THE CITY OF ASHEVILLE
NORTH CAROLINA

ADOPTED BUDGET 2016–17

STAFF REPORT

TO: Mayor and City Council DATE: June 14, 2016

FROM: Barbara Whitehorn, CFO and Director of Finance & Management Services

VIA: Gary Jackson, City Manager

SUBJECT: Adoption of the Fiscal Year 2016/2017 Annual Budget

Summary Statement: The consideration of an ordinance to adopt the Fiscal Year 2016/2017 Annual Budget.

Review: The Fiscal 2016/2017 Proposed Annual Operating Budget was presented to City Council on May 10, 2016. 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 6, 2016. City Council conducted a public hearing on the Proposed Budget on May 17, 2016. The Fiscal 2016/2017 Proposed General Fund Budget is balanced with an Ad Valorem tax rate of $0.475 per $100 of assessed value, remaining the same as the current year tax rate. All essential City services are maintained in the Proposed Budget.

Changes to the Proposed Budget - Since the Proposed Budget was presented to City Council, there have been some adjustments per Council direction that have altered the budget that is presented tonight for Council adoption.

- **Use of Fund Balance:** At the May 10 City Council meeting, Council requested that approximately $800,000 in additional funds expected to be realized from net income as of the March 31, 2016 third quarter financial report, which would otherwise flow into unrestricted, unallocated fund balance, be reserved for the Lee Walker Heights Project. This allocation brings the fund balance allocation to that project to $2,180,000. This change has no effect on 2016/2017 operating revenue or expenditures.

- **Additional Resources Dedicated to the Short-Term Rental Program (Homestay):** Funding for additional staffing and related equipment has been added to the 2016/2017 budget. This position is funded through an increase in Development Services revenue. The total revenue and expense added to the General Fund operating budget is $130,000.

- **Dedication of funds for the Festival of Neighborhoods**: Councilmember Smith asked that $2,000 be added to the General Fund operating budget to assist with the funding of the Festival of Neighborhoods. Revenue estimates for Development Services were reevaluated with the addition of the FTE discussed above, and $2,000 was added to offset this increase.

This action complies with the Thriving Local Economy and Smart City focus areas of City Council's Strategic Themes. The budget reflects City Council's ongoing commitment to providing a living wage as an example for other organizations in the area and managing the City to the highest levels of fiscal responsibility and prudence.

Pros:

- Ensures City's compliance with North Carolina General Statutes that require local governments to adopt a balanced budget ordinance by July 1 of each year.
- General Fund Budget is balanced with no fund balance appropriation for ongoing operating expenses and all essential City services are continued.

Con:

- None.

Fiscal Impact: As noted above, the Proposed FY 2016/2017 General Fund budget is balanced with no fund balance appropriation for ongoing operating expenses. Based on revenue and expenditure projections for FY 2015/2016, staff estimates that the City's unassigned fund balance in the General Fund will be $22.4 million on June 30, 2016. The following reservations and dedications will be made per Council direction:

Lee Walker Heights	$2,180,000
Infrastructure Reserve	1,100,000
Deferred Maintenance	200,000
One-Time Investments	760,000

The remaining $18,160,000 in unrestricted, unallocated fund balance is 16.4% of General Fund total budgeted expenditures for FY 2016/2017. Council adopted a policy of a minimum 15% unrestricted, unallocated fund balance and set a goal for June 30, 2016 of 16.5% at the April 26 worksession. Additional revenues and/or savings realized in the fourth quarter of FY 2015/2016 may increase the percentage slightly.

Recommendation: Staff requests that Council (1) adopt the FY 2016/2017 Annual Budget Ordinance with the changes noted above.

Attachments:
(1) Budget Ordinance

May 10, 2016

Honorable Mayor Manheimer and City Council Members:

It is my pleasure to respectfully submit to you the City Manager's Proposed Budget for the fiscal year beginning July 1, 2016 and ending June 30, 2017 with a total operating budget of $161 million. The proposed budget includes a total General Fund Budget of $110.7 million, a 7.5% increase over the adopted fiscal year 2015-2016 budget. The proposed budget is balanced, keeping the property tax total millage rate at 47.5 cents.

Road Map to the Proposed 2016-17 Budget

The 2016-17 proposed budget builds on the balanced financial foundation that was a key goal in the adopted 2015-16 budget. Growth in the Asheville area continues to be strong. While revenues are recovering from the Great Recession and some are even growing at pre-recession rates, staff continues to model prudence in financial management in order to ensure the ongoing financial sustainability of the City. Costs rising faster than revenues will continue to be an issue; however, staff's efforts in reengineering, innovative service delivery and managed savings are rising to meet the challenge.

Step One: Economic Conditions and Assumptions. The process to develop the 2016-17 proposed budget began in the second quarter of FY 2015-16. Staff developed forecasts of revenue, evaluated inflation assumptions and researched regional, national and global trends to determine potential impacts on the costs of operating the City.

Step Two: Project Statuses and Planning. The journey continued through the second quarter with capital investment tracking and planning. Staff revised estimates using information obtained in market research, reviewed internal capacity and the timing of projects, and identified changes that would impact planning for FY 2016-17.

Step Three: Preliminary Operating Budgets. Departments began developing preliminary operating budgets in December 2015. These budgets were reviewed by a peer group, management and finance, and refined in January and February of 2016. Requests for additional resources were considered and prioritized, to be revisited upon the refinement of revenue projections and FY 2015-16 performance.

Step Four: Bringing it All Together. The end of the third quarter of FY 2015-16 saw the development of the budget as a whole, taking the preliminary department budgets, Council direction, community input, and economic conditions and creating a cohesive whole.

While staff worked on preliminary budgets, City Council developed a 20-year vision for the City. The vision reflects Asheville's unique character and City Council's aspirations for the community. The vision includes eight themes: a Diverse Community, a Well-Planned and Livable Community, a Clean and Healthy Environment, Quality Affordable Housing, Transportation and Accessibility, a Thriving Local Economy, a Connected and Engaged Community, and a Smart City. City management and staff look forward to continued direction from Council and input from the community to inform strategic three-year work plans as the vision is developed into an affordable and sustainable work plan. Below are some of the themes outlined in City Council's vision and the associated strategic investments recommended in the FY 2016-17 proposed budget. The recommended strategic investments were influenced by City

Council's vision and honed through feedback received during City Council's budget work sessions.

A Diverse Community. Included in the budget is the development of a diversity and equity program for the City of Asheville. Program development will include evaluation of the City's efforts to equitably engage with and deliver services to the community. Areas of study will include but not be limited to representation on boards and commissions, public input opportunities, contracting and infrastructure investments. Concurrently, staff will conduct benchmarking research to determine how best to structure an equity program for the City.

A Well-Planned and Livable Community. In order to deliver a high level of service for Asheville's citizens and visitors, staff has worked on long-term public safety training. The Asheville Fire Department identified a service gap in the northern part of the City, in and around Montford and Five-Points. To address this, a new station was planned. Land was purchased in fiscal year 2013-14 and the funding for building the station is included in the 2016-17 capital improvement budget. Construction of the new station is scheduled to begin in the second half of the fiscal year and should be complete by the end of fiscal year 2017-18. Hiring for the station will take place in 2017-18 and the station is anticipated to be operational in 2018-19.

The Police Department identified service improvement opportunities in the Downtown, South Slope, and River Arts areas of the City. In order to effectively address the needs of these areas, an additional police district focused on covering the targeted areas is being planned. Site planning, evaluation of needs, and available space for a new District Office is proposed to take place in 2016-17, as is recruitment. Building and/or remodel of existing space, equipment purchases, and hiring is proposed for 2018-19 with the implementation of the new District scheduled for the fourth quarter of 2017-18 (April-June, 2018).

Quality Affordable Housing. A lack of affordable housing is pushing low to middle income residents out of Asheville into surrounding communities. This negatively impacts people who rely on public transit, which is less available as one travels farther from the core of the City. The City Council has made affordable housing a priority in budgeting for several years, dedicating funds to the Affordable Housing Trust Fund and prioritizing affordable housing projects on city-owned land wherever possible.

The 2016-17 proposed budget represents a furtherance of City Council's commitment to affordable housing within the City. City Council has committed $4.2 million to the Lee Walker Heights redevelopment project, a transformational project that will redevelop the existing Lee Walker Heights public housing community. The goal of the project is to create a neighborhood of mixed income housing with easy access to services and transit.

The 2015-16 budget included funding to relocate the Parks Maintenance facility on Hilliard Avenue to the City-owned old National Guard Armory site on Shelburne Road. The current Parks Maintenance facility location at the corner of Hilliard and Clingman Avenues is an ideal location for affordable housing redevelopment, as it is adjacent to Aston Park and within steps of public transit. Relocation and site preparation is scheduled during fiscal year 2016-17.

Transportation and Accessibility. Improvements to the Asheville Redefines Transit (ART) system are an ongoing priority. The following improvements are based on community input and recommendations from the Multi-Modal Transportation Commission and are included in the proposed budget:

1) An additional bus will be added and the route will be adjusted on the S3 line in south Asheville. The full route time will increase from 1.5 hours to 2 hours, with the addition of a stop at MAHEC and other needed locations. The additional bus will reduce the time between buses to one hour, from 1.5 hours.
2) Extended service hours will be implemented on the busiest routes. Routes identified as having the highest capacity of riders early in the morning and late in the evening will have extended hours to accommodate the needs of riders.
3) A Transportation Planner will be added to the operating budget to allow for better analysis and long-term planning within the Transportation Department.

Route changes are proposed for implementation in January 2017.

Thriving Local Economy. The 2016-17 budget includes $250,000 to be contributed as seed money for the Buncombe Community Fund, a fund envisioned to be a local, capital-backed small business loan fund serving the City of Asheville and Buncombe County.

I am pleased to present a proposed budget that successfully integrates City Council strategic goals, while maintaining the high level of core services the citizens of Asheville expect.

Management Initiatives, Compensation and Staffing

The 2016-17 budget proposes initiatives that will help to ensure the long-term sustainability of the financial health of the City by evaluating existing programs and processes for opportunities for improved efficiency, effectiveness, and service delivery. The economic growth in Asheville improves the City's economic outlook, but creates challenges in hiring and retaining highly qualified employees. The Asheville Metropolitan Statistical Area (MSA) has the lowest unemployment rate in the North Carolina at 4.4%. Overall, the state has a 5.5% unemployment and the national unemployment rate is at 5.0%.[1] This is good news for employees throughout the region. While the City of Asheville's compensation is competitive, as unemployment drops, private sector employers increase wages and add signing bonuses. Critical to keeping the City competitive is the benefit package we are able to offer. As health care costs rise, the cost of employer-provided health insurance can be prohibitive. Many private employers are providing a less attractive benefit package, in some cases cutting dependent coverage altogether. Over the last decade, the City of Asheville's self-insured plan has significantly outperformed the market, averaging cost increases of less than 5% annually in a sector where double-digit increases are the norm. Nevertheless, increases add up and the plan includes increases to employee contributions for the first time in several years. The City must stay ahead of health care costs in order to continue to offer a benefit package that makes us truly competitive. To that end, staff has proposed contracting an actuarial study of the City's health plan and fund. An actuarial study will provide management with the tools to ensure that the benefits we offer are sustainable over the long term. In order to ensure that the review of the City's health plan is inclusive of all employees, an employee management steering committee will be formed with the mission of bridging communications between management, consultants, and staff.

Included in the base budget is a compensation increase of 2.5% for all employees as well as a 1% adjustment to the compensation plan. This results in the equivalent of 3.5% for City

[1] Bureau of Labor Statistics, Local Area Unemployment Rates, seasonally adjusted, March, 2016 preliminary.

employees.[2] The compensation plan will be evaluated and individual jobs selected for benchmarking on an annual basis going forward. This allows the City to adjust the plan with inflation and market demand, aiding in employee retainage and recruiting.

In addition to benefits and compensation, one of the 2015-16 initiatives that continues into 2016-17 is right-sizing City staff. Asheville's popularity, not only as a tourist destination but as a great place to live, puts pressure on existing City staff to keep service levels constant. In 2015-16, staff was added in the Fire and Police Departments, Development Services, and Stormwater to meet citizen service demand. This year's increases are primarily to the staff that support the public-facing functions of the City. Staff is being added to the City Manager's Office, Information Technology, Planning, Finance and Management Services, and other support service areas. The APD will be hiring a Crime Analyst, the work of whom will enable the APD to more effectively staff areas of the City depending on crime statistics and trends. Additionally, the Fire Department will have an embedded Financial Analyst going forward, creating a bridge between Finance (where the position will report) and the AFD, where the position will be housed. This model works well to ensure that large operating departments have adequate support to evaluate financial performance.

City-Owned Land Initiative

In response to Council's interest in redevelopment opportunities of city-owned land, the proposed budget includes funding for a study of all city owned land and facilities. The study will analyze potential redevelopment opportunities, existing facility conditions and needs, and the most efficient use of City assets.

Capital Improvement Program

The capital budget for fiscal year 2016-17 continues the rolling five-year capital improvement program (CIP). The program seeks to address Council priorities, infrastructure needs, and deferred maintenance by including 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 are 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. The plan will be revisited annually, at which point project timelines may shift and priorities realign. As 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 capital improvement program, begun in fiscal year 2013-2014, is now in full swing. The program, which leverages the funds available for CIP through a long-term debt model and the use of outside sources of funds, enables the City to fund significant investment in capital improvements city-wide over the next decade, including the construction of signature projects like the Riverfront Redevelopment, greenways, sidewalks and other transportation connections, investment in the City's aging fleet, and critical infrastructure repairs. Capital investment needs, which could easily cost more than $400 million, continue to far exceed available resources which forced staff to work diligently to prioritize projects and ensure that the available CIP funds are put to the highest and best use.

[2] Because of step plans in public safety, some employee pay rates will increase more than 3.5% in order to maintain the integrity of the compensation plan.

The first tranche of short-term interim debt will be issued in June 2016. Details of the capital budget begin on page 69.

Summary

Fiscal year 2015-16, for the most part, continued the growth trend from 2014-15. Development Services revenue has leveled off, but is nevertheless tracking higher than pre-recession levels. As a leading indicator of economic growth, continued high permitting activity suggests that ad valorem tax values should increase considerably in the 18-24 months following the activity.
Asheville has not seen significant property tax growth yet, with collections trending less than 2% over prior year. However, because property in North Carolina is required to be revalued only every 4-8 years, property can sell for amounts considerably higher than their tax value in the years leading up to a revaluation, especially during a period of growth. With revaluation planned for 2017, many of the parcels that are undervalued, either because of incomplete construction or rapidly increasing sales values in "hot" areas of town, should see significant increases in value on the tax rolls. The issue of undervaluation is significant enough that the Asheville Citizen Times ran an article on Sunday, May 1, discussing the undervaluation of property in various neighborhoods in Asheville.[3] Revaluation not only addresses the issue of undervalued property, but also reevaluates development that has occurred throughout the time period since the last revaluation. With revaluation in 2017, the ongoing effort to encourage economic development will become apparent as these projects are valued and added to the rolls.

Sales tax continues to exceed budget, and is forecast to come in $848,000, or 4.3% higher than budget for 2015-16. The 2016-17 budget is 9.1% higher than the 2015-16 budget, an increase in actual collections of 5.4%.

Legislative Climate

In 2015, the North Carolina General Assembly passed legislation allowing cities to increase vehicle license fees for street maintenance funding in the 2015 session. Council voted to increase the Asheville vehicle license fee from $10 per vehicle to $30, bringing in an additional $1.4 million in revenue. This revenue stream is restricted to streets spending, and will bring the City's annual streets spending to $3.9 million.

2016 is a legislative short session for the North Carolina State Legislature. While a level of uncertainty remains in the intergovernmental arena, there are fewer bills directed at cities this session. Remaining at the forefront is the disposition of the City's municipal water system.

Disposition of the City of Asheville's Municipal Water System: On June 9, 2014, Judge Manning issued a Memorandum of Decision and Order RE: Summary Judgement. In the Decision, Judge Manning ruled that HB 488 violates Article II, Section 24 of the North Carolina Constitution (prohibiting local acts related to health and sanitation); Article I, Section 19 of the N.C. Constitution (prohibiting the taking of a proprietary asset with no rational basis), and Article I, Sections 19 and 35 of the N.C. Constitution (because the taking results in no change in use and is not a valid exercise of the legislative power to condemn). Judge Manning ruled further, if it were determined that HB 488 was a valid exercise of the sovereign power of the State of North Carolina, then the City would be entitled to just compensation for its water system. The State of North Carolina filed a Notice of Appeal from Judge Manning's Memorandum of Decision

[3]Asheville Citizen Times, "Biggest tax increase in Buncombe County and Asheville." May 1, 2016

and Order RE: Summary Judgement to the North Carolina Court of Appeals on July 8, 2014. On October 6, 2015, the North Carolina Court of Appeals reversed the trial court, and upheld the validity of the 2013 Water Act, which among other things, transferred the Asheville water system to a newly created Metropolitan Water and Sewer District. The North Carolina Supreme Court is reviewing the case and will hear oral argument on May 17, 2016. The transfer of the system has been stayed until the Supreme Court makes a decision. We expect that to be in mid to late summer 2016.

Ongoing Budget Considerations

As the City moves into fiscal year 2016-17, some of the initiatives introduced in prior fiscal years will continue. Among these are an evaluation of the costs associated with staffing practices within the Fire Department, and a service delivery assessment of the Parks and Recreation Department. Transit and multi-modal transportation solutions will remain a high priority. The proposed 2016-17 budget includes significant investment in the Transit System, addressing the needs of the community and the goals of City Council. Staff and management are committed to continuous improvement of service delivery, support services, and management practices aimed at maximizing the effective and efficient use of taxpayer funds.

Government-wide Highlights

Budget Goals 2016-17

Continued High-Level of Service

The 2016-17 General Fund Budget is a continuation budget. The base budget for expenditures included the increase in compensation and health care costs; department directors were tasked with meeting a target budget equivalent to that of 2015-16, with requested additions for service delivery evaluated by the team, the City Manager, and Council. Staff is dedicated to maintaining a high level of service to the community we serve. Demand in Development Service drove staffing increases over the last two budget cycles, staffing changes for 2016-17 address more internal capacity issues as discussed above.

Effective and Efficient Management

City of Asheville staff continues to carefully manage budgets as revenues recover from the downturn. In order to ensure the long-term financial health of the organization, department directors and staff are working to evaluate programs and streamline operations. Cross-departmental cooperation and collaboration is higher than ever, and position-sharing, embedded resources, and other cross-functional strategies are front and center.

In fiscal year 2014-15, the Human Resources Department (HR) and the Communications and Public Engagement Division (CAPE) piloted an embedded resource model for service delivery. This model placed employees from HR and CAPE in departments with high demand for services. Public Safety functions (Police and Fire) now have not only dedicated communications personnel, but also an HR representative that can more effectively address issues specific to those departments. The CAPE model expanded the staffing in the division, enabling the City to engage in more targeted communication and ensure that communication is coordinated and consistent. This model worked well enough that a Financial Analyst will be embedded in the Fire Department beginning in 2016-17, as discussed above.

Other structural changes in cross-departmental management include dedicated resources to effect more customized and efficient service. For example, beginning in July 2016, the Budget Division will have analysts assigned to specific departments, allowing them to gain a level of understanding of the operations of their assigned departments in order to provide guidance and feedback on their budgets throughout the year. HR has similarly dedicated resources for personnel needs. Additionally, directors are working together to hire for cross-functional roles. Public Works and Finance and Management Services worked together to hire for the two City safety roles, moving both under Risk Management and defining the roles so that there is no duplication of work but rather a comprehensive safety program that will benefit the entire organization.

Reducing Taxpayer Subsidy of Programs

An ongoing area of focus is examining programs and services that the City provides that are taxpayer subsidized, some of which might be more appropriately funded through user fees and other sources of revenue. The Solid Waste Collections fee will increase in 2016-17 according to the plan developed by staff in 2011 to move the program toward full-cost recovery. The cost recovery models adopted for the Western North Carolina Nature Center and the Aston Park Tennis Center are moving into the second year of the plans developed to reduce taxpayer subsidy of those programs. Both met with success in their first year, and the plans are moving forward according to Council direction.

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. There is a slight increase in rates required in fiscal year 2016-17, which will result in a $127,000 impact to the City's budget.

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 2016-17 budget includes an annual contribution in the amount of $1,000,000. 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.

Accounting Change

The City is making an accounting change for the accrual of revenue received from the State. Through FY 2014-15, the City used a 60-day collections rule for year-end accruals. Beginning with the year ending June 30, 2016, the Comprehensive Annual Financial Report (CAFR) will reflect a 90-day accrual of revenues in order to make the City of Asheville's financial reports more comparable to other cities in North Carolina. This change adds $3.9 million to fund balance as of June 30, 2016. This is not additional revenue, but revenue that is being recorded for accounting purposes prior to collection in the first quarter of FY 2016-17.

General Fund Highlights

Revenue Highlights:

- The property tax is the single largest source of revenue for the City. Based on projections received from the Buncombe County Tax Office, staff is assuming a 2.0% increase in the City's property tax base in FY 2016-17. No change in the City's property tax rate is being proposed. The City's tax rate for FY 2016-17 will remain 47.5 cents per $100 of assessed valuation.

- Based on statewide projections from the North Carolina League of Municipalities and local trend data, staff is projecting a 5.4% increase in sales tax revenue in the current fiscal year and a 5.0% increase in FY 2016-17.

- Revenue from licenses and permits shows a 25.5% increase in FY 2016-17 primarily due to the change in the motor vehicle fee that City Council approved in March.

