

Tuesday – April 13, 2021 - 3:00 p.m.

## Budget Worksession

This formal meeting was conducted by use of simultaneous communication in which the following participated by simultaneous communication: Mayor Esther E. Manheimer, Presiding; Vice-Mayor Sheneika Smith; Councilwoman Sandra Kilgore; Councilwoman S. Antanette Mosley; Councilwoman Kim Roney; Councilwoman Sage Turner; Councilwoman Gwen C. Wisler; City Manager Debra Campbell; City Attorney Brad Branham; and City Clerk Magdalen Burleson

Mayor Manheimer said that the City Council wants the public to still have the opportunity to participate in the decisions of your government. She then explained the 3 options for providing public comment - voicemail; email; and advanced live sign-ins.

City Manager explained that this worksession will cover (1) budget process review and updates; (2) General Fund status; (3) American Rescue Plan (ARPA) planning; and (4) Capital Improvement Program (CIP) development process update.

Key takeaways today include (1) staff working to link ongoing community engagement and internal budget work; (2) revenue growth in General Fund will likely be absorbed by increased cost to provide existing level of service; (3) reviewing guidance on ARPA and will need additional staff to support the program; and (4) significant capital needs will require additional funding to address.

Finance Director Tony McDowell gave a brief overview of the Fiscal Year 2021-22 (FY22) budget process review, along with upcoming budget dates for Council.

A brief review of the March 23 worksession review included (1) pandemic has adversely impacted enterprise funds' operations and revenues; (2) assessing fees for customer impact (cost and service); (3) water fee realignment needed to fund system maintenance; and (4) American Rescue Plan can help address, but planning will be critical.

Budget Manager Taylor Floyd reviewed the March community engagement actions and the upcoming April community engagement sessions.

Finance Director McDowell then reviewed the FY 22 General Fund baseline revenues and expenditures. Regarding the baseline General Fund revenue of property taxes, there is a total additional property tax revenue of \$3.2 Million. Regarding the baseline General Fund revenue for sales taxes, the total additional sales tax revenue is \$4.8 Million. The summary is to expect a total General Fund revenue growth of \$5.6 Million or 4.2%. Regarding baseline General Fund expense assumptions, the \$5.6 Million in revenue growth will mostly be used up by ongoing operating cost increases including other post-employment benefits (retiree healthcare), capital contribution, Health Fund contribution, and overall departmental operating budgets.

Finance Director McDowell outlined the 13 Council priority strategies along with the four Council funding priorities from the retreat (1) reparations; (2) reimagining public safety; (3) compensation; and (4) utilization of ARPA funding. Staff will bring more specific funding proposals for Council consideration at the April 27 budget worksession.

Budget Manager Floyd said that regarding the ARPA, (1) awaiting guidance from the US Dept. of the Treasury; (2) \$26 Million direct allocation to the City of Asheville; (3) provided in two payments - first half 60 days from when signed into law; and second half one year later; and (4) December 31, 2024, is current deadline to spend. ARPA qualified uses include (1) respond to the COVID-19 emergency and address its economic effects, including aid to households, small

businesses, nonprofits, and industries such as tourism and hospitality; (2) provide premium pay to essential employees or grants to their employers; (3) provide government services affected by a revenue reduction resulting from COVID-19; and (4) make investments in water, sewer and broadband infrastructure. Government Finance Officers Association guidance on ARPA include (1) prioritize non-recurring expenses; (2) spread over the qualifying period; (3) replenishing reserves (offsetting revenue loss) should be given high priority; (4) consider regional initiatives; and (4) adequate time should be taken to carefully consider all alternatives for the prudent use of funding prior to committing the resources. School of Government guidance on ARPA include (1) still limited by state authority granted to municipalities; (2) consistency with other laws and policies (e.g., employment law, personnel policy); (3) may not use infrastructure monies for operating expenses; and (4) a local government likely will not be able to construct broadband infrastructure absent additional legislative authority. The National League of Cities guidance on ARPA include (1) assess government operations and community needs; (2) gather your team; (3) build connections; (4) solicit input; and (5) make racial equity part of your plan. Asheville's ARPA guiding principles include (1) align with priorities; (2) use an equity lens; (3) focus on measurable impact; (4) think holistically; (5) invest in resilience; and (6) consider the long term. Asheville's ARPA next steps include (1) await guidance from the US Treasury on eligible uses of funds; (2) time-limited staffing to support management; (3) develop and prioritize project ideas from Council, departments and the community; (4) Council approval of spending priorities; and (5) launch initial projects in early FY22.

Budget Manager Floyd explained the Capital Improvement Program (CIP). A capital asset is land; buildings and improvements; infrastructure (streets, sidewalks); and equipment and machinery. Capital is separate from operating due to (1) project-based not program based; (2) scale of investment; (3) longer time horizon; and (4) use of debt. Using a chart, Finance Director McDowell showed historic and projected capital spending, along with a map of geographic investments of 2016 General Obligation Bonds and other CIP projects. Planning future investments include (1) limited resources and significant needs - projects identified are \$700 Million; (2) clear decision-making criteria, especially how equity is incorporated; and (3) beginning longer-term planning. CIP next steps include (1) in proposed budget (a) projects prioritized for funding; and (b) timeline; and (2) continuing work (a) develop criteria for all project prioritization; (b) identify additional funding to address needs; (c) neighborhood review; and (d) opportunity for federal infrastructure funding.

Finance Director McDowell then reiterated the key takeaways for today which include (1) staff working to link ongoing community engagement and internal budget work; (2) revenue growth in General Fund will likely be absorbed by increased cost to provide existing level of service; (3) reviewing guidance on ARPA and will need additional staff to support the program; and (4) significant capital needs will require additional funding to address.

City Manager Campell, along with Finance Director McDowell and Budget Manager Floyd, responded to various questions/comments from Council, some being, but are not limited to: request for list of all open positions; explanation of how recycling is being funded - out of the General Fund and/or fees; what are some programs that were funded fully in grants in prior years that we are now having to fund ourselves and what are the obligations we have to continue those programs; with the new body worn cameras contract, is maintenance included in that cost; for the new fire station staffing, is that amount based on current salaries and a full year cost; what is the projected opening date for the new fire station; does the hiring for the frozen positions include public safety positions; can we set something up that addresses being proactive to protect homeowners that are on the verge of losing their homes; any thought on what resilience might look like and how we can better respond to the next disaster or crisis; are religious organizations eligible for the ARPA funding; need to make sure that the approved uses by the Treasury correspond with the allowed uses from the state for municipalities; can the funds be used so as not to raise water fees; and is there an opportunity to solicit input from our boards & commissions.

