City Council
Budget Work Session
Fiscal Year 2022-23

February 22, 2022



Presentation Overview

- Budget process
- Financial update
- CIP & capital project update
- Capital project council and community engagement

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Key Takeaways

The FY23 budget process is focused on connecting resources, services and community impact through



Communication
Sharing information that clearly links budget decisions to community interests.



Collaboration
Collaborating across departments to achieve goals.



Accountability & Alignment
Showing alignment between budget, services and stated goals.

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Budget Process Overview:
Fiscal Year 2021-22 (FY22) Process

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FY22 Internal Budget Development

Process Drivers	• Social, economic, environmental & racial justice. • Expected limited new revenue.
Challenges Identified	• Too few resources spread over services. • Differences in access to information and organization lead to inconsistent service delivery. • Inclusive community input is difficult to obtain.
Response Strategies	• Refocus engagement to neighborhood level. • Develop clear data-informed framework for decision making.

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FY22 Community Engagement Updates

Process Drivers	• Continued conversation from reimagining public safety work in 2020. • Online survey and 6 virtual sessions.
Challenges Identified	• Connecting City budget to individuals. • Access to City staff and services. • Support for neighborhoods.
Response Strategies	• Strategies identified through internal budget work. • Funding for small-scale neighborhood investment.

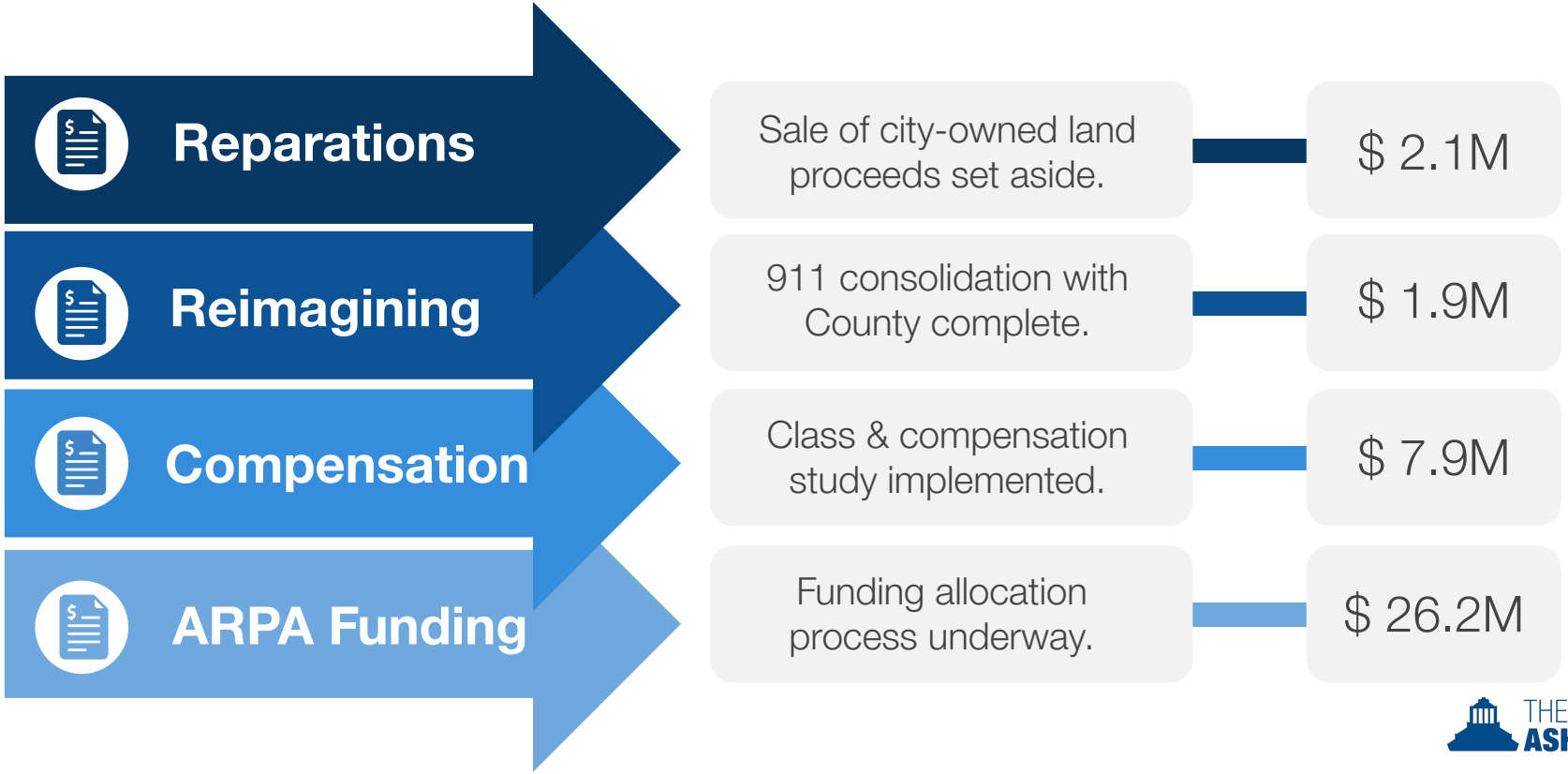
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FY22 City Council Strategies & Priorities

