

Friday – January 19, 2007 - 12:45 p.m.
Saturday - January 20, 2007 - 8:30 a.m.
Municipal Building - Asheville, NC

Retreat

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

Mayor Bellamy welcomed everyone to the City Council retreat. She then introduced Mr. Andy Atkinson who will be the facilitator for this meeting. He in turn reviewed the agenda, the role of the facilitator and the ground rules.

At 1:03 p.m., Councilman Newman moved to go into closed session (1) to establish or to instruct the City's staff or negotiating agents concerning the position to be taken by or on behalf of the City in negotiating the terms of contracts for the acquisition of real property by purchase, option, exchange or lease. The statutory authorization is contained in G.S. 160A-318.11 (a) (5); and (2) to consult with an attorney employed by the City about matters with respect to which the attorney-client privilege between the City and its attorney must be preserved, including litigation involving the following parties: City of Asheville; State of North Carolina; County of Buncombe. The statutory authorization is contained in G.S. 160A-318.11 (a) (3). This motion was seconded by Vice-Mayor Jones and carried unanimously.

At 1:55 p.m., Councilman Freeborn moved to return to the formal meeting and continue the closed session on January 20, 2007, if needed. This motion was seconded by Vice-Mayor Jones and carried unanimously.

Chief Financial Officer Ben Durant gave the financial overview. He explained the quarterly report for fiscal year through December 2006. Since the first quarter budget report, the General Fund has been amended five times, resulting in an overall increase in the budget of \$3,131,265.

Regarding revenues, through December 31, 2006, the City has collected \$28,759,482 in General Fund revenue, which represents approximately 36.3% of the total General Fund revenue budget. At this point in the prior fiscal year, the City had collected \$23.55 Million in General Fund revenue, which represented approximately 31.5% of the revenue budget. Based on current trends, staff anticipates that Fiscal Year 2006-07 year-end revenue will exceed budget by \$1,635,051.

Regarding expenditures, General Fund expenditures through December 31, 2006, total \$38,451,127 or 47.2% of the budget. At this point in the prior fiscal year, expenditures were at \$35.84 Million or 47.0% of the budget. Based on current trends, staff anticipates that Fiscal Year 2006-07 year-end expenditures will come in under budget by \$1,049,872. The budget savings are primarily attributable to normal attrition and other managed cost savings that occur throughout the year.

Regarding Fund Balance, the City has budgeted \$2.22 Million in Fund Balance in Fiscal Year 2006-07. This includes \$593,987 budgeted to cover prior year encumbrances that rolled over from Fiscal Year 2005-06, along with \$1,628,872 appropriated in the current year. However, revenues are expected to exceed budget by \$1.63 Million and expenditures are projected to come under budget by \$1.05 Million. This result will produce a combined positive effect of \$2.68

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Million, which will more than offset the \$2.22 Million in budgeted Fund Balance. Therefore, based on year end revenue and expenditure estimates for Fiscal Year 2006-07, unreserved fund balance is projected to increase by \$462,064 to \$24,253,932, which will equate to 30.1% of estimated year-end expenditures.

The Fund Balance analysis is that the final audited, unreserved Fund Balance for the General Fund on June 30, 2006, was \$23,791,868 or 31.0% of year-end expenditures. \$2,222,859 in Fund Balance has been appropriated to balance the Fiscal Year 2006-07 revised budget. As a result, the revised Fiscal Year 2006-07 budget shows a decrease in Fund Balance to 27.2% of expenditures. However, based on year end revenue and expenditure estimates for Fiscal Year 2006-07, Fund Balance is now projected to increase by \$462,064 to \$24,253,932, which will equate to 30.1% of estimated year-end expenditures. The City's Financial Management Policy recommends the City maintain a Fund Balance equal to 15% of the current-year budget expenditures.

At the request of City Manager Jackson, and after a short discussion, it was the consensus of Council to acknowledge that City staff has met their financial goals with the cost reduction program and approved the City Manager accelerating their

recruitment process.

Mr. Durant then reviewed the following enterprise funds: Water Fund, Civic Center Fund, Parking Fund, Transit Fund, Golf Fund, Stormwater Fund and Festivals Fund. In addition, he reviewed the following major capital projects: Azalea Park; Aston Park; Memorial Stadium and Mountainside Park Renovations; Reed Creek Greenway; Reid Center Renovations; Richmond Hill Park; I-26 Amboy Road Greenway Extension to Hominy Creek Park; New Fire Stations (Old Haywood & Rocky Ridge Roads); Grove Park Traffic Improvements; Fiscal Year 2006-07 General Street & Sidewalk Program; Amboy Road Greenway Connector - TEA 21; Haw Creek/Avon Road Sidewalks; Patton Avenue Sidewalk; and the Civic Center Arena Roof. He then reviewed with Council the investment report.

