

Tuesday - May 23, 1989 - 4:00 P.M.

Regular Meeting

Present: Mayor W. Louis Bisette, Presiding; Vice-Mayor Kenneth M.

Michalove; Councilmen Mary Lloyd Frank, Norma T. Price, Wilhelmina Bratton, Russell Martin and A. Robert York; Corporation Counsel William F. Slawter; City Manager Douglas O. Bean; and Associate City Manager/City Clerk

William F. Wolcott, Jr.

Absent: None

INVOCATION

The invocation was given by Vice Mayor Michalove.

MINUTES

Mayor Bisette announced the approval of the minutes of the Mayor 16, 1989 meeting as submitted.

I. PROCLAMATIONS:

II. PUBLIC HEARINGS:

A. PUBLIC HEARING RELATIVE TO COMMUNITY DEVELOPMENT OBJECTIVES

FOR FY 90

RESOLUTION NO. 89-64 - RESOLUTION AUTHORIZING SUBMISSION OF A FINAL STATEMENT OF COMMUNITY DEVELOPMENT OBJECTIVES AND PROJECTED USE OF FUNDS TO THE DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT FOR COMMUNITY DEVELOPMENT BLOCK GRANT ENTITLEMENT FUNDS FOR 1989-90

Mayor Bisette said at the conclusion of today's public hearing, the City Council will adopt a resolution which will authorize submission of CDBG entitlement application for 1989-90.

funding will be used as follows:

Hill/Cherry St. area (Head of Montford) Impvt. 558,000

Neighborhood Housing Services Loan Pool 100,000

City-wide Housing Rehabilitation 100,000

Provision of sites for low income single-family housing 66,500

A-B Community Relations Council (Fair Housing & Equal Opportunity) 14,500

M/WBE Procurements and contracting 16,000

Community Development Administration 123,000

Comprehensive Planning 50,000

Contingency 9,000

Total Budget 1,037,000

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Mayor Bissette opened the public hearing at 4:15 P.M.

The City Clerk presented the notice to the public and the affidavit of publication.

Marvin Vierra, Director of Community Development, this year's application for CDBG funds is a four percent increase over the current year. He said City staff had been meeting with the Montford Advisory Commission since mid April, and that a public hearing had been held at the Montford Community Center on May 1st.

Mr. Vierra said two new projects have been included in this year's application - the provision of sites for low income single-family housing and the M/WBE Procurements and contracting. He said the site program will provide 10 sites to the Habitat for Humanity over a 2-year period upon which to build homes that would sell for approximately \$30,000. He said should the City Council decide not pursue the Minority Procurement Program, the funding will be put into contingency and will not be used.

Mr. Vierra answered questions from the Mayor and Council Members relative to other projects to be included in the Community Development Program for Fiscal Year 1990.

Cindy Weeks of the Mountain Housing Opportunity, Inc., 41 Montford Avenue, spoke in support of the application for CDBG funds. She said Mountain Housing Opportunity had been in operation since August 1, 1988, and over this period had completed 14 rehabilitation projects at a cost of \$289 each. She said all projects had been undertaken using volunteer labor, and that most improvements had consisted of plumbing, electrical or roof repairs. She said the cost of the repairs were not high, but that the need was great. She said they had received very much support from the Housing Authority in the use of the Emergency Assistance Program and also in locating an office for the corporation on Montford Avenue.

Mr. Scott Dedman, Communicator Educator with the Pisgah Legal Services, thanked the City Council and Community Development staff for placing a renewed emphasis on housing improvements for low-income people. He said he understood that \$66,500 in this year's program has been appropriated for building sites to be used by Habitat for Humanity for 10 single-family homes. He said the people who buy these homes will have their first chance of coming out of poverty and owning a home.

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Mr. Dedman said the \$320,000 designated for housing rehabilitation and the \$100,000 for Neighborhood Housing Services, to develop a neighborhood-based loan pool in Montford, are programs badly needed and should benefit low-income homeowners and tenants.

Mr. Dedman said much good is being done through our Community Development

dollars, but that more needs to be done. He said we should see a much greater percentage of the Community Development dollars benefit low-income people and very low-income people - those whose incomes fall below 50% of the median income or about \$11,000 for a 2-person household. He said he would not belittle the needs of moderate-income families, those earning \$20,000 to \$25,000, but feels we should make the funds and programs available for those who need the assistance most.

Mr. Dedman said improvements need to be made in the Dollar-A-Lot Program to ensure that the funds do not go to those not eligible as was found when HUD checked in the program in 1986 and found that 22 of the 23 participating households were not low or moderate income. In addition, he said it is very difficult for low-income homeowners to get help from the Housing Rehabilitation Program due to the red tape involved. He said the red tape alone would make the repairs on many of the homes. Also, he said lower income families cannot afford a second loan to make up the difference between the money available under the rehab program and the cost of repairs; therefore, more of these funds are going to moderate-income families while the poor are losing the roof off their heads. However, he commended the Housing Authority for proposing a new emergency rehab grant program to assist the low-income homeowners in repairing severe problems such as leaking roofs and broken furnaces.

Lastly, Mr. Dedman said we must have a much stronger enforcement of the Housing Code for rental properties. He said enforcement has improved, but that we still need substantial changes in the code and enforcement. He said rental properties should be inspected regularly and not just when the tenants or the community complains.

Councilman Bratton requested that Mr. Dedman provide the Council with a recommendation of things the Council can do they could help to eliminate the red tape.

Peter Mencuso addressed the Council on the need for more shelters for the homeless. Mr. Mencuso said that he was

homeless and that this problem is greater than people think it is. He said the homeless feel separated from the community. He said low-income housing is very important and is needed to better the community as a whole.

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Dick Jackson said he is also homeless and handicapped. He said since he is living on a fixed income, it is hard to find housing in his income range.

Mayor Bissette said there does appear to be a real need for transitional housing and giving support while people are getting back on their feet. He said he hopes this is something the City of Asheville will be able to help with.

Councilman Price said we need to be aware of and address the problems of the homeless.

Mayor Bissette closed the public hearing at 4:45 P.M.

Mayor Bissette said that copies of this resolution were previously distributed to members of Council and will not be read in its entirety.

Councilman Frank moved for the adoption of Resolution No. 89-64. This motion was seconded by Councilman Bratton and carried unanimously.

