

Special Meeting

Present: Mayor Charles R. Worley, Presiding; Vice-Mayor Terry M. Bellamy; Councilman Joseph C. Dunn; Councilman James E. Ellis; Councilwoman Diana Hollis Jones; Councilman R. Carl Mumpower; and Councilman Brian L. Peterson; City Attorney Robert W. Oast Jr.; City Manager James L. Westbrook Jr.; and City Clerk Magdalen Burleson

Absent: None

INVOCATION

Mayor Worley gave the invocation.

NEW BUSINESS

A. **ORDINANCE NO. 2927 - ORDINANCE ADOPTING AN INTERIM BUDGET FOR THE MONTHS OF JULY AND AUGUST 2002 FOR THE FOLLOWING FUNDS: GENERAL FUND, GENERAL CAPITAL RESERVE FUND, TRANSIT SERVICES FUND, CIVIC CENTER FUND, STREET AND SIDEWALK FUND, PRINT SHOP FUND, CENTRAL STORES FUND, FLEET MANAGEMENT FUND, AND RISK MANAGEMENT FUND**

ORDINANCE NO. 2928 - ORDINANCE ADOPTING THE BUDGET FOR FISCAL YEAR 2002-03 FOR THE FOLLOWING FUNDS: WATER RESOURCES FUND, PARKING SERVICES FUND, FESTIVALS FUND, WATER MAJOR CAPITAL IMPROVEMENT FUND, COMMUNITY DEVELOPMENT FUND, AND HOME INVESTMENT TRUST FUND

Mayor Worley said that a public hearing was held on the Fiscal Year 2002-03 Annual Operating Budget on June 11, 2002.

On May 13, 2002, a proposed Fiscal Year 2002/2003 Annual Operating Budget was presented to City Council, which included an Ad Valorem tax rate of \$0.51 per \$100 of assessed valuation, adjusted for revaluation. In accordance with the North Carolina Local Government Budget and Fiscal Control Act, a summary of the Budget along with a notice of the public hearing was published on May 31 and June 7, 2002. The City Council conducted a public hearing on the budget on June 11, 2002.

City Manager Westbrook gave a brief review of the assumptions staff had in making up the budget. Changes Council has instructed staff to make thus far have been made. One item that we still have to include in the budget is \$120,000 for the cost of the animal shelter. Phase I is based on the assumption that the State was not going to send the reimbursements to the cities this year which in Asheville's case is \$2.6 million. That is in addition to the money they are withholding in the current fiscal year. As far as he is aware, there is no state legislation in the works right now that would send us that money now or in any other year. He thinks it is a permanent loss. In order to make that reduction in the budget, he prepared Phase I which showed \$2.6 million in funding cuts. That is the budget in front of Council now. There is a potential reduction next year of an additional \$4.2 million if the state decides to withhold the utility franchise fee. Thus far there are several pieces of legislation that have been introduced that would not allow the Governor to keep those next year, but that is still very much up in the air. To provide an alternative if that were to happen, we have presented Council with a Phase II budget which shows \$4.2 million in reductions and it also had a 2-cent tax rate increase to make up part of that reduction. What we are talking about today is Phase I – there is no tax rate increase and

-2-

that is simply to make up for the reimbursements from the State. In a worksession, Council instructed staff to add back into the budget a \$116,000 in reductions for reduced hours and temporary staff at recreation centers. That has been done and is included in the budget in front of Council now. There was other discussion with regard to Phase I reductions and that was \$900,000 in street and sidewalk maintenance. Where that discussion was left was that the Council would consider whether or not they would include that back in the budget when they consider adoption of the final budget on August 27, 2002, assuming Council adopts an interim budget today.

Budget Director Ben Durant said that there are a couple of issues that will impact our budget over a long-term period. He received information in early June about the structural problem that the state is experiencing with their budget. They are projecting a \$2 billion deficit next year. They are also projecting a \$1-\$2 billion deficits on through 2007. They have a long-term structural problem in their budget that is going to impact municipalities on a long-term basis. Whatever decisions we made about our budget need to look beyond one year. We need to make sustainable cuts or adjustments to our revenue structure that will address long-

term need.

In the current year the Governor took some money out of the Powell Bill fund and put it in his General Fund to help balance the budget and he has also plans to do that for next year as well. That is going to have an impact on our Powell Bill revenues because the revenues municipalities get for Powell Bill are based on what is in that state highway trust fund. We need to take a long-term focus. Next year we will lose \$170,000 and we have accommodated that loss in our Phase I budget by additional cuts in department operating budgets. In 2004 we would lose \$270,000 and so we are going to have to take steps to deal with that loss.

