THE CITY OF ASHEVILLE

STAFF REPORT

Council Meeting Date: June 23, 2020

Subject: Reimbursement of expenses paid by the Asheville Art Museum for renovations they made as a tenant of the City-owned property located at 2 Pack Square.

Staff Resource(s): Jade Dundas, Capital Projects Director

Action Requested: Authorize the City Manager to reimburse the Asheville Art Museum (AAM) in the amount of $427,788.61 for expenses incurred to repair facility structural issues that were discovered during the renovation project and adopt a budget amendment in the amount of $233,866 from General Fund Assigned Fund Balance (funds previously assigned for capital expenditure) to aid in funding the reimbursement payment.

Background:

- In 2017, AAM began a project to make major renovations to the interior spaces of the museum. These renovations made improvements to the gallery areas throughout the building and modernized the climate control system for the facility.
- Part of the renovation work included the tear out and remodel of the old public library space.
- During the demolition of this space it was discovered that during a previous renovation project, contractors had made penetrations through structural beams.
- These penetrations raised concerns and it was determined that they would need to repair the previous damage in order to restore the building to a condition that would meet building safety codes.
- Through a change order with their contractor they made repairs to the beams and continued on with the renovations of this space.
- The discovery and subsequent repair of this compromised structure resulted in a significant unexpected cost for the museum.
- The AAM has requested that they be compensated in the amount of $427,788.61 for the repairs that were made.

Vendor Outreach Efforts:

- This work was performed as a change order to an existing contract that the AAM has with Beverly-Grant Inc.

Council Goal(s):

- Thriving City

Committee(s):

- None

Pro(s):

- Projects on City-owned property will be complete and fully compliant with City code.
- All buildings will have required egress that is functional and aesthetically similar to the surrounding structures.

Con(s):

- The money that is being used to reimburse AAM could be put to use to fund other City capital rehabilitation projects.

Fiscal Impact:

- A portion of the reimbursement payment ($193,923) will be funded with Capital Improvement Program (CIP) contingency funding that was included in the FY 2019-20 Adopted Budget Ordinance. The remaining amount of $233,866 will come from Infrastructure Reserve funding that was set aside in General Fund Assigned Fund Balance in fiscal year 2016. The amendment will have no impact on the City's unassigned (available) fund balance.

Suggested Motion:

- Move to authorize the City Manager to reimburse the Asheville Art Museum in the amount of $427,788.61 for expenses incurred to repair facility structural issues that were discovered during the renovation project and adopt a budget amendment in the amount of $233,866 from General Fund Assigned Fund Balance (funds previously assigned for capital expenditure) to aid in funding the reimbursement payment.

Attachment(s)

- Resolution
- Budget Amendment

RESOLUTION NO. 20-_____

RESOLUTION AUTHORIZING THE CITY MANAGER TO REIMBURSE THE ASHEVILLE ART MUSEUM FOR EXPENSES INCURRED TO REPAIR STRUCTURAL ISSUES TO THE FACILITY THAT WERE DISCOVERED DURING THE RENOVATION PROJECT

WHEREAS, the City of Asheville has authority pursuant to Article 21 of Chapter 160A of the North Carolina General Statutes to support museums and the arts; and

WHEREAS, pursuant to N.C.G.S. § 160-488, the City is specifically authorized to appropriate and expend funds for the renovations of museums; and

WHEREAS, the City owns the property located at 2 Pack Square and leases this property to the Asheville Art Museum; and

WHEREAS, the Asheville Art Museums undertook a project to renovate the building to improve the space to support the administration and presentation functions of their operation, and

WHEREAS, during the renovation project they encountered and repaired structural issues caused by previous project that resulted in additional costs of $427,788.61; and

WHEREAS, the Asheville Art Museum has request to be reimbursed for the unexpected costs which they have incurred;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF ASHEVILLE THAT:

The City Manager be authorized to reimburse the Asheville Art Museum in the amount of $427,788.61 for expenses incurred to repair structural issues to the facility that were discovered during the renovation project; and adopt a budget amendment in the amount of $233,866 from General Fund Assigned Fund Balance (funds previously assigned for capital expenditure) to aid in funding the reimbursement payment.

Read, approved, and adopted this the 23rd day of June 2020.

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City Clerk Mayor

Approved as to form:

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City Attorney

ORDINANCE NO. _____

BUDGET ORDINANCE AMENDMENT

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF ASHEVILLE

That the City of Asheville Fiscal Year 2019-20 Budget Ordinance be amended to provide $233,866 from General Fund Assigned Fund Balance (funds previously assigned for capital expenditure) to aid in funding a portion of the $427,788.61 payment to the Asheville Art Museum as follows:

GENERAL CAPITAL PROJECTS FUND

Revenues:

Transfer from General Fund	$233,866.00
Total Revenues	$233,866.00

Appropriations:

Buildings	$233,866.00
Total Appropriations	$233,866.00

GENERAL FUND

Revenues:

Fund Balance	$233,866.00
Total Revenues	$233,866.00

Appropriations:

Transfer to Gen Cap Fund	$233,866.00
Total Appropriations	$233,866.00

That this ordinance shall be in full force and effect upon the date of final passage.

Read, approved, and adopted this 23rd day of June 2020.

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City Clerk Mayor

Approved as to form:

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City Attorney