

CITY COUNCIL:  
BARBARA G. VOLK  
Mayor  
STEVE CARAKER  
Mayor Pro Tem  
RON STEPHENS  
JERRY A. SMITH, JR.  
JEFF MILLER

# CITY OF HENDERSONVILLE

*The City of Four Seasons*

OFFICE OF THE CITY MANAGER  
JOHN F. CONNET

OFFICERS:  
JOHN F. CONNET  
City Manager  
SAMUEL H. FRITSCHNER  
City Attorney  
TAMMIE K. DRAKE  
City Clerk

## ADOPTED BUDGET FY2016-17

### THE FOLLOWING DOCUMENT CONTAINS THE CITY OF HENDERSONVILLE'S ADOPTED BUDGET FOR THE FISCAL YEAR 2016-17

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ADDITIONAL SECTIONS AND INFORMATION WILL BE ADDED TO THIS DOCUMENT TO BE SUBMITTED TO THE GOVERNMENT FINANCE OFFICER'S ASSOCIATION FOR CONSIDERATION IN THE DISTINGUISHED BUDGET PRESENTATION AWARDS PROGRAM

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May 19<sup>th</sup>, 2016

The Honorable Barbara G. Volk, Mayor  
Members of the City Council  
Hendersonville, North Carolina

Dear Mayor Volk and Members of the City Council,

Pursuant to section 159-11 of the North Carolina General Statutes, I am pleased to present the recommended budget for Fiscal Year (FY) 2016-2017 for your review and consideration.

The FY16-17 Budget is based upon information presented and discussed during our City Council/Staff Retreat on February 11<sup>th</sup> – 12<sup>th</sup>, 2016. In addition, the City Council attended a formal Budget Workshop on May 6<sup>th</sup>, 2016. These meetings provided an avenue for priority setting, fact finding, and general inquiries regarding the City's Budget for FY16-17.

The City maintains six focus areas, provided as follows:

**Economic Vitality:** Hendersonville is a good place for all business and promotes policies that encourage growth in all areas of our City.

**Strong Partnerships:** Hendersonville will develop strong partnerships with residents, businesses, other local governments, non-profits and visitors to ensure there is effective two-way communication and effective interaction with City Departments.

**Sound Infrastructure:** Hendersonville will construct and maintain efficient and accessible roadway, sidewalk, and greenway systems to extend internal and regional connectivity.

Hendersonville will provide high quality water and wastewater services while protecting natural resources and ensuring capacity for sustainable growth.

**Numerous Amenities:** Hendersonville will advance the beauty, diversity, and well-being of Hendersonville by supporting the community's ability to provide an array of educational, recreational, and cultural activities, events, and programs for residents and visitors of all ages, abilities, and interests.

**Great Public Services:** Hendersonville will provide high quality public services by utilizing excellent customer service to enhance the safety, health, and quality life for our citizens and visitors.



**Financial Sustainability:** Support fiscal policies and controls that ensure the long-term financial health of the City and enable it to respond to unforeseen challenges and opportunities.

Promote responsible management of public resources to ensure efficient and effective delivery of quality services.

Prior to presenting the 2016-2017 Budget in its entirety, I would like to take this time to review some of our accomplishments for the 2015-2016 Fiscal Year. The City has continued its partnership with Henderson County on the Joint Medical and Education Building Project located on 6<sup>th</sup> Avenue West. The City purchased property and widened North Oak Street, directly adjacent to the building to provide improved traffic conditions and parking. (Strong Partnerships and Great Public Services). The City has continued to resurface streets and construct new sidewalks within the City, a majority of work performed around Hendersonville High School (Sound Infrastructure). The City upgraded its Azalea Parking Lot with new sidewalks, asphalt, landscaping, lighting, and the installation of an additional parking kiosk (Sound Infrastructure, Numerous Amenities, and Great Public Services). The City formally adopted a purchasing policy to promote responsible spending of public funds (Financial Sustainability). The Technology Committee worked to improve the City's downtown Wi-Fi coverage. New access points and a stronger router were installed (Sound Infrastructure and Numerous Amenities). The Seventh Avenue Advisory Committee recommended and installed the first phase of their streetscape design by painting bulb-outs on the road. Additionally, the Historic Railroad Depot on 7<sup>th</sup> Avenue was repainted (Economic Vitality). The City Council approved the granting of \$50,000 to the Henderson County Economic Investment Fund, a land trust that will work to attain land to attract business and grow the regional economy (Economic Vitality). The Water and Sewer Fund has pursued the repair and maintenance of City lines as well as a variety of capital projects to further enhance and support the growing system (Great Public Services and Sound Infrastructure). The City hired a consultant, the Development Finance Initiative, to evaluate the possibility of attracting a downtown hotel developer (Economic Vitality and Great Public Services). The Oklawaha Greenway Project, that connects Patton and Berkeley Parks, will be complete by the end of FY15-16 (Numerous Amenities and Sound Infrastructure). Finally, the City won the First Citizens Customer Service Award by the Chamber of Commerce. This award is typically provided to a business however, the City's customer service initiative has enhanced the City's service culture and has not gone unnoticed by the community. (Great Public Services and Strong Partnerships). This list is not inclusive of all our accomplishments this year, but it is a good sample of the types of projects and activities the City has undertaken in the past twelve months.



**Introduction**

The following document contains the City Manager’s final recommendation for the City’s Budget for FY16-17. These schedules, tables, and charts provide the budget requests after final adjustments from management. To briefly describe the process, department heads submit budget requests, management evaluates and adjusts the requests, and finally, the departments meet with management to discuss the adjustments. This process has brought the City to the level detailed throughout this document. The City’s Budget Workshop provided recommendations to further enhance the proposed budget and City Council provided guidance on final adjustments. This document reflects that guidance and recommendations.

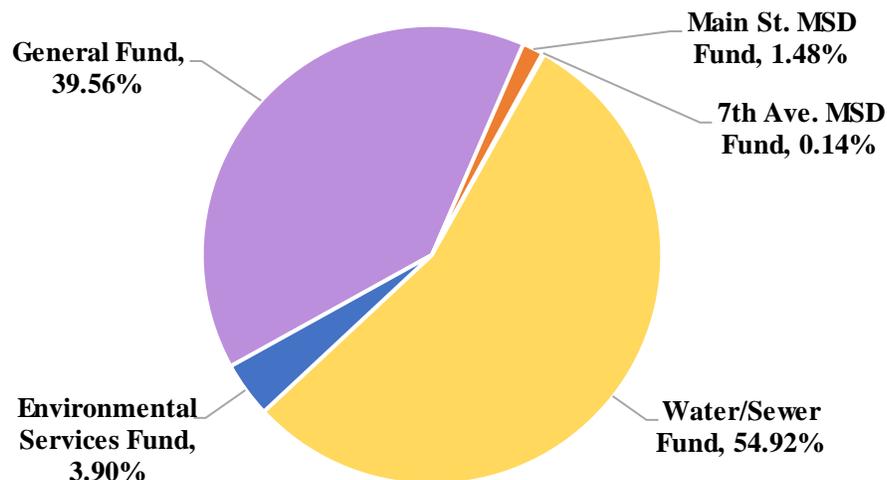
**Budget Overview**

The City’s FY16-17 Budget includes five (5) major funds. The table below presents the operating budget for each City fund and the total budget in balance:

**MAJOR FUND OVERVIEW FY16-17**

FUND	EXPENDITURES	REVENUES	FUND BALANCE APPROP.
GENERAL FUND	\$ 14,105,954	\$ 13,668,973	\$ 436,981
MAIN ST. MSD FUND	\$ 527,361	\$ 527,361	\$ -
7TH AVE. MSD FUND	\$ 49,328	\$ 49,328	\$ -
WATER/SEWER FUND	\$ 19,583,635	\$ 17,110,762	\$ 2,472,873
ENVIRONMENTAL SERVICES FUND	\$ 1,390,660	\$ 1,390,660	\$ -
<b>SUB-TOTAL</b>	<b>\$ 35,656,938</b>	<b>\$ 32,747,084</b>	<b>\$ 2,909,854</b>
<b>TOTALS IN BALANCE</b>	<b>\$ 35,656,938</b>	<b>\$ 35,656,938</b>	

The chart below presents each major fund as a percent of total expenditures:



**General Fund**

The General Fund is the primary fund in terms of the operating budget. It is “general” because any transaction that cannot be accounted for in another fund must be recorded in the General Fund. The General Fund Budget’s totals **\$14,105,954** for FY16-17.

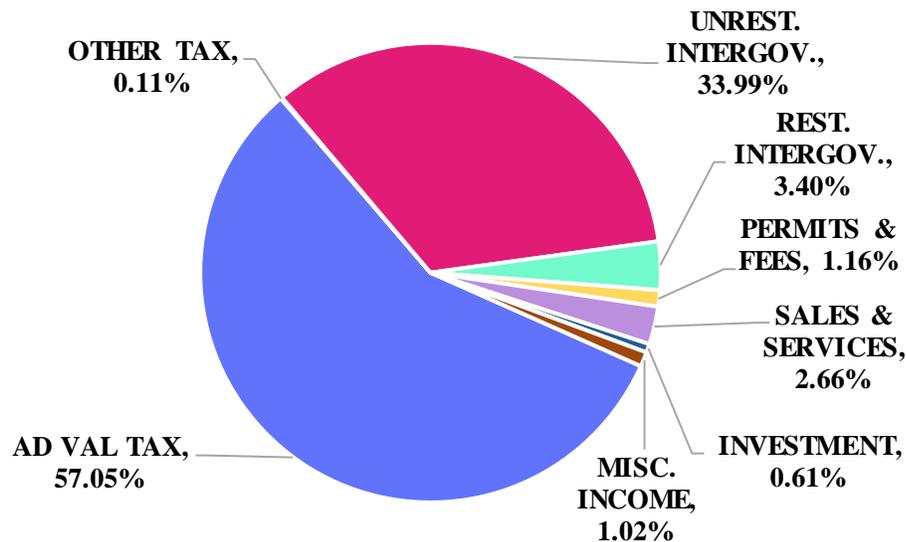
**General Fund – Revenues**

The following section will detail the City’s operating revenues for the General Fund. The total budget for General Fund revenues, excluding “Other Financing Sources”, is **\$13,668,973**. The table below details the City’s General Fund operating revenues by source for FY16-17:

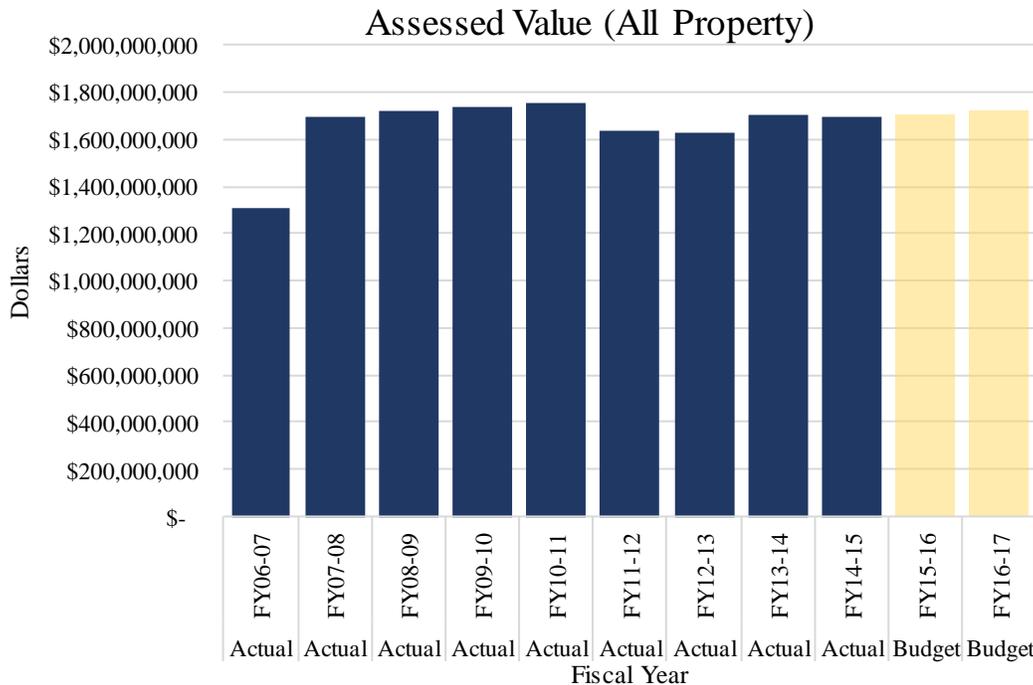
**GENERAL FUND REVENUES**

REVENUE SOURCE	ESTIMATE FY15-16	BUDGET FY16-17	DOLLAR CHANGE	PERCENT CHANGE
AD VAL TAX	\$ 7,735,607	\$ 7,801,595	\$ 65,988	0.85%
OTHER TAX	\$ 14,980	\$ 14,600	\$ (380)	-2.54%
UNREST. INTERGOV.	\$ 4,373,429	\$ 4,643,454	\$ 270,025	6.17%
REST. INTERGOV.	\$ 467,199	\$ 464,199	\$ (3,000)	-0.64%
PERMITS & FEES	\$ 92,937	\$ 158,575	\$ 65,638	70.63%
SALES & SERVICES	\$ 368,930	\$ 363,550	\$ (5,380)	-1.46%
INVESTMENT	\$ 83,620	\$ 83,000	\$ (620)	-0.74%
MISC. INCOME	\$ 145,424	\$ 140,000	\$ (5,424)	-3.73%
<b>SUB-TOTAL</b>	<b>\$ 13,282,126</b>	<b>\$ 13,668,973</b>	<b>\$ 386,847</b>	<b>2.91%</b>
OTHER FINANCING SOURCES	\$ 839,118	\$ 436,981	\$ (402,137)	-47.92%
<b>NET TOTAL</b>	<b>\$ 14,121,244</b>	<b>\$ 14,105,954</b>	<b>\$ (15,290)</b>	<b>-0.11%</b>

The chart below presents each operating revenue source as a percent of total revenues:



**Ad Valorem Tax:** Ad valorem taxes encompass the largest portion of the General Fund revenues. These are the most controllable revenues in the City budget. This is not a revaluation year for the City and staff is estimating a 0.7% increase in taxable value. The City Manager is recommending setting the tax rate at **\$0.46 per \$100** valuation, no increase over last fiscal year. This \$0.46 level is estimated to generate **\$7,203,345** in ad valorem tax revenue and **\$500,000** in ad valorem motor vehicle tax revenue for FY16-17. The chart below presents the total assessed value for all property in the City of Hendersonville, less tax exempt property:



**Unrestricted Intergov. – Sales Taxes:** Two and one-half percent of sales tax paid on retail sales in North Carolina represents the local sales tax portion levied by the City and County. These taxes consist of a one percent tax that was first levied in 1971, a one-half cent levied in 1983, a one-half cent levied in 1986 and a one-half cent levied in 2001. Effective October 1, 2007, the state repealed one quarter of the Article 44 local option sales tax authorized in 2003 and effective October 1, 2009, the state repealed the remaining one-quarter cent of that local tax. The first one-quarter cent will be replaced by a payment equal to 50% of the amount each municipality receives from the Article 40 (1983) local sales tax, and the second one-quarter cent will be replaced by a payment equal to 25% of the amount each municipality receives for the Article 39 (1971) local sales tax. The legislation provides for municipalities to be completely reimbursed for the loss of their share of these tax revenues, including growth. The State of North Carolina collects the sales tax and distributes it to the local units. Sales tax revenues are distributed on a proportional ad valorem tax valuation basis in Henderson County. The City of Hendersonville has the second largest ad valorem tax valuation in Henderson County and receives the second largest proportional share of sales tax revenues behind Henderson County.



Local sales tax collections, which closed Fiscal Year 2014-15 strong, have remained perhaps even stronger in Fiscal Year 2015-16. Through the first six months of FY15-16, sales tax distributions were up a robust 13.1 percent over the same period in FY14-15. This growth is a good indicator of the local economy, consumer confidence, and recent development trends. It is always important to remember that this is an elastic tax, meaning it may fluctuate greatly year to year. For now, substantial growth seems to be the trend.

The table below displays actual sales tax data in black and estimated collections in blue for FY15-16:

**Sales Tax Comparison**

Reflects Sales	Collection	FY13-14	FY14-15	FY15-16	\$ Change (FY15 - FY16)	% Change (FY15 - FY16)
June	Sep.	\$ 234,121	\$ 258,545	\$ 278,878	\$ 20,333	7.9%
July	Oct.	\$ 221,312	\$ 232,213	\$ 275,879	\$ 43,667	18.8%
Aug.	Nov.	\$ 209,068	\$ 233,824	\$ 267,878	\$ 34,054	14.6%
	<b>Q1</b>	<b>\$ 664,500</b>	<b>\$ 724,581</b>	<b>\$ 822,635</b>	<b>\$ 98,054</b>	<b>13.5%</b>
Sep.	Dec.	\$ 204,501	\$ 233,233	\$ 271,367	\$ 38,134	16.4%
Oct.	Jan.	\$ 195,469	\$ 218,643	\$ 232,447	\$ 13,804	6.3%
Nov.	Feb.	\$ 208,483	\$ 230,001	\$ 264,741	\$ 34,740	15.1%
	<b>Q2</b>	<b>\$ 608,453</b>	<b>\$ 681,877</b>	<b>\$ 768,555</b>	<b>\$ 86,678</b>	<b>12.7%</b>
Dec.	March	\$ 228,220	\$ 270,676	\$ 283,077	\$ 12,401	4.6%
Jan.	April	\$ 185,125	\$ 206,281	\$ 226,818	\$ 20,537	10.0%
Feb.	May	\$ 198,394	\$ 195,559	\$ 215,818		
	<b>Q3</b>	<b>\$ 611,739</b>	<b>\$ 672,516</b>	<b>\$ 725,713</b>		
March	June	\$ 222,503	\$ 237,405	\$ 260,482		
April	July	\$ 205,444	\$ 222,258	\$ 245,335		
May	August	\$ 225,606	\$ 263,121	\$ 286,197		
	<b>Q4</b>	<b>\$ 653,553</b>	<b>\$ 722,784</b>	<b>\$ 792,015</b>		
	<b>Sub-Total</b>	<b>\$ 2,538,245</b>	<b>\$ 2,801,758</b>	<b>\$ 3,108,918</b>	\$ 307,160	11.0%
	<b>Minus Transfers</b>	<b>\$ 96,989</b>	<b>\$ 103,100</b>	<b>\$ 106,650</b>	\$ 3,550	3.4%
	<b>Total</b>	<b>\$ 2,441,255</b>	<b>\$ 2,698,658</b>	<b>\$ 3,002,268</b>	\$ 303,610	11.3%

It is important to note that the City’s collections lag the actual taxable sale by four months.

The “Minus Transfers” row reflects a portion of sales tax revenue that is distributed to the City’s two municipal service districts (MSDs). The Main St. MSD receives \$100,000 and the 7<sup>th</sup> Avenue MSD receives \$6,650. In FY16-17 it is proposed that this distribution be based off of each funds portion of total ad valorem tax value, presented below:

**General Fund ≈ 94% | Main St. MSD Fund ≈ 5% | 7<sup>th</sup> Avenue MSD Fund ≈ 1%**

The following table presents the estimated difference in revenue for the MSD funds:

	Before	After
Downtown	\$ 100,000	\$ 154,086
7th Avenue	\$ 6,650	\$ 27,428

The FY16-17 Budget includes a conservative 3.5% increase in sales tax revenues from the FY15-16 estimated final collection. The budget for local sales tax collections in the General Fund is \$3,225,498, less \$181,514 in transfers, for a total of \$3,043,498 in FY16-17.

Lastly, there is a variety of discussion in the North Carolina General Assembly (NCGA) regarding local sales tax. The most important to the City of Hendersonville is the ability to leverage a \$.0025 sales and use tax. This local sales tax option could provide an estimated \$1.4 million in new revenue. A revenue source like this one is substantial and could assist in lowering the property tax rate.

**Unrestricted Intergov. – Utility Sales Tax:** Of all the projections in this memo, that for sales tax on electricity and the sales tax on piped natural gas are the most uncertain. The budget for FY14-15 marked the first year of a new distribution method for both of these revenue sources. To date, from FY14-15 to FY15-16, there are five quarters worth of collections under the new legislation. The legislation repealed a franchise tax on the product and implemented a sales tax, essentially shifting the burden from the producer to the consumer. Below is a table reflecting the actual and estimated utility sales tax collections:

**Utility Sales Tax Comparison**

<b>Reflects</b>	<b>Collection</b>	<b>FY12-13</b>	<b>FY13-14</b>	<b>FY14-15</b>	<b>FY15-16</b>
07/01 - 09/30	15-Dec	\$ 165,429.35	\$ 157,925.20	\$ 181,519.79	\$ 280,991.52
10/01 - 12/31	15-Mar	\$ 142,540.11	\$ 153,610.41	\$ 215,459.75	\$ 215,289.15
01/01 - 03/31	15-Jun	\$ 172,758.25	\$ 194,110.36	\$ 276,313.89	\$ 292,231.18
04/01 - 06/30	15-Sep	\$ 142,074.84	\$ 145,417.51	\$ 208,598.18	\$ 209,018.59
		<b>\$ 622,802.55</b>	<b>\$ 651,063.48</b>	<b>\$ 881,891.61</b>	<b>\$ 997,530.44</b>

The budget for utility sales tax in FY16-17 is \$950,000. This proposed budget is below our estimate for FY15-16 since we have not had one full year of actual collections to establish a true baseline budget.

