City Council Budget Work Session: Fiscal Year 2021-22

May 11, 2021

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Presentation Overview

- Budget process review
- Overview of Draft Recommendations
  - Proposed investments in Council priorities
  - Property tax rate
- Next Steps
  - Budget process
  - Rescue Plan funding

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Key Takeaways

- Draft recommendations are based on internal work, community input and Council priorities, and reflect a continuation of the reimagining public safety process.
- A property tax rate above revenue neutral is tentatively recommended to fund investments in Council priorities.
- Some initiatives included in the Manager's Recommended Budget presented on May 25th will need to be finalized during the year.

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Fiscal Year 2021-22 (FY22) Budget Process Review

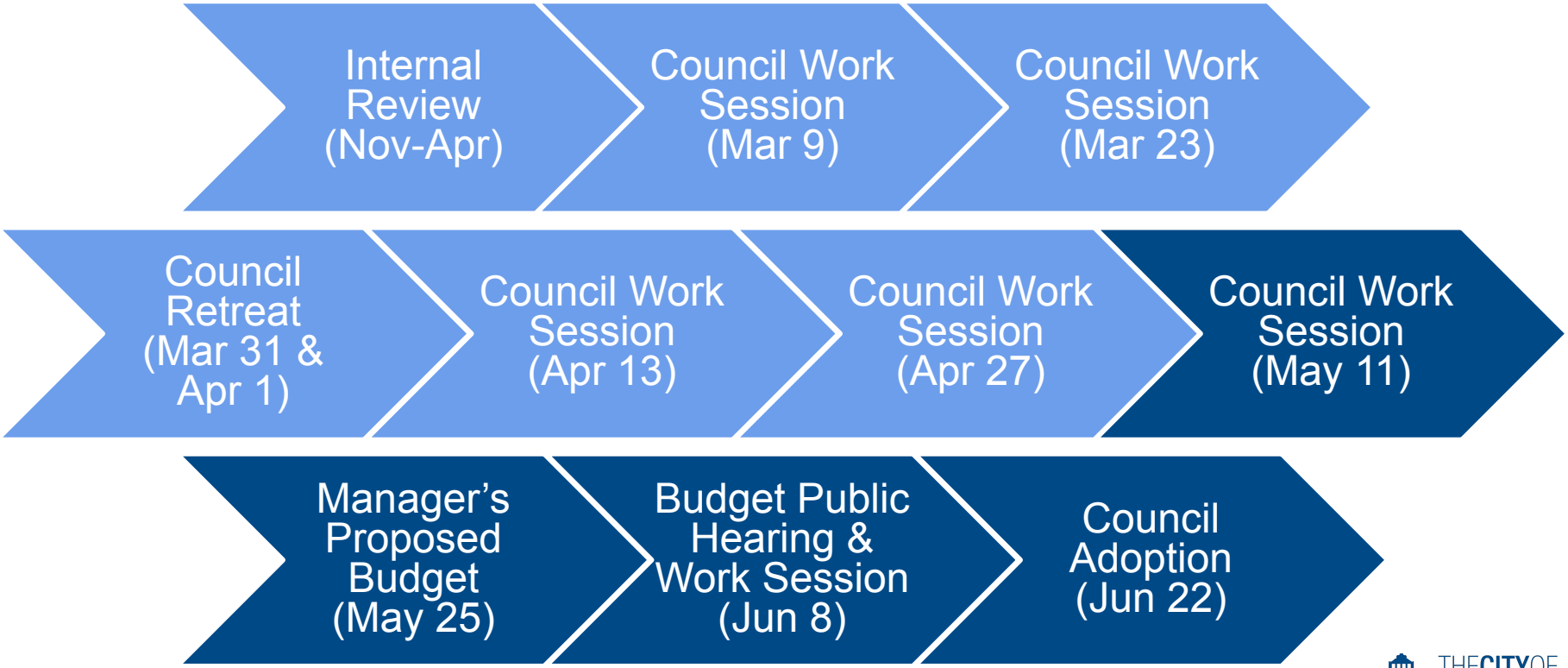
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Council Work Sessions Review

Date	Topics Covered at Work Session	
Mar 9	• Budget introduction, • Current fiscal year update	• Revenue neutral tax rate • Compensation study results
Mar 23	• Enterprise funds • Changes to fees	• American Rescue Plan (ARPA)
Apr 13	• Base General Fund budget • Capital Improvement Program (CIP)	• American Rescue Plan (ARPA)
Apr 27	• Council priorities and potential investments • Revenue neutral tax rate	• American Rescue Plan (ARPA)

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Key Budget Dates for Council



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Internal Budget Development

Process Drivers	• Two crises (pandemic and social unrest). • 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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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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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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Community Engagement Sessions

Interest in:

- Understanding how budget affects individuals and how to make an impact on budget decisions.
- Increased access, convenience and transparency.
- Clearer, plain language communication.
- Being part of resource allocation and prioritization.
- Empowered decision making.
- Neighborhood level investments.

