

OPERATING BUDGET SUMMARY: ALL FUNDS

BUDGET SUMMARY BY FUND

	2012-13 Actual	2013-14 Actual	2014-15 Adopted	2015-16 Proposed
<u>Revenues:</u>				
General Fund	90,537,354	97,326,350	99,547,954	103,098,627
Water Resources Fund	33,814,544	34,357,131	34,656,358	37,426,205
Transit Services Fund	5,600,322	5,673,921	6,368,151	6,639,992
US Cellular Center Fund	2,984,129	3,305,111	3,468,498	3,020,216
Parking Services Fund	3,870,255	4,388,911	4,027,807	4,625,144
Golf Fund*	874,849	0	0	0
Stormwater Fund	3,120,294	3,366,325	5,261,372	5,335,491
Street Cut Utility Fund	<u>1,399,576</u>	<u>1,318,637</u>	<u>1,650,800</u>	<u>1,865,076</u>
Total	142,201,323	149,736,386	154,980,940	162,010,751
Less Interfund Transactions	(6,164,308)	(6,461,503)	(7,415,198)	(7,694,976)
Net Revenue	<u>136,037,015</u>	<u>143,274,883</u>	<u>147,565,742</u>	<u>154,315,775</u>
<u>Expenditures:</u>				
General Fund	87,983,512	92,095,160	99,547,954	103,098,627
Water Resources Fund	30,917,569	40,683,987	34,656,358	37,426,205
Transit Services Fund	5,899,532	5,851,598	6,368,151	6,639,992
US Cellular Center Fund	2,523,728	3,130,191	3,468,498	3,020,216
Parking Services Fund	4,222,899	3,697,417	4,027,807	4,625,144
Golf Fund*	339,019	0	0	0
Stormwater Fund	2,836,710	3,237,180	5,261,372	5,335,491
Street Cut Utility Fund	<u>1,339,293</u>	<u>1,360,162</u>	<u>1,650,800</u>	<u>1,865,076</u>
Total	136,062,262	150,055,695	154,980,940	162,010,751
Less Interfund Transactions	(6,164,308)	(6,461,503)	(7,415,198)	(7,694,976)
Net Expenditure	<u>129,897,954</u>	<u>143,594,192</u>	<u>147,565,742</u>	<u>154,315,775</u>

* The City contracted out operation of the Municipal Golf Course during FY 2012-13.

BUDGET SUMMARY - EXPENDITURES

<u>Service Area</u>	2012-13	2013-14	2014-15	2015-16
Departments	Actual	Actual	Adopted	Proposed
<u>General Government</u>				
Finance & Management Services	2,636,836	2,654,612	2,957,459	2,866,317
Administrative Services	1,298,955	3,993,863	1,428,216	1,663,548
General Services	0	0	2,493,711	2,733,823
Economic Development	615,845	702,591	1,359,915	2,188,957
City Attorney	671,846	717,952	806,748	826,848
Information Technology Services	2,751,099	2,192,505	2,539,664	2,524,613
Human Resources	1,232,396	1,244,907	1,419,701	1,647,735
Nondepartmental	1,132,134	1,340,894	1,048,500	1,333,459
Total General Government	10,339,111	12,847,324	14,053,914	15,785,300
<u>Public Safety</u>				
Police	20,556,220	21,707,066	24,215,683	24,719,331
Fire & Rescue	20,005,479	20,515,178	20,777,981	21,343,177
Nondepartmental	417,258	446,507	505,645	507,098
Total Public Safety	40,978,957	42,668,751	45,499,309	46,569,606
<u>Environment & Transportation</u>				
Water Resources Fund	30,917,569	40,683,987	34,656,358	37,426,205
Public Works	10,955,219	11,653,073	9,958,974	9,577,250
Multi-Modal Trans. & Cap Proj's.	0	0	673,231	1,167,377
Stormwater Fund	2,836,710	3,237,180	5,261,372	5,335,491
Street Cut Utility Fund	1,339,293	1,360,162	1,650,800	1,865,076
Transportation	978,670	1,047,967	2,586,927	2,739,927
Transit Services Fund	5,899,532	5,851,598	6,368,151	6,639,992
Parking Services Fund	4,222,899	3,697,417	4,027,807	4,625,144
Nondepartmental	985,295	1,293,502	1,700,546	1,790,117
Total Environ. & Transportation	58,135,187	68,824,886	66,884,166	71,166,579
<u>Culture & Recreation</u>				
Parks, Rec. & Cultural Arts	9,138,655	8,710,763	9,653,537	9,905,874
US Cellular Center Fund	2,523,728	3,130,191	3,468,498	3,020,216
Golf Fund	339,019	0	0	0
Nondepartmental	1,281,646	885,927	1,120,576	1,049,711
Total Culture & Recreation	13,283,048	12,726,881	14,242,611	13,975,801
<u>Community Development</u>				
Building Safety	3,974,976	0	0	0
Planning & Urban Design	1,272,140	1,002,907	1,085,823	973,342
Housing Trust Fund	500,000	500,000	500,000	500,000
Development Services	0	2,865,122	3,596,839	3,830,845
Nondepartmental	1,540,365	562,110	122,400	122,400
Total Community Development	7,287,481	4,930,139	5,305,062	5,426,587
Capital Pay-Go/Debt	6,038,478	8,057,714	8,995,878	9,086,878
TOTAL EXPENDITURES	136,062,262	150,055,695	154,980,940	162,010,751
Less: Interfund Transactions	(6,164,308)	(6,461,503)	(7,415,198)	(7,694,976)
NET EXPENDITURES	<u>129,897,954</u>	<u>143,594,192</u>	<u>147,565,742</u>	<u>154,315,775</u>

