

Wednesday - November 3, 1999 - 3:00 p.m.

Worksession

Present: Mayor Leni Sitnick, Presiding; Vice-Mayor Edward C. Hay Jr.; Councilman M. Charles Cloninger; Councilman Earl Cobb; Councilwoman Barbara Field; Councilman Thomas G. Sellers; and Councilman O.T. Tomes; City Attorney Robert W. Oast Jr.; City Manager James L. Westbrook Jr.; and City Clerk Magdalen Burleson

Absent: None

Mayor Sitnick recognized Councilman-Elect Charles R. Worley.

**CONSENT:**

**Cellular Phone Service Bid Award**

Summary: The consideration of a resolution awarding a contract for cellular telephone service and equipment to U. S. Cellular Corp.

The City of Asheville uses cellular telephone services in the conduct of City business on a daily basis. The City desires to use those services that provide the best cost and coverage possible for its customers. As the communications industry is able to provide increasingly better and less expensive equipment and coverage, the City elected to seek proposals for cellular telephone service. The City advertised in the Asheville Citizen-Times for interested cellular telephone service providers and sent a Request for Proposal for cellular telephone service to prospective bidders. A pre-bid conference was held on September 22 at which three prospective bidders attended. The City received two responses to the Request for Proposal. The bids were originally due on October 1, 1999, however, one bidder expressed a concern regarding a possible need for more time to respond. The due date of the bids was then moved to October 8, 1999. The City has a communications team comprised of various City staff which have reviewed and evaluated the bids for cost and coverage as stated in the Request for Proposal. The team reviewed the proposals, evaluated the equipment submitted by the bidders for clarity and coverage of service, and reviewed certain proprietary information regarding coverage submitted by both bidders. The spreadsheet highlights the basic cost differences between the two proposals. The proposal submitted by U. S. Cellular represents the best overall cost package to the City while providing satisfactory cellular telephone equipment and service coverage.

Funding is available in the Fiscal Year 2000 operating budgets of the various City departments.

Staff recommends the City Council adopt the resolution which awards the contract to U. S. Cellular and authorizes the City Manager to execute the contract and any related documents.

**Twin Springs Sewer Easement Conveyance**

Summary: The consideration of a resolution authorizing the Mayor to convey to the Metropolitan Sewerage District of Buncombe County the sewer system and sewer system easements of Twin Springs Subdivision.

The City of Asheville is the owner of record of a 12.27-acre tract of unimproved real property on Broadview Drive within the City limits. Infrastructure improvements have been completed and the final plat has been recorded. The City of Asheville must convey to the -2-

Metropolitan Sewerage District of Buncombe County the sewer system and sewer system easements as shown on the as-built/easement survey.

On August 19, 1997, the City of Asheville and the Asheville Area Habitat for Humanity, Inc. entered into a Memorandum of Understanding to develop a 12.27-acre tract of unimproved land on Broadview Drive within the City limits. The City agreed to construct infrastructure improvements, including water, sanitary sewer, storm water drainage, streets and sidewalks, curb and gutter, electric, telephone, cable, street lighting, and minor landscaping. Habitat will construct 34 affordable housing units to be occupied by income-eligible families, and will transfer title of the individual real property to the qualified family when housing construction is completed.

Community Development staff recommends adoption of the resolution to convey to the Metropolitan Sewerage District of Buncombe County the sewer system and sewer system easements of Twin Springs Subdivision.

### **Grant for Master Street Tree Plan Phase II**

Summary: The consideration of a budget amendment, in the amount of \$9,873, from a grant from the N. C. Department of Environment and Natural Resources, to establish a budget for the Master Street Tree Program Phase II.

The City of Asheville applied for funds in August 1999 for a grant from the North Carolina Department of Environment and Natural Resources, Division of Forest Resources in the Urban and Community Forestry Grants Program. The grant was recently awarded in the amount of \$9,873 and designated for implementing the next phase of the Master Street Tree Program (MSTP) in the south area of Asheville.

The Parks and Recreation Department is responsible for developing a MSTP for street trees on City rights-of-way located within the city limits of Asheville. The existing inventory is almost fifteen years old and does not accurately reflect the trees of the City. The next phase of the process will identify the location, size, condition, and site conditions of trees located in the south area of Asheville. The MSTP will serve as a critical link in developing a long term management plan for Asheville's urban trees, provide information for future tree planting and forestry planning, and provide educational and volunteer opportunities for community organizations.

