

MINUTES
June 7, 2018
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: Jeff Miller, Jerry Smith, and Steve Caraker

Staff Present: City Manager John F. Connet, City Clerk Tammie Drake, City Attorney Samuel H. Fritschner, Development Assistance Director Susan Frady, Engineering Director Brent Detwiler, Human Resources Director Jennifer Harrell, Budget and Management Analyst Adam Murr, Assistant City Manager Brian Pahle, Fire Chief Joseph Vindigni, Fire Department Administrative Aide Pam Ludwig, Public Works Director Tom Wooten

1. Call to Order: Mayor Volk called the regular meeting to order at 5:45 p.m. and welcomed those in attendance. A quorum was established with 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.* Because of the number signed up to speak, Mayor Volk asked those commenting to limit their comments to four minutes. She asked commenters not to repeat issues brought up.

Harold Wolfing, 101 Snowy Egret Way, commented on the traffic problems on Highway 64 East at Wolfpen. He asked the Council to reduce the speed limit to 35 from 50 miles per hour, a solar-powered sign showing speed limit, and pavement markings or signage regarding safety.

Darrell Pennington, 156 Snowy Egret Way, stated he is representing Wolfpen residents. He provided a handout with aerial map and requested a reduction in the speed limit to at least 45 miles per hour, maybe less, and a reduction of speed limit to 35 mph in the school zone. He stated the construction of Brittany Place will increase traffic.

Council Member Caraker encouraged speakers to attend Henderson County Transportation Advisory Committee meeting. He stated NCDOT is represented at the meeting.

Sydney Kaiser, 636 Halsbury Avenue, requested the fence at the playground at Patton Park be put back up. She has two special needs children and wants the fence replaced for their safety. There was discussion of the fence.

Bill Erickson, 3116 Magnolia Drive, commented the French Broad Metropolitan Planning Organization withdrew their support of Balfour Parkway. He stated the City's Comprehensive Plan is predicated on building of Balfour Parkway and stated that the Comprehensive Plan requires revision.

4. Consideration of Agenda:

Additions to Consent Agenda:

- N. Consideration of Agreement to Provide Legal Advertising
- O. Consideration of Audit Engagement Letter
- P. Consideration of an Ordinance Amending Code Section 50-145 Pertaining to Speed Limits in School Zones

Council Member Caraker moved approval of the agenda as amended. A unanimous vote of the Council followed. Motion carried.

5. Consideration of Consent Agenda: *Consent agenda items are considered routine, non-controversial in nature and are considered and disposed of through a singular motion and vote.*

A. Consideration of Minutes:

- i. May 3, 2018 Regular Meeting
- ii. May 4, 2018 Special Meeting
- iii. May 22, 2018 Special Meeting

B. Consideration of Budget Amendments: Mr. Adam Murr, Budget & Management Analyst, presented the following budget amendments:

- 1) General Fund End of Year, Fund 10, No Change, \$55,035
An amendment to provide an end-of-year adjustments to the General Fund budget to clean-up any accounts with overages and keep the budget in balance at year end. The total budget does not change however, some salary accounts are amended so this requires City Council approval. The salary adjustments do not reflect any changes in the total approved positions. Additionally, this amendment transfers \$7,816 to the Buncombe St. Stormwater project to cover the final cost of construction.
- 2) Main St. MSD & Hands On, Fund 20, Increase of \$13,073
An end-of-year amendment for the Main Street MSD Fund. The total budget will increase by \$13,073. Additionally, funding will be provided to pay for the Hands On contribution of \$25,000.
- 4) W&S Fund End of Year, Fund 60, No Change, \$11,902
An amendment to adjust for out-of-budget personnel accounts in the Water and Sewer Fund. Staff proposes the use of operational funds to cover overages from part-time pay, over-time pay, and retiree insurance.
- 5) Walk of Fame Banquet, Fund 821, Increase of \$2,898
Amendment for ticket sales and expenses of the Walk of Fame induction banquet.
- 6) Motor Unit Supplies, Fund 110, Increase of \$3,205
An amendment to provide an increase in the Motor Unit Fund budget of \$3,205 to purchase general supplies and materials for the HPD Motor Unit.
- 7) Main St. Restroom, Fund 20, Increase of \$100,000
An amendment to provide budget authority to transfer \$100,000 from the Main St. MSD Fund fund balance to the Main St. Public Restroom Capital Project Ordinance (multi-year fund). This money, in addition to a contribution from the TDA will total \$425,000 of the total project, with the remaining \$375,000 to be financed through debt proceeds.
- 8) Crime Commission Fund 325, Increase of \$3,707
An amendment to accurately account for grant proceeds related to the Governor's Crime Commission Grant program. This amendment reflects what was actually received and expended for the grant that expires this fiscal year. This equates to a total budget increase of \$3,707.
- 9) 7th Avenue Fund Maple St., Fund 21, Increase of \$30,000
The total project budget came in at \$120,444.77 or \$20,444.77 over budget and will require additional budget to comply with our audit standards. This amendment recommends increasing the budget to \$30,000 to cover any outstanding expenditures in this fund.

C. Consideration of Permits for Special Events: Mrs. Susan Frady, Development Assistance Director, reported the Special Events Committee recommended approval of a special event permit for the Mad Mountain Mud Run and Family Mud Fun to be held Friday, June 22, 2018 from 6:00 P.M. – 8:00 P.M. and Saturday June 23, 2018, from noon – 7 P.M. The application includes approval of the designated area for the consumption of alcohol. The area encompasses about 40,000 square feet to the west of the baseball field, including the picnic shelter, rest rooms and stage. Approval of the area authorizes the sponsors to serve alcohol at Berkeley Mills Park in the specified area in conjunction with the special event permit. The City Police Department reported there were no problems with the alcohol consumption at this event last year. The event pays for three off-duty police officers.

D. Consideration of Resolution Accepting the Dedication of Certain Real Property Interests: City Attorney Fritschner provided the following resolution for Council's consideration:

Resolution #18-0634

A RESOLUTION ACCEPTING THE DEDICATION OF CERTAIN REAL PROPERTY INTERESTS TO
THE CITY OF HENDERSONVILLE

WHEREAS the City Council is advised that in order for a dedication to the City of an interest in real property, to be completed, requires not only the initial dedication but also the acceptance in some form by the City of the dedication; and

WHEREAS the City Council has determined that it is desirable for the City to accept dedications formally and in a manner that can easily be discovered; and

WHEREAS the City Council believes that the most formal and easily discovered method of accepting real property dedications is by City Council resolution, where the property interest has not been accepted by a document executed by an authorized City representative; and

WHEREAS the City Council is informed that the real property interests listed below have been dedicated to the City but not yet accepted in writing;

NOW, THEREFORE, BE IT THEREFORE RESOLVED that the City Council does hereby accept the dedication of the following identified real property interests effective as of the moment of adoption of this resolution:

Dedicated by	Date of recording	Property interest and short description
Laurel Spring, LLC	24 April 2018	PIN 9568-16-9803, Water system and easement
Elkamet, Inc.	5 March 2018	PIN 9577-77-4251, Water line easement
Demmel Real Estate, LP	12 April 2018	PIN 9577-76-2382, Water system and easement

Adopted this 7th day of June 2018.

/s/Barbara G. Volk, Mayor

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

E. Consideration of a Water Usage Agreement with the City of Saluda: City Manager John Connet reported the current water purchase agreement with the City of Saluda has expired and staff would request approval of an updated agreement. The agreement has been reviewed by City staff and approved by the City of Saluda.

WATER USAGE AGREEMENT

STATE OF NORTH CAROLINA
COUNTY OF HENDERSON

THIS AGREEMENT made and entered into this 1st day of July, 2018, by and between the CITY OF HENDERSONVILLE, a municipal corporation and a political subdivision of the State of North Carolina, party of the first part, hereinafter referred to as "Seller", and the CITY OF SALUDA, a municipal corporation and a political subdivision of the State of North Carolina, party of the second part, hereinafter referred to as "Purchaser".

