

Regular Meeting

Present: Mayor Terry M. Bellamy, Presiding; Vice-Mayor Diana Hollis Jones; Councilwoman Robin L. Cape; Councilman Jan B. Davis; Councilman Bryan E. Freeborn; Councilman R. Carl Mumpower; Councilman Brownie W. Newman; City Manager Gary W. Jackson; City Attorney Robert W. Oast Jr.; and City Clerk Keisha Lipe

Absent: None

**PLEDGE OF ALLEGIANCE**

Mr. Rocko Smucker's First Grade Class from Hall Fletcher School led City Council in the Pledge of Allegiance.

**INVOCATION**

Councilman Newman gave the invocation.

**I. PROCLAMATIONS:**

**II. CONSENT AGENDA:**

- A. APPROVAL OF THE MINUTES OF THE REGULAR MEETING HELD ON OCTOBER 10, 2006, AND THE WORKSESSION HELD ON OCTOBER 17, 2006**
- B. RESOLUTION NO. 06-184 - RESOLUTION AMENDING THE 2006 CITY COUNCIL MEETING SCHEDULE TO DELETE THE COMMUNITY MEETING SCHEDULED FOR OCTOBER 31, 2006**  
**RESOLUTION BOOK NO. 30 – PAGE 127**
- C. RESOLUTION NO. 06-185- RESOLUTION DIRECTING THE CITY CLERK TO PUBLISH A NOTICE OF INTENT TO EXECUTE A LICENSE AGREEMENT FOR SHARED PARKING WITH FAMPROP, LLC. AND AUTHORIZATION OF A REZONING APPLICATION FOR TWO PARCELS ON FAIRVIEW ROAD**

Summary: The consideration of a resolution directing the City Clerk to publish a notice of intent to execute a license agreement for shared parking with Famprop, LLC, and authorization of a rezoning application for two parcels on Fairview Road.

The City of Asheville owns property in Oakley known as Oakley Murphy Park identified as PINs 9657.06-48-8841 & 7385 which parcels are currently zoned RS-8. The parcels are improved with a Police Resource Center, tennis courts, ball field, parking and driveway. There is parking available for 30+ vehicles. During normal business hours the parking spaces are mostly empty as there is little recreational activity then, while after hours the spaces generally are filled as the recreation facilities are utilized

Famprop has acquired property at 723 Fairview Road adjoining the City's property which it proposes to renovate for office space for Families Together, Inc., a for-profit mental health services provider operating in Western North Carolina. Off-street parking for about 25 cars will be

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required. Famprop has land on which a parking lot could be constructed; however, that part of the land is currently a green area which provides a natural buffer to the adjoining park. Since the parking lot on the City's property is readily accessible to Famprop's property and the lot is largely unused during the times that Families Together would need parking, it is an efficient and environmentally responsible use of existing infrastructure for Families Together to share the City's parking lot.

Famprop has proposed to enter into a license agreement for the use of the parking spaces and driveway on a non-exclusive basis. The license agreement would provide for an annual fee of \$3,000 for a term of three (3) years. In order for Famprop to use the parking spaces it will be necessary for the City's parcels to be rezoned Office District.

Approval of the resolution will direct the City Clerk to publish a notice of intent to enter into the License Agreement and authorize the City Manager to sign an application for rezoning.

Pros:

1. The City will receive revenue that it does not currently receive.
2. Parking spaces that are currently vacant during business hours will be used.
3. It is an efficient use of existing infrastructure to satisfy parking standards.
4. Green space will be preserved instead of being converted to parking.
5. The impact on storm water runoff that would be associated with a new parking lot is eliminated.

- Parks & Recreation staff, Planning & Development staff and Economic Development staff recommends adoption of a resolution directing the City Clerk to publish a notice of intent to execute a license agreement for shared parking with Famprop, LLC and authorization of a rezoning application for two parcels on Fairview Road.

**RESOLUTION BOOK NO. 30 – PAGE 128**

**D. RESOLUTION AUTHORIZING FIT COMMUNITY SIGN PANELS TO BE INSTALLED AT “WELCOME TO ASHEVILLE” SIGNS LOCATED ON STATE-MAINTAINED ROADS**

Summary: The consideration of a resolution authorizing Fit Community sign panels to be installed at “Welcome to Asheville” signs located on state-maintained roads.

The City of Asheville was recently designated a Fit Community, a designation recognizing North Carolina communities that have excelled in promoting healthy lifestyles among their residents in areas of physical activity, healthy eating in schools and community, and tobacco prevention efforts with youth. Asheville is one of the first communities in North Carolina to receive the Fit Community designation.

Fit Together, a statewide initiative by the North Carolina Health and Wellness Trust Fund and Blue Cross and Blue Shield of North Carolina to combat obesity and overweight, launched the Fit Community program in 2005 to reward communities for supporting healthy life styles through healthy eating, physical activity and tobacco free living through policy and community infrastructure.

A benefit of designation is the posting of Fit Community sign panels to be installed at “Welcome to Asheville” signs located on state-maintained roads that will be provided by Fit Community and installed by the local division of the Department of Transportation.

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Pros:

- ÿ Asheville’s Fit Community designation will be proudly displayed at the major gateways into the city on state maintained roads.
- ÿ Fit Community panels will be provided and installed at no expense to the City of Asheville.

Cons:

- ÿ None

The Asheville Parks and Recreation Department recommends City Council to adopt a resolution authorizing Fit Community sign panels to be installed at “Welcome to Asheville” signs located on state-maintained roads.

**RESOLUTION BOOK NO. 30 – PAGE 129**

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.

Vice-Mayor Jones moved for the adoption of the Consent Agenda. This motion was seconded by Councilman Freeborn and carried unanimously.

**III. PUBLIC HEARINGS:**

**A. PUBLIC HEARING TO CONSIDER CHANGING THE STREET NAME OF “GENERAL AVIATION DRIVE” TO “WRIGHT BROTHERS WAY”**

**RESOLUTION NO. 06-187- RESOLUTION CHANGING THE STREET NAME OF “GENERAL AVIATION DRIVE” TO “WRIGHT BROTHERS WAY”**

Mayor Bellamy opened the public hearing at 5:07 p.m.

Ms. Abby Moore, Emergency Address Coordinator, said that this is the consideration of a resolution renaming the existing street of “General Aviation Drive,” located off Airport Road, to “Wright Brothers Way.” This public hearing was advertised on October 13 and 20, 2006.

The Asheville Regional Airport Authority has petitioned the City of Asheville to rename “General Aviation Drive” to “Wright Brothers Way.” As the Airport expands, the Authority will look at additional roads and petition for naming to other historical aviation figures. City staff has reviewed the proposed name and found no conflicts that would impede emergency service response. The primary purpose of establishing a name for any street is to facilitate emergency response. Staff researched the street data and has determined that this name is not duplicated. The adoption of the new street name is to enhance emergency response to the citizens and for easy of use for the Asheville Regional Airport Authority.

Pros:

- The street will be utilized to access the existing business and infrastructure to the Asheville Regional Airport Authority.
- Assignment of specific addresses, utility connection, and potential emergency response will be enhanced with specific the street name.

Cons:

- There are no negative affects of for assignment of “Wright Brothers Way” to this existing road.

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Asheville City Council has directed staff to validate levels of emergency services provided for our citizens through the city’s strategic operation plan. This action complies with the City of Asheville Strategic Operating Plan section on Critical Services and Infrastructure: Goal 3 – Strong City and County Partnerships; Objective 1 – Review and validate the levels of critical emergency services provided throughout the city; Task 3 – Review and validate the levels of critical emergency services provided throughout the city.

City staff recommends City Council adopt a resolution renaming the existing street of “General Aviation,” located off Airport Road, to “Wright Brothers Way.”