Resolution Book No. 17, Page 408 and 409

III. OLD BUSINESS:

A. ORDINANCE NO. 1765 - AN ORDINANCE RELATIVE TO REZONING

PROPERTY LOCATED AT 43 OAKLEY PLACE, PETITION OF DARRELL

REDMOND BY CARLA TAYLOR, AGENT

Mayor Bisette said the Asheville Planning and Zoning Commission on April 5, 1989 reviewed and recommended approval of rezoning Lot 19, Sheet 6, Ward 6 from R-3 Residential District to CS Commercial Service District. A public hearing was held and this

ordinance passed on first reading on May 16, 1989.

Mayor Bisette said this ordinance was previously read and will not be reread in its entirety unless there is a specific request

to do so.

On a roll call vote of 7-0, Ordinance No. 1765 passed on second reading.

B. ORDINANCE NO. 1766 - AN ORDINANCE RELATIVE TO REGULATING THE

OPERATING OR MAINTENANCE OF AUTOMOBILE GRAVEYARDS AND JUNKYARDS IN THE ZONING JURISDICTION OF THE CITY OF

ASHEVILLE

Mayor Bisette said the Asheville Planning and Zoning Commission on April 5, 1989 reviewed and recommended adoption of the ordinance. A public hearing was held and this ordinance passed on first reading on May 16, 1989.

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Mayor Bisette said this ordinance was previously read and will not be reread in its entirety unless there is a specific request to do so.

Verl Emrick of the Planning Department requested that Council amend the ordinance by adding the following phrase after the word "vehicles" in the fifth line of the definition of Junkyard:

"boats, mobile homes, or trailers or parts thereof,"

Councilman Price moved to amend the ordinance as requested by Mr. Emrick. This motion was seconded by Councilman Martin and carried unanimously.

Mack H. Jones of Mack Used Auto Parts & Trust Parts at 1191 Sweeten Creek Road, addressed City Council about the necessity for the ordinance. He said he thought most, if not all, the junkyards in Asheville have fences around their property in Asheville, as well as making other beautification efforts. He pointed out to Council that they should consider the positive contribution junkyard dealers make to the City by providing a service to pick up junkcars. Otherwise, he said, junkcars would be everywhere. In addition, he said junkcar dealers save valuable space in the landfill. Mr. Jones said he had also participated last summer in a cooperative training effort where he donated 30 crushed junkcars to the Fire Department for use in a training program on removing wreck victims.

Mr. Jones said he believed most of the complaints being received are about junkcars at service stations and backyards. He said he objects to the ordinance, not because of the ordinance itself, but because he doesn't like government telling him what he can and cannot do with his property.

Mayor Bissette thanked Mr. Jones for his comments and also his contributions to the City of Asheville. However, he said, because some people may not have the same concerns expressed by Mr. Jones, there is a need for some type of minimal regulations.

On a roll call vote of 7-0, Ordinance No. 1766 passed on second reading, as amended.

C. ORDINANCE NO. 1763 - AN ORDINANCE REZONING PROPERTY AT 371

NORTH LOUISIANA AVENUE FROM R-3 RESIDENTIAL DISTRICT TO CH

COMMERCIAL HIGHWAY DISTRICT FOR MR. EMMETT RAMSEY

Mayor Bissette said the Asheville and Planning Zoning Commission on April 5, 1989 reviewed and recommended approval of rezoning a portion of Lot 86, Sheet 17, Ward 6 from R-3 Residential District to CH Commercial Highway District.

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Mayor Bissette said this ordinance was previously read and will not be reread in its entirety unless there was a specific request to do so.

On a roll call vote of 7-0, Ordinance No. 1763 passed on third and final reading.

Ordinance Book No. 11, Page 445

D. ORDINANCE NO. 1764 - AN ORDINANCE AMENDING ORDINANCE NO.

1690 KNOWN AS "AN ORDINANCE FOR THE LEVY AND COLLECTION OF

BUSINESS LICENSE TAXES"

Mayor Bissette said the North Carolina General Statutes, Chapter 105, Section 53 addresses Peddlers, Itinerant Merchants, and flea market operators. Ordinance No. 1690 in its present form does not define these classes, or is vague in its description. The revision is consistent with North Carolina General Statutes. The ordinance also reaffirms the rates outlined in the ordinance.

Mayor Bissette said this ordinance was previously read and will not be reread in its entirety unless there was a specific request to do so.

On a roll call vote of 7-0, Ordinance No. 1764 passed on third and final reading.

Ordinance Book No. 11, Page 446-448

IV. NEW BUSINESS:

A. PRESENTATION OF THE CITY OF ASHEVILLE BUDGET FOR FISCAL

YEAR 1989/1990 - SCHEDULING PUBLIC HEARING

City Manager Doug Bean said the Budget for Fiscal Year 1989/90 is a balanced budget totalling \$55,473,000. He said the 1989/90 budget reflects a recommended tax increase of two-cents (\$.02) per \$100 valuation, which would make an effective tax rate of \$.70 per \$100 valuation. However, he said, even with a \$.70 tax rate, the City of Asheville will have one of the lowest effective taxes rates in the State for any city over 50,000 in population.

Mr. Bean thanked the Council for their time and input in the preparation of the budget and also thanked the Budget Director Bob Wurst and his staff - Vicki Hiedinger and Debbie Wilson for their long hours of work in putting the budget together.

The City Manager summarized the following budget letter

addressed to the Mayor and Members of City Council:

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May 23, 1989?

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The Honorable Mayor and ?

Members of City Council?

City of Asheville?

Post Office Box 7148?

Asheville, North Carolina 28802?

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Dear Mayor and Members of City Council:?

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In accordance with the North Carolina Local Government Budget and Fiscal Control Act, the recommended budget for Fiscal Year 1989-90 is presented for your consideration. This budget contains adequate revenues to meet expenditures while continuing all existing city services for the coming year. The following statistical summary shows the proposed budget for

each fund along with a comparison of the budget for Fiscal Year 1988-89:?

