

June 3, 2014
Regular Meeting of the City Council
Council Chambers – City Hall
5:45 p.m.

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

Staff Present: Planning Director Sue Anderson, Police Chief Herbert Blake, City Manager John F. Connet, Engineering Director Brent Detwiler, City Clerk Tammie Drake, IT Director Allen Edge, Fire Chief Dorian Flowers, Zoning Administrator Susan Frady, City Attorney Sam Fritschner, Downtown Economic Development Director Lew Holloway, Personnel Officer David Sapp, Utilities Director Lee Smith, Finance Director Lisa White, Public Works Director Tom Wooten

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

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

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

Mary Cervini, 112 Founders Drive, along with Mike Cervini, founders of Community Partnership for Pets, (CPPI) publicly thanked the Council for funding CPPI. She provided an update on their progress of spaying and neutering pets. Euthanasia at the Henderson County Animal Shelter is down from 83 percent to 46 percent at the close of 2013, adoptions are up 169 percent and return of lost pets to their owners is up 216 percent. They have implemented a Prevent-A-Litter program with the shelter providing free spay and neuter assistance and free rabies vaccinations. They now have eight local Henderson County veterinarians practices and 17 veterinarians that work with them to spay/neuter pets. She expressed appreciation for the past and future funding.

Barbara Hughes, 315 N. Main Street, invited Council to Chalk It Up and thanked Millers Laundry for their support. She expressed a concern about the amount of sales and tax use funds included in the downtown budget which is very low. She asked Council to consider earmarking those funds for something very specific, e.g., insurance for special events, etc. Mr. Connet explained the amount of sales and use tax allocated from the State is \$100,600 of which \$100,000 is put into the General Fund that pays for law enforcement, public works, etc. used by downtown.

Carson Calton, Chairman, Seventh Avenue Advisory Committee, stated he looks forward to taking Seventh Avenue to the next step. He shared a concern expressed by several citizens about a proposal to add another day homeless shelter to the Seventh Avenue area that is only one block away from another new day homeless shelter. He asked that everyone be given a chance to review the report before new things are added to the district to create a vision of where they are headed. He asked Council to consider enacting a moratorium with a reasonable time period before anything is added to district to see if it fits in with the plan. He expressed a concern that uses may get added that may not fit with long-term vision of the district.

Ken Fitch, 1046 Patton Street, stated several people were honored last month for preserving history. He stated particular attention should be refocused on Mr. Caraker because of his striking, extraordinary work with meticulous attention to detail, special respect for materials and craftsmanship rendered at the artisan

level. He stated Mr. Caraker deserves commendation. He also commented on the Historic Preservation Commission assessment of the historic home on Highway 64 that will be razed for the medical center.

4. Consideration of Agenda: Council Member Caraker moved Council's approval of the agenda as presented. A unanimous vote of the Council followed. Motion carried.

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

A. Consideration of Minutes: May 1, Regular Meeting and May 16, 2014 Special Meeting

B. Consideration of Local Jobs Initiative, Section 3 Plan, Local Economic Benefit for Low- and Very Low-Income Persons (associated with Dana Community Water Line Project): Mr. Connet explained as recipient of Community Development Block Grant (CDBG) funding, the City is required to have certain plans, policies and procedures in place prior to receiving funds. The only thing we are missing from the extensive list of documents is the CDBG Section 3 Plan.

Local Jobs Initiative
Section 3 Plan
Local Economic Benefit for Low- and Very Low-Income Persons

City of Hendersonville (Town/City/County)
June 2014 – May 2017 (Time Period)

I. APPLICATION AND COVERAGE OF POLICY:

The City is committed to the policy that, to the greatest extent possible, opportunities for training and employment be given to lower income residents of the community development project area and contracts for work in connection with federally assisted community development project be awarded to business concerns located or owned in substantial part by persons residing in the Section 3 covered area, as required by Section 3 of the Housing and Urban Development Act of 1968, the City of Hendersonville has developed and hereby adopts the following Plan:

The City will comply with all applicable provisions of Section 3 of the Housing and Urban Development Act of 1968, as amended (24 CFR Part 135), all regulations issued pursuant thereto by the Secretary of Housing and Urban Development, and all applicable rules and orders of the Department issued thereunder

This Section 3 covered project area for the purposes of this grant program shall include the City and portions of the immediately adjacent area.