Mr. Fred English felt we should name our streets after people who promote Asheville.

Mayor Bellamy closed the public hearing at 5:09 p.m.

When Councilman Davis felt that we have a number of very important people in aviation locally, Ms. Moore responded that the Airport does have other roads which can be named after Asheville aviators.

Mr. Kevin Howell, member of the Airport Authority, described the process in which the Authority looked at several different names, ultimately requesting the name “Wright Brothers Way.” Regarding the names on the aviations pilot wall at the Airport, Airport staff felt it was unrealistic to pick one name out of the over 50 names on the wall.

There was a brief discussion about asking that the Airport Authority re-visit the issue and consider renaming the road after a local aviator.

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

Councilman Mumpower felt that since there are other streets that can be named after our local aviators and because the Airport Authority is a body that is advisory to City Council, he moved to approve renaming “General Aviation Drive” to “Wright Brothers Way.” This motion was seconded by Councilwoman Cape and carried on a 4-3 vote, with Vice-Mayor Jones, Councilwoman Cape, Councilman Freeborn and Councilman Mumpower voting “yes” and Mayor Bellamy, Councilman Davis and Councilman Newman voting “no.”

**B. PUBLIC HEARING TO CONSIDER CONDITIONAL ZONING OF PROPERTY LOCATED ON 2 IRIS STREET FROM COMMERCIAL INDUSTRIAL DISTRICT TO RM-16 RESIDENTIAL MULTI-FAMILY HIGH DENSITY/CONDITIONAL ZONING FOR 84 RENTAL UNITS**

Mayor Bellamy said that the petitioner has withdrawn his application on this matter and no public hearing is necessary.

**C. PUBLIC HEARING TO AMEND THE CITY'S 2006 CONSOLIDATED ACTION PLAN TO INCLUDE A NEW COMMUNITY DEVELOPMENT BLOCK GRANT OF \$160,000 TO THE HOUSING AUTHORITY OF THE CITY OF ASHEVILLE FOR CONVERSION OF VACANT PUBLIC HOUSING UNITS AT PISGAH VIEW APARTMENTS INTO A COMMUNITY SERVICES CENTER**

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**RESOLUTION NO. 06-188- RESOLUTION AMENDING THE CITY'S 2006 CONSOLIDATED ACTION PLAN TO INCLUDE A NEW COMMUNITY DEVELOPMENT BLOCK GRANT OF \$160,000 TO THE HOUSING AUTHORITY OF THE CITY OF ASHEVILLE FOR CONVERSION OF VACANT PUBLIC HOUSING UNITS AT PISGAH VIEW APARTMENTS INTO A COMMUNITY SERVICES CENTER**

Mayor Bellamy opened the public hearing at 5:18 p.m.

Community Development Director Charlotte Caplan said that this is the consideration of a resolution to amend the 2006 Consolidated Action Plan to include a new Community Development Block Grant (CDBG) grant of \$160,000 to the Housing Authority of the City of Asheville for conversion of vacant public housing units at Pisgah View Apartments into a Community Services Center. This public hearing was advertised on October 13 and 20, 1006.

The Housing Authority of the City of Asheville (HACA) has requested a CDBG grant to convert six vacant public housing units in Pisgah View Apartments to create a community services center which will house a range of educational and family self-sufficiency programs. The housing units are surplus to needs because of diminished demand for 4-bedroom apartments.

Services will include:

- "I Have a Dream" program – long term mentoring, tutoring, and enrichment assistance for 40 low-income children from elementary school through college
- ARP/Phoenix parenting classes
- A-B Tech GED program
- "Project MARCH" life skills counseling for parents and youth by Children First
- West Riverside Weed & Seed program office

These programs will not only benefit Pisgah View residents but also support the City's Weed & Seed initiative, which covers the entire West Riverside area.

To meet code requirements for educational uses, extensive renovations are needed. At this stage only 4 of the 6 apartments in the building will be converted, creating two community service units. The requested \$160,000 CDBG grant will leverage \$335,000 in HACA funds, for a total project cost of \$495,000 (\$100 per square foot).

Architectural plans for the project are almost complete, and construction should start early in 2007, with completion in the summer of 2007

Because of loan payoffs received late in Fiscal Year 2006, we currently have \$251,099 in unallocated CDBG program income.

Pros

- Substantially enhances the delivery of educational and self-sufficiency programs in our largest and, by some measures, most troubled public housing development.
- Supports the Weed & Seed program and provides space for the Weed & Seed office
- Commits unallocated CDBG funds to a fast-moving project, improving our spending rate

Cons

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- A large grant which uses up most of the unallocated CDBG funds, diminishing the City's ability to respond to other urgent needs for the remainder of the fiscal year.

Staff recommends approval of a resolution to amend the City's 2006 Consolidated Action Plan.

Mr. Walter Plaue felt that this money should be used strictly for affordable housing needs and not a community center.

Ms. Robin Merrill, Senior Staff Attorney at Pisgah Legal Services, urged Council to support this initiative. She explained the community center is not only for Pisgah View residents but the entire Weed & Seed service area, which covers the entire West Riverside area. She felt that investing \$160,000 of CDBG money is worth the effort of being part of the entire solution to save 252 units of affordable housing at Pisgah View since HUD is changing the way they are subsidizing housing. Over the past two years, they have gotten a great deal of input from the residents at the Burton Street Community Center and at Pisgah View and they want to see their neighborhoods and their quality of lives improved.

Mr. Fred English felt that the vacant apartments should be remodeled because having a place to live is more important than having a community center.

Rev. Christopher Chiaromonte urged Council to build public restrooms in the downtown area.

Mr. David Nash, Deputy Director of the Housing Authority, said that currently at Pisgah View Apartments there are 83% of residents earning less than \$15,120 annually; many hard working families, many with small children, have special needs; serious crime problems documented by over 2,300 Asheville Police Department (APD) calls in the last year; and the Housing Authority is currently with the APD to develop new crime prevention strategies. This proposal supports the West Riverside Weed & Seed Initiative with CDBG bricks and mortar investment. City staff requested renovated office space for Weed & Seed Coordinator and other service providers (Children First/Project MARCH, I Have a Dream, Sisters of Mercy/ARP Phoenix, GED Program) need more functional space as well. After consultation, the Housing Authority jointly developed a plan that supports these important community services programs and facilitates their close collaboration with the Weed & Seed Coordinator. The CDBG request is \$160,000 and the Housing Authority will match the CDBG funds 2 for 1. In addition, they will seek additional funding necessary to complete Building 16 renovations.

Ms. Laurie Newman, Burton Street resident, spoke in support for this initiative.

Mayor Bellamy closed the public hearing at 5:39 p.m.

Councilman Mumpower was convinced that we have to care about and uplift people, especially in public housing, but he has trouble in throwing money and bureaucracy at deep, serious problems and hope it will fix them. He felt that we are using CDBG money to reduce our housing stock, not to add to it. He doesn't disagree with the need, but disagrees with the approach. He felt that \$500,000 is a good deal of money that can be put into special efforts, like law enforcement. He did feel that there is a tremendous need for 4-bedroom apartments in Asheville, but no parent who has the choice would go to Pisgah View because they are afraid, and we are not on top of law enforcement in public housing. He felt that we need more people and communities involved and must have a stronger law enforcement presence there.

Councilwoman Cape felt that the community needs a place for people to meet. When people can come together, support one another and build community, then you can build places where people want to live. It's unfortunate that we have a place where 4-bedroom apartments are vacant because there is no sense of community there. But, we have to help this community build community with proven programs and she felt this is a good investment to do just that.

