

**Tuesday – March 9, 2010 - 3:00 p.m.
Worksession**

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

Absent: None

BUDGET POLICY DIRECTION

City Manager Jackson explained how staff will be asking for clear direction on how to build the next budget.

City Attorney Oast explained the budget adoption process rules on voting.

Chief Financial Officer Ben Durant explained that we are at a financial crossroads. He said that it will take a strategic and structural approach in addressing the budget situation. Staff is prepared to present any analysis that Council needs to help them make the tough decisions. Council may have to consider service level reductions in some areas, a tax rate increase or some combination of both, in addition to the typical balancing strategies.

Budget Update

Budget Director Tony McDowell said that he will provide a brief overview of the: (1) Water Fund; (2) Stormwater Fund; (3) Parking Fund; (4) Transit Fund; (5) Compensation & Health Care Program; (6) General Fund Operating Budget; and (7) General Fund Capital Budget.

Using a chart, he explained the Water Fund Financial Trends from Fiscal Year (FY) 2000 to FY 2009. The Water Resources FY 2010-11 budget forecast is (1) Declining revenues due to current economic conditions; (2) \$1.65 million (5% annually) transferred from Water Resources Revenue to General Fund per Sullivan Act Amendments; (3) Water Resources commodities and materials purchases subject to global market conditions and inflation; (4) Water Resources experienced a 50% increase in debt service payments from FY 2007 to FY 2009; and (5) FY 2011 expenditures are projected to equal revenues.

Water Fund policy recommendations include: (1) Based on bond covenants and debt service obligations a 4% rate increase is needed to meet those commitments; (2) Additionally, a 5% rate increase is needed to offset the Sullivan Act transfer of revenue to the General Fund; (3) Proposed rate increases would apply to consumption charges and the capital improvement fee; and (4) Without a substantial rate increase the alternative approach is to extend the time frame (delay) to accomplish capital improvements.

Using a chart, he explained the Stormwater Fund financial trends. The Stormwater Fund FY budget forecast is (1) Current budget deficit of \$278,000; (2) \$2.3 Million bond for stormwater projects – annual debt service \$190,000; (3) No stormwater rate increase proposals; and (4) \$62,500 expenditure toward street repairs (1/2 year), \$135,000 each year thereafter.

Stormwater Fund policy recommendations include: (1) Eliminate two positions \$78,000; (2) Reduce salary line item by \$100,000 to be paid by ARRA funding for inspections of projects; and (3) Reduce salary line item by \$100,000 to be paid from bond projects that are completed by in-house crews.

Using a chart, he explained the Parking Fund financial trends – operating results. The Parking Fund FY 2009 anticipated revenue includes (1) parking deck & surface lots revenue = \$1,140,000; (2) meters & on-street monthly permits revenue = \$960,000; and (3) parking citations & late fees = \$700,000. Parking Fund FY 2010-11 budget forecast is (1) \$500,000 is included for possible debt reserve on a new parking garage; (2) funding for transit will remain at \$248,116; and (3) revenues will exceed expenses by \$358,000. He explained that there are certain limitations on the use of parking revenues. The primary restriction is revenue that is collected from enforcement of on-street parking must be used to support that operation. Once you fully fund that part of the parking operation with the parking revenue, we have determined that the rest of the money would be free to use for any other public purpose.

Parking Fund policy recommendations include (1) per Parking Plan, continue to build fund balance to \$3,000,000 for future deck construction; and (2) continue Transit Fund transfer at current level or increase by \$51,884 to \$300,000.

Using a chart, he explained the Transit Fund trends – increasing costs and decreasing federal support. The Transit Fund FY 2010-11 budget forecast is (1) Current Forecast: \$880,000 budget imbalance (a) \$390,000 or 8.4% increase in operating expenses; (b) \$457,000 decrease in federal funding; and (c) \$33,000 decrease in fare revenue; and (2) Implement Short-Term System-wide Changes Recommended by the Transit Master Plan (a) Estimated additional annual cost of \$780,000.

Transit Fund policy recommendations include (1) Eliminate all evening service and Saturday service along Routes 4,5,12, and 16 = \$599,000; (2) Limit General Fund Subsidy; (3) Defer implementation of short-term system-wide changes recommended by the Transit Master plan until funding source is identified; (4) Pursue Other Revenue Sources (a) - New fare structure: reduce existing discounts = \$47,000; (b) Transfer additional funding from Parking Fund = \$51,884; and (c) Seek legislative authority to increase motor vehicle fee from \$10 to \$15 under GS# 20-97 = \$310,000; and (4) Work with County Commissioners to establish a motor vehicle fee under GS# 105-557 = \$434,000.

Using a chart, he explained the compensation and benefits financial trends for health care. Compensation and benefit trends include: (1) Salary Increases for Employees: (a) FY05: 3% Merit and 1% COLA; (b) FY06, FY07, FY08: Merit (3-4%) and Market adjustments (0-10%); (c) FY09: 0 %; and (d) FY10: PROPOSED 2% COLA; and (2) Healthcare Cost Increases to Employees: (a) FY 05: 15%; (b) FY 06: 0%; (c) FY 07: 18%; (d) FY 08: -5% (major plan design and category changes); (e) FY09: 0%; and (f) FY10: PROPOSED 5%. Compensation and benefit trends include: (1) Increases in Claims Costs Trending Downward on a Per Person Basis; (2) Average Cost Per Employee is At or Below National Average; and (3) Current Projection of 7% increase which equals 2.1M in revenue and cost reductions.

Compensation and benefits policy recommendations include (1) 1.5M from General Fund and 700K from Employee Contribution and Plan Changes to Cover Projected Costs; (2) 2% cost of living adjustment for employees; and (3) Domestic Partner Benefits Implemented July 1, 2011.

Using a chart, he then showed the Parks subsidies, along with outside agency funding (funding list for current year is \$95,700), (1) Outsourcing/contracting out of parks facilities & programs; (2) Full cost recovery for rental/lease of facilities & parks; (3) Establish a baseline cost recovery for recreational, athletic, & other parks programs; (4) Expansion of non-resident fees; and (5) Reduce outside agency funding by 4% & 8%.

Chief Financial Officer Ben Durant then used charts to review the General Fund Operating Budget financial trends for property tax; sales tax; revenue vs. expenditures; and Fund Balance. The General Fund Operating Forecast for FY 2010-11 includes (1) Current budget gap forecast: \$3.5 million or 3.7% (a) assumes \$2.0 million in departmental cost reductions; (2) Revenues will be flat compared to current budget; (3) No fund balance appropriation; (4)

Expenses will increase due to: (a) Health care & retirement benefit cost increase; and (b) Inflation & employee cost of living adjustment; (5) Subsidies to other funds: (a) \$880,000 increase in Transit subsidy and (b) All other subsidies budgeted at existing levels; and (6) Outside agencies currently projected at existing budget levels.

The General Fund Operating Budget Policy considerations/recommendations include: (1) Pursue additional revenue enhancement opportunities (a) Examples: business privilege licenses, athletic fees, motor vehicle fee; (2) Apply 4% & 8% reduction to outside agencies; (3) Reduce subsidies to other fund & propriety-type funds; (4) Maintain existing funding for core/basic services; (5) Pursue further cost reductions for non-essential services; (6) Preserve fund balance for one-time or emergency use only; and (7) Seek legislative partnerships/additional revenue authority.

He provided Council with a history of the business privilege licenses. Business privilege options (1) restore retail, service & wholesale rates to previous levels (a) additional revenue would be \$100,000 (i) \$80,000 retail; (ii) \$15,000 service; and (iii) \$5,000 retail; (2) typical (median) business would see \$15 annual increase; and (3) if manufacturing were adjusted back to prior levels there would be a \$6,000 revenue gain.

The General Fund Capital Budget financial trends include (1) Capital program enhanced in FY07 & FY08 with the use of fund balance & increased General Fund support; (2) Since the onset of the economic downturn, General Fund capital support has declined by **16%**; (3) Discretionary funding for capital improvements is limited; and (4) Debt service projected to decline by **\$1.0 million** in FY12 & by another **\$1.0 million** in FY14.

He used a chart to show the debt service trends.

The General Fund Capital Budget FY 2010-11 budget forecast:

Current General Fund capital allocation:	\$7.8 million
Less existing debt service:	<u>- 5.2 million</u>
Resources left for equipment, facility maintenance & major capital improvements	\$2.6 million

Additionally, \$1.6 million is available in Sullivan Act funding for street & sidewalk improvements related to water projects.

General Fund Capital Budget FY 2010-11 budget forecast immediate infrastructure and equipment needs consist of (1) City Hall exterior repairs - \$5.5 Million; (2) vehicle replacement- \$4.5 Million; (3) annual paving program - \$752,300; (4) annual sidewalk maintenance- \$150,000; (5) Civic Center maintenance and repairs - \$400,000; (6) Municipal Building maintenance - \$250,000; (7) and Parks centers and facilities - \$500,000.

General Fund Capital Budget policy recommendations include (1) Staff will “zero-base” the capital budget to determine most effective use of the limited funding; and (2) Recommend that future debt service savings be earmarked for capital improvements: (a) FY 2011-12: \$1.0 million; and (b) FY 2013-14: Additional \$1.0 million.

In summary, (1) the General Fund budget and the Capital Improvement Plan gaps are structurally in nature; (2) discretionary funding is limited; and (3) Council policy direction on staff recommended budget balancing strategies.

The budget calendar is as follows: (1) March 23 – adoption of fees; (2) March 24 – April 23 - staff finalizes proposed budget; (3) May 11 – budget presentation; (4) May 25 – budget worksession/public hearing; and (5) June 22 – budget adoption.

Throughout the presentation, Mr. McDowell and Mr. Durant responded to various questions/comments from Council, some being, but are not limited to: concern of the Transit Fund's operating costs continually increasing; the City is improving transit; however, the community is not seeing the benefits; request to contact Representative Shuler and Senators Burr and Hagan to work on the City's behalf to keep the \$457,000 of federal funding for the transit system; should the City switch from an 80/20 plan to the 70/30 state plan to save money; what is the ratio of City contributions to health care vs. employee contributions; what does a 5% increase in premiums mean to the employees; why are transit costs increasing so much; what is the annual cost of 1% salary increase; what is our current debt service for; could the water rate structure be adjusted to build in an exemption so that small businesses would not see their rates go up; what is the schedule of rate increased promised to bond holders and what does it mean if we don't raise rates; when will the Housing & Community Development Committee make recommendations on outside agencies; and what type of budget problem do we have, e.g., is a tax increase needed in order to provide new services or rather is it needed for continuation of our existing services; has the City looked at the state's plan regarding smoking and obesity; over the near future do we have enough projects that will meet the criteria for the use of the 5% annual transfer per the Sullivan Act amendments; and has staff performed an analysis of reducing garage collection to bi-weekly in order to reduce fuel consumption and extend the life of the vehicles.

Each Council member expressed their preference on outside agency funding, noting that the Housing & Community Development Committee will bring their recommendations forward to the full Council.

There was a brief discussion regarding the water rate increase and each Council member voiced what percentage, if any, they would be willing to support. At Mayor Bellamy's request, it was the consensus of Council to instruct Water Resources Director Steve Shoaf to provide additional information to justify the need for a rate increase, in addition to a schedule showing the impacts by rate class.

Council members then voiced whether they would be supportive of a tax increase or possibly reducing Fund Balance to balance the budget. In addition, Council would like to see the City Manager's vision of the budget.

Councilwoman Manheimer moved to continue this budget worksession until Tuesday, March 23, 2010, at 2:00 p.m. in the First Floor North Conference Room of City Hall. This motion was seconded by Councilman Russell and carried unanimously. Mayor Bellamy asked that Council be provided as much information as possible prior to the worksession.

**Tuesday – March 9, 2010 - 5:00 p.m.
Regular Meeting**

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

Absent: None

PLEDGE OF ALLEGIANCE

Mayor Bellamy led City Council in the Pledge of Allegiance.

INVOCATION

Councilwoman Manheimer gave the invocation.

I. PROCLAMATIONS:

II. CONSENT AGENDA:

Councilman Russell asked that Consent Agenda Item "G" be removed from the Consent Agenda for an individual vote.

- A. APPROVAL OF THE MINUTES OF THE REGULAR MEETING HELD ON FEBRUARY 23, 2010**
- B. RESOLUTION NO. 10-57 - RESOLUTION AUTHORIZING THE MAYOR TO CONVEY SANITARY SEWER EASEMENTS AT THE WEST ASHEVILLE PARK TO THE METROPOLITAN SEWERAGE DISTRICT FOR THE MORRIS STREET AND TALMADGE COURT SEWER REHABILITATION PROJECT**

Summary: The consideration of a resolution authorizing the Mayor to convey sanitary sewer easements at the West Asheville Park, identified as PIN # 962891984800000, to the Metropolitan Sewerage District for the Morris Street and Talmadge Court Sewer Rehabilitation Project.

The Metropolitan Sewerage District (MSD) is preparing to make improvements to existing sanitary sewer lines on Talmadge Court and Morris Street. The project arose when the City of Asheville planned to replace the water lines and follow up with street improvements which are greatly needed. MSD would like to coordinate their sanitary sewer line improvements prior to the pavement replacement.

In order to do execute this work, MSD needs to replace a lateral sewer line that connects the aforementioned right-of-way upgrades to the main sewer line that is located within West Asheville Park. MSD replaced this main sewer line within West Asheville Park last year which the City Council approved on February 28, 2006. MSD will replace the 6 inch clay sewer line with an 8 inch ductile iron pipe.

This line replacement is located at the southeastern corner of the park where it would not impact the site or the activities that are programmed within it. MSD is requesting a permanent easement for the line that is being replaced in the park, being approximately 1514 square feet (0.03 acre). MSD is also requesting a temporary construction easement being approximately 1550 square feet directly adjacent to the permanent easement. The park property will be restored upon the completion of the work by MSD. Work for the project is scheduled for April of 2010.

Pros:

- Improved sanitary sewer service for the community
- Minimal impact to the park property
- Proposed line replaces the existing, poor line
- Work is being coordinated with other utilities and agencies

Con:

- Easement is being dedicated

No monetary consideration involved in this conveyance.

City staff recommends City Council to adopt the resolution authorizing the conveyance a sanitary sewer easement at the West Asheville Park to the Metropolitan Sewerage District for the Morris Street and Talmadge Court Sewer Rehabilitation Project.

RESOLUTION BOOK NO. 32 – PAGE 408**C. RESOLUTION NO. 10-58 - RESOLUTION AUTHORIZING THE MAYOR TO CONVEY SANITARY SEWER EASEMENTS AT THE MURPHY OAKLEY PARK TO THE METROPOLITAN SEWERAGE DISTRICT FOR THE LIBERTY STREET SEWER REHABILITATION PROJECT**

Summary: The consideration of a resolution authorizing the Mayor to convey sanitary sewer easements at the Murphy Oakley Park, identified as PINs # 965758112100000, 965758140200000, 965748833600000, and 965758350700000, to the Metropolitan Sewerage District for the Liberty Street Sewer Rehabilitation Project.

The Metropolitan Sewerage District (MSD) is preparing to make improvements to existing sanitary sewer lines adjacent to Liberty Street. Part of this project includes the replacement of sewer lines located in Murphy Oakley Park. Currently, the 6 and 8 inch clay lines in the park are in poor condition and have resulted in sewer overflows and numerous maintenance issues. MSD plans to replace these existing lines with new 8 inch ductile iron pipe.

The existing and proposed line replacement is within the eastern side of the park. MSD is relocating the placement of some of the existing lines in portions of the site to avoid impacting existing park features such as the playground. The proposed lines will not impact the site or the activities that are programmed within it except for the loss of some parking spaces temporarily. MSD is requesting a permanent easement containing approximately 19,001 square feet (0.249 acre) for the line that is being replaced in the park. MSD is also requesting adjacent temporary construction easements that total approximately 26,483 square feet. The park will be restored upon the completion of the work by MSD. Bids for the project are scheduled for July of 2013.

Pros:

- Improved sanitary sewer service for the community
- Minimal impact to the park property
- Proposed line replaces the existing, poor line

Con:

- Easement is being dedicated

No monetary consideration involved in this conveyance.

City staff recommends City Council to adopt the resolution authorizing the conveyance a sanitary sewer easement at the Murphy Oakley Park to the Metropolitan Sewerage District for the Liberty Street Sewer Rehabilitation Project.

