Fiscal Year 2022-23 Budget Public Hearing

June 14, 2022

THE CITY OF ASHEVILLE



Key Takeaways

- The Proposed Budget is a balanced and fiscally responsible spending plan that:
  - Recommends no change in the current property tax rate;
  - Continues funding core community services in a time of rising costs and provides additional investments that align with Council priorities,
  - Funds employee compensation adjustments that reflect inflation in the labor market and local cost of living increases;
  - Strategically utilizes fund balance and American Rescue Plan (ARPA) funding to advance Council's priorities and balance the budget.
- Staff is recommending additional investments based on May 24 Council feedback.

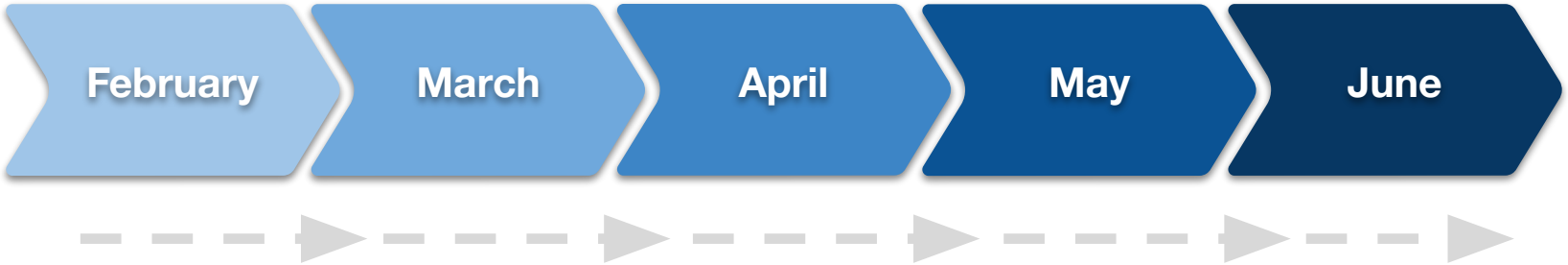
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Recap of May 24 Proposed Budget Presentation

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FY23 Council Budget Timeline

Approved by City Council at February 8, 2022 meeting.



2/22
Council Work Session

3/17 & 18
Council Retreat

4/12
Council Work Session
Adopt Fees & Charges

4/26
Council Work Session

5/24
Proposed Budget

6/14
Public Hearing

6/28
Adoption

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Proposed Budget: Fund Summary

	FY22	FY23	Change
General Fund	$ 145.2M	$ 158.6M	$ 13.3M
Water	$ 36.7M	$ 40.3M	$ 3.5M
Transit	$ 13.2M	$ 12.7M	$ -0.4M
Stormwater	$ 6.8M	$ 7.5M	$ 0.7M
Parking	$ 7.1M	$ 5.6M	$ -1.4M
HCCA	$ 4.5M	$ 4.9M	$ 0.4M
Street Cut	$ 1.9M	$ 2.0M	$ 0.2M

Net Total FY23 Budget: $ 216.9M

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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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Council Priorities

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

FY23 Budget Investments: July Compensation

Adjust compensation to

- Ensure all full-time employees earn at least $35,360 annually.
- Make adjustments for compression for the impacted positions.
- Provide all other staff who do not receive an adjustment under the previous two items a 5.0% increase if hired on or before December 31, 2021 or a 2.5% increase if hired after that date.
- Continue to review additional options for recruitment and retention incentives.

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FY23 Budget Investments: Operations & Staffing

Request	Ongoing Costs	Core Service	Neighbor-hoods	Home-lessness	Reimagining	Affordable Housing	Repar-ations
Reparations	$ 365k						✔
GIS management	$ 105k	✔					
HR software	$ 250k	✔					
Budget software	$ 50k	✔					
Sanitation & waste reduction	$ 405k	✔					
Traffic signs & pavement markings	$ 90k	✔					
Code Purple sheltering	$ 50k			✔		✔	
Disparity study	$ 375k	✔					
Homeless Specialist	$ 90k			✔		✔	
Missing middle housing study	$ 85k					✔	

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FY23 Budget Investments: Operations & Staffing

Request	Ongoing Costs	Core Service	Neighbor-hoods	Home-lessness	Reimagining	Affordable Housing	Repar-ations
Afterschool Expansion	$ 17k	✔	✔				
Parks maintenance relocation	$ 245k	✔	✔				
Parks Security Cameras	$ 75k	✔	✔		✔		
Background check for APD recruitment	$ 75k	✔			✔		
Emergency preparedness planning	$ 200k	✔					
EMT Pay Supplement	$ 75k	✔					

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Additional Recommendations Following May 24 Proposed Budget Presentation

Council Follow Up Items from May 24

- Evaluate the potential to:
  - Adjust the minimum salary for all full-time employees to $36,816 annually.
  - Provide additional funding for Reparations.
  - Include funding for the Urban Forester position and/or the plan.

