THE CITY OF ASHEVILLE

MEMORANDUM

Council Meeting Date: June 9, 2020

Subject: General Fund FY 2020-21 Proposed Budget - Department Summaries

Staff Resource(s): Barbara Whitehorn, CFO, Director of Finance & Management Services
Tony McDowell, Asst. Director of Finance for Budget & Forecasting

Background:

- Due to demands and constraints on the organization stemming from the COVID-19 crisis, there were some aspects of the Proposed Budget Document this year that were changed.
- For example, for the first time, the Proposed Budget Document was prepared in electronic format only.
- In addition, several sections of the Document were shortened, and the Departmental Summary section, which shows departmental expenses by category (salaries & wages, benefits, operating costs, etc.) was not included. Primarily, this was because most departmental budgets showed very little change compared to the FY 2019-20 budget.
- In response to City Council's and the community's recent questions about the Proposed Budget, staff has prepared the attached information, which shows expenses by category, as well as highlights any major budget-to-budget changes for each department.
- The FY 2020-21 Adopted Budget Document, which staff will begin preparing once Council has finalized the budget, will have all of the information that is typically contained in the Document, including departmental priorities and performance measures.

General Fund Expenditure Summary

	FY18 Actuals	FY19 Actuals	FY20 Adopted	FY20 Amended	FY21 Proposed
Salaries & Wages	52,198,189	53,820,177	56,743,470	56,741,561	56,772,871
Benefits	21,565,928	22,452,575	23,889,664	23,943,063	24,558,622
Operating Costs	27,376,692	26,006,284	29,039,886	28,772,321	28,609,811
Interfund Transfers	5,147,683	4,689,988	6,409,222	6,319,265	8,054,670
Capital & Debt	16,240,419	19,663,302	16,180,124	17,661,365	16,561,371
Total	**122,528,911**	**126,632,325**	**132,262,366**	**133,437,575**	**134,557,345**

Budget Highlights:

The FY 2020-21 Proposed General Fund Budget is $134.6 million, which represents a $2.3 million or 1.7% increase over the FY 2019-20 Adopted General Fund Budget. The main drivers of this increase are noted below.

- Approximately $1.7 million of this increase is in General Fund support for Transit to annualize the service enhancements that began in January 2020 and to cover cost increases associated with paratransit service.

- The State is moving ahead with planned increases to the employer contribution to the Local Government Employee Retirement System (LGERS). As of July 1, 2020 the required employer contribution will increase from 8.95% to 10.15% for non-police positions and from 9.70% to 10.90% for sworn police officers. This increase impacts every General Fund department through the Benefits category, with the Police and Fire departments most directly impacted. The overall impact in the General Fund is approximately $700,000.

- The proposed General Fund budget also includes a full year of funding to continue the $31,200 minimum salary adjustments that were made in May 2020 as part of the first phase of the total compensation study. The annual cost of this pay adjustment for General Fund departments is approximately $300,000. The departments most directly impacted are Public Works and Parks & Recreation.

- There are some cost reductions in the Proposed FY 2020-21 General Fund budget, mostly related to the removal of one-time expenses that were part of the FY 2019-20 Budget. These include $324,000 for the Haywood/Page Avenue plan and $150,000 for the total compensation study. There is also a $300,000 reduction in the budget for economic incentive payments. The economic incentives budget typically varies year-to-year based on the payment schedules for previously approved agreements.

- Departments worked collaboratively with the City Manager's Office and Budget staff to hold operating budgets flat where possible compared to FY 2019-20. As a result, many of the departmental budget summaries on the following pages will simply note that the Proposed FY 2020-21 Budget represents a continuation of existing services and programs.

- It should also be noted that salary budgets in some departments are down because select positions have been budgeted for only half of the fiscal year as part of the hiring freeze for non-safety related positions.

- The following pages present detailed budget information for all General Fund departments, highlighting any major changes between the FY 2019-20 Adopted Budget and the FY 2020-21 Proposed Budget.