- Intergovernmental revenue, which includes state-shared utility taxes as well as Powell Bill funding, is budgeted to increase 3.7% in FY 2016-17 mostly as a result of a sustained increase in utility tax revenue resulting from changes the State made to the distribution method in the prior fiscal year.

Revenue Sources:	**2013-14 Actual**	**2014-15 Actual**	**2015-16 Budget**	**2016-17 Proposed**
Property Tax	52,052,585	51,888,019	54,833,390	**55,522,058**
Charges For Service	50,023,876	53,036,505	54,497,528	**56,972,426**
Intergovernmental	13,305,397	18,787,749	15,161,379	**15,716,482**
Sales & Other Taxes	17,793,854	20,044,318	20,129,180	**21,970,401**
Licenses & Permits	6,493,311	6,345,825	5,097,994	**6,425,550**
Investment Earnings	352,276	329,692	290,544	**337,700**
Parking Fees	4,384,603	5,220,679	4,322,100	**4,775,044**
Miscellaneous	2,292,822	2,754,075	1,635,950	**2,095,815**
Other Financing Sources	3,037,662	4,396,044	6,092,686	**6,580,616**
Total Revenue	149,736,386	162,802,906	162,060,751	**170,396,092**
Less: Interfund Transactions	(6,461,503)	(8,033,527)	(7,694,976)	**(9,034,276)**
NET REVENUE	143,274,883	154,769,379	154,365,775	**161,361,816**

The FY 2015-16 proposed General Fund budget includes fund balance allocations for one-time expenditures aligned with Council goals as shown below.

Program or Project	Amount
Real Estate and Facilities Diagnostic	$ 75,000
Community Capital Fund	250,000
City-wide planning support	85,000
Parks & Recreation Service Assessment	60,000
Payroll & Benefits Audit	90,000
Creative Solutions Fund	100,000
Quality of Service Award Fund	40,000
Deferred Maintenance	200,000
Performance Management	60,000
TOTAL	$ 960,000

*Note: Fund balance reserves include $1,380,000 for the Lee Walker Heights project.

Expenditure Highlights:

- The FY 2016-17 proposed budget includes General Fund expenditures that are 7.4% more than the FY 2015-16 adopted budget.

- Public Safety is the largest General Fund service area, accounting for 43% of all General Fund expenditures. Public Safety expenditures show a $1.4 million increase in FY 2016-17. Most of this increase is the result of the salary and fringe benefit adjustments discussed early in the budget document. In addition, the Police Department proposed budget includes funding to add a Crime Analyst position.

- Environment & Transportation represents 15% of the FY 2016-17 General Fund budget. This service area shows an increase of approximately $1.1 million, which is primarily the result of the additional General Fund support budgeted for the transit service enhancements that are proposed for January 2017. These enhancements include the addition of one bus on the S3 route to the airport and the extension of service hours (8 hours between morning and night, depending on ridership). The General Fund Environment and Transportation budget also includes the addition of two positions – a Transit Planner in Transportation and a Sanitation Equipment Operator in Public Works. Finally, the Sustainability budget includes $60,000 for food action plan coordination and backyard composting.

- The increase in General Government expenses is due to several factors including: 1) the addition of $250,000 as one-time seed money for the potential development of a community fund loan program for small businesses; 2) the addition of an Equity Program Manager and a Deputy City Clerk in Administrative Services and the addition of a Project Manager in Information Technology Services; 3) the inclusion of $375,000 in one-time funding for a contracted facilities and real estate diagnostic study; and 4) the inclusion of $90,000 to fund an external payroll and benefits audit. The General Government increase is also partially due to the funding for citywide market pay adjustments, as well as contingency funds for inflationary increases, are currently being presented in this service area.

- Most of the increase in Culture and Recreation is the result of the compensation adjustments noted earlier in the message.

- The increase in the Community Development service area budget reflects the addition of an Urban Designer/Planner in the Planning and Urban Design Department along with $85,000 for services and supplies related to citywide planning projects. The Community Development service area also includes an additional $85,000 in funding for strategic partnerships.

Service Areas:	**2013-14 Actual**	**2014-15 Actual**	**2015-16 Budget**	**2016-17 Proposed**
Public Safety	42,668,751	45,564,007	46,569,606	**47,944,730**
Environment & Transportation	13,994,542	15,077,898	14,974,276	**16,062,353**
General Government	12,847,324	18,107,163	16,156,931	**19,406,449**
Culture & Recreation	9,596,690	10,184,678	10,955,585	**11,334,452**
Capital Pay-Go/Debt	8,057,714	9,138,020	9,086,878	**10,132,171**
Community Development	4,930,139	4,682,745	5,405,351	**5,822,511**
Total General Fund	92,095,160	102,754,511	103,148,627	**110,702,666**

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 2014-15 with $16.6 million in unassigned fund balance. The adopted FY 2015-16 budget did not include allocations fund balance. Since the start of the fiscal year, $561,000 has been appropriated for storm supplies and other one-time expenditures. Based on the positive revenue and expenditure trends observed through the first three quarters, staff is projecting net income of $1.6 million. With the accounting change discussed above, fund balance will increase $4.9 million as detailed below.

One-time Programs & Projects	$ 960,000
Lee Walker Heights	1,380,000
Infrastructure Reserve	1,100,000
Increase to Unrestricted, Unassigned	1,460,000
TOTAL	$ 4,900,000

Council directed staff to target an unrestricted, unassigned fund balance of 16.5%. Appropriations of fund balance for the projects and programs, including the Lee Walker Heights project and other strategic investments discussed above total $2.1 million; additional funding has been assigned to infrastructure reserves and deferred maintenance.

Highlights from Other Funds

Water Resources Fund

- In March, City Council approved minor rate adjustments for the 2016-17 fiscal year based on the Raftelis financial model developed in 2012 to ensure the long-term financial sustainability of the Water Resources Fund. These rate adjustments are expected to generate approximately $473,000 in additional revenue.

- The Water Resources budget includes funding for the enhancement of service delivery through additions to the pumps and reservoirs workgroup, establishment of a new water maintenance crew, and the addition of personnel to water engineering to assist with plans review. The enhancements include modifications to existing positions, along with the addition of 4 FTE positions for the new maintenance crew.

- Central Stores operation along with 2 FTE positions was transferred to the Water Department during FY 2015-16. The FY 2016-17 budget reflects this organizational change.

- During FY 2014-15, city staff completed a refunding of Water debt that was issued in 2005 and 2007. As a result, debt services expenses show a decrease in FY 2016-17.

Stormwater Fund

- Based on the financial model developed in the previous fiscal year, staff submitted and City Council approved in April a 5% increase in Stormwater fees for FY 2016-17. This rate adjustment is expected to generate approximately $250,000 in additional revenue for the fund.

- The Stormwater operating budget includes a $610,200 transfer to the Stormwater Capital Fund for projects planned in FY 2016-17.

- Otherwise, the Stormwater Fund budget reflects a continuation of existing programs and services.

Transit Services Fund

- As discussed elsewhere in the Budget Document, the proposed budget includes funding to implement two service enhancements in January 2017 - the addition of one bus on the S3 route to the airport and the extension of service hours (8 hours between morning and night, depending on ridership).

- The budget also includes funding to add a Transit Planner position to provide a higher level of staff support for the transit program. In addition, the budget reflects an anticipated increase in the contract with the transit management company that operates the system.

- Overall, the general fund subsidy to the transit fund shows an increase of $940,719 in FY 2016-17. It should be noted that this amount will likely increase again in FY 2017-18 since the two service enhancements discussed above are only funded for half a year in FY 2016-17.

Parking Services Fund

- Revenues in the current fiscal year are performing better than budget, and this trend is expected to continue next fiscal year. Staff is however anticipating a slight decrease in revenue below current trends due to the fact that availability at the Civic Center garage may be impacted by scheduled maintenance. There are no rate changes included in the FY 2016-17 proposed budget. A consultant is currently conducting a comprehensive parking study, which may include rate changes for January 2017.

- The Parking Fund budget includes funding to cover 50% of the cost of the new Downtown Development Manager position that was approved in FY 2015-16.

- The Parking Fund operating budget includes $306,000 to begin a three-year phased replacement of parking meters.

- The proposed budget includes a $458,000 appropriation from Parking fund balance for capital including: 1) elevator rehabilitation in the Civic Center garage, 2) structural maintenance in the Civic Center Garage, and 3) vehicle replacement.

US Cellular Center Fund

- Based on event booking trends in the current fiscal year, staff has projected an increase in operating revenue in the FY 2016-17 budget.

- The budget includes a new Production Coordinator position that will be funded by holding an existing Catering Coordinator position vacant.

- The General Fund transfer shows a slight increase in FY 2016-17.

Street Cut Utility Fund

- The FY 2016-17 budget includes $240,000 for equipment/vehicle replacement in the Street Cut Fund. Debt proceeds will fund these purchases.

- Otherwise, the FY 2016-17 budget for the Street Cut Fund reflects a continuation of existing programs and services.

Conclusion

I am pleased to present a proposed budget for Fiscal Year 2016-17 that makes improvements to the efficiency and effectiveness with which the City delivers services and continues the comprehensive capital improvement program begun in 2014-2015. The 2016-17 budget builds on the foundation of financial sustainability that staff and Council have worked to build. These efforts were recognized this year by Standard & Poor's Rating Agency, which upgraded Asheville's debt rating to AAA in August 2015.

I would like to take this opportunity to thank the following key players in the development of the 2016-17 budget. Tony McDowell, Budget and Financial Reporting Manager; Pat Liguori, Financial Operations Manager; Barbara Whitehorn, Finance Director; and the other members of the Budget Team who worked tirelessly for months to produce this budget: Paul Fetherston and Cathy Ball, Assistant City Managers; Todd Okolichany, Planning Director; James Ayers, General Services Director; and Dawa Hitch, Communications Director. Thank you to the department director team for their leadership and hard work through a new and evolving process. Special thanks to John Sanchez, former Budget Analyst, now Financial Manager for the APD, who continued to support Budget during this year's process. 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 2016-17 Budget.

Sincerely,

Gary W. Jackson
City Manager

CITY OF ASHEVILLE

NORTH CAROLINA

Adopted Annual Budget
Fiscal Year 2016-17

Esther Manheimer
Mayor

Gwen Wisler
Vice Mayor

Brian Haynes
Councilmember

Cecil Bothwell
Councilmember

Gordon Smith
Councilmember

Julie Mayfield
Councilmember

Keith Young
Councilmember

Gary W. Jackson
City Manager

Paul Fetherston
Assistant City Manager

Cathy Ball
Assistant City Manager

Barbara Whitehorn
Chief Financial Officer

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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 & Special Revenue Funds
Capital Funds are used to account for capital replacements and improvements, and Special Revenue Funds are used to account for specific revenue sources that are restricted or committed to expenditures for specific purposes other than debt service or capital projects. 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 & Special Revenue 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 2016-17 budget includes a

transfer from the General Fund to the US Cellular 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 drug suppression unit and the traffic safety unit.

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 2016-17 Budget Calendar is displayed on page 5.

Financial Forecasting
The annual budget process begins with the Budget Division 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 Division 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. Council's directives set the tone for the development of the annual budget.

Departmental Budget Development
Departments begin developing their budget requests in November. 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 Division as expansion requests. Expansion requests identify the program's purpose, costs, objectives, and proposed funding sources. The expansion request also describes how the new or enhanced program is linked with overall Council priorities. Departments are encouraged to prioritize their expansion requests and only submit a limited number of requests each year.

In addition to the budget worksheets and expansion request forms, departments are required to submit the following information to the Budget Division:

- Low Priority Services. Each department is required to submit a list of existing programs and services that could be eliminated or reduced. 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 Team and City Manager Review
Once the Budget Division has completed its technical review of the budget, department directors meet with the Budget Team 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 fund which do not change the total fund appropriation. 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 among others: 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. First, 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 2016-17 BUDGET CALENDAR

Item	Date/Deadline
Begin Operating Budget Process • Revenue Forecast • City Manager Budget Vision • Budget Scenarios: Base, Enhanced,Constrained Budgets • User Fees	November 9, 2015
User Fee Proposals due to Budget Office	December 4, 2015
Budget Office analyzes user fee requests	December, 2015
Departments complete operating budget scenarios:	December 14, 2015
Budget Office Technical Reviews with departments	January 4-22, 2016
City Council Retreat	January 29-30, 2016
Budget Team Departmental Review	February 2016
City Council - Adoption of FY 2016-17 Fees & Charges	March 22, 2016
City Council Budget Worksessions	March 22, 2016 April 12, 2016
Executive Team finalizes City Manager Budget	April 1-15, 2016
Budget Office prepares Proposed Budget Document	April 18 – April 26, 2016
Executive Team reviews Proposed Budget Document	April 27 – May 5, 2016
Proposed Budget Document published	May 6, 2016
City Council Formal Meeting - Proposed Budget Presentation	May 10, 2016
City Council Formal Meeting: - Budget Public Hearing	May 17, 2016
City Council Formal Meeting - Budget Adoption	June 14, 2016

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.

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 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, Generally Acepted Accounting Principles (GAAP), and standards established by the Govermental Accounting Standards Board (GASB).

2. Full disclosure will be provided in the financial statements and bond representations.

3. Financial system will be maintained to monitor expenditures and revenues on a monthly basis.

4. All revenue collections will be consolidated under the Director of Finance and be audited at least annually.

5. 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. Audit Policy

1. 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.

2. When obtaining the services of independent auditors, the City of Asheville shall enter into multiyear agreements of not more than five years in duration through a series of single-year contracts as consistent with applicable legal requirements. It is the City of Asheville's policy that the independent auditor be replaced at the end of the five-year engagement to enhance auditor independence unless lack of competition among audit firms fully qualified to perform public-sector audit make mandatory rotation counterproductive. The principal factor in the selection of an independent auditor is the auditor's ability to perform a quality audit. In no case should price be allowed to serve as the sole criterion for the selection of an independent auditor.

H. Water Utility Policy

1. Setting Water Rates & Charges: Charges for the water users shall be set at the level to provide sufficient revenues to cover all annual operating and debt service expenditures, to accumulate funds for the acquisition and replacement of capital equipment and

facilities, and to finance the long-term Capital Improvement Plan. As the Water Fund relies solely on user fees, the City of Asheville will continue to be guided by cost-of-service principles with regard to rates, fees and charges, and will operate the water system at the lowest rates consistent with the obligation to provide proper and efficient services, now and in the future. Rate increases will be evaluated annually and implemented with a maximum level of predictability, consistency, and affordability.

2. Debt Service Coverage: Utility debt service coverage ratios shall maintained at a level of 1.25 to 1.5 times coverage or greater (as measured by net revenues, excluding capital contributions, available for debt service divided by total debt service requirements).

3. Debt to Net Plant: Utility system debt shall not exceed 70 - 75% (as measured by total long-term debt divided by total net assets).

4. Cash Financing of Capital: Annual revenues and cash reserves shall provide not less than 30% of CIP funding.

5. Service Affordability: The most commonly used and most cited measure of water service affordability of "percent MHI' – that is, calculating what a year's worth of water bills for an average level of consumption (e.g. 5000 gallons/month) is compared to the median household income (MHI) in the community served by the utility. This indicator is easy to calculate by simply using the calculated bill amount and the U.S. Census Bureau's median household income data from their latest 5-year American Community Survey estimate. The City of Asheville's percent MHI. The average annual residential bill divided by real median household income, shall be < 1.5%.

I. Internal Services Fund Policy

1. Health Fund
   a. Health Claims Budget and Rate Setting

      Health claims shall be budgeted to adequately fund expenses including trend, administrative costs, stop-loss premiums and risk corridor. Expected claims expenses shall be projected based on annual actual mature claims experience adjusted for trend, enrollment and plan design, and network changes.

      Trend is defined as year to year medical inflations influenced by utilization, advances in medical technology and increasing cost of medical services.

      Risk corridor, calculated at 5% of expected claims expenses, is defined as the difference between expected claims and the aggregate potential liability on group claims to be funded from current rate resources as opposed to reserves. The amount over the risk corridor represents the risk the employer is accepting in the self-funded plan which, if claims exceeded the aggregate potential liability funded from current rate resources, would be paid from reserves.

   b. Health Fund Reserve Requirement

   The health fund shall maintain reserves designed to offset normal variances in claims cost from year to year, unforeseen catastrophic claims beyond reinsurance, larger than

expected medical inflation trends, incurred but not reported claims liability, and the impact of future health care legislative mandates.

1. 100% of the incurred but not reported claims liability with the lag factor based on the prior 12-month average, and

2. 100% of reported and not yet paid claims computed as two weeks of annual claims benefits costs, and

3. 30% of the aggregate of 1 and 2 above.

   Should the health fund fail to meet the required reserve level, the amount needed to restore the fund to the required reserve level shall be funded in subsequent year's rate structure and recovered over a period of not more than three years.

   Should the health fund exceed the required reserve level, the amount in excess of the required reserve level shall be credited to the subsequent year's employer health care contribution.

J. 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.

It is the policy of the City of Asheville to comply with all applicable federal tax rules related to its tax-exempt debt issuances. The City's Chief Financial Officer, and his or her designee, has primary responsibility for ensuring that the City's outstanding tax-exempt debt issuances are, and remain, in compliance with federal tax law. The Chief Financial Officer will maintain policies and procedures to ensure compliance with such rules. The City's Finance Department will consult with other departments within the City, as well as third-party professionals (e.g. Bond, Counsel and financial advisors), as necessary, to ensure compliance with all applicable federal tax documentation requirements, yield restriction limitation, arbitrage rebate requirements, third-party use limitations, and recordkeeping requirements.

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.

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.

OPERATING BUDGET SUMMARY: ALL FUNDS

BUDGET SUMMARY BY FUND

	2013-14 Actual	2014-15 Actual	2015-16 Original Budget	2015-16 Amended Budget	2015-16 Estimate	2016-17 Adopted
Revenues:						
General Fund	97,326,350	105,861,752	103,148,627	103,814,753	104,272,791	**110,834,666**
Water Resources Fund	34,357,131	35,760,771	37,426,205	37,473,763	37,392,878	**36,066,867**
Transit Services Fund	5,673,921	6,202,312	6,639,992	6,639,992	6,639,992	**7,530,711**
US Cellular Center Fund	3,305,111	2,845,336	3,020,216	3,020,216	3,267,219	**3,284,334**
Parking Services Fund	4,388,911	5,227,597	4,625,144	4,625,144	5,200,000	**5,233,344**
Stormwater Fund	3,366,325	5,464,583	5,335,491	6,758,049	5,866,079	**5,589,389**
Street Cut Utility Fund	1,318,637	1,440,555	1,865,076	1,865,076	1,585,315	**1,988,781**
Total	149,736,386	162,802,906	162,060,751	164,196,993	164,224,274	**170,528,092**
Less Interfund Trans.	(6,461,503)	(8,033,527)	(7,694,976)	(7,694,976)	(7,694,976)	**(9,034,276)**
Net Revenue	143,274,883	154,769,379	154,365,775	156,502,017	156,529,298	**161,493,816**
Expenditures:						
General Fund	92,095,160	102,754,511	103,148,627	103,814,753	101,880,359	**110,834,666**
Water Resources Fund	40,683,987	38,742,168	37,426,205	37,473,763	37,095,506	**36,066,867**
Transit Services Fund	5,851,598	5,919,200	6,639,992	6,639,992	6,489,992	**7,530,711**
US Cellular Center Fund	3,130,191	3,273,446	3,020,216	3,020,216	3,245,422	**3,284,334**
Parking Services Fund	3,697,417	3,867,868	4,625,144	4,625,144	4,486,390	**5,233,344**
Stormwater Fund	3,237,180	4,543,182	5,335,491	6,758,049	6,284,986	**5,589,389**
Street Cut Utility Fund	1,360,162	1,440,569	1,865,076	1,865,076	1,585,315	**1,988,781**
Total	150,055,695	160,540,944	162,060,751	164,196,993	161,067,970	**170,528,092**
Less Interfund Trans.	(6,461,503)	(8,033,527)	(7,694,976)	(7,694,976)	(7,694,976)	**(9,034,276)**
Net Expenditure	143,594,192	152,507,417	154,365,775	156,502,017	153,372,994	**161,493,816**