For all questions/comments that could not be readily answered, City staff will provide Council with a memorandum with those responses.

Discussion surrounded some of the guiding principles that Council would like to also see included in the use of the ARPA funds, i.e., focus on partnerships including Buncombe County, Metropolitan Planning Organization, United for Youth Partnership, etc.; leveraging dollars with other partners; coordinated community effort campaign for information sharing; ongoing engagement and education of the community; and recognition that we catch up on revenue.

Councilwoman Roney explained some of her thoughts on what she is hearing from the community: cooperative housing and eviction protection; looking at overlaps in plans and long-term goals around resilient food systems; workforce development, accessibility, education, mentorship, diversion and re-entry programming, specifically around not just addressing our economic instability but moving from the emergency of instability to the gains that are needed to address our inequities; and, community led solutions to get to our goals so we can maximize our funds. She suggested we might consider setting aside a percentage of funds for targeted participatory budgeting and reparations, if that is possible and can fall into the scope of this work.

At 4:05 p.m., Mayor Manheimer adjourned the budget worksession.

Tuesday – April 13, 2021 - 5:00 p.m.

#### Regular Meeting

This formal meeting was conducted by use of simultaneous communication in which the following participated by simultaneous communication: Mayor Esther E. Manheimer, Presiding; Vice-Mayor Sheneika Smith; Councilwoman Sandra Kilgore; Councilwoman S. Antanette Mosley; Councilwoman Kim Roney; Councilwoman Sage Turner; Councilwoman Gwen C. Wisler; City Manager Debra Campbell; City Attorney Brad Branham; and City Clerk Magdalen Burleson

Mayor Manheimer said that the City Council wants the public to still have the opportunity to participate in the decisions of your government. She then explained the 3 options for providing public comment - voicemail; email; and advanced live sign-ins.

#### **PLEDGE OF ALLEGIANCE**

Mayor Manheimer led City Council in the Pledge of Allegiance.

#### **I. PROCLAMATIONS:**

#### **II. CONSENT AGENDA:**

- A. APPROVAL OF THE MINUTES OF THE REGULAR MEETING HELD ON MARCH 23, 2021**
  
- B. ORDINANCE NO. 4363 - ORDINANCE AMENDING SECTION 16-39 OF THE CODE OF ORDINANCES RELATED TO PUBLIC RIGHT-OF-WAY CUTS CLARIFYING THAT CITY CAPITAL PROJECTS ARE EXEMPT FROM THE PERMIT FEE**
  
- ORDINANCE NO. 4364 - ORDINANCE AMENDING THE FISCAL YEAR 2020-21 FEES & CHARGES MANUAL TO CLARIFY THAT CITY CAPITAL PROJECTS ARE EXEMPT FROM THE PERMIT FEE**

**Action Requested:** Adoption of an amendment to Chapter 16 Article II Section 16-39 of the City Code related to Public Right of Way Cuts to clarify that City capital projects are exempt from the permit fee; and approval of an amendment to the Fiscal Year 2020-21 Fees and Charges Manual to clarify this exemption.

**Background:**

- City ordinance requires Public Works to assure that all cuts (excavations) that are within the City rights of way have a permit issued.
- Permits help provide information related to the work being performed, project duration, contact information for the contractor performing the work; ensure that the work is being inspected; and help to ensure that a warranty is in place after the work is completed.
- These requirements are also included in all City-managed public infrastructure projects.
- Prior to this proposed ordinance amendment, it has been required that City contractors get a permit to perform City work.
- The proposed change allows for City staff to complete permitting on behalf of the project and clarifies that City capital projects are exempt from this right of way cut permit fee.
- This proposed change will have no impact on the City's Utility Cut Patching Program and the associated fees that the City's Water and Stormwater utilities are required to pay.

**Vendor Outreach Efforts:**

- Not Applicable

**Council Goal(s):**

- Transportation and Accessibility; A Well-Planned and Livable Community

**Committee(s):**

- None

**Pro(s):**

- Reduces cost of projects by eliminating permitting work completed and charges by contractors.
- Ensures that Public Works staff is informed of work in the right of way and records pavement, sidewalk and shoulder cut activity.
- Improves communication about internal work activities and promotes consistency between departments.

**Con(s):**

- This will lower the revenue collected in the Street Cut program.

**Fiscal Impact:**

- This adjustment will have a negative financial impact on the Street Cut Fund of approximately \$15,000 annually.
- Although this is a revenue loss to the Street Cut Fund, the overall cost to the City capital budget will be lower since contractors that are charged this permit fee currently charge an administrative markup to cover the cost of their administrative expenses.

**Motion:**

- Motion to approve the proposed amendments to (1) Chapter 16 Article II Section 16-39 related to Public Right of Way Cuts exempting City capital projects from the permit cut fee; and (2) to the City's Fiscal Year 2020-21 Fees and Charges Manual clarifying the fee exemption for City projects.

**ORDINANCE NO. 4363 - ORDINANCE BOOK NO. 33 - PAGE 263**  
**ORDINANCE NO. 4364 - ORDINANCE BOOK NO. 33 - PAGE 265**

**C. RESOLUTION NO. 21-66 - RESOLUTION AUTHORIZING THE CITY MANAGER TO ENTER INTO AN INTERLOCAL AGREEMENT WITH BUNCOMBE COUNTY REGARDING FEASIBILITY SITE ASSESSMENTS AND TO ISSUE A JOINT CONSTRUCTION BID FOR ONSITE RENEWABLE ENERGY SYSTEMS**

**Action Requested:** Adoption of a resolution authorizing the City Manager to enter into an interlocal agreement with Buncombe County to conduct feasibility site assessments and to issue a joint solicitation for onsite renewable energy systems.