Process Drivers	Development of City Council priorities from Vision 2036 through priority strategies identified in 2019 to four priorities from April City Council Retreat.
Priorities Identified	• Reparations • Reimagining Public Safety • Compensation • Utilization of ARPA funding
Response Strategies	• Utilize internal and community strategies to guide future investments in priorities.

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Update on FY22 Budget Priorities



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Council Priority Strategies

1. Implement Transit Master Plan
2. Affordable housing development
3. Partner with ACS through the Equity Collaborative
4. Amend the UDO
5. Develop a business inclusion program
6. Review and update Comprehensive Housing Affordability Strategy
7. Foster economic mobility
8. Reduce municipal carbon footprint by 4% per year
9. Partner with BCTDA to develop a capital investment plan
10. Dedicated revenue for transit
11. Develop new tax revenue
12. Complete corridor studies
13. Maintenance, new construction and operational needs

FY22 Property Tax Strategy

- Recommended 3 penny tax increase reduced to 2 pennies at adoption
  - transit-specific ARPA funding ($1M)
  - fund balance ($500k)
- Partnered with Buncombe County on grant program to reduce impact of tax increase on low income property owners.

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FY22 Process Summary

Council Priorities
Continuing work to achieve stated goals.

Community Engagement
Building on previous work in community, including reimagining public safety engagement.



Internal Process
Focusing on neighborhood level information and data-informed decision making.

Financial Management
Balancing strategic investments with financial impact on community.

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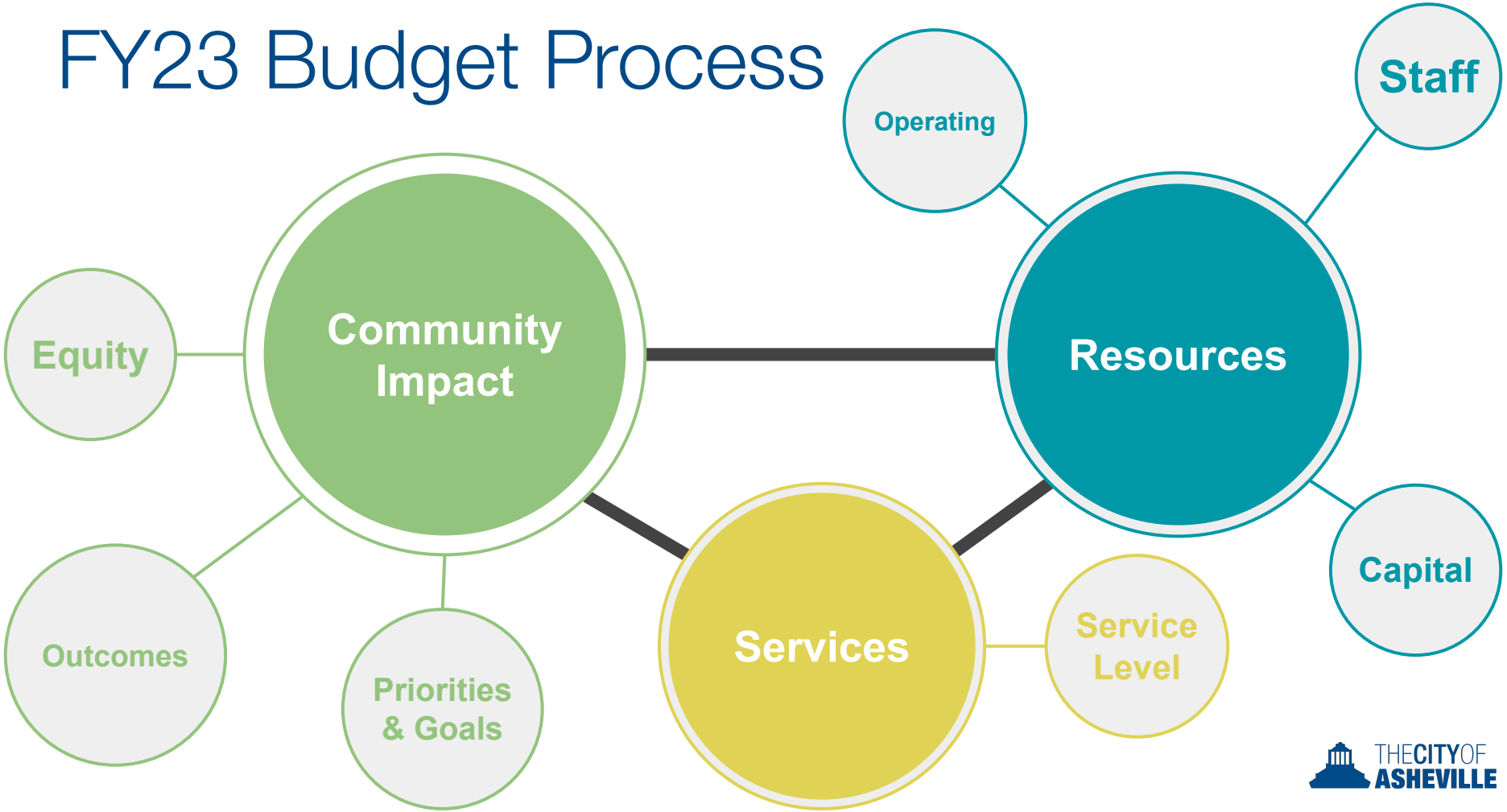
Discussion & Questions

