



# MINUTES

September 23, 2020

## SPECIAL CALL MEETING OF THE CITY COUNCIL

**ASSEMBLY ROOM – OPERATIONS CENTER | 305 WILLIAMS ST. 4:00 p.m.**

Present: Mayor Barbara G. Volk, Mayor Pro Tem Jerry Smith, Council Members: Jeff Miller, Dr. Jennifer Hensley, and Lyndsey Simpson

Staff Present: City Manager John F. Connet, City Attorney Sam Fritschner, Angela Beeker, Assistant City Manager Brian Pahle, City Clerk Angela Reece, Communications Manager Allison Nock, Interim Chief of Police Bill Hollingsed

Mayor Volk called the regular meeting to order at 4:00 p.m. and welcomed those in attendance. A quorum was established with five members in attendance.

### 1. Call to Order

Mayor Volk called the regular meeting to order at 4:00 p.m. and welcomed those in attendance. A quorum was established with five members in attendance.

### 2. Consideration of Agenda

*Council Member Jeff Miller moved that City Council approve the agenda as presented. A unanimous vote of the Council followed. Motion carried.*

### 3. Presentations

#### **A. Financial Management in Municipal Government - Presenter: Bill Rivenbark, UNC SoG**

Assistant City Manager Brian Pahle introduced Dr. William C. Rivenbark, Professor UNC School of Government who presented a brief presentation on financial management in municipal government to the City Council. A copy of this presentation is available in the City Clerk's office and on the City's YouTube channel for viewing.

Dr. Rivenbark discussed the Local Budget and Fiscal Control Act (Act), including the budget ordinance requirement and the role of fund balance reminding everyone that North Carolina falls under requirements imposed by the Local Government Budget & Fiscal Control Act. Dr. Rivenbark stated the City Manager is the budget officer due to the form of government that is adopted in the City of Hendersonville and stressed the statutory importance of adopting a balanced budget ordinance by July 1<sup>st</sup> of each year.

Dr. Rivenbark discussed estimated net revenues with the addition of appropriated fund balance stating all municipalities must follow a formula to determine appropriations and said utilizing cash reserves to balance the budget is permissible but should not be used to avoid a tax increase. Dr. Rivenbark stated it is recommended that council members understand the mechanics of major revenue sources and receive periodic updates on budget-to-actual variances, especially property and sales taxes. Dr. Rivenbark went on to explain that municipal revenue sources are not consistent month to month which is why municipalities must have enough cash reserves to operate throughout the fiscal year.

Dr. Rivenbark discussed the importance of the Local Government Commission (LGC) reminding everyone that North Carolina is the only state in the country that has this type of oversight through the State Treasurers Office. The LGC recommends municipal fund balance to be a minimum of at least 8% but encourages municipalities to evaluate their need based on their size, and to establish a fund balance policy. The City of Hendersonville's policy establishes a minimum goal of 50% of the City's population group average percent available fund balance. Dr. Rivenbark commended City Council for having a fund balance policy in place and said it is the most critical financial indicator and is relied upon very heavily by the LGC and bond agencies when issuing debt.

Dr. Rivenbark discussed the requirements of financial reporting and the annual audit as required by the Fiscal Control Act stating audits should be performed by an independent CPA and completed by October 31<sup>st</sup> to avoid potentially receiving a Unit Assistance Letter from LGC. Dr. Rivenbark stressed that a

clean audit opinion means that the unit is complying with general accounting principles (GAP) and stressed that it does not mean the unit is in good financial condition. Dr. Rivenbark stressed the importance for elected officials and administrators to analyze the financial statements to determine the financial condition of the organization.

Dr. Rivenbark discussed the North Carolina Financial Condition Analysis and said the main reason that local governments end up on the assistance list is mainly due to the water and sewer infrastructure quick ratio. The quick ratio, cash and investments divided by current liabilities, is used to analyze the dimension of resource stock. Dr. Rivenbark stated other reasons a unit may end up on the assistance list are due to internal control issues triggering a late audit and fund balance deficiencies.

