THE CITY OF ASHEVILLE

PROPOSED BUDGET 2020-21



CITY OF ASHEVILLE

NORTH CAROLINA

Proposed Annual Budget
Fiscal Year 2020-21

Esther Manheimer
Mayor

Gwen Wisler
Vice Mayor

Brian Haynes
Councilmember

Vijay Kapoor
Councilmember

Sheneika Smith
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Julie Mayfield
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Keith Young
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Debra Campbell
City Manager

Cathy Ball
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CITY MANAGER'S BUDGET MESSAGE

May 26, 2020

Honorable Mayor Manheimer and City Council Members:

It is my pleasure to respectfully submit to you the City Manager and staff's Proposed Budget for the fiscal year beginning July 1, 2020 and ending June 30, 2021. I am honored to be part of a City that cares so deeply for the people it serves. Considering the truly unprecedented times and circumstances our community has experienced over the last several months, I want to first thank our City employees who have worked tirelessly both on site and remotely to continue to maintain operations and deliver quality services. I also want to thank you for your support and input to provide guidance and priorities throughout the budget development process.

During last year's budget process, we established three principles to guide our budget decision-making:

- ***Essential service delivery*** - provide departments with the resources required to meet service delivery expectations.
- ***Enhancing customer value*** - ensure efficient service delivery that improves the customer experience.
- ***Strategic alignment*** - direct new and existing resources towards achieving community, Council, and staff goals.

Staff has worked to apply these guiding principles in the current crisis, with a focus on (1) ensuring the safety of City employees and the community; (2) working to limit impacts of the crisis on essential services; and (3) developing a budget that can act as a baseline guide for decision-making as the economic reality of the crisis unfolds. In light of the uncertainty ahead, the Proposed Budget has been developed as a continuation budget, focused on continuity of service and minimizing the impact of the crisis on the services the City provides to our community. By continuing to adhere to our guiding principles, we have been able to deliver a Proposed Budget that will sustain the organization through the current crisis, maintain our existing services, and continue to invest in our community's strategic priorities.

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. 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 total City budget, which includes the General Fund and the City's six Enterprise Funds, is $184.6 million, which is a $5.8 million or 3.0% decrease compared to the FY 2019-20 Adopted Budget. The Proposed Budget is balanced while maintaining the current property tax rate 0.4289 cents per $100 of valuation and without any fee increases. A summary of the FY 2020-21 Proposed Budget is outlined in the table below.

Fund	FY20 Adopted	FY21 Proposed	$ Change	% Change
General	$ 132,262,366	$ 134,557,345	$ 2,294,979	1.7%
Water	$ 40,687,242	$ 33,235,312	$ (7,451,930)	-18.3%
Transit	$ 10,158,452	$ 12,256,653	$ 2,098,201	20.7%
Parking	$ 7,168,800	$ 6,647,680	$ (521,120)	-7.3%
Stormwater	$ 6,604,069	$ 6,580,342	$ (23,727)	-0.4%
Harrah's Center	$ 4,849,209	$ 3,804,058	$ (1,045,151)	-21.6%
Street Cut	$ 1,972,138	$ 1,877,104	$ (95,034)	-4.8%
Total All Funds	**$ 203,702,276**	**$ 198,958,494**	**$ (4,743,782)**	**-2.3%**
Interfund Transfers	$ (13,391,314)	$ (14,408,389)	$ (1,017,075)	7.6%
Net Total All Funds	**$ 190,310,962**	**$ 184,550,105**	**$ (5,760,857)**	**-3.0%**

Budget Development and Transparency

Public interest in the City's budget process has grown tremendously over the last several budget cycles. In response, City Council and staff have expanded communication and engagement efforts to enhance transparency. This year, staff was faced with the added challenge of developing a budget through mostly remote work while ensuring transparency of the process.

Staff members throughout the organization have been confronted with the need to find new ways of working, whether remotely or continuing on site and in the field. Ensuring continuity of work, transparency and generating creative and inclusive solutions for open meetings fell primarily to the City's Information Technology Services (ITS) in partnership with the Community and Public Engagement (CAPE) Department.

The City is fortunate that in 2015, a group of ITS staff had the foresight to recommend modernization through cloud computing. This dramatically affected how quickly, inexpensively, and securely the City could offer telework and video conferencing to employees. Other municipalities that had not modernized had a very expensive and time-consuming scramble to offer telework and video conferencing. Additionally, several years ago, ITS partnered with Asheville Police Department (APD) staff to deploy a modern and powerful emergency notification system that does not require a physical presence in the office. This capability has been an important asset during the COVID-19 crisis. And finally, a year ago, ITS operations staff modernized remote application access for non-cloud applications like the City's financial system, which meant that remote employees who use these systems were instantly productive when they began working remotely during COVID-19.

ITS and CAPE worked together to deploy a remote meeting solution that is secure and reliable for virtual Council meetings, available to the community to view on television or the internet, or by calling a toll free number and listening to the meetings live. Public comments collected via phone were played aloud during the meeting allowing those who could not participate during the scheduled meeting to have their voices heard. Public comment was also taken by email, shared with City Council and entered into the minutes. Finally, testing is underway to accept live comments during the meetings. Providing diverse options for attending and participating in virtual meetings is key to ensuring equitable access, while protecting the safety of our community, elected officials and staff.

National Economy

Preparation of the FY 2020-21 Proposed Budget began under generally favorable economic and financial circumstances. At the national level, the economic expansion which began in June 2009 was one of the longest-running expansions on record. At the City Council retreat in early March, staff was forecasting revenue growth in the General Fund of approximately $6.8 million. That outlook changed completely with the COVID-19 crisis. In a nationwide effort to reduce the spread of the virus, nonessential businesses temporarily closed, which led to an unprecedented reduction in business activity. Early data on the magnitude of the business contraction includes:

- The US Department of Commerce reported that the national economy contracted by 4.8% during the first quarter of 2020, the steepest decline in Gross Domestic Product (GDP) since the last recession. The Brookings Institution is forecasting that areas dependent on energy, tourism, and leisure and hospitality, like Asheville, are likely to suffer greater slowdowns than areas with more industry, agriculture, and professional services.
- The total number of Americans who have filed initial jobless claims since March 14, 2020 has exceeded 38 million, which is the most dramatic increase in unemployment claims on record since the Department of Labor started tracking the data in 1967. The unemployment rate reached 14.7% in April, the highest rate since the Great Depression.
- The U.S. Census Bureau reported that national retail sales were 21.6% lower in April 2020 than they were one year ago, which is approximately twice the size of the largest annual declines during the last recession.

Local Financial Trends and Multi-Year Forecasting

Asheville remains in relatively strong financial condition. The City has policies in place that support good fiscal management, including fund balance minimums and investment and debt policies. The City also utilizes internal and external expertise to produce and manage a sophisticated long-term capital planning model. While Asheville's economy, like the majority of the country, is faltering, strong financial management practices should hopefully help the City weather the storm and maintain the highest bond rating (AAA) from both Standard and Poor's and Moody's Investor Services.

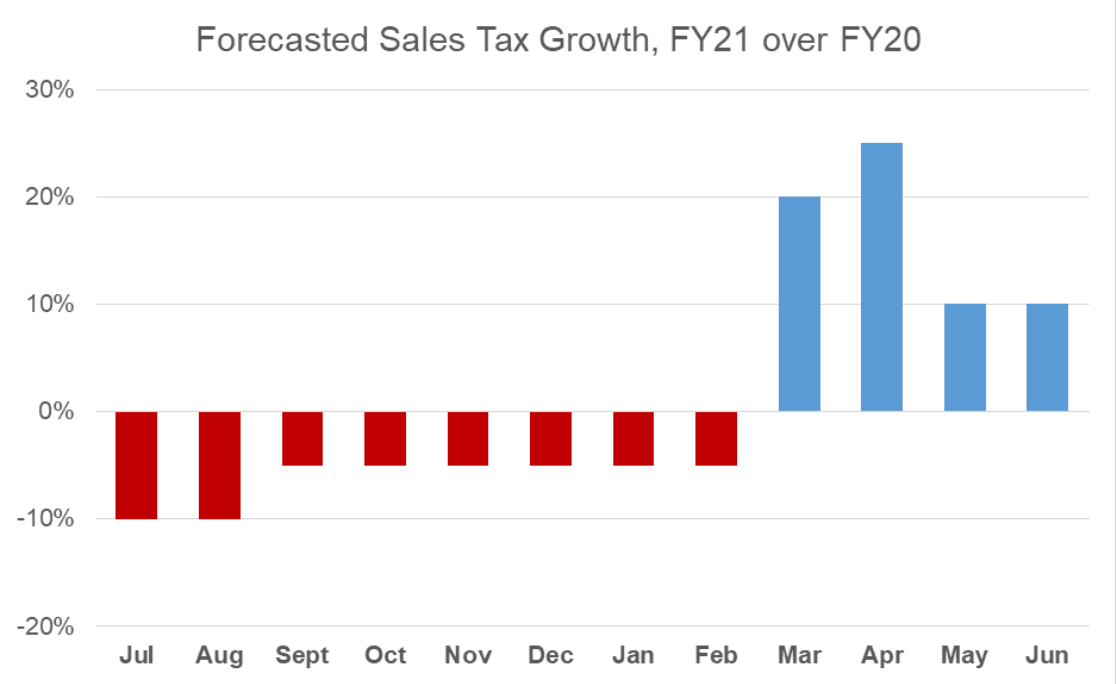
While Asheville experienced strong economic growth over the last decade, decision-making, including prudent financial policies and judicious spending during the boom, will now help ensure that the City can weather the COVID-19 crisis and resulting economic downturn. A commitment to good financial stewardship, long-range planning, and forecasting has guided staff and Council in making budgetary decisions that put Asheville in a position to continue to deliver services and remain financially sound. However, City resources still fall well short of meeting community needs.

