

**September 4, 2014**  
**Regular Meeting of the City Council**  
**Council Chambers – City Hall**  
**5:45 p.m.**

Present: Mayor Barbara G. Volk, Mayor Pro Tem Ron Stephens and Council Members: Steve Caraker, Jerry Smith and Jeff Miller

Staff Present: City Manager John F. Connet, City Attorney Sam Fritschner, City Clerk Tammie Drake, Planning Director Sue Anderson, Police Captain Doug Jones, Fire Chief Dorian Flowers, Utilities Director Lee Smith, Finance Director Lisa White, Deputy Fire Chief Joe Vindigni, Public Works Director Tom Wooten

**1. Call to Order:** Mayor Volk called the meeting to order at 5:45 p.m. and welcomed those in attendance. A quorum was established with all five members in attendance.

**2. Invocation and Pledge of Allegiance:** A moment of silence for prayer was followed by the Pledge of Allegiance to the Flag.

**3. Public Comment Time:** *Up to 15 minutes is reserved for comments from the public for items not listed on the agenda.* Mayor Volk asked those speaking to limit their comments to approximately five minutes.

Farrell Beam, 3115 Magnolia Dr., Hendersonville, spoke in support of the rezoning request by the Shepherds.

LeAnn Bittle, 294 Messersmith Rd., Lake Lure, spoke in support of the rezoning request of the Shepherds.

Lura McCraw, 9 W. Rutledge Court, Fletcher, NC, spoke in support of the rezoning request by the Shepherds.

**4. Consideration of Agenda:**

Mayor Volk noted the addition to the consent agenda: a special event permit for a Patriot's Day program on 09/11. **Council Member Caraker moved approval of the agenda with the addition. A unanimous vote of the Council followed. Motion carried.**

**5. Consideration of Consent Agenda:** *These items are considered routine, non-controversial in nature and are considered and approved by a single motion and vote.*

**A. Consideration of Minutes:**

- i. August 7, 2014 Regular Meeting and
- ii. August 11, 2014 Special Joint Meeting with Seventh Avenue Advisory Committee

**B. Consideration of an Ordinance amending Section 2-138 of the Code of Ordinances Pertaining to Medical Insurance for Certain City Government Retirees (for clarification purposes):** In order to clarify the intent of the City to pay medical insurance for employees retiring with 30 or more years of service with the City, City Attorney Fritschner presented the following ordinance:

Ordinance #14-0942

**AN ORDINANCE AMENDING SECTION 2-138 OF THE CODE OF ORDINANCES PERTAINING TO MEDICAL INSURANCE FOR CERTAIN CITY GOVERNMENT RETIREES**

WHEREAS, the Code of Ordinances Section 2-138 provides for the City to continue to carry medical insurance for employees retiring with 30 or more years of service, and

WHEREAS, there has arisen questions as to whether the years of service as provided in Section 2-138 refers to employees having 30 or more years of service with the City of Hendersonville, and

WHEREAS, it appears to be the intent of the City that the said section means to provide for employees retiring with more than 30 years of service with the City of Hendersonville, and

WHEREAS, the City Council wishes to amend the ordinance to clarify the said intent,

NOW, THEREFORE, be it ordained by the City Council of the City of Hendersonville:

SECTION 1. Hendersonville City Code Section 2-138 is hereby amended to read in full as follows:

Sec. 2-138. Group medical insurance coverage for retirees.

For employees who retire with 30 or more years of service with the City of Hendersonville, the city will continue to carry them on the city's group medical insurance plan and pay the premium until such time these employees reach the age of eligibility for social security and medicare benefits.

SECTION 2. SEVERABILITY. If any provision of this ordinance is for any reason held by a court of competent jurisdiction to be unconstitutional or invalid, such decision shall not affect the validity of the remaining provisions of this ordinance.

SECTION 3. EFFECTIVE DATE. This ordinance shall be in full force and effect from and after the date of its adoption.

Adopted this fourth day of September 2014.