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Staff Recommendations: Compensation

- Implement original proposed plan in July 2022:
  - Adjust the minimum salary for all full-time employees to $35,360 annually and make adjustments for compression.
  - Provide all other staff a 5.0% increase if hired on or before December 31, 2021 or a 2.5% increase if hired after that date.
  - Continue to review additional options for recruitment and retention incentives.
- ***Additional adjustment in January 2023:***
  - ***Adjust the minimum salary for all full-time employees to $36,816 annually and make additional adjustments for compression.***
  - ***FY23 additional cost: $300,000***

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Staff Recommendations: Reparations

- Recommend increasing the FY 2022-23 budget for Reparations from $365,000 to $500,000.
- Staff will include at least $500,000 for Reparations in future base budgets, subject to financial feasibility and budget approval by City Council, similar to Housing Trust Fund (also $500,000 annually).
- ***FY23 additional cost: $135,000***

Staff Recommendations: Reparations

City Funding To Date:	
FY22 Initial Investment	$ 2,100,000
FY23 Proposed Investment	$ 500,000
City Expenses To Date:	
Tequity Contract	$ 365,000
Current Balance	***$ 2,235,000***
Anticipated Future Funding:	
County FY 2022-23 Proposed Budget	$ 2,000,000
Community Benefits Table	TBD

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Staff Recommendations: Urban Forest Program

- Development Services Department (DSD) staff prioritized adding the Urban Forester position higher than the Urban Forest Plan.
- Therefore in FY23, staff is recommending adding the Urban Forest position to enhance staff capacity and professional expertise to implement the Tree Canopy Protection Ordinance Amendment.
- Evaluate the potential to fund the Urban Forest Master Plan in a future budget cycle.
- ***FY23 additional cost: $108,000***

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Staff Recommendations: FY23 Cost

January salary adjustment	$ 300,000
Additional Reparations funding	$ 135,000
Urban Forestry position	$ 108,000
Total FY23 Additional Cost	**$ 543,000**

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Potential Funding Strategies

Potential Funding Strategy: Fund Balance

- Staff is currently estimating that year-end unassigned fund balance in the general fund will be between 16.5% - 17.0%.
  - Proposed Budget already includes $400,000 fund balance usage.
- High uncertainty regarding this estimate.
  - 3 months of sales tax revenue still to be received.
  - Balance sheet items that impact unassigned fund balance (cash and liabilities) difficult to estimate until after the year is closed in August.
- Economists are warning that recession possibilities are high.
- ***Staff recommendation - No additional fund balance usage.***

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Potential Funding Strategy: Minor Revenue Adjustments & ARPA

- Since Reparations funding is ongoing, increase base revenues by $135,000 to fund.
    - Staff has identified 5 minor general fund revenues to adjust based on updated collection trends.
- Utilize additional $408,000 in American Rescue Plan (ARPA) funding to support the January 2023 salary adjustments ($300,000) and the addition of the Urban Forester position ($108,000).
- ***Staff recommended approach***

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Remaining ARPA Funds

Previously Budgeted	
Public Toilet/Handwashing	$ 90,000
Step Up on Second Street (Ramada Inn)	$ 500,000
Administrative Costs*	$ 475,000
Parking Revenue Loss	$ 1,600,000
Homeward Bound (Days Inn)	$ 2,000,000
Emergency Shelter	$ 3,446,212
May 10 Project Awards*	$ 11,673,257
Total Previous	**$ 19,784,469**

FY23 Budget Usage	
Memorial Stadium	$ 2,500,000
Initial Proposed Budget	$ 1,900,000
Add'l Proposed Budget	$ 408,000
Total Proposed	**$ 4,808,000**

Summary	
Total ARPA Award	**$ 26,293,853**
Total Remaining	**$ 1,701,384**

**adjusted from initial budget to current estimates*

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Council Follow Up Items from May 24

- Make operational adjustments to enhance community public safety response.
- Referred to Public Safety for further discussion.

Public Hearing