

MINUTES
February 21, 2019
SPECIAL MEETING OF THE CITY COUNCIL
CITY HALL – COUNCIL CHAMBERS
6:00 p.m.

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

Staff Present: City Manager John F. Connet, City Attorney Samuel Fritschner, Assistant City Manager Brian Pahle, City Clerk Tammie Drake, Budget and Management Analyst Adam Murr, Communications Director Allison Nock, Fire Chief Joseph Vindigni, Downtown Director Lew Holloway

1. Call to Order: Mayor Volk called the meeting to order at 6:00 p.m. and welcomed those in attendance. A quorum was established with five members in attendance.

The purpose of the special meeting was to conduct an annual planning retreat with staff and to consider the following:

1. To consider and accept the low bid of Dunlap Construction for the construction of downtown restrooms and to authorize the City Manager to enter into a Contract with Dunlap Construction
2. To consider a proclamation for “the Official Football Team of the City of Hendersonville.”
3. To enter a closed session to consult with the City Attorney to consider or give instructions concerning a judicial action titled City of Hendersonville versus ELP Real Estate, LLC as provided under NCGS §143-318.11(a)(3).

2. Consideration of a Proclamation for to designate MJR Bucks as “The Official Minor-League Football Team of Hendersonville:” At the request of MJR Bucks, Mayor Volk read a proclamation designating MJR Bucks as “The Official Minor-League Football Team of Hendersonville.” **Council Member Caraker moved the Council to adopt the proclamation. A unanimous vote of the Council followed. Motion carried.**

Mayor Volk presented the following proclamation to the team’s owner Karen Hill, her husband and running back Jay Hill and the team’s head coach, Michael Charlton.

Proclamation

Whereas, MJR Bucks has been calling Hendersonville “home” since its creation in June of 2014; and

Whereas, The organization was created under the name "Hendersonville Jaguars" by Michael James Robinson, a 1995 East Henderson High School graduate, to give athletes out of high school and college a second chance to continue their football careers while maintaining NCAA eligibility; and

Whereas, After the organization’s first season, sadly Robinson passed away and ownership was passed to his sister Karen Hill who renamed the team "MJR" Michael James Robinson, and changed the mascot to a buck to represent his love for outdoor sports; and

Whereas, In their 2018 season the MJR Bucks joined the Independent American Football League where they finished with an overall record of 6-2 and made the playoffs. This was a historic season for the organization with a few of their athletes being selected to play professional arena football; and

Whereas, The MJR Bucks provides opportunities for athletes to play at the next level and are role models for the youth; and

Whereas, Besides the few sponsors the MJR Bucks have, the organization and its athletes pay for uniforms, field usage and equipment, and

Whereas, The overall goal of the MJR Bucks is to help their athletes reach the next level while motivating the youth of our city to reach their full potential. The most important part of their mission is continuing their involvement in the community.

NOW, THEREFORE, I, Barbara G. Volk, Mayor, and the Members of the City Council of Hendersonville, to recognize the contributions of MJR Bucks and to encourage the citizens of Hendersonville to support them by attending their games, do hereby resolve to designate MJR Bucks as

“The Official Minor-League Football Team of Hendersonville”

IN WITNESS WHEREOF, I have hereunto set my hand and caused to be affixed the Seal of the City of Hendersonville on the twenty-first day of February, in the year of our Lord, two thousand nineteen.

/s/Barbara G. Volk, Mayor

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

3. Consideration of Bids for the Construction of Downtown Restrooms and to Authorize the City Manager to Enter into a Contract with the Selected Bidder: Mr. Holloway provided the history of the project including the first round of the informal bid process. He reported the City has received a grant of \$325,000 from Henderson County Tourism Development Authority to assist in the development of restrooms.

Mr. Holloway stated the design process was initiated and involved the Tourism Development Authority and the Main Street Advisory Committee. He stated the informal bid process was used because staff thought the project would be under \$500,000, however, they were not. He reported the project scope and design were revisited including a reduction in the number of toilets from 13 to nine, simplified the second floor office eliminating a kitchen, a second restroom and a second stairwell.

