City Council FY24 Budget Work Session

March 14, 2023

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Outline

- Available Resources
- Compensation & Benefits
- Other Investments
- McCormick Field

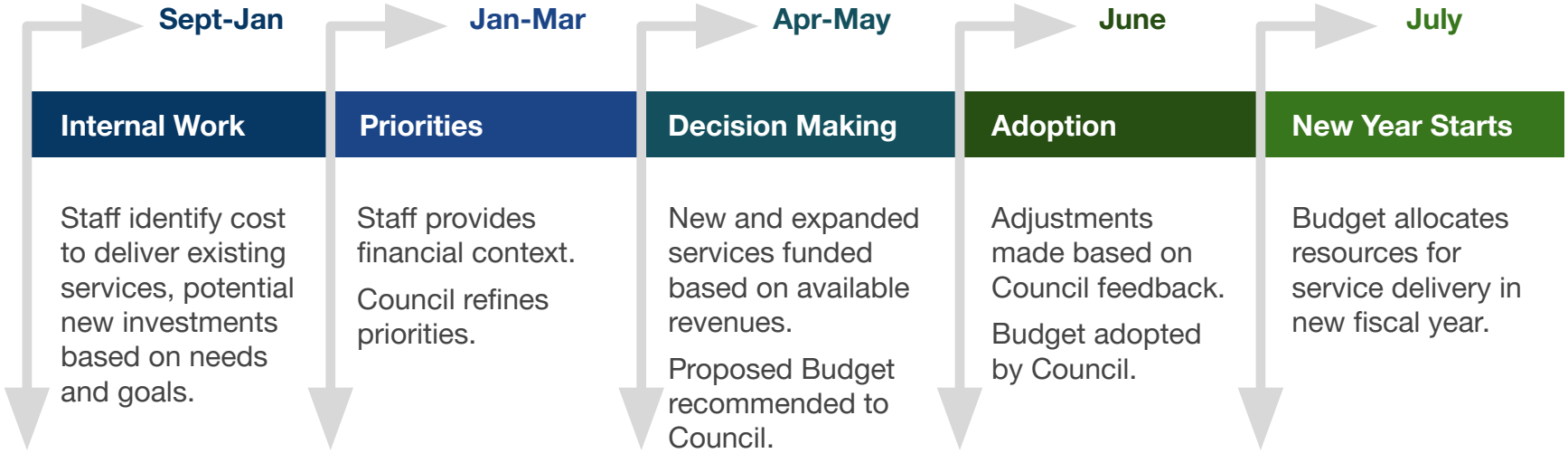
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Key Takeaways

- Rising cost to provide existing services will use up revenue growth.
- Opportunities exist to strategically invest one-time revenues.
- Direction on how to attract and retain a talented workforce key to budget development.
- Latest plan for McCormick Field incorporates community concerns, broader facility use and responsible financial plan.

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Budget Development Process



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City Council Priorities

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

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Guiding Principles

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

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

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

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Available Resources

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General Fund Revenue Growth

- Additional revenue above current year estimates:
  - Property tax $1.5M (+2%) with no rate increase
  - Sales tax $3.2M (+5%)
- Growth is needed to cover the increasing cost of existing service delivery, including compensation.
- Estimates will continue to change as more information is available.

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Available Fund Balance

- Responsible financial management and strong sales tax growth have put the City in a positive financial position.
- Current estimate of up to $5.0M in fund balance available for use in next year's General Fund budget.

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Additional Revenue Resources

ARPA

- Unlikely to need $2M budgeted in current year to support the General Fund.
- Additional $1.3M currently uncommitted.

Additional Revenue Resources

Opioid settlement

- Received and budgeted planning grant from Dogwood Health Trust ($375k).
  - Currently utilized to fund position.
- First round of settlement ($1.5M) not budgeted.
  - Paid over 16 years, received $200k to date.
- Second round of settlement (estimated at $1.2M) not finalized.

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Revenue Summary

- Growth in property and sales tax revenue continues, but not at the same pace as the cost to deliver services.
- Opportunity to fund one-time strategic investments with one-time revenues.
- Economic uncertainty is always a factor.