WITNESSTH:

WHEREAS, Purchaser, as a municipal corporation, has as one of its specified purposes the construction, operation and maintenance of a water supply distribution system serving water users within the area described in plans now on file in the office of the Purchaser; and

WHEREAS, to accomplish this municipal purpose it is necessary, and the Purchaser will require, a supply of treated water; and

WHEREAS, Seller, incidental to its municipal existence and as one of the services extended to persons within and without its corporate limits, owns and operates a water supply distribution system with a capacity currently capable of serving the present customers of Seller's system, as well as the estimated number of water users to be served by Purchaser; and

WHEREAS, the parties to this instrument have previously entered into a series of contracts, the purpose of which was to furnish to the Purchaser, from the production capacity of the Seller, sufficient potable water to meet the demands and requirements of its various users; and

WHEREAS, such contracts have been satisfactorily and appropriately performed, in their entirety, by both of the parties to this agreement; and

WHEREAS, such satisfaction has been mutually agreed upon by the parties of this agreement and, as a result thereof, the parties desire to continue the contractual relationship established by the agreement and in conformance with the terms hereof; and

WHEREAS, by resolution of the City Council of the City of Hendersonville, adopted on the 7 day of June, 2018, the sale of water to Purchaser in accordance with the provisions of the said resolution (which said resolution provisions are reflected in the terms and conditions of this agreement) was approved and the execution of this contract carrying was duly authorized; and

WHEREAS, by resolution of City Council of City of Saluda, as adopted on the 11th day of June, 2018, the purchase of water from Seller in accordance with the terms set forth in said resolution (which said conditions are in conformance with the terms of this agreement) was approved and the execution of this contract was duly authorized.

NOW, THEREFORE, in consideration of the foregoing and the covenants hereinafter set forth, the parties agree as follows:

A. Seller Agrees:

1. To furnish to Purchaser at the point of delivery hereinafter specified, during the term of this contract or during any renewal or extension thereof, potable, treated water meeting applicable purity standards of the North Carolina Department of Environmental Quality, or similar State agency, in such quantity as may be needed by Purchaser not to exceed six million (6,000,000) gallons per month.
2. That water will be furnished at a reasonably constant pressure calculated at 80 PSI from the existing 12-inch main supply at the point located near the city limits of Saluda at or near U.S. Highway 176. If a greater pressure than normally available at the point of delivery is required by Purchaser, the cost of providing such greater pressure shall be borne by Purchaser. Emergency failures of pressure or supply due to main line breaks, power failure, flood, fire and the use of water to fight fire, earthquake or other catastrophe shall excuse Seller from this provision for such reasonable period of time as may be necessary to restore services.
3. To operate and maintain at the point of delivery the necessary metering equipment, including a meter inside of the Purchaser's pumping station or inside of a vault, for properly measuring the quantity of water delivered to the Purchaser.

The installation and maintenance of such equipment shall be Seller's expense. Seller shall calibrate such metering equipment when requested by Purchaser, but not more frequently than once every twelve (12) months. A meter registering not more than (2%) above or below the test results shall be deemed to be adequate. The previous readings of any meter disclosed by test to be inaccurate shall be corrected for the two (2) months prior to such test in accordance with the percentage of inaccuracy found by such test. If any meter fails to register for any period, the amount of water delivered in the corresponding period immediately prior to the failure, during the same billing cycle, shall be averaged on a daily use basis and this average will be used to calculate the usage during the period when the meter failed to register, unless Seller and Purchaser shall agree upon a different amount. The meter shall be read once each calendar month, at a minimum. Purchaser shall have reasonable access to the meter for the purpose of verifying its readings.

4. To provide Purchaser with an itemized statement of the amount of water furnished the Purchaser during any given month. Such statement shall be provided to the Purchaser not later than ten calendar days after meters are read as per paragraph 3 above.

B. The Purchaser Agrees:

1. To pay Seller, not later than the twenty-one (21) days after the date of the statement for each month, for water delivered in accordance with the current schedule of rates for municipal water sales, as such rates or schedules shall be constituted as of the date of the execution of this agreement, or as the same shall be hereinafter amended.
2. To operate and maintain Purchaser's water distribution system, including all booster pumping station and storage tanks, in an efficient manner and to suitably curtail, control, eliminate and otherwise inhibit or allow the waste of water.

C. It Is Further Mutually Agreed Between the Seller and Purchaser as Follows:

1. That this contract shall extend for a term of ten (10) years from the date of execution of the same, and thereafter may be renewed or extended for such term or terms as may be agreed upon by Seller and Purchaser.

2. That Seller will, at all times, operate, maintain its system in an efficient manner and will take such actions as may be necessary to furnish Purchaser with quantities of water required by Purchaser. Temporary or partial failures to deliver water shall be remedied with all possible dispatch. In the event of an extended shortage of water, or in the supply of water available to Seller is otherwise diminished over an extended period of time, the supply of water to Purchaser's consumers shall be diminished or reduced in the same ratio or proportion as its supply to Seller's consumers is reduced or diminished. If Seller implements its water shortage response ordinance (as the same is presently constituted, or may hereafter be amended or changed) conditions concerning conservation of water, Purchaser shall implement water use restrictions of at least the same degree of severity, restriction and compliance for the duration of the Seller's water shortage condition.

3. The provisions of this contract may be modified or altered by mutual agreement of the parties hereto, but the same shall be of no force and effect until they shall have been reduced to writing in form complimentary to the contents of this agreement.

4. That this contract is subject to such rules, regulation or laws as may be applicable to similar agreements in the State of North Carolina, and Seller and Purchaser will collaborate in obtaining such permits, certificates or the like as may be required to comply herewith.

IN WITNESS WHEREOF, the parties hereto, acting under authority of their respective governing bodies, have caused this contract to be duly executed in four counterparts, each of which shall constitute an original.

ACCEPTED BY THE CITY OF HENDERSONVILLE

By: Barbara Volk, Mayor

Attest: Tammie Drake, City Clerk (SEAL)

ACCEPTED BY THE CITY OF SALUDA

By: Fred Baisden, Mayor

Attest: Tola Ellis, City Clerk (SEAL)

F. Consideration of a Certificate of Sufficiency for Annexation of a Parcel Located off Old Spartanburg Highway, Stephen Parker Petitioner: Development Assistance Director Susan Frady presented the Clerk's Certificate of Sufficiency for the contiguous annexation of parcel 9578-42-9221 containing 0.362 acres located off Old Spartanburg Highway. This is the second lot in this subdivision. This annexation application from Stephen Park is related to a sewer request. She explained the next step in the annexation process is to accept the Clerk's Certificate and set a date for a public hearing on the question of adoption of an ordinance of annexation. The public hearing was set for July 5, 2018.

G. Consideration of a Resolution Authorizing the City Manager to Exchange Certain Real Properties in Henderson County with the Housing Assistance Corporation: City Attorney Fritschner reported the Council indicated an intent to accept the exchange of certain real property between the City and The Housing Assistance Corporation. He provided the following resolution to that authorized the city manager to affect that exchange.

Resolution #18-0635

A RESOLUTION AUTHORIZING THE CITY MANAGER TO EXCHANGE CERTAIN REAL PROPERTIES IN HENDERSON COUNTY

WHEREAS North Carolina General Statutes § 160A-271 permits municipalities to exchange properties with others under certain conditions, and

WHEREAS the City Council finds it to the benefit of the City and its taxpayers to exchange with The Housing Assistance Corporation certain real property, as referred to in this Resolution, and

WHEREAS the City Council finds that the properties and combinations of properties listed below are of substantially equal value,

NOW, BE IT THEREFORE RESOLVED that the City Manager be and he is hereby authorized to acquire the following identified real property from The Housing Assistance Corporation by exchanging the properties designated herein:

To be conveyed by the City of Hendersonville to The Housing Assistance Corporation:

PINs 9569-71-7567, 9569-71-7524

To be conveyed by The Housing Assistance Corporation to the City of Hendersonville:

All of that real property shown as "Lot 23" on that survey recorded at plat slide 11137, Henderson County Registry

BE IT FURTHER RESOLVED that the City Manager be permitted reasonable funds necessary to conduct the said exchange.

Adopted this seventh day of June 2018.

/s/Barbara G. Volk, Mayor

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

H. Consideration of Motor Vehicle Driving Record Policy: Human Resources Director Jennifer Harrell presented a Motor Vehicle Driving Policy for Council's consideration to safeguard citizens and employees, to protect equipment and to reduce frequency and severity of accidents. She stated staff believes it is necessary to participate in a program to review employee driving records.