**Restricted Intergov. – Powell Bill Street Allocation:** Last year, the General Assembly eliminated the tie between the gas tax and Powell Bill funds and instead made the Powell Bill a direct appropriation of state dollars. Since we are in the second year of the legislative biennium and we already know that legislators have allocated \$147.5 million, we know that FY16-17 will be the same amount from FY15-16. The City appreciates the legislature’s commitment to keeping Powell Bill funding steady at a time of declining gas tax revenues. The General Assembly could choose to adjust the amount of Powell Bill funds when it returns to Raleigh this summer, but the best projection at this time is that there will be no change in the coming fiscal year.

In addition to Powell Bill funds provided by the State, the City contributes approximately one penny worth of property tax revenue to the program. The total funding budgeted for the Powell Bill line item in FY16-17 is \$476,280.



**Permits & Fees:** Last year, the City established a business registration fee of \$50 per business. In FY16-17 the City has budgeted to eliminate this fee and install a fire inspection program. This fire inspection program will have a fee associated with each inspection, detailed below:

**FIRE INSPECTION PROGRAM - FEE SCHEDULE**

SQUARE FOOTAGE	# OF BUSINESSES	FEE	ESTIMATED REVENUE
Minimum up to 1,000 sq.ft.	250	\$50.00	\$12,500.00
1,001 - 5,000 sq. ft	1050	\$100.00	\$105,000.00
5,001 - 10,000 sq. ft.	275	\$150.00	\$41,250.00
10,001 - 25,000 sq. ft.	125	\$200.00	\$25,000.00
25,001 - 50,000 sq. ft.	75	\$250.00	\$18,750.00
50,001 - 100,000 sq. ft.	50	\$300.00	\$15,000.00
100,001 - 200,000 sq. ft.	15	\$350.00	\$5,250.00
Over 200,000 sq. ft.	10	\$400.00	\$4,000.00
		<b>TOTAL</b>	<b>\$226,750</b>

The business registration fee generated an estimated \$50,000 in revenue. The total new revenue generated by the program, minus the business registration fee, is approximately \$176,750. This new program will begin in January 2017 in order to provide adequate time for staff to plan and prepare, in addition to providing business owners ample notice and details about the new program. Since the program is not starting until halfway through the fiscal year, it is estimated that the program will generate \$63,375 of new revenue in FY16-17.

**Fund Balance:** The North Carolina Local Government Commission recommends that local governments maintain a minimum undesignated fund balance of no less than eight percent (8%) of expenditures. The City of Hendersonville’s fund balance goal is a range between 25-35%. Anything in excess of 35% can be transferred to the Capital Reserve Fund at the City Manager’s discretion. If the available fund balance drops below the 25% mark, then the City Manager has to present a plan to Council as to how to achieve the adopted goal. The City of Hendersonville’s unassigned fund balance on June 30, 2015 is 7,481,896 or 51.74% of expenditures. The City’s available fund balance is estimated to drop to \$5,859,378 or 41.51% of expenditures at year end FY15-16. This approximate \$1.6 million decrease in FY15-16 is due to the funding of a capital project ordinance for the N. Oak St. Infrastructure Improvements Project, the creation of a debt service fund, in addition to, the budgeted fund balance appropriation to begin FY15-16. The capital project ordinance and debt service fund are detailed further throughout this document. The current budget proposes appropriating **\$436,981** of fund balance. The estimated available fund balance at the end of FY16-17 is \$5,222,397 or 39.39% of expenditures.



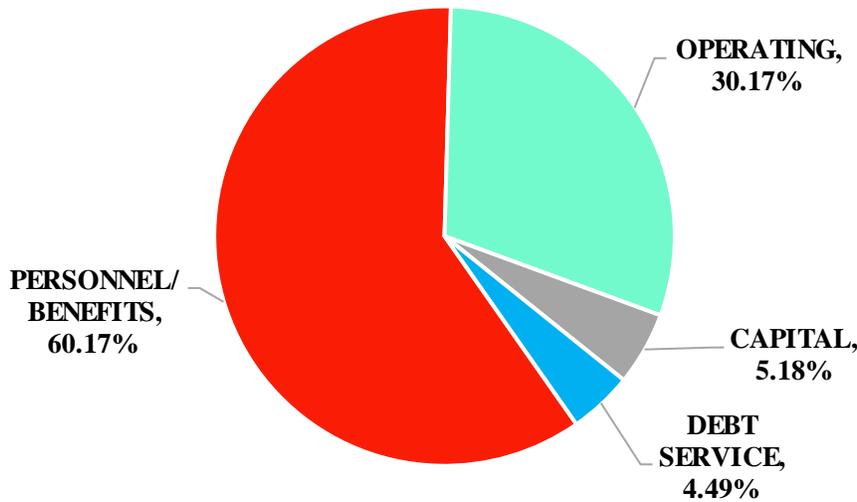
**General Fund – Expenditures**

The total budget for General Fund expenditures is **\$14,105,954**. This is a \$15,290 decrease over the current year’s estimated budget. The table below details the City’s General Fund expenditures by type for FY16-17:

**GENERAL FUND EXPENDITURES**

<b>EXPENDITURE TYPE</b>	<b>ESTIMATE FY15-16</b>	<b>BUDGET FY16-17</b>	<b>DOLLAR CHANGE</b>	<b>PERCENT CHANGE</b>
PERSONNEL/BENEFITS	\$ 8,184,456	\$ 8,487,151	\$ <b>302,695</b>	<b>3.70%</b>
OPERATING	\$ 4,262,451	\$ 4,255,080	\$ <b>(7,371)</b>	<b>-0.17%</b>
CAPITAL	\$ 555,546	\$ 730,000	\$ <b>174,454</b>	<b>31.40%</b>
DEBT SERVICE	\$ 1,118,791	\$ 633,723	\$ <b>(485,068)</b>	<b>-43.36%</b>
<b>SUB-TOTAL</b>	<b>\$ 14,121,244</b>	<b>\$ 14,105,954</b>	<b>\$ (15,290)</b>	<b>-0.11%</b>

The chart below presents each expenditure type as a percent of total expenditures:



**Personnel/Benefits:** Personnel and benefits type expenditures include salaries, stipends, insurance, retirement contributions, and respective taxes (i.e. income tax, etc...). The total increase, for this expenditure type, between the FY15-16 and FY16-17 budgets is **\$302,695**, or **+3.70%**. The majority of this increase can be contributed to natural personnel growth through merit and market increases. However, there are some minor changes that are highlighted below.

Some significant changes came from medical insurance and worker’s compensation insurance.

- Medical Insurance Premium Increase of **+9%** |  $\approx$  **+\$58,434** (General Fund)
- Worker’s Comp. Ins. Premium Decrease of **-19%** |  $\approx$  **-\$26,729** (General Fund)
  - Overall Insurance Costs Increased |  $\approx$  **+\$31,705** (General Fund)



The performance based pay program amounts are currently not scheduled to change (**+1.00% Achieves/+1.75% Exceeds/+2.50% Outstanding**). However, the market, “cost-of-living”, adjustment is proposed to be increased from a **+0.50%** increase to a **+1.00%** increase. The adjustment is recommended based off of changes in the Consumer Price Index (CPI),  $\approx +1\%$ , and Implicit Price Deflator (IPD),  $\approx +1\%$ , from the prior calendar year (2015).

Finally, there is a request for one additional employee in the Public Works-Building Maintenance Department. The total cost of the additional employee, including benefits and taxes, is estimated to be  $\approx$  **\$47,035**. City Staff is proposing to fund this position by removing two temporary employee salaries and benefits costs,  $\approx$  **\$26,035**, and utilizing new revenue from the recent cell tower lease,  $\approx$  **\$21,000**. Ultimately, the position will require no additional funding.

**Operating:** Operating type expenditures include everything that is not considered capital, salaries/benefits, or debt, so it includes a wide array of accounts and expenditures. The change between the FY15-16 and FY16-17 budgets is a decrease of **\$7,371**, or **-0.17%**.

During the initial budget review, the FY16-17 operating budget was decreased **\$200,804**. This includes a recommendation to budget **\$100,000** for special appropriations, decrease department operating budgets, and decrease the level of City contingencies.

**Capital:** Capital type expenditures are physical or intangible assets with an initial value greater than \$5,000 and a projected useful life greater than 5 years. These typically include infrastructure, buildings, vehicles, software, and equipment. The change between the FY15-16 and FY16-17 budgets is an increase of **\$174,454**, or **+31.40%**. This increase is a result of the of the capital budget in FY15-16 being decreased to assist in balancing a budget that originally budgeted to appropriate over \$1 million in fund balance. The capital budget level for FY16-17 is more in line with historical capital budgets which have averaged \$700,000 - \$800,000 over the past ten years. The original request for FY16-17 was decreased by **\$218,000** to reach the final appropriation of **\$730,000**.

**Debt Service:** Debt service type expenditures are those associated with the payment of principal and interest owed by the City. The change between the FY15-16 and FY16-17 budget is a decrease of **\$485,068**, or **-43.36%**. This decrease is due to the creation of a debt service fund (DSF).



Depicted above, the City will allocate funds from the General Fund fund balance and Capital Reserve Fund fund balance to the newly created Debt Service Fund. These funds total **\$961,414** and will be used to pay for, in their entirety, three of the City’s five debt service notes. The remaining two notes will require regular payments, transferred to the DSF from the General Fund. This total annual transfer for FY16-17 is **\$633,723**. The total debt service payment being made in Fund 15 – Debt Service Fund is **\$1,086,718**. More detail can be found in the *Community and Organization Profile* and *Financial Summaries* sections of this document.



**Main Street MSD Fund**

The Main St. MSD Fund is a municipal service district (MSD) within the City of Hendersonville. The tax rate for the MSD is **\$0.28** per **\$100** valuation. The Fund supports one full-time and one part-time employee which manage the budget, events, and services that occur in the district.

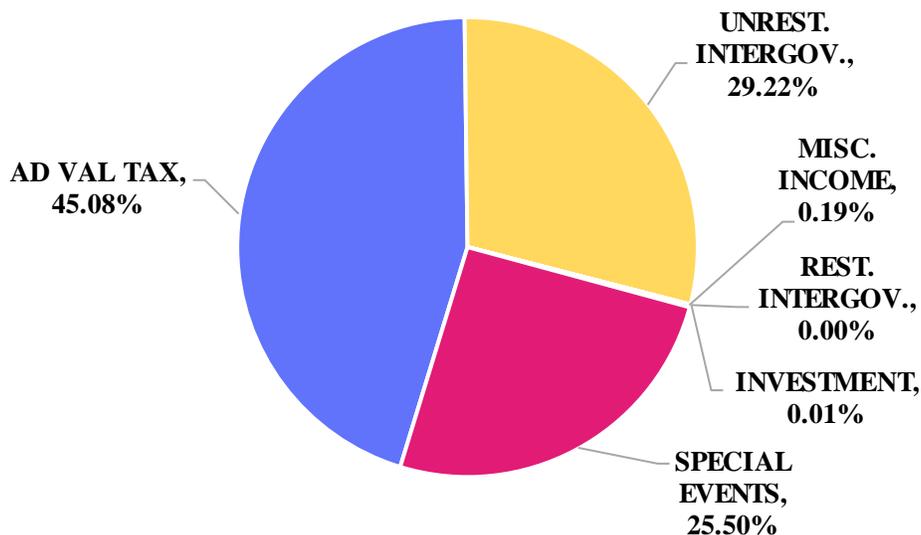
**Main Street MSD Fund – Revenues**

The following section will detail the City’s operating revenues for the Main St. MSD Fund. The Main St. MSD Fund has six primary revenue sources. The total budget for the Main St. MSD Fund revenues, excluding “Other Financing Sources”, is **\$527,361**. The table below details the City’s Main St. MSD Fund revenues by source for FY16-17:

**MAIN ST. MSD FUND REVENUES**

REVENUE SOURCE	ESTIMATE FY15-16	BUDGET FY16-17	DOLLAR CHANGE	PERCENT CHANGE
AD VAL TAX	\$ 249,564	\$ 237,725	\$ (11,839)	-4.74%
UNREST. INTERGOV.	\$ 100,000	\$ 154,086	\$ 54,086	54.09%
REST. INTERGOV.	\$ 96,000	\$ -	\$ (96,000)	-100.00%
INVESTMENT	\$ 50	\$ 50	\$ -	0.00%
MISC. INCOME	\$ -	\$ 1,000	\$ 1,000	N/A
SPECIAL EVENTS	\$ 127,500	\$ 134,500	\$ 7,000	5.49%
<b>SUB-TOTAL</b>	<b>\$ 573,114</b>	<b>\$ 527,361</b>	<b>\$ (45,753)</b>	<b>-7.98%</b>
OTHER FINANCING SOURCES	\$ 86,531	\$ -	\$ (86,531)	-100.00%
<b>NET TOTAL</b>	<b>\$ 659,645</b>	<b>\$ 527,361</b>	<b>\$ (132,284)</b>	<b>-20.05%</b>

The chart below presents each revenue source as a percent of total revenues:



**Ad Valorem Tax:** Ad valorem taxes encompass the greatest share of revenue at **\$237,725** or **45.08%** of all revenue. This number is \$11,839 less than the prior year budget and is due to a decrease in what is budgeted for prior year's tax collections. The City Manager recommends that the tax rate remain at **\$0.28** per **\$100** valuation.

**Unrestricted Intergov. – Sales Taxes:** The Main St. MSD Fund receives a portion of local option sales tax revenue each fiscal year. In prior years this number has been set at a flat rate. The FY16-17 budget proposes that the sales tax distribution be based on assessed value. The Main St. MSD Fund makes up approximately **5%** of the City's total assessed value. This equates to a **\$154,086** portion of total local option sales tax revenues.

**Restricted Intergov. – State Allocation:** In FY15-16 the Main St. MSD Fund received an allocation totaling \$96,000 from the State earmarked for improvements within the district. The City spent these funds upgrading the Azalea parking lot with new sidewalks, asphalt, painting, landscaping, and lighting. These funds were a one-time allocation for FY15-16, therefore we will see a \$96,000 decrease in budget for FY16-17.

**Special Events:** There are four Main St. events that generate revenue, five in total. The events and the amount of revenue they generate is listed below:

- Bearfootin' Public Art – \$44,000
- Rhythm & Brews – \$83,500
- Sidewalk Antique Festival – \$6,000
- Trick or Treat Street – \$1,000
- Holiday Events – \$0

Typically, these revenues are expended on the costs to provide the event. Some events do not break even and require funds from other revenue sources.



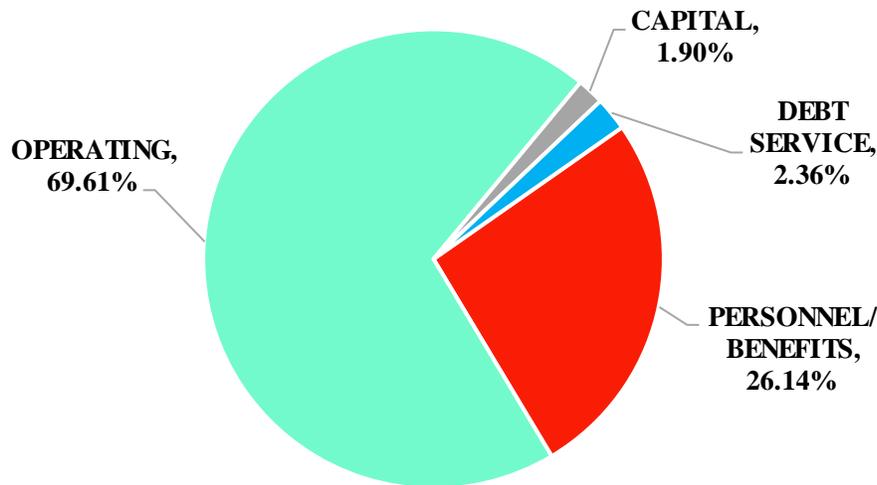
**Main Street MSD Fund – Expenditures**

The total budget for Main St. MSD Fund expenditures is **\$527,361**. This is \$132,284 less than the current year’s estimated budget. The table below details the City’s Main St. MSD Fund expenditures by type for FY16-17:

**MAIN STREET MSD FUND EXPENDITURES**

<b>EXPENDITURE TYPE</b>	<b>ESTIMATE FY15-16</b>	<b>BUDGET FY16-17</b>	<b>DOLLAR CHANGE</b>	<b>PERCENT CHANGE</b>
PERSONNEL/BENEFITS	\$ 111,379	\$ 137,847	\$ 26,468	23.76%
OPERATING	\$ 353,810	\$ 367,076	\$ 13,266	3.75%
CAPITAL	\$ 182,057	\$ 10,000	\$ (172,057)	-94.51%
DEBT SERVICE	\$ 12,399	\$ 12,438	\$ 39	0.31%
<b>SUB-TOTAL</b>	<b>\$ 659,645</b>	<b>\$ 527,361</b>	<b>\$ (132,284)</b>	<b>-20.05%</b>

The chart below presents each expenditure type as a percent of total expenditures:



Operating expenditures make up the largest portion of total expenditures at 69.61% while personnel/benefits make up another large portion at 26.14% of total expenditures for FY16-17. Events are a major expense related with the Main St. MSD Fund and are included in the operating expenditure type.

**Personnel/Benefits:** The MSD is supported by one full-time, one permanent part-time, and two temporary employees. They are the Downtown Director, Promotions Coordinator, and Downtown Ambassadors. The increase of \$26,468 is a result of an expanded role for the Promotions Coordinator, which includes an increase in hours and medical insurance coverage, and natural personnel salaries growth.



**Operating Expenditures:** The regular operating expenditures for the MSD have increased slightly. Part of this increase mirrors the increase in revenues for special events. There are no major changes to report.

**Capital:** The year to year difference in capital expenditures is **\$172,057**, or **-94.51%**. This substantial decrease is due to an allocation of funds from the General Assembly which went towards an upgraded parking lot and proceeds of debt that were spent on six parking kiosks to be installed in downtown parking lots. The one CIP item that is in the budget for FY16-17 is the electric panel upgrades on Main Street. Two electric panels will be upgraded to more effectively handle the electric demands during special events.

**Debt Service:** The City received debt proceeds to purchase six parking kiosks in FY15-16. The budget for FY16-17 includes funding for debt service payment which will be regular and recurring for the length of the seven year loan.



**7<sup>th</sup> Avenue MSD Fund**

The City of Hendersonville has a second municipal service district (MSD) that runs along 7<sup>th</sup> Avenue. The tax rate for the MSD is **\$0.12** per **\$100** valuation. The Fund supports street and traffic lights, beautification efforts, advertising, and special events.

**7<sup>th</sup> Avenue MSD Fund – Revenues**

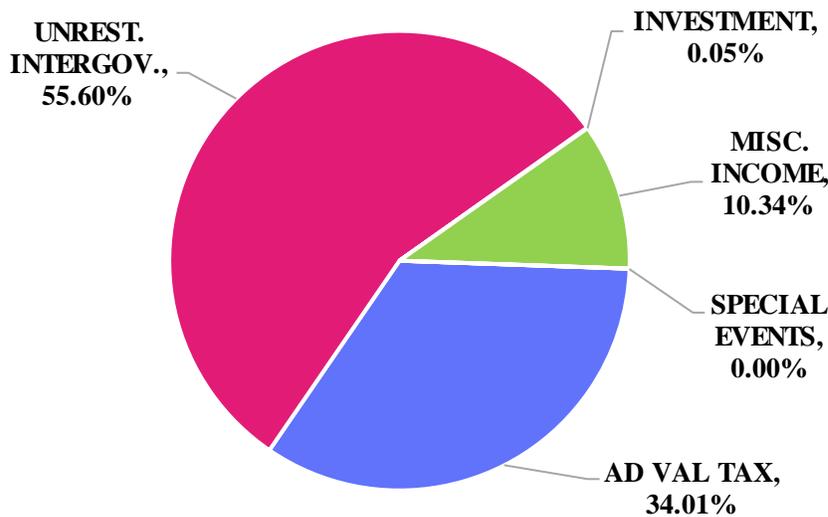
The following section will detail the City’s operating revenues for the 7<sup>th</sup> Avenue MSD Fund. The 7<sup>th</sup> Avenue MSD Fund has five primary revenue sources. The total budget for the 7<sup>th</sup> Avenue MSD Fund revenues, excluding “Other Financing Sources”, is **\$49,328**.