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Compensation & Benefits

Comp. & Benefits: Baseline Changes

General Fund

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

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Compensation: Under Consideration

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

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Compensation: Impact of Changes

- Each 1% increase in pay costs approximately
  - APD: $175k
  - Other General Fund: $575k
- Increasing current minimum salary from $36,816 to Just Economics Living Wage $41,808 is 13.5% increase.
  - $10M+ impact to General Fund in order to maintain compression adjustments.

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Compensation: Comparative Data

- Consumer Price Index for Urban Consumers (Jan 2023):
  - 6.4% headline
  - 5.6% core (not including food and energy)
- Other NC local governments considering combinations of COLA, merit and market adjustments totaling at least 3%.
- APD request for 6% increase.

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Compensation: Under Consideration

- Need to consider increase of 3.5 - 5.0%
- Increase of 3.5% would result in:
  - Minimum salary over Just Economics "Buncombe County Pledged Living Wage Rate."
  - Additional cost of approximately $2.75M in the General Fund.

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Compensation: Under Consideration

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

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Other Investments Under Consideration

Other Operating Requests

- Downtown Design Guidelines (one time).
- Pack Square Plaza Phase II (one time).
- ADA coordination, redevelopment, planning support.
- Additional streets, sanitation, traffic engineering staffing.
- Core service needs:
  - Grant coordination
  - Capital asset management
  - Facilities grounds & parks maintenance

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Water

- Still making up for loss of capital fee.
- Other potential investments (with fee increase)
  - Communications staffing
  - Maintenance crew
  - Plant maintenance engineer
  - Billing support for meter replacement project
  - Enhanced water treatment plant staffing

Parking

- Current year revenue from parking garages and meters performing as expected and in line with budget.
- Revenue forecast for FY24 similar to current year.
- Parking facility assessment underway that will inform future needs.
- No service changes planned.

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Transit

- Cost of existing service increases annually ($400k).
- Transit management contract expires in 2025 ($100k).
- City-County master plan needed to determine service delivery and long-term funding strategy ($300k).
- Not currently planning previously funded service enhancements due to staffing and fleet.

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Stormwater

- Ongoing consultant-led service review.
- Recommended fee change would fund:
  - Additional maintenance crew.
  - Additional staffing to enhance inspections of constructed stormwater devices.
  - System mapping to improve asset management.
  - Vehicle and equipment purchases.

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Operating Summary

- Compensation decisions will determine capacity to fund new requests.
- Opportunities exist to strategically invest one-time revenues to support operating.
- Fee changes, if approved, will support service enhancements for enterprise funds.

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Questions/Discussion

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Capital Investments & Planning

- Current Capital Improvement Program (CIP) primarily consists of maintenance projects.
- Limited capacity to add projects/costs to plan within existing resources.
- Significant needs and additions have already been identified.
- Critical path is decision on McCormick Field.

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McCormick Field

Key Takeaways

- McCormick Field is an important regional asset, currently owned by the City that over the years has not been adequately invested in.
- Facility has been leased out and principally used by a Minor League Baseball team, the Tourists.
- This facility should and can be used for many other purposes to derive broader community benefit.
- A funding plan will require assistance from the Team, County, TDA and possibly the State.
- To retain Major League Baseball (MLB) affiliation in Asheville, significant renovation is required in order to meet the impending deadline to submit a commitment letter to MLB - April 1, 2023
    - Vote for approval of a commitment requested at 3.14.23 business meeting

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The Project

Home Clubhouse, batting tunnels, weight room, commissary, female facilities	$7,938,211
Clubhouse Conversion, Wall Padding, Playing Field, Bullpens, potable water	$6,223,765
Scoreboard, Video Displays, Structure (Video display & scoreboard)	$6,369,235
Video Surveillance systems	$143,129
New Suites and expand press box to Player Development League standards	$1,949,511
LED Sport Lighting, anti skid surfaces, batter's eye	$1,169,840
Third baseline, fencing, picnic space rebuild & expansion, First baseline wall, access, picnic & netting	$4,277,625
Concourse Expansion - bullpen access, entra plaza and gates	$3,865,091
Deferred Maint upkeep - Civil/structural/general/Mechanical Plumbing Electrical	$5,564,187
Estimated Total project cost	$37,500,594

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Council Feedback

February 14 Work Session

- Request for community engagement
- Request further information related to non-baseball event revenue potential
- Request to further explore financial model
  - Seek additional inputs to project
  - Limit impact on current CIP

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McCormick Field:
Community Engagement

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East End & Oakhurst Community Concerns

Parking/Traffic (including Memorial Stadium events)

- Request for more/better traffic management.
- Expand traffic management to north side of stadium.
- Clear desire for the team to operate traffic plan
- Enforcement support by COA.