The Parks and Recreation Department recommends City Council approve the budget amendment, in the amount of \$9,873, to establish a budget for the next phase of the Master Street Tree Plan.

### **Subordination Agreement for Opportunity Corporation**

Summary: The consideration of a resolution to authorizing the Mayor and Assistant City Attorney to execute a Deed of Subordination which would subordinate the Deed of Trust granted by the Opportunity Corporation to the City of Asheville for the property purchased on Gaston Street.

By Resolution No. 98-36 the City Council authorized the Mayor to execute any and all documents necessary to exchange property between the City of Asheville and The Opportunity Corporation of Madison-Buncombe Counties, Inc. ("The Opportunity Corporation"), which property was owned by the City of Asheville and located adjacent to the property on which the W.C. Reid Community Center Annex building is located. In exchange for that real property, The Opportunity Corporation was to provide \$20,000 in cash for the city of Asheville Parks and Recreation Department to use in funding "mini-park" in the "West End section" of the City of -3-

Asheville and materials and administrative costs of not less that \$16,000 to construct a bridge across the creek at the base of property. The Opportunity Corporation acquired and an easement across the property acquired by The Opportunity Corporation for the city to use for greenway purposes. As part of that exchange, The Opportunity Corporation executed a Promissory Note and a deed of Trust against the property to secure

the payments to be made to the City of Asheville.

The Opportunity Corporation has paid the \$20,000 in cash but, the materials and administrative costs in the amount of not less than \$16,000 have not yet been furnished in that City of Asheville is not yet ready to construct the bridge. The Opportunity Corporation desires to construct a new building on the property it has acquired and has secured financing to construct that building. The lender of the construction costs for that building, First Citizens Bank & Trust, desires to have a first lien on that property. The Parks and Recreation Department has no objection to the lien of the City of Asheville being subordinate to the lien of the construction lender for the new building of The Opportunity Corporation.

A Deed of Subordination has been prepared by The Opportunity Corporation, furnished to the City of Asheville, and reviewed and approved by the City Attorney's Office;

The Parks and Recreation Department and the City Attorney's Office recommend adoption of the resolution and execution of the Deed of Subordination.

Mayor Sitnick asked that the record show that City Council has received this information and instructs the City Manager to place these items on the next formal City Council agenda.

### **1999 BELE CHERE REPORT**

Mr. Butch Kisiah, Superintendent of Recreation, said that this is the final report for the 1999 Bele Chere Festival which includes a financial statement and an update of the Strategic Plan.

In January of 1997, City Council approved the Bele Chere Strategic Plan for the next five years. Part of that plan included an annual report to City Council each year after the festival. He reviewed some of the objectives of the goals from the Strategic Plan and a financial statement for the 1999 festival. As the financial statement shows, Bele Chere made a total of \$64,875.66. This represents the fourth year in a row that the festival has made a profit. This is due largely to an overall increase in sponsorships and souvenir sales. The profit made from Bele Chere will go into the Festival Fund and will be used to enhance Bele Chere as well as other festivals, therefore reducing the City's taxpayers' support of these events. Tremendous headway was made this year in relationships with the Downtown Merchants, including the second year for "Taste of Asheville." This dialogue has resulted in better communication and trust between both groups. Recognition should be given to all City departments for their involvement with the festival. Without their support and commitment to improving the quality of Bele Chere, the festival could not continue to be successful.

The Parks and Recreation Department and the Bele Chere Board recommend City Council's endorsement of the Annual Report for Bele Chere.

Councilman Sellers hoped that City Council will take a sincere look at continuing the no alcohol on Sunday for future Bele Chere festivals.

Vice-Mayor Hay was impressed that everyone has taken seriously the mandates of the Strategic Plan which shows that plans really can be the foundation for doing something good.

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When Vice-Mayor Hay asked about marketing, Mr. Kisiah explained and noted that they are not looking for a bigger Bele Chere in that they feel it's about just the right size.

Mayor Sitnick commented on the 37% increase of sponsorships.

It was the consensus of City Council to endorse the 1999 Annual Report for Bele Chere.

## **PURCHASE OF REAL PROPERTY AT 8 CEDAR STREET**

City Engineer Cathy Ball said that this is the consideration of a resolution authorizing the purchase of property located at 8 Cedar Street and a budget amendment, in the amount of \$113,000, for purpose of making intersection improvements in the future.