Another issue is what Buncombe County is going to do when they adopt their budget. If they adopt a 63-cent tax rate, which is what they have discussed, that will cost us \$185,000 next year in estimated sales tax losses and we have not planned for that. In the subsequent year it would cost us \$740,000. They have also talked about a 69.5-cent tax rate increase and we would lose \$345,000 next year and \$1.3 million in the following year.

Mr. Durant said that Buncombe County wants to charge the City \$120,000 for taking animals to the animal shelter. City residents will be paying a double tax as a result. We have to make reductions outside of the Phase I and Phase II cuts already proposed. We propose to close one drop-off recycling site (South Asheville), which has only been opened for four month. That would save us approximately \$50,000. We have looked at revenue estimates and we think we can increase those in order to accommodate the additional \$70,000.

City Manager Westbrook recommended that, pursuant to N.C. General Statute sec. 159-16, City Council adopt an interim appropriation for the General Fund and other tax-supported funds covering the two-month period from July 1 to August 31, with the anticipation that no later than August 27, 2002, Council would pass a permanent budget and set the tax rate. If the Governor does not withhold other funding, such as the utility franchise fee, then the recommendation is that Council adopt the budget with a revenue neutral tax of 51 cents per \$100 value. If the Governor does withhold additional funding, above the reimbursements which we are already sure of, then Council would have to look at the Phase II reductions and/or a tax rate increase to make up the difference. What staff presented was Phase II reductions of about \$3 million and a 2-cent property tax increase which would create another \$1 which would make up the roughly \$4 million that we would lose. All that would be up to the Council discussion at that time. Also, by adopting an interim budget now, what that allows us to further monitor what the state does, allows us to further refine our revenue estimates, and work on the Phase II reductions to see if we can refine those to see if there are better reductions to make or if there are others that will cut long-term costs for us. There are some other benefits for adopting the interim budget at this time.

-3-

City Manger Westbrook also recommended City Council adopt the annual Budget Ordinance for the City's various enterprise and non-tax supported funds.

Councilman Peterson clarified that the pay raises for City employees under Phase I is a 3% increase to be paid in December and under Phase II there would be no raises at all. City Manager Westbrook recommended

Councilman Peterson also clarified that with regard to the outside agency funds, the Outside Agency Committee met to try to trim back approximately 15% and the Phase I recommendation is taking their recommendations and cutting them in half, but during the first two months, none of the outside agencies would get any of the funds. Under Phase II there would be no outside agency funding.

Councilman Peterson asked if the City has looked into the effect of the cuts in the Community Relations Council's budget. City Manager Westbrook said that he has made all of the outside agencies aware of status of the budget relative to Phase I and Phase II and he has not gotten any feedback from any of them. Vice-Mayor Bellamy said that City Council has received a letter from the Community Relations Council indicating that because of the drastic cuts they many not be able to fulfill all of the requirements needed for us to keep our Community Development Block Grant funds and HOME funds coming to the City of Asheville because of the staff – they will not be able to operate effectively. City Manager Westbrook said that he would get a copy of the letter and make a recommendation to Council.

It was the consensus of Council that even if the state does give the City the \$4.2 million in utility reimbursement revenues, Council would like to review their priorities and what they really want to focus on. If the state does reimburse the City, City Manager Westbrook would recommend that the 3% merit increase remain for City employees.

Mayor Worley said that members of Council have been previously furnished with copies of the ordinances and they would not be read.

Councilman Ellis moved for the adoption of Ordinance No. 2927, with the addition \$20,000 for 2/12 of the animal shelter costs. This motion was seconded by Councilman Mumpower.

Councilman Mumpower has made numerous efforts to look for waste, fat, and unhealthy processes in City government and he has been unsuccessful at every turn. He complimented the City Manager for presenting a budget to Council that is revenue neutral and is careful with taxpayer's money.

Upon inquiry of Councilwoman Jones, City Manager Westbrook explained how the \$116,000 was adjusted for the recreation centers.

Upon inquiry of Councilwoman Jones, City Manager Westbrook said that as of right now, we are still balanced felt we will be okay at the end of the year. We will not add tremendously to Fund Balance this year, but we will wind up okay.

The motion made by Councilman Ellis and seconded by Councilman Mumpower and carried unanimously.

ORDINANCE BOOK NO. 19 – PAGE

-4-

Vice-Mayor Bellamy asked if she had a conflict of interest since HOME funds are included in the enterprise fund budget. City Attorney Oast advised her that he did not think she had a disqualifying conflict.