Administration Services

	FY18 Actuals	FY19 Actuals	FY20 Adopted	FY20 Amended	FY21 Proposed
Salaries & Wages	1,021,105	1,283,612	1,183,078	1,281,778	1,337,756
Benefits	371,683	427,496	414,172	461,634	498,524
Operating Costs	239,409	331,656	235,997	236,357	237,735
Total	**1,632,197**	**2,042,764**	**1,833,247**	**1,979,769**	**2,074,015**
Positions	10.00	11.00	11.00	12.00	12.00

Budget Highlights:

- Administration Services includes City Council, the City Manager’s Office, the City Clerk, and the Internal Auditor.

- A new position, Special Assistant to the City Manager, was created mid-year by reallocating a vacant position from the Human Resources Department to the City Manager’s Office.

Communications & Public Engagement (CAPE)

	FY18 Actuals	FY19 Actuals	FY20 Adopted	FY20 Amended	FY21 Proposed
Salaries & Wages	440,294	494,328	473,506	473,506	442,840
Benefits	158,572	188,957	181,758	204,631	197,660
Operating Costs	55,716	75,879	101,486	98,886	116,489
Capital Outlay	9,368	-	-	-	-
Total	**663,950**	**759,164**	**756,750**	**777,023**	**756,989**
Positions	7.00	7.00	7.00	7.00	7.00

Budget Highlights:

- The CAPE budget represents a continuation of existing programs and services with no significant changes.

Capital Projects

	FY18 Actuals	FY19 Actuals	FY20 Adopted	FY20 Amended	FY21 Proposed
Salaries & Wages	919,025	1,009,079	2,126,886	2,129,386	2,077,917
Benefits	318,423	355,267	861,866	900,782	901,538
Operating Costs	98,213	113,030	1,296,971	1,306,256	1,298,632
Capital Outlay	-	1,223,174	-	12,000	-
Cost Transfers	(173,640)	(861,313)	(1,456,602)	(1,456,602)	(1,432,170)
Total	**1,162,021**	**1,839,238**	**2,829,121**	**2,891,822**	**2,845,917**
Positions	15.00	15.00	38.00	38.00	38.00

Budget Highlights:

- The Capital Projects budget is a continuation of existing programs and services with no significant changes.

City Attorney

	FY18 Actuals	FY19 Actuals	FY20 Adopted	FY20 Amended	FY21 Proposed
Salaries & Wages	601,464	512,402	669,553	669,553	661,472
Benefits	207,475	172,612	241,123	223,311	239,413
Operating Costs	235,502	656,802	239,485	339,485	239,850
Total	**1,044,441**	**1,341,816**	**1,150,161**	**1,232,349**	**1,140,735**
Positions	7.00	7.00	7.00	7.00	7.00

Budget Highlights:

- The City Attorney budget is a continuation of existing programs and services with no significant changes.

Community & Economic Development

	FY18 Actuals	FY19 Actuals	FY20 Adopted	FY20 Amended	FY21 Proposed
Salaries & Wages	564,302	627,292	1,171,262	1,172,762	1,016,624
Benefits	197,183	216,660	393,472	389,183	366,187
Operating Costs	1,572,286	1,068,770	2,319,312	2,421,764	1,878,732
Capital Outlay	-	-	-	70,575	70,575
Cost Transfers	-	-	(444,019)	(444,019)	(526,431)
Total	**2,333,771**	**1,912,721**	**3,440,027**	**3,610,265**	**2,805,687**
Positions	10.00	9.00	18.00	16.50	16.50

Budget Highlights:

- The strategic development program, including two positions, was moved from Community & Economic Development (CED) to Planning & Urban Design as part of an interdepartmental reorganization.

- The CED operating budget reflects a reduction of approximately $300,000 based on the payment schedule for economic development incentives agreements previously approved by City Council.

Development Services

	FY18 Actuals	FY19 Actuals	FY20 Adopted	FY20 Amended	FY21 Proposed
Salaries & Wages	2,390,935	2,688,054	2,777,142	2,777,142	2,800,036
Benefits	1,099,312	1,183,751	1,266,764	1,271,057	1,326,553
Operating Costs	331,668	287,053	329,068	344,068	387,572
Total	**3,821,914**	**4,158,858**	**4,372,974**	**4,392,267**	**4,514,161**
Positions	49.00	49.50	49.50	51.50	51.50

Budget Highlights:

- The zoning enforcement program, including two Zoning Enforcement Officers, has been moved from Planning & Urban Design to Development Services as part of an interdepartmental reorganization.