Policy Name: Motor Vehicle Driving Record Policy

Date Adopted by Council: June 7, 2018

I. Purpose: To safeguard people, protect equipment, and reduce the frequency and severity of accidents, the City of Hendersonville will participate in a program to review employee driving records. The public driving record includes status of a driving license and incidents that occur while driving during and outside of City business.

Employees who operate City vehicles must have a valid motor vehicle license issued by the state of their current residence and be considered an insurable risk by the City's automobile liability insurance carrier.

II. Applicability: The policy refers to all City employees who:

- Are authorized to operate City owned/rented/ leased vehicles
- Are in consideration for promotion or transfer into positions requiring the operation of City owned/leased/rented vehicles
- All applicants to positions requiring the operation of City owned/leased/rented vehicles
- Employees who operate City owned/rented/leased vehicles will complete a release disclosure form allowing this review.

III. Motor Vehicle Records: State Motor Vehicle Records (MVRs) will be used as the source for verifying driver history. All traffic offenses including infractions received within a three (3) year period, determined at point of MVR review, will be considered in determining a driver's eligibility to operate City vehicles.

Employee MVRs will be obtained and reviewed annually. Driving privileges may be withdrawn or suspended and the city vehicle removed from any driver based on the results of the MVR review, including employees that refuse to sign the release disclosure form. In addition, appropriate disciplinary action may be taken up to and including termination of employment.

For current employees considered for promotion or transfer, a three (3) year driving record will be reviewed prior to assignment.

Listed below are the offenses considered in determining a driver's eligibility to operate City vehicles.

- DWI/DUI – alcohol or drugs
- Negligent Homicide, manslaughter, or assault with a vehicle
- Operating a vehicle during a period of suspension or revocation
- Operating a vehicle for the commission of a felony
- Operating a vehicle without permission
- Permitting an unlicensed driver to drive
- Reckless Driving
- Hit and Run
- Racing
- Passing a stopped school bus
- Attempting to elude a law enforcement officer
- Failure to stop and report an accident
- Speeding

Employees charged with any of these offenses may be restricted from operating a City vehicle until the incident is resolved in the court. Conviction may result in termination from employment.

Refer to the City Vehicle Use Policy for issues concerning City vehicles.

I. Consideration of Resolutions Authorizing the Donation of Surplus Property Due to Retirement of Canines

i. **Canine Maky – transfer ownership to Detective Robert Cantwell:** Police Chief Herbert Blake reported the Police Department will be retiring K-9 Maky due to age and health reasons. Maky is 9 years old and his health has declined primarily due to teeth and eye issues. Detective Robert Cantwell, who has been the handler for Maky, has requested that he be allowed to take ownership of Maky. Chief Blake recommended granting his request in light of past practices regarding K-9 retirements, and in the case of health considerations, that Maky be awarded to Detective Cantwell for private ownership. As with all previous requests, Detective Cantwell has signed the standard Canine Transfer/Release of Ownership form stating that he accepts full ownership and responsibility for Maky and his care.

Resolution #18-0636

RESOLUTION AUTHORIZING THE DONATION OF SURPLUS PROPERTY (CANINE MAKY) TO DETECTIVE ROBERT CANTWELL DUE TO RETIREMENT OF CANINE

WHEREAS; The City of Hendersonville has in its possession a police canine, "Maky," which is being retired due to age and health and its ability to perform duties required by such canine work, and,

WHEREAS; The City of Hendersonville desires to donate Maky as surplus property to Detective Robert Cantwell so that Maky can live the remainder of his life with the person who has cared for him during his time with the City, and

WHEREAS; The City of Hendersonville police department believes that it is in the best interest of Maky and that the City of Hendersonville transfer ownership of Maky to Detective Robert Cantwell through the Canine Transfer/Release of Ownership program,

NOW, THEREFORE, BE IT RESOLVED THAT the City of Hendersonville police department be permitted to donate to Police Detective Robert Cantwell the canine known as "Maky."

Adopted this seventh day of June 2018.

/s/Barbara G. Volk, Mayor

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

ii. **Canine Bak – transfer ownership to Officer Pete Laite:** Police Chief Herbert Blake reported the Police Department will be retiring K-9 Bak due to age and health reasons. Bak is 10 years old and his health has declined primarily due to recurring soft tissue injury to right front wrist. Officer Pete Laite, who has been the handler for Bak, has requested that he be allowed to take ownership of Bak. Chief Blake recommended granting the request in light of past practices regarding K-9 retirements, and in the case of health considerations, that Bak be awarded to Officer Laite for private ownership. As with all

previous requests, Officer Laite has signed the standard Canine Transfer/Release of Ownership form stating that he accepts full ownership and responsibility for Bak and his care.

Resolution #18-0637

RESOLUTION AUTHORIZING THE DONATION OF SURPLUS PROPERTY (CANINE BAK) TO OFFICER PETE LAITE DUE TO RETIREMENT OF CANINE

WHEREAS; The City of Hendersonville has in its possession a police canine, "Bak," which is being retired due to age and health and its ability to perform duties required by such canine work, and,

WHEREAS; The City of Hendersonville desires to donate Bak as surplus property to Police Officer Pete Laite so that Bak can live the remainder of his life with the person who has cared for him during his time with the City, and

WHEREAS; The City of Hendersonville police department believes that it is in the best interest of Bak and that the City of Hendersonville transfer ownership of Bak to Police Officer Pete Laite through the Canine Transfer/Release of Ownership program,

NOW, THEREFORE, BE IT RESOLVED THAT the City of Hendersonville police department be permitted to donate to Police Officer Pete Laite the canine known as "Bak."

Adopted this seventh day of June 2018.

/s/Barbara G. Volk, Mayor

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

J. Consideration of a Utility Relocation Agreement with NCDOT for Project U-5105

Erkwood/Shepherd Street Roundabout: City Engineer Brent Detwiler explained NCDOT is in the process of installing a roundabout at the intersection of NC 225 (Greenville Highway) and Erkwood Drive/Shepherd Street. As part of the project NCDOT will need to relocate a portion of the City's existing water distribution and sewer collection systems. Per NC statute, the City is responsible for 25% of the costs associated with the relocation. He provided the utility agreement and requested the City Manager be authorized to execute the final version of the agreement. [The agreement is on file in the office of the City Clerk.]

K. Consideration of Capital Project Ordinance and Reimbursement Resolution for the Seventh Avenue Streetscape, Phase I Project (FY18-19 budget): Assistant City Manager Brian Pahle provided a capital project ordinance the allows a multi-year fund to account for the full cost of the Seventh Avenue Streetscape Project. He explained the reimbursement resolution allows the City to provide funding for this project with the ability to reimburse itself with future proceeds from debt.

Ordinance #18-0638

CAPITAL PROJECT ORDINANCE FOR THE ACQUISITION, CONSTRUCTION AND INSTALLATION OF THE 7TH AVENUE STREETSCAPE PROJECT, PHASE I

BE IT ORDAINED by the Governing Board of the City of Hendersonville, North Carolina that pursuant to Section 13.2 of Chapter 159 of the General Statutes of North Carolina, the following capital project ordinance is hereby adopted:

Section 1: The project authorized is a City infrastructure project described as the 7th Avenue Streetscape Project, Phase I.

Section 2: The following amounts are appropriated for the project:

Account Number	Account Name	Total Budget
4530000 519000	Professional Services	\$ 219,591
4530000 559850	Construction Contract	\$ 1,170,409
4530000 599100	Contingencies	\$ 10,000
Total Project Appropriation		\$ 1,400,000

Section 3: The following revenues are anticipated to be available via debt proceeds and transfers from the General Fund for project expenses:

Account Number	Account Name	Total Budget
4530000 499100	Debt Proceeds	\$ 1,400,000
Total Project Revenue		\$ 1,400,000

Section 4: The Finance Director is hereby directed to maintain within the capital project fund sufficient specific detailed accounting records to satisfy the disclosure requirements of all the contractual agreements, if applicable.

Section 5: Funds may be advanced from the General Fund and as necessary for the purpose of making payments as due. Reimbursement requests shall be made in an orderly and timely manner.

Section 6: The Finance Director is directed to report, on a quarterly basis, on the financial status of each project element in Section 3 and Section 4.