BUDGET SUMMARY - EXPENDITURES

<u>Expenditures by Category</u>	2012-13 Actual	2013-14 Actual	2014-15 Adopted	2015-16 Proposed
Salaries & Wages	50,664,726	51,735,685	55,108,138	58,305,310
Fringe Benefits	19,476,861	19,048,729	22,729,432	23,773,735
Operating Costs	35,819,661	44,839,404	42,105,389	42,694,781
Debt Service	12,336,685	12,056,129	12,750,379	12,745,126
Capital Outlay	<u>11,600,021</u>	<u>22,375,748</u>	<u>14,872,404</u>	<u>16,796,823</u>
NET BUDGET	<u>129,897,954</u>	<u>150,055,695</u>	<u>147,565,742</u>	<u>154,315,775</u>

BUDGET HIGHLIGHTS

- Overall, the City's FY 2015-16 proposed budget shows a 4.6% increase compared to the FY 2014-15 budget.
- The FY 2015-16 proposed budget for personnel costs (salaries & wages and fringe benefits) includes funding to implement the recommendations from the Segal Waters compensation study and provide all employees with a 1% salary increase on July 1. Citywide, the budget impact of these pay adjustments is approximately \$2.0 million. The personnel budget is also impacted by positions that were added during the current fiscal year, and by positions that are being proposed as part of the FY 2015-16 budget. Also, the proposed budget includes funding to begin paying all temporary/seasonal staff a salary that meets the living wage guidelines for Buncombe County. Finally, the FY 2015-16 fringe benefit budget includes a \$200,000 increase in the City's Other Post Employment Benefits (OPEB) contribution as part of the five-year step up plan to fully fund the City's annual required contribution.
- Citywide operating costs show only a slight increase of 1.4% for FY 2015-16, which reflects departmental efforts during the budget process to hold the line or reduce operating costs where possible through managed savings. It also reflects the fact that the FY 2015-16 proposed budget is primarily a continuation budget with essentially no new services or program expansions.
- The City's FY 2015-16 debt service budget totals \$12.7 million, which is essentially flat compared to the current fiscal year. Staff has not yet adjusted the budget in the Water Resources Fund to reflect debt service savings from the refunding of the 2005 and 2007 revenue bonds that is scheduled to close on June 11.
- Capital outlay includes small capital purchases in departmental operating budgets as well as transfers to the City's various capital project funds. For FY 2015-16, the capital outlay budget totals \$16.8 million, which represents a \$1.9 million increase over the current fiscal year. Much of this increase is in the Water Resources Fund where pay-as-you-go capital funding is increased from \$10.1 million to \$11.9 million. In addition, the Parking Services Fund includes a \$300,000 increase for elevator rehabilitation in the three older garages and structural maintenance in the Civic Center Garage. The General Fund capital outlay budget is remaining essentially flat at \$3.7 million.