**Background:**

- The City of Asheville will enter into an interlocal agreement with Buncombe County to give authority to conduct feasibility site assessments and issuance of a joint solicitation for onsite solar energy systems.
- Onsite energy systems installed will be a photovoltaic (PV) system. A PV system is a power system in which solar panels will convert sunlight to electricity. Electricity generated will be consumed at the site where they are located. Any additional electricity not able to be used on site will be supplied back to the electricity grid managed by Duke Energy.
- The solicitation will be issued by Buncombe County and will also include sites from Buncombe County, Town of Weaverville, Town of Black Mountain, and UNC Asheville.
- Joining the solicitation with these partners will increase the requested number of renewable systems which may provide all parties with lower prices.
- It also supports Buncombe County [Resolution 17-12-06](#) to transition all of Buncombe County to renewable energy by 2042.
- The City will be responsible for selection of the sites, funds for feasibility assessments, and funds to prepare solicitation documents.
- The City is under no obligation to enter into an agreement with responsive bidders if it is not deemed in the best interest of the City.

**Council Goal(s):**

- A Clean and Healthy Environment
- A Fiscally Resilient City

**Committee(s):**

- Sustainability Advisory Committee on Energy and the Environment - March 10, 2021- Support

**Pro(s):**

- Supports Resolutions [11-77](#) (80% carbon reduction goal), [18-279](#) (100% renewable energy goal) and [20-25](#) (climate emergency declaration).
- An interlocal agreement with Buncombe County will increase the requested number of renewable systems which may provide all parties with lower prices.

**Con(s):**

- None

**Fiscal Impact:**

- \$10,000 has been budgeted from the Green Savings account to prepare solicitation documents for solar systems and \$13,172 has already been spent in technical analysis.
- The solicitation will accept “solar leasing” or “energy as a service” responses.

- Solar leasing or energy as a service would require a long-term agreement that translates into a low-to-no upfront cost to install the solar systems with an annual or monthly payment agreed upon with the bidder and recipients.
- Ideally, the annual cost would be at or below the electric utility cost already incurred by these facilities.

**Motion:**

- Motion to adopt a resolution authorizing the City Manager to enter into an interlocal agreement with Buncombe County to issue a joint solicitation for onsite renewable energy systems.

**RESOLUTION BOOK NO. 42 - PAGE 167**

**D. ORDINANCE NO. 4365 - TECHNICAL BUDGET AMENDMENT IN EACH OF THE CITY'S ANNUAL OPERATING FUNDS TO APPROPRIATE FROM RESTRICTED AND ASSIGNED FUND BALANCE THE REQUIRED BUDGET AUTHORIZATION FOR PRIOR YEAR CONTRACTS, PURCHASE ORDERS, AND OTHER CARRY-OVER APPROPRIATIONS THAT ROLLED FORWARD TO FISCAL YEAR 2020-21**

**Action Requested:** Technical budget amendment in each of the City's annual operating funds to appropriate from restricted and assigned fund balance the required budget authorization for prior year contracts, purchase orders, and other carry-over appropriations totaling \$11,923,074.25 that rolled forward to Fiscal Year (FY) 2020-21.

**Background:**

- As part of its ongoing operations, the City enters into various contracts and purchase order agreements throughout the fiscal year.
  - Budget funds are encumbered for the full amount of the expected purchase.
  - These contracts and purchase orders are often not fully completed and paid in one fiscal year.
  - North Carolina General Statutes provide authorization for local governments to reserve the unexpended portion of these prior year commitments and roll those budgets forward to the new fiscal year.
- As a part of the FY 2019-20 annual audit, staff identified prior year commitments and carry-over appropriations to roll forward to FY 2020-21.
  - These dollar amounts were deducted from the unassigned fund balance amounts that were reported in the Comprehensive Annual Financial Report.
  - The technical budget amendment will provide authorization to officially appropriate these amounts in the FY 2020-21 budget for each of the City's annual operating funds. It is standard practice for staff to bring forward this technical budget amendment each year at the same City Council meeting in which the external auditors present the annual audit results.

**Council Goal(s):**

- A Financially Resilient City

**Committee(s):**

- None

**Pro(s):**

- Provides budget authorization for prior year contracts, purchase orders, and other carry-over appropriations that rolled forward to FY 2020-21.

**Con(s):**

- None.

**Fiscal Impact:**

- There is no impact on unassigned/available fund balance in the City's operating funds.

**Motion:**

- Motion to adopt a technical budget amendment in each of the City's annual operating funds to appropriate from restricted and assigned fund balance the required budget authorization for prior year contracts, purchase orders, and other carry-over appropriations that rolled forward to FY 2020-21.

**ORDINANCE BOOK NO. 33 - PAGE 266**

- E. RESOLUTION NO. 21-67 - RESOLUTION AUTHORIZING THE CITY MANAGER TO APPLY TO, AND ACCEPT IF AWARDED, FEDERAL TRANSIT ADMINISTRATION FOR THE CORONAVIRUS RESPONSES AND RELIEF SUPPLEMENTAL APPROPRIATIONS ACT (CRRSAA) 2021 5310 (ENHANCED MOBILITY OF SENIORS AND INDIVIDUALS WITH DISABILITIES) GRANT FUND, TO SIGN ALL APPROPRIATE AGREEMENTS WITH THE FTA, FEDERAL AND STATE AGENCIES, AND EXECUTE A SUBRECIPIENT AGREEMENT WITH MOUNTAIN PROJECTS INC.**

**ORDINANCE NO. 4366 - BUDGET AMENDMENT IN THE TRANSIT MULTI-YEAR AND TRANSIT OPERATING FUNDS TO BUDGET THE FTA CRRSAA GRANT FUNDS**

**Action Requested:** Adopt a resolution authorizing the City Manager to apply for the FY 2021 CRRSAA (Section 5310) grant funds, and to sign all appropriate agreements with the Federal Transit Administration (FTA), Federal and State agencies, execute a subrecipient agreement with Mountain Projects, Inc., and approve a budget amendment in the Transit Multi-Year and Transit Operating Funds in the amount of \$60,153 to budget the grant funds.