BUDGET SUMMARY: EXPENDITURES

Service Area Departments	2013-14 Actual	2014-15 Actual	2015-16 Original Budget	2015-16 Amended Budget	2015-16 Estimate	2016-17 Adopted
General Government						
Finance & Management	2,654,612	2,909,660	2,866,317	2,866,317	2,780,327	**3,169,881**
Administrative Services	3,993,863	1,479,539	1,963,943	1,963,943	1,912,535	**2,272,155**
General Services	0	2,448,272	2,733,823	2,733,823	2,651,808	**3,142,432**
Community & Economic Dev.	702,591	1,262,697	2,446,519	2,446,519	2,079,509	**2,868,484**
City Attorney	717,952	796,044	826,848	826,848	818,580	**982,182**
Information Technology	2,192,505	2,579,477	2,524,613	2,524,613	2,448,875	**2,701,009**
Human Resources	1,244,907	1,603,076	1,461,409	1,461,409	1,598,303	**1,631,166**
Nondepartmental	1,340,894	5,028,398	1,333,459	1,333,459	1,333,459	**2,639,140**
Total General Government	12,847,324	18,107,163	16,156,931	16,156,931	15,623,396	**19,406,449**
Public Safety						
Police	21,707,066	23,214,497	24,719,331	24,719,331	23,825,530	**25,554,979**
Fire & Rescue	20,515,178	21,834,444	21,343,177	21,343,177	22,143,177	**21,944,428**
Nondepartmental	446,507	515,066	507,098	507,098	507,098	**445,323**
Total Public Safety	42,668,751	45,564,007	46,569,606	46,569,606	46,475,805	**47,944,730**
Environment & Transportation						
Water Resources Fund	40,683,987	38,742,468	37,426,205	37,473,763	37,095,506	**36,066,867**
Public Works	11,653,073	10,758,134	9,577,250	10,173,264	9,485,099	**9,673,331**
Capital Projects/Sustainability	0	756,826	866,982	866,982	896,968	**1,113,281**
Stormwater Fund	3,237,180	4,543,182	5,335,491	6,758,049	6,284,986	**5,589,389**
Street Cut Utility Fund	1,360,162	1,440,569	1,865,076	1,865,076	1,585,315	**1,988,781**
Transportation	1,047,967	1,862,392	2,739,927	2,837,453	2,752,329	**2,544,905**
Transit Services Fund	5,851,598	5,919,200	6,639,992	6,639,992	6,489,992	**7,530,711**
Parking Services Fund	3,697,417	3,867,868	4,625,144	4,625,144	4,486,390	**5,233,344**
Nondepartmental	1,293,502	1,700,546	1,790,117	1,790,117	1,790,117	**2,730,836**
Total Environ. & Transportation	68,824,886	69,591,185	70,866,184	73,029,840	70,866,702	**72,471,445**
Culture & Recreation						
Parks & Recreation	8,710,763	9,024,102	9,905,874	9,913,474	9,616,070	**10,267,618**
US Cellular Center Fund	3,130,191	3,273,446	3,020,216	3,020,216	3,245,422	**3,284,334**
Nondepartmental	885,927	1,160,576	1,049,711	1,049,711	1,049,711	**1,066,834**
Total Culture & Recreation	12,726,881	13,298,124	13,975,801	13,983,401	13,911,203	**14,618,786**
Community Development						
Planning & Urban Design	1,002,907	826,822	902,106	988,342	983,400	**1,094,567**
Housing Trust Fund	500,000	500,000	500,000	500,000	500,000	**500,000**
Development Services	2,865,122	3,238,687	3,830,845	3,830,845	3,423,382	**4,100,544**
Nondepartmental	562,110	117,236	172,400	172,400	172,400	**259,400**
Total Community Development	4,930,139	4,682,745	5,405,351	5,491,587	5,079,182	**5,954,511**
Capital Pay-Go/Debt	8,057,714	9,138,020	9,086,878	9,086,878	9,086,878	**10,132,171**
TOTAL EXPENDITURES	150,055,695	160,540,944	162,060,751	164,196,993	161,067,970	**170,528,092**
Less: Interfund Trans.	(6,461,503)	(8,033,527)	(7,694,976)	(7,694,976)	(7,694,976)	**(9,034,276)**
NET EXPENDITURES	143,594,192	152,507,417	154,365,775	156,502,017	153,372,994	**161,493,816**

BUDGET SUMMARY: EXPENDITURES

Expenditures by Category	2013-14 Actual	2014-15 Actual	2015-16 Original Budget	2015-16 Amended Budget	2015-16 Estimate	2016-17 Adopted
Salaries & Wages	51,735,685	54,202,619	58,305,310	58,305,310	57,841,581	**61,574,371**
Fringe Benefits	19,048,729	22,310,427	23,773,735	23,773,735	23,584,652	**24,973,691**
Operating Costs	44,839,404	42,606,539	42,744,781	44,881,023	42,404,812	**46,337,004**
Debt Service	12,056,129	12,349,847	12,745,126	12,745,126	12,745,126	**12,145,694**
Capital Outlay	22,375,748	21,037,985	16,796,823	16,796,823	16,796,823	**16,463,056**
NET BUDGET	150,055,695	152,507,417	154,365,775	156,502,017	153,372,994	**161,493,816**

BUDGET HIGHLIGHTS

- Overall, the City's FY 2016-17 adopted budget shows a 4.6% increase compared to the FY 2015-16 original budget.

- The FY 2016-17 budget for personnel costs (salaries & wages and fringe benefits) includes funding to provide employees with a 3.5% salary increase in July 2016 along with $500,000 for market adjustments and potential changes to FLSA overtime rules. The personnel budget also includes an increase of approximately $600,000 in the employer contribution to the City's health care program. The personnel budget is also impacted by positions that were added during the current fiscal year, and by positions that are being adopted as part of the FY 2016-17 budget. Finally, the FY 2016-17 fringe benefit budget includes a $200,000 increase in the City's Other Post-Employment Benefits (OPEB) contribution as part of the step up plan to fully fund the City's annual required contribution, and a $127,000 increase in the required contribution to the Local Government Employees Retirement System (LGERS).

- Citywide operating costs show an increase of 8.4% for FY 2016-17, which reflects the new funding directed toward Council goals as discussed in the City Manager's Budget Message. This increase includes the funding allocated to the transit service enhancements, the Buncombe County Community Capital Funding, the real estate & facilities diagnostics, and the disparity study.

- The City's FY 2016-17 debt service budget totals $12.1 million, which is down slightly compared to FY 2015-16. Most of this decrease is due to the refunding of Water debt that was completed in June 2015.

- Capital outlay includes small capital purchases in departmental operating budgets as well as transfers to the City's various capital project funds. For FY 2016-17, the capital outlay budget totals $16.5 million, which represents a $300,000 decrease compared to FY 2015-16. The decrease is due to the fact that one-time funding (from fund balance) in the Water Resources budget was included in the FY 2015-16 budget but not in the adopted budget for FY 2016-17. In the General Fund, the capital outlay budget is up by just over $1.0 million, primarily due to the additional funding from the motor vehicle license fee increase that is being directed toward street improvements.

BUDGET SUMMARY: REVENUES

Revenue Sources:	2013-14 Actual	2014-15 Actual	2015-16 Original Budget	2015-16 Amended Budget	2015-16 Estimate	2016-17 Adopted
Property Tax	52,052,585	51,888,019	54,833,390	54,833,390	54,433,390	**55,522,058**
Charges For Service	50,023,876	53,036,505	54,497,528	54,497,528	54,697,528	**56,972,426**
Intergovernmental	13,305,397	18,787,749	15,161,379	15,168,979	15,668,979	**15,716,482**
Sales & Other Taxes	17,793,854	20,044,318	20,129,180	20,129,180	21,095,654	**21,970,401**
Licenses & Permits	6,493,311	6,345,825	5,097,994	5,097,994	4,697,994	**6,557,550**
Investment Earnings	352,276	329,692	290,544	290,544	290,544	**337,700**
Parking Fees	4,384,603	5,220,679	4,322,100	4,322,100	4,700,000	**4,775,044**
Miscellaneous	2,292,822	2,754,075	1,635,950	1,733,476	1,983,476	**2,095,815**
Other Financing Sources	3,037,662	4,396,044	6,092,686	8,123,802	3,500,405	**6,580,616**
Total Revenue	149,736,386	162,802,906	162,060,751	164,196,993	161,067,970	**170,528,092**
Less: Interfund Trans.	(6,461,503)	(8,033,527)	(7,694,976)	(7,694,976)	(7,694,976)	**(9,034,276)**
NET REVENUE	143,274,883	154,769,379	154,365,775	156,502,017	153,372,994	**161,493,816**

BUDGET HIGHLIGHTS

- The property tax is the single largest source of revenue for the City. Based on projections received from the Buncombe County Tax Office, staff is assuming a 2.0% increase in the City's property tax base (excluding motor vehicles) in FY 2016-17. There is no change in the City's property tax rate. The City's tax rate for FY 2016-17 will remain 47.5 cents per $100 of assessed valuation.

- Most of the revenue in the charges for services category, approximately $35.8 million, comes from water utility charges. In March, City Council approved minor rate adjustments for the 2016-17 fiscal year based on the Raftelis financial model. These rate adjustments are expected to generate approximately $473,000 in additional revenue in the Water Fund. The FY 2016-17 charges for services budget also includes $1.1 million in additional revenue from the $3.50 increase in the City's monthly solid waste fee.

- Based on statewide projections from the North Carolina League of Municipalities and local trend data, staff is projecting a 5.4% increase in sales tax revenue in the current fiscal year. With revenue coming in higher than anticipated in FY 2014-15 and FY 2015-16 collections trending higher than budget, staff is now projecting that sales tax revenue will exceed budget by $848,000 in FY 2015-16. For FY 2016-17, staff is projecting another 5.0% increase. The budget-to-budget increase is 9.1%.

- Intergovernmental revenue, which includes state-shared utility taxes as well as Powell Bill funding, is budgeted to increase 3.7% in FY 2016-17 mostly as a result of a sustained increase in utility tax revenue resulting from changes the State made to the distribution method in the prior fiscal year.

- Revenue from licenses and permits shows a 28.6% increase in FY 2016-17, primarily due to the change in the motor vehicle fee that City Council approved in March.

- Based on collection trends over the last two fiscal years, revenue from parking fees is budgeted to increase by approximately $450,000 or 10.5%.

- The other financing sources budget includes items such as interfund transfers and fund balance appropriations. The FY 2016-17 adopted General Fund budget includes a $960,000 appropriation from fund balance for one-time expenditure items, which is consistent with the City's fund balance policies and multi-year forecast.

BUDGET SUMMARY: STAFFING

FULL-TIME EQUIVALENT POSITIONS BY FUND

	2013-14 Actual	2014-15 Actual	2015-16 Budget	2016-17 Adopted
Environment & Transportation	306.25	317.75	330.15	**337.82**
Public Safety	533.75	533.75	543.75	**544.75**
Culture & Recreation	110.13	110.13	107.13	**108.25**
General Government	127.05	127.05	142.10	**145.60**
Community Development	62.75	62.75	65.25	**68.50**
Total FTE Positions	1,139.93	1,151.43	1,188.38	**1,204.92**

BUDGET HIGHLIGHTS

- The FTE position count shows an increase of 16.54 between the adopted FY 2015-16 budget and the adopted FY 2016-17 budget. This increase includes all positions that have been added or adjusted since the start of FY 2015-16 as well as new positions adopted for FY 2016-17. The following 15 positions are new for FY 2016-17:

    - Deputy City Clerk – Administrative Services
    - Equity Program Manager - Administrative Services
    - BTP Analyst – Information Technology Services
    - Project Manager - Information Technology Services
    - Crime Analyst – Police
    - Sanitation Equipment Operator – Public Works
    - Transit Planner – Transportation
    - Production Coordinator – US Cellular Center
    - Urban Designer/Planner – Planning & Urban Design
    - New Water Maintenance Crew (4 FTE) – Water Resources
    - Short-Term Rental Program (2 FTE) – Development Services

- 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

SERVICE AREAS Departments & Divisions	2013-14 Actual	2014-15 Actual	2015-16 Budget	2016-17 Adopted
Public Safety				
Police	267.00	267.00	279.00	**280.00**
Police Grant Funded (General Fund)	5.00	5.00	0.00	**0.00**
Police Grant Funded (Grant Fund)	4.00	4.00	4.00	**4.00**
Fire & Rescue	257.75	257.75	260.75	**260.75**
Total Public Safety	533.75	533.75	543.75	**544.75**
Culture & Recreation				
Parks & Recreation	93.63	93.63	90.63	**90.75**
US Cellular Center Fund	16.50	16.50	16.50	**17.50**
Total Culture & Recreation	110.13	110.13	107.13	**108.25**
General Government				
Administrative Services	48.00	10.00	15.00	**17.00**
General Services	-	36.00	37.00	**37.00**
Finance & Management Services	32.75	32.75	33.00	**32.00**
Information Technology Services	19.00	19.00	21.00	**23.00**
Human Resources	16.05	16.05	19.60	**19.60**
City Attorney	6.00	7.00	7.00	**7.00**
Community & Economic Development	5.25	6.25	9.50	**10.00**
Total General Government	127.05	127.05	142.10	**145.60**
Environment & Transportation				
Water Resources Fund	147.63	148.63	149.00	**155.00**
Public Works	84.51	72.51	77.19	**77.19**
Cap Projects & Sustainability	-	18.50	16.00	**16.00**
Transportation	12.29	12.29	13.29	**13.29**
Stormwater Fund	28.99	30.99	39.34	**39.34**
Transit Services Fund	3.00	3.00	3.00	**4.00**
Parking Services Fund	21.33	21.33	21.83	**22.50**
Street Cut Utility Fund	8.50	10.50	10.50	**10.50**
Total Environment & Transportation	306.25	317.75	330.15	**337.82**
Community Development				
Planning & Urban Design	10.25	10.25	9.00	**10.25**
Development Services	48.00	48.00	50.00	**52.00**
Community Development Fund	4.50	4.50	6.25	**6.25**
Total Community Development	62.75	62.75	65.25	**68.50**
TOTAL CITYWIDE FTE POSITIONS	1,139.93	1,151.43	1.188.38	**1,204.92**

GENERAL FUND SUMMARY

	2013-14 Actual	2014-15 Actual	2015-16 Original Budget	2015-16 Amended Budget	2015-16 Estimate	2016-17 Adopted
Revenues*:*						
Property Taxes	52,052,585	51,888,019	54,833,390	54,833,390	54,433,390	**55,522,058**
Intergovernmental	10,801,589	16,126,084	12,098,379	12,105,979	12,605,979	**12,733,482**
Sales & Other Taxes	17,793,854	20,044,318	20,129,180	20,129,180	21,095,654	**21,970,401**
Charges For Service	8,673,961	9,131,842	9,985,234	9,885,234	10,001,073	**11,269,584**
Licenses & Permits	5,844,444	5,773,266	4,550,994	4,550,994	4,152,719	**5,995,550**
Investment Earnings	158,368	134,493	150,000	150,000	135,000	**150,000**
Miscellaneous	1,917,784	2,296,602	1,401,450	1,588,450	1,838,450	**1,915,520**
Other Finan. Sources	83,765	467,128	0	571,526	10,526	**1,278,071**
Total Revenues	97,326,350	105,861,752	103,148,627	103,814,753	104,272,791	**110,834,666**

	2013-14 Actual	2014-15 Actual	2015-16 Original Budget	2015-16 Amended Budget	2015-16 Estimate	2016-17 Adopted
Appropriations:						
Police	21,707,066	23,214,497	24,719,331	24,719,331	23,825,530	**25,554,979**
Fire & Rescue	20,515,178	21,834,444	21,343,177	21,343,177	22,143,177	**21,944,428**
Public Works	11,653,073	10,758,134	9,577,250	10,173,264	9,485,099	**9,673,331**
Cap Projects & Sustain.	0	756,826	866,982	866,982	896,968	**1,113,281**
Capital Pay-Go/Debt	8,057,714	9,138,020	9,086,878	9,086,878	9,086,878	**10,132,171**
Parks & Recreation	8,710,763	9,024,102	9,905,874	9,913,474	9,616,070	**10,267,618**
Finance & Management Srv.	2,654,612	2,909,660	2,866,317	2,866,317	2,780,327	**3,169,881**
Information Technology Srv.	2,192,505	2,579,477	2,524,613	2,524,613	2,448,875	**2,701,009**
Nondepartmental	2,485,511	5,660,700	2,012,957	2,012,957	2,037,761	**3,343,863**
City Attorney	717,952	796,044	826,848	826,848	818,580	**982,182**
Development Services	2,865,122	3,238,687	3,830,845	3,830,845	3,423,382	**4,100,544**
Administrative Services	3,993,863	1,479,539	1,963,943	1,963,943	1,912,535	**2,272,155**
General Services	0	2,448,272	2,733,823	2,733,823	2,651,808	**3,142,432**
Community & Econ. Dev	702,591	1,262,697	2,446,519	2,446,519	2,079,509	**2,868,484**
Transportation	1,047,967	1,862,392	2,739,927	2,837,453	2,752,329	**2,544,905**
Planning & Urban Design	1,002,907	826,822	902,106	988,342	983,400	**1,094,567**
Transit Services Transfer	1,157,502	1,700,546	1,790,117	1,790,117	1,790,117	**2,730,836**
US Cellular Center Transfer	885,927	1,160,576	1,049,711	1,049,711	1,049,711	**1,066,834**
Human Resources	1,244,907	1,603,076	1,461,409	1,461,409	1,598,303	**1,631,166**
Housing Trust Transfer	500,000	500,000	500,000	500,000	500,000	**500,000**
Total Appropriations	92,095,160	102,754,511	103,148,627	103,814,753	101,880,359	**110,834,666**

GENERAL FUND EXPENDITURES

Service Areas:	**2013-14 Actual**	**2014-15 Actual**	**2015-16 Original Budget**	**2015-16 Amended Budget**	**2015-16 Estimate**	**2016-17 Adopted**
Public Safety	42,668,751	45,564,007	46,569,606	46,569,606	46,475,805	**47,944,730**
Environ. & Transportation	13,994,542	15,077,898	14,974,276	15,546,566	14,949,317	**16,062,353**
General Government	12,847,324	18,107,163	16,156,931	16,156,931	15,623,396	**19,406,449**
Culture & Recreation	9,596,690	10,184,678	10,955,585	10,963,185	10,665,781	**11,334,452**
Capital Pay-Go/Debt	8,057,714	9,138,020	9,086,878	9,086,878	9,086,878	**10,132,171**
Community Development	4,930,139	4,682,745	5,405,351	5,491,587	5,079,182	**5,954,511**
Total General Fund	92,095,160	102,754,511	103,148,627	103,814,753	101,880,359	**110,834,666**

BUDGET HIGHLIGHTS

- The FY 2016-17 adopted budget includes General Fund expenditures that are 7.5% more than the FY 2015-16 original budget.

- Public Safety is the largest General Fund service area, accounting for 43% of all General Fund expenditures. Public Safety expenditures show a $1.4 million increase in FY 2016-17. Most of this increase is the result of the salary and fringe benefit adjustments discussed early in the Budget Document. In addition, the Police Department adopted budget includes funding to add a Crime Analyst position.

- Environment & Transportation represents 15% of the FY 2016-17 General Fund budget. This service area shows an increase of approximately $1.1 million, which is primarily the result of the additional General Fund support budgeted for the transit service enhancements that are adopted for January 2017. These enhancements include the addition of one bus on the S3 route to the airport and the extension of service hours (8 hours between morning and night, depending on ridership). The General Fund Environment and Transportation budget also includes the addition of two positions – a Transit Planner in Transportation and a Sanitation Equipment Operator in Public Works. Finally, the Sustainability budget includes $60,000 for food action plan coordination and backyard composting.

- The increase in General Government expenses is due to several factors including: 1) the addition of $250,000 as one-time seed money for the potential development of a community fund loan program for small businesses; 2) the addition of the Equity Program Manager and Deputy City Clerk in Administrative Services and the addition of a Project Manager in Information Technology Services; 3) the inclusion of $375,000 in one-time funding for a contracted facilities and real estate diagnostic study; and 4) the inclusion of $90,000 to fund an external payroll and benefits audit. The General Government increase is also partially due to the fact that funding for citywide market pay adjustments, as well as contingency funds for inflationary increases, are currently being presented in this service area.

- Most of the increase in Culture and Recreation is the result of the salary and fringe benefit adjustments noted above. The Parks and Recreation budget does include $60,000 to fund a service and facilities assessment.

- The increase in the Community Development service area budget reflects the addition of an Urban Designer/Planner in the Planning and Urban Design Department along with $85,000 for services and supplies related to citywide planning projects. The Development Services Department budget includes funding for additional staff dedicated to the short-term rental program. The Community Development service area also includes an additional $85,000 in funding for strategic partnerships.

GENERAL FUND EXPENDITURES

GENERAL FUND EXPENDITURES BY EXPENSE CATEGORY

	2013-14 Actual	2014-15 Actual	2015-16 Original Budget	2015-16 Amended Budget	2015-16 Estimate	2016-17 Adopted
Salaries & Wages	42,813,537	44,795,107	47,965,132	47,965,132	46,955,102	**50,309,404**
Fringe Benefits	15,483,307	18,095,999	19,116,835	19,116,835	18,714,280	**20,033,836**
Operating Costs	23,231,060	27,536,202	24,113,954	24,780,080	24,258,271	**26,501,585**
Interfund Transfers	2,043,429	2,861,122	2,839,828	2,839,828	2,839,828	**3,797,670**
Debt Service	4,647,611	4,903,491	5,387,021	5,387,021	5,387,021	**5,387,021**
Capital Outlay	3,876,216	4,562,590	3,725,857	3,725,857	3,725,857	**4,805,150**
TOTAL	92,095,160	102,754,511	103,148,627	103,814,753	101,880,359	**110,834,666**

BUDGET HIGHLIGHTS

- Personnel costs, including both salaries and wages and fringe benefits, make up 63% of the adopted FY 2016-17 General Fund budget. As noted earlier in the Budget Document, the personnel budget includes funding to provide employees with a 3.5% salary increase in July 2016 along with funding for market adjustments and potential changes to FLSA overtime rules. The salaries and wages budget in the General Fund is also impacted by staffing additions. The increase in the fringe benefits budget reflects the increase in the employer contribution to the City's health care program, as well as the adjustment to the City's LGERS contribution rate and the continuing step-up to the City's OPEB funding.

- Operating costs in the General Fund are budgeted to increase 9.9%. A portion of this increase, approximately $1.3 million, is one-time funding for items such as the disparity study, establishment of the community loan fund for small businesses, the facilities and real estate diagnostic study, the staff creative solutions fund, the Parks services and facilities study, and the payroll and benefits audit.

