THE CITY OF ASHEVILLE

STAFF REPORT

Council Meeting Date: July 28, 2020

Subject: Public Hearing for the Fiscal Year 2020-21 Annual Budget

Staff Resource: Barbara Whitehorn, CFO, Finance and Management Services Director

Action Requested: Conducting of the public hearing on the City of Asheville Fiscal Year 2020-21 Annual Operating Budget and inclusion of public input in City Council's consideration of the budget.

Background:

- The Fiscal Year (FY) 2020-21 Proposed Annual Operating Budget was presented to City Council on May 26, 2020. 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 29, 2020.
- Following presentation of the FY 2020-21 Proposed Budget, the City decided that adopting an interim budget would allow time to plan a public engagement process around reallocating resources to address equity, social disparity, and policing concerns voiced by the community.
- At its June 23, 2020 meeting, City Council adopted a one month interim budget pursuant to North Carolina General Statute §159-16, and the Public Hearing originally scheduled for June 9, 2020 was rescheduled for July 28, 2020. A notice for the second Public Hearing was published on July 17, 2020.
- Per NC General Statutes, the City cannot adopt the annual property tax rate with an interim budget. The property tax rate can only be adopted as part of the annual budget ordinance and must be adopted by August 1.
- The annual budget ordinance that staff has prepared for Council consideration includes adoption of the annual property tax rate and full annual budgets at the fund level. The Proposed Budget is balanced with an ad valorem tax rate of $0.4289 per $100 of assessed value, which is unchanged from the current rate.
- Per Council's direction, each General and Enterprise Fund operating department will only receive funding in its budget for operations through the end of September with the remaining budget being held in reserve in a non-departmental account while the City Manager's Office completes the community engagement process to determine investments in the Asheville Police Department, other City departments, and various community programs.
- At City Council's September 22, 2020 meeting, the City Manager will present a budget amendment that will reflect input received during the public engagement effort and provide all departments with additional budget authority for the remainder of fiscal year 2020-21.
- The Proposed General Fund Budget includes four minor additions that were not part of the May 26, 2020 Proposed Budget:
    - $49,225 in revenues and expenses associated with the purchase and disposition of property near Coxe Avenue and Federal Alley, which was approved at City Council's June 9, 2020 meeting.
    - $100,000 for short-term COVID-19 expenses that may occur prior to the end of September. The City expects to receive additional Coronavirus Relief Funds (CRF) from Buncombe County to offset these expenses. Staff will return to Council with a budget amendment once the full amount of CRF funding is known.
    - $50,000 in City Manager's contingency for potential costs associated with the community engagement process currently underway.

    - $7,000 in the Aston Park Tennis Center budget from funding provided by a United States Tennis Association (USTA) Facility Recovery Grant and a Southern Cares Facility Initiative Grant.

Council Goal(s):

- A Financially Resilient City

Pro(s):

- Ensures City's compliance with North Carolina General Statutes that require local governments to adopt a balanced budget ordinance and establish a property tax rate by August 1 of each year.
- The budget is balanced with no increase in the property tax rate or any City fees and all essential City services are continued.
- Provides the City Manager with time to conduct a public engagement process to gather community input on investments in the Asheville Police Department, other City departments, and various community programs.

Cons:

- Requires departments to operate with only three months of budget funding until the end of September.
- Staff will be required to bring a budget amendment to City Council in late September to fully fund departmental operations for the entire fiscal year.

Fiscal Impact:

- As noted above, the Proposed FY 2020-21 General Fund budget is balanced with an ad valorem tax rate of $0.4289 per $100 of assessed value, which is unchanged from the current rate.
- The Proposed General Fund budget includes a $1.6 million appropriation from fund balance. Based on current estimates, staff expects unassigned fund balance to be between 13% and 15% of expenses at the end of FY 2020-21.

Suggested Motion:

- Conduct the public hearing on the Annual Operating Budget for FY 2020-21 on July 28, 2020.

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 2020-21

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 2020-21 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, 2020 and ending June 30, 2021.