The table below details the City’s 7<sup>th</sup> Avenue MSD Fund revenues by source for FY16-17:

**7TH AVENUE MSD FUND REVENUES**

REVENUE SOURCE	ESTIMATE FY15-16	BUDGET FY16-17	DOLLAR CHANGE	PERCENT CHANGE
AD VAL TAX	\$ 17,014	\$ 16,775	\$ (239)	-1.40%
UNREST. INTERGOV.	\$ 6,650	\$ 27,428	\$ 20,778	312.45%
INVESTMENT	\$ 25	\$ 25	\$ -	0.00%
MISC. INCOME	\$ 5,150	\$ 5,100	\$ (50)	-0.97%
SPECIAL EVENTS	\$ -	\$ -	\$ -	0.00%
<b>SUB-TOTAL</b>	<b>\$ 28,839</b>	<b>\$ 49,328</b>	<b>\$ 20,489</b>	<b>71.05%</b>
OTHER FINANCING SOURCES	\$ -	\$ -	\$ -	N/A
<b>NET TOTAL</b>	<b>\$ 28,839</b>	<b>\$ 49,328</b>	<b>\$ 20,489</b>	<b>71.05%</b>

The chart below presents each revenue source as a percent of total revenues:



**Ad Valorem Tax:** Ad valorem taxes encompass the second greatest share of revenue at **\$16,775** or **34.01%** of all revenue. The City Manager recommends that the tax rate remain at **\$0.12** per **\$100** valuation.

**Unrestricted Intergov. – Sales Taxes:** The 7<sup>th</sup> Avenue MSD Fund receives a portion of local option sales tax revenue each fiscal year. In prior years this number has been set at a flat rate. The FY16-17 budget proposes that the sales tax distribution be based on assessed value. The Main St. MSD Fund makes up approximately **1%** of the City's total assessed value. This equates to a **\$27,428** portion of total local option sales tax revenues. This increase makes unrestricted intergovernmental revenue the largest revenue source at **55.60%** of all revenues.

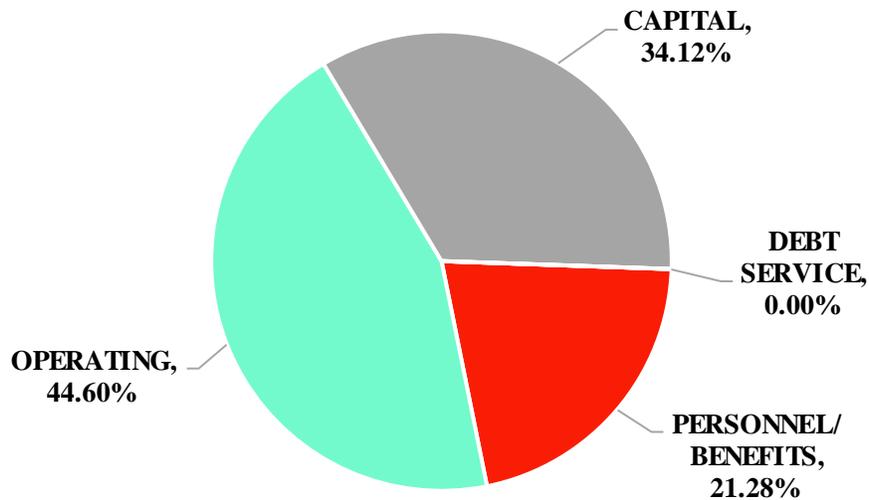


**7<sup>th</sup> Avenue Historic District – Expenditures**

The total budget for 7<sup>th</sup> Avenue MSD Fund expenditures is **\$49,328**. This is \$20,489 more than the current year’s estimated budget. The table below details the City’s 7<sup>th</sup> Avenue MSD Fund expenditures by type for FY16-17:

<b>7TH AVENUE MSD FUND EXPENDITURES</b>				
<b>EXPENDITURE TYPE</b>	<b>ESTIMATE FY15-16</b>	<b>BUDGET FY16-17</b>	<b>DOLLAR CHANGE</b>	<b>PERCENT CHANGE</b>
PERSONNEL/BENEFITS	\$ -	\$ 10,496	\$ <b>10,496</b>	<b>N/A</b>
OPERATING	\$ 28,839	\$ 22,000	\$ <b>(6,839)</b>	<b>-23.71%</b>
CAPITAL	\$ -	\$ 16,832	\$ <b>16,832</b>	<b>N/A</b>
DEBT SERVICE	\$ -	\$ -	\$ -	<b>N/A</b>
<b>SUB-TOTAL</b>	<b>\$ 28,839</b>	<b>\$ 49,328</b>	<b>\$ 20,489</b>	<b>71.05%</b>

The chart below presents each expenditure type as a percent of total expenditures:



Operating expenditures make up the largest portion of total expenditures at 44.60% while capital expenditures make up another large portion at 34.12% of total expenditures for FY16-17.

**Personnel/Benefits:** The 7<sup>th</sup> Avenue MSD Fund, for its first year, is contributing to the cost of salary and benefits for the Downtown Director and Promotions Coordinator. These positions will be working directly for the district. The Fund is paying for approximately 8% of their costs.

**Capital:** Another significant difference to highlight is the appropriation of funds to capital type expenditures. Due to the increase in sales tax revenue the Fund now has the capacity to authorize CIP projects. This funding will go towards Locust St. and 7<sup>th</sup> Avenue infrastructure upgrades, including banners, paint, and hanging baskets.



**Water & Sewer Fund**

The Water and Sewer Fund is an enterprise fund and is primarily funded through user charges. The Fund is the largest part of the City of Hendersonville’s operating budget, **54.92%** or **\$19,579,249** of the total \$35,656,938 budget for FY16-17. A major part of the budget are transfers to capital project ordinances and the reimbursement of costs associated with NCDOT projects. These costs total approximately **\$2,531,195**.

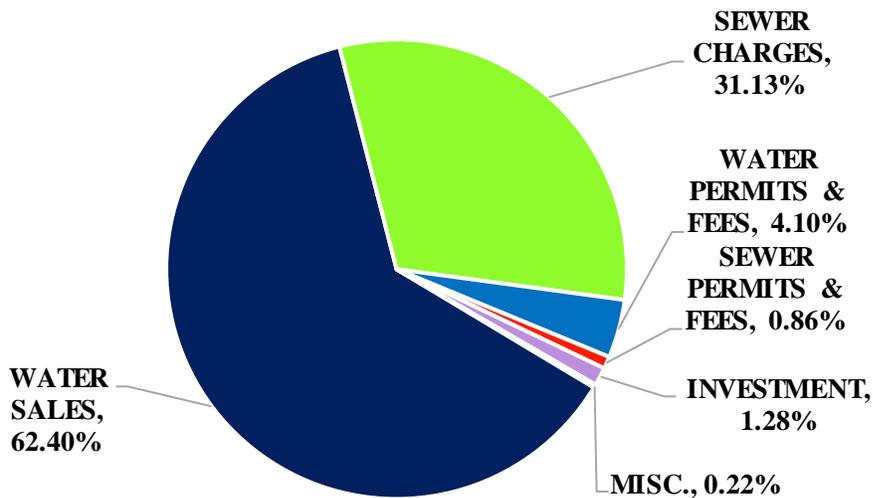
**Water & Sewer Fund – Revenues**

The following section will detail the City’s operating revenues for the Water and Sewer Fund. The total operating revenue budget for this Fund, excluding “Other Financing Sources” is **\$14,847,009**. The following table shows the revenues for FY16-17:

**WATER/SEWER FUND REVENUES**

REVENUE TYPE	ESTIMATE FY15-16	BUDGET FY16-17	DOLLAR CHANGE	PERCENT CHANGE
WATER SALES	\$ 9,066,000	\$ 9,263,997	\$ 197,997	2.18%
SEWER CHARGES	\$ 4,415,000	\$ 4,622,362	\$ 207,362	4.70%
WATER PERMITS & FEES	\$ 564,000	\$ 609,000	\$ 45,000	7.98%
SEWER PERMITS & FEES	\$ 126,850	\$ 128,250	\$ 1,400	1.10%
INVESTMENT	\$ 190,000	\$ 190,000	\$ -	0.00%
MISC.	\$ 79,200	\$ 33,400	\$ (45,800)	-57.83%
<b>SUB-TOTAL</b>	<b>\$ 14,441,050</b>	<b>\$ 14,847,009</b>	<b>\$ 405,959</b>	<b>2.81%</b>
OTHER FINANCING SOURCES	\$ 7,329,979	\$ 4,736,626	\$ (2,593,353)	-35.38%
<b>NET TOTAL</b>	<b>\$ 21,771,029</b>	<b>\$ 19,583,635</b>	<b>\$ (2,187,394)</b>	<b>-10.05%</b>

The chart below presents each operating revenue source as a percent of total revenues:



**Water Sales and Sewer Charges:** As depicted above, revenue growth is dependent on “Water Sales” and “Sewer Charges”. The increase in these accounts reflects a proposed increase in rates, detailed below. Rates have not been adjusted in three fiscal years and can drive a reliance on fund balance appropriations to pay for normal operations if not addressed.

Considering financial sustainability and information provided from the utility’s stakeholders, management recommends the Water and Sewer Fund rates be adjusted in the following manner:

**WATER/SEWER RATES**

TYPE	INSIDE CITY		OUTSIDE CITY	
	RES.	COMM.	RES.	COMM.
BASE CHARGE	3.00% ↑	3.00%	0.50% ↑	0.50%
LOW TIER	3.00% ↑	3.00%	0.50% ↑	0.50%
MID TIER	3.00% ↑	3.50%	0.50% ↑	1.50%
HIGH TIER	3.00% ↑	3.50%	0.50% ↑	1.50%

The recommendation is estimated to generate ≈\$214,358 in revenue and have the following impact on a customer:

**CUSTOMER IMPACT**

CUSTOMER	OLD BILL	NEW BILL	MONTHLY DIFF.	ANNUAL DIFF.
R INSIDE 5,000 GALLONS	\$ 47.15	\$ 48.56	\$ 1.41	\$ 16.97
R OUTSIDE 5,000 GALLONS	\$ 74.13	\$ 74.50	\$ 0.37	\$ 4.45
C/I INSIDE 10,000 GALLONS	\$ 82.40	\$ 84.87	\$ 2.47	\$ 29.66
C/I OUTSIDE 10,000 GALLONS	\$ 130.43	\$ 131.08	\$ 0.65	\$ 7.83
C/I INSIDE >40,000 GALLONS	\$ 267.90	\$ 277.28	\$ 9.38	\$ 112.52
C/I OUTSIDE >40,000 GALLONS	\$ 424.23	\$ 430.59	\$ 6.36	\$ 76.36
C/I INSIDE >200,000 GALLONS	\$ 1,305.90	\$ 1,351.61	\$ 45.71	\$ 548.48
C/I OUTSIDE >200,000 GALLONS	\$ 2,017.83	\$ 2,048.10	\$ 30.27	\$ 363.21

R = Residential C/I = Commercial/Industrial

There are multiple variables that play into this recommendation. First, management recommends small increases in rates year after year rather than large increases all at once. This strategy will decrease “sticker shock” when the customer receives their bill. This will be one of many small increases recommended over the coming years. Second, management recommends decreasing the discrepancy between outside customer bills and inside customer bills. The stakeholder meeting identified this as an issue. Lastly, the commercial tiers are set up on a declining block rate, which means the more the customer uses, the less they pay. Management is recommending we slowly bring this declining block towards a unified rate. This is an effort to enhance the priority of environmental conservation.



**Other Financing Sources – Transfer in from Capital Reserve Fund:** The Water and Sewer Fund budget in FY16-17 includes a transfer in from its capital reserve fund. The transfer totals **\$2,263,753**. The transfer will provide funding for NCDOT reimbursements, a transfer to the SCADA Improvements capital project ordinance, and a transfer to the Rutledge Rd. Improvements capital project ordinance.

**Fund Balance:** Much like the General Fund, the Water and Sewer Fund maintains a fund balance or retained earnings. However, the LGC does not provide a recommended minimum level. The City Council has established and adopted its own policy goal of a range from 50% - 75%. This level is higher than the General Funds because water and sewer type infrastructure and expenditures are typically larger. The current fund balance is **\$22,307,069** as of June 30<sup>th</sup>, 2015, or **143.92%** of estimated operating expenditures as of June 30<sup>th</sup>, 2016. In the FY15-16 budget, the City transferred **\$4,586,327** to capital project ordinances. Additionally, there was a year-end conversion entry that should not have been made during the annual audit which caused an internal reporting misstatement of **\$2,641,891**. This misstatement will have to be adjusted in the current year, and will decrease the fund balance by the aforementioned amount.

The total estimated fund balance as of June 30<sup>th</sup>, 2016 is **\$14,489,900**, or **93.48%** of total estimated operating expenditures as of June 30<sup>th</sup>, 2017. It is estimated that at year end, FY16-17, the Water and Sewer Fund's fund balance will be **\$12,681,228**, or **81.81%** of budgeted expenditures. This decrease reflects an estimated year end fund balance appropriation of \$1,708,673. The 81% is still above the City Council's fund balance goal.



### Water & Sewer Fund – Expenditures

Hendersonville Water and Sewer is responsible for providing water service to more than 62,000 residents and businesses of Hendersonville and Henderson County and sewer service to more than 19,000 residents and businesses. The Department is also responsible for the operation and maintenance of over 580 miles of water mains (ranging in size from 2-inches to 24-inches), 57 water pumping stations, 24 water storage tanks (ranging in size from 100,000-gallons to 5,000,000-gallons), over 185 miles of sewer mains (ranging in size from 3-inches to 42-inches) and 37 sewer pumping stations.

The Water and Sewer Fund continues to evaluate and improve its already high quality services through work with various outside consultants, stakeholder groups, and internal strategic priority meetings. The recommended expenditures in this memo reflect the priorities identified in the aforementioned initiatives. Below is a breakdown of the Fund's total expenditures:

#### WATER/SEWER FUND EXPENDITURES

EXPENDITURE TYPE	ESTIMATE FY15-16	BUDGET FY16-17	DOLLAR CHANGE	PERCENT CHANGE
PERSONNEL/BENEFITS	\$ 5,265,057	\$ 5,488,493	\$ 223,436	4.24%
OPERATING	\$ 6,171,041	\$ 6,331,587	\$ 160,546	2.60%
CAPITAL	\$ 6,573,899	\$ 4,020,933	\$ (2,552,966)	-38.83%
DEBT SERVICE	\$ 3,761,032	\$ 3,742,622	\$ (18,410)	-0.49%
<b>SUB-TOTAL</b>	<b>\$ 21,771,029</b>	<b>\$ 19,583,635</b>	<b>\$ (2,187,394)</b>	<b>-10.05%</b>

It is important to note that these total expenditures include major one-time capital transfers that do not accurately represent true operating expenditures for the Water and Sewer Fund. Below is the same table without those major one-time costs:

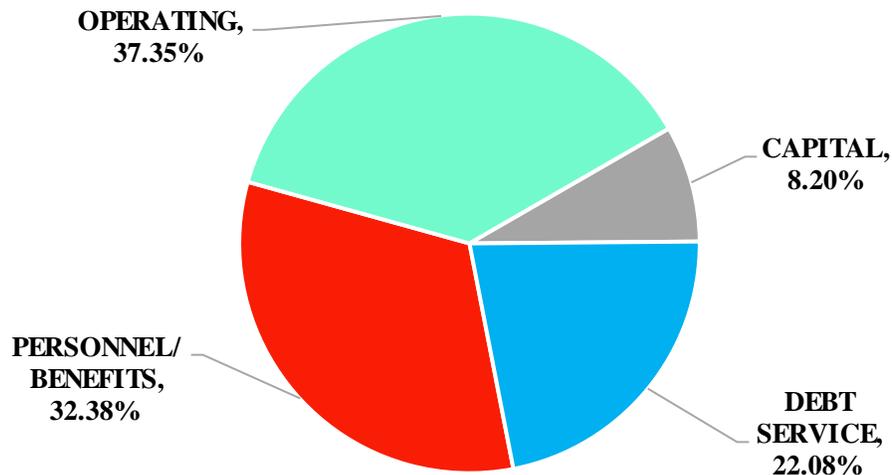
#### WATER/SEWER FUND OPERATING EXPENDITURES

EXPENDITURE TYPE	ESTIMATE FY15-16	BUDGET FY16-17	DOLLAR CHANGE	PERCENT CHANGE
PERSONNEL/BENEFITS	\$ 5,265,057	\$ 5,488,493	\$ 223,436	4.24%
OPERATING	\$ 6,171,041	\$ 6,331,587	\$ 160,546	2.60%
CAPITAL	\$ 1,987,572	\$ 1,389,738	\$ (597,834)	-30.08%
DEBT SERVICE	\$ 3,761,032	\$ 3,742,622	\$ (18,410)	-0.49%
<b>SUB-TOTAL</b>	<b>\$ 17,184,702</b>	<b>\$ 16,952,440</b>	<b>\$ (232,262)</b>	<b>-1.35%</b>

The second table is a more accurate depiction of recurring operating costs in the Water and Sewer Fund. Those one-time expenditures that were removed from the data include seven capital project ordinances and two NCDOT reimbursements. The Fund had a substantial available fund balance and those excess funds were used to pay for these major one-time projects and reimbursements.



The chart below presents each expenditure type as a percent of total expenditures:



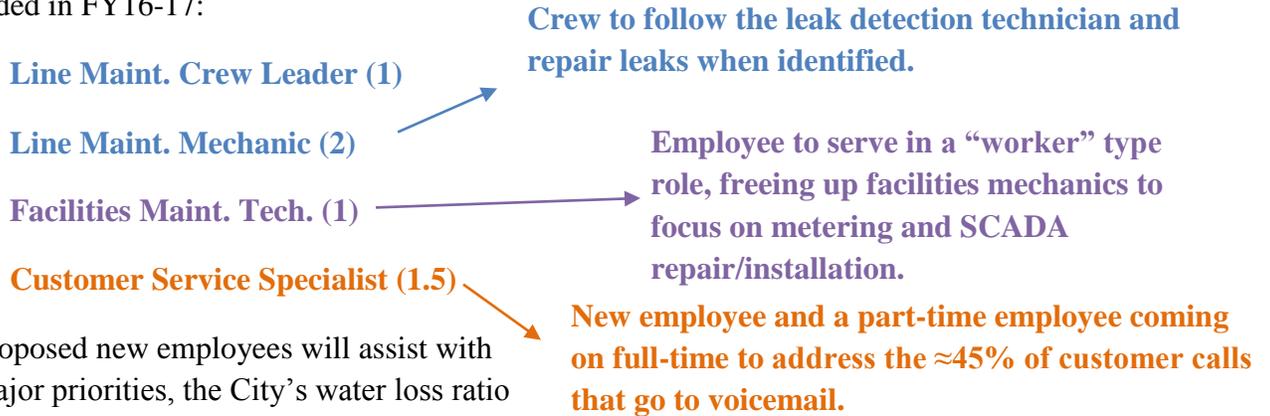
The above chart reflects the Fund’s expenditures less the major one-time transfers and NCDOT reimbursements.

**Personnel/Benefits:** The total change for this expenditure type is an increase of **\$223,436**, or **+4.24%** in FY16-17. A very small portion of this increase is occurring from natural growth. The increase attributed to natural growth is so low because of multiple tenured employee retirements. The remainder of the increase, approximately **\$215,000**, is the result of recommended new positions. After an internal strategic meeting facilitated by Fountain Works consultants, management and staff created a long-term vision of the WSF organizational structure. The objective was to create a structure that would efficiently and effectively meet the vision and value statements identified by City Council. The new positions identified to meet this objective include:

- |  |                                       |
|--|---------------------------------------|
| <b>Business Operations Manager (1)</b>   | <b>Business/Financial Analyst (1)</b> |
| <b>Environmental Service Tech. (2)</b>   | <b>Elec. &amp; Ins. Tech. (1)</b>     |
| <b>Line Maint. Crew Leader (1)</b>       | <b>Line Maint. Mechanic (2)</b>       |
| <b>Design Engineer (1)</b>               | <b>Surveyor (1)</b>                   |
| <b>Customer Service Specialist (3.5)</b> | <b>Fac. Maint. Tech. (2)</b>          |



Again, this is a long-term vision and will be competing with other expenditure priorities. It is recommended that the following positions be funded in FY16-17:



The proposed new employees will assist with two major priorities, the City’s water loss ratio and customer service.

**Operating Expenditures:** The total change for this expenditure type is an increase of **\$160,546**, or **+2.60%** in FY16-17. This increase reflects additional funding being provided for water and sewer construction supplies and materials.

**Capital:** When looking at capital expenditure types it is important to differentiate the level of recurring pay-as-you-go capital and major one-time capital projects. The total change for this expenditure type, recurring expenditures only, is a decrease of **\$597,834**, or **-30.08%** in FY16-17. Management recommends recurring capital pay-as-you-go expenditures range from **\$1.3-\$1.8** million each year. This level is necessary to ensure a financially sustainable future, because recent expenditure trends have required substantial appropriations of fund balance.

