

Tuesday – January 9, 2018- 3:00 p.m.

Capital Improvement Plan Worksession

Present: Mayor Esther E. Manheimer, Presiding; Vice-Mayor Gwen C. Wisler; Councilman Brian D. Haynes; Councilman Vijay Kapoor; Councilwoman Julie V. Mayfield; Councilwoman Sheneika Smith; Councilman W. Keith Young; City Manager Gary W. Jackson; and City Clerk Magdalen Burleson

Absent: None

Chief Financial Officer Barbara Whitehorn reviewed the following agenda with Council the (1) Capital Budget Process (a) Calendar (i) 01/09/2017 overview; and (ii) March, 2017 prioritization; (2) Multi-year Debt Management and CIP (a) Brief history of Asheville CIP spending; and (b) Financial model development; (3) Multi-year Cash Flow Assumptions (a) Existing projects in capital plan, (b) Options and alternatives, (c) Logical investments; and (d) Unfunded projects; and (4) Current Multi-Year Planning and Resources (a) Cost escalators and inflation assumptions; and (b) Revenue/Resources Growth Assumptions (i) Property Tax; (ii) Grants and Partnership Opportunities; and (iii) Other Revenues.

She explained that the capital budget process that began in September moves to Council for the first of two worksessions in January, 2018. This worksession is intended to provide Council context for decision-making and prioritization that will be completed in March, 2018. The capital process is a year-round function for City staff involved in the planning, financing and execution of capital projects. Additionally, there are annual tasks that are completed as part of the budget development process.

Annual work begins in September with an Executive Team (City Manager and Assistant City Managers) overview meeting. Departments then are tasked with evaluating existing capital projects and emergent needs and preparing to present and discuss these with the Budget Division and capital projects team. The Management Team, which is made up of all department directors, takes a day to discuss and prioritize capital needs. The Finance Committee and the Council approve the CIP Budget Calendar in October/November.

The Council's work on the annual capital budget begins in earnest in January with a worksession primarily focused on process and context. At this meeting, Council provides staff with overarching goals that guide staff in their preparation of a recommended capital budget. Based on guidance from the January meeting, staff develops a draft recommended budget that is presented to Council at the March worksession, at which time Council prioritizes projects and gives direction to staff for developing the final recommended capital budget.

Multi-year Debt Management and CIP - The City of Asheville for many years spent minimally on capital projects. Baseline capital maintenance was completed; however, management and Council identified opportunities to leverage City funds into capital projects that would have a long-term positive impact on the City. In FY 2013-14, Council adopted a 3-cent tax increase for capital investment. 2-cents were to be dedicated to "economic development" projects with 1-cent for capital maintenance. At the time, 1-cent on the tax rate was the equivalent of \$1.1 million. A discussion of the impact of debt financing as opposed to pay-go was presented to Council in May, 2014, which illustrated the difference in capacity between cash and debt funding of projects. Over five years, the total collections from the 3-cents would total approximately \$16.5 million. Debt financing provided a capacity, for the same annual cash flow, of over \$100 million. She presented a review of the current financial model.

Multi-year Cash Flow Assumptions - Staff evaluates cash flow assumptions regularly throughout the fiscal year. Each completed project provides information on changes in costs and other variables. Annually, the cash flow model is updated to ensure that the City has the financial resources to pay the debt service on the projects planned in the multi-year cash flow. She provided Council with a brief overview of the cash flow model and assumptions.

Current Multi-Year Planning and Resources

Costs and Cost Estimates - An analysis of cost experience and future cost estimates is completed annually to ensure that the City can complete projects to which it has committed. Estimates are compared to actual with a trend analysis of costs. Construction indices and local experience are evaluated to determine adjustments necessary to existing estimates.

Reevaluating the cost estimates for projects has become even more important than in previous years; the City is experiencing double-digit annual percentage increases in construction costs. The process for establishing estimates will be discussed at the worksession.

Revenue and Resources - Evaluating the available resources and the potential risks to the revenue streams is a critical step in the annual capital budget process. This annual evaluation includes economic scenario testing and the following revenue streams:

- 1) Dedicated Property Tax revenue
- 2) Fund Balance growth (investment income)
- 3) Dedicated pay-go funding from General Fund revenue
- 4) Cash inflows- land sales
- 5) Grants and partnerships

The economic scenarios include a 1%, 2% and 3% average growth rate for property tax revenue growth. These percentages were chosen based on trends; the City experienced 1.65% average tax base growth between FY 2015 and FY 2017. The average increase in valuation for FY 2018 was 29% city-wide because of reassessment. The required reassessment of property tax values is completed every four to eight years per State statute. This increase in valuation is not considered in the average over time. Annual growth is not driven by reassessment or the revaluation of existing properties, but rather new growth or improvements (i.e. building an addition onto a existing home). During the recession, the City experienced less than 1% growth annually, but has seen improving annual growth since 2015. Another positive sign for continued growth is the significant increase in permit values for new construction over the last three years. This and other data indicate that property tax growth will continue to rebound. To be fiscally conservative and to ensure that funds are adequate for long-term debt service, a 2% average growth rate was chosen for the financial model projections and forecast. There is an estimated unused capacity for 2019-2023 of \$5 Million (\$1 Million over 5 years).

Grants and partnerships create opportunities for the City to invest in projects that might otherwise not be financially feasible. The City regularly applies for Federal and State grants, as well as grants from the Tourism Development Authority, which has assisted in funding several major City projects including the River Arts District, improvements to the US Cellular Center and others. Grants can offset from 20-80% of the cost of capital investments, allowing the City's limited funds to go further. Partnerships provide an additional model for capital investment and have been used by the City as well. She presented a review of resources and opportunities.

City Council then discussed whether to program the \$5 Million capacity or leave it in a contingency fund. Discussion surrounded the schedule of project planning for Fiscal Year 2019-2023 and why some projects, i.e., Thomas Wolfe Renovations, Downtown Placemaking, and Livingston Street, were not included on the schedule. Ms. Whitehorn explained why those

were not included, noting that (1) Livingston Street was just an oversight and will be added as an unfunded project; (2) Downtown Placemakers will be funded in operations; and (3) Thomas Wolfe Renovations is an unfunded project and with the moving of the substation Community & Economic Development Director Sam Powers said they will begin to engage stakeholders and look at cost effective phasing of how renovations could be accomplished. Council also discussed some projects on the schedule that could possibly be moved out to future years or reduced, i.e., I-26 and Beaucatcher.

Ms. Whitehorn, along with other appropriate members of staff, responded to various questions/comments by Council. Those questions that could not be readily answered will be distributed to City Council.

After discussion, with the understanding that there is the ability to push some projects out to future years, Vice-Mayor Wisler moved to affirm the Capital Improvement Plan as presented by staff. This motion was seconded by Councilman Young and carried unanimously.

After discussion, Councilman Young moved to not earmark the estimated \$5 Million unused capacity other than to slide it into contingency with the understanding that if it is not needed for contingency that Council will allocate the funds after further discussion. This motion was seconded by Vice-Mayor Wisler and carried unanimously.

At 4:00 p.m., Mayor Manheimer adjourned the worksession.

Tuesday – January 9, 2018- 5:00 p.m.

Regular Meeting

Present: Mayor Esther E. Manheimer, Presiding; Vice-Mayor Gwen C. Wisler; Councilman Brian D. Haynes; Councilman Vijay Kapoor; Councilwoman Julie V. Mayfield; Councilwoman Sheneika Smith; Councilman W. Keith Young; City Manager Gary W. Jackson; City Attorney Robin T. Currin; and City Clerk Magdalen Burleson

Absent: None

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 DECEMBER 19, 2017**
- B. ORDINANCE NO. 4632 - TECHNICAL BUDGET AMENDMENT TO APPROPRIATE FUNDING FOR PRIOR YEAR CONTRACTS AND PURCHASE ORDERS THAT ROLLED FORWARD TO FISCAL YEAR 2017-18**

Summary: The consideration of 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 Fiscal Year (FY) 2017-18.

As part of its ongoing operations, the City enters into various contracts and purchase order agreements throughout the fiscal year. When these contracts and purchase orders are entered into, budget funds are encumbered for the full amount of the expected purchase. Often these contract and purchase orders are 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 2016-17 annual audit, staff identified prior year commitments and carry-over appropriations to roll forward to FY 2017-18, and 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 2017-18 budget for each of the City's annual operating funds.

Pros:

- Provides budget authorization for prior year contracts, purchase orders, and other carry-over appropriations that rolled forward to FY 2017-18.

Con:

- None.

As noted above this budget amendment simply provides budget authorization for prior year commitments which have already been restricted or assigned in the City's FY 2016-17 financial statements. There is no impact on unassigned/available fund balance in the City's operating funds.

