City Council FY24 Budget Work Session

March 28, 2023

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Finance Department

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Outline

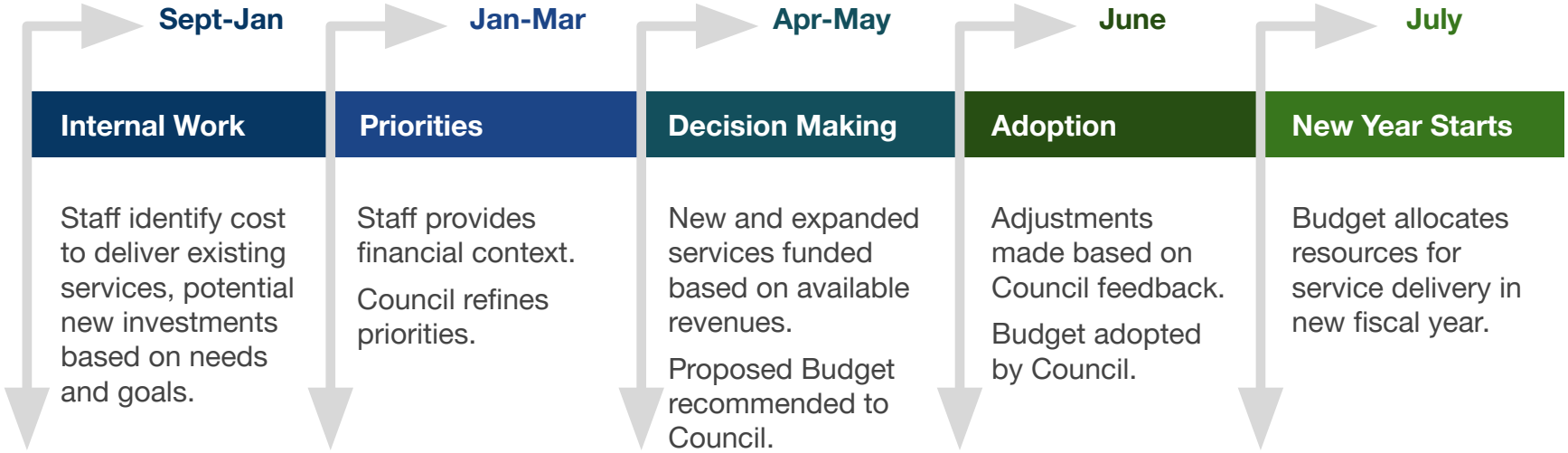
- Budget Survey Results
- Compensation
- Capital Overview

Key Takeaways

- Proposed Budget will reflect community priorities.
- Recommending a variety of compensation and benefit adjustments to recruit and retain employees, especially for APD and other hard to fill positions.
- Recommendations will meet Just Economics “Pledged” Living Wage.
- Capital plan changes already identified, additional planning will inform future CIP, including potential 2024 GO bond package.

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Budget Development Process



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City Council Priorities

- Equitable & Affordable Housing & Stability
- Houselessness Strategies
- Improve & Expand Core Services
- Neighborhood & Climate Resilience
- Reimagining Public Safety
- Reparations

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Guiding Principles

Essential service delivery
Ensuring departments have the resources required to meet service delivery expectations.

Enhancing customer value
Ensuring efficient service delivery that improves the customer experience.

Strategic alignment
Aligning resources (new and existing) to achieve community, Council and staff goals.

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Budget Public Survey Results

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Outreach Effort Examples

- Radio: WRES, iHeartRadio, AshevilleFM
- Print Media: La Noticia, Mountain Xpress
- City Channels: multiple e-newsletters & contact lists, social media (English & Spanish), Board & Commission Chairs, website banner, press release.
- Flyers to libraries and recreation centers, digital display boards at recreation centers (both in English & Spanish).
- Neighborhood Associations: Shiloh, Kenilworth, and WECAN shared with members.
- Community Groups: Chamber of Commerce, Downtown Association, YMI Cultural Center, Explore Asheville.
- Full outreach list provided in attached memo.