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Budget Process Overview:
Fiscal Year 2022-23 (FY23) Process

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FY23 Budget Process



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FY23 Management Team Retreat

Collaboration: Where do we have shared responsibility for service delivery?

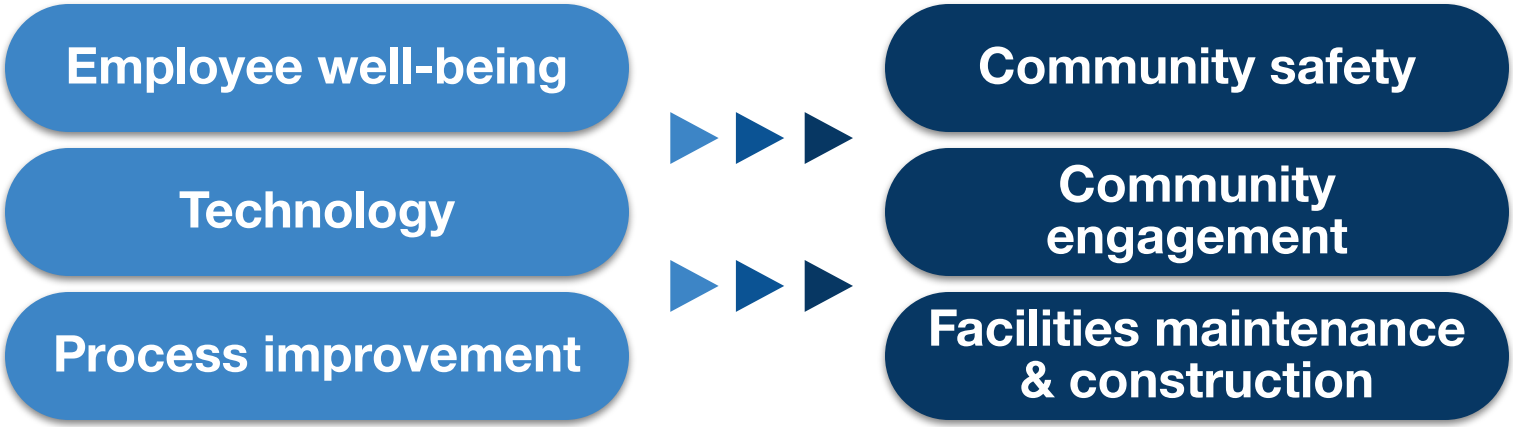
Alignment: What services align with identified goals and needs?

Prioritization: What services should we focus on through the rest of the budget process?

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FY23 Management Team Retreat

Prioritization: What services should we focus on through the rest of the budget process?