RESOLUTION BOOK NO. 32 – PAGE 410**D. RESOLUTION NO. 10-59 - RESOLUTION AUTHORIZING THE CITY CLERK TO ADVERTISE AN OFFER TO PURCHASE PROPERTY OFF SHORT STREET**

Summary: The consideration of a resolution directing the City Clerk to advertise an offer to purchase property off Short Street (PIN # 9649-11-8703-00000).

The City of Asheville is the owner of a 0.12+/- acre lot located off of Short Street at Cumberland Place in the Montford Neighborhood. The lot is level and the current zoning of the parcel is RM-8. The land off of Short Street was acquired by the City as part of the Head of Montford Redevelopment Project. On January 7, 2010, the City received a bid for this property from BK Property Partners in the amount of \$71,000. This bid was generated with input from two

separate appraisals: one appraisal, dated August 5, 2009 procured by the potential buyer, at \$60,000; and the other appraisal, dated October 30, 2009 procured by the City of Asheville, at a price point of \$86,000. The bid put forth by BK Property Partners at \$71,000 is slightly below the average of the two appraisals. Approval of the resolution will initiate the sale of the property through the upset bid process as provided in N. C. G. S. 160A-269.

This action complies with the strategic operating plan in that income from the sale of this property will directly benefit the Community Development Block Grant (CDBG) Program, thus providing funding towards affordable housing.

Pros:

- The sale will be at fair market value as established by the upset bid process.
- It will return property not needed for public use to the tax rolls.
- It will transfer responsibility for maintenance to the private sector.

Con:

- There is no negative impact.

Once final, the proceeds from the sale of this parcel will be CDBG Program Income.

Economic Development staff recommends City Council approve a resolution directing the City Clerk to advertise an offer to purchase property off of Short Street, (PIN # 9649-11-8703-00000).

RESOLUTION BOOK NO. 32 – PAGE 412

E. RESOLUTION NO. 10-60 - RESOLUTION AUTHORIZING PRIMARY AND SECONDARY AGENTS REPRESENTING THE CITY OF ASHEVILLE TO APPLY FOR ASSISTANCE AND OBTAIN FINANCIAL ASSISTANCE FOR THE SEVERE WINTER STORM DURING THE PERIOD DECEMBER 18-25, 2009

Summary: The consideration of a resolution authorizing primary and secondary agents for the City of Asheville to apply for assistance and obtain financial assistance for the severe winter storm during the period, December 18, 2009 thru December 25, 2009, designated as a disaster and identified as FEMA–1871–DR–NC.

During the period December 18, 2009 thru December 25, 2009 Western North Carolina including Buncombe County and the City of Asheville experienced a sever winter storm.

Staff met with the North Carolina Division of Emergency Management, Federal Emergency Management Agency Administration (FEMA) and Buncombe County and concluded Buncombe County would be eligible for assistance through FEMA. Reimbursable include brush collection and removal, emergency generator use at the water plants and some emergency services. Actual removal of snow from the roadways was not eligible. On the basis of the information gathered, Governor Beverly Purdue signed an emergency declaration to help fifteen (15) Western North Carolina Counties. Governor Purdue subsequently received a federal disaster declaration on February 2, 2009, from FEMA for the snow and ice storms in December.

North Carolina's Division of Emergency Management requires primary and secondary agents representing the City of Asheville be authorized by resolution to execute and file applications for federal and/or state assistance on behalf of the City of Asheville for the purpose of obtaining certain state and federal financial assistance under the Robert T. Stafford Disaster Relief & Emergency Assistance Act (Public Law 93-228 as amended) or as otherwise available.

This action complies with the City Council Strategic Operating Plan, Fiscal Responsibility by proactively pursuing funding with state and federal governments.

Pro:

- Recovery of costs associated with a declared disaster.

Con:

- Failure to designate primary and secondary agents representing the City of Asheville will result in a loss of eligibility to recover disaster costs.

Funds received will offset general fund expenditures, preliminary estimated at approximately \$200,000.

City staff recommends City Council adopt a resolution authorizing Richard Grant, Administrator of Public Works Services, and Cathy Ball, Director of Public Works, as primary and secondary agents to apply for assistance and obtain financial assistance for the severe winter storm in December.

In response to Mayor Bellamy, Public Works Director Cathy Ball explained that we have incurred approximately \$700,000 (using FEMA rates) in expenses; however, under FEMA guidelines we are eligible to apply for reimbursement of \$200,000 only. So far this year we have spent approximately \$550,000, which is approximately \$300,000 more than we have. She clarified that some of the \$200,000 reimbursement will have to go back in to the Water Fund.

RESOLUTION BOOK NO. 32 – PAGE 413

F. RESOLUTION NO. 10-61 - RESOLUTION AUTHORIZING THE MAYOR TO EXECUTE, ON BEHALF OF THE CITY OF ASHEVILLE, A FEDERAL AVIATION GRANT AGREEMENT FOR FISCAL YEAR 2010 PART A

Summary: The consideration of a resolution authorizing the Mayor to approve a Grant Offer from the Federal Aviation Administration (FAA) in the amount of \$902,490.

Due to the current continuing resolution in place for the FAA, the grants for Fiscal Year 2010 are being issued in two separate phases, Part A and Part B. The final grant agreement for Fiscal Year 2010 Part A, which is still being prepared by the FAA – Atlanta Airports District Office, must be executed and returned to the FAA by March 17, 2010.

The Fiscal Year 2010 Part A grant is anticipated to total \$902,400 and will be used as a reimbursement of design and professional costs related to the recent terminal renovation project at the Asheville Regional Airport. The Asheville Regional Airport Authority has fully funded this expense including the matching share and no financial assistance is required from the City of Asheville in the acceptance of this Grant Offer.

This is consistent with the City's Strategic Plan for 2010-11 in several ways: (1) leverages partnerships for capital improvements; (2) pursues funding opportunities with federal government; (3) promotes multi-modal transportation; and (4) promotes partnership in regional economic development strategies.

Pro:

- Supports service enhancements at Airport

Con:

- None noted

Staff recommends adoption of the resolution authorizing the Mayor to execute the grant agreement for Fiscal Year 2010 Part A.

RESOLUTION BOOK NO. 32 – PAGE 414

G. BUDGET AMENDMENT TO SET UP A PROJECT BUDGET FOR THE TRANSIT STREET FURNITURE IMPROVEMENT PROJECT

This item was pulled off the Consent Agenda for an individual vote.

H. ORDINANCE NO. 3829 - BUDGET AMENDMENT TO SET UP A PROJECT BUDGET FOR NEEDED REPAIRS TO THE TRANSIT OPERATIONS GARAGE ROOF

Summary: The consideration of a budget amendment, in the amount of \$125,000, to set up the project budget for needed repairs to the transit operations garage roof.

The purpose of the project is to repair the roof at the transit operations garage. The subject building, which was constructed in 1971, is a one-story steel and masonry structure containing about 12,600 square feet. The current roof is an EPDM ballasted roof that was installed in 1985. The membrane on the roof has deteriorated to the point that leaking is occurring in the parking shed, vehicle maintenance area, and offices during rain events. This leaking not only creates a safety hazard with the electrical wiring and equipment in the garage but it has also caused the wood to rot around the skylights and flashing at the mechanical units.

The existing insulation has also been damaged and is therefore not energy efficient. It needs to be replaced in the areas where the water damage has occurred. We do not know at this time if any major structural damage has occurred.

The project would replace the existing roof with a new EPDM mechanically adhered roofing system, which would meet current energy conservation requirements and it would provide savings in energy consumption.

The total cost of the project is \$125,000. Federal Funds would provide 80% of the cost, which equates to \$100,000 and the remaining \$25,000 would come from the Transit Capital Reserve Fund, which currently has a balance of \$271,000 (\$240,000 is earmarked for the purchase of five buses and \$6,000 is earmarked for the purchase of two service vehicles during Fiscal Year 2010-11)

The project is scheduled to take place during the next five months.

This action complies with the City Council 2009-10 Strategic Operating Plan within the Sustainable Focus Area by leveraging funding from the Federal Transit Administration (FTA) to address the City's aging facilities.

The Transit Commission supports the subject project.

Pros:

- Provides needed maintenance to an aging facility.
- Helps to make the building safe and more energy efficient which should generate savings in energy consumption.
- Federal Funds will provide 80% of the total project cost, which equates to \$100,000.

Cons:

- The total cost of the project is \$125,000.
- The City's share of the total cost of the project is \$25,000.

The total cost of the subject project is \$125,000. Federal Transit Funds in the amount of \$100,000 that are available for transit capital projects and preventive maintenance will cover 80% of the cost. City Funds in the amount of \$25,000 that are available from the Transit Capital Reserve Fund will cover the remaining 20% of the cost. A budget amendment is provided to appropriate these funds.

Staff recommends that City Council adopt a budget amendment, in the amount of \$125,000, to set up the project budget for the Transit Operations Garage roof repairs.

ORDINANCE BOOK NO. 26 – PAGE

Mayor Bellamy asked for public comments on any item on the Consent Agenda, but received none.

Mayor Bellamy said that members of Council have been previously furnished with a copy of the resolutions and ordinances on the Consent Agenda and they would not be read.

Councilman Bothwell moved for the adoption of the Consent Agenda. This motion was seconded by Councilman Davis and carried unanimously.

ITEM PULLED OFF CONSENT AGENDA FOR INDIVIDUAL VOTE

G. ORDINANCE NO. 3828 - BUDGET AMENDMENT TO SET UP A PROJECT BUDGET FOR THE TRANSIT STREET FURNITURE IMPROVEMENT PROJECT

Summary: The consideration of a budget ordinance, in the amount of \$60,000, to set up the project budget for the Transit Street Furniture Improvement project.

The purpose of the project is to install transit street furniture in high demand locations serving low-income areas and/or employment areas along the main corridors served by the transit system.

The Asheville Transit System (ATS) is a consolidated bus service that has been operating for more than 30 years. Currently, the fleet serves primarily transit dependant groups (low-income level groups represent 91% of the ridership). The geographic coverage of the Asheville Transit System (ATS) includes 90 percent of the households in high-density areas are within ¼ mile of a transit route.

During the last three fiscal years, the Asheville Transit System (ATS) has experienced an annual growth rate of 5.3% in ridership. New routes have been developed and new bus stops have been installed to accommodate the growing demand along the routes. Most of the bus stops do not offer comfortable facilities or protection from the weather; therefore, creating an unfriendly environment that directly impacts the riders. This project will improve transit infrastructure resulting in a positive impact to the riders.

The project will be financed with funds received from a Community Development Block Grant (CDBG) in the amount of \$60,000 that was approved during March 2009. The project includes purchasing five bus shelters, trash cans, and signs and installing the bus shelters including concrete pads and accessible routes (if needed). The project also includes installing concrete pads at Top-A-Stop locations.

The bus shelters are proposed to be located at the following locations:

- US 25 (Hendersonville Road) and Caribou Rd.

- US 19-23 (Patton Avenue) and Florida Avenue
- US 70 (Tunnel Road) and SR 2002 (Riceville Road)
- SR 3548 (Haywood Road and Ridgelawn Avenue)
- Granada Street at Pisgah View Apartments

The project is scheduled to occur later this year after completion of the permit process with the North Carolina Department of Transportation (NCDOT) and the City's Building and Safety Department.

This action complies with the City Council 2009-10 Strategic Operating Plan within the Sustainable Focus Area by leveraging funding from other funding sources for regional transportation improvements.

The Transit Commission supports the Transit Street Furniture project and the use of CDBG monies to fund it.

Pros:

- Helps supports the overall transit services experience.
- Provides a friendly environment (comfortable facilities and protection from the weather) to the riders.

Cons:

- The project has a total cost of \$60,000.
- There will be ongoing future maintenance and/or repair costs for the street furniture.

The current Transit capital budget does not include funding for the street furniture project. Thus, Transit's capital budget will need to be increased in the amount of \$60,000 through a budget amendment. The source of funds for the capital budget amendment is \$60,000 transfer from the Community Development Block Grant (CDBG) Funds. As result of the CDBG funding, there is no net financial impact on the Transit Fund.

Staff recommends that City Council adopt a budget ordinance, in the amount of \$60,000, to set up the project budget for the Transit Street Furniture Improvement project.

In response to Mayor Bellamy, Public Works Director Cathy Ball explained the term street furniture.

Councilman Russell could not support the motion due to our deficit in transportation increasing over the last several years.

Vice-Mayor Newman moved to adopt Ordinance No. 3828. This motion was seconded by Councilwoman Manheimer and carried on a 6-1 vote, with Councilman Russell voting "no."

ORDINANCE BOOK NO. 26 - PAGE

III. PRESENTATIONS & REPORTS:

A. BOARD OF ADJUSTMENT UPDATE

Mr. Robert Middlemas, Chair of the Board of Adjustment, updated Council on the Board of Adjustment's key accomplishments for 2009 and their goals for 2010. He said that the Board of Adjustment for the City of Asheville is governed by the terms of N.C. Gen. Stat. Sec. 160A-388.

The Board is a "quasi-judicial" administrative body that operates on a level between the enforcement officers and the courts. This Board is charged with hearing and deciding

applications for approval of variances from the terms of Chapter 7 of the Code of Ordinances except where this Chapter places responsibility for hearing or considering such a variance with another body. The concurring vote of four-fifths of the members of the Board is necessary to reverse any order, requirement, decision, or determination of any administrative officer charged with the enforcement of Chapter 7 of the Code of Ordinances.

The Board of Adjustment for the City of Asheville includes five regular members and seven alternate members. Four regular members and five alternate members who are residents of the City of Asheville are appointed by the Asheville City Council. The other regular member and two alternate members are by the Buncombe County Board of Commissioners and reside outside the corporate boundaries of the city but within the city's extraterritorial planning area.

The Board of Adjustment convenes once a month for public hearings. Mr. Robert Middlemas was elected Chairman and Ms. Esther Manheimer was elected Vice-Chair for the 2009 – 2010 calendar year.

Tally of cases heard before the Board for 2009 include: 11 regular meetings; no special meetings; 1 meeting cancelled; 17 zoning variances granted; 1 zoning variance denied; 4 sign variances granted; 5 sign variances denied; 1 appeal upholding the Planning Director's decision; no appeals overruling the Planning Director's decision; 1 appeal tabled pending possible court litigation; and 28 (out of 29 cases) rules consistent with staff's recommendation.

He then explained the criteria used for zoning variances and sign variances.

On behalf of City Council, Mayor Bellamy thanked Mr. Middlemas for his leadership and the entire Board of Adjustment for their service on this Board.

B. RECREATION BOARD UPDATE

Mr. Scott Barnwell, Chair of the Recreation Board, said that the mission of the Recreation Board is to advise the City of Asheville in matters affecting recreation policies, programs, finances and land acquisition related to total community recreation programs.

Key accomplishments include: (1) The Executive Committee revised the board by-laws that were first approved by City Council in 1964 with various updates since then, and participated in designing the overall board orientation and development program, including the New Board Member Mentoring program; (2) Supported capital improvement priorities at the WNC Nature Center as requested by the Friends of the Nature Center; (3) Approved the revision to the Recreation Division snow day and inclement operation policy to consolidate operations to be more cost efficient, effective in responding to customer needs, and considerate to the safety of staff and participants during potentially hazardous weather conditions; (4) Approved and recommended to City Council the proposed layout of the 2009 Bele Chere festival boundaries; (5) Approved the revisions to the facility rental fee adjustment policy so staff and the Recreation Advisory Board have clear guidelines when responding to such requests from outside organizations; (6) Approved and recommended to City Council the proposed rental fees for the first phase of Pack Square Park; (7) Recommended to City Council the fee schedule adjustment for the Asheville Municipal Golf Course beginning FY 2010-2011 that will include a range in fees. The adjustment provides the opportunity to deal with seasonality and weather issues that occur at the golf course, and to position the course to remain competitive with other golf courses in the area; (8) Recommended to City Council the creation of the proposed Riverfront Redevelopment Commission to be charged with upholding the sustainability and continued development of Asheville's riverfront; (9) Recommended to City Council to prohibit smoking in all City of Asheville parks and greenways in response to the North Carolina General Assembly enactment of a law giving local governments increased authority to regulate smoking, and signed by Governor Bev Perdue; and (10) Enhanced the partnership with the WNC Disc Golf Club by recommending the addition of an 18-hole disc golf course at Richmond Hill Park with no fiscal impact to the City.

2010 Goals include (1) Board development; (2) Involvement in the budget process; (3) Relationship building; (4) Advocacy; and (5) Develop and maintain partnerships with Asheville Parks and Greenways Foundation, Friends of Nature Center, Buncombe County Parks and Recreation, and Pack Square Conservancy.