The City will be responsible for implementation and administration of the Section 3 plan. In order to implement the City's policy of encouraging local residents and businesses participation in undertaking community development activities, the City will follow this Section 3 plan which describes the steps to be taken to provide increased opportunities for local residents and businesses.

This Section 3 Plan shall apply to services needed in connection with the grant including, but not limited to, businesses in the fields of planning, consulting, design, building construction/renovation, maintenance and repair, etc.

When in need of a service, the City will identify suppliers, contractors or subcontractors located in the Section 3 area. Resources for this identification shall include the Minority Business Directory published through the State Department of Commerce, local directories and Small Business Administration local offices. Word of mouth recommendation shall also be used as a source.

The City will include the Section 3 clause and this plan in all contracts executed under this Community Development Block Grant (CDBG) Program. Where necessary, listings from any agency noted above deemed shall be included as well as sources of subcontractors and suppliers. The Section 3 Plan shall be mentioned in the pre bid meetings and preconstruction meetings.

The prime contractor selected for major public works facility or public construction work will be required to submit a Section 3 Plan which will outline his/her work needs in connection with the project. Should a need exist to hire any additional personnel, the Henderson County Employment Security Commission shall be notified and referred to the contractor.

Each contract for housing rehabilitation under the program, as applicable, for jobs having contracts in excess of \$100,000 shall be required to submit a Section 3 Plan. This Plan will be maintained on file in the grant office and shall be updated from time to time or as the grant staff may deem necessary.

Early in our project, prior to any contracting, major purchases or hiring, we will develop a listing of jobs, supplies and contracts likely to be utilized during the project. We will then advertise the pertinent information regarding the project including all Section 3 required information. Community Investment and Assistance (CI) should be contacted with the Bid Materials to distribute the information throughout their list serve to reach out the communities.

II. AFFIRMATIVE ACTIONS FOR RESIDENT AND BUSINESS PARTICIPATION

The City will take the following steps to assure that low income residents and businesses within the community development project area and within the City are used whenever possible: (Describe below)

1. Place qualified residents and businesses on solicitation list
2. Assure that residents and businesses are solicited whenever they are potential sources of contracts, services or supplies.
3. Divide total requirements, when economically feasible, into smaller tasks or quantities to permit maximum participation by residents and businesses.
4. Establish delivery schedules, where the requirements permit, which encourage participation by area for residents and businesses.

Please check the methods to be used for the Section 3 program in your community:

The City will place a display advertisement in the local newspaper containing the following information:

- i. A brief description of the project
- ii. A listing of jobs, contracts and supplies likely to be utilized in carrying out the project.
- iii. An acknowledgement that under Section 3 of Housing and Community Development Act, local residents and businesses will be utilized for jobs, contract and supplies in carrying out the project to the greatest extent feasible.
- iv. A location where individuals interested in jobs or contracts can register for consideration
- v. A statement that all jobs will be listed through and hiring will be done through the local office of the North Carolina Employment Security Commission; a statement that all contracts will be listed with the North Carolina Division of Purchase and Contracts; and a statement that potential employees and businesses may seek development and training assistance through various state and local agencies, or which the City will maintain a list for individuals and business concerns inquiring information.

Training and technical assistance will be provided by the local community college for low income residents requiring skills to participate in community development project activities. Referrals will be made to the community college, local Private Industry Councils, Job Training Partnership Act (29 U.S.C. 1579 (a)) (JTPA) Programs, and job training programs provided by local community action agencies as appropriate. Residents and businesses will be encouraged to participate in state and/or federal job training programs that may be offered in the area.

Low income residents and businesses will be informed and educated regarding employment and procurement opportunities in the following ways:

- i. Advertisement in the local newspaper
- ii. Posting of Section 3 Plan at the County Courthouse
- iii. County Board meeting when project activities and schedules are discussed
- iv. Open meetings of Project Advisory Committee when everyone in neighborhood is invited
- v. Notification to other agencies that provide services to low-income people.

Other (describe):

The City will, to the greatest extent feasible, utilize lower income area residents as trainees and employees:

1. Encourage rehabilitation contractors to hire local area residents
2. Encourage public works contractors to hire local area residents

The City will, to the greatest extent feasible, utilize businesses located in or owned in substantial part by persons residing in the area

1. Contract with local contractors to perform demolition activities, and housing rehabilitation activities.
2. Encourage public improvement contractors to hire local residents for site clearance work, hauling materials, and performing other site improvements.