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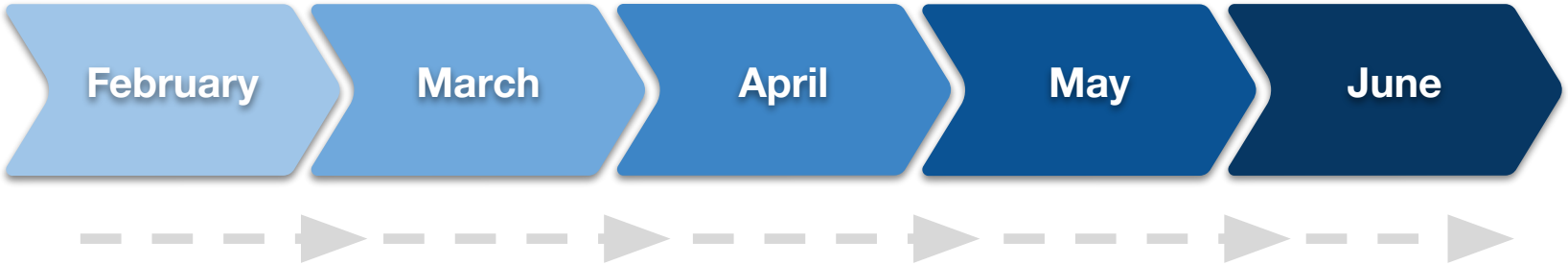
FY23 Budget Process (and beyond)

- Identify what resources are currently deployed to provide services.
- Clearly define what we are trying to achieve.
- Are there opportunities to change how we're currently using resources to meet goals?
- Where would additional resources be most helpful?

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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

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Adoption

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Discussion & Questions

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Financial Overview

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End-of-year FY21

General Fund

- Property and sales tax exceeded budget
- Fund balance exceeded policy target

Other Funds

- Parking fund ARPA allocation
- HCCA Shuttered Venue Operator's Grant (SVOG)

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FY22 Forecast

- General Fund revenue likely better than budget due to strong growth in sales taxes.
- General Fund expenses on target for this point in the fiscal year.
- General Fund fund balance of $22.3M expected to meet policy target (15%).
- Enterprise Fund budgets on target except for the Parking Fund. Underperforming revenues may impact ability to subsidize transit.

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Next Year (FY23) Assumptions

Anticipated revenue growth will be needed to continue existing service delivery.

- Compensation (including retirement & health)
- Inflation
- Capital contribution
- New fire station online
- Service needs in water, sanitation & stormwater

Financial Overview Summary

- Overall financial position is strong.
- Working to provide existing level of service within financial constraints.
- Maintaining existing services will require fee increases in water, stormwater and sanitation.

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Capital Improvement Plan (CIP) & Capital Projects Update

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Capital Planning & Budgeting

What?



- Major assets like buildings, land, equipment and vehicles
- Asset life of 10+ years
- Cost of $50,000+

Why?



- Project-based not program-based
- Longer time horizon
- Scale of investment
- Use of debt

How?



- Bonds (general obligation bonds, revenue bonds)
- Pay-go (tax revenue)
- Intergovernmental grants (FTA, NCDOT, etc.)

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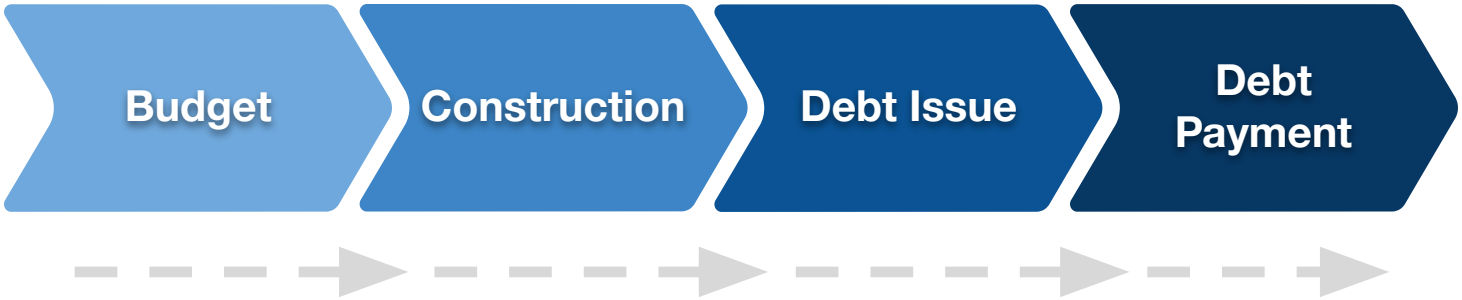
How do capital projects impact service?

- Improved road conditions
- More access to recreational opportunities
- Increased ADA accessibility/compliance
- Move towards sustainability goals
- Enhanced building longevity
- Improved environment for public and staff
- Preservation of historic buildings
- Improved energy efficiency
- Achievement of City goals

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Capital Project Financing

Debt issued to finance capital projects is paid for using general revenues.



Project budget is adopted by Council.

