
THE CITY OF
ASHEVILLE
FY
23
24
Proposed
Budget

CITY OF ASHEVILLE

NORTH CAROLINA

Proposed Budget
Fiscal Year 2023-24

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CITY MANAGER'S PROPOSED BUDGET MESSAGE

Honorable Mayor Manheimer and City Council Members:

It is my pleasure to respectfully submit to you the City Manager and staff's Proposed Budget for the fiscal year beginning July 1, 2023, and ending June 30, 2024. As always I want to begin my budget message by saying how deeply I appreciate your efforts through the budget process to both identify and meet the needs of people in Asheville. The Proposed Budget, which is prepared and submitted in accordance with North Carolina General Statute §159-11, represents many months of work by Council, the community and staff throughout the organization. This Proposed Budget is also consistent with our budget development guiding principles and considerations:

- **Essential service delivery**
  Providing departments with the resources required to meet service delivery expectations.
- **Enhancing customer value**
  Ensuring efficient service delivery that improves the customer experience.
- **Strategic alignment**
  Directing new and existing resources towards achieving community, Council, and staff goals.

While the most substantial impacts of the COVID-19 pandemic have abated, the economic changes that occurred during the pandemic continue to exert influence on our community and organization. Supply chain issues persist in some industries, and inflation has led to a constant rise in the cost of goods and services. Asheville, like many other cities across the nation, faces real challenges especially in the areas of housing affordability and homelessness. A competitive labor market continues to hinder employee recruitment and retention, especially in the public safety sector.

Despite these headwinds, I believe our guiding principles - delivering quality service, customer value, and strategic investments - provide an opportunity to build on the strength of our existing services and the employees that provide them. Fortunately a combination of continued revenue growth (particularly in sales taxes), federal funding through the American Rescue Plan Act (ARPA), strong financial management, and community partnerships have provided additional resources to help address these challenges.

The recommendations included in this Proposed Budget are based on available resources, Council priorities, community input, and internal work completed by staff throughout the organization. The Fiscal Year (FY) 2023-24 Proposed Budget totals $239.7 million and includes:

- No change to the current property tax rate of 41.30 cents per $100 of assessed valuation;
- Employee compensation adjustments that reflect inflation in the labor market and local cost of living increases;
- Continued funding for community services in a time of rising costs and additional investments in alignment with Council priorities;
- Strategic utilization of fund balance and American Rescue Plan (ARPA) funding to advance Council's priorities and balance the budget.

A summary of the FY 2023-24 Proposed Budget is outlined in the following table:

Proposed FY 2023-24 Budget Summary

	2022-23 Original Budget	2023-24 Proposed Budget	$ Change	% Change
General Fund	159,102,944	172,486,033	13,383,089	8.4%
Water Resources	40,346,600	44,005,580	3,658,980	9.1%
Transit Services	12,734,792	14,023,720	1,288,928	10.1%
Stormwater	7,504,024	8,953,561	1,449,537	19.3%
Parking Services	5,651,885	7,153,860	1,501,975	26.6%
Harrah's Center	4,922,904	5,530,847	607,943	12.3%
Street Cut Utility	2,049,161	2,386,979	337,818	16.5%
Total	**232,312,310**	**254,540,580**	**22,228,270**	**9.6%**
Interfund Transfers	(14,726,729)	(14,877,573)	(150,844)	1.0%
Net Revenues	**217,585,581**	**239,663,007**	**22,077,426**	**10.1%**

Budget Development

This year's budget development reflects a continuation of the internal and external engagement efforts that grew out of the reimagining public safety process that began three years ago. The extensive engagement efforts associated with development of the Fiscal Year 2021-22 Budget, which were led by a collaborative cross-functional team of City employees from Budget, Equity and Inclusion Department, and Communication and Public Engagement with assistance from consultants, produced response strategies that informed not only the development of that budget, but also the FY 2022-23 Proposed Budget as well.

Internal work on the FY 2023-24 budget development kicked off in the fall of 2022, and included a Department Director retreat in January 2023. Directors identified three priorities to target additional resources towards: Organizational Work Plan projects linked to City Council priorities, one-time investments that address organization-wide needs, and emerging needs and priorities. Staff have worked to enhance the alignment between organizational work planning efforts, budget development, and Council priorities during this budget process. This work, supported by the reorganization of the Budget Division and Office of Data and Performance into one function, will continue and expand in future budget cycles.

Community Engagement on Budget Priorities

The North Carolina Fiscal Control Act sets a baseline for public engagement in local government budgets - namely, one public hearing held between presentation of the proposed budget and budget adoption by City Council. A common complaint in communities across the state is that feedback at this point in the process doesn't feel meaningful or like true engagement in the process. Hearing these sentiments from Asheville residents, staff included two strategies during the FY24 budget process - an earlier public comment session and an online priorities survey.

A public comment session was held during the City Council meeting on February 28, 2023 and a primarily online budget priorities survey was available for five weeks, from February 6, 2023 to March 10, 2023. These input opportunities were publicized through a number of channels

including radio, print materials in recreation centers and libraries, PublicInput contact lists, city website and social media, emails and e-newsletters, Board and Commissions, area business contacts and a press release. To ensure broader access, the survey was available in English, Spanish, Russian and Ukrainian, and paper copies were available for those without internet access.

Staff presented a summary of the input received at the March 28, 2023 City Council Work Session, including the following priorities:

- Increase investment in community safety and emergency response, with an emphasis on downtown and police recruitment, retention, and presence.
- Increase investment in water production and distribution, with an emphasis on maintenance and avoiding major failures.
- Prioritize core infrastructure for capital investment, with an emphasis on roads, sidewalks and housing.

Staff have worked to incorporate this feedback into our recommendations, and will continue to use this input to inform future decision making. Substantial additional investments, especially changes to compensation and benefits, included in the FY 2023-24 Proposed Budget address community safety. Additional staff to improve water system maintenance, add redundancy at water treatment plants, and increase water infrastructure investment are also included in budget recommendations. Ongoing capital investment is focused on maintaining core infrastructure, and planning for 2024 General Obligation (GO) Bond referenda will provide an opportunity to build on the 2016 GO Bond investments in roads, sidewalks and affordable housing.

City Council Strategic Priorities

At your annual retreat held on March 2-3 2023, City Council reaffirmed six key priorities to inform development of the FY 2023-24 Proposed Budget:

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

During the retreat, staff provided the Council with an overview of the budget process, discussed key financial indicators, and the need for employee compensation adjustments to remain competitive in the labor market. Earlier in the fiscal year (December 2022) staff reviewed the City's Capital Improvement Program (CIP), including an update on capital planning efforts, major projects, and debt capacity. After the retreat, staff followed up with three additional budget work sessions in March and April to provide updates on the City's financial outlook, refine changes to employee compensation and benefits, provide additional information on capital projects, and preview recommendations for the City Manager's Proposed Budget. All of that work culminates with this presentation of the Proposed FY 2023-24 Budget and the key investments highlighted over the next few pages.

Financial Outlook

Persistent inflation continues to be the major economic force in the national economy. Initially cost increases primarily impacted goods, due in part to supply chain and other pandemic-related challenges. Though some of these challenges have abated, inflation has spread to services as well, likely in part due to a strong labor market and higher wages. China's strict pandemic policy and the Ukraine War have also added to goods shortages and price volatility in certain markets, including energy costs.

Overall, City General Fund revenues have performed exceptionally well through the post-pandemic economic recovery. Sales tax revenue in the General Fund has exceeded budget estimates in each of the last three fiscal years, with revenue growing by 17 percent in FY 2021-22, and up another 9.6% percent through the first 6 months of the current fiscal year. Property taxes, which make up the largest portion (over 51 percent) of the City's General Fund revenues, continue to grow at a steady rate just over 2% annually. General Fund revenue growth in next fiscal year is expected to remain positive but slow compared to the last two years as the Federal Reserve continues interest rate increases to reduce inflation.

On the expense side of the budget, the City of Asheville has not been immune to the inflationary pressures. Supply chain disruptions coupled with pent-up demand for goods following the reopening of the economy has led to the fastest increase in prices since the early 1980s. While inflation has moderated due to steady interest rate increases approved by the Federal Reserve, inflation persists above the Federal Reserve target of two percent. The Consumer Price Index for All Urban Consumers (CPI-U) indicates prices rose 5% from March 2022 to March 2023.

Like other local governments across the country, our community has benefited from an infusion of federal pandemic-related stimulus funding. In addition to Coronavirus Relief Funding (CRF) provided during the height of the pandemic, the City of Asheville received $26.2 million from the American Rescue Plan Act (ARPA). Over $20 million of these funds have been utilized to support community projects. Other uses include covering losses in the Parking Fund ($1.6 million), supporting transit services in FY 2022-23 ($300,000), and partially offsetting the cost of improvements to Memorial Stadium ($2.5 million). As part of the Proposed Budget, I am recommending an appropriation of $2,008,000 in ARPA funding to support transit services. This matches the amount originally planned, but not needed, in the current fiscal year to support the General Fund. An additional $1.6 million in ARPA funding remains available.

Lastly, I want to highlight the consistency with which we have been able to successfully manage our finances throughout the pandemic and over the last ten years overall. As you are aware, the City has a policy of maintaining an unassigned fund balance in the General Fund equal to fifteen percent (15%) of expenses. Information presented during the budget development process shows that year-end unassigned fund balance levels have remained between fifteen and twenty percent (15%-20%) in each year since 2011. Staff estimate that unassigned fund balance in the General Fund will end in FY 2022-23 over 20%, providing an opportunity to utilize a significant fund balance appropriation of $7.9 million to fund key investments in FY 2023-24.

Employee Compensation

The City of Asheville is a service driven organization that is reliant on people to deliver core services, with approximately 56% of the City's Proposed Budget dedicated to personnel costs. In Fiscal Year 2019-20, the City contracted with the Archer Company to complete a Total Compensation Study. While significant adjustments were made implementing recommendations from the study over multiple fiscal years, pandemic-induced disruptions in the labor market further exacerbated challenges in retaining and recruiting employees for many organizations, including the City. Compensation changes included in the FY 2022-23 Adopted Budget included increasing pay to ensure all full-time employees earn at least $35,360 annually, making associated compression adjustments, and providing most other staff a 5.0% increase.

While the City has invested heavily in employee compensation, wages continue to rise and a competitive labor market calls for continued investment in our workforce. As a result, I am recommending several compensation and benefits adjustments to maintain and improve the City's ability to recruit and retain a talented workforce, including the following:

- A 5% salary increase for existing employees.
- Increased shift differential pay, additional pay for hours worked during evenings, nights and weekends from $0.75 to $2.00 per hour.
- Increased standby pay, additional pay for being available to work outside of normal hours from $20 to $30 per day.
- A one-time allocation of $250,000 to provide temporary supplemental pay to employees in hard to fill positions.
- An additional 1% match for 401(k) contributions. All City employees currently receive a 5% 401(k) contribution with no match required. This change would mean employees contributing at least 1% to their 401(k) would receive a 6% contribution from the City.

Staff will also engage a consultant to perform an actuarial study for retiree medical benefits to better understand the financial impact of reinstituting this post-employment benefit.

Recruitment and retention has been an acute challenge for the Asheville Police Department. While the City continues to invest significantly in recruiting for and retaining staff in sworn police positions, the department remains significantly understaffed. This staffing shortage has impacted the department's ability to provide public safety and emergency response services. In order to address these challenges, I am recommending additional compensation changes outlined below for sworn police positions:

- A 6% salary increase for existing employees.
- A wellness incentive pilot program.
- Additional pay for intermediate law enforcement certification.

In other personnel cost changes, the Proposed Budget includes additional funding for overtime expenses ($740,000) related to the compensation increases outlined above. Also, for the eighth consecutive year, the Board of Trustees for the NC Local Government Employees' Retirement System (LGERS) approved an increase in the employer contribution to the retirement program. This increase of 0.75% (1.0% for law enforcement officers) has a citywide budgetary impact of approximately $1.5 million. Finally, after six years of holding employee and employer healthcare contributions steady due to strong financial performance in our health care program, both the employee and employer contributions are increasing for FY 2023-24. An additional $919,000 in employer contributions is included in the General Fund ($1.3 million for all operating funds).

Ongoing Investment in Services

The budget development process often focuses on new and expanded services and programs. Most of the $239.7 million in this recommended budget funds existing services. Examples of ongoing investments aligned with Council Priorities are outlined below:

Ongoing investments supporting Equitable and Affordable Housing & Stability include:

- Continuation of joint City/County Property Tax Mitigation Program
- Housing Trust Fund
- Land Use Incentive Grants
- Development Fee Rebates
- Federal HOME and HOME-ARP program management
- Improved housing funding coordination with County

Ongoing investments supporting Homelessness Strategies include:

- Continuum of Care lead agency
- Developing shelter plan with partners
- Homeward Bound Street Outreach contract
- Homeless Strategy Division
- Code Purple & Winter Sheltering

Ongoing investments supporting Improve & Expand Core Services include:

- Capital funding to maintain city infrastructure
- Enhanced maintenance in high-use parks
- Inclusive and accessible government (ARPA)
- Litter and cleanliness program (ARPA)
- Downtown restrooms modernization and upgrades (ARPA)
- Citywide maintenance review
- Human Resources Information System software

Ongoing investments supporting Neighborhood and Climate Resilience include:

- Parks maintenance relocation
- Neighborhood Matching Grants
- Food Scrap Drop-Off
- Weatherization Program

Ongoing investments supporting Reimagining Public Safety include:

- 911 consolidated operations
- APD recruitment efforts
- Additional APD training
- Body worn & vehicle cameras
- Shift of noise ordinance & animal control enforcement to Development Services
- Expansion of Office of Data & Performance
- Broadway Public Safety Station operations
- EMT pay supplement
- Additional facility security cameras

Ongoing investments supporting Reparations include:

- $2.1 million reserved for reparations
- $500,000 annual reparations allocation with an ongoing annual increase of 5% ($510,000 total).
- Continued staff support of the Community Reparations Commission

Additional Investment in Services

In addition to investments in our workforce and ongoing services, I am recommending a number of additional new investments in the services our organization provides for our community. These additions, including 20 new positions, are focused on our three guiding principles - delivering quality service, customer value, and strategic investments. As a result of using this lens, the additional investments with ongoing costs primarily support basic service delivery. Many of the strategic investments are one-time in nature and directly linked to City Council priorities.

Additional investments recommended in the FY 2023-24 Proposed Budget are listed below by service, with a brief description of the service included. This is neither a comprehensive list of all investments in these services, nor a full list of all the services provided by the City of Asheville. It is intended to highlight new, additional investments that I am recommending in this budget.

Additional investments in *Community Safety and Emergency Response* to prevent and reduce crime, ensure a physically safe and welcoming environment, foster community resilience; and to respond to requests for assistance during emergencies.

- One time cost to upgrade cameras for APD vehicles to more current models, lowering future licensing fees.
- One time cost to upgrade APD uniforms to more technical fabric for durability and comfort.
- One time cost to replace worn out furniture at fire stations.

Additional investments in *Community Engagement and Public Information* to provide information about the city, and to work collaboratively with community members and through groups to inform decision making.

- Upgrade constituent services position to full-time to increase capacity in responding to inquiries.
- Management software for Boards & Commissions to eliminate manual management of appointment process and membership.

Additional investments in *Trash and Recycling Collection* to collect, dispose of and recycle waste.

- Solid Waste Master Plan to develop a long-term business and financial plan for solid waste management (one time).
- Collection staff to support additional routes needed to service residential growth (offset by additional revenue).
- Initiative to engage and inform the community on transition from single use plastics (one time).

Additional investments in *Entertainment Programming* to provide entertainment and education through events including artistic performances, athletic competitions, meetings and conventions.

- Animal care position at WNC Nature Center to support a planned new exhibit (partially offset by anticipated additional revenue).
- Events Manager to oversee and support events at the Civic Center (HCCA Fund).
- McCormick Field renovation and upgrades capital project.

Additional investments in *Administration and Financial Management* to manage and lead staff in carrying out the functions of the City; and to manage financial resources.

- Purchasing position to support water maintenance warehouse (partially funded by the Water Fund).
- Administrative support for the City Attorney's Office.
- Fleet management software to better inform maintenance, replacement and fuel usage.

Additional investments in *Parks and Facilities Maintenance and Construction* to preserve, improve and build city-owned buildings and publicly accessible spaces for recreation.

- Janitorial position to support new buildings and improved service.
- Work order/asset management system to improve park maintenance.
- Staffing for facility maintenance and event production support at the Civic Center (HCCA Fund).
- Capital funding to complete basic repairs to the Municipal Building.

Additional investments in *Sidewalk & Roadway Maintenance* to preserve, improve and build the pedestrian and road networks.

- Work order/asset management system to improve traffic signals, traffic signs and pavement markings maintenance.
- Future capital funding for I-26 Aesthetics Committee recommendations.

Additional investments in *Code Enforcement and Urban Planning* to plan, design and regulate how physical space (land) is used.

- Design review guidelines to support development of new streetscape plans (one time).
- Land development software replacement (funded with permit technology fee revenue).
- Urban Forestry Master Plan to inventory tree canopy and recommend preservation and reforestation strategies (one time).

Additional investments in the Water *Production & Distribution System* to process and treat water to ensure that it is clean and safe for use by customers, and to deliver water to customers. **Adjustments to rates and rate structure will be considered midyear once results of study are finalized.** Approved fee increases will fund:

- Continue to recover lost revenue from capital fee.
- Customer service staff to support meter project transition.
- Staffing to improve critical communication and customer engagement.
- Staffing to enhance night coverage at water treatment plants.
- Crew to support distribution system maintenance and repairs.

Additional investments in the *Stormwater Drainage System* to process and treat water to ensure that it is clean and safe for use by customers, and to deliver water to customers. Approved fee increases will fund:

- Staffing to enhance inspections of constructed stormwater devices.
- System mapping to improve asset management.
- Vehicle and equipment purchases.

Additional investments in *Parking* to provide publicly accessible vehicle parking.

- Operational study to assess the service's organizational structure, service levels, operational priorities, and financial performance.
- Capital funding to respond to immediate needs identified in ongoing garage assessment.

Additional investments in *Transit* to provide publicly accessible transportation throughout the city.

- Significant increase in the cost to maintain service due to contractual increase for management company, paratransit service and fuel costs.
- City-County master plan to determine service delivery and long-term funding strategy (one time).
- Additional funding to support grant management and procurement process for management company (one time).
- Capital funding for an additional bus purchase.
- The Transit Fund is balanced utilizing a $2 million appropriation of ARPA funding.

Other Additional Investments:

- A Redevelopment Manager position to focus on strategic development, especially for city-owned properties (redeployment of existing position). This position will support several services, including real estate management, affordable housing and urban planning.

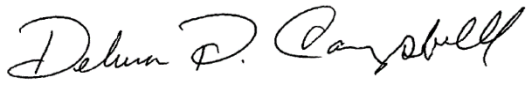
Next Steps and Summary

Once again, I am pleased to present a balanced proposed budget for FY 2023-24 that makes significant new investments in our employees and Council's strategic priorities while at the same time maintaining our existing property tax rate. As we look ahead to next fiscal year, I am very excited by the opportunity to work with Council, staff, and the community to move ahead with the key initiatives funded through this budget. I am also excited about the opportunity to continue to align Council goals, organizational work planning efforts and budget development.

I would like to thank staff throughout the organization for their many hours of hard work on this budget, and their willingness to collaborate on decision making. In particular, I would like to acknowledge staff in the City of Asheville's Finance & Management Services Department: Finance Director Tony McDowell and the staff in the Budget Division, including Taylor Floyd, Heather Curry, Abigail Riley, and Liz Greene.

I look forward to working with you and the community over the next month to adopt the FY 2023-24 budget.

Sincerely,



Debra D. Campbell

City Manager

Budget Guide

Local governments exist to provide a wide range of basic services on which we all depend: streets and sidewalks, water systems, garbage collection, police and fire protection, and parks, just to name a few. The ability of a local government to provide this wide range of services rests on its financial decision-making. This document contains the City of Asheville's FY 2023-24 Proposed Budget, which is the financial plan that will guide City operations over the next year.

The budget document is divided into the following sections:

Introduction - This section begins with the City Manager's Budget Message, which highlights and explains the major budgetary issues facing the City of Asheville during the 2023-24 fiscal year. The Introduction also includes a description of the budget process and City organizational structure and a presentation of the City's financial policies.

Budget Summary - The Budget Summary section provides a detailed picture of the City's FY 2023-24 proposed annual operating budget, including information on total budget expenditures, revenues, and staffing. This section also separates the expenditures and revenues by fund. Detailed information is included for all City operating funds, with a focus on the City's largest fund, the General Fund. This section also highlights the City's major revenue sources and summarizes the trends and assumptions that were used in developing the FY 2023-24 revenue estimates. The Budget Summary concludes with an estimate of fund balance for the City's General Fund and an overview of the General Fund five-year financial forecast.

Departmental Summaries - The next four sections present budget data for City departments. Detailed budget information is included for all City departments and divisions, along with departmental goals and objectives.

Capital Improvement Program/Debt Management - The long-range Capital Improvement Program (CIP) describes planned capital improvement projects and funding sources for the next five fiscal years. This section also contains information on the City's annual debt service requirements.

Please direct any comments or questions to:
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Asheville City Council 2036 Vision

Asheville is a great place to live because we care about people, we invest in our city, and we celebrate our natural and cultural heritage. Our city is for everyone. Our urban environment and locally-based economy support workers, entrepreneurs, and business owners, families and tourists, and people of all ages. Cultural diversity and social and economic equity are evident in all that we do. Our neighborhoods are strong, participation in civic life is widespread, and collaborative partnerships are the foundation of our success. Here's what makes us special.

AN EQUITABLE AND DIVERSE COMMUNITY

Asheville is an inclusive, diverse community. We define diversity broadly, including but not limited to all races, ages, sexual orientations, gender identities, socio-economic backgrounds, and cultural beliefs. We have created a fair and balanced society where everyone can participate and has the opportunity to fulfill their potential because they have access to healthy, affordable food, transportation, quality education, and living-wage jobs. Asheville promotes and supports minority businesses as a means of strengthening our local economy. We use a racial equity lens to review and achieve our city's strategic goals in health, education, housing, and economic mobility.

A WELL-PLANNED AND LIVABLE COMMUNITY

Asheville promotes community through thoughtful, resident-led planning that results in pedestrian-oriented development for all ages and abilities, harmonized with an integrated transportation system. Asheville's unique character is reflected in our regional planning and land use, preserved in our historic structures, and honored when incorporated in new development. Thoroughfares are lined with thriving businesses mixed with residential and commercial uses. Neighborhoods are safe, socioeconomically diverse, and have a range of affordable housing choices. Open spaces, parks, greenways, community gardens, and edible landscapes are abundant throughout the city.

A CLEAN AND HEALTHY ENVIRONMENT

Asheville continues to be a leader in innovative technologies and conservation efforts in response to global climate change. The City is powered by locally-generated, clean sources of energy, and air quality problems have disappeared. Views of surrounding mountains have regained clarity unknown since the late 1800s.

Clean energy is not the only priority when preserving our high quality of life. Recognized as a Tree City USA for decades, Asheville's streets, greenways, and parks embody an urban forest. Emphasis on local resilience spurs the use of municipal land for gardening, farming, and urban orchards. Known as a food destination city, most restaurants serve locally grown foods.

Thanks to an extremely high-quality water source nestled in the gentle folds of the Blue Ridge Mountains, Asheville continues to attract companies that depend on clean water – from

breweries to high-tech start-ups to restaurants and food manufacturers. Our modern transportation system has increased options that reduce carbon emissions. Successful waste, recycling, and curbside composting programs have greatly reduced the city's landfill needs

QUALITY AFFORDABLE HOUSING

Asheville is a city with abundant housing choices for people at all economic levels and stages of life. Chronic homelessness is a thing of the past and rapid rehousing strategies abound thanks to an effective network of service providers. Housing is affordable not only because of reasonable prices but also because of low energy and transportation costs. Innovative and historic housing options, from tiny homes and co-housing to apartments and single-family homes, are available throughout the city. Asheville's former public housing communities have been transformed into a diverse mix of affordable and market-rate homes.

TRANSPORTATION AND ACCESSIBILITY

Whether you drive a car, take the bus, ride a bike, or walk, getting around Asheville is easy. Public transportation is widespread, frequent, and reliable. Sidewalks, greenways, and bike facilities get us where we want to go safely and keep us active and healthy. It is easy to live in Asheville without a car and still enjoy economic, academic, and social success.

A THRIVING LOCAL ECONOMY

Asheville is unique in its locally-focused economy. Our local businesses are vibrant and, no matter where you are in the city, you see a diversity of customers, employees, and business owners. Our historic buildings are home to funky, eclectic businesses that reflect the character of the city, and a creative economy of artists, makers, and innovators is thriving.

As an employer, the City values its workers by paying living wages and offering benefits that ensure both security and opportunity. Businesses of all types that share those values locate, start, and grow in Asheville, offering a wide range of career opportunities and economic mobility. Plentiful educational options, workforce development, access to capital, economic incentives, and a culture that values homegrown businesses make our economy strong. Our public and private partners have demonstrated a unity of purpose. If you do your part, you will find an opportunity for success.

A CONNECTED AND ENGAGED COMMUNITY

We pride ourselves on building and growing partnerships – with regional and state governments, nonprofits, the private sector, and neighborhood associations to name a few – to achieve our vision. If you live, work, or play here, you want to be involved and you have a voice. When you join a citizen board or commission, the City provides training and support. Diverse interest groups work together to tackle problems, and neighborhood engagement enables residents to express thoughts, visions, and concrete plans that build a collective and harmonious community. City leaders, officials, and staff members are trusted. City government is transparent, and we use the latest technologies and methods to communicate with, engage, and empower community participants. When you live in Asheville, you belong and are valued.

A FINANCIALLY RESILIENT CITY

Asheville has an AAA bond rating. We use our debt capacity and revenue wisely in order to maintain and improve the City's infrastructure and invest in our public employees. We strive to control our costs and still provide the highest possible level of service. We have a diverse revenue base that enables us to plan far into the future and to benefit from our growth. Our individual and corporate citizens generously invest in our community through partnerships and public/private projects that enrich the quality of life in the city.

Organizational Structure

Fund Accounting

The accounts of the City of Asheville are organized and operated based on 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. While most departments fall within the General Fund, several departments are responsible for managing other funds.