Section 7: The Finance Director is further instructed to include a detailed analysis of past and future revenues and expenses during each annual budget submission made to the Governing Board.

Section 8: Copies of this capital project shall be furnished to the City Clerk, Finance Director and City Manager for direction in carrying out this project.

ADOPTED by the City Council of the City of Hendersonville, North Carolina, on this seventh day of June 2018.

/s/Barbara G. Volk, Mayor

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

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

Resolution #18-0639

**RESOLUTION OF INTENT
A RESOLUTION TO DECLARE THE OFFICIAL INTENT TO REIMBURSE FOR THE CAPITAL PROJECT**

ORDINANCE DESCRIBED AS THE 7TH AVENUE STREETScape PROJECT, PHASE I

WHEREAS, the Issuer anticipates incurring expenditures (the "Expenditures") for THE ACQUISITION, CONSTRUCTION, AND INSTALLATION OF THE 7TH AVENUE STREETScape PROJECT, PHASE I, ORDINANCE #18-0638 (the "Project"); and

WHEREAS, the Issuer intends to finance the costs of the Project with the proceeds of debt to be issued by the Issuer (the "Borrowing"), the interest on which is to be excluded from gross income for Federal income tax purposes; and

WHEREAS, the maximum principal amount of the Borrowing to be incurred by the Issuer to finance the Project is **\$1,400,000.00**; and

WHEREAS, the Issuer hereby declares its official intent to reimburse itself with the proceeds of the Borrowing for any of the Expenditures incurred by it prior to the issuance of the Borrowing.

THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF HENDERSONVILLE, NORTH CAROLINA that this declaration (the "Declaration") is made pursuant to the requirements of the United States Treasury Regulations Section 1.150-2 and is intended to constitute a Declaration of Official Intent to Reimburse under such Treasury Regulations Section and the undersigned is authorized to declare the official intent of HENDERSONVILLE, North Carolina (the "Issuer") with respect to the matters contained herein.

Passed and adopted at the regular meeting of the City Council of the City of Hendersonville, North Carolina, held this 7th day of June 2018.

/s/Barbara G. Volk, Mayor
Attest: /s/Tammie K. Drake, City Clerk

L. Consideration of Capital Project Ordinance and Reimbursement Resolution for the Main Street Public Restrooms Project (FY18-19 Budget): Assistant City Manager Brian Pahle provided a capital project ordinance the allows a multi-year fund to account for the full cost of the Main Street public restrooms project. He explained the reimbursement resolution allows the City to provide funding for this project with the ability to reimburse itself with future proceeds from debt.

Ordinance #18-0640

CAPITAL PROJECT ORDINANCE FOR THE ACQUISITION, CONSTRUCTION AND INSTALLATION OF THE MAIN STREET PUBLIC RESTROOMS PROJECT

BE IT ORDAINED by the Governing Board of the City of Hendersonville, North Carolina that pursuant to Section 13.2 of Chapter 159 of the General Statutes of North Carolina, the following capital project ordinance is hereby adopted:

Section 1: The project authorized is a City infrastructure project described as the Main Street Public Restrooms Project.

Section 2: The following amounts are appropriated for the project:

Account Number	Account Name	Total Budget
4540000 519000	Professional Services	\$ 30,800
4540000 557000	Land Acquisition	\$ 467,200
4540000 559850	Construction Contract	\$ 275,000
4540000 599100	Contingencies	\$ 27,000
Total Project Appropriation		\$ 800,000

Section 3: The following revenues are anticipated to be available via debt proceeds, contributions from outside agencies, and transfers from the Main Street MSD Fund for project expenses:

Account Number	Account Name	Total Budget
4540000 498207	Contribution from TDA	\$ 325,000
4540000 499100	Debt Proceeds	\$ 375,000
4540000 998020	Transfer in from Main St. MSD Fund	\$ 100,000
Total Project Revenue		\$ 800,000

Section 4: The Finance Director is hereby directed to maintain within the capital project fund sufficient specific detailed accounting records to satisfy the disclosure requirements of all the contractual agreements, if applicable.

Section 5: Funds may be advanced from the Main Street MSD Fund and as necessary for the purpose of making payments as due. Reimbursement requests shall be made in an orderly and timely manner.

Section 6: The Finance Director is directed to report, on a quarterly basis, on the financial status of each project element in Section 3 and Section 4.

Section 7: The Finance Director is further instructed to include a detailed analysis of past and future revenues and expenses during each annual budget submission made to the Governing Board.

Section 8: Copies of this capital project shall be furnished to the City Clerk, Finance Director and City Manager for direction in carrying out this project.

ADOPTED by the City Council of the City of Hendersonville, North Carolina, on this seventh day of June 2018.

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

Resolution #18-0641

RESOLUTION OF INTENT A RESOLUTION TO DECLARE THE OFFICIAL INTENT TO REIMBURSE FOR THE CAPITAL PROJECT ORDINANCE DESCRIBED AS THE MAIN STREET PUBLIC RESTROOMS PROJECT

WHEREAS, the Issuer anticipates incurring expenditures (the "Expenditures") for THE ACQUISITION, CONSTRUCTION, AND INSTALLATION OF THE MAIN STREET PUBLIC RESTROOMS PROJECT, ORDINANCE #18-0640 (the "Project"); and

WHEREAS, the Issuer intends to finance the costs of the Project with the proceeds of debt to be issued by the Issuer (the "Borrowing"), the interest on which is to be excluded from gross income for Federal income tax purposes; and

WHEREAS, the maximum principal amount of the Borrowing to be incurred by the Issuer to finance the Project is \$375,000.00; and

WHEREAS, the Issuer hereby declares its official intent to reimburse itself with the proceeds of the Borrowing for any of the Expenditures incurred by it prior to the issuance of the Borrowing.

THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF HENDERSONVILLE, NORTH CAROLINA that this declaration (the "Declaration") is made pursuant to the requirements of the United States Treasury Regulations Section 1.150-2 and is intended to constitute a Declaration of Official Intent to Reimburse under such Treasury Regulations Section and the undersigned is authorized to declare the official intent of HENDERSONVILLE, North Carolina (the "Issuer") with respect to the matters contained herein.

Passed and adopted at the regular meeting of the City Council of the City of Hendersonville, North Carolina, held this 7th day of June 2018.

/s/Barbara G. Volk, Mayor
Attest: /s/Tammie K. Drake, City Clerk

M. Consideration of a Resolution to Adopt the Debt Service Coverage Policy: Assistant City Manager Brian Pahle reported there is currently no policy governing the City's Debt Service Coverage Ratio. The Debt Service Coverage Ratio is an indicator of a government unit's capacity to cover day-to-day expenditures and payments on debt using operating revenue. He provided a proposed Debt Service Coverage Ratio Policy to guide debt issuance decisions and the adopting resolution.

Resolution #18-0642

A RESOLUTION TO ADOPT THE DEBT SERVICE COVERAGE RATIO POLICY

WHEREAS, The Hendersonville City Council has not previously adopted a Debt Service Coverage Ratio Policy, and

WHEREAS, it is recognized that policies must evolve as the City, society, and technology evolve, and

WHEREAS, the addition of this policy will provide continuous improvement to the City of Hendersonville's practices and procedure relating to debt issuance, and

WHEREAS, the Debt Service Coverage Ratio Policy will guide the City's actions related to debt issuance, and

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

Section 1. The City Council hereby adopts the Debt Service Coverage Ratio Policy.

Section 2. This resolution shall become effective upon its adoption and approval.

Adopted this seventh day of June 2018.

/s/Barbara G. Volk, Mayor
Attest: /s/Tammie K. Drake, City Clerk

DEBT SERVICE COVERAGE RATIO POLICY

I. Purpose:

It is the policy of the City to provide and maintain numerous amenities, great public services, financial sustainability, economic vitality, strong partnerships, and sound infrastructure. To accomplish these goals, and strive for continuous improvement, the City desires to maintain a prudent level of operating and debt payment expenses guided by a Debt Service Coverage Ratio policy.