3. Encourage all contractors to purchase supplies and materials from the local hardware and supply stores

III. RECORDS AND REPORTS: The City will maintain such records and accounts and furnish such information and reports as are required under the Section 3 regulations, and permit authorized representatives of CI, and federal agencies access to books, records, and premises for purposes of investigation in connection with a grievance or to ascertain compliance with this Section 3 Plan.

The City shall report annually the Section 3 numbers using the form HUD 60002 to CI at the end of the calendar year as part of the Annual Performance Report (APR).

IV. MONITORING COMPLIANCE: The City may require each applicable contractor to provide a copy of the Section 3 Plan and will monitor compliance during the performance of the contract. Copies of all advertisements, notice, and published information will be kept to document the implementation of the plan.

V. COMPLAINTS CONTACT: Please provide the main contact in case that any complaint is received from the general public on Section 3 compliance (including name, phone number, address, and email):

John F. Connet, ICMA-CM
City Manager
145 Fifth Avenue East
Hendersonville, NC 28792
(828) 233-3201
jconnet@cityofhendersonville.org

Adopted this third day of June, 2014.

/s/Barbara G. Volk, Mayor

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

C. Resolution for Sidewalks Associated with Children and Family Resource Center: Mr. Connet reported after a meeting with staff in April 2013, NCDOT agreed to pay 70% of the sidewalk cost if the City pays the remainder of the cost and assumes maintenance. The sidewalk will serve the Children and Family Resource Center and The Free Clinic. Sidewalks will be installed from the Upward Road bus stop to the office complex on Case Road. Because the Free Clinic serves 800 to 1,400 clients per year who utilize the local bus service, he recommended approval of the resolution committing the City to pay 30 percent of the cost and assume future maintenance.

Resolution #14-0631

A RESOLUTION REQUESTING THE NORTH CAROLINA DEPARTMENT OF TRANSPORTATION PROVIDE FOR THE CONSTRUCTION OF SIDEWALKS ALONG UPWARD ROAD AND CASE STREET IN HENDERSONVILLE, NORTH CAROLINA

WHEREAS, North Carolina General Statutes Chapter 136 grants to the North Carolina Department of Transportation (NCDOT) the authority to develop and maintain a statewide system of roads and highways and to exercise general supervision over all matters relating to the construction of state highways; and

WHEREAS, Upward Road and Case Street are State-maintained roadways subject to the jurisdiction and control of NCDOT; and

WHEREAS, Upward Road is a heavily-traveled road with numerous intersections; and

WHEREAS, there exists currently significant pedestrian traffic along this highway corridor who need to access to the Children and Family Resource Center and the Free Clinics; and

WHEREAS, the Free Clinics issues 800 to 1,400 bus vouchers for their clients. Having easy access for medically and physically impaired citizens is critical. Currently, clients are being dropped off at Ingles on Highland Lake Road/Highway 176 and are crossing several lanes of traffic twice to get to medical care and many of these pedestrians are mothers with young children trying to navigate the same path; and

WHEREAS, Upward Road and Case Street currently lack a sidewalk to accommodate the needs of these residents and that walking along Upward Road is treacherous with no sidewalks and no separation between motor vehicles and pedestrians.

NOW, THEREFORE, the City Council of the City of Hendersonville hereby resolves the following:

- 1) The North Carolina Department of Transportation is hereby requested to provide funding for the construction of a sidewalk along Upward Road and Case Street to provide for the safety and convenience of

those residents who rely on foot travel from the bus stop at Ingles on Highway 176 to the children and Family Resource Center and Free Clinics.

- 2) In accordance with NCDOT's Sidewalk Policy requiring cost sharing based upon the municipal population, the project will be funded 70 percent by NCDOT and 30 percent by the City of Hendersonville.
- 3) The City of Hendersonville will assume maintenance of the sidewalk after construction.
- 4) A copy of this Resolution is to be forwarded forthwith to the Division Engineer's Office of the North Carolina Department of Transportation in Sylva, NC.

Adopted this third day of June, 2014.

