

Minutes  
Finance Committee Meeting  
3:30p. May 22, 2012  
First Floor-North Conference Room, City Hall

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

Staff: Lauren Bradley, Gary Jackson, Jeff Richardson, David Foster,  
Tony McDowell, Dawa Hitch, Roderick Simmons, John Sanchez,  
Cheryl Heywood

Guests: Cindy Weeks, Mountain Housing Opportunities; Scott Dedman,  
Mountain Housing Opportunities, Darryl Hart, Eagle Street Development  
Corporation

**Approval of 4/3/2012 Minutes**

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

**1. Community Development Loan for Eagle Market Place Project**

Mr. Darryl Hart, Chair of Market Street Development Corporation, introduced himself and began explaining about the project. He said that the proposed development is a partnership between Eagle Street Market Development Corporation, the Mountain Housing Opportunity (MHO), the City of Asheville, and Buncombe County. The proposal is for seventy units of affordable rental housing and office space. Mr. Hart said the MHO has been a strong community partner and has done a lot for the community.

Ms. Weeks from Mountain Housing Opportunities (MHO) said the project began two years ago with Eagle Market Place when they applied for a housing tax cut last year, and missed the application by three points. Since then, the housing finance agency changed the scoring system to assist applicants in getting a better site score for a more urban oriented project. One of the criteria to get the full number of points is to be one half mile within a grocery store. Four application points were lost because Green life is within 6/10 of a mile. They are making it up by trying to gain more subsidy points. They are trying to bring down the amount of tax credit per unit and that is the reason they are asking for one million dollars.

Ms. Weeks said the total amount of money they are trying to leverage is a little over \$6,700,000 with total projects costs just over a little \$11 million dollars. The project includes a six story building with sixty two units for families below 60% of the median with 10 units set aside for veterans.

Since the original character of the block was commercial they designated the DelCardo building as commercial as well as the one story Dr. Klepp building along Eagles Street; which will be used to house community services and leasing offices. Part of the project includes purchasing the Ritz, and the first floor of that building will be commercial, the upper 2 floors will be residential. The building that currently houses a barber shop and a snack shop will be renovated into a two story building with commercial on the first floor and residential on the top floor. There will be townhome to the south of the DelCardo that will house the residential manager. Everything else will have the street life that was originally there with either commercial or residential space.

Councilman Pelly asked if during the discussion with the Veterans Administration (VA) about providing the ten units for veterans were there negotiations about the possibility of the VA providing any funding for the project.

Ms. Weeks responded by saying that they did not pursue that issue and some of the reasoning behind that is that MHO has been working with the VA to acquire the nurse's quarters building #9, with the intent of providing one hundred percent veterans housing in those quarters. Since it has been hard to negotiate that project with the VA, MHO wanted to provide some permanent housing for veterans in the meantime.

Vice Mayor Manheimer said that during the homeless initiative presentation they learned that although homelessness in Asheville is down, there has been a national spike in veteran homelessness and there is a need for veteran housing.

Ms. Weeks said that the county has set up a small veteran's center on College Street that will be within a block of the proposed building.

Councilman Hunt asked if, in regard to potential for gentrification, what measures are being taken to keep the integrity of the neighborhood.

Ms. Weeks said the best way to keep gentrification from happening is to build affordable rental housing. The planned project will remain affordable for thirty plus years. In addition, there are many people that have services jobs that work within one half a mile or so of the rentals and will qualify for the affordable housing.

Vice Mayor Manheimer asked if the collateral for the project would be future CDBG funding. Ms. Bradley clarified by explaining that the City would borrow the money from HUD, and then loan that money to the project. The city would have a debt service payment to HUD of an estimated \$100,000 per year, paid out of the annual allocation from CDBG. The maximum repayment period is 20 years and the actual loan between the city and the developer is deferred for 20 years. Around year fifteen, all of the outstanding debt would be re-financed so essentially, the loan from the city to the developer would be forgiven.

Vice Mayor Manheimer asked what our annual CDBG funding is and Mr. Sanchez said it is \$917,000.00 per year.