- Interfund transfers to the Transit Services Fund and the US Cellular Center Fund are budgeted to increase by approximately $957,000, primarily due to the increase in the Transit transfer to fund the service enhancements discussed earlier in the Budget Document.

- 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 2015-16 budget level.

- The FY 2016-17 capital outlay budget reflects the transfer of $3.3 million from the FY 2013-14 property tax rate increase into the City's multi-year debt service and capital improvement program, along with additional pay-go capital maintenance funding and departmental capital outlay. Overall, the capital outlay budget shows a $1.0 million increase in FY 2016-17. This increase includes $800,000 in additional spending on street maintenance, funded with the adjustment to the motor vehicle license fee, and a $200,000 appropriation from fund balance for the deferred maintenance program.

ASHEVILLE

FINANCE AND MANAGEMENT SERVICES

Barbara Whitehorn, Director/CFO

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

	2013-14 Actual	2014-15 Actual	2015-16 Original Budget	2015-16 Amended Budget	2015-16 Estimate	2016-17 Adopted
Expenditures:						
Salaries & Wages	1,519,394	1,624,625	1,764,904	1,764,904	1,711,957	**1,884,021**
Fringe Benefits	541,422	639,431	700,107	700,107	679,104	**735,054**
Operating Costs	593,796	645,604	470,306	470,306	456,197	**626,849**
Capital Outlay	0	0	0	0	0	**0**
Cost Transfers	0	0	-69,000	-69,000	-66,930	**-76,043**
Total	2,654,612	2,909,660	2,866,317	2,866,317	2,780,327	**3,169,881**
FTE Positions	32.75	32.75	33.00	33.00	33.00	**32.00**

BUDGET HIGHLIGHTS

- Central Stores operations along with 2 FTE positions was transferred to the Water Department during FY 2015-16. The FY 2016-17 budget reflects this organizational change.
- A safety position that was previously budgeted in the Public Works Department was moved to the Risk Management Administration division during FY 2015-16. The FY 2016-17 budget reflects this organizational change.
- A position in the Strategic Performance division was converted into a Senior Budget Analyst and moved to the Budget and Financial Reporting division during FY 2015-16. Another vacant position in Accounting is being converted into an Agreements, Grants, & Partnerships Coordinator.
- The Finance Administration budget includes $90,000 to fund an external payroll and benefits audit to recommend improvements to existing processes and programs.

DIVISION SUMMARY	2013-14 Actual	2014-15 Actual	2015-16 Original Budget	2015-16 Amended Budget	2015-16 Estimate	2016-17 Adopted
Finance Administration	765,503	749,796	563,848	563,848	580,932	**767,387**
FTE Positions	4.00	4.00	4.00	4.00	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.

Purchasing	248,606	280,502	318,565	318,565	309,013	**338,347**
FTE Positions	4.00	4.00	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.

Central Stores	140,073	143,814	154,625	154,625	149,986	**0**
FTE Positions	2.00	2.00	2.00	2.00	2.00	**0.00**

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). Central Stores has been moved to the Water Fund.

Risk Management Admin.	180,795	274,030	319,520	319,520	315,934	**492,307**
FTE Positions	3.00	4.00	4.00	4.00	4.00	**5.00**

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.

Budget & Research	200,918	284,554	**	**	**	**
FTE Positions	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.

DIVISION SUMMARY	2013-14 Actual	2014-15 Actual	2015-16 Original Budget	2015-16 Amended Budget	2015-16 Estimate	2016-17 Adopted
Accounting	1,118,717	1,171,950	**	**	**	**
FTE Positions	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 and accounts receivable activities, treasury management, and fiscal grant management. This division is also responsible for the City's internal audit functions.

Strategic Plan. & Perf.			62,345	62,345	0	**0**
FTE Positions			1.00	1.00	1.00	**0.00**
Internal Audit			87,405	87,405	85,253	**110,309**
FTE Positions			1.00	1.00	1.00	**1.00**
Fiscal Services			737,514	737,514	725,388	**755,674**
FTE Positions			10.00	10.00	1.00	**10.00**
Budget & Fin. Reporting			622,495	622,495	613,820	**705,857**
FTE Positions			7.00	7.00	7.00	**8.00**

ADMINISTRATIVE SERVICES/CITY MANAGER'S OFFICE

Paul Fetherston, Assistant City Manager
Cathy Ball, 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

	2013-14 Actual	2014-15 Actual	2015-16 Original Budget	2015-16 Amended Budget	2015-16 Estimate	2016-17 Adopted
Expenditures:						
Salaries & Wages	2,570,545	946,353	1,264,678	1,264,678	1,231,574	**1,454,170**
Fringe Benefits	873,736	343,886	461,441	461,441	449,362	**503,923**
Operating Costs	2,487,270	189,300	237,824	237,824	231,599	**314,062**
Capital Outlay	142,275	0	0	0	0	**0**
Cost Transfers	-2,079,963	0	0	0	0	**0**
Total	3,993,863	1,479,539	1,963,943	1,963,943	1,912,535	**2,272,155**
FTE Positions	48.00	10.00	15.00	15.00	15.00	**17.00**

BUDGET HIGHLIGHTS

- The FY 2016-17 Administrative Services budget reflects the addition of a Deputy City Clerk position.
- The FY 2016-17 Administrative Services budget also includes the addition of an Equity Program Manager position which would allow the City to dedicate resources to specifically addressing race, gender, discrimination areas.

DIVISION SUMMARY	2013-14 Actual	2014-15 Actual	2015-16 Original Budget	2015-16 Amended Budget	2015-16 Estimate	2016-17 Adopted
Governing Body	233,763	251,764	225,780	225,780	219,870	**235,335**
FTE Positions	0.00	0.00	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.

City Clerk	116,952	122,881	120,417	120,417	117,265	**219,737**
FTE Positions	1.00	1.00	1.00	1.00	1.00	**2.00**

The City Clerk gives notice of Council meetings, maintains a journal of City Council proceedings, is the custodian of all official City records, and performs other duties that may be required by law or City Council.

City Manager	868,562	726,314	1,036,275	1,036,275	1,009,150	**1,223,933**
FTE Positions	5.00	5.00	7.00	7.00	7.00	**8.00**

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.

Community & Pub. Eng.	322,598	378,372	581,471	581,471	566,250	**592,950**
FTE Positions	4.00	4.00	7.00	7.00	7.00	**7.00**

The Community and Public Engagement Division facilitates the creation and continuation of programs that focus on making information about City services and programs more accessible to communities, neighborhoods and individuals in Asheville.

Sustainability	156,482	*	*	*	*	*
FTE Positions	2.00	*	*	*	*	*

The Sustainability Division is now reported under the Environmental and Transportation section of the Budget Document.

General Services	2,295,506	*	*	*	*	*
FTE Positions	36.00	*	*	*	*	*

The General Services function became a separately managed department in FY 2014-15.

GENERAL SERVICES DEPARTMENT

James Ayers, Director

MISSION

The mission of the General Services Department is to provide safe, effective, and efficient service delivery for operations and maintenance of existing facilities, project management for the design and construction of new public buildings, acquisition and maintenance of fleet vehicles and equipment, and specialty support activities such as custodial and mail management services.

DEPARTMENT SUMMARY

	2013-14 Actual	2014-15 Actual	2015-16 Original Budget	2015-16 Amended Budget	2015-16 Estimate	2016-17 Adopted
Expenditures:						
Salaries & Wages		1,474,033	1,540,842	1,540,842	1,494,617	**1,609,000**
Fringe Benefits		576,574	704,342	704,342	683,212	**743,856**
Operating Costs		2,389,567	2,948,639	2,948,639	2,860,179	**3,169,576**
Capital Outlay		0	0	0	0	**0**
Cost Transfers		-1,991,902	-2,460,000	-2,460,000	-2,386,200	**-2,380,000**
Total		2,448,272	2,733,823	2,733,823	2,651,808	**3,142,432**
FTE Positions		36.00	37.00	37.00	37.00	**37.00**

BUDGET HIGHLIGHTS

- The General Services Department FY 2016-17 budget includes $300,000 in one-time funding for a contracted facilities diagnostic study. Funding for the study will come from proceeds collected from the sale of City-owned land in prior fiscal years.
- Otherwise, the General Services Department budget reflects a continuation of existing programs and services.

GENERAL SERVICES DEPARTMENT

DIVISION SUMMARY	2013-14 Actual	2014-15 Actual	2015-16 Original Budget	2015-16 Amended Budget	2015-16 Estimate	2016-17 Adopted
City Hall Operations		411,835	402,176	402,176	390,111	**376,709**
FTE Positions		7.00	7.00	7.00	7.00	**7.00**
Facility Maintenance		1,601,419	2,076,162	2,076,162	2,016,787	**2,409,548**
FTE Positions		14.00	14.00	14.00	14.00	**14.00**
Fleet Management (net after departmental charge backs)		435,018	252,485	252,485	244,910	**356,175**
FTE Positions		15.00	16.00	16.00	16.00	**16.00**

COMMUNITY & ECONOMIC DEVELOPMENT DEPARTMENT

Sam Powers, Director

MISSION

The focus of the City of Asheville Community and Economic Development Department is to promote the City's community and economic development policies through linked and collaborative initiatives that leverage resources to create a livable community and a vibrant and robust Asheville economy.

DEPARTMENT SUMMARY

	2013-14 Actual	2014-15 Actual	2015-16 Original Budget	2015-16 Amended Budget	2015-16 Estimate	2016-17 Adopted
Expenditures:						
Salaries & Wages	303,547	410,141	629,723	629,723	623,426	**696,100**
Fringe Benefits	104,010	139,940	209,582	209,582	207,486	**250,485**
Operating Costs	282,043	712,616	1,607,214	1,607,214	1,248,597	**1,921,899**
Capital Outlay	12,991	0	0	0	0	0
Total	702,591	1,262,697	2,446,519	2,446,519	2,079,509	**2,868,484**
FTE Positions	5.25	6.25	9.50	9.50	9.50	**10.00**

BUDGET HIGHLIGHTS

- The Community & Economic Development (ED) Department budget includes $320,000 in one-time funding for a disparity study, which will allow the City to evaluate current business and hiring practices in order to identify areas that should be changed or improved. The City can then take steps to become a model of good management practices with regard to diversity and equity.
- The budget also includes $75,000 in one-time funding for a contracted real estate diagnostics evaluation.
- The FY 2016-17 budget for planned economic incentive payments totals $1,143,240, which is essentially unchanged from FY 2015-16.
- The ED Department budget also includes funding to cover 50% of the cost of the new Downtown Development Manager position that was approved for addition in FY 2015-16.
- Beginning in FY 2015-16, the budget for the Homeless Program and the CAYLA program were moved into the Community & Economic Development Department.

LEGAL DEPARTMENT/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

	2013-14 Actual	2014-15 Actual	2015-16 Original Budget	2015-16 Amended Budget	2015-16 Estimate	2016-17 Adopted
Expenditures:						
Salaries & Wages	430,379	524,168	555,852	555,852	550,294	**599,764**
Fringe Benefits	122,128	166,051	186,326	186,326	184,463	**206,205**
Operating Costs	165,445	105,825	84,670	84,670	83,823	**176,213**
Capital Outlay	0	0	0	0	0	**0**
Total	717,952	796,044	826,848	826,848	818,580	**982,182**
FTE Positions	6.00	7.00	7.00	7.00	7.00	**7.00**

BUDGET HIGHLIGHTS

- The outside legal services budget is increased by $10,000 in FY 2016-17.
- Contracted funding with an outside legal firm for representation at the N.C. General Assembly was moved from the nondepartmental section of the budget to the City Attorney budget after adoption of the FY 2015-16 and is reflected in the adopted FY 2016-17 budget under operating costs.

INFORMATION TECHNOLOGY SERVICES DEPARTMENT

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

	2013-14 Actual	2014-15 Actual	2015-16 Original Budget	2015-16 Amended Budget	2015-16 Estimate	2016-17 Adopted
Expenditures:						
Salaries & Wages	1,133,523	1,184,860	1,302,804	1,302,804	1,263,720	**1,465,049**
Fringe Benefits	387,620	428,982	484,348	484,348	469,818	**529,658**
Operating Costs	1,070,125	1,308,388	1,112,461	1,112,461	1,079,087	**1,081,302**
Capital Outlay	0	16,626	25,000	25,000	24,250	**25,000**
Cost Transfers	-398,763	-359,379	-400,000	-400,000	-388,000	**-400,000**
Total	2,192,505	2,579,477	2,524,613	2,524,613	2,448,875	**2,701,009**
FTE Positions	19.00	19.00	21.00	21.00	21.00	**23.00**

BUDGET HIGHLIGHTS

- The Information Technology Services (ITS) Department budget includes the addition of two FTE positions to help address workload. One position (BTP Analyst) was funded within the ITS existing base budget by utilizing funds that were previously budgeted for contracted services.

- The addition of the second position (Project Manager) will enable the ITS department to better address technology needs and improve customer service within the City. As City staffing has increased to meet community needs and expectations, the ITS department has kept up with minimal increases to budget and staff. However, as we continue to grow and technology needs become ever greater, current ITS staff is operating above capacity.

INFORMATION TECHNOLOGY SERVICES DEPARTMENT

DIVISION SUMMARY	2013-14 Actual	2014-15 Actual	2015-16 Original Budget	2015-16 Amended Budget	2015-16 Estimate	2016-17 Adopted
Administration	244,905	248,718	262,927	262,927	255,039	**279,356**
FTE Positions	2.00	2.00	2.00	2.00	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 departments, City Council, vendors, and citizens; and provide administrative support to all divisions of the department.

IT Support Services	578,342	655,602	600,188	600,188	582,182	**606,891**
FTE Positions	5.00	5.00	7.00	7.00	7.00	**8.00**

The IT Support Services Division is the first point of contact for customers and ensures timely, efficient, and courteous transactions. The division provides centralized help desk service, documentation, knowledge management, other task and project management tools.

Technical Services	729,323	783,088	770,989	770,989	747,859	**769,230**
FTE Positions	6.00	6.00	5.00	5.00	5.00	**5.00**

The Technical Services Division works continuously to enhance security, sustainability, reliability, expandability and quality of data and communication systems. It assists with complex technical support issues and works with vendors to smoothly integrate outsourced services and products into the City infrastructure.

Business & Public Tech.	639,935	892,070	890,509	890,509	863,794	**1,045,532**
FTE Positions	6.00	6.00	7.00	7.00	7.00	**8.00**

The Business and Public Technology 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. The division 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.

HUMAN RESOURCES

James Ayers, Interim 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

	2013-14 Actual	2014-15 Actual	2015-16 Original Budget	2015-16 Amended Budget	2015-16 Estimate	2016-17 Adopted
Expenditures:						
Salaries & Wages	709,328	797,648	874,198	874,198	956,086	**967,916**
Fringe Benefits	258,734	298,713	379,166	379,166	414,683	**404,880**
Operating Costs	276,845	506,715	208,045	208,045	227,533	**258,370**
Capital Outlay	0	0	0	0	0	**0**
Total	1,244,907	1,603,076	1,461,409	1,461,409	1,598,303	**1,631,166**
FTE Positions	16.05	16.05	19.60	19.60	19.60	**19.60**

BUDGET HIGHLIGHTS

- The Human Resources budget includes an additional $60,000 to enhance organizational development efforts and for the development and implementation of a performance management system.
- Otherwise, the Human Resources budget reflects a continuation of existing programs and services.

HUMAN RESOURCES

DIVISION SUMMARY	2013-14 Actual	2014-15 Actual	2015-16 Original Budget	2015-16 Amended Budget	2015-16 Estimate	2016-17 Adopted
Administration	1,090,452	1,443,927	1,461,409	1,461,409	1,598,303	**1,631,166**
FTE Positions	12.00	12.00	15.00	15.00	15.00	**15.00**

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

CAYLA	154,455	159,149	**	**	**	**
FTE Positions	1.00	1.00	**	**	**	**

** The CAYLA program is now reported under the Community and Economic Development Department section of the Budget Document.

Health Services	**	**	**	**	**	**
FTE Positions	3.05	3.05	4.60	4.60	4.60	**4.60**

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.

NON-DEPARTMENTAL GENERAL GOVERNMENT

BUDGET SUMMARY

Expenditures:	2013-14 Actual	2014-15 Actual	2015-16 Original Budget	2015-16 Amended Budget	2015-16 Estimate	2016-17 Adopted
Buncombe County Tax Collections	846,605	860,422	850,000	850,000	850,000	**875,000**
Board of Elections	226,464	0	230,000	230,000	230,000	**0**
Employee Market Adjustments	0	0	0	0	0	**500,000**
Employee Quality of Service Pool	0	0	0	0	0	**40,000**
WNC Diversity Engage. Coalition	*	*	*	*	*	**10,000**
Small Business Loan Program	0	0	0	0	0	**250,000**
Creative Solutions Fund	0	0	0	0	0	**100,000**
City Manager Contingency	0	0	0	0	0	**175,000**
Contingency for Inflation	0	0	0	0	0	**361,640**
Employee Transit Passes	4,037	4,274	4,000	4,000	4,000	**4,000**
City Stormwater Costs	96,129	164,639	110,000	110,000	110,000	**140,000**
Other	167,659	3,999,063	139,459	139,459	139,459	**183,500**
Total	1,340,894	5,028,398	1,333,459	1,333,459	1,333,459	**2,639,140**

BUDGET HIGHLIGHTS

- The FY 2015-16 budget included $230,000 for the payment to the Buncombe County Board of Elections for fall 2015 City Council elections. Election costs are included in the budget every other year.

- The City pays Buncombe County for tax collection services. This budget is adjusted upward based on payment trends in FY 2014-15 and FY 2015-16.

- The budget for the payment to the WNC Diversity Engagement Coalition was previously accounted for in the Human Resources Department budget.

- The FY 2016-17 budget includes a pool of funding for employee market adjustments and potential changes to FLSA overtime rules, and a pool of funding to supplement the departmental Quality of Service Awards budgets. This funding will be allocated to specific departmental budgets during the fiscal year.

- The FY 2016-17 budget includes $250,000 as one-time seed money for the potential development of a community fund loan program for small businesses.

- The FY 2016-17 budget also includes $100,000 in one-time funding for a Staff Creative Solutions Fund for important innovations that improve efficiency, effectiveness, and customer service for the City.

- Finally, the FY 2016-17 budget includes a City Manager's contingency allocation of $175,000 and a general contingency of $361,640 to hedge against potential cost increases in FY 2016-17, particularly in fuel prices. With fuel prices at historically low levels, staff felt it was prudent to budget fuel expenses based on current trends but set aside a pool of general contingency funds that could be tapped if prices rise.

ASHEVILLE POLICE DEPARTMENT

Tammy Hooper, 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

	2013-14 Actual	2014-15 Actual	2015-16 Original Budget	2015-16 Amended Budget	2015-16 Estimate	2016-17 Adopted
Expenditures:						
Salaries & Wages	12,771,150	13,237,618	14,025,009	14,025,009	13,517,893	**14,581,789**
Fringe Benefits	4,624,183	5,510,330	5,769,331	5,769,331	5,560,724	**6,162,165**
Operating Costs	4,240,058	4,200,840	4,924,991	4,924,991	4,746,913	**4,802,025**
Capital Outlay	71,675	265,709	0	0	0	**9,000**
Total	21,707,066	23,214,497	24,719,331	24,719,331	23,825,530	**25,554,979**
FTE Positions	276.00	276.00	283.00	283.00	283.00	**284.00**

BUDGET HIGHLIGHTS

- The Police Department budget includes funding to add a Crime Analyst position.
- Four Police positions that are part of the DWI Task Force are budgeted in the City's Grant Fund. The City's contribution toward their salaries increases each year of the grant. For FY 2016-17, this amount will be $133,662. The 4 FTE's are included in the position total above.
- The decrease in operating cost is primarily the result of the citywide reduction in fuel budgets.
- The department is scheduled to start a three phase implementation of body worn cameras, including a first phase of purchasing 60 cameras beginning in late FY16. This program will require significant technology support to store and manage recorded audio and video. An additional 60 body worn cameras will be purchased in FY 2016-17.
- Otherwise, the Police Department budget reflects a continuation of existing programs and services. It should be noted however that staff is targeting FY 2017-18 to recommend funding for the creation of a Downtown District, with resources dedicated to the Central Business District, the South Slope, and the River Arts District. Should Council choose to move forward with developing this model in FY 2017-18, the one-time cost would be approximately $440,000 and ongoing operations would cost $786,000 per year.

ASHEVILLE POLICE DEPARTMENT

DIVISION SUMMARY	2013-14 Actual	2014-15 Actual	2015-16 Original Budget	2015- 16 Amended Budget	2015-16 Estimate	2016-17 Adopted
Administration	6,956,242	7,420,698	8,744,101	8,744,101	8,427,932	**9,171,198**
FTE Positions	57.00	57.00	60.00	60.00	60.00	**62.00**
Criminal Investig.	2,903,064	2,985,214	2,882,335	2,882,335	2,778,116	**5,364,337**
FTE Positions	47.00	47.00	38.00	38.00	38.00	**73.00**
Patrol Bureau	11,847,760	12,542,876	13,092,895	13,092,895	12,619,482	**11,019,444**
FTE Positions	172.00	172.00	185.00	185.00	185.00	**149.00**

Descriptions for the major functional areas based on the new structure of the department are:

Office of the Chief –
Provides top management support, direction and coordination for all activities of the department. Specific functions include: 1) Professional Standards Section comprised of the Internal Affairs Unit, and the Accreditation (CALEA) Unit; and 2) Financial Services Section comprised of the Purchasing Unit, Logistics Unit, and Permits Unit.