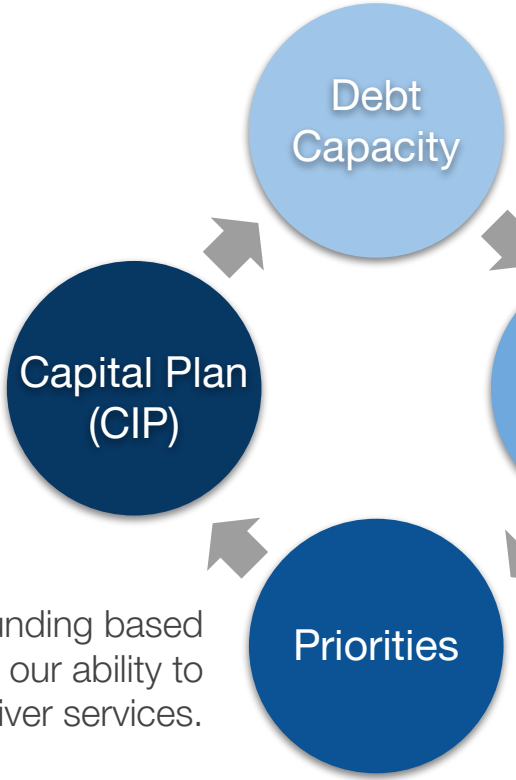
In construction, City pays with cash on hand, and reimburses itself with short-term loan.

Short-term loan is paid off with long-term debt (bonds).

Debt payments are made using general revenues.

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Capital Planning Summary



Ability to fund new projects is informed by how much capacity the city has to take on new debt.

Needed projects and estimated costs are identified.

Projects are prioritized for funding based on how they impact our ability to achieve goals and deliver services.

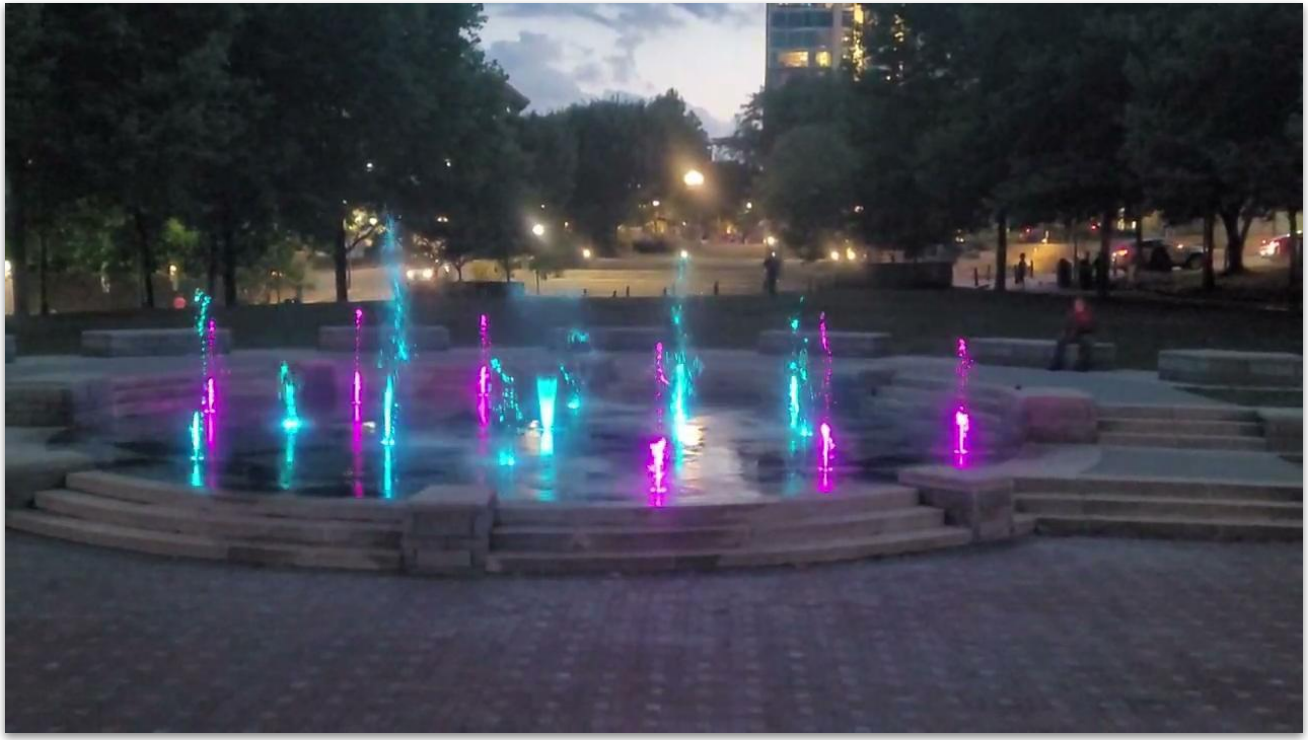
The CIP shows planned investments and Council adopts the budgets for project in year one.