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East End & Oakhurst Community Concerns

Noise

- Request to not allow additional nights of fireworks.
- Request to ensure fireworks are shot earlier than previously shot.
- Other loud events (concerts) to abide by the Noise Ordinance.
- Request to keep the number of additional ‘loud’ events under 12-15.

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East End & Oakhurst Community Concerns

Communication/Notification

- Create one location for programming calendar.
- Enhance notification process for all programming.
- Continue text notification process for fireworks, expand beyond text for residents who struggle with technology.

Deal Points Adjustments

Parking/Traffic

- Club to manage all McCormick events, in talks for Memorial.
- Additional support from city for enforcement.

Noise/Fireworks

- Revoke request for additional fireworks nights.
- Amend request for back to back nights to apply only when July 4th falls on a Saturday (2026, 2037 & 2043).
- Pitch clock and earlier start times has improved firework timing, average 2022 shoot was 9:26 pm.

Communication/Notification

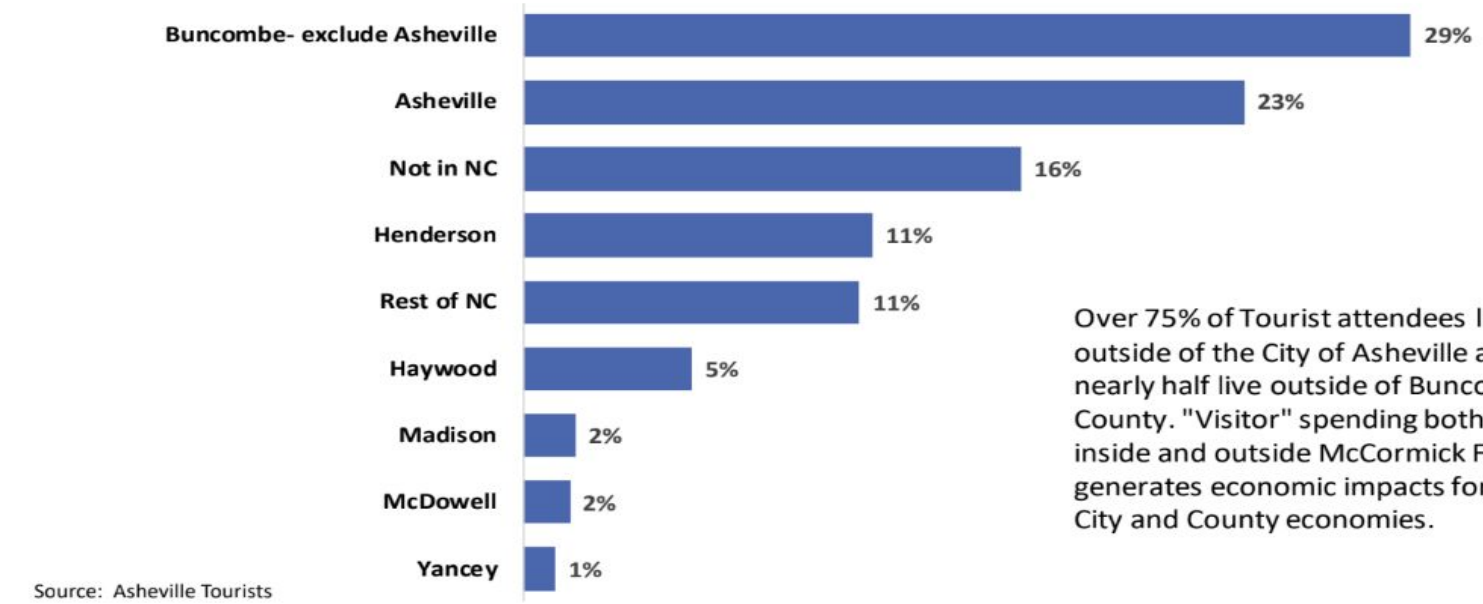
- Text/Email notification process from team.