Actual Budget Estimated Recommended

1987/88 1988/89 1988/89 1989/90

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GENERAL FUND \$29,983,373 \$34,154,756 \$33,797,548 \$37,199,900

## ENTERPRISE FUNDS:

Parking Services 313,447 1,153,768 1,169,451 1,195,700

Civic Center 1,100,732 1,523,636 1,464,244 1,532,600

Festival Fund 0 0 0 670,400

Water Fund 13,317,935 13,131,650 13,325,116 14,538,200

Wastewater Maintenance 1,347,644 1,524,091 1,577,244 1,575,000

## INTERNAL SERVICE FUNDS:

Data Processing 869,675 958,374 988,507 1,043,500

Print Shop 178,275 197,819 195,203 212,200

Engineering 565,529 659,100 635,311 623,300

Motor Transport 1,848,343 1,989,842 1,956,059 2,020,500

Purchasing/Warehousing 447,971 465,002 495,182 491,700

LESS: INTERFUND TRANSFERS -4,184,652 -4,423,000 -4,544,301 -5,630,000

TOTAL ALL FUNDS \$45,788,272 \$51,335,038 \$51,059,564 \$55,473,000

NOTE 1: WATER OPERATING FUND BUDGET IS PRESENTED SEPARATELY

NOTE 2: SIGNIFICANT INTERFUND CHARGES ARE ELIMINATED

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Not included in the statistical summary are the ongoing capital funds, which include the General Capital Reserve Fund, Street and Sidewalk Improvement Fund, Downtown Development Fund, Community Development Fund, and other ongoing capital project funds. Each of these funds have revenues which were appropriated to the capital item when the project was authorized. These funds do not need to be reappropriated on an annual basis. ?

? BUDGETED ESTIMATED RECOMMENDED

FISCAL YEAR 1987/88 1987/88 1988/89

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GENERAL CAPITAL RESERVE FUND \$ 6,949,594 \$ 4,503,094 \$ 6,872,700

STREET/SIDEWALK IMPROVEMENT FUND 6,211,190 7,203,461 6,120,500

COMMUNITY DEVELOPMENT FUND 933,345 940,000 844,300

WASTEWATER MASTER PLAN 1,813,710 2,554,559 2,999,400

TOTAL \$15,907,839 \$15,201,114 \$16,836,900

Also, you will note in the statistical summary that Internal Service Funds are listed for illustrative purposes only. These activities provide a service to other departments and the actual expense is budgeted within the appropriate departmental or divisional budget. We have subtracted from the budget summary the amount of funding for those services which are reflected in operating budgets.

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The statistical summary indicates a 8.1% total budget increase and a proposed tax increase of \$.02 per \$100 of valuation. A number of items out of our control have created this situation. The loss of significant revenues from Buncombe County's law enforcement reimbursement and the pending litigation involving the West annexation have had a dramatic effect on the revenue forecast for the coming year. The implementation of a new pay plan, the continued subsidy of the parking garages, a significant increase in tipping fees and increased service levels to meet community expectations are the major factors contributing to the increase in the operating budget. These items will be discussed in more detail later in this budget message.

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#### GOAL SETTING

The primary objective in preparing this budget was to develop a plan of services to meet the City of Asheville Mission Statement "...to provide for the professional delivery of public services, while being good stewards of public resources, in order to enhance the quality of life in Asheville and Western North Carolina." A special emphasis was placed on providing for the achievement of the City Council's "Strategic Plan" which was adopted in February of 1989. These goals and objectives along with the "2010 Asheville City Plan", provide the city-wide directive for

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the Management By Objectives system. With the City Council setting city-wide goals and objectives and with the city budget being the instrument that allocates resources, we hope that objectives can be met on both an organizational and individual basis. The goal setting process is an integral and essential element in budget preparation. The 1989-1990 Budget reflects a number of service enhancements that are directly attributable to the City Council's goal-setting process.

#### BUDGET PROCESS

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Throughout the budget process, an emphasis was placed on maintaining the current level of services while at the same time improving the quality of operations. Budgets were prepared at existing service levels and any "service enhancements" were presented separately. The review of the base budget and the service enhancements began earlier this year in anticipation of what we expected to be a difficult budget process. Departmental budgets were reviewed in detail by the Audit and Budget staff prior to my review with each department head. The City Council's work sessions provided excellent direction to the city staff in preparing a budget that meets your policy objectives. Throughout the budget process, we have continued to strive to improve the utilization of our existing resources in order to meet the increasing demand for city services.

## BUDGET FORMAT

All funds listed in the statistical summary, along with capital project funds, are accounted for on a self-supporting basis. Specifically earmarked revenues and user charges have been established to more appropriately relate revenues to expenditures. General government services are primarily funded from state and local revenue sources. Civic Center, water, sewer, festival and parking user fees are the primary revenue source for those enterprise funds, while earmarked state and local tax revenues provide for the capital funds. In addition, services provided by one fund to another fund are accounted for on a cost recovery basis so that the true cost of operations can be reflected in the appropriate budget.

## GENERAL FUND

The General Fund for 1989/90 reflects an increase of 8.9% over the 1988/89 budget. This increase may seem rather large; however, when adjustments are made for the new pay package, service enhancements, the

additional cost of tipping fees, and the subsidy for the parking garages, the actual base budget has increased only 3.3%. This very modest increase in the base budget reflects a concerted effort on the part of departments to find more and better ways to meet the increased demand for services while controlling expenditures.

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Revenues: The major revenue source in the General Fund is the Ad Valorem Tax. The 1989/90 budget reflects a recommended tax increase of \$.02 per \$100 valuation in order to meet required expenditures. The last tax increase for general operations was the two cent tax increase that was reflected in the 1986/87 budget. Even with a \$.70 tax rate, the City of Asheville will have one of the lowest effective tax rates in the state for any city over 50,000 in population. The last reevaluation in Buncombe County was in 1982 and we are scheduled for a new reevaluation in the 1990/91 budget. Property assessment is, therefore, considerably behind market rates. When adjustments are made for market rates, the city's effective tax rate continues to be extremely low in comparison to other cities.

The projected Ad Valorem Tax of \$13,888,600 is based on a 95% collection rate and an assessed value of \$2,002,209,415. Despite the repeal of the Inventory Tax, this reflects a 3.5% increase in total valuation. Not reflected in the Ad Valorem Tax revenue is the anticipated increase from annexations that are currently in litigation. Most of the operating costs for the West annexation have already been absorbed in the annual budget even though revenues in excess of \$500,000 cannot be realized until there is a final disposition of this case.

We continue to be concerned with the estimated 95% collection rate for Ad Valorem taxes. Each percent that is collected yields \$140,155. A 96% rate was projected for 1989/90 and this reduction can be reflected as a direct revenue loss in the 1989/90 budget.

The second largest revenue source in the General Fund comes from the Local Option Sales Tax. It is estimated that this revenue source will increase by 14% in 1989/90. The Local Option Sales Tax is distributed based on tax levy and not on point of sale. Even though the majority of sales tax is actually collected within the City of Asheville, the City's contribution is based on the relationship of its tax levy to the County's tax levy, and any time the County tax rate goes up, the City's amount of sales tax distribution is reduced. At the present time, the City receives one cent unrestricted sales tax. There are

two additional authorizations of one-half cent sales taxes, with each having a restriction that 40% of the funds have to be used for water and sewer purposes for a period of 5 years. One of the one-half cent sales taxes will have its restriction removed as of June 30, 1989, and we have budgeted \$531,200 additional revenue in the General Fund from this unrestricted sales tax. In prior years, these funds were accumulating in the Sewer Master Plan Fund. The increase of total retail sales in Buncombe County and the effects of our previous annexations have had a significant effect on this revenue that we estimate to be \$6,786,000 for Fiscal Year 1989/90.