At this point, it is uncertain whether the economic downturn brought on by this crisis will be short-lived or turn into a prolonged recession. Given the contraction of the GDP, jobless claims, and shut-downs throughout the country, it is prudent to consider the possibility that Asheville could be facing challenging financial times that could last for several years. As such, staff has modeled scenarios and is working with departments to develop contingency plans should the crisis and economic hardship continue.

Property taxes, the City's largest General Fund revenue (approximately 53% of the total), are not expected to be significantly affected in the short run by the COVID-19 crisis. The Buncombe County Tax Office estimates growth of 3.9% in the City's property tax base next fiscal year, which includes the addition of the remaining personal property held by Mission/HCA. However, the County projects that the rate of collection will be lower than in previous years, as taxpayers' ability to pay may be impacted by the business downturn. The economic impacts of the COVID-19 crisis may potentially dampen property tax revenue growth in future years, as new construction spending may slow and consumers may delay replacement of aging vehicles.

Sales taxes, the City's second largest General Fund revenue (approximately 20% of the total) are expected to be severely impacted by the economic downturn. County gross sales tax collections were already trending lower than in recent years, but were still showing year-over-year growth of 2.5% through February 2020. Since there is a three-month delay before the NC Department of Revenue provides local governments with sales tax revenue, staff currently does not have data beyond February to assess the early impacts of the COVID-19 crisis on sales taxes. Staff is estimating that sales tax revenue from March through June 2020 will be approximately 20% lower than during the same time period in 2019, which will result in sales tax revenue potentially coming in under budget by $1.6 million. Staff consulted with the NC League of Municipalities and other local governments to inform assumptions made about the sales tax impact of COVID-19. Budgeted sales tax revenues assume a continued decline through most of FY 2020-21, totaling close to FY 2018-19 collections.

It is also important to note that the City's allocation of sales taxes within Buncombe County will increase in FY 2020-21. The County bases the sales tax allocation on the property tax levy. Real property belonging to Mission/HCA, which was added to the City's tax levy in the current fiscal year, will shift the levy percentage slightly in the City's favor, resulting in an estimated $700,000 in additional revenue.



Other General Fund revenues are also anticipated to come in lower for FY 2020-21. Staff estimates a 7% decline in development service fees, approximately $250,000, a 10% decline in ABC revenue, approximately $200,000, and a reduction in the original estimate for interest earnings due of approximately $1.1 million. There is also significant uncertainty regarding revenue from Parks and Recreation programs and facilities. Staff will adjust Parks and Recreation budgets as decisions are made regarding upcoming programs and facility openings.

There is also uncertainty surrounding revenue in several of the City's enterprise funds. Since mid-March, the City has not been charging fares to transit riders or fees for on- and off-street parking. Even when the City resumes charging transit and parking fees, revenue may be slow to return to pre-COVID-19 levels. The Harrah's Cherokee Center - Asheville (HCCA) has also been closed due to the COVID-19 crisis, and expects a reduced number of events well after it reopens.

On a positive note, the City has already been awarded $3.7 million in federal CARES Act funding for COVID-19 related transit impacts and $615,000 for the Community Development Block Grant (CDBG) program. In addition, the City will receive approximately $940,000 from Buncombe County as part of the Coronavirus Relief Fund (CRF) allocation that was provided to the County by the State of North Carolina. Additional financial support from the federal government is likely but the timing, amount, and potential approved use of those funds remain uncertain.

Given the anticipated decline in revenues and the considerable uncertainty in forecasting, strategies have been undertaken to balance the FY 2020-21 budget with the least impact on operations and service delivery. These actions include:

- Implementing a soft hiring freeze that will remain in place until at least December 2020 except for key public safety and other strategic positions.

- Suspending planned increases in transfers to the City's Health Insurance and Risk Management funds, and the general capital improvement program. These transfers will be maintained at the FY 2019-20 level, ensuring that the City's long-term financial sustainability is not negatively impacted.
- Forgoing a general wage increase for employees.
- Postponing new programs and service enhancements.
- Appropriating unassigned fund balance in the General Fund to ensure continuity of operations.

City staff is aware that sales taxes and other revenue streams could be even more adversely affected by the economic downturn. At this time there is no way to predict if this crisis will lead to a prolonged economic downturn, or if the recovery will be swift. The estimates above assume a year-long recovery from the COVID-19 crisis. Should sales tax revenues come in lower than anticipated, staff has modeled alternative scenarios and is working with departments to develop contingency plans for budget savings and potential cuts.

As staff indicated to City Council in March during our presentation of the multi-year financial forecast, even without the challenges of COVID-19 and the economic downturn, the City continues to face a structural gap between revenue and expenditure growth in its General Fund budget -- a long-term challenge that many cities face. Asheville's gap is primarily driven by its limited number of dynamic revenue options that can keep pace with ongoing expenses. Staff works internally and with other local government experts to model creative funding sources, shared services models, and other potential solutions that can put the City on even more stable footing.

I have no doubt that the City of Asheville will come through this latest challenge stronger and more resilient than ever. Staff has worked hard to ensure that decisions during the economic boom included planning for the next recession, crisis, or other unexpected event. This commitment by staff puts the City in a relatively good position going into this coming fiscal year, with relatively healthy reserves, contingency plans in place, and the ability to pivot as necessary when new information changes the financial picture.

Strategic Prioritization and Resource Allocation

One of the City's guiding principles for budget development is aligning resources with community, Council, and staff goals. City Council has spent significant time reviewing and prioritizing the strategies associated with its 2036 Vision. Council and staff worked to categorize strategies from the 2036 Vision into short-, medium-, long-term, and ongoing time frames during the FY 2019-20 budget process. The 2019-20 budget was the first step towards clearly aligning resources with those strategies that Council identified as the highest priorities. It is important to note that even in these uncertain times, the City continues to fund these key strategic priorities.

Transportation and Accessibility: Transit Master Plan

The highest-rated priority was implementing phase one recommendations from the Transit Master Plan. In January 2020, these recommendations were implemented, including an increase in service frequency, realignment of some existing routes, and an additional 20,400 annual service hours as well as the addition of positions to improve the quality of service, customer experience, dispatch, and cleanliness. Funding for continuing these improvements for a full fiscal year is included in the FY 2020-21 Manager's Proposed Budget.

Thriving Local Economy: Enhance support of small and minority businesses

The Manager's Proposed Budget continues the allocation of $60,000 for business certification and training programs to improve access to contracting opportunities with the City, and address barriers to success for small businesses in Asheville, which was one of the priorities identified in response to the Disparity Study.

A Clean & Healthy Environment: Sustainability Initiatives

Funding already in place for the Climate Justice Initiative and improved energy efficiency, including the installation of solar panels on City buildings, will allow these investments to continue. This funding includes planned renewable energy improvements at the Burton Street Community Center, the Linwood Crump Shiloh Center, Fire Stations 10 and 11, the Wall Street parking deck, and the transit center.

Compensation and Benefits

The Manager's Proposed Budget does not include a general pay increase for employees for the first time since the City emerged from the Great Recession. Early in the current fiscal year, the City contracted with the Archer Company to complete a Total Compensation Study. There were two phases to the study: the first, an analysis of the impact of raising the minimum pay to $31,200 for a 40-hour work week, and adjusting other salaries to address any compression created by this change. This phase was completed earlier this year, and recommendations were implemented in the fourth quarter of FY 2019-20. The Manager's Proposed Budget includes funding to cover the full annual cost associated with these changes. The second phase includes an analysis of positions, classifications, salaries and benefits throughout the City in comparison to the market. Recommendations to adjust salaries and classifications were anticipated to be implemented with the FY 2020-21 budget. Unfortunately, the economic reality has limited the City's ability to implement these recommendations.

The Board of Trustees for the NC Local Government Employees' Retirement System (LGERS) approved an increase in the employer contribution to the retirement program effective July 1, 2019, and additional increases of the same percentage on July 1 of 2020 and 2021. This increase has a citywide budgetary impact of $837,000 for FY 2020-21.