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McCormick Field:
Current & Future Facility Usage

Who Attends Tourists Games?

Historical Attendee Origin



Source: Asheville Tourists

Over 75% of Tourist attendees live outside of the City of Asheville and nearly half live outside of Buncombe County. "Visitor" spending both inside and outside McCormick Field generates economic impacts for the City and County economies.

McCormick Field: Funding Plan

Adjustments to Deal Points

Negotiated changes from last presentation

Year	Lease Payment	Notes
2023	$ 25,000	Team investing ~$100k for temporary women's facilities and other
2024	$100,000	
2025 - 2029	$450,000	*Plus $1.00 per paid attendee over 175k*
2030 - 2040	$475,000	*Plus $1.00 per paid attendee over 175k*
2031 - 2040	$475,000	Plus $1.00 per paid attendee over 175k

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Adjustments to Deal Points

Negotiated changes from last presentation

Non-baseball attendance

- *35,000 non-baseball attendance minimum years 1 - 10*
- *40,000 non-baseball attendance minimum years 11 - 20*
- $0.50 penalty per attendee if target is missed

Capital investment

- Club: $75k per year; unused balance owed to City
- City: $25k per year upkeep & repairs; unused balance rolled to capital.
- *City: $2M capital investments in year 5.*
- *City: $4M capital investments in year 15.*

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Exploration of Funding Opportunities

State Funding *(No bill yet introduced)*

Potential for one-time grant funding *IF* Minor League Baseball Infrastructure Grant Program passes with the upcoming State budget.

- Stadium owners must apply.
- Awarded based on demonstrated need & merit.
- $30M available ($28M for affiliated stadiums).
- 20% maximum of total awarded to single project.
- Likely requires 1:1 match.
- Est. $5.4M maximum single project grant potential.

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Exploration of Funding Opportunities

City Funding

- Opportunity to approve facility fees on tickets sold at the stadium.
  - Potential revenue of $75k - $110k per year.
  - Recommended if State funding does not occur.
- Consider utilizing ARPA funding (up to $2M) for operational needs in FY24, freeing up fund balance to support McCormick Field project.

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Exploration of Funding Opportunities

City Funding (Continued)

- Focus on additional non-baseball City-owned events with partner organizations.
- Potential for $175k - 500k in annual revenue.
- Variables
  - Weather
  - Neighborhood tolerance
  - Competition
  - Access (parking/traffic)
  - Availability of touring events

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Estimated Funding Structure

Team	$468,750/year, 20 years (average)
County	$250,000/year, 20 years
TDA	$1.95M Reallocated grant (Coxe Ave)
	$1.4M/year, 15 years
City	$875,000*/year, 20 years covers the ‘gap’

**worst case scenario*

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Potential City Contribution

Scenario	City Annual Payment
No change from partners + facility fee	$ 875,000
No change from partners + facility fee + $2M Fund Balance +	$ 715,000
No change from partners + $2M Fund Balance + $1M State grant	$ 715,000
No change from partners + $2M Fund Balance + $2M State grant	$ 636,000
No change from partners + $2M Fund Balance + $3M State grant	$ 560,000
No change from partners + $2M Fund Balance + $4M State grant	$ 485,000
No change from partners + $2M Fund Balance + $5M State grant	$ 410,000
No change from partners + $2M Fund Balance + $5.4M State grant	$ 380,000
*No indication as of today of State funding commitment towards Minor league Baseball Infrastructure Grant Program	

Impact of CIP Projects

- If utilizing Fund Balance - no effect on currently planned projects.
- Increase CIP contribution incrementally over next 2-3 years (up to total debt burden for project, estimated at a maximum of $875k annually).
- All currently planned/budgeted projects move forward as scheduled.

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Questions

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Summary & Next Steps

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Budget Schedule

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

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