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Responses by Location

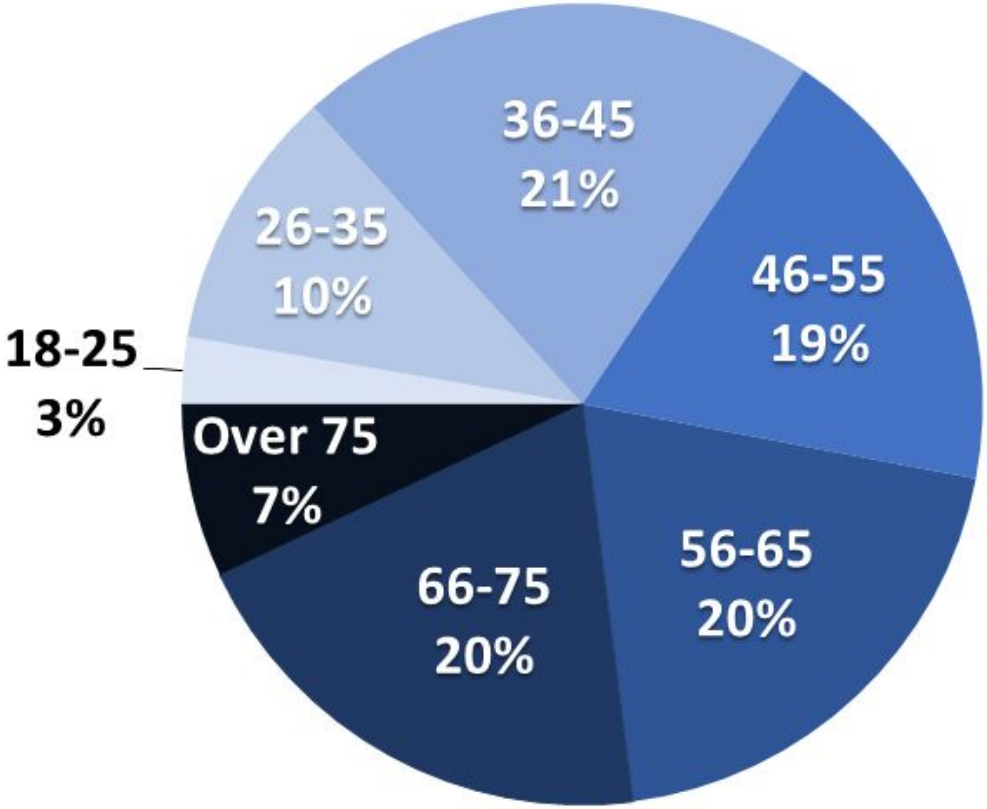
Filtered responses to include only those from a zip code within City limits.

2,253 total valid responses.

Zip Code	Responses	Percent
28804	933	41.4%
28806	462	20.5%
28801	347	15.4%
28803	312	13.8%
28805	80	3.6%
28715	53	2.4%
28704	47	2.1%
28732	14	0.6%
28802	2	0.1%
28814	2	0.1%
28815	1	0.0%
Total	**2,253**	**100%**