The City has continued to experience positive financial performance in its health care program, however after two consecutive years of keeping employee and employer contributions to the

program flat, initial budget projections for FY 2020-21 included an increase in the employer contribution. After the COVID-19 crisis reduced revenue estimates, staff decided to utilize available fund balance in the program to balance the health care budget in FY 2020-21.

Budget Highlights

The Budget Summary section of the Budget Document provides greater detail on the FY 2020-21 Proposed Budget, but there are several key highlights not discussed elsewhere in the Manager's Message. These include:

- A collaborative effort between departments, the City Manager's Office, and Budget staff resulted in holding departmental operating budgets essentially flat compared to FY 2019-20.
- Staff is recommending that the City utilize a portion of the planned allocation for the Strategic Partnership Funding (SPF) program to fund:
    - Additional summer programs for youths and teens ($43,000),
    - An after-school program coordinator ($35,000), and
    - The Tenant Eviction Response Team offered by Pisgah Legal Services ($15,000).
- Funding is included in the Asheville Fire Department (AFD) budget for the City's match for the Staffing for Adequate Fire & Emergency Response (SAFER) grant program that has allowed the City to hire 15 additional firefighters over the past two years. The AFD budget also includes funding for a spring 2021 new hire academy that will include hiring additional staff for Fire Station 13, which is scheduled to open in January 2022.
- The Parks and Recreation Department budget includes funding to begin providing maintenance service in the River Arts District Transportation Improvement Project (RADTIP) area in January 2021.
- The budget in the Transit Services Fund shows an increase of 21% or $2.1 million to fund the full year of service enhancements that began in January 2020 and increased paratransit expenses.
- Beginning in July in compliance with a recent legal settlement, the City will discontinue charging the water capital improvement fee, which will result in a revenue decrease of $7.5 million in the Water Resources Fund. Staff is working with the rate consultants to develop scenarios for future annual rate adjustments that will mitigate this capital revenue loss over time.
- The budget for the Harrah's Cherokee Center - Asheville (HCCA) Fund shows a $1.1 million decrease due to the expected reduction in events mentioned earlier in the Manager's Message.

Fund Balance

The City began FY 2019-20 with an unassigned fund balance in the General Fund of $23.8 million. Prior to the COVID-19 crisis, staff did not anticipate any reduction in unassigned fund balance, and was estimating that at year-end fund balance would equate to approximately 18% of General Fund expenses. As discussed with City Council during the budget work sessions in April and May, staff is expecting General Fund revenue to come in under budget in the current fiscal year due to the economic impacts of COVID-19 over the last quarter of this fiscal year. There is a great deal of uncertainty at this point around short-term revenue estimates, especially for sales taxes, but staff is currently estimating that unassigned fund balance in the General Fund will decline between $2.5 million and $5.0 million and end the year in the range of 14-16% of expenses.

For FY 2020-21, the General Fund budget includes an additional $1.5 million appropriation from unassigned fund balance to balance the budget and maintain continuity of operations. This action puts the estimated remaining unassigned fund balance in the range of 13-15% of expenses.

Capital Improvement Program

The Manager's Recommended Budget reflects a continuation of the existing Capital Improvement Program (CIP), which includes the $74 million in General Obligation (GO) bonds that were approved in November 2016 for transportation infrastructure, parks and recreation, and affordable housing. Passage of the GO bond program, along with a dedicated three-cent property tax rate increase approved by City Council in FY 2013-14, has provided a much-needed boost to the City's capital program in recent years. Between the GO bond Capital Improvement Program (CIP) and the ongoing CIP, staff is estimating that capital spending will total approximately $100 million over the next five years.

Even with the current approved CIP, additional investment in capital is essential to effective service provision. During this year's CIP process, departments submitted ten-year capital requests that exceed planned funding by more than $600 million. Many communities utilize GO bonds on a regular cycle to address capital needs, and I believe that this is the direction Asheville should pursue in the future. A regular GO bond cycle and/or new revenue streams are the only ways to effectively address the City's capital needs moving forward.

Given the economic downturn and limited funding capacity within the City's existing resources, the Manager's Proposed Budget includes no new capital projects. Annual capital allocations will continue, and projects in progress, associated with grant funding, or funded through the 2016 GO bond referenda will continue. These projects include:

- **Fire Station 13 (Broadway Public Safety Station):** In March 2014, City Council's Public Safety Committee provided policy direction to pursue purchasing property for a new fire station on Broadway Avenue, and in July 2014, City Council authorized funding for the purchase of land on Broadway for the station and fully funded the estimate for construction in FY 2019-20. Construction is anticipated to begin in FY 2020-21 with anticipated opening date of January 2022.

- **Street and Sidewalk Maintenance:** There are annual allocations for streets and sidewalks, as well as funding related to the 2016 GO transportation bond referendum. Street work ramped up this spring during the Stay Home, Stay Safe order. The City required contractors to issue employees masks and/or ensure that they observed physical distancing for their health and safety. The limited traffic on the roads enabled crews to complete repair and repaving efficiently. Crews will continue to work on street and sidewalk projects through the summer and fall.
- **Dr. Wesley Grant Sr. Southside Center:** Design work on this bond project continues. As the design effort on this gym center addition progresses, the budget will continue to be monitored. Staff is diligently working to scope and design a project that can be built using existing CIP funds.
- **Walton Pool:** Walton pool is an important Southside project. The budget for the reconstruction of the City's pools is underfunded and supplemental funding will be required to complete this work. Planning and design work can continue using the available money, but additional funding will be required for the project to proceed to construction.

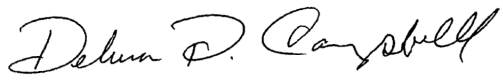
Summary

As I complete this budget process, I look back on the exceptional challenges staff faced as they developed a budget in uncertain times. I would like to thank staff throughout the organization for their many hours of hard work on this budget, and their willingness to collaborate in decisions to make cuts, forgo new projects, and reach a budget that I believe can help guide Asheville through this crisis. I am proud to be a part of a team of employees who take pride in public service. In particular, I would like to acknowledge staff in the City of Asheville's Finance & Management Services Department: Chief Financial Officer Barbara Whitehorn and the staff in the Budget Division, including Tony McDowell, Taylor Floyd, Lauren Brune, and Ellenore Holbrook.

In the upcoming fiscal year, Asheville will face economic uncertainty and fear. I know that we will come together as a community to get through these difficult times, and I look forward to working with Council, staff, and the community to ensure transparency and equity in all of the decisions we make. Plans include monthly budget and economic updates to allow Council to determine if and when the City needs to pivot and make budget reductions, or whether it can move in the direction of normalizing spending. We will of course continue to regularly report on the progress of capital projects, as well as partnerships and interlocal agreements.

I look forward to working with you and the community to adopt the fiscal year 2020-21 budget.

Sincerely,



Debra D. Campbell
City Manager

Budget Guide

Local governments exist to provide a wide range of basic services on which we all depend: police and fire protection, streets and sidewalks, water systems, garbage collection, and parks, just to name a few. The ability of a local government to provide this wide range of services rests on its financial decision-making. This document contains the City of Asheville's FY 2020-21 Proposed Budget, which is the financial plan that will guide City operations over the next year.

Due to demands and constraints on the organization stemming from the COVID-19 crisis, there are some aspects of the Proposed Budget Document that have changed temporarily. For the first time, the Proposed Budget Document was prepared in electronic format only. Several sections have also been shortened, and the Departmental Summary section, which includes departmental goals, objectives, and performance measures, has not been included in the document. The FY 2020-21 Adopted Budget Document, which staff will begin in late June, will have all of the information that is typically contained in the document.

The Proposed Budget Document is divided into the following sections:

Introduction: This section begins with the City Manager's Budget Message, which highlights and explains the major budgetary issues facing the City of Asheville during the 2020-21 fiscal year. The Introduction also includes the Asheville City Council 2036 Vision, the City organizational chart, and the FY 2020-21 budget calendar.

Budget Summary: The Budget Summary section provides a detailed picture of the City's FY 2020-21 proposed annual operating budget, including information on total budget expenditures, revenues, and staffing. This section also separates the expenditures and revenues by fund. Detailed information is included for all City operating funds, with a focus on the City's largest fund, the General Fund. This section also highlights the City's major revenue sources and summarizes the trends and assumptions that were used to develop the FY 2020-21 revenue estimates. The Budget Summary concludes with an overview of the General Fund five-year financial forecast.

Capital Improvement Program: The long-range Capital Improvement Program (CIP) describes planned capital improvement projects and funding sources for the next five fiscal years.

Please direct any comments or questions to:

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Asheville City Council 2036 Vision

Asheville is a great place to live because we care about people, we invest in our city, and we celebrate our natural and cultural heritage. Our city is for everyone. Our urban environment and locally-based economy support workers, entrepreneurs and business owners, families and tourists, and people of all ages. Cultural diversity and social and economic equity are evident in all that we do. Our neighborhoods are strong, participation in civic life is widespread, and collaborative partnerships are the foundation of our success.