Equity & Inclusion

	FY18 Actuals	FY19 Actuals	FY20 Adopted	FY20 Amended	FY21 Proposed
Salaries & Wages	79,713	174,112	242,001	242,001	249,920
Benefits	21,224	51,752	86,046	74,893	89,555
Operating Costs	69,503	124,078	116,284	149,547	115,524
Total	**170,440**	**349,942**	**444,331**	**466,441**	**454,999**
Positions	1.00	4.00	4.00	4.00	4.00

Budget Highlights:

- The Equity & Inclusion Office budget is a continuation of existing programs and services with no significant changes.

Finance & Management Services

	FY18 Actuals	FY19 Actuals	FY20 Adopted	FY20 Amended	FY21 Proposed
Salaries & Wages	1,789,087	1,837,672	2,017,836	1,999,726	1,937,163
Benefits	684,085	695,480	762,675	774,058	772,790
Operating Costs	567,754	364,230	256,455	290,665	235,517
Cost Transfers	-	(75,217)	(87,713)	(87,713)	(65,717)
Total	**3,040,926**	**2,822,165**	**2,949,253**	**2,976,736**	**2,879,753**
Positions	33.00	32.00	32.00	32.00	32.00

Budget Highlights:

- The Finance & Management Services budget is a continuation of existing programs and services with no significant changes.

Fire Department

	FY18 Actuals	FY19 Actuals	FY20 Adopted	FY20 Amended	FY21 Proposed
Salaries & Wages	15,180,246	16,059,719	16,286,311	16,286,311	16,900,318
Benefits	6,352,892	6,775,776	7,343,536	7,309,407	7,707,644
Operating Costs	3,469,565	3,523,216	3,506,611	3,558,892	3,957,255
Cost Transfers	-	(249,166)	(463,579)	(463,579)	(788,376)
Total	**25,002,703**	**26,109,545**	**26,672,879**	**26,691,031**	**27,776,841**
Positions	260.75	270.75	270.75	276.75	276.75

Budget Highlights:

- Approximately $200,000 of the overall Asheville Fire Department (AFD) increase is a result of the State-mandated increase in the City's contribution to the Local Government Employee Retirement System (LGERS).

- The AFD budget includes an increase of approximately $316,000 to fund the City's share of the cost for 15 firefighter positions that were added in November 2018 and November 2019 as part of the Staffing for Adequate Fire & Emergency Response (SAFER) grant program.

- The AFD overtime budget is increased by $100,000 based on spending trends from recent fiscal years.

- The AFD fuel and fleet maintenance budgets are increased by $107,000, also based on spending trends from recent fiscal years.

- Construction on AFD Station 13 in the Montford area continues to move forward with an anticipated opening date of January 2022. The opening of the new station will require the addition of 15 new firefighter positions at an estimated total annual cost of $1.2 million. In order to hire and train those new personnel with minimal budgetary impact in FY 2020-21, AFD is adjusting the schedule for its new hire academy and moving it to the spring of 2021. The FY 2021-22 budget will require full annual funding to staff and operate the new station.

Human Resources

	FY18 Actuals	FY19 Actuals	FY20 Adopted	FY20 Amended	FY21 Proposed
Salaries & Wages	997,711	945,016	1,161,908	1,063,208	917,890
Benefits	379,784	365,363	463,936	411,720	380,494
Operating Costs	256,389	260,459	371,698	371,698	211,005
Total	**1,633,884**	**1,570,839**	**1,997,542**	**1,846,626**	**1,509,389**
Positions	19.60	21.60	21.60	20.60	20.60

Budget Highlights:

- A new position, Special Assistant to the City Manager, was created mid-year by reallocating a vacant position from the Human Resources Department to the City Manager's Office.

- The FY19-20 budget included a one-time allocation of $150,000 to fund the total compensation study, which is removed from the FY20-21 Proposed Budget.