BUDGET SUMMARY - REVENUES

<u>Revenue Sources:</u>	2012-13 Actual	2013-14 Actual	2014-15 Adopted	2015-16 Proposed
Property Tax	46,891,865	52,052,585	52,103,473	54,833,390
Charges For Service	45,272,645	50,023,876	52,397,525	54,497,528
Intergovernmental	13,994,461	13,305,397	14,307,480	15,161,379
Sales & Other Taxes	17,067,516	17,793,854	18,704,766	20,079,180
Licenses & Permits	5,955,454	6,493,311	5,682,010	5,097,994
Investment Earnings	152,398	352,276	245,324	290,544
Parking Fees	3,865,516	4,384,603	4,024,663	4,322,100
Miscellaneous	2,359,072	2,292,822	1,535,795	1,635,950
Other Financing Sources	<u>6,642,395</u>	<u>3,037,662</u>	<u>5,979,904</u>	<u>6,092,686</u>
Total Revenue	142,201,323	149,736,386	154,980,940	162,010,751
Less: Interfund Transactions	(6,164,308)	(6,461,503)	(7,415,198)	(7,694,976)
 NET REVENUE	 <u>136,037,015</u>	 <u>143,274,883</u>	 <u>147,565,742</u>	 <u>154,315,775</u>

BUDGET HIGHLIGHTS

- The property tax is the single largest source of revenue for the City. Based on projections received from the Buncombe County Tax Office, staff is assuming a 1.8% increase in the City's property tax base in FY 2015-16. The proposed FY 2015-16 budget also includes a 1.5 cent increase in the City's property tax rate to offset the loss of revenue from the business privilege license fees which were eliminated by state legislation. If staff's proposal is approved by City Council, the City's tax rate for FY 2015-16 will be 47.5 cents per \$100 of assessed valuation.
- Most of the revenue in the charges for services category, approximately \$35.3 million, comes from water utility charges. In April, City Council approved minor rate adjustments for the 2015-16 fiscal year based on the Raftelis financial model. These rate adjustments are expected to generate approximately \$465,000 in additional revenue in the Water Fund. The FY 2015-16 charges for services budget also includes \$1.1 million in additional revenue from the proposed \$3.50 increase in the City's monthly solid waste fee.
- Based on statewide projections from the North Carolina League of Municipalities and local trend data, staff is projecting a 7.5% increase in sales tax revenue in the current fiscal year and a 4.0% increase in FY 2015-16.
- Intergovernmental revenue, which includes state-shared utility taxes as well as Powell Bill funding, is budgeted to increase 5.9% in FY 2015-16 mostly as a result of an increase in utility tax revenue due to changes in the distribution method for the electricity sales tax. It should be noted that intergovernmental revenue is negatively impacted by the expiration of the COPs grant in the General Fund.
- Revenue from licenses and permits shows a 10.0% decrease in FY 2015-16 due to the loss in revenue from business privilege licenses. Part of the loss in this category is offset by continued strong performance from development services (DSD) permit revenue. Based on current year trends, DSD revenue shows a budget-to-budget increase of 35% or approximately \$900,000.
- Revenue from parking fees is budgeted to increase by approximately \$300,000 or 7.3%, which reflects collection trends in the current fiscal year.
- The other financing sources budget includes items such as interfund transfers and fund balance appropriations. The FY 2015-16 proposed General Fund budget includes no appropriation from fund balance. The Water Resources and Parking Services proposed budgets include fund balance appropriations for capital expenditures, which are consistent with the City's fund balance policies and multi-year forecasts for both funds.