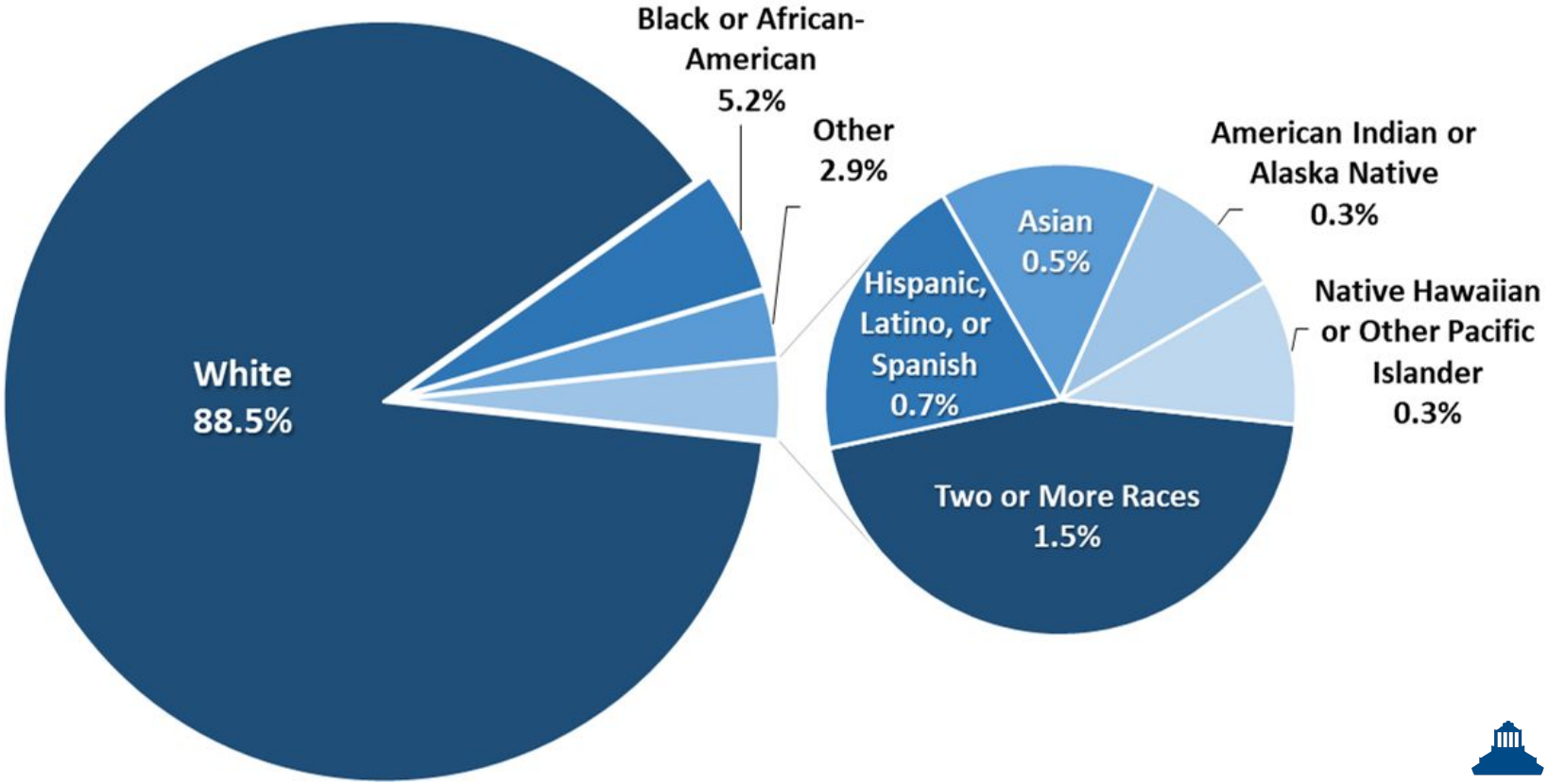
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Response Demographics - Age



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Response Demographics - Race



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Public Input Summary

Increase investment in Community Safety & Emergency Response • Emphasis on police recruitment, retention, and presence • Emphasis on downtown	**Exploring multiple strategies to increase competitiveness compared to other law enforcement agencies:** • Higher pay increase for sworn police. • Increased on-call and shift differential pay. • New, more comfortable uniforms.
Increase investment in Water Production & Distribution • Emphasis on maintenance and avoiding major failures	**Requesting a water utility rate increase that would fund enhancements to:** • Maintenance by adding an additional crew focused on leak response. • Increasing night-shift coverage at water treatment plants. • Billing and communication staff. • Capital planning and implementation by adding engineering capacity.
Prioritize core infrastructure for the next five years of capital investment • Emphasis on Roads, Sidewalks, and Housing	**Continuing investment in existing initiatives, including:** • Maintain annual funding for road resurfacing, sidewalk maintenance & construction, and the Housing Trust Fund. • Ongoing reorganization of Community and Economic Development department to expand and strengthen the Affordable Housing and Homeless Services programs. • Opioid response planning for use of settlement funds and piloting a community response unit.

