# City Council budget goals 2015-2016

### Classification and Compensation Study, Managed Savings

• City of Asheville Staff has worked to carefully manage departmental budgets since the financial downturn. With slow but steady improvement in revenues, this conservatism created adequate savings to fund an increase in employee compensation in the fiscal year 2014-2015 budget, as well as funding a classification and compensation study to evaluate whether the City's compensation package is adequate to recruit and retain high quality employees. In order to ensure that any adjustments to the compensation plan could be funded, staff was tasked with continuing careful budget management. Asheville continues to pursue rightsizing and reengineering of service delivery to make the most cost effective use of the limited resources available. The FY 2015-2016 budget for personnel costs includes fully implementing the classification and compensation study recommendations, as well as a 1% across the board increase for all City employees.

### Asheville Police Department Management Goals and Strategic Plan

- Chief William Anderson retired in December 2014. Chief Steve Belcher, a well-known police consultant, has filled the chief's role since February 2015. Chief Belcher has worked to identify challenges within the Asheville Police Department (APD) and develop management strategies for improvement in line with the strategic plan to improve service delivery, employee retention, and resolve structural issues within the department. The 2015-2016 budget funds several changes within the civilian support structure of the APD, including the addition of an Administrative Services Manager, as well as assigning a Human Resources Consultant and a Financial Analyst who will work with the APD but will report to Human Resources and Finance, respectively. This structure is intended to increase communications and cross-departmental cooperation. The classification and compensation study performed in 2014-2015 evaluated issues of compensation in the police department, including salary compression, which will be addressed with the implementation of the plan in fiscal year 2015-2016.
- The replacement of the aging APD vehicle fleet will continue to be funded in fiscal year 2015-2016, working toward the eventual goal of replacing patrol vehicles on a five-year asset life schedule. APD management is evaluating the department's take-home vehicle policy to determine the most efficient and effective method to manage such a program so that it benefits not only the employees, but the community with the visibility of take-home vehicles in neighborhoods.

#### **Reducing Taxpayer Subsidy of Programs**

• An ongoing area of focus is examining programs and services that the City provides that are taxpayer subsidized, some of which might be more appropriately funded through user fees and other sources of revenue. The Solid Waste Collections fee will increase in 2015-2016 according to the plan developed by staff in 2011 to move the program toward full-cost recovery. Additionally, the City contracted a comprehensive Parks and Recreation fee study in fiscal year 2014-2015, which helped staff identify which programs are most heavily subsidized. Identified among these were the Aston Park Tennis Center, which was 80% taxpayer subsidized, and the Western North Carolina Nature Center, which was 65%

taxpayer subsidized. Council expressed a desire to reduce the subsidy at the Tennis Center. New fees adopted in March accomplish this by shifting costs to the users, while still maintaining a facility that is significantly less expensive to use than other comparable clay-court facilities in the region. The Council goal for the Nature Center is to reduce the taxpayer subsidy to more accurately reflect the use of the facility by City of Asheville residents. Residents make up about 25% of the visitors to the Center annually. Staff developed a three-year plan to reduce the subsidy. Key components of the plan include increase financial support from the Friends of the Western North Carolina Nature Center and raising gate admission rates, which have not been increased since 2007. The new rates will remain below the national average for similar facilities. City of Asheville residents will continue to receive a discounted rate for gate admission.

## **Continuing Sound Financial Management by Addressing Long-Term Liabilities**

- The City contributes to the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing defined benefit pension plan administered by the State of North Carolina. No increase is required in fiscal year 2015-2016.
- In December 2011, the City of Asheville created an irrevocable trust and fully funded the City's net obligation for Other Post-Employment Benefits (OPEB), which consists of retiree health care benefits. The City invested its assets with the State of North Carolina State Treasurer's OPEB Investment Fund, which mirrors investments used for statewide pension funds. Concurrent with establishing the trust, the City also adopted a five-year step up plan to fully fund the annual required contribution to meet the ongoing OPEB obligation. The proposed FY 2014-2015 budget includes an annual contribution in the amount of \$800,000. It should be noted that the City suspended offering the retiree health care benefit to new employees hired after June 30, 2012, which will limit future growth of the OPEB obligation. These actions show that Asheville is taking deliberate steps to ensure retiree health care benefits are sustainable and affordable over the long term.