/s/Barbara G. Volk, Mayor

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

D. Consideration of Petition for the Satellite Annexation of Property Located at 706 Upward Road, Accept Clerk's Certificate of Sufficiency and Set July 3, 2014 as the date for the Public Hearing: Ms. Anderson reported the City has received a petition from Jack Jamison for satellite annexation of approximately 4,028 square feet (.092 acre) of the property identified as Parcel Identification Number 9588-20-9615 located at 706 Upward Road. The applicant intends to subdivide this parcel and does not wish to voluntarily annex the entire parcel. She provided the Clerk's Certificate of Sufficiency finding that the petition is valid [available in File #P14-16-A]. The next step in the annexation process is to accept the Clerk's certificate and set a date for the public hearing on the question of adoption of an ordinance of annexation. She suggested July 3, 2014 as the date for the public hearing.

E. Consideration of Demolition Ordinance for Structure at 424 Armstrong Avenue: Mrs. Frady submitted an Ordinance directing Code Enforcement Official to demolish the structure at 424 Armstrong Avenue for Council's consideration. The cost of the removal or demolition shall be a lien on the premises.

Ordinance #14-0632

ORDINANCE DIRECTING CODE ENFORCEMENT OFFICIAL TO DEMOLISH

Whereas, pursuant to Section 12-31 of the Code of Ordinances of the City of Hendersonville (hereinafter called the "Code"), the Code Enforcement Official of the City of Hendersonville (hereinafter called the "Code Enforcement Official") has requested the City Council of the City of Hendersonville (hereinafter called "Council") to adopt an Ordinance requiring the owner to repair or demolish certain structures on certain premises as outlined in Section 12-31 of the Code; and

Whereas, the Council hereby finds that the owners and parties in interest in the premises, commonly known as 424 Armstrong Avenue, Hendersonville, North Carolina, which premises are described in that certain deed recorded 6/19/2001, in the Henderson County Registry in Deed Book 985, Page 408, to which reference is hereby made are as follows:

Owners: Destiny Delynn Stepp and
James Lee Price
424 Armstrong Ave.
Hendersonville, NC 28739

Lender: Countrywide Home Loans, Inc.
4500 Park Granada
Calabass, CA 91302-1613
Trustee: Angela Welch

Whereas, the Council hereby finds that the premises appears to be vacant, appears to be in such condition as to appear to be a safety hazard and is a imminent danger to life or other property; and

Whereas, the Council hereby finds that there has been compliance with all applicable provisions of Section 12-31 of the Code relative to the adoption of this resolution; and

Whereas, the owner of the premises, after having been given a reasonable opportunity to do so, has failed and refused to comply with a lawful order of the Code Enforcement Official to repair or demolish the structure located on the premises within the time therein prescribed;

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL THAT:

Section 1. The Code Enforcement Official shall cause the structure on the premises commonly known as 424 Armstrong Avenue, Hendersonville, North Carolina, and described in the aforesaid deed to be vacated, closed, and removed or demolished.

Section 2. The cost of the removal or demolition shall be a lien on the premises to be collected pursuant to Article 10 of Chapter 160A of the North Carolina General Statutes.

Section 3. This Ordinance, shall be recorded in the Henderson County Registry and the Register of Deeds shall index the name of the owner in the "Grantor Index" pursuant to North Carolina General Statutes 160A-443(5).

Section 4. This Ordinance shall become effective upon its adoption.

Adopted this third day of June 2014.

/s/Barbara G. Volk, Mayor

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

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

F. Consideration of Resolution Accepting the State Revolving Fund Loan Offer for the Shepherd Creek/Atkinson School Sewer Project: Mr. Detwiler presented a resolution accepting the amended Shepherd Creek/Atkinson Elementary Sanitary Sewer Improvements project loan offer from NCDENR Clean Water State Revolving Fund (SRF) of \$1,815,000. The project was tentatively awarded to Hall Contracting Corporation for \$2,055,829.00 at the April 3 City Council Meeting.

Mr. Detwiler explained the original SRF loan offer was \$1,650,000.00. Staff requested a 10 percent increase in the loan amount (which could be done without going through the LGC process) and received an amended loan offer letter dated May 15.

