget	Adopted
Expenditures:				
Salaries & Wages	4,076,824	4,181,094	4,166,886	4,328,001
Fringe Benefits	1,801,372	1,594,953	1,666,740	1,838,670
Operating Costs	3,339,090	3,307,808	3,542,471	3,486,866
Capital Outlay	<u>19,319</u>	<u>54,800</u>	<u>0</u>	<u>0</u>
Total	9,236,605	9,138,655	9,376,097	9,653,537
FTE Positions	97.15	97.38	93.63	93.63

BUDGET HIGHLIGHTS

- The adopted FY 2014-15 Parks & Recreation Department budget reflects the elimination of all expenses (and revenue) associated with the Bele Chere festival.
- The park maintenance division budget includes an additional \$100,000 to fund cost increases associated with the City's mowing contract.
- The Parks & Recreation budget includes \$50,000 for the installation of additional security cameras at facilities.
- The park maintenance division budget also includes an additional \$250,000 in pay-as-you-go capital funding for facility maintenance, which brings the total amount to \$650,000.

PARKS, RECREATION & CULTURAL ARTS

DIVISION SUMMARY	2011-12 Actual	2012-13 Actual	2013-14 Budget	2014-15 Adopted
<u>Administration</u>	372,740	345,863	412,383	409,664
FTE Positions	2.00	2.00	2.00	2.00

The Administration Division provides overall leadership and coordination of the department's activities and goals; coordinates department activities with other departments; and is responsible for execution of the Master Plan for the department.

<u>Business Services</u>	995,187	966,884	1,054,927	1,046,290
FTE Positions	7.00	7.00	4.00	4.00

The Business Services Division provides business planning and strategic planning expertise; provides "back of house" operational support for the department; and oversees marketing, communications, and media relations.

<u>Cultural Arts</u>	1,076,643	1,233,502	752,951	0
FTE Positions	4.75	4.63	0.00	0.00

With the elimination of the Bele Chere festival, the Cultural Arts Division was re-engineered, and a new Community Programs division was created.

<u>Park Maintenance</u>	2,685,681	2,741,525	3,129,784	3,567,543
FTE Positions	34.75	33.75	35.38	35.38

The Park Maintenance Division oversees maintenance of all City of Asheville Parks and Public Facilities.

<u>Planning</u>	156,161	148,134	210,208	213,075
FTE Positions	2.00	2.00	2.00	2.00

The Parks Planning and Development Division manifests vision for all park projects; provides site planning and detailed project plans; and manages the contracting process for construction projects.

<u>Recreation Programs</u>	2,382,375	2,229,420	2,378,057	2,401,943
FTE Positions	31.90	32.50	29.50	29.50

The Recreation Division oversees all Community Centers and their City-organized activities; provides management of the youth and adult athletics programming; provides recreational programming in the community; and serves special populations including seniors and afterschool.

PARKS, RECREATION & CULTURAL ARTS

DIVISION SUMMARY	2011-12 Actual	2012-13 Actual	2013-14 Budget	2014-15 Adopted
<u>Community Programs</u>				574,842
FTE Positions			6.00	6.00
<u>Specialized Facilities:</u> The Specialized Facilities Division provides management and/or oversight of: the WNC Nature Center, Swimming Pools, Riverside Cemetery, Food Lion Skate Park, and Aston Park Tennis Center. The budgets for those individual cost centers are listed below.				
<u>Riverside Cemetery</u>	28,724	35,190	32,663	29,763
FTE Positions	0.00	0.00	0.00	0.00
<u>Nature Center</u>	946,953	906,228	902,922	905,265
FTE Positions	11.75	11.75	11.75	11.75
<u>McCormick Field</u>	140,171	86,822	0	0
FTE Positions	0.00	0.00	0.00	0.00
<u>Aston Park</u>	209,463	205,683	218,766	221,019
FTE Positions	2.00	2.00	2.00	2.00
<u>Food Lion Skate Park</u>	85,108	85,327	94,397	95,094
FTE Positions	1.00	1.00	1.00	1.00
<u>Swimming Pools</u>	157,242	154,077	189,039	189,039
FTE Positions	0.00	0.00	0.00	0.00
<u>Specialized Facilities</u>	157	0	0	0
FTE Positions	0.00	0.00	0.00	0.00

DEPARTMENTAL GOALS

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

PARKS, RECREATION & CULTURAL ARTS

KEY PERFORMANCE OBJECTIVES & MEASURES

	<u>2012/13</u> <u>Actual</u>	<u>2013/14</u> <u>Estimated</u>	<u>2014/15</u> <u>Target</u>
• Maximize use of volunteers	48,992 volunteer hours	50,000 volunteer hours	50,000 volunteer hours
• Maximize partnership opportunities to extend programs and services	---	---	5 new partners
• Enhance department web pages on City website	---	---	Complete
• Enhance and develop new community programs	---	---	25 programs
• Design and construction documents for the WNC Nature Center main entrance	60% Complete	95% Complete	Complete
• Beaucatcher Greenway design and construction documents	5% Complete	95% Complete	Complete
• Complete deferred park maintenance projects	---	---	10 deferred projects complete
• Install security cameras in 3 facilities	---	---	Complete
• Renovate 3 recreation center gymnasiums	---	33% Complete	Complete
• Complete construction at Dr. Wesley Grant Sr., Southside Center	Seek construction funding	Seek construction funding	Start Physical Phase construction and design

GOLF FUND

FUND SUMMARY

	2011-12	2012-13	2013-14	2014-15
	Actual	Actual	Budget	Adopted
Expenditures:				
Salaries & Wages	359,741	177,901	*	*
Fringe Benefits	186,263	52,745	*	*
Operating Costs	313,856	108,068	*	*
Capital Outlay	<u>0</u>	<u>305</u>	-	-
Total	859,860	339,019	*	*
FTE Positions	11.00	0.00	*	*
Revenues:				
Pro Shop Sales	17,497	7,024	*	*
Membership Fees	91,200	0	*	*
Snack Bar	47,409	14,464	*	*
Equipment Rental	250,036	85,967	*	*
Green Fees	377,523	130,475	*	*
Other	<u>10,013</u>	<u>17,867</u>	-	-
Subtotal Operations	793,678	255,797	*	*
		0		
General Fund Subsidy	<u>0</u>	<u>619,052</u>	-	-
Total	793,678	874,849	*	*

BUDGET HIGHLIGHTS

- The City contracted out operation of the Municipal Golf Course during FY 2012-13. A lease payment from the contractor of \$75,000 is included as a revenue in the adopted FY 2014-15 General Fund Parks & Recreation Department budget.

US CELLULAR CENTER FUND

Sam Powers, Director

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

DEPARTMENT SUMMARY

	2011-12	2012-13	2013-14	2014-15
	Actual	Actual	Budget	Adopted
Expenditures:				
Salaries & Wages	913,983	932,588	983,149	965,425
Fringe Benefits	390,708	323,271	340,909	365,837
Operating Costs	909,346	1,001,047	1,253,825	1,848,286
Debt Service	0	266,822	300,550	288,950
Capital Outlay	<u>313,296</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	2,527,333	2,523,728	2,878,433	3,468,498
FTE Positions	16.25	18.50	16.50	16.50
Revenues:				
Food & Beverage Sales	602,810	728,359	946,006	1,153,922
Rent	469,115	669,707	519,000	451,500
Admissions & Other Sales	249,802	792,221	424,500	558,500
Capital Maintenance Fee	79,163	74,910	90,000	90,000
Investment Earnings	1,240	1,857	5,000	2,000
Other	<u>93,385</u>	<u>54,481</u>	<u>8,000</u>	<u>32,000</u>
Subtotal Operations	1,495,515	2,321,535	1,992,506	2,287,922
General Fund Transfer	392,594	662,594	885,927	1,120,576
Appr. Fund Balance	--	--	--	60,000
Total	1,886,109	2,984,129	2,878,433	3,468,498

BUDGET HIGHLIGHTS

- As discussed elsewhere in the Budget Document, all enterprise fund budgets for FY 2014-15 include the full cost of indirect services provided by the General Fund. In FY 2013-14, the first year of this accounting change, enterprise funds were charged 50% the total cost. For the US Cellular Center Fund, the total cost of these services is \$439,032. This accounting change is reflected on the revenue side of the budget as an increase in the General Fund transfer, and on the expense side as an increase in operating costs.
- Event bookings and operating revenue have been higher than originally anticipated in the adopted FY 2013-14 budget, and this trend is expected to continue in FY 2014-15.
- The adopted budget includes a \$60,000 appropriation from fund balance for small equipment purchases.