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CIP Success & Project Updates

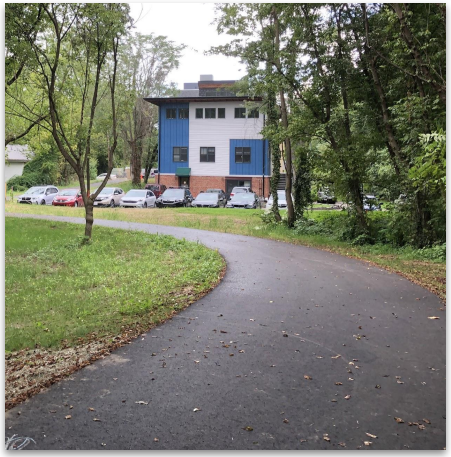


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Completed Transportation Projects

- Haywood streetscape
- Road resurfacing (3 years)
  - Associated stormwater improvements
- Sidewalks
  - Hill Street
  - Overlook
- Greenway connectors
  - Elise's Bridge
  - Reed Creek Greenway connectors







Completed Parks Projects

- Jake Rusher Park
- Richmond Hill restroom
- Sports courts & playgrounds
  - Oakley basketball & racquet courts
  - Herb Watts
  - Shiloh ballfield & outdoor basketball court
- Pack Square fountains





Funded Affordable Housing Projects

- Housing Trust Fund
- 50 Asheland Ave
- Community Land Trust
- 319 Biltmore Ave
- Lee Walker Heights



Completed Building Projects

Roof replacement

- Shelburne Road
- City Hall (+ fall protection)
- Shiloh (+ solar)

City Hall 1st floor ADA accessible restroom

HCCA

- Heating & AC modernization
- **Window & exterior renovation**

Fire Station 4 renovation

ART Station renovation & digital signage (+ solar)

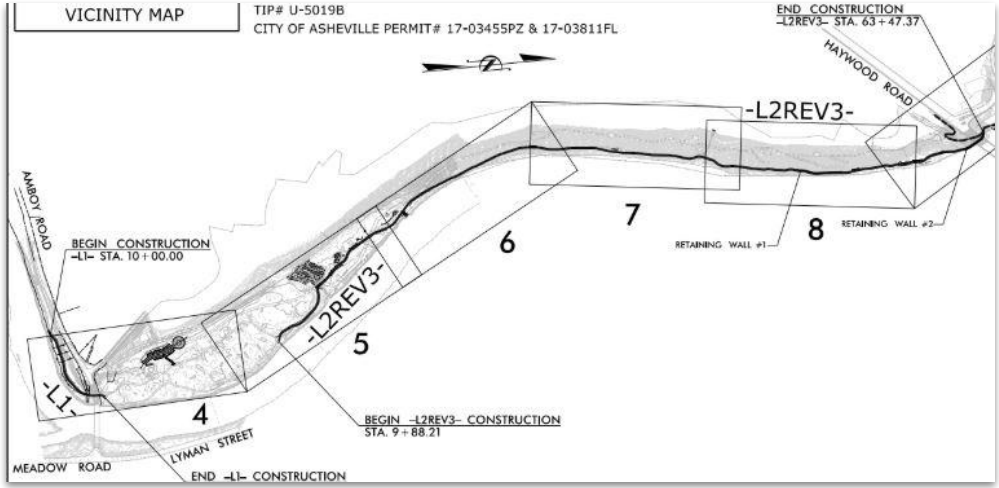
Additional solar arrays at Burton St Center, Fire Stations 10 & 11



Projects in Progress

Transportation

- Sidewalks
  - Brooklyn Rd & Hampton St
  - Vermont Ave
  - New Haw Creek
  - Johnston Blvd
  - Airport Road
- Swannanoa Greenway
- ADA sidewalk accessibility
- Greenways
  - Nasty Branch
  - **French Broad River West**
- Road resurfacing
- Coxe Ave complete street







Projects in Progress

Parks

- Dr. Wesley Grant Center
- Mountainside/Memorial
- Weaver Park bridge & sport courts

Building Construction

- ***Comprehensive facility assessment***
- City Hall elevator modernization
- Broadway Public Safety Station
- Municipal Building repair & renewal
- HVAC modernization
- Shiloh Center gymnasium air conditioning
- Montford Center solar array
- HCCA solar evaluation

Water system replacement & upgrades

Stormwater system replacement & upgrades







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Future Capital Project Outlook (2-10 years)