Resolution #14-0633

RESOLUTION BY GOVERNING BODY OF APPLICANT

WHEREAS, the North Carolina Clean Water Revolving Loan and Grant Act of 1987 has authorized the making of loans and grants to aid eligible units of government in financing the cost of construction of wastewater treatment works, wastewater collection systems, and water supply systems, water conservation projects, and

WHEREAS, the North Carolina Department of Environment and Natural Resources has offered a State Revolving Loan in the amended amount of \$1,815,000.00 for the construction of the Shepherd Creek/Atkinson Elementary Sanitary Sewer Improvements Project, and

WHEREAS, the City of Hendersonville intends to construct said project in accordance with the approved plans and specifications,

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

That City of Hendersonville does hereby accept the amended State Revolving Loan offer of \$1,815,000.00,

That the City of Hendersonville does hereby give assurance to the North Carolina Department of Environment and Natural Resources that all items specified in the loan offer, Section II - Assurances will be adhered to.

That Brent Detwiler, City Engineer, and successors so titled, is hereby authorized and directed to furnish such information as the appropriate State agency may request in connection with such application or the project; to make the assurances as contained above; and to execute such other documents as may be required in connection with the application.

That City of Hendersonville has substantially complied or will substantially comply with all Federal, State and local laws, rules, regulations, and ordinances applicable to the project and to Federal and State grants and loans pertaining thereto.

Adopted this the third day of June, 2014 at Hendersonville, North Carolina.

/s/Barbara G. Volk, Mayor

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

G. Consideration of Capital Project Ordinance for the Shepherd Creek/ Atkinson School Sewer Improvement Project and Associated Budget Amendment:

Ordinance #14-0634

**CAPITAL PROJECT ORDINANCE FOR
THE ACQUISITION, CONSTRUCTION AND INSTALLATION
OF THE SHEPHERD CREEK/ATKINSON ELEMENTARY SEWER 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 wastewater collection system project described as the Shepard Creek/Atkinson Elementary School Sewer Project.

Section 2: The officers of the City of Hendersonville are hereby directed to proceed with the capital project within the terms of the contract entered into with Hall Contracting Corporation; the financing agreement with the North Carolina Clean Water State Revolving Fund (SRF) in the amount of \$1,815,000 at 2% per annum and a maximum loan term of 20 years; and the budget contained herein.

Section 3: The following amounts are appropriated for the project:

Expenditures	Total Budget
Total Project Appropriation	\$ 2,474,921

Section 4: The following revenues are anticipated to be available to complete this project under a loan agreement with the North Carolina Clean Water State Revolving Fund (SRF), a contribution from Henderson County and transfer from the Water and Sewer Fund for any remaining project expenses:

Funding Sources	Total Budget
State Revolving Loan Fund	1,815,000.00
Contribution from Henderson County	600,000
Transfer in from W&S Fund	59,921
Total Project Revenue Sources	\$ 2,474,921

Section 5: 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.

Section 6: Funds may be advanced from the Water and Sewer Fund as necessary for the purpose of making payments as due. Reimbursement requests shall be made in an orderly and timely manner.

Section 7: 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 8: 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 9: 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 third day of June, 2014.

/s/Barbara G. Volk, Mayor

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

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

H. Consideration of multi-year Capital Project Budget for the Oklawaha Greenway, Phase 3: Ms. White requested setting up a multi-year Capital project fund in the amount of \$1,200,000 for the Oklawaha Greenway Phase 3 Project. The construction contract has not been awarded.

I. Consideration of Budget Amendment for Year-End Adjustments: Ms. White requested a budget Amendment in the amount of \$325,067.00 to transfer funds from Contingency and various other budget lines to Powell Bill Expenditure Line. She explained street expenditures that had been originally accounted for in

the Main Street Project were transferred to the Powell Bill line because: 1) the Main Street Project had gone over budget and 2) because the City cash accounts showed excess holdings from 10+ years ago in the Powell Bill bank account. This clears both problems. She explained funding also needed to be transferred and a budget established in the newly created fund for "Motorcycle Unit" which was formerly accounted for in a general fund liability account. The government body department was also short on budgeted funds.

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

6. Recognition of Elks Lodge 1616 Exalted Ruler Frank Brady for their Contribution to the City for Repairs at Sullivan Park: Mr. Connet recognized Mr. Brady who received a grant on behalf of the Elks Lodge that was used to rehabilitate the restrooms at Sullivan Park. Mr. Connet also recognized Mr. Tom Wooten for the work done at the park. He expressed appreciation to Mr. Brady.