City staff recommends City Council approve the 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 2017-18.

ORDINANCE BOOK NO. 31 - PAGE 396

C. RESOLUTION NO. 18-1 - RESOLUTION AUTHORIZING THE PURCHASING MANAGER TO DISPOSE OF CITY-OWNED PERSONAL PROPERTY VALUED AT \$30,000 OR MORE

Summary: The consideration of a resolution authorizing the sale of one (1) 2005 W. Star 4900 Tandum Dump Truck deemed surplus City personal property.

The City's Water Resources Department, Division of Maintenance, identified a 2005 W. Star 4900 Tandum Dump Truck, as surplus personal property, with no anticipation of utilization by the City. Pursuant to N.C.G.S. §160A-266, the Sale and Disposal of Personal Property valued at \$30,000 or more must be approved by City Council. The City's Purchasing Manager has authority to dispose of personal property valued at less than \$30,000 by private negotiation and sale. The estimated wholesale value of the 2005 W. Star 4900 Tandum Dump Truck is listed at \$40,000 plus \$1000 - \$10,000 above wholesale depending on condition. Bids were solicited and received from several potential purchasers. The final bid amount at the close of the Auction on Sunday, December 17, 2017, was \$52,100.00. City Council is being asked to approve the sale of the Dump Truck for \$52,100.00.

Pros:

- Promotes City of Asheville fiscal responsibility of disposing of surplus property which generates revenue.
- Space utilization eliminates the need to store large, unused equipment.
- Competitive process yielded market price, statute contemplates.

Con:

- None

The dump truck is fully depreciated and the Water Resources Fund will recognize the entire \$52,100 as revenue from the sale of assets.

City staff recommends City Council adopt a resolution approving the sale of the 2005 W. Star 4900 Tandem Dump Truck to the prospective purchaser for the amount of \$52,100.

RESOLUTION BOOK NO. 39 - PAGE 222

D. ORDINANCE NO. 4633 - BUDGET AMENDMENT TO UTILIZE FUNDS FROM THE U.S. DEPT. OF JUSTICE BALLISTIC VEST PARTNERSHIP

Summary: The consideration of a budget amendment in the City's Special Revenue Fund in the amount of \$53,272.98 utilizing funds from US Department of Justice Ballistic Vest Partnership (BVP) (\$26,636.49) and FY 2017-18 budgeted City General Operating Funds (\$26,636.49) to establish the BVP 2017 project.

The City of Asheville Police Department currently participates in the US Department of Justice BVP program. The funds allocated through this program are designed to offset departmental cost associated with purchasing ballistic vests. The City of Asheville has been awarded \$26,636.49 through this program, which requires the City to match this amount dollar-for-dollar. The budget amendment is necessary to authorize the full project budget amount of \$53,272.98 in the Special Revenue Fund. The City's match of \$26,636.49 will come from the Police Department's adopted FY 2017-18 operating budget. The funding will enable the purchase of 71 bulletproof vests over the next 2 years.

This was presented to the Finance Committee on December 19, 2017, and approved.

Pros:

- Reduction in cost to the City of Asheville for the purchase of ballistic vests
- Increase in officer safety by providing crucial safety equipment

Con:

- Requires City match.

As noted above, this grant requires a match of \$26,636.49, which will come from the Police Department's existing General Fund budget (Patrol Division – Supplies – Safety Equipment). It should be noted that the overall fiscal impact to the City of Asheville is reduced due to the fact that the APD would have to purchase these vests at full replacement costs if we did not accept this grant award.

Staff recommends City Council approve a budget amendment in the City's Special Revenue Fund in the amount of \$53,272.98 to establish a the Ballistic Vest Partnership (BVP) 2017 Project.

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E. RESOLUTION NO. 18-2 - RESOLUTION AUTHORIZING THE CITY MANAGER TO APPLY FOR AND ACCEPT GRANT FUNDS UNDER THE NORTH CAROLINA GOVERNOR'S HIGHWAY SAFETY PROGRAM FOR THE DWI TASK FORCE GRANT 2019

Summary: The consideration of a resolution authorizing the City Manager to apply for and enter into a contract with the North Carolina Governor's Highway Safety Program (NCGHSP) for a grant to fund 1 year of the multi-jurisdictional DWI Task Force involving the Asheville Police Department (APD) and Buncombe County Sheriff's Office (BCSO).

In Asheville and Buncombe County, the number of impaired drivers has been a serious concern to citizens and law enforcement for many years. October 2013, the NCGHSP granted the APD a four year grant to combat impaired driving incidents within Buncombe County. The Asheville Buncombe DWI Task Force was began operating in August 2014. Since then, the Asheville Buncombe DWI Task Force has made 1450 Driving While Impaired arrests and has conducted 79 Drug Evaluations on impaired. The DWI Task Force has focused efforts to educate the public of the dangers of impaired driving, through partnering with other agencies, local high schools and non-profits.

The NCGHSP contacted APD and suggested the DWI Task Force continue with its efforts by extending the Task Force Grant for Fiscal Year (FY) 2019. The continuation cost of the DWI Task Force in FY19 would be a total of \$441,278.90. These funds would cover related training and salary and benefits for the DWI Task Force consisting of four APD officers and two Buncombe County Deputies. The 75% match would be split between the City and the County in the following manner:

- The City of Asheville's match will be a cost of \$227,438.25 (four officers).
- Buncombe County's match will be a cost of \$103,520.92 (two deputies).

Under this grant, APD would continue to assign one sergeant and three officers while BCSO would continue to provide two deputies. The DWI Task Force will continue to conduct DWI enforcement and educational activities within Asheville and Buncombe County.

This was presented to the Finance Committee on December 19, 2017, and approved to proceed to City Council.

Pros:

- NCGHSP grant funds are used to pay for 25% of the costs of salary and benefits for the DWI Task Force members.
- Potential reduction in impaired driving collisions, injuries and deaths throughout Asheville and Buncombe County.
- Partnering with local schools and nonprofit agencies to enhance public awareness of driving while impaired, and alternatives to driving while impaired.

Con:

- Funding from NCGHSP is awarded annually.

As noted below, the City's match for FY 2019 is \$227,438.25. This represents a slight increase from the budgeted FY 2018 match of \$200,494. Staff will include this match in the FY 2019 Proposed Budget that is submitted to City Council in May 2018. It should be noted that in the absence of the grant, the general fund impact would be approximately \$303,251 per year to fully fund one sergeant and three officers and provide their equipment. The table below shows

the cost to the city for this project.

FY 2019	APD Match	\$227,438.25
FY 2019	State Award to APD	\$75,812.75
FY 2019	BCSO Match	\$103,520.92
FY 2019	State Award to BCSO	\$34,506.98
FY 2019	TOTAL PROGRAM	\$441,278.90

City staff recommends City Council adopt a resolution authorizing the City Manager to apply for and accept grant funds through the North Carolina Governor's Highway Safety Program for DWI Task Force FY 2019.

RESOLUTION BOOK NO. 39 - PAGE 223

F. ORDINANCE NO. 4634 - BUDGET AMENDMENT FROM THE OFFICE OF NATIONAL DRUG CONTROL AND POLICY FOR THE HIGH INTENSITY DRUG TRAFFIC AREA 2017 GRANT

Summary: The consideration of a budget amendment in the City's Special Revenue Fund in the amount of \$22,335 for the Office of National Drug Control and Policy's High Intensity Drug Traffic Area (HIDTA) 2017 grant, in which the Asheville Police Department (APD) serves as the fiduciary for the Asheville Area HIDTA Task Force.

The mission of the HIDTA program – authorized by the Anti-Drug Abuse Act of 1988 and administered by the Office of National Drug Control Policy – is to reduce drug trafficking in the most critical areas of the country, thereby reducing the impact of illegal drugs in other areas. Asheville has for many years been designated as a HIDTA site. Asheville HIDTA serves as a key drug trafficking reduction effort, critically positioned between the Atlanta HIDTA and the Appalachia HIDTA.

The Asheville HIDTA is comprised of members of the United States Drug Enforcement Administration (DEA), Asheville Police Department, Buncombe County Sheriff's Office, Henderson County Sheriff's Office and McDowell County Sheriff's Office. The Asheville HIDTA is a component of the Asheville DEA Task Force. The HIDTA task force primarily concentrates on high volume, high value drug trafficking. As an example, the task force was recently involved in a case involving the large seizure of controlled substances from persons with local and national ties, involved in the trafficking of narcotics in this region and beyond.

The City of Asheville serves as the fiduciary for the Asheville HIDTA. The allotted funds from the federal government will be used for investigative purposes. The expenditure of all funds are tracked and audited by both local and federal authorities.