In addition, to the basic pay-as-you-go capital needs, there are major capital projects that were discussed in the Fountain Works strategic meeting. These projects have substantially higher costs and are listed below:

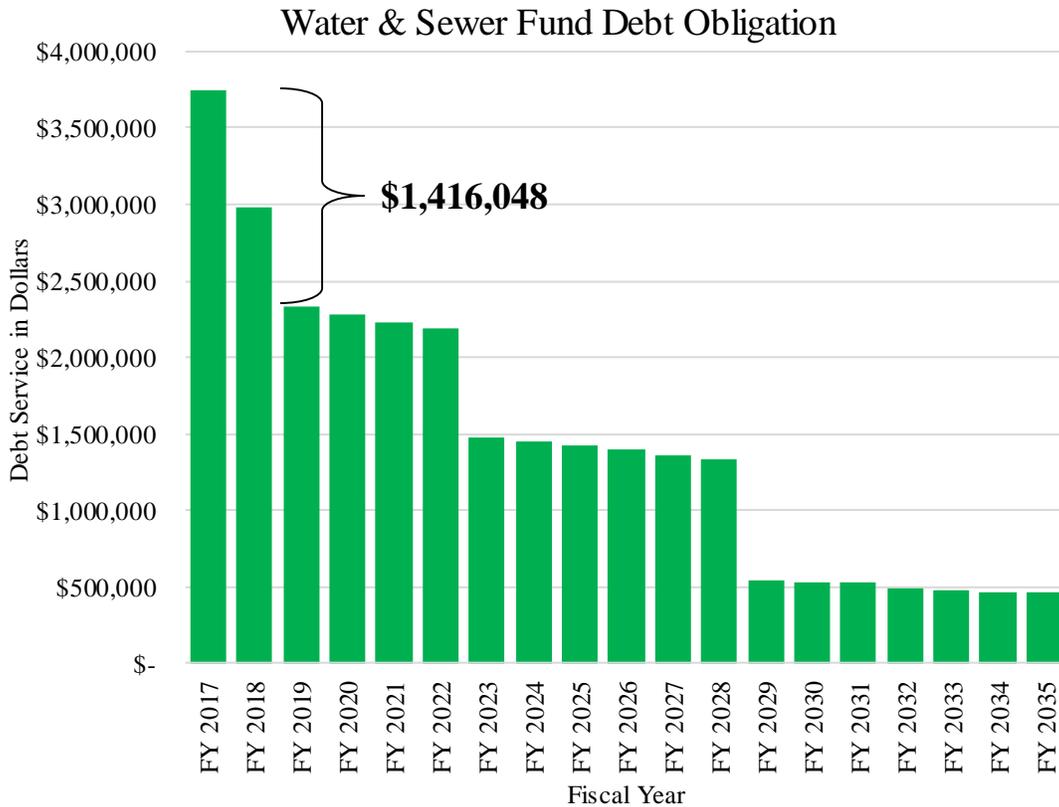
- |                                      |  |
|--------------------------------------|--|
| <b>Centrifuge Upgrade</b>            | <b>Eastside Transmission Main, Phase II</b>  |
| <b>French Broad Water Intake</b>     | <b>Mud Creek Sanitary Sewer Improvements</b> |
| <b>N. Main St. Water/Sewer Impr.</b> | <b>Northside Water Improvements</b>          |
| <b>Rutledge Rd. Water Impr.</b>      | <b>SCADA System Upgrade</b>                  |
| <b>WWTP Generator/ATS</b>            | <b>WWTP Gravity Filter Replacement</b>       |
| <b>WWTP Sludge Drying System</b>     |  |

The projects highlighted in **red** were partially or fully funded using available fund balance and are located in capital project ordinances.



**Debt Service:** The total change for this expenditure type is a decrease of **\$18,410**, or **-0.49%** in FY16-17. This is a normal decrease in the interest charged on outstanding principal.

The following chart displays the Water and Sewer Fund’s debt obligation through FY34-35:



The chart depicts the Water and Sewer Fund’s debt obligation decreasing substantially in FY17-18 and FY18-19. This decrease totals **≈\$1,416,048** and this funding is a critical piece of the WSF expenditure strategy over the coming years. It is recommended that this debt capacity be used for the aforementioned personnel, operating, and major capital outlay priorities. The specific use of these funds will need to be further prioritized throughout FY16-17.



**Environmental Services Fund**

The Environmental Services Fund is an enterprise fund that provides sanitation and stormwater services. The Sanitation Division has a total of fourteen employees and is managed by the Public Works Director. The Stormwater Division has two employees and is managed by the Public Works Director and City Engineer. The Environmental Services Fund Budget totals **\$1,390,660** for FY16-17.

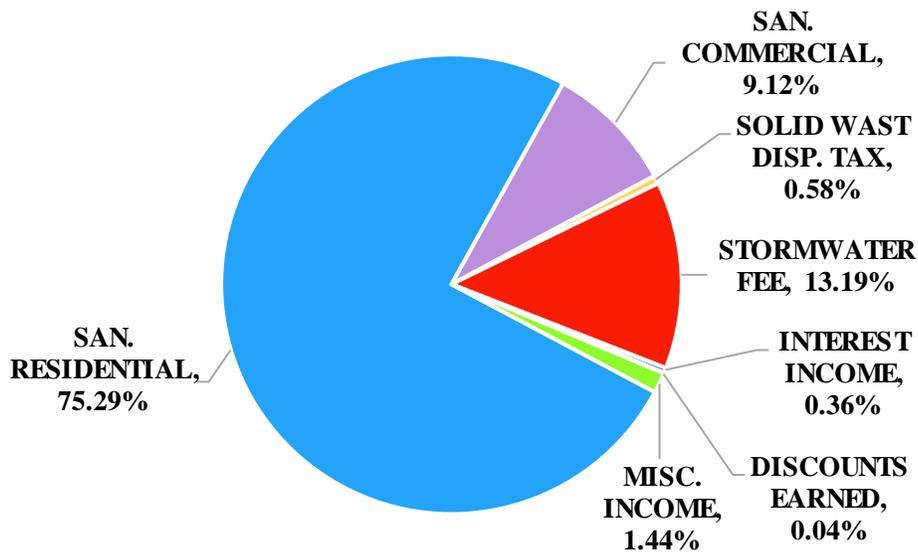
**Environmental Services Fund – Revenues**

The Environmental Services Fund has seven main sources of revenue, the largest being user fees charged for services. The following breakdown of operating revenues does not include “Other Financing Sources”. The table below displays the Fund’s revenues by source:

**ENVIRONMENTAL SERVICES FUND REVENUES**

REVENUE TYPE	ESTIMATE FY15-16	BUDGET FY16-17	DOLLAR CHANGE	PERCENT CHANGE
SAN. RESIDENTIAL	\$ 930,846	\$ 1,047,003	\$ 116,157	12.48%
SAN. COMMERCIAL	\$ 116,212	\$ 126,766	\$ 10,554	9.08%
SOLID WAST DISP. TAX	\$ 8,000	\$ 8,000	\$ -	0.00%
STORMWATER FEE	\$ 153,391	\$ 183,391	\$ 30,000	19.56%
INTEREST INCOME	\$ 5,000	\$ 5,000	\$ -	0.00%
DISCOUNTS EARNED	\$ 500	\$ 500	\$ -	0.00%
MISC. INCOME	\$ 5,000	\$ 20,000	\$ 15,000	300.00%
<b>SUB-TOTAL</b>	<b>\$ 1,218,949</b>	<b>\$ 1,390,660</b>	<b>\$ 171,711</b>	<b>14.09%</b>

The chart below presents each operating revenue source as a percent of total revenues:



**Sanitation Fees – Residential and Commercial:** These fees contain a recommended increase of \$2 for each rate in the rate structure for the FY16-17 budget. This increase is necessary to ensure financial sustainability for the fund. The table below provides revenue in detail and in total, and expenditures in total, with the last row providing the difference total expenditures over/(under) total revenues:

<b>SANITATION REVENUES</b>			
<b>REVENUE TYPE</b>	<b>ESTIMATE FY15-16</b>	<b>BUDGET FY16-17</b>	<b>DOLLAR CHANGE</b>
RESIDENTIAL	\$ 930,846.00	\$ 1,047,003.00	\$ (116,157.00)
COMMERCIAL	\$ 116,212.00	\$ 126,766.00	\$ (10,554.00)
SWD TAX	\$ 8,000.00	\$ 8,000.00	\$ -
INTEREST INCOME	\$ 5,000.00	\$ 5,000.00	\$ -
DISCOUNTS	\$ 500.00	\$ 500.00	\$ -
MISC. INCOME	\$ 5,000.00	\$ 5,000.00	\$ -
<b>SANITATION REV.</b>	<b>\$ 1,065,558.00</b>	<b>\$ 1,192,269.00</b>	<b>\$ (126,711.00)</b>
<b>SANITATION EXP.</b>	<b>\$ 1,187,255.00</b>	<b>\$ 1,172,639.00</b>	<b>\$ (14,616.00)</b>
<b>EXP. OVER/(UNDER) REV.</b>	<b>\$ 121,697.00</b>	<b>\$ (19,630.00)</b>	

The table shows that in FY15-16 sanitation revenues were \$121,697 short of sanitation related expenditures. This gap was funded with revenues from the Fund’s “Stormwater Fee” and fund balance appropriations. The “Budget FY16-17” column displays budgeted revenues after fees are increased by two dollars. The recommended level of revenues are \$19,630 greater than budgeted expenditures. This is a financially sustainable recommendation and the excess revenues will cover future growth and debt service.

**Stormwater Fee:** This fee is set at a base rate of \$2 per customer. The revenue funds stormwater related costs which include, street sweeping, NPDES stormwater permit requirements, public education and outreach, stream bank stabilization, post-construction stormwater management, illicit discharge detection and elimination, pollution prevention, and stormwater related capital projects.

This fee was originally billed to those who receive sanitation services within the City. It is recommended that in FY16-17 all water customers in the City and ETJ be billed. This recommendation should more accurately cover customers who receive the benefits of stormwater services. The City’s ETJ is included because the NPDES permit requires the City to be responsible for streams and stormwater services in the ETJ. This structure will result in an increase in customers and will provide an additional estimated \$30,000 in revenue.



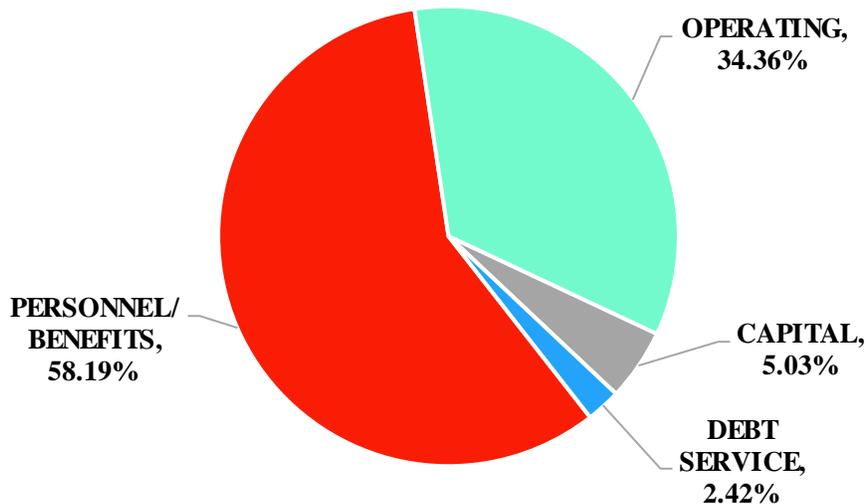
**Environmental Services Fund – Expenditures**

The Environmental Services Fund serves two major functions stormwater and sanitation. In addition, it provides funding for fleet maintenance, non-departmental services, and debt service payments. The table below details the City’s Environmental Services Fund expenditures by type for FY16-17:

**ENVIRONMENTAL SERVICES FUND EXPENDITURES**

<b>EXPENDITURE TYPE</b>	<b>ESTIMATE FY15-16</b>	<b>BUDGET FY16-17</b>	<b>DOLLAR CHANGE</b>	<b>PERCENT CHANGE</b>
PERSONNEL/BENEFITS	\$ 736,183	\$ 809,231	\$ 73,048	9.92%
OPERATING	\$ 455,249	\$ 477,801	\$ 22,552	4.95%
CAPITAL	\$ 276,015	\$ 70,000	\$ (206,015)	-74.64%
DEBT SERVICE	\$ 34,016	\$ 33,628	\$ (388)	-1.14%
<b>SUB-TOTAL</b>	<b>\$ 1,501,463</b>	<b>\$ 1,390,660</b>	<b>\$ (110,803)</b>	<b>-7.38%</b>

The chart below presents each expenditure type as a percent of total expenditures:



**Personnel/Benefits:** The personnel and benefits type expenditures are estimated to increase \$73,048, or 9.92% in FY16-17. This is the result of hiring a “Stormwater Quality Specialist”. By making sanitation financially sustainable, the “Stormwater Fee” can now fully fund stormwater related expenditures. This additional revenue provided funding for the additional position. This position will assist in meeting federally mandated stormwater requirements and begin to set-up a long-range strategic plan for the City’s stormwater function.



**Operating Expenditures:** The operating expenditures for this Fund have increased slightly in FY16-17, \$22,552 in total. The increase is associated with the operating costs associated with the stormwater program.

**Capital:** The capital type expenditures depict a decrease of \$206,015, or -74.64% in FY16-17. In FY15-16, the City took out a loan for a new garbage truck which cost \$221,996. Additionally, the City appropriated another \$54,025 for a new knuckle boom. The large decrease in budgeted appropriations for FY16-17 is a result of the large garbage truck replacement expenditure in FY15-16.

The \$70,000 in the budget for FY16-17 is for two stormwater improvement projects. The first, is a drainage project on Maple St. from 7<sup>th</sup> Avenue to 4<sup>th</sup> Avenue. The second, is a public private stormwater improvements project along 4<sup>th</sup> Avenue West. Please reference the City’s Capital Improvements Plan (CIP) for more information on these projects.

**Debt Service:** The budgeted appropriation in the debt service type expenditure line is for loan payments on the most recent garbage truck purchase. The CIP details another garbage truck replacement in FY17-18. Debt service appropriations are expected to increase in the coming fiscal years.



**Other Funds**

In addition to the five major funds, the City budgets for a variety of other funds. These include special revenue funds, capital reserve funds, internal service funds, and debt service funds. A summary of these funds is provided below:

**OTHER FUNDS**

<b>FUND</b>	<b>FUND TYPE</b>	<b>BUDGET FY16-17</b>
CAPITAL RESERVE FUND - GF	Capital Reserve	\$ -
CAPITAL RESERVE FUND - WS	Capital Reserve	\$ 2,263,753.00
DEBT SERVICE FUND	Debt Service	\$ 1,086,718.00
FIRE - CAR SEAT FUND	Spec. Revenue	\$ 2,250.00
FIRE - COMMUNITY FUND	Spec. Revenue	\$ 200.00
HEALTH AND WELFARE FUND	Internal Service	\$ 299,973.00
HISTORIC PRESERVATION COMMISSION	Spec. Revenue	\$ 15,000.00
POLICE - DARE	Spec. Revenue	\$ 2,000.00
POLICE - DRUG FORFEITURES	Spec. Revenue	\$ 80,000.00
POLICE - KENNEL CLUB	Spec. Revenue	\$ 1,500.00
POLICE - MOTOR UNIT	Spec. Revenue	\$ 800.00
POLICE - NEED PERSONS	Spec. Revenue	\$ 8,000.00
POLICE - RAD	Spec. Revenue	\$ 1,900.00
POLICE - YOUTH EXPLORERS	Spec. Revenue	\$ 2,000.00

A more detailed description of these other funds can be found in the “Other Funds” section of the budget for FY16-17.



In summary, this proposed budget is balanced in accordance with State statutes and attempts to address the priorities, which have been set by the City Council for the 2016-2017 Fiscal Year. The budget is fiscally sound, and although it does not fund all the requests made by departments or external agencies, it does address the top priority needs of the City and is set at a level to maintain a high level of service for Hendersonville citizens, customers, and partners.

My appreciation is expressed to Brian Pahle, Lisa White, and other Staff members who helped in preparing this budget.

I recommend this proposed budget for Fiscal Year 2016-2017 to the Mayor and City Council.

Respectfully submitted,

John F. Connet  
City Manager



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**BUDGET ORDINANCE**

**AN ORDINANCE MAKING APPROPRIATIONS FOR CERTAIN EXPENSES,  
CAPITAL IMPROVEMENTS AND INDEBTEDNESS OF  
THE CITY OF HENDERSONVILLE, NORTH CAROLINA  
FOR THE YEAR BEGINNING JULY 1, 2016 AND ENDING JUNE 30, 2017**

WHEREAS, the City of Hendersonville is coming to the conclusion of its fiscal year and will enter into a new fiscal year on July 1, 2016; and

WHEREAS, it is necessary and required that prior to entering into a new fiscal year a budget must be passed and adopted for the operation of the city government; and

WHEREAS, a public hearing and a work session have been held wherein the public has been notified and invited to be present.

**THEREFORE, BE IT ORDAINED BY THE PEOPLE OF THE CITY OF HENDERSONVILLE, NORTH CAROLINA:**

**SECTION 1:** The following amounts are hereby appropriated for the operating budget for the City of Hendersonville and its activities for the fiscal year beginning July 1, 2016, and ending June 30, 2017, in accordance with the chart of accounts heretofore established for this City:

General Fund	\$14,095,970
Downtown Tax District	\$527,361
Seventh Avenue District	\$49,328
Water/Sewer Fund	\$19,583,635
Environmental Services Fund	\$1,390,660
<b>TOTAL APPROPRIATIONS</b>	<b>\$35,656,938</b>
Less: Interfund Transfers Out	\$2,030,523
<b>TOTAL NET APPROPRIATIONS</b>	<b><u>\$33,626,415</u></b>

**SECTION 2:** That the attached detailed budget document be, and the same reflects the estimated revenues, revenue contributions, and budget appropriations of the City of Hendersonville, North Carolina, for the period beginning July 1, 2016, and ending June 30, 2017. A copy of said document will be available for inspection in the Office of the City Clerk.

**SECTION 3:** That the City Clerk has published notice of this public hearing and a summary of the proposed budget in a newspaper of local circulation.

**SECTION 4:** That no appropriations for salaries shall be changed unless authorized by the Council. Appropriations between departments or divisions within one fund, other than salaries, including contingency appropriations, may be transferred therein by the City Manager for the purpose of equalizations when necessary as long as the original total appropriated balance for the fund is not changed. Appropriations within a departments, other than salaries, may be transferred by the department head to make equalizations when necessary.



**SECTION 5:** There is hereby levied a tax at the rate of forty-six cents (\$0.46) per one hundred dollars valuation of property as listed for taxes as of March 1, 2016. This rate is based on an estimated total valuation of property for the purpose of taxation of \$1,717,287,880 and estimated collection rate of 97.5%.

A tax rate is also levied of twelve (\$0.28) per one hundred dollars (\$100) valuation of property as listed for taxes as of March 1, 2016, for the Main Street Municipal Service District formed upon a petition of some of the property owners, established for the purpose of infrastructure improvements and special events in the district. This rate is based on an estimated total valuation of property for the purpose of taxation of \$84,194,402 and an estimated collection rate of 97.5%.

A tax rate is also levied of twelve (\$0.12) per one hundred dollars (\$100) valuation of property as listed for taxes as of March 1, 2016, for the Seventh Avenue Municipal Service District formed upon a petition of some of the property owners, established for the purpose of infrastructure improvements and special events in the district. The rate is based on an estimated total valuation of property for the purpose of taxation of \$15,703,558 and an estimated collection rate of 97.5%.

There is hereby adopted an official *Fee Schedule* listing specific fees, business licenses, and utility rates charged by the City of Hendersonville for:

- a) the use of City facilities and equipment for the purposes of making them available to public
- b) specific utility rates the proceeds of which are for the maintenance and expansion of its water and sewer system
- c) the reproduction of public records and other miscellaneous services to cover the actual cost of producing these documents and information under the provision of NCGS §132-6.2
- d) other various fees associated with enhanced direct services provided by the City.

The *Fee Schedule* is incorporated by reference and placed on file in the Office of the City Clerk.

**SECTION 6:** That the capital items identified on the following schedule and forecasted for acquisition over the upcoming five-year period be adopted as the official Capital Improvement Plan of the City of Hendersonville.

The *Capital Improvement Plan* is incorporated by reference and placed on file in the office of the City Clerk.

**SECTION 7:** The City's Position Allocation to Salary Range which provides all jobs and associated pay bands be adopted as the official Pay and Classification Schedule of the City of Hendersonville.

The *Pay and Classification Schedule* is incorporated by reference and placed on file in the office of the City Clerk.

**SECTION 8:** The following amounts are hereby appropriated for the special budgets for the City of Hendersonville and its activities for the fiscal year beginning July 1, 2016, and ending June 30, 2017, in accordance with the chart of accounts heretofore established for this City:



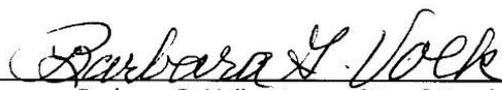
Capital Reserve Fund – GF	\$0
Capital Reserve Fund – WS	\$2,263,753
Debt Service Fund	\$1,086,718
Fire – Car Seat Fund	\$2,250
Fire – Community Fund	\$200
Health and Welfare Fund	\$299,973
Historic Preservation Commission	\$15,000
Police – DARE	\$2,000
Police – Drug Forfeitures	\$80,000
Police – Motor Unit	\$800
Police – Needy Persons	\$8,000
Police – RAD	\$1,900
Police – Youth Explorers	\$2,000

**SECTION 9:** That copies of this Budget Ordinance shall be furnished to the City Clerk, City Manager and Finance Officer to be kept on file by them for their direction in the disbursement of funds.