After Mr. Durant reviewed with Council the long-range (six-year) financial planning, noting that this review is to give Council just a first glance and is not final by any means, he responded to various questions/comments from Council, some being, but are not limited to: why do we have ballfield lights at UNC-Asheville; how much, including labor and materials, does the City spend on streets and sidewalks; update on the Clingman Avenue Streetscape Plan; options for fleet replacement; are we not investing any additional funds in greenway development until the next three budget years; do we track how many people use the tennis courts and ballfields and if they are not being actively used, could we use that property for something different; and request for an update on the Parks & Recreation Facilities Master Plan, with inclusions of softball fields, a rugby field, a BMX Bike Park and a roller derby.

It was the consensus of Council to clarify that they want to spend a minimum of \$400,000 for the next six years for on-going maintenance on the Civic Center.

Vice-Mayor Jones said that we are facing a child obesity crisis and she would like to see more playgrounds in the budget.

Mayor Bellamy said that City Council will have the opportunity to add/delete things to the Capital Improvement Plan during the budget process.

Mr. Durant reviewed the forecast for next year. He said the Fiscal Year 2007-08 revenue projects are as follows: (1) Property Taxes: Based on current year tax base information received from Buncombe County and growth trends in recent years, staff is projecting a 3.5% increase in property tax revenue; (2) Sales Tax: During the first half of the current fiscal year, sales tax revenue has grown by 9.0%. The N.C. League of Municipalities expects that sales tax growth will

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slow to 5.0% for the remainder of this fiscal year, and that this growth rates will continue into Fiscal Year 2007-08; (3) Investment Earnings: Based on Fiscal Year 2006-06 investment earnings, and collections to date in the current fiscal year, staff is projecting a \$312,500 increase in this revenue source; and (4) Charges for Services: Staff is projecting a 5.0% increase in Fiscal Year 2007-08. Most of this growth is the result of an increase in the fire protection charge paid by the Town of Biltmore Forest based on its post-revaluation property values. The Fiscal Year 2007-08 expenditure projects are as follows: (1) Personnel costs: Staff is currently projecting a 7.0% increase in personnel costs. The budget projections include a 1% cost of living and a 3.0% average merit increase for employees. The projections also include an additional \$450,000 to fund year two of the market basked pay plan adjustment. Another factor affecting personnel costs is the budgeting of a full year's worth of costs for 22 positions (18 firefighters and 4 development review staff) that were only budgeted for half the year in Fiscal Year 2006-07; (2) Operating Costs: Budget projections include a 3.0% increase in operating costs to account for increases in supply and material costs; and (3) Capital Reserve/Debt Service Funding: Based on the long-range Capital Improvement Plan, budget projections include a 3.0% increase in pay-as-you-go funding compared to the adopted Fiscal Year 2006-07 budget. Please note that the revised Fiscal Year 2006-07 budget includes \$2.5 Million in one-time capital funding that Council approved in October of 2006. Staff is also recommending that \$2.0 Million in Fund Balance be appropriated in Fiscal Year 2007-08 for high priority capital needs, but this appropriation is not included in the financial forecast. He then explained the long-range revenue and expenditure projections as follows: (1) long-range revenue projections are based on historical trend data and assume that the economy continues to expand at a modest pace; (2) long-range expenditure projections assume that the City will continue to move toward full implementation of the market-based pay plan that was begun in Fiscal Year 2006-07. For that reason, personnel costs show a 6% increase in Fiscal Year 2008-09 and Fiscal Year 2009-10; and (3) The only capital improvement project in the draft Capital Improvement Plan that is expected to have a significant impact on future operating budgets is the construction of Fire Station 12. Eighteen additional firefighters will be needed to staff this station once it is complete. The costs for these additional firefighters, however, is not included in the financial forecast at this point due to the uncertainty surrounding annexation timetables and possible legal challenges that may delay the effective date of the annexation. Once the Annexation Services Plan is adopted by Council, staff will update the financial forecast to include both the revenues and expenditures connected to the annexation.

In response to Councilman Newman, Mr. Durant said that 65% of the City's budget is personnel costs.