Mr. Brady presented the City with a donation of \$22,600 (including donated labor; \$10,____) stating he is proud of the work the Elks Lodge has done, he is proud of the City, and the people in the City. The funds presented to the City is to reimburse the City for the materials purchased. The labor was donated by the Elks Club.

Mayor Volk accepted the contribution on behalf of the City and expressed appreciation to the Elks Lodge stating they do so much for the community and for our veterans.

7. Presentation of North Carolina Main Street Award - Best Downtown Event or Event Series - Rhythm & Brews 2013: Mr. Lew Holloway recognized Mike Hall and Babs Newton, members of the Downtown Advisory Committee, and presented the award given by the North Carolina Main Street Center for the "Best Downtown Event or Event Series" in the category of "Promotions". He stated the award is designed to recognize outstanding or creative downtown events. Mr. Holloway expressed appreciation to the Council for their support. Mayor Volk expressed appreciation to everyone who is involved. **No action was required or taken.**

8. Recognition of City Employees and Historic Preservation Commission: Mr. Connet recognized Ms. Susan Anderson, Ms. Lu Ann Welter, and members of the Historic Preservation Commission for the tour of Historic Homes in the Hyman Heights neighborhood on May 4, 2014. More than 300 visitors toured the homes and many of those were from out-of-town. He recognized those who volunteer their time on the Historic Preservation Commission and for great event and congratulated them for a job well done. Council Member Caraker also recognized those who volunteered their homes to be on the tour including Mr. Connet.

Mayor Volk presented Certificates of Commendation to Brandon Mundy and Buddy Bentley for providing outstanding customer service.

9. Public Hearing - Consideration of Ordinance Adopting the Budget and Capital Improvement Plan for Fiscal Year 2014-15: Mr. Connet explained the budget was discussed in detail by the Council at their May 16, 2014 special meeting. He provided an overview of the proposed budget.

Mr. Connet explained at a retreat held in February, the Council identified six areas for staff to focus on in the next two years: economic vitality for the community, building strong partnerships, sound infrastructure, numerous amenities, providing great public service and financial sustainability.

Mr. Connet stated the major projects included in the budget are: increased allocation for street resurfacing (for 15-year resurfacing cycle), moving forward with the service excellence process, moving forward with the Grey Hosiery Mill redevelopment, the Etowah water system improvements, and the Wingate/Pardee Hospital/BRCC health sciences building.

Mr. Connet stated the total FY 14-15 recommended budget is \$31,999,895 for all City services, capital improvements and debt service requirements and 3 percent more than the current year. He also reviewed the items delayed or reduced in the budget and increases.

Mr. Connet stated Council directed staff to reinvest the retained earnings back into the system so it benefits all of the customers throughout Henderson County. He stated the budget ordinance will allow the City Manager to move funds between departments within the same fund to allow flexibility.

Mr. Connet explained with this proposed budget, staff is building a sustainable financial plan going forward by:

- implementing effective operating revenues to keep up with inflation,
- financing debt incurred from the Main Street and Fire Department projects,
- providing additional funding for street improvements,
- combatting the increased reliance on the Fund Balance appropriations,
- considering the impact of the General Assembly decision regarding business licenses.

Mr. Connet proposed a three-cent tax increase which equals \$450,000 in additional revenue, a two-month temporary hiring freeze when vacancies arise to reassess and evaluate the position before re-hire to look for efficiencies. He stated the departmental budgets submitted to the Manager were decreased by 5 percent and funding for capital projects was also reduced.

Mr. Connet reviewed the Fund Balance stating because of the economy and inflation, the reliance on the Fund Balance has increased and in future years would not be sustainable. This resulted in his proposal for additional revenue to stop this trend. He explained there may be considerable changes in the Tax Code by the General Assembly which may result in a reduction of \$385,000 in revenue adding that many revenues are controlled by state government. The proposed tax increase will allow staff to meet the goals and priorities established by the Council.

Mr. Connet reviewed the future factors that will have an impact on the budget. He stated this proposed budget is balanced in accordance with state statutes and attempts to address the factors, priorities, and expectations of Council. He recognized Intern Brian Pahle for his assistance in the presentation.