	General Fund	Water Resources Fund	Parking Services Fund	Street Cut Utility Fund	Stormwater Fund	Civic Center Fund	Transit Fund
DEPARTMENT							
Fire	X						
Police	X						
Parks & Recreation	X						
Community & Economic Development	X						
Community & Regional Entertainment Facilities	X					X	
Planning & Urban Design	X						
Development Services	X						
Public Works	X			X	X		
Capital Projects	X						
Sustainability	X						
Equity and Inclusion	X						
Transportation	X		X				X
Administration/City Manager's Office	X						
City Attorney's Office	X						
Communication & Public Engagement	X						
Finance & Management Services	X						
Human Resources	X						
Information Technology Services	X						
Water Resources		X					

Funds included in the City of Asheville's proposed 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
- Harrah's Cherokee Center Asheville (HCCA) 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:

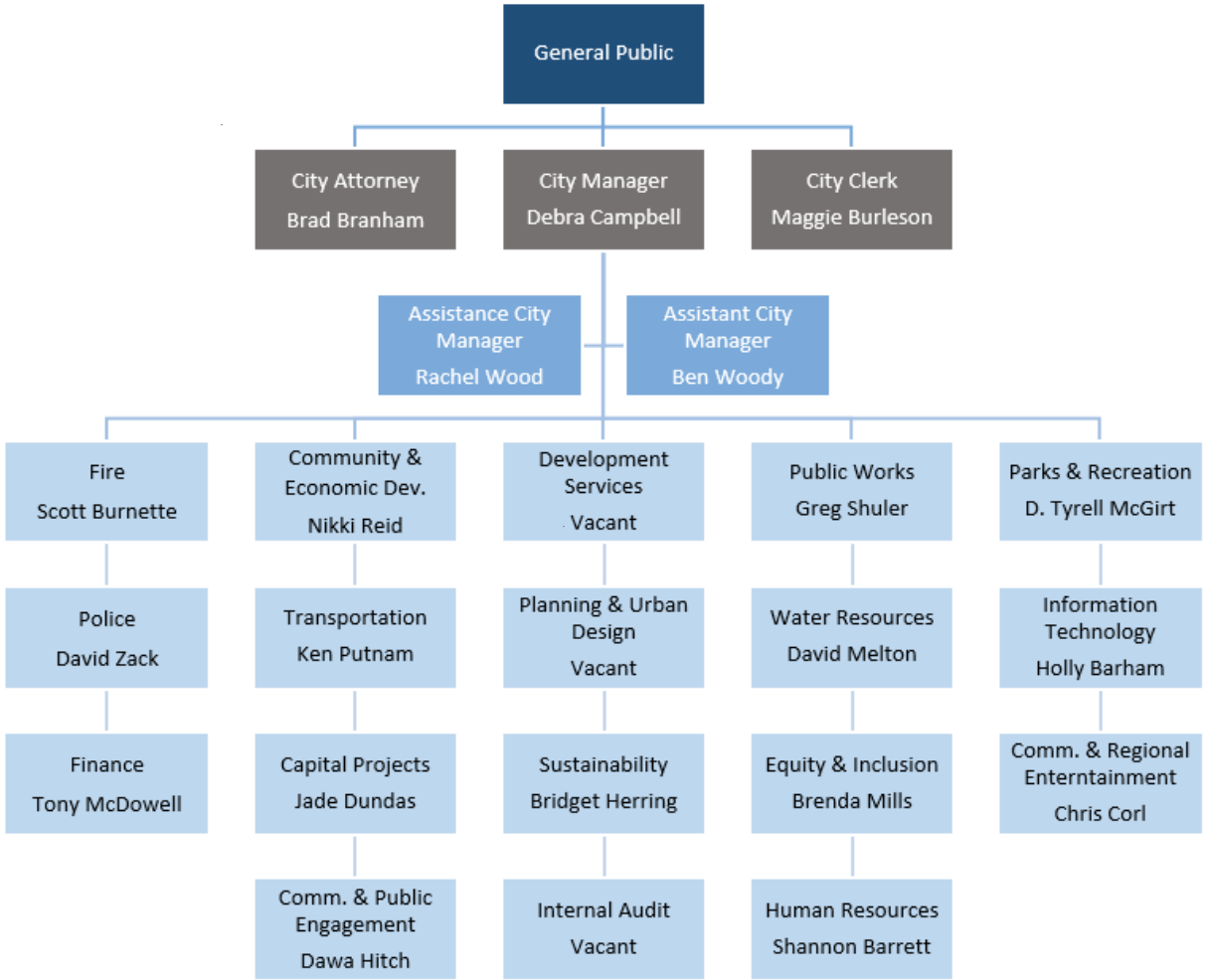
- General Capital Projects Fund
- Community Development Fund
- Water Major Capital Improvement Fund
- HOME Fund
- Harrah's Cherokee Center Asheville (HCCA) Capital Fund
- Parking Services Capital Fund
- Transit Services Capital Fund

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 2023-24 budget includes a transfer from the General Fund to the Harrah's Cherokee Center Asheville (HCCA) 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. A City Organizational Chart is presented below:



FY 2023-24 Budget Calendar

Item	Date/Deadline
City Council Capital Improvement Work Session	December 13, 2022
City Council Formal Meeting - Adoption of Budget Calendar	January 10, 2023
Management Team Retreat	January 31, 2023
Internal review of existing programs and services (operating) and infrastructure and facility needs (capital)	December – March 2023
City Council Formal Meeting - Public Comment on FY 2023-24 Budget priorities	February 28, 2023
City Council Retreat	March 2 - 3, 2023
Finance & HR Committee - - Review of FY 2023-24 Fees & Charges	March 14, 2023
Council Budget Work Session	March 14, 2023
Council Budget Work Session	March 28, 2023
City Council Formal Meeting - - Adoption of FY 2023-24 Fees & Charges	March 28, 2023
Council Budget Work Session	April 11, 2023
Proposed Budget Document Published	May 5, 2023
City Council Formal Meeting - Proposed Budget Presentation to City Council - Set Public Hearing for Budget	May 9, 2023
City Council Formal Meeting - Budget Public Hearing	May 23, 2023
City Council Formal Meeting - Budget Adoption	June 13, 2023

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 inform the decision-making processes of the City Council and City administration.

A. Operating Budget Policy

Current operating revenues will be sufficient to support current operating expenditures. Fund balance appropriations shall be limited to non-recurring expenditures.

Debt proceeds or non-recurring revenues will not be used to finance recurring operating and recurring capital expenditures.

The City will integrate performance measures and productivity indicators with the annual budget.

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.

It is the City's policy that the operating budget be prepared in accordance with Generally Accepted Accounting Principles.

B. Reserves

- 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.

For all other operating funds, the City shall seek to maintain a minimum fund balance as follows:

Harrah's Cherokee Center Fund	16% 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

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

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

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.

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.

Non-regulatory fees are charged for a wide variety of services with the primary purpose of non-regulatory fees being to a) influence the use of the service and b) increase equity.

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

- 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.

The capital improvements plan should be tied to the City's comprehensive growth plan, "Living Asheville, A Comprehensive Plan for Our Future," 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.

The City shall appropriate all funds for Capital Projects with a Capital Projects ordinance in accordance with State statutes.

Operating expenses for all capital projects will be estimated and accounted for in the Capital Improvements Program and incorporated into the annual operating budget.

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.

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

- The City will establish and maintain the accounting systems according to the North Carolina Local Budget and Fiscal Control Act, Generally Accepted Accounting Principles (GAAP), and standards established by the Governmental Accounting Standards Board (GASB).

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

A financial system will be maintained to monitor expenditures and revenues on a monthly basis.

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

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

- 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 an Annual Comprehensive Financial Report that will be submitted to the Local Government Commission each year according to the commission's stated deadlines.

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

- 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 services 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.

Debt Service Coverage: Utility debt service coverage ratios shall be 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).

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

Cash Financing of Capital: Annual revenues and cash reserves shall provide no less than 30% of CIP funding.

Service Affordability: The most commonly used and most cited measure of water service affordability is “percent MHI” – that is, calculating what a year’s worth of water bills for an average level of consumption (e.g., 5,000 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 date 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

- 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.

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

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

iii. 30% of the aggregate of i and ii 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. 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)
- Liquid 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:

Institution is collateralized under the Pooling Method (see *Safety* above)

Institution demonstrates a pattern of community reinvestment aligned with City Council's Strategic Plan

Institution has physical location(s) within the City of Asheville city limits

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.

Comprehensive Debt Management Policy

Purpose

The purpose of the City of Asheville Comprehensive Debt Management Policy is to provide guidance for the issuance of City debt obligations and the maintenance of the City's ability to incur debt and other long-term obligations at favorable interest rates for capital improvements, facilities and equipment beneficial to the City and necessary for essential services.

The City of Asheville issues and manages debt in accordance with the Local Government Bond Act, North Carolina General Statutes (NCGS) Chapter 159, Article 4 which prescribes a uniform system of limitations upon and procedures for the exercise by all units of local governments in NC of the power to borrow money secured by a pledge of the taxing power; and the limitations on local debt as noted in NCGS §159-55. Other applicable provisions to certain debt and debt refunding actions are contained within NCGS Chapter 159, Local Government Finance. Long-term planning to meet the current and future needs of the City requires a sound debt position and guidelines that protect the credit quality of the City.

The City's current bond ratings are:

Moody's:	Aaa
Standard & Poor's:	AAA

Scope

These debt guidelines apply to all debt issued by the City in the various funds; noting that there are specific requirements imposed by the type of debt issued which may be inconsistent with, or not applicable to, some portion of these guidelines. Among these limitations are Council and/or voter approval, length of time to issue debt for approved uses, and capital requirements, such as length of asset lives and dollar value of assets financed. Further restrictions are related to the nature of the debt and whether it is general obligation debt (backed by the taxing authority of the City) or debt backed by other specific pledged revenue and/or collateral.

The City will confine long-term borrowing to capital improvement or projects that cannot be financed from current revenues or fund balance except where approved justification is provided. The City will utilize a balanced approach to capital funding utilizing debt financing, draws on

capital reserves and/or fund balances in excess of policy targets, and current-year (pay-as-you-go) appropriations.

When the City finances capital improvements or other projects by issuing bonds or entering into capital leases, it will repay the debt within a period not to exceed the expected useful life of the project or asset. Target debt ratios will be calculated as part of the annual Budget process and presented as part of the annual CIP process.

Prior to the issuance of new General Obligation (GO) debt, consideration shall be given to forecasted tax rate requirements, ratio of net GO debt to assessed taxable value, net GO debt per capita, and debt service payments to the General Fund operating budget.

The City may employ municipal finance professionals to assist in developing a bond issuance strategy, preparing bond documents, and marketing bonds to investors.

The City will select a method of sale that is the most appropriate in light of the financial market, transaction-specific conditions, and City-related conditions and in accordance with State law.

The City will use fixed-rate debt in most cases to finance its capital needs; however, the City may issue variable rate debt up to (recommend: 15% or 20%) of its total debt portfolio, when necessary.

Debt structures that result in significant “backloading” of debt will be avoided.

The Finance Director will maintain good communication with bond rating agencies.

- The Finance Director will provide periodic updates on the City’s financial condition.
- Required disclosure on every financial report and bond prospectus will be followed.
- The City may request ratings prior to the sale of securities from the major rating agencies for municipal bond issues.

The City will strive to achieve and maintain the highest credit rating awarded the municipal bond rating agencies.

The City may undertake refinancing of outstanding debt

- When such refinancing allows the City to realize significant debt service savings (net present value savings equal to at least 3.0% of the refunded par amount is currently recommended by the LGC) without lengthening the term of refinanced debt and without increasing debt service in any subsequent year; or
- When the public policy benefits outweigh the costs associated with the issuance of new debt and any increase in annual debt service; or
- When a restrictive covenant is removed to the benefit of the City.

The Finance Director shall maintain a system of record-keeping and reporting to meet the arbitrage rebate compliance requirements for the federal tax code.

Responsibility

The Finance Director has primary responsibility for developing, recommending, and monitoring debt financing and debt refunding/restructuring strategies and instruments. The selection and sourcing of financial consultants and service providers is also within the scope of duties of the

Finance Director. The Assistant Finance Director, under the direction of the Finance Director, is tasked with daily operational debt responsibility.

The City Manager and the Finance Director are responsible for the administration and issuance of debt including the completion of specific tasks and responsibilities included in this policy. The City will evaluate the debt policy at least every five years.

Service Providers and Oversight

The City will retain external bond counsel for all debt issues. Bond counsel are attorneys who specialize in all matters related to municipal debt. All debt issued by the City will include a written opinion by bond counsel affirming that the City is authorized to issue the debt, stating that the City has met all state constitutional and statutory requirements necessary for issuance, and determining the debt's federal income tax status.

The City shall use a competitive bidding process in the sale of debt to identify its underwriter unless the nature of the issue warrants a negotiated sale. The City shall attempt to award the bonds based on a true interest cost (TIC) basis; however, the City may issue bonds based on a net interest cost (NIC) basis as long as the financial advisor agrees that the NIC basis can satisfactorily determine the lowest and best bid.

The City will retain an external financial advisor, to be selected through a competitive process administered by the City's Finance Department. The utilization of the financial advisor for certain bond sales will be at the discretion of the Finance Department on a case-by-case basis and pursuant to the financial advisory services contract. The selection criteria for financial advisors will include comprehensive municipal debt experience, experience with diverse financial structuring requirements, and pricing of municipal securities. For each City bond sale, the financial advisor will provide the City with information on pricing and underwriting fees for comparable sales by other issuers.

The Finance Director shall periodically solicit, on a competitive basis, other service providers (escrow agents, verification agents, trustees, etc.) as needed to facilitate the sale of bonds or the post-sale management of bond issues.

All bonds issued under the authority of the Local Government Bond Act are approved by the Local Government Commission. Approval of an application as noted in NCGS §159-51 for a bond issue to the LGC is contingent on criteria established in NCGS §159-52. Such criteria require resolution of issues such as low tax collection rate (below 90%), receipt of a qualified audit opinion, or violations of the Local Government Budget and Fiscal Control Act.

Issuance of Debt

The scheduling and amount of bond sales and installment purchase transactions will be recommended by the Finance Director and the City Manager. The City Council must approve the sale. These decisions will be based upon the identified cash flow requirements for each project to be financed, market conditions, and other relevant factors including the debt ratios. If the cash requirements for capital projects are minimal in any given year, the City may choose not to issue debt. Instead, the City may fund up-front project costs and reimburse these costs when financing is arranged. In these situations, the City will adopt a reimbursement resolution prior to the expenditure of project funds.

Fixed-rate general obligation bond sales are conducted on a competitive basis by the Local Government Commission (LGC), a division of the Office of the State Treasurer. Variable-rate bonds, revenue and LOBs, and special obligation bonds will be sold on a negotiated basis with the underwriter selection determined through a competitive process. Underwriters will be selected for each issue based on the particular experience and expertise necessary for that issue.

Debt service for each issue will be structured in an attempt to level out the City's total debt service payments over the life of the debt portfolio. This structuring also assists in minimizing the interest payments over the life of the issue. Structuring must take into consideration current market conditions and practices in the municipal finance market.

Arbitrage Compliance

Arbitrage is the profit that results from investing low-yield tax-exempt bond proceeds in higher-yield securities. Federal law requires that investment earnings in excess of the bond yield (arbitrage earnings) must be rebated to the federal government. However, if a jurisdiction meets certain IRS spend-down exceptions for bond proceeds, it is allowed to keep any positive arbitrage interest earnings. Arbitrage regulations apply to all of the City's tax-exempt financings. The Department of Finance will invest bond proceeds at the highest yield possible, consistent with the City's investment guidelines and any restrictions imposed by the governing documents of each series of bonds. The Department of Finance is responsible for monitoring investments and cash flows of the City's bond funds, and contracting for third-party arbitrage compliance calculations on an annual basis.

Credit Ratings

The Finance Director shall be responsible for maintaining relationships with the rating agencies that assign ratings to the City's various debt obligations. This effort shall include providing periodic updates on the City's general financial condition along with coordinating meetings and presentations in conjunction with new debt issuance. The ratings provide investors with a simple way to compare the relative investment quality of different bonds. Bond ratings express the opinions of the rating agencies as to the issuer's ability and willingness to pay debt service when it is due. Ratings are generally determined by the following four factors:

- Fiscal factors - financial results have the most significant impact on the rating process. This review involves an examination of results of operations, including a review of the actual fiscal performance versus planned budget performance, with deviations from the plan to be explained. The general fund financial statement is examined with emphasis on current financial position and fund balances, as well as three to five-year trends in planning and budgeting procedures. Pension liabilities are also important in the analysis process. The early production of the City's Annual Comprehensive Financial Report is a positive step in providing meaningful, valuable, and timely information to the rating agencies.

- Economic factors - the overall economic strength of the City is heavily weighted in the valuation of the City's creditworthiness by diversity of both the economic base and tax base. The diversity of the City's industries reflects its abilities to weather industry-specific downturns as well as general economic recession. In either scenario, stronger surviving industries carry the ailing industries through the period of downturn. In a truly diverse economy, it is rare that all industries will deteriorate to the same level at the same time.

The strength of the City's tax base is equally crucial. The City relies on taxes on its residents and businesses for the majority of its revenues. The ability of the City to continue to receive those revenues is directly related to the ability of its taxpayers to pay their taxes. Property values, employment, unemployment, income levels, costs of living, and other factors impacting the wealth of the taxpayers provide an indication of the strength of the City's tax base.

- Debt factors - the City's overall debt burden is considered in the credit analysis process. In addition to government regulated debt ceilings, the City's ability to maintain manageable debt levels and debt service coverage is evaluated. Positive indicators are proper management of existing debt, proactive efforts in identifying and executing financially prudent refunding opportunities and closely matching capital financing structures to the funding needs of the project.

- Administrative and management factors - these factors include the examination of the form of government and assessment of the City's ability to implement plans as well as to fulfill legal requirements. The focus is on the capabilities of the management staff within the City, which is seen as a vital ingredient in assessing its credit quality. Managerial and legislative willingness to make difficult decisions, development of financial policies, and the reliability and continuity of regularly-updated accounting financial information are key. Management that keeps in regular contact with the rating agencies is well-regarded. Continual monitoring of factors impacting credit ratings is provided by the Finance Director. These factors include the avoidance of operating deficits and the maintenance of high collection rates for all revenues.

Use of Rating Agencies

The Finance Director shall be responsible for determining if a rating shall be requested on a particular financing, and which of the major rating agencies shall be asked to provide such a rating.

Credit Enhancement

The City shall seek to use credit enhancement (letters of credit, bond insurance, surety bonds, etc.) when such credit enhancement proves cost-effective. Selection of credit enhancement providers should be conducted using a competitive process when practical. Credit enhancement may be used to improve or establish a credit rating on a City debt obligation even if such credit enhancement is not cost-effective if, in the opinion of the Finance Director, the use of such credit enhancement meets the City's debt financing goals and objectives.

Debt Coverage

In order to enhance future credit ratings, and thereby reduce insurance and/or interest costs, the City will maintain a minimum of 105% operating coverage. Coverage ratios for revenue bonds will be maintained at the levels required in the respective debt covenants. Coverage ratios will be monitored and reported as part of the City's annual debt affordability analysis. The City's water system revenue bonds contain rate covenants that require the annual current operating receipts exclusive of transfers (i.e. rate and fee charges for services – not fund balance transfers), and net of annual current expenses, be sufficient to pay for the annual current water debt service. This amount generally is required to be not less than 120% of the parity debt

service and 100% of all debt service in the fund. The City is generally obligated to adjust rates and fees to sufficiently provide for the maintenance of debt coverage ratios.

Reporting

Required annual reporting on debt is contained in the Annual Comprehensive Financial Report. This publication is available on the City's website.

The Finance Director presents debt benchmarking data to the City Council which includes but is not limited to per capita debt, debt to assessed valuation, and outstanding and authorized GO debt. Benchmarking will also include historical and comparative data for selected North Carolina municipalities. This will be presented in connection with the annual CIP presentation to City Council.

The City will provide full, accurate disclosure of all material information to investors, lenders, and other financing participants necessary for such parties to make an informed judgment about the City's debt and financial condition. At a minimum, this information shall be provided to such parties from issuance of the debt to its retirement. The City will follow established market practices and contract for necessary services to provide such disclosure. To fulfill the need for both initial (at the time of issuance) and continuing disclosure, the City will follow the guidance of the Government Finance Officers Association (GFOA), including its Disclosure Guidelines publication. The City will also disclose all bond sales, annually file certain financial information and operating data related to the bonds with the national and state repositories, and prepare announcements of significant events to meet the Securities and Exchange Commission to meet their requirements of Rule 15c-12 by complying with reporting requirements in the Electronic Municipal Market Access (EMMA) data port. It is through this website that all annual event and other material event notifications are posted and reported to the Municipal Securities Rulemaking Board (MSRB).

GLOSSARY

Arbitrage: With respect to the issuance of municipal securities, arbitrage refers to the difference between the interest paid on tax-exempt bonds and the interest earned by investing the proceeds of the bonds in higher-yielding securities. Internal Revenue Code of 1986, Section 148 generally restricts the ability to earn arbitrage in connection with tax-exempt bonds. In the case of an arbitrage rebate payment made by an issuer to the federal government in connection with an issue of tax-exempt bonds, the payment represents the amount of arbitrage earnings on bond proceeds, except for earnings that are not required to be rebated under limited exemptions provided under the Internal Revenue Code. An issuer is generally required to perform certain calculations every five years during the life of the bonds to determine whether an arbitrage payment must be made. These calculations cease to be required when all bond proceeds are fully expended. These calculations are very detailed and specific and are almost exclusively performed by firms that are knowledgeable in this arena and are called 'arbitrage rebate calculators'.

Backloading Repayment Costs: The City will seek to structure debt with level principal and interest costs over the life of the debt. Backloading of costs will be considered only when natural disasters or extraordinary or unanticipated external factors make the short-term cost of the debt prohibitive when the benefits derived from the debt issuance can clearly be demonstrated to be greater in the future than in the present, when such structuring is beneficial to the City's overall amortization schedule, or when such structuring will allow debt service to more closely match project revenues during the early years of the project's operation.

Bond Counsel: The City will retain external bond counsel (who must be an attorney) for all debt issues. All debt issued by the City will include a written opinion by bond counsel affirming that the City is authorized to issue the debt, stating that the City has met all state constitutional and statutory requirements necessary for issuance and determining the debt's federal income tax status. Bond counsel will be selected through a competitive process administered jointly by the City's Department of Finance and the City Attorney's Office.

Bond Rating: An evaluation of the credit risk associated with a particular bond issue by internationally recognized independent rating agencies (Moody's, Standard & Poor's or Fitch). The City of Asheville currently enjoys a general obligation rating of Aaa/AAA which indicates the City is viewed as having an extremely strong ability to repay debt obligations.

Bond Covenant: A legally enforceable promise made by an issuer of bonds to the bondholders, normally contained in the bond resolution or bond indenture.

Bond Indenture: A formal agreement, also called a deed of trust, between an issuer of bonds and the bondholder.

Bonds: A debt obligation, or a written promise to pay back an amount (face value of the bond), plus interest, by way of periodic payments within a specified period of time.

Competitive Sale: With the exception of GO bond sales that are conducted by the LGC, the City will seek to issue its debt obligations using a competitive process unless it is determined by the Director of Finance that an alternative sale method will produce better results for the City.

Conduit Debt: Debt issued by the government to provide capital financing for a third party that is not part of the government; the third party, not the government, is responsible for repaying the debt through lease or loan payments to the government.

Continuing Disclosure: The requirement for all bond issuers to provide on-going disclosure information to established national information repositories and maintain compliance with disclosure standards promulgated by state and national regulatory agencies. This mandatory and important reporting is due each January 31. Reporting guidelines and sample documents are provided by the LGC.

Cost and Fees: Where practical, all costs and fees related to issuance of bonds will be paid out of the proceeds of the bond issue.

Credit Enhancement: Credit enhancements encompass a variety of provisions that may be used to reduce the credit risk of an obligation. Credit enhancements are often incorporated into debt instruments. Examples include: collateralization, where one or more parties may agree to post collateral and collateral levels, may be fixed or variable over time; third party loan guarantees; letters of credit issued by a financial institution; bond insurance where an insurance policy may provide for compensation in the event that a party defaults and surety bonds where a surety (third party) ensures that the principal party (the City) obligations to the obligee (bondholders) will be performed.

Debt Covenant: Legal obligations contained in a bond issue document such as a covenant for a specified debt service coverage ratio.

Debt Coverage Ratio: A bond covenant or obligation, the ratio is a stipulated formula measurement of the amount of net revenues available from specified revenues to cover required annual debt service payments. The ratio amount and formula for calculation are included in the particular bond document.

Debt Instruments: Consistent with the limitations of the Local Government Bond Act the City provides for long-term financing needs through the use of, but not limited to, general obligation bonds, limited obligation bonds, certificates of participation, revenue bonds, installment sales/lease obligations, and private placements. Debt obligations are generally approved locally and by the Local Government Commission as required by state statute. Referenda, notices, and public hearings, again as required by state statutes, are conducted prior to final debt approval and issuance.

Debt Limits: The City will not issue general obligation bonds if such issuance would cause the City to default on or breach the covenants of any prior bonds. In addition, the aggregate limit should be the lower of the limit set forth in NCGS §159-55 (8% of the total assessed value of all real and personal property revenues within the City's limits) or a set target debt limit or ratios established by the City Council.

Debt Service: The periodic repayment to creditors/holders of debt principal and interest on debt obligations.

Defease: To set aside sufficient money to retire outstanding debt. A full defeasance results in release from covenants and contractual obligations contained in the bond documents. Defeasance funds result from refunding of original debt issues. (This may also be known as an advance refunding.)

Finance Officer: The City officer performing the duties of finance officer of a unit of local government pursuant to NCGS §159-24 of the Local Government Budget and Fiscal Control Act is the unit's Finance Officer. The City of Asheville's Finance Officer is the Finance Director.

Financial Advisor: The City will retain an external financial advisor, to be selected for through a competitive process administered by the City's Department of Finance. The utilization of the financial advisor for certain bond sales will be at the discretion of the Department of Finance on a case-by-case basis and pursuant to the financial advisory services contract. The selection criteria for financial advisors will include comprehensive municipal debt experience, experience with diverse financial structuring requirements, and pricing of municipal securities. For each City bond sale, the financial advisor will provide the City with information on pricing and underwriting fees for comparable sales by other issuers.

