THE CITY OF ASHEVILLE

STAFF REPORT

Council Meeting Date: May 12, 2020

Subject: Temporarily Suspend or Defer Specified Fees & Charges and Loan Payments to the City

Staff Resource(s): Ken Putnam, Transportation Department Director
Barbara Whitehorn, CFO Finance Department Director

Action Requested: Adoption of an ordinance authorizing the City Manager to temporarily suspend or defer fees and charges listed in the Fiscal Year (FY) 2019-20 Fees and Charges Manual and other rental and loan payments to the City on a case-by-case basis, as necessary to address harms caused by the COVID-19 pandemic.

Background:

- Fees and charges assessed by the City are reviewed annually and adopted by City Council as outlined in the FY 2019-20 Fees and Charges Manual.
- The City also has rental and loan payment schedules with other parties.
- Many Asheville businesses are either closed or operating in a limited capacity due to the COVID-19 pandemic, creating substantial economic challenges for owners, employees, and customers.
- Some businesses have requested temporary relief from City fees and charges and loan payments in an effort to help reduce their expenses.
- In support of these requests, several fees and charges and other payments have already been temporarily suspended or deferred or are under review for such action (see attachment).

Council Goals:

- Transportation and Accessibility
- A Thriving Local Economy
- A Financially Resilient City

Committee:

- None.

Pros:

- Facilitates business operations that are able to continue during the COVID-19 pandemic.
- Reduces operating costs for businesses during the COVID-19 pandemic.
- Reduces transportation costs for the community during the COVID-19 pandemic, helping to maintain access to essential services, businesses, and employment.
- City Manager authority to temporarily suspend fees and charges and other payments provides heightened responsiveness to community needs during the COVID-19 pandemic.

Con:

- Loss or deferment of revenue to the City (see attachment).

Fiscal Impact:

- Currently suspended fees result in monthly lost revenue of approximately $677,000.
- Loan payments deferred (discussed below) have no impact on operations and no long-term financial impact as the amounts will be repaid as part of the final payment on notes outstanding.
- Federal grant funds are expected to offset the loss of Transit Farebox revenue.

Suggested Motion:

- Motion to adopt an ordinance authorizing the City Manager to temporarily suspend or defer fees & charges listed in the FY 2019-20 Fees and Charges Manual and other rental and loan payments to the City on a case-by-case basis.

Attachment(s)

- Deferrals and Waivers: Categories and Criteria for Consideration
- Fees and charges already suspended or under review for suspension
- Ordinance

Deferrals and Waivers: Categories and Criteria for Consideration

Category 1: City levied fees suspended for the duration of the COVID-19 event

Fees and charges suspended by the City for the duration of the event in order to facilitate improved social distancing and to protect employees and the public.

Criteria to be considered for suspension:

a) Risk to employees and the public of continuing to require payment (face-to-face contact).
b) Public benefit of suspension of fees.
c) Financial impact to the City.

Category 2: Request for waiver of rents or fees due to closure or other impact of COVID-19 event

Organizations facing financial hardship due to ordered closure of business during COVID-19 that pay leases/rents or fees to the City in order to operate.

Criteria to be considered for waiver:

a) Is business closed due to the Governor's order or Buncombe County Stay Home Stay Safe?
b) Where does the business fall in the phased reopening?
c) Period of time for waiver, or month-to-month consideration.

Category 3: Request for fee waivers for economic development or public good during the COVID-19 event.

Fees that support economic development projects, projects directly impacting the public good, including new projects within the City supported by development and building fees.

Criteria to be considered for waiver:

a) Is the business essential? If the business is deemed essential and was able to operate during COVID-19, is there a financial hardship created by the payment of fees?
b) Will the project continue if fees are required to be paid?
c) Does the project have a significant public good component?

Category 4: Request for deferral of loans for longer than one month

Organizations with outstanding loans with the City which face financial hardship from the COVID-19 event.

If an organization is requesting loan payment waivers or deferrals in excess of one month, the following information must be provided to allow Staff to evaluate the proposal and make a recommendation:

1) A detailed explanation of why the waiver or deferral is necessary.
2) A plan for repayment if the request is for a deferral of rents or loan payments.
3) A detailed explanation of the public good supported by the waiver or deferral.