Upon inquiry of Mayor Bellamy, Mr. Nash said that the 4-bedroom units have been vacant for at least 8-9 years. He said that at one time there was a plan to rehabilitate this building by the WNC Community Health Services for a clinic; however, they renovated a different building on Haywood Road instead. He noted that the Housing Authority does not receive applications, by those who qualify under the HUD guidelines, for 4-bedroom apartments.

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

Councilman Freeborn moved for the adoption of Resolution No. 06-188. This motion was seconded by Councilwoman Cape and carried on a 6-1 vote, with Councilman Mumpower voting "no."

**RESOLUTION BOOK NO. 30 – PAGE 131**

**D. PUBLIC HEARING TO CONSIDER A CONDITIONAL USE PERMIT FOR THE DOUBLETREE HOTEL, LOCATED AT 117 HENDERSONVILLE ROAD, FOR AN EXPANSION OF THE EXISTING HOTEL AND TO PURSUE A HEIGHT MODIFICATION**

**ORDINANCE NO. 3400 - ORDINANCE APPROVING A CONDITIONAL USE PERMIT FOR THE DOUBLETREE HOTEL, LOCATED AT 117 HENDERSONVILLE ROAD, FOR AN EXPANSION OF THE EXISTING HOTEL AND APPROVAL OF A HEIGHT MODIFICATION**

City Clerk Lipe administered the oath to anyone who anticipated speaking on this matter.

City Attorney Oast reviewed with Council the conditional use district zoning process. This process is the issuance of a conditional use permit, which is a quasi-judicial site specific act. At this public hearing, all the testimony needs to be sworn.

After hearing no questions about the procedure, Mayor Bellamy opened the public hearing at 5:51 p.m.

All Council members disclosed that they have visited the site and would consider this issue with an open mind on all the matters before them without pre-judgment and that they will make their decision based solely on what is before Council at the hearing.

City Attorney Oast said that as documentary evidence is submitted, he would be noting the entry of that evidence into the record.

Urban Planner Blake Esselstyn submitted into the record City Exhibit 1 (Affidavit of Publication), City Exhibit 2 (Certification of Mailing of Notice to Property Owners); and City Exhibit 3 (Staff Report).

Mr. Esselstyn said that this is the consideration of the issuance of a conditional use permit for Doubletree Hotel, located at 117 Hendersonville Road, for an expansion of the existing hotel and to pursue a height modification.

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He said that this review concerns a proposed five-story addition to an existing Doubletree Hotel. The hotel shares a site with a T.G.I. Friday's restaurant as well as a second hotel, a Sleep Inn (Attachment to City Exhibit 3 - Location Map). The addition is proposed at 39,208 feet, which, when combined with the existing 104,340 square feet, requires a level III site plan review (Attachment to City Exhibit 3 - Aerial Map). The facility would provide a new entrance, meeting space and waiting area as well as 37 additional rooms.

The site is located in a Highway Business zoning district within the corporate limits of the City of Asheville, on the west side of Hendersonville Road, just south of Biltmore Village (Attachments to City Exhibit 3 - Photographs of Existing Conditions and Front Elevations). There are vehicular accesses from both Hendersonville Road and Vanderbilt Road. The proposed addition would be on the side of the existing Doubletree building farthest from Hendersonville Road. One portion of the affected parking lot area lies in the jurisdiction of the Town of Biltmore Forest. The parking lot modifications in that area were approved by the town's Board of Adjustment and Design Review Board in September.

Lodging facilities are a permitted use in the Highway Business zoning district, and the building's size falls below the 200,000 square foot limit for multi-tenant structures. The scale of the proposed modifications to the site requires that the entire site be reviewed for compliance.

As a multi-tenant structure over 75,000 square feet, the proposed development must also address the conditions outlined in Sec. 7-16-2(d)(10)(a): Employ high quality building design; Blend building design and layout with other site features; Avoid bland and monotonous building design; and Ensure that buildings contribute to the community character of the City. Staff did not feel that the initial submission adequately addressed these conditions, but the applicant has since conferred with staff submitted revised elevations. Planning staff opinion is that the revised elevations sufficiently address these conditions while providing an appropriate match to the existing hotel's structure.

At their October 2, 2006, meeting, the Technical Review Committee (TRC) approved this project subject to the conditions in the staff report. At their October 4, 2006, meeting, the Planning and Zoning Commission voted unanimously to recommend approval, with the understanding that building height be noted as an issue and that any architectural modifications to the façade should take this into account.

The proposed building height is approximately 67 feet, higher than the 60-foot maximum typically applied to the Highway Business district (Attachments to City Exhibit 3 - Overall Site Plan; Front and Rear Elevations; Left Side Elevation and Right Side Elevation). Thus, approval of the building will require City Council to grant a modification to the height standard for this project. Staff is of the opinion that the structure's position on land below the surrounding roads makes the proposed (relatively small) height increase above the normal limit a reasonable proposition.

The project will include the addition of roughly 1200 feet of sidewalk along Hendersonville Road. The applicant is currently in discussion with the City of Asheville Engineering Department about an alternative to the 5-foot wide sidewalk and 5-ft wide grass strip adjacent to the road (required in the TRC Staff Report), so as to minimize the loss of some of the mature evergreen trees on the property.

The one communication that staff has received from a neighbor regarding this project was a letter from the Zoning Administrator of the Town of Biltmore Forest, received the day of the Planning and Zoning Commission hearing. The letter expressed concerns about the height of the building and encouraged the preservation of an extensive tree buffer. Since the height of the building would be located so close to the Town of Biltmore Forest, if a variance were granted, they felt if there was extensive tree buffering, it would be beneficial to the Town of Biltmore Forest

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and the City of Asheville. This letter was discussed at some length during the Planning and Zoning Commission meeting, where a representative for the Town of Biltmore Forest was in attendance.

City Council must take formal action as set forth in section 7-9-9(c)(4) of the Unified Development Ordinance (UDO), and must find that all seven standards for approval of conditional uses are met based on the evidence and testimony received at the public hearing or otherwise appearing in the record of this case (UDO 7-16-2(c)). Staff's review indicates that all seven standards are met as proposed in the site plan.

- 1. That the proposed use or development of the land will not materially endanger the public health or safety.**  
*This has been reviewed by City staff and appears to meet all public health and safety related requirements. The project must meet the technical standards set forth in the UDO, the Standards and Specifications Manual, the North Carolina Building Code and other applicable laws and standards that protect the public health and safety.*
- 2. That the proposed use or development of the land is reasonably compatible with significant natural or topographic features on the site and within the immediate vicinity of the site given the proposed site design and any mitigation techniques or measures proposed by the applicant.**  
*The area of the property on which the building would occur is flat and has previously been paved, graded, or built upon. Only a small amount of open space will be affected by the addition of required parking spaces. The building site's lower elevation relative to the surrounding roads and terrain reduce the perceived mass of the structure. The proposed project is thus compatible with the topography and natural features.*
- 3. That the proposed use or development of the land will not substantially injure the value of adjoining or abutting property.**  
*Staff feels that the proposed project would have no discernible effect on surrounding property values.*
- 4. That the proposed use or development or the land will be in harmony with the scale, bulk, coverage, density, and character of the area or neighborhood in which it is located.**  
*The proposed project would be in proximity to other large hotels and buildings, as well as the interstate, and would be in harmony with the neighboring area.*
- 5. That the proposed use or development of the land will generally conform to the comprehensive plan, smart growth policies, sustainable economic development strategic plan and other official plans adopted by the City.**  
*The Asheville City Development Plan 2025 includes a series of Smart Growth Land Use Policies. The second of these states that "Compatible, higher density commercial ... infill development should be encouraged." It can be argued that the proposed project complies with this policy. Further, one of the long-term goals of the Strategic Operating Plan is increased street and sidewalk connections. This project would provide a significant sidewalk extension along Hendersonville Road.*

**6. That the proposed use is appropriately located with respect to transportation facilities, water supply, fire and police protection, waste disposal, and similar facilities.**

*The project's location off Hendersonville Road ensures access to major transportation facilities and other services. Transit route 6 serves the area, passing immediately in front*

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*of one entrance to the site. In addition, technical review from other departments has not revealed any problems for serving the development.*

**7. That the proposed use will not cause undue traffic congestion or create a traffic hazard.**

*The proposed project has been reviewed by the City's traffic engineer and is not expected to cause undue traffic congestion or create a traffic hazard.*

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

Considerations:

- High density infill development and significant addition of sidewalk would further goals of City of Asheville comprehensive plan, smart growth policies, and strategic operating plan.
- Project would require a special modification to the height standard.
- Neighboring land closest to the building is all owned by the applicant.
- Town of Biltmore Forest has expressed concern about the height of the proposed building.
- Applicant has improved façade design to address conditions in ordinance for large structures.