Councilman Mumpower moved for the adoption of Ordinance No. 2928. This motion was seconded by Vice-Mayor Bellamy and carried unanimously.

ORDINANCE BOOK NO. 19 – PAGE

UNFINISHED BUSINESS

ANNEXATION ORDINANCES

Councilman Dunn said the City needs to grow. Citizens will gain some benefits from annexation and he realizes that voting against annexation is popular and easy and he doesn't really want to vote against it. The following are facts as he sees them. Annexation doesn't work. If you look at the City limits from 1927, the population is the same as it was about 30-50 years ago. Our staff has been diligent in explaining things, but he does not believe that we have enough police force in the City to take care of our citizens. The fact is that one policeman for every 300-400 citizens is the average and it was one for every 420 when we first started this. The Police Chief said that if we lose two or three officers, it would be critical mass. We have already lost two or three police officers. There was one police officer guarding the whole south end of town and he heard the Police Chief say they could have brought in more police officers from other parts of town. To him that is not adequate protection. We don't have enough police officers to patrol in downtown because our merchants complain about vagrants and dog feces. He didn't remember the statistics for our crime rates, but someone said that our crime rate is a lot higher than some other big cities in North Carolina. He just didn't think we have enough police officers. We are talking about cutting services due to the state and we are now annexing people and cutting services. He said that 1/6 of Asheville's population lives in Haw Creek and there are no sidewalks, no street maintenance or anything. We allocate \$400,000 to parks and recreation, \$400,000 to affordable housing, \$380,000 to outside agencies, \$400,000 for police and fire protection for festivals, and \$150,000 for a division to oversee festivals – that is \$1,730,000 that we allocate for other things but we can't seem to pave the streets in Asheville or take care of the people who live here. We don't even have animal control. People have animals in neighborhoods. When we annex people, it seems to me the money goes in a dark hole. I know that City staff cares about where the money goes but we have citizens that have been in the City for 20 years and they haven't had their streets paved. Yet, we are going to go out and take streets and sidewalks over and we can't even pave a street that's 20 years old. He felt there is a problem with the basic whole system of annexation. He bet that people in this city use streets and sidewalks a lot more than they use the parks and some other things in the City. Everybody uses streets. Between all the potholes and broken pavement, no wonder people can't get around. The fact is we need to make the City a little bit safer. We just wrestled with the budget. We don't know how we are going to fund street and sidewalks. We just cut \$900,000 out of the budget but we are still going to keep these other things – affordable housing has \$400,000 that is a sacred cow. You've got \$400,000 that parks and recreation gets, but we'll sure cut \$900,000 out of streets and sidewalks. When these people get annexed, he wants to look them in the eye and say we will provide service for you when we annex. My street in Ballantree was paved last year – it was the first time in 10-15 years. Annexation is important and he does think the people that don't want it is a little wrong. The City has to grow, but the City has to give you something in return and it's not doing it right now. If we are going to say these neighborhoods are qualified to be annexed then we should be qualified to take them over. And he's

not sure we are right now. We need some money to do garbage pick-up. When are we going to do something for the people in Haw Creek? If we look at this proposal hard, it might work. We know in a year from now, if we annex these folks, we are going to get \$400-500,000. Why can't we delegate \$400,000 to streets

-5-

and sidewalks and hiring a new police officer and make that etched in stone. It's just as important as the Housing Trust Fund and just as important as parks and recreation. If we fund \$900,000 for streets and sidewalks – this needs to in addition to that. \$1.2 million is what we need to keep our streets just in line. We need to stop worrying about keeping them level with other parts of the state, we need to get them fixed. That is the least we can do for people. I'd like to see us take \$300,000 from the annexation and know right off the bat that we have that money – that it's untouchable and it's going to go into streets and sidewalks and the police. That it stays in place for three years – etched in stone, just like the Housing Trust Fund and parks and recreation. It can't be played around with. We know we are getting that now. That will help us solve some of our problems – streets. If we have to cut \$900,000 out, maybe we could only cut \$600,000 since we know that money is coming eventually. This locks in some money for streets and sidewalks. It creates some money for additional police patrol for downtown. Ten years from now the people that will be annexed will want their streets fixed. What are we going to do – tell them we don't have the money? That is the pattern now. We are not taking care of what we have right now. And we are going to go out and annex somebody else. He wants to vote with Council because he thinks the City has to grow. It's a tough decision for all of us to take people's money. Another thing that bothers him about this whole thing is that we annex just a small piece – where it's just enough people that can vote, but not vote out the Council. It protects us from hostile voters. If we are going to do it right, let's annex everybody that is qualified and quit playing political games here. That would keep some of the career politicians from running again. He thinks it's time for us to take a new look at how we are going to do things when we annex people. It's time to quit promising things that we know we can't deliver. There is no way we can deliver on what the staff has said. The police force isn't adequate. We haven't got the money to even pave the streets in a lot of the neighborhoods. We are cutting garbage service to people who we've annexed and blame it on the streets that are too small. Once you annex somebody that's our problem – not their problem. He asked Council that if we are going to annex, let's start looking ahead and maybe 10 years from now when we annex somebody we would have something to offer.