US CELLULAR CENTER FUND

DEPARTMENTAL GOALS

"Exceptional Experiences Through Superior Service"

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

KEY PERFORMANCE OBJECTIVES & MEASURES

	<u>2012/13</u> <u>Actual</u>	<u>2013/14</u> <u>Estimated</u>	<u>2014/15</u> <u>Target</u>
• <i>General Fund subsidy as a % of total Civic Center Fund revenue</i>	16%	11%	12%

NONDEPARTMENTAL CULTURE & RECREATION

Outside agency and nondepartmental culture & recreation funding for FY 2014-15 includes the following:

BUDGET SUMMARY

Expenditures:	2011-12 Actual	2012-13 Actual	2013-14 Budget	2014-15 Adopted
Transfer to Civic Center Fund	392,594	662,594	885,927	1,120,576
Transfer to Golf Fund	<u>0</u>	<u>619,052</u>	<u>0</u>	<u>0</u>
Total	392,594	1,281,646	885,927	1,120,576

BUDGET HIGHLIGHTS

- The General Fund nondepartmental budget includes the transfer to the US Cellular Center, which was discussed earlier in the Culture and Recreation section.

COMMUNITY DEVELOPMENT

Planning & Development
Community Development & HOME Funds
Housing Trust Revolving Fund
Development Services Department
Nondepartmental

URBAN & PLANNING DESIGN

Cathy Ball, Interim Director

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

DEPARTMENT SUMMARY

	2011-12	2012-13	2013-14	2014-15
	Actual	Actual	Budget	Adopted
Expenditures:				
Salaries & Wages	1,074,789	878,763	655,782	639,406
Fringe Benefits	432,350	291,773	347,967	243,751
Operating Costs	119,857	101,604	102,159	202,666
Capital Outlay	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	1,626,996	1,272,140	1,105,908	1,085,823
FTE Positions	19.38	13.50	10.25	10.25

BUDGET HIGHLIGHTS

- \$200,000 in savings from the FY 2013-14 budget are being reallocated to cover the cost of the Comprehensive Plan update. Work on the Comprehensive Plan update will occur during FY 2014-15.
- The FY 2014-15 adopted budget includes \$100,000 to fund the River District form based code project.

URBAN & PLANNING DESIGN

DIVISION SUMMARY	2011-12 Actual	2012-13 Actual	2013-14 Budget	2014-15 Adopted
<u>Planning Services</u>	1,433,462	1,066,030	906,926	867,970
FTE Positions	16.88	11.00	7.50	7.50

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.

<u>Historic Resources</u>	125,279	125,070	129,302	146,543
FTE Positions	1.50	1.50	1.75	1.75

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>	68,255	81,041	69,680	71,310
FTE Positions	1.00	1.00	1.00	1.00

DEPARTMENTAL GOALS

- Improve the quality of life in Asheville by working with citizens, community organizations and developers to identify guidelines for growth and to establish and enforce sound standards for development.
- Preserve the natural and built environment of the City of Asheville while accommodating new growth and development.
- Provide timely and accurate review and permitting of land development projects.
- Provide thorough, effective, and timely code enforcement assistance.
- Promote a range of housing options for residents of Asheville by providing opportunities for the development of different housing types.
- Improve the economic climate through support of community and economic development activities.
- Encourage sustainable development and promote redevelopment in accordance with the City's Smart Growth Policies.
- Preserve and protect the historic, cultural and architectural resources of the City and help educate the community about the importance of preservation to the planning process.
- Improve collection, coordination and dissemination of data in order to end homelessness in Asheville and Buncombe County.

Note: Key performance objectives and measures are being updated for this department and were not available when the Budget Document was produced.

HOUSING TRUST FUND

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

BUDGET SUMMARY	2011-12	2012-13	2013-14	2014-15
	Actual	Actual	Budget	Adopted
Expenditures:				
General Fund Contribution	300,000	500,000	500,000	500,000

BUDGET HIGHLIGHTS

- The FY 2014-15 adopted budget continues the \$500,000 General Fund operating budget contribution to the Housing Trust Fund.

BUILDING SAFETY

DEPARTMENT SUMMARY

	2011-12	2012-13	2013-14	2014-15
	Actual	Actual	Budget	Adopted
Expenditures:				
Salaries & Wages	1,951,140	2,206,281	*	*
Fringe Benefits	865,219	836,812	*	*
Operating Costs	1,041,427	931,883	*	*
Capital Outlay	<u>44,722</u>	<u>0</u>	-	-
Total	3,902,508	3,974,976	*	*
FTE Positions	50.00	*	*	*

BUDGET HIGHLIGHTS

- During FY 2012-13, departmental functions were re-organized and the permitting and inspections division was moved under the Development Services Department (DSD) and the building maintenance division was moved under the General Services division.

Development Services Department

Shannon Tuch, Director

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

DEPARTMENT SUMMARY

	2011-12	2012-13	2013-14	2014-15
	Actual	Actual	Budget	Adopted
Expenditures:				
Salaries & Wages			1,848,014	2,365,306
Fringe Benefits			725,293	947,712
Operating Costs			285,003	283,821
Capital Outlay			0	0
Total			2,858,310	3,596,839
FTE Positions			48.00	48.00

BUDGET HIGHLIGHTS

- A number of positions in the Development Services Department were held vacant or eliminated during the recession. As development activity has picked up recently, staffing levels in the department have been increased to meet the higher workload. Staffing levels were adjusted upward after adoption of the FY 2013-14 budget. The FY 2013-14 FTE position number above reflects this increase. The FY 2014-15 adopted budget reflects a full year of those increased staffing costs.

DEPARTMENTAL GOALS

- To establish and communicate a mission, vision, structure, and identity for the Development Services Department.
- To provide quality customer service that is timely, accurate, and consistent.
- Identify and reduce barriers to development by streamlining the Department's processes and procedures.
- To promote consistency in application of standards across all disciplines and functions of the Department.
- To partner in economic development with other Departments on strategic planning and with external agencies including nonprofits and advisory groups to promote balanced development.
- Enhance the Accela software for services across all functions.
- To provide effective and timely NC State Building Code enforcement through inspection of new construction, repairs, remodels, or rehabilitation.

Development Services Department

DEPARTMENTAL GOALS (Cont)

- 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 affordable housing and environmental and sustainable construction.
- To provide all building code enforcement, plan review, and permit application center activities through user fees and charges for building permits, inspections, and plan reviews.

KEY PERFORMANCE OBJECTIVES & MEASURES

	<i>2012/13 Actual</i>	<i>2013/14 Estimate</i>	<i>2014/15 Target</i>
• Complete 100% of inspections within 24 hours	95%	95%	100%
• Deliver 12 education sessions for code enforcement officers, contractors, and designers on building codes	12 sessions	14 sessions	12 sessions
• Complete application processing in Development Services Department within 1 working day	3 days	3 days	1 day
• Reduce inspection disapprovals to 10%	20%	15%	10%
• Eliminate substandard structures in the City through demolition	0 structures	0 structures	1 structure
• Complete initial review of single family home plans within 7 days	7 days	10 days	7 days

NONDEPARTMENTAL COMMUNITY DEVELOPMENT

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

BUDGET SUMMARY

	2011-12	2012-13	2013-14	2014-15
Expenditures:	Actual	Actual	Budget	Adopted
One Youth at a Time	5,600	5,480	5,440	4,400
YWCA	6,000	12,000	8,000	0
AHOPE	15,000	25,000	20,000	25,000
United Way 211	0	2,500	2,500	2,500
Children First	17,800	15,740	15,740	20,000
Asheville Greenworks	8,000	8,000	8,000	10,000
Youthful Hand	0	4,000	4,720	0
Child Abuse Prevention Services	5,000	5,832	5,000	5,000
Asheville Design Center	3,000	0	4,000	4,000
Green Opportunities	0	25,000	25,000	10,000
Community Relations Council	35,705	43,295	35,000	**
Kids Voting	1,000	0	0	0
Governor's Western Residence	5,000	0	0	0
App. Sustainable Agr. Project	0	0	0	5,000
Asheville Area Arts Council	0	0	0	10,000
Partners Unlimited	0	0	0	2,500
Economic Development Coalition	40,000	60,000	60,000	**
A/B Sports Commission	45,000	45,000	45,000	**
YMI Utilities	24,000	24,000	24,000	24,000
Economic Incentives	508,518	1,264,518	638,400	595,400
Other	51	0	0	0
Total	719,674	1,540,365	900,800	717,800

BUDGET HIGHLIGHTS

- The Economic Development Coalition and Sports Commission budgets are now included as contracts for service in the Economic Development Department budget.
- Funding for the Community Relations Council is now included in the Police Department budget.



CAPITAL IMPROVEMENTS & DEBT MANAGEMENT

*Narrative & Overview
General Capital Fund
Enterprise Capital Funds
Debt Management*

CAPITAL IMPROVEMENT PROGRAM

2014/15 TO 2018/19

General Capital Project Summary

As discussed with City Council at its May 13, 2014 budget worksession, staff worked with financial advisors to develop a multi-year debt management and capital improvement program utilizing additional revenue that was generated by the 3-cent property tax rate increase that City Council approved in June 2013. The total five-year capital improvement program (CIP) includes project expenses totaling \$132 million, which represents a substantial increase over the most recent five-year period (2009-2013) which included a project total of just under \$42 million.