BUDGET SUMMARY - STAFFING

FULL-TIME EQUIVALENT POSITIONS BY FUND

	2012-13 Actual	2013-14 Actual	2014-15 Adopted	2015-16 Proposed
Environment & Transportation	314.13	306.25	317.75	332.12
Public Safety	517.00	533.75	533.75	543.75
Culture & Recreation	115.88	110.13	110.13	107.13
General Government	126.93	127.05	127.05	138.30
Community Development	58.30	62.75	62.75	66.25
Total FTE Positions	1,132.24	1,139.93	1,151.43	1,187.55

BUDGET HIGHLIGHTS

- The FTE position count shows an increase of 36.12 between the adopted FY 2014-15 budget and the proposed FY 2015-16 budget. This increase includes all positions that have been added during FY 2014-15 as well as new positions proposed for FY 2015-16.
- The proposed Stormwater Fund budget includes funding for an additional crew of 6 FTE to enhance the stormwater maintenance program. The crew will be utilized to perform additional preventative maintenance services including performing ditching activities and replacing failed drainage systems. In addition to the new crew, there were several other position changes in the Stormwater Fund during FY 2014-15 including the addition of a utility locator position, a project manager, and a customer service representative. Half of the salary of an engineering technician position formerly charged to the General Fund is now also being charged to Stormwater
- The Police Department proposed budget includes funding to begin implementation of the Strategic Operating Plan & Organizational Assessment including the addition of a Deputy Chief, an Administrative Services Manager, a Financial Analyst, and Property & Evidence Technicians. A portion of the cost of these enhancements will be offset through the reallocation and freezing of existing vacant positions along with some reductions in the overtime budget. The net impact is the addition of 3 FTE.
- The Fire Department budget includes funding to add 3 FTE to enhance the fire inspection program. The cost of the three positions will be fully offset by additional revenue from the inspections that they perform.
- It should be noted that 5 of the additional FTE positions represent the conversion of contract or temporary positions to permanent City employees. These conversions will little to no net financial impact on the budget.
- The chart on the following page shows the changes in FTE positions by service area and department for each of the last four fiscal years.

BUDGET SUMMARY - STAFFING

<u>SERVICE AREAS</u>	2012-13 Actual	2013-14 Actual	2014-15 Adopted	2015-16 Proposed
Departments & Divisions				
<u>Public Safety</u>				
Police	264.00	267.00	267.00	279.00
Police Grant Funded (General Fund)	5.00	5.00	5.00	0.00
Police Grant Funded (Grant Fund)	-	4.00	4.00	4.00
Fire & Rescue	248.00	257.75	257.75	260.75
<u>Total Public Safety</u>	<u>517.00</u>	<u>533.75</u>	<u>533.75</u>	<u>543.75</u>
<u>Culture & Recreation</u>				
Parks, Recreation & Cultural Arts	97.38	93.63	93.63	90.63
US Cellular Center Fund	18.50	16.50	16.50	16.50
<u>Total Culture & Recreation</u>	<u>115.88</u>	<u>110.13</u>	<u>110.13</u>	<u>107.13</u>
<u>General Government</u>				
Administrative Services	46.75	48.00	10.00	13.00
General Services	-	-	36.00	37.00
Finance & Management Services	33.75	32.75	32.75	33.00
Information Technology Services	19.00	19.00	19.00	21.00
Human Resources	15.68	16.05	16.05	19.80
City Attorney	6.00	6.00	7.00	7.00
Economic Development	5.75	5.25	6.25	7.50
<u>Total General Government</u>	<u>126.93</u>	<u>127.05</u>	<u>127.05</u>	<u>138.30</u>
<u>Environment & Transportation</u>				
Water Resources Fund	148.00	147.63	148.63	149.00
Public Works	83.51	84.51	72.51	75.57
Multi-Modal Trans. & Cap Proj's.	-	-	18.50	18.00
Transportation	12.30	12.29	12.29	13.29
Stormwater Fund	28.99	28.99	30.99	40.93
Transit Services Fund	3.00	3.00	3.00	3.00
Parking Services Fund	21.33	21.33	21.33	21.83
Street Cut Utility Fund	17.00	8.50	10.50	10.50
<u>Total Environment & Transportation</u>	<u>314.13</u>	<u>306.25</u>	<u>317.75</u>	<u>332.12</u>
<u>Community Development</u>				
Planning & Urban Design	13.50	10.25	10.25	10.00
Development Services	39.80	48.00	48.00	50.00
Community Development Fund	5.00	4.50	4.50	6.25
<u>Total Community Development</u>	<u>58.30</u>	<u>62.75</u>	<u>62.75</u>	<u>66.25</u>
<u>TOTAL CITYWIDE FTE POSITIONS</u>	<u>1,132.24</u>	<u>1,139.93</u>	<u>1,151.43</u>	<u>1,187.55</u>