Councilman Mumpower felt that to imply that City Council and the people who guide us on annexation are selectively annexing people with an eye toward supporting our re-election or creating blocks of voters that would vote us out – he felt that was unkind. Nobody he knows on Council would approach it like that. He certainly doesn't feel safe from any voters. Council hears from them constantly about their frustrations. He is not voting on the basis of a need to be re-elected and he doesn't think that is what drives most of Council.

Councilman Dunn said that staff has told him that they want to protect Council from the voters. He said Council did not run to be protected. That's his point.

Councilman Mumpower said that he likes the idea to dedicate some monies that will come from the annexation for a short period of time. He didn't know if that would work with the budget structure we have or if it's pragmatic. But, he understands Councilman Dunn is trying to make an effort to say we will annex you, but we are going to try to see that some of your monies are dedicated. I would be willing to support that.

Councilman Ellis would be in favor of setting aside some money for streets and sidewalks, along with some other things. He doesn't think Council has the ability to make a commitment beyond one budget year.

Councilman Dunn said that he felt Council can commit monies. We have committed to the Housing Trust Fund, to parks and recreation, and police and fire protection for Bele Chere.

Vice-Mayor Bellamy understands Councilman Dunn's position and he is entitled to it. What you are asking us for is to make a decision based on knowledge that we don't really have.

-6-

She felt his suggestion was a good idea, after we have all the information, i.e., how can we do it, will it work.

Councilman Dunn said that his bottom line is for Council to start looking at the way we annex people.

Vice-Mayor Bellamy understands Councilman Dunn feels strongly about annexing and she feels strongly about the people who work in our day-cares, who are teachers, CNA's, non-profit organizations, bankers and where they have to live. She doesn't think it's bad to have a Housing Trust Fund to ensure that our community is representative. People who work in our community can

actually afford to live in our community. She doesn't feel bad about supporting the Housing Trust Fund – it helps people. She says that when Council has discussions about taxes and other issues, the Housing Trust Fund has to be on the table as a negative thing. During the budget, everything is on the table. In fact, the Housing Trust Fund is already set to be cut for next year. She thinks we need to be fair because there are people who work hard in our community who live in affordable housing. She thinks it's insulting and frankly it needs to stop.

Councilman Dunn wasn't trying to insult people who live in affordable housing. He agrees that affordable housing is a very important priority and he's not asking to take it away, he's just saying let's have another priority of streets and sidewalks.

Mayor Worley responded to some of the comment by Councilman Dunn. There would be no zoning – there would be sprawl. We would just have a small enclave of orderly development within an urban area. We have one officer per 419 residents and that compares a little less favorably than the statewide average. The other statistic is that our crime rate is lower than the average city in North Carolina. Our fire incident rate and our deaths by fire have dropped drastically because of our high quality Fire and Building Safety Departments. If you look at the way we take in streets – we prioritize the need of every street in the City of Asheville and when we bring in an area that is annexed, those streets go into the same priority list. When they have needs in order to be repaired, they fall within the right priority. One of the keys of annexation is equal treatment. We are required when we annex an area to provide the same services – equal services and equal treatment to the annexed area that we provide the citizens already inside the City limits. You can't bring streets in an annexed area that fall low in the priority list and pave them quicker than you would those streets already in the City that have greater needs. Every one of Council is absolutely concerned about the money we put into streets and sidewalks. It's easy to say that he supports taking a portion of the annexation money and dedicating it to streets and sidewalks. Council has that capability each year when the budget is set. Of course this year we are looking at cutting \$900,000 in streets and sidewalks and all of Council is concerned about that. We will continue over the next two months to be looking for ways to change that. We need to keep streets and sidewalks at the top of our priority list each year when we look at the budget with the needs that we have and the resources that we have to deal with. You talk about sacred cows and the penny that went for parks several years ago. Bear in mind that this year that penny is not dedicated. It is not a sacred cow – it is cut. The Housing Trust Fund is cut. The two-cents we dedicated to streets and sidewalks is cut. Those are one-year commitments. The fact that a prior Council said we're going to do a penny to deal with these things was just a one-year commitment at the time. It sort of sets a precedent, but each Council each year has the option to renew or not renew that commitment. Contrary to the belief of those annexed, annexation does provide them services and benefits as a part of the greater community and provides services and benefits in terms of maintaining their streets. We have even changed the rules with regard to annexing streets that are private streets that don't otherwise meet our standards. We now agree to maintain those. That is a substantial service to those residents in the private areas. On the balance, it is important for Asheville to grow and to annex not just for the money. He thinks that is one of the lesser things in the overall scheme of things. But, there is a net gain from annexation, but to maintain the cohesiveness, the services, and the safety of the entire urban area.