Projects will be funded with a mix of internal City resources and external resources such as grants and partnerships. Approximately \$90 million in funding will come from City resources through the use of pay-as-you-go general fund operating contributions, and the issuance of municipal debt. Projects were selected based on a number of criteria including: public safety, economic growth and sustainability, affordable housing & community development, quality of life, availability of outside funding sources, and potential return on investment.

The charts beginning on page 68 show a summary of the projects and their anticipated cash flows between the current fiscal year and FY 2018-19. At the end of the summary is a list of project budgets that are included in the FY 2014-15 budget ordinance, which includes new projects that will either 1) incur actual cash expenses during FY 2014-15, or 2) require budget authorization for contract approval in FY 2014-15 with actual cash expenses occurring after June 30, 2015.

It is important to note that project detail in the CIP can and often does change during the year based on various factors. Staff updates City Council via the quarterly financial reports on progress with capital projects.

CAPITAL IMPROVEMENT PROGRAM 2014/15 TO 2018/19

RELATIONSHIP TO THE ANNUAL OPERATING BUDGET

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

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

The estimated impact of the capital improvement budget on the annual operating budget in FY 2014-15 is \$26.87 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 only capital project approved in the FY 2014-15 budget that is expected to have a major operating impact in future years is the Fire Station #14 project. Once the station is complete, an additional fifteen firefighters will need to be hired at an estimated cost of \$675,000. This budget impact will likely occur in FY 2018.

Total Impact of Capital Budget on FY 2014-15 Operating Budget	
General Fund Pay-Go/Debt	8,995,878
Water Resources Fund CIP Transfer	10,084,000
Water Resources Fund Debt Service	6,108,208
Non-Major Enterprise Funds Pay-Go/Debt	<u>1,685,150</u>
Total	26,873,236

CAPITAL IMPROVEMENT PROGRAM 2014/15 TO 2018/19

FIVE-YEAR GENERAL CAPITAL PROJECT SUMMARY (Cash Flow)

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	TOTAL
AFFORDABLE HOUSING							
Eagle Market Place	500,000	3,449,500	-	-	-	-	3,949,500
Affordable Housing Partnerships	-	500,000	500,000	1,000,000	1,000,000	1,000,000	4,000,000
Southside Neighborhood Improv.	-	-	-	1,000,000	-	-	1,000,000
Subtotal	500,000	3,949,500	500,000	2,000,000	1,000,000	1,000,000	8,949,500
PUBLIC SAFETY							
Radio Infrastructure	-	2,049,000	3,785,000	-	-	-	5,834,000
Radio Replacement	-	200,000	200,000	200,000	200,000	200,000	1,000,000
Replacement Engine	-	-	-	-	600,000	600,000	1,200,000
Replacement ladder truck	-	-	-	1,000,000	-	-	1,000,000
SCBA replacement	-	-	1,000,000	-	-	-	1,000,000
Fire Station # 14 Land	-	500,000	-	-	-	-	500,000
Fire Station # 14 Design/ Build	-	172,000	-	1,700,000	1,000,000	-	2,872,000
Fire Station # 14 Engine	-	-	-	600,000	-	-	600,000
Finalee Landslide Mitigation	-	550,000	-	-	-	-	550,000
Traffic Calming	-	100,000	100,000	100,000	100,000	100,000	500,000
Traffic Safety Projects	-	35,000	35,000	35,000	35,000	35,000	175,000
Unsafe Building Demo	-	20,000	-	-	-	-	20,000
Chunn's Cove Bridge Rehab	-	-	-	-	-	500,000	500,000
Subtotal	-	3,626,000	5,120,000	3,635,000	1,935,000	1,435,000	15,751,000
MULTIMODAL TRANSPORTATION							
Hendersonville Road Sidewalk	200,000	1,750,000	1,750,000	425,000	-	-	4,125,000
New Leicester Highway Sidewalk	-	-	-	500,000	3,130,000	-	3,630,000
Neighborhood Sidewalk Program	-	100,000	100,000	150,000	100,000	100,000	550,000
Transit, buses and shelters	-	47,807	447,807	47,807	1,047,807	47,807	1,639,035
Town Branch Greenway	-	450,000	1,000,000	1,000,000	-	-	2,450,000
Livingston Complete Street	-	-	200,000	900,000	250,000	-	1,350,000
Craven Street	-	3,000,000	1,300,000	1,100,000	-	-	5,400,000
RADTIP	-	1,557,577	1,206,344	3,660,307	5,840,915	9,634,857	21,900,000
Five-Points Roundabout	-	350,000	300,000	-	-	-	650,000
Clingman Forest Greenway	-	-	300,000	1,200,000	-	-	1,500,000
French Broad River W. Greenway	-	250,000	500,000	250,000	-	-	1,000,000
Charlotte Street Improvements	-	75,000	125,000	1,050,000	2,400,000	-	3,650,000
Bicycle Connections	-	-	20,000	50,000	50,000	50,000	170,000
Azalea Road Improvements	-	1,037,588	-	-	-	-	1,037,588
Subtotal	200,000	8,617,972	7,249,151	10,333,114	12,818,722	9,832,664	49,051,623
ECONOMIC DEVELOPMENT							
Public Art Maintenance	-	40,000	40,000	40,000	40,000	40,000	200,000
I-26 Connector	-	-	-	-	1,000,000	1,000,000	2,000,000
Parks Maintenance Relocation	-	100,000	500,000	-	-	-	600,000
Civic Center	-	111,050	115,000	120,000	125,000	130,000	601,050
City Property Demo on Haywood	500,000	-	-	-	-	-	500,000
Sidewalk Cleaning	20,000	300,000	300,000	300,000	300,000	300,000	1,520,000
Trash/Recycling Containers	175,000	-	-	-	-	-	175,000
River Arts District Projects	-	-	-	-	2,100,000	-	2,100,000
Subtotal	695,000	551,050	955,000	460,000	3,565,000	1,470,000	7,696,050

CAPITAL IMPROVEMENT PROGRAM 2014/15 TO 2018/19

FIVE-YEAR GENERAL CAPITAL PROJECT SUMMARY (Cash Flow)

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	TOTAL
MAINTENANCE							
Median Maintenance	-	100,000	100,000	100,000	100,000	100,000	500,000
Roll Cart Replacement	-	90,000	90,000	90,000	90,000	90,000	450,000
Sidewalk maintenance	-	250,000	250,000	250,000	250,000	250,000	1,250,000
Fleet Replacement	1,800,000	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	16,800,000
Pack Place capital improvements	-	-	-	2,000,000	-	-	2,000,000
Roofs	-	150,000	150,000	150,000	150,000	150,000	750,000
Various facility upgrades	-	275,000	275,000	275,000	275,000	275,000	1,375,000
Resurfacing Program	250,000	1,984,193	2,000,000	2,000,000	2,000,000	2,000,000	10,234,193
Project Management	40,000	500,000	500,000	500,000	500,000	500,000	2,540,000
Contingency	-	-	-	2,000,000	2,000,000	2,000,000	6,000,000
Subtotal	2,090,000	6,349,193	6,365,000	10,365,000	8,365,000	8,365,000	41,899,193
QUALITY OF LIFE							
Park Facilities/ Playgrounds	-	600,000	3,950,000	600,000	600,000	600,000	6,350,000
Park Maintenance	-	400,000	400,000	400,000	400,000	400,000	2,000,000
Golf Course Irrigation System	-	450,000	-	-	-	-	450,000
McCormick Field	100,000	-	-	275,000	-	-	375,000
Subtotal	100,000	1,450,000	4,350,000	1,275,000	1,000,000	1,000,000	9,175,000
PROJECT TOTALS	3,585,000	24,543,715	24,539,151	28,068,114	28,683,722	23,102,664	132,522,366

CAPITAL IMPROVEMENT PROGRAM 2014/15 TO 2018/19

FY 2014-15 GENERAL CAPITAL PROJECT SUMMARY (Budget)

Listed below are the projects and funding amounts included in the FY 2014-15 budget ordinance for the general capital projects fund.