The purpose of this policy is to establish an appropriate Debt Service Coverage Ratio for the Water and Sewer Fund. The Debt Service Coverage Ratio measures the ability to pay for debt service and day-to-day expenditures using operating revenues. A Debt Service Coverage Ratio policy will guide the City of Hendersonville's actions related to debt. Establishment of this policy will advance the City's financial condition and provide parameters for the issuance of debt.

II. Definition

The University Of North Carolina School Of Government defines the Debt Service Coverage Ratio using the following formula. The City of Hendersonville adopts this measure as the appropriate calculation of the Debt Service Coverage Ratio:

$$= \frac{\text{Operating Revenues - Operating Expenses (Excluding Depreciation)}}{\text{Principal + Interest Payments on Long Term Debt}}$$

A ratio of less than 1.0 indicates revenues do not fully cover day-to-day expenditures and payments on principal and interest on debt. In general, this ratio should be at, or above 1.0. The State of North Carolina requires water and sewer systems, applying for state funds to expand or extend service, to achieve a ratio of greater than 1.0, with certain exceptions.

Often, debt issuances will include covenants requiring the Debt Service Coverage Ratio be maintained at a specified level. The City will consider these covenants in addition to the Debt Service Coverage Ratio policy. Should the City be held to a higher standard through a bond covenant, the City will seek to maintain the more stringent of the two ratios.

III. Management

1. The City of Hendersonville will strive to maintain a Debt Service Coverage Ratio between 1.0 and 1.5 as defined by the UNC School of Government's measure.
2. The City of Hendersonville will consider how the Debt Service Coverage Ratio affects credit and/or bond ratings.
3. The City will employ proper management techniques for debt, making proactive efforts to identify and execute prudent refunding opportunities, and closely matching capital financing structures to the needs of the project(s).
4. The City will follow all agreed upon debt covenants.

N. Consideration of Agreement to Provide Legal Advertising: City Clerk Tammie Drake reported staff recently issued a Request for Proposals for Legal Notice Advertisement Publication Services. There were two respondents: Times News and the Hendersonville Lightning. The results follow:

	Example 1	Example 2	Example 3	Example 4	half page
Hendersonville Lightning					
Cost per word-first publication .13	\$ 39.25	\$ 72.00	\$ 803.75	\$ 178.00	\$ 250.90

Cost per word-second publication .12
 Times-News Cost per word-all publications .12 \$ 37.68 \$ 69.12 \$ 771.60 \$ 170.88 \$ 240.00

The initial term for publishing notices is from Date of Award, July 1, 1028, through June 30, 2021. Mrs. Drakes explained this may be terminated, in whole or in part, at the sole option of the City if the City is no longer required, under North Carolina law, to use newspaper publication. She explained careful consideration was given to the ability to publish duplicate advertisements on a publicly-available website.

Mrs. Drake stated beginning with the July Council meeting, the legal notices required to be published by State law will be published in the Times News unless otherwise directed by the Council.

O. Consideration of Audit Engagement Letter and Contract to Audit Accounts: Finance Director John Buchanan presented an engagement letter from Greene, Finney & Horton for the contract to audit the City of Hendersonville's financial statements for the fiscal year ending 06-30-18.

Mr. Buchanan also provided a letter from Greene, Finney & Horton expressing their opinions about whether the financial statements prepared by management with the Council's oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. He also provided the Contract to Audit Accounts. The letter and contract is available in the office of the Finance Director.

P. Consideration of an Ordinance Amending Code Section 50-145 Pertaining To Speed Limits In School Zones: City Attorney Fritschner explained Council indicated its interest at a previous meeting in lowering the speed limit in school zones from 25 miles per hours to 20 miles per hour during times preceding and following the beginning and end of school hours, and lengthening the time preceding the beginning and ending hours from 30 minutes to 60 minutes. This action is for the protection of persons within school zones during those times but principally for the safety of crossing guards. He provided a proposed ordinance to affect the requested change.

Ordinance #18-0643

AN ORDINANCE AMENDING CODE SECTION 50-145 PERTAINING TO SPEED LIMITS IN SCHOOL ZONES

WHEREAS, the City Council has determined that it is in the best interest of the health and safety of persons standing or traveling in school zones at certain times to reduce the maximum allowable speed for vehicular traffic on roadways within those school zones, and to increase the length of the periods for such reduction,

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

SECTION 1. Sec. 50-145 of the Hendersonville Code of Ordinances is hereby amended to read in its entirety as follows:

Sec. 50-145. - School zones.

(a) It shall be unlawful for any person to operate or drive any vehicle at a speed greater than ~~25~~ 20 miles per hour in any school zone during a period of time of ~~30~~ 60 minutes prior to and 30 minutes following the times when such school begins and ends its daily schedule.

(b) For the purposes of this section, a school zone shall be deemed to be that portion of any street abutting any school property for a distance not to exceed 500 feet on either side of such school property.

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 seventh day of June 2018.

/s/Barbara G. Volk, Mayor

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

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

Council Member Caraker moved Council to approve the items on the consent agenda. A unanimous vote of the Council followed. Motion carried.

6. Recognitions of Public Works Staff: City Manager John Connet recognized the Public Works street crew for their work on the Maple Street Project. The funds were provided by the State Legislature. Mayor Volk commented she heard concerns about the project but once completed has received compliments on the work.

7. Public Hearing – Consideration of an Ordinance Making Appropriations for Certain Expenses, Capital Improvements and Indebtedness of the City of Hendersonville for the Year Beginning July 1, 2018 and Ending June 30, 2019: City Manager John Connet presented the budget document and highlighted:

The six priority areas of Council's Vision, Mission and Goals: numerous amenities, great public services, financial sustainability, economic vitality, strong partnerships, and sound infrastructure.

Accomplishments for 2014-2017.

State of the City including:

- Residential/Commercial Growth
- Revenue Options are Critical
- ¼-cent Sales Tax
- Assisted Numerous Non-Profits
- Partnership Land Investment Fund
- Support Economic Development
- Customer Service Focus
- FY19-20 Revaluation

Included in Budget Packet:

- Budget Ordinance
- Capital Reserve Fund Ordinance - setting money aside to fund new projects
- Resolution of Intent to Adopt the Capital Improvement Plan. This includes phased-in rates, the construction of a new police department, and maintenance facility. Adoption of this resolution will use revenue from the new valuation. Items included are proposed to be funded on future revenue.
- Capital Improvement Plan
- Fee Schedule: Minor changes are proposed. All credit card processing fess will be eliminated. The daily admittance fee to Patton Pool of \$2 for non-swimmers will be eliminated. The stormwater monthly fee will be increase \$1.
- Pay & Classification Plan

Details:

General Fund Tax Rate = \$0.49 per \$100 Valuation – increase of 2 cents to fund three SROs is proposed. This equates to approximately \$120,000 for a total of five SROs. Vehicle costs are included.
Main St. MSD Tax Rate = \$0.28 per \$100 Valuation
7th Ave. MSD Tax Rate = \$0.12 per \$100 Valuation
\$15 Motor Vehicle Fee to fund transit, paving of streets
Pay & Class, Phase II, COLA 1.2%
Merit & Market Increases
Fund Balance within 25% - 35% Goal

Mr. Connet congratulated and expressed appreciation to Assistant Manager Brian Pahle for the work on the budget.

Discussion from the Council included Henderson County Commissioners' vote not to fund the School Resource Officer positions inside the City limits. A resolution adopted by the Council requesting commissioners approve equal funds for all schools was not approved by the Commission. Mr. Connet reported the City did not receive any counter proposal or discussion. Council Member Miller thanked Commissioner Bill Lapsley, the sole supporter of funding the SROs. He voiced support of funding the positions stating SROs are needed in every school. He stated the Council did not ask Henderson County to fund the floater position. He encouraged the Council to pass the budget including three new SROs and to continue pushing for a constructive discussion for compromise with Henderson County Commissioners to fund all or a portion of SROs. He stated all City residents also pay county taxes. He stated he wants the students, families, staff, etc. to know there will be SROs at schools. He asked Council to move forward with adoption of budget including funding the SRO positions.

Council Member Caraker commented he does not have children that attend Henderson County schools yet pays the same tax. He agreed discussions should continue.