Compensation & Benefits

Compensation & Benefits Overview

- Base pay
- Overtime
- On-Call or Standby
- Holiday
- Shift Differential
- Car Allowance
- Quality of Service Award

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Compensation & Benefits Overview

Additional Compensation Police & Fire Departments:

- Education Incentive (3% Assoc, 4% Bach, 5% Masters)
- Language Incentive (3%)
- Various Certifications:
  - Police: Advanced Law Enforcement (5%)
  - Police/Fire: Safety Emergency Response Team (3-4%)
  - Fire: Hazardous Materials (2%)
  - Fire: EMT Supplement (5%)
  - Fire: Specialist Pay (10%)

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Compensation & Benefits Overview

- FICA Tax
- Employer - Retirement System (LGERS)
- Employer - 401(K)
- Employer - Fire 457(b)
- Workers Compensation
- Unemployment
- Vehicle Allowance
- Tuition Reimbursement
- Health, Dental, Life Insurance
- Firefighter Pension
- OPEB Pension Contributions

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Comp. & Benefits: Baseline Changes

General Fund

- Full year cost of mid-year adjustments and APD incentives.
- Mandated increase in employer state retirement contribution: $550k.
- Increase in employer health care contribution: $1-1.5M.
- Evaluating health plan design and employee contribution.

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Compensation: Under Consideration

- ***Just Economics "Pledged" Living Wage***
- ***Differential salary increases (including 6% for APD)***
- Increased night shift and on-call pay
- Certification incentive pay
- Wellness incentive
- Signing bonuses
- Career ladder for trades
- 401(k) retirement account match

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Compensation: Employee Base Pay

Item	Est. Cost
Across the board 5% increase (not including sworn)	$2.9M
Across the board 6% increase for sworn positions	$1.1M
Total Cost (General Fund only)	**$4.0M**

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Compensation: Living Wage

Salary Adjustment	Total Est. Cost	Minimum Annual Salary	Employees Below Just Economics (est.)	
			"Pledged" Living Wage	Living Wage
Current	$ -	$ 36,816	30	150
3.5%	$ 2.1M	$ 38,105	0	125
5.0%	$ 2.9M	$ 38,657	0	110
13.5%	$ 7.8M	$ 41,805	0	0

Cost estimates do not include sworn positions; all sworn positions are above Just Economics Living Wage rate.

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Compensation: Shift Differential Pay

- Additional pay for working evening, night and weekend shifts.
- Increase from $0.75 to $1.50 per hour
- Est. Annual Cost: $150k (General Fund)
- Examples of Departments Impacted: Police, Public Works, Water, Transportation

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Compensation: On-call Pay

- Additional pay for being available to work outside of normal hours.
- Increase from $20.00 to $30.00 per day
- Est. Annual Cost: $150k (General Fund)
- Examples of Departments Impacted: Fire, Police, Public Works, Water, Development Services, Information Technology, CAPE

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Compensation: Other Pay/Benefits

- Critical staffing shortage supplement
  - Targeted pay to address challenges in specific job classes with significant impact on service delivery.
  - Estimated annual cost: $250k (General Fund)
- Signing bonuses
  - Increase to $1,000 for hard to fill positions.
- 401(k) retirement account match
  - Goal to step up to 3% over 3 years
  - Estimated annual cost of 1%: $725k (General Fund)
- Adjustments to Temporary/Seasonal Pay Plan
  - Estimated annual cost: $150k (General Fund)

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Compensation: Other Pay/Benefits

- Certification pay
  - Intermediate Law Enforcement Cert. for APD
  - Est. Annual Cost: $205k
- Wellness Incentive
  - Recommending pilot for APD
  - Est. Annual Cost: $215k
- Reviewing and evaluating opportunity to expand to other departments.

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Compensation: Further Study

- Career ladders
  - Already utilized in some departments.
  - Could develop structure and implement midyear for others with minimal financial impact.
- Retiree health care
  - Actuarial study needed to understand financial impact.