**SECTION 10:** This ordinance shall become effective on and after July 1, 2016.

**SECTION 11:** That all ordinances and parts of ordinances in conflict herewith be and the same hereby repealed.

Passed and adopted at the regular meeting of the City Council of the City of Hendersonville, North Carolina, held this second day of June 2016.

  
 Barbara G. Volk, Mayor, City of Hendersonville

ATTEST:

  
 Tammie K. Drake, MMC, City Clerk

Approved as to form:

  
 Samuel H. Fritschner, City Attorney

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**CITY OF HENDERSONVILLE FEE SCHEDULE**  
**ADOPTED BY BUDGET ORDINANCE FOR FISCAL YEAR 2016 - 2017**

PUBLIC HEARING REQUIRED FOR ITEMS DENOTED WITH ASTERIK

DESCRIPTION	COST/CHARGE/FEE
<b>ADMINISTRATION</b>	
Application for Certificate of Public Convenience & Necessity (taxicab)	\$60.00
CDs	\$1.00
<b>Copy Charges (per page)</b>	
Black	\$0.15
Color	\$0.25
<b>Special Event Vendors: (per day)</b>	
Food Vendors	\$30.00
Non-Food Vendors	\$15.00
<b>DEVELOPMENT ASSISTANCE</b>	
Administrative Review	No Charge
Annexation Waiver, Voluntary (contiguous or satellite)	\$26.00
Comprehensive Plan (per page)	
Black	\$0.15
Color	\$0.25
Conditional Use	\$200.00
Copy Charges (per page)	
Black	\$0.15
Color	\$0.25
Large Format Copy	\$10.00
Demolition Admin Fee	\$100.00
Floodplain Development Permit	\$300.00
Non-Conforming Use	\$100.00
Nuisance Fee (Admin. Cost Doubles for each Offense within a Year)	Cost + \$100 Admin. Cost
<b>Sign Permits (based on cost of sign)</b>	
Minimum	\$40.00
\$1,000	\$45.00
\$2,000	\$50.00
\$3,000	\$55.00
\$4,000	\$60.00
\$5,000	\$65.00
\$6,000	\$70.00
\$7,000	\$75.00
\$8,000	\$80.00
\$9,000	\$85.00
\$10,000	\$90.00
Over \$10,000	\$40.00 per \$1000 over \$10,000
<b>Site Plan Reviews &amp; Amendments</b>	
Commercial, Industrial or Institutional	
5,000 - 19,999 square feet in floor area	\$300.00
20,000 - 50,000 square feet in floor area	\$450.00
Minor Planned Residential Developments	
3 - 10 dwellings	\$300.00
11 - 50 dwellings	\$450.00
Special Use Reviews & Amendments	\$100/acre (\$500 minimum)



**CITY OF HENDERSONVILLE FEE SCHEDULE**  
**ADOPTED BY BUDGET ORDINANCE FOR FISCAL YEAR 2016 - 2017**

PUBLIC HEARING REQUIRED FOR ITEMS DENOTED WITH ASTERIK

DESCRIPTION	COST/CHARGE/FEE
<b>DEVELOPMENT ASSISTANCE</b>	
Street Closing Petition (\$1000 deposit)	Actual Cost
Subdivision Ordinance (per page)	\$0.15
Subdivision Plats	\$20/lot
Telecommunications Towers, Antennas and Equipment	
Basic Permit (C-3, I-1)	\$450.00
Special Use Permit	\$2500.00 <sup>1</sup>
Temporary Use Permit	\$60.00
Traffic Impact Analysis Study	\$1,000.00
Variance	\$75.00
Zoning Map	\$5.00
Zoning Ordinance (per page)	\$0.15
Zoning Ordinance Map Amendment (Legislative Rezoning)	
Commercial or Industrial	\$275.00
Residential < 3 acres	\$175.00
Residential > 3 acres	\$225.00
Zoning Ordinance Text Amendments	\$175.00
Zoning Permit	\$50.00

<sup>1</sup>Applicable only to applications required to meet the additional standards contained in Section 16-4-23.4.

Fees for towers proposed for siting in PCD or PID district are included in the fee for special use review.

<b>FIRE DEPARTMENT</b>	
<b>Operational Permits</b>	
ABC License Fee	\$50.00
Amusement Buildings	\$50.00
Carnival and Fairs	\$50.00
Covered Mall Buildings	\$50.00
Exhibits and trade shows (per event)	\$50.00
Explosives	\$100.00
Fire Hydrants and Valves	\$50.00
Flammable and Combustible Liquids	\$100.00
Fumigation and thermal insecticide fogging	\$100.00
Private Hydrants	\$50.00
Pyrotechnic special effects material	\$100.00
Spraying and Dipping	\$100.00
Temporary membrane structures, tents, and canopies (excludes special events)	\$50.00
<b>Construction Permits</b>	
Automatic fire extinguishing systems	\$100.00
Compressed gas	\$100.00
Fire alarm and detection systems and related equipment	\$100.00
Fire pumps and related equipment	\$100.00
Flammable and Combustible liquids	\$100.00
Hazardous Materials	\$100.00
Industrial Ovens	\$100.00
LP Gas	\$100.00
Private fire hydrant	\$100.00
Spraying and Dipping	\$100.00
Standpipe systems	\$100.00
Temporary membrane structures, tents, canopies (Fee per site) (excludes special events)	\$50.00



**CITY OF HENDERSONVILLE FEE SCHEDULE**  
**ADOPTED BY BUDGET ORDINANCE FOR FISCAL YEAR 2016 - 2017**

PUBLIC HEARING REQUIRED FOR ITEMS DENOTED WITH ASTERIK

DESCRIPTION	COST/CHARGE/FEE
<b>FIRE DEPARTMENT</b>	
<b>Construction Plans Review</b>	
Commercial hood suppression systems	\$100.00
Explosives and fireworks	\$100.00
Petroleum tanks and appurtenances	\$100.00
<b>Sprinkler systems and fire alarm systems:</b>	
1-50,000 square feet	\$50.00
50,001 to 75,000 square feet	\$100.00
75,001 to 100,000 square feet	\$150.00
100,001 to 150,000 square feet	\$200.00
150,001 square feet and over	\$300.00
Work without a permit	\$250.00
<b>Fire Inspection Fees</b>	
Minimum up to 1,000 square feet	\$50.00
1,001 - 5,000 square feet	\$100.00
5,001 - 10,000 square feet	\$150.00
10,001 - 25,000 square feet	\$200.00
25,001 - 50,000 square feet	\$250.00
50,001 - 100,000 square feet	\$300.00
100,001 - 200,000 square feet	\$350.00
Over 200,000 square feet	\$400.00
Re-inspection Fee (Follow-up) per re-inspection	\$100.00
<b>Hazardous Material Response Fees</b>	
Engine Company Response - per engine (per hr.)	\$150.00
Ladder/Truck Response - per ladder/truck (per hr.)	\$200.00
Chief Officer - per officer (per hr.)	\$75.00
Fire Marshal/Deputy Fire Marshal - per person (per hr.)	\$50.00
Materials/Supplies Used	Actual replacement cost
Off Duty/Call Back Personnel	Average hourly rate x 1.5
Site Assessment Fee	\$50.00
<b>FINANCE</b>	
Credit Card Processing Fee (per transaction) for Tax Payments	2.75%
Credit Card Processing Fee (per \$300) for Water & Sewer Bills	\$2.95
Returned item fee	\$25.00
Itinerant Merchant/Peddlers Fee	\$100.00
<b>POLICE</b>	
Fingerprinting	\$10.00
Precious Metals Dealer Background Check	\$75.00



**CITY OF HENDERSONVILLE FEE SCHEDULE  
ADOPTED BY BUDGET ORDINANCE FOR FISCAL YEAR 2016 - 2017**

PUBLIC HEARING REQUIRED FOR ITEMS DENOTED WITH ASTERIK

DESCRIPTION	COST/CHARGE/FEE
<b>POLICE</b>	
<b><u>Parking Fees, Fines &amp; Penalties:</u></b>	
All Other Parking Violations C.O. 50	\$25.00
Construction parking permit (per day)	\$5.00
Crosswalk	\$25.00
Fire Lane	\$100.00
Fire Hydrant	\$100.00
Habitual Offender (3 Tickets or more in 30 days)	\$100.00
Handicapped	\$250.00
Limited Zone (Same Block Parking)	\$50.00
Loading Zone/15 minute parking	\$25.00
Monthly Parking Space - G Permit Interior	\$40.00
Monthly Parking Space - G Permit Exterior	\$30.00
Monthly Parking Space - R Permit Interior	\$30.00
Monthly Parking Space - R Permit Exterior	\$20.00
Monthly Parking Space - S Permit Interior	\$20.00
Monthly Parking Space - S Permit Exterior	\$10.00
Overtime/Expired meter	\$25.00
Parking meter (per 1/2 hour)	\$0.50
Penalty after 15 days	\$25.00
Penalty after 30 days additional	\$50.00
Subsequent overtime	\$50 + Doubles each O/T
<b>PUBLIC WORKS</b>	
<b><u>Boyd Park Mini-Golf Admission</u></b>	
Adults	\$3.00
Children	\$2.00
<b><u>Miscellaneous</u></b>	
Backhoe (per hour)	\$80.00
Building Maintenance Fees (per hour)	\$45.00
Bush Hogs/Tractor Mowing (per hour)	\$80.00
Electrical Usage for Special Events - 20 Amps or Less	\$25/per day
Electrical Usage for Special Events - 21 Amps - 50 Amps	\$50/per day
Electrical Usage for Special Events - over 50 Amps	\$100/per day
Encroachment Permit Fee	\$10.00
Fleet Maintenance Fees (per hour)	\$45.00
Gas Utility Cuts (per 5' X 5' cut)	\$300.00
Water/Flusher Truck (per load)	\$100.00
Water/Sewer Utility Cuts	\$300.00
Weed Eater/Hedge Trimmer (per hour)	\$40.00
<b><u>Mulch/Composted Leaves</u></b>	
2.5 CY (small truck or small trailer)	\$10.00
10 CY (single axle dump truck or equivalent)	\$40.00
<i>We will sell to residents, non-residents and businesses. (2.5 CY = one scoop of backhoe loader front bucket.)</i>	
<b><u>Oakdale Cemetery Lots (per grave space)</u></b>	
City Resident	\$500.00
Out of City Resident	\$1,000.00



**CITY OF HENDERSONVILLE FEE SCHEDULE**  
**ADOPTED BY BUDGET ORDINANCE FOR FISCAL YEAR 2016 - 2017**

PUBLIC HEARING REQUIRED FOR ITEMS DENOTED WITH ASTERIK

DESCRIPTION	COST/CHARGE/FEE
<b>PUBLIC WORKS</b>	
<b>Operation Center Room Rental Rates</b>	
Large Assembly Room (8 a.m. - 5 p.m.)	\$50.00
Large Assembly Room (5 p.m. - 10 p.m.)	\$25.00
Small Assembly Room (8 a.m. - 5 p.m.)	\$10.00
Small Assembly Room (5 p.m. - 10 p.m.)	\$5.00
<b>Park Usage</b>	
Berkeley Park - Large Pavilion (May through September)	\$50/half day
Berkeley Park - Field Usage for Organized Groups (per player per season)	\$20.00
Patton Park - Small Pavilion	\$25/half day
Patton Park - Large Pavilion (May through September)	\$50/half day
Patton Park - Field Usage for Organized Groups (per player per season)	\$10.00
<b>Patton Pool</b>	
Daily Admittance Fee (adults)	\$5.00
Daily Admittance Fee (children) (3yrs or younger will be free with adult)	\$4.00
Daily Admittance Fee (non-swimmer)	\$2.00
Lap Swim	\$4.00
Punch Pass - Adult - City Resident (15 admissions)	\$38.00
Punch Pass - Adult - Non City Resident (15 admissions)	\$60.00
Punch Pass - Youth - City Resident (15 admissions)	\$30.00
Punch Pass - Youth - Non City Resident (15 admissions)	\$45.00
Season Pass - Family - City Resident	\$150.00
Season Pass - Family - Non City Resident	\$300.00
Season Pass - Individual Adult - City Resident	\$75.00
Season Pass - Individual Adult - Non City Resident	\$150.00
Season Pass - Individual Senior - City Resident	\$60.00
Season Pass - Individual Senior - Non City Resident	\$120.00
Season Pass - Individual Youth - City Resident	\$60.00
Season Pass - Individual Youth - Non City Resident	\$120.00
<b>Sanitation Services</b>	
<i>Commercial Services</i>	
Commercial Recycling Collection (up to four 65 gallon carts emptied once per week)	\$12.00
Commercial Recycling Collection (up to four 65 gallon carts emptied twice per week)	\$22.00
Commercial-Business refuse pickup per can (96-gal)	\$27.50
Commercial-Business refuse pickup per can (96-gal) (Actively Recycles)	\$24.00
<i>Residential Services</i>	
Residential - 96-gal container (non recycler)	\$22.00
Residential - 96-gal container (actively recycles)	\$18.50
Residential - 32-gal container (non recycler)	\$20.00
Residential - 32-gal container (actively recycles)	\$16.25
Small Special load (collected with pickup truck and city staff)	\$50.00
Special Loads (tipping fee added to special fee) (collected with knuckleboom using city staff)	\$150.00
Stolen/Damaged Cart Replacement Fee	\$100.00
<b>Stormwater Services</b>	
Stormwater Monthly Fee	\$2.00
Stormwater Permit Fee	\$500.00



**CITY OF HENDERSONVILLE FEE SCHEDULE**  
**ADOPTED BY BUDGET ORDINANCE FOR FISCAL YEAR 2016 - 2017**

*PUBLIC HEARING REQUIRED FOR ITEMS DENOTED WITH ASTERIK*

DESCRIPTION	COST/CHARGE/FEE
<b>WATER AND SEWER</b>	
Water Rate Schedule	
<b>Deposits</b>	
Water & Sewer Service Deposit	\$100.00
<i>Inside City Limits</i>	
<b>Residential</b>	
Base Charge per Account	\$5.79 per month
Rate per 1,000 Gallons	
0 - 40,000 gallons	\$2.80 per 1000 gallons
> 40,000 gallons	\$3.08 per 1000 gallons
<b>Commercial/Industrial</b>	
Base Charge per Account	\$5.79 per month
Rate per 1,000 Gallons	
0 - 40,000 gallons	\$2.80 per 1000 gallons
40,000 - 200,000 gallons	\$2.14 per 1000 gallons
> 200,000 gallons	\$2.21 per 1000 gallons
<b>Irrigation</b>	
Base Charge per Account	\$6.26 per month
Rate per 1,000 Gallons	
0 - 40,000 gallons	\$3.08 per 1000 gallons
> 40,000 gallons	\$3.39 per 1000 gallons
<i>Outside City Limits</i>	
<b>Residential</b>	
Base Charge per Account	\$8.42 per month
Rate per 1,000 Gallons	
0 - 40,000 gallons	\$4.35 per 1000 gallons
> 40,000 gallons	\$4.78 per 1000 gallons
<b>Commercial/Industrial</b>	
Base Charge per Account	\$8.42 per month
Rate per 1,000 Gallons	
0 - 40,000 gallons	\$4.35 per 1000 gallons
40,000 - 200,000 gallons	\$3.28 per 1000 gallons
> 200,000 gallons	\$3.12 per 1000 gallons
<b>Municipal</b>	
Base Charge per Account	\$8.42 per month
Rate per 1,000 Gallons	
All Usage	\$2.83 per 1000 gallons
<b>Irrigation</b>	
Base Charge per Account	\$9.17 per month
Rate per 1,000 Gallons	
0 - 40,000 gallons	\$4.78 per 1000 gallons
> 40,000 gallons	\$5.26 per 1000 gallons
<b>Bulk Water Sales</b>	
Base Charge per Account	\$9.17 per month
Rate per 1,000 Gallons	
0 - 40,000 gallons	\$4.78 per 1000 gallons
> 40,000 gallons	\$5.26 per 1000 gallons



**CITY OF HENDERSONVILLE FEE SCHEDULE**  
**ADOPTED BY BUDGET ORDINANCE FOR FISCAL YEAR 2016 - 2017**

PUBLIC HEARING REQUIRED FOR ITEMS DENOTED WITH ASTERIK

DESCRIPTION	COST/CHARGE/FEE
<b>WATER AND SEWER</b>	
<i>Water Fee Schedule</i>	
<b>Taps &amp; Connections</b>	
Water Tap, 5/8"	\$1,000.00
Water Tap, 1"	\$1,400.00
Water Taps > 1"	Cost plus 10%
Water - Stub Out	\$600.00
Irrigation Tee, 5/8"	\$600.00
<b>Meters</b>	
Turn On/Set Meter During Business Hours	\$40.00
Turn On/Set Meter After Business Hours	\$100.00
Meter Tampering Fee	\$250.00
Test Meter, at customer's request (<1-in.); if meter faulty - No Charge	\$45.00
Test Meter, at customer's request (>1-in.); if meter faulty - No Charge	Cost plus 10%
<b>System Development Charges (SDC)</b>	
System Development Charges (SDC) - New Customers (Residential and Commercial)	
Meter Size, Inches	Meter Equivalent
5/8"	1
1"	3
1-1/2"	5
2"	7
3"	10
4"	16
6"	40
8"	70
10"	100
	Cost
	\$1,430.00
	\$2,330.00
	\$4,650.00
	\$7,500.00
	\$14,930.00
	\$23,400.00
	\$46,730.00
	\$74,780.00
	\$107,480.00
<b>*System Development Charges (SDC) - Existing Customers (Residential Only)</b>	
5/8"	1
1"	3
	Cost
	\$950.00
	\$1,550.00
<i>*Eligible for financing SDCs up to 36-months</i>	
<i>Fees - associated with financing of System Development Charges (SDC):</i>	
Title Search for SDC financing agreement	\$250.00
Note & Deed of Trust Document Preparation for SDC financing agreement	\$200.00
Subordination agreement preparation-per recorded lien for SDC financing	\$50.00
County Register of Deeds Recording fee per document -SDC financing	\$26.00
Copies - .25 per page for copies from Register of Deeds - SDC financing	\$0.25
<b>Engineering Review Fees</b>	
Line Extensions	\$300.00
Pump Stations	\$75.00
Storage Tanks	\$75.00



**CITY OF HENDERSONVILLE FEE SCHEDULE**  
**ADOPTED BY BUDGET ORDINANCE FOR FISCAL YEAR 2016 - 2017**

*PUBLIC HEARING REQUIRED FOR ITEMS DENOTED WITH ASTERIK*

DESCRIPTION	COST/CHARGE/FEE
<b>WATER AND SEWER</b>	
<b>Miscellaneous Fees</b>	
Credit Card Processing Fee (per \$300)	\$2.95
Administrative Disconnection Fee	\$40.00
Reconnection for Non-Payment - After Business Hours	\$100.00
Reconnection of Service at Main	Cost plus 10%
Replace Removed Meter due to additional usage after non-payment cut-off	
During Business Hours	\$75.00
After Business Hours	\$100.00
Premise Visit	\$40.00
Fire Hydrant Installation	Cost plus 10%
Assist with Fire Hydrant Flow/Pressure Testing Conducted by Others	\$50.00
Illegal Use of Fire Hydrant/Tampering Fee	\$500 + Damages
Drill for Main Tap, Cost/Inch of Diameter	\$150.00
Chemical Analysis of Water	Cost plus 10%
<b>Water Conservation Incentives Program Rebate Schedule</b>	
Clothes Washer (\$75 min; \$150 max) - Limit one per account	15% of purchase price
High-Efficiency Toilet (\$25 min; \$100 max) - Limit 2 per residential account	15% of purchase price
Customer-Side Shut-Off Valve - Limit one per account	\$75.00
Weather-Based Irrigation System Controller - Limit one per account	**50% of purchase price or \$200, whichever is less
<i>Limited number of rebates offered annually.</i>	