The third major source of revenue in the General Fund is the State Utility Franchise Tax. This tax is based on gross sales from regulated railroads and utilities within the city limits. We expect to receive \$2,625,000 from this source in 1989/90, which reflects a 12% increase over the previous fiscal year. The State Utility Franchise Tax has

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proven over the years to be a reliable source of revenue with a steady, moderate amount of growth. This particular tax was used to secure the Certificates of Participation for the two new city parking garages. The 12% increase is based on the continued steady increase of sales from these utilities in Buncombe County combined with the effects of our recent annexations.

A new major revenue source that was reflected in the 1988/89 budget was the Inventory Tax Exclusion Reimbursement. This state-shared revenue was to take the place of the loss in Ad Valorem taxes due to the repeal of the Inventory Tax. Even though the state provided for a replacement revenue source, the amount is a fixed amount that does not allow for any significant growth. In 1989/90 we anticipate that we will receive \$1,180,700, which is virtually the same amount that was received in 1988/89. Hopefully in future years, the General Assembly will find a way in which this revenue source can increase in much the same manner that the Inventory Tax would have increased had it not been repealed.

The Intangibles Tax provides \$1,023,000 of revenue to the General Fund. This state-shared revenue is anticipated to increase 12% over the amount that was received in the current budget year, based once again on normal steady growth and the effects of our recent annexations.

In 1988/89 the Privilege License Ordinance was significantly revised. The new ordinance calculates a privilege license based on retail sales. This is a much more progressive way of levying a business tax than the old regressive flat rate. In addition, this new method has proved much easier to administer since the previous 464 classifications have been reduced to 175 classifications. Most of the existing classifications are patterned after those in state law. When the City Council decided to change the method of calculating privilege licenses, it decided that the change would be phased in over a two-year period. During 1988/89, the amount collected for privilege licenses was essentially the same as for the previous year. The Council decided to implement only 50% of the total rate, with the remaining 50% to be implemented in the 1989/90 budget. The estimated revenue of \$332,000 reflects an increase of \$102,000 due to the proposed full implementation of the new schedule, to be effective July 1, 1989.

The reimbursement from Buncombe County for law enforcement is estimated to be \$1,000,000 in the 1989/90 budget. During the current fiscal year, we received \$928,480. It should be pointed out that, based on the formula that was used for the first five years of the Water Agreement, we should be receiving approximately \$1,300,000 per year. Since the formula was changed for the

1987/88 fiscal year, we anticipate that we have lost approximately \$885,000 from this revenue source.

The Powell Bill allocation is budgeted for \$1,441,000. This is up 10% from the current fiscal year based on annexations and the normal growth of this revenue. Unfortunately, we have not been able to increase our transfer from the General Fund into the Street and Sidewalk Fund as was anticipated in our 5-year budget. At the present time, we are

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transferring \$529,000, and we will continue that in the coming year. We had hoped to be able to increase this transfer to \$864,600, but due to revenue shortfalls in the General Fund, no increase is anticipated.

Fees and Charges continue to be an area where there is a potential for revenue growth. For example, at the present time our building permits and inspection fees yield a revenue of \$170,000. The cost for providing these services, however, is estimated at \$668,700. The soil erosion enforcement fees yield a revenue of \$53,000 with an actual cost of performing these services of \$236,000. Areas such as these should be reviewed very closely so that more of the cost of the service can be recovered through the fee structure. I am confident that there are other areas within the city operations where fees are not covering the majority of the cost for providing the service.

Unfortunately, additional Fund Balance is appropriated in the 1989/90 budget in order to provide sufficient revenues to meet anticipated expenditures. The appropriated Fund Balance of \$1,537,500 should be reviewed very closely in light of the fact that this is a one-time revenue source. Should all other revenues be realized at the budgeted amount, and should departments spend allocated funds, the Fund Balance would be exhausted and would not be available for future years' appropriations. This would mean that immediately in next year's budget, an excess of \$1,000,000 of new revenues would have to be found. It is important to know that appropriated Fund Balance is only the amount available after putting aside a reserve of 15% of our operating budget. The primary reasons for the need of such a large amount of Fund Balance

are as follows:

1. The cumulative effect of the reduction in law enforcement

reimbursement from Buncombe County, the loss of rents from Airport property, and the effect of litigation in the West annexation area amount to approximately \$1,850,000 of unrealized revenue.

2. The parking fund is realizing only enough revenue to pay operating

costs and not to recover debt service. The total amount of debt

service of \$611,500 is now coming from the General Fund.

All other general revenues remain stable and are adequate to provide for a balanced budget.

Appropriations: General Fund appropriations for 1989/90 are \$37,199,900, which represents an increase of 8.9%. As previously mentioned, the base budget without service enhancements and the

implementation of the pay plan is up only 3.3%. This budget provides appropriations for continuing all basic general fund city services, along with

increased levels of services in order to meet the City Council's goals and objectives.

A total of \$502,000 has been included in this year's budget for service enhancements. Some of these items include funding for the development of a Risk Management Office - \$73,200; the expansion of the year-round

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park maintenance function - \$101,200; a continuation of the Street Pavement Management Program - \$11,700; the authorization of three new positions in the Planning Department - \$83,400; three new Telecommunicators in the Police Department - \$58,500; an additional MEG Officer - \$28,100; an additional DARE Office - \$24,000; an Inspections Aid - \$21,200; and appropriations for part-time staff in the Planning Department for a sign survey and extending the extraterritorial zoning limits - \$42,800. With the exception of service enhancements and the pay package, the only other areas where we have recognized increases in appropriations are in the areas of tipping fees and the installation of a new data processing system. Buncombe County has informed us that tipping fees will increase by \$231,000, which will make our total cost for tipping fees \$531,000. While the one-time start-up cost for our new computer system will come from the capital funds, there will be additional operating expenses in all departments for new and enhanced software.

