

Tuesday - June 25, 1991 - 2:00 P.M.

Work Session Meeting

Present: Mayor Kenneth M. Michalove, Presiding; Vice-Mayor William G. Moore; Councilmen Norma T. Price, Mary Lloyd Frank, Wilhelmina Bratton, Eugene W. Ellison and William W. Estes; City Manager Douglas O. Bean; and Deputy City Clerk Carol Hensley.

Absent:

REQUEST FROM BUNCOMBE COUNTY HEALTH DEPARTMENT - SCHEDULING OF PUBLIC HEARING  
RELATIVE TO GRANT FOR ADOLESCENT PREGNANCY PREVENTION  
PROGRAM

Mayor Michalove said he had received a letter from Dr. Tenney from the Buncombe County Health Department requesting that the City Council schedule a public hearing relative to grant funds for an Adolescent Pregnancy Prevention Program or to designate another public body to conduct the public hearing. He said before the Buncombe County Health Department can receive the grant funds the Division of Environmental Health requires that a public hearing be held and a Statement of Community Support be included with the grant package.

Mayor Michalove said this program will strictly be for the Asheville City Schools.

After discussion, Vice-Mayor Moore moved that Council designate the Asheville City Board of Education to hold the public hearing relative to grant funds for the Adolescent Pregnancy Prevention Program and that they issue a Certificate of Community Support. This motion was seconded by Councilman Ellison and carried unanimously.

ORDINANCE NO. 1928 - AN ORDINANCE ADOPTING AN INTERIM BUDGET FOR THE CITY OF  
ASHEVILLE FOR THE PERIOD JULY 1, 1991 TO JULY 31,  
1991

Mayor Michalove said the State has not yet approved their budget for the coming year. He said the State budget affects 1/3 of the City's tax rate and is very important to the City's Budget. He recommended that Council delay action on the adoption of the Annual Budget for 1991-92 and adopt an interim budget for 30 days in hopes that the State will adopt their budget in the near future. He said if Council adopted the Annual Budget fixing the tax rate and the State decided to cut local funding this would have a major impact on the budget.

A lengthy discussion was held relative to the advantages/disadvantages of adopting of an interim budget.

Mayor Michalove moved that Council proceed with the adoption of an interim budget for July 1, 1991 through July 31, 1991. This motion was seconded by Vice-Mayor Moore, which motion carried on a voice vote of 4-3, with Mayor Michalove, Vice-Mayor Moore, Councilman Bratton and Councilman Frank voting "aye".

On a roll call vote of 7-0, Ordinance No. 1928 passed on first and final reading. (It was noted that the minutes reflect that the ordinance was adopted unanimously)

The City Manager presented the following report in answer to the questions CIBO presented to members of Council on June 18, 1991 relative to the proposed

Annual Budget for 1991-92.

### BUDGET QUESTIONS

1. The Mayor has been quoted as saying that the City has been saving for the Public Works Complex since 1980.

On page #34, the works "secure financing" and on page #44 "debt funding" are used.

How much will this facility really cost in 91/92? We urge you to put this cost off.

- The Capital Reserve Fund is used to help plan for major purchases and replacements of Capital. The City began to plan to replace the "Barn" and build the Public Works Complex in the early 1980's. As of June 30, 1991, a total of \$744,000 has been appropriated to this project. A portion of this money has been used to pay "up front" cost of planning, design and site preparation. Bids for the project total \$4,261,000. Because of favorable interest rates the city will borrow a total of \$4,900,000 for the project. Any extra funds will be used to pay for the upgrade to the service station and off road equipment bays at the city garage.

2. On page #37, under 1990-91 State of Achievements #6 if processed claims filed against the City has been transferred from Legal Services to Risk Management office -- why is there no cut in personnel? Also Legal litigation appears to be decreasing.

- Claims processing took small part of one secretary's time -- other duties assigned. No new personnel added to Risk Management as result of transfer.

- Litigation is not decreasing.

3. On page #37, -- Where is outside legal fees -- how much is budgeted?

- \$78,000 budgeted for outside legal fees.

4. Page #38 -- Under salaries and wages for Audit and Budget there appears to be greater than a 10% increase in salaries and wages -- why?

- Audit & Budget Salaries -- Actual increase 1990/91 budget to 1991/92 budget is 6.5%. This increase includes reclassification of a secretary to secretary Sr. The 1990/91 estimated expenditures are below budget because of a vacant part-time internal auditor position.

5. Page #38 -- How much extra does it cost the City to prepare its annual operating budget to GFOA award standards? Do you need the extra expense?

- GFOA Award - The Annual Operating Budget is reviewed by a panel of experts to judge its effectiveness as a Policy Document, Financial Plan, Operations Guide and Communications Device. Among other criteria, the budget must be in a format suitable for use by the public and media and be presented in a manner as to be understood by the reasonably informed reader.