**Background:**

- On December 27, 2020, the Fiscal Year 2021 Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) was signed into law.
- On January 11, 2021, the Federal Transit Administration (FTA) announced availability of \$14 billion in transit-related funds apportioned to the transit industry under CRRSAA to be distributed as follows:
  - \$13.26 billion for urbanized areas (Section 5307 formula grant funds)
  - \$678.2 million for rural areas and tribes (Section 5311 formula grant funds)
  - \$50 million for Enhanced Mobility of Seniors and Individuals with Disabilities (Section 5310 formula grant funds)
- Based on the funds apportioned to transit systems, the Asheville Urbanized Area (AUZA) received \$60,153 in Section 5310 formula grant funds.
- No Section 5307 funds were provided to the AUZA with the CRRSAA relief supplemental funds. This is not part of the American Rescue Plan Act of 2021 funding which was signed into Law on March 11, 2021.
- At the French Broad River MPO (FBRMPO) quarterly Transit Operators' meeting in fall 2020, transit agency members agreed that the CRRSAA Section 5310 funds should be added to the regular annual Section 5310 Call for Projects (FY 2020), and that the funds should be awarded to only one transit operator rather than splitting it among several transit systems in the Asheville Urbanized Area.

- Based on the results of the annual Section 5310 call for projects, Mountain Projects, Inc., which provides fixed-route and paratransit services in Haywood County, was allocated \$54,138 out of the available CRRSAA Section 5310 funds of the \$60,153 provided by the FRBMPO. The City of Asheville was allocated \$6,015 (10%) for program support and administration.
- Similar to the FY 2020 CARES Act, CRRSAA funds will provide 100% of the Federal match of the anticipated funding and do not require any local match.
- City of Asheville Transportation Department staff will be working with Mountain Projects, Inc. on using the funds allocated to the agency and will submit an application to the FTA in the amount of \$60,153 by April 30, 2021 for technical review and approval.
- City of Asheville Transportation Department staff is recommending approval of the FY 2021 CRRSAA Subrecipient and Suballocation Agreement to be executed between the City of Asheville and Mountain Projects, Inc.
- On March 16, 2021, the City of Asheville Transportation Department staff submitted the required Federal Split Letter to the FTA Region VI Office outlining the MPO-approved allocation of CRRSAA funds.

<b>FBRMPO ALLOCATED FY2021 CRRSAA (SECTION 5310) FUNDS</b>		
	<b>PROPOSED DISTRIBUTION/ PERCENT</b>	<b>ESTIMATED DISTRIBUTION/ AMOUNT</b>
<b>City of Asheville</b>	<b>10%</b>	<b>\$6,015</b>
<b>Mountain Projects, Inc.</b>	<b>90%</b>	<b>\$54,138</b>
	<b>TOTAL</b>	<b>\$60,153</b>

**Council Goal(s):**

- Transportation and Accessibility

**Committee(s):**

- None.

**Pro(s):**

- CRRSAA funds will enable Mountain Projects, Inc. to use federal funds to help offset operational expenses incurred on or after January 20, 2020 in response to economic or other conditions caused by COVID-19.

**Con(s):**

- None.

**Fiscal Impact:**

- CRRSAA provides 100% of the funding with no local match required.

**Motion:**

- Motion to adopt a resolution authorizing the City Manager to apply for the FY 2021 CRRSAA (Section 5310) grant funds, and to sign all appropriate agreements with the FTA, Federal and State agencies, execute a subrecipient agreement with Mountain Projects, Inc., and a budget amendment in the Transit Multi-Year and Transit Operating Funds in the amount of \$60,153 to budget the grant funds.



**RESOLUTION BOOK NO. 42 - PAGE 168  
ORDINANCE BOOK NO. 33 - PAGE 268**

**F. RESOLUTION NO. 21-68 - RESOLUTION APPROVING DONATIONS OF UNUSED AND UNCLAIMED SETTLEMENT FUNDS TO THE ASHEVILLE CITY SCHOOLS FOUNDATION AND COTHINKK, IN EQUAL AMOUNTS**

Tracey Greene-Washington, representing CoThinkk, founder of Co-Thinkk, said that they led by African-American & Latinx leaders in Asheville and Western N.C. committed to using our time, talent, and treasure to address some of the most critical issues impacting communities of color. It is important that they are able to do three things - as a complimentary action, as CoThinkk is presented as one of two potential recipients that will receive a portion of proceeds from the recent settlement. The first is to ensure we create transparency regarding the process that allowed us to reach consensus with the City regarding the donation and our internal CoThinkk process. The second is to clarify the structure of CoThinkk, the amount and what it really costs to do structural change and racial equity work. And, is a calling in of fellow social change philanthropists to be at the table with us as we continue to evolve our collective work that is anchored in equity, liberatory practices, and innovation that will be needed for the future. They are humbled to receive this donation and know that intentional work to implement, do and facilitate structural change necessitates deep investment. She noted that she submitted a letter with all her comments to City Council.

**RESOLUTION BOOK NO. 42 - PAGE 169**

**G. RESOLUTION NO. 21-69 - RESOLUTION AUTHORIZING THE CITY MANAGER TO ENTER INTO A MEMORANDUM OF UNDERSTANDING WITH BUNCOMBE COUNTY FOR REIMBURSEMENT OF ASSISTANCE WITH ADMINISTERING COVID-19 VACCINATIONS**

**Action Requested:** Adoption of an interlocal agreement with Buncombe County for staffing and reimbursement at the mass COVID-19 vaccination site.

**Background:**

- To help Buncombe County administer COVID-19 vaccinations in a quicker, more efficient manner, the County recruited area-wide fire departments including the Asheville Fire Department and Harrah's Cherokee Center Asheville for staffing assistance of operations at the sites.
- During its time onsite, the Asheville Fire Department and Harrah's Cherokee Center Asheville staff help with appointment registration; administering vaccinations; patient observation education; traffic management; resource management; and logistics support.
- Buncombe County will reimburse the City at hours paid (regular or overtime) plus fringe benefits for all employees assisting in the operations of the County COVID vaccination and testing site
- The agreement ends in June 2021.

**Vendor Outreach Efforts:**

- Agreement is with Buncombe County

**Council Goal(s):**

- Connected and Engaged Community

**Committee(s):**

- None

**Pro(s):**

- Receiving reimbursement funds will reduce the impact this assignment has on the Asheville Fire Department and Harrah's Cherokee Center Asheville compensation and benefits budgets.
- Assisting Buncombe County with their COVID vaccination efforts allows for more vaccines to be administered during the time period set forth in the agreement than could be administered without the participation of the Asheville Fire Department and Harrah's Cherokee Center Asheville.
- The Asheville Fire Department continues its long relationship with working with Buncombe County to deliver public safety services.

