THE CITY OF ASHEVILLE

STAFF REPORT

Council Meeting Date: June 13, 2023

Subject: Adoption of the Fiscal Year 2023-24 Annual Budget

Staff Resource: Tony McDowell, Finance and Management Services Director

Actions Requested: (1) Adoption of an ordinance adopting the Fiscal Year 2023-24 Annual Budget; (2) Motion to recuse Mayor Manheimer from voting on the attached budget amendment in accordance with N.C. Session Law 2021-191 (S.B. 473) (Economic Development Coalition); (3) Adoption of a Fiscal Year 2023-24 budget amendment in the amount of $100,000 in the General Fund to allocate budget from City Manager's Contingency to fund the City's annual contribution to nonprofits with which members of council are associated (Economic Development Coalition); (4) Motion to recuse Councilwoman Turner from voting on the attached budget amendment in accordance with N.C. Session Law 2021-191 (S.B. 473) (Sports Commission); and (5) Adoption of a Fiscal Year 2023-24 budget amendment in the amount of $45,000 in the General Fund to allocate budget from City Manager's Contingency to fund the City's annual contribution to nonprofits with which members of council are associated (Sports Commission).

Background:

- The Fiscal Year (FY) 2023-24 Proposed Annual Operating Budget was presented to City Council on May 9, 2023.
- In accordance with the North Carolina Local Government Budget and Fiscal Control Act, a summary of the Proposed Budget along with a notice of the Public Hearing was published on May 9, 2023.
- The Proposed Budget, which totals $239.7 million: is a balanced and fiscally responsible spending plan that:
    - Recommends no change to the current property tax rate of $0.403 per $100 of assessed valuation;
    - Includes employee compensation adjustments that reflect inflation in the labor market and local cost of living increases including a 5% salary increase for existing employees (6% for sworn police officers).
    - Continues funding core community services in a time of rising costs and provides additional investments in key core service areas in alignment with Council priorities;
    - Strategically utilizes fund balance to advance Council's priorities and balance the budget.
- City Council conducted a Public Hearing on the Proposed Budget on May 23, 2023.
- One adjustment to the Proposed Budget is included in the budget ordinance under consideration - adding a 5.0% pay for firefighters achieving advanced firefighter certification at an approximate cost of $250,000 to encourage and incentive advanced training resulting in a more skilled labor force. This change is funded through an additional appropriation of fund balance.
- Under N.C. Session Law 2021-191 (S.B. 473), Councilmembers are prohibited (subject to certain exceptions) from participating in making or administering a contract, including the award of money, with any nonprofit with which the public official is associated.
- In accordance with this law, funding that was included in the Proposed Budget for the Economic Development Coalition and the Sports Commission has been moved to City Manager's Contingency.

- City Council must take separate actions via the attached budget amendments to allocate funding to the Economic Development Coalition and the Sports Commission.

Council Goal(s):
- A Financially Resilient City

Committee(s):
- N/A

Pro(s):
- Ensures City's compliance with North Carolina General Statutes that require local governments to adopt a balanced budget ordinance by July 1 of each year.
- General Fund and Enterprise Fund budgets are balanced for ongoing operating expenses, and all essential City services are continued.

Con(s):
- None

Fiscal Impact:

- As noted above, the FY 2023-24 General Fund budget is balanced and recommends no change to the current property tax rate of $0.403 per $100 of assessed valuation.

Suggested Motions:

- Motion to adopt an ordinance adopting the Fiscal Year 2023-24 Annual Budget.
- Motion to recuse Mayor Manheimer from voting on the attached budget amendment in accordance with N.C. Session Law 2021-191 (S.B. 473) (Economic Development Coalition).
- Motion to adopt a Fiscal Year 2023-24 budget amendment in the amount of $100,000 in the General Fund to allocate budget from City Manager's Contingency to fund the City's annual contribution to nonprofits with which members of council are associated (Economic Development Coalition).
- Motion to recuse Councilwoman Turner from voting on the attached budget amendment in accordance with N.C. Session Law 2021-191 (S.B. 473) (Sports Commission).
- Motion to adopt a Fiscal Year 2023-24 budget amendment in the amount of $45,000 in the General Fund to allocate budget from City Manager's Contingency to fund the City's annual contribution to nonprofits with which members of council are associated (Sports Commission).

Attachments:

- Budget Ordinance
- Budget Amendments

ORDINANCE NO. _____

AN ORDINANCE ADOPTING THE ANNUAL BUDGET AND FIXING THE TAX RATE FOR THE CITY OF ASHEVILLE FOR THE FISCAL YEAR 2023-24

WHEREAS, Article 3 of Chapter 159 of the N.C. General Statutes requires local governments in North Carolina to adopt ordinances establishing an annual budget, in accordance with procedures specified in said Article 3; and

WHEREAS, the Asheville City Council, following a public hearing as required by law has considered the proposed annual budget for the City of Asheville for the 2023-24 fiscal year;

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

Section 1. The following anticipated revenues and authorized expenditures by fund, together with a financial plan for internal service funds, are hereby appropriated for operating City government for the fiscal year beginning July 1, 2023 and ending June 30, 2024.