This was presented to the Finance Committee on December 19, 2017, and approved.

Pros:

- Federal HIDTA monies will be used for investigative purposes.
- Continue to foster partnerships with Federal and Local Law Enforcement Agencies.

Con:

- Funding from the Office of National Drug Control and Policy is awarded annually.

Fiscal Impact: There is no impact to the City's General Fund budget.

City staff recommends City Council approve a budget amendment in the City's Special Revenue Fund, in the amount of \$22,335 to establish the HIDTA 2017 Grant Project.

ORDINANCE BOOK NO. 31 - PAGE 400

G. RESOLUTION NO. 18-3 - RESOLUTION AUTHORIZING THE CITY MANAGER TO EXECUTE A CHANGE ORDER WITH BROWN AND CALDWELL FOR PROFESSIONAL ENGINEERING SERVICES FOR MISCELLANEOUS WATER TREATMENT PLANT UPGRADES PROJECT

Summary: The consideration of a resolution authorizing the City Manager to execute a contract amendment with Brown and Caldwell to increase the professional engineering services contract in the amount of \$70,000 from a total budget of \$364,000 to \$434,000 for the Miscellaneous Water Treatment Plant Upgrades Project.

On October 27, 2015, City Council approved a professional engineering services agreement in the amount of \$364,000 with Brown and Caldwell for the Miscellaneous Water Treatment Plant Upgrades Project. The purpose of the project is to conduct a variety of upgrades at the North Fork and Mills River WTP's.

The contract amendment reflects the need for additional services performed by Brown and Caldwell that were not anticipated in the original scope of service. During project bidding and construction administration, Brown and Caldwell had to spend additional time: (1) updating City project documents to conform to City standards and expectations, (2) rebidding the project following the initial bid opening due to receipt of less than three bids as required per NC General Statute, (3) designing several work change directives in response to unknown field conditions, and (4) attending additional site meetings and visits during construction.

Due to the sensitivities of this project being in a active treatment facility, staff chose to prequalify contractors that had demonstrated expertise and a proven track record in this type of work. The internal review of the prequalification documents and contracts took much longer than anticipated by the consulting engineer when they estimated services. The additional design and construction administration services were required due to unforeseen issues that were not visible or known to the engineers at the time of site inspection and design. Discovering unexpected site conditions is not unusual for a project of this nature where much of the infrastructure being rehabilitated is not visible until construction has started.

Pro:

- This project will finish repairs that needed to be made to the North Fork and Mills River WTP's in order to operate the plants efficiently and ensure sustainability.

Con:

- None.

The funding needed for this agreement is currently allocated within the Water Treatment Plant Improvements Project in the Water Resources Capital Improvement Projects (CIP) Fund.

Staff recommends City Council adopt a resolution authorizing the City Manager to execute a change order with Brown and Caldwell to increase the professional engineering services contract in the amount of \$70,000 from a total budget of \$364,000 to \$434,000 for the Miscellaneous Water Treatment Plant Upgrades Project.

RESOLUTION BOOK NO. 39 - PAGE 224

H. ORDINANCE NO. 4635 - BUDGET AMENDMENT FOR PROCUREMENT OF FIVE ZERO-EMISSION, BATTERY-ELECTRIC TRANSIT BUSES

Summary: The consideration of a budget amendment in the amount of \$481,000 in the Transit Capital Projects Fund from multiple federal and state grants for the procurement of five zero-emission, battery-electric transit buses.

The City currently operates a peak fleet of 17 transit buses and maintains a total of 23 buses. In order to maintain a healthy transit fleet, a regular purchase of new buses is required as old vehicles meet the end of their useful life, typically 12 years or 500,000 miles. These investments are guided by the ART fleet replacement schedule that defines the City's transit needs for the next 15 years. The FY 2018 purchase need is five vehicles, a higher-than-usual amount but occasionally necessary when a large number of transit vehicles retire at the same time.

In September 2017, the City's Transportation Department won a highly-competitive grant to purchase zero-emission buses through the Federal Transit Administration's (FTA) Low or No Emission Vehicle [Program](#). The City of Asheville was selected as the only award recipient in North Carolina and was granted \$633,333. This grant, combined with others intended for transit capital purchases, will allow the City to purchase five zero-emission, battery-electric buses.

The holding place that was budgeted in the FY 2018 CIP for bus purchases totaled \$3,149,000. Since that time, we have finalized bus configurations and adjusted the approach to the capital lease structure for the battery component of the vehicles in order to bring down the yearly cost of lease payments, which has increased the upfront cost. The final capital projection is \$3,630,000, which is \$481,000 higher than initially projected, although the local match has not changed. The increase in the battery lease prepayment will reduce annual battery lease payments per bus from \$32,000 to \$20,000, an operational savings of \$60,000 per year for the five buses. The lease payments and electricity charges the city will pay for each bus (~\$25,000 each) will be consistent with what has been the norm for diesel fuel yearly payments, though we will be subsidizing clean energy instead. The cost of charging equipment and installation for each bus is included in this budget.

This project will provide needed transit vehicles while also supporting multiple city goals related to clean energy and carbon reduction. Although the upfront cost of electric buses is higher, the life-cycle cost is lower because fuel and maintenance of electric buses is less expensive and thereby contributes to a greater overall savings. Electric buses have maximum ranges of about 175 miles before having to be recharged, which at this time is sufficient to replace diesel buses on certain routes. Increased spare ratios will be required to complete an entire transition of the ART fleet unless battery technology continues to improve.

Staff has finalized bus configurations and is preparing the purchase order. The following summarizes the project timeline:

- Contract Negotiations: December 2017
- Engineering Design Review/Approval: May 2018
- Bus Production: November 2018
- Bus Delivery: December 2018
- Revenue Service Launch: February 2019

This item was reviewed by the Finance Committee on December 19, 2017, and they unanimously recommended that it move forward to City Council for review and approval.

Pros:

- The bulk of project funding--\$2,550,000--is provided by the FTA
- Reduces the City's operating costs and dependence on imported fossil fuels
- More efficient engines that use 80% less energy
- Reduced harmful emissions
- Greater fuel price stability
- Aligns with the City's carbon reduction goals; Clean Energy Economy goals, energy efficiency (Energy Innovation Task Force) goals, and commitment to taking action to reduce climate pollution consistent with the Paris Accords
- Improves neighborhood quality of life from quieter engines

Cons:

- The City of Asheville is responsible for the local match of \$600,000
- Electric bus batteries currently have a reduced range compared to diesel buses, and without further advances in battery technology the fleet would require a higher spare ratio

The total budget for this project has increased from \$3,149,000 to \$3,630,000, requiring a budget amendment of \$481,000, which is funded with all non-City revenue. Asheville's local match of \$600,000, which is already available in the FY 2018 Transit CIP, remains unchanged.

Staff recommends that City Council approve a budget amendment in the amount of \$481,000 in the Transit Capital Projects Fund from multiple federal and state grants to purchase five battery-electric transit buses.

ORDINANCE BOOK NO. 31 - PAGE 402

I. RESOLUTION NO. 17-4 - RESOLUTION AUTHORIZING THE CITY MANAGER TO CONVEY A SANITARY SEWER EASEMENT TO THE METROPOLITAN SEWERAGE DISTRICT FOR A SEWER LINE THAT RUNS UNDERNEATH THE TENNIS COURTS IN MONTFORD PARK

Summary: The consideration of a resolution authorizing the City Manager to convey a sanitary sewer easement to the Metropolitan Sewerage District of Buncombe County (MSD) for a sewer line that runs underneath the tennis courts in Montford Park.

The City of Asheville owns the 4.28 acre park at the corner of Cumberland Avenue and Montford Park Place. There is currently an eight (8) inch vitreous clay sewer line that runs underneath the two tennis courts and connects with another sewer line at Cumberland Avenue to serve that neighborhood. The sewer line is scheduled for rehabilitation because of its material and condition. MSD would prefer that the sewer line be moved out from under the tennis courts, but the location is limited due to the existing connections to a nearby line, a retaining wall and the challenging topography on either side of the tennis courts. MSD claims a prescriptive easement over the existing sewer line because there is no recorded easement. MSD plans to rehabilitate a deteriorating line and establish a permanent easement for the sewer line at the same time. The temporary easement automatically expires when construction is complete.