In response to Councilman Bothwell, Mr. Barnwell explained the partnership with WNC Disc Golf Club and how they have donated equipment and materials.

In response to Mayor Bellamy, Parks, Recreation & Cultural Arts Director Roderick Simmons explained our relationship with the Parks and Greenways Foundation. He said that he would be happy to provide Council with a list of projects they have helped raised funds for or funded over the years.

On behalf of City Council, Mayor Bellamy thanked Mr. Barnwell for his leadership and the entire Recreation Board for their service on this Board.

C. ECONOMIC STIMULUS PACKAGE UPDATE

RESOLUTION NO. 10-62 - RESOLUTION AUTHORIZING THE CITY MANAGER TO ENTER INTO AN AGREEMENT WITH MATRIX SYSTEMS FOR A CARD ACCESS AND CAMERA SECURITY SYSTEM FOR THE CITY OF ASHEVILLE

American Recovery & Reinvestment Project Manager Brenda Mills said that as part of city staff's recurring American Recovery & Reinvestment (ARRA) update to Asheville City Council, staff is seeking Council approval of the following:

- A resolution authorizing the City Manager to enter into a Contract with Matrix Systems for the Card Access and Camera Security System for the Municipal Building, APD Firing Range, Public Works and City Hall. The total bid estimate is \$239,049. The portion for the Municipal Building and Firing Range is \$200,945 which will be covered by the 2009 JAG ARRA Grant. The JAG ARRA Grant Budget was approved by Council August 11, 2009. The balance of the bid, \$38,104 will cover Public Works and City Hall and will be paid from the budgeted Capital Project for security.
- Update on the Local Energy Assurance Planning (LEAP) grant from the Department of Energy which was awarded to the City of Asheville.

Card Access & Camera Security System

The upgrade to the Municipal Building key card access system, surveillance cameras, and alarm systems will greatly increase controlled access and security for Police Headquarters. Installation of access controls for the firing range and security cameras will increase the security and accountability associated with APD's firing range/training building.

Other locations are leveraging the investment being made at the Municipal Building to allow for an integrated access control and camera security system for City facilities. The system is capable of significant expansion in the future as the city grows, and will provide more efficient and cost effective maintenance and operations.

This action complies with City Council's Strategic Operating Plan in the Focus Areas - Safe - Asheville will be one of the safest and most secure communities when compared to similar cities.

The purchase and implementation of a card access and security camera system will greatly enhance the safety of our Citizens and City of Asheville Staff. These enhancements will also assist in the accountability for city property as a theft deterrent.

Pros:

- Increase safety for City Employees and facilities
- Increased safety for our communities
- Increased security of city property

Con:

- Maintenance cost

Funds are currently included in the budget to cover the acquisition costs of this system. The total bid cost of \$239,049 will be covered by \$200,945 in ARRA funds and \$38,104 in city capital project funds. The equipment comes with a two year warranty plus an extended warranty through five years. Beyond this period the City of Asheville will be required to maintain the overall operations and maintenance of the equipment. The Municipal and Firing Range enhancement will be fully covered by the ARRA Grant funding. The balance will be funded by the Security Project Capital, which has already been budgeted.

It is estimated that service extensions would run \$15,000 per year. These costs will be added to the departmental operating budget at the beginning of the sixth year.

The expected useful life of these systems are 10-15 years. The replacement costs will be at the expense of the department associated with the security equipment.

Local Energy Assurance Planning (LEAP) Grant Award - \$209,940

After the fuel shortage in 2008, Land-of-Sky Regional Council was asked to take advantage of its position as an intergovernmental agency with established partnerships with the region's five county governments and 17 municipal governments to aid in the fuel planning process with preliminary work occurring in January 2009. In response to NC League of Municipalities Emergency Fuel Use Survey conducted in the fall of 2008, the Land-of-Sky Regional Council hosted a meeting to address the most recent regional fuel shortage. The survey showed that over two thirds of the local governments expressed interest in a regional collaboration to mitigate the effect of future fuel shortages.

The governments all wanted to ensure that emergency services would be able to continue to offer fire protection, ambulance service, and police protection. They hoped a plan could be developed for better communication between municipalities to ensure continuation of services, and they were willing to work together as a region to establish conservation in times of crisis, levels of fuel alters, and other specific details.

A goal of the American Recovery and Reinvestment Act, in part, is to "facilitate recovery from disruptions to the energy supply" and "enhance reliability and quicker repair of outages." The "Local Energy Assurance Planning" (LEAP Initiative) focuses on developing new, or refining existing, plans to integrate new energy portfolios (renewable, befouls, etc.) and new applications, such as SMART Grid technology, into energy assurance and emergency preparedness plans. The grant encourages regional participation and requires a city to be the grant applicant. For this grant, the City of Asheville is the grant applicant and fiscal agent for the grant with the Land-of-Sky Regional Council would manage implementation of the project.

The City of Asheville, in partnership with 22 local governments, designed the Regional Fuel Project to plan for economic and emergency service disruptions caused by the fuel shortages in Western North Carolina. This funding will further allow our region to address dramatic, recurring and anticipated future fuel shortages and the need for revised and new

energy assurance plans. Being multi-jurisdictional, this planning process has the following objectives:

- Improve the region's readiness for a fuel emergency
- Integrate emergency fuel planning components as recommended by the Public Technology Institute and N.C. State Energy Office into local emergency response plans.
- Develop a Regional Strategic Fuel Plan to integrate critical elements of the emergency energy plans in the five-county region
- Establish local expertise in emergency fuel management and alternative fuels
- Diversify the region's fuel portfolio, reduce carbon emissions, and air pollution and reduce impacts from energy supply disruptions
- Create and maintain jobs through grant support, project management and transfer of expertise

Pros:

- The Regional Strategic Fuel plan will enable the region to better endure a fuel shortage without breaks in vital services such as law enforcement, volunteer and municipal fire protection, and other emergency services.
- The LEAP grant if funded, will give the region the tools to better manage future fuel crisis and mitigate the reliance on fuel from a single source for a more energy independent future.
- Creation of more current or up-to-date energy assurance plans.

Con:

- The City of Asheville will be bear responsibilities as the fiscal agent of the grant for a regional project. This will include ARRA reporting requirements.

This is a 100% non-matching grant.

City staff recommends City Council adopt the resolution authorizing the City Manager to enter into a contract with Matrix Systems for a Card Access and Camera Security System for The City of Asheville.

Ms. Mills responded to Councilman Bothwell when he asked what kind of staff report will be necessary in administering the LEAP grant.

When Mayor Bellamy asked for public comments, none were received.

Mayor Bellamy said that members of Council have been previously furnished with a copy of the resolution and it would not be read.

Councilman Smith moved for the adoption of Resolution No. 10-62. This motion was seconded by Councilman Bothwell and carried on 6-1 with Councilman Russell voting "no."

RESOLUTION BOOK NO. 32 – PAGE 415

D. SUPPORT OF ASHEVILLE AREA BROADBAND STIMULUS REQUEST

Mr. Wally Bowen, Executive Director of Mountain Area Information Network, explained the Community Cloud Computing (CCC) Project which will be the nation's first open-source "Community Cloud Computing" platform.

He made the following points to Council:

- Cloud computing allows a user to operate software and services via remote servers rather than their own computer. Instead of purchasing a CD loaded with software, the user accesses the application via the Internet for free, or at greatly reduced cost. Google's email and other free applications are basic examples of "cloud computing."
- A community-based cloud computing platform can level the playing field for individuals, local businesses, and nonprofits which, unlike Fortune 500 companies, do not have affordable access to advanced information technology (IT) expertise and infrastructure. As the nation's first cloud platform designed for a grassroots community, CCC is a strong example of the innovative uses Google is seeking for its Gigabit broadband demonstration network.
- For example, the CCC will provide advanced services like routine data-backup (hourly, daily, weekly, etc.) to prevent the catastrophic loss of one's business or personal data when a computer hard drive fails. Another possible offering is merchant credit-card services (in partnership with a local bank) with a "buy local" points/rewards program to encourage support of locally-owned businesses.
- Imagine a local artist who wants to build her own website but cannot afford an expensive website-builder program (e.g. DreamWeaver) that will be used once and then put on the shelf. The CCC will provide a free open-source alternative, or purchase multi-user licenses of DreamWeaver. The local artist could then access the software via the CCC for only the amount of time she needs it, paying just a fraction of the full purchase price.
- This same scenario applies to other professionals (e.g., videographers, web programmers) and at-risk populations (e.g. citizens with disabilities and special needs students) who could benefit from advanced Web applications and greater computing power, if only they could afford them.
- The CCC will provide a low-cost "collaboration" platform for our digital media producers and web developers. For example, local videographers could collaboratively assemble and edit "shared-source video," allowing them to tackle more complex projects and complete them faster and more efficiently. The bandwidth required for large, complex video productions – especially in high-definition – exceeds the capacity of most local professionals. The CCC will provide this additional bandwidth "as-needed," plus advanced editing and other production tools that – if purchased or leased individually – would be cost-prohibitive for most local video professionals.
- A major CCC goal is to empower a region-wide shift from "outsourcing" to "local-sourcing" among business, nonprofit, and governmental sectors. The CCC will employ "single sign-on authentication" so that users can move easily and securely through the entire CCC ecosystem without having to repeatedly provide a username and password. As privacy concerns nationwide continue to rise, this locally-controlled CCC will be increasingly valued as a privacy oasis.
- We are currently seeking input from key agencies and organizations to determine specific needs the CCC platform could meet in the project's 24-month phase-one implementation.
- Federal broadband stimulus is also available for Public Computing Centers (PCC) and Sustainable Broadband Adoption (SBA) projects to expand broadband access and adoption. The CCC will host tools, applications, and training modules for PCC and SBA projects to help extend broadband access and digital-literacy training to citizens bypassed by the digital revolution. Basing these tools and services on a CCC platform

will reduce project start-up and operating costs, thereby enhancing their long-term sustainability – a primary requirement for federal broadband stimulus funding.

- The PCC and SBA projects will also include an innovative use of low-cost “thin client” (stripped down) laptops configured for exclusive use only when connected to the CCC platform. The laptops will feature a GPS-enabled (and/or IP-based) tracking capability to ensure that vulnerable populations can use these laptops with a reduced concern for theft.
- Asheville and WNC are well-positioned to sustain complementary PCC/SBA stimulus projects beyond the 24-month funding period. We may be the only region in the United States with both a nonprofit “last-mile” wireless broadband provider (Mountain Area Information Network, founded in 1995) and several nonprofit “middle-mile” fiber providers (NC-REN, ERC Broadband, Pangaea, and French Broad Electric Co-Op). These complementary wireless and fiber networks have the IT security expertise and robust, scalable infrastructure to implement sustainable CCC and PCC/SBA projects.
- Key phase-one sectors include:
 - Vulnerable populations (public housing residents, citizens with disabilities, the homeless, at-risk youth, special needs students, native American and immigrant communities, elderly, and other at-risk residents);
 - Public libraries and community centers;
 - Local job-creation, “buy local” and “smart-grid” efforts and agencies, locally-owned businesses, microenterprises and “green” enterprises;
 - Local digital media entrepreneurs and web developers;
 - Local nonprofit and for-profit media (newspapers, bloggers, public access TV, low-power FM radio, and community broadband providers).
- Participating agencies (to date) are: Housing Authority of the City of Asheville (HACA), Asheville City Schools, City of Asheville, Asheville-Buncombe Library System, Asheville-Buncombe County Christian Ministries (ABCCM), Children First, ERC Broadband, Partners Unlimited Inc., Burton Street Community Center, Western Alliance, WNC Media Center, and Mountain Area Information Network (MAIN).
- Public Computing Centers (PCC) will be expanded at the Burton Street Community Center, the ABCCM Job Training Center, Western Alliance (citizens with disabilities), and at city-run and/or public housing neighborhood centers [preliminary list; more sites possible].
- Sustainable Broadband Adoption (SBA) programs will be based at the proposed PCC sites, at public library sites, and other locations (e.g. after-school study sites operated by the Asheville City Schools and Children First). MAIN will also offer digital storytelling and community journalism training in partnership with select PCC sites and MAIN-FM, a community-based low-power FM radio station serving Asheville and WNC.
- Broadband network capacity, support and project management will be provided by MAIN, which has a 14-year record as a nonprofit ISP and technology partner for Asheville and western North Carolina region. MAIN launched in 1995 via a grant from NTIA’s original Technology Opportunities Program (TOP) and is one of NTIA’s longest-surviving grantees. Red Hat will produce a case study of the CCC project and will assist MAIN in developing a replicable model to share with communities nationwide.
- In summary, a coalition of local agencies and organizations, including the Housing Authority of the City of Asheville, Asheville City Schools, Buncombe County Health

Department, and Mountain Area Information Network (MAIN), plan to submit federal stimulus requests to expand broadband access and digital literacy training to the city's underserved neighborhoods and at-risk populations.

Information Technology Services Director Jonathan Feldman provided Council with the following information on MAIN's presentation:

The grant referred to by Mr. Bowen's materials is BTOP (Broadband Technology Opportunity Program). BTOP was first conceived as a part of the American Recovery and Reinvestment Act in the second quarter of 2009, with an application deadline for the first round of funding of August, 2009. The program has three distinct types of permitted applications:

1. Comprehensive Community Infrastructure projects.
2. Sustainable broadband adoption projects
3. Public computing centers projects

City Council approved staff in-kind support of a collaborative MAIN and ERC (Education and Research Consortium of the Carolinas) infrastructure (type #1) grant application. Months of work (demographic research, GIS support) went into helping ERC and MAIN apply for the grant. That grant application was specifically targeted at middle and last mile fiber optic connectivity. MAIN and ERC ended up applying separately based on differences in last- versus middle-mile grant criteria. Both were disqualified on technical issues.

BTOP was a long shot for the City in any event, as a cash or in-kind match of 20% was required, with "waivers" possible but highly discouraged. With a \$5.5M ask, this would have meant over \$1M of grant match, something the City was not in a position to fund. I'm not aware of a grant recipient whose match was waived, and press releases made it a point to highlight grant match funding.

Round two of BTOP, with the late March deadline, also requires a match, but preference is given to >30% match.

As Council is already aware, PCC (type #2) is something that MAIN is currently working on. As of this writing, there is no willing applicant to move forward on this application.

Mr. Feldman said that he had the opportunity to meet with Wally Bowen from MAIN and Hunter Goosmann from ERC, and was able to learn a little bit more about their plans for moving forward with BTOP.

Status of "Round 1" application & requested infrastructure:

- Our existing application will not be re-submitted due to changes in requirements for BTOP infrastructure.
- ERC will be working with MCNC (a not-for-profit based in RTP, and one of the successful "round 1" applicants) to apply for various fiber optic assets, including the AFD fire station redundant "ring" that we included in the first round's application. The match is being sought from the Golden Leaf Foundation, but ERC does not yet know whether this will be approved.
- MAIN will be applying for all the fiber that the City included in the first round (including HACA). ERC is evaluating their ability to include community center fiber in their application, and also working with MAIN to expand other fiber assets in Asheville. Either entity's success would be good for the City. He will be following up to see how the City can continue to support this effort through a letter of support.
- For the current round, MAIN is interested in co-location of their wireless assets at community centers, fire stations, and other city structures that would be conducive to their 'mesh' topography.

- MAIN is also looking for the 20% match associated with approximately \$4M of infrastructure. Some of this may take the form of in-kind support, such as allowing MAIN to co-locate on City-owned telecommunication towers if the grant is awarded.

Cloud Computing Effort

- MAIN is submitting a Sustainable Broadband Adoption BTOP proposal for the cloud vision that Mr. Bowen is sharing with Council
- From the discussions, Mr. Feldman believes that the only thing that MAIN is looking for from the Council is an endorsement of the project, possibly taking the form of a Council resolution.
- MAIN is planning on acting as the grant administrator and applicant.
- They plan on funding at least part of the match through in-kind support of the software vendor they're working with (RedHat, a provider of Linux operating system software based in RTP.) MAIN is interested in an in-kind match from the City, possibly in the form of space for training at community centers.
- They discussed potential fits for upcoming public safety applications to be hosted by the cloud environment. At this time, Mr. Feldman didn't see a fit. Although he is enthusiastic about the effort in general, public safety applications tend to use proven and mature technologies due to the life-safety nature of public safety delivery systems. He will keep an open mind going forward, particularly concerning any enhanced departmental or citizen services that we don't currently have funds for.