GENERAL FUND

Revenues:		
Taxes – Ad Valorem	$82,908,724	
Other Taxes	44,112,824	
Intergov. Revenue	13,249,805	
Licenses and Permits	5,508,256	
Sales and Services	14,308,074	
Investment Earnings	673,500	
Miscellaneous Revenue	3,335,162	
Other Financing Sources	8,644,623	
Total Revenues		$172,740,968
Appropriations:		
City Manager's Contingency	$145,000	
Departmental Operations	172,595,968	
Total Expenditures		$172,740,968

WATER RESOURCES FUND

Revenues:		
Sales and Services	$43,498,580	
Investment Earnings	432,000	
Miscellaneous Revenue	75,000	
Total Revenues		$44,005,580
Appropriations:		
Water Resources Operations		$44,005,580

PARKING SERVICES FUND

Revenues:		
Sales and Services	$360	
Investment Earnings	19,000	
Miscellaneous Revenue	7,134,500	
Total Revenues		$7,153,860
Appropriations:		
Parking Services Operations		$7,153,860

STORMWATER FUND

Revenues:		
Licenses and Permits	$302,433	
Sales and Services	8,129,017	
Investment Earnings	15,000	
Miscellaneous Revenue	17,633	
Other Financing Sources	489,478	
Total Revenues		$8,953,561
Appropriations:		
Stormwater Operations		$8,953,561

TRANSIT SERVICES FUND

Revenues:		
Intergov Revenue	$3,099,724	
Licenses and Permits	369,700	
Sales and Services	545,404	
Other Financing Sources - ARPA	2,008,000	
Other Financing Sources	8,000,892	
Total Revenues		$14,023,720
Appropriations:		
Transit Services Operations		$14,023,720

HARRAH'S CHEROKEE CENTER - ASHEVILLE FUND

Revenues:		
Sales and Services	$4,150,410	
Investment Earnings	53,000	
Miscellaneous Revenue	202,000	
Other Financing Sources	1,125,437	
Total Revenues		$5,530,847
Appropriations:		
HCCA Operations		$5,530,847

STREET CUT UTILITY FUND

Revenues:		
Sales and Services	$2,386,979	
Total Revenues		$2,386,979
Appropriations:		
Street Cut Operations		$2,386,979

HOUSING PARTNERSHIP FUND (GENERAL FUND)

Revenues:		
Miscellaneous Revenue	$152,400	
Other Financing Sources	500,000	
Total Revenues		$652,400
Appropriations:		
Housing Partnership Fund Operations		$652,400

SUSTAINABILITY FUND

Revenues:		
Sales and Services	$2,500	
Other Financing Sources	$839,879	
Total Revenues		$842,379
Appropriations:		
Sustainability Fund Operations		$842,379

INTERNAL SERVICES FUNDS

Revenues:		
Sales and Services	$21,058,053	
Investment Earnings	65,293	
Miscellaneous Revenue	1,650,000	
Other Financing Sources	200,000	
Total Revenues		$22,973,346
Appropriations:		
Health Insurance	$19,022,937	
Workers Compensation	1,588,974	
Property and Liability	2,361,435	
Total Expenditures		$22,973,346

CAPITAL 2100 FUND (GENERAL FUND)

Revenues:		
Other Financing Sources	$15,826,888	
Total Revenues		$15,826,888
Appropriations:		
Capital 2100 Fund Operations		$15,826,888

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

GENERAL CAPITAL PROJECTS FUND

Revenues:		
Intergovernmental Revenue	$0	
Sales and Services	300,000	
Other Financing Sources	50,071,430	
Total Revenues		$50,371,430
Appropriations:		
Reparations	$510,000	
General Capital Fund Expenditures	49,861,430	
Total Expenditures		$50,371,430

WATER CAPITAL PROJECTS FUND

Revenues:		
Intergovernmental Revenue	$5,000,000	
Transfer from Water System Development Fund	$5,000,000	
Transfer from Water Resources Fund	$5,900,000	
Total Revenues		$15,900,000
Appropriations:		
Water Capital Fund Expenditures		$15,900,000

WATER SYSTEM DEVELOPMENT FUND

Revenues:		
Other Financing Sources	$5,000,000	
Total Revenues		$5,000,000
Appropriations:		
Water System Development Fund Expenditures		$5,000,000

TRANSIT SERVICES MULTI-YEAR FUND

Revenues:		
Other Financing Sources	1,100,000	
Total Revenues		$1,100,000
Appropriations:		
Transit Services Capital Expenditures	1,100,000	
Total Transit Multi-Year Fund Expenditures		$1,100,000

STORMWATER CAPITAL PROJECTS FUND

Revenues:		
Other Financing Sources	920,000	
Total Revenues		$920,000
Appropriations:		
Stormwater Capital Fund Expenditures		$920,000

