MINUTES

February 24, 2021

SECOND MONTHLY MEETING OF THE CITY COUNCIL

CITY COUNCIL CHAMBERS – 2ND FLOOR, CITY HALL | 160 SIXTH AVE. E. 4:00 p.m.

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

Remote Participants: Mayor Pro Tem Jerry Smith

Staff Present: City Manager John F. Connet, City Attorney Angela Beeker, Assistant City Manager Brian Pahle, City Clerk Angela Reece, Communications Manager Allison Justus, and others

1. CALL TO ORDER

Mayor Volk called the meeting to order at 4:00 p.m. and welcomed those in attendance. A quorum was established with all members in attendance. Mayor Pro Tem Jerry Smith participated in the meeting remotely via Zoom electronic software.

2. CONSIDERATION OF AGENDA

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

3. PRESENTATIONS

A. 2019-2020 Fiscal Year Audit Presentation – *John Buchanan, Finance Director*

David Phillips, CPA with Greene Finney, LLP presented the 2019-2020 Fiscal Year Audit to the City Council. Mr. Phillips stated an unmodified opinion was issued and provided the following report:

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the current fiscal year by approximately $103,564,000 (total net position for the Primary Government).
- The City's total net position for FY 2020 increased by approximately $1,770,000 over the prior year balance in large part due to an increase in the net position of the business-type activities of approximately $2,129,000.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of approximately $19,119,000, an increase of approximately $10,816,000 or 130% from the prior year. The increase is primarily due to the issuance of debt of approximately $11,500,000.
- At the end of the current fiscal year, unassigned fund balance for all governmental funds was approximately $4,160,000. The unassigned fund balance for the General Fund is approximately $4,692,000 which is 26% of total General Fund budgeted expenditures for the upcoming fiscal year.

Governmental Funds

The General Fund is the chief operating fund of the City. At the end of the current fiscal year (June 30, 2020), unassigned fund balance of the General Fund was approximately $4,692,000 with a total fund balance of approximately $8,553,000, an increase of approximately $223,000 of unassigned fund balance over the prior year. The use of fund balance was originally budgeted at approximately $713,000 for FY 2020. In the upcoming fiscal year 2021 budget, approximately $1,257,000 of fund balance is appropriated. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance for the General Fund as of June 30, 2020 represents 26% percent of total next year General Fund budgeted expenditures.

At June 30, 2020, the governmental funds of the City reported a combined total governmental fund balance of approximately $19,119,000, a 130% increase over last year.

The General Fund recorded revenues of approximately $17,320,000 during FY 2020, which was an increase of approximately $1,822,000, or 12% over the approximately $15,498,000 recorded in FY 2019, primarily due to the following:

- Ad Valorem Tax revenue increased approximately $1,673,000 or 19% over 2019, Henderson County conducts a reappraisal of real property every four years. Assessed value of real property increased 18.2% over the prior year.
- Unrestricted Intergovernmental Revenue increased over the prior fiscal year by approximately $429,000 or 9%.
- Sales & Use Tax collections increased by approximately $326,000 or 10% in the General Fund during fiscal year 2020, compared to the approximately $195,000 or 6% increase seen in the prior year. Sales tax revenues are distributed on a proportional ad valorem tax levy basis in Henderson County. Increases in sales tax were driven by a strong economy prior to COVID-19. Continued operation of large retailers, services, and online shopping helped reduce the impacts of the pandemic on sales tax revenue.
- Restricted Intergovernmental Revenue, which includes grants or revenues and contributions received from other governmental entities for a specific purpose, decreased by approximately $124,000 or 18% of the prior fiscal year. The decrease was due to a decrease in grants in FY 2020.
- Permits and Fees decreased in 2020 by approximately $13,000 or 3% over 2019. The decrease was due to a decrease in fire inspections, and motor vehicle tag fees due to COVID-19.
- Sales and Services revenue decreased by approximately $22,000 or 8% in total over the prior year. The decrease is mostly due to a reduction in parking and facility rental revenue due to COVID-19.
- Investment Income earned on the investment of idle cash decreased by approximately $90,000 or 44% over the prior. Investment rates of return dropped drastically the last half of fiscal year 2020 due to COVID-19.
- Miscellaneous revenue decreased by approximately $29,000 or 22% in total over the prior year. The decrease is the result of the City receiving less revenue for parking violations and penalties.