In response to Mayor Bellamy, Mr. Bowen said that he is requesting the City to collaborate in moving the application forward and also an in-kind match requirement. The minimum match is 20% up to 30% and they know they have 14% with the infrastructure wireless project. He is not expecting a cash match, but the in-kind match is very important. He felt there are a number of ways the City can help them meet the matching threshold. He said that because of the changes in the guidelines from the first round to the second round, ERC is going to be making its fiber request in conjunction with the state network. He said there may be some in-kind match with that. He said that short-term MAIN needs tower space and that is some of the in-kind match. He said that City staff estimates that tower space to be approximately \$20,000. Mr. Feldman suggested Council set a not-to-exceed in-kind dollar match.

Mr. Hunter Goosmann, representing ERC broadband, said that they would like to work with the City and explore any opportunity to provide in-kind match to expand the network around the City to support government services, education, health care, etc.

In response to Councilman Smith, Mr. Bowen explained how the CCC is a strong example of the innovative uses Google is seeking for its Gigabit broadband demonstration network.

In response to Mayor Bellamy, Mr. Feldman felt that it would be great for Asheville to have a high speed network. He didn't see a downside to the Goggle pilot project.

Councilman Russell felt he would need additional information prior to making any commitment, especially regarding the in-kind match.

In response to Councilman Smith, Mr. Bowen said that he wants the City's endorsement of the application proposal and whatever value the tower space is, we can forego that.

There was clarification that the motion on the floor did not include any financial support at this time.

Councilman Smith moved to endorse the grant application. This motion was seconded by Councilman Bothwell and carried on a 6-1 vote, with Councilman Russell voting "no."

E. MAYOR UPDATE FROM N.C. METRO MAYOR'S COALITION BOARD

MEETING

Mayor Bellamy updated Council on her recent trip to the N.C. Metro Mayor's Coalition Board meeting. She provided Council with information from the luncheon with the Governor – (1) economic/budget review; (2) N.C. Dept. of Transportation (NCDOT) federal stimulus update; and (3) N.C. Dept. of Juvenile Justice and Delinquency Prevention. This year's agenda includes (1) to defend against attempts to shift state responsibility to local governments and to protect local revenues; (2) continue to improve the relationship between the N.C. Dept. of Transportation and local governments; (3) explore ways to partner with the State to build and maintain a robust transportation system; (4) reduce gang violence; (5) strengthen the state's judicial system; (6) support efforts to advance North Carolina's bio-tech industry and grow related jobs; (7) preserve local governments ability to engage in communication and public enterprise; and (8) maintain a cost-effective way to manage growth, provide services and ensure all who benefit from the heart of their community and also share in the cost. Regarding the NCDOT, there is about \$10 Billion in available revenue for projects that NCDOT has on the table for the future, but there is almost \$30 Billion of requests. She felt we need to look at our transportation needs and see how we can get in line with our transportation planning, knowing there are limited dollars. She also highlighted juvenile justice issues and gang prevention. She invited Council to the N.C. Metro Mayor's Coalition Board meeting on September 23-24 here in Asheville.

IV. PUBLIC HEARINGS:

A. PUBLIC HEARING TO CONSIDER REZONING 65 LONG SHOALS ROAD FROM OFFICE BUSINESS DISTRICT TO COMMUNITY BUSINESS II DISTRICT

ORDINANCE NO. 3830 - ORDINANCE TO REZONE 65 LONG SHOALS ROAD FROM OFFICE BUSINESS DISTRICT TO COMMUNITY BUSINESS II

Mayor Bellamy opened the public hearing at 6:13 p.m.

Urban Planner Blake Esselstyn said that this is the consideration of an ordinance to rezone 65 Long Shoals Road from Office Business District to Community Business II District. This public hearing was advertised on February 12 and 19, 2010.

This 1.5-acre site will be familiar to many as the site of the now-closed Boathouse restaurant. The parcel was voluntarily annexed into City Limits in 2000. At that time, the area to the east and west on this side of Long Shoals Road was subject to Buncombe County's Limestone Township zoning, and this property, as well as the neighboring properties to the west shared the R-2 residential zoning classification. The initial zoning of this parcel to Office Business sought to provide a lower-intensity zoning to ensure compatibility with the neighboring residential area.

Since 2000, this area has experienced major changes, most notably the widening of Long Shoals Road. In addition, the south side of Long Shoals Road to the west of this site was also annexed into the City's corporate limits in 2007. At the request of the property owners in that area, a commercial zoning (CBII) was assigned in place of the residential zoning initially proposed by staff. Further, the parcel immediately to the west was developed with the Overlook office condo project, and other sites farther west, not least of which is the Biltmore Park Town Square project, added to the level of development and traffic along the corridor.

The subject property hence is now an island of Office Business zoning adjacent to two other higher-intensity zoning classifications to the north (Institutional) and west (CBII). The areas to the south and east are the Lake Julian Progress Energy Plant Property, zoned by Buncombe County for Public Service. Agents seeking a new restaurant occupant for the property noted that the Office Business zoning district has the following restriction under *Design and operation*

standards: “All activities associated with non-residential uses, including deliveries and refuse collection, shall be conducted between the hours of 7:00 a.m. and 10:00 p.m.” The petitioner then submitted an application for the rezoning to make this property consistent with the CBII zoning and Institutional zoning across the road (neither of which imposes limits on hours of operation).

The stated intent of the Office Business district, according to the UDO, is “to reserve an area for the development of office uses and related support uses. This district will reserve areas for medium scale offices and a limited range of business uses and may serve as a transition area between commercial and residential areas.” Given the current absence of nearby residential zoning, and the increase in development along the corridor, staff finds the existing zoning designation to be less than apt for the current conditions.

The Community Business II zoning district was “established to provide areas for medium-to-high-density business and service uses ... [and] ... is designed to be located primarily along minor and major thoroughfare streets which serve multiple residential neighborhoods.” The CBII district does have a parking standard which is not applicable under the current zoning: “Parking shall be provided at the side or rear and not closer to the street than the edge of the structure.” The current development does have an outbuilding which extends north to the edge of the parking lot, technically meeting the requirement, but further expansions to the main building, or new buildings would be required to adhere to this standard.

As of this writing, staff has received two communications from the public regarding this rezoning: one simply seeking more information, and one from the owner of the residence across Long Shoals Road, who expressed his support for the proposed change.

At their February 3, 2010, meeting the Planning and Zoning Commission recommended approval of the rezoning with a unanimous vote.

Based on the above findings and the analysis provided in the report, staff finds this request to be reasonable.

Pros:

- Proposed zoning district is highly compatible with the surrounding area.
- Would eliminate a small, isolated zoning district.
- Could encourage reuse of a currently unoccupied property.

Con:

- Site’s original design was under a district which did not have the CBII requirement for the building to be oriented along the street.

Staff sees the proposed rezoning as an improvement over the existing situation and recommends approval.

Mr. Robin Boylan, representing the property owner, explained how this rezoning will help them move the project forward and asked for Council’s support.

Mayor Bellamy closed the public hearing at 6:17 p.m.

Mayor Bellamy said that members of Council have previously received a copy of the ordinance and it would not be read.

Councilman Russell moved for the adoption of Ordinance No. 3830. This motion was seconded by Councilman Bothwell and carried unanimously.

ORDINANCE BOOK NO. 26 – PAGE

V. UNFINISHED BUSINESS:

A. RESOLUTION NO. 10-63 - RESOLUTION TO APPLY FOR THE NATIONAL ENDOWMENT FOR THE ARTS MAYORS' INSTITUTE ON CITY DESIGN PROGRAM GRANT

Ms. Diane Ruggiero, Superintendent of Cultural Arts, said that this is a selection of a competitive project that meets the grant requirements with a plan to provide the matching funds required. Various groups, including the HUB and the Downtown Master Plan Cultural Arts Implementation team, have come forward with proposals on projects.

Each year, the NEA offers numerous grants in a variety of art and design categories. This year, the MICD grant has been created to showcase and celebrate the goals of the MICD and that arts and culture contribute greatly as core components in building livable and sustainable communities. Applications will be reviewed on the basis of artistic excellence and artistic merit.

At their February 23, 2010 meeting, City Council asked that the proposals be brought back with additional information and to give the HUB and the Downtown Master Plan team the opportunity to talk about a possible collaboration. Since that time, the HUB has withdrawn their proposal.

Pros:

- The grant provides support for a variety of projects and activities;
- The arts are an integral part of the City of Asheville;
- Provides additional funding for a project or activity.

Cons:

- The City has limited ability to match funds;
- The City has limited resources to administer a federal grant;
- The application deadline is March 15, 2010.

The Public Art project has \$25,000 in donated funds for a cash match. The remaining \$25,000 comes from the NEA Grant for a total project budget of \$50,000. The Downtown Master Plan project match is \$50,000 from in-kind services including staff time and \$50,000 from the grant for a total project budget of \$100,000. Due to limited staff resources, the City may wish to consider hiring a part-time contracted worker to implement the grant for the Downtown Master Plan. This would require the cash match from the city of \$25,000.

She provided council with grant guidelines and the timetable.

Staff recommends that City Council provide guidance on whether to submit a letter of intent and for what project from the options identified below:

Public Art Proposal

Ms. Ruggiero said that this project helps to implement numerous goals of the Parks, Recreation, Cultural Arts and Greenways Master Plan approved by Asheville City Council in early 2009.

The project would include community conversations with residents of the historic Montford neighborhood about the location of the artwork. Other stakeholders would include Momentum Science and Health Adventure Park (currently Health Adventure) whose future home is located one mile north along the Reed Creek Greenway.

This project would also require strong collaboration with the City of Asheville Public Art Board and the City of Asheville Greenway Commission.

The project would be part of the city's Public Artist of the Year program and to ensure the best possible artwork for the location, this call will be open to artists within the Southeast region of the United States as defined by the Southern Arts Federation (Alabama, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, South Carolina, and Tennessee).

Budget: Total Budget: \$50,000; Cash Match: \$25,000; In-Kind Services Match: \$25,000

\$40,000 will go towards artist fees for the design and installation of the public art project. The remaining \$10,000 will be used for community charettes, artist travel, etc. The site has already been prepped and is ready for the design and installation of public art.

Downtown Master Plan Proposal (portions)

Ms. Jennifer Gordon said that having reviewed the implementation strategies outlined by our Downtown Master Plan (DMP) as well as noting similar action steps in our Parks, Recreation, Cultural Arts, & Greenways Master Plan (PRCA&GMP) we feel that our city would benefit significantly from receiving this grant. In May of 2009, the City of Asheville adopted the DMP, which culminated from a community process involving thousands of local citizens working with planners from a nationally recognized consultancy, Goody Clancy of Boston. The \$170,000 investment created a working document to guide the community in five major areas, including Arts & Culture.

Asheville is committed to artistic excellence and the proposed project would enhance the community by first, promoting the arts and artists as an integral component of community life and an essential part of the public process - The importance of the arts is apparent in the heart of our city, where public/private partnerships are creating exciting new spaces for the celebration of the arts: Pack Square Park (committed to working with the best nationally - La Quatra Bonci, Overland, Valley Crest Landscape, the best locally - sculptor Hoss Haley and ceramicist Kathy Triplett - and tomorrow's artists - 400 middle school students who contributed original tiles), and currently, the expansion of the Asheville Art Museum with Polshek Partnership Architects and the Diana Wortham Theater renovation with PBC&L architect are underway. Secondly, mapping Asheville's cultural assets and identifying developmental potential in the cultural sector - The strength and breadth of the arts offerings in Asheville will benefit from the inclusion of our local art entrepreneurs and presenters (often sole proprietors and low income individual performers and artists) in a cultural needs assessment, thereby nurturing the continued excellence of the artistic community. Cooperation amongst our arts organizations, artists, non-profits, and businesses fosters communication and the creation of opportunities for collaboration, sharing of resources, and networking. This allows us to represent the full spectrum of the creative sector from civic institutions to grassroots art representatives such as individual artists, independent galleries, coffee shops, and clubs.

The evolution and sustainability of Asheville is dependent upon the success of arts & culture in our city. To this end, we are working to implement the strategic directives outlined by the Downtown Master Plan. This project celebrates our cultural vitality, harnesses our entrepreneurial spirit, and explores the economic tenacity that defines our creative community.

In summary, this is the production of a public cultural arts specific search engine that allows access to an in depth catalogue of the city's cultural programs and resources. Essentially they would be moving forward with the incubation of the Artists Resource Center.

Budget: Search Engine – 50%; Arts Alliance – 25% and Cultural Mapping – 25%. Grant funds will support contractual staff to execute research, data collection and search engine design.

Partners identified and matching funds to support the cultural asset mapping and search engine development include: \$3,500 cash from Arts2People, \$5,000 from the Asheville Design Center, \$30,000 from the Diana Wortham Theatre in association with Cultural District planning and design; and in-kind support of staff time and/or design development. The total budget of \$100,000 is \$50,000 grant funds and \$50,000 matched funds.

In response to Councilman Russell, Ms. Ruggiero explained the budget mix for the Public Art proposal noting that no taxpayer dollars are involved.

Ms. Gordon noted that the Downtown Master Plan proposal is also not asking for City funds. The staff report before Council indicated \$50,000 from in-kind services including staff time; however, they have been able to find matches and now they do not require City funds.

Vice-Mayor Newman noted these are two good projects and felt that as we continue to look at the Downtown Master Plan we need to be clear on what the City's staff responses in supporting the Plan will be.

In response to Councilman Smith, Ms. Gordon explained that the Downtown Master Plan proposal has several phases and this is initial planning and research.

Councilman Smith would support the Public Art proposal at this time; however, he suggested the Downtown Master Plan committee submit this proposal to the Tourism Product Development Fund.

When Councilwoman Manheimer suggested a partnership with the already existing art scene entities, Downtown Master Plan Project Manager Sasha Vrtunski said that all those entities are part of the committee. Mayor Bellamy suggested a representative from the opera.

Due to the short timeframe and the confusion about in-kind services, Mayor Bellamy suggested we look at some best practices to see how this process might flow more smoothly in the future.

When Mayor Bellamy asked for public comments, none were received.

Mayor Bellamy said that members of Council have been previously furnished with a copy of the resolution and it would not be read.

Councilman Russell moved to adopt Resolution No. 10-63 with the Public Art proposal being submitted. This motion was seconded by Vice-Mayor Newman and carried unanimously.

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B. UPDATE ON 10-YEAR PLAN TO END CHRONIC HOMELESSNESS

Director of Community Development Jeff Staudinger said that the 10-Year Plan to End Homelessness sets out goals and strategies which are intended to drastically reduce homelessness in Asheville. For example, as an outcome of the Plan, housing stabilization services have been developed which reduce the impact that homelessness has on the Asheville and Buncombe County community. After five years of implementation, the Plan is being assessed by the Homeless Initiative Advisory Committee. They will make recommendations to the Housing and Community Development Committee for the Homelessness element of the 2010-2015 Consolidated Plan. The Advisory Committee, in partnership with other stakeholders, seeks to understand what is working, what remains to be addressed, and how to better measure progress.

January 2005: The 10-Year Plan was adopted by the City of Asheville and Buncombe County. The overall goals of the plan are:

- Reduce the number of people who become homeless through prevention,
- Decrease the length of homeless episodes, through rapid re-housing,
- Reduce the number people who experience chronic homelessness through permanent housing, and
- Provide community-based services and supports that support housing stability.

February 2008: The City of Asheville and Buncombe County Commissioners jointly established the Homeless Initiative Advisory Committee. The Committee's vision is to support the 10-Year Plan's implementation process, which will end chronic homelessness and reduce all types of homelessness over the next decade by investing resources in a coordinated, sustained effort that addresses the underlying causes of homelessness. The committee further focused the 10-Year Plan implementation, developing these four strategic directions:

- The Homeless Initiative will improve collection, coordination, and dissemination of data.
- Homeless and formerly homeless individuals have greater access to permanent, supportive housing, employment, education, health care benefits, and support services.
- The Homeless Advisory group will inform and advise public and private funders to ensure that resources are utilized effectively.
- The Homeless Initiative will support the community in providing permanent, supportive housing for 180 people experiencing chronic homelessness.

January 2010: While there is now unprecedented collaboration among providers, there are also growing economic pressures. Additionally, the 10-Year Plan in its 5th year and the Community Development Office is currently engaged writing the 2010-2015 Consolidated Plan.