Compensation Summary

Expense Adjustments (Gen Fund)	
Item	Est. Cost
6% Sworn/5% Other	$ 4.4M
Add'l Health	$ 1.0M
Add'l 401(k)	$ 0.7M
Shift & On-Call	$ 0.3M
Other	$ 0.8M
Subtotal	**$ 6.8M**
Base Growth	$ 2.5M
Total	**$ 9.3M**

Available Resources (Gen Fund)	
Item	Est. Cost
Revenue Growth	$ 4.7M
ARPA	$ 2.0M
Fund Balance	$ 3.0M
Total	**$ 9.7M**

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Questions/Discussion

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Capital Investments & Planning

- CIP is primarily funded with debt and supported by ~$15M annual allocation from General Fund.
- Current Capital Improvement Program (CIP) primarily consists of maintenance projects.
- Limited capacity to add projects/costs to plan within existing resources.
- Significant needs and additions have already been identified.

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CIP: Significant Adjustments

- McCormick Field
  - Requires additional contribution to capital program for FY24 ($357k).
- I-26 Betterments/Aesthetic Improvements
  - $5.9M programmed in for FY27.
  - Will work to identify funding opportunities.
- Municipal Building
  - Additional $2M to complete essential repairs.

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Comprehensive Facility Assessment

1. Assess the state of City facilities
2. Measure the cost of doing business
3. Plan for the future
    a. Growing operations
    b. Meeting current/future goals
    c. Capital forecasting tools

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Facility Assessment Key Takeaways



Data-driven decision making



Baseline maintenance decisions



Capital forecast tools & 10-year time horizon

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* sustainability modeling based on a sample of sites

Context Callback

Aging facilities are the majority of City inventory



0%

14%
115,595 sf



27%
225,740 sf

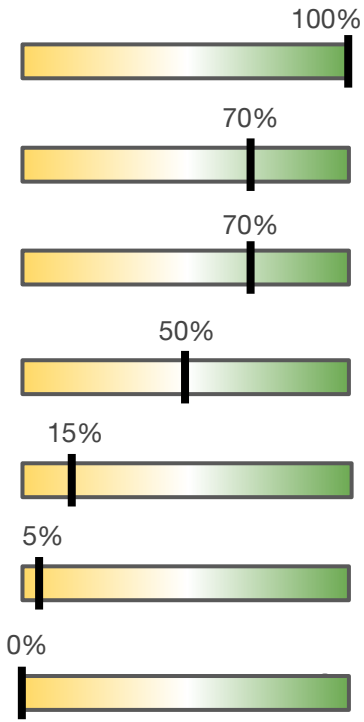




58%
479,988 sf

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Products & Progress



Facility Condition Assessment (FCA)

Facility Condition Index (FCI)

Space Needs Assessments

Fire and Police Location Analysis

Site Specific Sustainability Assessments

Site Specific Master Plans

Capital Forecast Tools + 10 yr Plans

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FCI “Grade”