Administration Bureau –
Includes both the Special Services Division and the Administrative Services Division which provide project management and policy guidance. Functions within the Special Services Division are: 1) Planning and Research Section, 2) Property and Evidence Section, 3) Recruitment and Career Development Section comprised of the Training Unit, Recruitment Unit, and Human Resource Technician; and 4) Communications Section. Functions within the Administrative Services Division are: 1) Crime Analysis Unit, 2) Technology Unit, and 3) Police Records Unit.

Operations Bureau –
Includes both the Investigations/Support Operations Division and the Patrol Operations Division and is responsible for investigating all serious crimes reported. Functions within the Investigations/Support Operations Division are: 1) Criminal Investigations Section comprised of the Victim Services Unit, Buncombe County Anti-Crime Team (BCAT) Unit, General Investigations Unit, Major Case Investigations Unit, Forensic Services Unit, Special Victims Unit, and the Drug Suppression Unit; and 2) Special Operations Section comprised of the Traffic Safety Unit, DWI Task Force Unit, Special Events and Crime Prevention Unit, Animal Services Unit, and the School Resource Officer Unit. The Patrol Operations Division conducts and coordinates city-wide community policing efforts, responds to calls for service, provides 24-hour patrols, conducts criminal incident and traffic collision investigations. Functions within the Patrol Operations Division are: 1) ADAM District Section, 2) BAKER District Section, 3) CHARLIE District Section; and 4) EDWARD Section comprised of the Downtown Unit and the Public Housing Unit.

ASHEVILLE FIRE DEPARTMENT

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

	2013-14 Actual	2014-15 Actual	2015-16 Original Budget	2015-16 Amended Budget	2015-16 Estimate	2016-17 Adopted
Expenditures:						
Salaries & Wages	13,216,848	13,783,498	13,838,837	13,838,837	14,392,390	**14,228,670**
Fringe Benefits	4,603,277	5,263,937	5,021,434	5,021,434	5,222,291	**5,238,053**
Operating Costs	2,695,053	2,777,278	2,482,906	2,482,906	2,582,222	**2,477,705**
Capital Outlay	0	9,731	0	0	0	**0**
Total	20,515,178	21,834,444	21,343,177	21,343,177	22,143,177	**21,944,428**
FTE Positions	257.75	257.75	260.75	260.75	260.75	**260.75**

BUDGET HIGHLIGHTS

- The Fire Department FY 2016-17 budget reflects a continuation of existing programs and services. It should be noted however that the City is moving forward with construction of a new fire station in north Asheville which will require the addition of firefighter positions in FY 2017-18. It is estimated that annual operating costs for the new station will be approximately $750,000.

ASHEVILLE FIRE DEPARTMENT

DIVISION SUMMARY	2013-14 Actual	2014-15 Actual	2015-16 Original Budget	2015-16 Amended Budget	2015-16 Estimate	2016-17 Adopted
Accountability/Administration	2,636,824	3,013,494	3,064,592	3,064,592	3,179,461	**2,994,464**
FTE Positions	9.00	9.00	10.00	10.00	10.00	**9.00**

The 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 expect. 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.

Emergency Response	16,502,867	17,495,025	16,669,779	16,669,779	17,294,607	**17,362,164**
FTE Positions	233.75	233.75	229.75	229.75	229.75	**232.75**

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 of emergencies are provided 24/7/365 through three distinct work shifts. The department operates twelve (12) fire stations with seventeen (17) response companies, responding to over 17,000 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.

Fire Marshal's Office	1,375,487	1,325,926	1,608,806	1,608,806	1,669,108	**1,587,800**
FTE Positions	15.00	15.00	21.00	21.00	21.00	**19.00**

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.

NONDEPARTMENTAL PUBLIC SAFETY

BUDGET SUMMARY

Expenditures:	2013-14 Actual	2014-15 Actual	2015-16 Original Budget	2015-16 Amended Budget	2015-16 Estimate	2016-17 Adopted
CrimeStoppers	37,748	40,200	37,584	37,584	37,584	**41,923**
Police ID Bureau	393,381	410,089	389,317	389,317	389,317	**403,400**
Transfer to Grant Fund	15,378	64,777	80,197	80,197	80,197	*****
Total	446,507	515,066	507,098	507,098	507,098	**445,323**

BUDGET HIGHLIGHTS

- The Police ID Bureau and CrimeStoppers are both part of Buncombe County government; the City pays 50% of the costs of the programs. The FY 2016-17 budget amounts are based on estimates supplied by Buncombe County. Other Buncombe County municipalities do not participate in the funding of these programs.

- As noted earlier in the Budget Document, the transfer to the Grant Fund to support the DWI Task Force is budgeted in the Police Department budget for FY 2016-17.

ASHEVILLE

WATER RESOURCES UTILITY ENTERPRISE FUND

Jade Dundas, 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

	2013-14 Actual	2014-15 Actual	2015-16 Original Budget	2015-16 Amended Budget	2015-16 Estimate	2016-17 Adopted
Expenditures:						
Salaries & Wages	5,693,541	5,888,188	6,313,474	6,313,474	6,257,688	**6,900,849**
Fringe Benefits	2,308,513	2,717,442	2,878,632	2,878,632	2,853,196	**3,052,067**
Operating Costs	8,798,622	8,379,768	9,811,266	9,858,824	9,724,573	**10,408,910**
Debt Service	6,119,390	6,120,445	6,101,413	6,101,413	6,047,501	**5,543,881**
Capital Outlay	17,763,921	15,636,324	12,321,420	12,321,420	12,212,548	**10,161,160**
Total	40,683,987	38,742,168	37,426,205	37,473,763	37,095,506	**36,066,867**
FTE Positions	147.63	148.63	149.00	149.00	149.00	**155.00**
Revenues:						
Charges For Service	34,016,523	35,273,471	35,300,222	35,300,222	35,268,788	**35,845,572**
Investment Earnings	176,918	175,176	125,000	125,000	124,889	**175,000**
Miscellaneous	163,690	312,124	110,000	110,000	109,902	**46,295**
Other Fin. Sources	0	0	1,890,983	1,938,541	1,889,299	**0**
Total	34,357,131	35,760,771	37,426,205	37,473,763	37,392,878	**36,066,867**

BUDGET HIGHLIGHTS

- In March, City Council approved minor rate adjustments for the 2016-17 fiscal year based on the Raftelis financial model developed in 2012 to ensure the long-term financial sustainability of the Water Resources Fund. These rate adjustments are expected to generate approximately $473,000 in additional revenue.

- The Water Resources budget includes funding for the enhancement of service delivery through additions to the pumps and reservoirs workgroup, establishment of a new water maintenance crew, and the addition of personnel to water engineering to assist with plans review. The enhancements include modifications to existing positions, along with the addition of 4 FTE positions for the new maintenance crew.

- Central Stores operations along with 2 FTE positions was transferred to the Water Department during FY 2015-16. The FY 2016-17 budget reflects this organizational change.

- During FY 2014-15, city staff completed a refunding of Water debt that was issued in 2005 and 2007. As a result, debt services expenses show a decrease in FY 2016-17.

DIVISION SUMMARY	2013-14 Actual	2014-15 Actual	2015-16 Original Budget	2015-16 Amended Budget	2015-16 Estimate	2016-17 Adopted
Administration	1,041,592	1,146,127	1,149,963	1,149,963	1,139,802	**1,342,482**
FTE Positions	7.00	8.00	9.00	9.00	9.00	**8.00**

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

Meter Services	1,270,215	1,693,635	1,906,926	1,906,926	1,890,076	**2,208,501**
FTE Positions	25.00	25.00	22.00	22.00	22.00	**24.00**

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

Water Maintenance	3,408,004	3,320,806	3,923,369	3,923,369	3,888,702	**4,064,083**
FTE Positions	42.00	42.00	43.00	43.00	43.00	**47.00**

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.

Water Production	4,906,982	4,948,368	5,705,795	5,705,795	5,655,378	**6,088,148**
FTE Positions	41.63	41.63	43.00	43.00	43.00	**43.00**

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

Department-Wide Expenses	27,972,198	25,554,785	22,124,885	22,172,443	21,929,389	**19,322,074**

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.

DIVISION SUMMARY	2013-14 Actual	2014-15 Actual	2015-16 Original Budget	2015-16 Amended Budget	2015-16 Estimate	2016-17 Adopted
Water Operating Equipment	199,433	127,603	335,920	**335,920**	332,952	**794,640**

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.

Customer Service	1,270,150	1,318,933	1,418,471	1,418,471	1,405,937	**1,463,745**
FTE Positions	23.00	23.00	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.

Engineering Services	615,413	683,561	860,876	860,876	853,269	**783,194**
FTE Positions	9.00	9.00	9.00	9.00	9.00	**10.00**

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.

SUSTAINABILITY & CAPITAL PROJECT MANAGEMENT DIVISIONS Cathy Ball, Assistant City Manager

DIVISION SUMMARY	2013-14 Actual	2014-15 Actual	2015-16 Original Budget	2015-16 Amended Budget	2015-16 Estimate	2016-17 Adopted
Capital Projects Mgmt.		502,576	701,968	701,968	740,205	**811,927**
FTE Positions		14.50	14.00	14.00	14.00	**14.00**

The Capital Projects Management Division exists to provide efficient and effective project management, program development, and engineering services for City projects related to infrastructure, and as assigned by the Capital Improvement Program. Services provided by the division include professional engineering, surveying, and design; cost estimation and scheduling; contract administration and management; utility relocation; and right-of-way research and acquisition. The Capital Projects Management Division is a new organization within the City, established in 2014. The group previously was reported in the Engineering Services Division, which operated within the Public Works Department. The expenditures above reflect the costs for the division net of staff expenses which can be directly charged to capital projects.

Sustainability	254,250	165,014	165,014	156,763	**301,354**
FTE Positions	2.00	2.00	2.00	2.00	**2.00**

The Sustainability Division coordinates the City's efforts to achieve the goal of reducing its carbon footprint by 80% by 2050, with a 2% reduction each year. The Sustainability Division also oversees the city's long term waste reduction goal of 50% municipal solid waste reduction by ton by the year 2035, with a 1.5% reduction each year.

BUDGET HIGHLIGHTS

- The Sustainability budget includes $30,000 for Food Action Plan Coordination and $30,000 for a Backyard Composting Program. Both programs will be funded with savings achieved through the LED Streetlight/Green Sustainability initiative. In addition, at budget adoption, City Council approved another $15,000 allocation from these savings to go to Green Works.

- In prior years, savings from the LED Streetlight/Green Sustainability initiative have been transferred to the Sustainability budget at the end of the fiscal year. Beginning with FY 2016-17, an estimate of those savings will be included in the Sustainability adopted budget.

- Prior to FY 2014-15, these functions were accounted for in other City departments.

- The capital projects management division budget reflects the estimated net cost after charging staff time to specific capital projects that are assigned to each project manager.

PUBLIC WORKS DEPARTMENT

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, while delivering excellent customer service to the community.

DEPARTMENT SUMMARY

	2013-14 Actual	2014-15 Actual	2015-16 Original Budget	2015-16 Amended Budget	2015-16 Estimate	2016-17 Adopted
Expenditures:						
Salaries & Wages	3,011,699	3,103,383	2,969,790	2,969,790	3,003,205	**2,963,102**
Fringe Benefits	1,338,725	1,473,525	1,444,052	1,444,052	1,460,300	**1,500,092**
Operating Costs	7,237,338	6,157,965	5,162,408	5,758,422	5,220,493	**5,184,137**
Capital Outlay	65,311	23,261	1,000	1,000	1,011	**26,000**
Total	11,653,073	10,758,134	9,577,250	10,173,264	9,685,009	**9,673,331**
FTE Positions	84.51	72.51	77.19	77.19	77.19	**77.19**

BUDGET HIGHLIGHTS

- Part of maintaining a clean and healthy environment is ensuring the consistent and timely pickup of waste. The current staffing of the Sanitation Division in Public Works does not allow for multiple employees to be off of work without an impact on the collection schedule. In order to mitigate this problem and provide consistent pickup not only of solid waste, but also of brush, staff recommends hiring one additional equipment operator at an annual cost of $45,000 for salary and benefits.

- The Public Works budget includes ongoing funding for the following programs: $100,000 for median maintenance; $100,000 for guardrail maintenance; $90,000 for graffiti removal; $300,000 for sidewalk cleaning in the central business district.

- As mentioned earlier in the Budget Document, a safety position was moved from the Public Works Department to the Finance department during FY 2015-16. The FY 2016-17 budget reflects this organizational change.

- City Council approved a $3.50 increase to the solid waste fee in March which will become effective July 1. The new rate will be $14.00 per month.

- City Council also approved a $20 increase in the annual motor vehicle fee for FY 2016-17, which will provide additional funding for street maintenance. The additional funding is reflected in the Budget Summary section under Capital Pay-Go funding.

- The budget for the street lighting program was moved from Public Works to the Transportation Department at the start of FY 2014-15. This change is reflected as a decrease in operating costs after FY 2013-14.

DIVISION SUMMARY	2013-14 Actual	2014-15 Actual	2015-16 Original Budget	2015-16 Amended Budget	2015-16 Estimate	2016-17 Adopted
Administration	800,467	1,247,975	950,708	950,08	961,405	**881,785**
FTE Positions	6.50	4.50	6.00	6.00	6.00	**5.00**

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.

Streets & Sidewalks	4,266,904	5,086,269	3,618,061	4,21,4075	3,658,777	**3,768,927**
FTE Positions	34.01	36.01	39.19	39.19	39.19	**39.19**

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.

Sanitation	4,524,506	4,423,890	5,008,481	5,008,481	5,064,834	**5,022,619**
FTE Positions	32.00	32.00	32.00	32.00	32.00	**33.00**

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.

Engineering Services	837,176	**	**	**	**	**
FTE Positions	12.00	**	**	**	**	**

This division is now reported under the Capital Projects and Sustainability section of the Budget Document.

Street Lighting	1,224,020	**	**	**	**	**
FTE Positions	0.00	**	**	**	**	**

Beginning in FY 2014-15, the Transportation Department is responsible for overseeing the City's street lighting program.

STORMWATER UTILITY ENTERPRISE FUND

Greg Shuler, Public Works Director

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. The Stormwater Fund works to promote improved water quality for the citizens of Asheville.

FUND SUMMARY

	2013-14 Actual	2014-15 Actual	2015-16 Original Budget	2015-16 Amended Budget	2015-16 Estimate	2016-17 Adopted
Expenditures:						
Salaries & Wages	1,082,291	1,349,989	1,652,666	1,652,666	1,946,772	**1,695,116**
Fringe Benefits	492,691	591,174	757,790	757,790	892,645	**794,476**
Operating Costs	971,739	1,881,958	2,604,747	3,612,305	3,068,283	**2,184,309**
Debt Service	95,473	117,057	110,742	110,742	130,449	**110,742**
Capital Outlay	594,986	603,004	209,546	624,546	246,836	**804,746**
Total	3,237,180	4,543,182	5,335,491	6,758,049	6,284,986	**5,589,389**
FTE Positions	28.99	30.99	39.34	39.34	39.34	**39.34**
Revenues:						
Charges For Service	2,889,985	4,799,897	4,921,491	4,921,491	5,429,357	**5,174,389**
Licenses & Permits	223,359	222,161	187,000	187,000	206,297	**202,000**
Other Financing Sources	218,593	390,919	205,000	1,627,558	226,155	**190,000**
Miscellaneous	22,049	41,346	11,000	11,000	12,135	**12,000**
Investment Earnings	12,339	10,260	11,000	11,000	12,135	**11,000**
Total	3,366,325	5,464,583	5,335,491	6,758,049	5,886,079	**5,589,389**

BUDGET HIGHLIGHTS

- Based on the financial model developed in the previous fiscal year, staff submitted and City Council approved in April a 5% increase in Stormwater fees for FY 2016-17. This rate adjustment is expected to generate approximately $250,000 in additional revenue for the fund.
- The Stormwater operating budget includes a $610,200 transfer to the Stormwater Capital Fund for projects planned in FY 2016-17.
- Otherwise, the Stormwater Fund budget reflects a continuation of existing programs and services.

STREET CUT UTILITY FUND

Greg Shuler, Public Works Director

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

	2013-14 Actual	2014-15 Actual	2015-16 Original Budget	2015-16 Amended Budget	2015-16 Estimate	2016-17 Adopted
Expenditures:						
Salaries & Wages	366,671	412,001	408,953	408,953	347,610	**447,961**
Fringe Benefits	150,374	196,199	199,534	199,534	169,604	**210,356**
Operating Costs	842,737	831,704	1,016,589	1,016,589	864,101	**1,090,464**
Debt Service	380	664	0	0	0	**0**
Capital Outlay	0	0	240,000	240,000	204,000	**240,000**
Total	1,360,162	1,440,569	1,865,076	1,865,076	1,585,315	**1,988,781**
FTE Positions	8.50	10.50	10.50	10.50	10.50	**10.50**
Revenues:						
Charges For Service	1,303,526	1,414,229	1,625,076	1,625,076	1,381,315	**1,748,781**
Other Financing Sources	0	0	240,000	240,000	204,000	**240,000**
Internal Charges	15,111	0	0	0	0	**0**
Miscellaneous	0	26,327	0	0	0	**0**
Total	1,318,637	1,440,555	1,865,076	1,865,076	1,585,315	**1,988,781**

BUDGET HIGHLIGHTS

- The FY 2016-17 budget includes $240,000 for equipment/vehicle replacement in the Street Cut Fund. Debt proceeds will fund these purchases.
- Otherwise, the FY 2016-17 budget for the Street Cut Fund reflects a continuation of existing programs and services.

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

	2013-14 Actual	2014-15 Actual	2015-16 Original Budget	2015-16 Amended Budget	2015-16 Estimate	2016-17 Adopted
Expenditures:						
Salaries & Wages	583,114	337,366	654,478	654,478	657,440	**631,060**
Fringe Benefits	228,899	253,294	283,200	283,200	284,482	**278,111**
Operating Costs	235,954	1,271,732	1,802,249	1,899,775	1,810,407	**1,635,734**
Capital Outlay	0	0	0	0	0	**0**
Total	1,047,967	1,862,392	2,739,927	2,837,453	2,752,329	**2,544,905**
FTE Positions	12.29	12.29	13.29	13.29	13.29	**13.29**

BUDGET HIGHLIGHTS

- The FY 2016-17 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.

- The budget for the street lighting program was moved from Public Works to the Transportation Department at the start of FY 2014-15. This change is reflected as an increase in operating costs after FY 2013-14. As noted earlier in the Budget Document, the street lighting budget was lowered for FY 2016-17 to reflect recent trends, and the anticipated savings was moved to the Sustainability budget.

- It should be noted that FY 2014-15 actuals for salaries and wages are net of Powell Bill eligible expenses.

TRANSPORTATION

DIVISION SUMMARY	2013-14 Actual	2014-15 Actual	2015-16 Original Budget	2015-16 Amended Budget	2015-16 Estimate	2016-17 Adopted
Administration	213,561	213,337	232,758	232,758	233,812	**243,857**
FTE Positions	2.67	2.67	2.67	2.67	2.67	**2.67**

The Transportation Department Administration Division provides administrative support to the Traffic Engineering Division, the Transportation Planning Division, the Transit Services Division and the Parking Services Division including oversight of the operating and capital budgets.

Traffic Engineering	212,824	210,941	204,790	204,790	205,717	**213,079**
FTE Positions	2.00	2.00	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.

Traffic Signal Maint.	181,271	173,571	222,915	320,441	223,924	**218,737**
FTE Positions	2.00	2.00	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.

Transportation Plan.	193,945	173,021	275,239	275,239	276,485	**204,740**
FTE Positions	1.63	1.63	2.63	2.63	2.63	**2.63**

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

Signs and Markings	242,348	11,067	294,522	294,522	295,855	**297,722**
FTE Positions	4.00	4.00	4.00	4.00	4.00	**4.00**

The Signs and Markings Division installs and maintains regulatory, warning, and guide signs and pavement markings along city-maintained streets. FY 2014-15 actuals are net of Powell Bill eligible expenses.

Traffic Safety/Traffic Calming	4,018	48,886	135,000	135,000	135,611	**135,000**
Street Lighting	**	1,031,569	1,374,703	1,374,703	1,380,925	**1,231,770**

TRANSIT SERVICES ENTERPRISE FUND

Ken Putnam, Transportation Director

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

	2013-14 Actual	2014-15 Actual	2015-16 Original Budget	2015-16 Amended Budget	2015-16 Estimate	2016-17 Adopted
Expenditures:						
Salaries & Wages	160,546	184,440	198,719	198,719	198,719	**263,212**
Fringe Benefits	56,088	62,504	68,074	68,074	68,074	**71,223**
Operating Costs	5,351,583	5,350,002	5,819,699	5,819,699	5,669,699	**6,642,776**
Operating Pass Through	268,458	320,006	553,500	553,500	553,500	**553,500**
Capital Outlay	14,923	2,248	0	0	0	**0**
Total	5,851,598	5,919,200	6,639,992	6,639,992	6,489,992	**7,530,711**
FTE Positions	3.00	3.00	3.00	3.00	3.00	**4.00**
Revenues:						
Operating Revenue	855,511	862,766	810,000	810,000	791,702	**840,000**
Miscellaneous	1,462	9,843	0	0	0	**0**
Federal/State Grants	2,832,316	2,341,659	2,509,500	2,509,500	2,509,500	**2,429,500**
Operating Pass Through	268,458	320,006	553,500	553,500	540,996	**553,500**
General Fund Subsidy	1,157,502	1,700,546	1,790,117	1,790,117	1,749,678	**2,730,836**
Parking Fund Subsidy	616,875	616,875	616,875	616,875	602,940	**616,875**
Other	75,000	219	0	0	0	**0**
Motor Vehicle License Fee	425,508	350,399	360,000	360,000	351,867	**360,000**
Total	5,673,921	6,202,312	6,639,992	6,639,992	6,489,992	**7,530,711**

BUDGET HIGHLIGHTS

- As discussed elsewhere in the Budget Document, the adopted budget includes funding to implement two service enhancements in January 2017 - the addition of one bus on the S3 route to the airport and the extension of service hours (8 hours between morning and night, depending on ridership).