City Manager John Connet stated he wanted to share this information after the City's budget was adopted and before the financial statements come back to make Council aware the North Carolina County and Municipal Financial Information dashboards are available to them by visiting: <https://lgreports.nctreasurer.com/LGCFinancial/>. Manager Connet stated the City expectedly spent down the fund balance due to the large amount of capital projects needing to begin. Manager Connet recalled conversations with Council regarding the water rate study and said the recommendations were necessary to continue to balance water capital projects and operating costs to ensure financial stability. Manager Connet stated the fund balance has increased through the revaluation revenue neutral rate which will position the City to offset the match for the SAFER Grant and allow for capital projects to continue as planned. Manager Connet stated the rate model is built to match capital project needs.

Dr. Rivenbark stated overall the City is in great financial shape but more work in the water and sewer fund is necessary.

#### **4. Discussion**

##### **A. Diversity Initiatives / New Staff Position - Presenter: John Connet, City Manager**

City Manager John Connet recalled conversations at the August 26, 2020 City Council Workshop regarding the creation of a position to focus on diversity and inclusion. Manager Connet offered the following recommendation based on staff's belief that there is not enough work for a full-time employee to solely focus on diversity and inclusion:

1. Create a new Human Resource Coordinator position that will focus on diversity/inclusion, employee recruitment and retention and other general HR duties.
2. Engage a WCU MPA student to research diversity and inclusion programs that have been implemented by in other communities.

Manager Connet stated he has been in touch with an MPA student who is willing to look at other municipalities in NC to build data sets to see what a successful diversity and inclusion program could look like. Manager Connet clarified the conclusion of the Capstone project would coincide with hiring a person to fulfil the position. Council Member Jerry Smith stated he feels it is very important to develop a list of duties and expectations. Council Member Dr. Jennifer Hensley stated she would like to hold off on hiring a position until more information is presented and said she would like to see evaluation of programs and services before an immediate decision is made. Council Member Hensley inquired if HR needed another position and Manager Connet stated there would have been an anticipation of this request in the next budget. Council Member Lyndsey Simpson clarified the data would be available in December with the conclusion of the MPA student's capstone project. Council Member Jeff Miller stated he is happy to have a student working on this project but would like additional information and see if there are other resources available to assist in the process. Council Member Jeff Miller stated he would prefer this position to work with a diversity and inclusion advisory committee. Council Member Jerry Smith concurred. Council members conceded they would like to have measurable outcomes and clear job description for what this position would entail before a decision is made. Manager Connet stated staff is comfortable with taking as much time as necessary to ensure Council has adequate information available.

##### **B. Public Comment Policy Discussion- Presenter: John Connet, City Manager**

City Manager John Connet stated he has been meeting with staff weekly to discuss how public comments are being managed. Manager Connet stated staff have proposed a policy to manage public comments which also includes security elements to protect the City's computer networks and ground

rules to ensure meetings run efficiently and that Council receives comments in a simple format that is easy to digest. Manager Connet stated the proposed policy continues public comment periods as are currently in place but would disallow digital presentations during this period. Manager Connet stated a citizen may request to be placed on the agenda as an item for discussion if they desire to present to the Council. Manager Connet stated digital materials would be allowed during the public hearing by sending them in advance through the City's website or to the Clerk in order for them to be compiled for Council. Manager Connet clarified that no thumb drives or links to media would be accepted under this policy to avoid a potential ransomware attack on the City's computer networks. Manager Connet also clarified that digital media would be limited to five photographs or one 90 second video per comment due to retention and storage space on City servers as well as to facilitate efficiency of the meeting. Manager Connet stated the policy ensures control of the meetings lies with city staff. Manager Connet stated the City Clerk has developed a brochure that would coincide with the policy that could be easily available at the meeting and on the City's website. Manager Connet stated staff is seeking feedback from Council before this item is placed on the agenda for consideration.

Council Member Lyndsey Simpson stated she feels a policy would accent current practices and make it easy for citizens to understand what is expected when they come to a City Council meeting. Council Member Jerry Smith expressed concerns with having a 48-hour window to submit digital materials for public hearing comments. City Attorney Angie Beeker reminded everyone that public hearing notice is given at least ten days in advance of a public hearing. Council Member Jerry Smith clarified citizens may bring in paper copies of photos and materials to provide for their comments the day of the meeting.

Being no further discussion, the meeting adjourned at 5:34 p.m. upon unanimous assent of the Council.

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Barbara G. Volk, Mayor

ATTEST:

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Angela L. Reece, City Clerk