Councilman Newman understands that personnel is an operational aspect, but with all the infrastructure needs and the need for good employees, he encouraged the City Manager to manage personnel costs as best as he can.

When Mayor Bellamy asked to look at alternatives for firefighters, Councilman Freeborn said that the City Council Revenue & Finance Committee is looking at that. Vice-Mayor Jones asked City staff look at the variety of options available.

Upon inquiry of Mayor Bellamy, Assistant City Manager Jeff Richardson said that staff will perform a financial analysis on a separation allowance for firefighters and report back to Council.

Regarding Council's Strategic Plan, City Manager Jackson said that one year ago Council set strategic goals with community input and we have come a long way on some of those issues. He asked Council to work on that framework and let staff know if they are going in the right direction with key projects. Council needs to determine where they want to be one year from now. Staff will take Council's priorities and start working through what are the most prevalent,

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common interest things and then work through to where Council wants to be at the end of the year.

Councilwoman Cape distributed to Council goals and strategies the Sustainable Economic Development Advisory Committee would like Council to consider.

City Council discussed the policy topic prioritization and goal setting. Mr. Atkinson compiled Council's issues as follows and gave six dots to each Council Member and asked them to place one dot by their most important issue for this year (numbers after each issue signifies how many Council Members supported that issue), noting that just because an issue did not receive a vote or did not reach the top five, did not mean that it is not an on-going issue for City staff:

Asheville Civic Center - 1; Bus shelters and benches - 0; Parking for downtown - 2; Bathroom kiosks for downtown - 0; Traffic management - 2; Planning & Zoning issues (a) One Stop Permitting; (b) How much regulation; and (c) Unified Development Ordinance - 3; Enforcement of existing laws - 0; Curtail active open air drug market - 3; Use public safety as an economic tool - 0; Elimination of aggressive panhandling and other issues with homeless - 1; Provide tax relief for Asheville families - 3; Maintain Fund Balance - 0; Funding of non-profits - 0; Implementation of employee salary pay plan - 2; Inequity of retirement for firefighters - 0; Water issue with State/County - 0; Consolidation with County - 1; Energy and the environment ("Green Construction") - 5; River District - 0; Housing issues - 3; Funding stream for Transit System - 4; Cooperation/partnership with County - 1; Jobs - 2; Basic City services improvement - public safety, streets, etc. - 2; Sidewalks and greenways - 5; and Cleaner/litter - 1.

The top three issues were: Sidewalks and greenways; Energy and the environment; and Funding stream for Transit System. Council was given an additional two dots to come up with five issues, which resulted in the following: Planning & Zoning - 2; Curtail active open drug market - 3; Tax relief for Asheville families - 5; and Housing issues - 4.

The five top issues were as follows: Sidewalks and greenways; Energy and the environment; Funding stream for Transit System; Tax Relief for Asheville families; and Housing issues.

After considerable discussion about whether Council wanted to focus on the top five issues just arrived at or to update their goals and visions, it was the consensus of Council to reaffirm City staff's continuance to work on their goals and visions. City Council then reviewed each goal and updated it when necessary. Throughout the updating, discussion surrounded youth programs; an improved Civic Center website; an awareness and educational component of ordinances; expansion of community policing; attention on downtown maintenance/cleanliness; the need to put sidewalks where appropriate; fully leveraging funds to create greenways, etc.; redevelopment issues; pursue downtown parking; partner with other agencies, e.g., Chamber of Commerce; visualization technology tools; collaborate with Buncombe County on a variety of issues; land use policies, in particular, farm land and tailgate areas; funding strategies for transit; annexation; building incentives; guiding principles of the Unified Development Ordinance; addressing the issue of where new housing needs to be; equitable distribution of amenities for neighborhoods; traffic calming/pedestrian safety; traffic modeling to enhance future planning; long-term tax relief; comprehensive housing policy, e.g., public housing issues, HOPE 6, collaboration with public housing; establish an ambitious energy conservation goals; maintaining greenspace preservation as housing growth continues; economic development modeling; private incentives for energy conservation; Performing Arts Center; Greenway Master Plan update; explore bikeways where possible; expand employment opportunities for City employees regardless of educational level; and collaborate on a regional basis, e.g., Hendersonville water sales, continuing to work together on public safety, and transfer development rights.

At 5:25 p.m., Mayor Bellamy said that the City Council retreat will continue at 8:30 a.m. on January 20, 2007.

