

Tuesday - June 22, 1993 - 2:30 p.m.

City Council Work Session

Present: Mayor Kenneth M. Michalove, Presiding; Vice-Mayor

Eugene W. Ellison (arrived at 3:20 p.m.); Council

Members Barbara Field, William G. Moore, Chris

J. Peterson, Joseph Carr Swicegood and Charles R.

Worley; Assistant City Attorney Patsy Brison; and

City Manager Douglas O. Bean.

Absent: None

REVIEW OF SANITATION BIDS

Vicki Heidinger, Executive Assistant with the Audit & Budget Division, presented a review of the bids received by the City of Asheville for sanitation services to "Areas 7 and 8" of the City of Asheville's solid waste collection system. A review of the bids was conducted by the Audit & Budget Division, the Finance Department and the Public Works Department. Based upon their review of the bids and of the costs attributable to the City of Asheville providing service to those areas, City staff recommended that the City not award a bid for the contracting of the provision of sanitation services at this time.

In addition, City staff reviewed bids for collecting recyclables in those same areas. Based upon their review of those bids, City staff recommended that there be no award of bid for the contract for collection of recyclables at this time, but that City Council direct City staff to develop a proposal for a "user fee" system for the collection of solid waste in the City of Asheville, based on the volume of waste per household. Vicki Heidinger stated that this type of user fee system would result in higher rates to those who put out more garbage and lower rates to those who reduce waste and recycle. It would provide an incentive to increase recycling.

Upon inquiries from City Council Members, City Manager Doug Bean reported that any type of user fee system would not be implemented until July 1, 1994. Before it would be implemented, it would be compared to a tax base system for solid waste collection.

Upon inquiring from City Council Members regarding a letter received from the Council of Independent Business Owners ("CIBO") which letter set forth some questions about the City's costs for providing sanitation services, Vicki Heidinger noted that the per unit cost copied from the budget book included tipping fees which were not included in the bids. As a result, any comparison to the City's costs was made after any tipping fees had been subtracted.

Council Member Barbara Field moved to accept the recommendations of City staff that there be no award of contract for sanitation services or for collection of recyclables at this time. Council Member Bill Moore seconded the motion.

Council Member Charles Worley stated that he was not totally satisfied with the analysis of the City's costs for sanitation services in the analysis where the bids were compared. He thought perhaps that there would be not much cost savings on bids for sanitation services for one-fourth of the City's area

(Areas 7 and 8), but that there may be more cost savings if the bid for sanitation services would include all of the City's collection area. He recommended that the City Council take no action today, but defer it until an analysis could be done of the "cost avoidance" for contracting for the collection of solid waste throughout all the City's collection area.

Council Member Carr Swicegood stated that he felt it would be good to start with contracting for only one-fourth of the City's collection area. He wanted to go ahead and award the contract now to the lowest bidder and to give contracting for collection of solid waste a "trial run."

Council Member Bill Moore stated that he would like to see an analysis of the costs for collection for all the City and wants more information on the "user fee" system.

Council Member Barbara Field asked how long the bids would be good. City staff reported that they would be good until July 1, 1993. She had some concerns about the number of bids that were received. She felt that the City should check into why other companies did not submit a bid so that a determination could be made as to what to do to get a more competitive price.

Mayor Ken Michalove stated that the City could probably ask the bidders to extend the deadline so that the City Council could gather more information.

After further discussion, the motion of Council Member Barbara Field was withdrawn by her and by Council Member Bill Moore. The City Council came to a consensus that its subcommittee should review this matter further and report back to the City Council in about thirty days.

STORM WATER UTILITY

Mayor Ken Michalove stated that the City Council needed to give some direction to the City Manager as to whether or not they want him to complete the staff work necessary for the establishment of a storm water utility based on user fees. The proposed ordinance to establish the storm water utility and to set the rates will require a good bit of technical research and review so the City Manager would like to get some sense of the City Council's interest in establishing the utility before proceeding with expenditure of staff time.