General Obligation Bonds: The City may borrow money from lenders, pledging the full faith and credit of the City to pay the loan through tax revenue. This type of bond requires both the approval of voters through the referendum process and the approval of the Local Government Commission. The City sells general obligation bonds ("GO bonds") to pay for expenses associated with capital projects or any public improvement as described in NCGS §159-48. Bond sales are held as needed based on cash flow needs of the projects being financed. The City may also issue GO debt under the 2/3 rule, wherein the City may issue up to 2/3 the value of GO debt retired in the prior year so long as no new GO debt was issued in the same year.

Length of Debt: Debt will be structured for the shortest period consistent with a fair allocation of costs to the useful life of the asset. Debt issues that include multiple projects with different useful lives can be split into segments with different term lengths. Alternatively, a blended useful life for the projects to be financed can be used to determine the term of the debt.

Limited Obligation Bonds ("LOBs") or Certificates of Participation Bonds ("COPs"): This is an alternative financing method requiring no voter approval. The City may enter into LOBs or COPs, which are essentially installment sale contracts, for buildings or equipment using the building or equipment to secure the financing. These bonds should only be used when the property being financed has sufficient value to secure the debt and will survive the term of the financing. Issuance of LOBs or COPs will be made in accordance with the provisions of NCGS §159-153 and with the approval of the Local Government Commission.

Local Government Commission: All bonds issued under the authority of the Local Government Bond Act are approved by the Local Government Commission. Approval of an application as noted in NCGS §159-51 for a bond issue to the LGC is contingent on criteria established in NCGS §159-52. Such criteria require resolution of issues such as low tax collection rate (below 90%), receipt of a qualified audit opinion, or violations of the Local Government Budget and Fiscal Control Act.

Negotiated Sale: When determined to be appropriate by the Director of Finance, the City may elect to sell its debt obligations through a negotiated sale. Such determination may be made on an issue-by-issue basis, for a series of issues, or for part or all of a specific financing program. Selection of the underwriter or underwriting syndicate shall be made pursuant to selection procedures set forth in these debt guidelines.

Private Placements: Debt may be privately placed with a lending institution when private placement will enhance the attractiveness of the offering consistent with the receipt of the lowest true interest cost possible. The LGC must approve the use of all private placements in accordance with NCGS §159-153.

Referendum: The process by which voters determine the City's ability to sell General Obligation Bonds. This generally occurs in connection with November elections.

Revenue Bonds: Bonds issued by the City that are backed with specified revenue sources from an enterprise fund for which the bonds were issued. The City's enterprise funds include fee for service business activities, such as the Water Fund, the Parking Fund, and the Stormwater Fund. The City may borrow money from lenders, pledging the revenues from charges and fees of the enterprise fund to repay the debt. Revenue bonds do not require voter approval. Issuance of revenue bonds will be made in accordance with the provisions of NCGA 159-5 and with the approval of the Local Government Commission.

True Interest Cost ("TIC") and Net Interest Cost ("NIC"): Methods used to select the lowest effective interest cost bid in competitive bid sales. NIC is an average interest cost rate for a bond issue, calculated on the basis of simple interest (not compound interest). *The NIC calculation does not take into consideration the time value of money.* The winning NIC bid may not provide the lowest effective interest cost in present value terms. TIC is the internal rate of return that will be paid by the issuer to investors. It is the interest rate that discounts the debt service payable for a bond issue to its present value, or net proceeds. Because TIC takes into account the time value of money, it is generally considered to be a more accurate measure of the issuer's true cost of borrowing than the NIC.

Two-thirds Bonds: The City is authorized to issue general obligation debt under the 2/3 rule, established by state statute, wherein the City may issue new GO bonds up to 2/3 the value of the general obligation debt retired in the prior year so long as no other new general obligation debt was issued in the same year.

Underwriter: Investment banking entity or groups of such entities that purchase, for resale to the public, bonds or other debt obligations issued by the City and/or LGC on the City's behalf. This professional may also be referred to as an Investment Banker or bookrunner.

Voter Authorization: The City will seek voter authorization to issue general obligation bonds as directed by the City Council, and in accordance with NCGS §159-49. Such authority will be sought only after it is determined that the project costs are eligible and appropriate for multi-year financing.

Budget Summary: All Funds

	2020-21 Actual	2021-22 Actual	2022-23 Original Budget	2022-23 Amended Budget	2022-23 Estimate	2023-24 Proposed Budget
REVENUES						
General Fund	138,783,321	154,336,719	159,102,944	159,152,944	159,472,684	172,486,033
Water Resources	31,752,754	36,699,404	40,346,600	40,496,600	40,482,908	44,005,580
Transit Services	13,773,831	12,891,753	12,734,792	12,734,792	12,593,822	14,023,720
Stormwater	6,507,151	6,585,700	7,504,024	7,754,024	7,539,463	8,953,561
Parking Services	4,188,689	6,524,016	5,651,885	5,651,885	4,202,479	7,153,860
Harrah's Center	1,467,516	8,189,661	4,922,904	5,822,904	6,660,649	5,530,847
Street Cut Utility	1,671,126	1,737,201	2,049,161	2,169,161	1,931,510	2,386,979
Total	**198,144,389**	**226,964,454**	**232,312,310**	**233,782,310**	**232,883,515**	**254,540,580**
Interfund Transfers	(14,432,733)	(13,241,884)	(14,726,729)	(14,561,729)	(14,284,363)	(14,877,573)
Net Revenues	**183,711,656**	**213,722,570**	**217,585,581**	**219,220,581**	**218,599,152**	**239,663,007**
EXPENDITURES						
General Fund	129,612,254	143,901,391	159,102,944	159,152,944	156,452,224	172,486,033
Water Resources	31,853,814	36,731,401	40,346,600	40,496,600	40,339,870	44,005,580
Transit Services	12,989,895	11,577,631	12,734,792	12,734,792	11,150,895	14,023,720
Stormwater	5,460,743	6,036,047	7,504,024	7,754,024	6,897,226	8,953,561
Parking Services	5,519,260	4,264,357	5,651,885	5,651,885	4,474,942	7,153,860
Harrah's Center	2,950,543	5,021,075	4,922,904	5,822,904	5,812,438	5,530,847
Streety Cut Utility	1,553,460	1,703,294	2,049,161	2,169,161	2,009,126	2,386,979
Total	**189,939,969**	**209,235,196**	**232,312,310**	**233,782,310**	**227,136,721**	**254,540,580**
Interfund Transfers	(14,432,733)	(13,241,884)	(14,726,729)	(14,561,729)	(14,284,363)	(14,877,573)
Net Expenditures	**175,507,236**	**195,993,313**	**217,585,581**	**219,220,581**	**212,852,358**	**239,663,007**

Note: The FY 2023-24 Amended Budget reflects the FY 2023-24 Original Budget plus revisions and budget amendments approved since July 1. In order to present a more representative comparison across budget years, the Amended Budget does not include contracts, purchase orders, and other carry-over appropriations from prior years.

Budget Sources and Uses by Fund

	General Fund	Water Resources	Transit Services	Stormwater Utility	Parking Services	Harrah's Cherokee Center	Street Cut Utility
SOURCE OF FUNDS							
Property Tax	82,908,724	-	-	-	-	-	-
Sales & Other Tax	44,112,824	-	-	-	-	-	-
Intergovernmental	13,249,805	-	3,099,724	-	-	-	-
Licenses & Permits	5,508,256	-	369,700	302,433	-	-	-
Charges for Services	14,308,074	43,498,580	545,404	8,129,017	360	4,150,410	2,386,979
Investment Earnings	673,500	432,000	-	15,000	19,000	53,000	-
Miscellaneous	3,335,162	75,000	-	17,633	7,134,500	202,000	-
Other Sources	8,389,688	-	10,008,892	489,478	-	1,125,437	-
Total Revenues	**172,486,033**	**44,005,580**	**14,023,720**	**8,953,561**	**7,153,860**	**5,530,847**	**2,386,979**
USES OF FUNDS							
Salaries & Wages	74,796,351	10,326,417	251,414	3,117,802	1,550,870	2,124,573	682,674
Benefits	32,755,106	4,885,820	118,055	1,459,111	756,539	821,274	327,085
Operating Costs	37,464,724	10,956,962	13,473,986	2,208,185	2,118,178	1,946,525	836,816
Interfund Transfers	8,299,437	3,552,221	168,265	1,309,606	951,892	380,748	215,404
Capital & Debt	19,170,415	14,284,160	12,000	858,857	1,776,381	257,727	325,000
Total Expenditures	**172,486,033**	**44,005,580**	**14,023,720**	**8,953,561**	**7,153,860**	**5,530,847**	**2,386,979**

Budget Summary: Expenditures

	2020-21 Actual	2021-22 Actual	2022-23 Original Budget	2022-23 Amended Budget	2022-23 Estimate	2023-24 Proposed Budget
EXPENDITURES BY CATEGORY						
Salaries & Wages	66,970,514	74,899,905	85,443,277	85,348,869	86,400,500	92,850,101
Benefits	30,801,562	32,811,523	36,251,729	36,250,613	35,544,147	41,122,990
Operating Costs	47,764,199	55,179,410	63,284,304	64,736,816	57,939,548	69,005,376
Capital & Debt	29,970,962	33,102,475	32,606,271	32,884,283	32,968,163	36,684,540
Net Expenditures	**175,507,236**	**195,993,313**	**217,585,581**	**219,220,581**	**212,852,358**	**239,663,007**

Expenditure Highlights

Overall, the City's net FY 2023-24 Proposed Budget, which totals $239.7 million, shows a $22 million or 10.1% increase compared to the FY 2022-23 Original Budget. The City's proposed General Fund budget totals $172.5 million, an increase of $13.4 million or 8.4% compared to the FY 2022-23 Original Budget.

Personnel Costs (Salaries, Wages, and Benefits)

As result of labor market changes and inflationary pressures, the following compensation adjustments are included in the Proposed Budget:

- A 5% salary increase for existing employees.
- Increased shift differential pay, additional pay for hours worked during evenings, nights and weekends from $0.75 to $2.00 per hour.
- Increased standby pay, additional pay for being available to work outside of normal hours from $20 to $30 per day.
- A one-time allocation of $250,000 to provide temporary supplemental pay to employees in hard to fill positions.
- An additional 1% match for 401(k) contributions. All City employees currently receive a 5% 401(k) contribution with no match required. This change would mean employees contributing at least 1% to their 401(k) would receive a 6% contribution from the City.

The total impact of these changes is estimated at $6.8 million in the General Fund. Based on claims trends, both employer and employee contributions to the health insurance program increased for the first time in six years. Employer contributions increased by $1.3 million and employee contributions increased by an average of 2% for all plans. The Proposed Budget includes $1.5M to fund a required increase of 1% for law enforcement personnel and 0.75% for

other employees in the employer contribution to the Local Government Employee Retirement System (LGERS).

Operating Costs

Citywide operating costs are up $5.2 million or 8.2% compared to the Adopted FY 2022-23 Budget. The bulk of this increase is in the General Fund, driven by compensation adjustments. Other significant new costs include 20 new positions across departments, and new land development software to fully digitize permitting, inspections, and code enforcement.

Other significant increases to operating costs in the General Fund include several one-time items:

- The Urban Forestry Master Plan to detail inventory of the existing urban forest resources, condition, and diversity, along with potential conflicts with infrastructure. ($300,000)
- The Solid Waste Master Plan to evaluate the existing solid waste management system and provide recommendations to improve and enhance the system and reduce waste. ($350,000)
- Fleet Maintenance Software that manages and tracks information, inventory, and schedules for the City's fleet. ($70,000)
- Updates to the Riverfront Design Guidelines and Streetscape Plan for downtown. ($50,000)
- Purchases to update and replace fire Station furniture and equipment. ($55,000)
- More comfortable and durable uniforms for the Asheville Police Department. ($122,000)

Debt Service/Capital Costs

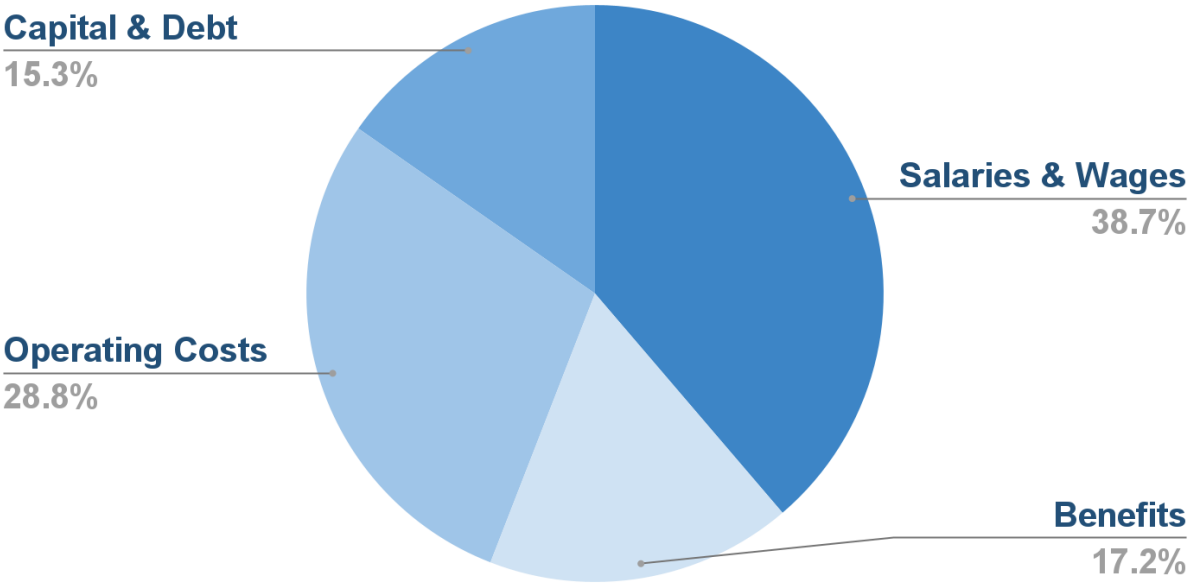
The debt service and capital expenditure category includes annual debt service payments on the City's existing and planned debt issuances, as well as capital purchases in departmental operating budgets, pay-as-you-go transfers to the City's various capital project funds, and funding for the General Fund multi-year capital model. For FY 2023-24, the Citywide total budget for these expenses is approximately $37.2 million.

Investment in general fund capital projects increased significantly in FY 2023-24, adding $29.8 million over the prior year. Driving the large increase is the appropriation of funding for McCormick Field ($35.6 million). In the enterprise funds, Stormwater capital saw a decrease over the prior year, due to having a large grant-funded project included in FY 2022-23 (-$1.5 million). Conversely, Water Resources was able to increase their capital spending thanks to money from the State Revolving Fund ($5 million). Parking capital funding is also increased compared to prior years due to the recovery of revenues post-pandemic ($876,660).

Over the five-year plan, debt funding for General Fund capital projects increased $25.1 million, all of which can be attributed to McCormick Field. This additional debt funding reflects the most

recent updates to the debt model capacity based on project spending timelines and interest rate assumptions.

FY 2023-2024 Net Total Expenditures by Category



Budget-to-Budget Expenditure Comparison

	2022-23 Original Budget	2023-24 Proposed Budget	$ Change	% Change
EXPENDITURES BY CATEGORY				
Salaries & Wages	85,443,277	92,850,101	7,406,824	8.7%
Benefits	36,251,729	41,122,990	4,871,261	13.4%
Operating Costs	63,284,304	69,005,376	5,721,072	9.0%
Capital & Debt	32,606,271	36,684,540	4,078,269	12.5%
Net Expenditures	**217,585,581**	**239,663,007**	**22,077,426**	**10.1%**

Budget Summary: Revenues

	2020-21 Actual	2021-22 Actual	2022-23 Original Budget	2022-23 Amended Budget	2022-23 Estimate	2023-24 Proposed Budget
REVENUE SOURCES						
Property Tax	73,567,305	79,908,773	81,404,292	81,404,292	81,578,607	82,908,724
Sales & Other Tax	32,229,186	37,875,658	38,878,015	38,878,015	39,978,671	44,112,824
Intergovernmental	16,537,441	19,609,983	16,158,747	15,108,747	14,785,297	16,349,529
Licenses & Permits	6,130,553	7,313,824	6,200,918	6,200,918	7,029,454	6,180,389
Charges for Services	51,269,798	61,363,594	66,488,204	67,732,224	69,674,688	73,018,824
Investment Earnings	116,632	(596,040)	1,208,000	1,208,000	1,044,352	1,192,500
Miscellaneous	8,763,471	10,289,589	9,104,248	9,104,211	8,512,147	10,764,295
Other Sources	9,530,002	11,199,072	12,869,886	14,145,903	10,280,299	20,013,495
Grand Total	**198,144,389**	**226,964,454**	**232,312,310**	**233,782,310**	**232,883,515**	**254,540,580**
Interfund Transfers	(14,432,733)	(13,241,884)	(14,726,729)	(14,561,729)	(14,284,363)	(14,877,573)
Net	**183,711,656**	**213,722,570**	**217,585,581**	**219,220,581**	**218,599,152**	**239,663,007**

Property Taxes

The property tax, which comprises 34.6% of total revenue, is the single largest source of revenue for the City. As discussed in the Manager's Budget Message, the proposed tax rate for FY 2023-24 is 41.30 cents, which is the same as the prior year. The proposed tax rate will provide $1.5 million additional revenue necessary to invest in key Council, community, and organizational priorities.

Sales & Other Taxes

Overall, City General Fund revenues have performed exceptionally well during both the height of the pandemic and during the economic recovery afterwards. Sales tax revenue in the General Fund has exceeded budget estimates in each of the last three fiscal years, with revenue growing by 17 percent in FY 2021-22, and up another 9.6 percent through the first 6 months of the current fiscal year. Sales taxes for FY 2023-24 are projected at 8.4% above current fiscal year estimates, a $5.2 million increase over the current fiscal year budget.

Other Revenues

Charges for service revenue shows a $6.5 million or 9.8% increase in the Proposed FY 2023-24 Budget. Just over half of that increase ($3.6 million) is generated by the rate increase for Water services that City Council approved at its April 25, 2023 meeting. Other major fee increases

approved at the meeting include an increase to Solid Waste and Stormwater fees, which result in increases to the sales and services revenues of $400,000 and $1,000,000 respectively.

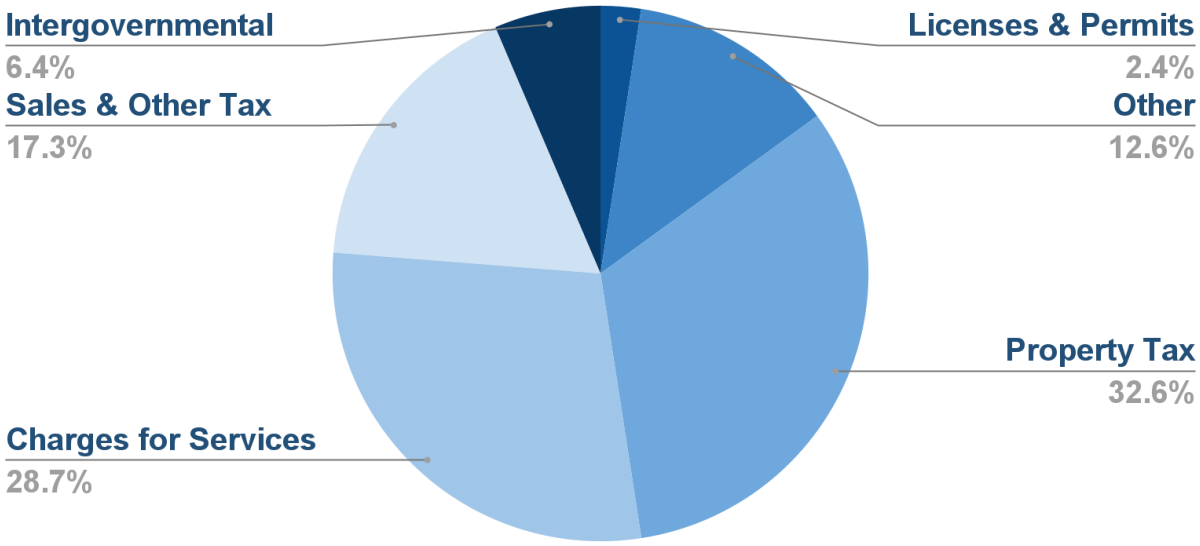
Compared to the FY 2022-23 original budget, the intergovernmental revenue budget Citywide is up approximately $190,782 or 1.2%, primarily due to an increase in the City's Powell Bill allocation. Powell Bill funds are state dollars that support roadway, sidewalk and greenway maintenance.

The miscellaneous revenue category is also increased in the FY 2023-24 Proposed Budget, up $1.6 million (18.2%) over the prior year. This change is driven almost entirely by the return of Parking Services revenues to pre-pandemic levels.

Other operating revenue categories, such as Licenses and Permits and Investment Earnings, are all essentially flat compared to the FY 2022-23 Adopted Budget.

The Other Financing Sources category includes items such as interfund transfers and fund balance appropriations. The FY 2023-24 proposed budget for Other Financing Sources in the General Fund is up primarily due to the proposed appropriation of $7.9 million in fund balance.

FY 2023-2024 Total Revenues by Source



Budget-to-Budget Revenue Comparison

	2022-23 Original Budget	2023-24 Proposed Budget	$ Change	% Change
REVENUE BY SOURCE				
Property Tax	81,404,292	82,908,724	1,504,432	1.8%
Sales & Other Tax	38,878,015	44,112,824	5,234,809	13.5%
Intergovernmental	16,158,747	16,349,529	190,782	1.2%
Licenses & Permits	6,200,918	6,180,389	(20,529)	-0.3%
Charges for Services	66,488,204	73,018,824	6,530,620	9.8%
Investment Earnings	1,208,000	1,192,500	(15,500)	-1.3%
Miscellaneous	9,104,248	10,764,295	1,660,047	18.2%
Other Sources	12,869,886	20,013,495	7,143,609	55.5%
Grand Total	**232,312,310**	**254,540,580**	**22,228,270**	**9.6%**
Interfund Transfers	(14,726,729)	(14,877,573)	(150,844)	1.0%
Net	**217,585,581**	**239,663,007**	**22,077,426**	**10.1%**

Budget Summary: Staffing

	2020-21 Actual	2021-22 Actual	2022-23 Original Budget	2022-23 Amended Budget	2023-24 Proposed Budget
FULL-TIME EQUIVALENT POSITIONS BY FUND TYPE					
General & Grant Funds	1,053.37	1,046.64	1,055.64	1,053.02	1,059.52
Enterprise Funds	283.41	286.49	286.49	286.74	300.24
Citywide Total	**1,336.78**	**1,333.13**	**1,342.13**	**1,339.76**	**1,359.76**

Staffing Highlights

The budget includes the addition of 20 full-time equivalent (FTE) positions. These include:

Department	FTEs	Positions
Public Works	+2.0	Sanitation Lead Driver Sanitation Driver I
Finance	+0.5	Purchasing Coordinator (0.5)
Capital Projects	+1.0	Janitor
Community & Regional Entertainment Facilities	+3.0	Animal Care Naturalist
Harrah's Center	+2.0	Senior Events Manager Master Trades Worker
City Attorney	+1.0	Administrative Assistant
City Manager's Office	+1.0	Constituent Service Coordinator
Stormwater Enterprise Fund	+1.0	Post-Construction Inspector
Water	+10.5	Water Maintenance Supervisor Water Maintenance Worker III Water Maintenance Worker I (3.0) Billing Specialist Water Plant Operator (3.0) Communication Specialist Purchasing Coordinator (0.5)

The following chart shows changes in FTE positions by department for the last four fiscal years.