- The budget also includes funding to add a Transit Planner position to provide a higher level of staff support for the transit program. In addition, the budget reflects an anticipated increase in the contract with the transit management company that operates the system.

- Overall, the general fund subsidy to the transit fund shows an increase of $940,719 in FY 2016-17. It should be noted that this amount will likely increase again in FY 2017-18 since the two service enhancements discussed above are only funded for half a year in FY 2016-17.

PARKING SERVICES UTILITY FUND

Ken Putnam, Transportation Director

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

	2013-14 Actual	2014-15 Actual	2015-16 Original Budget	2015-16 Amended Budget	2015-16 Estimate	2016-17 Adopted
Expenditures:						
Salaries & Wages	594,377	636,584	732,460	732,460	699,497	**789,425**
Fringe Benefits	253,238	296,029	391,218	391,218	371,657	**426,936**
Operating Costs	1,227,000	1,408,274	1,724,591	1,724,591	1,634,701	**2,118,408**
Debt Service	892,725	873,325	860,000	860,000	860,000	**829,700**
Transfer to Transit Fund	616,875	616,875	616,875	616,875	616,875	**616,875**
Capital Outlay	113,202	36,781	300,000	300,000	300,000	**452,000**
Total	3,697,417	3,867,868	4,625,144	4,625,144	4,486,390	**5,233,344**
FTE Positions	21.33	21.33	21.83	21.83	21.83	**22.50**
Revenues:						
Garage Revenues	2,529,223	2,732,670	2,275,000	2,275,000	2,579,217	**2,550,000**
Parking Meters	1,249,277	1,382,073	1,250,000	1,250,000	1,417,152	**1,337,444**
Parking Violations	274,095	932,059	650,400	650,400	737,373	**729,100**
Parking Lots & Peripheral	306,673	142,567	123,500	123,500	140,015	**133,500**
Other	29,643	38,228	326,244	326,244	326,244	**483,300**
Total	4,388,911	5,227,597	4,625,144	4,625,144	5,200,000	**5,233,344**

BUDGET HIGHLIGHTS

- Revenues in the current fiscal year are performing better than budget, and this trend is expected to continue next fiscal year. Staff is however anticipating a slight decrease in revenue below current trends due to the fact that availability at the Civic Center garage may be impacted by scheduled maintenance. There are no rate changes included in the FY 2016-17 adopted budget. A consultant is currently conducting a comprehensive parking study, which may include rate changes for January 2017.

- The Parking Fund budget includes funding to cover 50% of the cost of the new Downtown Development Manager position that was approved in FY 2015-16.

- The Parking Fund operating budget includes $306,000 to begin a three-year phased replacement of parking meters.

- The adopted budget includes a $458,000 appropriation from Parking fund balance for capital including: 1) elevator rehabilitation in the Civic Center garage, 2) structural maintenance in the Civic Center Garage, and 3) vehicle replacement.

NONDEPARTMENTAL ENVIRONMENT & TRANSPORTATION

BUDGET SUMMARY

Expenditures:	2013-14 Actual	2014-15 Actual	2015-16 Original Budget	2015-16 Amended Budget	2015-16 Estimate	2016-17 Adopted
Transfer to Grant Fund	136,000	0	0	0	0	**0**
Transfer to Transit Fund	1,157,502	1,700,546	1,790,117	1,790,117	1,790,117	**2,730,836**
Total	1,293,502	1,700,546	1,790,117	1,790,117	1,790,117	**2,730,836**

BUDGET HIGHLIGHTS

- As noted earlier in the Budget Document, the FY 2016-17 budget includes a $940,719 increase in the General Fund support to the Transit Fund. For details, see page 53.

ASHEVILLE

PARKS & RECREATION DEPARTMENT

Roderick Simmons, Director

MISSION

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

DEPARTMENT SUMMARY

	2013-14 Actual	2014-15 Actual	2015-16 Original Budget	2015-16 Amended Budget	2015-16 Estimate	2016-17 Adopted
Expenditures:						
Salaries & Wages	4,061,474	4,080,650	4,595,290	4,595,290	4,460,851	**4,712,600**
Fringe Benefits	1,473,036	1,679,868	1,864,386	1,864,386	1,809,842	**1,941,259**
Operating Costs	3,153,772	3,191,299	3,446,198	3,453,798	3,345,377	**3,613,759**
Capital Outlay	22,482	72,285	0	0	0	**0**
Total	8,710,763	9,024,102	9,905,874	9,913,474	9,616,070	**10,267,618**
FTE Positions	93.63	93.63	90.63	90.63	90.63	**90.75**

BUDGET HIGHLIGHTS

- The Parks & Recreation Department includes $60,000 to fund a service and facilities assessment for the department.
- Otherwise, the Parks & Recreation Department budget reflects a continuation of existing programs and services.

PARKS & RECREATION DEPARTMENT

DIVISION SUMMARY	2013-14 Actual	2014-15 Actual	2015-16 Original Budget	2015-16 Amended Budget	2015-16 Estimate	2016-17 Adopted
Administration	1,296,686	1,300,572	1,413,466	1,413,466	1,372,114	**1,478,652**
FTE Positions	6.00	6.00	6.00	6.00	6.00	**6.00**

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

Park Operations	3,143,075	3,517,599	3,815,645	3,815,645	3,704,015	**3,957,135**
FTE Positions	38.38	38.38	35.38	35.38	35.38	**35.38**

This unit manifests the vision and maintenance for all park projects and recreational facilities; provides site planning and detailed project plans; manages the contracting process for construction projects. The unit also oversees maintenance of all park and recreational facilities and natural areas in the city's inventory.

Recreation Operations	3,154,538	3,028,348	3,481,096	3,488,696	3,379,254	**3,575,874**
FTE Positions	35.50	35.50	35.50	35.50	35.50	**35.63**

This unit manifests programs and access to services delivered by community centers, community outreach activities; youth and adult athletics programming; and recreational programming in the community; and also ensures that programs serves special populations including seniors, low income participants, and underserved neighborhood. This unit also builds community partnerships, develops marketing plans, manages specialized facilities and pools, and maintains public art.

Nature Center	908,278	966,762	974,264	974,264	945,761	**1,024,657**
FTE Positions	11.75	11.75	11.75	11.75	11.75	**11.75**

Aston Park	208,187	210,820	221,403	221,403	214,926	**231,300**
FTE Positions	2.00	2.00	2.00	2.00	2.00	**2.00**

U.S. CELLULAR CENTER ENTERPRISE FUND

Sam Powers, Community & Economic Development 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

	2013-14 Actual	2014-15 Actual	2015-16 Original Budget	2015-16 Amended Budget	2015-16 Estimate	2016-17 Adopted
Expenditures:						
Salaries & Wages	1,024,722	936,309	1,033,906	1,033,906	1,111,000	**1,168,404**
Fringe Benefits	304,518	351,081	361,652	361,652	388,619	**384,797**
Operating Costs	1,487,901	1,500,068	1,338,708	1,338,708	1,438,530	**1,456,783**
Debt Service	300,550	288,950	285,950	285,950	307,272	**274,350**
Capital Outlay	12,500	197,038	0	0	0	**0**
Total	3,130,191	3,273,446	3,020,216	3,020,216	3,245,422	**3,284,334**
FTE Positions	16.50	16.50	16.50	16.50	16.50	**17.50**
Revenues:						
Food & Beverage Sales	1,265,791	610,960	845,992	845,992	973,834	**938,000**
Rent	728,174	447,702	440,000	440,000	495,154	**475,800**
Admissions & Sales	289,691	495,188	569,013	569,013	640,339	**680,000**
Capital Maint. Fee	104,512	52,492	81,000	81,000	91,153	**89,000**
Investment Earnings	1,057	3,078	2,000	2,000	2,251	**1,700**
Other	29,959	75,341	32,500	32,500	36,574	**33,000**
Subtotal Operations	2,419,184	1,684,761	1,970,505	1,970,505	2,239,305	**2,217,500**
General Fund Transfer	885,927	1,160,576	1,049,711	1,049,711	1,027,914	**1,066,834**
Total	3,305,111	2,845,336	3,020,216	3,020,216	3,267,219	**3,284,334**

U.S. CELLULAR CENTER ENTERPRISE FUND

BUDGET HIGHLIGHTS

- Based on event booking trends in the current fiscal year, staff has projected an increase in operating revenue in the FY 2016-17 budget.
- The budget includes a new Production Coordinator position that will be funded by holding an existing Catering Coordinator position vacant.
- The General Fund transfer shows a slight increase in FY 2016-17.

NONDEPARTMENTAL CULTURE & RECREATION

BUDGET SUMMARY

Expenditures:	2013-14 Actual	2014-15 Actual	2015-16 Original Budget	2015-16 Amended Budget	2015-16 Estimate	2016-17 Adopted
GF Transfer to US Cellular Center Fund	885,927	1,160,576	1,049,711	1,049,711	1,049,711	**1,066,834**
Total	885,927	1,160,576	1,049,711	1,049,711	1,049,711	**1,066,834**

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.

ASHEVILLE

PLANNING & URBAN DESIGN DEPARTMENT

Todd Okolichany, Director

MISSION

The mission of the Asheville Planning & Urban 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

	2013-14 Actual	2014-15 Actual	2015-16 Original Budget	2015-16 Amended Budget	2015-16 Estimate	2016-17 Adopted
Expenditures:						
Salaries & Wages	603,766	507,265	563,484	563,484	614,263	**672,756**
Fringe Benefits	213,867	212,716	250,291	250,291	272,846	**247,343**
Operating Costs	185,275	106,841	88,331	169,625	96,291	**174,468**
Capital Outlay	0	0	0	0	0	**0**
Total	1,002,907	826,822	902,106	988,342	983,400	**1,094,567**
FTE Positions	10.25	10.25	9.00	9.00	9.00	**10.25**

BUDGET HIGHLIGHTS

- The FY 2016-17 budget includes funding to add one additional Planner/Urban Designer FTE position for the Downtown Master Plan and other projects.
- The FY 2016-17 Planning & Urban Design budget includes an additional $85,000 for services and supplies related to citywide planning projects.

PLANNING & URBAN DESIGN DEPARTMENT

DIVISION SUMMARY	2013-14 Actual	2014-15 Actual	2015-16 Original Budget	2015-16 Amended Budget	2015-16 Estimate	2016-17 Adopted
Planning Services	799,266	643,855	735,950	822,186	802,271	**929,873**
FTE Positions	7.50	7.50	7.00	7.00	7.00	**8.25**

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.

Historic Resources	132,268	125,743	166,156	166,156	181,129	**164,694**
FTE Positions	1.75	1.75	2.00	2.00	2.00	**2.00**

The Historic Resources Division provides assistance to the Historic Resources Commission in its efforts to protect and preserve the architectural history of Asheville.

Homeless Program	71,374	57,225	**	**	**	**
FTE Positions	1.00	1.00	**	**	**	**

The Homeless Program was moved to the Economic Development Department in FY 2015-16.

HOUSING TRUST FUND

Sam Powers, Community & Economic Development Director

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 Community Development Division.

BUDGET SUMMARY	2013-14 Actual	2014-15 Actual	2015-16 Original Budget	2015-16 Amended Budget	2015-16 Estimate	2016-17 Adopted
Expenditures:						
General Fund Contribution	500,000	500,000	500,000	500,000	500,000	**500,000**

BUDGET HIGHLIGHTS

- The FY 2016-17 budget continues the $500,000 General Fund operating budget contribution to the Housing Trust Fund.

DEVELOPMENT SERVICES DEPARTMENT

Jason Nortz, 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

	2013-14 Actual	2014-15 Actual	2015-16 Original Budget	2015-16 Amended Budget	2015-16 Estimate	2016-17 Adopted
Expenditures:						
Salaries & Wages	1,898,774	2,133,587	2,498,126	2,498,126	2,232,416	**2,708,292**
Fringe Benefits	709,399	859,852	1,039,450	1,039,450	928,890	**1,088,271**
Operating Costs	256,949	245,248	293,269	293,269	262,076	**303,981**
Capital Outlay	0	0	0	0	0	**0**
						0
Total	2,865,122	3,238,687	3,830,845	3,830,845	3,423,382	**4,100,544**
FTE Positions	48.00	48.00	50.00	50.00	50.00	**52.00**

BUDGET HIGHLIGHTS

- The adopted budget includes $130,000 to fund additional resources dedicated to the short-term rental program.
- Otherwise, the FY 2016-17 Development Services Department budget represents a continuation of existing programs and services.

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. Strategic partner and nondepartmental funding includes the following:

BUDGET SUMMARY

Expenditures:	2013-14 Actual	2014-15 Actual	2015-16 Original Budget	2015-16 Amended Budget	2015-16 Estimate	2016-17 Adopted
HCD Committee:						
One Youth at a Time	1,360	3,300	5,000	5,000	5,000	**5,000**
YWCA	6,000	2,000	12,000	12,000	12,000	**12,000**
AHOPE	15,000	29,650	28,400	28,400	28,400	**30,000**
United Way 211	1,875	2,500	0	0	0	**2,000**
Children First	15,000	15,000	20,000	20,000	20,000	**20,000**
Asheville Greenworks	4,000	9,000	15,350	15,350	15,350	**0**
Child Abuse Prevention Srvs.	3,335	4,583	0	0	0	**0**
Asheville Design Center	7,000	4,000	4,000	4,000	4,000	**2,000**
Green Opportunities	18,000	7,332	17,150	17,150	17,150	**0**
App. Sustainable Agr. Project	0	1,040	0	0	0	**5,000**
Asheville Area Arts Council	0	6,986	5,000	5,000	5,000	**10,000**
Partners Unlimited	0	2,500	5,000	5,000	5,000	**5,000**
Project Lighten Up	0	0	3,500	3,500	3,500	**3,500**
Read to Succeed	0	0	4,000	4,000	4,000	**4,000**
Blue Ridge Food Ventures	0	0	25,000	25,000	25,000	**0**
Pisgah Legal Services	0	0	9,000	9,000	9,000	**0**
Bountiful Cities	0	0	0	0	0	**11,000**
Residents' Council	0	0	0	0	0	**10,000**
My Daddy Taught Me That	0	0	0	0	0	**20,000**
On Track Financial	0	0	0	0	0	**12,000**
WNC New Economy Coal.	0	0	0	0	0	**6,900**
Direct Allocations:						
LEAF Programming	0	0	0	0	0	**40,000**
IRL Programming	0	0	0	0	0	**45,000**
Economic Incentives	440,000	*	*	*	*	*****
Community Relations Council	26,540	5,345	0	0	0	**0**
YMI Utilities	24,000	24,000	24,000	24,000	24,000	**24,000**
Total	562,110	117,236	172,400	172,400	172,400	**257,400**

BUDGET HIGHLIGHTS

- The City has $148,400 set aside to allocate for Strategic Partnership funding through the HCD committee in FY 2016-17. City Council adoption of the specific funding recommendations will occur in June.
- The proposed budget includes $85,000 for LEAF and IRL programming.
- The budget for economic incentives is now included in the Community & Economic Development Department.

ASHEVILLE

GENERAL CAPITAL PROJECT SUMMARY

Staff has worked with its 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 approximately $149 million.

Projects will be funded with a mix of internal City resources and external resources such as grants and partnerships. Approximately $110 million in funding will come from City resources through the issuance of municipal debt. Projects were selected based 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.

At the April 26, 2016 meeting, City Council approved a resolution authorizing and directing the City Manager or the Chief Financial Officer, with advice from the City Attorney and Bond Counsel, to proceed and negotiate on behalf of the City for the financing of CIP Projects for a principal amount not to exceed $46,000,000. This is the first debt issued as part of the long-term capital program. This short-term draw Limited Obligation Bonds (LOBs) issue is expected to be refinanced with long-term obligations next year. Representatives from the City and the City's Financial Advisors, DEC Associates, met with the Local Government Commission (LGC) on April 8, 2016, and received preliminary approval to proceed with an RFP for the bonds. A formal LGC application will be filed for approval at the June LGC meeting

The charts beginning on page 70 show a summary of the projects and their anticipated cash flows between the current fiscal year and FY 2019-20. 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.

FIVE–YEAR GENERAL CAPITAL PROJECT SUMMARY (Cash Flow)

	Prior Years	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	TOTAL
AFFORDABLE HOUSING							
Affordable Housing	-	-	750,000	2,000,000	-	2,000,000	**4,750,000**
Parks Maintenance Relocation	108,745	80,000	866,255	-	-	-	**1,055,000**
Eagle Market Place	1,028,695	1,821	2,869,484	-	-	-	**3,900,000**
Subtotal	1,137,440	81,821	4,485,739	2,000,000	-	2,000,000	**9,705,000**
PUBLIC SAFETY							
Radio Infrastructure	702,430	3,930,000	1,509,570	-	-	-	**6,142,000**
Finalee Landslide Mitigation	223,761	587,052	-	-	-	-	**810,813**
Fire Station # 14 - Land	529,976	-	-	-	-	-	**529,976**
Fire Station # 14 - Design/ Build	-	-	1,853,424	1,000,000	-	-	**2,853,424**
Fire Station # 14 - Engine	-	-	-	600,000	-	-	**600,000**
SCBA Replacement	-	1,050,000	-	-	-	-	**1,050,000**
Replacement Ladder Truck	-	-	-	1,400,000	-	-	**1,400,000**
Replacement Engine	-	-	600,000	-	-	-	**600,000**
Subtotal	1,456,167	5,567,052	3,962,994	3,000,000	-	-	**13,986,213**
MULTI-MODAL TRANSPORTATION							
Azalea Road	2,731,992	2,585,773	20,029	-	-	-	**5,337,794**
Azalea Road - Rev Offset	(3,678,966)	(682,355)	-	-	-	-	**(4,361,321)**
Greenway Connectors	-	-	120,000	-	-	-	**120,000**
Greenway Connector- Rev Offsets	-	-	(96,000)	-	-	-	**(96,000)**
Cedar Street Bridge Repair	-	-	280,000	-	-	-	**280,000**
Broadway Vaulted Sidewalks	-	250,000	-	-	-	-	**250,000**
Chunn's Cove Bridge Repair	-	-	-	-	-	500,000	**500,000**
Craven Street Bridge	-	-	180,000	200,000	-	-	**380,000**
Charlotte Street Improvements	-	-	-	-	200,000	1,050,000	**1,250,000**
Hendersonville Road Sidewalk	405,685	2,629,315	1,090,000	-	-	-	**4,125,000**
Less Henderson. Rd - Revenue Offset	-	(2,032,613)	(872,000)	(395,387)	-	-	**(3,300,000)**
Neighborhood Sidewalks	8,613	215,000	356,387	360,000	360,000	360,000	**1,660,000**
New Leicester Highway Sidewalks	-	56,000	840,000	2,734,000	-	-	**3,630,000**
Less New Leicester - Revenue Offset	-	(44,800)	(672,000)	(2,187,200)	-	-	**(2,904,000)**
Hazel Mill Road Sidewalk	-	-	85,000	332,000	-	-	**417,000**
Subtotal	(532,676)	2,976,320	1,331,416	1,043,413	560,000	1,910,000	**7,288,473**

FIVE–YEAR GENERAL CAPITAL PROJECT SUMMARY (Cash Flow)

	Prior Years	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	TOTAL
ECONOMIC DEVELOPMENT							
Town Branch Greenway	53,056	290,046	789,893	1,231,364	-	-	**2,364,359**
Livingston Street	-	250,000	210,385	1,263,240	241,425	-	**1,965,050**
RADTIP	1,280,926	4,179,389	15,113,489	11,443,036	4,887,363	-	**36,904,203**
French Broad Riv. West Gwy	19,293	275,778	1,094,773	1,422,619	-	-	**2,812,463**
Clingman Forest Greenway	6,870	76,025	2,127,070	363,937	-	-	**2,573,902**
Five-Points Roundabout	28,973	162,975	1,220,698	2,489,014	845,786	-	**4,747,446**
14 Riverside Drive	-	34,365	586,316	-	-	-	**620,681**
Less Rev Offset Projects Above	(119,925)	(2,326,447)	(9,335,951)	(8,042,409)	(2,638,193)	-	**(22,462,925)**
Craven Street Kiosk	2,036	238,520	117,480	-	-	-	**358,036**
Less Kiosk Revenue Offset	-	-	(150,000)	-	-	-	**(150,000)**
Craven Street	4,125,403	3,638,949	54,935	-	-	-	**7,819,287**
Less Craven - Revenue Offset	(966,273)	(1,186,801)	(395,600)	-	-	-	**(2,548,674)**
Jean Webb Boat Ramp	-	-	-	56,500	-	-	**56,500**
Less Webb Revenue Offset	-	-	-	(50,000)	-	-	**(50,000)**
I-26 Connector	-	-	-	-	-	1,000,000	**1,000,000**
S Lexington Utility Relocation	243,789	27,906	-	-	-	-	**271,695**
Thomas Wolfe Renovations	-	-	300,000	200,000	-	-	**500,000**
Less Wolfe Revenue Offset	-	-	(300,000)	(200,000)	-	-	**(500,000)**
Haywood Street Demo	406,933	-	-	-	-	-	**406,933**
Subtotal	5,081,081	5,660,705	11,433,488	10,177,301	3,336,381	1,000,000	**36,688,956**
QUALITY OF LIFE							
Golf Course Irrigation System	368,434	1,500	-	-	-	-	**369,934**
Swimming Pools	-	36,335	798,665	1,250,000	-	-	**2,085,000**
Velodrome Safety	-	-	500,000	-	-	-	**500,000**
Carrier Park Improvements	-	250,000	-	-	-	-	**250,000**
Turf field replacement	-	-	600,000	600,000	600,000	600,000	**2,400,000**
Beaucatcher Greenway	230,900	118,258	2,827,106	-	-	-	**3,176,264**
Less Beaucatcher Rev. Offset	(1,261,780)	-	(925,000)	-	-	-	**(2,186,780)**
McCormick Field Clubhouse	87,549	-	-	-	-	-	**87,549**
McCormick Field Seats	256,704	170	-	-	-	-	**256,874**
McCormick Field Var Upgrades	-	-	71,863	-	-	-	**71,863**
Pack Place Capital Imprvmnts	-	-	2,000,000	-	-	-	**2,000,000**
Subtotal	(318,193)	406,263	5,872,634	1,850,000	600,000	600,000	**9,010,704**

FIVE–YEAR GENERAL CAPITAL PROJECT SUMMARY (Cash Flow)

	Prior Years	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	TOTAL
MAINTENANCE							
Computer Replacement*	Debt issued	250,000	250,000	250,000	250,000	250,000	**1,250,000**
City Hall A/C Controls	-	-	74,740	-	-	-	**74,740**
Various facility upgrades	-	-	550,000	275,000	275,000	275,000	**1,375,000**
Park Fac/ Playground / Fields FY15	-	296,625	53,375	-	-	-	**350,000**
Park Facilities/ Playground / Fields	-	150,000	800,000	600,000	600,000	600,000	**2,750,000**
Underground Fuel Tank at Fuel Station	-	45,000	45,000	-	-	-	**90,000**
Streets and Sidewalk Program	-	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	**10,000,000**
Capital Project Mgmt Cost Reimb.	215,000	500,000	500,000	500,000	500,000	500,000	**2,715,000**
Fleet Replacement*	Debt issued	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	**15,000,000**
Subtotal	215,000	6,241,625	7,273,115	6,625,000	6,625,000	6,625,000	**33,604,740**
PROJECT TOTALS	7,038,819	20,933,786	34,359,386	24,695,714	11,121,381	12,135,000	**110,284,086**

❋ Debt for computer replacement and fleet replacement expenses in prior years has already been issued, so it is not included in the five year cash flow above.