Staff recommends approval of the proposed project and Conditional Use Permit subject to the conditions in the TRC staff report. Staff also recommends approval of the modification to the dimensional (height) standard for this project.

After rebuttal, Mayor Bellamy closed the public hearing at 6:02 p.m.

Councilman Mumpower moved for the adoption of Ordinance No. 104, granting a conditional use permit adopting the proposed Master Plan, with the requested modification to the zoning district's height standard, for the Doubletree Hotel, located at 117 Hendersonville Road, subject to the following conditions: (1) The project shall comply with all conditions outlined in the TRC staff report; (2) All site lighting must comply with the City's Lighting Ordinance and be equipped with 90 degree cut-off fixtures and directed away from adjoining properties and streets; (3) All existing vegetation that is to be preserved must be clearly indicated and dimensioned on the site, landscape and grading plans; (4) The building design, construction materials and orientation on site must comply with the conceptual site plan and building elevations presented with this application. Any deviation from these plans must gain approval through the Planning and Development Department; and (5) At the direction of the Planning Director, this Project will be reviewed by the TRC prior to issuance of any building [or grading, etc....] permits. This motion was seconded by Councilman Freeborn and carried unanimously.

**ORDINANCE BOOK NO. 23 – PAGE 104**

**IV. UNFINISHED BUSINESS:**

**V. NEW BUSINESS:**

**A. RESOLUTION NO. 06-189- RESOLUTION APPROVING A \$500,000 HOUSING TRUST FUND LOAN TO SHELTER DEVELOPMENT, LLC, FOR THE DEVELOPMENT OF 63 UNITS OF AFFORDABLE SENIOR RENTAL HOUSING ON SPRINGSIDE ROAD**

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Ms. Adria Hardy, Community Development Analyst, said that this is the consideration of a resolution approving a \$500,000 Housing Trust Fund (HTF) loan for the development of 63 units of affordable senior rental housing.

Shelter Development, LLC plans to build 63 one- and two-bedroom apartments for the elderly on Springside Road in South Asheville, using a combination of Low Income Housing Tax Credits (LIHTC), this HTF loan, and HOME funding.



The developer was previously awarded \$300,000 in HTF funds in March, 2006 for an 84-unit development on the same site. The HTF commitment was withdrawn when the project failed to win an LIHTC award and could not proceed as planned. The developer has now revised the project to be more competitive in the LIHTC process and plans to apply again for tax credits in January, 2007. Additionally, Shelter Development plans to submit an application for \$300,000 in 2007 HOME funds. The combined value of the local HTF and HOME investments will earn crucial additional points for the project in the state-wide tax credit competition.

Tenants will have income below 60% of area median income and the rents will be below 110% of HUD fair market rents, qualifying the project for the most favorable HTF loan terms. The terms requested are 2% annual interest-only payments with principal deferred for 30 years.

The application was evaluated by a panel of outside experts and staff and scored well against the HTF criteria. Shelter Development has an excellent track record with LIHTC projects and other senior housing developments nationwide. The proposed rents are very affordable and the LIHTC rules guarantee 30 years of continued affordability.

The development cost of \$133,000 per unit is higher than some other projects, but the cost will cover many amenities for the senior residents including a wellness center, exercise room, dining area, and beauty salon. The LIHTC application process is lengthy and awards will not be made until July, 2007. However, if tax credits are awarded, it is very likely the development will proceed successfully. Housing Trust Funds will not be released prior to the award of tax credits.

The Housing and Community Development Committee reviewed the application on October 9, 2006, and has recommended awarding a HTF loan in the amount of \$500,000 at the terms requested.

Currently, just over \$1,200,000 remains uncommitted in the Housing Trust Fund.

Pros:

- Creates 63 units of new affordable housing for seniors
- 30 years of continued affordability is assured.
- Project will increase tax base, adding approximately \$20,000 a year in City taxes alone.

Cons:

- Ties up \$500,000 of HTF for eight months before results of LIHTC competition are known.

Staff recommends approval of a resolution approving a \$500,000 Housing Trust Fund (HTF) loan for the development of 63 units of affordable senior rental housing.

When Councilman Freeborn asked if there were any other pending applications, Ms. Hardy said that the City does not have any applications currently on file.

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Councilman Mumpower didn't want to speak against affordable housing for the elderly, but what he can speak against is that we allocate almost \$1 Million of City tax dollars into the Housing Trust Fund and mostly people who support that do not have access to wellness centers, exercise rooms, dining areas and salons. In addition, a portion of this money is coming from the federal government and at a time of unprecedented federal deficits, for us to be building at this level is out of touch with reality.

Mayor Bellamy explained that this is a loan request only, which will be paid back to the City. Ms. Hardy noted that the developer will be making annual interest-only payments of \$10,000 a year. Over the 30 years that will be \$300,000 coming back and then the lump sum of \$500,000 and the end of 30 years for a total re-payment of \$800,000.

At the request of Councilwoman Cape, Community Development Director Charlotte Caplan explained the low income housing tax credits and how they work.

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

Councilman Newman moved for the adoption of Resolution No. 06-189. This motion was seconded by Vice-Mayor Jones and carried on a 6-1 vote, with Councilman Mumpower voting "no."

**B. RESOLUTION TO COMMIT FEDERAL LOAN AND GRANT FUNDS FOR THE REDEVELOPMENT OF PROPERTY ON EAGLE AND MARKET STREETS**

Mayor Bellamy said that this item has been removed from the agenda at this time.

**C. RESOLUTION NO. 06-190- RESOLUTION ESTABLISHING ELIGIBILITY AND COST FOR RETIREE HEALTH BENEFITS UNDER THE CITY OF ASHEVILLE SELF-INSURED HEALTH PLAN FOR EMPLOYEES HIRED ON OR AFTER JANUARY 1, 2007, AND TO ADOPT CHANGES IN SUBSIDY RATES FOR EMPLOYEES HIRED ON OR BEFORE DECEMBER 31, 2006, WHO UPON RETIREMENT HAVE ACCESS TO COVERAGE THROUGH THEIR SPOUSE**

Human Resources Director Lisa Roth said that this is the consideration of a resolution establishing eligibility and cost for retiree health benefits under the City of Asheville self-insured health plan for employees hired on or after January 1, 2007, and to adopt changes in subsidy rates for employees hired on or before December 31, 2006, who upon retirement have access to coverage through their spouse.

Retirees with access to other health insurance coverage through their spouses (or through Medicare or their own post-retirement employment) are not subsidized by the City to the same extent as retirees who have no access to other coverage. This means that individuals with the same length of service to the City may pay different amounts for their health insurance. This is perceived as an inequity to retirees of the City. Council asked for options about how to approach this issue.