/s/Barbara G. Volk, Mayor

Attest: /s/Tammie K. Drake, City Clerk

Approved as to Form: /s/Samuel H. Fritschner, City Attorney

**C. Consideration of Lease Agreement with Asheville Office Solutions for a Canon Plotter for the Engineering Department:** City Engineer Brent Detwiler presented a lease agreement with Asheville Office Solutions for a large format plotter/copier/scanner to replace its existing plotter which is more than ten years old. The lowest priced and best fit for the department is a Canon image PROGRAF iPF765 MFP M40 Wide Format System. The lease is \$141/month for 60 months with a \$1,195 annual maintenance agreement. The monthly payment is paid by the general and water/sewer funds. *[The agreement is on file in the office of the City Clerk.]*

**D. Consideration of Resolution accepting the BB & T financing terms and authorize the City Manager to enter into a contract for financing of capital equipment in the amount of \$242,500:** Ms. Lisa White explained capital financing was planned in the fiscal year 2015 budget for the following capital equipment: two dump trucks, one zoning vehicle, one turn mower, one salt and sand spreader, a storage system in the new Sugar Loaf storage building, a Polaris and the replacement of the city-wide telephone system. The budget planned for the first payment of capital equipment financing to begin during fiscal year 2016. She reported the finance department staff issued a request for proposals for bank financing for a term of three years. The RFP was sent to local banks and posted on the City's website. The City received the following five proposals:

BB&T	1.21%	\$5,730.00
SunTrust	1.57%	\$7,106.16
HomeTrust	2.17%	\$9,581.76
PNC Equipment Finance	2.56%	\$11,230.12
Bank of NC	2.95%	\$13,266.32

BB&T was the low bidder at a rate of 1.21 percent for three years.

Resolution #14-0943

#### Resolution Approving Financing Terms

WHEREAS: The City of Hendersonville ("City") has previously approved the fiscal year budget for fiscal year 2015 which included proceeds of bank financing for capital equipment, the Finance Officer has now presented a proposal for the financing of such Capital Equipment.

BE IT THEREFORE RESOLVED, as follows:

1. The City hereby determines to finance the Capital Equipment through Branch Banking and Trust Company ("BB&T"), in accordance with the proposal dated July 30, 2014. The amount financed shall not exceed \$242,500 the annual interest rate (in the absence of default or change in tax status) shall not exceed 1.21%, and the financing term shall not exceed three (3) years from closing.
2. All financing contracts and all related documents for the closing of the financing (the "Financing Documents") shall be consistent with the foregoing terms. All officers and employees of the City are hereby authorized and directed to execute and deliver any Financing Documents, and to take all such further action as they may consider necessary or desirable, to carry out the financing of the Capital Equipment as contemplated by the proposal and this resolution. The Financing Documents shall include a Financing Agreement and a Capital Equipment Fund Agreement as BB&T may request.
3. The Finance Officer is hereby authorized and directed to hold executed copies of the Financing Documents until the conditions for the delivery of the Financing Documents have been completed to such officer's satisfaction. The Finance Officer is authorized to approve changes to any Financing Documents previously signed by City officers or employees, provided that such changes shall not substantially alter the intent of such documents or certificates from the intent expressed in the forms executed by such officers. The Financing Documents shall be in such final forms as the Finance Officer shall approve, with the Finance Officer's release of any Financing Document for delivery constituting conclusive evidence of such officer's final approval of the Document's final form.
4. The City shall not take or omit to take any action the taking or omission of which shall cause its interest payments on this financing to be includable in the gross income for federal income tax purposes of the registered owners of the interest payment obligations. The City hereby designates its obligations to make principal and interest payments under the Financing Documents as "qualified tax-exempt obligations" for the purpose of Internal Revenue Code Section 265(b)(3).
5. All prior actions of City officers in furtherance of the purposes of this resolution are hereby ratified, approved and confirmed. All other resolutions (or parts thereof) in conflict with this resolution are hereby repealed, to the extent of the conflict. This resolution shall take effect immediately.

Approved this fourth day of September, 2014.

/s/Barbara G. Volk, Mayor

Attest: /s/Tammie K. Drake, City Clerk

**E. Consideration of Order to Collect Taxes:**

State of North Carolina  
County of Henderson

To: Donna Fox, Tax Collector for the City of Hendersonville:

You are hereby authorized, empowered, and commanded to collect the taxes set forth in the tax records filed in the office of the City of Hendersonville and in the tax receipts herewith delivered to you, in the amounts and from the taxpayers likewise therein set forth. Such taxes are hereby declared to be a first lien upon all real property of the respective taxpayers in the City of Hendersonville, and this order shall be a full and sufficient authority to direct, require, and enable you to levy on and sell any real or personal property of such taxpayers, for and on account thereof, in accordance with law. GS 105-321

Adopted this fourth day of September 2014.