**Con(s):**

- None Identified

**Fiscal Impact:**

- The fiscal impact will be neutral because Buncombe County will reimburse the City of Asheville all its compensation and benefits expenses.
- The reimbursements will be around \$50,000 each month and will vary depending on actual staffing levels and compensation amounts.

**Motion:**

- Motion for a resolution for the City Council to authorize the City Manager to enter into an interlocal agreement with Buncombe County for assistance at COVID-19 vaccination and testing sites.

**RESOLUTION BOOK NO. 42 - PAGE 170**

**H. MOTION TO REVISE THE FISCAL YEAR 2021-22 BUDGET CALENDAR TO INCLUDE A BUDGET WORKSESSION ON APRIL 27, 2021, AT 2:30 P.M.**

**I. RESOLUTION NO. 21-70 - RESOLUTION AUTHORIZING THE CITY MANAGER TO ACCEPT FUNDING FROM DOGWOOD HEALTH TRUST FOR THE OPERATION OF CODE PURPLE EMERGENCY SHELTER**

**Action(s) Requested:** Adoption of a resolution to accept a grant from Dogwood Health Trust in the amount of \$50,000 toward the City's \$130,000 agreement with Western Carolina Rescue Ministries, Inc. to provide Code Purple Emergency Shelter

**Background:**

- Code Purple is a longstanding practice where homeless shelter providers exceed regular capacity and waive regular rules on nights when the temperature or windchill are at/below 32 degrees in order to ensure survival of people experiencing homelessness.
- Code Purple is a community-led initiative that has primarily been coordinated by agencies in the Homeless Coalition.
- COVID-19 has created many challenges for homeless service providers and therefore no emergency shelters were able to participate in Code Purple this winter at their facilities.
- Western Carolina Rescue Ministries, Inc. agreed to operate Code Purple in an off-site location.
- In order to meet these extraordinary circumstances, on December 1, 2020, the City of Asheville entered into an agreement with Western Carolina Rescue Ministries, Inc. to provide up to 50 Code Purple beds at First Congregational United Church of Christ (20 Oak Street) for the month of December.
- Funding for this first month of operations in the amount of \$42,240 came from Coronavirus Relief Funding (CRF) previously approved by the City Council.

- To continue shelter operations, the City of Asheville entered into an agreement with Western Carolina Rescue Ministries, Inc. on January 1, 2021 for \$80,000.
- Buncombe County agreed to provide \$40,000 of funding to assist with those costs; the City funded the other \$40,000 with previously budgeted affordable housing pay-go funding in the City's Capital Improvement Program (CIP).
- On February 23, 2021, City Council authorized an amendment to the agreement with Western Carolina Rescue Ministries, Inc. to add \$50,000 to continue shelter operations.
- On February 23, 2021, Dogwood Health Trust awarded the City of Asheville \$50,000 towards the cost of Code Purple Emergency Shelter.
- This resolution will accept those funds for that purpose.

**Council Goal(s):**

- A Well-Planned and Livable Community
- A Connected and Engaged Community
- A Financially Resilient City

**Committee(s):**

- None

**Pro(s):**

- Continues the essential operation of Code Purple
- Addresses public health and safety
- Demonstrates community ownership and willingness to partner to address the needs of the homeless

**Con(s):** None

**Fiscal Impact:**

- As noted above, Code Purple Emergency Shelter costs have previously been funded through a combination of Coronavirus Relief Funding, Buncombe County funds, and City of Asheville CIP funds.
- Accepting these grant funds will offset the City's allocation of CIP funds for this contract.

**Motion(s):**

- Motion to adopt a resolution accepting a grant from Dogwood Health Trust in the amount of \$50,000 toward the City's \$130,000 agreement with Western Carolina Rescue Ministries, Inc. to provide Code Purple Emergency Shelter

**RESOLUTION BOOK NO. 42 - PAGE 171**

Mayor Manheimer 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.

Councilwoman Wisler moved for the adoption of the Consent Agenda. This motion was seconded by Councilwoman Kilgore and carried unanimously.

**III. PRESENTATIONS & REPORTS:**

**A. FINANCIAL AUDIT PRESENTATION**

Internal Auditor Patricia Rosenberg, introduced Robbie Bittner, partner with PBMares LLP and representing RSM, who presented the financial results for the Year End June 30, 2020, outlining the performances of revenue and expenses, compliance issues they must review, and

the components of the Comprehensive Annual Financial Report. He noted that the City of Asheville has received an unmodified - "clean" (highest level of assurance). The only report on internal control over financial reporting and on compliance and other matters for Fiscal Year 20 is under material weaknesses - Year-End Closeout Procedures (repeat of Fiscal Year 2018 significant deficiency). He explained that year-end closeout procedures should be performed timely and accurately to facilitate the timely preparation of the financial statements to meet established North Carolina Local Government Commission requirements. In performing their audit, it was noted that the City of Asheville's Finance Department experienced significant delays in the year-end accounting and reporting process. In addition, basic footnote schedules were not prepared accurately or timely to facilitate the required reporting deadline. The auditor recommended the City establish and document effective policies and controls around the year-end closeout process to allow any person with the appropriate skills, knowledge, and experience to perform the year-end closeout procedures in an accurate and timely manner. Additionally, those procedures should include a review of year-end working papers by an additional person with the skills, knowledge and experience of financial reporting to ensure accuracy. He noted that management concurs with the finding. The City has hired a qualified full-time replacement for the Controller position and the Finance Director position has been filled. These positions will enable the Finance Department to incorporate additional levels of review throughout the year-end closeout process. In addition, the Finance Department intends on formalizing documented month and year-end closeout procedures prior to Fiscal Year 2021.

Finance Director Tony McDowell said that the audit finding was a material weakness related to year-end closeout. The cause was lack of documented policies and procedures around the year-end closeout process magnified by significant turnover in the Finance Department. He said that they have (1) now filled key Finance Department positions (a) Controller, Financial Reporting, Manager, and Finance Director; and (b) evaluated current vacancies to potentially bolster financial reporting; and (2) developed checklists and guidelines for year-end closeout by June 30, 2021 by (a) working with PBMares; and (b) exploring contract with outside firm. This will not impact our bond rating or financial standing.