Here's what makes us special.

AN EQUITABLE AND DIVERSE COMMUNITY

Asheville is an inclusive, diverse community. We define diversity broadly, including but not limited to all races, ages, sexual orientations, gender identities, socio-economic backgrounds, and cultural beliefs. We have created a fair and balanced society where everyone can participate and has the opportunity to fulfill their potential because they have access to healthy, affordable food, transportation, quality education, and living wage jobs. Asheville promotes and supports minority business as a means of strengthening our local economy. We use a racial equity lens to review and achieve our city's strategic goals in health, education, housing, and economic mobility.

A WELL-PLANNED AND LIVABLE COMMUNITY

Asheville promotes community through thoughtful, resident-led planning that results in pedestrian-oriented development for all ages and abilities, harmonized with an integrated transportation system. Asheville's unique character is reflected in our regional planning and land use, preserved in our historic structures, and honored when incorporated in new development. Thoroughfares are lined with thriving businesses mixed with residential and commercial uses. Neighborhoods are safe, socioeconomically diverse, and have a range of affordable housing choices. Open spaces, parks, greenways, community gardens, and edible landscapes are abundant throughout the city.

A CLEAN AND HEALTHY ENVIRONMENT

Asheville continues to be a leader in innovative technologies and conservation efforts in response to global climate change. The City is powered by locally-generated, clean sources of energy, and air quality problems have disappeared. Views of surrounding mountains have regained clarity unknown since the late 1800s.

Clean energy is not the only priority when preserving our high quality of life. Recognized as a Tree City USA for decades, Asheville's streets, greenways, and parks embody an urban forest. Emphasis on local resilience spurs the use of municipal land for gardening, farming, and urban orchards. Known as a food destination city, most restaurants serve locally grown foods.

Thanks to an extremely high-quality water source nestled in the gentle folds of the Blue Ridge Mountains, Asheville continues to attract companies that depend on clean water – from breweries to high-tech start-ups to restaurants and food manufacturers. Our modern transportation system has increased options that reduce carbon emissions. Successful waste, recycling, and curbside composting programs have greatly reduced the city's landfill needs.

QUALITY AFFORDABLE HOUSING

Asheville is a city with abundant housing choices for people at all economic levels and stages of life. Chronic homelessness is a thing of the past and rapid rehousing strategies abound thanks to an effective network of service providers. Housing is affordable not only because of reasonable prices but also because of low energy and transportation costs. Innovative and historic housing options, from tiny homes and co-housing to apartments and single-family homes, are available throughout the city. Asheville's former public housing communities have been transformed into a diverse mix of affordable and market-rate homes within vibrant neighborhoods.

TRANSPORTATION AND ACCESSIBILITY

Whether you drive a car, take the bus, ride a bike, or walk, getting around Asheville is easy. Public transportation is widespread, frequent, and reliable. Sidewalks, greenways, and bike facilities get us where we want to go safely and keep us active and healthy. It is easy to live in Asheville without a car and still enjoy economic, academic, and social success.

A THRIVING LOCAL ECONOMY

Asheville is unique in its locally-focused economy. Our local businesses are vibrant and, no matter where you are in the city, you see a diversity of customers, employees, and business owners. Our historic buildings are home to funky, eclectic businesses that reflect the character of the city, and a creative economy of artists, makers, and innovators is thriving.

As an employer, the City values its workers by paying living wages and offering benefits that ensure both security and opportunity. Businesses of all types that share those values locate, start, and grow in Asheville, offering a wide range of career opportunities and economic mobility. Plentiful educational options, workforce development, access to capital, economic incentives, and a culture that values homegrown businesses make our economy strong. Our public and private partners have demonstrated a unity of purpose. If you do your part, you will find opportunity for success.

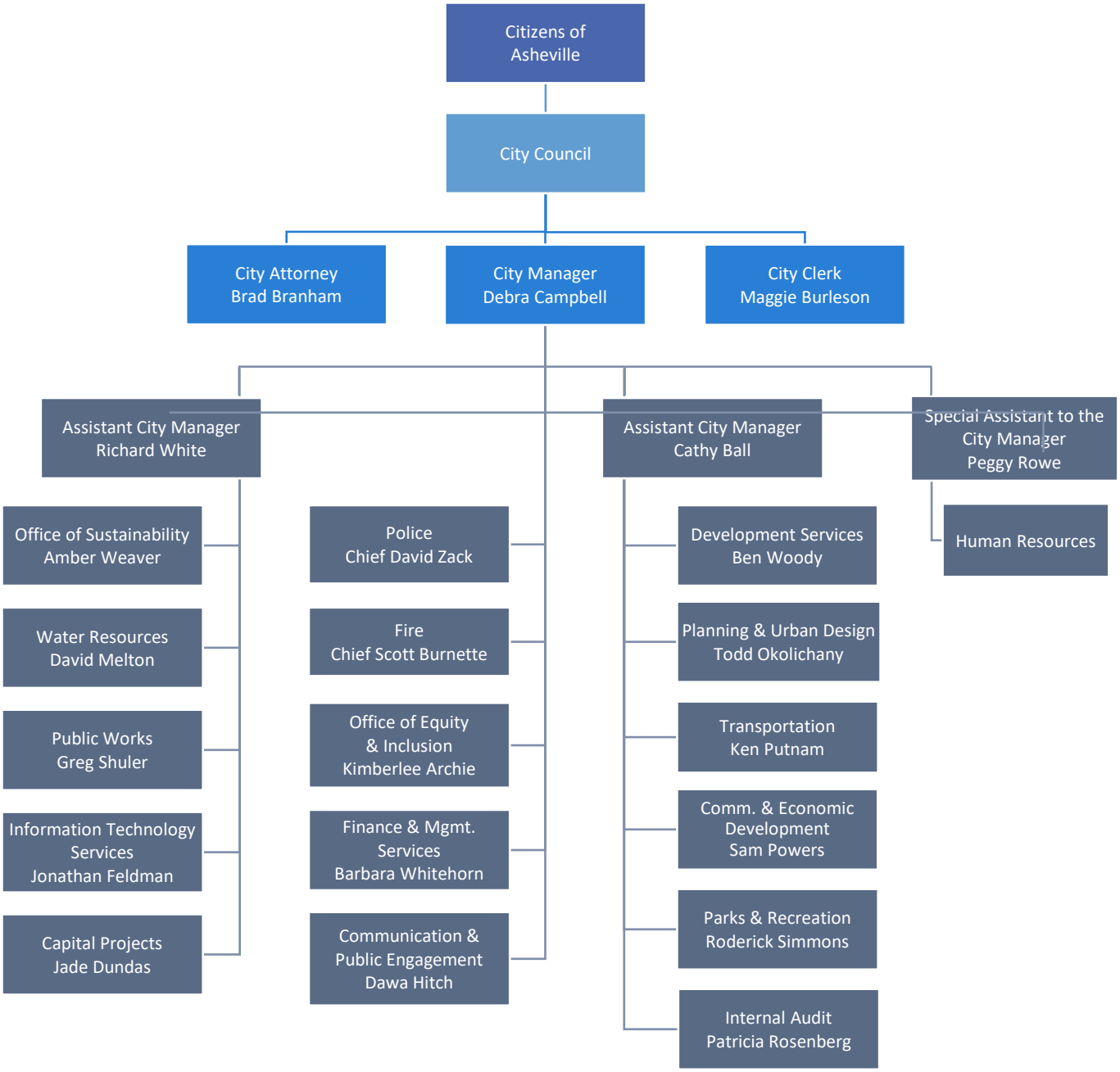
A CONNECTED AND ENGAGED COMMUNITY

We pride ourselves on building and growing partnerships – with regional and state governments, nonprofits, the private sector, and neighborhood associations to name a few – to achieve our vision. If you live, work, or play here, you want to be involved and you have a voice. When you join a citizen board or commission, the City provides training and support. Diverse interest groups work together to tackle problems, and neighborhood engagement enables residents to express thoughts, visions, and concrete plans that build a collective and harmonious community. City leaders, officials, and staff members are trusted. City government is transparent, and we use the latest technologies and methods to communicate with, engage, and empower community participants. When you live in Asheville, you belong and are valued.

A FINANCIALLY RESILIENT CITY

Asheville has an AAA bond rating. We use our debt capacity and revenue wisely in order to maintain and improve the City’s infrastructure and invest in our public employees. We strive to control our costs and still provide the highest possible level of service. We have a diverse revenue base that enables us to plan far into the future and to benefit from our growth. Our individual and corporate citizens generously invest in our community through partnerships and public/private projects that enrich the quality of life in the city.

