

Minutes  
Finance Committee Meeting  
3:30pm, February 26, 2013  
First Floor-North Conference Room, City Hall

Present: Vice Mayor Esther Manheimer, Chair; Councilman Chris Pelly,  
Councilman Marc Hunt

Staff: Lauren Bradley, Gary Jackson, Jeff Richardson, Cathy Ball,  
Roderick Simmons, Steve Shoaf, Eric Hardy, Tony McDowell,  
John Sanchez, Chris Corl, Janet Lampkin

Guests: Councilman Jan Davis, Councilman Gordon Smith, Susan Griffin,  
Business Improvement District (BID) Board Representative

**Approval of 2/12/13 Minutes**

Councilman Pelly made a motion to approve the minutes and this motion was seconded by Councilman Hunt and unanimously approved by the committee.

**FY 13-14 Budget:**

**Quarterly Financial Report**

Due to time constraints, this item was not discussed. Mr. McDowell will present this information at tonight's city council meeting.

**FY 14 Fees and Charges:**

Mr. McDowell told the committee that each year staff comes to the finance committee with a slate of fees early in the budget process to get approval on proposed fee changes. This allows staff to budget money into next years budget and allows staff to get information out to customers prior to July 1.

Staff is proposing several changes to fees and charges this year. The most significant are incremental increases to water rates. There is a one percent proposed increase for residential customers; one percent increase for small commercial customers, and three percent increase for large commercial customers. There is a proposed parking rate increase of twenty five cents per hour for on-street meters and garages; and proposed increases to Parks and Recreation fees for After School Programs, athletics and special facilities like Aston Park Tennis Center. In addition, there are several departments to include Development Services, Information Technology and Public Works that staff is recommending some minor fee adjustments. Mr. McDowell said representatives from those specific departments are present at this meeting to answer any questions the committee may have.

Councilman Pelly asked if we would continue with the first hour free in the parking garages. Mr. McDowell said yes, we would continue with that. Vice Mayor said that one important policy goal for parking is to make it cheaper to park in the decks than on the street because that is much more efficient for parking in the downtown area.

Councilman Hunt asked if there was an expectation on the part of the Battery Park apartment residents that the city will provide parking for those residents. Ms. Cathy Ball said that the City currently provides a reduced rate in the Civic Center garage for the Vanderbilt Apartments and had worked out a similar rate for the Battery Park Apartments to park on the property slated for development, until another option becomes available. Ms. Ball said she would have to get back to the committee on the long term option.

Councilman Pelly asked if the total would be six hundred thousand dollars in new revenue. Mr. McDowell said that sounds roughly correct.

Ms. Bradley said that they are trying to move toward full cost recovery for the fees related to parks and recreation services. The cost to the City to subsidize those services is two hundred thousand dollars. It costs the City one hundred and seventy five thousand dollars to subsidize the tennis facility. Due to the high cost ratio of subsidy per user, there is a more significant adjustment to those fees and that does not even bring us to full cost recovery for those services. In addition, a small percentage of the population uses those services, but there is a significant property tax subsidy of the program. Ms. Bradley said there are additional services that we staff is looking at in terms of the City's role in the provision of that particular service, and can show council that information.

#### **Cost Allocation Plan:**

Mr. McDowell said that staff is asking for the committee's endorsement of the concept of charging all Enterprise Funds for their share of the cost allocation costs. Historically, only the Water Fund was charged because at the time, it was the only self-sustaining Enterprise Fund. Currently, there are several Enterprise funds that are self-sustaining. When staff brings council the budget in April, staff would like to begin to incrementally charge these other Enterprise funds for their share. The first year would be at a fifty percent level, and full level at the second year. Ms. Bradley said that staff is recommending that for those Enterprise funds that receive a general fund transfer, we charge for the cost allocation to reflect the true cost of service in those areas. Although the impact is the same to the general fund because it would net out and it would be useful for accounting purposes to know what the true cost of service is.

#### **Outside Agencies**

##### **Chamber of Commerce and Sports Commission**

Ms. Bradley said that the Housing and Community Development (HCD) committee has started to discuss the outside agency process and has recommended that the City's annual allocation to the Economic Development Coalition and the Sports Commission be taken out of the outside agency process and moved to the Economic Development Department and treated more like a contract for services with those entities. This will give staff the opportunity to work with those organizations to scale up or down, depending on the services they are providing. In the City's contract with the Chamber of Commerce we do some partnership events, contributions and other expenses that staff would like included in the contract for service.