Council Member Smith thanked Mr. Miller for trumpeting the cause. He stated the City put a SRO in Hendersonville Middle School before anyone else did. He stated Council takes their roles very seriously about protecting those in schools. He supported permanent funding of SRO positions. He commented on biased funding which is unfair to City residents. He agreed funding the SRO positions is the right thing to do. He stated the County's decision not to fund the SROs comes after working well together on the Health Sciences Center. He voiced support of the budget with the tax increase for SROs.

Mayor Volk stated she has received comments that no one can understand why Henderson County will not fund the SROs.

Mayor Pro Tem Stephens commented if the City does not fund the SROs, Henderson County will have to. There was discussion of Henderson County funding SROs at all other County schools.

At 6:35 p.m., the public hearing was opened by Mayor Volk in accordance with North Carolina General Statutes by notice published in the Hendersonville Lightning. The following addressed the Council:

Ken Fitch, 1046 Patton Street, addressed the Council that his principle concern is about essential services: historic infrastructure, threats to schools and ensuring the safety of our community with SROs and Fire Department staffing being upgraded.

No one else expressed a desire to speak. The public hearing was closed at 6:40 p.m.

There was discussion of how the tax rate may be changed if Henderson County agrees to fund the SRO positions. Mr. Connet explained if a significant change (excess) in revenue is received, there is a method by which the tax rate can be changed.

After discussion Mayor Pro Tem Stephens moved to remove four of the five SRO positions, leaving one SRO at the High School. The vote was two in favor (Stephens, Caraker), three opposed (Volk, Smith, Miller). **Motion failed.**

Council Member Miller moved Council to adopt the Budget Ordinance, Capital Reserve Fund Ordinance, and Resolution of Intent including the funding for School Resource Officers. The vote was unanimous. Motion carried.

Ordinance #18-0644

**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, 2018 AND ENDING JUNE 30, 2019**

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, 2018; 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 COUNCIL OF THE CITY OF HENDERSONVILLE, NORTH CAROLINA:

SECTION 1: That the following amounts are hereby appropriated for the major governmental and proprietary budgets, together with a financial plan for internal service funds, for the City of Hendersonville and its activities for the fiscal year beginning July 1, 2018, and ending June 30, 2019, in accordance with the chart of accounts heretofore established for this City:

GOVERNMENTAL FUNDS

General Fund

General Fund

Budgeted Revenues	\$(14,754,666)
Ad Valorem Taxes	(8,559,971)
Other Taxes & Licenses	(11,000)
Unrestricted Intergovernmental	(4,712,425)
Restricted Intergovernmental	(586,520)
Permits & Fees	(403,900)
Sales & Services	(266,250)
Investment Earnings	(83,600)
Miscellaneous	(131,000)
Budgeted Expenditures	\$16,011,666
General Government	2,221,679
Police	5,543,657
Fire	2,971,163
Development Assistance	491,683
Public Works	4,042,303
Debt Service	831,181
Other Finance (Sources)/Uses	\$(1,257,000)
Proceeds of Debt	(615,000)
Transfers (In)	(30,000)
Transfers Out	-
Fund Balance Appropriated	(612,000)

Sub-Total Appropriation

\$16,011,666

Special Revenue Funds

Fire Community Fund

Budgeted Revenues	\$(-)
Miscellaneous	(-)
Budgeted Expenditures	\$2,000
General Administration	2,000
Other Finance (Sources)/Uses	\$(2,000)
Fund Balance Appropriated	(2,000)

Sub-Total Appropriations

\$2,000

Historic Preservation Commission Fund

Budgeted Revenues	\$(-)
Miscellaneous	(-)
Budgeted Expenditures	\$15,000
General Administration	15,000
Other Finance (Sources)/Uses	\$(15,000)
Fund Balance Appropriated	(15,000)

Sub-Total Appropriations

\$15,000

Kennel Club Fund

Budgeted Revenues	\$(-)
Miscellaneous	(-)
Budgeted Expenditures	\$7,500
General Administration	7,500
Other Finance (Sources)/Uses	\$(7,500)

Fund Balance Appropriated	(7,500)
Sub-Total Appropriations	\$7,500
Main Street MSD Fund	
Budgeted Revenues	\$(475,057)
Ad Valorem Taxes	(236,873)
Other Taxes & Licenses	(-)
Unrestricted Intergovernmental	(173,684)
Restricted Intergovernmental	(-)
Permits & Fees	(-)
Sales & Services	(-)
Investment Earnings	(500)
Miscellaneous	(64,000)
Budgeted Expenditures	\$475,057
Downtown Program	\$475,057
Other Finance (Sources)/Uses	\$(-)
Fund Balance Appropriated	(-)
Sub-Total Appropriations	\$475,057
Motor Unit Fund	
Budgeted Revenues	\$(-)
Miscellaneous	(-)
Budgeted Expenditures	\$1,000
General Administration	1,000
Other Finance (Sources)/Uses	\$(1,000)
Fund Balance Appropriated	(1,000)
Sub-Total Appropriations	\$1,000
Special Revenue Funds (cont.)	
Needy Persons Fund	
Budgeted Revenues	\$(-)
Miscellaneous	(-)
Budgeted Expenditures	\$7,500
General Administration	7,500
Other Finance (Sources)/Uses	\$(7,500)
Fund Balance Appropriated	(7,500)
Sub-Total Appropriations	\$7,500
PD Federal Drug Forfeiture Fund	
Budgeted Revenues	\$(-)
Miscellaneous	(-)
Budgeted Expenditures	\$5,000
General Administration	5,000
Other Finance (Sources)/Uses	\$(5,000)
Fund Balance Appropriated	(5,000)
Sub-Total Appropriations	\$5,000
PD State Drug Forfeiture Fund	
Budgeted Revenues	\$(-)
Miscellaneous	(-)
Budgeted Expenditures	\$50,000
General Administration	50,000
Other Finance (Sources)/Uses	\$(50,000)
Fund Balance Appropriated	(50,000)
Sub-Total Appropriations	\$50,000
RAD Fund	
Budgeted Revenues	\$(-)
Miscellaneous	(-)
Budgeted Expenditures	\$1,000
General Administration	1,000
Other Finance (Sources)/Uses	\$(1,000)
Fund Balance Appropriated	(1,000)
Sub-Total Appropriations	\$1,000
Seventh Avenue MSD Fund	
Budgeted Revenues	\$(59,083)
Ad Valorem Taxes	(17,750)
Other Taxes & Licenses	(-)
Unrestricted Intergovernmental	(33,333)
Restricted Intergovernmental	(-)
Permits & Fees	(-)
Sales & Services	(-)
Investment Earnings	(500)
Miscellaneous	(7,500)
Budgeted Expenditures	\$59,083
Downtown Program	\$59,083
Other Finance (Sources)/Uses	\$(-)
Fund Balance Appropriated	(-)
Sub-Total Appropriations	\$59,083

Special Revenue Funds (cont.)**Walk of Fame Fund**

Budgeted Revenues	\$(-)
Miscellaneous	(-)
Budgeted Expenditures	\$4,000
General Administration	4,000
Other Finance (Sources)/Uses	\$(4,000)
Fund Balance Appropriated	(4,000)
Sub-Total Appropriations	\$4,000

PROPRIETARY FUNDS**Enterprise Funds****Environmental Services Fund**

Budgeted Revenues	\$(1,200,200)
Charges for Services	(1,185,000)
Other Taxes & Licenses	(-)
Unrestricted Intergovernmental	(9,000)
Restricted Intergovernmental	(-)
Permits & Fees	(-)
Sales & Services	(-)
Investment Earnings	(5,000)
Miscellaneous	(1,200)
Budgeted Expenditures	\$1,398,377
Sanitation	1,364,749
Debt Service	33,628
Other Financing Services	\$(198,177)
Fund Balance Appropriated	(198,177)
Sub-Total Appropriations	\$1,398,377

Stormwater Fund

Budgeted Revenues	\$(327,500)
Charges for Services	(325,000)
Other Taxes & Licenses	(-)
Unrestricted Intergovernmental	(-)
Restricted Intergovernmental	(-)
Permits & Fees	(1,500)
Sales & Services	(-)
Investment Earnings	(1,000)
Miscellaneous	(-)
Budgeted Expenditures	\$307,274
Stormwater	307,274
Other Financing Sources	\$20,910
Fund Balance Appropriated	(9,774)
Transfer (In)	(-)
Transfers Out	30,000
Sub-Total Appropriations	\$337,274