/s/Barbara G. Volk, Mayor

Attest: /s/Tammie K. Drake, City Clerk

**F. Consideration of Lease Agreement with Great American Financial Services (for Duncan-Parnell) for a handheld GPS Unit:** Mr. Detwiler, Engineering Director, presented a proposal to lease a near-survey-grade handheld GPS unit. This will allow the department to save money in surveying costs for various City design and construction projects. The vendor is Duncan-Parnell with a proposal of \$254.99/month for a 60-month lease financed through Great American Financial Services. The monthly payment is split between the general and water/sewer funds. *[A copy of the agreement is available in the office of the City Clerk.]*

**G. Consideration of a five-year Agreement with Wells Fargo for Lockbox Services:** Ms. Lisa White, Finance Director, presented a proposal for bank lockbox services for more efficiency and a cost-effective means of collections for the finance department. She explained the advantages of using a bank lockbox including is the bank utilizes up-to-date technology and high-speed equipment which can process the payments much more expediently than employees/tellers can. She explained the City Finance - Water/Sewer Business office invoices, collects, processes and deposits funds from approximately 24,000 water bills each month. The department is currently staffed with 5.5 employees. She stated the use of a bank lockbox would reduce staff costs. One position will be vacated and it will not be filled.

Ms. White stated a request for proposals for lockbox services was issued June 11, 2014. The RFP was sent to all local banks and was placed on the City's website. Sealed proposals were received on July 11, 2014. The City received two proposals from Wells Fargo and First Citizens. After extended review and clarifications of per unit pricing and volume, she determined the best offer is from Wells Fargo. The terms of agreement are October 1, 2014 - September 30, 2019. *[A copy of the agreement is available in the office of the Finance Director.]*

**H. Consideration of a Five-year Contract with Wells Fargo for Central Depository Services:** Ms. White reported the finance department staff issued a request for proposals for core banking services on June 11, 2014. The RFP was sent to all local banks and was placed on the City's website. Finance staff held a pre-proposal meeting on June 30, 2014. She reported representatives from three banks attended. Sealed proposals were due July 11, 2014. The City received two proposals for core banking services from First Citizens and Wells Fargo.

Ms. White explained after extended review and clarification of terms with both bidders, the best offer was determined to be Wells Fargo. The new offer presented by Wells Fargo contains lower rates for several types of transactions and should save the City costs related to banking fees. The terms of the agreement are October 1, 2014 through September 30, 2019. *[A copy of the agreement is available in the office of the Finance Director.]*

**I. Consideration of Budget Amendments:****i. Budget Analyst and Management Position:**

General Fund: Salary and associated costs transferred to Administration to pay for the new Budget & Management Analyst position .

Total Current Budget Appropriations      \$49,189.07

**ii. To Transfer General Fund IT Department and Water and Sewer Fund IT Department funds to pay for VC3 Contracted Services:**

General Fund: Funds provided for IT salaries and other miscellaneous accounts will be reallocated to pay for VC3 contracting costs, located in the "Contracted Services" line-item (104140-569000).

Total Current Budget Appropriations      \$118,900.00

**J. Consideration of Resolution Accepting Governor's Highway Safety Program BikeSafe Grant in the Amount of \$10,000:**

Resolution 14-0944

North Carolina Governor's Highway Safety Program  
LOCAL GOVERNMENTAL RESOLUTION

WHEREAS, the City of Hendersonville Police Department (The Applicant Agency) (herein called the "Agency ") has completed an application contract for traffic safety funding; and that City of Hendersonville City Council (The Governing Body of the Agency) (herein called the "Governing Body ") has thoroughly considered the problem identified and has reviewed the project as described in the contract;

THEREFORE, NOW BE IT RESOLVED BY THE City of Hendersonville City Council (Governing Body) IN OPEN MEETING ASSEMBLED IN THE CITY OF Hendersonville, NORTH CAROLINA, THIS 4 DAY OF September, 2014, AS FOLLOWS:

1. That the project referenced above is in the best interest of the Governing Body and the general public; and
2. That Mike Vesely, Lieutenant (Name and Title of Representative) is authorized to file, on behalf of the Governing Body, an application contract in the form prescribed by the Governor's Highway Safety Program for federal funding in the amount of \$10,000.00 (Federal Dollar Request) to be made to the Governing Body to assist in defraying the cost of the project described in the contract application; and
3. That the Governing Body has formally appropriated the cash contribution of \$0 (Local Cash Appropriation) as required by the project contract; and
4. That the Project Director designated in the application contract shall furnish or make arrangements for other appropriate persons to furnish such information, data, documents and reports as required by the contract, if approved, or as may be required by the Governor's Highway Safety Program; and
5. That certified copies of this resolution be included as part of the contract referenced above; and
6. That this resolution shall take effect immediately upon its adoption.