MSD is requesting a twenty (20) foot permanent easement and a fifteen (15) foot temporary easement alongside the roughly 405 linear feet of pipe. Plans call for replacing the eight (8) inch clay pipe with an eight (8) inch high-density plastic pipe, and MSD plans to use underground pipe bursting technology that will eliminate the customary surface digging with pipe

replacement. Bore pits will have to be excavated and equipment lowered into the holes. This method should reduce or eliminate any potential damage to the existing tennis courts. Although the pipe will be inserted underground, there will still be disruption to the area when bore pits are excavated and equipment lowered into the holes. Both tennis courts will be closed during construction to ensure public safety.

MSD does not compensate property owners when they rehabilitate an existing line. It should also be noted that because sewer infrastructure rehabilitation serves a public purpose, they do not compensate other units of government for any easement granted.

Pete Wall, representing Capital Projects, and the Real Estate Coordinator met with MSD staff to discuss the project, review preliminary plans, and plan for coordination of efforts. Debbie Ivester of Parks and Recreation has reviewed the plans and requested input from appropriate staff. They would prefer that the line be relocated away from the park but are not actually recommending it. The City has plans to renovate the park and resurface the tennis courts in connection with the capital improvement bond program, and MSD will coordinate their construction with the renovation of the park. MSD plans to perform construction in February of 2018 with the City's renovation of the park to follow.

Pros:

- Granting of the easement will allow MSD to rehabilitate a sewer line that is in poor condition and needs maintenance.
- MSD's use of pipe bursting will reduce the impact of construction and shorten its duration.
- MSD is willing to accommodate the City's bond improvement schedule.

Cons:

- Future sewer maintenance activities may have an impact on the use of the court. Although these will be minimal the possibility remains.

No monetary consideration is involved in this conveyance.

Staff recommends City Council adopt a resolution authorizing the City Manager to convey an approximately 8,100 square foot permanent easement and a 6,075 square foot temporary construction easement to MSD for a sewer line across the City park at 345 Montford Avenue.

RESOLUTION BOOK NO. 39 - PAGE 225

J. ORDINANCE NO. 4636 - BUDGET AMENDMENT FOR THE DESIGN AND CONSTRUCTION OF A RETAINING WALL TO REPAIR A SLOPE FAILURE BETWEEN SKYVIEW PLACE AND SUNSET DRIVE

Summary: The consideration of a budget Amendment, in the amount of \$750,000, from debt proceeds in the General Capital Project Fund for the purpose of the design and construction of a retaining wall to repair a slope failure between Skyview Place and Sunset Drive.

In October, 2017, heavy rains caused the slope below Skyview Place to fail and slide down onto Sunset Drive. Skyview Place is a one way road and the landslide has caused the egress portion of Skyview to be closed, forcing two-way traffic on a narrow, mountainous road not suitable for this purpose. City staff is committed to maintaining safe access throughout the City. Currently, all essential services are being provided to the residents in the area; however, the egress issue requires a solution.

This section of Skyview Place has experienced landslides in the recent past; the slope immediately adjacent to the current slope failure was repaired in 2014 with a retaining wall after a failure in that location. The retaining wall has stabilized the adjacent slope and no further issues have been experienced or are anticipated. The 2014 project was emergency funded via a budget amendment from general fund balance.

This issue was presented and approved by the Finance Committee on December 19, 2017.

Pros:

- The slope will be stabilized and will not threaten adjacent property and homes.
- Skyview Place will be reopened to the normal traffic pattern.

Cons:

- Design and contract construction will consume City Staff time and City Funds.
- Payment requires an appropriation from General fund balance.

The budget amendment for the design and construction of the retaining wall will be funded with debt proceeds utilizing capacity within the existing Capital Improvement Program (CIP) model.

City staff recommends that City Council adopt the budget amendment for the funding to adequately fund the design and construction of a retaining wall to stabilize the slope.

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Mayor Manheimer asked for public comments on any item on the Consent Agenda, but received none.

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.

Councilman Young moved for the adoption of the Consent Agenda. This motion was seconded by Councilman Kapoor and carried unanimously.

III. PRESENTATIONS & REPORTS:

A. FISCAL YEAR ENDED JUNE 30, 2017, AUDIT REPORT

Finance Director Barbara Whitehorn introduced Mr. Dan Goughery, representing Cherry Bekaert, who reported on the Fiscal Year ended June 30, 2017, audit report.

IV. PUBLIC HEARINGS:

A. PUBLIC HEARING TO CONSIDER CONDITIONAL ZONING OF PROPERTY LOCATED AT 153 SMOKY PARK HIGHWAY FROM HIGHWAY BUSINESS DISTRICT/CONDITIONAL ZONING TO COMMERCIAL EXPANSION DISTRICT/CONDITIONAL ZONING FOR THE EXPANSION OF A MULTI-TENANT COMMERCIAL DEVELOPMENT FOR INGLES MARKETS

Due to an error in the legal advertisement, this public hearing will be heard on January 23, 2018.

B. PUBLIC HEARING TO CONSIDER AMENDMENT TO CHAPTER 7, ARTICLES II, V, VII, VIII, XVI AND XVII OF THE CODE OF ORDINANCES FOR THE PURPOSE OF DEFINING DIFFERENT LODGING TYPES, ADDING SPECIAL REQUIREMENTS FOR CERTAIN LODGING TYPES, AND IDENTIFYING IN WHICH DISTRICTS THEY MAY BE LOCATED

ORDINANCE NO. 4637 - ORDINANCE AMENDING CHAPTER 7 , ARTICLES II, V, VII, VIII, XVI AND XVII OF THE CODE OF ORDINANCES FOR THE PURPOSE OF DEFINING DIFFERENT LODGING TYPES, ADDING SPECIAL REQUIREMENTS FOR CERTAIN LODGING TYPES, AND IDENTIFYING IN WHICH DISTRICTS THEY MAY BE LOCATED

Principal Planner Shannon Tuch said that this is the consideration of an ordinance to amend Chapter 7, Articles II, V, VII, VIII, XVI and XVII of the Code of Ordinances for the purpose of defining different lodging types, adding special requirements for certain lodging types, and identifying in which districts they may be located. This public hearing was advertised on December 29, 2017, and January 5, 2018.

She said that basically this ordinance would revise and clarify existing regulations affecting the review and administration of development standards for all lodging uses.

On October 24, 2017, Planning staff provided an update to the City Council on homestay and short-term vacation rental (STVR) regulation and enforcement. The report identified basic permitting and enforcement metrics but also noted several concerns. Included in those concerns was the growing number of residential projects being constructed for the purpose of providing STVRs instead of housing, and the perceived increase in the number of residential unit conversions to STVRs, resulting in a loss of housing units overall. At Council's direction, staff worked to identify the extent of the conversions inside and outside the Central Business District (CBD) and presented those results to the Planning & Economic Development Committee on December 19, 2017. In summary, the analysis showed that in both the CBD and in areas outside the CBD, there was an exponential growth in the number of dwelling units converted to STVRs over the last three years with areas of concentrated growth in the CBD and form code districts. In addition, new residential construction was being converted or constructed with the intent to convert a percentage of, or all units, to STVRs.

In addition, prior to the Planning & Economic Development (PED) Committee report, there had been a growing concern that due to the rapid increase in the number of other types of lodging uses in the city, more specific regulation was needed for those uses as well, in order to preserve the character of the city and protect its residents. Planning staff had initiated work on a wording amendment that would create a structure to allow for more individualized regulation of various forms of lodging, including STVRs. The PED Committee provided further direction and voted to support this amendment.

This wording amendment includes three primary components:

- 1) Clarify and amend existing lodging related definitions and identify and add definitions for other lodging uses not previously identified;
- 2) Revise the Permitted Use tables to include the newly defined lodging uses and amend the tables as directed, and
- 3) Require an annual permit, similar to what is required for Homestays, for all lawfully established STVRs.

Included among the new definitions are several for the various kinds of *Hotels* (large, small & extended stay), along with a definition for *Short-term vacation rental*. Currently, these uses are all covered under a single *Lodging facilities* category that is not defined. Recognizing the varying activities and impacts of these uses, the ability to regulate them independently was needed. Once the new lodging uses had been identified and defined, an update to the different Permitted Use tables was also necessary to understand how and within which zoning districts these uses would be allowed.

Also included in the amendment is a new permit requirement for all existing, lawfully established short-term vacation rentals and for ones which are lawfully created in the future. This is necessary to assist in enforcement and make sure that only those STVRs that are truly continuing in accordance with the UDO's nonconformity provisions are allowed to continue, and to confirm the same with conforming STVRs on a yearly basis. The law allows legal nonconformities to continue, but it has been well established that zoning ordinances are construed against the indefinite continuation of a such uses, and that nonconforming uses are not favored. Because there are so many STVRs (and illegal ones) and limited staff and the times they are rented is hard to monitor, this is a mechanism that balances the owner's right to continue and the City's right to terminate nonconformities which are not legally continuing under the UDO. The analysis previously performed by staff identified existing permit holders that could be used to help facilitate notice regarding new permit requirements. Once the new annual permit is established, a regular annual renewal notice would be sent as the city currently does for certain permit types. Lastly, the amendment also includes various non-substantive amendments designed to ensure consistency between the different affected code sections.

