

Friday – October 8, 2010 - 11:00 a.m.
Asheville Hilton Biltmore Park
Pisgah B Room

City Council Capital Improvement Plan Worksession

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

Mayor Bellamy convened the meeting and welcomed City Council, staff and the audience to the Capital Improvement Program (CIP) Worksession. She explained that Council will be provided a foundation of capital planning information to prepare for the upcoming budget process. At Council's retreat in January and then throughout the budget planning process, City Council will delve deeper into the capital needs as well as the operational needs.

Assistant City Manager Jeff Richardson explained that capital planning is contingent on financial forecasts and the overall budget process. Staff is working on a sustainability revolve fund for city facilities; these investments are not included in the CIP snap-shots. He said that this discussion focuses on the general capital budget and does not include in-depth information on enterprise capital budgets (water, civic center, transit, etc.).

Mr. Richardson explained that a CIP is (1) a statement of the City's policy regarding long-range development; (2) presents a long-term funding strategy and associated schedule to meet highest priority capital projects; (3) typically spans five years; and (4) captures any projects that involve needed repairs or improvements to our existing infrastructure (streets, parks, city facilities, etc.) and the acquisition or construction of new infrastructure (fire stations, traffic signals, sidewalks, etc.) with an estimated cost of \$50,000 or more. He then explained how capital programs are funded and how local governments issue debt. Financing modes consist of General Obligation Bonds, Certificates of Participation, Limited Obligation Bonds, Special Obligation Bonds, Revenue Bonds, Special Assessment Revenue Bonds and Tax Increment Financing Bonds.

Budget Manager Tony McDowell identified best practices financial policies and annual CIP processes. He then reviewed Asheville's history and benchmarks, along with referenda history, referenda comparison, and other debt issuances. Using charts, he explained the debt capacity comparison.

Mr. Richardson then said that Asheville's growth rate was the slowest among the 15 largest cities in North Carolina over the last ten years. Among all cities in North Carolina with populations above 50,000, Asheville has the highest daytime to nighttime ratio (a) more than 40,000 people commute into Asheville for employment; and (b) 61% of people who work in Asheville live outside the city limits. This daytime population to nighttime ratio does not take into account tourism, recreation and other services like healthcare (approximately 1.5 million room nights in Buncombe County during 2009). The City's share of sales tax has declined from 23.5% in 1990 to 19.60% in 2010. Asheville takes more calls for emergency services per capita than 17 cities involved in the UNC School of Government benchmarking project (178 calls per 1,000 people). Charlotte receives 126 calls per 1,000 people. Asheville would need to add 51,000 more residents to bring call volume more in line with the State per capita average. The operational budget has grown to keep up with the demands of growing population outside our jurisdiction lines. While public safety staffing has grown by 17% over the last 10 years, our staffing to call volume ration remains at or below the State average.

Capital milestones include (1) automated garbage collection program; (2) \$40+ Million in water system improvements through revenue bond; (3) Asheville has taken advantage of significant grant opportunities; (4) two new fire stations; (5) Livingston Street Center; and (6) Sullivan Act capital allocation.

Mr. McDowell then provided Council with three hypothetical CIP snap-shots along with associated outcomes and metrics for a five-year CIP, an additional \$1 Million and an additional \$4 Million.

City Manager Jackson provided Council with the CIP scenario comparison chart.

When Mr. Richardson suggested we create a staff facilitated budget worksession for citizens and then provide that information to Council to assist them in setting their strategic goals, Mayor Bellamy felt that we have already received citizen input via the master plans.

Staff responded to various City Council questions regarding the three hypothetical CIP snap-shots.

In summary, the following action steps will be provided to Council: obtain information from HUB about their project and inform Council about the possibility of enhancing matrix and reporting of master plan progress (for Council's January retreat); analysis of measuring impact of Asheville being a regional center as a result of the big disparity of daytime and nighttime population; analysis of the costs associated with the increased public safety on I-240/I-40/I-26; how would a Business Improvement District impact the City's CIP; analysis of annual debt service payments under all three hypothetical scenarios; how do the Transit Master Plan goals reflect in the CIP scenarios; update on status of existing capital projects, in particular 51 Biltmore Avenue and Haywood Street projects/properties, for possible re-programming of revenue; schedule review of Livingston Street Development Plan, phasing, partnership and funding options; and develop a specific 5-year CIP plan and also a 5-20 year general schedule of public improvements.

After each Council member offered their opinions on the CIP, it was the majority consensus of Council that Council favored something more a little more than scenario 2 (additional \$1 Million).

Mayor Bellamy adjourned the meeting at 1:43 p.m.

City Clerk

Mayor