GENERAL FUND SUMMARY

Revenues:

Property Taxes
Intergovernmental
Sales & Other Taxes
Charges For Service
Licenses & Permits
Investment Earnings
Miscellaneous
Other Financing Sources

Total Revenues

2012-13 Actual	2013-14 Actual	2014-15 Budget	2015-16 Proposed
46,891,865	52,052,585	52,103,473	54,833,390
11,171,151	10,801,589	11,476,750	12,098,379
17,067,516	17,793,854	18,704,766	20,079,180
4,594,340	8,673,961	8,595,455	9,985,234
5,382,921	5,844,444	5,175,010	4,550,994
69,341	158,368	150,000	150,000
1,755,350	1,917,784	1,342,500	1,401,450
3,604,870	83,765	2,000,000	0
90,537,354	97,326,350	99,547,954	103,098,627

Appropriations:

Police
Fire & Rescue
Public Works
Multi-Modal Trans. & Cap Proj's.
Capital Pay-Go/Debt
Parks, Recreation & Cult. Arts
Finance & Management Srv.
Information Technology Services
Nondepartmental
Building Safety
City Attorney
Development Services
Administrative Services
General Services
Economic Development
Transportation
Planning & Urban Design
Transit Services Fund Transfer
US Cellular Center Transfer
Golf Fund Transfer
Human Resources
Housing Trust Fund Transfer

Total Appropriations

2012-13 Actual	2013-14 Actual	2014-15 Budget	2015-16 Proposed
20,556,220	21,707,066	24,215,683	24,719,331
20,005,479	20,515,178	20,777,981	21,343,177
10,955,219	11,653,073	9,958,974	9,577,250
0	0	673,231	1,167,377
6,038,478	8,057,714	8,995,878	9,086,878
9,138,655	8,710,763	9,653,537	9,905,874
2,636,836	2,654,612	2,957,459	2,866,317
2,751,099	2,192,505	2,539,664	2,524,613
3,089,757	2,485,511	1,676,542	1,962,957
3,974,976	0	0	0
671,846	717,952	806,748	826,848
0	2,865,122	3,596,839	3,830,845
1,298,955	3,993,863	1,428,216	1,663,548
0	0	2,493,711	2,733,823
615,845	702,591	1,359,915	2,188,957
978,670	1,047,967	2,586,927	2,739,927
1,272,140	1,002,907	1,085,823	973,342
985,295	1,157,502	1,700,546	1,790,117
662,594	885,927	1,120,576	1,049,711
619,052	0	0	0
1,232,396	1,244,907	1,419,701	1,647,735
500,000	500,000	500,000	500,000
87,983,512	92,095,160	99,547,954	103,098,627

GENERAL FUND EXPENDITURES

<u>Service Areas</u>	2012-13 Actual	2013-14 Actual	2014-15 Adopted	2015-16 Proposed
Public Safety	40,978,957	42,668,751	45,499,309	46,569,606
Environment & Transportation	12,919,184	13,994,542	14,919,678	15,274,671
General Government	10,339,111	12,847,324	14,053,914	15,785,300
Culture & Recreation	10,420,301	9,596,690	10,774,113	10,955,585
Capital Pay-Go/Debt	6,038,478	8,057,714	8,995,878	9,086,878
Community Development	<u>7,287,481</u>	<u>4,930,139</u>	<u>5,305,062</u>	<u>5,426,587</u>
Total General Fund	<u>87,983,512</u>	<u>92,095,160</u>	<u>99,547,954</u>	<u>103,098,627</u>