As mentioned above, this amendment was discussed at the December 19, 2017, PED Committee meeting. The feedback from the Committee has been incorporated into this amendment.

The Asheville Downtown Commission has also provided input on the subject and requests greater control and regulation of short-term vacation rentals in the downtown while supporting research and analysis of targeted strategies to incent and encourage the continued development of housing units.

This proposal was reviewed and approved by a vote of 4:1 by the Planning and Zoning Commission at their January 3, 2018, meeting. All wording amendments receive final approval by City Council.

This wording amendment supports the City's Comprehensive Plan as it relates to protecting, preserving and enhancing existing neighborhoods by controlling business activity and related nuisances in residential areas through effective regulation. Regarding Council's 2036 Vision, regulating homestays and other short term rentals is most closely aligned with the Council goals of a **Well-Planned and Livable Community** and **Quality Affordable Housing** by controlling nuisance impacts on the community and ensuring a reasonable supply of long-term housing.

Staff recommends approval of the wording amendment text modifying Articles II, V, VII, VIII, XVI and XVII to define and regulate various forms of lodging which is consistent with the Comprehensive Plan and other adopted plans.

In response to Councilman Kapoor, Ms. Tuch said that this amendment would not allow a person to convert a dwelling unit into a STVR as a use by right. Converting a dwelling unit into a STVR as a use by right can only happen in the Resort District (e.g., Crown Plaza, Grove Park Inn, areas around Richmond Hill). There is an application process available for anyone who wants to propose any kind of lodging project in any other area of the City.

Mayor Manheimer opened the public hearing at 5:29 p.m.

Of the individuals that spoke, several were opposed to the amendment in that they felt that they should be allowed to benefit from Asheville's tourist trade downtown.

Of the individuals that spoke, several were supportive of this amendment as there is a severe housing shortage and the proliferation of STVR in the downtown neighborhood is detrimental to their sense of community.

In response to the current President of the Asheville Bed & Breakfast Association, City Attorney Currin said that if a bed & breakfast is legally established, they can continue to operate in same manner. For legally established businesses, a change in regulations, or a change in ownership, does not require you to conform with the new regulations. The non-conforming status will run with the land.

Mayor Manheimer closed the public hearing at 5:54 p.m.

Councilwoman Mayfield said that this is not about whole house short-term rentals in residential areas and it's not about homestays. Homestays are still legal and that is the mechanism we chose to help people who live here continue to make their house affordable. This is about stemming the tide of lost housing and ensuring that people are building new long-term housing. We are trying to keep downtown a place that has a good mix that is for people who live here.

Councilman Young was concerned and disappointed about how this process moved quickly, omitting the conversation about how we deal with STVR overall. He felt we needed to have that conversation in a comprehensive way before moving forward.

Councilman Kapoor supported a larger conversation on this subject as well; however, he did not think that this proposed amendment will foreclose that discussion. He felt that the speed of this amendment was important due to the data indicating the number of downtown units converting to STVRs.

Mayor Manheimer said that members of Council have previously received a copy of the ordinance and it would not be read.

Councilwoman Mayfield moved to approve the revised wording amendments to UDO Articles II, V, VII, VIII, XVI, and XVII which defines and regulates various forms of lodging uses, and find that the request is reasonable, is in the public interest, and is consistent with the Comprehensive Plan and other adopted plans in the following ways: the amendment (1) Modifies development standards to promote harmony and compatibility with surrounding neighborhoods; and (2) Defines and provides greater clarity with respect to lodging related land uses. This motion was seconded by Vice-Mayor Wisler and carried on a 6-1 vote, with Councilman Young voting "no."

ORDINANCE BOOK NO. 31 – PAGE 406

V. UNFINISHED BUSINESS:

A. ENERGY INNOVATION TASK FORCE REPORT

ACCEPTANCE OF YEAR-END UPDATE OF THE ENERGY INNOVATION TASK FORCE

Councilwoman Mayfield, Co-Chair of the Energy Innovation Task Force (EITF), said that this is a request to accept the year-end report of the EITF; reiterate the City's commitment to the EITF's goals and a multi-year partnership between the City, Buncombe County and Duke Energy; and reallocate previously allocated funds to support a community campaign to improve energy efficiency and reduce energy use.

The City of Asheville, Buncombe County and Duke Energy jointly created the EITF in April 2016 as a collaborative, community effort to achieve two goals:

1. Avoid or delay building a 190-MW natural gas, peaking unit anticipated to be needed in the early 2020's, and
2. Create a clean energy future in Western North Carolina.

As a first step toward achieving these goals, Council approved \$205,000 as part of this year's budget process to fund the initial EITF recommendations. While most of those funds have been spent for their intended purpose, \$36,000 remains unspent (mainly intended for education initiatives) and is available to be re-allocated for other EITF-related recommendations, upon City Council approval.

As indicated during the budget discussions, these initial investments by the city were intended to be the first step in the development and implementation of a longer work plan and campaign. After 19 months of research and planning, the EITF now has a path forward to reach these goals that includes technology innovations, improvements to and increased subscription rates to existing Duke Energy programs, Duke Energy pilot projects, committed and anticipated investments by the City and County in clean energy projects, and partnerships with community non-profits. A summary of the work and the path forward is included in the presentation.

Key to the reaching the EITF's goals is bringing all of these efforts together under a single branded, community campaign called the Blue Horizons Project. This will be a coordinated marketing and outreach campaign that will ask residential and business customers to take specific actions to help reduce or shift energy use. The specific recommended actions will change over time in order to keep customers engaged and offer more options for action.

While this campaign relies heavily on Duke Energy's programs, implementation of the campaign must be the responsibility of the EITF convening partners and members. Critical to the campaign's success will be the sense of collective, community responsibility it will generate and the need for everyone to participate if we are to reach our goals. It will not likely be successful if the public perceives it to be solely a Duke Energy marketing effort.

To that end, it is critical that the convening partners continue to commit resources to ensure the long term success of this partnership. Most of those resources will take the form of staff time in supporting the work of the EITF and the Blue Horizons Project, but each partner is also being asked to contribute at least \$25,000 to support marketing for the campaign and the expenses of a campaign coordinator. Now that the EITF is moving out of planning and into implementation, there is a need for centralized coordination of outreach, communications, marketing, community partners, projects, website maintenance, tracking metrics of success, and fundraising. The EITF leadership envisions this position would be housed at the Green Built Alliance, which has been a leader in the EITF. Both the County and Duke have committed at least \$25,000 to support the Blue Horizons Project campaign coordinator position and work plan.

To truly ensure the success of this enduring, multi-year partnership, Council will need to consider longer term funding. That, however, is more appropriately addressed within the regular budget/financial planning process, including considering funding in this next cycle to ensure the original projects intended to be covered by the FY18 allocation are accomplished.

SACEE has indicated its support for the city's long term commitment to this partnership as well as re-allocation of \$25,000 at this time to support the campaign.

Pros:

1. Advances Council's goals established by the EITF resolution and other resolutions aimed at moving Asheville toward a cleaner, affordable, smarter energy future
2. Advances Council's vision for A Clean and Healthy Environment, which states, "Asheville continues to be a leader in innovative technologies and conservation efforts in response to global climate change."

Con: None.

None as these funds have already been allocated to support EITF recommendations.

Recommended Action includes (1) Accept the EITF report and re-commit long term support for the EITF, its goals, and the multi-year partnership between the City, Buncombe County, and Duke; and (2) Reallocate \$25,000 of funds previously allocated to other EITF efforts to support the work of a campaign coordinator and associated marketing expenses for the Blue Horizons Project, conditioned on the County and Duke Energy committing at least an equal share (which they have done).

Mr. Jason Walls, Co-Chair of the EITF, reviewed the report via the following PowerPoint:

"Setting the stage: (1) Consistent electric demand growth over the past several decades (a) Since 2006, the region's peak demand has + 1.5% annually; and (b) Our region experiences winter system peaks on average 30% higher than summer; and (2) Duke Energy projects a capacity shortfall of 17 megawatts per year beginning 2023, leading to a new 190-MW peaking power plant - The community asked Duke Energy Progress to give them a chance to reduce energy use, charting a cleaner energy future for the region.