-7-

Councilman Mumpower said that Councilman Dunn serves on the Housing & Community Development Committee and he is passionate in his support of affordable housing. He did not hear his comments reflecting poorly upon the issue of affordable housing. What he did hear him saying is that he is concerned that it's too easy to push sidewalks and streets aside in the name of a lot of the pressing priorities and responsibilities that we have.

Mayor Worley said that he heard support for taking a good hard look and that is something Council has a year to do because if these annexations pass, we have one year before they come into effect.

A. ORDINANCE NO. 2929- ORDINANCE EXTENDING THE CORPORATE LIMITS OF THE CITY OF ASHEVILLE TO INCLUDE THE LEICESTER HIGHWAY AREA

Mayor Worley said that the public hearing on this matter was held on June 11, 2002.

Urban Planner Paul Benson said that this is the consideration of adopting an ordinance to extend the corporate limits of the City of Asheville to the Leicester Highway area.

On April 9, 2002, City Council adopted Resolutions of Intent beginning the annexation process for the following five areas: Leicester Highway area, Sherwood Heights area, Huntington-Chase area, portion of Bell Road, Forest Lake area, Mill Stone area, and Kensington-Windsor area. The Annexation Services Plan for all of these areas was approved on April 23, 2002, the Plan was amended on June 25, 2002. A public information meeting was held on June 3, 2002. Public hearings on each of annexations were held by City Council on June 11, 2002. Adoption of the annexation ordinances is the final step in the annexation process.

Mr. Benson said that a metes and bounds description and a map are attached to the ordinance. The annexation area does meet the requirements of General Statutes. It is the intent of the City to extend City services outlined in the Annexation Services Plan. On the effective date of the annexation, the City will have funds in sufficient amount to finance all capital expenditures. The effective date of this annexation is June 30, 2003.

Staff recommends adoption of annexation ordinance for the Leicester Highway area, with an effective date of June 30, 2003.

Mayor Worley said that members of Council have previously been furnished with a copy of the ordinance and it will not be read.

Vice-Mayor Bellamy moved for the adoption of Ordinance No. 2929. This motion was seconded by Councilwoman Jones and carried on a 6-1 vote, with Councilman Dunn voting "no."

ORDINANCE BOOK NO. 19 – PAGE

B. ORDINANCE NO. 2930 - ORDINANCE EXTENDING THE CORPORATE LIMITS OF THE CITY OF ASHEVILLE TO INCLUDE THE SHERWOOD HEIGHTS AREA

Mayor Worley said that the public hearing on this matter was held on June 11, 2002.

Urban Planner Paul Benson said that this is the consideration of adopting an ordinance to extend the corporate limits of the City of Asheville to the Sherwood Heights area.

-8-

On April 9, 2002, City Council adopted Resolutions of Intent beginning the annexation process for the following five areas: Leicester Highway area, Sherwood Heights area, Huntington-Chase area, portion of Bell Road, Forest Lake area, Mill Stone area, and Kensington-Windsor area. The Annexation Services Plan for all of these areas was approved on April 23, 2002, and the Plan was amended on June 25, 2002. A public information meeting was held on June 3, 2002. Public hearings on each of annexations were held by City Council on June 11, 2002. Adoption of the annexation ordinances is the final step in the annexation process.

Mr. Benson said that a metes and bounds description and a map are attached to the ordinance. The annexation area does meet the requirements of General Statutes. It is the intent of the City to extend City services outlined in the Annexation Services Plan. On the effective date of the annexation, the City will have funds in sufficient amount to finance all capital expenditures. The effective date of this annexation is June 30, 2003.

Staff recommends adoption of annexation ordinance for the Sherwood Heights area, with an effective date of June 30, 2003.

Mayor Worley said that members of Council have previously been furnished with a copy of the ordinance and it will not be read.

Councilman Peterson moved for the adoption of Ordinance No. 2930. This motion was seconded by Vice-Mayor Bellamy and carried on a 6-1 vote, with Councilman Dunn voting "no."