**CITY OF HENDERSONVILLE FEE SCHEDULE**  
**ADOPTED BY BUDGET ORDINANCE FOR FISCAL YEAR 2016 - 2017**

*PUBLIC HEARING REQUIRED FOR ITEMS DENOTED WITH ASTERIK*

DESCRIPTION	COST/CHARGE/FEE	
<b>WATER AND SEWER</b>		
Sewer Rate Schedule		
<b>All Customers - Inside</b>		
Base Charge per Account	\$6.47 per month	
Rate per 1,000 Gallons	\$4.46 per 1000-gallons	
<b>All Customers - Outside</b>		
Base Charge per Account	\$9.50 per month	
Rate per 1,000 Gallons	\$6.96 per 1000-gallons	
<b>Municipal</b>		
Base Charge per Account	\$9.50 per month	
Rate per 1,000 Gallons	\$6.63 per 1000-gallons	
<i>Note: These sewer rates are not applicable to the Cane Creek Sanitary Sewer District</i>		
Sewer Fee Schedule		
<b>Taps and Connections</b>		
Sewer Taps, 4" gravity sewer tap	\$1,500.00	
Fee per 6" gravity sewer tap	\$1,800.00	
Fee per 8" gravity sewer tap	\$2,000.00	
<b>System Development Charges (SDC)</b>		
System Development Charges (SDC) - New Customers (Residential and Commercial)		
Meter Size, Inches	Meter Equivalent	Cost
5/8"	1	\$1,280.00
1"	3	\$2,100.00
1-1/2"	5	\$4,200.00
2"	7	\$6,750.00
3"	10	\$13,500.00
4"	16	\$21,080.00
6"	40	\$42,080.00
8"	70	\$67,350.00
10"	100	\$96,830.00
*System Development Charges (SDC) - Existing Customers (Residential Only)		
5/8"	1	\$850.00
1"	3	\$1,400.00
<i>*Eligible for financing SDCs up to 36-months</i>		
<i>Fees - associated with financing of System Development Charges (SDC):</i>		
Title Search for SDC financing agreement	\$250.00	
Note & Deed of Trust Document Preparation for SDC financing agreement	\$200.00	
Subordination agreement preparation-per recorded lien for SDC financing	\$50.00	
County Register of Deeds Recording fee per document -SDC financing	\$26.00	
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**CITY OF HENDERSONVILLE FEE SCHEDULE  
ADOPTED BY BUDGET ORDINANCE FOR FISCAL YEAR 2016 - 2017**

PUBLIC HEARING REQUIRED FOR ITEMS DENOTED WITH ASTERIK

DESCRIPTION	COST/CHARGE/FEE
<b>WATER AND SEWER</b>	
<b>Surcharges</b>	
BOD (biochemical oxygen demand), per lb. in excess of 250-mg/l	\$0.25
TSR (total suspended residue), per lb. in excess of 250-mg/l	\$0.15
Ammonia nitrogen, per lb. in excess of 30-mg/l	\$1.50
<b>Engineering Review Fees</b>	
Line Extensions	\$300.00
Pump Stations	\$75.00
<b>Miscellaneous Fees</b>	
Premise Visit	\$40.00
Septic Tank Waste Disposal, per 1000-gallons	\$60.00
Septic Tank Waste Disposal Permit	\$75.00
Concrete Core Drill (manhole), Cost/Inch of Diameter	\$100.00
Drill for Main Tap, Cost/Inch of Diameter	\$100.00
Pretreatment Program	Cost of Program Per SIU
Nondischarge Permit Fee	\$300.00
Food Services Sewer Connection Application Fee	\$75.00
**Sewer system development charge (SDC) calculated using residential equivalent unit (REU) of 360-gallons per day.	
Equipment Usage (hourly rates)	
Rubber-Tired Backhoe, Small	\$33.00
Rubber-Tired Backhoe, Large	\$38.00
Mini-Excavator, 8,000-lb	\$18.00
Mini-Excavator, 12,000-lb	\$39.00
Excavator, 30,000-lb	\$65.00
Vac Truck	\$75.00
Dump Truck (single-axle), Small	\$20.00
Dump Truck (single-axle), Large	\$35.00
Dump Truck (triale)	\$65.00
Pick-Up Truck	\$14.00
Harben	\$25.00
Camera Truck	\$75.00
Air Compressor	\$20.00
Air Hammer/Pusher	\$0.65
Soil Tamp	\$20.00



FEE TYPE	CURRENT	PROPOSED	DIFFERENCE
<b>Fire Inspection Fee</b>			
Minimum up to 1,000 sq.ft.	\$0.00	\$50.00	\$50.00
1,001 - 5,000 sq. ft.	\$0.00	\$100.00	\$100.00
5,001 - 10,000 sq. ft.	\$0.00	\$150.00	\$150.00
10,001 - 25,000 sq. ft.	\$0.00	\$200.00	\$200.00
25,001 - 50,000 sq. ft.	\$0.00	\$250.00	\$250.00
50,001 - 100,000 sq. ft.	\$0.00	\$300.00	\$300.00
100,001 - 200,000 sq. ft.	\$0.00	\$350.00	\$350.00
Over 200,000 sq. ft.	\$0.00	\$400.00	\$400.00
<b>Finance</b>			
Business Registration Fee	\$50.00	\$0.00	-\$50.00
<b>Sanitation Rates</b>			
<b>Residential Services</b>			
Residential - 96-gal container (non recycler)	\$20.00	\$22.00	\$2.00
Residential - 96-gal container (actively recycles)	\$16.50	\$18.50	\$2.00
Residential - 32-gal container (non recycler)	\$18.00	\$20.00	\$2.00
Residential - 32-gal container (actively recycles)	\$14.25	\$16.25	\$2.00
<b>Commercial Services</b>			
Commercial Recycling Collection (up to four 65 gallon carts emptied once per week)	\$10.00	\$12.00	\$2.00
Commercial Recycling Collection (up to four 65 gallon carts emptied twice per week)	\$20.00	\$22.00	\$2.00
Commercial-Business refuse pickup per can (96-gal)	\$25.50	\$27.50	\$2.00
Commercial-Business refuse pickup per can (96-gal) (Actively Recycles)	\$22.00	\$24.00	\$2.00
<b>Water Rates - Per Month</b>			
<b>Inside City Limits</b>			
<b>Residential</b>			
Base Charge per Account	\$5.62	\$5.79	\$0.17
Rate per 1,000 Gallons			
0 - 40,000 gallons	\$2.72	\$2.80	\$0.08
> 40,000 gallons	\$2.99	\$3.08	\$0.09
<b>Commercial/Industrial</b>			
Base Charge per Account	\$5.62	\$5.79	\$0.17
Rate per 1,000 Gallons			
0 - 40,000 gallons	\$2.72	\$2.80	\$0.08
40,000 - 200,000 gallons	\$2.07	\$2.14	\$0.07
> 200,000 gallons	\$2.14	\$2.21	\$0.07
<b>Irrigation</b>			
Base Charge per Account	\$6.08	\$6.26	\$0.18
Rate per 1,000 Gallons			
0 - 40,000 gallons	\$2.99	\$3.08	\$0.09
> 40,000 gallons	\$3.29	\$3.39	\$0.10
> 200,000 gallons	\$3.29	\$3.39	\$0.10
<b>Outside City Limits</b>			
<b>Residential</b>			
Base Charge per Account	\$8.38	\$8.42	\$0.04
Rate per 1,000 Gallons			
0 - 40,000 gallons	\$4.33	\$4.35	\$0.02
> 40,000 gallons	\$4.76	\$4.78	\$0.02
<b>Commercial/Industrial</b>			
Base Charge per Account	\$8.38	\$8.42	\$0.04
Rate per 1,000 Gallons			
0 - 40,000 gallons	\$4.33	\$4.35	\$0.02
40,000 - 200,000 gallons	\$3.23	\$3.28	\$0.05
> 200,000 gallons	\$3.07	\$3.12	\$0.05
<b>Municipal</b>			
Base Charge per Account	\$8.38	\$8.42	\$0.04
Rate per 1,000 Gallons			
All Usage	\$2.82	\$2.83	\$0.01



FEE TYPE	CURRENT	PROPOSED	DIFFERENCE
<b>Irrigation</b>			
Base Charge per Account	\$9.12	\$9.17	\$0.05
Rate per 1,000 Gallons			
0 - 40,000 gallons	\$4.76	\$4.78	\$0.02
> 40,000 gallons	\$5.23	\$5.26	\$0.03
> 200,000 gallons	\$5.23	\$5.26	\$0.03
<b>Bulk Water Sales</b>			
Base Charge per Account	\$9.12	\$9.17	\$0.05
0 - 40,000 gallons	\$4.76	\$4.78	\$0.02
> 40,000 gallons	\$5.23	\$5.26	\$0.03
<b>Sewer Rates - Per Month</b>			
<b>All Customers - Inside</b>			
Base Charge per Account	\$6.28	\$6.47	\$0.19
Rate per 1,000 Gallons	\$4.33	\$4.46	\$0.13
<b>All Customers - Outside</b>			
Base Charge per Account	\$9.45	\$9.50	\$0.05
Rate per 1,000 Gallons	\$6.93	\$6.96	\$0.03
<b>Municipal</b>			
Base Charge per Account	\$9.45	\$9.50	\$0.05
Rate per 1,000 Gallons	\$6.60	\$6.63	\$0.03
<b>Meters</b>			
Meter Tampering Fee	\$75.00	\$250.00	\$175.00



## Capital Planning & Budget Process

A capital budget is a financial plan for the construction, improvement, or acquisition of capital assets such as land, buildings, and equipment. The planning process for the acquisition of capital assets is called capital budgeting. A capital budget is a key element in the organization's master budget, which also includes an operating budget. Although the building blocks of the operating budget are organizational units or programs, it is projects that are the typical units of analysis in the capital budget.

The model for the City of Hendersonville's capital budgeting will be presented below:

1. Planning Stage
  - Submission of capital requests
  - Classification and analysis of capital requests
  - Ranking capital requests into priority
  - Preparation of CIP that schedules capital requests for approval, funding, and implementation over a 5-year planning period
  - Forecast of financial resources that will be available to fund the capital requests (for a specific CIP period)
2. Budget Stage
  - Project evaluation (determines whether to undertake a capital project or purchase a capital item)
  - Selection of financing for approved capital request
  - Approval and appropriation of funding
3. Implementation Stage
  - Acquiring, managing, and investing the funds available for capital requests
  - Purchasing equipment, land, and/or other capital assets
  - Designing, contracting for, and/or supervising projects

The following steps constitute the complete capital budget process for the City of Hendersonville.

### Planning Stage

Identification and initial analysis of a capital request is the backbone of the Capital Improvement Program. The Program hinges on identification and planning of capital acquisitions several years in advance of execution. This permits the City to have a planning stage in its capital budget process and to carefully evaluate individual capital requests.

To start, the City has detailed how their Capital Request Form will look. An important factor to understand when gauging this form is life cycle costing or the total cost of ownership. Life cycle costing is an analytical technique used to determine the total cost of ownership over the lifetime of the asset. This is the sum of all monies attributed to the asset or project from its conception to its disposal or termination. A life cycle cost is presented as a simple formula:

$$\text{Life cycle cost} = A + O + M + D$$

Where:

A = Acquisition cost of a project; including initial expenditures for facilities and equipment, system design, engineering, and installation.

O = Operating costs; including labor costs, energy costs, material costs, and any other overhead costs discounted over the life of the project [All cost must be converted to their net present value (NPV)].

M = Maintenance costs; including total maintenance and repair discounted over the life of the project.

D = Disposal costs include restoration of the local environment and disposal of services. They equal the cost or value of an asset at the end of the economic life discounted to its present value.

### Submission of Capital Requests

The City's Capital Request Forms do not mirror this method exactly but do keep life cycle costs in mind. The form provides expected operating costs including personnel, maintenance, materials, supplies, and other costs as well as, project costs which include land, equipment, construction, and professional services. The City's forms also include a section detailing which Council goals the request addresses as well as, the matrix score it receives from the City's two-dimension rating system. The forms provide an area for financing methods which can range from installment purchases to general obligation bonds. It also provides the total funds requested including interest.

Below is a blank City of Hendersonville Capital Request Form:

City of Hendersonville Capital Request Form							
Project Title							
Department		Division					
Budget Code(s)							
Council Goals Addressed		<input type="checkbox"/> Economic Vitality <input type="checkbox"/> Sound Infrastructure <input type="checkbox"/> Great Public Services <input type="checkbox"/> Strong Partnerships <input type="checkbox"/> Numerous Amenities <input type="checkbox"/> Financial Sustainability		Matrix Score			
Total Funds Requested (including interest)	Approp. to Date	Year 1 FY12-13	Year 2 FY13-14	Year 3 FY14-15	Year 4 FY15-16	Year 5 FY16-17	Future Years 2017+
<b>Project Description</b>							
<b>Project Justification</b>							
<b>Impact on Operating Budget</b>							
Expenditure	FY12-13	FY13-14	FY14-15	FY15-16	FY16-17	Future Yrs	Total
Salaries & Benefits							\$0
Materials & Supplies							\$0
Repair & Maintenance							\$0
Other							\$0
<i>Total Operating Impact</i>	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Project Costs</b>							
Activity	FY12-13	FY13-14	FY14-15	FY15-16	FY16-17	Future Yrs	Total
Professional Services							\$0
Land / ROW / Easement							\$0
Construction							\$0
Equipment / Machinery							\$0
<i>Total Capital Cost</i>	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Operating + Capital</b>	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Financing Method(s)</b>							
Funding Source(s)	FY12-13	FY13-14	FY14-15	FY15-16	FY16-17	Future Yrs	Total
							\$0
							\$0
							\$0
							\$0
<b>Total Project Financing</b>	\$0	\$0	\$0	\$0	\$0	\$0	\$0



**Ranking of Capital Requests**

Another important aspect of the planning phase is priority setting. Since no organization has sufficient resources to meet all capital needs the development of a ranking system is critical in the capital planning process. The City has developed a two-dimension rating system. With a two-dimension system, two types of priorities are established, the categories for each are ranked and assigned a numeric score, and the scores for the categories from one dimension are multiplied by the scores for the categories from the other dimension to produce a matrix of ratings. The two dimensions used in the City’s matrix are the degree of urgency and the priority of the function. Each category has subsets ranked from high to low.

Below is a copy of the City’s rating system:

City of Hendersonville Two-Dimension Rating Matrix							
Degree of Urgency	Priority of Function						
	1	2	3	4	5	6	7
	Protection	Environmental Health	General Government	Maintenance	Community Development	Recreation	History/Culture
1 Legislation	1	2	3	4	5	6	7
2 Hazard	2	4	6	8	10	12	14
3 Efficiency	3	6	9	12	15	18	21
4 Economic Advantage	4	8	12	16	20	24	28
5 Expand Service	5	10	15	20	25	30	35
6 New Program or Convenience	6	12	18	24	30	36	42

A low rating from this matrix would indicate a high priority for the City while a high ranking would indicate a low priority. Matrices are useful in providing a common framework for decision makers to rank requests. It is particularly helpful in ranking medium priority requests since most high and low priority requests are readily apparent. Problems can arise in using rating systems, making the selection of criteria extremely important. A ranking or rating is system is not likely to work if the decision makers disagree significantly about the priorities, or if the categories are changed to accommodate individual requests.

The following details the categories selected and used by the City of Hendersonville:

*Degrees of Urgency*

- Legislation: Required by legislation or regulation of federal or state government.
- Hazard: Removes an obvious or potential hazard to public health or safety.
- Efficiency: Replaces equipment or a facility that is obsolete, or would be too costly to repair, or maintains and better utilizes existing equipment and facilities.
- Economic Advantage: Directly benefits the City’s economic base by increasing property values or other revenue potential.
- Expand Service: Expands or increase a service or improves a standard of service.



- New Program or Convenience: Makes possible a new service or increase convenience or comfort.

#### *Priority of Function*

- Protection of persons and property: police, fire, rescue, inspections, etc...
- Environmental Health: water, sewer, sanitation, public health, etc...
- General Government: office facilities, central services, etc...
- Maintenance: general maintenance of City owned property.
- Community Development: public housing, rehabilitation, etc...
- Recreation: Parks, athletic programs, etc...
- Heritage/Culture: education, libraries, historic districts, etc...

#### **Preparation of CIP**

The City of Hendersonville prepares a five-year CIP to function as a planning tool for capital improvements. Only the current year schedule, when adopted by City Council, becomes part of the operating budget. The CIP schedule beyond the current fiscal year is subject to adjustments upon annual review by staff and Council. Future forecasts in the CIP serve the City by helping plan for capital repairs, replacements, and acquisitions, which aids in financial planning to ensure the City's fiscal health and credit.

A Capital Request Form needs to be submitted for any major asset that has a value over \$5,000 and a useful life expectancy of five years or more. This includes buildings, construction projects, equipment, vehicles, land acquisition, and major renovations. Most assets less than \$5,000 and greater than \$1,000 are budgeted annually under capital outlay – non depreciable. Items under \$1,000 are budgeted under office supplies or supplies and materials in a department budget.

The essential feature of the City's CIP is the appropriation of capital expenditures among the years covered by the CIP. The CIP will include a detail summary sheet of all projects and Capital Request Forms. The summary sheet will include the project title, which department/fund it belongs to, total project expenditures, each year (of 5) expenditures, and expenditures beyond the years of the CIP. A calendar, in accordance with the budget calendar, will be produced detailing the CIP schedule for the coming year.



The calendar below details the CIP schedule for FY16-17:

<b>City of Hendersonville CIP Calendar FY16-17</b>	
<b>Description</b>	<b>Date</b>
Departments begin meeting internally to develop CIP project requests	October
Departments submit CIP project requests to Finance & Administration	November 30th, 2015
City Manager & Finance Officer review CIP project request	December 4th, 2015
Department Head discuss CIP project requests with City Manager & Finance Officer	December 14th - 18th, 2015
CIP project impact & financial analysis is prepared	By January 22nd, 2016
City Council Budget Preview (Includes CIP Estimates)	February 11th, 2016

After the CIP preparation process is complete the City Manager will present the preliminary project list to Council in a goal setting/priority meeting in early 2015. It is important that department heads are educated on the Capital Request Forms and the dates by which they need to be submitted. The CIP will set the stage for the annual budget process.

**Financial Projections**

Projections will be made to provide an estimate of the financial resources available for capital outlay purposes for the same period that the CIP covers. This also means that future operating needs will have to be projected. There are four major factors that play a role in predicting available resources for capital purposes. These are annual operating revenues and expenditures, outstanding debt, annual debt service payments, and intergovernmental aid and grants.

Predicting revenues and expenditures is done through trends analyses. These forecasts will also include foreseen tax/rate increases, legislative decisions, property valuations, population growth, cost of living adjustments, contractual services, new positions, and a wide variety of other factors. What should be understood is that if operating revenues are expected to greatly exceed operating expenditures in a particular year, the sum can be transferred to the capital budget to finance capital improvements and outlays. The excess can also be reverted to the fund balance. Fund balances may also build to amounts greater than needed and then drawn down to finance capital projects. Fund balances should be considered when forecasting resources for the CIP.



Debt is another avenue for financing capital programs. This makes projecting outstanding debt and annual debt service an important aspect in capital program planning.

The following is a list of financing options for the City of Hendersonville when debt financing is required:

### General Obligation Bonds

General Obligation (GO) bonds require voter approval because the debt is secured by the taxing power of the local government. When a local government issues GO bonds they promise to pay back the loan by using all revenue available at its disposal, including its ability to raise taxes. GO bonds in North Carolina require approval of the North Carolina Local Government Commission (LGC). GO bonds typically have the lowest interest rates and twenty-year terms.

### Revenue Bonds

Revenue bonds are secured and repaid from specific revenues and can only be used to finance revenue-producing projects. Revenues earned from these projects are used to repay the bond. These revenues are most often the net earnings from enterprise or self-supporting utilities. Revenue bonds are commonly used to finance water and sewer capital improvements. The LGC requires an independent, nationally recognized consulting firm to conduct a feasibility study and that revenues from the project be 20 percent greater than total debt service costs and operating expenses of the projects.

### Installment Purchase Agreements

Installment purchase (IP) (or lease-purchase) financing can be either short-term or long-term. IP agreements allow local governments to borrow money at a lower rate than conventional loans because lenders do not have to pay taxes on the interest portion of the payments it receives. This type of financing is typically used for items such as equipment and vehicles. For large IP agreements, the LGC must approve the debt.

### Certificates of Participation

Certificates of Participation (COPs) operate similar to revenue bonds and typically have higher interest rates than GO bonds because the debt is secured by funds resulting from projects being financed and cannot be secured by the “full faith and credit” of the government. The local government uses revenue to pay off debt on a capital project. However, unlike revenue bonds, local governments can use the revenue from the entire unit to pay off the debt and are not limited to using revenue only produced by the financed project. COPs are typically financed for ten- to twenty-year terms. This type of financing should be considered for revenue-generating projects.

### Tax Increment Financing Bonds

Tax Increment Financing (TIF) bonds are high risk for investors because the debt is secured on anticipated increases in property value. A TIF project begins by designating an area as a TIF district and determining a base property value. The base valuation is set for a specific number of years, during which time public and private investments should improve the property. The



increase in value over the base valuation is the increment. Local governments continue to accrue taxes levied on the base valuation for normal operations. Additional taxes levied on the increment are for the repayment of debt service or other qualifying needs associated with the TIF. At the end of the specified time, all debt associated with the TIF is amortized and all tax revenues can be used at the discretion of the local government. A successful TIF project is dependent upon an increase in property value of the designated district. The inherent risk in TIF is the assumption that property values will increase enough to repay the associated debt. TIF bonds can be financed up to thirty years.

### **Bond Anticipation Notes**

In some cases the City will authorize a bond issue, but not wish to borrow the full sum at one time. Bond anticipation notes are short-term notes, typically maturing in a year's time, that are primarily secured by the proceeds of the eventual bond issue itself. The City must receive the approval of the LGC before the notes are issued, and the LGC will sell the notes on the government's behalf.