## **B. MANAGER'S REPORT**

City Manager Campbell said that this is basically a summary of the March 31 - April 1, 2021, retreat. She said that in January of 2016, City Council created a 20-year vision for the City. The Vision Statement is "Asheville is a great place to live because we care about people, we invest in our city, and we celebrate our national and cultural heritage. Our city is for everyone. Our urban environment and locally-based economy support workers, entrepreneurs and business owners, families and tourists, and people of all ages. Cultural diversity and social and economic equity are evident in all that we do. Our neighborhoods are strong, participation in civic life is widespread, and collaborative partnerships are the foundation of our success." This Council vision reflects Asheville's unique character and the aspirations for the community. Council used the vision as a guide when developing policies and priorities. The strategic vision included 8 core themes - equity and diverse community; transportation and accessibility; thriving local economy; connected and engaged community; well-planned and livable community; clean and healthy environment; quality, affordable housing; and financially resilient city. City Council then adopted 13 priorities to move their vision forward. Those 13 Council priorities consist of (1) implement Transit Master Plan; (2) affordable housing development; (3) partner with Asheville City Schools through the Equity Collaborative; (4) amend the Unified Development Ordinance; (5) develop a business inclusion program; (6) review and update the Comprehensive Housing Affordability Strategy; (7) foster economic mobility; (8) reduce municipal carbon footprint by 4% per year; (9) partner with Buncombe County Tourism Development Authority to develop a capital investment plan; (10) dedicated revenue for transit; (11) develop new tax revenue; (12) complete corridor studies; and (13) maintenance, new construction and operational needs.

City Manager Campbell then went through each of the 13 priorities and highlighted some of the accomplishments associated with the priority. Assistant City Manager Cathy Ball then updated City Council on the goals regarding homelessness, our current situation, short-term solutions and long-term solutions. A companion document is available on the updates on the accomplishments towards the 13 priorities.

On March 31, 2021, from City Council's retreat, she explained the 2021-22 Council priorities of reparations; employee compensation study; reimagining public safety; and COVID relief spending and investment/prioritizing recovery funding. We will be spending a lot of our energy on these four items during the next year.

In response to Councilwoman Roney, Assistant City Manager Cathy Ball said that we do not know how many people have chosen the option of temporary shelter. We provide the homeless information about the location (downtown area where food and other resources are available to them) and the number of beds that are available, but we do not know what the choice was made by that individual. Mayor Manheimer noted that when they met with Homeward Bound, they made it clear that there is capacity at the shelter options. City Manager Campbell noted that we don't have all the solutions to the homelessness issue, but we do know that we have to keep the homeless and people in the surrounding neighborhoods safe. The community is working hard on this issue but we need a lot more resources to provide other types of shelters, like low-barrier shelters. We know that is a missing link in our chain.

Councilwoman Roney said that we have a reputation of being progressive, welcoming and an inclusive place and we are even marketed as such. We also have such visible disparities because we have abundant resources. We are in Appalachia which has a rich history of taking care of each other. She is embarrassed that the City is evicting people in the name of safety. She also added that if any partners or compassionate neighbors who have ideas for solutions and want to participate in this with the City, she hoped they will reach out.

#### **IV. PUBLIC HEARINGS:**

#### **V. UNFINISHED BUSINESS:**

**A. RESOLUTION NO. 21-71 - RESOLUTION AUTHORIZING THE CITY MANAGER TO SUBMIT AN AMENDMENT TO THE CITY'S 2020-21 ACTION PLAN FOR COMMUNITY DEVELOPMENT BLOCK GRANTS AND THE HOME INVESTMENT PARTNERSHIP PROGRAMS TO THE U.S. DEPT. OF HOUSING & URBAN DEVELOPMENT**

**ORDINANCE NO. 4367 - BUDGET AMENDMENT TO INCREASE THE AMOUNT OF THE FISCAL YEAR 2020-21 COMMUNITY DEVELOPMENT BLOCK GRANT FUND BUDGET TO INCLUDE \$1.6 MILLION FROM THE SALE OF CITY-OWNED LAND ORIGINALLY PURCHASED THROUGH THE URBAN RENEWAL PROGRAM IN THE 1970S**

Mayor Manheimer said that this public hearing was held on March 23, 2021, and due to recent legislation regarding remote meetings, the public hearing comment period remained open for 24 hours after the public hearing.

At Mayor Manheimer's request to provide some summary information, Community Development Program Director Paul D'Angelo said that the Community & Economic Development Department is seeking authorization for the City Manager to submit an amendment

to the 2020-21 HUD Annual Action Plan to the U.S. Dept. of Housing & Urban Development authorizing the \$1.6 Million in Community Development Block Grant Program Income from the sale of Charlotte Street to be used to purchase 65 Ford Street. He then gave a brief summary of the CDBG Funding (1) The City of Asheville receives approximately \$1M in our HUD CDBG Annual Allocation for our Community Partners; (2) The City can't have more than \$1.5M (1.5x Spend Rate) on May 1st - Timeliness Test - to comply with HUD that we are spending these dollars in the community in a timely manner; (3) The City currently has approximately \$2M in our Total Line of Credit; with the \$1.6M in CDBG Program Income from the sale of Charlotte Street, our balance is \$3.6M; and (4) We need to spend \$2.1M by May 1st - \$1.5M for the purchase of 65 Ford St. and \$600,000 on our subrecipients already under contract - to pass the Timeliness Test.

He gave a summary of the Timeliness Test is (1) City Staff have discussed this \$1.6M in CDBG Program Income since Late Fall 2019 because of the large dollar amount & the HUD Timeliness Test; (2) The original plan was to close on the Charlotte St. sale after May 1st, 2020, to provide more time and hence more options on how we could spend these dollars; and (3) With COVID and normal real estate delays, the City did not receive the \$1.6M in proceeds until late December 2020 / early January 2021 and immediately began communicating with City Management about spend options, now very limited with the timeliness test.