#### WASTEWATER MAINTENANCE FUND

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All of the present owners of wastewater collections systems in Buncombe County are working diligently on a plan to consolidate all of these systems with the Metropolitan Sewerage District. A committee has been meeting on a weekly basis for the past two months to arrive at a consolidation agreement that can be approved by all owners. It is the goal of this committee to have an approved consolidation agreement in effect in early July of 1989. Should consolidation take place, the City of Asheville would continue its maintenance operations for the fiscal year 1989/90, with the actual consolidation and transfer to take place on July 1, 1990. One sewer rate would be established by MSD and there would be no need for the City of Asheville to have a separate rate. Should consolidation take place, MSD would contract with the City for maintenance during the coming fiscal year.

Revenues: The major revenue for the Sewer Maintenance Fund is from sewer user charges. Estimated revenue from this charge for 1989/90 is \$1,520,000. This does not reflect any increase over the 1988/89 budget. Revenues are sufficient to pay for operations in the coming year but, very significantly, do not generate enough funds to pay for any capital improvements out of the user charge. We had anticipated that there would be a contribution from utility charges into the sewer capital fund, but the existing rate will not support such a contribution. The proposed 1989/90 budget should be viewed as an interim budget in that it is sufficient only to continue a basic maintenance function. Should consolidation not take place, the City will be in the position of having to raise rates and possibly issue debt for future needed capital improvements to our system. It is only for this reason that a rate increase is not recommended in the 1989/90 budget. The Sewer Master Plan continues to be funded with unappropriated fund balance and 40% of the one-half cent sales tax. The other one-half cent sales tax that had

been allocated to the sewer fund is no longer restricted for sewer uses and is this year being allocated in the General Fund.

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Appropriations: The sewer maintenance budget for 1989/90 is \$1,575,000. This represents a 3.3% increase over the 1988/89 budget but is virtually the same as the estimated actual appropriations in the current fiscal year. Without being able to make a contribution to the Sewer Master Plan Fund, appropriations are being used almost exclusively for personnel cost, materials and supplies.

The Sewer Master Plan is the area where a major effect will be felt from the consolidation under MSD. Projects that need to be undertaken in 1989/90 include the continuation of rehabilitation projects - \$938,300, contracting for the installation of lines in newly annexed areas - \$272,100, the construction of the new South Swannanoa Interceptor - \$800,000, and the replacement of sewer laterals in conjunction with the Street and Sidewalk Program - \$622,000. The current proposal for consolidation calls for MSD to pay the total cost of interceptor and rehabilitation projects with the City paying 50% of the cost of annexation projects. Should consolidation take place, we will need to amend our budget to reflect these new amounts. Should consolidation not take place, we will need to diligently search for additional revenues to continue with major sewer improvements.

#### PARKING SERVICE FUND

Fiscal Year 1988/89 was the first year that the two new garages, Wall Street and Rankin Avenue, were in operation in the Parking Service Enterprise Fund. We would hope that in future years revenues will not only pay for operations, but will also pay a significant portion of debt service.

Revenues: Of the total revenues of \$1,195,700, the largest source (\$630,200) comes from a contribution from the General Fund. Revenues from the three parking garages, parking meters, other parking lot rentals, and parking violations make up just less than 50% of the total revenues. The Civic Center Garage continues to generate approximately \$200,000 per year in revenues; however, the Wall Street and Rankin Avenue garages together in 1988/89 realized revenues in the amount of only \$79,200. We hope that with additional utilization by both monthly and turnover parkers the amount for these two garages will increase to \$139,000 for 1989/90. Parking violation fines have become a significant part of our budget since we are now more vigorously enforcing our parking regulations and since we have changed from a criminal to a civil offense that allows us to retain all of the parking fines. The 1989/90 budget reflects \$126,000 from parking violation revenues.

We are not recommending any changes in fees for any of our parking functions. We believe the parking garage rates should remain the same in order to increase current utilization. It is our feeling that any increase in rates would have a drastic effect on garage usage. Even though our parking study from several years ago recommended the

installation of parking meters, we feel that it is too early to evaluate the success of our two new garages and believe that any other changes in on-street parking would also create much confusion and difficulty in evaluating our current parking situation.

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The parking validation system that was developed by the Downtown Association has been very helpful in promoting the use of our garages. For the first eight months that this program was in operation, 164 rolls of validation stickers were sold producing revenue of \$7,882. Through this program, merchants buy validation stickers from the City and give them to their customers. This

provides the City with an up front revenue source and involves the merchants in promoting the use of the garages.

Appropriations: There are no significant changes in any of the appropriations for the parking garages for the coming year. The largest expenditure continues to be debt service - \$611,500. Even with the deficit in the fund, we do not feel it is prudent at this point in time to try to cut back on personnel or services. It is important that the attendants' booths be staffed as much as possible and that adequate security be visible at all times. We feel that any cutbacks in these areas could have an adverse impact on the willingness of customers to use our parking facilities.

#### CIVIC CENTER FUND

The City's fiscal policy states that the General Fund subsidy to the Civic Center should not exceed 10% in any fiscal year. It is anticipated that the General Fund subsidy for the 1988/89 budget year will be 8 percent and the budgeted subsidy for the coming year is 9.4%. A total budget of \$1,532,600 is virtually at the same level as the 1988/89 budget.

Revenues: The major revenue for the Civic Center Fund comes from charges for services which amount to \$1,192,000. These charges are in the form of rents and sales. During the current fiscal year, several events were sponsored by the Civic Center that resulted in significant new revenues. It is anticipated in the coming year that the promotions budget will once again be utilized to bring entertainment to the Civic Center that is not being provided by independent private promoters.

One other significant revenue source is the arts subsidy. The Water Agreement called for Buncombe County to pay to the City of Asheville a rental fee for the Asheville Art Museum and the Asheville Symphony. We have been receiving \$160,800 since the inception of the Water Agreement even though the Agreement calls for increases based on the Consumer Price Index. We have budgeted an increase in 1989/90 to \$187,000. Buncombe County was informed some time ago of the need for a recalculation of this rent and we are hopeful that the additional rental will be made available in the coming year.

Appropriations: Appropriations for the general operation of the Civic Center amount to approximately \$1,003,800. The additional \$528,800 of appropriations comes mainly from promotions - \$233,600; concessions -

\$145,800; and advertising services - \$26,000.

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#### FESTIVALS FUND

All of the costs associated with festivals have been removed from the General Fund and established in a separate enterprise fund. The \$670,400 budget is fully supported by revenues generated from the two major festivals - Bele Chere and Light Up Your Holidays.

Revenues: Revenues from Bele Chere basically come from three sources: token sales - \$450,000; sponsors - \$150,000; and sales of Bele Chere items - \$20,400. Light Up Your Holidays generates revenues of approximately \$50,000 with \$40,000 coming from sponsors and \$10,000 from event sales.