GENERAL FUND	
Revenues:	
Taxes – Ad Valorem	$ 71,397,852
Other Taxes	27,330,684
Intergovernmental Revenue	13,303,886
Licenses and Permits	5,502,450
Sales and Services	11,888,928
Investment Earnings	550,000
Miscellaneous Revenue	3,139,140
Other Financing Sources	1,650,630
Total Revenues	**$ 134,763,570**
Appropriations:	
Administration Services	$ 568,983
Communications & Public Engagement (CAPE)	231,963
Capital Projects	1,336,195
City Attorney	360,186
Community & Economic Development	951,578
Development Services	1,139,336
Equity & Inclusion	158,534
Finance & Management Services	733,243
Fire Department	7,240,159
Human Resources	383,777
Information Technology Services	1,839,169

Parks & Recreation	2,925,975
Planning & Urban Design	373,978
Police Department	7,961,072
Public Works	2,994,802
Transportation	735,123
Non-Departmental	104,829,497
Total Appropriations	**$ 134,763,570**

WATER RESOURCES FUND

Revenues:	
Sales and Services	$ 32,785,312
Investment Earnings	400,000
Miscellaneous Revenue	50,000
Total Revenues	**$ 33,235,312**
Appropriations:	
Water Resources First Quarter Operations	$ 14,119,391
Water Resources 2nd-4th Quarter Operations	19,115,921
Total Appropriations	**$ 33,235,312**

PARKING SERVICES FUND

Revenues:	
Sales and Services	$ 120
Investment Earnings	42,420
Miscellaneous Revenue	6,605,140
Total Revenues	**$ 6,647,680**
Appropriations:	
Parking Services First Quarter Operations	$ 1,900,948
Parking Services 2nd-4th Quarter Operations	4,746,732
Total Appropriations	**$ 6,647,680**

STORMWATER FUND

Revenues:	
Licenses and Permits	$ 398,000
Sales and Services	6,162,069
Investment Earnings	8,773
Miscellaneous Revenue	11,500
Total Revenues	**$ 6,580,342**

Appropriations:

Stormwater First Quarter Operations	$ 1,692,915
Stormwater 2nd-4th Quarter Operations	4,887,427
Total Appropriations	**$ 6,580,342**

TRANSIT SERVICES FUND

Revenues:	
Intergovernmental Revenue	$ 2,859,045
Licenses and Permits	350,000
Sales and Services	666,500
Other Financing Sources	8,381,108
Total Revenues	**$ 12,256,653**
Appropriations:	
Transit Services First Quarter Operations	$ 11,094,571
Transit Services 2nd-4th Quarter Operations	1,162,082
Total Appropriations	**$ 12,256,653**

HARRAH'S CHEROKEE CENTER ASHEVILLE FUND

Revenues:	
Sales and Services	$ 2,320,350
Investment Earnings	20,000
Miscellaneous Revenue	121,000
Other Financing Sources	1,342,708
Total Revenues	**$ 3,804,058**
Appropriations:	
HCCA First Quarter Operations	$ 1,145,557
HCCA 2nd-4th Quarter Operations	2,658,501
Total Appropriations	**$ 3,804,058**

STREET CUT UTILITY FUND

Revenues:	
Sales and Services	$ 1,777,044
Miscellaneous Revenue	60
Other Financing Sources	100,000
Total Revenues	**$ 1,877,104**
Appropriations:	
Street Cut Utility First Quarter Operations	$ 582,825
Street Cut Utility 2nd-4th Quarter Operations	1,294,279
Total Appropriations	**$ 1,877,104**