Revenue	Amount
General Fund Pay-Go	197,807
Debt Proceeds/Grants/Partnerships	18,360,921
Total Revenue	18,558,728
Projects	Amount
Roofs	150,000
Transit shelters	47,807
Eagle Market Place	1,700,000
RADTIP (design/right of way)	2,763,921
French Broad River W. Greenway	1,000,000
Clingman Forest Greenway	1,500,000
Five-Points Roundabout	650,000
Charlotte Street Improvements (design)	200,000
Town Branch Greenway	2,450,000
Livingston Complete Street (design)	200,000
Affordable Housing Partnerships	500,000
Resurfacing Program	2,000,000
Parks Maintenance Relocation	600,000
Finalee Landslide Mitigation	550,000
Fire Station # 14 Land	500,000
Fire Station # 14 Design/ Build	172,000
Fleet Replacement	3,000,000
Various facility upgrades	125,000
Neighborhood Sidewalks	100,000
Park Facilities/ Playgrounds	350,000
Total Projects	18,558,728

CAPITAL IMPROVEMENT PROGRAM 2014/15 TO 2018/19

FY 2014-15 PAY-GO CAPITAL MAINTENANCE SUMMARY (Budget)

Listed below are the capital maintenance items that are funded with pay-go resources but included in the FY 2014-15 general fund operating budget.

Revenue	Amount
General Fund Pay-Go	2,046,050
Item	Amount
Sidewalk Cleaning	300,000
Civic Center	111,050
Traffic Calming	100,000
Public Art Maintenance	40,000
Various facility upgrades	150,000
Radio Replacement	200,000
Park Maintenance	650,000
Sidewalk maintenance	250,000
Median Maintenance	100,000
Traffic Safety Projects	35,000
Roll Cart Replacement	90,000
Unsafe Building Demo	20,000
Total	2,046,050

CAPITAL IMPROVEMENT PROGRAM 2014/15 TO 2018/19

WATER RESOURCES CAPITAL IMPROVEMENT FUND SUMMARY

	2014/15	2015/16	2016/17	2017/18	2018/19
<i>Revenue Source:</i>					
Transfer from Water Operating Fund	10,084,000	16,250,000	10,932,000	10,595,500	8,617,500
<i>Use of Funds:</i>					
<i>NCDOT Projects:</i>					
Brooks Cove Road Bridge	15,000				
Grassy Branch Bridges (Up. GB Ext/Lower GB)	120,000				
McFee Road Bridge			80,000		
Mills Gap Road Bridge		65,000			
<i>Distribution System Projects</i>					
Affordable Housing Infill Development Incentive	50,000	50,000	50,000	50,000	50,000
Brevard Road from I-26 to Sardis Road	386,000				
Main Transmission Line Projects	500,000	500,000	500,000		
Meadow Rd Lyman St Victoria Rd & McDowell St			2,500,000		
Merrimon Avenue Main Replacement			1,350,000	3,825,000	3,825,000
Meter / Vault Repair	500,000	500,000	500,000	500,000	
Right-of-Way (ROW) Clearing	150,000	150,000	150,000	150,000	150,000
<i>Water Production Projects</i>					
Mills River Raw Water Reservoir 15 MG			1,540,000		
North Fork/William DeBruhl WTP Wastewater Upgrades		200,000			
North Fork WTP Dam / Tunnel Eval & Repairs	6,000,000	6,000,000			
Ridgeview Tank 95,000 GAL		300,000			
Software Updates / HMI - all WTP's			200,000		
Water Storage Tank / Pump Station Maintenance	150,000	150,000	150,000	250,000	150,000
<i>Neighborhood Water Line Replacement</i>					
Barnard Avenue & Sevier Street			142,000		
Beacon Village					2,000,000
Biltmore Avenue			300,000		
Blue Ridge Rd, BR Assembly Dr, & Maney Lane				640,000	
College Circle	150,000	850,000			
Conestee St & Conestee Place		121,000			
Daniel/Starnes Cove Roads, Pisgah View Ct.		242,000			
Deanwood Cir, Forest St, & Ardmore St				168,000	
Dogwood Court (East)		105,000			
Frederick Street		30,000			
Gashes Creek Rd & Gabrielle Lane					350,000
Gatehouse, Parkridge, & Creekside Court		122,000			
Glenn Bridge Road SE		200,000			
Gorman Bridge, River View Church, Wilson, etc.	1,130,000				
Joyner Avenue					224,000

CAPITAL IMPROVEMENT PROGRAM 2014/15 TO 2018/19

WATER RESOURCES CAPITAL IMPROVEMENT FUND SUMMARY (Cont.)

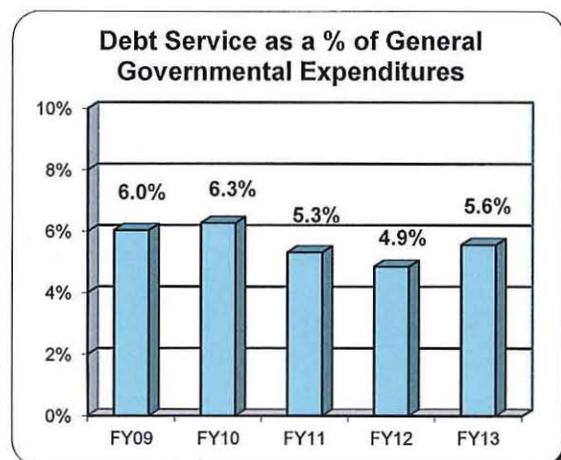
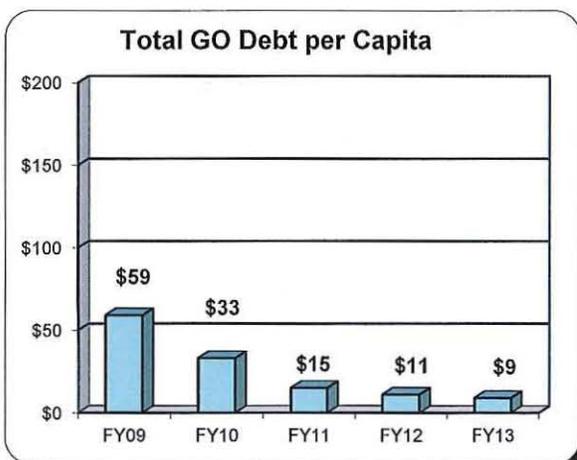
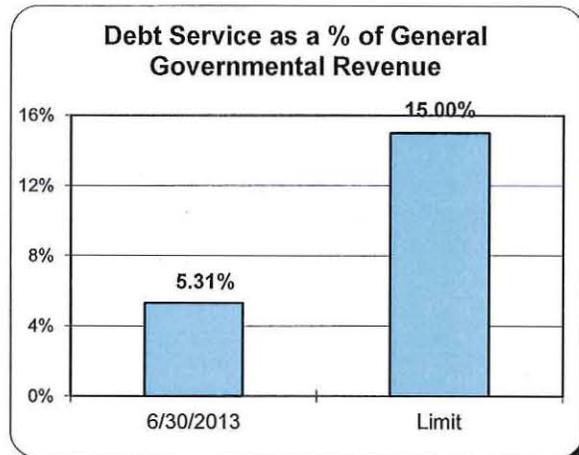
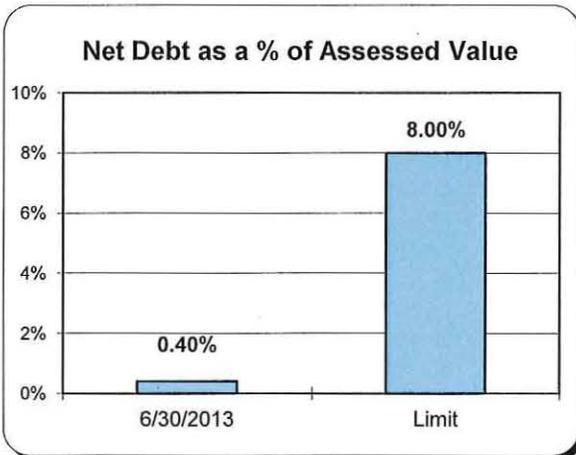
	2014/15	2015/16	2016/17	2017/18	2018/19
<i>Neighborhood Water Line Replacement (cont)</i>					
Kenilworth side roads, Ravenna St, Finalee Ave, Knauth Road		542,000			
Lindsey Road		140,000	100,000		
Long Shoals Road				250,000	
Mt. Carmel Subdivision and Erwin Hills Road	210,000	1,190,000			
Muirfield Subdivision	160,500	909,500			
Old Bee Tree/Rainbow Ridge/Halcyon Hill, etc.			350,000		
Patton Avenue				550,000	
Piney Mountain Church Rd		160,000			
Pisgah View Apartments				450,000	
Plateau & Hilltopia Roads				88,000	
Sherwood Road				38,000	
Smokey Park Highway & Old 19/23			2,500,000	2,500,000	
South Grove Street & Morgan Avenue				180,000	
South Lexington Avenue				60,000	
South Malvern Hills Subdivision	97,500	552,500			
Springdale Avenue				110,000	
Sunset Drive					206,000
Sweeten Creek Road	150,000	850,000			
Valley View Road				64,000	
Waynesville Ave, Tremont St, & Short Tremont		536,000			
<i>Water System Master Plan Projects:</i>					
Beaucatcher Rd from Buckstone to Kenilworth	142,500	807,500			
Candler School Rd / Old Candler Town Rd				172,500	977,500
Enka Lake Rd from Sand Hill to Ironwood	172,500	977,500			
Fairmont Rd from Old 19/23 to Justice Ridge Rd				550,000	685,000
Swannanoa River Rd from Caledonia to Bryson			280,000		
Tunnel Rd from Overbrook and Crockett			240,000		
<i>Total Use of Funds</i>	<u>10,084,000</u>	<u>16,250,000</u>	<u>10,932,000</u>	<u>10,595,500</u>	<u>8,617,500</u>