In addition, given the effect of GASB 45 and the increasing costs of health insurance, staff considered how the City might approach, in an equitable way, providing retiree health benefits to future employees.

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Resolutions passed by Council over the years have, since 1984, provided that retirees who have access to other coverage through their spouse could stay on the City health plan, but would not have their coverage subsidized by the City.

Recently, this provision was brought before Council as being unfair because two employees who worked for the City for the same amount of time paid different rates based on whether their spouses worked and had insurance coverage. Pursuant to discussion during a Council work session on October 17, 2006, Council wishes to formally consider the following proposal.

For current employees and future employees with a date of hire on or before December 31, 2006, the current resolutions will apply except that for employees who retire on or after January 1, 2007, who have access to other coverage through their spouse, the City will increase its subsidy from zero to a percentage based on years of service with the City of Asheville according to the following table.

<b>YEARS OF SERVICE with COA</b>	<b>PERCENT OF SUBSIDY (Not of Premium)</b>
25 or more	100% of subsidy
20 but less than 25	80% of subsidy
15 but less than 20	65% of subsidy
10 but less than 15	55% of subsidy
5 but less than 10	50% of subsidy
Less than 5	No subsidy

For future employees, with a date of hire on or after January 1, 2007, who retire from the City under the Local Governmental Employees Retirement System, whether through full service retirement, early retirement or disability retirement, the percent of the subsidy for any employee, with or without coverage available through their spouse, will be based on years of service with the City of Asheville, using the same chart. As is the case currently, employees with coverage available through Medicare, Medicaid or their own subsequent employment will continue to be permitted to remain under the plan, but at completely unsubsidized rates.

She said that the input received from 48 current employees were all favorable for Option 5.

Considerations:

On the positive side, the proposed resolution eliminates the perceived inequity for current employees who retire on or after January 1, 2007, with 25 years of service or more with the City of Asheville. It also reduces the inequity for current employees who retire on or after January 1, 2007, with at least five but fewer than 25 years of service with the City of Asheville. As this is an improvement to the current provisions, there should be no "conditions of employment" issues.

Also on the positive side, the proposed resolution with respect to employees with a date of hire on or after January 1, 2007, will have the long term effect of reducing retiree health costs by approximately 20% as those employees reach retirement. The new system will provide a fair and defensible plan based on the amount of time the employee provided services to the City of Asheville and its citizens.

On the negative side, the proposed resolution could increase health care costs by up to \$24,000 per year, cumulative to as much as \$240,000 per year based on current dollars, depending on the number of employees who have access to coverage through a spouse who decide to keep coverage through the City, until such time as all current employees retire and reach age 65.

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City staff recommends that City Council approve a resolution establishing eligibility and cost for retiree health benefits under the City of Asheville self-insured health plan for employees hired on or after January 1, 2007, and to adopt changes in subsidy rates for employees hired on or before December 31, 2006, who upon retirement have access to coverage through their spouse.

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

Councilman Mumpower moved for the adoption of Resolution No. 06-190. This motion was seconded by Councilman Davis and carried unanimously.

#### **RESOLUTION BOOK NO. 30 – PAGE 133**

##### **D. MOTION TO WAIVE THE PARKING FEES FOR THE FILMING OF "DON'T FADE AWAY"**

Councilwoman Cape, member of the Film Commission, said that at the worksession held on October 17, 2006, discussion occurred about providing an economic development incentive to a film production company due to begin filming in downtown Asheville. At that meeting, the majority of Council supported adding an item to the October 24, 2006, agenda waiving parking meter fees in specific downtown locations for 10 days of filming.

The Line Producer of "Don't Fade Away" explained why they are asking for the waiving of the parking fees.

Mr. Fred English questioned with City of Asheville taxpayers will get if they waive the parking fees.

Councilman Mumpower felt that this is not an incentive, but a bonus and it comes out of the taxpayer pockets. He was glad they were here, but we are already providing them with a lot of amenities that cost money, e.g., streets, lights, police, etc. and he has trouble with adding another bonus to those services we are providing already.

Vice-Mayor Jones confirmed that if we waive the parking fees, that means we are not collecting the parking fees; therefore, that is coming out of the enterprise fund of parking, not coming out of the general taxpayer fund.

Councilman Freeborn noted that the budget for the film is approximately \$1.65 Million and they plan on spending roughly \$800,000 in our region with an economic impact of \$2 Million into our regional economy.

Councilman Newman said that it is his understanding that we have done this before and he hoped Council does move forward in developing a policy for everyone to see in advance. He felt this is a very modest thing a city can do to encourage the film industry to do business in Asheville. However, the downtown business people are concerned when parking is lost. He did want the City to keep the loss of downtown parking spaces to a minimum because taking away a lot of street parking has a very significant impact on the businesses that are open near them.

Councilman Freeborn moved to waive the parking fees, in the amount not to exceed \$3,000, for the filming of "Don't Fade Away." This motion was seconded by Councilwoman Cape and carried on a 6-1 vote, with Councilman Mumpower voting "no."

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At 6:30 p.m., Mayor Bellamy announced a 30-minute recess in which City Council will be traveling to the funeral home to honor the memory of former Councilman Herbert J. Watts, who recently died. After said recess, City Council will go into closed session and will return to the formal meeting at 7:30 p.m.

At 7:11 p.m., Councilman Mumpower moved to go into closed session to discuss matters relating to the location or expansion of industries or other businesses in the area served by the City Council, including agreement on a tentative list of economic development incentives that may be offered in negotiations, provided that any action authorizing the payment of economic development incentives will occur in open session. The statutory authority is contained in G.S. 143-318.11(a)(4). This motion was seconded by Vice-Mayor Jones and carried unanimously.

At 7:18 p.m., Councilman Newman moved to come out of closed session. This motion was seconded by Councilman Mumpower and carried unanimously.

**E. RESOLUTION ADOPTING THE DOWNTOWN PARKING ACTION PLAN INCLUDING THE SCHEDULE AND FUNDING STRATEGY FOR THE PURPOSE OF PROVIDING PUBLIC PARKING**

City Engineer Cathy Ball said that this is the consideration of a resolution adopting a downtown parking action plan including the schedule and funding strategy for the purpose of providing public parking as follows:

Item	Description	Schedule	Estimated Total Costs*
1	Evaluate adding levels to Rankin Street Parking Garage	Completed	N/A
2	Evaluate demo and reconstruction of existing parking garages	Completed	N/A
3	Evaluation of parking option in the Battery Park area	Completed	N/A
4	Continue due diligence of proposed parking garage on Haywood Street across from Basilica	By June 2007	\$23 M
5	Surface parking on North Lexington	By May 2007	\$15,000
6	Surface parking on Cherry Street	By May 2007	\$25,000
7	Temporary surface parking on Haywood Street to include the demolition of existing structures	By June 2007	\$200,000
8	Public/Private partnership on Cox Avenue to include public parking	By June 2007	\$3.5 M
9	Public/Private partnership on Biltmore Avenue to include public parking	By June 2007	\$5 M**
10	Park side parking initiative	On-going	\$10 M**
11	Continue to evaluation of parking fee impact	On-going	N/A

\* Estimated total costs –These costs include previous expenditures and estimated future costs. Due to escalating construction costs these are subject to change.

\*\* These are subject to change depending on financing options such as tax increment financing.

The demand for parking in the downtown sectors of the city continues to grow. Original projections for growth in demand have proved to be too low in the present fiscal year. Parking demand for monthly permitted spaces has reached equilibrium very close to the total sold in fiscal year 2006 in spite of higher rates. Transient parking is increasing at an annualized rate of 10% during this fiscal year. The Civic Center deck, historically one of the least used facilities, has twice experienced a full condition during the month of October. Other than during events where special event fees apply, this has not happened before. Last year during the month of September the Rankin deck, the most popular deck, experienced full conditions for 8 hours. This September the Rankin deck experienced 45 hours of full condition.