Vice Mayor Gene Ellison asked whether or not the Water Authority should handle this matter. He wondered whether or not this should be part of the negotiations on the Water Agreement.

Council Member Bill Moore moved that the City go ahead with setting up the storm water utility on the user fee basis. City Manager Doug Bean noted that the storm water utility and user fees could not be set up without a public hearing on the matter and adoption of an ordinance.

Vice Mayor Gene Ellison asked if the City could use the study done by the consultants on the storm water system to determine what capital projects should be done on a priority basis. He suggested that the funding come from the general fund.

Council Member Charles Worley noted that a user fee system is based on uses by property owners, but that user fees are not tax deductible for individuals, even though they are for businesses. He suggested that the City look into some type of combination of a user fee system and a tax base system. He wondered if a unit cost could be established for residential property, which would be collected from taxes, with user fees established for and collected from commercial, industrial and institutional uses.

Assistant City Attorney Patsy Brison pointed out the provisions of N. C. Gen. Stat. § 160A-314 which govern the establishment of rates for a storm water utility system. She noted that some questions need to be resolved about a combination of tax bases and user fee bases system.

Upon inquiry from the Mayor, City Manager Doug Bean noted that this year's budget for the general fund included approximately \$250,000 for only the maintenance of the existing storm water system. He stated that the City staff's recommendation of a rate of \$2.00 per "Equivalent Residential Unit" would generate approximately \$800,000 to do a master plan on renovations to the storm water system. The establishment of a master plan is the first step that EPA requires in this process. Actual capital improvements to the storm water system would be done later, based upon an increase in the utility rate, such as to the \$5.00 per "Equivalent Residential Unit" recommended by the committee which reviewed this matter. The additional funds could be used for debt service on bonds sold for the capital improvements to the storm water system.

Upon inquiry from Council Members about the effect of storm water improvements to the renovations completed on the City's streets and sidewalks, the City Manager said that storm water improvements were made a part of the street and sidewalk projects. He further stated that expenditures for such storm water improvements resulted in less money available for street and sidewalk renovations.

Council Member Chris Peterson moved that consideration of this matter be postponed until the City receives the proposed or final rules from the EPA regarding the storm water system, until City Council could review what storm water improvements have been completed as a result of the street and sidewalk contracts, and until the City Council could further review where the outstanding storm water problems are located and their extent. That motion was seconded by Council Member Carr Swicegood. Vice Mayor Gene Ellison suggested that a presentation be made to the public regarding the problems with the storm water system and that a decision on the storm water utility be postponed for thirty to sixty days. City Manager Doug Bean pointed out that a slide show had been prepared by the City which shared the extent and magnitude of the problems and had been presented to a number of different community organizations. Mayor Ken Michalove suggested that the presentation be done at a regular City Council meeting, but that the matter not be considered until around 7:00 p.m. so that any member of the public who wished to be there could.

No vote was taken upon the motion, but it was the consensus of Council Members that a determination as to whether or not to proceed any further with the steps necessary for setting up a storm water utility should be postponed for thirty to sixty days until a presentation could be made to Council Members and the public regarding storm water repairs done as part of the street and sidewalk repair contracts and what outstanding problems remain.

MECHANICAL CODE ENFORCEMENT

Mayor Michalove noted that City Council Members had received a copy of the recommendation that the City of Asheville take over the inspections and enforcement of the mechanical code portion of the State Building Code. He noted that Western North Carolina Air Pollution Control Agency had been notified of the City Council's decision to terminate our contract with them for the services.

Council Member Bill Moore moved that the City of Asheville enforce the state mechanical code and perform the necessary inspections and that the rate schedule for inspections be the existing rate schedule of the Western North Carolina Air Pollution Control Agency. That motion was seconded by Council

Member Barbara Field and adopted unanimously.