Information Technology Services

	FY18 Actuals	FY19 Actuals	FY20 Adopted	FY20 Amended	FY21 Proposed
Salaries & Wages	1,626,147	1,775,137	1,881,852	1,884,452	1,902,636
Benefits	590,189	635,708	700,993	698,910	712,629
Operating Costs	842,548	1,587,873	1,469,665	1,281,665	1,562,636
Capital Outlay	190,099	38,024	25,000	213,000	25,000
Cost Transfers	(442,954)	(636,388)	(450,000)	(450,000)	(469,559)
Total	**2,806,029**	**3,400,355**	**3,627,510**	**3,628,027**	**3,733,342**
Positions	24.00	27.00	27.00	27.00	27.00

Budget Highlights:

- The ITS Department operating budget is slightly higher due to increases in costs for data management and other system maintenance.

Parks & Recreation

	FY18 Actuals	FY19 Actuals	FY20 Adopted	FY20 Amended	FY21 Proposed
Salaries & Wages	4,464,307	4,674,509	5,332,635	5,357,136	5,209,790
Benefits	1,696,647	1,715,425	1,959,058	1,944,602	1,995,770
Operating Costs	3,129,208	3,039,337	3,613,906	3,146,374	3,443,950
Capital Outlay	340,236	147,420	-	421,032	62,000
Cost Transfers	-	-	(86,490)	(86,490)	(45,888)
Total	**9,630,398**	**9,576,690**	**10,819,109**	**10,782,654**	**10,665,622**
Positions	92.54	95.00	95.00	96.38	103.38

Budget Highlights:

- With the River Arts District Transportation Improvement Project (RADTIP) slated for completion in the fall of 2020, the City will have additional planned maintenance requirements in that area. The FY 2020-21 Parks budget includes funding to hire seven additional staff in January 2021 to provide these maintenance services. The approximate cost of this service enhancement for six months of next fiscal year is $250,000.

- $250,000 was moved from the park maintenance operating budget to the CIP/debt program to pay for debt expenses associated with the recent installation of new lighting at various parks facilities.

- Personnel costs include funding for the midyear staffing increase to expand hours at recreation centers ($47,000).

Planning & Urban Design

	FY18 Actuals	FY19 Actuals	FY20 Adopted	FY20 Amended	FY21 Proposed
Salaries & Wages	738,264	751,370	878,116	881,116	782,308
Benefits	290,194	293,261	342,132	337,861	308,956
Operating Costs	151,046	183,805	487,430	480,930	180,942
Capital Outlay	-	7,476	-	-	-
Total	**1,179,504**	**1,235,913**	**1,707,678**	**1,699,907**	**1,272,206**
Positions	12.50	12.50	13.50	13.00	13.00

Budget Highlights:

- The zoning enforcement program, including two Zoning Enforcement Officers, has been moved from Planning & Urban Design to Development Services as part of an interdepartmental reorganization.

- The strategic development program, including two positions, has been moved from Community & Economic Development to Planning & Urban Design as part of an interdepartmental reorganization.

- The FY19-20 budget included a one-time allocation of $324,000 to develop a plan for the use of City-owned property on Haywood Road and Page Avenue. This allocation is removed from the FY20-21 Proposed Budget.

Police Department

	FY18 Actuals	FY19 Actuals	FY20 Adopted	FY20 Amended	FY21 Proposed
Salaries & Wages	16,050,569	16,520,581	17,201,935	17,201,735	17,232,448
Benefits	6,570,913	6,703,502	7,165,287	7,215,231	7,403,200
Operating Costs	4,704,278	5,116,062	5,489,283	5,494,283	5,421,677
Capital Outlay	209,141	101,970	-	-	-
Cost Transfers	(212,472)	(206,969)	(210,000)	(210,000)	-
Total	**27,322,429**	**28,235,146**	**29,646,505**	**29,701,249**	**30,057,325**
Positions	296.00	297.00	301.00	301.00	301.00

Budget Highlights:

- $200,000 of the increase to the Police Department budget for FY 2020-21 is a result of the state-mandated increase in the City's contribution to the Local Government Employee Retirement System (LGERS).
- The department will no longer receive state grant funding for the DWI Task Force, but will continue to staff the program. As a result, salary costs that used to be partially covered by the grant will be fully funded in the General Fund in FY 2020-21.
- The Proposed Budget also includes an additional $108,000 for fuel and fleet maintenance costs associated with the implementation of a take-home vehicle program approved during the current fiscal year.
- Finally, the budget includes additional funding of $81,000 for lease costs associated with the relocated South District Substation.