Staff has been evaluating several options for increasing parking in downtown. We have evaluated adding floors to the existing parking garages. While Rankin Street Parking Garage was originally designed to be expanded by two levels, the building code requirements for this structure have changed significantly making this option cost prohibitive.

The best option for increasing parking in the current garages is to demolish the existing garages and rebuild. Staff does not recommend this option until additional parking is available due to the loss of parking during demolition and construction.

The proposed parking garage on Haywood Street across from the Basilica may still be a viable option. In order to determine this possibility, staff would need to reengage in negotiations with the Catholic Church and National Church Residents. In addition, part of the due diligence would include working with HUD to evaluate mitigation options for the Battery Park Apartment Residence.

Staff has developed a parking program that identifies several projects to increase parking in downtown Asheville. These projects include:

- Pave and landscape parking lot on the north side of Lexington Avenue.
- Implement monthly parking on Cherry Street.
- Utilize City owned property to leverage parking on Haywood Street. (Explore option of providing temporary surface parking in this area.)
- Formulate public/private partnerships for multiuse parking facility on Biltmore Avenue and Cox Avenue.
- Participate in the development of the park side development plan to include necessary parking for the City/County area.
- Continue to evaluate parking fee structure to determine impact on the system.

We anticipate that the parking fund will contribute approximately \$850,000 to a capital reserve fund this fiscal year. This money will allow us to fund the initiatives listed above. We anticipate that most if not all of this money will be used in debt service for new facilities and maintenance improvements to the existing decks.

In Fiscal Year 2009 the City will have paid the debt service for the Rankin and Wall Street Garages. This will allow an additional \$630,000 to be available for capital improvement funding.

Pros:

- Will allow staff to begin to move the process of forming partnerships and parking acquisition forward for council's final approval.
- Provide for needed public parking in Downtown Asheville.
- Allow for continued economic sustainability in the area.

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Cons:

- Options will require a significant financial commitment. Staff will bring these costs to Council prior to executing any agreements.

Staff recommends approval of a resolution adopting the downtown parking action plan including the schedule and funding strategy for the purpose of providing public parking.

Mr. Bill Maloney, business owner in the Haywood Park Hotel, urged Council to not look at building a parking garage on Haywood Street across from the Basilica, but look at something more creative near-by. He suggested Council enhance the Basilica by converting the City-owned property into a park.

Ms. Julia Brandt said that last year thousands of people signed a petition urging City Council to not build a parking garage across from the Basilica and all the reasons are still valid today. She felt that Council should look at parking on a larger scale rather than lumping all the parking garages together. She suggested the City look at satellite parking and extends the on-street parking meter hours longer than 2 hours. She also suggested the City look at partnering with other businesses downtown to use their existing parking for public use as well.

Mr. Fred English felt that the City had enough parking decks in Asheville and suggested adding a deck or two to the existing decks.

Mr. Roger Smith, resident at the Battery Park Apartments, said that the residents at the Battery Park Apartments are concerned with their health, safety and security if a new deck is built across from the Basilica. He urged Council to not build in that area and suggested a park as well.

Ms. Mary Selby was also concerned about the possibility of building a parking deck in front of the Basilica. She felt that when there is an event at the Civic Center, traffic will be dangerous. She suggested building a parking deck on the edge of Asheville and provide easy transportation to the Grove Arcade, Civic Center, etc. which would help Asheville be walker-friendly.

Mr. Dwight Buckner urged Council to consult with the Downtown Commission and ask for assistance with an overall development parking plan.

Councilwoman Cape wanted to remove the City continuing their due diligence of the proposed parking garage on Haywood Street across from the Basilica from the Downtown Parking Action Plan. She did support the idea of an overall development parking plan. She felt the City should look at creative options that we have available that are non-standard, i.e., building parking decks on top of the interstate.

Councilman Newman felt that in front of the Basilica is a problem site. He wondered about what public parking opportunities there were to partner with Buncombe County, since they are in the process of building a deck near the Health Department and also parking on Cox Avenue.

Ms. Ball responded to Councilman Newman about the pros and cons of stripping the surface parking on Cherry Street, noting that there hasn't been a project budget set up for that yet.

Councilman Freeborn also supported a comprehensive parking plan. He too felt the City should remove the proposed parking garage across from the Basilica. He suggested a community charette to ask people what they would like on that particular piece of property.

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Ms. Ball responded to Councilwoman Cape about the temporary surface parking on Haywood Street, including the demolition of existing structures.

Vice-Mayor Jones recommended deleting the proposed parking garage across from the Basilica too. She suggested adopting the Downtown Parking Action Plan (minus the parking garage on Haywood Street) in addition to adding another initiative to the Plan - begin a comprehensive transportation demand study for downtown. She was ready to start working on the other opportunities in the Plan at the same time endorsing the idea of the comprehensive plan.

Ms. Ball responded to various questions/comments from Councilman Mumpower regarding the proposed parking garage across from the Basilica, some being, but are not limited to: what the City has spent to date on this site; the risk factors of the Basilica; where is our primary need for parking in downtown; did the City made a commitment to the Grove Arcade to provide parking; what is the percentage of people who drive vs. walk; when was the last time the City developed a comprehensive parking plan; explanation of our parking fund; does demolition of an existing building or new construction create more of a risk factor; can a parking garage be demolished without explosives; and is there any realistic property in that vicinity for a parking garage.

Councilman Mumpower could not support deleting the proposed parking deck across from the Basilica because that is where the need is, that is where the research shows where we need one, and that is where the opportunity is.

Councilman Davis personally would not like to see the parking garage across from the Basilica, but felt we should keep it in the plan because to remove it may limit the future growth of the City. He noted that in Greenville, S.C., they have adequate parking which is camouflaged. He felt we may be a little past the comprehensive plan at this point because we are not developing an entire city, but felt it was very important to consider the Downtown Commission, Downtown Association and stakeholders in whatever is done with the parking.

Ms. Ball responded to Councilman Davis about the land near the Civic Center on Rankin Street and the possibility of working with Progress Energy on the land their transformer station sits on.

Mayor Bellamy agreed that we need some additional parking downtown, and supported looking at public/private partnerships. She would not support another study in that staff has looked at where we need parking and we need it throughout downtown. She suggested looking into partnership opportunities for (1) the land behind the Sheriff's Department; (2) the land on Carter Street; and (3) the parking lot at the Senior Opportunity Center. She wanted to work with whoever owns the Haywood Park

Hotel and ask them what their future plans are and that the City is willing to come to the table to talk about parking. She did not support a park across from the Basilica in that the land is too valuable. If no parking deck is to be built on that property, then we should sell the land and use the money to buy another piece of property on which to build a parking deck.

In response to Councilman Mumpower, Ms. Ball said that if the City buys the property independently and does the design work, it would take approximately 18 months to 2 years to begin construction.

Councilwoman Cape said that downtown is not just Haywood Street anymore and our vision of downtown and where we look for parking has to expand as well. In talking with the officials in Greenville, S.C., they said they made a specific effort to locate their parking so people would have to walk by buildings and stores to get to their destinations. We need to have a

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willingness to have creative distances for people to travel. She suggested adding to the Downtown Parking Action Plan another initiative - What is the aggressive way to look for who might be willing to sell the City some property. She wanted to know if the City has been exploring the Rankin/Lexington Street area. She also wondered if we have developed relationships with the larger grocery stores at the edge of town for park and rides.

Upon inquiry of Mayor Bellamy, Ms. Ball said that because of the parking needs in downtown Asheville surrounding neighborhoods are being impacted.