In recent months, the property located at 8 Cedar Street (PIN No. 9657.07-58-4903) was placed on the market for sale by the owner for \$122,500. An appraisal was made of the property, which was \$104,000, and after negotiations, the price of \$113,000 was agreed upon. The owners of the property are David S. and Robin G. Hylton. City staff became aware of this sale and recognized that this property would need to be acquired in order to make much needed intersection improvements at Cedar Street, Fairview Road, and Liberty Street.

Currently there is a traffic signal located at the intersection of Cedar Street and Fairview Road and another one approximately 100 feet away at Liberty Street and Fairview Road. By purchasing this property, the City could realign these two intersections to create a safer, less congested intersection in the future.

Following purchase of the property, staff will lease the house until such time as the house will need to be relocated to allow for the intersection improvements, move the house to a vacant lot and sell the house, or any combination of the above. These options should generate some revenue from the purchase of the property.

Staff recommends that the Mayor be authorized to execute documents to purchase property located at 8 Cedar Street and to approve a budget amendment, in the amount of \$113,000, for the purpose of making intersection improvements in the future.

Mayor Sitnick asked that the record show that City Council has received this information and instructs the City Manager to place these items on the next formal City Council agenda.

## **AMENDMENT OF 1999 CONSOLIDATED ACTION PLAN**

Ms. Charlotte Caplan, Community Development Director, said that this is the consideration of an amendment to the City's 1999 Consolidated Action Plan so as to recognize the receipt of additional program income and fund three new projects: (1) purchase of land for housing development in West Asheville; (2) a loan guarantee for the Montford Gateway development; and (3) rent assistance for families at risk of homelessness.

**Program Income Receipts** - Program income generated by our Community Development Block Grant (CDBG) and HOME programs is estimated at the start of each year. Necessarily, these estimates are conservative. We now have a significant accumulation of unallocated program income from prior years in both the CDBG and HOME programs, and are expecting to receive an additional \$90,000 from the sale of a small piece of redevelopment land on Asheland Avenue. There is a total of \$191,349 in CDBG and \$54,551 in HOME funds is now available for allocation to projects.

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Although it would be possible to retain these funds for allocation through the annual process in spring 2000, there are three projects which need funding now, outside the normal cycle.

**(1) Purchase of land for Housing Development** - The Asheville Housing Authority has offered the City an option to buy a 6.8 acre site at the intersection of Virginia Avenue and Brotherton Avenue in West Asheville. The site is suitable for a Planned Unit Development of 20-30 single family homes to provide home ownership

opportunities to low and moderate income families in a setting designed to foster a sense of community. Design features would include: clustered homes joined by footpaths; peripheral on-site parking; commonly-owned play, garden, and green space area; and, if funds allow, a community house for social activities, laundry, etc.

The site has been appraised at \$120,000. An allocation of **\$130,000 in CDBG** funds is recommended to cover acquisition and pre-development costs.

**(2) Montford Gateway Project** - In 1998 Neighborhood Housing Services purchased from the City a site at the south end of Montford Avenue for a mixed use development with offices, retail space and apartments. NHS has put together a permanent financing plan incorporating Low Income Housing Tax Credits, a capital advance from Neighborhood Reinvestment Corporation, several foundation grants, a small (\$31,250) CDBG grant made in 1998, and a \$400,000 bank loan. The bank has required NHS to provide a loan guarantee or reserve amounting to two years of interest on the loan in case the commercial parts of the development are slow to lease. NHS has asked the City to allocate **\$70,000 in CDBG** funds for this reserve.

If, as expected, the commercial units are quickly leased, these funds will revert to the City's CDBG fund for re-allocation to other projects through the normal allocation procedure.

**(3) HOME Rent Assistance** - The State Division of Social Services has announced the availability of \$5 million statewide to assist families on welfare or eligible for welfare in securing safe, affordable housing. City, County, DSS, and non-profit agency staff are collaborating to prepare a \$400,000 competitive grant application. The lead agency is the Affordable Housing Coalition (AHC). The state grant requires a match of \$1 in local funds for every \$2 in grant funds. This match would be funds contributed by participating agencies, including CDBG funds already allocated to AHC for rental education and counseling, and HOME funding to be applied directly to rent assistance, which is an eligible HOME activity.

An allocation of **\$50,000 in HOME** funds has been requested by the partners in this grant application .