Criteria to be considered:

a) The public good supported by the waiver or deferral.
b) The financial impact on the City and any potential negative public impact caused by the waiver or deferral.
c) The appropriate structure for repayment of a deferral.
d) If a deferral is requested, the potential of the requesting business to repay the deferred loan amounts in the future.

Attachment: Review of Enacted and Potential Suspensions of Fees and Charges

Currently Suspended Fees & Charges (Category 1: City fees suspended)

Fee & Detail	*Suspension Effective Date*	*Estimated Monthly Revenue Loss*
Parking garage transient (hourly) parking	3/18/20	$ 215,000
On-street metered and permitted parking	3/18/20	$ 170,000
On-street parking enforcement (fines)	3/18/20	Unknown
Transit fares	3/20/20	$ 200,000
Parking garage and off-street surface parking monthly accounts	4/01/20	$ 92,000

Fees & Charges Under Review

Homestay Permits (category 2: direct result of COVID-19)

- Initial 90-day deferment of fee for homestay permits, which currently are not permitted to operate unless they are addressing a COVID-19 related housing need.
- These permits would typically bring in $34,000 over a 90-day period.

Temporary Use Permits (category 2: direct result of COVID-19)

- Waive fees for temporary use permits issued for activities that are in response to COVID-19. This includes outdoor tents for businesses and modified or pop-up farmers markets.
- Since these permits would not be necessary without the COVID-19 pandemic, the financial impact to the city is primarily in staff time associated with approval.

Food Truck Permits (category 2: direct result of COVID-19)

- Initial 90-day deferment of fees for new food truck registrations.
- Minimal financial impact since food trucks already in operation have existing permits in place through the end of the calendar year.

Fees for uses of public right-of-way (category 3: economic development or public good)

- Staff propose that several fees charged for use of public right-of-way (i.e., sidewalks) be deferred until January 1, 2021. This deferral provides interim relief to vendors and businesses while presenting an opportunity to improve service and operational efficiency for the permit renewal process. Moving forward, all permits of this type would be renewed in January to achieve the following goals:
    - Provide a uniform fee deferment to all respective permit holders.
    - Create a uniform renewal cycle for businesses and city staff.
    - Take advantage of a slower period of the year for many businesses and for staff processing development-related permits.

Permit Type	*Current Annual Renewal Period*
Push Cart Renewal	March
A-Frame Sign	July
Outdoor Dining & Merchandise Renewal	July

Loan payments related to affordable housing made by the City to other organizations from the Affordable Housing Trust Fund (Category 4: loan payments in excess of one month)

- Staff proposes deferment of these loan payments for a period of three (3) months to allow organizations to work with tenants and recipients of affordable housing assistance ensuring that they do not lose access to safe housing.
- No long-term financial impact - loans will still be collected as part of the final loan balloon payments. No impact to operations.

ORDINANCE NO. _____

ORDINANCE AUTHORIZING THE CITY MANAGER TO TEMPORARILY SUSPEND FEES & CHARGES LISTED IN THE FISCAL YEAR 2019-20 FEES AND CHARGES MANUAL ON A CASE-BY-CASE BASIS

WHEREAS, the City of Asheville adopted its Fiscal Year 2019-20 Fees and Charges by Ordinance on April 9, 2019; and

WHEREAS, the necessary response to the COVID-19 pandemic has had substantial negative impacts on citizens and local businesses; and

WHEREAS, the City has attempted to ease the financial burdens placed on its citizens by administratively suspending the collection of certain fees, including transit fees, parking fees, and fees for homestay permit renewals; and

WHEREAS, the City anticipates that it will be necessary to suspend further fees and charges in order to help address the economic consequences of the COVID-19 pandemic;

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

The Asheville City Council hereby ratifies the administrative decision to suspend collection of transit, parking, and homestay permit fees, and further hereby authorizes the City Manager to temporarily suspend fees & charges listed in the FY 2019-20 Fees and Charges Manual on a case-by-case basis.

Read, approved and adopted this the 12th day of May, 2020.

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City Clerk Mayor

Approved as to form:

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City Attorney