Mr. Holloway stated the second bids were released in January. He reported the following bids were received:

125 Fifth Avenue West - Public Restroom Project					
City of Hendersonville, NC					
Project Name: Public Restroom & Office Rehabilitation					
Location: 125 Fifth Avenue West					
Architect: Samsel Architects					
Bid Date: 2/15/2019					
BID DETAILS					
			Cooper Construction	Dunlap Construction	Frank L. Blum Construction
1	Received All Addendum		YES	YES	YES
2	Licensed Contractor		YES - NCH 4763	YES - NCH 42054	YES - NCH 18
3	Able to Complete Project by September 30th, 2019		YES	YES	YES
4	BID Bond Included		YES	YES	YES
5	Main Level Only Price		\$504,500.00	\$458,000.00	\$512,611.00
6					
7					
TOTAL BID AMOUNT			\$ 686,000.00	\$ 575,000.00	\$ 657,242.00

Mr. Connet stated the project was budgeted at \$325,000. He proposed paying for the project by delaying the parking improvements at Toms Park being that the restrooms are a higher priority. He suggested diverting \$144,000 to the restrooms from the Toms Park project. Other funds include \$170,000 from lapsed salary for vacant positions in this budget, and another \$50,000 from ad valorem motor vehicles tax.

There was discussion of expansion if needed in the future. Mr. Holloway stated yes, additional stalls may be added in the future if needed. There was also some discussion of the parking improvements at Toms Park.

Council Member Caraker moved the Council to accept the low bid of Dunlap Construction for the construction of downtown restrooms and office space at 125 Fifth Avenue West and the associated budget amendment. He further moved Council to authorize the City Manager to enter into a contract with Dunlap Construction. A unanimous vote of the Council followed. Motion carried.

Ralph Bastedo, 89-2 Ladies Mantle Court, provided a handout to the Council and suggested use of the term “wash room” for the facility.

4. Financial and Project Update: Assistant City Manager Brian Pahle introduced Ms. Susannah Childers, Ah Ha! who will assist in facilitating the meeting.

Mr. Pahle explained staff is seeking the Council’s guidance and understanding on: 1) the City’s financial sustainability and potential revenue options and 2) guidance on the level of City personnel and benefits, public safety services and stormwater services.

Mr. Pahle began with financial sustainability and reviewed Council’s priorities from 2017. He provided the following update on the projects. The bottom portion is unfunded projects.

PRIORITY	STATUS	FUNDING SOURCE	CONSTRUCTION TIMING
7 TH Streetscape Phase I	Design	Reval./Loan	Nov. 2019 – May. 2020
Gateway Signs	Construction	Pay-Go CIP	Feb. 2019 – Jun. 2019
Grey Mill Redevelopment	Final Steps	Private Developer	Mar. 2019 – Jan. 2020
Main St. to Grove St.	Design	Loan/Partner	Sep. 2019 – Dec. 2019
Maple St. Streetscape	Completed	State Grant	Complete
Police Dept. HQ	Design Development	Reval./Loan	Nov. 2019 – Feb. 2021
Public Restrooms	Bid	Loan/Cash/Grant	Mar. 2019 – Oct. 2019
PW Maint. Building	Construction	Loan/Reval.	Nov. 2018 – Aug. 2019
Whitmire Building	Phase II/III Design	On-Hold	On-Hold
PRIORITY	STATUS	FUNDING SOURCE	CONSTRUCTION TIMING
Berkeley Mills Park	Not Started	None	N/A
Cust. Service Renovations	Not Started	None	N/A
FS#1 Renovation	Evaluation	None	N/A
FS#3	Evaluation	None	N/A
Greenway(s) Parking Lots	Evaluation	None	N/A
Parking (Deck/Lots)	Evaluation	None	N/A
URA	On Hold	N/A	N/A

Mr. Pahle reviewed service and expenditure trends including population, residential building permits, and maintaining streets. Mr. Connet stated the extra 1-cent on the tax rate is going a long way to improve street conditions. He provided the 2018 pavement condition study.

Mr. Pahle stated the City is waiting for sidewalk rating data.

Market: Mr. Pahle stated the dollar has inflated since the recession. This impacts the City's, and the employees' ability to spend. The rates have increased eight times since 2008. He expects rates to rise slowly through 2021. He stated this combats inflation.

Mr. Pahle stated the medical insurance premiums have increased 98% since FY13. He stated the number of claims raises as well as increased medical costs is the driver for the increase. He stated the City has maintained an excellent level of service while funding these major increases.

Retirement expense: Mr. Pahle stated North Carolina has one of best funded pension plans in the nation. The City's contribution will increase to 8.95% beginning FY 19. By FY 22-23, the rate is expected to be 13.41% which is \$1.3 million or eight cents on the tax rate.