### **BID Process Update**

Ms. Bradley said that at the last finance committee meeting, staff was asked to receive an update on the progress with the BID Board of Directors. Staff got an update from Councilman Davis, the council liaison for the BID Board and also coordinated with Gary Roberts, County Tax Assessor. The BID Board has been meeting and they are working on their budget and other items that council asked them to work on. Mr. Gary Roberts said that if we are going to implement a tax rate on the BID in the coming year, we need to make that decision no later than March 26.

### **Structure of Board**

Susan Griffin, Representative from the BID Board introduced herself and said that the BID board had their first open meeting in February of this year. Standing meetings are held the first and third Thursday of the month, 8:30 a.m., in the Grove Arcade conference room. Three committees were formed 1) The Executive Committee which is responsible for overall planning and strategy; 2.) By-laws and Corporation Committee which is responsible for incorporating, enabling the board to send out RFP's, and craft contracts; 3) Services, Budget and Assessment Committee which is working on the overall budgeting services. They have the most current property value assessment for the City and county and are working on refining the proposed budgets, based on these new figures. Depending on input from City and County, they are still looking at seven cents per hundred dollars evaluation rate. The BID board has reached out to other BID boards in the state to find out how they are structured and how Asheville's BID might learn from them.

### **Timeline**

Ms, Griffin said that a final copy of the by-laws is completed and tentatively scheduled for city council approval at the March 12 council meeting.

Ms. Griffin said she was not sure of the complete timeline at this point, because she just found out that the March 19 meeting was cancelled. Ms. Bradley said that City staff had tentatively penciled in that the BID board would come back to council at the March 12 budget work session and provide another progress update. At the March 26 meeting, council will make a formal vote.

### **BID Contract with the City**

The board anticipates getting the contract done on May 1 because the budget will be completed at that time, and the Request for Proposals (RFP's) will be back, and BID will be able to sign the contract with the City to get the services started. Ms. Griffin said that the start date is dependent on whether the county and City can front load the budget or whether they have to wait until they get the tax assessments in January.

Ms Griffin said that services must begin within one year of funding, so rates must be set on March 26. Ms. Griffin wanted to point out that they were adding recycling and sidewalk repair to the service mix. Although that was put into the resolution, for the first few years of operation, it is unlikely that it will be part of the BID services.

Vice Mayor Manheimer asked if Ms. Griffin could walk the committee through the budget, in generalized terms. Ms. Griffin said that with the seven cents evaluation, they will be able to do the Clean and Green for three years but nothing beyond that if there are no additional contributions.. Vice Mayor said if a bill is introduced that does not allow the BID to draw sales tax, what would that mean. Mr. Davis said that the proposed budget given to the council, gives the scenario of doing Clean and Green with the assumption that there would be a sales tax contribution and one without the contribution.

Councilman Davis said that the BID is going to do a lot of good for the downtown, but it can't do infrastructure. At some point, it could be funded to do that, but in this fledgling attempt, Clean and Green is all that can be done.

Councilman Hunt asked if council authorizes the seven cent tax rate, when would those funds be remitted to the BID Corporation and when would the timing of that occur and in addition, what is the role of the Executive Director. Councilman Davis said services would be provided at the beginning of FY 14. Ms. Bradley said it would follow the schedule of property tax rates and it would come to the City as part of our property tax revenue. On the issue of cash flow, if council decides to implement the tax rate and if it comes in at the end of the year, it would be very much be like how the City's cash flows. BID is not going to need half a million dollars on July 2<sup>nd</sup> to run their operation. The City could cash flow their services beginning July 1<sup>st</sup>, which may mean some loss of interest income in how we invest our cash and how we fill our own gaps. Councilman Davis said that from the committee's standpoint, the role of the Executive Director is not full time. There is eighty thousand dollars budgeted for the Director and a part time Assistant. Ms. Bradley said it would be helpful if City staff could work with BID on some of the budget items. If the seven cents is approved, and BID receives both City and county contribution, they will run a surplus even if they do Clean Green and Safe. Ms. Bradley said it would be helpful to know what those surplus funds are intended for.

Ms. Bradley said that by ordinance, the budget for BID would be approved with the City's budget as the statute requires. Vice Mayor said that council will look again at the proposed budget, when they vote on the taxing level, and the next time council will review, it will be as part of the budget document.

Vice Mayor Manheimer adjourned the meeting at 4:45 pm