Mayor Volk opened the public hearing in accordance with North Carolina General Statutes by notice published in the Hendersonville Lightening at 6:28 p.m. No one expressed a desire to speak. The public hearing was closed.

Council Member Miller moved City Council's moved approval of the budget ordinance for FY 2014-15. A unanimous vote of the Council followed. Motion carried.

Ordinance #14-0635

BUDGET ORDINANCE
AN ORDINANCE MAKING APPROPRIATIONS FOR CERTAIN EXPENSES,
CAPITAL IMPROVEMENTS AND INDEBTEDNESS AND
ADOPTING A CAPITAL IMPROVEMENT PLAN FOR
THE CITY OF HENDERSONVILLE, NORTH CAROLINA
FOR THE YEAR BEGINNING JULY 1, 2014 AND ENDING JUNE 30, 2015

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, 2014; and

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

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

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

SECTION 1: The following amounts are hereby appropriated for the operating budget for the City of Hendersonville and its activities for the fiscal year beginning July 1, 2014, and ending June 30, 2015, in accordance with the chart of accounts heretofore established for this City:

General Fund	\$13,906,346
Downtown Tax District	513,475
Seventh Avenue District	18,460
Water/Sewer Fund	16,440,550
Environmental Services Fund	1,121,064
TOTAL APPROPRIATIONS	\$31,999,895
Less: Interfund Transfers	374,580
TOTAL NET APPROPRIATIONS	<u>\$31,625,315</u>

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, 2014, and ending June 30, 2015. A copy of said document will be available for inspection in the Office of the City Clerk.

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

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

SECTION 5: There is hereby levied a tax at the rate of forty-four cents (\$.44) per one hundred dollars valuation of property as listed for taxes as of March 1, 2014. This rate is based on an estimated total valuation of property for the purpose of taxation of \$1,640,000 and estimated collection rate of 97%.

Also levied is a tax rate of twenty-eight cents (\$.28) per one hundred dollars (\$100) valuation of property as listed for taxes as of March 1, 2014, for a special service district established for the purpose of a Downtown Revitalization Project. This rate is based on an estimated total valuation of property for the purpose of taxation of \$81,700,000 and an estimated collection rate of 95.78%.

A tax rate is also levied of twelve (\$.12) per one hundred dollars (\$100) valuation of property as listed for taxes as of March 1, 2014, for the Seventh Avenue Municipal Service District formed upon a petition of some of the property owners, established for the purpose of landscaping improvements and special events in the district. The rate is based on an estimated total valuation of property for the purpose of taxation of \$9,200,000 and an estimated collection rate of 92.40%.

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

- a) the use of City facilities and equipment for the purposes of making them available to public
- b) specific utility rates the proceeds of which are for the maintenance and expansion of its water and sewer system
- c) the administration of a system of business licenses taxation to generate revenue for the General Fund under the authority of North Carolina General Statutes (NCGS) §160A-211,
- d) 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.

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.

SECTION 7: That copies of this Budget Ordinance shall be furnished to the City Clerk, City Manager and Finance Officer to be kept on file by them for their direction in the disbursement of funds.

SECTION 8: This ordinance shall become effective on and after July 1, 2014.

SECTION 9: 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 third day of June, 2014.

/s/Barbara G. Volk, Mayor

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

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

Mayor Volk expressed appreciation to the City Manager and Finance Director for the excellent budget presentation. Mayor Pro Tem Stephens echoed her appreciations stating it is the best job he has seen on the budget because it is easy to understand.

10. Report on Seventh Avenue by UNC School of Government Finance Initiative

Team: Mr. Connet introduced Will Lambe and Rory Dowling with the School of Government.

Mr. Lambe addressed the Council regarding comments made about certain uses in the Seventh Avenue District and what should or should not be priorities as it relates to redevelopment. He noted that local governments only have certain authority or power to effect what private property owners can put do with their property, i.e., zoning, code enforcement, etc. He explained they want to address what local government can do to effect what happens in an economically-challenged area is to set the table for redevelopment. He stated there are mechanisms and options for a local government body to put in place to establish a policy framework for private investment to occur within a comfortable timeframe. He explained their recommendations are all about putting in place the policy that suggests the things that are most likely to lead to more private investment. Private investment will, in turn, increase property values and dictate the types of uses that can and cannot work within the district which ultimately makes the local government more sustainable.