"This is how the community takes action: City of Asheville, Buncombe County and Duke Energy convened the EITF: (1) 16 local leaders representing regional business and community interests; and (2) Convened in May 2016 with two goals: (a) Avoid or delay the construction of the 190 MW natural gas peaker plant planned for 2023; and (b) Transition the Duke Energy Progress-West Region to a cleaner, affordable and smarter energy future, rooted in community engagement and collaboration, that is mutually beneficial to the community and Duke Energy. Rocky Mountain Institute (RMI) was engaged to support the EITF facilitation and provide a global perspective to validate assumptions and identify/share best practices.

"Defining the challenge (1) We know more about how customers in the region use energy today than ever before; and (2) RMI's analytical expertise was leveraged to complete a baseline analysis of regional electricity use (a) Rapid growth in peak electrical demand. Growth in Asheville/Buncombe County is a primary driver; (b) Peak demand occurs on the coldest winter mornings; (c) Homes are transitioning from gas and propane to electric HVAC for heating; and (d) Siloed approaches sub-optimize the results achieved.

"Identifying solutions (1) Based on RMI's analysis, two primary focus areas are: (a) Expansion of targeted energy efficiency; and (b) Shifting when customers use electricity; (2)

Priorities: (a) Increase participation in energy efficiency; (b) Improve penetration of demand-side management; and (c) Expand renewables and other advanced solutions; and (3) Recommendations: (a) Establish a brand and launch a campaign to inform, educate and engage the community; (b) Leverage, expand and bundle existing programs and efforts; (c) Increase investment and focus on low-income programs; (d) Develop and implement new programs; and (e) Establish goals/targets to track progress.

“Enabling success: (1) Launch *Blue Horizons* Campaign: This campaign allows people to connect their actions with a larger movement; (2) Hire a project manager: Having someone who is accountable to manage commitments, timelines, initiatives and the campaign is critical to moving further faster; (3) Create a central hub. An online platform to cross promote programs within Duke’s portfolio and local initiatives/programs will make participation easier; (4) Train and cultivate local contractors. As we grow participation and awareness, local contractors need to be ready to implement these measures; (5) Leverage, expand and bundle existing programs. Make it easy to find and use existing programs; and (6) Advance low-income EE efforts. Leverage existing efforts to improve the lives of people in our communities.”

Ms. Sonya Marcus, Sustainability Advisory Committee on Energy & the Environment Committee (SACEE) representative on the EITF, was proud of the work taking place and felt it was moving in the good direction. She said there is a concern on SACEE that we continue to provide critical funding for the activities outlined as priority activities in our clean energy framework, and the reallocation of these funds are actually being detracted from other initiatives that we had planned to fund in this cycle. She hoped Council would be hope and willing to discuss further funding allocations for priority energy projects that really target City operations.

Councilwoman Mayfield said that this partnership with Duke Energy and the County continues to be unique in the country. For us to continue to achieve the goals as the EITF as well as the City’s sustainability goals around energy, this will require us to participate in a long-term multi-year partnership with these partners. That will require us to consider allocations every year as part of our budget cycle.

When Vice-Mayor Wisler stated that she supported this action; however, she wanted to see measurables; Mr. Walls said that at their EITF meeting coming up this Friday, they will talking with that group about some of those goals and about how they are going to measure the success of that position in the first year of this effort. City Manager Jackson also noted that this will be a performance contract and those measures will be tracked with the quarterly payments to Green Built Alliance.

When Councilwoman Smith asked if SACEE is supporting the reallocation of the funds because in future years there will need to be other allocations made for clean energy, Ms. Marcus replied yes.

RESOLUTION NO. 18-5 - RESOLUTION APPROVING THE ADDITION OF THE ENERGY INNOVATION TASK FORCE RECOMMENDATIONS TO THE CITY OF ASHEVILLE’S SUSTAINABILITY MANAGEMENT PLAN AND AUTHORIZING THE CITY MANAGER TO ENTER INTO AN AGREEMENT WITH GREEN BUILT ALLIANCE

Summary: On June 23, 2009, Asheville City Council adopted Resolution 09-135 to adopt the Sustainability Management Plan to direct implementation of carbon reduction measures and strategies. On October 22, 2013, Asheville City Council adopted Resolution 13-228 to support a local clean energy future for the city and the region. On October 27, 2015, Asheville City Council adopted Resolution 15-200 supporting the Community Clean Energy Policy Framework which aims to reduce carbon emissions and encourage a clean energy economy through a partnership

with Duke Energy. On March 22, 2016, Asheville City Council adopted Resolution 16-64 establishing a joint City, County and Utility Energy Innovation Task Force that is committed to: (1) Transition the Asheville/Buncombe County area of Duke Energy Progress' - West Region to a cleaner, affordable and smarter energy future, rooted in community engagement and collaboration, that is mutually beneficial to the community and Duke Energy; and (2) Avoid or delay the construction of a 190 MW natural gas peaker plant planned for 2023. The Energy Innovation Task Force members include representatives from the lead partners, environmental and clean energy advocacy organizations, and local businesses and institutions; and have endeavored to accomplish the desired outcomes established in Resolution 16-64. Since August, 2016, with input from the City, County and Duke Energy, Rocky Mountain Institute has aided process design and facilitation, led data collection and the data synthesis process with Duke, supported analytical and research needs, contributed to solution development, and completed a strategic evaluation that forms the foundation for a broader EITF strategy. The recommendations from the Energy Innovation Task Force identified investments in commercial and residential energy efficiency as the first step to alleviate peak demand. On December 20, 2017, the Sustainability Advisory Committee on Energy and the Environment made a motion to support the city's long term commitment to the EITF partnership as well as re-allocation of \$25,000 to support the Blue Horizons project coordinator. Making an annual investment in the Blue Horizon's project coordinator administered through the Green Built Alliance will promote efficiency programs provided by City of Asheville, Buncombe County and Duke Energy Progress. The convening partners, Buncombe County and Duke Energy Progress, included in Resolution 16-64 have already allocated resources to support the Blue Horizon's project coordinator. Fiscal Year 2018 budget includes \$205,000 from the General Fund to support initiatives from the EITF. The EITF recommendations go beyond Fiscal Year 2018 and will be considered in the Fiscal Year 2019 budget planning process. Therefore, (1) The City of Asheville accepts and approves the recommendations from the Energy Innovation Task Force by incorporating it into the adopted Sustainability Management Plan and any amendments thereto; and (2) The City Manager be, and he is hereby authorized, to enter into an agreement with Green Built Alliance to support the Blue Horizon's project coordinator.

When Mayor Manheimer asked for public comment, no one spoke.

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

Councilwoman Mayfield moved for the adoption of Resolution No. 18-5. This motion was seconded by Councilman Young and carried unanimously.

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RESOLUTION NO. 18-6 - RESOLUTION AUTHORIZING THE CITY MANAGER TO ENTER INTO A MEMORANDUM OF UNDERSTANDING WITH BUNCOMBE COUNTY TO ENLIST ROCKY MOUNTAIN INSTITUTE TO CONTINUE ITS EFFORTS IN ACCOMPLISHING THE ENERGY INNOVATION TASK FORCE PHASE III SCOPE OF WORK

Summary: The consideration of an authorization for the City Manager to enter into a Memorandum of Understanding (MOU) with Buncombe County to enlist Rocky Mountain Institute (RMI) to continue its efforts in accomplishing the Energy Innovation Task Force's (EITF) Phase III Scope of Work.

Buncombe County, the City of Asheville and Duke Energy Progress established a collaborative task force known as the Energy Innovation Task Force to research and recommend energy efficiency and demand-side management programs in Buncombe County.

The EITF workgroup leaders have committed to working to delay or avoid the construction of an additional fossil fuel-powered combustion turbine electricity generating facility at the Asheville plant site in 2023.

Since August 2016, with input from the workgroup leaders, RMI has helped facilitate discussions, overseen data collection and synthesis, supported research efforts and solution development at no cost to the work of the EITF (Phase I and Phase II).

The parties now wish to continue the work of the Rocky Mountain Institute on behalf of the EITF collaboration, Phase III Scope of Work. Phase III includes a final report of all outcomes of Phase I, II and III.

Phase III was allocated in the FY18 City budget from the General Fund as part of the \$205,000 to support the EITF initiative.

The Memorandum of Understanding states:

- For the sake of efficiency, the County agrees to contract with RMI to perform Phase III and pay the full amount due to RMI, which is anticipated to cost \$90,000 worth of services and up to \$9,000 in travel expenses; and
- The City agrees to reimburse the County for half of the amount paid, up to \$50,000, to RMI by the County within thirty (30) days of the County's payment to RMI of these budgeted funds.

The Buncombe County MOU was unanimously approved by the Finance Committee on October 24, 2017.