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.
- Payout of aggregate principal outstanding shall be no less than 50% repaid within 10 years.
- The City will maintain its financial condition so as to maintain a minimum AA bond rating.
- The City's Water Resources Utility will maintain its financial condition so as to maintain a 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

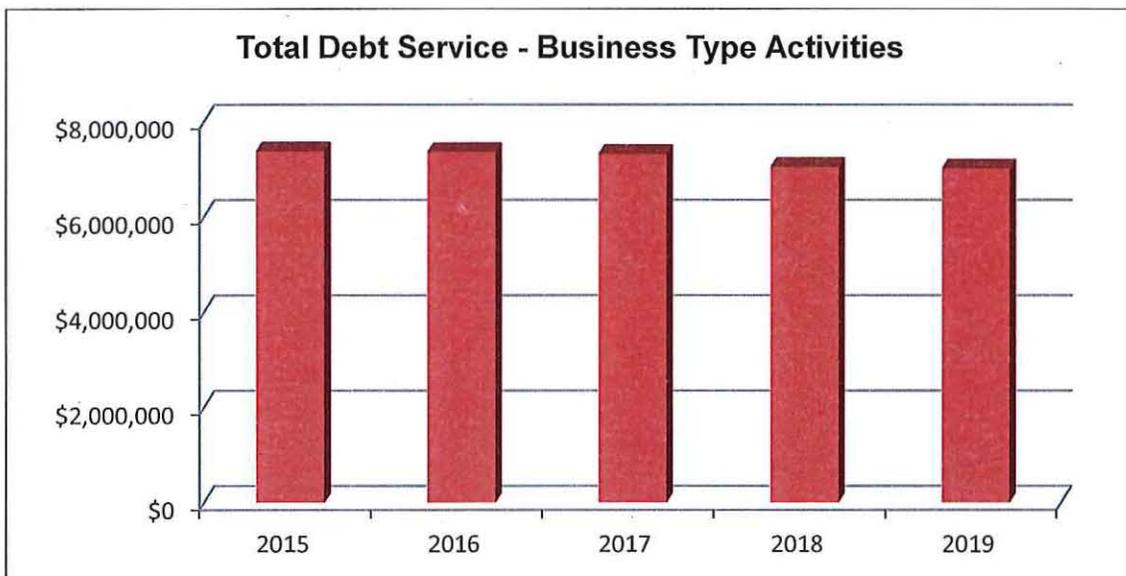
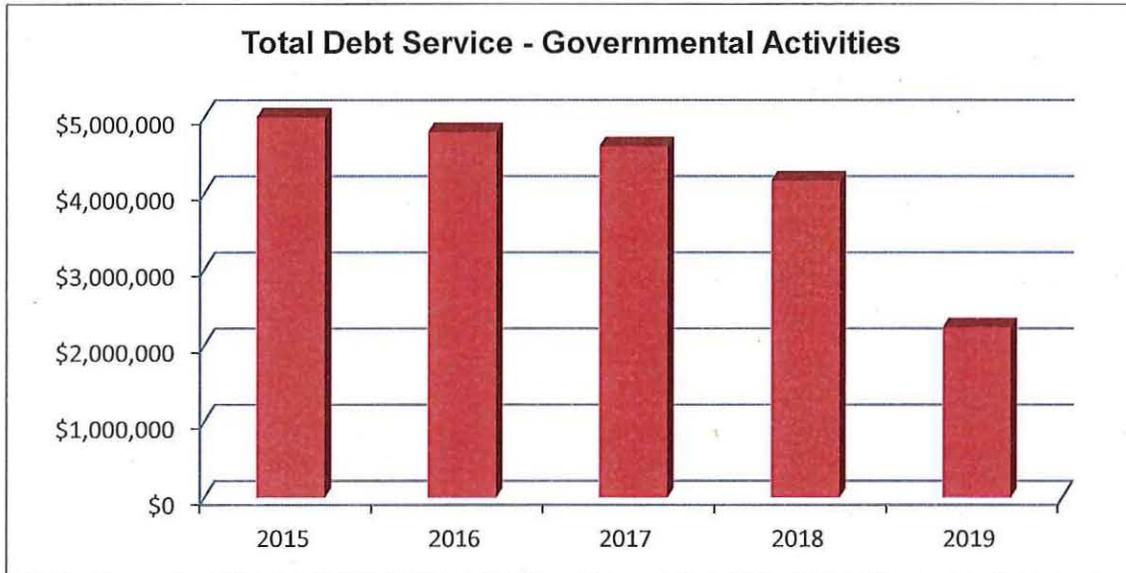
Legal Debt Limit. The City is subject to the Local Government Bond Act of North Carolina, which limits the amount of net bonded debt the City may have outstanding to 8% of the appraised value of property subject to taxation. At June 30, 2013, such statutory limit for the City was approximately \$890,147,000 providing a legal debt margin of approximately \$845,084,000.

Future Maturities of Long-Term Obligations. Annual debt service requirements to maturity, including interest are as follows:

	General Obligation Bonds		Limited Obligation Bonds and Installment Financings		Other Long-Term Obligations		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
Governmental Activities								
2015	\$ 100,000	\$ 31,000	\$ 3,741,124	\$ 1,015,796	\$ 65,010	\$ 40,364	\$ 3,906,134	\$ 1,087,160
2016	100,000	26,000	3,700,365	863,863	71,240	36,904	3,871,605	926,767
2017	100,000	21,000	3,645,365	735,071	76,240	33,154	3,821,605	789,225
2018	100,000	16,000	3,355,990	579,867	81,240	29,089	3,537,230	624,956
2019	100,000	16,000	1,566,115	440,478	86,240	24,709	1,752,355	481,187
2020-2024	170,000	7,750	4,806,173	1,474,313	403,160	48,942	5,379,333	1,531,005
2025-2029	-	-	2,808,333	714,087	-	-	2,808,333	714,087
2030-2033	-	-	1,685,000	149,380	-	-	1,685,000	149,380
	\$ 670,000	\$ 117,750	\$ 25,308,465	\$ 5,972,855	\$ 783,130	\$ 213,161	\$ 26,761,595	\$ 6,303,766
	Revenue Bonds		Limited Obligation Bonds and Installment Financings		Other Long-Term Obligations		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
Business-type Activities								
2015	\$ 3,005,000	\$ 2,920,575	\$ 746,859	\$ 529,808	\$ 159,910	\$ 15,435	\$ 3,911,769	\$ 3,465,818
2016	3,145,000	2,778,625	773,719	494,492	159,910	10,290	4,078,629	3,283,407
2017	3,290,000	2,630,025	768,719	464,758	159,910	5,145	4,218,629	3,099,928
2018	3,445,000	2,474,425	688,719	427,975	9,910	-	4,143,629	2,902,400
2019	3,605,000	2,311,475	693,719	395,192	9,910	-	4,308,629	2,706,667
2020-2024	20,745,000	8,787,394	3,246,858	1,578,537	49,549	-	24,041,407	10,365,931
2025-2029	15,840,000	3,906,069	3,225,000	843,125	49,549	-	19,114,549	4,749,194
2030-2033	9,610,000	991,000	1,920,000	176,000	19,819	-	11,549,819	1,167,000
	\$ 62,685,000	\$ 26,799,587	\$ 12,063,593	\$ 4,909,887	\$ 618,465	\$ 30,870	\$ 75,367,058	\$ 31,740,344

DEBT MANAGEMENT

Future Maturities of Long-Term Obligations





SUPPLEMENTAL
INFORMATION

Asheville Community Profile
Budget Ordinance
Glossary of Budget Terms

ASHEVILLE COMMUNITY PROFILE

Community Description

The City of Asheville, with a population of 86,205 (2012 est.), is the largest city in western North Carolina, the 10th largest in the State of North Carolina and is the county seat of Buncombe County. It sits on approximately 45 square miles on a high plateau near the Great Smoky Mountains National Park. It is 240 miles west of Raleigh, North Carolina, the State's capital, and 204 miles north of Atlanta, Georgia. The City is also the center of western North Carolina's only Metropolitan Statistical Area, which is comprised of Buncombe, Madison, Henderson and Haywood Counties. Known as Morristown in 1792, the community later became the Village of Asheville (without the first "e"). The Town of Asheville, named in honor of Governor Samuel Ashe, was incorporated January 27, 1798 and was reincorporated in 1883 as the City of Asheville.