Saturday – January 20, 2007 - 8:30 a.m.
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Absent: None

Mayor Bellamy welcomed everyone to the continuation of the City Council retreat.

Each Council explained their priorities for the year as follows:

Mayor Bellamy:

- Dollar-Wise Program
- Breast cancer awareness
- You Are Important Initiative
- Mayor's Committee for Youth
- Uniform Pilot Project
- Recruitment Roundup
- Women in Leadership
- Elected Women's Initiative
- We Grown Our Own
- Mayor's Committee for Housing
- Bonding Options

Councilman Mumpower:

- For Our Kids Program
- Top-A-Stop Program
- Job One Program in Shiloh
- Drug Commission
- Elimination of Open Air Drug Market
- Uphold responsibilities as a conservative representative
- Memorial Stadium

Councilman Newman:

- Energy Conservation Goal
- Incentives for the private sector around green building
- Living Wages Policy and help foster that in the business community (earned income tax credits)
- More funding for greenways and sidewalks
- Civic Center move forward
- Possible to restore racing in the Asheville area
- Political parties involvement in City elections

- Help businesses comply with recycling
- More funding for Pedestrian Plan

- Leverage MPO funds for sidewalks and greenways for 2009-15 Councilman Davis:

- Civic Center image improvement
- Memorial at the Asheville Speedway
- What is urban vs. suburban
- Work to attract athletic events
- Feasibility study to restore racing in the Asheville area
- Be a bigger player in the bio-tech area
- River District improvements (e.g., boat ways)
- Lack of employer health care
- Visualization of recycling containers in City Hall

Vice-Mayor Jones:

- Enhance current initiatives
- Help working people afford to live (e.g., tax relief and affordable housing)
- Collaboration with the County
- Clean-Up efforts
- Child abuse issues (raise awareness of sexual predators on the internet)
- Look at ways to reduce diabetes - (e.g., school lunches)

Councilman Freeborn:

- Continuing Airport development (racetrack, economic development)
- Bus stops on our state roads
- MPO funding for greenways and sidewalks
- Transit route study
- Building and strengthening regional transportation partnerships
- Follow through on independent Airport Authority

Councilwoman Cape:

- Support community initiatives
- How can we be a part of climate dialogue (e.g., energy efficiencies, alternative energies)
- Balance development and conservation
- Work with builders who are willing to build larger bus stops
- Recycling bin contest
- Matching kids and people (e.g., Room at the Inn Program)
- Housing initiatives
- Visualization in terms of using tools of technology to be better communication
- Youth Fairs
- Child care issues
- Additional green building in Asheville
- Civic Center
- Discussion of Lexington Avenue
- River District

Discussion surrounded the need for better communication between Council Members. Several ideas were discussed, e.g., Council to make a note of what they did in a week and pass it out at the Tuesday council meeting for update information only; and use of e-mail for updates

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only with no debate. Council Members did indicate that they supported the Mayor meeting monthly with Council Members one on one. It was the consensus of Council that each Council Member make their own commitment to the best communication style that fits them, with the goal of sharing the most relevant

information. It was also the consensus of Council to (1) receive a synopsis of the City-County meetings from the City Manager; and (2) receive a copy of the Mayor's weekly or monthly schedule.

Discussion surrounded how the Council's priority items would come before full Council. Several examples of scenarios were discussed as well as suggestions. After discussion, it was the consensus of Council that in order to place an item on the agenda that the idea go through a committee, if relevant, the City Manager or the Mayor. The committee is the place for Council to have dialogue with staff and start fleshing out the ideas. Regardless of whether there is a relevant committee or not, the idea will be placed on Council's agenda for a presentation to see if Council is interested in pursuing it.

It was affirmed by City Council that (1) Council can't direct City staff, but only give direction to the City Manager, City Attorney and City Clerk, and then only by 2/3's majority of Council; (2) Council can ask questions of department directors and express their opinions to them; and (3) if it is other than brief, simple information requests, any meetings or conversations with department directors should be requested through the City Manager.

Vice-Mayor Jones felt that this is a topic that needs to be discussed in the new City Council orientation.

Mayor Bellamy said that it is her responsibility to decide what to put on the agenda. She has instituted a process that when Council asks for an issue to be placed on the agenda, it is put in a file and she will schedule it on an agenda. In addition, she has instituted a procedure whereby the first Friday of each month the City Clerk will send each Council member a draft of what is coming before Council that month.

Mayor Bellamy said that Council will know when the strategic plan items will be on the agenda after the strategic plan is adopted by Council, which should be in February.