Appropriations: Approximately one-half of the total appropriation goes to payment to vendors through the token system and for entertainment. Other major expenditures are in the area of purchases for resale of Bele Chere items and

refreshments.

#### WATER FUND

In accordance with the Water Agreement, the Asheville-Buncombe Water Authority's annual budget must be approved by both the City of Asheville and Buncombe County. The budget as presented to you from the Water Authority is \$14,538,200, which is a 10.7% increase over the 1988/89 budget.

Revenues: The major source of revenues is utility charges. Budgeted for 1989/90 is \$13,735,700 which reflects a 4% rate increase to be effective July 1, 1989. This increase is in accordance with the long-range funding plan for the Master Plan Improvements that calls for annual 4% rate adjustments. The other significant revenue source is \$467,500 for tap and connection fees.

Appropriations: The appropriations in the Water Fund are primarily in the area of maintenance and repair - \$4,316,448; water production - \$2,075,792; customer services - \$685,663; and transfer to capital reserve - \$2,500,000. Other expenses include equipment purchases, in lieu of tax payments, cost allocation plan reimbursements, engineering services and debt service.

The Water Budget that is reflected in your statistical summary is the

budget that was initially approved by the Water Authority and by the Buncombe County Board of Commissioners. Since the general obligation bond referendum was defeated, there may need to be amendments during the year or a delay in proceeding with any of the major capital improvements.

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#### CAPITAL FUNDS

The City of Asheville Capital Improvements Plan was updated during 1988/89 so that it continues to be a full 5-year planning document. Sufficient revenues are anticipated to fund all projects throughout the life of the plan. The 1989/90 budget reflects a continuation of the funding for the third year of the Capital Improvements Plan.

Revenues: Nineteen cents (\$.19) of the City's tax rate is a reserve for capital improvements. Twelve cents (\$.12) of that amount is for general capital outlay and seven cents (\$.07) is reserved for the Street and Sidewalk Improvement Fund. In addition to these revenues, 40% of the Powell Bill allocation will go toward the Street Fund, which is at the same level that it was for 1988/89. Our 5-year budget calls for the 1989/90 Powell Bill contribution to the capital fund to increase to 60%, but due to the revenue shortfall in the General Fund, it was felt that an increased contribution would not be wise next year. Sixty (60) percent of one of the one-half cent sales taxes is being allocated to the general Capital Improvements Plan. These revenues, along with interest earned, are sufficient to fund the 1989/90 projects and to meet all debt service requirements for the Street and Sidewalk and Pack Place Projects.

The Downtown Development Fund contains revenues from General Revenue Sharing, Community Development Block Grants, Urban Development Action Grants, and other earmarked revenues. The Community Development Fund is self-supporting with a \$844,300 grant from the federal government, and appropriations have been reduced in accordance with the reduction in the federal grant from \$997,000 to \$884,300.

Appropriations: General Capital Fund appropriations come directly from the Capital Improvements Program and are primarily utilized for equipment

replacement, building construction and maintenance. Significant projects in this fund for 1989/90 include the energy conservation and renovation project of the interior of City Hall and the replacement of the Public Works Facility on South Charlotte Street. The City Hall Project is expected to be under construction in late 1989 and is budgeted at \$4,500,000. The Public Works Facility is now in the design phase and is budgeted at \$2,100,000. It is proposed that both of these improvements be undertaken with a financing mechanism similar to that which was utilized for the two parking decks. Tax exempt financing will be issued with a repayment schedule of 20 years as it is currently indicated in our CIP. Other appropriations are \$396,300 for the lease of a new radio communications system; \$250,000 for repairs and improvements to various city facilities; and \$300,000 for a capital contingency. The balance of the \$1,668,700 budget is primarily for equipment replacement.

In December of 1988, \$8,400,000 of General Obligation Bonds were sold - \$5,400,000 of these bonds is for additional Street and Sidewalk Projects and \$3,000,000 is for the construction of the Pack Place Education Arts and Science Center. The Street and Sidewalk funds will

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be used almost exclusively for street rehabilitation. Virtually all sidewalk replacement work has been completed, and we are now in the process of repaving and reconstructing streets based on our pavement management system. There is still \$2,800,000 of authorized bonds for future Projects.

The Pack Place Education, Arts and Science Center is now under construction. We would anticipate the full \$3,000,000 of bond funds will be spent during the coming fiscal year.

The Downtown Development Fund contains appropriations for the City's responsibility in the three major redevelopment areas: Wall Street, Pack Square, and the Haywood/Rankin Avenue area. The Wall Street Project is virtually completed with only a small amount of streetscape work still unfinished. In the Rankin Avenue Project, funds are still available to complete the connection between the Rankin Avenue parking garage and Haywood Street. We would hope that this pedestrian walkway can be completed during 1989/90. In the Pack Square Project, the City's responsibility falls in the area of loans, a UDAG grant and debt service reserves for the Pack Plaza private project.

The Community Development Fund reflects the City's commitment to continuing all existing programs. A major expenditure of \$396,300 goes to the implementation of the Montford Redevelopment Plan. The Neighborhood Housing Program is now underway, and \$125,000 for the

administrative cost of this program is budgeted in the 1989/90 budget.

#### PERSONNEL

The City of Asheville is a service organization. We are in existence only to provide services to the public. Those services are provided through our employees. It should not come as any surprise that approximately one-half of the City's operating budget is for personnel-related expenses. Our employees are the most valuable asset to our organization and to the community. It is incumbent upon us to manage this resource in such a manner as to provide fair and equitable pay policies, benefits that are commensurate with those given in other businesses in our area, and a working environment that encourages pride in self, pride in work, and pride in community.

Compensation: We have proposed in the coming year a total compensation

package that basically includes the following three areas:

A. Pay Plan Implementation - On May 16, 1989, the City Council adopted

a new Classification and Pay Plan as presented by our consultants, Municipal Advisors, Inc. This new plan is designed to provide for the accurate classification of all city employees and to ensure that our pay grades are commensurate with other cities of our size and with the private sector in Buncombe County. It is essential when a new pay plan is adopted that it be implemented in such a manner as to ensure that all employees are paid at least the minimum of the new pay range and that existing employees not find

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themselves at the minimum pay grade by virtue of the raising of minimum salaries. The 1989/90 budget reflects an appropriation of \$1,068,000 for the implementation of the pay plan. Taking into account the recommendations of Municipal Advisors, the available

funding will provide for the following implementation steps:

1. A 4% across-the-board pay plan adjustment will be given to all

existing employees as of July 1, 1989. This increase will allow all employees to share in the adjustments that will be made to salary ranges and somewhat lessen the compression effect.