DONE AND ORDERED in open meeting by Barbara G. Volk, Mayor  
ATTESTED BY Tammie K. Drake, City Clerk  
(Clerk)

SEAL

**K. Consideration of Ordinance Changing the Speed Limit on Half Moon Lane to 25 miles per hour:**

Ordinance #14-0945

**AN ORDINANCE DESIGNATING THE SPEED LIMIT FOR HALF MOON TRAIL**

WHEREAS: Section 50-142 of the Code of Ordinances of the City of Hendersonville establishes general speed limits for various districts within the corporate limits of the City of Hendersonville; and

WHEREAS: Section 50-144 of the Code of Ordinances of the City of Hendersonville authorizes the City Council to determine and impose speed limits that differ from the limits imposed under § 50-142; and

WHEREAS: That street known as Half Moon Trail, situated in a residential district within the City of Hendersonville, has been dedicated to public use and is therefore a public street, which pursuant to section 50-142 carries a speed limit of 35 miles per hour; and

WHEREAS: It is the opinion of the City Council, being advised, that for the safety of pedestrians and others traveling on Half Moon Trail the speed limit there ought to be 25 miles per hour;

NOW, BE IT THEREFORE ORDAINED:

1. Pursuant to its powers under § 50-144 of the Code of Ordinances of the City of Hendersonville the City Council hereby designates at 25 miles per hour the speed limit for Half Moon Trail;
2. The Public Works Director is authorized and requested forthwith to cause signs to be placed in appropriate places conspicuously giving notice of the designated speed limit.
3. This Ordinance shall become effective on the date of its adoption.

Adopted this fourth day of September, 2014.

/s/Barbara G. Volk, Mayor  
Attest: /s/Tammie K. Drake, City Clerk  
Approved as to Form: /s/Samuel H. Fritschner, City Attorney

**L. Consideration of Special Events Permits**

**i. Hendersonville High School 30th Class Reunion:** Mrs. Susan Frady, Zoning Administrator, reported the Special Events Committee voted unanimously to recommend that Council approve the event permit for the Hendersonville High School 30th Class Reunion. The event will be held at the Poe House located at 105 First Avenue West on October 4, 2014 and the alley only will be closed from 7:00 p.m. to midnight. First Avenue will remain open at all times.

**ii. Mainstay Welcome Party:** Mrs. Frady reported the Special Events Committee voted unanimously to recommend that Council approve the event permit for the Mainstay Welcome Party event. The event will be held at the Dandelion Café on September 19, 2014. The event will be a private welcome party for

guest staying in Hendersonville. Fifth Avenue will be closed from 6:30 to 10:30 p.m. from Church Street to Wall Street; one lane will remain unobstructed for emergency access.

**iii. City of Hendersonville Wellness Committee Turkey Trot 5k Walk/Run:** Mrs. Frady reported the Special Events Committee voted unanimously to recommend that Council approve the event permit for the Turkey Trot 5K Walk/Run event to be held on November 27, 2014 from 8:00 a.m. – 11:00 a.m. The event will begin at City Hall. The Police Department will lead the run. The Fire Department will be on hand for first aid and traffic control.

This event also needs approval by the City Council in order to allow an exemption to Section 10-7 of the City Code which prohibits animals at a special event to allow participants to run/walk with their dogs during this event.

**iv. Patriot's Day Program:** Ms. Frady reported the Special Events Committee voted unanimously to recommend that Council approve the event permit for the Patriots Day Program. The block in front of the Courthouse will be barricaded with fire trucks from 9:00 a.m. to 10:00 a.m. on September 11, 2014. The Courthouse lawn will be used for the primary event area and the parking spaces and street will be used for spectators.