ORDINANCE NO. 2033 - ADOPTION OF THE 1993-1994 BUDGET

City Manager Doug Bean reported that he had received a telephone call from the regional manager of Carolina Power & Light ("CP&L") and that CP&L would pay the local franchise tax in the same manner as previously paid to the City of Asheville. City Manager Doug Bean also noted that Buncombe County has included in its budget the amount for the law enforcement formula which has been tentatively agreed to by representatives of the City and the County.

Council Member Bill Moore moved for adoption of the proposed budget ordinance for fiscal year 1993/1994. That motion was seconded by Council Member Barbara Field.

Council Member Chris Peterson noted that he was concerned about the expected tax increases which would be necessary for future budget years if there are no cuts or tax increases for this year's budget. He distributed to Council Members a list of suggestions for cutting expenditures and increasing revenues during the upcoming budget year. He moved to amend the motion to approve the budget to delay approval of the budget until the next Council meeting on June 29, 1993 and that the Mayor appoint three members of City Council to a committee to review the proposals listed by him. That motion was seconded by Council Member Carr Swicegood.

Vice Mayor Gene Ellison addressed the list prepared by Council Member Chris Peterson. He noted that he intended to vote "yes" on the proposed budget because it does not raise taxes, keeps the same level of services and makes some cuts in expenditures.

Council Member Barbara Field asked the City Manager some questions about the suggestions on the list of Council Member Peterson. She asked if the proposed increase in City Council compensation was included in the budget, to which the City Manager replied that it was. She stated that she supported adoption of the proposed budget.

Council Member Charles Worley noted that he appreciated the efforts of Council Member Peterson in preparing a list of proposals and that he is in favor of cutting expenditures where possible. He noted that the City Council could go ahead and vote on the proposed budget today, but study the list of suggestions and implement those later.

Council Member Carr Swicegood said he would like more opportunity to review the proposals on the list of Council Member Peterson and felt that there needed to be a "hard look" at the budget due to the expected tax increases for the next several years.

Vice Mayor Gene Ellison suggested that the City Council review ways to cut expenditures before it gets to the beginning of the budget process for next year's budget.

Mayor Ken Michalove noted that a number of the expenditure cuts suggested by Council Member Peterson were for capital projects and that more study need to be made of those suggestions. In addition, the Council Members would need to approve the award of bids for the purchase of any capital equipment. He recommended that City Council proceed with adoption of the budget today.

After further discussion, the proposed amendment to the principal motion regarding adoption of the budget ordinance was withdrawn by Council Members Peterson and Swicegood.

After some discussion as to whether or not Council Member Bill Moore's motion included the increase in Council compensation, he noted that his motion did not include the proposed increase. Vice Mayor Gene Ellison moved to amend the motion to include the proposed compensation for City Council Members, effective with the City Council which would take office in December of 1993. That motion was seconded by Council Member Barbara Field. After some discussion on the proposed increase in City Council compensation, the City Council adopted the amendment to the motion by a vote of 5 to 2, with Mayor Michalove and Council Member Peterson voting "no."

The City Council then adopted the annual budget ordinance for FY93/94, as amended, by a unanimous vote.

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APPROVAL OF THE WATER AUTHORITY BUDGET

Mayor Michalove noted that the next item for consideration by the City Council was approval of the Water Authority budget. Buncombe County and the Water Authority have already approved the budget.

Council Member Bill Moore moved that the City Council approve the proposed water budget, subject to the Water Authority and Buncombe County amending the Water Authority budget they had approved to increase the cost allocation in the Water Authority budget by the amount of the study done by David M. Griffith & Associates, and that a letter be sent to Buncombe County and the Water Authority requesting that amendment. The motion was seconded by Council Member Charles Worley and was adopted unanimously.

EXECUTIVE SESSION

Upon motion of Council Member Bill Moore and second by Council Member Charles Worley, which motion was unanimously adopted, the City Council moved to go into an executive session to discuss matters related to a proposed real estate purchase.

ADJOURNMENT

Upon return to open session, the meeting was adjourned at approximately 5:50 p.m.

CITY CLERK MAYOR