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Employee Engagement Sessions

Interest in:

- Compensation is an important part of feeling valued.
- More staff resources to address both Council priorities and core service delivery.
- More strategically using existing resources.
- More coordinated community engagement.

Questions

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Highlights of Draft Recommendations

FY22 Budget Strategies

Challenges Identified	• Too few resources spread over services. • Access to City staff and services. • Inclusive engagement & neighborhood support.
Council Priorities	• Reparations • Reimagining Public Safety • Compensation • Utilization of ARPA funding • Ongoing Priority Strategies (13 from FY19)
Response Strategies	• Refocus engagement to neighborhood level. • Develop clear data-informed framework for decision making.

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A Balanced & Fiscally Responsible Budget

- Sets a sustainable property tax rate and fee structure that provides funding for additional community investments and staff compensation.
- Continues funding core community services in a time of rising costs.
- Strategically utilizes fund balance for one-time funding to advance the City's Reparations and Neighborhood Grants Programs.
- Fully restores funding for positions held vacant in FY21.
- Continues funding the City's multi-year capital improvement program.

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FY22 Draft Budget Investment Categories

- Reparations
- Neighborhoods & Housing
- Youth
- Reimagining Public Safety (Safe Communities)
- Transportation
- Environment
- Economic Development
- Employees & Workforce

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FY22 Draft Investment: Reparations

New Investments	
$ 200k	Reparations Planning & Community Engagement Process
$ 1.0M	Reparations Fund Initial Allocation

Other outside investments from possible hotel rezonings (Community Benefits Table)

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FY22 Draft Investment: Neighborhoods & Housing

New Investment	
$ 150k	Small-scale neighborhood grants (total of $200k).
Ongoing Investments	
$ 500k	Annual Housing Trust Fund contribution.
$ 225k	LUIG & fee rebates for affordable housing.
$ 2M (per yr)	Additional funding within the existing CIP through lower interest rates and revised spending schedules. Supports additional investment in sidewalks, road resurfacing, facilities, etc.

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FY22 Draft Investment: Youth

New Investments	
$ 450k	Expand evening & weekend hours at rec centers.
$ 300k	Expand level of service in high use parks & facilities.
Ongoing Investments	
$ 257k	CAYLA Program
$ 242k	Strategic Partnership Funding

Partnership with City Schools on Positive Opportunities Develop Success (PODS) at recreation centers.

Working with community partners to identify programming needs.

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FY22 Draft Investment: Reimagining Public Safety (Safe Communities)

Funds reallocated from sworn position vacancies	
$ 2.0M	APD compensation study implementation and additional overtime costs for coverage.
$ 42k	APD training including deescalation, verbal judo, crisis intervention, and fair and impartial policing trainings.
$ 180k	Increased cost for body worn camera maintenance.
$ 110k	Additional funding for noise ordinance and animal control services in Development Services Department.

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FY22 Draft Investment: Reimagining Public Safety (Safe Communities)

New Investments	
Positions the City to be able to consolidate 911 response services with Buncombe County utilizing existing APD telecommunications budget.	
Budget proposals for crisis response team for mental health & substance abuse and houselessness response team remain under development.	
$ 583k	additional 15 firefighters to be hired in the fall of 2021 to staff the new Broadway Public Safety Station which is anticipated to open in the fall of 2022.

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FY22 Draft Investment: Reimagining Public Safety (Safe Communities)

Ongoing Investments
Data and neighborhood service enhancements and additional homeless outreach that were approved last fall as part of the initial phase of reimagining public safety.
New Community Engagement Office within the Asheville Police Department.
Continuing conversations with the Asheville Housing Authority and Asheville City Schools to assess APD's role.

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FY22 Draft Investment: Transportation

New Investments	
$ 1.1M	Planned October 2021 transit service changes: ● Extended evening hours (completion of Yr. 1 of TMP) ● S3 and S6 increase frequency (from 90 to 45 min)
$ 175k	Increased cost of existing transit service.
$ 154k	Full year funding of River Arts District Transportation Improvement Project (RADTIP) maintenance.

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FY22 Draft Investment: Environment

New Investments	
$ 300k	Additional funding to maintain the City's household recycling program in a time of increasing costs within the industry.
$ 200k	Additional funding to provide storm response for significant weather events
Ongoing Investments	
$ 425k	Green Savings Program (Total available July 1)
Continue to provide tree ordinance implementation and enforcement with existing staff during the next fiscal year, and assess future needs as construction activity increases.	
Midyear assessment of sanitation and stormwater services.	