Organizational Chart



FY 2020-21 Budget Calendar

Item	Date/Deadline
Internal Operating Budget Process Begins	November 11, 2019
City Council Formal Meeting - Adoption of Operating Budget Calendar	December 10, 2019
Budget Division Technical Reviews with Departments	January – February 2020
City Council Budget Worksession	January 14, 2020
City Council Retreat	March 13, 2020
City Council Budget Worksessions	April 14, 2020 May 12, 2020
City Council Formal Meeting - Adoption of Revised Budget Calendar - Set Public Hearing	May 12, 2020
Proposed Budget Document published	May 26, 2020
City Council Formal Meeting - Proposed Budget Presentation	May 26, 2020
City Council Formal Meeting - Budget Public Hearing	June 9, 2020
City Council Formal Meeting - Budget Adoption	June 23, 2020

Budget Summary: All Funds

	2017-18 Actual	2018-19 Actual	2019-20 Original Budget	2019-20 Amended Budget	2019-20 Estimate	2020-21 Proposed
REVENUES						
General Fund	120,464,429	128,349,926	132,262,366	133,437,575	128,379,344	134,557,345
Water Resources	39,881,574	40,246,882	40,687,242	40,687,242	40,766,246	33,235,312
Transit Services	8,466,262	8,839,527	10,158,452	10,637,164	10,452,736	12,256,653
Parking Services	6,035,918	6,816,291	7,168,800	7,168,800	5,128,476	6,647,680
Stormwater	5,887,213	6,394,689	6,604,069	6,604,069	6,493,724	6,580,342
Harrah's Center	5,331,470	4,486,479	4,849,209	4,899,209	4,322,170	3,804,058
Street Cut Utility	1,690,585	1,679,468	1,972,138	1,972,138	1,724,391	1,877,104
Total	**187,757,451**	**196,813,261**	**203,702,276**	**205,406,197**	**197,267,088**	**198,958,494**
Interfund Transfers	(10,442,400)	(11,249,773)	(13,391,314)	(13,291,357)	(13,268,684)	(14,408,389)
Net Revenues	**177,315,051**	**185,563,488**	**190,310,962**	**192,114,840**	**183,998,404**	**184,550,105**
EXPENDITURES						
General Fund	122,528,911	126,632,325	132,262,366	133,437,575	132,812,771	134,557,345
Water Resources	37,083,278	38,620,733	40,687,242	40,687,242	39,663,639	33,235,312
Transit Services	8,174,966	8,587,388	10,158,452	10,637,164	11,032,105	12,256,653
Parking Services	5,500,488	6,814,576	7,168,800	7,168,800	6,487,958	6,647,680
Stormwater	6,730,992	6,152,232	6,604,069	6,604,069	6,058,009	6,580,342
Harrah's Center	4,265,415	5,391,714	4,849,209	4,899,209	4,313,490	3,804,058
Street Cut Utility	1,784,775	1,903,126	1,972,138	1,972,138	1,730,610	1,877,104
Total	**186,068,825**	**194,102,095**	**203,702,276**	**205,406,197**	**202,098,582**	**198,958,494**
Interfund Transfers	(10,442,400)	11,249,773)	(13,391,314)	(13,291,357)	(13,268,684)	(14,408,389)
Net Expenditures	**175,626,426**	**182,852,322**	**190,310,962**	**192,114,840**	**188,829,898**	**184,550,105**

Note: The FY 2019-20 Amended Budget reflects the FY 2019-20 Original Budget plus revisions and budget amendments approved since July 1. In order to present a more representative comparison across budget years, the Amended Budget does not include contracts, purchase orders, and other carry-over appropriations from prior years.

Budget Summary: Expenditures

	2017-18 Actual	2018-19 Actual	2019-20 Original Budget	2019-20 Amended Budget	2019-20 Estimate	2020-21 Proposed
EXPENDITURES BY CATEGORY						
Personnel	90,193,837	93,230,931	99,963,909	100,075,416	98,467,019	100,888,494
Operating Costs	47,415,029	47,189,628	53,206,223	53,180,083	51,730,192	54,038,938
Capital & Debt	38,017,559	42,431,763	37,140,830	38,859,340	38,632,687	29,622,673
Net Expenditures	**175,626,426**	**182,852,322**	**190,310,962**	**192,114,840**	**188,829,898**	**184,550,105**

Expenditure Highlights

- Overall, the City's net FY 2020-21 proposed budget, which totals $184.5 million, shows a $5.8 million or 3.0% decrease compared to the FY 2019-20 original budget.
- The City's proposed General Fund budget totals $134.6 million, an increase of $2.3 million or 1.7% compared to the FY 2019-20 original budget. 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.

Personnel Costs (Salaries, Wages, and Benefits)

- Due to the economic downturn resulting from the COVID-19 crisis, the Manager's Proposed Budget does not include a general pay increase for employees.
- The proposed budget does include 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, which also addressed the associated compression effects, is approximately $450,000.
- Due to the budgetary constraints created by the COVID-19 crisis, funding is unavailable to address additional recommendations from the total compensation study.
- To help balance the proposed budget for fiscal year 2020-21, the City implemented a hiring freeze for non-safety related vacant positions beginning in April 2020. This freeze will continue for at least the first six months of FY 2020-21, and positions will be evaluated as exceptions to the freeze on an ad hoc basis.
- The North Carolina Department of State Treasurer is moving ahead with planned increases to the employer contribution to the Local Government Employee Retirement System (LGERS) that were approved by the LGERS Board of Trustees in January of 2019. 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. For the City of Asheville, this results in a budgetary impact of approximately $837,000 in FY 2020-21.

- The Asheville Fire Department (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.
- 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.
- 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 personnel budget includes funding to hire seven additional staff in the Parks & Recreation Department in January 2021 to provide services in this area.
- The proposed budget includes no increase in the employer or employee contributions to the City's health insurance program. In order to balance the Health Insurance Internal Service Fund, the City will appropriate approximately $667,000 from the Health Insurance fund balance.

Operating Costs

- Citywide operating costs are up approximately $830,000 or 1.6% compared to the FY 2019-20 Original Budget.
- In the General Fund, operating costs are down approximately $500,000 or 1.7%. To help balance the General Fund budget but still provide for continuity of operations, overall departmental operating costs were held flat compared to the current year's budget. The decrease in operating costs is primarily due to the removal of one-time expenses in the current year budget for the compensation study and the design contract for City-owned property at Haywood Street and Page Avenue. In addition, $250,000 was shifted 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.
- The only fund with a substantial increase in operating costs is the Transit Services Fund, where costs are up 21% or $2.1 million to fund the full year of service enhancements that began in January 2020 and increased paratransit expenses.
- Operating costs in the Harrah's Cherokee Center - Asheville (HCCA) Fund are reduced by $825,000 or 37% in anticipation of a reduced event schedule through at least the first half of next fiscal year.

Debt Service/Capital Costs

- The debt service and capital category includes annual debt service payments on the City's existing and planned debt issuances, as well as capital purchases in departmental operating budgets, pay-as-you-go transfers to the City's various capital project funds, and funding for the General Fund multi-year capital model. For FY 2020-21, the Citywide total budget for these expenses is approximately $29.6 million, which is down by $7.5 million or 20% compared to the current year budget.
- Most of the decrease noted above is in the Water Resources Fund, where the elimination of the Capital Improvement Fee resulted in a $7.4 million decrease in the amount of funding available for Water's pay-as-you-go capital transfer.
- In order to balance the Parking Services Fund amid an expected decrease in revenues, Parking's pay-as-you-go capital transfer was reduced by approximately $310,000.
- Overall, the FY 2020-21 proposed General Fund budget for capital and debt totals $16.6 million, $15.3 million of which is for the multi-year capital and debt program that includes future planned issuances of Limited Obligation Bonds (LOBs) and General Obligation (GO) Bonds, as well as planned issuances of short-term installment financing for vehicles and equipment. The General Fund's annual contribution to the City's CIP/debt model is held flat in FY 2020-21 in order to help balance the budget. Typically this contribution increases at a rate of 2.0% per year.