ORDINANCE BOOK NO. 19 – PAGE

C. ORDINANCE NO. 2931 - ORDINANCE EXTENDING THE CORPORATE LIMITS OF THE CITY OF ASHEVILLE TO INCLUDE THE HUNTINGTON-CHASE AREA

Mayor Worley said that the public hearing on this matter was held on June 11, 2002.

Urban Planner Paul Benson said that this is the consideration of adopting an ordinance to extend the corporate limits of the City of Asheville to the Huntington-Chase area.

On April 9, 2002, City Council adopted Resolutions of Intent beginning the annexation process for the following five areas: Leicester Highway area, Sherwood Heights area, Huntington-Chase area, portion of Bell Road, Forest Lake area, Mill Stone area, and Kensington-Windsor area. The Annexation Services Plan for all of these areas was approved on April 23, 2002, and the Plan

was amended on June 25, 2002. A public information meeting was held on June 3, 2002. Public hearings on each of annexations were held by City Council on June 11, 2002. Adoption of the annexation ordinances is the final step in the annexation process.

Mr. Benson said that a metes and bounds description and a map are attached to the ordinance. The annexation area does meet the requirements of General Statutes. It is the intent of the City to extend City services outlined in the Annexation Services Plan. On the effective date of the annexation, the City will have funds in sufficient amount to finance all capital expenditures. The effective date of this annexation is June 30, 2003.

At the public hearing, staff recommended that the size of the Huntington Chase Annexation Area be reduced by dropping one of the larger lots out. The lot is classified for tax purposes as "agricultural vacant," is currently unimproved, and is one of two "non-urban" areas in Huntington Chase. It is not part of the Huntington Chase subdivision. The effect of this change is that it causes the qualifications of the remaining area to improve somewhat, but does not cause the area to qualify under any additional tests.

-9-

Mr. Benson said that there were questions about two of the calculations. One was the area of Huntington-Chase. Prior to the amendment the Plan listed it as 62.7 acres for the entire area. Subsequent to the amendment, we listed that area as 51.2 acres, which is 11.5 acre difference. The question was raised accurately that Buncombe County indicates this is a 12 acre parcel. So, we are removing a 12-acre parcel, but only reducing the annexation area by 11.5 acres. The reason for that is the way we calculate the area. Because a lot of the annexation areas involve roads rights-of-way, railroad rights-of-way or situations like that where the acreage is not listed under a particular parcel. Therefore, we can't sum all the parcels in the area and get an area for the annexation. He added that he thinks the numbers that they get from the Buncombe County tax records on those areas are pretty accurate but we could run into problems relying on those solely for the size of the annexation areas. So, we use our GIS software to basically plimeter the perimeter of the area. The original acreage came from plimerating the area and the revised acreage came from the same method. There are a number of ways the .5 acre could have crept in. When going around 8,000 feet of boundary, even with a very precise software program, being a pixel off here and there could amount to a couple thousand square feet. It could also be the size of the parcels shown in the GIS database didn't match exactly what was exactly shown on the survey. The only resolution to a .5 acre in an area of this size, with this much parameter, would be to do an actual field survey. The statutes do not require that and that is not something we have typically done for any of the annexation areas. The City Attorney has reviewed that issue and feels that the variance is well within the margin of error the statutes allow.

Mr. Benson said the other issue was the number of lots. Prior to the amendment, we listed 39 lots in the annexation area. We then removed the lot and listed the number of lots as 39. He explained that the number of lots for this annexation shown in the qualification pages of the annexation plan is not the actual number of lots in the area because we used a non-urban area. Originally, the 12-acre lot was indicated as a non-urban area. When you do that the statutes allow you to just remove that from the qualification calculations. So as far as the calculations were concerned, that lot wasn't in the annexation prior to the amendment. So, for the purpose of determining the percentage of developed lots and the percentage of lots under or over a certain size, that lot wasn't counted. The statutes allowed us to remove it. That is why prior to the amendment that lot had been already removed.

City Attorney Oast said that with respect to the deleted parcel he wasn't sure it was real important how big that parcel is, as long as we are satisfied that the acreage of the area that we are annexing is accurate. We are required under the law to use methods that are calculated to produce reasonably accurate results – they don't require 100% accuracy. He was satisfied this was within the legal margin of error and was satisfied that this is correct.

Councilman Mumpower understands the explanation of the issues, but he didn't think that the property owners clearly understand. He said that he believes the City Attorney in that we don't hold legal liability, but he was uncomfortable with the fog that it creates.