2. After the 4% across-the-board adjustment is made, any employees

who remain below their existing minimum will be adjusted to the minimum salary for their salary grade. We will therefore ensure that no existing employee will be making below the minimum salary level.

3. After the adjustment to minimum, existing employees will be

guaranteed that they will be placed in the pay plan based on their time in their present grade. This will be accomplished

with the following schedule:

1 to 3 years = 2.5% above minimum

3 to 5 years = 5.0% above minimum

5 to 7 years = 10.0% above minimum

7 or more years = 20.0% above minimum

By ensuring that employees with longevity in a particular grade are spread within the pay plan, the compression effect through

adoption of a new salary schedule will be mitigated.

B. Merit Pay Plan - A merit pay plan is included in the 1989/90 budget

at a total cost of \$424,000. Objective criteria have been developed for each employee so that evaluations will be based on job related criteria. The three levels of pay that an employee can earn based on performance are:

Standard - 2.0%

Above Standard - 4.0%

Outstanding - 5.5%

All employees will be evaluated on their anniversary date and will

be eligible for one of these levels of merit pay. Employees who are not working at their job level and receive no pay increase will be reevaluated in six months to determine if their performance has

improved. This will be the third year of a merit pay plan that is structured in the described manner. Even though the percentages are somewhat lower than the percentages in the past two years, the funds allocated should be adequate for a merit plan. It is essential that this plan be continued in order to provide incentives for our employees and to provide a method to fully integrate our MBO system down to the individual employee level.

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C. Longevity Pay - With the adoption of a pay plan in 1986, the

existing longevity plan for City employees was eliminated and some compensation for years of service was rolled into base salaries. Municipal Advisors recommended that a longevity plan be reinstated since most cities in the State of North Carolina provide some compensation for years of service. There is value in city employees who have been with the city for a long period of time and who have exhibited their loyalty and dedication to the city organization. A very modest longevity plan at a cost of \$115,500 has been included as part of our total compensation package in the 1989/90 budget. Longevity will be paid to all employees who are employed as of December 1, 1989. The payment will be based on years of service and be paid in a lump sum amount in early December. The following

schedule has been recommended for the longevity plan:

5 to 10 years = \$100

10 to 15 years = \$200

15 to 20 years = \$300

20 or more years = \$400

All of the above-mentioned three elements are essential to a fair and equitable, total compensation package. By using a combination of pay plan adjustments, merit pay, and longevity, employees will receive varying amounts based on their quality of work, years of service, and the value of the position to the City of Asheville.

Group Insurance: We have recently been informed by our group insurance administrator that a significant rate increase is needed in 1989/90. The 45% increase is extremely large but is in keeping with the increases that other employers are experiencing. In order to cope with these additional costs that must be absorbed by both the City and the employee, we are taking a comprehensive look at our total benefit package. We have not budgeted the full rate increase in the 1989/90 budget, but will rather budget a smaller increase that we hope will carry through the first six months.

The City staff is working at the present time on developing a cafeteria plan for benefits that would be in place by January 1, 1990. A cafeteria plan

basically gives an allowance to all employees which they can use to purchase a benefit package that is most suitable to them. For instance, there may be a basic health care plan that does not have the benefits that we currently provide, but that is cheaper than what we are now paying. An employee could purchase the cheaper group health plan or they could purchase one of two or three options that would provide a higher level of care. Employees would also be able to purchase varying levels of life insurance, disability insurance, and other benefits that the City would make available. Such a plan is becoming prevalent in the private sector and allows each employee, based on their family situation and stage in life, to tailor their own benefit

package to meet their needs. We feel that with this approach both the City and the employee will be able to receive more for their money. We intend to work with our consultants to have such a plan to the City Council in the Fall for implementation by the beginning of the calendar year.

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#### SUMMARY

The City of Asheville's budget for 1989/90 provides a plan for the allocation of resources to continue all basic city services. In addition, the budget provides funding for an expansion of some specific services that will assist in the implementation of the "2010 Asheville City Plan" and the City Council's "Strategic Plan." These two planning documents are integral to the budgeting process.

This has been a very difficult year to prepare a budget due to the uncertainties of annexation, the loss of several significant sources of revenue, and the pressures brought on by additional fixed costs. When the budget is compared to the City's Fiscal Policy, it becomes apparent that we are entering the new year in excellent financial condition. This is accomplished, however, through a proposed two-cent tax increase and an appropriation of fund balance in the amount of \$1,537,500. Nobody likes tax increases, but even with this first increase in four years, the City's effective tax rate continues to be one of the lowest in the State of North Carolina. The appropriation of fund balance is larger than what I generally believe to be a safe appropriation of no more than 50% of available fund balance after establishing an operating reserve. Fund balance is not a reoccurring revenue and once it is used, it is unavailable for future years. It is truly unfortunate that the use of fund balance and the need for a tax increase were brought about by actions beyond the city's control.

Even though this was a difficult budget to assemble based on the many uncertainties that face us, we have provided the resources to deliver the quality of services that the citizens of Asheville have come to expect. The city staff is dedicated to seeking out opportunities to better utilize the resources that we have at our disposal, continuing to provide essential services, and treating all of our public customers with dignity and respect.

The preparation of a budget involves a great many people. Department and Division Heads should be congratulated on the excellent budget requests they assembled. In addition to their work on this year's budget, much of the success in holding expenditures to a minimum is due to the work of the Department and Division Heads in their day-to-day operations. Their participation in cost-saving programs and their willingness to try new and innovative ideas is an indication of their professionalism. I would like to thank not only these Department Heads, but also the administrative staff who worked very hard assembling the budget. The Audit and Budget Department, Vicki Heidinger, Debbie Wilson

and especially the Director Bob Wurst should be commended for their hard

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work and dedication. I would also like to give a special thanks to the entire City Council who gave many hours of their time reviewing the budget. Your input during the preparation of this budget was essential in continuing the philosophy of providing the highest level of services

at the lowest possible cost.

Sincerely,

s/

Douglas O. Bean

City Manager

DOB:msm

Councilman Bratton moved to schedule a public hearing on the Budget for Fiscal Year 1989/90 for June 13, 1989. This motion was seconded by Vice Mayor Michalove and carried unanimously.

Mayor Bisette said the City Manager and staff had done an excellent job in preparing the budget. He said this year's tax increase will be only the second tax increase Council has initiated since he 1983.