**Council Member Caraker moved approval of the items listed on the consent agenda. A unanimous vote of the Council followed. Motion carried.**

**6. Public Hearing – Consideration of Application for Rezoning of a .52-acre lot from Ben Campen for Parcel Number 9568-19-3311, located on the southwest corner of Brevard Road and Westbrook Road, from R-20 Low Density Residential to R-15 Medium Density Residential District:** Ms. Anderson presented the application from Ben Campen for the rezoning of Parcel Number 9568-19-3311 located on the southwest corner of Brevard Road and Westbrook Road. This parcel consists of .52 acres and is vacant. The applicant is requesting a rezoning from R-20 Low Density Residential to R-15 Medium Density Residential.

*Comprehensive Plan Consistency:* Ms. Anderson explained NCGS 160A-383 requires zoning amendments be made in accordance with a comprehensive plan. She reported the 2030 Comprehensive Plan's Future Land Use Map designates this parcel as low intensity neighborhood/agricultural.

Ms. Anderson reviewed surrounding land uses and zoning district classifications and the dimensional requirements for both the R-15 and R-20 zoning districts.

*Planning Board Recommendation:* Ms. Anderson reported the Planning Board voted seven in favor and one opposed to recommend City Council approve the rezoning request changing the zoning designation from R-20 Low Density Residential to R-15 Medium Density Residential, finding that the rezoning is consistent with the Comprehensive Plan, the rezoning is reasonable and in the public interest stating that this is a higher and better use for the property.

Ms. Anderson provided the applicant's responses to the standards contained in Section 11-4 of the City's Zoning Ordinance.

Mayor Volk opened the public hearing at 6:01 p.m. in accordance with North Carolina General Statutes by notice published in the Hendersonville Lightning. No one expressed a desire to speak. The public hearing was closed.

There was some discussion of where the structure will be situated on the property.

**Council Member Caraker moved City Council adopt an ordinance amending the official zoning map of the City of Hendersonville changing the zoning designation of parcel number 9568-19-3311 from R-20 Low Density Residential to R-15 Medium Density Residential, finding that the rezoning is consistent with the Comprehensive Plan, the rezoning is reasonable and in the public interest because it matches the surrounding properties. A unanimous vote of the Council followed. Motion carried.**

Ordinance #14-0946

AN ORDINANCE AMENDING THE OFFICIAL ZONING MAP OF THE CITY OF HENDERSONVILLE  
IN RE: FILE NO. P14-33-Z

Be it ordained by the City Council of the City of Hendersonville:

1. Pursuant to Article XI Amendments of the Zoning Ordinance of the City of Hendersonville, North Carolina, the Zoning Map is hereby amended by changing the zoning designation of parcel number 9568-19-3311 from City of Hendersonville R-20 Low Density Residential to City of Hendersonville R-15 Medium Density Residential.

2. This ordinance shall be in full force and effect from and after the date of its adoption.

Adopted this fourth day of September 2014.

/s/Barbara G. Volk, Mayor

Attest: /s/Tammie K. Drake, City Clerk

Approved as to Form: /s/Samuel H. Fritschner, City Attorney



**7. Public Hearing - Consideration of Application for Rezoning of a 1.09-acre lot from John and Patricia Shepherd for Parcel Number 9569-72-7547, located at 1256 North Main Street, from R-6 High Density Residential to C-4 Neighborhood Commercial:** Ms. Anderson presented the zoning map amendment application from John and Patricia Shepherd for Parcel Number 9569-72-7547 located at 1256 North Main Street. This parcel consists of 1.09 acres and is the location of Pat's School of Dance. The applicants are requesting a rezoning from R-6 High Density Residential to C-4 Neighborhood Commercial.

*Comprehensive Plan Consistency:* Ms. Anderson explained NCGS 160A-383 requires zoning amendments must be made in accordance with a comprehensive plan. She reported the 2030 Comprehensive Plan's Future Land Use Map designates this parcel and adjoining parcels as medium intensity residential. She explained this land use category is intended to provide a transition between high and low intensity neighborhood areas while providing a wide range of housing formats and price points. She also reviewed the primary and secondary recommended land uses.

Ms. Anderson reviewed surrounding land uses and zoning district classifications and the dimensional requirements for both the R-6 and C-4 zoning classifications. She stated the parcel currently meets the minimum lot area requirement for the C-4 zoning district classification and the building on the parcel appears to meet the front and rear yard setback requirement but may not meet the minimum 15-foot side yard setback requirement.