Ms. Nancy Williams, resident of Huntington-Chase, said that she is uncomfortable with the answers when asked if there would be any legal ramifications for postponing this decision. The statutes are clear that Council can adopt the ordinance "no sooner than the 10th day after the public hearing and not later than 90 days." The public hearing was June 11, 2002. Council has 90 days to adopt this annexation ordinance. Once Council adopts the ordinance you can affix an effective date – "no sooner than 70 days and no longer than 400 days." So Council can still keep the June 30, 2003, effective date and give the property owners more time to process it. She said it was unfortunate Council cannot proceed with annexing the others areas because there is an integrated Annexation Services Plan. Ms. Williams said that they picked up the page amendments yesterday afternoon and immediately found the errors Mr. Benson has addressed. She stressed they had a very short time to review them and might find more errors.

Councilman Ellis stressed that at the public hearing on June 11, 2002, Mr. Benson advised Council that there would be a plan amendment to delete the 12-acre parcel and property owners were at that meeting. He felt that over two weeks was adequate time within which to review the amendment.

Staff recommends adoption of annexation ordinance for the Huntington-Chase area, with an effective date of June 30, 2003.

Mayor Worley said that members of Council have previously been furnished with a copy of the ordinance and it will not be read.

Councilman Ellis moved for the adoption of Ordinance No. 2931. This motion was seconded by Councilwoman Jones, and carried on a 6-1 vote, with Councilman Dunn voting "no."

ORDINANCE BOOK NO. 19 – PAGE

D. ORDINANCE NO. 2932 - ORDINANCE EXTENDING THE CORPORATE LIMITS OF THE CITY OF ASHEVILLE TO INCLUDE A PORTION OF BELL ROAD

Mayor Worley said that the public hearing on this matter was held on June 11, 2002.

Urban Planner Paul Benson said that this is the consideration of adopting an ordinance to extend the corporate limits of the City of Asheville to a portion of Bell Road.

On April 9, 2002, City Council adopted Resolutions of Intent beginning the annexation process for the following five areas: Leicester Highway area, Sherwood Heights area, Huntington-Chase area, portion of Bell Road, Forest Lake area, Mill Stone area, and Kensington-Windsor area. The Annexation Services Plan for all of these areas was approved on April 23, 2002, and the Plan was amended on June 25, 2002. A public information meeting was held on June 3, 2002. Public hearings on each of annexations were held by City Council on June 11, 2002. Adoption of the annexation ordinances is the final step in the annexation process.

Mr. Benson said that a metes and bounds description and a map are attached to the ordinance. The annexation area does meet the requirements of General Statutes. It is the intent of the City to extend City services outlined in the Annexation Services Plan. On the effective date of the annexation, the City will have funds in sufficient amount to finance all capital expenditures. The effective date of this annexation is June 30, 2003.

Staff recommends adoption of annexation ordinance for a portion of Bell Road, with an effective date of June 30, 2003.

Mayor Worley said that members of Council have previously been furnished with a copy of the ordinance and it will not be read.

Councilwoman Jones moved for the adoption of Ordinance No. 2932. This motion was seconded by Councilman Ellis and carried on a 6-1, vote with Councilman Dunn voting "no."

ORDINANCE BOOK NO. 19 – PAGE

E. ORDINANCE NO. 2933 - ORDINANCE EXTENDING THE CORPORATE LIMITS OF THE CITY OF ASHEVILLE TO INCLUDE THE FOREST LAKE AREA

Mayor Worley said that the public hearing on this matter was held on June 11, 2002.

Urban Planner Paul Benson said that this is the consideration of adopting an ordinance to extend the corporate limits of the City of Asheville to the Forest Lake area.

On April 9, 2002, City Council adopted Resolutions of Intent beginning the annexation process for the following five areas: Leicester Highway area, Sherwood Heights area, Huntington-Chase area, portion of Bell Road, Forest Lake area, Mill Stone area,

and Kensington-Windsor area. The Annexation Services Plan for all of these areas was approved on April 23, 2002, and the Plan was amended on June 25, 2002. A public information meeting was held on June 3, 2002. Public hearings on each of annexations were held by City Council on June 11, 2002. Adoption of the annexation ordinances is the final step in the annexation process.

Mr. Benson said that a metes and bounds description and a map are attached to the ordinance. The annexation area does meet the requirements of General Statutes. It is the intent of the City to extend City services outlined in the Annexation Services Plan. On the effective date of the annexation, the City will have funds in sufficient amount to finance all capital expenditures. The effective date of this annexation is June 30, 2003.

Staff recommends adoption of annexation ordinance for the Forest Lake area, with an effective date of June 30, 2003.