**(4) Amendment of 1997 CDBG Grant to Mountain Housing Opportunities** - A 1997 CDBG grant made \$262,300 available to MHO for infrastructure improvements associated with its housing development in the West End/Clingman Avenue neighborhood. This project has been slow-moving, due in part to the absence of a detailed, site-specific, land-use and design plan for the neighborhood. MHO has requested that \$35,000 of the 1997 funding be re-allocated for planning. MHO will also proceed with minor sanitary sewer and storm drain improvements near Rector Street and Park Place. No new funds are required.

**Public Hearing Requirements** - The changes amount to a substantial amendment to the City's Consolidated Action Plan for 1999-2000 and require a public hearing before Council approval. Notice of the amendment was given on October 29 and November 5, 1999.

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Staff recommends amending the 1999 Consolidated Action Plan to include rent assistance in the HOME program, to allocate \$200,000 in CDBG funds and \$50,000 in HOME funds to the three projects described above, and to re-allocate \$35,000 in 1997 CDBG funds from infrastructure improvements to planning in West End/Clingman.

Discussion surrounded several questions raised by Councilman Sellers, in particular the water flow in the Brotherton and Virginia Avenue area.

Mr. Mike Brookshire from the Water Resources Department, said that an extension of a water line was made on Hudson Street and their tests have consistently shown that there is approximately 500 gallons per minute water flow to that area. He said that with normal usage, the addition of 30 more houses in the

Brotherton/Virginia area will have a very minor impact on water pressure.

Fire Chief John Rukavina said that they have a standard of 500 gallons per minute for single-family houses and townhouses. Fire Chief Rukavina also answered questions relative to a water storage facility.

Upon inquiry of Mayor Sitnick, Ms. Caplan said that an independent appraiser is reviewing the Housing Authority's appraisal on the land and stressed that they will not pay more than the fair market value.

Upon inquiry of Councilman Cloninger, Ms. Caplan said that the cost of each house will be well below \$100,000, however, she could not be specific because the houses have not yet been designed.

Vice-Mayor Hay stated that Council is only being asked to authorize the use of the federal housing monies to purchase the land at Virginia and Brotherton and that the design and plan itself is subject to approval by City Council at a later date.

Councilman Sellers requested a statement from the Fire Chief and Water Resources Department about the water flow in the area, in addition to information about the property values of homes in the area.

Upon inquiry of Councilman Cloninger, Housing Authority Director David Jones said that the money the City pays to the Housing Authority for the purchase of the property on Brotherton and Virginia will be used for affordable housing throughout the community.

Councilwoman Field stressed the need for affordable housing in our area to keep our youth here.

Mayor Sitnick agreed with Councilwoman Field and felt that with the commitment from City Council, the City has risen to the challenge of providing for affordable housing and has done a remarkable job with the limited funds available.

Mayor Sitnick asked that the record show that City Council has received this information and instructs the City Manager to place this item on the next formal City Council agenda for a public hearing.

### **APPROVAL OF ISSUANCE OF MULTI-FAMILY HOUSING REVENUE BONDS BY HOUSING AUTHORITY OF THE CITY OF ASHEVILLE**

City Attorney Oast said that this is the consideration of a resolution approving the issuance of revenue bonds by the Housing Authority for the Oak Knoll project. -7-

The Housing Authority of the City of Asheville proposes to issue revenue bonds in the amount of \$6,444,000 for the acquisition, rehabilitation, and equipping of a low- and moderate-income housing project in the City of Asheville. This project involves the acquisition and rehabilitation of an existing residential rental project currently known as Oak Knoll Apartments, consisting of 180 units located on Future Drive in Asheville.

The project will be acquired by the Silver Street Development Corporation through the Oak Knoll - Asheville Limited Partnership, which will also perform the rehabilitation work. The Housing Authority will use the bond proceeds to provide financial assistance. In a meeting and public hearing held on October 26, 1999, the Housing Authority found that the issuance of the bonds would further the Authority's purpose of promoting low- and moderate-income housing in Asheville, found that the developer was financially responsible and capable of fulfilling its debt repayment obligations, if the financing was provided, and that estimated costs of the acquisition and rehabilitation were not excessive. The financing team was also approved.

The bonds being issued are "private activity bonds" under IRS regulations. Essentially, this is a form of financing that allows private entities to engage in public purpose projects, with some of the advantages of tax exempt financing. There are many requirements and limitations in the use of the money derived from bond

proceeds. One of the requirements is that the governmental unit having jurisdiction over the area in which the activity occurs must approve the issuance of the bonds, and this approval may only come after a public hearing. According to the Housing Authority's attorney, concurred in by bond counsel and the attorneys for the developer and issue, this public hearing requirement is satisfied by the public hearing held by the Housing Authority, and a separate hearing by the City is not necessary. Our bond counsel has confirmed this, and this is the position of the Local Government Commission.