HOUSING PARTNERSHIP FUND (GENERAL FUND)	
Revenues:	
Sales and Services	$ 2,400
Miscellaneous Revenue	150,000
Other Financing Sources	500,000
Total Revenues	**$ 652,400**
Appropriations:	
Housing Partnership Fund Operations	$ 652,400
SUSTAINABILITY FUND	
Revenues:	
Other Financing Sources	$ 769,193
Total Revenues	**$ 769,193**
Appropriations:	
Sustainability Fund First Quarter Operations	$ 534,603
Sustainability Fund 2nd-4th Quarter Operations	234,590
Total Appropriations	**$ 769,193**
INTERNAL SERVICES FUNDS	
Revenues:	
Sales and Services	$ 19,897,354
Investment Earnings	59,000
Miscellaneous Revenue	1,245,554
Other Financing Sources	897,067
Total Revenues	**$ 22,098,975**
Appropriations:	
Health Insurance	$ 17,811,778
Workers Compensation	1,656,000
Property and Liability	2,631,197
Total Appropriations	**$ 22,098,975**
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:	
Sales and Services	$ 310,000
Miscellaneous Revenue	535,260
Other Financing Sources	13,292,181
Total Revenues	**$ 14,137,441**
Appropriations:	
General Capital Projects Fund Expenditures	**$ 14,137,441**
WATER CAPITAL PROJECTS FUND	
Revenues:	
Transfer from Water Resources Fund	$ 4,260,696
Total Revenues	**$ 4,260,696**
Appropriations:	
Water Capital Fund Expenditures	**$ 4,260,696**
TRANSIT CAPITAL PROJECTS FUND	
Revenues:	
Other Financing Sources	$ 873,000
Intergovernmental Revenue	3,833,965
Total Revenues	**$ 4,706,965**
Appropriations:	
Transit Bus Purchases	$ 4,365,000
FTA FY 2019 5307 JARC Appropriations	205,466
FTA FY 2019 5310 Appropriations	136,499
Total Appropriations	**$ 4,706,965**
STORMWATER CAPITAL PROJECTS FUND	
Revenues:	
Transfer from Stormwater Fund	$ 350,000
Other Financing Sources	2,064,000
Total Revenues	**$ 2,414,000**

Appropriations:	
Stormwater Capital Fund Expenditures	**$ 2,414,000**
PARKING CAPITAL PROJECTS FUND	
Revenues:	
Transfer from Parking Operating Fund	$ 234,909
Total Revenues	**$ 234,909**
Appropriations:	
Parking Capital Fund Expenditures	**$ 234,909**
HARRAH'S CHEROKEE CENTER CAPITAL PROJECTS FUND	
Revenues:	
Miscellaneous Revenue	$ 500,000
Other Financing Sources	78,047
Total Revenues	**$ 578,047**
Appropriations:	
Harrah's Cherokee Center Capital Fund Expenditures	**$ 578,047**
COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) FUND	
Revenues:	
Federal Grant FY 2020-21	$ 1,047,092
CDBG COVID-19	615,934
Program Income FY 2020-21	50,000
Program Income FY 2019-20	24,000
Total Revenues	**$ 1,737,026**
Appropriations:	
Fiscal 2020-21 CDBG Program	$ 1,713,026
CDBG COVID-19	615,934
Fiscal 2019-20 CDBG Program	24,000
Total Appropriations	**$ 1,737,026**
HOME OWNERSHIP GRANT (HOME) FUND	
Revenues:	
Federal Grant FY 2020-21	$ 1,335,301
Program Income FY 2020-21	19,586
Program Income FY 2019-20	23,127
Total Revenues	**$ 1,378,014**

Appropriations:	
Fiscal 2020-21 HOME Program	$ 1,354,887
Fiscal 2019-20 HOME Program	23,127
Total Appropriations	**$ 1,378,014**

SPECIAL REVENUE FUND	
Revenues:	
Intergovernmental Revenue	$ 410,000
Total Revenues	**$ 410,000**

Appropriations:	
Parks Community Nutrition Grant	$ 80,000
Continuum of Care Grant (HMIS)	67,500
Continuum of Care Grant (Planning)	52,500
Emergency Solution Grant (ESG)	180,000
PEG Funding	30,000
Total Appropriations	**$ 410,000**

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 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, 2021, an Ad Valorem tax rate of $0.4289 per $100 assessed valuation of taxable property as listed on January 1, 2020 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, 2020 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 2020-21 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.

Section 9. Base pay for the Mayor, Vice-Mayor and Councilmembers will be $22,898, $19,003, and $16,823, 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 30th day of July, 2020.

_____ _____

City Clerk Mayor

Approved as to form:

_____

City Attorney