- Cost to submit \$300 per year.

6. Page #40 -- How much does it cost to prepare the fourth annual report for the City of Asheville? Do we need this extravagance?

- Annual Report - The purpose of the annual report is to provide a brief

picture of the financial condition and major activities and accomplishments of City government for the fiscal year.

- Cost to prepare \$7,500 per year.

7. Page #40 -- How much does it cost to prepare the history of the City Manager form of government? Do we really need this? Isn't it another extravagance?

• Information on this history has already been assembled.

- Cost to print this information \$850.

8. Page #44 -- Under 1990/91 Statement of Achievements, we would request that the upgrade of gasoline/service facility be deferred while you look at privatization.

• Service Station upgrade -- L.U.S.T. required! Adding ATA Buses. Parks and Sanitation only small part of vehicles served, -- Privatization of Sanitation and Parks Maintenance would have no effect on need!

9. Page #52 -- Under # 6, we would ask that you consider privatization and not buy new equipment until studies are completed.

• Capital items will not be purchased if we decide to privatize.

10. Page #150 -- Why is the Civic Center losing two museums and still increasing the total staffing from 63-65?

• Civic Center does not staff museums. Staffing for the most part is event personnel.

The City Manager also presented the following report in response to CIBO's proposals to cut spending and save taxes, without any reduction in services:

Memorandum To: Mayor Michalove and Members of City Council

From: Douglas O. Bean, City Manager

Subject: Budget Questions

Date: June 25, 1991

Attached is a response to a number of specific questions that were raised by CIBO at last week's City Council Meeting. I trust that the answers provided will clarify the expenditures in each of these areas.

In addition, some comment is called for on the proposals that were presented in CIBO's previous presentation to City Council entitled "Council of Independent Business Owners Proposal to Cut Spending and Save Taxes, Without Any Reduction in Services."

Proposal 1 - Privatize Sanitary Waste Collection:

There are a number of municipal services that have been very successfully privatized. Solid waste collection is one where there has been some success. We know of a number of cities where privatization of solid waste collection has worked very well, but there are also those cases where it has not proven to be effective.

There is a growing trend among cities to look very carefully at those areas where the private sector can provide a service at a lower cost. There are services, however, where cost is not the only factor, and municipalities have chosen not to turn these over to the private sector. This topic certainly deserves more attention in specific areas, and the staff would be willing to do additional research for the City Council.

Privatization is not foreign to the City of Asheville since we currently contract for services such as management of the transit system, janitorial services, street paving, sidewalk construction, pothole patching, school crossing guards, telephone maintenance and many other services.

While there are advantages and disadvantages to privatization, some of the savings that were stated in the CIBO proposal may be excessive. In the area of solid waste collection, the private hauler currently operating in the County charges \$11.50 per month. We have received a proposed contract to pick up solid waste in the annexed areas for the same \$11.50 per month. Our current Sanitation Division provides solid waste collection at \$9.16 per month. The City's rate includes not only weekly garbage collection, but also additional pick ups for limbs, yard trash, dead animals, etc. The \$9.16 also provides a reserve for equipment replacement. Naturally, should a private hauler have the contract for the entire City, the costs should drop based on the number of pick ups, but it is hard to believe that cost savings would be of the magnitude of a million dollars a year.

Proposal 2 - Privatized Park Maintenance: Even though park maintenance has been privatized in some areas, it is hard to compare the City's cost to that of other budgets, and certainly difficult to compare it to the cost of maintaining a municipal golf course. Comparing park maintenance per acre to a golf course ignores the fact that (1) parks and rights-of-way that are maintained are located throughout the City and not in a single location; and (2) Parks' maintenance costs includes utilities, service and maintenance of 45 buildings totalling 650,000 square feet. Buildings' maintenance and transporting of employees, equipment, and supplies to a large number of locations is much more expensive than maintaining any single site.

Proposal 3 - Reduce Public Information Budget:

The Public Information Budget Office funds three (3) separate activities. First, the Public Response Center has two full-time employees and one part-time employee handling over 40,000 calls per year requesting information and/or service. Citizens in Asheville can call one central number and receive information or make a request for service without having to guess which is the appropriate department. All calls for service are logged on a computer and tracked through the system. A response card is sent to all individuals who call the City requesting a service and the responses are tabulated and shared with various departments.

The Public Information Director is responsible for supervising the activities of the Print Shop. The Print Shop is a self-supported activity that provides printing services for City departments and other non-profit agencies in the City. The Public Information Director is also responsible for a variety of public information activities such as producing the road work alert, press releases, annexation information, snow information, leaf pick up schedules, informational brochures, the annual report, weekly council media packages, event planning, emergency response, and other areas that deal with providing necessary information to citizens.