It was the consensus of Council to notify the Assistant City Manager on all operational and service requests.

After discussion regarding the Council/staff roles, it was the consensus of Council to ask that the City Manager to make sure that his staff is properly briefed on Council's power and endorsement of Council to set boundaries and at any time they feel that they are being told what to do, that they are safe in standing up for their position and that the City Manager and Council will back them up.

City Manager Jackson said that his department directors have had extensive discussions on understanding of the roles and limitations. One thing is the Council priority list is very gray in that staff runs into the problem of whether an item is a Council Member's priority or if it is one of Council's overall goals. We want to keep the overall goals moving but at the same time staff doesn't want to be a hurdle or an impediment or even to appear like that because sometimes they don't know how far they can go. They spend hours on a case by case basis because there are no hard-fast rules. So the more Council can articulate these issues the more clarify it will be for staff for to interpret Council's wishes as well as possible.

At 10:14 a.m., Mayor Bellamy announced a 10-minute break.

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Discussion surrounded Council meeting time management issues. Several suggestions were identified, e.g., Council be succinct in their questions; Mayor asking that the discussion is irrelevant and focus on the issue; Mayor announcing that the meeting is running too long and for Council to be brief in all comments; Mayor to announce that each topic be no more than a specific number of minutes for Council debate; Council does not have to explain why they voted the way they did; Mayor can sensor a Council Member; Council does not need to take a disproportionate amount of time if they feel they are in the minority; a system where Council Members push a button and the Mayor will call on them in order; ration equally the debate time; if a Council Member is not passionate about an issue, just cast the vote; and have the Mayor look at the different items and make a best guess about how much time it will take to move through those - then the Mayor can say on each item that Council try to spend no longer than so many minutes on the question and then at the end of that time, the Mayor could say are we ready to vote or spend a little more time on that.

Mayor Bellamy said that she will call on Council Members who raise their hand to speak.

At the suggestion of Mayor Bellamy, it was the majority of Council's wishes to end the Council meetings at 10:00 p.m.

Mayor Bellamy also asked that Council not put staff in the middle of the debate. If it is a direct question to staff, then the Mayor will call upon them.

Councilman Davis said that the reality is that we all got elected and are representing constituents. Let's cherish that time, talk wisely and keep your eye on the clock.

City Attorney Oast said that a mechanism in City Council rules is a motion to call the previous question. A Council Member can move to call the previous question after a motion has been made and after there has been at least 20 minute of debate and every member of Council has had an opportunity to speak once. After the motion is made to call the question, it should be seconded by 2/3's majority of Council (which motion is not debatable), however, the practice that we follow is not unusual and unless an objection is raised, the debate is closed.

After City Council discussion on the City Council Subcommittee review, it was the consensus of Council to continue the City Council Subcommittees for another year.

At the request of Vice-Mayor Jones, City Manager Jackson said that staff will e-mail Council all the City Council Subcommittee agendas and staff reports prior to the subcommittee meeting.

Upon inquiry of Mayor Bellamy, each Council Chair of each Council Subcommittee committed to remaining Chair of that Subcommittee until the end of the year when the entire Council starts the Board/Commission member and liaison process.

Councilman Newman wondered if it would be relevant for the City Council Revenue & Finance Committee to take a lead role in the budget process. It was the majority of Council's decision to continue the budget process in its current fashion.

After City Council discussion, it was the consensus of Council to schedule the following Council forums on the 5th Tuesdays, beginning January 30, 2007: Bele Chere, Civic Center, Film Commission, and the Homeless. Council's role will be to listen. City Council affirmed to structure the meeting where it is time limited.

Mayor Bellamy ended the retreat with the following quote by Marianne Williamson: "Our deepest fear is not that we are inadequate. Our deepest fear is that we are powerful beyond

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measure. It is our light, not our darkness that most frightens us. We ask ourselves, Who am I to be brilliant, gorgeous, talented, fabulous? Actually, who are you not to be? You are a child of God. Your playing small does not serve the world. There is nothing enlightened about shrinking so that other people won't feel insecure around you. We are all meant to shine, as children do. We were born to make manifest the glory of God that is within us. It's not just in some of us; it's in everyone. And as we let our own light shine, we unconsciously give other people permission to do the same. As we are liberated from our own fear, our presence automatically liberates others." Mayor Bellamy adjourned the meeting at 11:32 a.m.

CITY CLERK

MAYOR