GO Bond Completed

- All remaining construction awarded by July 2023
- Bonds issued by November 6, 2023
- Preparing for future bond funds with capital planning and prioritization

Transportation

- Road, sidewalk, & greenway maintenance
- **Place making & complete streets**
  - ***Livingston St - reviewing budget and scope***
- New sidewalks & greenways
- ADA accessibility improvements
- Bridge rehabilitation (pedestrian & vehicular improvements)

Parks

- Parks Renewal and Replacement
- Playgrounds, courts, furniture

Building Construction

- Envelope maintenance (siding, roofing, & windows)
- HVAC system maintenance
- Efficiency improvements
- Solar program

Water system maintenance

Stormwater system maintenance

Fleet replacement

Affordable Housing

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Future Capital Project Outlook - Major Facility Needs

Thomas Wolfe Auditorium	$ 120M	Renewal and improvement of performance space
Operations Campus	$ 105M	Needed for expanding service and to free up South Charlotte St space
Transit Maintenance Center	$ 57M	Needed to allow for expansion of service
McCormick Field	$ 30M	Uncertain scope and funding plan
West Asheville Public Safety Facility	$ 13M	Current building has exceeded useful life
Fire Station 8	$ 8M	Current building is too small for operations
Municipal Golf Course	$ 2M	Stormwater & other maintenance needs

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Project/CIP Update Summary

- On schedule to complete the 2016 GO bond work (65% spent).
- Working to develop a better understanding of our capital needs, prioritization and funding strategy.
- Capital needs are increasing due to
  - additional services
  - aging infrastructure and facilities
  - effects of climate change and carbon reduction goals
- The future success of the City's capital program is dependent upon a consistent plan that considers the long view and avoids frequent adjustments.

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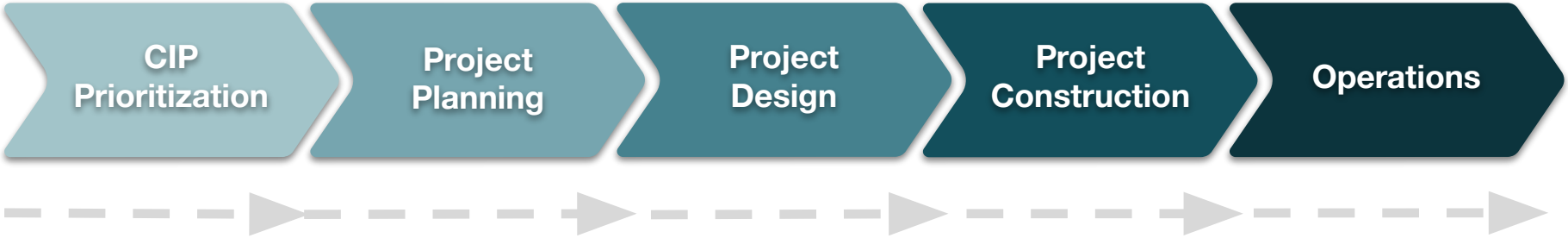
Capital Projects & Community Engagement

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Engagement Planning

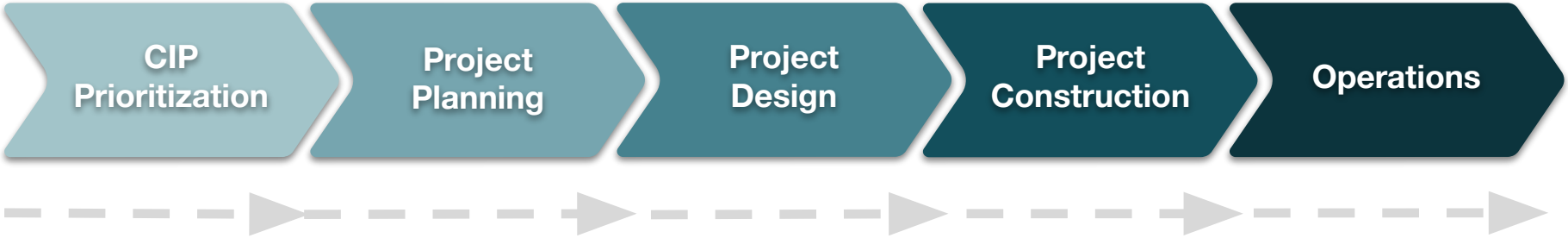
- Engagement efforts are designed based on community impact and project complexity.
  - A **new park** is a complex project with heavy community involvement.
  - A **roof replacement at Public Works** is low community impact and communications are limited to internal audiences.
- There is a spectrum of engagement.
- The following slides suggest a process for the highest impact and complexity. Not all steps will be used in all projects.