Budget Summary: Revenues

	2017-18 Actual	2018-19 Actual	2019-20 Original Budget	2019-20 Amended Budget	2019-20 Estimate	2020-21 Proposed
REVENUE SOURCES						
Property Taxes	62,959,727	65,295,336	68,976,196	68,976,196	68,529,845	71,397,852
Sales & Other Taxes	24,909,586	27,078,855	28,461,565	28,461,565	26,791,432	27,330,684
Sales & Services	63,010,291	62,256,245	65,029,416	65,029,416	62,671,797	55,600,323
Intergovernmental	14,903,367	14,483,261	15,465,282	15,943,994	15,054,422	16,162,931
Licenses & Permits	5,667,026	6,529,403	6,427,140	6,427,140	5,612,628	6,250,450
Investment Earnings	1,193,426	4,082,831	1,032,000	1,032,000	2,402,334	1,021,193
Miscellaneous	9,389,397	10,826,000	9,731,960	9,841,035	8,125,913	9,870,615
Other Sources	5,724,630	6,261,330	8,578,717	9,694,851	8,078,717	11,324,446
Total	**187,757,451**	**196,813,261**	**203,702,276**	**205,406,197**	**197,267,088**	**198,958,494**
Interfund Transfers	(10,442,400)	(11,249,773)	(13,391,314)	(13,291,357)	(13,268,684)	(14,408,389)
Net Revenues	**177,315,051**	**185,563,488**	**190,310,962**	**192,114,840**	**183,998,404**	**184,550,105**

Property Taxes

- The property tax, which comprises 36% of total City revenue and 53% of the City's General Fund revenue, is the single largest source of revenue for the City. Based on estimates from the Buncombe County Tax Office, the City's tax base is expected to increase by 3.9% next fiscal year. This increase is higher than historical trends due to personal property from the 2019 Mission/HCA merger becoming taxable next fiscal year.
- Due to the economic impacts of COVID-19, the Buncombe County Tax Office has lowered its estimated tax collection percentage for City property taxes in the current fiscal year. By state statute, the City is required to budget an estimated collection rate no higher than the previous year's rate. This lower collection rate resulted in a $460,000 reduction in the property tax revenue estimate for FY 2020-21.
- The City's tax rate for FY 2020-21 will remain 42.89 cents per $100 of assessed valuation.

Sales & Other Taxes

- Prior to the onset of the COVID-19 crisis, growth in gross sales tax collections in Buncombe County had slowed compared to recent years. Through the first eight months of the current fiscal year, gross County collections are up 2.5%. However, net revenue for the City of Asheville is up 10.1% because sales taxes historically refunded to Mission Hospital (due to its prior non-profit status) are now part of the sales tax revenue stream.

- Sales tax revenue is expected to decline significantly in the remainder of FY 2019-20 as a result of the economic impacts from COVID-19. There is a three-month delay in the reporting schedule from the North Carolina Department of Revenue, so the City will not receive March sales tax revenue data until mid-June. Staff has developed monthly estimates for the last four months of FY 2019-20 which result in a roughly 20% decline in sales tax revenue over the March to June 2020 time period. By comparison, the largest quarterly sales tax decline during the Great Recession was approximately 10%. The City's estimate is consistent with what other North Carolina local governments and the NC League of Municipalities are projecting.
- Sales tax estimates for next fiscal year vary substantially among other NC local governments. In March, the NC League of Municipalities provided three possible scenarios as guidance:
    - 3.2% annual decline (most conservative)
    - 2.3% annual decline (severe)
    - 1.5% annual growth (moderate)
- For Asheville's FY 2020-21 sales tax estimate, staff completed monthly revenue projections which assume sales tax revenue will continue to see steep declines through August 2020, and that revenue growth will not return until March 2021. The monthly projections result in an annual growth rate of approximately 0% compared to the FY 2019-20 year-end estimate, which places us between the League's moderate and severe scenarios, and in line with Buncombe County's estimate.
- Finally, the FY 2020-21 sales tax estimate also includes approximately $700,000 in additional revenue from the projected change in Buncombe County's ad valorem distribution percentages resulting from Mission/HCA property becoming taxable during FY 2019-20.
- The overall budget-to-budget decrease in sales tax revenue is 4.3%.

Other General Fund Revenues

- For Parks and Recreation fees including the WNC Nature Center, staff is currently assuming programs and facilities will be open at the start of FY 2020-21. If this scenario cannot be realized, staff will adjust expenses in these areas to offset revenue losses.
- For Development Services fees, staff assumed that the economic downturn will have an impact on local construction, and thus lowered the FY21 revenue estimate by $250,000, or approximately 7%.
- In the Investment Earnings category, Federal Reserve interest rate cuts will result in lower investment earnings for the remainder of the current fiscal year and in FY 2020-21. Based on actual earnings from FY 2018-19, staff was originally estimating $1.6 million in General Fund investment revenue for FY 2020-21, but lowered that estimate by $1.1 million following the interest rate reductions.
- Staff's estimates for state utility tax revenues, which are included in the Intergovernmental Revenue category, are based on projections provided by the NC League of Municipalities in late March. At that time, the League was not projecting any major impacts from COVID-19 on this revenue source.

- Also in the Intergovernmental Revenue category, staff has budgeted a $340,000 increase in revenue from Duke Energy/Progress based increases in Duke's local property valuation which serves as the basis for the payment.
- In the Miscellaneous category, the revenue that the City receives from its share of the local Alcoholic Beverage Control (ABC) Board's net profits is budgeted at $250,000, or approximately 10% below initial projections, due to an expected decline in commercial sales to bars and restaurants.
- The Other Financing Sources category includes a $1.5 million appropriation from fund balance to maintain continuity of operations in the General Fund.

Enterprise Fund Revenue Highlights

- The proposed FY 2020-21 budget does not include the typical annual fee increases in water and stormwater fees.
- Beginning in July in compliance with a recent legal settlement, the City will discontinue charging the water capital improvement (CIP) fee, which will result in a revenue decrease of approximately $7.4 million in the Water Resources Fund in FY 2020-21. Staff is working with the Water Resources rate consultants to develop scenarios for future annual rate adjustments that will mitigate this capital revenue loss over time.
- Staff is assuming no major impacts on Water Resources Fund revenue from the COVID-19 crisis at this point.
- The FY 2020-21 revenue budget for the Transit Services Fund shows a $1.7 million increase in General Fund support to maintain current service levels, which include the full year of service enhancements that began in January 2020 and increased paratransit expenses.
- The Transit Services Fund revenue budget also assumes a full year of passenger fare revenue. If the City continues to offer fare-free transit into FY 2020-21, staff is assuming that CARES Act funding would be used to offset any reduction in fare revenue.
- Additionally, the Transit revenue budget also assumes that the Parking Services Fund will be able to contribute the full transfer of dedicated garage revenue to support transit operations. However, if garages remain free or do not return to pre-COVID demand levels, staff is assuming that CARES Act funding would also be used to offset any reduction in this transfer revenue.
- In the Parking Services Fund, it is uncertain when the City will begin charging for on-street and garage parking again, and how quickly those revenues will recover after the COVID-19 crisis has passed. The overall Parking Services Fund budget has been lowered by approximately $520,000 or 7.3%. If revenue is slow to recover, additional reductions may be necessary after the start of the new fiscal year.
- Due to the COVID-19 crisis, the volume of events at the Harrah's Cherokee Center - Asheville (HCCA) is expected to be down significantly through at least the first quarter of FY 2020-21. Numerous events in the first quarter have already been cancelled, as have a few events in the second quarter and later. HCCA staff is anticipating strong third and fourth quarters with numerous rescheduled and annual events. Based on these expectations, HCCA operating revenue shows a budget-to-budget decrease of $1.0 million or 21.6%.

- With the decrease in anticipated operating revenue, the HCCA budget requires a fund balance appropriation of approximately $217,000 in order to provide for continuity of operations.
- No revenue budget impacts are anticipated in the Stormwater or Street Cut Utility funds from the COVID-19 crisis.

Budget Summary: Staffing

	2017-18 Actual	2018-19 Actual	2019-20 Original Budget	2019-20 Amended Budget	2020-21 Proposed
FULL-TIME EQUIVALENT POSITIONS BY FUND TYPE					
General Fund	980.03	998.95	1,016.95	1,024.37	1,031.37
Enterprise Funds	259.91	265.57	281.07	283.41	283.41
Special Revenue	10.00	11.00	-	-	-
Total FTE Positions	1,249.94	1,275.52	1,298.02	1,307.78	1,314.78

Note: In prior budget documents, staff funded with special revenues (e.g., grants) were shown separately. These FTEs were reflected in their respective departments' operating budgets beginning in 2019-20.

Staffing Highlights

- Position changes made during FY 2019-20 and reflected in the amended budget FTE count include six firefighters in the Asheville Fire Department. These positions will continue in FY 2020-21 and, as noted above, are partially funded through a federal Staffing for Adequate Fire & Emergency Response (SAFER) grant.
- Additionally, the Parking Services Fund underwent a staffing reorganization during FY 2019-20 that resulted in the addition of new Administrative Assistant and Security Guard positions.
- Two other staffing changes were implemented during FY 2019-20 to better streamline the development process. These changes did not increase the City's overall FTE count; however, they did result in differences in the amended FTE counts for Community & Economic Development, Planning & Urban Design, and Development Services.
- The proposed FY 2020-21 budget shows seven new FTE positions compared to the amended FY 2019-20 budget. As noted above, these positions will be used to maintain the River Arts District Transportation Improvement Project (RADTIP) and consist of three laborers, one equipment operator, one tradesworker, one labor crew supervisor, and one labor crew coordinator.
- The following chart shows changes in FTE positions by department for the last four fiscal years.