With that backdrop participating planning groups, agencies, and advocates are now reviewing what has been accomplished, what has been most effective, and what specific actionable steps need to be established to measure if and to what degree the stated goals of the 10-Year Plan are being achieved.

As with other master plans, measurable strategies are important for measuring progress toward goals. The strategies of the 10-Year Plan need ongoing evaluation to ensure that the stated goals of the plan are indeed being met. Community data from local agencies, county, and city services (including the Homeless Prevention and Rapid Re-Hosing Program) will augment findings from a UNC-Chapel Hill research study on housing in Asheville, which is planned to be released in June. At the next Homeless Initiative Update to City Council, results from this data collection will be available.

Proposed Process:

- The Homeless Initiative Advisory Committee will monitor and report on activities regarding the 10-Year Plan evaluation process.
- An executive team made up of a City and County Representatives, the originator of the 10-Year Plan, and the Chair of the Advisory Committee will closely oversee the process and report out to the Advisory Committee and community stakeholders.
- Through the Community Development's Consolidated Planning process, 10YP goals will be reviewed and updated.
- HMIS, County, City, Agency, and UNC Chapel Hill data will inform evaluation of goals.
- Homeless Initiative staff, in partnership with the Homeless Coalition, continue to meet with stakeholders to gather community input.

- The Homeless Initiative Advisory Committee will review the 2010-2015 Consolidated Plan and continue to evaluate data, making recommendations to the Housing and Community Development Committee and City Council as appropriate.
- Results from this process will be reported for the Homeless Initiative's next update to Asheville City Council and Buncombe County Commissioners.

Pros:

- Review and discussion will incorporate local data and the vast experience of community members, offering a strong evaluative tool that will allow agencies and funders to further improve the housing crisis response system.
- Consideration of measurable strategies for achieving goals will allow the City and County to better consider progress toward those goals.
- The process will offer direction in challenging economic times. The ability to direct and utilize existing resources efficiently and effectively is now, more than ever, a key to successfully addressing community issues like homelessness.
- The City of Asheville's Community Development office will incorporate the 10-Year Plan into the 2010-2015 Consolidated Plan.
- As awareness of homelessness increases in the community, specific community-derived, evidence-based action steps will offer people who want to help real opportunities to impact homelessness.

Cons:

- The issues of homelessness are deep and wide; balancing the need to focus efforts in order to create action and also providing space for all avenues to be explored will be a challenge.
- Without strong leadership, the public discourse on homelessness could become focused on the failings of specific individuals instead of the community's systematic approach to people who have no home.

This process directly supports the City's Strategic Operating Goal of Affordable; supporting the Council's objective to end chronic homelessness.

No action is requested at this time. The results of the process described above will be incorporated into the 2010-2015 Consolidated Plan.

Mr. David Nash, Chairman of the Homeless Initiative Advisory Committee, focused on the key elements of the Ten-Year Plan which is to end chronic homelessness. We explained how they have made progress in reducing the chronic homeless. We need to think creatively about ways to increase one specific service – case management resources for that population. We are currently looking at reallocating existing resources within our own agencies.

Councilman Bothwell felt that one thing many homeless experience a lack of transportation. He suggested exploring offering bus passes to those who register with the HMIS system or some other participation in programs, since we are running the buses anyway. Vice-Mayor Newman suggested the Transit Commission review that suggestion.

Councilman Smith said that in our conversation with our legislators regarding what our community mental needs are, case management services should be kept in mind.

Mayor Bellamy noted that Asheville is a leader across the country in keeping people in housing and wrapping services around them. However, another discussion needs to be held on the behavior of some who are preying on the homeless. She felt we will be hearing more from service providers who are willing to work with our homeless population. She supported case management resources.

In response to Councilman Davis, Mr. Staudinger said that various homeless statistics are coming together to understand what is happening in our community over time.

Councilman Smith thanked the community partners who have signed onto and are utilizing the HMIS system. He felt that if we can point people in the right direction we can provide a path out of homelessness.

C. SHORT-TERM ACTION PLAN ON THE TRANSIT MASTER PLAN IMPLEMENTATION

RESOLUTION AUTHORIZING CITY STAFF TO IMPLEMENT CERTAIN OPERATIONAL CHANGES TO THE TRANSIT SYSTEM INCLUDING SYSTEM-WIDE ON-TIME PERFORMANCE CHANGES AND 30-MINUTE FREQUENCY

RESOLUTION AUTHORIZING CITY STAFF TO MOVE FORWARD WITH DEVELOPING A MARKETING STRATEGY TO PROMOTE THE OPERATIONAL CHANGES AND CREATING A NEW “BRAND” FOR THE TRANSIT SYSTEM

BUDGET AMENDMENT TO SET UP THE PROJECT BUDGET FOR THE MARKETING STRATEGY PROJECT

Director of Public Works Cathy Ball said that this is the consideration of (1) a resolution authorizing City staff to implement certain operational changes and a new fare structure to the transit system, based on recommendations included in the Transit Master Plan; and (2) a resolution authorizing City staff to move forward with developing a marketing strategy to promote the operational changes and creating a new “brand” for the transit system.

The Transit Master Plan (TMP) was approved by City Council on October 27, 2009. As a part of the plan’s approval, City Council asked staff to meet with the Transit Master Plan Steering Committee and the Transit Commission to develop an action plan to begin the implementation process for the Transit Master Plan. City staff met with both groups during November and December 2009 and developed the action plan. The complete report was sent to City Council members on March 2, 2010. The action plan focuses on three operational areas; specifically, operational changes, fare structure, and marketing. The specific recommendations for each area are listed as follows:

- Operational Changes

In order to provide better service to our customers, 30-minute frequency is recommended along the main corridors. In order to accomplish this task, existing routes would be staggered in four corridors; namely, Patton Avenue – Routes 15 and 16, Haywood Road – Routes 1 and 9, Biltmore Avenue – Routes 4 and 8, and Tunnel Road – Routes 13 and 26. Merrimon Avenue would remain at hourly service.

System-wide on-time performance changes are also recommended. Currently, one of the biggest challenges the transit system faces is keeping the buses on-time mainly due to route deviations and Dial-A-Ride service. In order to accomplish this task, existing route deviations will be reduced or eliminated and Dial-A-Ride service will be stopped. The subject action will address driver’s concerns with the current route schedules and the pressure they constantly receive from riders to be on-time. First Transit, the City’s management company, stresses safety and has an extensive ongoing training program for the bus drivers. This training includes defensive driving, state laws regarding safe driving, accident reporting and investigation, and regular safety meetings. The overall purpose of the training is to ensure that the rider’s safety is always the main consideration when using an Asheville Transit bus.

The total cost to implement the 30-minute frequency on four of the five major corridors and the system-wide on-time performance changes is \$44,000. \$31,000 of the cost is due to the production and printing of new maps and is included in the marketing section. The remaining \$13,000 will be absorbed in the current fiscal year's operational budget.

The timeline to implement these changes would be 120 days beginning after City Council approval.

Although the action plan recommends implementing the system-wide short-term recommendations as proposed in the Transit Master Plan including Sunday service, 30-minute frequency on all five main corridors, more evening service, and eliminating the evening gap, City staff is not asking for specific action at this time. This recommendation should be considered as a part of the overall ongoing budgetary process for Fiscal Year 2010-11.

- New Fare Structure

During the developmental process of the Transit Master Plan, it was determined that the current discounts for ticket books, monthly passes, and annual passes were far in excess of typical discounts offered throughout the United States. The average discount offered by American Public Transportation Association (APTA) members ranges from 15% to 25%. The current discount is 36% for ticket books, 62% for monthly passes, and 76% for annual passes. To be more reflective of industry practice, the Transit Master Plan recommends reducing the current discounts offered to riders who purchase ticket books and passes. During Fiscal Year 2010-11, the discount would be set at 18% for ticket books, 50% for monthly passes, and 55% for annual passes. If approved, the new rates would be \$9.00 for ticket books, \$20.00 for monthly passes, and \$220.00 for annual passes compared to \$7.00, \$15.00, and \$120.00 respectively.

It should be pointed out that no changes to the actual cash fare of \$1.00 are recommended at this time.

The cost to implement this recommendation would be absorbed by the marketing component of the operational areas.

The Asheville City Council Finance Committee will be reviewing the new fare structure on March 4, 2010, and if approved, the recommended changes will move forward with other citywide changes to the Fees and Charges Manual to be considered by City Council as a part of the overall budget approval process.

- Marketing

One of the most important elements to enhance the Asheville Transit System, as expressed in the Transit Master Plan, is to develop a marketing strategy that focuses on the creation of a new image for the system and promotion of route changes including system "branding" (logo), color schemes for the buses, signs, and new maps. The City would hire a consultant to support and assist in the implementation of the marketing strategy. Marketing is an eligible expense under the annual Federal allocation, with an 80%/20% ratio (Federal/Local).

The total cost to implement the subject marketing strategy is a maximum of \$150,000, with \$120,000 being paid by Federal Funds and \$30,000 paid by City Funds. The Transit Enterprise Fund currently does not have the \$30,000 Local match available; therefore, the City Council would need to approve a transfer from the General Operating Budget Fund Balance. The consulting work represents 33% of the cost, which equates to \$50,000. The balance of the cost, \$100,000, will be used to produce and print the appropriate schedules and maps.

The timeline to complete the subject task would be 120 days beginning after City Council approval.

This action complies with the current City Council's Strategic Operating Plan for Fiscal Year 2009-10 by helping to support a sustainable community through a strong commitment to long-term planning and fiscal responsibility; and helping to establish a multi-modal transportation plan by making needed transit system improvements.

The Transit Commission and the Transit Master Plan Steering Committee support the subject actions. Both groups actively participated in the process to suggest the recommendations.

Pros:

- On-time performance changes will increase the transit system's reliability and will have a positive impact on the drivers and riders.
- 30-minute frequency on four of the five main corridors will give riders more mobility options and will potentially attract choice-riders to the system.
- The new fare structure will help bring fares more in line with industry practice.
- The marketing strategy will give a fresh image to the transit system, promote the operational changes, and highlight the new buses that the City should receive towards the end of the current calendar year.
- Federal Funds will provide 80% of the total cost of the marketing task, which equates to \$120,000.

Cons:

- The total maximum cost of the subject project is \$163,000.
- The \$13,000 cost to implement the operational changes would be absorbed by the current fiscal year's transit operational budget.
- A 20% local match, which equates to \$30,000, is required for the marketing task.
- The new fare structure might produce a decrease in ridership (approximately 8% for monthly pass holders) during the first several months after implementation.

The total anticipated cost of the subject project is \$163,000. The \$13,000 operational changes cost will be absorbed by the current fiscal year's transit operational budget. The marketing strategy cost of \$150,000 will be funded with Federal Funds at the rate of 80% or \$120,000 and the balance of \$30,000 by the City. Since the Transit Enterprise Fund currently does not have the \$30,000 Local match available, the City Council would need to approve a transfer from the General Fund Fund Balance. The specific impact of the new fare structure, which involves reducing the discount rate for special fare packages, is unknown at this time but should have an overall positive effect on revenue.

City staff recommends that City Council adopt (1) a resolution authorizing City staff to implement certain operational changes to the transit system, based on recommendations included in the Transit Master Plan; (2) a resolution authorizing City staff to move forward with developing a marketing strategy to promote the operational changes and creating a new "brand" for the transit system; and (3) a budget amendment, in the amount of \$150,000, to set up the project budget for the Marketing Strategy Project.

Vice-Mayor Newman said that there is only a certain amount of federal government that Asheville gets for the transit system. He wondered if we use this 80% match (\$120,000) for marketing, would our certain amount of federal funding be decreased. Ms. Ball explained that the transit deficit is on the operational end. The \$120,000 for the marketing strategy could not be used for operations; however, we could use it for other capital things.

Vice-Mayor Newman expressed concern about changing the fare structure vs. the relatively modest revenue gains.

In response to Vice-Mayor Newman, Ms. Ball said that there are no additional fare changes in the Transit Master Plan.

Councilman Russell was concerned about the rising expenses related to transit and since the marketing strategy would have to come out of the General Fund Fund Balance, he could not support the action.

When Mayor Bellamy asked if the market study would be eligible from Community Development Block Grant (CDBG) Funds, it was noted by Community Development Director Jeff Staudinger that the marketing strategy could possibly be an eligible expense but would require a lot of discussion. Ms. Ball noted that going through the CDBG process will impact delaying the schedule on the bus delivery.

There was discussion about the \$30,000 recommended to come out of the City's General Fund Fund Balance. Mayor Bellamy asked if there was a way for staff to find another option to come up with the \$30,000. Ms. Ball said that she would be happy to delay action on these items for approximately 4 weeks (without holding up bus production) and provide Council with another option to fund the \$30,000, noting that there will be something else that will have to be delayed.

Transit Services Manager Mariate Echeverry responded to Councilwoman Manheimer when she asked if Merrimon Avenue is included in the 30-minute frequency.

Councilwoman Manheimer asked that the fold-out map schedules at the bus stops be reconfigured to be user-friendly.

Mayor Bellamy said that we will lose some of the riders by increasing the fares and asked if staff could reconsider some other options to fund these issues.

Vice-Mayor Newman moved to adopt the resolution authorizing City staff to implement certain operational changes and a new fare structure to the transit system, based on recommendations included in the Transit Master Plan. This motion was seconded by Councilman Bothwell. Ms. Ball noted that if we do the rate structure, we will have to change the maps and that would be the \$30,000 figure. Vice-Mayor Newman then withdrew his motion.

Councilman Smith suggested earmarking a portion of the Parking Fund money toward a marketing effort going forward.

Ms. Hanna Raskin, Chair of the Asheville Transit Commission, supported the actions staff is requesting.

Mr. Michael Soule, representing Get There Asheville, strongly supported staff's recommendations and highlighted the importance of marketing.

Rev. Christopher Chiaromonte suggested asking the Tourism Development Authority for the \$30,000.

Vice-Mayor Newman moved to continue these items until April 13, 2010. This motion was seconded by Councilman Davis and carried unanimously.

At 7:24 p.m., Mayor Bellamy announced a short recess at which time Council would conduct a closed session.

Closed Session

At 7:24 p.m., Councilman Smith then moved to go into closed session for the following reasons: (1) To establish or to instruct the City's staff or negotiating agents concerning the position to be taken by or on behalf of the City in negotiating the terms of contracts for the acquisition of real property by purchase, option, exchange or lease. The location of the property is approximately 11 acres at Shelburne Road and Hominy Creek Road. The statutory authorization is contained in G.S. 143-318.11(a)(5); and (2) To prevent disclosure of information that is privileged and confidential, pursuant to the laws of North Carolina, or not considered a public record within the meaning of Chapter 132 of the General Statutes. The law that makes the information privileged and confidential is N.C.G.S. 143-318.10(e). The statutory authorization is contained in N.C.G.S. 143-318.11(a)(1). This motion was seconded by Councilman Russell and carried unanimously.

At 7:37 p.m., Councilman Russell moved to come out of closed session. This motion was seconded by Councilwoman Manheimer and carried unanimously.