Staffing Summary by Fund and Department

	2020-21 Actual	2021-22 Actual	2022-23 Original Budget	2022-23 Amended Budget	2023-24 Proposed Budget
GENERAL FUND					
Admin. Services/CMO	12.00	12.00	12.00	11.00	12.00
Asheville Fire Department	276.75	292.00	292.00	292.63	292.63
Asheville Police Department	314.00	269.00	269.00	269.00	269.00
CAPE	8.00	10.00	10.00	10.00	10.00
Capital Projects	38.00	38.00	38.00	38.00	39.00
City Attorney	7.00	7.00	7.00	7.00	8.00
Comm. & Econ. Development	16.50	19.00	20.00	21.00	21.00
Comm. & Regional Facilities	-	18.50	18.50	18.50	19.50
Development Services	55.50	57.50	58.50	58.50	47.00
Equity & Inclusion	4.00	4.00	4.00	4.00	4.00
Finance & Mgmt. Services	32.00	33.00	33.00	36.00	36.50
Human Resources	20.60	21.00	21.00	18.00	18.00
Information Tech. Services	29.00	29.00	30.00	27.00	27.00
Parks & Recreation	105.38	100.50	102.50	102.50	102.50
Planning & Urban Design	13.00	13.50	13.50	13.50	25.00
Public Works	105.30	105.30	109.30	109.05	111.05
Sustainability	3.00	3.00	3.00	3.00	3.00
Transportation	13.34	14.34	14.34	14.34	14.34
Total	**1,053.37**	**1,046.64**	**1,055.64**	**1,053.02**	**1,059.52**
ENTERPRISE FUNDS					
Harrah's Center	26.30	25.75	25.75	25.75	27.75
Transit Services	4.00	4.00	4.00	4.00	4.00
Parking Services	28.91	28.66	28.66	28.66	28.66
Stormwater	51.60	53.60	53.60	53.85	54.85
Street Cut Utility	10.60	10.60	10.60	10.60	10.60
Water Resources	162.00	163.88	163.88	163.88	174.38
Total	**283.41**	**286.49**	**286.49**	**286.74**	**300.24**
Citywide Total	**1,336.78**	**1,333.13**	**1,342.13**	**1,339.76**	**1,359.76**

General Fund Summary

	2020-21 Actual	2021-22 Actual	2022-23 Original Budget	2022-23 Amended Budget	2022-23 Estimate	2023-24 Proposed Budget
EXPENDITURES						
Property Tax	73,567,305	79,908,773	81,404,292	81,404,292	81,578,607	82,908,724
Sales & other Taxes	32,229,186	37,875,658	38,878,015	38,878,015	39,978,671	44,112,824
Intergovernmental	11,544,354	13,102,436	12,247,445	12,297,445	12,297,445	13,249,805
Licenses & Permits	5,472,815	6,531,732	5,411,496	5,411,496	6,202,047	5,508,256
Charges for Services	11,464,043	12,390,273	13,584,359	13,584,396	14,380,903	14,308,074
Investment Earnings	39,901	(372,058)	673,000	673,000	597,046	673,500
Miscellaneous	4,442,260	4,422,185	3,255,803	3,255,766	3,935,036	3,335,162
Other Sources	23,457	477,720	3,648,534	3,648,534	502,929	8,389,688
Total	**138,783,321**	**154,336,719**	**159,102,944**	**159,152,944**	**159,472,684**	**172,486,033**
EXPENDITURES						
Admin & CMO	2,105,955	1,910,041	2,263,059	2,325,559	2,064,259	2,217,606
Fire	27,854,540	32,828,768	36,099,214	36,099,214	37,429,511	38,110,901
Police	27,283,926	28,334,987	30,128,038	29,836,054	29,682,647	33,819,371
CAPE	782,333	885,411	987,609	977,609	822,355	1,139,719
Capital Projects	3,054,480	2,910,880	3,369,509	3,369,509	2,957,318	3,615,564
City Attorney	1,102,059	1,141,481	1,357,551	1,357,551	1,266,389	1,500,871
Community/Econ Dev	2,220,501	2,368,287	3,903,273	4,023,273	3,129,265	3,902,643
CREF	0	172,945	2,239,370	2,706,970	2,706,938	2,975,095
Development Svcs	4,443,741	5,053,829	5,622,081	5,622,081	5,334,630	4,864,960
Equity & Inclusion	336,574	328,419	492,893	486,893	320,683	518,509
Finance	2,724,339	2,897,095	3,308,242	3,476,233	3,252,924	3,824,314
Human Resources	1,459,986	1,623,348	2,076,878	2,076,878	1,977,027	2,181,848
Information Technology	3,750,031	4,303,531	4,623,952	4,455,961	4,348,494	4,484,934
Non-Departmental	1,960,313	3,915,371	5,179,014	5,186,498	4,632,173	5,688,222
Parks & Recreation	9,914,116	12,633,609	12,708,907	12,632,307	12,217,750	13,559,551
Planning/Urban Design	1,245,039	1,468,254	1,682,622	1,702,622	1,717,743	2,937,083
Public Works	11,373,348	12,740,878	14,082,394	14,082,394	14,021,616	15,502,753
Transportation	2,411,952	2,452,425	2,842,161	2,820,161	2,655,325	3,057,358
Sustainability	917,555	878,539	840,512	840,512	840,512	839,879
Transit Transfer	6,804,233	6,916,932	6,916,932	6,916,932	6,916,932	7,049,000
HTF Transfer	500,000	500,000	500,000	500,000	500,000	500,000
HCCA Transfer	1,125,437	1,204,420	1,125,437	860,437	860,437	1,125,437
CIP/Debt Service	16,241,796	16,431,941	16,753,296	16,797,296	16,797,296	19,070,415
Total	**129,612,254**	**143,901,391**	**159,102,944**	**159,152,944**	**156,452,224**	**172,486,033**

Analysis of Fund Balance

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

According to the Local Government Commission, cities in North Carolina should have a minimum fund balance of at least 8% or one month of operating expenditures. This 8% requirement represents a minimum standard, and most government sector entities prefer to maintain fund balance between 10% and 20%. Falling below this preferred standard would have substantial financial implications, the most costly of which would be a lower bond rating. This rating characterizes the risk of city-issued debt for potential buyers. A lower rating implies less faith and trust in the City's financial position, resulting in more costly borrowing at higher interest rates.

If a local government's fund balance drops to 8% or below, the State will issue a letter of warning giving the government a time frame to bring the fund balance back up. Should the government not comply, the State can step in and assume financial management.

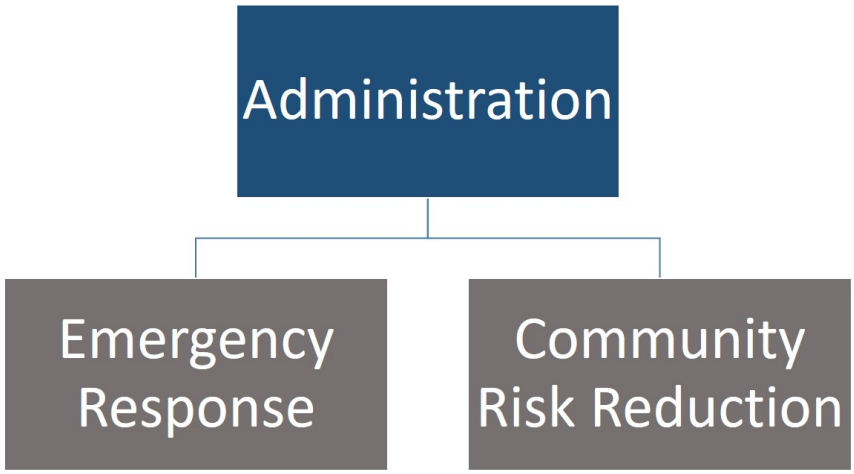
When determining the appropriate level of fund balance for an organization, the following factors, in addition to state minimums or industry averages, should be considered:

- The predictability of revenues and volatility of expenditures: a higher level of unreserved funds may be needed if significant revenue sources are subject to unpredictable fluctuations.
- The availability of resources in other funds as well as the potential drain upon General Fund resources from other funds may require a higher level of unreserved fund balance.
- Liquidity: a disparity between when financial resources actually become available to make payments and the average maturity of the related liabilities may require a higher level of resources to be maintained.

The City of Asheville Financial Management Policy recommends that the City maintain a fund balance in the General Fund equal to 15% of expenditures. Year-end unassigned fund balance levels have remained between fifteen and twenty percent (15%-20%) in each year since 2011. We are anticipating that unassigned fund balance in the General Fund for FY 2022-23, will end the year around 21%. This will provide the flexibility to utilize a $7.9 million fund balance appropriation to fund some key investments in FY 2023-24, while keeping fund balance above the 15% policy target.

Asheville Fire Department

The Asheville Fire Department mitigates loss and suffering due to fires, medical emergencies, and disasters through education, prevention, and response.



Budget Summary

	2020-21 Actual	2021-22 Actual	2022-23 Original Budget	2022-23 Amended Budget	2022-23 Estimate	2023-24 Proposed
EXPENDITURES						
Salaries & Wages	17,873,739	20,582,661	22,776,380	22,776,380	24,215,786	23,662,634
Benefits	8,090,949	8,975,544	9,812,972	9,812,972	9,927,391	10,773,279
Operating Costs	3,159,007	3,733,830	3,817,934	3,817,934	3,482,636	3,674,988
Cost Transfers	(1,279,483)	(470,190)	(308,072)	(308,072)	(224,434)	-
Capital Outlay	10,328	6,923	-	-	28,132	-
Total	**27,854,540**	**32,828,768**	**36,099,214**	**36,099,214**	**37,429,511**	**38,110,901**
POSITIONS						
Total	**276.75**	**292.00**	**292.00**	**292.63**	**292.63**	**292.63**

Budget Highlights

- The Staffing For Adequate Fire and Emergency Response Grant (SAFER) ended in March 2023 with the City funding 100 percent of the staff compensation and benefits going forward.
- In June 2023, it is planned that Fire Station 13 will open and begin running calls and operations with one fire company.
- In FY 23-24, the budget includes $55,000 for furniture and other needs in 12 fire stations.

Division Summary

	2020-21 Actual	2021-22 Actual	2022-23 Original Budget	2022-23 Amended Budget	2022-23 Estimate	2023-24 Proposed
EXPENDITURES						
Administration	4,410,794	4,728,302	5,004,938	4,950,348	5,216,647	5,208,036
Emergency Response	21,737,749	26,249,059	29,124,018	29,174,608	30,451,956	30,534,653
Fire Marshal's Office	1,705,998	1,851,407	1,970,258	1,974,258	1,760,908	2,368,212
Total	**27,854,540**	**32,828,768**	**36,099,214**	**36,099,214**	**37,429,511**	**38,110,901**
POSITIONS						
Administration	13.00	13.00	13.00	13.00	13.00	13.00
Emergency Response	244.75	260.00	260.00	260.63	260.63	260.63
Fire Marshal's Office	19.00	19.00	19.00	19.00	19.00	19.00
Total	**276.75**	**292.00**	**292.00**	**292.63**	**292.63**	**292.63**

The **Administration Division** is responsible for the overall leadership of the department. This division encompasses the senior leadership of the department, business services, safety and training, emergency management and preparedness, and community engagement, information and recruitment.

The **Emergency Response Division** is responsible for response to emergency calls for service throughout the city and all contractual areas. Around the clock emergency response to fires, medical emergencies, technical rescue incidents, hazardous materials spills, natural disasters, and other emergencies is provided through three distinct work shifts. The department operates 12 fire stations with 17 response companies, responding to over 22,000 emergencies annually.

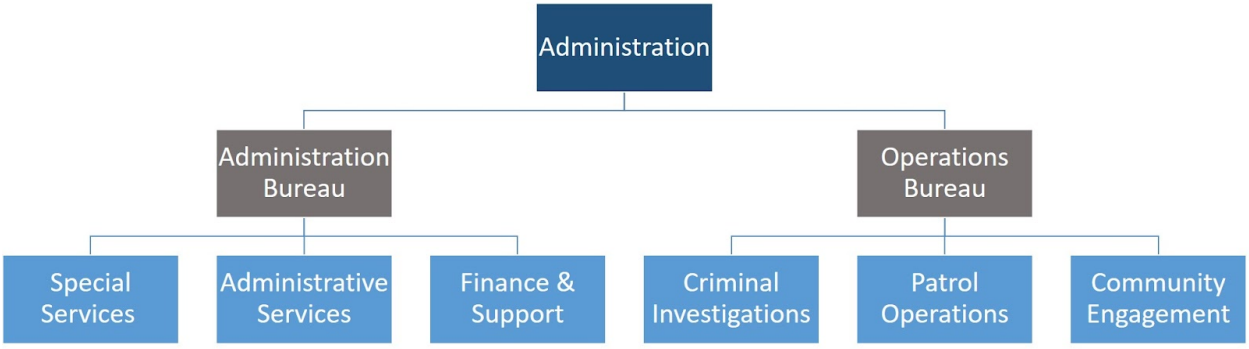
The **Community Risk Reduction Division** is responsible for ensuring that buildings and events meet minimum safety code requirements. Additionally, the division provides fire cause determination and investigation, and community fire and life safety education programs and services.

FY 2023-24 Department Priorities

- Test a multidisciplinary response team to proactively assist people who are unsheltered and/or experiencing addiction or behavioral health issues to better connect them to services, reduce the number of business interruptions, and reduce load on public safety employees.
- Conduct a comprehensive review and update the City's emergency operations and continuity of operations plans to ensure that we can effectively respond to and recover from any hazards that threaten our community.
- Continue to focus on employee wellness. Develop programs which prevent illness and physical and emotional injuries for all members, increase fitness for all members, and standardize fitness for duty evaluations.
- Maximize stakeholder investment and increase our relevance within the community through increased educational and outreach activities.
- Establish a recruitment and hiring culture that provides a sustainable pool of candidates that reflect the community.
- Develop an equitable and competitive promotional process for members of the department based on job qualifications, personal development, skills, and demonstrated performance. This includes providing clear feedback and opportunities for staff to develop skills required for advancement.
- Continue to develop and improve emergency management processes and relationships that allow the City to plan for, prevent, respond to, and recover from both manmade and natural disasters.

Asheville Police Department

The Asheville Police Department is dedicated to providing public safety and maintaining order, enforcing the laws of North Carolina, upholding the United States Constitution, and enhancing national security. The Asheville Police Department is committed to supporting a safe city with safe neighborhoods.



Budget Summary

	2020-21 Actual	2021-22 Actual	2022-23 Original Budget	2022-23 Amended Budget	2022-23 Estimate	2023-24 Proposed
EXPENDITURES						
Salaries & Wages	15,623,110	15,957,739	16,883,666	16,883,666	17,447,708	19,209,443
Benefits	6,981,126	6,856,490	7,242,570	7,242,570	7,148,462	8,395,082
Operating Costs	4,934,944	5,421,766	6,001,802	5,566,475	4,885,175	6,214,846
Cost Transfers	(323,330)	(47,574)	-	-	-	-
Capital Outlay	68,076	146,566	-	143,343	201,302	-
Total	**27,283,926**	**28,334,987**	**30,128,038**	**29,836,054**	**29,682,647**	**33,819,371**
POSITIONS						
Total	**314.00**	**269.00**	**269.00**	**269.00**	**269.00**	**269.00**

Budget Highlights:

- Personnel costs increased 14.4% over the prior year due to the city-wide compensation changes, as well as those below, which are specific to the Police Department:
    - Sworn positions in the Police Department will receive a 6.0% increase and all other staff will receive a 5.0% increase.
    - Incentive for obtaining Intermediate Law Enforcement Certification

- Wellness incentive

- The proposed budget includes an increase in licensing fees for Axon Fleet 3 Dash Cameras ($80,000). This expense allows the City to replace end-of-life dash cameras at no cost to the City and save on contract renewal in a future fiscal year.

- The proposed budget also includes one-time funding to outfit the Police department with new Blauer uniforms ($122,000). Blauer uniforms are made with more comfortable and durable materials than those currently in use.

Division Summary

	2020-21 Actual	2021-22 Actual	2022-23 Original Budget	2022-23 Amended Budget	2022-23 Estimate	2023-24 Proposed
EXPENDITURES						
Administration	9,593,929	9,752,451	9,840,450	9,715,977	9,794,141	11,069,575
Community Engagement	19,166	1,229,165	1,528,140	1,446,430	1,165,673	1,027,380
Criminal Investigation	4,297,283	3,806,687	5,167,770	5,137,893	3,817,886	5,152,848
Patrol Bureau	13,373,547	13,546,684	13,591,678	13,535,754	14,904,947	16,569,568
Total	**27,283,926**	**28,334,987**	**30,128,038**	**29,836,054**	**29,682,647**	**33,819,371**
POSITIONS						
Administration	54.00	40.00	40.00	40.00	40.00	40.00
Community Engagement	26.00	26.00	26.00	26.00	26.00	26.00
Criminal Investigation	58.00	50.00	50.00	50.00	50.00	50.00
Patrol Bureau	176.00	153.00	153.00	153.00	153.00	153.00
Total	**314.00**	**269.00**	**269.00**	**269.00**	**269.00**	**269.00**

The **Administration Bureau** includes the Special Services Division, the Administrative Services Division, and the Finance and Support Division, which provide project management and policy guidance for the department. Functions within the Special Services Division include planning and research, property and evidence, recruitment and career development. The Administrative Services Division also provides crime analysis, technology, and police records services.

The **Criminal Investigations Division** is responsible for the investigation of a variety of reported offenses. It includes detectives assigned to general cases, major cases, and the Family Justice Center, where offenses involving domestic violence and special victims are investigated. The department's Impact Unit is also in this division, which has detectives assigned to identify and develop prosecutions into the city's most violent criminals.

The **Patrol Operations Division** conducts and coordinates city-wide community policing efforts, responds to calls for service, provides 24-hour patrols, and conducts criminal incident and traffic collision investigations. Functions within the Patrol Bureau include three police districts.

The **Community Engagement Division** includes the Community Engagement Team, the Public Housing Unit, and the School Resource Officers. The Community Engagement Team is

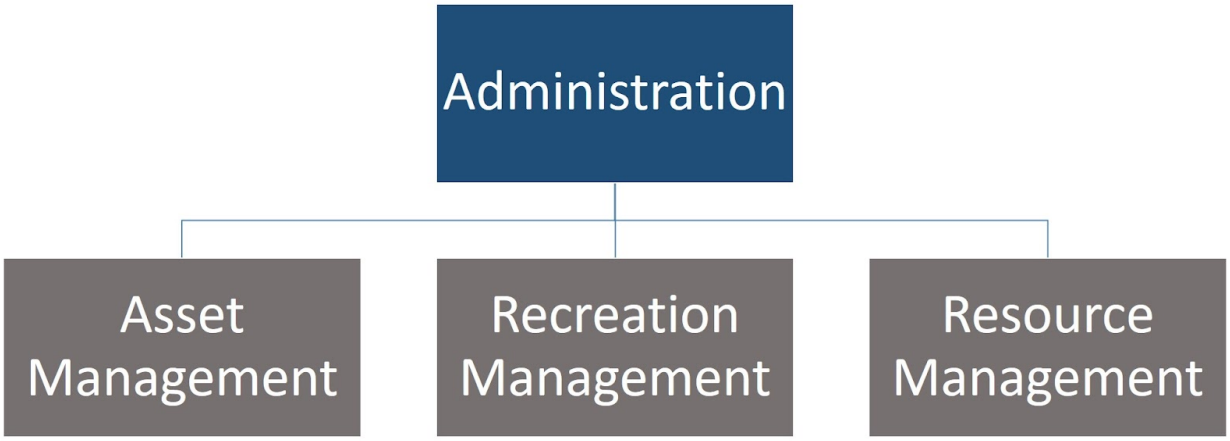
responsible for managing the department's community outreach programs, partnerships with community service providers, and problem-solving efforts surrounding law enforcement involvement in complex community issues.

FY 2023-24 Department Priorities

- Develop and implement a recruitment strategy to attract and hire diverse, qualified candidates for employment at the Asheville Police Department.
- Continue conversations with the Asheville Housing Authority and Asheville City Schools to assess APD's role within public housing developments and schools.
- Enhance focus on equity in recruitment and hiring practices to provide a diverse pool of candidates that reflect the community.
- Explore cutting-edge training in modern policing with a focus on racial equity, social justice, and de-escalation courses, to include EPIC (Ethical Policing is Courageous) and Vistelar training for all police employees.
- Outfit the South District police station more appropriately to safely allow walk-ins and community meetings. Create a patrol squad to assist with call time reduction and proactive engagement.
- Focus on employee physical and emotional wellness by enhancing physical fitness training opportunities, providing peer support training, and facilitating more access to professional services through a Wellness Policy.

Parks & Recreation Department

Asheville Parks and Recreation is dedicated to enhancing citizens' quality of life by providing diverse recreational experiences.



Budget Summary

	2020-21 Actual	2021-22 Actual	2022-23 Original Budget	2022-23 Amended Budget	2022-23 Estimate	2023-24 Proposed
EXPENDITURES						
Salaries & Wages	5,178,875	6,254,575	6,530,901	6,530,901	6,725,540	7,065,617
Benefits	1,954,202	2,348,330	2,314,710	2,314,710	2,163,091	2,593,071
Operating Costs	2,569,923	3,720,738	3,863,296	3,728,024	3,266,402	3,900,863
Cost Transfers	(253,576)	-	-	-	-	-
Capital Outlay	464,693	309,966	-	58,672	62,717	-
Total	**9,914,116**	**12,633,609**	**12,708,907**	**12,632,307**	**12,217,750**	**13,559,551**
POSITIONS						
Total	**105.38**	**100.50**	**102.50**	**102.50**	**102.50**	**102.50**

Budget Highlights

- Parks & Recreation funded their Master Plan with operational savings in FY 2022-23.
- In FY 2023-24, the Department will gain access to CityWorks, an asset and work order management system already in use by the Public Works and Water Resources departments. Funding to support implementation of this expansion is included in the Information Technology Department's budget.

Division Summary

	2020-21 Actual	2021-22 Actual	2022-23 Original Budget	2022-23 Amended Budget	2022-23 Estimate	2023-24 Proposed
EXPENDITURES						
Resource Management	1,411,203	2,081,229	2,485,580	2,663,253	2,614,763	2,424,169
Aston Park	232,919	174,148	2,600	-	-	-
Nature Center	1,340,078	1,567,655	-	-	-	-
Asset Management	3,932,441	4,833,960	5,390,282	5,106,442	4,975,810	6,065,213
Recreation Management	2,997,475	3,976,617	4,830,445	4,862,612	4,627,177	5,070,169
Total	**9,914,116**	**12,633,609**	**12,708,907**	**12,632,307**	**12,217,750**	**13,559,551**
POSITIONS						
Resource Management	6.00	12.00	12.00	12.00	12.00	12.00
Aston Park	2.00	0.00	0.00	0.00	0.00	0.00
Nature Center	13.75	0.00	0.00	0.00	0.00	0.00
Asset Management	42.63	42.75	42.75	42.75	42.75	42.75
Recreation Management	41.00	45.75	47.75	47.75	47.75	47.75
Total	**105.38**	**100.50**	**102.50**	**102.50**	**102.50**	**102.50**

The **Asset Management Division** is responsible for asset protection, upkeep, and aesthetics, ensuring that preventative maintenance, rehabilitation, and replacement activities support strategic decisions of the community for maintaining high-quality parks, open space, trails, and recreation assets as part of the department's equity plan.

The **Recreation Management Division** is responsible for building a strong community by providing access to programs and services to all citizens. This area ensures equity in programs serving seniors, low-income participants, and underserved neighborhoods as part of the department's equity plan.

The **Resource Management Division** provides overall leadership and coordination of the department's activities and goals, coordinates with other departments, and is responsible for execution of the departmental master plan.

FY 2023-24 Department Priorities

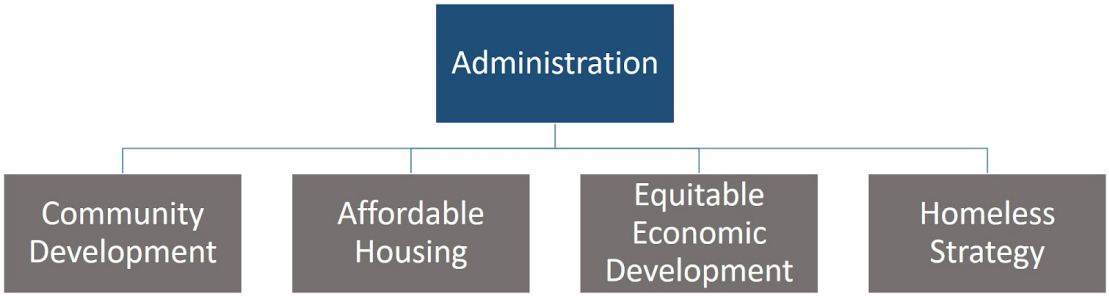
- Develop a comprehensive system wide plan for the long-term use and development of the City Parks and Recreation facilities and programming to ensure that community needs are served well and efficiently.
- Build healthy and safe neighborhoods with programs and events for community recreation opportunities by developing responsive programming to address under

activated park spaces, by identifying internal and external partnerships, and by tracking customer satisfaction.

- Provide a quality and diverse park system reflective of neighborhood identity that supports equitable opportunities for active and passive recreation by developing a park system plan that identifies community recreational needs, park improvements, and future growth priorities.
- Identify initiatives and strategic plans that promote parks and recreation services and the capacity required for levels of standards.
- Provide targeted athletic and outreach programming for teens and young adults in vulnerable neighborhoods that create safe spaces and aid in improving community safety.

Community & Economic Development Department

The Community & Economic Development Department enhances economic opportunity and social conditions for all in order to create a vibrant, inclusive, and sustainable Asheville economy. CED collaborates across departments and with community partners to leverage resources and advance Council and community strategic goals.



Budget Summary

	2020-21 Actual	2021-22 Actual	2022-23 Original Budget	2022-23 Amended Budget	2022-23 Estimate	2023-24 Proposed
EXPENDITURES						
Salaries & Wages	906,807	978,627	1,335,819	1,335,819	1,168,857	1,476,798
Benefits	361,910	390,516	483,479	483,479	446,924	554,381
Operating Costs	1,387,315	1,468,603	2,787,283	2,907,283	2,090,898	2,475,672
Cost Transfers	(471,106)	(469,459)	(703,308)	(703,308)	(577,414)	(604,208)
Capital Outlay	35,575	-	-	-	-	-
Total	**2,220,501**	**2,368,287**	**3,903,273**	**4,023,273**	**3,129,265**	**3,902,643**
POSITIONS						
Total	**16.50**	**19.00**	**20.00**	**21.00**	**21.00**	**21.00**

Budget Highlights

- The proposed budget includes a reclassification of an existing vacant position to a Redevelopment Manager. The Redevelopment Manager will work with existing Real Estate staff and other Community & Economic Development staff on strategic disposition of City-owned property, with a focus on future uses that support affordable housing and economic development in key areas of the City.

Division Summary

	2020-21 Actual	2021-22 Actual	2022-23 Original Budget	2022-23 Amended Budget	2022-23 Estimate	2023-24 Proposed
EXPENDITURES						
Administration	1,306,546	1,550,048	2,722,231	2,792,231	2,199,648	2,205,702
CAYLA	126,368	227,936	254,515	254,515	206,359	277,202
Community Development	471,973	205,790	421,523	421,523	287,844	973,228
Homeless Support	142,090	282,978	297,184	347,184	332,260	446,511
Real Estate	172,341	101,054	207,820	207,820	103,154	-
Strategic Development	1,183	481	-	-	-	-
Total	**2,220,501**	**2,368,287**	**3,903,273**	**4,023,273**	**3,129,265**	**3,902,643**
POSITIONS						
Administration	5.50	6.00	6.00	6.00	6.00	8.00
CAYLA	1.00	1.00	1.00	1.00	1.00	1.00
Community Development	8.00	10.00	11.00	12.00	12.00	12.00
Real Estate	2.00	2.00	2.00	2.00	2.00	0.00
Total	**16.50**	**19.00**	**20.00**	**21.00**	**21.00**	**21.00**

The Community & Economic Development **Administration Division** coordinates and oversees the department's programs.

The **Equitable Economic Development Division** includes several programs; the City of Asheville Youth Leadership Academy (CAYLA) program, a partnership with the Asheville City Schools Foundation which recruits, trains, and places local high school students at meaningful summer jobs with the City and other participating organizations; the Asheville Business Inclusion Office, which seeks to build capacity for government contracting with minority- and women-owned business enterprises (MWBE); the Real Estate Office, which manages City-owned properties and leads efforts to acquire, sell, and lease property on the City's behalf to support core government functions and services and Economic Development, which supports business recruitment, retention, and expansion

The **Community Development Division** works to build opportunities for community access to housing and manages federally funded programs that provide affordable housing, economic opportunities, and other benefits for low- and moderate-income residents.