The City is the regional center of health care, manufacturing, transportation, banking, professional services and retail trade. Other leading industry sectors include tourism, government, hospitality and food services. Asheville is nestled between the Blue Ridge and Great Smoky Mountains and located astride the French Broad and Swannanoa Rivers. The City is surrounded by lush mountains, many with elevations above 5,000 feet.

Recreational opportunities abound in the Asheville area with approximately 16% of the region's area designated as public or recreational. The Biltmore Estate, George Vanderbilt's 19th century estate, comprises over 8,000 acres just outside the city limits. The Blue Ridge Parkway is also headquartered in Asheville. The City also has a strong historic preservation program. This assistance in the preservation of downtown housing and historic structures has created a truly unique and vibrant urban atmosphere in downtown Asheville.

Asheville's natural and architectural beauty, moderate climate, strong job market, and outstanding educational and health care facilities make it one of the most attractive locations in the United States. Asheville is consistently ranked high among the best places to live, work and retire. The City's long-range planning is directed toward preserving this area's high quality of life, so that it shall remain one of the "best places."

Form of City Government

The City of Asheville operates under a Council/Manager form of government. The six-member City Council and the Mayor are elected at-large for staggered terms of four years. City Council, which acts as the City's legislative and policy-making body, selects the City Manager, who is the City's chief administrator and is responsible for implementing the policies and programs adopted by the City Council. The City's workforce provides basic City services including fire and police protection, planning and economic development, public works (streets, traffic, solid waste and stormwater services), parks and recreation, and water.

Demographic Information

The United States Department of Commerce, Bureau of the Census, has recorded the population of the City as follows:

<u>1990</u>	<u>2000</u>	<u>2010</u>
61,855	68,889	83,393

Personal per capita income for the Asheville Metropolitan Statistical Area (MSA) and the State of North Carolina (the "State") as of June 30 is presented in the following table:

<u>Year</u>	<u>City (MSA)</u>	<u>State</u>
2008	34,479	35,729
2009	33,783	34,934
2010	33,653	35,462
2011	34,775	36,520
2012	36,125	37,910

Source: United States Department of Commerce, Bureau of Economic Analysis (latest data available).

ASHEVILLE COMMUNITY PROFILE

Statistical Information

Climate

Avg. Yearly Temp.	55.6 F
Avg. Yearly Rainfall	47.07 in
Avg. Yearly Snowfall	13.3 in
Avg. Elevation	2,165 ft

Police Protection

Number of Stations	6
Number of Police Personnel	276
Number of Patrol Districts	3
Number of:	
Calls for Service Dispatched	115,348
UCR Part I Crimes Reported	5,356
UCR Part I Crimes Cases Cleared	2,066
Traffic Accidents Reported	4,937

Fire Protection

Number of Stations	12
Number of Fire Personnel	258
Number of Responses (FY13)	15,012
Number of Inspections (FY13)	3,397

Utilities

Miles of Streets	404.33
Number of Street Lights	9,804
Number of City-Maintained Signals	62
Miles of Water Mains	1,674
Treatment Plants	3
Water Service Connections	57,516
Fire Hydrants	6,846
Daily Avg. Consumption of Water (gal)	19.7 million
Max. Daily Capacity of Treat. Plants (gal)	43.5 million

Culture & Recreation

Community Centers	11
Parks & Playgrounds	59
Park Acreage	874
Swimming Pools	3
Tennis Courts	26

Education

There are two public school systems serving the City, the Asheville City Schools and the Buncombe County Schools. The State provides funding for a basic minimum educational program that is supplemented by the County and federal governments. This minimum program provides funds for operational costs only, while financing of public school facilities has been a joint State and County effort. Thus, local financial support is provided by the County for capital and operating costs that are not provided for by the State or federal government. The City does not provide any funding for the school system.

SCHOOL YEAR	NO. OF SCHOOLS	ELEMENTARY (K-5) ADM	INTERMEDIATE (6-8) ADM	GRADES (9-12) ADM	TOTAL ADM
2007-08	9	1,845	701	1,193	3,739
2008-09	9	1,892	701	1,145	3,738
2009-10	9	1,902	698	1,158	3,758
2010-11	9	1,970	735	1,167	3,872
2011-12	8	2,033	769	1,228	4,030

Note: ADM or Average Daily Membership (determined by actual records at the schools) is computed by the North Carolina Department of Public Instruction on a uniform basis for all public school units in the State. The ADM computation is used as a basis for teacher allotments.

Source: North Carolina Department of Public Instruction website

The Buncombe County Board of Commissioners levies an Asheville City Schools tax for enhanced education funding on real and personal property located within the Asheville City Schools district. Approximately 52% of property parcels located within the City are subject to the supplemental school tax.

ASHEVILLE COMMUNITY PROFILE

A portion of the City is also served by the Buncombe County Schools. Approximately 4,925 of the 25,556 students attending the Buncombe County Schools system reside within the corporate limits of the City. The following table shows the number of schools and the ADM for the last five school years for the Buncombe County Schools:

SCHOOL YEAR	NO. OF SCHOOLS	ELEMENTARY (K-5) ADM	INTERMEDIATE (6-8) ADM	GRADES (9-12) ADM	TOTAL ADM
2007-08	38	11,825	5,978	7,931	25,734
2008-09	39	11,931	5,846	8,070	25,847
2009-10	39	11,823	5,845	7,977	25,645
2010-11	39	11,685	5,854	8,067	25,606
2011-12	41	11,651	5,963	7,942	25,556

Note: ADM or Average Daily Membership (determined by actual records at the schools) is computed by the North Carolina Department of Public Instruction on a uniform basis for all public school units in the State. The ADM computation is used as a basis for teacher allotments.

Source: North Carolina Department of Public Instruction website

There are several post-secondary institutions located in the County area. The City is home to The University of North Carolina Asheville ("*UNC Asheville*"), a four-year liberal arts university that is part of the University of North Carolina system. Of the 17 constituent institutions in the University of North Carolina system, UNC Asheville is the only institution dedicated to liberal arts. UNC Asheville offers more than 30 majors leading to the bachelor of arts, bachelor of science and master of liberal arts degrees. Approximately 3,700 undergraduate students attend the university, which has approximately 330 full- and part-time faculty members and 300 staff members.

Asheville-Buncombe Technical Community College ("*AB Tech*") offers both general and trade curriculums for students of all ages. AB Tech offers 66 curriculum programs, 54 degrees, 22 diplomas and 64 certificates. Its main campus in the City includes 22 buildings on 145 acres. Montreat College, Warren Wilson College, Brevard College and Mars Hill College are located within 10 to 30 miles of the City. The colleges are four-year private, coeducational, comprehensive liberal arts colleges offering undergraduate degrees in over 48 major programs. The combined full-time enrollment at these four colleges approaches 4,000 students. Several of the colleges are named by the U.S. News & World Report and the Fiske Guide to Colleges 2012 as some of the nation's "Best Buys" among private colleges and universities.

Economic Indicators

Growth in many of the City's revenues depends on the state of the economy. When the economy is expanding, revenues are up, and when the economy slows, revenues react accordingly. Given this relationship, key economic indicators, such as retail sales, unemployment rates, job growth, construction starts and hotel/motel sales are helpful in assessing why revenues are either up or down, and how they might be trending in the future. Although the City's revenues are most directly impacted by the local economy, trends in North Carolina and across the nation are also important.

Retail Sales - Taxable sales figures are not available for the City of Asheville. Taxable sales for Buncombe County for fiscal years ended June 30, 2009 through 2013 are shown in the following table:

FISCAL YEAR ENDED JUNE 30	TOTAL TAXABLE SALES	INCREASE (DECREASE) OVER PREVIOUS YEAR
2009	2,995,665,910	--
2010	2,954,277,382	(1.38%)
2011	3,125,296,879	5.78%
2012	3,308,421,583	5.86%
2013	3,632,106,651	9.78%

Source: North Carolina Department of Revenue, Sales and Use Tax Division.