Enterprise Funds (Cont.)**Water & Sewer Capital Reserve Fund**

Budgeted Revenues	\$(-)
Miscellaneous	(-)
Budgeted Expenditures	\$100,000
General Administration	100,000
Other Finance (Sources)/Uses	\$(100,000)
Fund Balance Appropriated	(-)
Transfers (In)	(100,000)
Transfers Out	-
Sub-Total Appropriations	\$100,000

Water & Sewer Fund

Budgeted Revenues	\$(16,167,196)
Charges for Services	(15,349,851)
Other Taxes & Licenses	(-)
Unrestricted Intergovernmental	(-)
Restricted Intergovernmental	(-)
Permits & Fees	(594,945)
Sales & Services	(-)
Investment Earnings	(190,000)
Miscellaneous	(32,400)
Budgeted Expenditures	\$16,539,133
General Business	4,050,387
Facilities Maintenance	1,574,304
Water Treatment Plant	2,058,544
Operations Support	868,308
Water Distribution	2,069,755
Wastewater Treatment Plant	1,760,372
Wastewater Collection	1,830,885
Debt Service	2,326,578
Other Financing Sources	\$(371,937)
Fund Balance Appropriated	(471,937)
Transfers (In)	(-)
Transfers Out	100,000
Sub-Total Appropriations	\$16,639,133

Internal Service Funds

Health & Welfare Fund

Budgeted Revenues	\$(362,885)
Charges for Services	(352,635)
Grant Revenue	(-)
Miscellaneous	(10,250)
Budgeted Expenditures	\$362,885
Employee Benefits	362,885
Other Financing Sources	\$(-)
Fund Balance Appropriated	(-)
Sub-Total Appropriations	\$362,885

Total Appropriations

\$35,476,475

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, 2018, and ending June 30, 2019. A copy of said document 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 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 department, 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-nine cents (\$0.49) per one hundred dollars valuation of property as listed for taxes as of March 1, 2018. This rate is based on an estimated total valuation of property for the purpose of taxation of \$1,787,226,986 and estimated collection rate of 98.01%.

A tax rate is also levied of twenty-eight cents (\$0.28) per one hundred dollars (\$100) valuation of property as listed for taxes as of March 1, 2018, 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 \$86,256,402 and an estimated collection rate of 98.01%.

A tax rate is also levied of twelve cents (\$0.12) per one hundred dollars (\$100) valuation of property as listed for taxes as of March 1, 2018, 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 \$16,386,965 and an estimated collection rate of 98.01%.

There is hereby adopted an official Fee Schedule listing specific fees, licenses, and utility rates charged by the City of Hendersonville for the use of City facilities and equipment for the purposes of making them available to public, specific utility rates the proceeds of which are for the maintenance and expansion of its utility systems, 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, and 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 9: This ordinance shall become effective on and after July 1, 2018.

SECTION 10: 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 7th day of June 2018.

/s/Barbara G. Volk, Mayor

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

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

Ordinance #18-0645

**CAPITAL RESERVE FUND ORDINANCE
AN ORDINANCE SETTING CAPITAL RESERVE GUIDELINES FOR THE CITY OF HENDERSONVILLE, NORTH CAROLINA FOR THE YEAR BEGINNING JULY 1, 2018 AND ENDING JUNE 30, 2019**

WHEREAS, under North Carolina General Statute 159-18 the City of Hendersonville is authorized to establish and maintain a capital reserve for any purposes for which bonds may be issued; and

WHEREAS, the City Council deems it is in the best interest of the citizens of Hendersonville to establish a capital reserve to fund future capital improvements; and

WHEREAS, the capital reserve fund will be used in conjunction with a multi-year capital improvement program to be reviewed annually during the budget process;

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

SECTION 1 BUDGET: That the following Capital Reserve Fund (CRF) budget, purpose, anticipated revenues, and project appropriations are hereby adopted for the operation of the City of Hendersonville and its activities for the fiscal year beginning July 1, 2018 and ending June 30, 2019.

SECTION 2 PURPOSE: That the purpose of the City of Hendersonville CRF will be to (1) raise funds for future economic development capital projects, (2) provide greater levels of transparency and flexibility in raising and expending funds on capital projects, (3) delineate the timeframe for which revenues will be raised for and expended on capital projects, (4) display the amounts of revenues and expenditures for capital projects funded through the CRF, and (5) detail revenue sources of the fund.

This Capital Reserve Fund Ordinance will, more specifically, be established alongside the City's Budget Ordinance to begin saving for Water and Sewer Fund related economic development projects. The City has recognized the need to fund economic development projects and desires to fund such projects through a CRF to enhance transparency and accountability.

SECTION 3 TIMEFRAME: That revenues for Water and Sewer Fund related capital projects will be raised over a period of five (5) fiscal years- from July 1, 2018 to June 30, 2023.

SECTION 4 AMOUNTS ACCUMULATED: That each fiscal year, the City will transfer \$100,000 from the Water and Sewer Fund (Fund 60) to the Capital Reserve Fund (Fund 66). The City will save \$500,000 of revenue in the CRF for future economic development projects. The City anticipates expending \$500,000 on economic development projects.

SECTION 5 REVENUE SOURCES: That the revenue source planned for the CRF is the Water and Sewer Fund. Each year delineated, the City will transfer \$100,000 from the Water and Sewer Fund to the CRF.

Passed and adopted at the regular meeting of the City Council of the City of Hendersonville, North Carolina, held this 7th day of June 2018.

/s/Barbara G. Volk, Mayor

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

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

Resolution #18-0646

RESOLUTION OF INTENT

A RESOLUTION TO CONSIDER AND ADOPT THE RECOMMENDED CAPITAL IMPROVEMENT PLAN (CIP) AND WATER/SEWER RATE STUDY FOR THE CITY OF HENDERSONVILLE, NORTH CAROLINA FOR THE FISCAL YEAR 2018-19 THROUGH THE FISCAL YEAR 2022-23

WHEREAS, the City of Hendersonville recognizes that a Capital Improvement Plan (CIP) enables staff and the Board to plan for a vibrant community; and

WHEREAS, the CIP is a 10-year planning tool designed to help the City plan for the repair, replacement, and acquisition of capital items; to assist in financial planning; to ensure better coordination and evaluation of projects; to provide necessary lead time for project planning, permitting, and design; and to maintain or improve the City's credit rating and fiscal health; and

WHEREAS, the recommended FY18-19 through FY22-23 CIP updates preceding budgets and CIPs of prior fiscal years; and

WHEREAS, this plan is updated annually for Board review; and

WHEREAS, the Board authorizes staff to reallocate undesignated or unused funds within the CIP and Capital Reserve Fund to support other projects that may come about in the course of this timeframe; and

WHEREAS, this flexibility in the planning and implementation of capital needs makes the City's CIP responsive to the changing needs of its community; and

WHEREAS, the Board intends to follow the recommendations of the water and sewer rate study as to provide adequate funding for the projects identified in the CIP while maintaining a strong financially sustainable fiscal position; and

WHEREAS, the Board intends to generate revenues through the County-wide real property revaluation, effective FY19-20, to provide funding for the debt service payments on General Fund projects: 7th Avenue Streetscape Project, Phase I (\$1,400,000); Capital Equipment Loan (\$615,000); Police Headquarters Project (\$8,000,000), and Public Works – Maintenance Facility Project (\$1,500,000); and

WHEREAS, this CIP will provide a vibrant future for our community and is intended to further the vision and mission of the City.

THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF HENDERSONVILLE, NORTH CAROLINA that the City of Hendersonville City Council has received and adopts the recommended Capital Improvement Plan (CIP) in conjunction with the annual City Budget for Fiscal Year 2018-2019.

Passed and adopted at the regular meeting of the City Council of the City of Hendersonville, North Carolina, held this 7th day of June 2018.