The **Homeless Strategy Division** serves as the City's lead team in responding to homelessness, including developing and managing partnerships, engaging stakeholders across sectors, coordinating with other departments, and creating and implementing key strategies and initiatives in an effort to strengthen the homeless service system and reduce the number of people who experience homelessness in Buncombe County.

The **Affordable Housing Division** leads City-funded affordable housing initiatives including the development of affordable housing on City-owned land and the funding resources including the

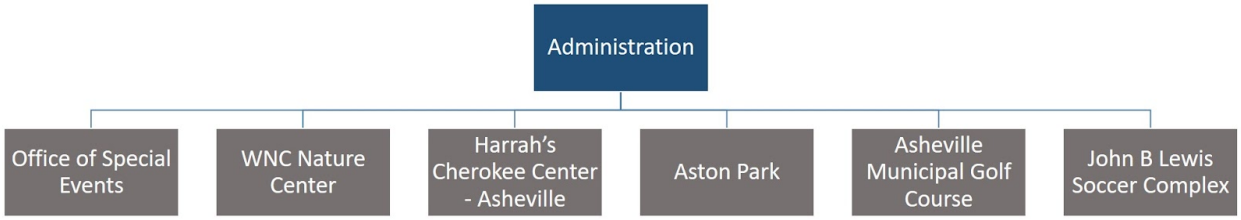
Land Use Incentive Grant program (LUIG), Housing Trust Fund and Bond funding for affordable housing.

FY 2023-24 Department Priorities

- Implement the recommendations of the National Alliance to End Homelessness report on unsheltered homelessness in Asheville-Buncombe County through improved system governance, data collection, efficiency and coordination of government agencies and community partners to improve prospects for a long-term reduction in the number of people experiencing homelessness.
- Complete a full analysis of the availability and the City's utilization of minority and women-owned businesses to assess our progress reducing disparities and provide direction on what can be done going forward.
- Implement a federally required allocation plan for $4.7M in supplemental funding provided through the American Rescue Plan Act for use in Buncombe, Henderson, Transylvania, and Madison Counties to address homelessness.
- Engage with the community to ensure that residents are informed about the roles of Duke Energy and the City and have influence on downtown substation design outcomes through public meetings and through input into existing plans, priorities, and vision.
- Support the creation of 113 units of permanent supportive housing with on-site services, providing the community with a critical resource in addressing the needs of chronically homeless people and homeless veterans.
- Develop a new affordable housing plan to guide City policies and investments in order to comprehensively address the City's long-term affordable housing needs.
- Administer the Strategic Partnership Grant program and continue to improve the program by reducing barriers to participation and building a foundation for consistent program impact on the opportunity gap for school-aged youth from low- and moderate-income households.
- Pursue the strategic disposition of specific City-owned, underutilized properties, with a focus on future uses that support affordable housing and economic development in key areas of the City.

Community & Regional Entertainment Facilities

The Department of Community & Regional Entertainment Facilities provides locals and non-locals with quality facilities. These facilities host a wide array of programming, from individual recreation vc, sporting leagues & tournaments, animal & environmental education and professional sports.



Budget Summary

	2020-21 Actual	2021-22 Actual	2022-23 Original Budget	2022-23 Amended Budget	2022-23 Estimate	2023-24 Proposed
EXPENDITURES						
Salaries & Wages	-	78,310	1,301,291	1,279,323	1,279,323	1,538,194
Benefits	-	23,825	419,605	419,605	419,600	505,512
Operating Costs	-	70,810	518,474	1,008,042	1,008,015	931,389
Total	**-**	**172,945**	**2,239,370**	**2,706,970**	**2,706,938**	**2,975,095**
POSITIONS						
Total	**0.00**	**18.50**	**18.50**	**18.50**	**18.50**	**19.50**

Budget Highlights

- The proposed budget includes a new Animal Care Naturalist ($78,000) to support the opening of the permanent Butterfly Garden at the WNC Nature Center as part of the Gateway to the Southern Appalachians Enhancement project funded through the Tourism Development Authority.
- The proposed budget recognizes complete and increasing operating costs at the Asheville Municipal Golf Course ($75,000), Aston Park Tennis Complex ($75,000), and the WNC Nature Center ($300,000).

Division Summary

	2020-21 Actual	2021-22 Actual	2022-23 Original Budget	2022-23 Amended Budget	2022-23 Estimate	2023-24 Proposed
EXPENDITURES						
Administration	-	83,082	199,020	244,020	246,263	359,658
Aston Park Tennis Center	-	89,863	275,862	318,462	317,608	355,980
Municipal Golf Course	-	-	-	300,000	297,699	75,000
WNC Nature Center	-	-	1,764,488	1,844,488	1,845,368	2,184,457
Total	**-**	**172,945**	**2,239,370**	**2,706,970**	**2,706,938**	**2,975,095**
POSITIONS						
Administration	0.00	1.00	1.00	1.00	1.00	1.00
Aston Park Tennis Center	0.00	2.00	2.00	2.00	2.00	2.00
WNC Nature Center	0.00	15.50	15.50	15.50	15.50	16.50
Total	**0.00**	**18.50**	**18.50**	**18.50**	**18.50**	**19.50**

- The **Administration Division** coordinates and oversees the department's programs, including support for event business recruitment, retention, and expansion. The City's Office of Special Events is also part of this division. Facilities include **John B. Lewis Soccer Complex,** managed by Asheville Buncombe Youth Soccer Association, hosts thousands of games, practices and camps annually focusing on growing soccer and lacrosse in western North Carolina.
- The **Aston Park Tennis Center** is one of the finest public clay court facilities in the United States. There are 12 lighted clay courts providing recreation access and programming to all citizens.
- The **Asheville Municipal Golf Course**, home of the Skyview Golf Tournament is the last remaining affordable public fee golf course in Asheville.
- The **Western North Carolina Nature Center** connects people with the animals and plants of the Southern Appalachian Mountain region by inspiring appreciation, nurturing understanding, and advancing conservation of the region's rich biodiversity.

FY 2023-24 Department Priorities

- Secure a new operator and management agreement for day to day operation at the Asheville Municipal Golf Course, complete with long range capital maintenance plan.
- Increase safety and security of staff and users of the Aston Park Tennis Center. Grow youth tennis programming in partnership with Asheville Tennis Association.
- Complete design and begin construction of the Gateway to the Southern Appalachians project at the WNC Nature Center.
- Continue positive attendance and revenue growth at the WNC Nature, target attendance increase of 4%.

Housing Trust Fund

Budget Summary

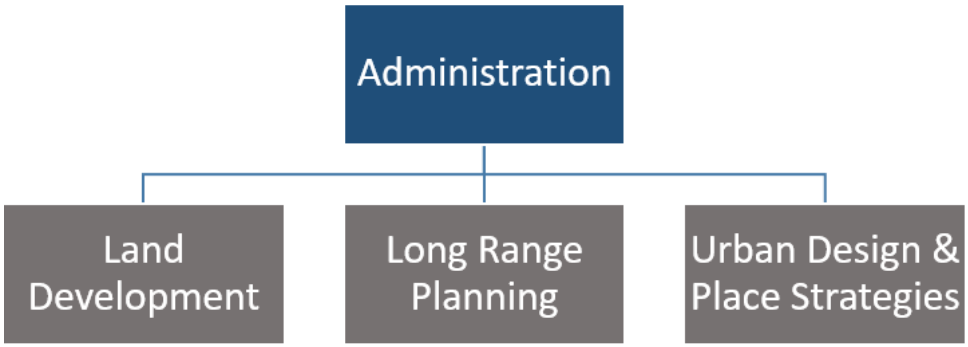
	2020-21 Actual	2021-22 Actual	2022-23 Original Budget	2022-23 Amended Budget	2022-23 Estimate	2023-24 Proposed
EXPENDITURES						
General Fund Contribution	500,000	500,000	500,000	500,000	500,000	500,000

Budget Highlights

- Maintains existing services with no significant budget changes.

Planning & Urban Design Department

The Planning & Urban Design Department provides professional land development, land use planning, zoning, urban design, and historic preservation services as well as the highest level of customer service to achieve livable and sustainable neighborhoods for everyone. The department is committed to collaborating with our community on its vision for equitable growth and development consistent with Asheville's Comprehensive Plan.



Budget Summary

	2020-21 Actual	2021-22 Actual	2022-23 Original Budget	2022-23 Amended Budget	2022-23 Estimate	2023-24 Proposed
EXPENDITURES						
Salaries & Wages	733,628	913,271	999,602	999,602	1,063,933	1,696,042
Benefits	340,093	386,312	421,572	421,572	427,833	634,743
Operating Costs	171,317	168,671	261,448	281,448	225,977	606,298
Total	**1,245,039**	**1,468,254**	**1,682,622**	**1,702,622**	**1,717,743**	**2,937,083**
POSITIONS						
Total	**13.00**	**13.50**	**13.50**	**13.50**	**13.50**	**25.00**

Budget Highlights

- In FY 2023-24, the Planning Department implemented a small restructure in FY23 that elevated their administrative functions into a Business Services Administrator; the Principal Planner became an Urban Planner II; and the Urban Designer II became an Urban Designer III

- In FY 2023-24, land development planning functions will be streamlined by merging 11.5 planners from Development Services into the Planning and Urban Design Department. The divisions of the Department will be restructured with the alignment of the land development service area.
- To supplement the work of staff to update the Riverfront Design Guidelines, and Streetscape Plan for downtown, the proposed budget includes $50,000 to perform the tasks with updating these guides.
- The Urban Forestry Master Plan is proposed for funding at $300,000 in FY 2023-24 to inventory the existing urban forest resources, conditions, and diversity.

Division Summary

	2020-21 Actual	2021-22 Actual	2022-23 Original Budget	2022-23 Amended Budget	2022-23 Estimate	2023-24 Proposed
EXPENDITURES						
Planning Services	1,049,982	1,274,870	1,393,602	1,408,602	1,445,282	2,728,073
Historic Resources	186,985	188,410	249,020	249,020	238,673	149,010
Public Art	8,072	4,974	40,000	45,000	33,788	60,000
Total	**1,245,039**	**1,468,254**	**1,682,622**	**1,702,622**	**1,717,743**	**2,937,083**
POSITIONS						
Planning Services	11.00	11.50	11.50	11.50	11.50	23.00
Historic Resources	2.00	2.00	2.00	2.00	2.00	2.00
Total	**13.00**	**13.50**	**13.50**	**13.50**	**13.50**	**25.00**

The **Land Development service area** supports the city by effectively shepherding large and special types of development, land use and rezoning applications while ensuring consistency with design and development standards, the city's Comprehensive Plan and other adopted plans and goals. The division manages the city's Historic Preservation program, supports the Planning and Zoning Commission, Design Review Committee and Historic Resources Commission, and is a key member of the Technical Review Committee.

The **Long Range Planning service area** uses data-driven research, community input, best practices and an equity lens to develop and implement planning, zoning and urban design policy that aligns with the city's Comprehensive Plan and City Council and community goals. The division leads planning efforts related to neighborhoods, corridors, master plans, and citywide.

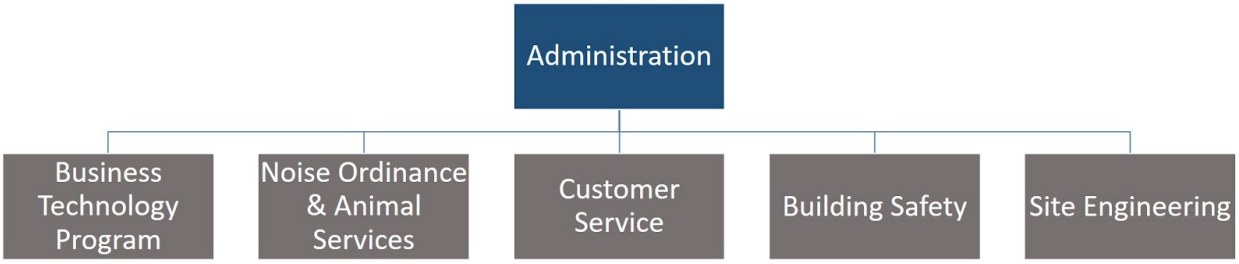
The **Urban Design and Place Strategies service area** focuses on implementing the public's vision for Asheville through community-driven planning, high-quality urban design and active management of the public realm. The division works across departments to coordinate the visioning, design and implementation efforts for public spaces and city-owned properties, while providing guidance and assistance on the coordination of strategic projects and investments. The division supports the Downtown Commission, Asheville Area Riverfront Redevelopment Commission and Public Art and Cultural Commission.

FY 2023-24 Department Priorities

- Collaborate with the community to develop an inclusive high-level concept of the Pack Square Plaza space and next-steps recommendations.
- Identify ways to enhance the design of downtown's western gateway and improve connectivity between neighborhoods and mixed-use centers.
- Examine the City's private land development functions for opportunities to reorganize for improved process and better service to community stakeholders.
- Identify regulatory and policy barriers to building missing middle housing, such as townhomes, accessory dwelling units and multiplexes, and recommend steps to overcome them.
- Review and update the City's Open Space zoning regulations and Unified Development Ordinance (UDO) to remove regulatory barriers to increase housing supply and relieve housing pressures.
- Update the City's outdoor dining program (as applied to public streets and sidewalks) including revised standards, fees and management practices that will help ensure accessibility and maximize public benefits.
- Create a framework to guide long-term development in the Southside South Slope area.
- Complete 5 year report on the Living Asheville Comprehensive Plan.
- Lead a study of the Downtown Patton Avenue Corridor parallel to NCDOT's kickoff of the design/build process for I-26 Connector Project.
- Commence a master planning process for city-owned property at Cedar Hill.
- Incentivize public benefits for development proposals.

Development Services Department

The Development Services Department protects 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 for application and permitting processes, plan review, and inspection services to all areas within the Asheville city limits.



Budget Summary

	2020-21 Actual	2021-22 Actual	2022-23 Original Budget	2022-23 Amended Budget	2022-23 Estimate	2023-24 Proposed
EXPENDITURES						
Salaries & Wages	2,780,723	3,070,753	3,498,281	3,499,433	3,357,897	2,833,281
Benefits	1,364,344	1,475,211	1,614,447	1,614,447	1,574,743	1,555,309
Operating Costs	298,674	452,610	509,353	508,201	401,990	476,370
Capital Outlay	-	55,255	-	-	-	-
Total	**4,443,741**	**5,053,829**	**5,622,081**	**5,622,081**	**5,334,630**	**4,864,960**
POSITIONS						
Total	**55.50**	**57.50**	**58.50**	**58.50**	**58.50**	**47.00**

Budget Highlights

- The Proposed Budget includes $625,000 from the Development Services Technology Fund to upgrade and redesign the permitting software by fully digitizing permitting, inspections and code enforcement processes. This upgrade will focus on an easy-to-use and accessible customer experience.
- The proposed budget includes a reorganization of the land development planning functions, including 11.5 positions, from Development Services into the Planning and Urban Design Department.

Division Summary

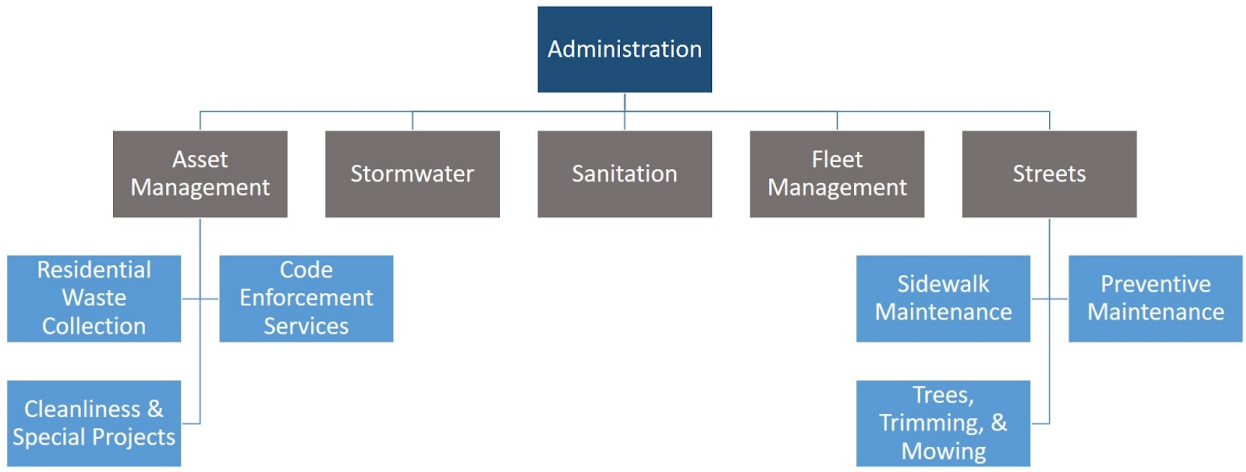
	2020-21 Actual	2021-22 Actual	2022-23 Original Budget	2022-23 Amended Budget	2022-23 Estimate	2023-24 Proposed
EXPENDITURES						
Permitting & Inspections Div	4,238,386	4,609,076	4,983,999	4,983,999	4,753,365	4,085,418
Code Enforcement	205,355	444,753	638,082	638,082	581,265	779,542
Total	**4,443,741**	**5,053,829**	**5,622,081**	**5,622,081**	**5,334,630**	**4,864,960**
POSITIONS						
Permitting & Inspections Div	51.50	51.50	51.50	51.50	51.50	40.00
Code Enforcement	4.00	6.00	7.00	7.00	7.00	7.00
Total	**55.50**	**57.50**	**58.50**	**58.50**	**58.50**	**47.00**

FY 2023-24 Department Priorities

- Integrate technology and workflow improvements to enhance and standardize the digital development review process.
- Consolidate enforcement functions and establish a code compliance division.
- Develop a comprehensive disaster response plan and strengthen flood support programs.
- Formalize an expedited review process for qualifying development projects.

Public Works Department

The Public Works Department provides essential core services, including construction and maintenance of infrastructure, solid waste management, and fleet management to Asheville citizens and visitors in an efficient, safe, and environmentally and fiscally responsible manner.



Budget Summary

	2020-21 Actual	2021-22 Actual	2022-23 Original Budget	2022-23 Amended Budget	2022-23 Estimate	2023-24 Proposed
EXPENDITURES						
Salaries & Wages	4,539,523	4,771,667	5,958,622	5,966,530	5,745,968	6,290,137
Benefits	2,217,504	2,315,783	2,642,846	2,641,730	2,586,121	2,916,060
Operating Costs	6,793,569	7,912,216	8,518,387	8,980,274	8,323,353	10,196,133
Cost Transfers	(2,230,899)	(2,267,337)	(3,042,461)	(3,542,461)	(2,664,589)	(3,899,577)
Capital Outlay	53,650	8,549	5,000	36,321	30,763	-
Total	**11,373,348**	**12,740,878**	**14,082,394**	**14,082,394**	**14,021,616**	**15,502,753**
POSITIONS						
Total	**105.30**	**105.30**	**109.30**	**109.05**	**109.05**	**111.05**

Budget Highlights

- Buncombe County will increase tipping fees in FY 2023-24 by approximately 9% at the transfer station (where 99% of the City's solid waste is delivered) and approximately 3% at the landfill.
- The contract with Curbside Management for recycling services will increase 5%.
- Fleet Supplies and contracting needs are on target to surpass the budgeted funding levels in FY 2022-23.
- Sanitation is working through a multi-phased reclassification, part of which has been approved.
- Fleet requested a reorganization of their staffing that resulted in reclassification of two Heavy Equipment Mechanic positions to Heavy Equipment Mechanic Lead positions and a reclassification of an Auto Services Technician position to a Fleet Project Manager.
- Sanitation requested $57,000 for a temporary staffing solution such as a contract with an agency to hire staff for ad hoc shifts when there are vacancies on the trucks.
- In March 2023, City Council approved a $1.00 per month increase in the Solid Waste Fee. The additional $409,000 in revenue from the fee increase will fund:
    - A Solid Waste Master Plan, to evaluate the City of Asheville’s existing solid waste management system and provide short- and long-term recommendations to improve and enhance the efficiency and quality of the system and increase waste reduction and diversion ($350,000);
    - The anticipated contractual increase for recycling service by 5% ($105,000).
    - Two new FTE and a reclassification that includes a Driver 1, Driver 1 Lead, and Lead Driver to help build a new route in the division.
- The Proposed Budget for FY 2023-24 also includes $70,000 for a Fleet Asset Management software system, which will track vehicle inventory and history, warranty information, telematics information, replacement schedules, and fuel usage information for the City's fleet of over 1,000 vehicle assets.

Division Summary

	2020-21 Actual	2021-22 Actual	2022-23 Original Budget	2022-23 Amended Budget	2022-23 Estimate	2023-24 Proposed
EXPENDITURES						
Administration	994,089	1,052,819	1,135,164	1,125,658	1,206,355	1,149,675
Fleet Management	1,009,928	1,451,220	1,017,655	1,024,316	1,357,746	707,050
PW Asset Management	163,017	145,123	170,348	170,348	159,259	180,318
Sanitation	5,557,798	6,222,789	7,114,877	7,115,960	7,056,508	8,363,665
Streets & Sidewalks	3,648,517	3,868,927	4,644,350	4,646,112	4,241,748	5,102,045
Total	**11,373,348**	**12,740,878**	**14,082,394**	**14,082,394**	**14,021,616**	**15,502,753**
POSITIONS						
Administration	5.25	4.25	4.25	4.00	4.00	4.00
Fleet Management	16.00	16.00	16.00	16.00	16.00	16.00
PW Asset Management	1.05	1.05	1.05	1.05	1.05	1.05
Sanitation	37.00	37.00	41.00	41.00	41.00	43.00
Streets & Sidewalks	46.00	47.00	47.00	47.00	47.00	47.00
Total	**105.30**	**105.30**	**109.30**	**109.05**	**109.05**	**111.05**

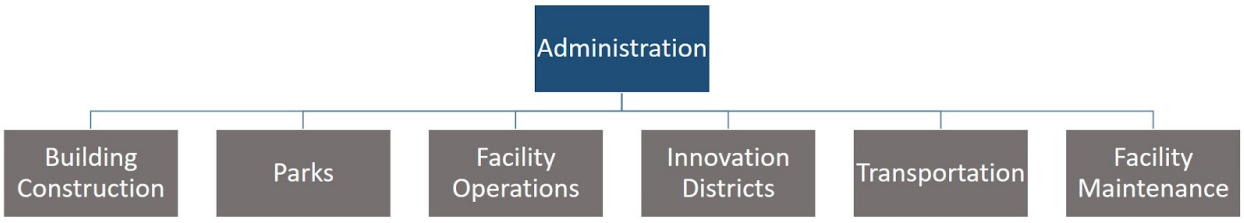
- The responsibilities of the Public Works **Administration Division** include overseeing, leading, and directing the department. This division works to ensure high-quality service delivery through effective operational procedures and policies and continuous improvement in products, systems, and processes.
- The **Asset Management Division** leads the department in using technology to improve internal business processes and creates and maintains GIS data and technology solutions.
- The **Fleet Management Division** is responsible for the acquisition and maintenance of fleet vehicles and equipment for all departments, as well as maintenance of the City's fuel stations.
- The **Sanitation Division** promotes a healthy, safe, and sustainable community by providing efficient, reliable, and innovative waste management services. The division strives to deliver excellent customer service and to enhance the community and the environment through the implementation of an effective integrated waste management plan.
- The **Streets Division** constructs and maintains the City's streets, sidewalks, trees, and rights-of-way in an efficient manner and provides emergency response services in all types of weather. The Division works to ensure a safe and efficient road and sidewalk system through proper maintenance, rehabilitation, and replacement. The Division also strives to maintain and improve traffic conditions to strengthen citizens' sense of community and allow for quick response by emergency service providers.

FY 2023-24 Department Priorities

- Engage contractors to carry out ongoing cleanup of roadside litter and sites containing biohazardous material to address community cleanliness concerns.
- Pursue opportunities to optimize the Pavement Condition Index through asphalt resurfacing, preventive maintenance, crack sealing, and patching.
- Continue normalizing the use of the asset management system to improve effectiveness of infrastructure, personnel, equipment, and materials management.
- With the support of data from a new Fleet Asset Management software system, update organizational policies and procedures relating to City vehicle and equipment procurement, maintenance, and disposal, promoting the continued transition to energy-efficient practices and alternative fuel usage.
- Maintain reliable solid waste and recycling collection programs; implement measures to improve operational efficiency, customer service, and waste reduction programming; and contract with a consultant to develop a comprehensive Solid Waste Master Plan.
- Pursue investments in employee recruitment and retention, including:
    - Continuing to develop a career ladder for employees, with enhanced opportunities for professional development and Public Works-focused training for supervisors.
    - Standardizing the onboarding process to create a more welcoming experience for new employees across all Public Works divisions.
- Continue to make improvements and investments in safety policies, procedures, and equipment to minimize on-the-job hazards and ensure that all employees go home safely.

Capital Projects Department

The Capital Projects Department facilitates the design and construction of public projects in a reliable, cost-effective, and timely manner. Acting as a supporting department to internal city client departments, CPD endeavors to collaboratively deliver projects identified in the annual Capital Improvement Program (CIP) to benefit the quality of life for Asheville residents and visitors.



Budget Summary

	2020-21 Actual	2021-22 Actual	2022-23 Original Budget	2022-23 Amended Budget	2022-23 Estimate	2023-24 Proposed
EXPENDITURES						
Salaries & Wages	1,983,675	1,710,438	2,376,990	2,286,990	1,851,638	2,487,913
Benefits	919,796	819,233	992,708	992,708	842,342	1,110,372
Operating Costs	1,035,719	1,076,193	1,229,170	1,427,775	1,219,854	1,426,935
Cost Transfers	(1,097,999)	(1,019,929)	(1,489,359)	(1,489,359)	(1,017,161)	(1,484,656)
Capital Outlay	213,289	324,945	260,000	151,395	60,645	75,000
Total	**3,054,480**	**2,910,880**	**3,369,509**	**3,369,509**	**2,957,318**	**3,615,564**
POSITIONS						
Total	**38.00**	**38.00**	**38.00**	**38.00**	**38.00**	**39.00**

Budget Highlights

- The proposed budget includes converting one temporary/seasonal janitorial position to a full-time position ($50,000 net cost).