Mr. Dowling provided an overview of their objective and the process stating the Council will receive a detailed report with their analysis. He reviewed the study area and property assessment stating the average value per square foot is \$32 compared to Main Street at \$74 per square foot.

Mr. Dowling reported the current level of distress for the area is approximately 50 percent (underutilized, physical deterioration, or vacant land). He discussed the challenges for redevelopment and current growth projections.

Recommendations: Mr. Dowling stated in order to encourage private investment, the City must be proactive by taking the following steps:

1. Extend the MSD to include additional commercial properties
2. Initiate a process to create an Urban Redevelopment Area (URA) in the residential area south of the HSAD.

Mr. Dowling also proposed a boundary for the MSD extension almost doubling the eligible tax base and projected MSD revenue.

Mr. Dowling also recommended the City consider taking steps to create an Urban Redevelopment Area (URA). Once appointed, a Redevelopment Commission can: 1) acquire and sell property to private developers, 2) provide

incentives for redevelopment, 3) issue bonds to finance its activities, 4) encumber property with covenants to uphold redevelopment goals, and 5) condemn and demolish blighted properties. Benefits of creating an URA in the residential neighborhood include: it sends a signal to the private sector that the City is committed to redevelopment, it sets the stage for public-private partnerships and provides a more efficient way to ensure that redevelopment unfolds in a manner that meets the City's interests.

There was an explanation of the role and authority of redevelopment commissions by Mr. Lambe. He explained creating an URA is a public process and includes a plan approved by the City Council.

Mayor Volk expressed appreciation to Mr. Lambe and Mr. Dowling for their work. **No action was taken.**

11. Comments from Mayor and City Council Members: There was none.

12. Reports from Staff: Mr. Connet reported Fire Station #2 is in operation.

13. Consideration of Appointments to Boards and Commissions

a. Consideration of Appointments: There was none.

b. Announcement of Vacancies and Upcoming Appointments:

Board of Adjustment Vacancy: Mrs. Drake reminded the Council of the vacant alternate position on the Board of Adjustment, two vacant positions on the Environmental Sustainability Board. **No action was taken.**

14. New Business:

15. Closed Session: At 6:55 p.m. Council Member Caraker moved Council to enter a closed session to discuss matters relating to the location or expansion of industries or other businesses in the area served by this body and to establish or instruct the staff 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)(4&5). A unanimous vote of the Council followed. Motion carried.

The Council consulted with the City Manager and City Attorney to consider and give instructions concerning the Jones versus Ingles lawsuit, discussed matters relating to the location or possible expansion of an industry or other business and discussed the purchase of an interest in property.

The Council exited the closed session at 7:25 p.m. upon unanimous assent of the Council.

Council Member Caraker moved Council to adopt the resolution to authorize the City Manager to purchase the interest of Doris Morgan in the Etowah Water Tank property for a sum not exceeding \$50,000. A unanimous vote of the Council followed. Motion carried.

RESOLUTION #14-0636

A RESOLUTION AUTHORIZING THE PURCHASE OF REMAINING OUTSTANDING INTEREST IN REAL PROPERTY,
HENDERSON COUNTY PIN No. 9528-76-6495

WHEREAS the City of Hendersonville owns certain real property situated in Etowah NC, described as 3.23 Acres More or less as shown in that deed recorded in Deed Book 1435 at page 64, and

WHEREAS the said real property is subject to certain outstanding interests, namely the right of Doris A. Morgan to live in the residence on the said real property for the remainder of her life, and

WHEREAS the said outstanding interest has an actuarial value that equals or exceeds the amount of \$50,000, and

WHEREAS, the said Doris A. Morgan has offered to sell the said outstanding interest to the City of Hendersonville, and

WHEREAS, the City Council finds it to be in the interest of the City to purchase the said interest in order to own the property in fee simple absolute,

NOW, BE IT THEREFORE RESOLVED that the City Council does hereby authorize the City Manager to purchase for the City of Hendersonville the outstanding interest of Doris A. Morgan in the real property described herein for a sum not to exceed \$50,000.

Adopted this third day of June 2014.

/s/Barbara G. Volk, Mayor

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

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

25. Adjournment: The meeting adjourned at 7:25 p.m. upon unanimous assent of the Council.

Barbara G. Volk, Mayor

Tammie K. Drake, City Clerk