One of the City Council goals that was identified in 1991 was to improve our public relations. In last year's budget, a new position of Public Information

Aid was recommended in a service enhancement so that more timely information could be delivered to the public. Activities such as a monthly newsletter to the public and more informational pamphlets were to be created. Instead of funding these activities, a study of the City's Public Information system was conducted by the Public Relations Association of Western North Carolina. The results of their study indicated that the City was doing a fairly good job with providing public information, but that a new employee was needed so that more timely information could be provided to the public. Based on budget constraints, we have not been able to include any additional funding for this activity. I fear that we will not be able to meet one of the needs identified by the City Council and one of the needs that we hear time and time again from the public, for more information on City activities and issues.

Proposal 4 - Delay Construction of a Public Works Complex:

The Public Works Complex involves an administration building for all of public works personnel that are currently scattered throughout the City and equipment sheds for various pieces of public works' equipment. Should sanitation services be privatized, there is still a need for these facilities. Even if there is excess space available, there are other needs of the City, and a delay in constructing this building could add hundreds of thousands of dollars. We have received excellent bids due to the downturn in the construction industry and since interest rates are low at this point in time.

Proposal 5 - Create an Efficiency Study Commission:

Like any business, the City needs to constantly seek ways to become more efficient. Perhaps we have failed in the past to communicate this to the public and to explain some of the efforts that we have undertaken in the past several years. At the present time, there is a full-time industrial engineer on staff with the City. This individual spends a hundred percent of his time on efficiency studies that have resulted in hundreds of thousands of dollars in cost reductions and in improved work methods that allow us to be much more effective. In addition to our in-house efforts, there have been a number of consultant studies that have reviewed our operations such as the vehicle utilization report that saved over \$750,000 in reduced needs for equipment and a public works efficiency study that resulted in improved work methods, reorganizing work crews, and a reduction or reassignment of 14 0 personnel.

While a group of individuals from other businesses could certainly provide some assistance in improving efficiency, we have been working internally on developing quality improvement teams within our work force. There is a considerable amount of literature on the successes that have resulted from bringing together groups of employees to receive their input on how a job can be better performed. We have been very successful in the past with involving employee groups in solving problems and believe that this approach would not only have the advantage of increasing efficiency and effectiveness, but would also create a sense of ownership among employees who are charged with performing various tasks.

The Buncombe County study that was presented at the City Council Meeting was described as being an efficiency study, but upon review, it is simply a study and recommendations on reorganization. I do not believe that our organization at the present time needs to be restructured so much as it needs to involve employees in developing a spirit of innovation and excellence in the work place.

The above responses to the CIBO proposals are only meant to serve as an overview of the staff's initial thoughts on these items. At the Council's direction, we would be happy to further pursue any of these items.

Mayor Michalove indicated that Council would be discussing these issues during their mid-year retreat in August.

RESOLUTION NO. 91-106 - RESOLUTION APPOINTING MEMBERS TO THE ASHEVILLE PLANNING AND ZONING COMMISSION

Mayor Michalove presented a resolution appointing Harriett Winner and Micheal Freeman as members of the Planning and Zoning Commission.

Upon motion of Vice-Mayor Moore, seconded by Councilman Price, Resolution No. 91-106 was unanimously adopted.

Resolution Book 18 - Page 450

RESOLUTION NO. 91-107 - RESOLUTION APPOINTING MEMBERS TO THE CARRIAGE PERMIT ADVISORY BOARD

Mayor Michalove presented a resolution appointing Mrs. Virginia S. Schmidt, June Grant, Pat Haner, and Ann Stuart, DVM as members of the Carriage Permit Advisory Board.

Upon motion of Vice-Mayor Moore, seconded by Councilman Price, Resolution No. 91-107 was unanimously adopted.

Resolution Book 18 - Page 451

RESOLUTION NO. 91-108 - RESOLUTION APPOINTING MEMBERS TO THE RECREATION BOARD

Mayor Michalove presented a resolution appointing Octavia Caldwell as a member of the Recreation Board.

Upon motion of Vice-Mayor Moore, seconded by Councilman Price, Resolution No. 91-108 was unanimously adopted.

Resolution Book 18 - Page 452

RESOLUTION NO. 91-109 - RESOLUTION APPOINTING MEMBERS TO THE ASHEVILLE-BUNCOMBE FAIR HOUSING COMMISSION

Mayor Michalove presented a resolution appointing Joyce Harrison as a member of the Asheville-Buncombe Fair Housing Commission.

Upon motion of Vice-Mayor Moore, seconded by Councilman Price, Resolution No. 91-109 was unanimously adopted.

Resolution Book 18 - Page 453

EXECUTIVE SESSION

Councilman Ellison moved that Council go into executive session to discuss a legal matter. This motion was seconded by Vice-Mayor Moore and carried unanimously.

ADJOURNMENT

Mayor Michalove adjourned the meeting.

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MAYOR CITY CLERK