#### B. APPROVAL OF THE WATER FUND BUDGET FOR FISCAL YEAR 1989/1990

Mayor Bisette said the Water Agreement between the City of Asheville and Buncombe County provides that both governing bodies shall approve the annual Water Budget.

Mayor Bisette recognized Don Williams, Member of the Asheville-Buncombe Water, who presented and summarized the budget.

Mr. Williams said this year's budget had been prepared by the Water Authority Budget Committee Members - George Beverly, Dick Wood and himself. He said this committee had spent a lot of time reviewing with the staff the various requests. He said the budget, as presented today, was approved by the Water Authority and the Buncombe County Board of

Commissioners on May 16, 1989.

Mr. Williams said the budget reflects a four percent (4%) increase which will be effective July 1, 1989.

Mr. Williams said since the water bond referendum had failed, the \$534,000 appropriation for the French Broad River Treatment Plant, shown on page 40, will be taken out. He said the failure of the Bond Referendum will not have a financial impact on this year's budget, but there will be an impact beginning in 1991 and later years.

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Councilman Frank left the meeting at 5:30 P.M.

After discussion, Councilman Martin moved to approve the Water Budget

contingent upon the deletion of any reference to funding for the French Broad River Treatment Plant or any related facility. This motion was seconded by Councilman Bratton and carried unanimously.

Jeff Fobes, Citizens for Safe Drinking Water, said Council's decision to approve the Water Budget without appropriating money for the French Broad River Treatment Plant will be appreciated by the citizens of Asheville.

C. REPORT BY CITY CLERK ON THE CANVASS OF THE SPECIAL WATER BOND ELECTION HELD ON MAY 16, 1989

The City Clerk said the Buncombe County Board of Elections had provide him with a Certificate of Canvass of the special water bond election held on May 16, 1989. He said the total number of voters who voted "YES" was 2925 and the total number who voted "NO" was 4753. He said the total number of voters who were registered and qualified to vote was 33,743.

Councilman Price requested that a letter be sent to members of the Water Bond Committee thanking them for their service and assistance.

D. ORDINANCE NO. 1767 - BUDGET ORDINANCE AMENDMENT TO APPROPRIATE ADDITIONAL FUNDS TO THE MAIL/MESSENGER DIVISION FOR POSTAGE

Mayor Bissette said this budget amendment in the amount of \$12,000 is necessary to appropriate additional funds for postage due to a substantial increase in the number of pieces of mail that is processed through the Mail Services Division.

Mayor Bissette said that copies of this ordinance were previously distributed to members of Council, and the ordinance would not be read in its entirety unless there was a specific request to do so.

Councilman Price moved for the adoption of Ordinance No. 1767. This motion was seconded by Councilman Martin.

On a roll call vote of 7-0, Ordinance No. 1767 passed on first and final reading.

Ordinance Book No. 11, Page 451

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E. RESOLUTION NO. 89-65 - RESOLUTION ENDORSING THE FISCAL YEAR 1990 TRANSPORTATION IMPROVEMENT PROGRAM - ASHEVILLE URBAN AREA

Mayor Bissette said this resolution will endorse the recommendations of the Asheville Urban Area Transportation Advisory Committee and requests that the State of North Carolina include these priorities in the State of North Carolina Transportation Improvement Program. The Committee has recommended acceleration

of the following

projects:

- 1) The construction of a new interchange at &S 25A (Sweeten Creek Road) and I-40 <Project I-100>;
- 2) The construction of the I-26 Corridor <Project A-10>;
- 3) The widening of NC 63 (Leicester Hwy) from City Limits to Newfound Road (SR 1004) <Project U-2000> to parallel with the completion of Project U-529; and
- 4) The widening of Fairview Road (US 74) between I-40 and SR 3136 <Project R-2306>

Mayor Bisette said that copies of this resolution were previously distributed to members of Council, and the resolution would not be read in its entirety unless there was a specific request to do so.

Upon motion of Councilman York, seconded by Councilman Martin, Resolution No. 89-65 was unanimously adopted.

Resolution Book No. 89-65, Page 410

V. CONSENT:

VI. OTHER BUSINESS:

A. MOTION SCHEDULING PUBLIC HEARING FOR A GRANT APPLICATION TO UMTA FOR OPERATING, PLANNING AND CAPITAL FUNDS UNDER SECTION 9 OF THE UMTA ACT

Mayor Bisette said this motion will schedule a hearing on the City's annual grant application to UMTA for the Asheville Transit Authority for operating, planning and capital funds under Section 9 of the UMTA Act.

Vice Mayor Michalove moved to schedule a public hearing for June 27, 1989. This motion was seconded by Councilman Price and carried unanimously.

B. CLAIMS - JODY PADGETT (WATER) AND KAREN WALLEN (WATER)

The City Manager presented claims received from Jody Padgett (Water) and Karen Wallen (Water).

Mayor Bisette referred to claims to the City Attorney for investigation and recommendation.

ANNOUNCEMENT BY MAYOR BISSETTE - CLEAR CUTTING AT NORTH FORK

Mayor Bisette said he understands the Water Authority is currently reviewing

the policy to avoid future problems relative to clear cutting at North Fork.

PRESENTATION OF PETITION BY GARLAND WADE RELATIVE TO NOISE AT VME

Mr. Garland Wade presented a petition to the Mayor and Members of City Council relative to the noise at VME that is disturbing him and other residents who live on Atkins Street in Skyland. The petition requested enforcement of the City's Noise Ordinance. Mr. Garland said the noise from the heavy equipment starts around 5:15 A.M.

Mayor Bissette said the City would look into the problem.

REMOVAL OF TREES - PRIVATE PROPERTY - COUNCILMAN PRICE

Councilman Price said she had received a lot of letters concerning the trees that were cut down for the development taking place on Merrimon Avenue. She said she understood that the trees were on private property and inquired about the status of legislation to regulate trees on private property.

City Attorney William F. Slawter said the North Carolina Legislature had passed some limited legislation regulating trees on private property, which applied only to "Champion" trees only. However, he said there is currently a bill going before the General Assembly for the Town of Chapel Hill that is thought to be broader in providing more

regulation.

There was a general discussion among the Council on available options and avenues that can be explored to regulate trees on private property. It was their consensus, however, that the City Attorney obtain a copy of the Chapel Hill Bill and provide the Council with a report on what they can or cannot do to regulate and protect trees on

private property.

VII. ADJOURNMENT

Mayor Bissette adjourned the meeting at 6:00 P.M.

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MAYOR CITY

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