Division Summary

	2020-21 Actual	2021-22 Actual	2022-23 Original Budget	2022-23 Amended Budget	2022-23 Estimate	2023-24 Proposed
EXPENDITURES						
Administration & Project Mgmt.	798,905	694,347	565,594	556,194	562,648	693,861
Facility Maintenance	1,603,667	1,571,042	1,993,800	1,982,300	1,626,488	1,943,088
Facility Operations	651,908	645,491	810,115	831,015	768,182	978,615
Total	**3,054,480**	**2,910,880**	**3,369,509**	**3,369,509**	**2,957,318**	**3,615,564**
POSITIONS						
Administration & Project Mgmt.	18.00	18.00	18.00	18.00	18.00	18.00
Facility Maintenance	6.00	6.00	6.00	6.00	6.00	6.00
Facility Operations	14.00	14.00	14.00	14.00	14.00	15.00
Total	**38.00**	**38.00**	**38.00**	**38.00**	**38.00**	**39.00**

The **Administration and Project Management Division** provides and facilitates design, project management, and inspection services for capital infrastructure projects within City maintained right-of-way and City-owned property. Additionally, the department provides general engineering support, surveying, contract administration, and right-of-way acquisition support.

The **Facility Operations Division** manages an array of services designed to support general city operations. Direct services include custodial work, elevator operation, building security, and mail management and delivery services.

The **Facility Maintenance Division** is responsible for the maintenance of 60+ buildings throughout the City, including support for building-related sustainability initiatives. Facility Maintenance staff work on mechanical, electrical, and plumbing systems to ensure City facilities operate efficiently and consistently.

FY 2023-24 Department Priorities

- Installation of a downtown public restroom facility to increase public access to clean, safe facilities that are open 24/7.
- Develop a comprehensive list of maintenance responsibilities with defined roles for all City assets to improve overall efficiency.
- Complete a comprehensive assessment of City facilities and develop a long-term facilities management strategy to ensure that facilities investments are efficient and effective.
- Plan, budget, design, and manage projects to ensure that they are built on time and on budget.

- Develop an equitable and collaborative Facilities Management Program to identify and prioritize maintenance and construction of capital assets that will allow for clear communication of budgetary needs and alignment with organizational priorities and values.

Sustainability

The Sustainability Department works with all departments across the City to incorporate City Council's strategic goals and resolutions pertaining to sustainability, climate change mitigation and adaptation into municipal operations, infrastructure, and services.

Budget Summary

	2020-21 Actual	2021-22 Actual	2022-23 Original Budget	2022-23 Amended Budget	2022-23 Estimate	2023-24 Proposed
EXPENDITURES						
Salaries & Wages	188,308	206,595	243,256	243,256	211,633	253,497
Benefits	91,808	94,722	96,543	96,543	83,993	108,797
Operating Costs	264,464	341,801	583,213	583,213	564,621	480,085
Capital Outlay	956,181	-	-	-	-	-
Total	**1,500,761**	**643,118**	**923,012**	**923,012**	**860,247**	**842,379**
POSITIONS						
Total	**3.00**	**3.00**	**3.00**	**3.00**	**3.00**	**3.00**

Note: The amounts shown on this page include additional funding appropriated through the Green Savings program, and are therefore higher than the amount shown in the General Fund Summary.

Budget Highlights

- The proposed budget includes additional funding for planning, outreach, and other operating costs associated with the Plastics Reduction Initiative ($68,000). These funds will come from the Green Savings program.

FY 2023-24 Department Priorities

- Begin implementation for phase one of the Municipal Climate Action Plan (MCAP).
- Advance Climate Justice Initiative. Refine and apply tools to internal projects and engage residents to improve and utilize resources to increase neighborhood awareness of and capacity for climate resilience.
- Conduct analysis and stakeholder engagement to inform a recommendation on additional single-use plastic reduction strategies for plastic bags and expanded polystyrene disposable foodware products.

Equity & Inclusion

Equity & Inclusion fosters a fair and inclusive culture across City government; promotes equitable policy recommendations, practices, and procedures; and facilitates improved community engagement.

Budget Summary

	2020-21 Actual	2021-22 Actual	2022-23 Original Budget	2022-23 Amended Budget	2022-23 Estimate	2023-24 Proposed
EXPENDITURES						
Salaries & Wages	157,764	182,882	284,124	284,124	197,773	302,412
Benefits	59,636	70,033	92,215	92,215	70,501	102,237
Operating Costs	119,174	75,504	116,554	110,554	52,409	113,860
Total	**336,574**	**328,419**	**492,893**	**486,893**	**320,683**	**518,509**
POSITIONS						
Total	**4.00**	**4.00**	**4.00**	**4.00**	**4.00**	**4.00**

Budget Highlights

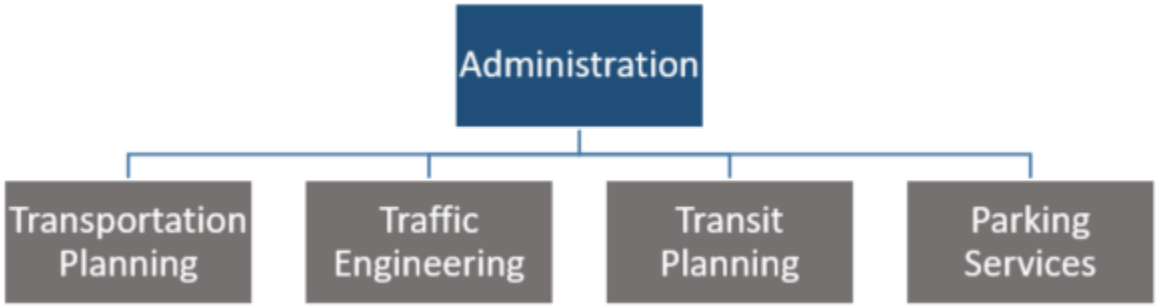
- The Equity & Inclusions Department will maintain existing services with no significant budget changes.

FY 2023-24 Department Priorities

- Using tools from the Government Alliance on Racial Equity, develop equity actions plans for each department and for the City as a whole to ensure that equity is incorporated into all City policies, procedures, and practices, leading to more equitable service delivery.
- Support the work of the Reparations Commission to develop clear recommendations on actions to repair harm done by public and private systemic racism to the Black community in Asheville, including strategies to create generational wealth and boost economic mobility.
- Develop and use tools to promote equitable policies, practices, and procedures in City operations.
- Partner and collaborate with public, nonprofit, and private entities to advance equity and inclusion in the Asheville and Buncombe Area.

Transportation Department

The Transportation Department provides safety, health, mobility, and quality of life for Asheville citizens and visitors through the administration of engineering, infrastructure, and transportation-related projects.



Budget Summary

	2020-21 Actual	2021-22 Actual	2022-23 Original Budget	2022-23 Amended Budget	2022-23 Estimate	2023-24 Proposed
EXPENDITURES						
Salaries & Wages	822,444	838,756	933,914	933,914	912,030	995,868
Benefits	374,788	376,593	409,725	409,725	391,769	456,230
Operating Costs	1,214,720	1,237,076	1,594,186	1,572,186	1,351,526	1,605,260
Cost Transfers	-	-	(95,664)	(95,664)	-	-
Total	**2,411,952**	**2,452,425**	**2,842,161**	**2,820,161**	**2,655,325**	**3,057,358**
POSITIONS						
Total	**13.34**	**14.34**	**14.34**	**14.34**	**14.34**	**14.34**

Budget Highlights

- In FY 2023-24, the Transportation Department will seek to join the National Association of City Transportation Officials (NACTO). This membership organization will provide staff with off-the-shelf best practices, design guides, and peer learning opportunities. Funding for this membership will come from existing resources and has no significant budget impact.
- Also in FY 2023-24, the Transportation Department will gain access to CityWorks, an asset and work order management system already in use by the Public Works and Water Resources departments. Funding to support implementation of this expansion is included in the Information Technology Department's budget.

Division Summary

	2020-21 Actual	2021-22 Actual	2022-23 Original Budget	2022-23 Amended Budget	2022-23 Estimate	2023-24 Proposed
EXPENDITURES						
Administration	336,318	347,310	370,332	366,332	372,424	398,039
Signs, Markings & Signals	520,314	541,392	699,968	693,968	603,219	738,082
Street Lighting	976,676	995,204	1,171,720	1,170,720	1,094,038	1,171,720
Traffic Engineering	228,342	293,105	336,396	332,396	330,893	342,990
Traffic Safety	15,404	27,241	35,000	35,000	10,510	35,000
Transportation Planning	334,898	248,173	228,745	221,745	244,241	371,527
Total	**2,411,952**	**2,452,425**	**2,842,161**	**2,820,161**	**2,655,325**	**3,057,358**
POSITIONS						
Administration	2.34	2.34	2.34	2.34	2.34	2.34
Signs, Markings & Signals	6.00	6.00	6.00	6.00	6.00	6.00
Traffic Engineering	2.00	3.00	3.00	3.00	3.00	3.00
Transportation Planning	3.00	3.00	3.00	3.00	3.00	3.00
Total	**13.34**	**14.34**	**14.34**	**14.34**	**14.34**	**14.34**

The **Administration Division** provides administrative support to all four divisions in addition to the Parking Services and Transit Services enterprise funds.

The **Traffic Engineering Division** manages the planning, design, installation, operation, and maintenance of City traffic control devices (signs, signals, street markings) and contracts with the NC Department of Transportation for state routes within the City. This division also conducts traffic studies and surveys, and reviews major developments and curb cut requests.

The **Transportation Planning Division** provides Citywide planning services, including for the Metropolitan Planning Organization (MPO), transit, and greenway projects.

FY 2023-24 Department Priorities

- Work with other City departments and the NCDOT to implement identified action steps within the approved GAP plan (Greenways, ADA Transition, & Pedestrian), to communicate and prioritize work to build a strong, accessible pedestrian network that lowers barriers for the disabled community, improves access to recreational activities, and reduces the need for cars to get around.
- Continue to partner with the NCDOT as the I-26 Connector project moves to the design-build phase which is anticipated in October 2023.
- Continue to partner with the NCDOT to improve bicycle and pedestrian safety.

Non-Departmental Community & Resident Services

The City provides funding to outside agencies (strategic partners) for the purpose of promoting community and economic development. The Housing & Community Development (HCD) City Council Committee develops funding recommendations for City Council review and approval.

Budget Summary

	2020-21 Actual	2021-22 Actual	2022-23 Original Budget	2022-23 Amended Budget	2022-23 Estimate	2023-24 Proposed
STRATEGIC PARTNERSHIP FUNDING ALLOCATIONS						
Asheville Museum of Science	-	10,000	-	-	-	-
Aspire Youth and Family	8,333	-	-	-	-	-
Bunc. Partnership for Children	10,667	-	-	-	-	-
Community Action Opportunities	1,250	-	-	-	-	-
Council on Aging	1,875	-	-	-	-	-
Green Opportunities	-	12,643	-	-	-	-
Mt Zion Community Development	141	-	-	-	-	-
My Daddy Taught Me That	12,083	-	-	-	-	-
New Mount Olive Missionary Ch	5,645	-	-	-	-	-
Pisgah Legal Services	15,000	-	-	-	-	-
Youth Transformed for Life	-	10,838	-	-	-	-
Youth Transformed for Life	-	5,746	-	-	-	-
YWCA	3,132	-	-	-	-	-
Other Partnership Funding	-	-	242,000	242,000	242,000	242,000
SPF Allocations Total	**58,126**	**39,227**	**242,000**	**242,000**	**242,000**	**242,000**
DIRECT ALLOCATIONS						
YMI Utilities	24,000	24,000	24,000	24,000	24,000	24,000
LEAF	40,000	40,000	40,000	40,000	40,000	40,000
In Real Life	65,100	69,900	45,000	45,000	45,000	45,000
Direct Allocations Total	**129,100**	**133,900**	**109,000**	**109,000**	**109,000**	**109,000**
Grand Total	**187,226**	**173,127**	**351,000**	**351,000**	**351,000**	**351,000**

Budget Highlights

- Maintains existing services with no significant budget changes.

Administrative Services and City Manager's Office

Administration Services includes City Council, the City Manager's Office (CMO), the City Clerk, and the Internal Auditor. These staff provide support to City Council, advisory boards, and the community through administrative oversight, and organizational leadership in accordance with City Council's 2036 Vision.

Budget Summary

	2020-21 Actual	2021-22 Actual	2022-23 Original Budget	2022-23 Amended Budget	2022-23 Estimate	2023-24 Proposed
EXPENDITURES						
Salaries & Wages	1,369,066	1,287,698	1,499,350	1,459,350	1,323,027	1,403,548
Benefits	473,473	428,458	509,030	509,030	423,954	524,380
Operating Costs	263,415	193,885	254,679	357,179	317,278	289,678
Total	**2,105,955**	**1,910,041**	**2,263,059**	**2,325,559**	**2,064,259**	**2,217,606**
POSITIONS						
Total	**12.00**	**12.00**	**12.00**	**11.00**	**11.00**	**12.00**

Budget Highlights

- The proposed budget includes $10,000 for new Board and Commission's software. The software will be dedicated to managing the application, appointment, and scheduling for 200 volunteers to over 30 boards and commissions.
- The proposed budget includes $24,924 to convert a Constituent Services Coordinator position from part-time to full-time. This position supports the City Manager's Office and City Council by tracking and responding to inquiries from residents. This position was created and previously fully funded through ARPA Grant funding.

Division Summary

	2020-21 Actual	2021-22 Actual	2022-23 Original Budget	2022-23 Amended Budget	2022-23 Estimate	2023-24 Proposed
EXPENDITURES						
City Clerk	318,183	339,022	353,179	353,179	343,970	386,273
City Manager	1,323,817	1,219,734	1,426,430	1,488,930	1,327,704	1,308,196
Governing Body	222,095	220,699	249,215	249,215	208,135	262,074
Internal Audit	241,860	130,586	234,235	234,235	184,450	261,063
Total	**2,105,955**	**1,910,041**	**2,263,059**	**2,325,559**	**2,064,259**	**2,217,606**
POSITIONS						
City Clerk	3.00	3.00	3.00	3.00	3.00	3.00
City Manager	8.00	8.00	8.00	7.00	7.00	8.00
Internal Audit	1.00	1.00	1.00	1.00	1.00	1.00
Total	**12.00**	**12.00**	**12.00**	**11.00**	**11.00**	**12.00**

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

The **City Manager's Office** 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. **Internal Audit**, which provides a review of governance, risk management, and control processes, is also housed in this department.

The **Governing Body Division** includes funding for the salaries and operating expenses of the Mayor and City Council.

FY 2023-24 Department Priorities

- Facilitate administrative support and training needs for City Council, Council committees, and advisory boards.
- Work with stakeholders to recommend structural and operational improvements to the Boards and Commissions program to provide the community with a broader array of accessible ways to participate in policy discussions, and to give Council and board and commission members a clear path for connecting community ideas and input to Council policy decisions.
- Continue to implement Council's Strategic Plan and management objectives.

City Attorney's Office

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

Budget Summary

	2020-21 Actual	2021-22 Actual	2022-23 Original Budget	2022-23 Amended Budget	2022-23 Estimate	2023-24 Proposed
EXPENDITURES						
Salaries & Wages	711,044	750,174	814,150	814,150	837,684	906,283
Benefits	253,791	276,037	300,021	300,021	303,295	352,158
Operating Costs	137,224	115,270	243,380	243,380	125,410	242,430
Total	**1,102,059**	**1,141,481**	**1,357,551**	**1,357,551**	**1,266,389**	**1,500,871**
POSITIONS						
Total	**7.00**	**7.00**	**7.00**	**7.00**	**7.00**	**8.00**

Budget Highlights

- The proposed budget includes a new Administrative Assistant position and associated operating costs ($61,070). This position will support both legal and public records staff with administrative tasks as well as be a resource to internal and public walk-in customers.

FY 2023-24 Department Priorities

- Provide a set of comprehensive services to City staff, and members of City Council
- Assist in development and pursuit of legislative programs, including management of governmental relations.
- Prosecute and Defend litigation claims involving the City of Asheville and its employees
- Ensure compliance with Federal, State, and Local laws and regulations for City policies and initiatives.
- Minimize City legal costs by providing the vast majority of legal services in house.

Communication & Public Engagement Department

The Communication & Public Engagement (CAPE) Department is responsible for the city's strategic communications and coordination of public engagement efforts. Communication responsibilities include media relations, community relations, and internal communications. The department uses best practices in accessibility and inclusion to communicate organizational priorities in achieving policy objectives. Additionally, the department designs and supports public engagement and community outreach efforts to inform and meaningfully engage residents, stakeholders and the media on City services, programs, and policy.

Budget Summary

	2020-21 Actual	2021-22 Actual	2022-23 Original Budget	2022-23 Amended Budget	2022-23 Estimate	2023-24 Proposed
EXPENDITURES						
Salaries & Wages	443,961	473,046	542,551	542,551	472,564	567,158
Benefits	205,635	209,812	240,324	240,324	220,107	264,321
Operating Costs	132,737	189,306	204,734	194,734	129,684	308,240
Capital Outlay	-	13,247	-	-	-	-
Total	**782,333**	**885,411**	**987,609**	**977,609**	**822,355**	**1,139,719**
POSITIONS						
Total	**8.00**	**10.00**	**10.00**	**10.00**	**10.00**	**10.00**

Budget Highlights

- The proposed budget includes funding for the National Community Survey ($28,000). This survey is conducted once every three years and will be completed again in FY 2023-24. Results are used to inform future budget development, service enhancements or changes, and areas where more community outreach and involvement may be needed.
- Also included in the proposed budget is a full year of funding for the Neighborhood Matching Grant program ($150,0000).

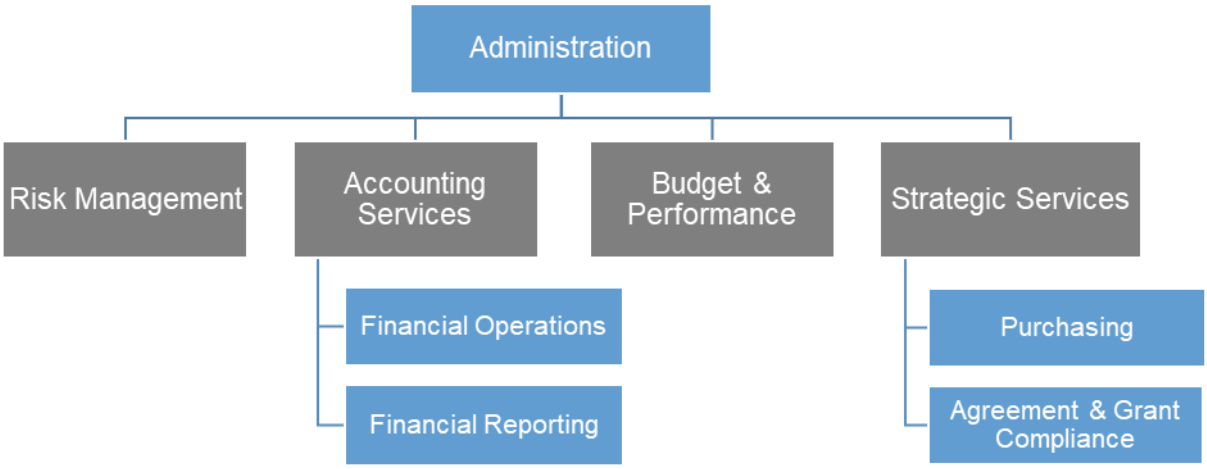
FY 2023-24 Department Priorities

- Outfit 5 community spaces with hybrid meeting capability for more accessible and inclusive participation in City government decision-making and create a Community Engagement Academy for leadership development and capacity-building in historically disenfranchised communities.

- Create an internal information repository for neighborhood issues and interactions to ensure that City employees are informed about issues that matter to specific communities and what actions have been taken to address them.
- Develop and implement cross-departmental staff training for public communication and engagement.
- Complete a language accessibility plan, create, and distribute language accessibility materials for public-facing front-line staff.

Finance & Management Services

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



Budget Summary

	2020-21 Actual	2021-22 Actual	2022-23 Original Budget	2022-23 Amended Budget	2022-23 Estimate	2023-24 Proposed
EXPENDITURES						
Salaries & Wages	1,797,698	1,871,527	2,125,835	2,225,411	2,116,870	2,447,248
Benefits	770,347	818,353	894,057	931,972	892,310	1,049,458
Operating Costs	161,155	207,215	288,350	318,850	243,744	327,608
Cost Transfers	(4,861)	-	-	-	-	-
Total	**2,724,339**	**2,897,095**	**3,308,242**	**3,476,233**	**3,252,924**	**3,824,314**
POSITIONS						
Total	**32.00**	**33.00**	**33.00**	**36.00**	**36.00**	**36.50**

Budget Highlights

- In FY 2022-23, the department was restructured to reorganize the data and performance staff to the Budget Division. The realignment supports the organization-wide work plan that helps to prioritize, coordinate, communicate, and balance work throughout the fiscal year to provide the community and Council with improved transparency and accountability and to ensure that staff work is aligned with Council priorities.

- The proposed budget also includes partial funding for a new Purchasing Coordinator position. This position will be housed in Finance and Management Services and cost is split between Water Resources and the General Fund (0.5 position, $45,000).

Division Summary

	2020-21 Actual	2021-22 Actual	2022-23 Original Budget	2022-23 Amended Budget	2022-23 Estimate	2023-24 Proposed
EXPENDITURES						
Administration	712,533	820,653	880,154	905,554	1,071,850	954,450
Budget	278,503	281,440	487,912	607,503	400,426	852,705
Accounting Services	1,056,379	938,461	1,025,355	1,048,355	865,273	1,052,026
Purchasing	457,172	455,435	486,386	486,386	462,898	503,911
Risk Management	219,752	401,106	428,435	428,435	452,477	461,222
Total	**2,724,339**	**2,897,095**	**3,308,242**	**3,476,233**	**3,252,924**	**3,824,314**
POSITIONS						
Administration	5.00	5.00	5.00	5.00	5.00	5.00
Budget	4.00	4.00	4.00	7.00	7.00	7.00
Accounting Services	13.00	14.00	14.00	14.00	14.00	14.00
Purchasing	5.00	5.00	5.00	5.00	5.00	5.50
Risk Management	5.00	5.00	5.00	5.00	5.00	5.00
Total	**32.00**	**33.00**	**33.00**	**36.00**	**36.00**	**36.50**

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 and directs and manages the Asheville Public Financing Corporation; and structures and monitors special financial arrangements such as pension obligation financing.

The **Purchasing Division**'s functions include the procurement of all City commodities and the disposal of City-owned surplus personal property via public auction. Additionally, Purchasing administers the execution of contracts for the City of Asheville.

The **Risk Management Division** analyzes the relative loss exposure for all City operations and activities and provides recommendations to City staff and departments. Risk Management also places appropriate protective coverage for the City through adequate insurance at the best possible premium or by selecting and implementing alternative risk financing, risk transfer, loss prevention, and loss control techniques. It administers and monitors City's self-insurance program, worker's compensation, liability funds, and all related claims.

The **Budget Division** plans, prepares, and monitors the City's operating and capital budgets including reviewing the efficiency of City activities and providing assistance in planning and budget forecasting to other departments. The Budget Division also provides assistance to the City Manager and other departments in performance management and evaluation through the

organization-wide work plans, The organizational work plans prioritize, coordinate, communicate, and balance work throughout the fiscal year to provide the community and Council with improved transparency and accountability and to ensure that staff work is aligned with Council priorities.

The **Accounting Services Division** manages the operational and reporting aspects of Finance to ensure compliance with all city, state and outside agency regulations and accounting standards.This includes managing the City's cash, investment, and debt portfolios in compliance with North Carolina General Statutes, federal requirements, and generally accepted accounting principle as well as management of the general ledger and sub-ledger accounting, the year-end audit, required annual financial reporting, and fiscal grant management. This division also handles payroll, accounts payable and receivable activities, treasury management, capital assets and procurement cards.

FY 2023-24 Department Priorities

- Manage $26.3M in internal and community grants to significantly impact affordable housing, homelessness, neighborhood resilience, and other Council priorities while creating a more collaborative grantmaking model for increased impact and transparency.
- Conduct a high-level risk assessment of key business areas to determine compliance with internal controls, City policies, and all laws and regulations. This will provide a basis for an internal audit work plan, leading to lower risks around compliance and internal control.
- Conduct a high-level risk assessment of key business areas to determine compliance with internal controls, City policies, and all laws and regulations. This will provide a basis for an internal audit work plan, leading to lower risks around compliance and internal control.
- Implement the ARPA funding decisions as directed by City Council. Effectively administer and monitor agreements with sub-recipients of ARPA funds.
- Conduct a risk assessment for internal audit and use the information to develop a work plan for the City's Internal Audit program.
- Develop a training program for City staff covering key policies, procedures, and tools to ensure consistency and compliance City-wide.
- Review, update, revise and create administrative policies for the Finance & Management Services Dept.

Human Resources

The mission of the Human Resources Department is to build a highly engaged, empowered, diverse workforce that is reflective of City residents and focused on maximizing innovation, productivity, and organizational performance.



Budget Summary

	2020-21 Actual	2021-22 Actual	2022-23 Original Budget	2022-23 Amended Budget	2022-23 Estimate	2023-24 Proposed
EXPENDITURES						
Salaries & Wages	925,840	1,037,170	1,138,516	1,138,516	1,181,578	1,271,768
Benefits	402,964	454,008	491,353	491,353	477,313	562,685
Operating Costs	131,182	132,170	447,009	447,009	318,136	347,395
Total	**1,459,986**	**1,623,348**	**2,076,878**	**2,076,878**	**1,977,027**	**2,181,848**
POSITIONS						
Total	**20.60**	**21.00**	**21.00**	**18.00**	**18.00**	**18.00**

Budget Highlights

- Maintains existing services with no significant budget changes.

Division Summary

The **Administrative Team** provides leadership and strategic direction for all Human Resources initiatives.

The **Compensation and Benefits Team** manages total rewards programs, Employee Health Services and compensation plans for the City of Asheville.

The **People, Culture and Development Team** is focused on creating a culture where everyone can thrive. The team focuses on the people experience, from pre-boarding & new hire orientation to fun engagement events; curating culture, from creating people strategy to facilitating programming; performance, from people development to HR system modules; and people data from core HR systems to team people metrics.