Public Works

	FY18 Actuals	FY19 Actuals	FY20 Adopted	FY20 Amended	FY21 Proposed
Salaries & Wages	3,910,258	4,145,365	4,610,259	4,567,559	4,589,904
Benefits	1,862,814	1,929,658	2,158,108	2,194,567	2,179,628
Operating Costs	7,293,482	7,155,400	7,639,788	7,628,928	7,709,906
Capital Outlay	33,080	-	28,000	28,000	22,000
Cost Transfers	(2,561,697)	(2,763,647)	(2,859,266)	(2,859,266)	(2,860,395)
Total	**10,537,936**	**10,466,775**	**11,576,889**	**11,559,788**	**11,641,043**
Positions	85.34	84.30	105.30	105.00	105.30

Budget Highlights:

- The Public Works budget is a continuation of existing programs and services with no significant changes.

Sustainability

	FY18 Actuals	FY19 Actuals	FY20 Adopted	FY20 Amended	FY21 Proposed
Salaries & Wages	120,973	117,776	173,448	173,448	183,172
Benefits	47,373	40,537	76,327	76,327	78,100
Operating Costs	453,875	225,966	506,493	506,493	507,921
Capital Outlay	112,000	230,000	0	0	0
Total	**734,222**	**614,279**	**756,268**	**756,268**	**769,193**

Budget Highlights:

- The Sustainability budget is a continuation of existing programs and services with no significant changes.

Transportation

	FY18 Actuals	FY19 Actuals	FY20 Adopted	FY20 Amended	FY21 Proposed
Salaries & Wages	685,472	722,047	811,826	836,826	840,405
Benefits	328,403	314,842	373,663	356,141	372,094
Operating Costs	1,460,088	1,424,421	1,435,269	1,411,769	1,481,535
Capital Outlay	25,950	290,693	6,500	5,000	1,500
Cost Transfers	-	(91,057)	(80,892)	(80,892)	(81,592)
Total	**2,499,913**	**2,660,945**	**2,546,366**	**2,528,844**	**2,613,942**
Positions	13.30	13.30	13.30	13.34	13.34

Budget Highlights:

- The Proposed Budget continues funding that was added to the FY 2019-20 amended budget for a temporary position in the Traffic Engineering division to assist with workload demands.

- The Transportation Department operating budget is up slightly due to increases in costs for street lighting and the City's payments to the Metropolitan Planning Organization (MPO).

Non-Departmental

	FY18 Actuals	FY19 Actuals	FY20 Adopted	FY20 Amended	FY21 Proposed
Benefits	5,705	1,879	6,000	6,000	5,000
Operating Costs	2,244,630	1,794,560	2,047,910	2,037,529	1,989,220
Strategic Partnerships	178,744	217,260	242,000	242,000	242,000
CIP/Debt	15,867,816	17,803,369	16,120,624	16,911,758	16,380,296
Transit Transfer	3,791,667	3,525,017	5,084,113	5,084,113	6,804,233
HCCA Transfer	1,211,468	1,066,834	1,135,109	1,135,109	1,125,437
HTF Transfer	500,000	500,000	500,000	500,000	500,000
Total	**23,800,030**	**24,908,919**	**25,135,756**	**25,916,509**	**27,046,186**

Budget Highlights:

- As noted earlier, $250,000 was moved from Parks & Recreation to the CIP/debt program to pay for debt expenses associated with the recent installation of new lighting at various parks facilities.

- The transfer to the Transit Fund, which was discussed in the summary, is up approximately $1.7 million in the Proposed Budget.

- Strategic Partnership Funding (SPF) is maintained at the FY 2019-20 level. The Proposed Budget recommends that a portion of the allocation be used for the following programs:

    - Additional summer programs for youths and teens ($43,000).
    - An after-school program coordinator ($35,000).
    - Tenant Eviction Response Team offered by Pisgah Legal Services ($15,000).