**D. RESOLUTION NO. 10-64 - RESOLUTION APPROVING THE REPORT
SETTING FORTH PLANS TO PROVIDE SERVICES TO THE AREA
PROPOSED FOR ANNEXATION KNOWN AS 301 LONG SHOALS ROAD**

**RESOLUTION NO. 10-65 - RESOLUTION APPROVING THE REPORT
SETTING FORTH PLANS TO PROVIDE SERVICES TO THE AREA
PROPOSED FOR ANNEXATION KNOWN AS BEHIND 380 LONG SHOALS
ROAD**

**RESOLUTION NO. 10-66 - RESOLUTION APPROVING THE REPORT
SETTING FORTH PLANS TO PROVIDE SERVICES TO THE AREA
PROPOSED FOR ANNEXATION KNOWN AS 1 VOLVO DRIVE, 42 SCHENCK
PARKWAY**

**RESOLUTION NO. 10-67 - RESOLUTION APPROVING THE REPORT
SETTING FORTH PLANS TO PROVIDE SERVICES TO THE AREA
PROPOSED FOR ANNEXATION KNOWN AS DORSET DRIVE**

**RESOLUTION NO. 10-68 - RESOLUTION APPROVING THE REPORT
SETTING FORTH PLANS TO PROVIDE SERVICES TO THE AREA
PROPOSED FOR ANNEXATION KNOWN AS 67 MOUNTAINBROOK ROAD**

**RESOLUTION NO. 10-69 - RESOLUTION APPROVING THE REPORT
SETTING FORTH PLANS TO PROVIDE SERVICES TO THE AREA
PROPOSED FOR ANNEXATION KNOWN AS 73 AND 75 WATERS ROAD**

**RESOLUTION NO. 10-70 - RESOLUTION APPROVING THE REPORT
SETTING FORTH PLANS TO PROVIDE SERVICES TO THE AREA
PROPOSED FOR ANNEXATION KNOWN AS 26 ROCKING PORCH ROAD**

**RESOLUTION NO. 10-71 - RESOLUTION APPROVING THE REPORT
SETTING FORTH PLANS TO PROVIDE SERVICES TO THE AREA
PROPOSED FOR ANNEXATION KNOWN AS 40 KEASLER ROAD AND 23
SUNNYCREST DRIVE**

**RESOLUTION NO. 10-72 - RESOLUTION APPROVING THE REPORT
SETTING FORTH PLANS TO PROVIDE SERVICES TO THE AREA
PROPOSED FOR ANNEXATION KNOWN AS 617 UPPER SONDLLEY DRIVE**

**RESOLUTION NO. 10-73 - RESOLUTION APPROVING THE REPORT
SETTING FORTH PLANS TO PROVIDE SERVICES TO THE AREA
PROPOSED FOR ANNEXATION KNOWN AS 1445 TUNNEL ROAD**

**RESOLUTION NO. 10-74 - RESOLUTION APPROVING THE REPORT
SETTING FORTH PLANS TO PROVIDE SERVICES TO THE AREA
PROPOSED FOR ANNEXATION KNOWN AS WILLOW WINDS LANE**

**RESOLUTION NO. 10-75 - RESOLUTION APPROVING THE REPORT
SETTING FORTH PLANS TO PROVIDE SERVICES TO THE AREA
PROPOSED FOR ANNEXATION KNOWN PORTIONS ALONG AIRPORT
ROAD**

Urban Planner Julia Cogburn said that this is the consideration resolutions approving the Annexation Services Plan for twelve (12) areas contiguous to the current boundaries of the City of Asheville.

Staff has identified twelve (12) areas with potential for being annexed: Ingles; Schenck Parkway, Farleigh Street, Deerfield, Mountainbrook, Waters Road, Rocking Porch Road, Keasler/Sunnycrest, Upper Sondley, Tunnel Road, Willow Winds, and Airport Road. Under State law, the City must follow a specific process for annexation that begins with the adoption of resolutions that describe the boundaries of the areas under consideration, and fix dates for a public informational meeting and a public hearing on the question of annexation. State law does allow simultaneous annexation of multiple non-adjacent areas.

The following steps and dates meet the process required by State law:

- Council Adoption of Resolution of Intent – 02/23/10
- Council Adoption of Services Plan – 03/09/10
- Public Information Meeting – 04/12/10
- City Council Public Hearing – 05/11/10
- Annexation Ordinance Adopted – 05/25/10
- Effective Date – 09/30/10

The second step in the annexation process is for the City Council to consider and approve an Annexation Services Plan for the areas to be annexed. The Annexation Services Plan includes a demonstration of how each area proposed for annexation meets the statutory qualifications for annexation and further demonstrates the capability of the City to provide urban services to these areas.

Pros:

- Supports City of Asheville's Smart Growth Annexation program (regular program of annexations) as set forth in the City's 2025 Plan.
- Provides for an urban level of service for developed and developing areas adjacent to the existing city limits and includes those benefiting from existing City services in participation in the costs of such services.
- Fills in service delivery gaps and split jurisdiction issues on the edge of corporate limits.

Con:

- Residents of proposed annexation areas may object to such annexation.

The fiscal impact of this round of annexations is found in the Financing Plan for Annexation Areas section (Section 3) of the Plan for Service.

City staff recommends that City Council adopt the resolutions approving the Annexation Services Plan for the twelve (12) areas.

Urban Planner Blake Esselstyn reviewed the annexation standards. In summary, the 2010 annexation areas are (1) 12 areas identified; (2) adjacent to south and east areas of the City; (3) principal aim is clean-up, closing gaps, resolving split jurisdictions and addressing inconsistencies; and (4) mostly commercial and residential uses.

Using maps, Mr. Esselstyn summarized the Plan for Services as follows: (1) Ingles area (a) 1.2 parcels; (b) 3.6 acres; (c) commercial land use; and (d) meets nonresidential urban use text; (2) Schenck Parkway area (a) portion of 1 parcel; (b) 0.7 acres; (c) commercial land use; and (d) meets nonresidential urban use text; (3) Farleigh Street area (a) portions of 2 parcels; (b) 0.6 acres; (c) commercial and residential land use; and (d) meets development test; (4) Deerfield area (a) portion of 1 parcel; (b) 29.3 acres; (c) institutional land use; and (d) meets nonresidential urban use text; (5) Mountainbrook area (a) 1 parcel; (b) 4.4 acres; (c) approximately 65 residents; (d) institutional land use; and (e) meets nonresidential urban use test and population density test; (6) Waters Road area (a) portions of 2 parcels; (b) 0.6 acres; (c) approximately 2 people; (d) residential land use; and (e) meets population density test, subdivision test, and development test; (7) Rocking Porch Road area (a) portions of 1 parcel; (b) less than 0.1 acres; (c) one dwelling; (d) approximately 2 people; (e) residential land use; and (f) meets development text; (8) Keasler/Sunnycrest area (a) 2 parcels; (b) 1.4 acres; (c) 2 dwellings; (d) approximately 4 people; (e) residential land use; and (f) meets population density test, subdivision test, and development test; (9) Upper Sondley area (a) 1 parcel; (b) 0.98 acres; (c) 1 dwelling; (d) approximately 2 people; (e) residential land use; and (f) meets subdivision test and development test; (10) Tunnel Road area (a) 1 parcel; (b) 1.5 acres; (c) commercial land use; and (d) meets nonresidential urban use text; (11) Willow Winds area (a) 1 parcel; (b) 12.1 acres; (c) commercial land use; and (d) meets nonresidential urban use test; and (12) Airport Road area (a) 18 parcels; (b) 122.1 acres; (c) mostly commercial land use; and (d) meets development test.

Ms. Cogburn then reviewed the Plan for Extension of Services for police protection (2 new police officers), fire protection, solid waste collection, street maintenance (no new streets in plan), water distribution (no waterline extensions), sewer collection (1,632 linear feet of 8-inch sanitation sewer in the Airport Road area), and administration and other services.

Revenue summary for all areas total (1) ad valorem - \$222,354; (b) state utility taxes - \$45,514; (c) sales tax - \$80,586; (d) Powell Bill - \$4,594; (e) fees, charges and permits - \$2,210 for a total of \$353,258.

Annually recurring expenditures totals (1) police - \$84,016; (2) fire - \$40,110 (5-year duration for rural fire districts); (3) solid waste - \$1,741; (4) recycling - \$212; (5) street maintenance – zero; and (6) street lighting – zero for a total of \$126,079. After five years total - \$85,969.

Capital expenditures are \$13,000 (Police); \$17,354 (Fire); \$358,560 (sewer lines); \$765 (rollout containers) for a total \$389,679.

In response to Mayor Bellamy, Ms. Cogburn said that the sewer line capital expenditure of \$358,560 is to extend sewer lines.

When Mayor Bellamy asked about fire protection, Assistant Fire Chief David McFee said that all the areas touch an existing parcel and we are already responding. The rural fire departments presently serve 7 of the annexation areas and each of the affected fire departments will be offered negotiated contract opportunities for five years to reimburse them for lost revenue from fire taxes within the territories they respectively served prior to annexation. Mayor Bellamy noted that because of how sales taxes are distributed, technically we are paying them twice.

In response to Councilman Bothwell regarding stormwater fees, Public Works Director said that if you live within the City limits, you pay a stormwater fee based on your amount of impervious surface. There will be some increase in revenue that would go into the Stormwater Utility Fund.

After a short discussion about MSD sewer lines and at Vice-Mayor Newman's request, it was the consensus of Council to ask the Planning & Development Committee review the current Council policy of extending sewer lines.

When Mayor Bellamy asked for public comment, no one spoke.

Mayor Bellamy said that the Airport annexation area is the largest capital expense where we will have to invest over \$300,000. The report states that it will be paid by utilizing current and anticipated surplus General Fund revenues. Since we don't have any surplus General Fund revenues, she would vote against the motion.

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

Vice-Mayor Newman moved for the adoption of Resolution No. 10-64. This motion was seconded by Councilman Davis and carried on a 6-1 vote, with Councilman Russell voting "no".

RESOLUTION BOOK NO. 32 – PAGE 417

Vice-Mayor Newman moved for the adoption of Resolution No. 10-65. This motion was seconded by Councilman Davis and carried on a 6-1 vote, with Councilman Russell voting "no".

RESOLUTION BOOK NO. 32 – PAGE 418

Vice-Mayor Newman moved for the adoption of Resolution No. 10-66. This motion was seconded by Councilman Davis and carried on a 6-1 vote, with Councilman Russell voting "no".

RESOLUTION BOOK NO. 32 – PAGE 419

Vice-Mayor Newman moved for the adoption of Resolution No. 10-67. This motion was seconded by Councilman Davis and carried on a 6-1 vote, with Councilman Russell voting "no".

RESOLUTION BOOK NO. 32 – PAGE 420

Vice-Mayor Newman moved for the adoption of Resolution No. 10-68. This motion was seconded by Councilman Davis and carried on a 6-1 vote, with Councilman Russell voting "no".

RESOLUTION BOOK NO. 32 – PAGE 421

Vice-Mayor Newman moved for the adoption of Resolution No. 10-69. This motion was seconded by Councilman Davis and carried on a 6-1 vote, with Councilman Russell voting "no".

RESOLUTION BOOK NO. 32 – PAGE 422

Vice-Mayor Newman moved for the adoption of Resolution No. 10-70. This motion was seconded by Councilman Davis and carried on a 6-1 vote, with Councilman Russell voting "no".

RESOLUTION BOOK NO. 32 – PAGE 423

Vice-Mayor Newman moved for the adoption of Resolution No. 10-71. This motion was seconded by Councilman Davis and carried on a 6-1 vote, with Councilman Russell voting "no".

RESOLUTION BOOK NO. 32 – PAGE 424

Vice-Mayor Newman moved for the adoption of Resolution No. 10-72. This motion was seconded by Councilman Davis and carried on a 6-1 vote, with Councilman Russell voting “no”.

RESOLUTION BOOK NO. 32 – PAGE 425

Vice-Mayor Newman moved for the adoption of Resolution No. 10-73. This motion was seconded by Councilman Davis and carried on a 6-1 vote, with Councilman Russell voting “no”.

RESOLUTION BOOK NO. 32 – PAGE 426

Vice-Mayor Newman moved for the adoption of Resolution No. 10-74. This motion was seconded by Councilman Davis and carried on a 6-1 vote, with Councilman Russell voting “no”.

RESOLUTION BOOK NO. 32 – PAGE 427

Vice-Mayor Newman moved for the adoption of Resolution No. 10-75. This motion was seconded by Councilman Davis and carried on a 5-2 vote, with Mayor Bellamy and Councilman Russell voting “no”.

RESOLUTION BOOK NO. 32 – PAGE 428**VI. NEW BUSINESS:****A. FRENCH BROAD WATER RESOURCES STUDY COMMITTEE**

Mr. Joe McKinney, Executive Director of the Land-of-Sky Regional Council, said that the Land-of-Sky Regional Council’s (LOSRC) Executive Committee has recommended that the City Council undertake a broad study of water resources in the region, the capacity of water systems, future water supplies, water quality conditions and other key water resource issues.

The State is investigating water resource issues including how to allocate water within river basins across the state. LOSRC’s Executive Committee members believe that we need a regional forum to educate ourselves on water resource issues and to discuss strategies. We want to be proactive and not reactive to state and federal actions affecting our water resources.

Please note that the establishment of a regional water systems is not being proposed, but our elected officials believe that there are opportunities for communities to work together cooperatively to supply and manage water for their citizens.

LOSRC has recently received a \$26,108 grant from the N.C. Division of Water Quality that will help to establish a French Broad Water Resources Study Committee. Once established, the group will hold a series of monthly meetings over the next year to study and identify key water resource issues and develop strategies to address these issues. A report listing key issues and strategies will be the final deliverable.

They have also made application to the N.C. Rural Center for \$40,000 to assist in collecting detailed information on municipal water systems in the region. The Rural Center will announce the successful grant awards in the near future.

The French Broad Water Resources Study Committee will be comprised of a combination of local elected and appointed officials and key water stakeholder/experts in the French Broad River Basin. There will be at least three representations from each county in the LOSRC region:

two appointed by the County Commissioners and one appointed by the largest municipality in each county.

They requested that City Council appoint a person to serve on the Study Committee since the City of Asheville operates a large water system in our region. Please note that Buncombe County is also being asked to appoint two individuals – one representing the county's interests and one representing a large water user (industry, agriculture, etc.) or a smaller water system in the county. He hoped that all appointments would be made by the end of March, 2010.

The Study Committee meetings will be public meeting and others from the community are welcome to attend.

Mayor Bellamy felt it was good opportunity to talk with water partners in our region. She felt that our Water Resources Director Steve Shoaf would be a good addition to the committee.

In response to Councilman Smith, Mr. McKinney said the time commitment would be monthly meetings for 12 months.

Councilman Davis respected the Land-of-Sky Regional Council; however, we have spent significant time to dissolve the water agreement, bring it back in-house and improve our water system, and did not want to do anything to compromise the progress to date.

In response to Councilman Russell, City Manager Jackson said that staff is here to support collaborative efforts, lend our analyses, provide the benefits of our planning studies, and lend whatever level of staff necessary to help with that technical review. However, he felt this is a forum made up of a combination of elected officials. Beyond the level of technical support, which we would be happy to lend, he felt it might be more appropriate for Council to appoint a leader – not a manager or staff engineer. However, staff would be happy to participate in the appropriate way. He felt elected leadership, along with staff support, seems the best approach.

Mayor Bellamy spoke about the importance of this initiative and offered her assistance.

When Mayor Bellamy asked for public comment, no one spoke.

Vice-Mayor Newman moved to (1) support the City participating in this process; (2) appoint Mayor Bellamy and Councilman Bothwell as the Alternate to represent the City of Asheville to the French Broad Water Resources Study Committee; (2) authorize City staff support; and (4) authorize the City Manager or his designee to be appointed to the Executive Committee or establish a technical committee of technical staff. This motion was seconded by Councilman Bothwell and carried unanimously.

B. RESOLUTION NO. 10-76 - RESOLUTION APPROVING A HOUSING TRUST FUND LOAN

Mayor Bellamy noted that the original staff report and announcement included a loan from the Housing Trust Fund to Mountain Housing Opportunities (Larchmont). That has been deleted from Council's consideration at this time.

Councilman Davis moved to recuse Councilwoman Manheimer from participating in this matter due to a conflict of interest. This motion was seconded by Councilman Bothwell and carried unanimously. At this time, Councilwoman Manheimer left the meeting room.

Community Development Director Jeff Staudinger said that this is the consideration of a resolution authorizing approval of a Housing Trust Fund loans to Beaucatcher Properties, LLC (Tunnel Rd).

Staff has received four (4) applications for HTF funding totaling \$1,668,000. These applications were presented to the Housing and Community Development Committee (HCD) on January 28 and each was evaluated on its own merit. Resources were insufficient to approve all applications. The current available cash balance in the Housing Trust Fund is \$446,400.

Of the four (4) applications presented, two have been recommended by the Committee for approval. An application from Mountain Housing Opportunities, Inc. (MHO) for the Larchmont project in North Asheville has been approved by HCD; however, the MHO proposal will not be submitted to the City Council for final approval until zoning approval has been received. The following application from Beaucatcher properties is presented for immediate consideration:

Beaucatcher Properties, LLC- Tunnel Road (address unassigned) \$200,000.

Mr. Kirk Booth representing Beaucatcher Properties LLC has proposed a 12-unit rental project on the Tunnel Road corridor. The proposed project is a cottage development on 1.01 acres directly behind the Mountaineer Inn. The property is easily accessible to transit, employment, and services. The total anticipated project cost is \$1,272,000. The terms requested are \$200,000 at 2.00% interest for 30 years, representing 15.7% of total project cost. The application scored 96 out of a possible 130 points. The per-unit subsidy is \$16,667.