The **People Strategy and Talent Team** provides services through all aspects of Human Resources to department leaders and employees through the HR Strategic Business Partner model; delivers direct support in strategic planning and change management, department and employee effectiveness, employee relations and policy interpretation; and talent management inclusive of recruitment, outreach, community partnerships, onboarding and career development.

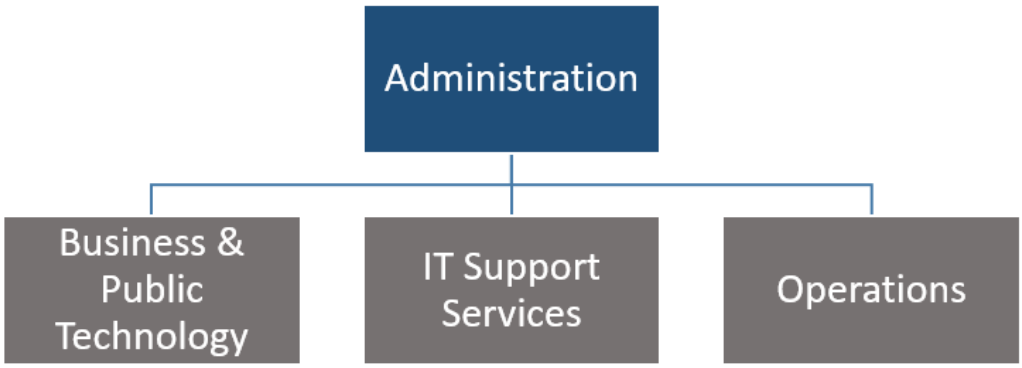
Employee Health Services, in partnership with Marathon Health, provides onsite professional medical care for employees enrolled in a City of Asheville medical plan at no cost to employees. EHS also manages The Asheville Project and provides care management for workers' compensation illnesses/injuries.

FY 2023-24 Department Priorities

- Implement a new HR system and train all users to successfully utilize the full suite of modules.
- Launch a City leadership strategy based on City values, expectations, and leadership competencies to include leadership development programs for all leaders and new leader orientation. Enhance employee orientation in alignment with the leadership strategy.
- Analyze people performance needs of the organization and develop a strategic plan to reimagine people performance to include individual work plans that align with organizational priorities.
- Establish schedule for regular pay plan review utilizing market analysis. Formalize process for position reclassification requests in collaboration with Finance.
- Implement Recruitment and Retention strategies across the organization and provide training and resources to supervisors.

Information Technology Services

The Information Technology Services (ITS) Department strives to provide excellent customer service by delivering quality technology solutions with a high level of professionalism and responsiveness. We adhere to principles of technical and fiscal stewardship with an end goal of high quality of life for employees and citizens.



Budget Summary

	2020-21 Actual	2021-22 Actual	2022-23 Original Budget	2022-23 Amended Budget	2022-23 Estimate	2023-24 Proposed
EXPENDITURES						
Salaries & Wages	1,984,061	2,168,890	2,250,954	2,151,378	2,219,474	2,190,115
Benefits	804,061	873,126	916,584	878,669	909,586	890,161
Operating Costs	1,431,469	1,653,543	1,907,424	1,876,924	1,678,831	1,855,668
Cost Transfers	(469,560)	(475,774)	(476,010)	(476,010)	(475,774)	(476,010)
Capital Outlay	-	83,746	25,000	25,000	16,377	25,000
Total	**3,750,031**	**4,303,531**	**4,623,952**	**4,455,961**	**4,348,494**	**4,484,934**
POSITIONS						
Total	**29.00**	**29.00**	**30.00**	**27.00**	**27.00**	**27.00**

Budget Highlights

- Adding $60,000 for the cost of the Meraki Wireless license in FY 2023-24, which provides wireless access to City buildings.
- In FY 2022-23, the Department was restructured to relocate the data and performance staff to the Finance and Management Services Department.
- The Department had a significant restructure of over five positions in FY 2021-22, added an additional FTE, and restructured two more positions in FY 2022-23.

- ITS has additional funding ($45,000) in FY 2023-24 for the Parks & Recreation and the Transportation Departments to implement and utilize the City Works software for asset management.

Division Summary

	2020-21 Actual	2021-22 Actual	2022-23 Original Budget	2022-23 Amended Budget	2022-23 Estimate	2023-24 Proposed
EXPENDITURES						
Administration	332,344	326,330	351,372	351,372	345,061	274,141
Business & Public Technology	1,416,425	1,599,145	1,813,169	1,645,178	1,572,294	1,789,901
IT Support Services	1,249,656	1,689,952	1,774,173	2,463,292	2,345,785	2,420,892
Technical Services	751,606	688,104	685,238	(3,881)	85,354	-
Total	**3,750,031**	**4,303,531**	**4,623,952**	**4,455,961**	**4,348,494**	**4,484,934**
POSITIONS						
Administration	2.00	2.00	2.00	2.00	2.00	2.00
Business & Public Technology	12.00	12.00	13.00	10.00	10.00	10.00
IT Support Services	9.00	9.00	9.00	9.00	9.00	9.00
Technical Services	6.00	6.00	6.00	6.00	6.00	6.00
Total	**29.00**	**29.00**	**30.00**	**27.00**	**27.00**	**27.00**

The **Administration Division** ensures technology services are deployed effectively.

The **Business & Public Technology Division** provides flexible, automated, and standards based application services and software to the City's business units.

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, and other task and project management tools.

The **Operations Division** provides centralized help desk service, documentation, knowledge management, and other task and project management tools. The division also aims to enhance security, sustainability, reliability, expandability, and quality of data and communication systems.

FY 2023-24 Department Priorities

- Improve staff and community ability to use GIS and data for equitable outcomes, accountability, and communication.
- Improve access to digital services, especially for those who have been most impacted historically by inequities.
- Modernize infrastructure and strengthen security to improve service speed, accessibility, and resiliency.

Non-Departmental
Management & Support Services

Budget Summary

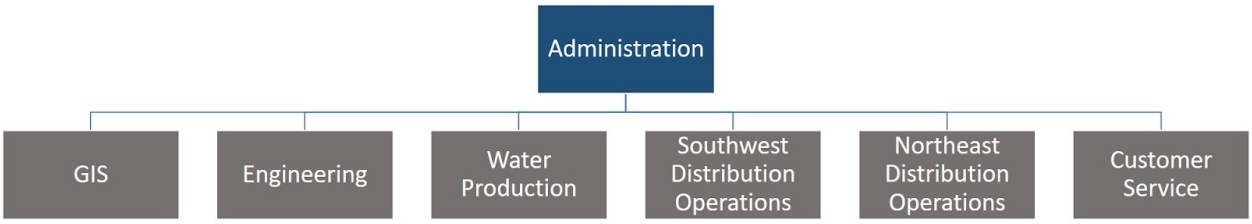
	2020-21 Actual	2021-22 Actual	2022-23 Original Budget	2022-23 Amended Budget	2022-23 Estimate	2023-24 Proposed
EXPENDITURES						
911 Dispatch	-	842,018	1,964,962	1,964,962	1,964,962	2,112,334
City Stormwater Costs	100,821	101,292	125,000	125,000	101,292	125,000
Contingencies	-	-	195,000	338,834	-	195,000
County Tax Collections	1,038,459	1,060,006	1,075,665	1,075,665	1,069,616	1,121,608
Employee Transit Passes	-	1,109	5,000	5,000	1,109	5,000
Quality of Service Awards	-	-	52,000	52,000	52,000	316,000
Police ID Bureau	480,914	474,016	561,287	394,437	361,823	582,280
Reparations	-	1,015,000	500,000	500,000	500,000	510,000
Homeowner Grant Program	-	90,600	150,000	150,000	90,600	150,000
Other	152,893	158,203	199,100	229,600	139,771	220,000
Total	**1,773,088**	**3,742,244**	**4,828,014**	**4,835,498**	**4,281,173**	**5,337,222**
GENERAL FUND TRANSFERS TO OTHER FUNDS						
CIP/Debt Service	16,163,749	16,302,249	16,531,557	16,575,557	16,575,557	18,841,888
HCCA Capital	78,047	129,692	221,739	221,739	221,739	228,527
Transit Transfer	6,804,233	6,916,932	6,916,932	6,916,932	6,916,932	7,049,000
HCCA Transfer	1,125,437	1,204,420	1,125,437	860,437	860,437	1,125,437
Total	**24,171,466**	**24,553,293**	**24,795,665**	**24,574,665**	**24,574,665**	**27,244,852**

Budget Highlights

- The proposed budget includes a $510,000 investment in reparations.
- Additionally, the City's multi-year debt/model includes an annual 2% increase which amounts to $310,000 in FY 2023-24. The $18.8 million budgeted for the City's general capital program supports current debt payments, future debt issuance, and pay-go funding for capital projects. This includes $2 million for the McCormick Field Project, adopted by City Council in April of 2023.

Water Resources Fund

The Water Resources Department manages and protects community resources, providing the highest quality of water service to customers through continuous improvement in products, systems, and processes to maximize customer satisfaction. The Department strives for continuous communication among and between staff, customers, and the governing board and continuous involvement with the community and region, valuing honesty, hard work, creativity, faith in each other, perseverance, and respect for diversity.



Budget Summary

	2020-21 Actual	2021-22 Actual	2022-23 Original Budget	2022-23 Amended Budget	2022-23 Estimate	2023-24 Proposed
EXPENDITURES						
Salaries & Wages	7,402,993	8,017,243	9,169,777	9,173,277	9,335,802	10,326,417
Benefits	3,592,051	3,827,694	4,161,990	4,161,990	4,161,746	4,885,820
Operating Costs	10,727,978	11,692,386	13,318,727	13,487,577	13,219,885	14,509,183
Cost Transfers	(618)	-	-	-	-	-
Capital Outlay	4,628,804	7,018,662	6,562,695	6,540,345	6,520,006	7,066,000
Debt Service	5,502,606	6,175,416	7,133,411	7,133,411	7,102,431	7,218,160
Total	**31,853,814**	**36,731,401**	**40,346,600**	**40,496,600**	**40,339,870**	**44,005,580**

	2020-21 Actual	2021-22 Actual	2022-23 Original Budget	2022-23 Amended Budget	2022-23 Estimate	2023-24 Proposed
REVENUES						
Utility Charges	28,265,832	32,427,793	36,079,600	36,079,600	35,911,485	39,713,580
Capital Maintenance Fee	(2,036)	(65)	-	-	(2,643)	-
Investment Earnings	57,617	(148,298)	432,000	432,000	432,000	432,000
Other Operating	3,431,342	4,419,975	3,835,000	3,985,000	4,142,066	3,860,000
Total	**31,752,754**	**36,699,404**	**40,346,600**	**40,496,600**	**40,482,908**	**44,005,580**
POSITIONS						

	2020-21 Actual	2021-22 Actual	2022-23 Original Budget	2022-23 Amended Budget	2022-23 Estimate	2023-24 Proposed
REVENUES						
Utility Charges	28,265,832	32,427,793	36,079,600	36,079,600	35,911,485	39,713,580
Capital Maintenance Fee	(2,036)	(65)	-	-	(2,643)	-
Total	**162.00**	**163.88**	**163.88**	**163.88**	**163.88**	**174.38**

Budget Highlights

- In April 2023, City Council approved an increase to the water base charge and usage fee resulting in a $3.6 million revenue increase. Along with covering typical year-over-year cost increases, the additional revenue will also fund a number of operational improvements including:
    - An additional maintenance crew to reduce repair response times and increase the amount of preventative line maintenance the department can complete (5 positions, $585,000).
    - Enhanced night coverage for the water treatment plants to reduce safety concerns and increase ability to respond quickly to problems (3 positions, $225,000).
    - Customer service staff to manage the transition to the automatic meter infrastructure (AMI) system already underway (1 position, $80,000).
    - A new communication specialist to develop a program of regular engagement with customers, and improve emergency communications (1 position, $100,000).
    - The Department is also still recovering from the loss of revenue resulting from the elimination of the Water CIP fee at the end of Fiscal Year 2019-20. This loss of revenue has reduced funds available for long-term capital projects and maintenance, and the higher proposed rate increase will help maintain capacity for this work.
- The proposed budget also includes partial funding for a new Purchasing Coordinator position. This position will be housed in Finance and Management Services and cost is split between Water Resources and the General Fund (0.5 position, $45,000).

Division Summary

	2020-21 Actual	2021-22 Actual	2022-23 Original Budget	2022-23 Amended Budget	2022-23 Estimate	2023-24 Proposed
EXPENDITURES						
Administration	15,697,827	19,392,394	20,152,128	20,794,128	20,863,526	21,240,143
Customer Service	1,527,504	1,511,865	1,687,077	1,717,077	1,656,879	1,862,857
Engineering	710,463	768,873	858,868	882,868	871,590	857,730
Water Production	5,352,943	5,975,605	7,507,477	7,722,477	7,094,602	9,655,606
Northeast Operations	5,166,646	5,384,924	5,913,075	5,356,075	5,389,888	6,488,047
Southwest Operations	3,398,431	3,697,740	4,227,975	4,023,975	4,463,385	3,901,197
Total	**31,853,814**	**36,731,401**	**40,346,600**	**40,496,600**	**40,339,870**	**44,005,580**
POSITIONS						
Administration	12.00	13.00	13.00	13.00	13.00	14.50
Customer Service	24.00	24.00	24.00	24.00	24.00	25.00
Engineering	8.00	8.00	8.00	8.00	8.00	8.00
Water Production	45.00	45.88	45.88	45.88	45.88	48.88
Northeast Operations	40.00	40.00	40.00	40.00	40.00	45.00
Southwest Operations	33.00	33.00	33.00	33.00	33.00	33.00
Total	**162.00**	**163.88**	**163.88**	**163.88**	**163.88**	**174.38**

The **Administration Division** provides planning and management services for the Water Resources Department. The department's **Warehouse** is a support service to the many divisions within the department. The Warehouse is responsible for ensuring all necessary material, parts and safety equipment are on-hand for all workgroups. The Warehouse manages inventory of over 1,000 items.

Maintenance of the system's approximately 1,699 miles of distribution mains falls on two divisions:

Southwest Distribution Operations is responsible for maintaining distribution mains, service lines, valves, and hydrants in the South and West areas of the water system. This division also is responsible for the timely and accurate meter reading, maintenance and replacement of meters.

Northeast Distribution Operations is responsible for maintaining distribution mains, service lines, valves, and hydrants in the North and East areas of the water system. This division also maintains pressure reducing valves and performs special projects to maintain the system's water distribution lines.

The **Water Production Division** is responsible for protecting and managing a 22,000-acre watershed, operating and maintaining the North Fork, Mills River, and William DeBruhl (Bee Tree) Water Treatment Plants, maintaining certified laboratories, pumps and storage tanks throughout the water system.

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.

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

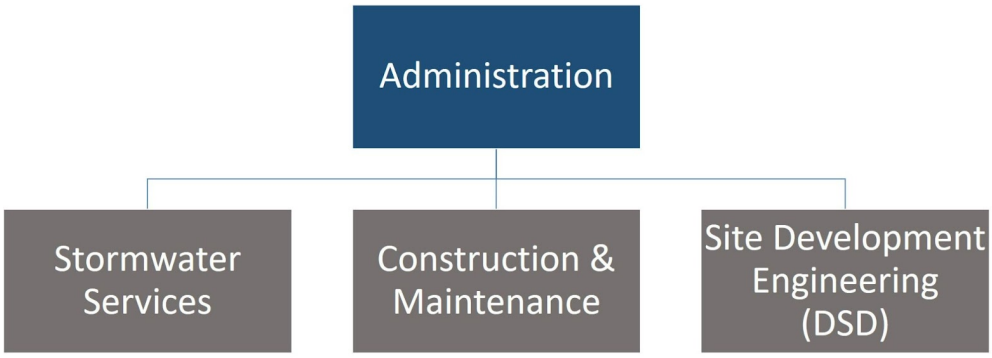
The **GIS Division** supports the department and external stakeholders by maintaining an accurate asset management and mapping system, including all water mains and lines, meters, pump stations, storage tanks, and other various assets, and responding to requests for data and maps of assets.

FY 2023-24 Fund Priorities

- Replace aging water meters with state of the art equipment (AMI) to reduce water loss, allow customers to proactively monitor their usage, and reduce staff burden.
- Convene a multidisciplinary body to review the December 2022 prolonged water outage, assess the city's operational and emergency response and communication efforts, and analyze infrastructure and process and policy change needs.
- Develop a service line inventory, replacement plan, consumer education campaign, and consumer funding options for lead pipe replacement in accordance with the Environmental Protection Agency’s 2021 Lead and Copper Rule Revisions.
- Integrate the Water Master Plan Model projects into the Capital Improvement Program.
- Complete next phase(s) of infrastructure replacement projects.
- Continue implementation of a unidirectional system flushing program.

Stormwater Fund

The Stormwater Division of the Public Works Department is responsible for the timely installation, maintenance, repair, and revitalization of storm drainage infrastructure within the City rights-of-way. The Division implements the National Pollutant Discharge Elimination System (NPDES) program, whose goal is to improve water quality. The Division also works to reduce flooding for the citizens of Asheville.



Budget Summary

	2020-21 Actual	2021-22 Actual	2022-23 Original Budget	2022-23 Amended Budget	2022-23 Estimate	2023-24 Proposed
EXPENDITURES						
Salaries & Wages	2,021,718	2,318,415	2,999,753	3,004,753	2,734,945	3,117,802
Benefits	1,018,183	1,130,654	1,332,403	1,332,403	1,245,590	1,459,111
Operating Costs	1,693,845	2,036,599	2,506,051	2,751,051	2,279,960	3,517,791
Capital Outlay	350,000	229,777	350,000	350,000	350,000	423,800
Cost Transfers	(211,507)	(40,171)	-	-	(35,325)	-
Debt Service	588,504	360,774	315,817	315,817	322,056	435,057
Total	**5,460,743**	**6,036,047**	**7,504,024**	**7,754,024**	**6,897,226**	**8,953,561**
REVENUES						
Utility Charges	6,205,781	6,170,634	7,062,808	7,062,808	7,072,400	8,129,017
Development Fees	288,032	413,456	419,716	419,716	438,016	302,433
Investment Earnings	257	(17,417)	15,000	15,000	15,000	15,000
Other	13,082	19,027	6,500	6,500	14,047	17,633
Appropriated Fund Balance	-	-	-	250,000	-	489,478
Total	**6,507,151**	**6,585,700**	**7,504,024**	**7,754,024**	**7,539,463**	**8,953,561**
POSITIONS						
Total	**51.60**	**53.60**	**53.60**	**53.85**	**53.85**	**54.85**

Budget Highlights

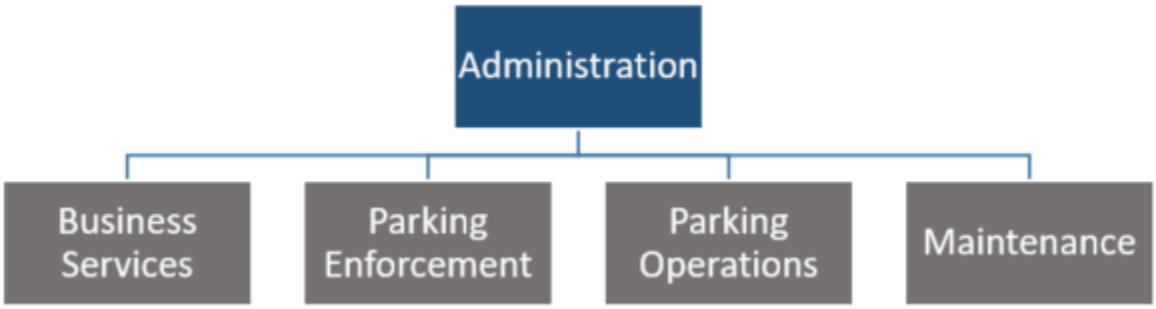
- During FY 2022-23, the Stormwater Division began working with a consultant on a fee study to review stormwater service and clarify further operational and capital needs. This study will continue into FY 2023-24. The fee study has already resulted in recommendations for several operational and personnel investments for FY 2023-24, which will be funded with a combination of a $2,000,000 fund balance appropriation and a fee increase.
- Several positions in Stormwater were reclassified for FY 2023-24 to allow for better recruitment and retention and to deliver effective service to the community.
- In March 2023, City Council approved increases in the Stormwater fees assessed on all properties in the city. The additional $1,000,000 in revenue from the fee increase, in combination with the fund balance appropriation noted above, will fund:
    - An asset inventory and assessment project;
    - A post-construction inspector position, which will ensure private property compliance with the Stormwater permit;
    - Equipment for the new crew, as well as upgrades to general equipment for the division;
    - Reclassifications of two positions noted below; and
    - A transfer from the Stormwater operating fund to the Stormwater Capital Projects Fund.

FY 2023-24 Fund Priorities

- Install approximately 5,000 linear feet of stormwater infrastructure through construction contracts and maintenance operations.
- Continue normalizing the use of the asset management system to improve effectiveness of infrastructure, personnel, equipment, and materials management.
- Continue Stormwater program analysis and fee study to improve overall effectiveness and provide guidance for future program implementation and budget needs.

Parking Services Fund

The Parking Services Division of the Transportation Department is dedicated to providing safe, reliable, and efficient parking. The Division provides for the orderly turnover of parking and the maximum utilization of parking spaces through the management of on-street parking facilities, four parking garages, and several surface lots in downtown Asheville.



Budget Summary

	2020-21 Actual	2021-22 Actual	2022-23 Original Budget	2022-23 Amended Budget	2022-23 Estimate	2023-24 Proposed
EXPENDITURES						
Salaries & Wages	907,887	871,037	1,414,684	1,454,684	1,114,725	1,550,870
Benefits	427,534	401,111	672,871	672,871	437,129	756,539
Operating Costs	1,335,496	1,598,285	1,770,792	1,730,792	1,283,504	2,118,178
Capital Outlay	260,863	526,920	210,000	210,000	296,432	1,216,659
Debt Service	1,010,604	867,005	583,538	583,538	593,151	559,722
Transfer to Transit Fund	1,576,875	-	1,000,000	1,000,000	750,001	951,892
Total	**5,519,260**	**4,264,357**	**5,651,885**	**5,651,885**	**4,474,942**	**7,153,860**
REVENUES						
Garage Parking	1,895,336	2,393,229	3,060,000	3,060,000	1,766,244	4,050,000
Lots & Peripheral Parking	89,203	105,516	165,000	165,000	66,130	75,000
Parking Meters	1,438,455	1,646,687	1,650,000	1,650,000	1,588,909	2,200,000
Citations	714,604	744,612	661,933	661,933	703,346	700,000
Miscell Revenue	21,720	10,937	45,000	45,000	5,476	-
Appropriated Fund Balance	-	1,600,000	-	-	-	-
Other	29,371	23,035	69,952	69,952	72,374	128,860
Total	**4,188,689**	**6,524,016**	**5,651,885**	**5,651,885**	**4,202,479**	**7,153,860**
POSITIONS						
Total	**28.91**	**28.66**	**28.66**	**28.66**	**28.66**	**28.66**

Budget Highlights

- An additional $115,000 was added to the contracted services budget to carry out a Parking Operations Assessment for the purpose of evaluating the Parking Services Division's organizational structure, service levels, operational priorities, and financial performance, and developing recommendations for improving Parking Services operations.
- Due to challenges hiring for security guard positions, these vacancies will be frozen in FY 2023-24. Position costs as well as additional operating funding has been added to contract out security services in the City's parking garages ($200,000).
- The proposed budget also includes operating funding for annual meter replacements ($150,000).

FY 2023-24 Fund Priorities

- Assess existing public parking garages to identify repair needs and their associated costs, as well as forecast for future repairs and upgrades of these structures.
- Carry out a Parking Operations Assessment for the purpose of evaluating the Parking Services Division's organizational structure and service levels, operational priorities, financial performance of parking assets, and development of recommendations for improving Parking Services operations.

Transit Services Fund

The Transit Services Division of the Transportation Department provides public transportation service that maximizes access to all destinations necessary for the benefit and well-being of citizens including health, employment, recreation, service providers, and retailers.

Budget Summary

	2020-21 Actual	2021-22 Actual	2022-23 Original Budget	2022-23 Amended Budget	2022-23 Estimate	2023-24 Proposed
EXPENDITURES						
Salaries & Wages	192,675	162,829	241,770	241,770	176,016	251,414
Benefits	82,269	71,380	108,022	108,022	72,523	118,055
Operating Costs	12,684,482	11,337,026	12,385,000	12,373,369	10,874,060	13,642,251
Capital Outlay	14,872	6,175	-	11,631	11,631	-
Debt Service	15,597	221	-	-	16,665	12,000
Total	**12,989,895**	**11,577,631**	**12,734,792**	**12,734,792**	**11,150,895**	**14,023,720**
REVENUES						
Federal/State Grants	4,958,847	5,066,497	3,911,302	2,811,302	2,487,852	3,099,724
Operating Revenue	34,965	552,493	536,852	536,852	949,411	545,404
Motor Vehicle Licenses	369,706	368,636	369,706	369,706	389,391	369,700
Other	29,204	(12,805)	-	1,100,000	1,100,235	2,008,000
General Fund Subsidy	6,804,233	6,916,932	6,916,932	6,916,932	6,916,932	7,049,000
Parking Fund Subsidy	1,576,875	-	1,000,000	1,000,000	750,001	951,892
Total	**13,773,831**	**12,891,753**	**12,734,792**	**12,734,792**	**12,593,822**	**14,023,720**
POSITIONS						
Total	**4.00**	**4.00**	**4.00**	**4.00**	**4.00**	**4.00**

Budget Highlights

- The FY 2023-24 budget includes an additional $300,000 to complete a City-County Transit Master Plan. The Master Plan process will evaluate service options, financial resources, fleet and capital needs, connectivity opportunities, and potential governance models to improve transit services for residents and visitors, with an emphasis on the long-term economic sustainability of transit services. Buncombe County is also including matching funds in their proposed budget.
- An additional $100,000 is included in the Transit budget to support administration of Federal Transit Administration grants and to fund consultant support to prepare the next Request for Proposals for the Transit Operations and Maintenance Contract.