Ms. Anderson noted Pat's School of Dance is currently classified as a legal non-conforming use.

Ms. Anderson provided a list of permitted and conditional uses in the R-6 and C-4 classifications noting C-4 prohibits buildings of more than 10,000 square feet.

*Planning Board Recommendation:* Ms. Anderson reported the Planning Board voted unanimously to recommend City Council approve the rezoning request changing the zoning designation of parcel number 9569-72-7547 from R-6 High Density Residential to C-4 Neighborhood Commercial, finding that the rezoning is consistent with the Comprehensive Plan, the rezoning is reasonable and in the public interest to increase the use and for children to have better hours.

*Zoning Ordinance Guidelines:* Ms. Anderson reviewed Section 11-4 of the City's Zoning Ordinance.

Mayor Volk opened the public hearing at 6:08 p.m. in accordance with North Carolina General Statutes by notice published in the Hendersonville Lightning. Those speaking in favor of the application to rezone included:

Ken Fitch, 1046 Patton Street, Hendersonville, NC.

The following spoke in opposition to the rezoning:

Raymond Hobbs, 1561 E. 60th Street, Tulsa, OK, requested the Council to consider C-4 Special Use zoning for this parcel because there are two vacant lots adjacent to it and the zoning will become a precedent for those lots. He expressed a concern that C-4 uses may not be suitable for single and multi-family dwellings

but C-4SU would allow development by Pat's School of Dance as requested. He voiced support of Pat's School of Dance.

No one else expressed a desire to speak. The public hearing was closed at 6:14 p.m.

There was discussion from the Council on the different requirements of C-4 versus C-4SU. Ms. Anderson explained this rezoning request is a legislative action by the Council. She explained the special use process requires a site-specific plan, is a quasi-judicial process, requires a neighborhood compatibility meeting and a recommendation from the Planning Board after review. With a special use permit, the applicant is tied to a specific use for the property instead of a list of permitted uses. She stated the special use process is a longer process and has a lot more community involvement because of the noticing requirements. Mayor Volk explained the special use process cannot be done at this meeting. Council Member Caraker also noted the adjacent parcels will have to go through the same process for rezoning or a special use permit.

Council Member Smith asked if the rezoning could be delayed to allow the project to undergo special use review. Mrs. Shepard stated three more months would have a huge effect on the project. She stated they hope to start the project and be done in January. She stated she wants to build a larger studio because they are currently in an extremely small space. Mr. John Shepherd commented they need additional space immediately. He stated the expansion will give extra space for rehearsals so they will finish earlier in the evening and provide plenty of parking. He stated they are planning to add approximately 1,000 square feet.

**Council Member Caraker moved City Council to adopt an ordinance amending the official zoning map of the City of Hendersonville changing the zoning designation of parcel number 9569-72-7547 from R-6 High Density Residential to C-4 Neighborhood Commercial, finding that the rezoning is consistent with the Comprehensive Plan, the rezoning is reasonable and in the public interest because this business is a Hendersonville institution and needs to be enlarged. Council Member Smith added the public interest is to increase the use for children to have better hours and for their safety. Council Member Caraker agreed to the modified motion. A unanimous vote of the Council followed. Motion carried.**

Upon the advice of City Attorney Fritschner, **the Council recognized this rezoning is not for any particular purpose but the property may be used for any of the uses listed in the C-4 classification.**

#### **8. Consideration of Request for Use of Berkeley Mills Park for the 2015 Mad Mountain**

**Mud Run to Benefit HandsOn!** Ms. Heather Boeke addressed the Council and gave an update on the 2014 event and expressed appreciation for the use of Berkeley Mills Park.

Ms. Boeke reported 150 children participated in the Family Mud Fun Event, 1,484 people registered for the Mud Run on Saturday; 60 percent of whom were from outside the county. She stated they are proud of the energy this has created in the community.

Ms. Boeke explained this event was created to pay the principle and interest payments when their mortgage had to be renegotiated. She stated Hands On! is doing great and has been recognized as a North Carolina grass roots science museum for the educational value to the field of science. She stated they travel into schools, libraries, etc. She stated the City's appropriation will help them go out into the community more.

Ms. Boeke requested use of Berkeley Mills Park and City property on Friday, May 29, Saturday, May 30, 2015 for the fourth annual Mad Mountain Mud Run. She stated Tina Kinsey had the idea and is the brains behind the event.