CAPITAL IMPROVEMENT PROGRAM

14 Riverside Drive

Description
The 14 Riverside Drive grant funded project will include renovation and civil work for an 1,800 square foot City owned building and site adjacent to future park and greenway space in the River Arts District. One-third of the building will be used for public restrooms and an unstaffed visitor info portal and two-thirds of the building will be used for income producing flex space (gallery, office, performance, meeting, retail, studio) to be rented to private sector partners. The site will include a 16 vehicle parking lot (2 ADA accessible); ramp, deck and required landscaping.

Project Funding						
Funding Source(s)	Prior Years	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Grant(s)			450,000			
Enterprise Fund(s)						
General Fund-Pay-Go						
Debt Financing		34,365	205,046			
Possible Grants and Other Funding Opportunities						

CAPITAL IMPROVEMENT PROGRAM

Affordable Housing

Description
The Affordable Housing project will support a broad range of activities including market studies, engineering and architectural studies and plans, traffic analysis, infrastructure improvement, subsidies, land banking and construction. The initial tangible product will be redevelopment of existing City owned land for affordable housing. Although the parks maintenance facility was the first targeted for this repurposing, other facilities may be subsituted.

Project Funding						
Funding Source(s)	Prior Years	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Grant(s)						
Enterprise Fund(s)						
General Fund-Pay-Go						
Debt Financing			750,000	2,000,000		2,000,000
Possible Grants and Other Funding Opportunities						

CAPITAL IMPROVEMENT PROGRAM

Broadway Vaulted Sidewalk

Description
The Broadway Vaulted Sidewalk project will rebuild the vaulted sidewalk along Broadway from Walnut Street to Tingle Alley while taking additional measures to increase the safety of the vault underneath.

Project Funding						
Funding Source(s)	Prior Years	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Grant(s)						
Enterprise Fund(s)						
General Fund-Pay-Go						
Debt Financing		250,000				
Possible Grants and Other Funding Opportunities						

CAPITAL IMPROVEMENT PROGRAM

Carrier Park Improvements

Description
The Carrier Park Improvements project will contruct quality restroom facilities as well as a gathering plaza, kiosks, interpretive and map signage, gates and landscaping for this highly used park resource in West Asheville.

Project Funding						
Funding Source(s)	Prior Years	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Grant(s)						
Enterprise Fund(s)						
General Fund-Pay-Go						
Debt Financing		250,000				
Possible Grants and Other Funding Opportunities						

CAPITAL IMPROVEMENT PROGRAM

Cedar Street Bridge Repair

Description
The Cedar Street Bridge Repair project will repair the 122 foot long bridge that carries Cedar Street across the Norfolk Southern Railroad. The current bridge was originally constructed in 1966.

Project Funding						
Funding Source(s)	Prior Years	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Grant(s)						
Enterprise Fund(s)						
General Fund-Pay-Go						
Debt Financing			280,000			
Possible Grants and Other Funding Opportunities						

CAPITAL IMPROVEMENT PROGRAM

Charlotte Street Improvements

Description
The Charlotte Street Improvements project will include design, procurement of right of ways, and construction of improvements in the Charlotte Street Innovation District. Additional funding will be required in years 2021 and later.

Project Funding						
Funding Source(s)	Prior Years	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Grant(s)						
Enterprise Fund(s)						
General Fund-Pay-Go						
Debt Financing					200,000	1,050,000
Possible Grants and Other Funding Opportunities						

CAPITAL IMPROVEMENT PROGRAM

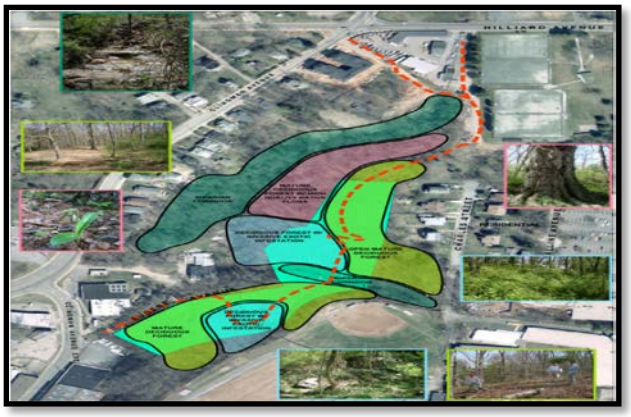
Chunn's Cove Bridge Rehabilitation

Description
The Chunn's Cove Bridge Rehabilitation project will provide structural rehabilitation to the 34 foot Chunn's Cove Road Bridge. The bridge was originally constructed in 1930 with a rehabilitation done in 1983.

Project Funding						
Funding Source(s)	Prior Years	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Grant(s)						
Enterprise Fund(s)						
General Fund-Pay-Go						
Debt Financing						500,000
Possible Grants and Other Funding Opportunities						

CAPITAL IMPROVEMENT PROGRAM

Clingman Forest Greenway



Description
The partially grant funded Clingman Forest Greenway project will construct a multimodal half mile trail connecting the riverfront area and downtown.The trail will start at the Hillard and Clingman intersection and travel in in a southern direction to terminate at the Clingman and Haywood intersection. Design is completed and the project is pending completion of land acquisition.

Project Funding						
Funding Source(s)	Prior Years	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Grant(s)			1,016,390	363,937		
Enterprise Fund(s)						
General Fund-Pay-Go						
Debt Financing	6,870	76,025	1,110,680			
Possible Grants and Other Funding Opportunities						

CAPITAL IMPROVEMENT PROGRAM

Craven Street Bridge

Description
The Craven Street Bridge project will construct a new multi-modal bridge across the French Broad River at Craven Street parallel to the existing bridge. The new bridge and the existing bridge will function in tandem as a one-way pair. The existing bridge will carry two lanes of eastbound traffic and the new bridge will carry one lane of westbound traffic along with bicycle and pedestrian facilities.

Project Funding						
Funding Source(s)	Prior Years	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Grant(s)						
Enterprise Fund(s)						
General Fund-Pay-Go						
Debt Financing			180,000	200,000		
Possible Grants and Other Funding Opportunities						

CAPITAL IMPROVEMENT PROGRAM

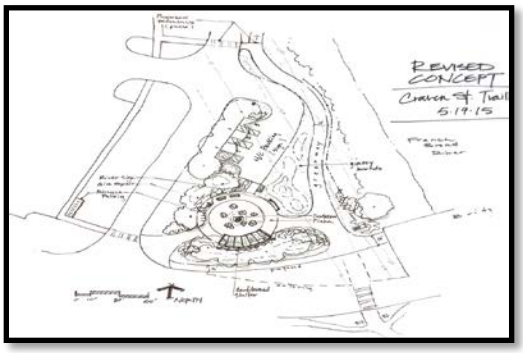
Craven Street Improvements

Description
The Craven Street Improvement project in West Asheville is long-term enhancement that will include multi-modal roadway improvements including pedestrian and bike facilities, Stormwater Best Management Practices and stream restoration, low impact parking, greenway construction and water line improvements. The Craven Street Improvement project is located in the area surrounding the New Belgium Brewery construction site and is the City's portion of a public-private partnership with The State of North Carolina, North Carolina Golden Leaf Foundation, NCDOT, Clean Water Management Trust Fund, Buncombe County, the Economic Development Administration, and the Asheville–Buncombe Economic Development Coalition and others in support of New Belgium Brewing's investment of $175 million in our community.

Project Funding						
Funding Source(s)	Prior Years	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Grant(s)	256,070	1,080,796	450,535			
Enterprise Fund(s)	649,034	54,935				
General Fund-Pay-Go	61,169					
Debt Financing	3,159,130	2,452,148				
Possible Grants and Other Funding Opportunities		51,070				

CAPITAL IMPROVEMENT PROGRAM

Craven Street Kiosk



Description
The grant funded Craven Street Kiosk project will construct a landmark pavillion over visitor information signage to accompany the amenities at the French Broad River Greenway trailhead located at the public parking area on Craven Street.

Project Funding						
Funding Source(s)	Prior Years	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Grant(s)			150,000			
Enterprise Fund(s)						
General Fund-Pay-Go						
Debt Financing	2,036	206,000				
Possible Grants and Other Funding Opportunities						

CAPITAL IMPROVEMENT PROGRAM

Eagle Market Place

Description
The Eagle Market Place project is a Mountain Housing Opportunities (MHO) project that is partially City funded. The goal of the renovations at Eagle and Market Streets is to stimulate growth in the area by adding commercial space and 62 affordable housing units.

Project Funding						
Funding Source(s)	Prior Years	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Grant(s)						
Enterprise Fund(s)						
General Fund-Pay-Go						
Debt Financing	1,028,695	1,821	2,869,484			
Possible Grants and Other Funding Opportunities						

CAPITAL IMPROVEMENT PROGRAM

Field Turf Replacement

Description
The Field Turf Replacement project will replace the artificial turf at playing fields around the City including Memorial Stadium and Park Lawn Bowling to name a few.

Project Funding						
Funding Source(s)	Prior Years	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Grant(s)						
Enterprise Fund(s)						
General Fund-Pay-Go						
Debt Financing			600,000	600,000	600,000	600,000
Possible Grants and Other Funding Opportunities						

CAPITAL IMPROVEMENT PROGRAM

Fire Station #14

Description
The Fire Station #14 project will include the design and build of a new fire station on Broadway Street to primarily serve the Northwest and Central sections of Asheville. This enhanced fire service coverage area would alleviate the Fire Department's Standard of Coverage voids in the identified areas. The land for the project was purchased in 2014.

Project Funding						
Funding Source(s)	Prior Years	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Grant(s)						
Enterprise Fund(s)						
General Fund-Pay-Go						
Debt Financing	529,976		1,853,424	1,000,000		
Possible Grants and Other Funding Opportunities						

CAPITAL IMPROVEMENT PROGRAM

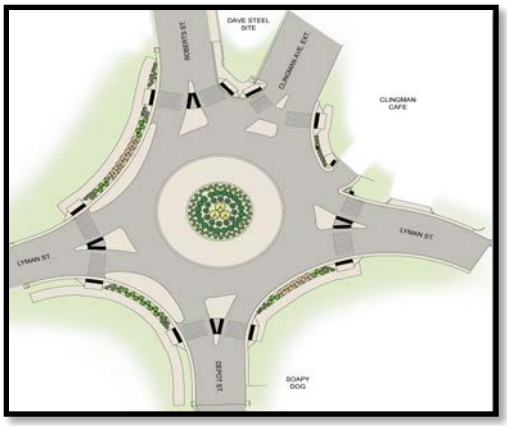
Fire Station #14 Engine

Description
This project will purchase a new engine for the new Fire #14 Station.

Project Funding						
Funding Source(s)	Prior Years	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Grant(s)						
Enterprise Fund(s)						
General Fund-Pay-Go						
Debt Financing				600,000		
Possible Grants and Other Funding Opportunities						

CAPITAL IMPROVEMENT PROGRAM

Five Points Roundabout



Description
The partially grant funded Five-Points Roundabout project will clear, grade, relocate utilities, and construct a roundabout to replace a five-way stop condition at the existing intersection of Roberts, Depot and Lyman Streets. Construction of roadway geometric improvements will include road realignment, ADA accessible ramps and crossings, adjacent sidewalks, roadway and pedestrian-level lighting, landscaping, signs, and markings.

Project Funding						
Funding Source(s)	Prior Years	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Grant(s)				263,964	845,786	
Enterprise Fund(s)						
General Fund-Pay-Go	28,973					
Debt Financing		162,975	1,220,698	2,225,050		
Possible Grants and Other Funding Opportunities						

CAPITAL IMPROVEMENT PROGRAM

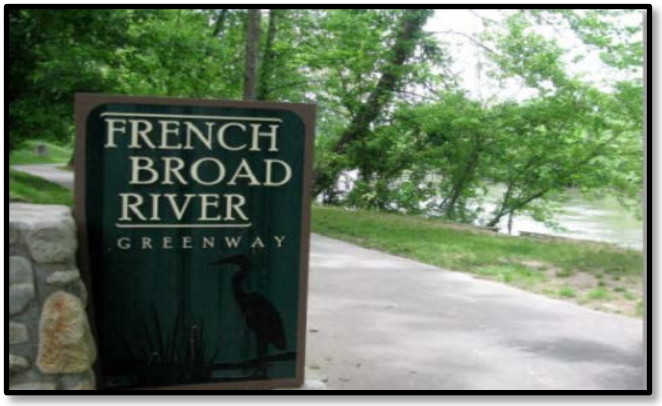
Fleet Replacement

Description
This project includes an analytical breakdown of all city owned vehicles (from small single axle trailers up to and including fire trucks) to determine projected annual replacement costs and implementation of an approved vehicle replacement program. The development, approval, and subsequent utilization of a Vehicle Replacement Plan would have a positive financial impact on annual fleet line operating costs. A structured replacement plan will account for the optimal replacement cycle, thereby reducing operating costs and establishing a model for future fleet funding.

Project Funding						
Funding Source(s)	Prior Years	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Grant(s)						
Enterprise Fund(s)						
General Fund-Pay-Go						
Debt Financing	N/A	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000
Possible Grants and Other Funding Opportunities						

CAPITAL IMPROVEMENT PROGRAM

French Broad River West Greenway

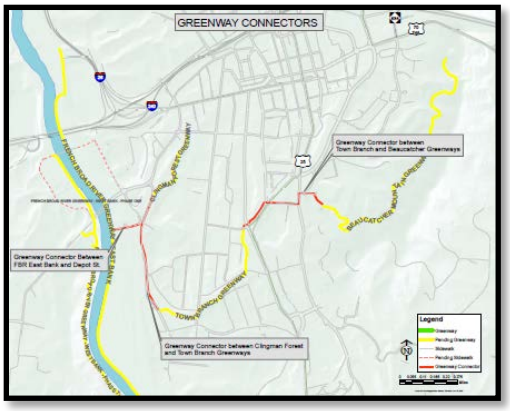


Description
The partially grant funded French Broad River West Greenway project will connect the French Broad River park system via a .9 stretch of trail traveling northward to the Clingman/Haywood Bridge where the New Belgium Greenway begins. This greenway will link the riverfront with the city-wide greenway network.

Project Funding						
Funding Source(s)	Prior Years	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Grant(s)			700,000	1,035,734		
Enterprise Fund(s)						
General Fund-Pay-Go						
Debt Financing	19,293	275,778	394,773	386,885		
Possible Grants and Other Funding Opportunities						

CAPITAL IMPROVEMENT PROGRAM

Greenway Connectors

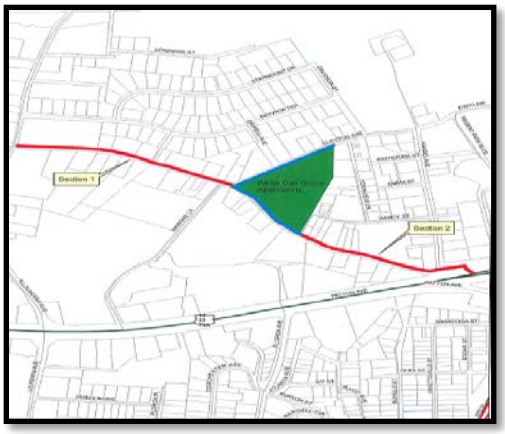


Description
The partially grant funded Greenway Connectors project includes design and construction of a network of connectors for the Beaucatcher, Town Branch, and Clingman Forest greenways, each of which terminate in or near Asheville's East of the Riverway and South Slope areas, to each other and surrounding work, educational, child care, shopping, recreational and other destinations. Connections will be on-street, with clear wayfinding and infrastructure details guiding users between greenways and destinations. Beaucatcher Greenway will connect Overlook Park and adjacent residential neighborhoods to Biltmore Avenue. Town Branch Greenway will begin near Choctaw and McDowell Streets and connects surrounding residential areas to each other and to Depot Street. Clingman Forest Greenway will begin near Clingman Avenue at Clingman Extension and connect the River Arts District to Aston Park near Hilliard Ave and South French Broad Avenue.

Project Funding						
Funding Source(s)	Prior Years	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Grant(s)			96,000			
Enterprise Fund(s)						
General Fund-Pay-Go						
Debt Financing			24,000			
Possible Grants and Other Funding Opportunities						

CAPITAL IMPROVEMENT PROGRAM

Hazel Mill Road Sidewalk



Description
The Hazel Mill Road Sidewalk project will provide pedestrian links to mass transit from proposed apartment complex development that includes affordable housing units via a sidewalk on one side of Hazel Mill Road, from Louisiana Avenue to Patton Avenue.

Project Funding						
Funding Source(s)	Prior Years	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Grant(s)						
Enterprise Fund(s)						
General Fund-Pay-Go						
Debt Financing			85,000	332,000		
Possible Grants and Other Funding Opportunities						

CAPITAL IMPROVEMENT PROGRAM

Hendersonville Road Sidewalks

Description
The Hendersonville Road Sidewalks project is a partnership project with the Department of Transportation to add sidewalks along Hendersonville Road.

Project Funding						
Funding Source(s)	Prior Years	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Grant(s)		2,032,613	872,000	395,387		
Enterprise Fund(s)						
General Fund-Pay-Go						
Debt Financing	405,685	596,702	218,000			
Possible Grants and Other Funding Opportunities						

CAPITAL IMPROVEMENT PROGRAM

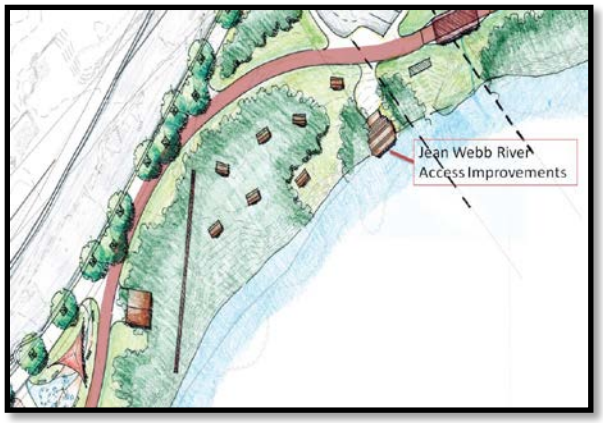
I-26 Connector

Description
This project includes the first installment of the $2 million commitment made by the City for the I-26 Connector.