BUDGET HIGHLIGHTS

- The FY 2015-16 proposed budget includes General Fund expenditures that are 3.6% more than the FY 2014-15 adopted budget.
- Public Safety is the largest General Fund service area, accounting for 45% of all General Fund expenditures. Public Safety expenditures show a \$1.0 million increase in FY 2015-16. A portion of this increase is the result of the salary adjustments discussed early in the budget document. In addition, the Police Department proposed budget includes funding to begin implementation of the Strategic Operating Plan & Organizational Assessment. Specific items funded in the budget include the addition of a Deputy Chief, an Administrative Services Manager, a Financial Analyst, and Property & Evidence Technicians, along with additional funding for management training and development. A portion of the cost of these enhancements will be offset through the reallocation and freezing of existing vacant positions along with some reductions in the overtime budget. The new impact of the changes is approximately \$157,000. The Fire Department budget includes funding to add three positions to enhance the fire inspection program. The cost of the three positions will be fully offset by additional revenue from the inspections that they perform.
- Environment & Transportation represents 15% of the FY 2015-16 General Fund budget. This service area shows an increase of approximately \$354,000, which is primarily the result of the salary adjustments discussed early in the budget document, as well as the addition of one greenway position in the Transportation Department and the shifting of the mowing program from the Parks and Recreation Department to the Public Works Department.
- The increase in General Government expenses is due to several factors including: 1) a \$538,000 increase in economic incentive payments; 2) the inclusion in the budget of every-other-year City Council election costs and; 3) mid-year FY 2014-15 staffing additions in the Human Resources Department and the Communication & Public Engagement Division.
- The budgetary change most directly impacting the Culture & Recreation service area is the proposal to begin paying all temporary/seasonal staff a salary that meets the living wage guidelines for Buncombe County. This change has the biggest effect in Parks & Recreation and at the US Cellular Center, which are both large users of non-benefitted labor. In Parks & Recreation, the estimated impact is \$150,000 and at the US Cellular Center it is \$90,000.
- The slight increase in the Community Development service area is primarily the result of the addition of 2 FTE positions to help meet increased workload in the Development Services Department.

GENERAL FUND EXPENDITURES

GENERAL FUND EXPENDITURES BY EXPENSE CATEGORY

	2012-13 Actual	2013-14 Actual	2014-15 Adopted	2015-16 Proposed
Salaries & Wages	41,450,688	42,813,537	45,481,705	47,965,132
Fringe Benefits	15,621,129	15,483,307	18,369,295	19,116,835
Operating Costs	22,700,361	23,231,060	23,913,816	24,063,954
Interfund Transfers	1,490,767	2,043,429	2,738,441	2,839,828
Debt Service	5,055,446	4,647,611	5,387,021	5,387,021
Capital Outlay	<u>1,665,121</u>	<u>3,876,216</u>	<u>3,657,676</u>	<u>3,725,857</u>
TOTAL	<u>87,983,512</u>	<u>92,095,160</u>	<u>99,547,954</u>	<u>103,098,627</u>

BUDGET HIGHLIGHTS

- Personnel costs, including both salaries and wages and fringe benefits, make up 65% of the proposed FY 2015-16 General Fund budget. As noted earlier in the budget document, the personnel budget includes funding to implement the recommendations from the Segal Waters compensation study and provide all employees with a 1% salary increase on July 1, which has a budget impact of approximately \$1.6 million in the General Fund. The personnel budget in the General Fund is also impacted by staffing additions and the inclusion of funding to pay all temporary/seasonal staff a living wage. The living wage adjustment has the biggest budgetary impact in the Parks & Recreation Department, where it is estimated to increase personnel costs by approximately \$150,000.
- Operating costs in the General Fund are budgeted to remain essentially flat in FY 2015-16.
- Interfund transfers to the Transit Services Fund and the US Cellular Center Fund are budgeted to increase by approximately \$100,000, primarily due to an increase in the Transit transfer to fund a full year of Sunday bus service.
- In accordance with the City's multi-year debt service and capital improvement financial model, the General Fund debt service budget is maintained at the FY 2014-15 budget level.
- The FY 2015-16 capital outlay budget reflects the transfer of the full \$3.3 million from the FY 2013-14 tax rate increase into the City's debt service and capital improvement program, along with additional pay-go capital maintenance funding and departmental capital outlay.

