THE CITY OF ASHEVILLE

STAFF REPORT

Council Meeting Date: June 22, 2021

Subject: Adoption of the Fiscal Year 2021-22 Annual Budget

Staff Resource: Tony McDowell, Finance and Management Services Director

Action Requested: Ordinance to adopt the Fiscal Year 2021-22 Annual Budget.

Background:

- The Fiscal Year (FY) 2021-22 Proposed Annual Operating Budget was presented to City Council on May 25, 2021.
- 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 28, 2021.
- City Council conducted a public hearing on the Proposed Budget on June 8, 2021.
- The following changes have been made to the Proposed Budget since it was presented to Council on May 28, 2021:
    - At the June 8, 2021, meeting, City Council took action to amend the FY 2020-21 Budget to budget $2.1 million from the White Lab sales proceeds for Reparations.
    - With Reparations funding approved in the current fiscal year budget, staff has removed the $1.2 million in funding that was included in the FY 2021-22 Proposed Budget.
    - An additional $25,000 is included in the General Fund to budget the revenues and expenses associated with the Reparations Speaker Series.
    - The FY 2021-22 Proposed General Fund Budget that was presented on May 25th was balanced with an ad valorem tax rate of 41.30 cents per $100 of assessed value, which was 3 cents above the revenue-neutral rate.
    - In the Budget Ordinance being considered tonight, staff has revised the proposed ad valorem tax rate down by 1 cent to 40.30 cents per $100 of assessed value.
    - In order to keep the FY 2021-22 General Fund Budget balanced at this lower ad valorem tax rate, staff is proposing the following adjustments:
        - Utilize $1.0 million in American Rescue Plan (ARPA) funding to support transit operations, which will allow the City to reduce the General Fund transfer to the Transit Services Fund by $1.0 million in FY 2021-22.
        - Increase the FY 2021-22 sales tax revenue budget by $400,000 based on updated estimates and continued strong growth in retail sales as the economy recovers from the COVID-19 pandemic.
        - Appropriate $500,000 in unassigned fund balance based on projections that unassigned fund balance in the General Fund will exceed the City's 15% policy goal.

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 budget is balanced for ongoing operating expenses and all essential City services are continued.

Con(s):

- None

Fiscal Impact:

- As noted above, the Proposed FY 2021-22 General Fund budget is balanced with an ad valorem tax rate of 40.30 cents per $100 of assessed value, which is 2 cents above the revenue neutral tax rate.
- The Proposed General Fund budget includes $150,000 to fund the City's participation in Buncombe County's new Homeowner Grant Program which is designed to help mitigate the impact of property tax increases for low-income homeowners.

Suggested Motion:

- Move to adopt the FY 2021-22 Annual Budget Ordinance.

Attachment:

- Budget Ordinance

ORDINANCE NO. _____

AN ORDINANCE ADOPTING THE ANNUAL BUDGET AND FIXING THE TAX RATE FOR THE CITY OF ASHEVILLE FOR THE FISCAL YEAR 2021-22

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 2021-22 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, 2021 and ending June 30, 2022.

GENERAL FUND

Revenues:		
Taxes – Ad Valorem	$78,512,370	
Other Taxes	32,548,276	
Intergov. Revenue	12,634,744	
Licenses and Permits	5,385,295	
Sales and Services	12,097,770	
Investment Earnings	623,000	
Miscellaneous Revenue	2,758,641	
Other Financing Sources	673,457	
Total Revenues		$145,233,553
Appropriations:		
Departmental Operations		$145,233,553

WATER RESOURCES FUND

Revenues:		
Sales and Services	$36,285,312	
Investment Earnings	400,000	
Miscellaneous Revenue	50,000	
Total Revenues		$36,735,312

Appropriations:		
Water Resources Operations		$36,735,312

PARKING SERVICES FUND

Revenues:		
Sales and Services	$120	
Investment Earnings	42,420	
Miscellaneous Revenue	7,035,140	
Total Revenues		$7,077,680
Appropriations:		
Parking Services Operations		$7,077,680

STORMWATER FUND

Revenues:		
Licenses and Permits	$398,000	
Sales and Services	6,162,069	
Investment Earnings	8,773	
Miscellaneous Revenue	11,500	
Other Financing Sources	200,000	
Total Revenues		$6,780,342
Appropriations:		
Stormwater Operations		$6,780,342

TRANSIT SERVICES FUND

Revenues:		
Intergov Revenue	$3,811,302	
Licenses and Permits	350,000	
Sales and Services	512,200	
Other Financing Sources	8,493,807	
Total Revenues		$13,167,309
Appropriations:		
Transit Services Operations		$13,167,309