As part of the FY18 budget, \$205,000 has been budgeted from the General Fund for the EITF. Of that funding, \$50,000 was allocated to support ongoing engagement of RMI.

Staff recommends City Council adopt a resolution authorizing the City Manager to enter into an Intergovernmental Agreement with Buncombe County to enlist Rocky Mountain Institute (RMI) to continue its efforts in accomplishing the EITF's desired outcomes.

When Mayor Manheimer asked for public comment, no one spoke.

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

Councilwoman Mayfield moved for the adoption of Resolution No. 18-6. This motion was seconded by Councilman Young and carried on a 6-1 vote, with Councilwoman Smith voting "no."

Councilwoman Mayfield noted that the work from RMI has been completed and there are no other plans to bring them back.

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**B. REDEVELOPMENT OF CITY-OWNED LAND FOR AFFORDABLE HOUSING
POLICY DIRECTION FOR THE REDEVELOPMENT PROCESS AND \$15
MILLION ALLOCATED FOR THIS PURPOSE**

Community Development Director Heather Dillashaw, Real Estate Program Director Nikki Reid, and Project Manager Stephanie Monson Dahl reviewed with Council the re-purposing of City-owned land for affordable housing. They explained that the Affordable Housing Strategy and the 3-Year Council Strategic Priorities adopted in 2015 include (1) strengthening the City's existing affordable housing programs for low- and moderate-income households; (2) exploring innovative approaches to providing additional housing and a broader range of housing options; (3) prioritizing the highest return on investment as measured by (a) number of affordable units; (b) percentage of permanently affordable units; (c) contributions to long-term economic and tax base growth; and (d) sustainability; and (4) utilizing locally efficient City-owned land for affordable housing. They explained the due diligence on the the sites identified (1) 171-179 S. Charlotte Street, (2) 81-91 Riverside Drive and (3) 319 Biltmore Avenue. They will then facilitate a planning process and due diligence study to maximize results - access complexity of issues on the property, opportunities/constraints, and level of financial investment required to maximize return on investment. Before Council at this time is a resolution authorizing the City Manager to enter into a professional services contract with Lord Aeck Sargent for the design, land planning, engineering, financial feasibility and consulting services necessary to perform the due diligence for affordable housing on real properties identified by the City of Asheville.

Next steps include (1) a due diligence and affordable housing feasibility analysis in the winter/spring of 2018 and the process will take between 6-8 months to conduct pre-development analysis; (2) in the late summer of 2018 Council will review the due diligence findings and give direction to staff to authorize to proceed with redevelopment of one or more of the selected sites (and potentially a relocation of Fleet/Public Works); and (3) in the late fall, we will solicit qualifications and/or proposals from developers for affordable housing on one or more of the site identified.

**RESOLUTION NO. 18-7 - RESOLUTION AUTHORIZING THE CITY
MANAGER TO ENTER INTO A CONTRACT WITH LORD AECK SARGENT
FOR DUE DILIGENCE SERVICES FOR AFFORDABLE HOUSING ON
CITY-OWNED PROPERTY**

The general obligation bond program allocates \$25 million for affordable housing, of which \$15 million is directed to the redevelopment of City-owned land for this purpose. On February 7, 2017, City Council directed staff to proceed with performing due diligence on three specific properties to support affordable housing. The sites identified include (1) 171-179 S. Charlotte Street, (2) 81-91 Riverside Drive and (3) 319 Biltmore Avenue. The City of Asheville is the owner of the properties located on S. Charlotte Street and Riverside Drive. The City has negotiated an option to purchase the property at 319 Biltmore Avenue, which is currently owned by Duke Energy.

The goal of the due diligence study is to assess the feasibility of achieving successful affordable housing developments on each of the selected sites. While all three sites are in close proximity to Downtown, they reside in different contexts and each site has its own challenges and opportunities to be explored. The study seeks to identify the physical opportunities and constraints with respect to development, the number of affordable units that can be developed on each site, the massing and conceptual improvements that could be built onsite and the market conditions for mixed use development. Additionally, the study seeks to validate and test specific finance / affordability scenarios from a pro-forma perspective and create implementation strategies to set the stage for procurement of development partners. The scope of work also includes a public engagement process designed to share findings on proposed redevelopment scenarios and garner stakeholder feedback. Ultimately, this information for each of the three sites is being presented to City Council with the intent (1) to obtain Council's direction on making any or all of the sites available for redevelopment and (2) to provide a basis for the City's financial participation in redevelopment in order to achieve specific affordable housing goals.

In May 2017, the City published a Request for Qualification (RFQ) and requested submittals of qualifications from firms interested in conducting due diligence of these properties. In response to the Request for Qualifications, the following seven firms submitted packages:

Lord Aeck Sargent (Atlanta, GA)	Mathews Architecture (Asheville, NC)
McMillan Pazdan Smith (Asheville, NC)	Kassinger Development Group (Asheville, NC)
AHEAD Group (Asheville, NC)	Glazer Architecture (Asheville, NC)
KA DesignWorks (Aspen, CO)	

The review team utilized a scoring matrix to assess the qualifications of the proposed firms. Three firms scored high enough to be short-listed for on-site interviews, including Lord Aeck Sargent, Mathews Architecture and McMillan Pazdan Smith. The professional team of Lord Aeck Sargent was well-qualified in all required disciplines, with extensive experience in urban redevelopment, affordable housing financials, and technical assessments. The Lord Aeck Sargent team includes sub-consultants that are listed as minority business enterprises, and consultant team members are located in Asheville and Atlanta. Scoring by the review team indicated Lord Aeck Sargent as the highest-rated offeror in this procurement.

Negotiations were undertaken with the selected firm, and the team demonstrated its flexibility and an understanding of the City's needs on all parts of this study. This firm also demonstrated the ability to produce the needed results in an appropriate timeframe. The complete base scope of work can be contracted for \$240,660. The scope of work is also structured so that if a roadblock or impediment to development is detected early on within a specific site, then any further study on the site will cease and no further funds will be expended for due diligence on that site.

The Affordable Housing Advisory Committee has discussed this planning process and due diligence study. The Housing and Community Development Committee reviewed at their December 19, 2017, meeting and recommends City Council authorize the City Manager to enter into this professional services contract with Lord Aeck Sargent.

Pros:

- Allows the performance of a key study critical to implementing the Affordable Housing Bond Program;
- Multi-disciplinary team includes design, land planning, engineering, financial feasibility and other relevant disciplines needed to deliver redevelopment scenarios; and
- Performing this work will set the stage for developing needed affordable housing units on locationally-efficient sites.

Con:

- None identified.

The project will be funded through the City's available cash resources.

Staff recommends City Council adopt a resolution authorizing the City Manager to enter into a professional services contract with Lord Aeck Sargent not to exceed \$240,660 for the design, land planning, engineering, financial feasibility and consulting services necessary to perform the due diligence for affordable housing on real properties identified by the City of Asheville.

Ms. Monson-Dahl said that if the resolution is approved they will begin with a community engagement plan. Ms. Reid will be hiring a firm that can provide geotechnical services for not

only this, but for some of the other strategic investment sites in other work that the City needs. Council will be considering that contract to support this work.

Vice-Mayor Wisler hoped that given the timeline for these projects we won't be running up against the 7 years to spend the bond money set aside for affordable housing. Councilwoman Mayfield noted that we do have the ability to reallocate the money to other affordable housing projects.

When Mayor Manheimer asked for public comments, none were received.

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

Councilman Young moved for the adoption of Resolution No. 18-7. This motion was seconded by Vice-Mayor Wisler and carried unanimously.

RESOLUTION BOOK NO. 39 – PAGE 230

VI. NEW BUSINESS:

A. BOARDS & COMMISSIONS

RESOLUTION NO. 18-8 - RESOLUTION APPOINTING A MEMBER TO THE AUDIT COMMITTEE

Vice-Mayor Wisler, Chair of the Boards & Commissions Committee, said that this is the consideration of appointing a City Council member to the newly created Audit Committee.

It was the consensus of the Boards & Committee Committee to appoint Vice-Mayor Wisler to this seat.

Vice-Mayor Wisler moved to appoint herself as the City Council member to the Audit Committee to serve until her term on City Council expires. This motion was seconded by Councilman Young and carried unanimously.

RESOLUTION BOOK NO. 39 - PAGE 231

RESOLUTION NO. 18-9 - RESOLUTION APPOINTING MEMBERS TO THE BOARD OF ADJUSTMENT

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

The terms of Nelda Holder (Alternate), Richard Fort (Regular), Daniel Summerlin (Alternate) and Philip Harden (Regular) expire on January 21, 2018.