/s/Barbara G. Volk, Mayor

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

8. Consideration of Proceeding with the Issuance of General Obligation Bonds for \$3,000,000 for Capital Costs for Acquiring, Constructing, Reconstructing, Renovating, Expanding, Furnishing and Equipping Parks and Recreation Facilities, Including Acquiring Land, Rights-Of-Way and Easements:

At the direction of the Council, Mr. Connet presented resolutions needed to pursue General Obligation bonds for the development of parks for a bond order entitled: "Bond Order Authorizing The Issuance Of \$3,000,000 General Obligation Parks And Recreation Bonds Of The City Of Hendersonville, North Carolina". He explained the first resolution required by NC General Statutes is for the publication of the notice of intention to apply to the Local Government Commission (LGC) for approval of the bonds to be put on the ballot and another to make application to the LGC. The final resolution is for the City Council to make the same findings as the LGC in order to approve the bonds and, per LGC policy, is being done to support the application that is being made to the LGC.

Mr. Connet explained upon adoption of the resolutions, the taxpayers will vote on the issue on November ballot. Mayor Volk stated the bond funds will only be use for parks and recreation facilities, not for the construction of the police station. This will not include sidewalks but will include the greenway. Council Member Smith commented no major capital investments have been made at Berkeley Mills Park and if the residents want the park built out, they will vote for it. This was also on the ballot and voted on in 2013, for \$6 million, which failed. Council Member Miller asked what the tax implications would be. Mr. Pahle stated it will be a 2-3 cents impact on the tax rate. Mr. Connet stated this will be for a 20-year issuance.

Council Member Miller commented the City has not given piece milling a chance and creating naming opportunities have not been pursued. He stated he is not comfortable supporting a bond at this time because of a 2-3 cent tax increase if it passes. He stated he is comfortable with trying to raise funds for Berkeley Mills Park. Council Member Smith said the City does not have to borrow \$3 million but could choose a lesser amount. He commented this fall is a statewide election and expects more voter turnout. He stated this provided a way to allow residents to give the Council guidance on the project and not be bound to borrowing. There was also discussion on extending greenway around Berkeley Mills Park and the possibility of grants.

Council Member Miller stated he does not support the bond issue but will work to create funding opportunities. He stated the park would be a great asset but is not priority with tax dollars. Council Member Smith commented putting the issue on the ballot is giving the residents an opportunity to choose their priority.

Council Member Smith moved the City Council to adopt three resolutions:

- 1) To Direct the Publication of Notice of Intention to Apply to the Local Government Commission for Approval of Bonds,
- 2) To Authorize the Finance Director to Apply to the Local Government Commission for Approval of the City's Proposed General Obligation Bonds and to Submit Such Application to the Local Government Commission,
- 3) To Make Certain Statements of Fact Concerning Proposed Bond Issue.

The vote was two in favor (Smith, Volk), three opposed (Caraker, Stephens, Miller). **Motion failed.**

9. Presentation on GIS Story Map: Mr. Travis Penland, Geographic Information Systems Administrator provided a demonstration of the GIS Story Map. Council Member Caraker commended Mr. Penland for his work on this project. Mr. Connet commented this is another great example of team work. **No action was taken by the Council.**

10. Presentation on Grey Hosiery Mill Building: City Manager John Connet introduced Developer Ken Reiter to provide an update on the Grey Hosiery Mill Building project and requested direction from the Council.

Mr. Reiter addressed the Council with a review of their development team, an update on the scope of the project, the schedule, sources and uses of funds and next steps. He stated Belmont Sayre specializes in the development of mixed-use investments. Recent projects include Chatham Manufacturing Company and American Tobacco Historic District.

Regarding the scope of the project, Mr. Reiter reported while there is market demand for higher-end boutique products, high construction cost, operational inefficiencies and lending requirements do not support the feasibility of a boutique hotel. He stated that project is not financially viable but there are other viable uses. He stated the room rates would have been too high and it would not have been successful. He proposed focusing on using the Grey Hosiery Mill Building property for workforce housing. He reported a market study indicates a need/demand for housing for median incomes. He reported there is local lender support for housing, historic tax credit investors, and lower project costs. He stated the project will support the local economy while attracting/retaining the 20-30 age group to downtown.

Accomplishments: Mr. Reiter reported on what has been accomplished by the City: Brownfield agreement allows residential uses and a property tax reduction, Part 2 approvals (historic credits), grandfathered for Federal Historic Tax Credit and NC Mill historic tax credits, NC Commerce grant, due diligence – ACM, LBP, structural assessments, concept design plans, local landmark designation, Brownfields certifications, and a market study that supports the type of program based on projections.

Space and Amenities: Mr. Reiter reviewed the proposed renovations with new windows, spacious, naturally-lit interiors. He stated ample parking is available and there is convenient access to downtown shops. He then reviewed a proposed site plan that maintains the courtyard between the buildings. He stated they will bring all properties under the protection of a Brownfields agreement. He proposed 35 units, most with two bedrooms, efficient designs. Some units will have lower level space, day-lighted and will range from 750 square feet to 1,100 square feet for three bedrooms.

Sources of Uses of Funds: Mr. Reiter provided the following sources for the residential project and proposed use of funds:

			28,628	35
Sources of Funds	Amount	%	\$ / PSF NRA	\$ / PSF NRA
Construction / Permanent Loan	3,000,000	45.8%	\$104.79	\$85,714
City / CDBG Forgivable Loan	500,000	7.6%	\$17.47	\$14,286
Cash Equity	256,788	3.9%	\$8.97	\$7,337
Federal Historic Tax Credit	916,560	14.0%	\$32.02	\$26,187
NC Mill Rehab Tax Credit	1,558,152	23.8%	\$54.43	\$44,519
Bridge Loan - NC Mill Reahb Tax Credit	2,245,571	34.2%	\$78.44	\$64,159
Payback - Bridge Loan - NC Mill Rehab Tax Credit	(2,245,571)	(34.2%)	(\$78.44)	(\$64,159)
Deferred Fee	325,000	5.0%	\$11.35	\$9,286
Total Sources	\$6,556,500	100.0%	\$229.02	\$187,329
Uses of Funds	Amount	%	\$ / PSF NRA	\$ / PSF NRA
Total Land Costs	250,000	3.8%	\$8.73	\$7,143
Total Hard Costs	4,681,000	71.4%	\$163.51	\$133,743
Total Design Costs	220,000	3.4%	\$7.68	\$6,286
Total Development Soft Costs	27,500	0.4%	\$0.96	\$786
Total Other Soft Costs	528,000	8.1%	\$18.44	\$15,086
Total Other Costs	850,000	13.0%	\$29.69	\$24,286
Total Uses	\$6,556,500	100.0%	\$229.02	\$187,329

Next steps: Mr. Reiter stated next steps include modifying the development agreement for new proposed program, complete pre-development activity (final program and design and historic approvals), secure sources for construction financing and coordinating the design of the infrastructure.

There was discussion from the Council about the major project change, construction timeline and the time to fill the property. Mr. Reiter stated he is confident the rent will be competitive. There was discussion of the amount of land that will be a part of the project. Mr. Connet stated the City has purchase most of the property and there may be some property remaining for future use.

In discussion, Mr. Connet noted this is not a total restart but a lot of the work that has been done can be used. No additional studies are necessary. He stated staff reached out to local bankers to check for interest and none could support hospitality but seem much more interested/engaged in a multi-family project. There was no objection to proceeding with change in development. **The Council agreed to proceed with the residential project as proposed by Mr. Ken Reiter.**

11. Comments from Mayor and City Council Members: Mayor Volk asked for a special meeting to conduct an annual review of the performance of the City Manager. A special meeting was set for June 19, 2018 at 4:30 p.m. at City Hall.

12. Reports from Staff:

- A. Surplus Property Disposition Report: In accordance with "A Resolution Delegating the Authority for Declaring Personal Property Surplus," Mr. Connet provided a list of vehicles that are surplus and will be sold on Gov Deals.
- B. Summer interns: Mr. Connet introduced the interns working with the City: Angel Park – working with the safety program, Preston Blakely – working with admin Human Resource, Dylan Powell – working with Development Assistance.

13. Consideration of Appointment

ABC Board: Mayor Pro Tem Stephens nominated Marcia Cane for a three-year term on the ABC Board. The term will expire June 30, 2021. A unanimous vote of the Council followed. Motion carried.

Announcement of (Re)Appointments, Upcoming Vacancies on City-Appointed Boards and Commissions: Mrs. Drake announced the vacancies on the boards. No action was necessary.

14. New Business: There was none.

15. Adjournment: The meeting adjourned at 7:43 p.m. upon unanimous assent of the Council.