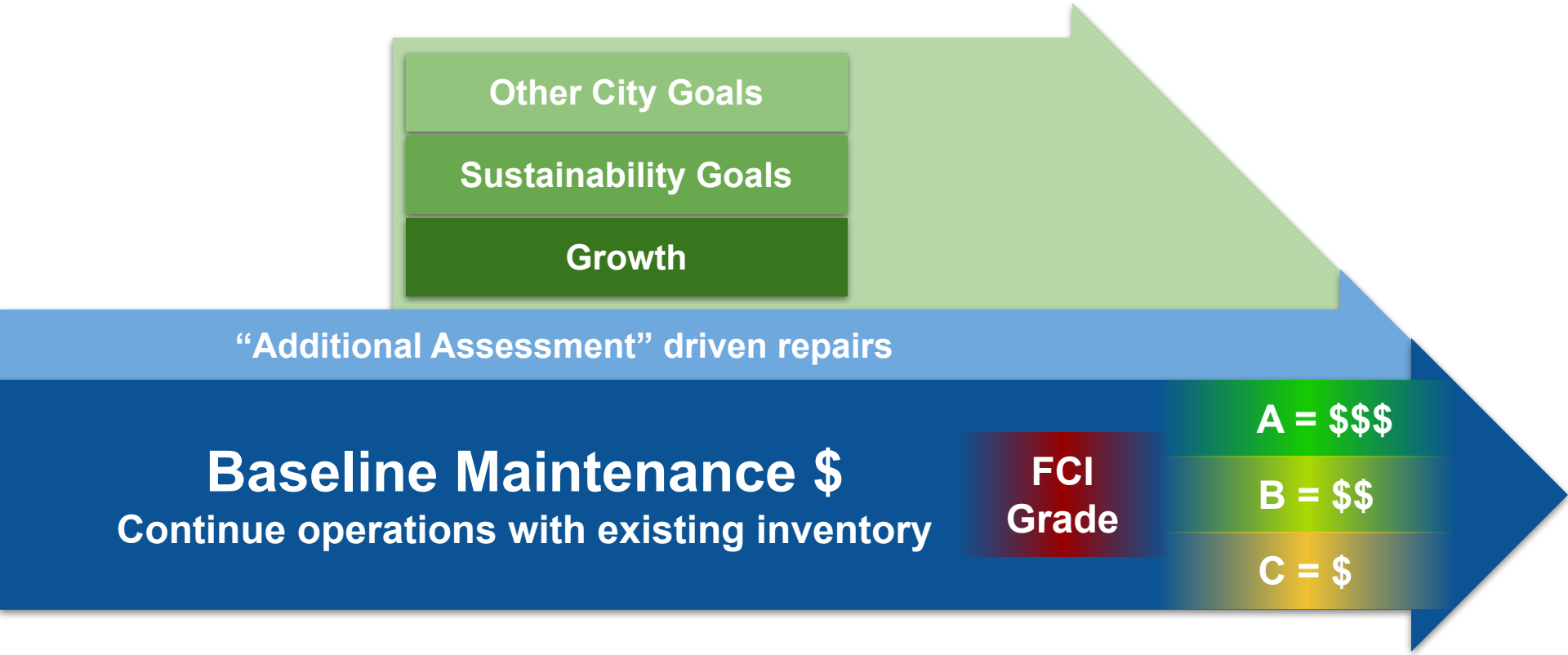
- Facility Condition Index (FCI) based on condition assessments and formula
- Letter grades and color codes for easy and universal communication
- Data-driven decision making

$$FCI = \frac{\text{Capital Repairs (Deferred Maint. + 5 years)}}{\text{Current Asset Replacement Value}}$$



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Capital Forecasts: 10 year horizon



Facility Study Schedule

Happening Now	Product development, on-going
August	Wrap up deliverables
September	Council engagement
Fall	Additional council engagement anticipated
Winter	Incorporate results into capital budget

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Facility Assessment Key Takeaways



Data-driven decision making based on FCI, growth, sustainability goals* and city goals.



Baseline maintenance decisions will be needed regarding priority (FCI grade) level.



Capital forecast tools & 10-year time horizon will provide a roadmap for long-term investments.

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* sustainability modeling based on a sample of sites

Identifying Capital Needs

Complete

- GAP Plan
- Municipal Climate Action Plan (MCAP)

Currently underway or funded

- Comprehensive Facility Study
- Parks Master Planning
- Parking Garage Assessment

Considering for funding in FY24

- City-County Transit Master Plan
- Solid Waste Master Plan

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Identify Capital Funding Sources

- Identifying city needs that align with external funding opportunities
  - Examples: TPDF, MPO, other federal grants
- 2024 GO Bond Referenda
  - Could be held in Mar or Nov 2024
  - Will need to develop project lists in 2023
  - Work programs, size and tax rate impact will be key

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Summary & Next Steps

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Budget Schedule

City Council Formal Meeting - Adoption of FY 2023-24 Fees & Charges	March 28, 2023
Council Budget Work Session	April 11, 2023
City Council Formal Meeting - Proposed Budget Presentation to City Council - Set Public Hearing	May 9, 2023
City Council Formal Meeting - Budget Public Hearing	May 23, 2023
City Council Formal Meeting - Budget Adoption	June 13, 2023

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