When Mayor Bellamy asked what kind of direction staff needed to move forward, Ms. Ball suggested staff be directed to aggressively pursue a partnerships or agreement that would allow the City to begin construction within a year.

Councilman Newman suggested City Council formally ask Buncombe County to join us in looking at parking needs; and to encourage them to fast track some of their potential projects, i.e. Cox Avenue, noting that the City has resources that are set aside for parking that can be used for the City to build their own parking facilities or to provide infrastructure, or other things to enable others to lead on parking or to partner with the City.

Upon inquiry of Councilman Mumpower, Ms. Ball said that she would rely on Council's policy direction concerning re-negotiation with the Church regarding the additional property needed for a proposed parking garage across from the Basilica.

It was the consensus of Council to direct staff to revise the Downtown Parking Action Plan, taking into consideration Council's comments, and come back with a revised Plan for a formal vote.

**F. ORDINANCE NO. 3401 - BUDGET AMENDMENT TO FUND STAFF ADDITIONS AND REORGANIZATIONS IN THE PLANNING & BUILDING SAFETY DEPARTMENTS THAT WILL ENHANCE DEVELOPMENT INSPECTION, PLANS REVIEW, CODE ENFORCEMENT AND LONG-RANGE PLANNING EFFORTS EFFECTIVE JANUARY 1, 2007**

City Manager Jackson said that this is the consideration of a budget amendment, in the amount of \$132,996, to fund January 1, 2007, staff additions and reorganizations in the Planning & Building Safety Departments that will enhance development inspection, plans review, code enforcement, and long-range planning efforts.

City Council recently requested a recommendation about staffing in the Planning and Development Department to achieve the following goals:

- Better manage and track zoning violations, fines, etc.
- Perform zoning field inspections throughout the construction process
- Devote more resources for long range planning

To achieve the goals laid out by City Council, the Planning Department proposes adding three additional positions: a Zoning Enforcement Officer, a Planning & Zoning Technician, and an Urban Planner. The Planning Department will also reorganize and upgrade several existing staff positions. With a January 1, 2007, planned implementation date, the cost of these additions and upgrades for half the fiscal year is \$168,019.

In addition to the development review needs in the Planning Department, Building Safety staff has also identified the need to add a Plans Reviewer to focus on small commercial and residential projects. Currently, Building Safety has three commercial plan reviewers and one

residential reviewer. Many small commercial and residential projects could be approved in a very short time if the staff resources existed. Data from the previous three months indicate that we are averaging approximately 16 calendar days to complete plans review for up fits and small remodels in commercial occupancies; this compares to the departmental goal of a 5 calendar day completion time. Turn around time for larger projects would also improve by allowing the other plan reviewers more time for them. The cost of adding this position on January 1, 2007, is \$26,175.

The total half-year cost for implementing this development review enhancement proposal on January 1, 2007, is \$132,996. (The annualized on-going cost will be approximately \$193,500). Finance Department staff recommends that the funding for this service enhancement package come from the additional \$346,000 in state utility tax revenue that will be collected in Fiscal Year 2006-07. As indicated in the first quarter financial report, revenue from state utility taxes increased by double digit percentages in the final quarter of Fiscal Year 2005-06 and the first quarter of Fiscal Year 2006-07. Based on this growth, and strong growth in other general fund revenues, staff believes that the \$132,996 for this service enhancement can be appropriated without any negative financial impact on the City.

PROS:

- Improvement across a range of development review services

CONS:

- Additional revenue will not go to fund balance

City staff recommends City Council approve the budget amendment to fund staff additions and reorganizations in the Planning & Building Safety Departments that will enhance development inspection, plans review, code enforcement, and long-range planning efforts.

Councilman Mumpower felt that more control requires more staff and more staff requires more tax dollars, which is a vicious cycle he could not support.

Councilman Newman felt that to have effective enforcement of our ordinances and to provide the development community with the staff to move their projects forward he would support the motion.

Councilwoman Cape noted that it's just not enforcement, but the amount of development and projects in the City.

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

Councilman Freeborn moved for the adoption of Ordinance No. 3401. This motion was seconded by Councilwoman Cape and carried on a 6-1 vote, with Councilman Mumpower voting "no."

**G. ORDINANCE NO. 3402- BUDGET AMENDMENT FOR ONE-TIME CAPITAL FUND PROJECTS**

City Manager Jackson said that this is the consideration of a budget amendment, in the amount of \$2,500,000 to fund high priority capital improvement projects.

As discussed with City Council at the October 17, 2006, worksession, staff has identified \$2.5 million in one-time funding that is available to augment the capital improvement budget that was approved for Fiscal Year 2006-07. This \$2.5 million in funding will come from two sources. At the time of budget adoption, there was approximately \$1.5 million in property and sales tax revenue that was not included in the budget. Council directed staff to report back after the first quarter on the possibility of appropriating this funding for capital needs. Based on the City's financial performance through the first quarter, staff is recommending that the additional \$1.5 million that was not budgeted in June now be appropriated for high priority capital needs.

In addition, the preliminary year-end audit figures for Fiscal Year 2005-06 show that the City's fund balance will be approximately \$23.8 million or 31% of total expenditures. Based on these numbers and staff's projections that fund balance will grow to 34.1% in Fiscal Year 2006-07, staff recommends that Council appropriate an additional \$1.0 million from fund balance to help address capital needs; bringing the total available funding to \$2.5 million.

Following a prioritization process with the management team, the City Manager is proposing that the projects below receive



funding from this \$2.5 million:

PROJECTS	Cost
Fire Station 12 - Sand Hill Rd Land	250,000
Civic Center Arena Roof*	900,000
Haw Creek Sidewalks**	370,000
Patton Ave. Sidewalks**	300,000
Fleet Replacement	255,000
Street & Sidewalk Maintenance	200,000
Public Safety Radio Replacements	100,000
Richmond Hill Entrance & Parking Lot	125,000
TOTAL	2,500,000

\* Total cost is \$1.5 million. \$600,000 in funding is already available from prior years' CIP allocation

\*\* The amounts above represent the City's match. The total cost of the projects are: Haw Creek: \$700,000; Patton: \$450,000

PROS:

- Addresses high priority capital needs that could not be funded when the budget was initially adopted

CONS:

- Additional revenue will not go to fund balance

City staff recommends City Council approve the budget amendment to fund high priority capital needs.

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

Councilman Mumpower moved for the adoption of Ordinance No. \_\_\_. This motion was seconded by Councilman Freeborn and carried unanimously.

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**H. ORDINANCE NO. 3403 - BUDGET AMENDMENT FOR ASHEVILLE TRANSIT FARE STRUCTURE**

Transit and Parking Services Manager Bruce Black said that this is the consideration of fare revisions and the provision of evening service for the Asheville Transit System; and the associated budget amendment.

The Asheville Transit System (ATS) is currently operating without charging its customers for use. Council adopted fares as part of the annual budget ordinance which is to become effective November 13, 2006. Council has asked staff to explore the costs, if any, of revising this fare schedule to reduce the approved fares in accordance with a specific proposal. Additionally, a proposal has been made to extend service by one additional hour in the evenings.

The proposed revised fares are lower than the currently approved fares. However, the lower fares are projected to increase ridership beyond the number of trips that are projected to be retained from the fare free promotion, and therefore there will be a slightly increase in revenue over the current budget. When the additional passengers from fare free are considered, the current budgeted fare box revenue is expected to increase by \$20,947. If the evening service program is approved, it will add another \$1,750 in revenue; producing a total increase in fare box revenue of \$22,697.