Staffing Summary by Fund and Department

	2017-18 Actual	2018-19 Actual	2019-20 Original Budget	2019-20 Amended Budget	2020-21 Proposed
GENERAL FUND					
Admin. Services/CMO	10.00	11.00	11.00	12.00	12.00
Asheville Fire Department	260.75	270.75	270.75	276.75	276.75
Asheville Police Department	296.00	297.00	301.00	301.00	301.00
CAPE	7.00	7.00	7.00	7.00	7.00
Capital Projects	15.00	15.00	38.00	38.00	38.00
City Attorney	7.00	7.00	7.00	7.00	7.00
Comm. & Econ. Development	10.00	9.00	18.00	16.50	16.50
Development Services	49.00	49.50	49.50	51.50	51.50
Equity & Inclusion	1.00	4.00	4.00	4.00	4.00
Finance & Mgmt. Services	33.00	32.00	32.00	32.00	32.00
General Services	42.00	41.00	-	-	-
Human Resources	19.60	21.60	21.60	20.60	20.60
Information Tech. Services	24.00	27.00	27.00	27.00	27.00
Parks & Recreation	92.54	95.00	95.00	96.38	103.38
Planning & Urban Design	12.50	12.50	13.50	13.00	13.00
Public Works	85.34	84.30	105.30	105.30	105.30
Sustainability	2.00	2.00	3.00	3.00	3.00
Transportation	13.30	13.30	13.30	13.34	13.34
Total	**980.03**	**998.95**	**1,016.95**	**1,024.37**	**1,031.37**
ENTERPRISE FUNDS					
Harrah's Center	22.75	22.75	26.25	26.30	26.30
Transit Services	3.00	4.00	4.00	4.00	4.00
Parking Services	25.50	26.62	26.62	28.91	28.91
Stormwater	43.16	46.60	51.60	51.60	51.60
Street Cut Utility	10.50	10.60	10.60	10.60	10.60
Water Resources	155.00	155.00	162.00	162.00	162.00
Total	**259.91**	**265.57**	**281.07**	**283.41**	**283.41**
SPECIAL REVENUE FUNDS					
Asheville Police Department	4.00	4.00	-	-	-
Comm. & Econ. Development	6.00	7.00	-	-	-
Total	**10.00**	**11.00**	-	-	-
Citywide Total	**1,249.94**	**1,275.52**	**1,298.02**	**1,307.78**	**1,314.78**

Note: In prior budget documents, staff funded with special revenues (e.g., grants) were shown separately. These FTEs are now reflected in their respective departments' operating budgets.

General Fund Summary

	2017-18 Actual	2018-19 Actual	2019-20 Original Budget	2019-20 Amended Budget	2019-20 Estimate	2020-21 Proposed
REVENUES						
Property Tax	62,959,727	65,295,336	68,976,196	68,976,196	68,529,845	71,397,852
Sales & Other Taxes	24,909,586	27,078,855	28,461,565	28,461,565	26,791,432	27,330,684
Intergovernmental	11,904,943	11,807,699	12,992,818	12,992,818	12,075,222	13,303,886
Sales & Services	12,033,268	12,567,137	12,578,627	12,578,627	11,922,106	11,888,928
Licenses & Permits	5,078,453	5,739,219	5,667,140	5,667,140	4,977,628	5,502,450
Investment Earnings	568,343	2,140,173	550,000	550,000	1,300,000	550,000
Miscellaneous	2,917,489	3,628,903	2,943,400	3,052,475	2,690,491	3,082,915
Other Sources	92,620	92,604	92,620	1,158,754	92,620	1,500,630
Total	**120,464,429**	**128,349,926**	**132,262,366**	**133,437,575**	**128,379,344**	**134,557,345**
EXPENDITURES						
Admin. Svcs./CMO	1,632,197	2,042,764	1,833,247	1,979,769	1,972,963	2,074,015
Asheville Fire Dept.	25,002,702	26,109,545	26,672,879	26,691,031	26,656,515	27,776,841
Asheville Police Dept.	27,322,429	28,235,146	29,646,505	29,701,249	29,599,704	30,057,325
CAPE	663,950	759,164	756,750	777,023	774,386	756,989
Capital Projects	1,162,021	1,839,238	2,845,548	2,908,249	2,907,934	2,845,917
City Attorney	1,044,440	1,341,816	1,150,161	1,232,349	1,227,687	1,140,735
Comm. & Econ. Dev.	2,333,770	1,912,721	3,440,027	3,610,265	3,389,419	2,805,687
Development Svcs.	3,821,914	4,158,858	4,372,974	4,392,267	4,375,568	4,514,161
Equity & Inclusion	170,440	349,941	444,331	466,441	464,954	454,999
Fin. & Mgmt. Svcs.	3,040,926	2,822,165	2,949,253	2,976,736	2,967,415	2,879,753
General Services	2,789,433	2,531,355	-	-	-	-
Human Resources	1,633,884	1,570,839	1,997,542	1,846,626	1,839,382	1,509,389
Info. Tech. Svcs.	2,806,029	3,400,355	3,627,510	3,628,027	3,612,698	3,733,342
Non-Departmental	2,429,079	2,013,699	2,295,910	2,285,529	2,201,900	2,236,220
Parks & Recreation	9,630,398	9,576,690	10,819,109	10,782,654	10,697,174	10,665,622
Plan. & Urban Design	1,179,504	1,235,913	1,707,678	1,699,907	1,694,550	1,272,206
Public Works	10,537,936	10,466,775	11,560,462	11,543,361	11,522,320	11,641,043
Transportation	2,499,913	2,660,945	2,546,366	2,528,844	2,520,954	2,613,942
Sustainability Trans.	1,456,993	709,176	756,268	756,268	756,268	769,193
Transit Transfer	3,791,667	3,525,017	5,084,113	5,084,113	5,084,113	6,804,233
HTF Transfer	500,000	500,000	500,000	500,000	500,000	500,000
HCCA Transfer	1,211,468	1,066,834	1,135,109	1,135,109	1,135,109	1,125,437
CIP/Debt Service	15,867,816	17,803,369	16,120,624	16,911,758	16,911,758	16,380,296
Total	**122,528,911**	**126,632,325**	**132,262,366**	**133,437,575**	**132,812,771**	**134,557,345**

Five-Year Forecast

A five-year projection of General Fund revenues and expenditures is provided below. This projection was developed primarily by analyzing prior year trends, but also anticipates future changes in spending. As with most multi-year forecasting, confidence in the accuracy of the projections decreases with each succeeding year. The following table provides a high-level summary of the projection.

General Fund Expenditures and Revenues by Fiscal Year (FY)

	FY19 (Est.)	FY20 (Proj.)	FY21 (Proj.)	FY22 (Proj.)	FY23 (Proj.)	FY24 (Proj.)
Revenues	128,349,871	128,379,343	134,557,345	137,705,564	140,933,538	144,243,363
Expenses	126,632,325	132,812,771	134,557,345	140,754,886	145,732,332	150,631,614
Rev. - Exp.	1,717,545	(4,433,428)	-	(3,049,322)	(4,798,795)	(6,388,251)

Expense projections beyond FY 2020-21 assume ongoing increases in employee compensation (4% per year) and employer share of total healthcare costs (8% per year) based on historical trends and anticipated changes. The increase in compensation assumes that the City continues to provide modest salary increases for current employees and adds additional staff to maintain existing levels of service in a growing community.

Other significant non-personnel expenditures are mainly held at the current funding levels, including the following:

- Housing Trust Fund ($500,000 per year).
- Harrah's Cherokee Center - Asheville operating and capital support (approximately $1,200,000 per year).
- Economic Incentives (amount varies year to year, projection includes only agreements that have already been approved by City Council).
- Capital funding is assumed to follow the debt cash flow model provided by our financial advisors.

Additional increases in future fiscal years are based on anticipated future costs, including the following:

- Operations and start-up costs for Fire Station 13 starting in FY 2021-22.
- RADTIP maintenance operations starting in January 2021, with a full fiscal year of funding in FY 2021-22.

Revenue projections assume that the economy will have recovered from the economic impacts of the COVID-19 crisis by FY 2021-22, but that growth in certain revenues will not quickly return to pre-COVID-19 levels. Revenue assumptions include continued moderate increases in property tax revenue (2.3% per year), sales tax revenue (3% per year after FY 2020-21), and other revenues. Although Buncombe County is currently scheduled to revalue all property within the City in the upcoming year, the projection assumes no significant property tax revenue changes will occur (i.e., a revenue-neutral tax rate is assumed) in FY 2021-22 as a result of the revaluation.

Capital Improvement Program

Staff continues to work with the City's financial advisors to update the multi-year debt management and capital improvement program (CIP). The expanded CIP began in FY 2013-14 when City Council approved a 3-cent property tax rate increase dedicated to capital. The program was further expanded on November 8, 2016, when the citizens of Asheville voted to authorize the City to issue $74 million in general obligation (GO) bonds to make capital improvements in the areas of transportation, affordable housing, and parks and recreation.