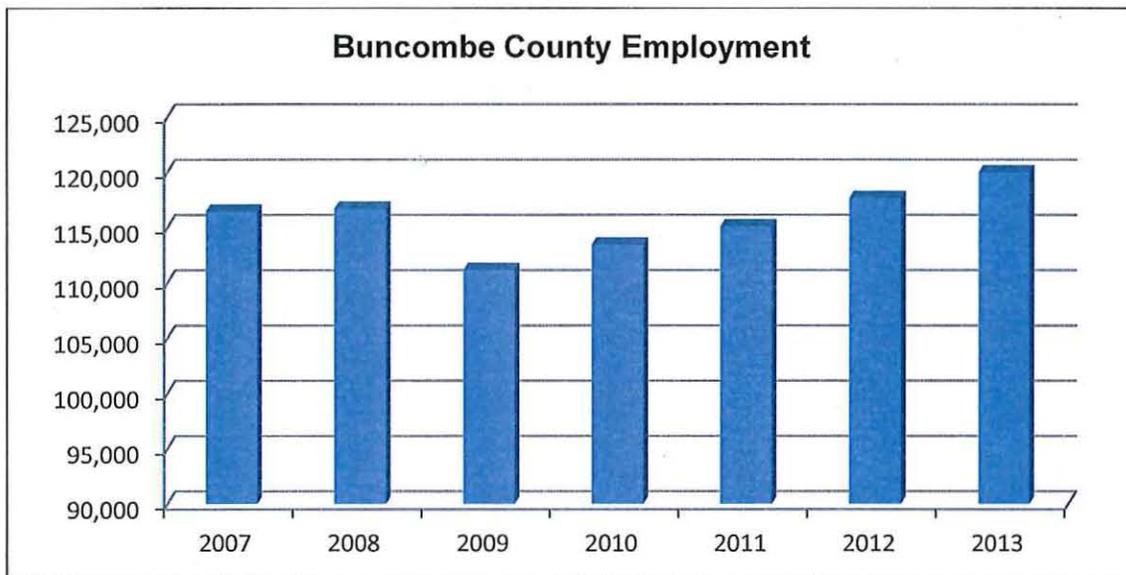
ASHEVILLE COMMUNITY PROFILE

In addition to being an important indicator of overall local economic health, Buncombe County retail sales activity also directly impacts the City's general fund budget through sales tax receipts. The economic recession and its lingering effects caused retail sales to drop substantially in FY 2009 and FY 2010, with sales falling over 10% during this time period. Sales rebounded in FY 2011 and FY 2012. Sustained growth continued in FY 2013 with sales increasing 9.78%.

Approximately 75% of the retail sales in Buncombe County occur within the City of Asheville. Among the large cities in North Carolina, Asheville has one of the highest levels of retail sales per resident. This data reflects Asheville's position as the regional economic center for Western North Carolina. Asheville's high level of retail sales per resident is also likely associated with Asheville's status as a tourist destination. According to a recent Standard and Poor's credit report, per capita retail sales in the Asheville area were 239% of the national average in 2011.

Labor Market Trends (Sources: N.C. Employment Security Commission & the Asheville Area Chamber of Commerce) - The unemployment rate is a critical indicator of relative strength in the local economy. During the recession, the unemployment rate in Buncombe County peaked at 9.7% in February 2010. Since then local employment has seen steady improvement, and the County's unemployment rate as of June 2014 stood at 4.8%. Local unemployment rates are below both the statewide rate (6.5%) and the national rate (6.3%). Only three N.C. counties had a lower unemployment rate than Buncombe County in June 2014.

Between 2001 and 2008, the total employment in Buncombe County increased by 12,740 jobs or 12.3%. With the onset of the recession, average employment in 2009 dropped by 4.7%. Employment began growing again in 2010 and in 2012, exceeded pre-recessionary levels. The Asheville metro area's leading industry in terms of employment is education and health services. Other leading industry sectors include government, leisure & hospitality, and retail trade.



ASHEVILLE COMMUNITY PROFILE

Metro Area Workforce

Largest Employment (Industry)	% of Employment	Buncombe County Employment Growth		
		Year	Avg. Employment	% Change
Education & Health Services	19%	2004	108,879	--
Trade, Transportation, & Utilities	19%	2005	110,997	1.95%
Leisure & Hospitality Services	16%	2006	115,026	3.63%
Government	15%	2007	116,452	1.24%
Professional & Business Services	11%	2008	116,720	0.23%
Manufacturing	11%	2009	111,171	-4.75%
Other Services	4%	2010	113,465	2.06%
Financial Activities	3%	2011	115,114	0.95%
Information	1%	2012	117,664	2.22%
		2013	120,001	1.99%

Major Buncombe County Employers

<u>COMPANY/INSTITUTION</u>	<u>TYPE OF ENTERPRISE</u>	<u>APPROXIMATE NUMBER OF EMPLOYEES</u>
Mission Health System and Hospitals	Health Services	3,000+
Buncombe County Public Schools	Educational Services	3,000+
City of Asheville	Public Administration	1,000-2,999
The Biltmore Company	Leisure and Hospitality	1,000-2,999
Buncombe County Government	Public Administration	1,000-2,999
The Omni Grove Park Inn Resort & Spa	Leisure and Hospitality	1,000-2,999
Ingles Markets, Inc. (Home Office Buncombe County)	Food & Beverage Stores	1,000-2,999
Veterans Administration	Public Administration	1,000-2,999
Asheville Buncombe Community Coll.	Educational Services	1,000-2,999
BorgWarner Turbo Systems	Manufacturing	750-999
Community CarePartners Inc.	Health Services	750-999
Eaton Corporation – Cutler Hammer Inc.	Manufacturing.	750-999
Asheville City Schools	Educational Services	500-749
Arvato Digital Services	Manufacturing	500-749
Sitel, A Subsidiary of Onex Corp.	Administrative & Support Services	500-749
Thermo Fisher Scientific, Inc.	Machinery Manufacturing	500-749
UNC – Asheville	Educational Services	500-749

Source: Asheville Area Chamber of Commerce and North Carolina Employment Security Commission

ASHEVILLE COMMUNITY PROFILE

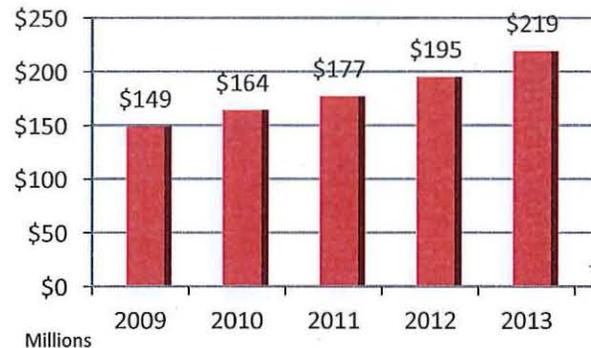
ACCRA Cost of Living Index (2013 Annual Avg.)

Cities	All Items	Food	Housing
Asheville	103.6	99.2	107.9
Raleigh	93.6	102.0	76.7
Charlotte	95.7	101.9	84.3
Winston-Salem	88.4	98.2	69.9

(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>
2004	124,767,177	--
2005	138,271,482	10.8%
2006	156,752,276	13.4%
2007	168,839,645	7.7%
2008	163,836,134	-3.0%
2009	149,598,804	-8.7%
2010	164,471,930	10.1%
2011	177,743,689	8.1%
2012	195,354,880	9.9%
2013	218,954,780	12.1%



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 \$834.24 million in 2012. Buncombe County ranks 5th in travel impact among the state's 100 counties. Over 9,360 jobs in Buncombe County are directly linked to travel and tourism. Hotel/motel sales are a good indicator of the status of the local tourist economy. Hotel/motel sales grew steadily between 2004 and 2007, however the effects of the recession began being felt in 2008 and extended into 2009, with hotel/motel sales falling by a combined 11.7% over those two years. Sales have rebounded since the recession ended, however and they reached a new high in calendar year 2013.

Construction Trends

The following table summarizes the number and value of new building permits issued in the City:

<u>CALENDAR YEAR</u>	<u>BUILDING PERMITS ISSUED</u>	<u>BUILDING PERMITS VALUES</u>
2009	2,870	184,251,689
2010	2,858	212,198,092
2011	2,892	180,625,549
2012	2,854	180,213,364
2013	3,175	290,634,189

Source: City of Asheville Development Services Department.

ORDINANCE NO. 4320

AN ORDINANCE ADOPTING THE ANNUAL BUDGET AND FIXING THE TAX RATE FOR THE CITY OF ASHEVILLE FOR THE FISCAL YEAR 2014-15

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 2014-15 fiscal year;

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

Section 1. The following anticipated revenues and authorized expenditures by fund, together with a financial plan for internal service funds, are hereby appropriated for operating City government for the fiscal year beginning July 1, 2014 and ending June 30, 2015.