If City Council wishes to approve issuance of the revenue bonds for the Oak Knoll project, as required by Sec. 147(f) of the Internal Revenue Code, adoption of the resolution is recommended.

Mayor Sitnick asked that the record show that City Council has received this information and instructs the City Manager to place this item on the next formal City Council agenda.

### **BOARDS AND COMMISSIONS:**

Upon inquiry of Vice-Mayor Field, liaison to the Civic Center Commission, it was the consensus of City Council to ask the Civic Center Commission to take upon the task of reviewing the role and mission of the Commission, similar to what was recently done with the Asheville Downtown Commission. The Commission will have City staff support and is requested to report back to City Council with some recommendations on how to make changes to the ordinance which established the Commission.

It was the consensus of City Council to have the City Clerk prepare the proper paperwork to reappoint Ralph Morris to the Alcoholic Beverage Control Board.

It was the consensus of City Council to have the City Clerk prepare the proper paperwork to reappoint Darryl Hart as a Regular member to the Board of Adjustment. The Clerk was also instructed to ask the City Alternate members if they would be interested in the Regular member position which David Young was not interested in being reappointed to. Therefore, the Clerk was instructed to arrange interviews for the following Alternate members, if appropriate: Joseph Brady, Patricia Grant, Chris Goodwin and Burt Stanford. Interviews will also be arranged for Derek Weekley for an Alternate position and Anne Campbell for a Regular position. Sondra Slosman will also be considered for a position, however, there is no need for an interview.

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It was the consensus of City Council to have the City Clerk prepare the proper paperwork to reappoint Kathryn Liss and Cynthia Janes to the Community Relations Council.

It was the consensus of City Council to have Vice-Mayor Hay contact Brenda Sconyers to verify that she is still interested in serving on the Downtown Commission. If Ms. Sconyers is interested, the City Clerk was instructed to arrange interviews for Chuck Pickering, Bill Byrne and Kim MacQueen for vacancies on the Downtown Commission. If Ms. Sconyers is not interested in serving, the City Clerk was instructed to prepare the proper paperwork to appoint Mr. Pickering, Mr. Byrne and Ms. MacQueen to the Downtown Commission. City Council also instructed the City Attorney to prepare an ordinance to temporarily increase the membership of the Downtown Commission to include the two current City Council members currently on the Commission, until their term on City Council expires. At such time when the Council members' terms end, only one member of City Council will be on the Commission.

It was the consensus of City Council to have the City Clerk prepare the proper paperwork to reappoint Bill Schaefer to the Firemen's Relief Fund.

It was the consensus of City Council to have the City Clerk prepare the proper paperwork to reappoint Doug Spell to the Metropolitan Sewerage District Board.

It was the consensus of City Council to have the City Clerk prepare the proper paperwork to reappoint Jim McCulley to the Transit Commission, subject to Vice-Mayor Hay confirming with Mr. McCulley that he will be able to serve due to health problems. The City Clerk was instructed to arrange interviews for Claudia Nix and Pauline Kaltsunis.

It was the consensus of City Council to have the City Clerk prepare the proper paperwork to appoint Gerry Hardesty, Bruce Mulkey, John Tate and Casey Carmichael to the Greenway Commission. Since said Commission is to be made up of seven members, the City Clerk was also instructed to add this Commission in the next quarterly appointment process.

It was the consensus of City Council to have the City Clerk prepare the proper paperwork to appoint Kasty Latven, Sofia Mannos, Peter Gentling and Margaret Tinker for the Tree Commission. The City Clerk was instructed to arrange interviews with Monty Wooten and Philip Cusick. Also the Clerk was instructed to verify if Brian Inman was a City of Asheville resident, and if so, to ask him if he would be interested in being interviewed for a vacancy on the Tree Commission.

It was the consensus of City Council to have the City Clerk prepare the proper paperwork to appoint Ellen Rickman, Pamela Myers, S. Tucker Cooke, Judith Barber, Judy Swan, Carol Pennell and Caroline Mason to the Public Art Board.

Since only two applications were received for this new five member board, it was the consensus of City Council to readvertise the vacancies on the Public Access Channel Commission with a deadline of December 31, 1999.

**ADJOURNMENT:**

Mayor Sitnick adjourned the meeting at 5:50 p.m.

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CITY CLERK MAYOR

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