The following individuals applied for the vacancy: Carter B. Webb, Sarah Katzmark and Ken Sherlin.

It was the consensus of the Boards & Commissions Committee to (1) reappoint Mr. Hardin as a Regular Member; (2) reappoint John Kledis as an Alternate member; (3) appoint Carter Webb as an Alternate member; (4) appoint Paul Wilczynski (who is currently serving as an Alternate member) as a Regular member; and (5) readvertise for Mr. Wilczynski's alternate seat.

Vice-Mayor Wisler moved to (1) reappoint Philip Hardin as a Regular member to serve an additional three-year term, term to expire January 21, 2021, or until his successor has been appointed; (2) reappoint John Kledis as an Alternate member to serve a three-year term, term to expire January 21, 2021, or until his successor has been appointed; (3) appoint Carter Webb as an Alternate member to serve a three-year term, term to expire January 21, 2021, or until his successor has been appointed; (4) appoint Paul Wilczynski to serve as a Regular member to serve a three-year term, term to expire January 21, 2021, or until his successor has been appointed; and readvertise for the Alternate seat left vacant by Mr. Wilczynski. This motion was seconded by Councilman Young and carried unanimously.

RESOLUTION BOOK NO. 39 - PAGE 232

RESOLUTION NO. 18-10 - RESOLUTION APPOINTING MEMBERS TO THE DOWNTOWN COMMISSION

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

The terms Byron Greiner, Michael McDonough and Jimi Rentz expired on December 31, 2017.

The following individuals applied for the vacancy: Brendan Ross, Edward Dewey, Linda Mathiasen, Peter Landis, Joshua Beckman, Leslie Stewart, Mary Kay Smith, Robin Raines, Carleton Collins, Kelly Prime, Richard Winchell, Steven Lee Johnson, Jane Mathews, Kimberly Hunter, Rebecca Nicole Huber-Brown, Greg Hoffman, Aaron Ryba, Andrew Fletcher and Sarah Craycraft.

It was the consensus of the Boards & Commissions Committee to appoint Kimberly Hunter, Andrew Fletcher and Steven Lee Johnson.

Vice-Mayor Wisler moved to appoint Kimberly Hunter, Andrew Fletcher and Steven Lee Johnson to each serve a three-year term respectively, terms to expire December 31, 2020, or until their successors have been appointed. This motion was seconded by Councilman Young and carried unanimously.

RESOLUTION BOOK NO. 39 - PAGE 233

RESOLUTION NO. 18-11 - RESOLUTION APPOINTING MEMBERS TO THE HOMELESS INITIATIVE ADVISORY COMMITTEE

Vice-Mayor Wisler, Chair of the Boards & Commissions Committee, said that this is the consideration of appointing members to the Homeless Initiative Advisory Committee (HIAC).

The terms of Charles Rosenblum, Sabrah n'haRaven and Jay Lively expired on November 1, 2017.

The following individuals applied for the vacancy: Kerry Keihn, Val Ball, Michelle Stowe Ong, Joey Grisanti, Angela Dubs, Marcia Bacoate, Donald Alexander, Kate Caton, Douglas Ray Oeser, Andrew Monroe, Timothy Moser, Bill Robinson, Michael Carlebach, Roberto L. Hess, Thomas Cash and Tamarie Macon.

At the request of the HIAC, it was the consensus of the Boards & Commissions Committee to reappoint Mr. Rosenblum; appoint Marcia Bacoate; and wait until the HIAC puts forth a recommendation for their third vacancy.

Vice-Mayor Wisler moved to (1) reappoint Charles Rosenblum to serve an additional three-year term, term to expire November 1, 2020, or until his successor has been appointed; (2) appoint Marcia Bacoate to serve a three-year term, term to expire November 1, 2020, or until her successor has been appointed; and (3) wait until the HIAC puts forth a recommendation for their third vacancy. This motion was seconded by Councilman Young and carried unanimously.

RESOLUTION BOOK NO. 39 - PAGE 234

RESOLUTION NO. 18-12 - RESOLUTION APPOINTING MEMBERS TO THE SUSTAINABILITY ADVISORY COMMITTEE ON ENERGY & THE ENVIRONMENT

Vice-Mayor Wisler, Chair of the Boards & Commissions Committee, said that this is the consideration of appointing members to the Sustainability Advisory Committee on Energy & the Environment..

The terms of Geoffrey Habron, Lael Gray and John Noor expired on December 31, 2017.

The following individuals applied for the vacancy: Lateef Cannon, Zephyr Jost, Larry Haas, David Penrole, Renee Mazurek, Catherine Rosfjord, Red Moonsong, Patrick Ciccotoo, Rick Freeman, Frank Wolf, Bob Roepnack, E. Benjamin Edwards, Kelly Gloger, Lin Orndorf, Ursula Jorch, Lisa Almaraz, Maureen Drinkard and Amy Smith.

It was the consensus of the Boards & Commissions Committee to reappoint Mr. Habron and Mr. Noor and appoint Renee Mazurek

Vice-Mayor Wisler moved to (1) reappoint Geoffrey Habron and John Noor to each serve an additional three-year term respectively, terms to expire December 31, 2020, or until their successors have been appointed; and (2) appoint Renee Mazurek to serve a three-year term, term to expire December 31, 2020, or until her successor has been appointed. This motion was seconded by Councilwoman Mayfield and carried unanimously.

RESOLUTION BOOK NO. 39 - PAGE 235

RESOLUTION NO. 18-13 - RESOLUTION APPOINTING MEMBERS TO THE TREE COMMISSION

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

The terms of Marc Williams, Amy Kemp and Diane Hillgrove expired on December 31, 2017. In addition, there currently exists a vacancy left by Carl Nyberg, term to expire December 31, 2018.

The following individuals applied for the vacancy: Casey Cave, Sharon Sumrall, Cecil Bothwell, Martha Dyke and Amy Smith.

It was the consensus of the Boards & Commissions Committee to (1) reappoint Ms. Hillgrove; (2) appoint Cecil Bothwell Sharon Sumrall; and (3) appoint Amy Smith to the unexpired term left by Mr. Nyberg.

Vice-Mayor Wisler moved to (1) reappoint Diane Hillgrove to serve an additional three-year term , term to expire December 31, 2020, and (2) appoint Cecil Bothwell and Sharon

Sumrall to each serve a three-year term respectively, terms to expire December 31, 2020; and (3) appoint Amy Smith to serve the unexpired term of Mr. Nyberg, term to expire December 31, 2018, or until her successor has been appointed. This motion was seconded by Councilman Young and carried unanimously.

RESOLUTION BOOK NO. 39 - PAGE 236

VII. INFORMAL DISCUSSION AND PUBLIC COMMENT:

Mr. Will Thibodeau explained how he felt there was a lack of impartiality in local government.

Mr. Ken Sherlin felt that the reappointment of Mr. Philip Hardin as a Regular member to the Board of Adjustment is not valid since Mr. Hardin had previously served two terms.

Closed Session

At 6:51 p.m., Councilwoman Smith moved to go into closed session for the following reasons: (1) to prevent disclosure of information that is privileged and confidential, pursuant to the laws of North Carolina, or not considered a public record within the meaning of Chapter 132 of the General Statutes. The law that makes the information privileged and confidential is N.C.G.S. 143-318.10(a)(3). The statutory authorization is contained in N.C.G.S. 143-318.11(a)(1); (2) To consult with an attorney employed by the City about matters with respect to which the attorney-client privilege between the City and its attorney must be preserved, including, but not limited to, a lawsuit involving the following parties: PHG Asheville, LLC v. the City of Asheville. The statutory authorization is N.C. Gen. Stat. sec. 143-318.11(a)(3); (3) To establish or to instruct the City's staff or negotiating agents concerning the position to be taken by or on behalf of the City in negotiating the terms of a contract for the acquisition of real property by purchase, option, exchange or lease. The statutory authorization is contained in N.C. Gen. Stat. § 143-318.11(a)(5); and (4) To consider the qualifications, competence, performance, character, fitness, or conditions of appointment of an individual public officer or employee. The statutory authorization is contained in N.C. Gen. Stat. § 143-318.11(a)(6); and to prevent the disclosure of information that is confidential pursuant to N.C. Gen. Stat. § 160A-168, the Personnel Privacy Act. The statutory authorization is contained in N.C. Gen. Stat. § 143-318.11(a)(1). This motion was seconded by Vice-Mayor Wisler and carried unanimously.

At 8:51 p.m., Councilwoman Mayfield to come out of closed session. This motion was seconded by Councilman Young and carried unanimously.

VIII. ADJOURNMENT:

Mayor Manheimer adjourned the meeting at 8:51 p.m.

CITY CLERK

MAYOR