HARRAH'S CHEROKEE CENTER - ASHEVILLE FUND

Revenues:		
Sales and Services	$3,092,474	

Investment Earnings	50,000	
Miscellaneous Revenue	179,000	
Other Financing Sources	1,204,420	
Total Revenues		$4,525,894
Appropriations:		
HCCA Operations		$4,525,894

STREET CUT UTILITY FUND

Revenues:		
Sales and Services	$1,752,618	
Miscellaneous Revenue	60	
Other Financing Sources	100,000	
Total Revenues		$1,852,678
Appropriations:		
Street Cut Operations		$1,852,678

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:		
Other Financing Sources	$779,460	
Total Revenues		$779,460
Appropriations:		
Sustainability Fund Operations		$779,460

INTERNAL SERVICES FUNDS

Revenues:		
Sales and Services	$19,822,461	
Investment Earnings	60,000	

Miscellaneous Revenue	1,272,672	
Other Financing Sources	945,135	
Total Revenues		$22,100,268

Appropriations:		
Health Insurance	$17,795,128	
Workers Compensation	1,656,000	
Property and Liability	2,649,140	
Total Expenditures		$22,100,268

CAPITAL 2100 FUND (GENERAL FUND)

Revenues:		
Other Financing Sources	$15,287,249	
Total Revenues		$15,287,249

Appropriations:	
Capital 2100 Fund Operations	$15,287,249

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	$56,000	
Sales and Services	275,000	
Miscellaneous Revenue	25,000	
Other Financing Sources	16,625,499	
Total Revenues		$16,981,499

Appropriations:	
General Capital Fund Expenditures	$16,981,499

WATER CAPITAL PROJECTS FUND

Revenues:		
Transfer from Water Resources Fund	$12,505,961	
Other Financing Sources	20,000,000	

Total Revenues		$32,505,961
Appropriations:		
Water Capital Fund Expenditures		$32,505,961

TRANSIT SERVICES MULTI-YEAR FUND

Revenues:		
Intergovernmental Revenue	$290,925	
Other Financing Sources	1,000,000	
Total Revenues		$1,290,925
Appropriations:		
FY20 JARC (Section 5307) Grant	$81,704	
FY20 Section 5310 Grant	209,221	
Transit Bus Purchases	1,000,000	
Total Transit Multi-Year Fund Expenditures		$1,290,925

STORMWATER CAPITAL PROJECTS FUND

Revenues:		
Transfer from Stormwater Fund	$229,777	
Other Financing Sources	3,531,223	
Total Revenues		$3,761,000
Appropriations:		
Stormwater Capital Fund Expenditures		$3,761,000

PARKING CAPITAL PROJECTS FUND

Revenues:		
Transfer from Parking Operating Fund	$500,000	
Total Revenues		$500,000
Appropriations:		
Parking Capital Fund Expenditures		$500,000

HARRAH'S CHEROKEE CENTER - ASHEVILLE CAPITAL PROJECTS FUND

Revenues:		
Miscellaneous Revenue	$540,000	
Other Financing Sources	129,692	
Total Revenues		$669,692
Appropriations:		
HCCA Capital Fund Expenditures		$669,692

COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) FUND

Revenues:		
Federal Grant FY 2021-22	$1,053,291	
Program Income	100,000	
Total Revenues		$1,153,291
Appropriations:		
Total CDBG Program Expenditures		$1,153,291

HOME OWNERSHIP GRANT (HOME) FUND

Revenues:		
Federal Grant FY 2021-22	$1,296,760	
Program Income	74,000	
Total Revenues		$1,370,760
Appropriations:		
Total HOME Program Expenditures		$1,370,760

SPECIAL REVENUE FUND

Revenues:		
Intergovernmental Revenue	$140,516	
Total Revenues		$140,516
Appropriations:		
Continuum of Care Grant (HMIS)	$110,516	
PEG Funding	30,000	
Total Appropriations		$140,516

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 & charges, as readopted and changed on May 11, 2021 in ordinance numbers 4372, 4373, and 4374, 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, 2022, an Ad Valorem tax rate of $0.403 per $100 assessed valuation of taxable property as listed on January 1, 2021 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 or total fund appropriations 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, 2021 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 2021-22 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 ends on July 9, 2021.

Section 9. Base pay for the Mayor, Vice-Mayor and Councilmembers will be $23,470, $19,478, and $17,243, 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 22nd day of June, 2021.

City Clerk

Mayor

Approved as to form:

City Attorney