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FY22 Draft Investment: Economic Development

New Investments	
$ 380k	Additional funding to meet the City's previously approved economic incentive agreements.
Ongoing Investments	
$ 60k	Reallocate contracted services budget to fund new position in Asheville Business Inclusion Office (ABIO).

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FY22 Draft Investment: Employees & Workforce

New Investments	
$ 7.9M	• Fully funds implementation of the Archer Compensation Study recommendations for employees on the Public Safety Pay Plans. • Brings all other employees up to the new Archer-recommended minimum pays or provides a 2.5% pay increase, whichever is greater.
$ 1.1M	Fully fund positions held vacant.
$ 700K	Increases the City's contribution to the North Carolina Local Government Retirement System by the required 1.2% for all employees

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FY22 Draft Investment: Employees & Workforce

New Investments (continued)
Adds 2 new paid holidays (Juneteenth and Veteran's Day).
Adds 8 weeks of paid parental leave.
Adds 6 weeks of paid leave for care of qualified family member with a serious health condition.
Ongoing Investment
Maintains employee contributions and employer contributions to the City's healthcare program at the same level for the 4th consecutive fiscal year.

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FY22 Draft Investment: Employees & Workforce

Compensation Costs	To Min or 2.5%	Police (Sworn)	Fire	Total
General Fund*	$ 2.28M	$ 1.66M	$ 2.72M	$ 6.67M
Water	$ 0.91M			$ 0.91M
Parking	$ 0.05M			$ 0.05M
Street Cut	$ 0.03M			$ 0.03M
Stormwater	$ 0.25M			$ 0.25M
Total	**$ 3.52M**	**$ 1.66M**	**$ 2.72M**	**$ 7.91M**

** Includes HCCA & Transit*

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FY22 Draft Investment: Employees & Workforce

Est. Annual Salary for Position	Est. Additional Budget for Implementation	FTEs
$30,000 & below	$ 244,000	20.5
$30,001 - $40,000	$ 2,715,000	388
$40,001 - $50,000	$ 2,591,000	416
$50,001 - $60,000	$ 1,355,000	238
$60,001 - $70,000	$ 476,000	95
$70,001 - $80,000	$ 264,000	73
$80,001 - $90,000	$ 98,000	29
$90,001 - $100,000	$ 60,000	21
$100,001+	$ 119,000	29

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Priorities & Funding Sources

New Investments	
Reparations process	$ 0.2M
Reparations Fund	$ 1.0M
Employee compensation	$ 6.7M
Transit Expansion	$ 1.1M
Parks	$ 0.75M
Neighborhoods	$ 0.15M
Total	***$ 9.9M***

Available Funding	
Base revenue	$ 1.3M
Fund balance	$ 1.3M
APD Savings	$ 1.7M
Total	***$ 4.3M***
Gap	***$ 5.7M***

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Continued Strong Financial Management: Funding FY22 Investments in a Fiscally Responsible Way

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FY22 Draft Revenue Recommendations

Sustainable Property Tax Rate

- Set rate at 3 cents above revenue neutral.

Minimize impact of fee increases while maintaining services

- Water fees increase by $6.56 bi-monthly for the typical homeowner primarily to cover capital infrastructure needs, and remain at a lower level than they were in FY20.
- No increase in solid waste or stormwater fees.

Strategically utilizes available fund balance for one-time investments.

Continue planning for the investment of ARPA funding.

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FY22 Draft Revenue Recommendations

1. Revenue neutral: Determine the tax rate that would produce revenue (levy) equal to current year.
2. Increase the rate by the average annual increase in the tax base.

Current Levy		Reappraisal Assessed Value		Avg. Tax Base Growth
$ 72,487,013	÷	$ 19.4B	×	2.62%

Tax rate that would produce the same levy as the current tax rate on the new valuation is ***38.30¢***.

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FY22 Draft Revenue Recommendations

Additional revenue generated by each penny above revenue neutral:	$ 1.9M
Draft recommended tax rate to fully fund investments:	41.30¢
Pennies above revenue neutral:	3¢
Additional revenue generated by recommended rate ($1.9M X 3¢):	$ 5.7M

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FY22 Draft Revenue Recommendations

	FY21	FY22	Change
Median Assessed Value	$ 232,100	$ 294,500	+27%
City Tax Rate	42.89¢	41.30¢	3¢ above revenue neutral
Tax Bill	$ 995	$ 1,215	$220 annually or $18.33 monthly

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Discussion

Next Steps: Regular Budget

May 11	Approval of Fee Changes (regular mtg)
May 12-20	Staff completes Budget Document
May 21	Proposed Budget Document Published
May 25	Presentation of Manager's Proposed Budget
June 8	Budget Public Hearing
June 22	Budget Adoption

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