Mayor Worley said that members of Council have previously been furnished with a copy of the ordinance and it will not be read.

Councilman Ellis moved for the adoption of Ordinance No. 2933. This motion was seconded by Councilwoman Jones and carried on a 6-1 vote, with Councilman Dunn voting "no."

ORDINANCE BOOK NO. 19 – PAGE

F. ORDINANCE NO. 2934 - ORDINANCE EXTENDING THE CORPORATE LIMITS OF THE CITY OF ASHEVILLE TO INCLUDE THE MILL STONE AREA

Mayor Worley said that the public hearing on this matter was held on June 11, 2002.

Urban Planner Paul Benson said that this is the consideration of adopting an ordinance to extend the corporate limits of the City of Asheville to the Mill Stone area.

On April 9, 2002, City Council adopted Resolutions of Intent beginning the annexation process for the following five areas: Leicester Highway area, Sherwood Heights area, Huntington-Chase area, portion of Bell Road, Forest Lake area, Mill Stone area, and Kensington-Windsor area. The Annexation Services Plan for all of these areas was approved on April 23, 2002, and the Plan was amended on June 25, 2002. A public information meeting was held on June 3, 2002. Public hearings on each of annexations were held by City Council on June 11, 2002. Adoption of the annexation ordinances is the final step in the annexation process.

Mr. Benson said that a metes and bounds description and a map are attached to the ordinance. The annexation area does meet the requirements of General Statutes. It is the intent of the City to extend City services outlined in the Annexation Services Plan. On the effective date of the annexation, the City will have funds in sufficient amount to finance all capital expenditures. The effective date of this annexation is June 30, 2003.

Staff recommends adoption of annexation ordinance for the Mill Stone area, with an effective date of June 30, 2003.

-12-

Mayor Worley said that members of Council have previously been furnished with a copy of the ordinance and it will not be read.

Councilman Peterson moved for the adoption of Ordinance No. 2934. This motion was seconded by Vice-Mayor Bellamy and carried on a 6-1 vote, with Councilman Dunn voting "no".

ORDINANCE BOOK NO. 19 – PAGE

G. ORDINANCE NO. 2935 - ORDINANCE EXTENDING THE CORPORATE LIMITS OF THE CITY OF ASHEVILLE TO INCLUDE THE KENSINGTON-WINDSOR AREA

Mayor Worley said that the public hearing on this matter was held on June 11, 2002.

Urban Planner Paul Benson said that this is the consideration of adopting an ordinance to extend the corporate limits of the City of Asheville to the Kensington-Windsor area.

On April 9, 2002, City Council adopted Resolutions of Intent beginning the annexation process for the following five areas: Leicester Highway area, Sherwood Heights area, Huntington-Chase area, portion of Bell Road, Forest Lake area, Mill Stone area, and Kensington-Windsor area. The Annexation Services Plan for all of these areas was approved on April 23, 2002, and the Plan was amended on June 25, 2002. A public information meeting was held on June 3, 2002. Public hearings on each of annexations were held by City Council on June 11, 2002. Adoption of the annexation ordinances is the final step in the annexation process.

Mr. Benson said that a metes and bounds description and a map are attached to the ordinance. The annexation area does meet the requirements of General Statutes. It is the intent of the City to extend City services outlined in the Annexation Services Plan. On the effective date of the annexation, the City will have funds in sufficient amount to finance all capital expenditures. The effective date of this annexation is June 30, 2003.

Staff recommends adoption of annexation ordinance for the Kensington-Windsor area, with an effective date of June 30, 2003.

Mayor Worley said that members of Council have previously been furnished with a copy of the ordinance and it will not be read.

Councilman Ellis moved for the adoption of Ordinance No. 2935. This motion was seconded by Councilman Peterson and carried on a 6-1, vote with Councilman Dunn voting "no."

ORDINANCE BOOK NO. 19 – PAGE

INFORMAL DISCUSSION AND PUBLIC COMMENT

At the request of Mayor Worley, Councilman Dunn said that he would get information for recognition of Mr. Bob Presley, NASCAR drive who contributes significantly to our community.

At the request of Councilman, City Attorney Oast said that he would provide City Council with a memorandum updating them on the police pay grievance matter.

Councilwoman Jones stated that she was sure that all of Council wants to see money budgeted for streets and sidewalks.

-13-

Mr. David Bottom, Huntington-Chase resident, felt that the residents were not given adequate time within which to review the amendments to their area.

ADJOURNMENT

Mayor Worley adjourned the meeting at 4:48 p.m.

CITY CLERK

MAYOR