The developer has committed to marketing the project to Section 8 tenants and has agreed to voluntarily deed restrict the property for thirty (30) years to align the project with the new policy guidelines adopted in January. One (1) unit will be ADA compliant and all units will be 3-bedroom residences. Mr. Booth has also agreed to sign a personal guarantee on the loan as required under the proposed underwriting and risk management revisions.

The developer was provided HTF financing on a similar project at 57 Nancy Street in February 2009. That project has performed well to date and is now 80% complete with nearly all completed units being occupied by Section 8 voucher holders. The quality of construction is very good and the project has been built in conformity with the original plans and specifications.

Pros:

- The development costs per unit are relatively low at \$106,000.
- The cottage development style allows for added density and housing appropriate for families with children.
- The urban location provides easy access to employment, transit, and services.
- The developers' agreement to a 30 year Deed Restriction substantially exceeds the minimum requirements for affordability under the old guidelines, and is in line with the new guidelines.
- The developer has successfully completed other local projects of similar size and scope.
- Past performance with the Housing Trust Fund has been excellent.

Cons:

- Proposed rents are near the program maximum.
- The Housing Needs Assessment indicates that one and two bedroom units are most needed at the present time.
- The land has not yet been appraised.

The project directly supports the City's Strategic Operating Goals: (1) *Affordable*: The project proposal is supportive of the City's goal of providing safe and decent affordable housing units to the citizens of Asheville; and (2) *Sustainable*: The proposed project provides new housing units located near transit lines, higher urban development densities, and encourages higher standards of energy efficiency. The project also addresses the priorities of the Consolidated Strategic Housing & Community Development Plan by increasing the housing stock, providing

affordable rental units, building high quality energy-efficient housing, and coordinating development with transportation and jobs.

The current balance in the Trust Fund is \$446,399.93. There are sufficient funds at the present time to fully fund the proposed development. The available fund balance will be reduced by \$200,000 to \$226,399.93 if the loan is approved. The project is new construction and is anticipated to add \$1.2 million dollars in new development to the City tax base.

The Housing and Community Development Committee recommends City Council approve a resolution approving a loan of \$200,000 to Beacatcher Properties, LLC for the development of 12 rental units on Tunnel Road.

When Mayor Bellamy asked for public comments, none were received.

Mayor Bellamy said that members of Council have been previously furnished with a copy of the resolution and it would not be read.

Councilman Russell moved for the adoption of Resolution No. 10-76. This motion was seconded by Councilman Davis and carried unanimously (with Councilwoman Manheimer being recused).

RESOLUTION BOOK NO. 32 – PAGE 429

At this time, Councilwoman Manheimer returned to the meeting.

C. RESOLUTION NO. 10-77 - RESOLUTION APPROVING THE HOUSING TRUST FUND UNDERWRITING AND RISK MANAGEMENT POLICIES

RESOLUTION NO. 10-78 - RESOLUTION AMENDING THE FEES & CHARGES MANUAL

Community Development Director Jeff Staudinger said that the Housing and Community Development Committee has reviewed and is recommending approval of a resolution authorizing adoption of Housing Trust Fund underwriting and Risk Management policies.

Community Development Division staff and City Council's Housing and Community Development Committee (HCD) have been reviewing and revising the Housing Trust Fund's policies and procedures since June, 2009. At the January 26th meeting, Council formally adopted specific policies for the fund related to eligibility, loan terms, and fund priorities. Staff's focus has now shifted to the administrative concerns of fund management.

Housing Trust Fund programs both regionally and nationally have been researched to identify standard policies and procedures that may strengthen the underwriting and closing of approved HTF loans. In addition to web-based research, staff has conferred with a senior commercial lender at a local bank to assess the potential impact of the proposed policy recommendations on construction financing. This discussion also addressed other actions that could be taken to identify potential problems or areas of concern with subsidized developments.

In summary, the purpose is to (1) create underwriting policies for prudent decision-making; (2) strengthen the quality of loans; (3) reduce City risk; and (4) reflect best-practices in lending.

Policy recommendations related to underwriting and risk management were made by staff and discussed in detail by HCD at the February 18th meeting.

A. The following policy concerns have been noted by the Committee:

- No formal underwriting guidelines have been adopted since the creation of the fund;
- Due to the lack of clear guidelines, past decisions relating to the assumption of risk have been somewhat subjective. Consistency between applications is needed to run an effective program and protect the City's substantial cash investment.
- Formal written policies for the administration of the fund, underwriting of new applications, and long term risk management practices are needed to strengthen the quality of funded loans and to prevent the City from assuming a disproportionate amount of risk ;
- Administrative approaches to fund management should be proactive rather than reactive, and should incorporate best practices from other revolving loan funds.
- Lessons learned in the Fund's operations need to be translated into the Fund's underwriting and risk management processes.

B. In response to these concerns, the Housing and Community Development Committee is recommending nine (9) underwriting and risk management criteria to be incorporated into the Housing Trust Fund Guidelines. The Committee's recommendations are summarized below:

1. An application fee of \$300 will be required to be paid at the time of application. The fee will be used to pay for credit reports on all principal partners (excluding LIHTC projects and non-profit organizations), project monitoring expenses, and criminal background checks if determined as necessary by the Community Development Director, and assist with other costs of administration.
2. The Housing Trust Fund loan must close in no less than 3rd lien position.
3. With the exception of land acquisition, all loans will close as a line of credit.
4. A property appraisal dated no later than six (6) months prior to closing will be required. If the appraisal reflects a total loan-to-value (TLTV) of more than 95%, the City may require a pledge of additional equity or other assets prior to closing.
5. Eligible costs will be limited to land acquisition and hard costs only. All draws, except those for acquisition, will be on a reimbursement basis only.
6. All financing commitments must be secured prior to closing.
7. All HTF funds must be drawn down proportionately with other financing sources.
8. With the exception of LIHTC projects and non-profit agencies, personal guarantees will be required for all principals, partnerships, and majority members holding more than 19.9% ownership in the organization.
9. If the risk of loss appears high, a loan may be denied despite the proposed project meeting other goals and objectives of the City.

Pros:

- Provides formal written policies and procedures for administration of the Housing Trust fund.
- Provides a proactive rather than a reactive approach to loan review.
- Draws upon the experience of other similar programs to strengthen the current risk management structure of the HTF.
- Eliminates subjectivity in the underwriting and closing processes.

Cons:

- The fund has not had clear underwriting guidelines in the past, and this may be seen by some as unnecessary or onerous requirements.
- No application fee has been charged in the past, and this may be perceived as limiting the fund's availability to small scale developers.

These changes directly support the City's Strategic Operating Goals: (1) *Affordable*: The policy proposals are supportive of the City's goal of providing safe and decent affordable housing units to the citizens of Asheville; and (2) *Sustainable*: The policy proposals ensure financial accountability by matching resources with strategic initiatives and creating meaningful performance measures. The policy recommendations are also supportive of the Consolidated Strategic Housing & Community Development Plan in that the adoption of risk management and accountability standards will directly impact the funds ability to assist in increasing the housing stock, providing affordable rental units, building high quality energy-efficient housing, and coordinating development with transportation and jobs.

Regarding the fiscal impact, the collection of an application fee, depending on the number of applications, may have an overall positive affect on the cost of fund administration. Generally, the proposed underwriting and risk management recommendations are intended to help protect the Fund from losses.

The Housing and Community Development Committee recommends City Council approve a resolution adopting the proposed underwriting and risk management changes to the Housing Trust Fund guidelines.

In response to Councilwoman Manheimer, Mr. Staudinger said that we have not gotten title insurance policies on our loans, but we will incorporate that as part of the process in the future.

Vice-Mayor Newman said that this is a good set of procedures while still making the process being user-friendly.

When Mayor Bellamy asked for public comments, none were received.

Mayor Bellamy said that members of Council have been previously furnished with a copy of the resolutions and they would not be read.

Vice-Mayor Newman moved for the adoption of Resolution No. 10-77. This motion was seconded by Councilman Smith and carried unanimously.

RESOLUTION BOOK NO. 32 – PAGE 430

Vice-Mayor Newman moved for the adoption of Resolution No. 10-78. This motion was seconded by Councilman Davis and carried unanimously.

RESOLUTION BOOK NO. 32 – PAGE 431

D. CITY HALL WATER INFILTRATION REPORT

RESOLUTION NO. 10-79 - RESOLUTION AUTHORIZING CITY STAFF TO DEVELOP A REQUEST FOR QUALIFICATIONS FOR ENGINEERING DESIGN, PREPARATION OF CONSTRUCTION DOCUMENTS AND TO CONDUCT SPECIAL INSPECTIONS FOR THE REPAIRS TO THE CITY BUILDING

ORDINANCE NO. 3831 - BUDGET AMENDMENT FOR A PROJECT MANAGER POSITION FOR THE CITY HALL BUILDING PROJECT

Director of Building Safety Robert Griffin said that the purpose of this report is to present the City Council with the results and recommendations of a water infiltration study conducted on the City Building (Asheville City Hall), and seek Council action to initiate repairs to the building.

The Asheville City Building is recognized throughout the country as an Art Deco masterpiece. Douglas D. Ellington, an architect who came to Asheville in the mid-1920s, designed the eight-story building, which was completed in 1928. Ellington stated that the design was "an evolution of the desire that the contours of the building should reflect the mountain background."

Ellington chose building materials that presented a "transition in color paralleling the natural clay-pink shades of the local Asheville soil," according to the booklet that was printed for the dedication of the building on March 19, 1928. The unique octagonal roof is covered with bands of elongated triangular terra cotta red tiles. Between the two levels of the roof are angular pink Georgia marble piers, between which are precise vertical rows of ornamental green and gold feather motifs. The building façade is composed of brick veneer installed over a variety of backup materials including brick and tile.

Terra cotta is a building material that is cast from clay and then glazed. Terra cotta components add great color and detail to a building, but we now know that they are also highly susceptible to cracking and damage from impacts or freeze and thaw cycles. It is also often thought that old brick buildings will remain solid and sturdy forever, requiring little or no maintenance. However, the life expectancy for most mortars is up to 75 years. At the end of its life-cycle, mortar will require repair before moisture and water infiltration create damage to the interior of the building.

Over the last several years, the City of Asheville has implemented smaller repair and refurbishment projects to address water infiltration issues present on the upper floors of the building. However, when signs of major water infiltration became apparent, Asheville City Council approved Resolution Number 09-79 on April 28, 2009, authorizing a contract with Sutton-Kennerly & Associates to conduct an exterior inspection for water infiltration on Asheville City Building. The scope of this investigation was to evaluate the condition of the existing exterior of the building in an effort to determine the source of water leakage into the building, assess the existing condition of cladding materials on the building, and to develop recommendations for any repairs needed.

During the course of the investigation, scaffolding was erected on the north and south elevations of the building, and existing brick was removed from approximately 12 locations to evaluate conditions behind the brick veneer. In addition, several of the terra cotta sections were removed from the tops of the parapet walls at the corners of the building, as was one section of marble coping from the top of the parapet wall on the south side of the building.

Results and Recommendations: Sutton-Kennerly & Associates' report outlines the causes of water infiltration, damage as a result of freeze-thaw conditions, and weather related damage as a result of building construction techniques that are now known to be insufficient to control water infiltration. Causes of the water infiltration include the lack of flashing on the building; deterioration of mortar joints between the decorative terra cotta units as well as corrosion of the steel anchorage of the terra cotta to the building; corrosion of ties securing the brick veneer to the building; the corrosion of shelf angles that serve as lintels over window openings; warping and damage to upper floor windows; failure of existing sealants; cracks in the rising walls at the small roof on the upper floors, and; the absence of brick expansion control joints, among others.

The repair of these issues will be complex and costly. Damaged terra cotta sections must be removed and replaced with new tiles to prevent further water infiltration and structural damage. Replacement components must be created to replicate the design of the original piece, as well as the coloration that is acquired as the surrounding pieces age. Securing and repairing the brick veneer and other building components will require extensive hand work. The total time to complete the project, from developing construction documents and bidding the project to

completing the construction, is estimated to be in the range of 36 to 48 months or more. Staff estimates that it will take 12-14 months to prepare for construction, and that construction alone will take an additional 24-36 months. The project will be phased to assess the effectiveness and aesthetics of the repairs.

At this time, the total cost of the project is estimated to be around \$5 million. Staff will be prepared to present City Council with a financing plan for the project when the contract for construction is considered by Council. Financing for the project will need to be in place by Fiscal Year 2010-2011.

Due to the magnitude and importance of this project, staff recommends the project budget include a project manager (PM) for the City of Asheville. This PM position will develop a full-scale project plan including detailed schedules and budgets and will work to ensure construction documents and specifications meet the City's requirements for quality control and operations. The PM will also formulate the bid package, schedule and conduct pre-construction meetings, complete progress reports, negotiate costs of the initial contract and change orders with the goal of minimizing change orders and cost increases, and provide communication to and from the City, contractors, and design firm. The project manager will ensure that the City of Asheville's sustainable and energy efficiency goals are met.

Pros:

- The City Building is an architectural treasure and the crown jewel of Asheville. Restoration of the building is essential to the city's historic and cultural fabric.
- Approving the resolution authorizing the development of a RFQ for construction and bid documents begins the project.
- The project manager position will improve the chances of the project's completion on time and on budget.

Cons:

- Administering a project of this size and following through on implementation will require significant staff time.
- Funding for the project is not currently budgeted and will impact the city's financial picture.
- A delay will further deteriorate the building and could threaten its structural integrity.

This project supports the city's long-term financial commitment to master plan implementation, infrastructure maintenance, capital improvements, and public facilities.

The costs for hiring a project manager, as well as the cost for developing bid and construction documents, are not included in the current year's budget. The budget amendment for FY 10 in the amount of \$19,842.50 will provide funding for the project manager for the remainder of the current fiscal year. For FY 11, a full year's cost is estimated to be \$79,100, which will cover salary and fringe benefits. Staff is actively seeking federal support and grant opportunities that projects of this type would qualify.

The costs for a professional design firm to develop the bid and construction documents and special inspections conducted by the engineers are unknown at this time, but they are currently estimated to be \$395,000. During a subsequent Council meeting when Council takes formal action to award the contract for the bid and construction documents, a second budget amendment will be presented to providing funding for the cost of the contract. Additional costs for construction above the cost estimates in the report could occur when actual bids are obtained.

Once debt financing is in place, the city could be reimbursed for design and project management expenses previously incurred through bond or bank proceeds. Additional costs could be anticipated as change orders during construction. Damage and repairs not found to this point could be found during construction, impacting the total cost of the project.

City staff recommends that City Council adopt a resolution authorizing City staff to develop a RFQ for an engineering design firm for the project, authorize the addition of the project manager position, and approve the associated budget amendment, in the amount of \$19,842.

Using a PowerPoint, Mr. Griffin explained that City Hall is (1) an Art Deco design by Douglas D. Ellington; (2) Built 1926 – 1928; (3) on the National Register of Historic Places; and (4) Centerpiece in the Downtown Asheville National Register Historic District.

The scope of work necessary is to (1) Evaluate existing condition of the exterior; (2) Determine the source of water leakage into the building; (3) Assess condition of the existing cladding material; and (4) Develop recommendations for repairs that are needed.

The investigation will consist of (1) North and South elevations of the exterior accessed August & September 2009; (2) Existing brick removed at 12 locations allowing visual examination; (3) 2nd floor – 8th floor examined; (4) Terra cotta removed on parapet walls; (5) Marble coping removed from parapet wall on south side; (6) City Building construction was prior to State Building Codes; (7) Many of the construction practices would not meet code today (a) Lack of flashing; (b) Inadequate number of ties securing brick to structure; (c) Lack of expansion joints; and (d) Assumed the brick, terra cotta, marble, and mortar in joints would prevent water intrusion.

Conditions noted (1) Roof (a) existing roof membrane appears to be in good condition; (2) Terra Cotta (a) Significant damage to many of the sections around the upper levels; (b) Water beneath those removed; and (c) Moss growth indicating a consistent source of moisture exists; (3) Brick (a) Appears to be relatively sound; (b) Numerous and extensive cracks in various locations; (c) Corrosion of shelf angles supporting brick and corrosion to brick ties; and (d) Behind cement plaster (ground floor to grade on north wall) plaster has spalled off revealing extremely soft and deteriorated brick; (4) Marble Coping at 2nd Floor Parapet (a) Sealing material in joints very weathered and failed at most locations; (b) Water found below the coping stone on top of brick masonry below; and (c) Separation of ½” between outer Sythe of marble and the inner Wythe of bricks; and (5) Windows (a) Sealant installed between the window frames and brick have failed; (b) 7th floor windows operating mechanisms have failed; (c) Window panes are loose and easily removed by hand in places; and (d) Frames are warped.