Due to the increased number of passengers and longer operating hours, staff recommends that enhanced security be maintained for the duration of the year. Also, an additional supervisory position will be needed to help control the system and to better deal with daily operational problems. The fare free period is straining supervisory personnel, and the ability to cope with enhanced ridership for a full year is lacking. The additional passenger loads and longer operating hours are also leading to an increase in maintenance costs. For the remainder of this fiscal year, the total additional cost for the reduced fare program will be \$105,000, and the total cost for evening service will be \$33,125. Therefore, the total cost of the two programs combined is \$138,125.

Since the cost of these two programs (\$138,125) exceeds the additional fare box revenue (\$22,697) that will be generated, the transfer from the General Fund to the Transit Fund will need to be increased by \$115,428 to support the net cost of this proposal. Based on 1<sup>st</sup> quarter operating results, staff is recommending that the sales tax budget in the General Fund be increased to fund this additional transfer amount.

Pros:

- The revised fares are projected to increase the ridership on the Transit System by up to 60,000 trips above the projected number of trips retained from the fare free promotion. The addition of evening service would add an additional 6,000 trips.

Cons:

- The transit system will experience additional personnel and operations costs in any case. The addition of more passengers as a result of reduced fares and evening service will increase that strain.
- Additional General Fund revenue will not go to fund balance

City staff requests that City Council consider the proposed fare reduction, effective November 13, 2006, as follows: 75-cents cash fare; \$1.00 day fare; \$7.00 ticket book; \$15.00 monthly pass; and \$120.00 annual pass.

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Ms. Karen Austin, Chair of the Asheville Transit Commission, spoke in support of the proposed fare reduction noting that the proposal will serve the goals they are trying to meet. The Commission voted on this proposal and endorsed changing the price of the monthly passes to \$15.00 and that the fare for a single trip be raised to \$1.00. They also supported expanding the evening service for one additional hour, which is a viable option for more working people.

When Mr. Fred English asked if there were any calls to the Police Department resulting from problem riders, Mr. Black said that they are in the process of collecting the data on the entire trial period. He said that the interim report did indicate that there were some police calls; however, at the start of the program there was 1 complaint to every 2,000 trips and at the end of September, there was 1 complaint to every 7,000 trips.

Mr. Dwight Buckner endorsed the proposal to extend the bus service one additional hour in the evenings.

City Council then discussed the proposed rates, the subsidy for transit, and the need to have an incentive for regular use of transit.

Councilman Newman moved to approve the following rate structure: \$1.00 cash fare per trip with no transfer fees; no day fare; \$7.00 ticket book; \$15.00 monthly pass; and \$120.00 annual pass. This motion was seconded by Councilwoman Cape.

Councilman Newman said that our overarching message is a transit system to both meet the needs of the working poor and for it to function in a way that helps achieve other community goals, like air quality, congestion, and bringing people downtown. As a result of the tremendous rise in the ridership during the Ride For Free Program it makes sense to look at what we can do to encourage people to continue to use transit and that is by adopting a really attractive fare package.

Councilman Freeborn felt the monthly passes can be an incentive for employers to give to their employees to reduce employee parking and free up the spaces for customers.

Councilman Davis felt that the Ride for Free Program should have been completed and evaluated before a new rate structure was proposed; however, he understands the need to improve the transit system for those who really need it. He was concerned though of subsidizing this on the backs of people who have to pay for monthly parking downtown, whether they need to or choose to drive to work.

Upon inquiry of Mayor Bellamy, Councilman Newman felt it would be more appropriate to vote on the proposed rate structure in one motion, rather than vote on each new rate separately.

Councilman Mumpower said that all of Council agrees on the importance of mobility for people, but it's how we provide that mobility and the rate of subsidy. He felt that some of the proposed rates had merit, but to vote on them in one motion, he felt, represented excessive subsidy. In addition, he felt we are proceeding without having the total data within which to analyze the pilot program.

Councilwoman Cape said that we are trying to encourage people to invest with us in our system.

At the explanation by City Attorney Oast that a procedural motion would take precedence over the original motion, Councilman Mumpower moved for a procedural motion to vote on each proposed rate separately.

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Councilman Newman then rescinded his original motion.

Councilman Newman moved to establish a \$15.00 monthly pass. This motion was seconded by Councilwoman Cape and carried on a 4-3 vote, with Vice-Mayor Jones, Councilwoman Cape, Councilman Freeborn and Councilman Newman voting "yes" and Mayor Bellamy, Councilman Davis and Councilman Mumpower voting "no."

Councilman Newman moved to establish a \$1.00 cash fare per trip with no transfer fees. This motion was seconded by Councilwoman Cape and carried unanimously.

Councilman Newman moved to establish a \$7.00 ticket book. This motion was seconded by Councilman Freeborn and carried on a 5-2 vote, with Councilman Davis and Councilman Mumpower voting "no."

Councilman Newman moved to establish a \$120.00 annual pass. This motion was seconded by Councilman Freeborn.

Mayor Bellamy moved to amend the motion that the annual pass be established at \$171.00. This motion was seconded by Councilman Mumpower and failed on a 3-4 vote, with Mayor Bellamy, Councilman Davis and Councilman Mumpower voting "yes" and Vice-Mayor Jones, Councilwoman Cape, Councilman Freeborn and Councilman Newman voting "no."

The original motion made by Councilman Newman and seconded by Councilman Freeborn to establish the annual pass at \$120.00 carried on a 4-3 vote, with Vice-Mayor Jones, Councilwoman Cape, Councilman Freeborn and Councilman Newman voting "yes" and Mayor Bellamy, Councilman Davis and Councilman Mumpower voting "no."

Councilman Freeborn moved to extend the bus service by one additional hour in the evening. This motion was seconded by Councilwoman Cape and carried unanimously.

After Vice-Mayor Jones moved, and Councilman Freeborn seconded the motion, to adopt the budget amendment for the Asheville Transit fare structure, it was the consensus of Council that the individual votes regarding the rate structure and the one hour of additional bus service in the evening were sufficient actions directing City staff to amend the budget accordingly.

#### **VI. OTHER BUSINESS:**

Councilman Mumpower shared the Asheville Drug Commission's October poster and thanked the Asheville Citizen-Times for printing the posters.

Vice-Mayor Jones thanked the community and individual organizations for their participation in the effort at Carrier Park to plant 35,000 bulbs in remembrance of children who are neglected and abused across North Carolina. She urged the community to continue support of the WNC Child Abuse Prevention Center.

#### **VII. INFORMAL DISCUSSION AND PUBLIC COMMENT:**

Ms. Kyle Ross invited City Council to speak at a gathering to support those who died or were victimized in the City of Asheville or Buncombe County law enforcement incidents. She noted that the date and time has yet to be set, however, she asked Council to contact her if they were interested in speaking.

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Mr. Fred English felt that the U.S. Army Reserve Center should have been allowed to lease the City-owned property on Louisiana Avenue for free. He felt the \$112,000 a year lease Council approved not long ago could have been used for training instead. Mayor Bellamy said that she would discuss the re-consideration of this matter being brought back up with the City Manager and the City Attorney. Councilman Mumpower supported that matter being reconsidered.

Mr. Chris Pelly, President of the Coalition of Asheville Neighborhoods, explained why he felt the September 15, 2006, letter City Attorney Oast sent to Staples, regarding compliance with the Unified Development Ordinance standards, did not mention that

the building was out of compliance for setback standards, signage and pedestrian orientation. He felt the language of the letter held no sense of urgency or purposeness. City Manager Jackson said that he would take the comments by Mr. Pelly under advisement and would welcome any feedback from Council if the letter was not consistent with the direction of City Council. Mayor Bellamy noted that the third-party review matter will be coming back to City Council in November.

**VIII. ADJOURNMENT:**

Mayor Bellamy adjourned the meeting at 10:02 p.m.

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CITY CLERK

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MAYOR