

Friday – May 17, 2013- 10:00 a.m.  
First Floor North Conference Room - City Hall

## Budget Meeting

Present: Mayor Terry M. Bellamy, Presiding; Vice-Mayor Esther E. Manheimer; Councilman Cecil Bothwell; Councilman Jan B. Davis; Councilman Marc W. Hunt; Councilman Christopher A. Pelly; Councilman Gordon D. Smith; City Manager Gary W. Jackson; City Attorney Robert W. Oast Jr.; and City Clerk Magdalen Burleson

Executive Director of Finance & Strategic Planning Lauren Bradley provided Council with the budget schedule, and budget balancing considerations from April 23 (1) financial impact of various items remains uncertain (a) revenue reform proposed by the N.C. General Assembly; and (b) disposition of the City's water system; and (2) Culture and Recreation Authority.

Proposed Fiscal Year 2014 budget assumptions from April 23 include (1) budget Water Fund contribution to central services (a) offset potential loss of contributions by (i) capturing current year savings for fund balance contingency and (ii) deferring expenses until later in the year; and (b) this approach gives the City flexibility to adapt to changing conditions; permanent reductions would have to be considered if the water system is transferred; and (2) reduce revenue projects - offset loss with property tax increase; alternative is to consider additional service reductions.

Regarding the proposed Fiscal Year 2014 enhanced Capital Improvement Program (CIP), (1) implementation of enhanced capital improvements and economic development investments will require additional revenue (a) an additional \$3 Million in the CIP would increase capital maintenance, infrastructure projects and fund Economic Development CIP including RADTIP and downtown projects; and (b) funding sources could come in from a combination of city revenues and other sources; and (2) staff would recommend considering a minimum of an additional \$2 Million in capital improvements, \$3 Million in additional investment would be optimal.

Ms. Bradley also provided Council with (1) responses to questions that were raised during the April 23 budget worksession (including 5% across the board reductions); (2) information on how proceeds from the sale of city-owned property could be allocated to support the development of affordable housing in Asheville; and (3) health insurance plan review.

Using a chart, she explained in detail three different budget assumption options for Fiscal Years 2014 and 2015 for the Cultural & Recreation Authority (CRA) along with the tax rate impacts. Option 1 would assume no CRA in the Fiscal Year 2014 budget with 1 penny for operating (or service reductions) as an option for balancing the Fiscal Year 2014 budget and no increase for Capital Improvement Plan (CIP). Option 1 would assume no CRA in the Fiscal Year 2014 budget with 1 penny for operating (or service reductions) and 3 pennies for CIP. Option 3 assumes the CRA impact in the Fiscal Year 2014 budget with no tax rate increase for operating and no increase for CIP.

Each Council member (except for Mayor Bellamy) voiced their support for Option 3 for various reasons, but if the CRA does not move forward, then Option 2.

In response to Councilman Hunt, City Attorney Oast said that he did not feel that there would be any budgetary resolution regarding the transfer of assets or functions of the water system to MSD by the end of June 30, at which time a budget will need to be adopted.

In response to Mayor Bellamy, City Manager Jackson said that with Ms. Bradley's leaving the City of Asheville, her finance duties will transition to Deputy City Manager Jeff Richardson.

At 10:38 a.m., Mayor Bellamy adjourned the meeting.

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City Clerk

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Mayor