Projects in both the General CIP and the Bond CIP were selected based a number of criteria including: public safety, economic growth and sustainability, affordable housing & community development, quality of life, availability of outside funding sources, and potential return on investment. Projects are funded with a mix of internal City resources and external resources such as grants and partnerships.

The following pages show a summary of the new project budgets that are planned over the next five years for the General, Water, Parking and Stormwater Capital Funds. The next pages include a brief description of active projects in the General and Bond CIPs, and the section concludes with charts showing anticipated cash flows over the next five years for General and Bond CIP projects. It is important to note that cash flows in the CIP often change during the year. Project status updates for active CIP projects can be found on the City's website at the following link: *http://dashboards.ashevillenc.gov/capital_projects*.

The Manager's Recommended Budget reflects a continuation of the existing Capital Improvement Program (CIP). Due to the COVID-19 crisis, additional funding would be required to fund new projects. In addition, no new CIP funding will be available in FY 2020-21 to address facility, technology, and infrastructure maintenance needs. As a result, the General Fund CIP only includes the $16.7 million in funding already planned for the ongoing allocations highlighted below:

- Fleet replacement
- Computer and radio replacement
- Roof replacement
- Facility maintenance
- Parks maintenance
- Turf replacement
- Neighborhood sidewalks (new construction)
- Road resurfacing
- Transit buses

CAPITAL IMPROVEMENT PROGRAM

FIVE YEAR GENERAL CAPITAL IMPROVEMENT PROGRAM (CIP) BUDGET					
	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
REVENUE SOURCES					
Transfer from General Fund	1,015,000	1,015,000	1,015,000	1,015,000	1,015,000
Short-Term Installment Debt	4,215,000	3,846,000	3,727,000	3,881,000	4,188,000
Long-Term Debt	7,979,000	9,512,000	6,300,200	7,076,600	6,436,200
Grants	3,492,000	3,544,000	3,596,800	3,650,400	3,704,800
Revenue Total	**16,701,000**	**17,917,000**	**14,639,000**	**15,623,000**	**15,344,000**
PLANNED PROJECTS					
General Government Projects					
Computer & Technology Replacement	225,000	470,000	250,000	300,000	500,000
Facility Upgrades Program	818,000	615,000	879,000	875,000	722,000
Fleet Replacement Program	3,278,000	3,376,000	3,477,000	3,581,000	3,688,000
Roof Replacement Program	150,000	150,000	150,000	150,000	150,000
Total	**4,471,000**	**4,611,000**	**4,756,000**	**4,906,000**	**5,060,000**
Parks & Recreation Projects					
Park Facilities Program	546,000	562,000	579,000	596,000	614,000
Turf Replacement Program	250,000	250,000	250,000	250,000	250,000
JBL Turf Replacement	15,000	15,000	15,000	15,000	15,000
Total	**811,000**	**827,000**	**844,000**	**861,000**	**879,000**
Public Safety Projects					
APD Radio Replacement	712,000	-	-	-	-
AFD/APD Facility Maint.	721,000	200,000	-	-	-
AFD Apparatus Replacement	1,236,000	500,000	-	636,000	-
Total	**2,669,000**	**700,000**	**-**	**636,000**	**-**
Transportation Projects					
Chunn's Cove Bridge Rehab	-	500,000	-	-	-
Hazel Mill Road Sidewalk	-	416,000	-	-	-
I-26 Connector	-	2,000,000	-	-	-
NC 191 Sidewalk/Bus Pad	59,000	-	-	-	-
Neighborhood Sidewalks	393,000	405,000	417,000	430,000	443,000
Streets and Sidewalks	3,183,000	3,278,000	3,376,000	3,477,000	3,581,000
Transit Buses	4,365,000	4,430,000	4,496,000	4,563,000	4,631,000
Total	**8,000,000**	**11,029,000**	**8,289,000**	**8,470,000**	**8,655,000**
CIP Contingency	750,000	750,000	750,000	750,000	750,000
TOTAL CIP	**16,701,000**	**17,917,000**	**14,639,000**	**15,623,000**	**15,344,000**

General Obligation Bond Projects Status

In Planning

- Affordable Housing Investments
- Afford. Housing (City-Owned Property)
- Bond Accessible Crossings
- Greenway Neighborhood Connectors
- Parks Land Acquisition
- Memorial Stadium
- Swannanoa River Road Sidewalk
- Vermont Avenue Improvements
- White Avenue Improvements

In Design

- Airport Road Sidewalk
- Bond Road Improvements Phase 3
- Dr. Wesley Grant Sr. Southside Center
- Fulton Street Improvements
- Gerber Road Sidewalk
- Johnston Boulevard Sidewalk
- New Haw Creek Road Sidewalk
- Onteora Road Sidewalk
- Overlook Road Sidewalk
- Patton Avenue New Sidewalks
- Swannanoa River Greenway Phase 1

In Construction

- Ball Field Improvements
- Bond Road Improvements Phase 2
- Bond Traffic Calming
- Bond Traffic Signals
- Elsie's Bridge Greenway
- Haywood Streetscape
- Jake Rusher Park
- Playground Improvements
- Reed Creek Greenway Extension
- Richmond Hill Park Improvements

General Capital Projects Status

In Planning

- Coxe Avenue Feasibility & Design
- Municipal Building Repairs
- Nasty Branch Greenway
- Road Resurfacing
- S. Lexington Avenue Design
- Shelburne Road Building Repairs
- Swimming Pools

In Design

- City Hall Belfry Roof
- City Hall Elevator Automation
- Fire Station #13
- Fire Station #4 Renovation
- French Broad River Greenway West
- Greenway Connectors Program
- Neighborhood Sidewalks Program
- New Leicester Highway Sidewalks
- The District Sidewalks
- Thomas Wolfe Auditorium Design
- Wood Avenue Sidewalks

In Construction

- ART Transit Facility Renovation
- Aston Park Parking Lot
- Charlotte Street Improvements
- City Hall Boiler & Modernization
- HCCA Concert Equipment & HVAC
- Old Toll Road Landslide Repair
- Park Lighting Program
- RADTIP

Water Resources Capital Improvement Program Summary

	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
REVENUE SOURCES					
Transfer from Water Operating Fund	4,260,696	13,064,520	11,377,500	11,900,000	11,550,000
Water Capital Fund Balance	9,356,794	-	-	-	-
Revenue Total	**13,617,490**	**13,064,520**	**11,377,500**	**11,900,000**	**11,550,000**
PLANNED PROJECTS					
Fairview Service Area Improvements	-	-	1,500,000	1,500,000	150,000
Master Plan/Large Waterline Projects	550,000	857,500	977,500	-	500,000
Meter/Vault Repair	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
NCDOT Projects	4,000,000	2,000,000	-	-	1,000,000
Pump Station/Storage Tank Projects	250,000	750,000	750,000	750,000	750,000
Small Waterline Replacement	4,959,490	5,195,020	6,000,000	6,000,000	6,000,000
System Enhancement Projects	250,000	250,000	150,000	150,000	150,000
Water Treatment Plant Projects	2,108,000	2,512,000	500,000	2,000,000	1,500,000
Expense Total	**13,617,490**	**13,064,520**	**11,377,500**	**11,900,000**	**11,550,000**

Parking Services Capital Improvement Program Summary

	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
REVENUE SOURCES					
Transfer from Parking Operating Fund	234,909	500,000	700,000	300,000	300,000
Revenue Total	**234,909**	**500,000**	**700,000**	**300,000**	**300,000**
PLANNED PROJECTS					
Restoration - Civic Center	234,909	300,000	300,000	300,000	300,000
Restoration - Rankin Ave. (Assessment)	-	100,000	-	-	-
Restoration - Wall St. (Assessment)	-	100,000	-	-	-
Structural Maintenance - Biltmore Ave.	-	-	400,000	-	-
Expense Total	**234,909**	**500,000**	**700,000**	**300,000**	**300,000**

Stormwater Capital Improvement Program Summary

	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
REVENUE SOURCES					
Transfer from Stormwater Oper. Fund	350,000	350,000	350,000	350,000	$350,000
Short-Term Installment Debt	490,000	385,000	140,000	200,000	
Long-Term Debt		2,750,000	700,000	1,445,000	$3,300,000
Revenue Total	**840,000**	**3,485,000**	**1,190,000**	**1,995,000**	**3,650,000**
PLANNED PROJECTS					
Equipment	490,000	385,000	140,000	200,000	-
Biltmore Avenue Bridge Construction	-	1,200,000	-	-	-
Druid Drive Drainage	350,000	600,000	800,000	-	-
Caribou Road Drainage	-	-	250,000	500,000	-
Waynesville Avenue Drainage	-	-	-	595,000	1,700,000
Shiloh Neighborhood Infrastructure	-	-	-	700,000	1,950,000
Edwin Place, Celia Place, and Canterbury Drive Drainage	-	1,300,000	-	-	-
Expense Total	**840,000**	**3,485,000**	**1,190,000**	**1,995,000**	**3,650,000**