Debt service ratios (financing obligation) – Mr. Pahle reported the ratio decreased from 8.26% in FY 17 to 5.19% (FY 19). He stated several notes will be paid off next year.

Revenue Trends and Key Financial Indicators are assessed value, property tax, property revaluation 2019, tax payer impacts, sales tax, exemptions and refunds, occupancy tax and fund balance. He reviewed the assessed valuations from FY 98 – FY 18. The average increase before the recession was 10.23% and post-recession is 0.36 percent.

Property Tax: Mr. Pahle reported there has been an 11-cent tax increase since FY 09. He stated Hendersonville has the fourth lowest tax rate in our population range; the average rate is 55 cents. He noted there is more than \$400+ million worth of tax-exempt properties in the City.

2019 Real Property Revaluation: Mr. Pahle reviewed the preliminary increase in real property tax base:

Downtown District: 41.63%

Seventh Avenue District: 29.53%

City: 25.47%.

Mr. Pahle stated property revaluations are governed by NCGS 159.11(e) and are mandated every eight years, Henderson County has chosen to conduct revaluations every four years. He stated the City and Henderson County must publish the revenue-neutral tax rate.

Sales Tax: Mr. Pahle stated approximately 21.5 percent of all revenues come from local sales and use taxes. He stated this revenue source is very elastic. Fund balance was appropriated because of a decrease of approximately 1 percent in FY 18.

There was discussion on the redistribution of sales tax. Mr. Pahle explained Henderson County bases redistribution on ad valorem taxes. The property tax rate has major impacts on local sales tax revenues distributions. The City has lost more than \$404,000 since FY 15-16; \$300,000 in FY 18.

Mr. Pahle stated Henderson County has the option to leverage a quarter-cent sales tax but the City does not. This would generate approximately \$2 million if it could be leveraged in the City.

Occupancy Tax: Mr. Pahle explained this tax goes to Tourism Authority. He stated they could charge 6% and the City could request 1% through a local bill.

Fund Balance: Mr. Pahle reported the City's policy is to have 25 to 35% available. Currently the fund balance is approximately 31%. He stated staff will present a revision to the policy during the budget process.

Financial Forecasting: Mr. Pahle stated financial forecasting is required by law and the City wants to look at it from individual sources, e.g., parking meter revenue vs. aggregate. He reviewed the FY 18-19 revenues and expenditures forecast. He stated expenditures are expected to outpace revenues in FY 18-19. He stated a 25 % revaluation increase has been added.

Revenue Options: Mr. Pahle asked for the Council's ranking on the statement: "This revenue source is a viable option and should be pursued by Council and staff to fund services and expenditures." The Council's ranking follows.

	Strongly Agree	Somewhat Agree	Neutral	Somewhat Disagree	Strongly Disagree
Property tax/revaluations	4	1			
¼-cent local option sales taxes	3	1			1
Privilege license taxes	1	1	2	1	
Service fees	1	4			
Special assessments			1	1	3
General obligation bonds	4	1			
Service district taxes (MSDs)		1	2	2	
Payment-in-lieu of taxes (PILOTS)	3	1			1
Occupancy taxes	4	1			
Water/sewer inside rate vs. taxes	4				1

Mr. Pahle concluded by stating the City is in need of reliable and diverse revenue sources to continue the provision of excellent public services and achieving its strategic mission and vision (financial sustainability).

No action was taken by the Council.

At 8:13 p.m. Council Member Caraker moved Council to enter a Closed Session to Consult with the City Attorney to Consider or Give Instructions Concerning A Judicial Action Titled City of Hendersonville Versus ELP Real Estate, LLC as Provided Under NCGS §143-318.11(a)(3) and to establish or instruct the staff or negotiating agent concerning the position to be taken by or on behalf of the City Council in negotiating the price and other material terms of a contract for the acquisition of real property by purchase, option, exchange, or lease as provided under NCGS §143-318.11(a)(5). A unanimous vote of the Council followed. Motion carried.

The Council discussed the settlement of a judicial action with the City Attorney and the City Manager gave a brief update on the Mill Building property.

Council Member Miller moved the Council to agree to a settlement with ELP Real Estate, LLC for \$85,000 plus the amount of deposit (\$3,000). A unanimous vote of the Council followed. Motion carried.

6. Adjournment: The meeting adjourned at 8:29 p.m. upon unanimous assent of the Council.

Barbara G. Volk, Mayor

Tammie K. Drake, City Clerk