Ms. Weeks said there is a draft letter of commitment, (appendix E, included in council packet) for the city to sign the letter to commit to the funds.

There was unanimous support of the project among all three finance committee members. This item is going to tonight's full council meeting.

## **2. Leaf Collection**

Ms. Bradley said the revisit of the leaf collection issue has been pending on the committee's agenda. Due to the modification in the leaf collection service in last year's budget, staff was asked to bring the committee a summary about the service fees during this year's budget process.

Mr. David Foster said the Public Works department received lots of calls from the public, both in favor and against the program. To give the committee background, Mr. Foster said that last year, the Public Works Sanitation Department implemented a new leaf collection program; going from two curbside vacuum collections per season to twice per month collection of bagged leaves. For this year, staff was asked to update the Finance Committee on the initiative, and specifically answer questions regarding reinstatement of the program and options to consider providing the service on a fee-based basis. Mr. Foster said that the financials for re-creating a fully successful program would be approximately \$670,000. This would require seven new trucks at a cost of \$70,000 each, and labor costs would be approximately \$65,000. A fee based, with no cost to the general fund to finance the truck over the life of the truck would be a fee of about \$146.00 per collection and in order to break even, there would need to be a minimum of 250 collection calls per year..The majority of the cost would be the debt service on the truck.

Councilman Pelly asked if a frame kick to put the bag in could be provided by the city. Mr. Foster said that the city looked at several models but the cost was prohibitive and citizens would do better to purchase one locally on an individual basis.

Councilman Hunt asked a memo be sent to summarize this information. Ms. Bradley said staff would put together a memo and send to council.

Councilman Hunt asked if there was a publicity plan in place to show the dramatic increase in recycling usage as a result of using the blue roll carts. Mr. Foster said he has worked with Brian Postelle in the Public Information Office for a roll out sometime in June. Mr. Foster said that tipping fee numbers were reduced by 112 tons, which equates to about \$4000.00 in one month, coupled with an 87% increase in recycling, the program far exceeds what was originally anticipated.

## **3. Other Items**

Vice Mayor Manheimer said that concerning some capital projects, where the bid came in lower than estimated we would have that extra capital available from the debt proceeds. Ms. Bradley said that there are still some large projects left to bid, and we will be better able to project how much will become available sometime after August. An option would be to not borrow this money, but if we have the debt capacity to do so and considering the low interest rates at this time, it is in the best interest of the city to borrow and use for capital projects. Ms. Bradley said

that during this same time frame, we will get in our numbers for sales tax revenue for the current fiscal year.

Councilman Pelly said that Ms. Bradley did a memo on May 15 regarding pay as you go availability in the amount of \$422,000 and asked what those projects were that came in under budget and if that number is current or projected.. Ms. Bradley said that these funds are a one time savings from closed projects that could either go into capital or if there is an interest, into employee compensation. This is an estimated amount comprised of projects that were closed and others that we are projecting will be closed.

Mr. Jackson said that the finance committee is in a good position to get periodic updates in revenue growth and the ability to address these issues.

Councilman Pelly said that if the differential in employee compensation gets too wide, we risk losing employees to jobs that pay more and asked if there are instances of that occurring now. Ms. Bradley said that perhaps the information we are hearing from departments is anecdotal but staff does not have any specific data on turnover rates. Mr. Jackson said that our turnover for firefighters is very low, but typically, when the economy picks up, and higher paying police officer, professional and administrative staff positions open up elsewhere, staff leaves pretty quickly.

Mr. Jackson said that unless otherwise directed, staff is set on the course of coming to council after audit, and report if we ended the year in better budget performance than last year, and if so, recommend the funds be used for a onetime employee bonus. Department directors have been asked to look at ways to find savings used as a gain sharing with employees, that can be verified through the audit process.

Ms. Bradley said that this issue will be routed through the finance committee along with staff recommendation for best use of those saved funds at the July finance committee meeting and then the issue will go to full council in August.

Vice Mayor Manheimer adjourned the meeting at 5:00p.m