Project Funding						
Funding Source(s)	Prior Years	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Grant(s)						
Enterprise Fund(s)						
General Fund-Pay-Go						
Debt Financing						1,000,000
Possible Grants and Other Funding Opportunities						

CAPITAL IMPROVEMENT PROGRAM

Jean Webb Boat Ramp

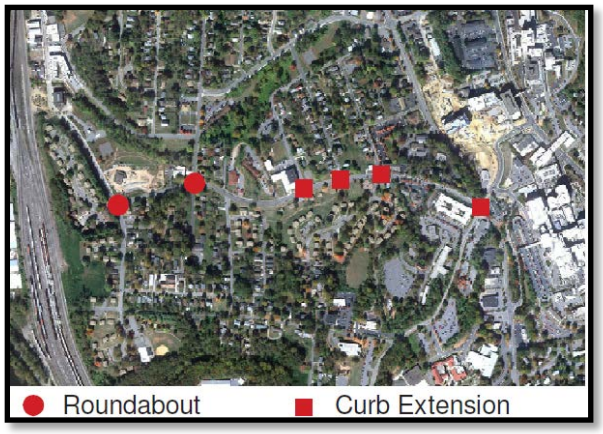


Description
The Jean Webb Boat Ramp grant funded project will include the addition of a boat ramp on the French Broad River on the edge of Jean Webb Park in partnership with the North Carolina Wildlife Resources Commission.

Project Funding						
Funding Source(s)	Prior Years	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Grant(s)				50,000		
Enterprise Fund(s)						
General Fund-Pay-Go						
Debt Financing				6,500		
Possible Grants and Other Funding Opportunities						

CAPITAL IMPROVEMENT PROGRAM

Livingston Street



Description
The Livingston Street partially grant funded project will make multimodal connections between the River Arts District and the rest of the East of the Riverway neighborhoods and provide access from those neighborhoods to educational facilities and jobs including AB Tech, Asheville High and Mission Hospitals. The project will transform the exisiting Depot Street and Livingston Street from near the Glenrock Hotel to Victoria Road to a complete street that is useful for walking, bicycling, and transit as well as motor vehicles.

Project Funding						
Funding Source(s)	Prior Years	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Grant(s)				493,159	241,425	
Enterprise Fund(s)						
General Fund-Pay-Go						
Debt Financing		250,000	210,385	770,081		
Possible Grants and Other Funding Opportunities						

CAPITAL IMPROVEMENT PROGRAM

McCormick Field

Description
The McCormick Field project will improve the field according to the agreement between the City and the Asheville Tourists.

Project Funding						
Funding Source(s)	Prior Years	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Grant(s)						
Enterprise Fund(s)						
General Fund-Pay-Go						
Debt Financing	344,253	170	71,863			
Possible Grants and Other Funding Opportunities						

CAPITAL IMPROVEMENT PROGRAM

Neighborhood Sidewalk Program

Description
The Neighborhood Sidewalk Program project will invest in critical sidewalk linkages throughout the City.

Project Funding						
Funding Source(s)	Prior Years	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Grant(s)						
Enterprise Fund(s)						
General Fund-Pay-Go						
Debt Financing	8,613	215,000	356,387	360,000	360,000	360,000
Possible Grants and Other Funding Opportunities						

CAPITAL IMPROVEMENT PROGRAM

New Leicester Highway Sidewalks

Description
The New Leicester Highway Sidewalks project is a partnership project with the Department of Transportation to add sidewalks and pedestrian crossings on New Leicester Highway (NC81) from Patton Avenue to the City limits.

Project Funding						
Funding Source(s)	Prior Years	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Grant(s)		44,800	672,000	2,187,200		
Enterprise Fund(s)						
General Fund-Pay-Go						
Debt Financing		11,200	168,000	546,800		
Possible Grants and Other Funding Opportunities						

CAPITAL IMPROVEMENT PROGRAM

Pack Place Capital Improvement

Description
The Pack Place Capital Improvements project will invest in building systems and related improvements.

Project Funding						
Funding Source(s)	Prior Years	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Grant(s)						
Enterprise Fund(s)						
General Fund-Pay-Go						
Debt Financing			2,000,000			
Possible Grants and Other Funding Opportunities						

CAPITAL IMPROVEMENT PROGRAM

Park Facilities

Description
The Park Facilities project will provide on-going maintenance of parks and recreation department facilities, restrooms and buildings.

Project Funding						
Funding Source(s)	Prior Years	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Grant(s)						
Enterprise Fund(s)						
General Fund-Pay-Go						
Debt Financing		150,000	800,000	600,000	600,000	600,000
Possible Grants and Other Funding Opportunities						

CAPITAL IMPROVEMENT PROGRAM

Parks Maintenance Relocation

Description
The Park Maintenance Relocation project will move this division from their current building to multiple buildings. The project will including pre-move renovations.

Project Funding						
Funding Source(s)	Prior Years	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Grant(s)						
Enterprise Fund(s)						
General Fund-Pay-Go						
Debt Financing	108,745	80,000	866,255			
Possible Grants and Other Funding Opportunities						

CAPITAL IMPROVEMENT PROGRAM

Radio Infrastructure

Description
The Radio Infrastructure project will be a system-wide replacement of equipment and infrastructure originally installed in 1988.

Project Funding						
Funding Source(s)	Prior Years	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Grant(s)						
Enterprise Fund(s)						
General Fund-Pay-Go						
Debt Financing	702,430	3,930,000	1,509,570			
Possible Grants and Other Funding Opportunities						

CAPITAL IMPROVEMENT PROGRAM

Replacement Engine

Description
The Replacement Engine project will replace one of the City Fire Department's engines in need of retirement.

Project Funding						
Funding Source(s)	Prior Years	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Grant(s)						
Enterprise Fund(s)						
General Fund-Pay-Go						
Debt Financing			600,000			
Possible Grants and Other Funding Opportunities						

CAPITAL IMPROVEMENT PROGRAM

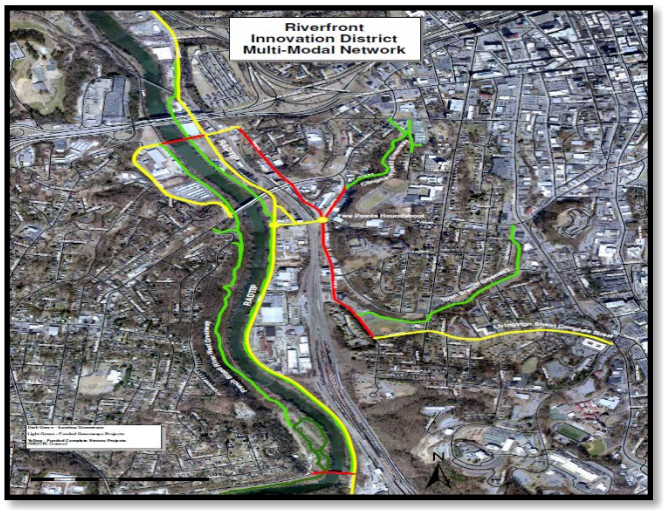
Replacement Ladder Truck

Description
The Ladder Truck Replacement project will replace one of the City Fire Department's ladder trucks in need of retirement.

Project Funding						
Funding Source(s)	Prior Years	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Grant(s)						
Enterprise Fund(s)						
General Fund-Pay-Go						
Debt Financing				1,400,000		
Possible Grants and Other Funding Opportunities						

CAPITAL IMPROVEMENT PROGRAM

River Arts District Transportation Improvement Plan (RADTIP)

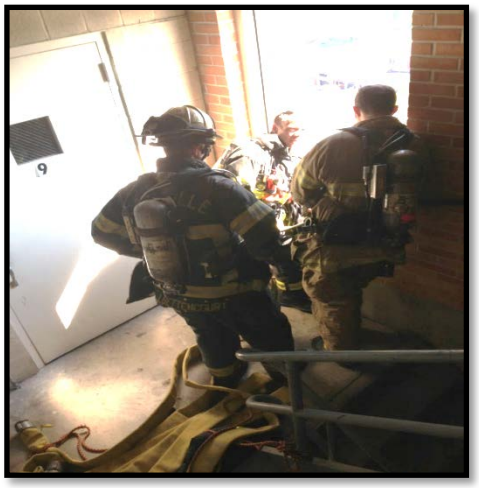


Description
The RADTIP grant funded project will add 12,000 linear feet of multi-modal transportation including sidewalk with curb and gutter, street trees and furniture, public art, bike lanes and greenways as well as on-street parking, roadway inprovments (including a roundabout and traffic signal upgrades) and off-road stormwater improvements.

Project Funding						
Funding Source(s)	Prior Years	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Grant(s)			5,803,250	7,954,345	2,000,000	
Enterprise Fund(s)						
General Fund-Pay-Go						
Debt Financing	1,280,926	4,179,389	9,310,239	3,488,691	2,887,363	
Possible Grants and Other Funding Opportunities						

CAPITAL IMPROVEMENT PROGRAM

SCBA Replacement



Description
The SCBA Replacement project will replace the Self Contained Breathing Apparatus (SCBA) or air tanks used by firefighters when responding to a fire. The project scope includes replacement of 110 Self Contained Breathing Apparatus, addition of 15 units and the purchase of a fill station to fill the breathing air bottles. Due to changes in technology and standards of SCBA's, replacement of all units at once is necessary. This eliminates the possibility of incompatible units being intermixed and standardizes the operations and training required for use. The new units also give City firefighters the ability to breathe for an additional 15 minutes compared to the existing fleet of SCBA.

Project Funding						
Funding Source(s)	Prior Years	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Grant(s)						
Enterprise Fund(s)						
General Fund-Pay-Go						
Debt Financing		1,050,000				
Possible Grants and Other Funding Opportunities						

CAPITAL IMPROVEMENT PROGRAM

Streets and Sidewalks Program

Description
This project will provide maintenance of existing streets and sidewalks.

Project Funding						
Funding Source(s)	Prior Years	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Grant(s)						
Enterprise Fund(s)						
General Fund-Pay-Go						
Debt Financing		2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Possible Grants and Other Funding Opportunities						

CAPITAL IMPROVEMENT PROGRAM

Swimming Pools

Description
The Swimming Pools project addresses safety and maintenance concerns at the Malvern Hills, Walton Street and Recreation Park City pools. Work would address the pools themselves as well as handicap access issues, the bathhouse, support features and ongoing maintenance issues.

Project Funding						
Funding Source(s)	Prior Years	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Grant(s)						
Enterprise Fund(s)						
General Fund-Pay-Go						
Debt Financing		36,335	798,665	1,250,000		
Possible Grants and Other Funding Opportunities						

CAPITAL IMPROVEMENT PROGRAM

Thomas Wolfe Renovations

Description
The Thomas Wolfe Renovations project will provide for the initial design fees to update patron technology and client needs as well as address public safety.

Project Funding						
Funding Source(s)	Prior Years	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Grant(s)						
Enterprise Fund(s)						
General Fund-Pay-Go			300,000	200,000		
Debt Financing						
Possible Grants and Other Funding Opportunities						

CAPITAL IMPROVEMENT PROGRAM

Town Branch Greenway

Description
The partially grant funded Town Branch Greenway project will connect the riverfront, the Southside neighborhood and the South Slope of downtown via a 2.2 mile greenway that begins where Ashland Avenue becomes McDowell Street and travels in a southeasterly direction to terminate on Depot Street just south of the Glen Rock development. It will also provide multimodal access to Lee Walker Heights, Livingston Heights and Erkine-Walton neighborhoods.

Project Funding						
Funding Source(s)	Prior Years	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Grant(s)			300,000	875,011		
Enterprise Fund(s)						
General Fund-Pay-Go	53,056	37,895				
Debt Financing		252,151	489,893	356,353		
Possible Grants and Other Funding Opportunities						

CAPITAL IMPROVEMENT PROGRAM

Underground Fuel Tank Repair

Description
This project will repair the aging underground fuel tank system at the City fueling station.

Project Funding						
Funding Source(s)	Prior Years	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Grant(s)						
Enterprise Fund(s)						
General Fund-Pay-Go						
Debt Financing		45,000	45,000			
Possible Grants and Other Funding Opportunities						

CAPITAL IMPROVEMENT PROGRAM

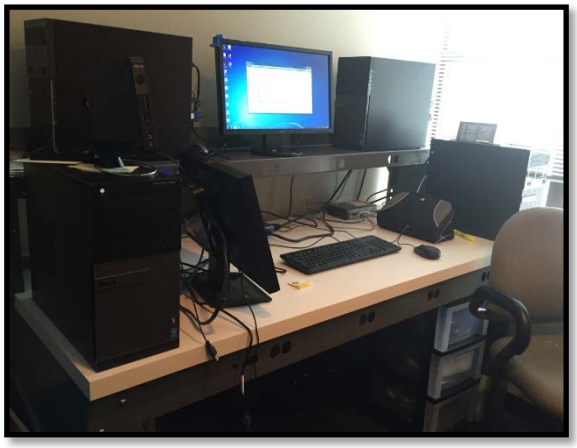
Velodrome Safety

Description
The Velodrome Safety project will rebuild the velodrome from the subsurface to address safety issues with cracking pavement and will upgrade lighting. Replacement of these old park amenities will reduce costly repairs and mainteneance of the old outdated track facility.

Project Funding						
Funding Source(s)	Prior Years	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Grant(s)						
Enterprise Fund(s)						
General Fund-Pay-Go						
Debt Financing			500,000			
Possible Grants and Other Funding Opportunities						

CAPITAL IMPROVEMENT PROGRAM

General Capital Replacements and Upgrades

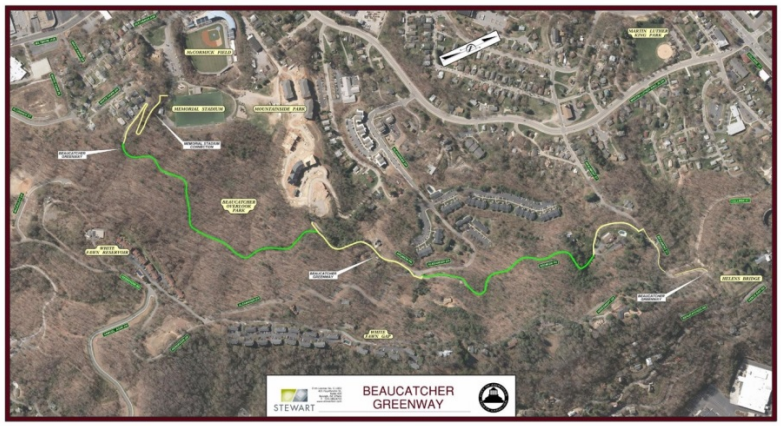


Description
The General Capital Replacements and Upgrades project will replace various City computers, facility roofs, City Hall air conditioning controls as well as other City facility upgrades.

Project Funding						
Funding Source(s)	Prior Years	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Computer Replacement	Debt Issued	250,000	250,000	250,000	250,000	250,000
Roof Replacement		150,000	150,000	150,000	150,000	150,000
A/C Controls			74,740			
Various Facility Upgrades			550,000	275,000	275,000	275,000

CAPITAL IMPROVEMENT PROGRAM

Beaucatcher Greenway



Description
The Beaucatcher Greenway, a 1.25 mile route along a wooded corridor with commanding views of downtown Asheville, will connect the old White Fawn Reservoir (future park) and the old Beaucatcher Reservoir (future park) and is intended to serve as a major connection to Memorial Stadium, Mountainside Park, McCormick Field and the Town Branch Greenway corridor. Traveling from McCormick Field parking lot to Helen's Bridge along the side of Beaucatcher Mountain, the completed trail will consist of a 10-foot wide asphalt trail that is accessible for trail users of all ages, abilities, and socio-economic demographics.

Project Funding						
Funding Source(s)	Prior Years	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Grant(s)			925,000			
Enterprise Fund(s)						
General Fund-Pay-Go	1,020,728					
Debt Financing			989,484			
Prior Debt	241,052					

WATER RESOURCES CAPITAL IMPROVEMENT FUND SUMMARY

	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021
Revenue Sources:					
Water Operating Fund Transfer	9,366,520	11,226,425	10,775,800	11,591,400	10,408,895
Revenue Bonds	12,000,000	40,000,000	0	0	0
Total Revenues:	***21,366,520***	***51,226,425***	***10,775,800***	***11,591,400***	***10,408,895***
Use of Funds:					
NCDOT Projects:					
McFee Road Bridge	80,000				
Distribution System Projects:					
200 Bingham Road Maintenance Facility	1,750,000			250,000	
AB Tech Area Waterline Improvements	1,373,325				
Affordable Housing Infill Develop. Incentive	30,000	30,000	30,000	30,000	30,000
Fairview Service Area WL Improvements	12,000,000			1,500,000	1,500,000
Main Transmission Line Projects			500,000		
Merrimon Avenue Main Replacement		3,125,000	3,825,000	2,050,000	
Meter / Vault Repair	500,000	500,000	500,000	500,000	500,000
Pressure Optimization	140,000	205,000	125,000	100,000	100,000
Right-of-Way (ROW) Clearing	150,000	150,000	150,000	150,000	150,000
Water Production Projects:					
Corrosion Control Study	50,000	700,000			
Education Facility				250,000	
Mills River Raw Water Reservoir 15 MG				1,540,000	
North Fork WTP Dam / Tunnel Eval/ Repairs		40,000,000			
Replacement of Water Storage Tanks				550,000	
Ridgeview Tank 95,000 GAL	500,000				
Software Updates / HMI - all WTP's	200,000				
Water Storage Tank / Pump Station Maint.	150,000	300,000	200,000	200,000	200,000
Water Treatment Plant Improvements	1,000,000				
Water Treatment Plant Maintenance	200,000	160,000	120,000	120,000	145,000

WATER RESOURCES CAPITAL IMPROVEMENT FUND SUMMARY (Cont.)

	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021
Neighborhood Water Line Replace. Proj.:					
2015 Neighborhood Enhancement Area 1	513,350				
2015 Neighborhood Enhancement Area 2	452,845				
2015 Neighborhood Enhancement Area 3	1,000,000	1,041,925			
Arbutus Road				143,990	
Barnard Avenue & Sevier Street	162,000				
Beacon Village			2,000,000		
Biltmore Avenue	515,000				
Blue Ridge Rd, BR Assembly Dr, & Maney Ln		940,000			
Deanwood Cir, Forest St, & Ardmore St		240,000			
Donna Drive				150,150	
East & West Euclid Parkway, East & West Avon				462,000	
Gashes Creek Rd & Gabrielle Lane			506,000		
Glendale Avenue				616,000	
Hill Street, Greenlee Street, & Cross Place					877,800
Iris Street & Moreview Drive					291,830
Joyner Avenue			268,800		
Knauth Road	100,000				
Lane Avenue, Meadow Brook Avenue & Dunn Street					485,100
Long Shoals Road		250,000			
McDowell Street					1,299,375
Muirfield Subdivision		909,500			
North Fork Right Fork & Walkertown Roads				298,760	
Old Bee Tree/Rainbow Ridge/Halcyon Hill, etc. Roads			175,000		
Patton Avenue		810,000			
Pisgah View Apartments		813,000			
Plateau & Hilltopia Roads		88,000			
Sherwood Road		38,000			
Smokey Park Highway & Old 19/23			1,650,000	1,650,000	1,700,000
South French Broad Avenue					617,210
South Grove Street & Morgan Avenue		252,000			
Springdale Avenue		110,000			
Sunset Drive			206,000		
Valley View Road		64,000			
Vinewood Circle & Bingham Road					850,080
Wamboldt Avenue, Success Avenue & Euclid				308,000	

WATER RESOURCES CAPITAL IMPROVEMENT FUND SUMMARY (Cont.)

	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021
Water System Master Plan Projects:					
Candler School Rd / Old Candler Town Rd				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		
Water Model & Master Plan Update	500,000	500,000			
Total Use of Funds	***21,366,520***	***51,226,425***	***10,775,800***	***11,591,400***	***10,408,895***

PARKING SERVICES CAPITAL IMPROVEMENT FUND SUMMARY

	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021
Revenue Source:					
Transfer from Parking Operating Fund	575,000	1,040,000	0	400,000	0
Debt Proceeds	0	5,000,000	0	0	0
Total Revenues:	***575,000***	***6,040,000***	***0***	***400,000***	***0***
Use of Funds:					
Elevator Modernization (3 older garages)	425,000	440,000			
Modernization (30-Year Life) – Civic Center	150,000	5,000,000			
Structural Maintenance – Rankin Ave		300,000			
Structural Maintenance – Wall St		300,000			
Structural Maintenance – Biltmore Ave				400,000	
Total Use of Funds	***575,000***	***6,040,000***	***0***	***400,000***	***0***

STORMWATER CAPITAL IMPROVEMENT FUND SUMMARY

	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021
Revenue Source:					
Transfer from Stormwater Operating Fund	***610,200***	***1,636,800***	***1,465,400***	***1,401,400***	***1,390,700***
Debt Proceeds	***190,000***	***0***	***0***	***0***	***0***
Prior Year Transfer from Stormwater Operating Fund	***750,000***				
Total Revenue	***1,550,200***	***1,636,800***	***1,465,400***	***1,401,400***	***1,390,700***
Use of Funds:					
Vehicle Replacement	190,000				
Morris St Improvements	750,000				
Edwin Place, Celia Place, & Canterbury Drive Storm Drainage Improvements	481,200	748,300			
Lakeshore Dr Stormwater Drainage Replace.	129,000				
Sulphur Springs Road Storm Drainage Improve.		470,500	247,500		
Carter St. to Ann St. Storm Drainage Improve.			410,000	215,500	
Druid Drive Storm Drainage Improvements			547,400	218,100	
Waynesville Avenue Storm Drainage Improve.				359,500	189,000
Canterbury Drive Storm Drainage Improvement		418,000	260,500		
Glendale Avenue Storm Drainage Improvements - Phase 1				608,300	320,200
Glendale Avenue Storm Drainage Improvements - Phase 2					881,500
Total Use of Funds	***1,550,200***	***1,636,800***	***1,465,400***	***1,401,400***	***1,390,700***