Mr. D'Angelo then gave a summary of why the purchase of 65 Ford Street (1) The purchase of 65 Ford Street was far enough along in the process with Council approval, due diligence and HUD Environmental to be able to close with this funding on or around April 23, 2021; (2) The purchase is a strategic use of these funds as this purchase meets a national CDBG objective, is an eligible activity, follows a High Priority in the HUD Consolidated Plan, is timely and keeps us HUD Compliant; and (3) HUD has a longstanding policy of reducing the next year's grant allocation of a grantee that continues to be untimely and may take corrective actions as needed to remedy the deficiency including sanctions.

Staff recommends the purchase of 65 Ford Street site and use of Community Development Block Grant funds for the following reasons: (1) This \$1.5M purchase of 65 Ford Street invests CDBG PI back into the community with the intent of the land being used for affordable housing, including homeownership; (2) This land purchase is an eligible use of CDBG PI, is timely to remain HUD compliant and frees up Affordable Housing Bond dollars that are less restrictive than HUD dollars; and (3) These funds were accounted for in the FY 20/21 HUD Annual Action Plan and staff has been working in tandem with HUD for guidance on this PI and diligently to move this funding into the community and pass the Timeliness Test.

Hearing no more public comment, Mayor Manheimer closed the public hearing and said that members of Council have previously received a copy of the resolution and budget amendment and they would not be read.

Councilwoman Roney said we have an obligation to invest in Deaverview with Deaverview and we have an obligation to address the harms of urban renewal and red lining with the neighbors, especially the Black community impacted by urban renewal and red lining. We can't continue harm and displacement by pushing people to the outskirts and outside of access to infrastructure and visibility and outside of the City School System. She understands and hears the complex situation we are in, but this conversation is not over yet because we still have resources to address and we still have issues at hand that are overlapping. She has heard the request for the Asheville-Buncombe County Land Trust to be at the table with us as we continue these conversations. Because of their partnership with us and because guaranteed permanent affordable housing is part of their mission, she would support these actions.

Vice-Mayor Smith said that in order to meet the Timeliness Test and since we have limited options, she would support these actions.

Councilwoman Kilgore moved to adopt the resolution authorizing submission of an amendment to the City’s Annual Action Plan for 2020-2021 to the U.S. Department of Housing and Urban Development (HUD) and authorizing the City Manager to sign all necessary documents. This motion was seconded by Councilwoman Wisler and carried unanimously by roll call vote.

**RESOLUTION BOOK NO. 42 - PAGE 172**

Councilwoman Kilgore moved to and a budget amendment to increase the amount of the FY 2020-21 CDBG Fund budget to include \$1.6M from the sale of city-owned land originally purchased through the Urban Renewal program in the 1970s and approval to use these funds to purchase the 65 Ford Street property. This motion was seconded by Councilwoman Wisler and carried unanimously by roll call vote.

**ORDINANCE BOOK NO. 33 – PAGE 269**

**VI. NEW BUSINESS:**

**A. RESOLUTION NO. 21-72 - RESOLUTION APPROVING THE LOAN MODIFICATION REQUESTED BY MOUNTAIN HOUSING OPPORTUNITIES TO ALLOW THEM TO MAINTAIN AFFORDABLE HOUSING CONDITIONS AT 61, 63, 65 AND 67 ANNANDALE AVENUE, 6 TRINITY CHAPEL AND 280 MERRIMON AVENUE**

Community Development Program Director Paul D’Angelo said that this is the consideration of approving a Mountain Housing Opportunities (MHO) request to extend the maturity dates of a total of five City of Asheville Rental Rehab for Owners and Tenants/ Community Development Block Grant (CARROT/CDBG) loans valued at \$683,028 and eliminate yearly interest payments in exchange for an additional 20-year affordability period and rent restrictions raised to 60% AMI from 50% AMI.

**Background:**

- From the early 1990s to the mid-2000s, MHO was committed to developing smaller, scattered site rental housing for some of the most low income households in Asheville.
- Utilizing Section 108 and CDBG loans from the City of Asheville, MHO acquired and renovated six older properties that created 22 affordable units.
- MHO primarily used the Section 108 funded CARROT (City of Asheville Rental Rehabilitation for Owners and Tenants) loan program which provided low interest rates for investors of affordable housing.
- Each of these loans will become due over the next four years.
- Between May 4, 2000 and March 15, 2004, the City of Asheville extended five (5) loans to MHO for the properties listed below:

Project	Units	Original Principal Balance	Anticipated Balance on 7/31/2021	Yearly Interest	Maturity Date	Affordability Period Extension	Source
61-63 Annandale	6	\$212,450	\$187,104.84	5.3%	5/1/2021	5/1/2041	CARROT
65-67 Annandale	7	\$231,000	\$218,204.29	5.3%	5/1/2021	5/1/2041	CARROT

65-67 Annandale	7*	\$31,500	\$31,500.00	0%*	5/1/2021	5/1/2041	CDBG
6 Trinity Chapel	1	\$33,000	\$23,631.10	3%	10/1/2023	10/1/2043	CARROT
280 Merrimon	8	\$250,000	\$222,884.86	2%	3/1/2025	3/1/2045	CARROT

\*This loan does not have an interest rate. 65-67 Annandale utilized both a CDBG and CARROT loan. This is represented as two entries due to two loans on the same unit. These units should not be counted twice when tallying total units

- MHO has found that operating cash from older renovated properties is not sufficient to pay debt service and build replacement reserves for future capital needs due to the high maintenance costs associated with the age of the buildings.
- The properties currently operate at a break-even level.
- Per MHO, the pandemic has exacerbated this issue due to some tenants inability to pay rent.
- Deferring the debt will allow MHO to build the necessary reserves to maintain these aging properties.
- The Community Development Division attempts to work with our development partners who wish to extend their affordability periods, add additional affordable units, etc.
- If rents are raised to 60% AMI, this would apply only to new and future tenants. Existing tenants would not be affected by the increase in AMI.

**Council Goal(s):**

- Quality Affordable Housing

**Committee(s):**

- Housing & Community Development (HCD) - March 16, 2021 - Approved unanimously.

**Pro(s):**

- By approving MHO's request, affordable units are preserved for an additional 20 years while also protecting future program income that may result from the sale of a property or if units are no longer affordable.
- Units accept vouchers.

