THE CITY OF ASHEVILLE

STAFF REPORT

Council Meeting Date: June 14, 2022

Subject: Public Hearing on the Fiscal Year 2022-23 Annual Operating Budget

Staff Resource: Tony McDowell, CFO, Finance and Management Services Director

Action Requested: Conducting the public hearing on the City of Asheville Fiscal Year (FY) 2022-23 Proposed Annual Budget and inclusion of public input in City Council's consideration of the budget.

Background:

- The FY 2022-23 Proposed Annual Budget was presented to City Council on May 24, 2022, and totals $216.9 million dollars.
- In summary the Proposed Budget includes the following:
    - Recommends no change to the current property tax rate of $0.403 per $100 of assessed valuation,
    - Funds employee compensation adjustments that reflect inflation in the labor market and local cost of living increases while building upon the Archer compensation study recommendations that were implemented in the current fiscal year;
    - 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 and American Rescue Plan (ARPA) funding to advance Council's priorities and balance the budget.
- A detailed copy of the Proposed Budget is available for public review in the City Clerk's office, as well as on the City's website (www.ashevillenc.gov).
- In accordance with the North Carolina Local Government Budget and Fiscal Control Act (G.S. 159-12), a summary of the Proposed Budget along with a notice of the public hearing was published on June 3, 2022.
- At the Proposed Budget presentation on May 24, City Council discussed the potential for funding additional enhancements as a part of the FY 2022-23 Budget.
- Staff is recommending that Council consider the following additional enhancements when it votes on the FY 2022-23 Proposed Annual Budget on June 28, 2022:
    - Increase the FY 2022-23 budget for Reparations from $365,000 to $500,000. In addition, in future fiscal years staff will plan on budgeting Reparations similar to how the current annual funding is handled for the Housing Trust Fund (also $500,000). Specifically, staff will include at least $500,000 for Reparations in future base budgets, subject to financial feasibility and eventual final budget approval by City Council;
    - Adjust the compensation plan for FY 2022-23 to include an additional increase in January 2023 to bring the City's minimum annual full-time salary to $36,816 (for 40-hour per week employee) and make associated compression adjustments;
    - Add an Urban Forester position in FY 2022-23 to enhance staff capacity and professional expertise to implement the Tree Canopy Protection Ordinance Amendment (e.g., development project review, field implementation), disburse fee-in-lieu funds, provide cross-departmental coordination, and effectively engage community partners.
    - In order to keep the FY 2022-23 General Fund Budget balanced staff is proposing the following revenue adjustments:
        - Fund the $135,000 increase in the Reparations budget by making minor adjustments to several small revenues based on updated trend data.

        - Utilize an 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).
- As noted above, adoption of the FY 2022-23 Budget Ordinance is scheduled for June 28, 2022, at the regularly scheduled City Council meeting.
- In addition to the staff recommendations noted above, the Proposed Budget may be further changed by City Council in any way before adoption.
- It may also be changed by budget amendment after adoption, with the only exception being the property tax rate, which cannot be changed once the budget is adopted.

Council Goal(s):

- A Financially Resilient City

Pro(s):

- Provides the opportunity for the public to comment on the Proposed Annual Operating Budget for FY 2022-23.

Con(s)

- None

Fiscal Impact:

- No impact to conducting the public hearing.

Suggested Motion:

- Conduct the public hearing on the Proposed Annual Operating Budget for FY 2022-23 and include public input in City Council's consideration of the budget.