A final forecast should be based on intergovernmental aid and grants. These options can be significant sources of financing for local government capital projects. However, forecasting the availability of such grants and aid can be problematic. Many grants and aid are subject to reductions because of federal and state budget shortages and changes in federal and state administrations. Even for the aid or grant programs for which this does not occur, legal and administrative provisions governing the distribution of the aid often change. Considering the aforementioned, grants and aid should be considered but not counted on in a forecast of guaranteed financial resources for a capital improvement program.

### **Budget Stage**

The budget stage of a CIP involves feasibility studies, selection of financing methods, and appropriating moneys to fund capital requests.

### **Project Evaluation**

Evaluation refers to a detailed and often technical study of a capital outlay request. It is a precursor to the approval and ranking of a project. As such, it relates more to capital budgeting than to capital planning. Project evaluation is typically done one of two ways, in house or contracted out, depending on the size. The purpose of the evaluation is to help determine the need for and/or economic viability of the project. It may also involve preparation of general plans and project specifications. There are a variety of techniques available for program evaluation ranging from quantitative analysis to informed judgment.

### **Project Financing**

This stage of the CIP process differs from planning in that it involves the actual selection of the financing method and how heavily the City should rely on said method. As discussed before there are a wide variety of funding mechanisms for capital projects. One of the most popular and

advantageous methods to financing capital projects is commonly referred to as pay-as-you-go. This type of financing encourages responsible spending by requiring the same officials who approve projects to also raise the revenues to pay for them. It also avoids paying the interest charges involved with debt. Another advantage is avoiding the accumulation of large, fixed debt service payments in the operating budget. A wealth of information exists on capital financing, it is up to the City to decide what is the best avenue for financing their projects in this stage of the Capital Improvement Program.

### Authorization of Capital Projects

The final step in the budget stage is the authorization and appropriation of funds for the capital requests. This is typically done by the governing body through:

- The annual budget ordinance,
- A capital projects ordinance that provides funding for all capital requests approved in a year,
- Or one or more bond orders approved by the governing board and perhaps by the voters.

Each of the aforementioned appropriating vehicles has their own advantages and disadvantages.

### Implementation Stage

The final step in the capital planning and budget process is implementation. Financial plans and arrangements are either a success or a failure in this stage. A key facet in ensuring successful implementation is the management and investment of revenue available for financing. A locality may have revenue accumulated to finance a project well before the revenue must be spent. It is beneficial to plan for investing in funds so that they become available to meet payments required by a capital project.

It is important to keep in mind that in keeping a separate capital budget process:

1. The unit faces large capital needs requiring the expenditure of substantial amounts of money.
2. Meeting these needs is likely to shape or alter the basic features of the community.
3. Debt will be required to meet at least some of the needs.
4. Other procedures will probably not guarantee that the needs are met in an orderly and fiscally sound manner.

### CIP Policy

The CIP helps the City manage capital expenditures to meet the following goals:

- ✓ Eliminate hazards and risks to public health and safety
- ✓ Promote economic development
- ✓ Improve service effectiveness and efficiency
- ✓ Maintain financial stability

To achieve these goals, the following policies and finance strategies guide staff in CIP development:

- ✓ A capital project is a physical asset with an initial cost greater than \$5,000 and a projected useful life greater than 5 years or a non-recurring operating expenditure greater than \$5,000 directly related to service delivery. Capital assets may include infrastructure, buildings, vehicles, or information technology equipment and software. Planning and design costs associated with the request should be included in the projected costs when applicable.
- ✓ Similar projects costing less than \$5,000 should not be lumped together to form a single project greater than \$5,000. Such smaller projects should be included within the upcoming operating budget.
- ✓ The term of any City debt issue shall not exceed the useful life of the asset for which the debt is issued.
- ✓ The capital program will recognize the borrowing limitation of the City to maintain fiscal stability.
- ✓ The City will search for all possible outside funding sources for CIP projects to help offset City debt, including grants, private-partnerships, and intergovernmental agreements.
- ✓ A financial analysis will accompany the CIP to illustrate the City's capacity to repay debt and identify the effects on financial indicators.
- ✓ The City will seek to maintain financial indicators within an acceptable level as compared to peer cities.
- ✓ The City will attempt to utilize pay-as-you-go financing when possible, particularly for capital assets with costs less than \$75,000



YEAR	PROJECT	TOTAL COST	FUNDING MECHANISM	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	FUTURE YEARS
<b>7TH AVENUE</b>									
FY16-17	Locust & 7th Improvements	\$15,000	Cash	\$15,000	\$0	\$0	\$0	\$0	\$0
FY16-17	All Projects	\$15,000		\$15,000	\$0	\$0	\$0	\$0	\$0
All	7TH AVENUE	\$15,000		\$15,000	\$0	\$0	\$0	\$0	\$0
<b>CITY ENGINEER</b>									
FY16-17	Blythe Street Sidewalks	\$115,000	Bond	\$115,000	\$0	\$0	\$0	\$0	\$0
FY16-17	Highway 64 Sidewalks	\$260,000	Fed Aid/Bond	\$260,000	\$0	\$0	\$0	\$0	\$0
FY16-17	N. Main St. Sidewalks	\$800,000	Bond	\$800,000	\$0	\$0	\$0	\$0	\$0
FY16-17	All Projects	\$1,175,000		\$1,175,000	\$0	\$0	\$0	\$0	\$0
FY17-18	Permitting/Inspection Software	\$100,000	GF/WS Cash	\$0	\$50,000	\$50,000	\$0	\$0	\$0
FY17-18	All Projects	\$100,000		\$0	\$50,000	\$50,000	\$0	\$0	\$0
All	CITY ENGINEER	\$1,275,000		\$1,175,000	\$50,000	\$50,000	\$0	\$0	\$0
<b>DOWNTOWN</b>									
FY16-17	Electric Panel Upgrade on Main Street	\$30,000	DT Cash	\$10,000	\$5,000	\$0	\$0	\$0	\$15,000
FY16-17	All Projects	\$30,000		\$10,000	\$5,000	\$0	\$0	\$0	\$15,000
FY17-18	Hanging Baskets on King Street	\$12,000	DT Cash	\$0	\$12,000	\$0	\$0	\$0	\$0
FY17-18	Holiday Fire Pits	\$28,500	DT Cash	\$0	\$28,500	\$0	\$0	\$0	\$0
FY17-18	Upgraded Holiday Planter Lighting	\$18,500	DT Cash	\$0	\$18,500	\$0	\$0	\$0	\$0
FY17-18	All Projects	\$59,000		\$0	\$59,000	\$0	\$0	\$0	\$0
FY18-19	Avenue Sidewalks & Street Lights	\$1,400,000	GF/ESF/WS Cash	\$0	\$0	\$700,000	\$700,000	\$0	\$0
FY18-19	All Projects	\$1,400,000		\$0	\$0	\$700,000	\$700,000	\$0	\$0
All	DOWNTOWN	\$1,489,000		\$10,000	\$64,000	\$700,000	\$700,000	\$0	\$15,000
<b>ENVIRONMENTAL SERVICES</b>									
FY16-17	4th Avenue Stormwater	\$30,000	ESF Cash	\$30,000	\$0	\$0	\$0	\$0	\$0
FY16-17	Maple Street Stormwater	\$40,000	ESF Cash	\$40,000	\$0	\$0	\$0	\$0	\$0
FY16-17	All Projects	\$70,000		\$70,000	\$0	\$0	\$0	\$0	\$0
FY17-18	Truck Replacement Schedule	\$960,000	Loan	\$0	\$230,000	\$0	\$0	\$230,000	\$500,000
FY17-18	All Projects	\$960,000		\$0	\$230,000	\$0	\$0	\$230,000	\$500,000
All	ENVIRONMENTAL SERVICES	\$1,030,000		\$70,000	\$230,000	\$0	\$0	\$230,000	\$500,000
<b>FINANCE</b>									
FY16-17	Munis UBCSI	\$43,137	WS Cash	\$43,137	\$0	\$0	\$0	\$0	\$0
FY16-17	All Projects	\$43,137		\$43,137	\$0	\$0	\$0	\$0	\$0
All	FINANCE	\$43,137		\$43,137	\$0	\$0	\$0	\$0	\$0
<b>FIRE</b>									
FY16-17	Purchase Fire Marshal Vehicle	\$40,000	GF Cash	\$40,000	\$0	\$0	\$0	\$0	\$0
FY16-17	Replacement of Engine 4	\$700,000	Loan	\$700,000	\$0	\$0	\$0	\$0	\$0
FY16-17	Upgrade Radio Equipment	\$22,500	GF Cash	\$8,500	\$14,000	\$0	\$0	\$0	\$0
FY16-17	All Projects	\$762,500		\$748,500	\$14,000	\$0	\$0	\$0	\$0
FY17-18	Akron Quick Attack Monitor Nozzle	\$16,000	GF Cash	\$0	\$16,000	\$0	\$0	\$0	\$0
FY17-18	Paratech Vehicle Stabilization Kit	\$7,500	GF Cash	\$0	\$7,500	\$0	\$0	\$0	\$0
FY17-18	Replace Chevy Astro Van	\$40,000	GF Cash	\$0	\$40,000	\$0	\$0	\$0	\$0
FY17-18	Replace/Repair Front Apron Station 1	\$80,000	GF Cash	\$0	\$80,000	\$0	\$0	\$0	\$0
FY17-18	Replacement of AED's	\$40,000	GF Cash	\$0	\$40,000	\$0	\$0	\$0	\$0
FY17-18	Station 2 Office Remodel	\$40,000	GF Cash	\$0	\$40,000	\$0	\$0	\$0	\$0
FY17-18	Thermal Imaging Cameras	\$13,000	GF Cash	\$0	\$13,000	\$0	\$0	\$0	\$0
FY17-18	All Projects	\$236,500		\$0	\$236,500	\$0	\$0	\$0	\$0
FY18-19	Renovate Station 1 Deck Enclosure	\$600,000	GF Cash	\$0	\$0	\$600,000	\$0	\$0	\$0
FY18-19	Replacement of Self-Contained Breathing Apparatus	\$200,000	GF Cash	\$0	\$0	\$40,000	\$40,000	\$40,000	\$80,000
FY18-19	All Projects	\$800,000		\$0	\$0	\$640,000	\$40,000	\$40,000	\$80,000
FY20-21	Replace Deputy Fire Chief Vehicle	\$45,000	GF Cash	\$0	\$0	\$0	\$0	\$45,000	\$0
FY20-21	Replacement of Ladder 1	\$1,500,000	Loan	\$0	\$0	\$0	\$0	\$1,500,000	\$0
FY20-21	All Projects	\$1,545,000		\$0	\$0	\$0	\$0	\$1,545,000	\$0
FY21+	Training Facility	\$500,000	Loan	\$0	\$0	\$0	\$0	\$0	\$500,000
FY21+	All Projects	\$500,000		\$0	\$0	\$0	\$0	\$0	\$500,000
All	FIRE	\$3,844,000		\$748,500	\$250,500	\$640,000	\$40,000	\$1,585,000	\$580,000



YEAR	PROJECT	TOTAL COST	FUNDING MECHANISM	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	FUTURE YEARS
<b>INFORMATION TECHNOLOGY</b>									
FY16-17	Council Chamber Technology Upgrade	\$50,000	GF/W/S Cash	\$50,000	\$0	\$0	\$0	\$0	\$0
FY16-17	Key Access System Can	\$10,000	GF/W/S Cash	\$10,000	\$0	\$0	\$0	\$0	\$0
FY16-17	<i>All Projects</i>	\$60,000		\$60,000	\$0	\$0	\$0	\$0	\$0
All	<b>INFORMATION TECHNOLOGY</b>	\$60,000		\$60,000	\$0	\$0	\$0	\$0	\$0
<b>POLICE</b>									
FY16-17	Police Mobile System Server & Software	\$125,000	GF/SDF Cash	\$125,000	\$0	\$0	\$0	\$0	\$0
FY16-17	Police Vehicle Replacements	\$1,102,000	GF Cash	\$215,000	\$213,000	\$213,000	\$213,000	\$213,000	\$0
FY16-17	<i>All Projects</i>	\$1,192,000		\$340,000	\$213,000	\$213,000	\$213,000	\$213,000	\$0
FY17-18	EnCase Forensic Computer Data Recovery System	\$16,000	GF Cash	\$0	\$16,000	\$0	\$0	\$0	\$0
FY17-18	Police Computer Systems	\$62,000	GF Cash	\$0	\$19,000	\$21,000	\$22,000	\$0	\$0
FY17-18	Police Mobile Computers	\$44,000	GF Cash	\$0	\$22,000	\$22,000	\$0	\$0	\$0
FY17-18	<i>All Projects</i>	\$122,000		\$0	\$57,000	\$43,000	\$22,000	\$0	\$0
All	<b>POLICE</b>	\$1,314,000		\$340,000	\$270,000	\$256,000	\$235,000	\$213,000	\$0
<b>PUBLIC WORKS</b>									
FY16-17	Boyd Park Improvements	\$88,000	GF Cash	\$88,000	\$0	\$0	\$0	\$0	\$0
FY16-17	City Hall Roof Improvements	\$5,500	GF Cash	\$5,500	\$0	\$0	\$0	\$0	\$0
FY16-17	City Ops HVAC	\$82,000	GF/W/S Cash	\$44,000	\$0	\$0	\$0	\$38,000	\$0
FY16-17	Fire Station #1 Patio Improvements	\$7,000	GF Cash	\$7,000	\$0	\$0	\$0	\$0	\$0
FY16-17	Garage Doors at Wash Bay	\$10,000	GF Cash	\$10,000	\$0	\$0	\$0	\$0	\$0
FY16-17	Wayfinding Signs	\$86,000	GF/DT Cash	\$50,000	\$12,000	\$12,000	\$12,000	\$0	\$0
FY16-17	Old Tracey Grove Road Bridge Replacement Project	\$58,000	GF Cash/CPO	\$58,000	\$0	\$0	\$0	\$0	\$0
FY16-17	Pallet Racking & Shelving	\$10,000	GF Cash	\$10,000	\$0	\$0	\$0	\$0	\$0
FY16-17	Patton Pool Lights	\$17,000	GF Cash	\$17,000	\$0	\$0	\$0	\$0	\$0
FY16-17	Powell Bill Improvements	\$3,306,280	Powell Bill Fund/Cash	\$476,280	\$500,000	\$330,000	\$500,000	\$500,000	\$1,000,000
FY16-17	Salt Spreaders	\$28,000	GF Cash	\$14,000	\$14,000	\$0	\$0	\$0	\$0
FY16-17	Sidearm Mower and Tractor Replacement	\$105,000	GF Cash	\$105,000	\$0	\$0	\$0	\$0	\$0
FY16-17	Snow Blades	\$30,000	GF Cash	\$10,000	\$10,000	\$10,000	\$0	\$0	\$0
FY16-17	Vehicle Replacements	\$402,500	GF Cash	\$27,500	\$55,000	\$0	\$55,000	\$55,000	\$210,000
FY16-17	Zero Turn Mower	\$28,000	GF Cash	\$14,000	\$0	\$0	\$0	\$0	\$0
FY16-17	<i>All Projects</i>	\$4,263,280		\$936,280	\$591,000	\$352,000	\$567,000	\$593,000	\$1,210,000
FY17-18	Berkeley Park Improvements	\$750,000	GF Cash	\$0	\$300,000	\$250,000	\$200,000	\$0	\$0
FY17-18	Maple Street Improvements	\$230,000	Powell Bill Fund	\$0	\$230,000	\$0	\$0	\$0	\$0
FY17-18	Patton Park Pond	\$32,000	GF Cash	\$0	\$32,000	\$0	\$0	\$0	\$0
FY17-18	Patton Park Pedestrian Bridge and Vehicular Bridge Replacement	\$50,000	GF Cash	\$0	\$50,000	\$0	\$0	\$0	\$0
FY17-18	Patton Pool Umbrellas	\$20,000	GF Cash	\$0	\$20,000	\$0	\$0	\$0	\$0
FY17-18	Pavement Condition Survey	\$17,000	GF Cash	\$0	\$17,000	\$0	\$0	\$0	\$0
FY17-18	Resurface Whitmire Building Parking Lot	\$20,000	GF Cash	\$0	\$20,000	\$0	\$0	\$0	\$0
FY17-18	Tom's Park Pedestrian Bridge	\$30,000	GF Cash	\$0	\$30,000	\$0	\$0	\$0	\$0
FY17-18	Whitmire Building Floor Replacement	\$30,000	GF Cash	\$0	\$30,000	\$0	\$0	\$0	\$0
FY17-18	<i>All Projects</i>	\$1,179,000		\$0	\$729,000	\$250,000	\$200,000	\$0	\$0
FY18-19	Fleet Maintenance Lot Resurfacing	\$65,000	GF Cash	\$0	\$0	\$65,000	\$0	\$0	\$0
FY18-19	Grounds Maintenance Equipment Storage	\$40,000	GF Cash	\$0	\$0	\$40,000	\$0	\$0	\$0
FY18-19	Streets Dept Walk Saw	\$6,000	GF Cash	\$0	\$0	\$6,000	\$0	\$0	\$0
FY18-19	Sullivan Park Improvements	\$25,000	GF Cash	\$0	\$0	\$25,000	\$0	\$0	\$0
FY18-19	<i>All Projects</i>	\$136,000		\$0	\$0	\$136,000	\$0	\$0	\$0
FY19-20	Air Compressor	\$18,000	GF Cash	\$0	\$0	\$0	\$18,000	\$0	\$0
FY19-20	Asphalt Roller	\$65,000	GF Cash	\$0	\$0	\$0	\$65,000	\$0	\$0
FY19-20	Hendersonville Gateway Park	\$110,000	GF Cash	\$0	\$0	\$0	\$110,000	\$0	\$0
FY19-20	Patton Park Tennis Court Lights	\$36,000	GF Cash	\$0	\$0	\$0	\$36,000	\$0	\$0
FY19-20	<i>All Projects</i>	\$229,000		\$0	\$0	\$0	\$229,000	\$0	\$0
FY20-21	Bucket Truck Replacement	\$100,000	GF Cash	\$0	\$0	\$0	\$0	\$100,000	\$0
FY20-21	Rotary Park Playground Equipment	\$15,000	Rotary Donation	\$0	\$0	\$0	\$0	\$15,000	\$0
FY20-21	<i>All Projects</i>	\$115,000		\$0	\$0	\$0	\$0	\$115,000	\$0
FY21+	Columbarium at Oakdale Cemetery	\$18,000	GF Cash	\$0	\$0	\$0	\$0	\$0	\$18,000
FY21+	Splash Pad or Water Slide	\$130,000	GF Cash	\$0	\$0	\$0	\$0	\$0	\$130,000
FY21+	<i>All Projects</i>	\$148,000		\$0	\$0	\$0	\$0	\$0	\$148,000
All	<b>PUBLIC WORKS</b>	\$6,070,280		\$936,280	\$1,320,000	\$738,000	\$996,000	\$708,000	\$1,358,000