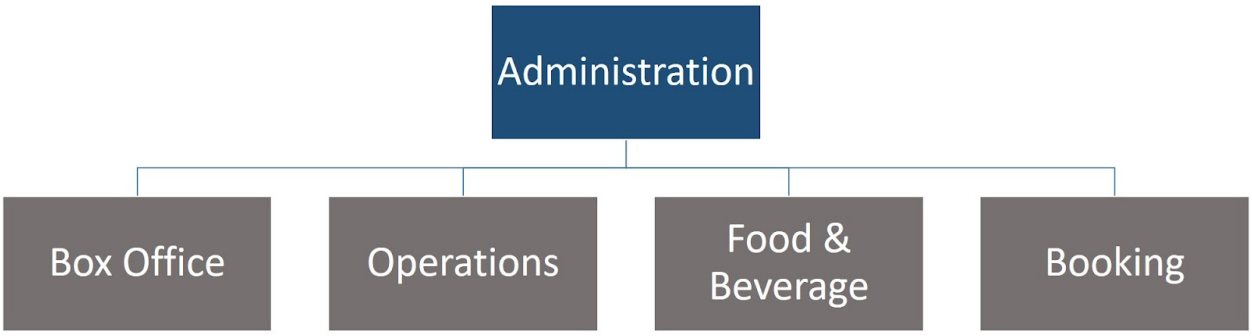
- Both the Transit Management and Operations contract and the Paratransit contracts are increasing in FY 2023-24. The Transit Management and Operations contract increased by $489.660 (4.8%) over the prior year, and the Paratransit contract increased $86,000 (9.6%) over the prior year. These two contracts represent the largest operating expenses in the Transit Services fund.
- Fuel costs continue to see year-over-year increases in the Transit Fund. The proposed budget includes an additional $219,700 in projected fuel costs, a 33.8% increase over FY 2022-23.

FY 2023-24 Fund Priorities

- Carry out limited preliminary planning and community engagement for the “ART Place” Project, a mixed-use transit-oriented development of a new, larger Downtown Transit Center for Asheville’s transit system, on-site affordable housing, and other potential compatible uses.
- Collaborate with Buncombe County to prepare a joint Transit Master Plan to improve the quality, accessibility, and long-term economic sustainability of public transit services in the City and County. The joint effort will evaluate service options, financial resources, fleet and capital needs, connectivity opportunities, and potential governance models to improve transit services for residents and visitors.

Harrah's Cherokee Center - Asheville

The Harrah's Cherokee Center of Asheville fosters 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 and includes a 7,200-seat arena, a banquet hall, a 2,431-seat performing arts auditorium, and an exhibition hall.



Budget Summary

	2020-21 Actual	2021-22 Actual	2022-23 Original Budget	2022-23 Amended Budget	2022-23 Estimate	2023-24 Proposed
EXPENDITURES						
Salaries & Wages	1,240,858	1,727,416	1,708,580	1,708,580	1,630,356	2,124,573
Benefits	572,081	524,163	691,087	691,087	630,045	821,274
Operating Costs	906,676	2,407,582	2,255,723	3,155,723	3,283,106	2,327,273
Cost Transfers	(79,203)	-	-	-	-	-
Debt Service	310,131	361,915	267,514	267,514	268,931	257,727
Total	**2,950,543**	**5,021,075**	**4,922,904**	**5,822,904**	**5,812,438**	**5,530,847**
REVENUES						
Admissions & Other Sales	123,234	1,296,918	1,086,000	1,436,000	1,705,909	1,352,000
Food & Beverages Sales	59,705	2,128,162	1,542,000	2,435,983	2,786,088	1,760,310
Rent	104,088	917,181	880,084	880,084	1,160,636	1,014,100
Intergov Revenue	34,240	2,441,050	-	-	-	-
Other	20,813	201,929	210,400	210,400	147,579	279,000
General Fund Subsidy	1,125,437	1,204,420	1,204,420	860,437	860,437	1,125,437
Total	**1,467,516**	**8,189,661**	**4,922,904**	**5,822,904**	**6,660,649**	**5,530,847**
POSITIONS						
Total	**26.30**	**25.75**	**25.75**	**25.75**	**25.75**	**27.75**

Budget Highlights

- The proposed budget includes a new Senior Events Manager and Master Tardesworker ($179,000) to complete a departmental reorganization to address events coverage needs and to refine the management of the operations division. The reorganization began in FY 2022-23 with the reclassification of Labor Crew Supervisor to Event Services Coordinator and Booking Manager to Business Services Specialist I.

FY 2023-24 Fund Priorities

- Achieve contracted facility usage of more than 275 dates.
- Secure annual average of $17.00 in purchases per attendee per event.

Street Cut Utility Fund

The Street Cut Utility Fund is responsible for the repair of all street cuts on publicly maintained streets made by partner agencies including the Metropolitan Sewerage District (MSD), Dominion Energy, and City of Asheville Water and Stormwater operations. The Fund also issues permits for non-partners to ensure that repairs are made according to City of Asheville standards.

Budget Summary

	2020-21 Actual	2021-22 Actual	2022-23 Original Budget	2022-23 Amended Budget	2022-23 Estimate	2023-24 Proposed
EXPENDITURES						
Salaries & Wages	468,024	550,533	657,082	657,082	704,312	682,674
Benefits	220,171	244,483	294,687	294,687	282,813	327,085
Operating Costs	663,690	733,806	957,392	957,392	732,373	1,052,220
Capital Outlay	102,464	125,249	140,000	260,000	241,220	275,000
Debt Service	99,111	49,224	-	-	48,408	50,000
Total	**1,553,460**	**1,703,294**	**2,049,161**	**2,169,161**	**2,009,126**	**2,386,979**
REVENUES						
Utility Charges	1,669,768	1,739,656	1,949,101	1,949,101	1,930,940	2,386,979
Other Financing Sources	1,358	(2,455)	100,060	220,060	570	-
Total	**1,671,126**	**1,737,201**	**2,049,161**	**2,169,161**	**1,931,510**	**2,386,979**
POSITIONS						
Total	**10.60**	**10.60**	**10.60**	**10.60**	**10.60**	**10.60**

Budget Highlights

- The 2023-24 budget increases the concrete repair contract, which will allow for a continuous year of concrete repair service.

Capital Improvement Program

Staff continues to work with the City's financial advisors to update the multi-year debt management and capital improvement program (CIP). The expanded CIP began in FY 2013-14 when City Council approved a 3-cent property tax rate increase dedicated to capital. The program was further expanded on November 8, 2016, when the citizens of Asheville voted to authorize the City to issue $74 million in general obligation (GO) bonds to make capital improvements in the areas of transportation, affordable housing, and parks and recreation.

Projects in both the General CIP and the Bond CIP were selected based on a number of criteria including: public safety, economic growth and sustainability, affordable housing & community development, quality of life, availability of outside funding sources, and potential return on investment. Projects are funded with a mix of internal City resources and external resources such as grants and partnerships.

The following pages show a summary of the new project budgets that are planned over the next five years for the General, Water, Parking and Stormwater Capital Funds. Project status updates for active CIP projects can be found on the City's website at the following link: *http://dashboards.ashevillenc.gov/capital_projects*.

Capital Funding Resources

Debt service and capital expenses include annual debt service payments on the City's existing and planned debt issuances, as well as capital purchases in departmental operating budgets, pay-as-you-go transfers to the City's various capital project funds, and funding for the General Fund multi-year capital model. For FY 2023-24, the citywide total budget for debt service and capital expenses is approximately $37.2 million, with just over half of this funding ($19.7 million) supporting general fund capital investments.

Investment in general fund capital projects increased significantly in FY 2023-24, adding $29.8 million over the prior year. Driving the large increase is the appropriation of funding for McCormick Field ($35.6 million). In the enterprise funds, Stormwater capital saw a decrease over the prior year, due to having a large grant-funded project included in FY 2022-23 (-$1.5 million). Conversely, Water Resources was able to increase their capital spending thanks to money from the State Revolving Fund ($5 million). Parking capital funding is also increased compared to prior years due to the recovery of revenues post-pandemic ($876,660).

Over the five-year plan, debt funding for General Fund capital projects increased $25.1 million, all of which can be attributed to McCormick Field. This additional debt funding reflects the most recent updates to the debt model capacity based on project spending timelines and interest rate assumptions.

CIP Impact on Sustainability Goals

Five recently completed solar rooftop projects, funded in the FY 2021-22 General Capital Projects CIP, are expected to generate 259 kW of clean, renewable electricity while also

avoiding an estimated 270 metric tons of carbon annually. Projects identified within the facility maintenance and roof replacement programs will contribute to the City's carbon reduction goal.

The fleet replacement program will examine both carbon mitigation strategies and renewable fleet technologies, addressing the City's renewable energy goals. Funding for EV charging stations for City fleet at multiple locations was included in the FY 2022-23 CIP and design is currently underway. Once installed, these charging stations will allow the City to begin shifting more fleet replacements to electric vehicles, further reducing our carbon footprint.

Relationship to the Annual Operating Budget

An important aspect of capital improvement budgeting is planning for the impact that capital projects have upon the annual operating budget. CIP projects at the City of Asheville are primarily funded through a mix of pay-as-you-go contributions, debt financing, and grants. Projects funded with pay-as-you-go contributions (from the General Fund and the Water Resources Fund, for example) are directly linked since project funding is authorized with the adoption of the annual operating budget. Projects funded through debt financing also impact the operating budget through ongoing debt service expenses. The chart below summarizes the pay-as-you-go contributions and the debt service amounts budgeted in the FY 2023-24 annual operating budgets.

IMPACT OF PAY-GO & DEBT ON THE FY 2023-24 OPERATING BUDGET	
General Fund Pay-Go/Debt	19,680,415
Enterprise Fund Pay-Go/Debt	17,090,325
Total	**36,770,740**

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

Construction on AFD Station 13 in the Montford area is nearly complete with an anticipated opening date of June 2023. The opening of the new fire station requires the addition of 15 new firefighter positions at an estimated total annual cost of $1.2 million. Initial costs associated with hiring staff was included in the FY 2021-22 budget so that the new firefighters could complete their training before the station opens. A partial year of operations were included in the FY 2022-23 budget, and full operating costs have been included in the FY 2023-24 budget.

As projects are added to the five-year CIP, staff continue to evaluate ongoing operating impacts, refine estimates, and ensure appropriate operating resources are included in the annual budget.

FY 2024-2028 Capital Improvement Plan Summary

FIVE YEAR CAPITAL IMPROVEMENT PROGRAM (CIP) BUDGET					
	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
REVENUE SOURCES					
Pay-go (Cash)	10,278,089	15,685,480	13,881,800	14,000,690	14,215,680
Water Capital Reserve	5,000,000	-	-	-	-
Short-Term Installment Debt	3,982,000	4,131,000	5,388,000	4,349,000	4,413,000
Long-Term Debt	44,473,000	15,290,500	10,193,500	24,516,824	9,217,500
State Revolving Fund	5,000,000	-	8,000,000	-	-
Grants & Donations	100,000	13,328,000	300,000	1,896,000	100,000
Revenue Total	**68,833,089**	**48,434,980**	**37,763,300**	**44,762,514**	**27,946,180**
PLANNED PROJECTS					
General Fund					
Facility Maintenance	2,175,000	1,515,000	825,000	1,935,300	75,000
Fleet & Equipment	6,707,000	7,415,000	6,578,000	5,587,000	5,701,000
Greenways	-	4,000,000	-	-	-
Recreation & Entertainment Facilities	36,665,000	836,000	858,000	1,180,000	903,000
Placemaking	111,430	12,470,480	91,800	11,299,714	75,680
Streets & Sidwealks	4,428,000	5,166,000	4,657,000	6,773,000	4,652,000
Contingency	750,000	750,000	750,000	750,000	750,000
Water Resources Fund	15,900,000	14,150,000	20,400,000	12,400,000	12,950,000
Parking Services Fund	1,176,659	300,000	300,000	300,000	300,000
Stormwater Fund	920,000	1,832,500	3,303,500	4,537,500	2,539,500
CIP Total	**68,833,089**	**48,434,980**	**37,763,300**	**44,762,514**	**27,946,180**

General Fund Capital Improvement Program

The General Fund Capital Improvement Program is divided into functional categories, including facility maintenance, fleet and equipment, greenways, recreation and entertainment facilities, placemaking, and streets and sidewalks. This breakdown allows prioritization of like projects while also ensuring all core services benefit from capital investments. The tables below outline proposed and planned investments for each category.

Facility Maintenance

	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
REVENUE SOURCES					
Pay-go (Cash)	275,000	275,000	275,000	275,000	75,000
Long-Term Debt	1,900,000	1,240,000	550,000	1,660,300	-
Revenue Total	**2,175,000**	**1,515,000**	**825,000**	**1,935,300**	**75,000**
PLANNED PROJECTS					
City Hall HVAC	-	1,440,000	-	-	-
City Hall Main Roof	-	-	-	1,860,300	-
Harrah's Cherokee Center - Asheville Maintenance & Repairs	75,000	75,000	75,000	75,000	75,000
Municipal Building Capital Repairs	2,100,000	-	-	-	-
Municipal Building Boiler	-	-	750,000	-	-
Total	**2,175,000**	**1,515,000**	**825,000**	**1,935,300**	**75,000**

Projects in the Facility Maintenance category fund major maintenance and renovations at all City facilities. The following project is funded in FY 2023-24:

- Municipal Building Capital Repairs: This funding will allow structural repairs to the Municipal Building to be completed. The scope of work includes repairs to the slab, front apron and exterior stairs. Partial funding was provided in the FY 2022-23 CIP.
- Harrah's Cherokee Center - Asheville Maintenance & Repairs: This funding, generated from a portion of parking revenues collected during HCCA events, supports routine, ongoing maintenance at the Convention Center property.

Fleet & Equipment

	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
REVENUE SOURCES					
Short-Term Installment Debt	3,982,000	4,131,000	5,388,000	4,349,000	4,413,000
Long-Term Debt	2,725,000	3,284,000	1,190,000	1,238,000	1,288,000
Revenue Total	**6,707,000**	**7,415,000**	**6,578,000**	**5,587,000**	**5,701,000**
PLANNED PROJECTS					
AFD Apparatus Replacement	1,625,000	2,140,000	-	-	-
Computer & Technology Replacement	375,000	500,000	500,000	500,000	500,000
Fleet Replacement	3,477,000	3,581,000	3,688,000	3,799,000	3,913,000
GovTV Broadcast Equipment Replacement	-	50,000	-	50,000	-
Network Switch Replacement	130,000	-	-	-	-
Self Contained Breathing Apparatus Replacement	-	-	1,200,000	-	-
Transit Bus Replacement	1,100,000	1,144,000	1,190,000	1,238,000	1,288,000
Total	**6,707,000**	**7,415,000**	**6,578,000**	**5,587,000**	**5,701,000**

Fleet and Equipment capital projects support the replacement of city-owned vehicles, heavy equipment, transit fleet, fire apparatus and equipment, and computers and other technology. The following projects are funded in FY 2023-24:

- Fleet Replacement: This funding provides for vehicle and heavy equipment replacements managed by Fleet Services. Vehicles and equipment are replaced on a priority basis which considers equipment condition, age, frequency of use, and impact on City operations. Each year generally includes replacement of police cars, sanitation trucks, dump trucks, among other light vehicles and heavy equipment.
- Transit Bus Replacement: Current year funding will provide for the purchase of two diesel buses. Staff continues to search for available vendors of hybrid and electric buses as well as grants to allow replacement of more transit fleet annually.
- AFD Apparatus Replacement: Current year funding will provide for one quint apparatus and related equipment.
- Computer & Technology Replacement and Network Switch Replacement: These two projects provide for annual replacements of computers/laptops, IT infrastructure, and security equipment. In the current year, $130,000 of the usual annual allocation for technology replacement is specifically dedicated to replacing network switches that have reached their end of useful life.

Greenways

	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
REVENUE SOURCES					
Long-Term Debt	-	800,000	-	-	-
Grants & Donations	-	3,200,000	-	-	-
Revenue Total	**-**	**4,000,000**	**-**	**-**	**-**
PLANNED PROJECTS					
North RADTIP Greenway	-	4,000,000	-	-	-
Total	**-**	**4,000,000**	**-**	**-**	**-**

This portion of the general fund CIP supports the City's greenway networks and implementation of the greenways portion of the GAP plan. Projects include funding greenway feasibility studies, land acquisition and construction of new greenways and greenway extensions. While projects do not generally fund ongoing maintenance for greenways, major repairs or renovations may be included. There are no projects with proposed funding for FY 2023-24.

Recreation & Entertainment Facilities

	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
REVENUE SOURCES					
Pay-go (Cash)	2,015,000	15,000	15,000	15,000	15,000
Long-Term Debt	34,550,000	721,000	743,000	1,065,000	788,000
Grants & Donations	100,000	100,000	100,000	100,000	100,000
Revenue Total	**36,665,000**	**836,000**	**858,000**	**1,180,000**	**903,000**
PLANNED PROJECTS					
Carrier Park Playground	500,000	-	-	-	-
Carrier Park Lawn Bowling Turf Replacement	-	-	-	300,000	-
JBL Turf Replacement	15,000	15,000	15,000	15,000	15,000
McCormick Field	35,550,000	-	-	-	-
Park Facilities Upgrades	-	721,000	743,000	765,000	788,000
Roger Farmer Park Sport Court	200,000	-	-	-	-
Weaver Park Playground	300,000	-	-	-	-
Western Carolina Nature Center Maintenance & Improvements	100,000	100,000	100,000	100,000	100,000
Total	**36,665,000**	**836,000**	**858,000**	**1,180,000**	**903,000**

Recreation & Entertainment Facilities CIP funding supports ongoing and major maintenance at City parks, sports fields, and special recreation facilities, such as McCormick Field and the Western North Carolina Nature Center. The following projects are funded in FY 2023-24:

- Park Facility Upgrades: An annual allocation is provided for maintenance and renovation of various facilities managed by the Parks and Recreation department. Each year, the department identifies priority needs based on asset condition, impact to users, and availability of grants, donations or other capital funding. In FY 2023-24, these funds have been allocated to three priority projects - Carrier Park Playground, Roger Farmer Park Sport Court, and Weaver Park Playground. Future years' allocations will be identified as part of future budget processes.

- John B. Lewis Soccer Complex Turf Replacement: Per an agreement with the Asheville-Buncombe Youth Soccer Association (ABYSA), the City sets aside funds on an annual basis for turf replacement at this facility, ensuring funding for full replacement is available on an agreed upon schedule. The next replacement is scheduled for FY 2027-28.

- Western Carolina Nature Center Maintenance & Improvements: Funded by an agreement with the Friends of the WNC Nature Center, this project provides for ongoing maintenance and small capital repairs or improvements at the WNC Nature Center.

Placemaking

	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
REVENUE SOURCES					
Pay-go (Cash)	111,430	145,480	91,800	210,690	75,680
Long-Term Debt	-	2,865,000	-	11,089,024	-
Grants & Donations	-	9,460,000	-	-	-
Revenue Total	**111,430**	**12,470,480**	**91,800**	**11,299,714**	**75,680**
PLANNED PROJECTS					
Coxe Avenue Complete Street	-	11,825,000	-	-	-
I-26 Improvements	-	-	-	5,889,024	-
Livingston Street Complete Street	-	500,000	-	5,200,000	-
Public Art Project Allocation	111,430	145,480	91,800	210,690	75,680
Total	**111,430**	**12,470,480**	**91,800**	**11,299,714**	**75,680**

Projects in the Placemaking category focus on improvements to the built environment that support the development of a unique sense of place through public art and architecture, shared public space, and/or expansion of multimodal transportation in a significant and specific area. The following projects are funded in FY 2023-24:

- Public Art Project Allocation: Per policy, 1% of total annual pay-go and long-term debt capital funding is set aside for public art. These funds are then used for installation and maintenance of public art throughout the City.

Streets & Sidewalks

	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
REVENUE SOURCES					
Pay-go (Cash)	800,000	800,000	800,000	800,000	800,000
Long-Term Debt	3,628,000	3,798,000	3,657,000	4,177,000	3,852,000
Grants & Donations	-	568,000	200,000	1,796,000	-
Revenue Total	**4,428,000**	**5,166,000**	**4,657,000**	**6,773,000**	**4,652,000**
PLANNED PROJECTS					
Deaverview Rd Pedestrian Improvements	-	710,000	250,000	2,245,000	-
Pedestrian Improvements	650,000	565,000	400,000	400,000	400,000
Neighborhood Sidewalks	430,000	443,000	456,000	470,000	484,000
Streets Resurfacing	3,348,000	3,448,000	3,551,000	3,658,000	3,768,000
Total	**4,428,000**	**5,166,000**	**4,657,000**	**6,773,000**	**4,652,000**

The Streets & Sidewalks section of the CIP includes funding for ongoing maintenance of the City's vehicular and pedestrian infrastructure, including street resurfacing, sidewalk replacement, and ADA improvements. The following projects are funded in FY 2023-24:

- Pedestrian Improvements: This project includes funding for sidewalk maintenance and repair, ADA infrastructure improvements, and implementation of other pedestrian projects prioritized by the GAP Plan.
- Neighborhood Sidewalks: This funding supports the installation and maintenance of sidewalks in residential neighborhoods. Locations are identified in collaboration with neighborhood groups and residents.
- Street Resurfacing: Annually, this project provides for resurfacing of a subset of City-maintained roadways. Locations are identified using pavement condition ratings, usage statistics, and traffic network considerations.

Water Resources Capital Improvement Program

	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
REVENUE SOURCES					
Pay-go (Cash)	5,900,000	14,150,000	12,400,000	12,400,000	12,950,000
State Revolving Fund	5,000,000	-	8,000,000	-	-
Water Capital Reserve	5,000,000	-	-	-	-
Revenue Total	**15,900,000**	**14,150,000**	**20,400,000**	**12,400,000**	**12,950,000**
PLANNED PROJECTS					
Fairview Service Area Improvements	-	1,500,000	150,000	150,000	-
Master Plan/Large Waterline Projects	-	500,000	875,000	1,500,000	1,000,000
Master Plan/Pressure Reduction & Open Systems Projects	-	-	-	-	1,000,000
Meter/Vault Repair	-	2,250,000	1,750,000	800,000	500,000
Mills River Filter Media Replacement	-	-	-	-	400,000
Mills River WTP Improvements - Phase 2	10,000,000	-	8,000,000	-	-
NCDOT Projects	-	1,000,000	-	1,000,000	1,500,000
Pump Station/Storage Tank Projects	750,000	750,000	850,000	750,000	500,000
SCADA Updates	-	-	-	-	250,000
Small Waterline Replacement	3,000,000	6,500,000	6,500,000	6,500,000	6,000,000
System Enhancement Projects	150,000	150,000	275,000	200,000	500,000
Water Treatment Plant Projects	2,000,000	1,500,000	2,000,000	1,500,000	1,300,000
Total	**15,900,000**	**14,150,000**	**20,400,000**	**12,400,000**	**12,950,000**

Water Resources Capital Project Descriptions

Funding programmed in the Water Resources CIP will support repair, maintenance, and improvements of the City's water treatment and distribution infrastructure. Included in the FY 2023-24 budget is funding for the following projects:

- Mills River Water Treatment Plant Improvements: Provides major updates to infrastructure at the Mills River water treatment plant.

- Pump Station and Storage Tank Projects: Includes routine maintenance of pump stations and storage tanks throughout the system. Pump stations are used to move water to higher elevations, where water lines cannot be gravity-fed. Storage tanks are used to hold water at strategic locations to support gravity-fed lines or supply pump stations.
- Small Waterline Replacement: End of life replacements for water lines other than system mains. Often these might impact a small residential community or a portion of a neighborhood.
- System Enhancement Projects: Includes right-of-way clearing to allow easier maintenance access for water lines, and other work as needed that does not fit neatly into other project buckets.
- Water Treatment Plant Projects: Provides for routine maintenance at the three water treatment plants in the system.

Parking Services Capital Improvement Program

	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
REVENUE SOURCES					
Pay-go (Cash)	1,176,659	300,000	300,000	300,000	300,000
Revenue Total	**1,176,659**	**300,000**	**300,000**	**300,000**	**300,000**
PLANNED PROJECTS					
Parking Facility Maintenance	1,176,659	300,000	300,000	300,000	300,000
Total	**1,176,659**	**300,000**	**300,000**	**300,000**	**300,000**

Parking Services Capital Project Descriptions

Funding programmed in the Parking Services CIP will support general maintenance of the City's on- and off-street parking infrastructure. Examples of this infrastructure include street resurfacing in areas with on-street parking, restriping of on-street parking spaces, meter and other technology replacements and upgrades, resurfacing and restriping of surface lots, and parking garage maintenance and repairs, including structural maintenance, stairway and elevator maintenance, lighting, entry/exit equipment, space restriping, and other functional and aesthetic repairs.

Currently, the department is completing a Parking Facility Assessment with support from the Capital Projects Department and an engineering consultant. The assessment is focused on the parking garages and will outline both immediate and long-term maintenance needs and potential replacement timelines for all of the City-owned garages. Future capital appropriations will support implementation of the assessment findings, which are expected in fall 2023.

Stormwater Capital Improvement Program

	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
REVENUE SOURCES					
Long-Term Debt	920,000	1,832,500	3,303,500	4,537,500	2,539,500
Revenue Total	**920,000**	**1,832,500**	**3,303,500**	**4,537,500**	**2,539,500**
PLANNED PROJECTS					
Druid Drive Phase 1 & 2	-	-	-	-	800,000
Edwin Place, Celia Place, and Canterbury Drive Drainage Phase 2	-	-	1,576,000	-	-
Edwin Place, Celia Place, and Canterbury Drive Drainage Phase 3	-	-	-	1,985,000	-
Lake Craig Sediment Removal	-	-	-	402,500	-
Onteora Blvd	-	-	-	-	105,000
Parks Stormwater Projects	920,000	920,000	975,000	-	-
Saint Dunstan's Infrastructure	-	-	-	-	160,000
Shelburne Road Decanting	-	162,500	-	-	-
Shiloh Neighborhood Infrastructure	-	-	752,500	2,150,000	-
Watershed Studies	-	750,000	-	-	750,000
Waynesville Avenue Drainage	-	-	-	-	724,500
Total	**920,000**	**1,832,500**	**3,303,500**	**4,537,500**	**2,539,500**

Stormwater Capital Project Descriptions

Funding programmed in the Parking Services CIP will support maintenance and improvements for the City's stormwater infrastructure. Included in the FY 2023-24 budget is funding for drainage improvements at City parks.