Current Public Engagement



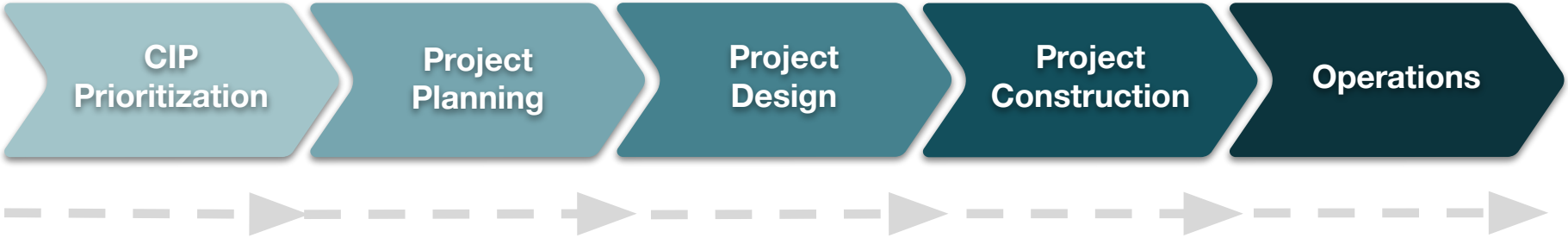
CIP Prioritization	Project Planning	Project Design	Project Construction	Operations
Project Identification Master Planning Visioning Efforts Annual 5 year CIP adoption	Engagement #1: Community input for Vision & Goal Setting Engagement #2: Community input on conceptual alternatives Engagement #3: Report back to community preferred concepts & priorities	30% Design Scope Review and Verification 60 - 90% Design - Review scope & budget reconciliation -Review construction scheduling & impacts	Engagement: Construction updates/impacts to Community	Programming Facility maintenance

Current City Council Engagement



CIP Prioritization	Project Planning	Project Design	Project Construction	Operations
Award planning contract Annual 5 year CIP adoption	Award preliminary design and planning contracts	Authorize contract amendments for completion of design work and construction services	Award construction contracts Groundbreaking Change order approval (if contingency is exceeded) Ribbon cutting	Operating budget approval Approval of capital maintenance funds

Council Engagement/Update Opportunities



CIP Prioritization	Project Planning	Project Design	Project Construction	Operations
Project Identification *Master Planning* Visioning Efforts *Annual 5 year CIP adoption*	Engagement #1: *Visioning/Project Goal Setting* Engagement #2: *Review conceptual alternatives* Engagement #3: *Present preferred concepts & project priorities*	30% Design *Scope Review and Verification* 60 - 90% Design - *Review any scope & budget reconciliation* - Review construction scheduling & impacts	*Award construction contracts* Groundbreaking *Change order approval (if contingency is exceeded)* Ribbon cutting	*Operating budget approval* *Approval of capital maintenance funds*

Council and Community Engagement

- Capital planning and project execution needs more attention.
- Large, high value projects need more discussion.
- The communications loop between staff, the community, and City Council needs to be closed.
- These engagement efforts will be applied with the understanding that engagement differs based upon scope and impact.

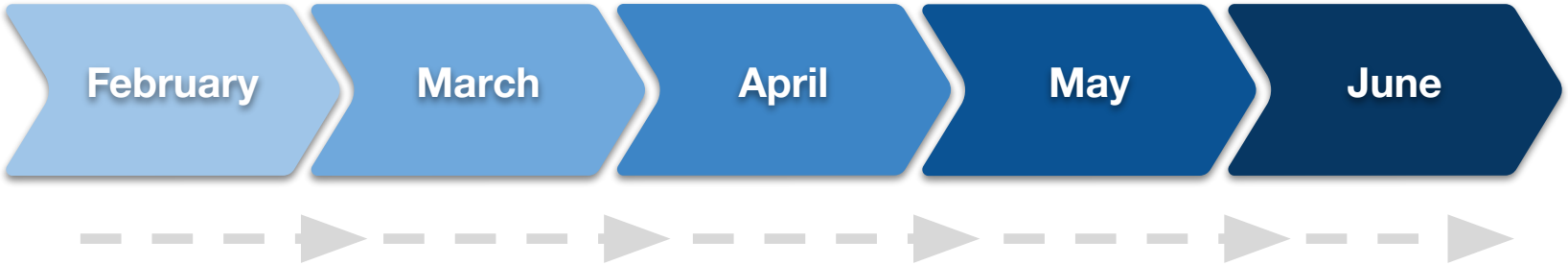
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