Recommended repairs include (1) Repair existing terra cotta copings and install new flashing; (2) Install new stainless steel spiral ties to secure the brick to the building; (3) Remove existing brick at the shelf angles and repair, replace, extend shelf angles where needed, install flashing; (4) Replace brick as needed; and (5) Remove the existing plaster between ground floor level and existing grade on north elevation.

Below is the estimated costs:

• Repairs	\$2,631,348
• Permits, insurance, etc.	\$ 263,135
• Scaffolding, access	\$ 400,000
• 20% contingency	\$ 658,897
• Design fees/inspect	\$ 395,000
• HVAC 7th & 8th floors	\$ 743,000
• Up-fit Interior 7th & 8 th	<u>\$ 500,000</u>
• Total Estimated Cost	\$5,591,380

Management and implementation consist of (1) Establish a Project Manager position; (2) Develop a full-scale project plan including detailed schedules and budgets; (3) Formulate the bid

package; (4) 12-14 months (a) select design professional; (b) bid documents; and (c) select contractor; and (5) 24-36 months construction.

Staff recommendations include: (1) Adopt resolution authorizing City staff to develop a RFQ for an engineering design firm to create construction documents; (2) Authorize the addition of a project manager position, and approve the associated budget amendment; (3) Direct staff to come back to Council with a detailed schedule and financing plan; and (4) Direct staff to continue to seek other sources of funding for the project including federal funds and grants.

Councilman Russell questioned whether the project manager position needed to be dedicated prior to coming back to Council with a financing plan. Mr. Griffin said that they are requesting approval for that position now in order that the project manager be on board to give input on the selection of the engineering design firm and to work with the design firm to understand the complexities of the project.

When Councilman Smith asked how many offices could be obtained on the 7th and 8th floors, Mr. Griffin said that the number is not known at this time because after completion of the project in 4 years, the needs of the City may change. The square footage is similar to the 6th floor and they feel portable walls will be used for flexibility as changes occur.

Thinking long-term, Mayor Bellamy hoped City Council would support having Council offices on either the 7th or 8th floors.

When Mayor Bellamy wondered why this is being brought forward at this time and not during the budget process, City Manager Jackson said that staff feels a sense of urgency. The sooner we get a project manager on board and get the engineering design firm selected, the quicker we can apply for federal funds.

Mayor Bellamy could not support the motion as she felt it should be reviewed in the context of the budget as a whole and start at the beginning of the budget year in July. She also felt Council should see the financing plan.

Councilwoman Manheimer felt it was important to have a dedicated well-qualified professional to do the project. When Council is finally being asked to dedicate \$5.6 Million, she hoped we will have a better idea of what kind of federal funding will be available and also about whether we can consider the upfit parts in the later time in the project.

When Mayor Bellamy asked for public comments, none were received.

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

Councilman Russell moved for the adoption of Resolution No. 10-79. This motion was seconded by Councilwoman Manheimer and carried on a 6-1 vote, with Mayor Bellamy voting "no."

RESOLUTION BOOK NO. 32 – PAGE 433

Vice-Mayor Newman moved for the adoption of Ordinance No. 3831. This motion was seconded by Councilwoman Manheimer and carried on a 6-1 vote, with Mayor Bellamy voting "no."

ORDINANCE BOOK NO. 26 – PAGE

E. SUPPORT OF TOWN HALL FORUM ON APRIL 19, 2010, ON THE ASHEVILLE ENERGY INDEPENDENCE INITIATIVE

Vice-Mayor Newman said that he would like to request that the Asheville City Council host a special Town Hall Forum on the proposed Asheville Energy Independence Initiative. The primary purpose of the forum would be to educate the community about the program concept, seek feedback on the substantive and technical issues involved and to gauge how much public interest there is in the initiative. He would also like for us to invite the Buncombe County Commissioners to be a Sponsor of the forum as well, as they are also analyzing the potential for a community-based energy efficiency initiative.

We may also want to invite Progress Energy's Community Energy Advisory Committee (CEAC) to be a Sponsor. There are also many other community groups, such as the WNC Green Building Council who he was sure will want to participate in the forum, Asheville GO and others that I am confident will want to actively participate.

Why a Town Hall Forum? The new PACE financing model (Property Assessed Clean Energy improvements) is an innovative concept that is operating in a relatively small number of communities across the nation. Prior to implementing such an initiative, it is important that the issue be fully vetted by the community in terms of costs and benefits. It is important for the City Council to get a sense of how much interest there may be in the idea. Clearly, this is an effort that cannot succeed without substantial public support and engagement.

Proposed date: Evening of Monday, April 19. If there is a problem with this specific date, other dates could be considered so long as they are before the NC Legislature reconvenes on May 12. We will want to invite our NC Legislatures to participate in the Town Hall Forum so we can thank them for their support of the clean energy enabling legislation. There may be some further clarifications to the enabling legislation that would be beneficial, so we want the legislators to be able to participate.

Location: To Be Determined.

Tentative Agenda:

- Welcome
- Overview of energy independence initiative and PACE model
 - Purpose and need
 - How the program could work
 - Examples of programs around the county
 - Financial issues
 - Legal issues
- Break-out sessions
 - Seeking community input on general concept
 - Seeking community input on technical issues
 - Seeking community input on marketing the initiative and determining how much public interest there is in participating in the program
- Reconvene – Report back on results & discuss next steps in community process
- Adjourn

Paul Bellows, Chairman of the Board of Directors of the Blue Ridge Sustainability Institute (BSRI), said that they would be a Sponsor of this event and help get the word out in the community about it. BSRI is also reaching out to the County Commissioners and the Progress Energy Citizens Energy Advisory Committee (CEAC) group to invite their participation. So the forum would have as its sponsors the City of Asheville and Blue Ridge Sustainability Institute as well as the County and Progress Energy CEAC committee, assuming they decide to participate as well. He explained that they currently hold month green Monday meetings for people to talk

about sustainable issues and the April 19 date would be the perfect forum date at approximately 5 or 6 p.m.

When Mayor Bellamy asked for public comments, none were received.

Mayor Bellamy said that members of Council have been previously furnished with a copy of the resolution and it would not be read.

Councilman Smith moved to support the Town Hall forum on the Asheville Energy Independence Initiative on April 19, 2010. This motion was seconded by Councilman Bothwell and carried unanimously.

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F. DISCUSSION AND CONSIDERATION OF THE STATE LEGISLATIVE AGENDA FOR 2010

City Attorney Oast said that prior to Council's annual retreat, on January 8 and 9, 2010, Council was provided with a memorandum from me covering developments of interest from the 2009 session of the North Carolina General Assembly, and outlining a schedule and important deadlines for the 2010 session of the General Assembly. The session convenes on May 12 and the deadline for submission of legislative requests to bill draft is May 19. The deadline for introduction is May 26. He provided a copy of the memorandum, along with a copy of the joint resolution setting the schedule and establishing other important limitations regarding local legislation.

The 2010 session of the North Carolina General Assembly is a "short" session. As Council is aware, there are limitations on the matters that may be considered in a short session. As to local legislation, the chief limitation is that the bill must be "non-controversial." Our local delegation is typically willing to discuss any legislative proposal with us and looks to such indications as community interest and whether the request is unanimously supported by the City Council.

Since his previous memorandum, he explained the following matters that have come to his attention as possibilities for legislative action:

1. Woodfin/Asheville Boundary Realignment. This has been a recurring issue. Asheville and Woodfin are adjacent to one another and, in many places, have a common boundary. In some places, however, the boundaries diverge such that there are pockets or "islands" of unincorporated area that are surrounded by incorporated area under the jurisdiction of either Asheville or Woodfin. In addition, there are some properties located in one jurisdiction that can be more effectively provided with police, fire, and other services by the other jurisdiction. The unincorporated areas include the Broadway/Riverside Drive/US 19-23 interchange and parts of the UNC-A campus. The most dramatic example of the jurisdictional confusion is that the UNC-A track is transected by Asheville City limits such that part of the track is inside the City and part of it is not.

Further with respect to UNC-A, there are some properties adjacent to the campus that are owned by the State of North Carolina and planned for eventual future use by UNC-A. This property is in Woodfin's jurisdiction.

In previous discussions with Woodfin, UNC-A, and the State, there is general agreement that all of the UNC-A property and the Broadway/19-23 interchange should be in Asheville's jurisdiction. Because this property is government owned, there is no tax

consequence, and Asheville is in a better position to provide necessary services to these areas.

In order to accomplish this realignment in a way that makes sense and accomplishes the governmental objectives, however, some privately owned property is necessarily affected. Previous attempts to realign the boundary have met with objection from some of the private property owners who do not want to change jurisdictions or have their property taxes increase. It may be possible, through interlocal agreements or otherwise, to provide for certain properties in one jurisdiction to be served by another jurisdiction that can provide the services more effectively. If such an agreement can be reached, it may be possible to realign the boundaries of Asheville and Woodfin such that the jurisdictional issues with respect to the government owned property are addressed, the service delivery issues as to the privately-owned properties are addressed, and no negative tax consequences are experienced. To the extent that specific legal authority does not exist for such agreements, legislative authorization for such an agreement could be obtained as part of the boundary realignment.

More recently, as Council is aware, discussions with Woodfin have indicated that the developer of Reynolds Mountain proposes to locate an entrance to the development on Merrimon Avenue in the vicinity of its intersection with Elkwood Road. For many reasons, it is preferable that this entrance be located entirely within one jurisdiction or another, and since most of Reynolds Mountain is in Woodfin, this intersection should be as well.

2. Clarification of Energy Improvement Assessment Authority: Through a series of legislative enactments in recent years, North Carolina communities have obtained the ability to use the property assessment process to finance the installation of energy efficiency measures (solar panels, etc.) on private property. Some communities interested in implementing such a program may request further enhancement or clarification of their authority to do so through the assessment process. Since Asheville has been involved in this concept from an early stage, our assistance may be requested in seeking or supporting additional legislation.
3. Clarify ABC Allocation: At a presentation to Council on February 23, there was some discussion of the allocation of revenues generated by the local ABC system among Asheville (75%) and Buncombe County (25%). Our review of the law indicates that this 75/25 allocation is established by the local act establishing the City's ABC Board. The general law pursuant to which most ABC systems operate provides that all of the revenue goes to the general fund of the government that operates the system. However, pursuant to N.C.G.S. 18B-805(e), the allocation may be altered at any time by the governments receiving the revenue. This is true whether the system operates pursuant to local act or general law. Thus, the current 75/25 allocation could be changed by agreement with Buncombe County. If, however, the City wishes to change the statutory default allocation, an amendment to our local ABC law would be necessary.
4. Revenue Stream for Civic Center: Council has from time to time explored the possibility of a dedicated stream of revenue to fund improvements to and maintenance of the Civic Center. In other communities that operate public auditoriums and similar facilities, such dedicated revenue streams are typically in the form of occupancy taxes or taxes on prepared food and drink. These possibilities have been discussed in the past with members of the local delegation. When these discussions have occurred, the proposals have not been viewed as "non-controversial", and our legislators have asked for a plan as to how the City proposes to use the revenues. While the short session may not be the time to request that such legislation be introduced, it may be the time to begin discussions with the delegation about how to present such a request, and what supporting information should be available.

5. Cable Franchise/Intranet Issue: Pursuant to the Video Service Competition Act of 2006, local franchises for cable television transition to a state franchise upon their termination. This is true whether the termination occurs by expiration, or by the provider giving notice of termination as provided for in the statute. Last year, the City's cable provider, Charter, gave notice of termination of its franchise, effective October 31 of 2009. The franchise was set to expire by its own terms in 2010.

In connection with some local cable franchises, in North Carolina and elsewhere, the installation and maintenance of a local intranet was provided for. The intranet, or "I-net" is a fiber-optic/data transmission link between government facilities and is used for routine and emergency operations.

In connection with Asheville's franchise with Charter (or its predecessor in interest), an I-net was provided for. When Charter gave notice of termination of the franchise, there was no specific provision made for the I-net. Moreover the Video Service Competition Act makes no provision for the I-net or similar peripheral services. Clarification of this issue may warrant discussion with our local delegation.

As is usually the case in any legislative session, bills get introduced that the City is interested in, either in obtaining similar legislation, or in joining other local governments in supporting or opposing. Revisions to the annexation laws, introduced in 2009, remain eligible for consideration in the 2010, and this is one example of legislation that Council may be interested in monitoring or in taking a position on. Another big issue may be the economy and we need to be careful that the State does not reduce any of our income streams. Council may also want us to follow-up on items on the N.C. Metro Mayor's Coalition agenda, community mental health and legislative agenda from the Chamber of Commerce. Our office receives daily reports on legislation that is introduced. If we see matters of interest to the Council we will bring those forward for your consideration. He said that he would be getting the sense of Council and bring back a legislative proposal for Council consideration on April 13. He felt we need to engage our legislators on matters that are of interest to us prior to convening of the legislative session.

Throughout the presentation, City Attorney Oast responded to various questions/ comments from Council.

Councilman Davis said that he did not want to give up on the revenue stream for the Civic Center but explained why this might not be the right time to include that in our legislative agenda.

In response to Vice-Mayor Newman, City Attorney Oast said that he would research whether Asheville is the only city in the state that has a 75/25 allocation with the County of ABC revenues.

When Councilman Smith suggested exploring an increase in the occupancy tax go through the Tourism Product Development Fund and be earmarked for the Civic Center or other municipal infrastructure project. City Attorney Oast said that we will explore all avenues before taking this to the legislators.

There was a brief discussion, initiated by Vice-Mayor Newman, to add the voluntary annexation issue regarding whether the properties needed to be contiguous.

In response to Vice-Mayor Newman, Mayor Bellamy said that if Council members have items they would like for Council to consider (not specifically Asheville-related issues) to have them to City Clerk Bureson prior to Monday, April 5, with a copy to all Council.

G. BOARDS & COMMISSIONS

It was the consensus of Council to instruct the City Clerk to arrange interviews for Kathleen Lyons, Honor Moor and Jaan Ferree for a vacancy on the Public Art Board.

Vice-Mayor Newman said that the Boards & Commissions Committee discussed (1) the process for requesting that people who apply for boards and commissions disclose possible conflicts of interests they may have in serving; and (2) voting process.

Regarding potential conflicts of interest, it's not usually for people to have conflicts and we don't want to discourage them from applying as they can recuse themselves from voting on any particular issue. We do want active people in the community to be active on our boards. City Attorney Oast and City Clerk Bureson have been instructed to revise the Boards & Commissions Application for that kind of disclosure statement for the Committee's review at their next meeting. Councilwoman Manheimer suggested language be incorporated that they disclose their business or land ownership in the City.

Regarding the voting process, the Committee discussed two processes to make appointments after interviews (1) poll members of Council and appoint whichever person gets the most votes (if multiple appointments); and (2) someone makes a motion and if the motion passes, the person gets appointed. Both processes were discussed and since no resolution was reached, the Committee felt we needed to keep both options available. The Committee welcomed feedback from Council and will discuss this item again at their next meeting.

In response to Councilman Bothwell in making the process more public, Vice-Mayor Newman said that it is appropriate for any member of Council to speak about of the applicants during the voting process.

VII. INFORMAL DISCUSSION AND PUBLIC COMMENT:

Councilman Smith explained the Google gigabit broadband pilot program and how Asheville is a good candidate for their program. He urged the community to go to the Google Asheville site and fill out an application to nominate Asheville for the program. He also suggested a resolution of support for the municipal application be considered by Council on March 23.

Councilman Russell was pleased to note that Habitat for Humanity is closing on their 200th house in the community.

Rev. Christopher Chiaromonte prophesied about a terrible disease that was going to strike all the children.

Mr. Jerry Summers expressed disappointment about Council's appointment of Ms. Holly Shriner to the Planning & Zoning Commission.

The following claims were received by the City of Asheville during the period of February 19-25, 2010: Vanessa H. Garris (Transit), PSNC (Water), Driss Bentaleb (Water), Yolanda L. Tierson (Water), Irene Wright (Water), Danny Donaldson (Transit), Robin Merrell (Police), Progress Energy (Water), AT&T (Water), Motor Parts of Asheville (Police). These claims have been referred to Asheville Claims Corporation for investigation.

VIII. ADJOURNMENT:

Mayor Bellamy adjourned the meeting at 10:18 p.m.

CITY CLERK

MAYOR