**Con(s):**

- The City will no longer earn approximately \$25,000 annual interest on these loans.
- The interest is received as program income for Community Development Block Grant funding.

**Fiscal Impact:**

- No effect on the general fund.
- The loans were made using federal funding sources.
- When funds are returned to the City, funds would be reprogrammed for similar purposes.
- A balloon payment will be due at each of the new maturity dates.
- Each of these loans will be set up as no interest and no monthly payments.

Mayor Manheimer announced that there were no advanced live call-ins for this item.

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

Councilwoman Mosley moved to approve Mountain Housing Opportunities' request to extend the maturity dates of a total of five CARROT/CDBG loans valued at \$683,028 and eliminate yearly interest payments in exchange for an additional 20-year affordability period and



rent restrictions raised to 60% AMI. This motion was seconded by Councilwoman Turner and carried unanimously by roll call vote.

**RESOLUTION BOOK NO. 42 – PAGE 175**

**B. BOARDS & COMMISSIONS**

**RESOLUTION NO. 21-73 - RESOLUTION APPOINTING MEMBERS TO THE AUDIT COMMITTEE**

Vice-Mayor Smith, Chair of the Boards & Commissions Committee, said that this is the consideration of appointing members to the Audit Committee.

The terms of Amy Kemp (CPA seat) and Gail Miller expire on May 1, 2021.

The following individuals applied for the vacancies: Travis Keever, Tim Kelley and Andrew Emory.

The Boards & Commissions Committee recommended reappointing Amy Kemp (CPA seat) and appointing Andrew Emory to the Audit Committee.

Vice-Mayor Smith moved to reappoint Amy Kemp (CPA seat) and appoint Andrew Emory as members of the Audit Committee, to each serve a three-year term respectively, terms to expire May 1, 2024, or until their successors have been appointed. This motion was seconded by Councilwoman Kilgore and carried on a 6-1 roll call vote, with Councilwoman Wisler voting “no.”

**RESOLUTION BOOK NO. 42 – PAGE 177**

**RESOLUTION NO. 21-74 - RESOLUTION APPOINTING A MEMBER TO THE BOARD OF ADJUSTMENT**

Vice-Mayor Smith, Chair of the Boards & Commissions Committee, said that this is the consideration of appointing an Alternate member to the Board of Adjustment.

Due to a discrepancy between the Unified Development Ordinance and Session Laws, City Council should appoint another Alternate member. (Buncombe County now appoints only one Regular and one Alternate member - not two Alternate members).

The following individual applied for the vacancy: Wendy Tabb.

The Boards & Commissions Committee recommended appointing Wendy Tabb..

Vice-Mayor Smith moved to appoint Wendy Tabb as an Alternate member to the Board of Adjustment, to serve a three-year term, term to expire January 21, 2024, or until Wendy Tabb’s successor has been appointed. This motion was seconded by Councilwoman Roney and carried unanimously by roll call vote.

**RESOLUTION BOOK NO. 42 – PAGE 178**

**RESOLUTION NO. 21-75 - RESOLUTION APPOINTING MEMBERS TO THE MOUNTAIN COMMUNITY CAPITAL FUND OPERATING COMMITTEE**

Vice-Mayor Smith, Chair of the Boards & Commissions Committee, said that this is the consideration of appointing members to the Mountain Community Capital Fund Operating Committee.

The terms of Dee Williams and Lynn Smith, as members of the Mountain Community Capital Fund, expired on April 1, 2021.

The following individuals applied for the vacancies: Gilbert Amengual, Carl E. Alguire and Dane Barrager.

The Boards & Commissions Committee recommended reappointing Dee Williams and Lynn Smith.

Vice-Mayor Smith moved to reappoint Dee Williams and Lynn Smith as members to the Mountain Community Capital Fund Operating Committee, to serve an additional two-term respectively, terms to expire April 1, 2023, or until their successors have been appointed. This motion was seconded by Councilwoman Mosley and carried unanimously by roll call vote.

**RESOLUTION BOOK NO. 42 – PAGE 179**

**RESOLUTION NO. 21-76 - RESOLUTION APPOINTING MEMBERS TO THE PUBLIC ART & CULTURAL COMMISSION**

Vice-Mayor Smith, Chair of the Boards & Commissions Committee, said that this is the consideration of appointing members to the Public Art & Cultural Commission.

Due to the resignation of Valeria Watson, there currently exists a vacancy on the Public Art & Cultural Commission until June 30, 2023.

The following individuals applied for the vacancy: Nathaniel Wyrick, Christina O'Donnell, Hilary Chiz, Michael G. Waddle, D. Rae Geoffrey, Robin Ellege, Rodney Moore, Marie West, Tarek Inkidar, Wayne Wheeler, Mark Wilson, Bridget McFarthing, Robert Milnes, Reggie Tidwell, Claire Changery, John Moriarty, Leslie Shaw, Erin Clare, Shirley Whitesides and Whitney Richardson.

The Boards & Commissions Committee recommended appointing Shirley Whitesides.

Vice-Mayor Smith moved to appoint Shirley Whitesides as a member to the Public Art & Cultural Commission, to serve the unexpired term of Valeria Watson, term to expire June 30, 2023, or until Shirley Whitesides's successor has been appointed. This motion was seconded by Councilwoman Kilgore and carried unanimously by roll call vote.

**RESOLUTION BOOK NO. 42 – PAGE 180**

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

From advanced live call-ins, 8 individuals spoke to Council, including, but not limited to the following comments: urge eviction moratorium and stop the destruction of homeless camps; defund the Asheville Police Department; and have patience for the hiring of the Equity & Inclusion Director.

**PRIMARY ELECTION RESULTS - CITY OF ASHEVILLE - MARCH 3 , 2020;  
GENERAL ELECTION RESULTS - CITY OF ASHEVILLE - NOVEMBER 3, 2020**

Attached hereto as Exhibit "A" is the portion of the abstract containing the number of legal votes in the Primary Election, City of Asheville, held on March 3, 2020. Also attached as Exhibit "B" is the portion of the abstract containing the number of legal votes cast in the General Election, City of Asheville, held on November 3, 2020.

**VIII. ADJOURNMENT:**

Mayor Manheimer adjourned the meeting at 6:49 p.m.

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CITY CLERK

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MAYOR