YEAR	PROJECT	TOTAL COST	FUNDING MECHANISM	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	FUTURE YEARS
<b>WATER &amp; SEWER</b>									
FY16-17	ATV for Inspecting Outfalls	\$15,000	WS Cash	\$15,000	\$0	\$0	\$0	\$0	\$0
FY16-17	Cobblestone Hydro Pump Station	\$200,000	WS Cash	\$200,000	\$0	\$0	\$0	\$0	\$0
FY16-17	Cornerstone/Comet Dr. Sanitary Sewer Improvements	\$12,600	WS Cash	\$12,600	\$0	\$0	\$0	\$0	\$0
FY16-17	District Metering & Pump Station Metering	\$500,000	WS Cash	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$0
FY16-17	Dump Truck Replacement - Water	\$473,000	WS Cash	\$156,000	\$92,000	\$0	\$0	\$0	\$225,000
FY16-17	Eastside Transmission Main, Phase 2	\$2,556,000	WS Cash/CPO	\$154,000	\$2,402,000	\$0	\$0	\$0	\$0
FY16-17	Equipment Shed	\$250,000	WS Cash	\$250,000	\$0	\$0	\$0	\$0	\$0
FY16-17	Garden Lane Pump Station Deck	\$540,000	WS Cash	\$25,000	\$0	\$0	\$515,000	\$0	\$0
FY16-17	Generators and ATS	\$2,250,000	WS Cash	\$150,000	\$150,000	\$150,000	\$150,000	\$150,000	\$1,500,000
FY16-17	Gravity Filter Replacement	\$1,047,000	WS Cash/CPO	\$125,000	\$922,000	\$0	\$0	\$0	\$0
FY16-17	Highway 64 Relocation NCDOT	\$1,030,000	WS Cash/CRF	\$1,030,000	\$0	\$0	\$0	\$0	\$0
FY16-17	Inflow and Filtration Improvements	\$2,000,000	WS Cash	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$1,500,000
FY16-17	Motor Vehicle Replacements	\$2,040,000	WS Cash	\$102,000	\$102,000	\$102,000	\$102,000	\$102,000	\$1,530,000
FY16-17	Northside (Fletcher Area) Water System Improvements	\$2,441,180	WS Cash/CPO	\$468,180	\$1,973,000	\$0	\$0	\$0	\$0
FY16-17	Pump Station Metering and Weather Stations	\$500,000	WS Cash	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000	\$0
FY16-17	Rutledge Rd. Water System Improvements	\$476,000	WS Cash/CPO	\$476,000	\$0	\$0	\$0	\$0	\$0
FY16-17	SCADA System Upgrade	\$793,000	WS Cash/CPO	\$793,000	\$0	\$0	\$0	\$0	\$0
FY16-17	Sewer Repairs and Replacements	\$7,056,197	WS Cash	\$256,197	\$150,000	\$200,000	\$200,000	\$250,000	\$6,000,000
FY16-17	Spartanburg Highway Sanitary Sewer Improvements	\$169,000	WS Cash	\$169,000	\$0	\$0	\$0	\$0	\$0
FY16-17	Upward Road NCDOT	\$262,395	WS Cash/CRF	\$262,395	\$0	\$0	\$0	\$0	\$0
FY16-17	Water Repairs and Replacements	\$7,056,197	WS Cash	\$256,197	\$150,000	\$200,000	\$200,000	\$250,000	\$6,000,000
FY16-17	WTP Lawnmower	\$15,000	WS Cash	\$15,000	\$0	\$0	\$0	\$0	\$0
FY16-17	WWTP Generator & ATS	\$934,000	WS Cash/Loan/CPO	\$100,000	\$834,000	\$0	\$0	\$0	\$0
<b>FY16-17</b>	<b>All Projects</b>	<b>\$32,616,569</b>		<b>\$5,315,569</b>	<b>\$7,075,000</b>	<b>\$952,000</b>	<b>\$1,467,000</b>	<b>\$1,052,000</b>	<b>\$16,755,000</b>
FY17-18	36-inch Asphalt Saw	\$27,000	Loan/Grant	\$0	\$27,000	\$0	\$0	\$0	\$0
FY17-18	Backhoe/Excavator Replacements - Water	\$362,000	WS Cash	\$0	\$73,000	\$0	\$0	\$0	\$289,000
FY17-18	French Broad River Raw Water Intake and Pump Station, Phase 2	\$5,098,000	WS Cash/Loan	\$0	\$5,098,000	\$0	\$0	\$0	\$0
FY17-18	Howard Gap Rd. Water Extension, Phase 1	\$1,489,000	WS Cash	\$0	\$243,000	\$1,246,000	\$0	\$0	\$0
FY17-18	Mud Creek Sewer Replacement, Phase 3	\$1,144,000	WS Cash	\$0	\$176,000	\$968,000	\$0	\$0	\$0
FY17-18	N. Main St. Sanitary Sewer and Water Improvements	\$1,047,000	WS Cash	\$0	\$1,047,000	\$0	\$0	\$0	\$0
FY17-18	Pathways of Solomon Jones Hydro Pump Station	\$205,000	WS Cash	\$0	\$205,000	\$0	\$0	\$0	\$0
FY17-18	Smokey Ridge Apartments Sewer Pump Station Elimination	\$418,000	WS Cash	\$0	\$65,000	\$353,000	\$0	\$0	\$0
FY17-18	Trench Roller/Compactor	\$62,000	WS Cash	\$0	\$62,000	\$0	\$0	\$0	\$0
FY17-18	U.S. Highway 64 E / Highland Square Sanitary Sewer Improvements	\$146,000	WS Cash	\$0	\$23,000	\$123,000	\$0	\$0	\$0
FY17-18	Williams St. / 4th Avenue E Sanitary Sewer Replacement	\$342,000	WS Cash	\$0	\$42,000	\$300,000	\$0	\$0	\$0
FY17-18	WTP Centrifuge	\$816,000	Loan	\$0	\$816,000	\$0	\$0	\$0	\$0
FY17-18	WTP Relocate Raw Water Intake - MR	\$469,000	WS Cash	\$0	\$89,000	\$348,000	\$0	\$0	\$32,000
<b>FY17-18</b>	<b>All Projects</b>	<b>\$11,625,000</b>		<b>\$0</b>	<b>\$7,966,000</b>	<b>\$3,338,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$321,000</b>
FY18-19	Air Compressor Replacements - Water	\$38,000	WS Cash	\$0	\$0	\$19,000	\$0	\$0	\$19,000
FY18-19	Dump Truck Replacement - Sewer	\$174,000	WS Cash	\$0	\$0	\$92,000	\$0	\$0	\$82,000
FY18-19	Florida Avenue Sanitary Sewer and Water Improvements	\$1,033,000	WS Cash	\$0	\$0	\$159,000	\$874,000	\$0	\$0
FY18-19	Howard Gap Rd. Water Main Extension, Phase 2	\$2,366,000	WS Cash	\$0	\$0	\$385,000	\$1,981,000	\$0	\$0
FY18-19	Large Skid Steer	\$100,000	WS Cash	\$0	\$0	\$100,000	\$0	\$0	\$0
FY18-19	LongJohn Mountain Interconnect, Pump Stations and Storage Tank	\$3,676,000	WS Cash	\$0	\$0	\$857,000	\$2,819,000	\$0	\$0
FY18-19	Oakland St. and Fleming St. Sanitary Sewer and Water Improvements	\$2,188,000	WS Cash	\$0	\$0	\$336,000	\$1,852,000	\$0	\$0
FY18-19	SCADA System Servers	\$108,000	WS Cash	\$0	\$0	\$27,000	\$0	\$0	\$81,000
FY18-19	S. Rugby Road Water Main Interconnection	\$1,888,000	WS Cash	\$0	\$0	\$358,000	\$1,530,000	\$0	\$0
FY18-19	WTP Bradley Creek Reservoir Dredging	\$641,000	WS Cash	\$0	\$0	\$44,000	\$597,000	\$0	\$0
FY18-19	WWTP Lawnmower	\$18,500	WS Cash	\$0	\$0	\$18,500	\$0	\$0	\$0
FY18-19	WWTP Sludge Drying System	\$4,010,000	WS Cash	\$0	\$0	\$233,000	\$3,777,000	\$0	\$0
<b>FY18-19</b>	<b>All Projects</b>	<b>\$12,230,500</b>		<b>\$0</b>	<b>\$0</b>	<b>\$2,628,500</b>	<b>\$13,430,000</b>	<b>\$0</b>	<b>\$182,000</b>



YEAR	PROJECT	TOTAL COST	FUNDING MECHANISM	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	FUTURE YEARS
<b>WATER &amp; SEWER</b>									
FY19-20	Brookwood Sewer Pump Station Replacement	\$315,000	WS Cash	\$0	\$0	\$0	\$315,000	\$0	\$0
FY19-20	Dana Rd. Water Main Extension	\$1,458,000	WS Cash	\$0	\$0	\$0	\$230,000	\$1,228,000	\$0
FY19-20	Eastside Improvements - Phase 3	\$2,229,000	WS Cash	\$0	\$0	\$0	\$362,000	\$1,867,000	\$0
FY19-20	Pace Rd. Water Main Extension and Interconnect	\$883,000	WS Cash	\$0	\$0	\$0	\$43,000	\$840,000	\$0
FY19-20	Willow Rd., Cherokee Dr., Park St. Sanitary Sewer and Water Improvements	\$3,198,000	WS Cash	\$0	\$0	\$0	\$492,000	\$2,706,000	\$0
FY19-20	WTP Expansions, 12-MGD to 15-MGD	\$5,331,000	Loan	\$0	\$0	\$0	\$231,000	\$0	\$5,100,000
FY19-20	<i>All Projects</i>	<i>\$13,414,000</i>		<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>\$1,673,000</i>	<i>\$6,641,000</i>	<i>\$5,100,000</i>
FY20-21	Backhoe/Excavator Replacement - Sewer	\$194,000	WS Cash	\$0	\$0	\$0	\$0	\$73,000	\$121,000
FY20-21	Equipment Trailer Replacements - Water	\$46,000	WS Cash	\$0	\$0	\$0	\$0	\$46,000	\$0
FY20-21	Finley Cove Rd. Pump Station	\$194,000	WS Cash	\$0	\$0	\$0	\$0	\$58,000	\$136,000
FY20-21	Replace Equipment Trailers - Water	\$32,000	WS Cash	\$0	\$0	\$0	\$0	\$16,000	\$16,000
FY20-21	<i>All Projects</i>	<i>\$466,000</i>		<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>\$193,000</i>	<i>\$273,000</i>
FY21+	1st Avenue W and Oak St. Sanitary Sewer and Water Improvements	\$739,000	WS Cash	\$0	\$0	\$0	\$0	\$0	\$739,000
FY21+	16-inch Transmission Water Main from WTP to Ewart Hill Slip Lining	\$2,063,000	WS Cash	\$0	\$0	\$0	\$0	\$0	\$2,063,000
FY21+	24-PCCP Transmission Main Replacement	\$8,000,000	Loan	\$0	\$0	\$0	\$0	\$0	\$8,000,000
FY21+	7th Avenue Residential Sanitary Sewer and Water Improvements	\$883,000	WS Cash	\$0	\$0	\$0	\$0	\$0	\$883,000
FY21+	AMI Metering Infrastructure Replacement	\$11,846,000	WS Cash	\$0	\$0	\$0	\$0	\$0	\$11,846,000
FY21+	Bradley Creek Raw Water Line Slip Lining	\$1,505,000	WS Cash	\$0	\$0	\$0	\$0	\$0	\$1,505,000
FY21+	CCTV Sewer Inspection Vehicle	\$482,000	Loan	\$0	\$0	\$0	\$0	\$0	\$482,000
FY21+	Druid Hills Sanitary Sewer and Water Improvements	\$4,116,000	WS Cash	\$0	\$0	\$0	\$0	\$0	\$4,116,000
FY21+	Ewart Hill 5-MG Storage Reservoir Replacement	\$3,750,000	WS Cash	\$0	\$0	\$0	\$0	\$0	\$3,750,000
FY21+	Fairgrounds Avenue (E. Flat Rock Area) - Repair and Replacement Project	\$1,605,000	WS Cash	\$0	\$0	\$0	\$0	\$0	\$1,605,000
FY21+	Fruitland Rd. Water Main Extension	\$1,519,000	WS Cash	\$0	\$0	\$0	\$0	\$0	\$1,519,000
FY21+	Mud Creek Interceptor Replacement, Phase 1	\$1,281,000	WS Cash	\$0	\$0	\$0	\$0	\$0	\$1,281,000
FY21+	Mud Creek Interceptor Replacement, Phase 2	\$850,000	WS Cash	\$0	\$0	\$0	\$0	\$0	\$850,000
FY21+	NC Highway 191 30-inch Water Transmission Upgrade (NCDOT)	\$2,151,000	WS Cash	\$0	\$0	\$0	\$0	\$0	\$2,151,000
FY21+	N. Highland Lake Rd. Interconnection	\$708,000	WS Cash	\$0	\$0	\$0	\$0	\$0	\$708,000
FY21+	North Fork Raw Water Line Slip Lining	\$2,063,000	WS Cash	\$0	\$0	\$0	\$0	\$0	\$2,063,000
FY21+	S. Mills Gap Rd. Water Main Extension	\$1,152,000	WS Cash	\$0	\$0	\$0	\$0	\$0	\$1,152,000
FY21+	Sewer Vactor Truck Replacement	\$736,000	Loan	\$0	\$0	\$0	\$0	\$0	\$736,000
FY21+	Skid Steer ROW Clearing Equipment	\$84,000	WS Cash	\$0	\$0	\$0	\$0	\$0	\$84,000
FY21+	Southside Water System Improvements	\$3,052,000	WS Cash	\$0	\$0	\$0	\$0	\$0	\$3,052,000
FY21+	Tapping Machine (4" to 12")	\$62,000	WS Cash	\$0	\$0	\$0	\$0	\$0	\$62,000
FY21+	U.S. Highway 64 E / Highland Square Sanitary Sewer Improvements	\$142,000	WS Cash	\$0	\$0	\$0	\$0	\$0	\$142,000
FY21+	US Highway 64 West 30-inch Transmission Main	\$8,822,000	WS Cash	\$0	\$0	\$0	\$0	\$0	\$8,822,000
FY21+	WTP Expansions, 15-MGD to 18-MGD	\$8,653,000	WS Cash	\$0	\$0	\$0	\$0	\$0	\$8,653,000
FY21+	WWTP Expansion, 6.0 MGD	\$205,000	WS Cash	\$0	\$0	\$0	\$0	\$0	\$205,000
FY21+	<i>All Projects</i>	<i>\$66,469,000</i>		<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>\$0</i>	<i>\$66,469,000</i>
<b>All</b>	<b>WATER &amp; SEWER</b>	<b>\$136,821,069</b>		<b>\$5,315,569</b>	<b>\$15,041,000</b>	<b>\$6,918,500</b>	<b>\$16,570,000</b>	<b>\$7,886,000</b>	<b>\$89,100,000</b>



**City of Hendersonville**  
**Pay and Classification Schedule**

GRADE	HIRING RATE	MIN	MID	MAX	Position
1	20,554.51	21,582.24	27,267.19	31,278.62	
2	21,585.53	22,664.81	27,214.78	32,844.04	
3	22,662.66	23,795.79	28,572.72	34,482.78	
4	23,794.27	24,983.99	30,000.34	36,206.40	Street Maintenance Worker I Environmental Services Worker I Property Maintenance Worker I
5	24,985.61	26,234.89	31,501.82	38,018.03	Street Maintenance Worker II Environmental Services Worker II
6	26,235.62	27,547.41	33,077.70	39,919.77	Line Maintenance Mechanic Equipment Service Attendant Facilities Maintenance Technician
7	27,546.41	28,923.73	34,731.11	41,915.81	Meter Maintenance Mechanic Administrative Support Specialist Customer Services Specialist Equipment Operator Police Support Specialist
8	28,924.26	30,370.47	36,467.82	44,011.39	Facility Maintenance Mechanic Police Telecommunicator Property Maintenance Crewleader Traffic Enforcement Officer Utility Locations Specialist Warehouse Specialist Senior Line Maintenance Mechanic Sr. Police Support Specialist Treatment Plant Operator I
9	30,370.21	31,888.72	38,293.07	46,215.94	Accounting Technician Building Maintenance Technician Equipment Mechanic Firefighter/EMT Lead Telecommunicator



**City of Hendersonville**  
**Pay and Classification Schedule**

GRADE	HIRING RATE	MIN	MID	MAX	Position
10	31,888.45	33,482.88	40,204.24	48,520.03	Street Maintenance Crewleader
					Police Officer
					Parking Services Supervisor
					Senior Administrative Support Specialist
					Senior Accounting Technician
					Senior Facility Maintenance Mechanic
					Traffic Control Technician
					Utility Operations Support Specialist
					Telecommunications Supervisor
					Environmental Services Crew Leader
Treatment Plant Operator II					
11	33,483.19	35,157.35	42,215.48	50,947.76	Equipment Services Specialist
					Fire Engineer
					Line Maintenance Crewleader
					Zoning Code Enforcement Officer
					Property Maintenance Supervisor
					Inflow & Infiltration Technician
					Leak Detection Technician
					Traffic Control Supervisor
					Public Information Officer
Promotions Coordinator					
12	35,156.52	36,914.34	44,315.25	53,494.94	Utility Operations Support Supervisor
					Police Detective
					Laboratory Technician
					Environmental Services Coordinator
					Budget & Management Analyst
					Payroll Benefits Coordinator
					Treatment Plant Operator III
13	36,916.80	38,762.64	46,544.42	56,172.05	Administrative Aide
					Building Maintenance Supervisor
					Fire Lieutenant
					Human Resources Coordinator
					Deputy Fire Marshal
					Fleet Maintenance Supervisor
					Meter Services Supervisor
					Police Sergeant
					Environmental Services Supervisor
					Street Maintenance Supervisor
GIS Analyst					
14	38,763.01	40,701.16	48,870.52	58,978.03	Collections & Distribution Systems Supervisor
					Police Communications & Technology Manager
					Laboratory Supervisor
					Treatment Plant Supervisor
					Quality Excellence Coordinator
					Paralegal



**City of Hendersonville**  
**Pay and Classification Schedule**

GRADE	HIRING RATE	MIN	MID	MAX	Position
15	40,698.28	42,733.19	51,314.49	61,930.70	Fire Captain
					Investigations Lieutenant
					Police Lieutenant
					Planner
					Facility Maintenance Superintendent
					Accountant
					Engineering Technician
					Stormwater Quality Specialist
16	42,734.13	44,870.84	53,879.48	65,024.83	Electrical and Instruction Technician
					City Clerk
					Police 1st Lieutenant
					Main Street / Economic Development Director
17	44,869.53	47,113.01	56,572.30	68,275.07	Fire Marshal
					Treatment Plant Superintendent
					Senior Accounting Supervisor
					Revenue Accounting Supervisor
					Senior Planner
18	47,113.90	49,469.59	59,402.91	71,691.92	Assistant Finance Director
					Police Captain
19	49,471.43	51,945.00	62,372.35	75,273.27	
20	51,943.16	54,540.32	65,489.52	79,035.88	Assistant Police Chief
					Assistant Public Works Director
					Deputy Fire Chief
					Technology and Metering Manager
21	54,540.64	57,267.67	68,766.49	82,992.34	Civil Engineer
					GIS Administrator
					Utilities Engineer
22	57,265.94	60,129.24	72,202.72	87,139.49	Assistant Utilities Director
					Human Resources Director
23	58,978.03	61,926.93	75,237.64	91,497.25	Information Technology Director
					Assistant to City Manager/Budget & Eval. Director
					Downtown Economic Development Director
24	63,136.71	66,293.54	79,604.83	96,072.95	Finance Director
					Public Works Director
					Police Chief
					Fire Chief
					City Engineer
					Development Assistance Director
25	66,296.84	69,611.69	83,585.39	100,873.93	
26	69,612.05	73,092.66	87,767.64	105,923.23	Utilities Director



Special Appropriation Requests				
Organization	Prior Year FY14-15	Current Year FY15-16	Requested FY16-17	Council Appropriation
Agribusiness Henderson County (AgHC)	\$5,000	\$5,000	\$5,000	\$5,000
America In Bloom	\$0	\$500	\$700	\$700
Arts Council of Henderson County, Inc.	\$1,500	\$1,400	\$3,000	\$1,600
BRCC Educational Foundation, Inc.	\$0	\$400	\$3,250	\$1,200
Blue Ridge Community Health Services	\$0	\$0	\$10,000	\$6,000
Boy's & Girl's Club of Henderson County	\$15,000	\$15,000	\$20,000	\$20,000
Chamber of Commerce	\$10,000	\$10,000	\$0	\$0
Children & Family Resource Center	\$0	\$3,700	\$9,500	\$5,000
Community Partnership for Pets	\$10,000	\$9,000	\$20,277	\$11,900
Flat Rock Playhouse (The Vagabond School)	\$80,000	\$11,800	\$25,000	\$16,000
Hand On! - A Child's Gallery	\$2,000	\$600	\$2,400	\$2,000
Henderson County Economic Investment Fund	\$0	\$50,000	\$50,000	\$50,000
Henderson County Heritage Museum	\$5,000	\$0	\$7,000	\$3,800
Henderson County Partnership for Economic Development	\$15,000	\$15,000	\$15,000	\$15,000
Henderson County Planning Department	\$108,164	\$116,866	\$126,691	\$126,691
Henderson County Rescue Squad	\$10,000	\$10,000	\$10,000	\$10,000
Henderson County Young Leaders Program (Camplify)	\$0	\$0	\$2,000	\$1,000
Hendersonville Little Theatre	\$0	\$800	\$10,000	\$3,000
Hendersonville Shuffleboard Club	\$1,200	\$880	\$1,200	\$1,200
Hendersonville Sister Cities, Inc. (HSC)	\$500	\$900	\$1,477	\$1,500
Hendersonville Symphony	\$2,000	\$2,000	\$10,000	\$3,000
Interfaith Assistance Ministry	\$0	\$3,000	\$5,000	\$4,000
Mainstay, Inc.	\$0	\$6,000	\$0	\$0
Mayor's Advocacy Council	\$500	\$500	\$500	\$500
Medical Loan Closet of Henderson County, Inc.	\$1,000	\$1,200	\$3,000	\$3,000
Merchant's and Business Association	\$0	\$2,000	\$2,000	\$2,000
Mills River Partnership	\$66,130	\$66,130	\$63,500	\$63,500
Mineral & Lapidary Museum	\$5,000	\$2,600	\$10,000	\$2,200
Pisgah Legal Services - Domestic Violence	\$1,500	\$1,500	\$10,000	\$4,000
St. Gerard House	\$0	\$0	\$6,000	\$2,400
Team ECCO	\$5,000	\$3,600	\$3,500	\$0
The Healing Place, Inc.	\$1,500	\$1,500	\$0	\$0
The Mediation Center	\$500	\$500	\$1,500	\$1,000
<b>Total</b>	<b>\$346,494</b>	<b>\$342,376</b>	<b>\$437,495</b>	<b>\$367,191</b>

Figure 1.1 Special Appropriations Summary

The far right column, “Council Appropriation” contains the amount approved to be granted in the budget for FY16-17.

