



City of Asheville, NC

Asheville City Council

March 18, 2008

North Carolina House Select Committee on Municipal Annexation
North Carolina General Assembly Legislative Building
16 West Jones Street
Raleigh, NC 27601

Hand delivered to Asheville-Buncombe Technical Community College Ferguson Auditorium

Dear Honorable Representative Goforth, Representative Luebke and other members of the House Select Committee on Municipal Annexation:

On behalf of the Asheville City Council, we want to thank you for the opportunity to take part in your statewide dialogue on annexation. We appreciate you reaching out for input from our State's citizens as a part of your study on this important issue. We are particularly grateful you chose to host a public session in our region, and we want to thank you for traveling to Asheville.

We regret that members of the Asheville City Council are unable to participate in tonight's public hearing. Unfortunately, the rescheduled public hearing date conflicts with a regularly scheduled City Council meeting, and we were unable to adjust our meeting within the available timeframe. In our absence, it is our hope you will accept this letter as an official statement from the City of Asheville that can be entered into the public record as part of the hearing. Thank you in advance for your understanding of our scheduling constraints.

With respect to the City of Asheville, we believe annexation is an important growth management tool because our city lacks the incentives other cities in the State of North Carolina have to ensure steady, sustainable growth. Specifically, due to legislation known as the Sullivan Acts, Asheville is unable to require annexation as a condition of water service. Other municipalities in the State, including Black Mountain and Weaverville here in Buncombe County, have the ability to require developers to voluntarily annex a new development at build out as a condition of water line extension. As a result, Asheville is unable proactively plan for growth around its corporate limits. In addition, this legislative constraint forces Asheville to rely on involuntary annexation for growth. Without annexation, Asheville will not be likely to incorporate those urbanized areas that are best served by a municipality.

These legislative constraints, coupled with the further constraint of the inability of Asheville to charge differential water rates, hamper Asheville's ability to remain

fiscally healthy. Asheville taxpayers must absorb the cost deficits of operations for water customers who do not reside within the city limits. In fact, Asheville taxpayers shoulder future capital infrastructure costs for improvements to the water system that serve the entire region (an estimated revenue loss of \$6.2 million).

Annexation is also an important tool for municipalities to ensure civic equity and fairness between those living within the limits of a municipality and those living just outside its borders. Citizens living on a city's periphery enjoy many benefits offered by the city without sharing in the cost of those benefits. Some examples include use of the municipal road system, the economic benefits of the central business district and employment centers, and access to other urban destination points including healthcare facilities, educational institutions, entertainment and recreational facilities, and other service providers, all of which are serviced by the municipality. Citizens within the city's corporate limits pay both city and county taxes for services. Citizens in unincorporated areas pay no property taxes for city services that benefit them every week. Annexation can help to spread the cost of local services out to those who benefit from them.

In the almost 50 years since the General Assembly expansion in 1959, Asheville has demonstrated a conservative and judicious approach to growth. Relative to other similarly sized cities, Asheville has grown at a moderate to slow pace. The State Statutes insure that annexations, both involuntary and voluntary, can not be pursued in an arbitrary fashion. All residents of the City of Asheville receive the same high quality of services such as police, fire, sanitation, street maintenance and street lighting, planning and zoning, and parks and recreation. For these residents, annexation yields benefits as a cost-effective way to manage growth and keep property tax rates lower.

North Carolina is often looked at as the model for strong, healthy cities. Our bond ratings are continuously the highest of any in the country. This is due in part to the effective regulations in place on municipalities, which are overseen by our Local Government Commission, as well as our annexation laws.

Cities in good financial health can build infrastructure and provide the amenities necessary to continue to attract jobs and services that are beneficial to the population. Without the ability to expand, many cities begin to lose population, their inner cities decline, and property values decrease. Studies have shown that inelastic cities are economically imbalanced. New subdivisions on the edge of a city are often middle-to upper-income. If a city cannot annex, middle to upper-income residents often leave for the suburbs, leaving the cities with a disproportionate share of low-income families.

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Asheville has a responsibility to the rest of the region and acts as the center for government, commercial, financial, medical, and entertainment activity. Annexation serves as a fundamental source of Asheville's economic well-being, and a healthy Asheville economy drives a viable Western North Carolina.

In closing, we want to thank you once again for your careful consideration of this issue and for your service to the citizens of North Carolina. Please do not hesitate to contact us directly if you would like to further discuss the City of Asheville's position on annexation or if we may otherwise assist you with your study in any way.

Sincerely,

Asheville City Council