GENERAL FUND

Revenues:

Taxes-Ad Valorem	\$52,103,473	
Other Taxes	18,704,766	
Intergov Revenue	11,476,750	
Licenses and Permits	5,175,010	
Sales and Services	8,595,455	
Investment Earnings	150,000	
Miscell Revenue	1,342,500	
Oth Financing Source	<u>2,000,000</u>	
Total Revenues		<u>\$99,547,954</u>

Appropriations:

Departmental Operations		<u>\$99,547,954</u>
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WATER RESOURCES FUND

Revenues:

Sales and Services	\$34,364,376	
Investment Earnings	69,780	
Miscell Revenue	46,295	
Oth Financing Source	<u>175,907</u>	
Total Revenues		<u>\$34,656,358</u>

Appropriations:

Water Resources Operations		<u>\$34,656,358</u>
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PARKING SERVICES FUND

Revenues:

Sales and Services	\$600	
Investment Earnings	2,544	
Miscell Revenue	4,024,663	
Total Revenues		<u>\$4,027,807</u>

Appropriations:

Parking Services Operations		<u>\$4,027,807</u>
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STORMWATER FUND

Revenues:

Licenses and Permits	\$187,000	
Sales and Services	4,832,372	
Investment Earnings	11,000	
Miscell Revenue	25,000	
Oth Financing Source	206,000	
Total Revenues		<u>\$5,261,372</u>

Appropriations:

Stormwater Operations		<u>\$5,261,372</u>
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TRANSIT SERVICES FUND

Revenues:

Intergov Revenue	\$2,805,730	
Licenses and Permits	320,000	
Sales and Services	925,000	
Oth Financing Source	2,317,421	
Total Revenues		<u>\$6,368,151</u>

Appropriations:

Transit Services Operations		<u>\$6,368,151</u>
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US CELLULAR CENTER FUND

Revenues:

Sales and Services	\$2,163,922	
Investment Earnings	2,000	
Miscell Revenue	122,000	
Oth Financing Source	1,180,576	
Total Revenues		<u>\$3,468,498</u>

Appropriations:

Civic Center Operations		<u>\$3,468,498</u>
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STREET CUT UTILITY FUND

Revenues:

Sales and Services	\$1,550,800	
Oth Financing Source	<u>100,000</u>	
Total Revenues		<u>\$1,650,800</u>

Appropriations:

Street Cut Operations		<u>\$1,650,800</u>
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HOUSING PARTNERSHIP FUND (GENERAL FUND)

Revenues:

Miscell Revenue	\$150,000	
Oth Financing Source	<u>500,000</u>	
Total Revenues		<u>\$650,000</u>

Appropriations:

Housing Partnership Fund Ops.		<u>\$650,000</u>
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CAPITAL RESERVE 2100 FUND (GENERAL FUND)

Revenues:

Oth Financing Source	<u>\$8,687,021</u>	
Total Revenues		<u>\$8,687,021</u>

Appropriations:

Capital Reserve Fund Ops.		<u>\$8,687,021</u>
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INTERNAL SERVICE FUNDS

Revenues:

Sales and Services	\$16,556,903	
Investment Earnings	10,000	
Miscell Revenue	150,000	
Oth Financing Source	<u>600,000</u>	
Total Revenues		<u>\$17,316,903</u>

Appropriations:

Health Insurance	\$13,987,606	
Workers Compensation	1,325,000	
Property & Liability	<u>2,004,297</u>	
Total Expenditures		<u>\$17,316,903</u>

Section 2. All appropriations included in the following Capital Project and other multi-year project funds are approved for the financing life of each project, which may extend beyond one fiscal year.

GENERAL CAPITAL PROJECTS FUND

Revenues:

Transfer from General Fund	\$150,000	
Oth Financing Source	<u>18,710,921</u>	
Total Revenues		<u>\$18,860,921</u>

Appropriations:

General Capital Fund Expenditures		<u>\$18,860,921</u>
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WATER CAPITAL PROJECTS FUND

Revenues:

Transfer from Water Resources Fund		<u>\$10,084,000</u>
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Appropriations:

Water Capital Fund Expenditures		<u>\$10,084,000</u>
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TRANSIT CAPITAL PROJECTS FUND

Revenues:

Transfer from General Fund	<u>\$47,807</u>	
Total Revenues		<u>\$47,807</u>

Appropriations:

Transit Capital Fund Expenditures		<u>\$47,807</u>
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US CELLULAR CENTER CAPITAL PROJECTS FUND

Revenues:

Transfer from General Fund	\$111,050	
Miscellaneous	<u>150,000</u>	
Total Revenues		<u>\$261,050</u>

Appropriations:

US Cellular Center Capital Fund Expenditures		<u>\$261,050</u>
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COMMUNITY DEVELOPMENT BLOCK GRANT FUND

<u>Revenues:</u>		
Federal Grant	\$955,989	
Program Income	<u>160,700</u>	
Total Revenues		<u>\$1,116,689</u>
<u>Appropriations:</u>		
Fiscal 2013-14 CDBG Program		<u>\$1,116,689</u>

HOME OWNERSHIP GRANT FUND

<u>Revenues:</u>		
Federal Grant	\$1,009,187	
Program Income	<u>88,753</u>	
Total Revenues		<u>\$1,097,940</u>
<u>Appropriations:</u>		
Fiscal 2013-14 HOME Program		<u>\$1,097,940</u>

SECTION 108 REHAB GRANT FUND

<u>Revenues:</u>		
Program Income		<u>\$69,229</u>
<u>Appropriations:</u>		
Section 108 Expenditures		<u>\$69,229</u>

Section 3. It is estimated that revenues in the amounts indicated in the foregoing schedule will be available to support the foregoing appropriations. The fees & charges, as readopted and changed on April 8th, 2014 in ordinance number 4301 and amended by City Council in this ordinance, shall be set forth in a Fees and Charges Manual to be kept on file in the Office of the City Clerk.

Section 4. There is hereby levied for the fiscal year ending June 30, 2015, the following tax on each \$100 assessed valuation of taxable property as listed on January 1, 2014 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 \$0.4600

Such rate of tax is based on an estimated total assessed value of property for the purposes of taxation of \$10,751,520,202 assuming 99.00% collection of the levy. In addition, Ad Valorem Tax revenue from taxes levied on motor vehicles at the same tax rate is estimated at \$2,639,128.

Section 5. The City Manager is authorized to amend the budget by transfer of appropriations within each fund. All amendments affecting revenues or total fund appropriations shall be approved by ordinance by the City Council, to be acted on at any regular or special meeting and approved by a simple majority of those present and voting, a quorum being present. Only one reading will be required and a public hearing or publication of notice is not necessary unless requested by Council.

Section 6. The 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 7. The reserve for encumbrances at June 30, 2014 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 2014-15 as the previous commitments are satisfied.

Section 8. Copies of this ordinance shall be furnished to the City Manager and Director of Finance, to be kept on file by them for their direction in the collection of revenues and expenditures of amounts appropriated.

Section 9. Effective July 1, 2014, the Pay & Classification Plan is amended to incorporate all personnel actions such as reclassifications and pay modifications recommended by the Human Resources department and approved by the City Manager. Funding for the Plan and compensation items is included in the various departments.

Section 10. Compensation for the Mayor, Vice-Mayor and Councilmembers will be \$19,743.36- \$20,335.66, \$16,385.20-\$16,876.76, and \$14,505.14-\$14,940.29, respectively. Travel for official activities will be reimbursed under the same plan used for City employees.

Section 11. 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 12. That this ordinance shall be in full force and effect upon date of final passage.

Read, approved and adopted this 24th day of June, 2014.

Margaret Boulson
City Clerk

Steve E. Mc
Mayor

Approved as to form:
Bin Clin
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 propriety fund accounting. Costs expired during a period, including depreciation and other allocations, as in business accounting. Expenses reflect the cost of goods or services used.

Fiscal Year - An accounting period extending from July 1 through the following June 30.

Fixed Assets - Assets, such as land, buildings, machinery, furniture, and other equipment, which are intended to be held or used over a long time period.

Full Time Equivalent Position (FTE) - A unit for measuring staffing levels equal to one position working 37.5 hours per week for an entire year. Temporary/seasonal positions, such as summer Parks & Recreation staff, are not included in the FTE count.

Fund - A fiscal entity with a self-balancing set of accounts used to account for an activity(s) with common objectives.

Fund Balance - The cumulative excess of revenues over expenditures in a fund at the end of a fiscal year. With certain limitations, fund balance may be used to balance the subsequent year's budget.

General Fund - A type of governmental fund used to account for revenues and expenditures for regular day-to-day operations of the City, which are not accounted for in the proprietary funds; i.e., Enterprise and Intergovernmental Service Funds. The primary sources of revenue for this fund are local taxes and state-shared revenues.

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 outside non-profit agency into the General Fund. The principle underlying such transfers is that the City would have received the equivalent amount in taxes had the service been provided by a private firm.

Performance Measure - Indicators used to determine how effectively and efficiently a department achieved its objectives.

Performance Objective - A statement of expected results or impacts which is specific, measurable, realistic, and consistent with overall departmental and organizational goals.

Proposed Budget - The City Manager's recommended balanced budget, which is submitted to City Council prior to June 1.

Proprietary Fund - A type of fund that accounts for governmental operations that are financed and operated in a manner similar to a private business enterprise. It is financed primarily from charges to users for services provided. Proprietary funds used by the City of Asheville include the Enterprise and Internal Service Funds.

Revenue - A term used to represent actual or expected income to a specific fund.

Tax Collection Rate - The percentage of the tax levy that can reasonably be expected to be collected during the fiscal year.

Tax Rate - The level at which taxes are levied. For example, the tax rate is \$0.46 per \$100 of assessed value.

GLOSSARY OF TERMS

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.