**Council Member Smith moved that the City Council grant Hands On! Children's Museum access to Berkeley Mills Park for the fourth Annual Mad Mountain Mud Run beginning May 1, 2015. A unanimous vote of the Council followed. Motion carried.**

**9. Presentation on the Impact of Privilege Licenses:** Mr. John Connet, City Manager, gave a presentation on the impact of the loss of the privilege license tax because that authority was revoked by the General Assembly this past year. He stated collecting privilege license fees has been allowed for many years and the City has used the gross receipts method whereby businesses paid a business license based on their gross receipts over \$1,000,000. He explained this resulted in businesses that required more services to pay more than the smaller businesses that do not initiate as many calls for service. He explained the General Assembly has said they will find a way to replace that revenue.

Mr. Connet provided an analysis under the following assumptions:

- this will result in a loss of \$385,000 in revenue in the General Fund,
- numbers are based on the current assessed value of \$1.6 billion which may not change much after reappraisal,
- property tax revenue will be \$6,899,200 at .44 per \$100 valuation at a 98% collection rate
- as a result, the value of a penny will be \$156,800.

He reviewed some options to make up the loss of revenue of \$385,000 (or 2.8 percent of our total revenue) include:

- increasing the ad valorem tax revenue by .0246,
- reducing operating expenditures by 2.8 percent across the board or by functions in the General Fund or by weighted average decreasing across the five main functions of the General Fund by its total expenditures,
- temporarily borrowing from the fund balance (reducing it by 6.2 percent) or
- decreasing, removing or delaying projects in the Capital Improvement Plan by 12.4 percent.

Mr. Connet stated a cost-benefit analysis would be a useful next step in evaluating the most efficient strategy going forward. He stated it is possible some of each option may be applied. There was discussion on the General Assembly replacing this revenue, basing privilege licenses on gross receipts and what percentage of businesses fall within each category. **No action was required or taken by the City Council.**

**10. Comments from Mayor and City Council Members:** Mayor Volk commented the Apple Festival went great and commended city staff for their great work. She stated the Fire, Police and Public Works employees were great representatives for the City. The Council Members also echoed their appreciation to employees for their hard work that made the Apple Festival so successful. **No action was required or taken by the City Council.**

**11. Reports from Staff:**

- a. Mr. Connet reminded the Council of the NCLM Annual Conference, October 11-14, in Greensboro, NC.
- b. *Employee Recognition:* Mr. Connet stated employees who worked at the Apple Festival will be recognized with breakfast provided.

**12. Consideration of Appointments to Boards and Commissions**

**a. Consideration of Appointments:**

**Downtown Advisory Committee:** City Clerk Tammie Drake reported a vacancy on this Committee and presented the applications on file. Council Member Smith explained Mr. Lau was recruited by Lew Holloway and he runs a software company on Main Street. **Council Member Smith nominated Timothy Lau to Downtown Advisory Committee. This term will expire August 1, 2016. A unanimous vote of the Council followed. Motion carried.**

**b. Announcement of Vacancies and Upcoming Appointments:** Mrs. Drake announced the vacancies on the Board of Adjustment, the Environmental Sustainability Board and the Tree Board. Three members on the Historic Preservation Commission will expire in November: Ralph Bastedo, Jo Tyler and Phillip Allen.

**13. New Business:** There was none.

**14. Closed Session for Discussion Relating to the Location or Expansion of Industries or Other Businesses under N.C.G.S. 143-318.11(a)(4):** At 6:47 p.m., Council Member Caraker moved the Council to go into closed session to discuss matters relating to the location or expansion of industries or other businesses in the area served by this body under G.S. 143-318.11(a)(4). **A unanimous vote of the Council followed. Motion carried.**

The Council discussed the location or expansion of a business or industry in the City.

At 7:00 p.m., Council Member Caraker moved Council to exit the closed session. **A unanimous vote of the Council followed. Motion carried.**

Council Member Caraker moved that the City Council recommend that Preservation NC sell the Grey Hosiery Mill to White Challis, HD Investors, LLC or Investor's Realty Group, or any combinations of them, for the sum of \$100,000, with the understanding that the sale will not take place until the White Challis Group has performed the necessary due diligence on the property. **A unanimous vote of the Council followed. Motion carried.**

**15. Adjournment:** The meeting adjourned at 7:00 p.m. upon unanimous assent of the Council.