PARKING CAPITAL PROJECTS FUND

Revenues:		
Transfer from Parking Operating Fund	$1,176,659	
Total Revenues		$1,176,659
Appropriations:		
Parking Capital Fund Expenditures		$1,176,659

HARRAH'S CHEROKEE CENTER - ASHEVILLE CAPITAL PROJECTS FUND

Revenues:		
Miscellaneous Revenue	$600,000	
Other Financing Sources	559,927	
Total Revenues		$1,159,927
Appropriations:		
HCCA Capital Fund Expenditures		$1,159,927

COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) FUND

Revenues:		
Federal Grant FY 2023-24	$1,034,817	
Program Income	72,000	
Total Revenues		$1,106,817
Appropriations:		
Total CDBG Program Expenditures		$1,106,817

HOME OWNERSHIP GRANT (HOME) FUND

Revenues:		
Federal Grant FY 2023-24	$1,318,357	
Program Income	428,019	
Total Revenues		$1,746,376
Appropriations:		
Total HOME Program Expenditures		$1,746,376

SPECIAL REVENUE FUND

Revenues:		
Taxes - Ad Valorem	$335,630	
Other Taxes	143,842	
Intergovernmental Revenue	485,830	
Miscellaneous Revenue	139,300	
Total Revenues		$1,104,602
Appropriations:		
Continuum of Care Grants	118,778	
Fire Protection Districts	479,472	
Parks & Recreation Grants & Donations	139,300	
PEG Funding	30,000	
Police Forfeiture Grants	337,052	
Total Appropriations		$1,104,602

Section 3. It is estimated that revenues in the amounts indicated in the foregoing schedule will be available to support the foregoing appropriations. The fees and charges, as adopted with the exception of the Water Resources fees and charges on March 28, 2023 in ordinance number 5004, and the Water Resources fees and charges as adopted on April 25, 2023 in ordinance number 5011, shall be set forth in a Fees and Charges Manual to be kept on file in the Office of the City Clerk.

Section 4. There is hereby levied for the fiscal year ending June 30, 2024, an Ad Valorem tax rate of $0.403 per $100 assessed valuation of taxable property as listed on January 1, 2023 for purposes of raising the revenues from current year's property tax as set forth in the foregoing estimates of revenues and in order to finance the foregoing appropriations.

Section 5. The City Manager is authorized to revise the budget by transfer of appropriations within each fund. All amendments affecting revenues, total fund appropriations, or the General Fund City Manager's Contingency amount shown in Section 1 shall be approved by ordinance by the City Council, to be acted on at any regular or special meeting and approved by a simple majority of those present and voting, a quorum being present. Only one reading will be required and a public hearing or publication of notice is not necessary unless requested by Council.

Section 6. The reserve for encumbrances at June 30, 2023 and carry-over appropriations, representing prior commitments as of that date shall be re-appropriated pursuant to North Carolina General Statute 159-13, to the departments within various funds, under which expenditures may be made during fiscal year 2023-24 as the previous commitments are satisfied.

Section 7. Copies of this ordinance shall be furnished to the City Manager and Director of Finance, to be kept on file by them for their direction in the collection of revenues and expenditures of amounts appropriated.

Section 8. The Pay & Classification Plan is amended to incorporate all personnel actions such as reclassifications and pay modifications recommended by the Human Resources department and approved by the City Manager. Funding for the plan and compensation items is included in the various departments. The amended plan will become effective with the pay cycle that begins on June 24, 2023.

Section 9. Base pay for the Mayor, Vice-Mayor and Councilmembers will be $25,875, $21,474, and $19,010, respectively. Travel for official activities will be reimbursed under the same plan used for City employees.

Section 10. Should any section, paragraph, sentence, clause or phrase of this ordinance be declared unconstitutional or invalid for any reason, the remainder of said ordinance shall not be affected thereby.

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

Read, approved and adopted this 13th day of June, 2023.

_____ _____

City Clerk Mayor

Approved as to form:

_____

City Attorney

ORDINANCE NO. _____

BUDGET ORDINANCE AMENDMENT

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF ASHEVILLE

That Section 1 of the City of Asheville FY 2023-24 Budget Ordinance be amended to fund the City's annual contribution to nonprofits with which members of council are associated (Economic Development Coalition), as follows:

GENERAL FUND

Appropriations:

City Manager's Contingency	-$100,000
General Fund Operations	$100,000
Total	$0

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

Read, approved and adopted this 13th day of June, 2023.

_____ _____

City Clerk Mayor

Approved as to form:

_____

City Attorney

ORDINANCE NO. _____

BUDGET ORDINANCE AMENDMENT

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF ASHEVILLE

That Section 1 of the City of Asheville FY 2023-24 Budget Ordinance be amended to fund the City's annual contribution to nonprofits with which members of council are associated (Sports Commission), as follows:

GENERAL FUND

Appropriations:

City Manager's Contingency	-$45,000
General Fund Operations	$45,000
Total	$0

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

Read, approved and adopted this 13th day of June, 2023.

_____ _____

City Clerk Mayor

Approved as to form:

_____

City Attorney