Expenditures in the General Fund were approximately $16,489,000 for fiscal year 2020, which was an increase of approximately $1,187,000, or 8% over the approximately $15,302,000 recorded in fiscal year 2019, primarily due to the following:

- General Government expenditures increased $250,000 over the prior year. This increase is primarily due to an increase in salaries and benefits of Administrative, Finance, and City Engineer.
- Debt service expenditures increased by approximately $157,000 over the prior year. This increase is primarily due to payments being made on debt issued in the prior year.
- The Fire Department expenditures increased by approximately $303,000 over the prior year due mostly to the addition of three new personnel and the purchase of vehicles.
- Police Department expenditures increased approximately $389,000 during fiscal year 2020 as compared to the prior year. The increase was mostly due to the addition of three new personnel and the purchase of vehicles and equipment.

General Fund Budgetary Highlights: During the fiscal year, the City revised the budget on several occasions. In general, budget amendments fall into one of three categories: (1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; (2) amendments made to recognize new funding amounts from external sources, such as federal and state grants; and (3) increases in appropriations that become necessary to maintain services.

Several factors contributed to the General Fund actual revenues of approximately $17,320,000 exceeding the budgeted revenues by approximately $363,000 or 2%. These include:

- Property Tax collections were 2%, or approximately $165,000 higher than the amount budgeted, as property tax is generally very conservatively budgeted. The City continues to have a very good collection rate as reflected by the collections for the 2019 tax levy, collected during fiscal year 2020. The City entered into an agreement with the County beginning in FY 2020 to collect taxes for the City.
- Local Option Sales Taxes came in approximately $158,000 or 5% over the revised budget, as the City has budgeted conservatively.
- Revenues from the ABC Board exceeded the amended budgeted revenues by 48% or approximately $108,000 above the expected amount.
- The revenue from Permits and Fines were less than the budgeted amount by approximately $48,000 or 11% at the end of the year.
- Sales and Service revenue was less than the budgeted amount by approximately $27,000 or 10% of the revised budget.

All General Fund departments stayed within the appropriated budgets for the fiscal year. In total, the General Fund actual expenditures ended the year at approximately $16,489,000, which was approximately $1,565,000 or 9% below the approximately $18,054,000 revised expenditures budget for the fiscal year 2020. The following factors contributed to the reduction of expenditures during fiscal year 2020, these include:

- The Fire Department expenditures were approximately $344,000 less than budgeted. The majority of this variance is due to overestimates of supplies during the year and reductions due to COVID-19.
- Police Department expenditures came in approximately $461,000 below budget. The variance is mostly the result of open positions during the year and reductions due to COVID-19.
- The Developmental Assistance Department ended the year with approximately $69,000 less expenditures than budgeted. Most of this variance was the result of reductions due to COVID-19.
- The Finance Department variance contributed approximately $46,000 to the reduction of actual expenditures compared to the fiscal year 2020 budget. The department had personnel vacancies during fiscal year 2020 which led to a reduction in salary, benefit, and training expenditures.
- The Public Works Streets and Highway Department ended the year with approximately $46,000 or 6% excess budget. This was primarily due to a variance in salaries due to employee turnover in the department and lower than budgeted supply expenditures.
- The Public Works Traffic Department was $64,000 under budget during fiscal year 2020, due to overestimates for equipment and supplies and materials.
- The Cultural and Recreation Department was $88,000 under budget resulting mainly from reductions due to COVID-19.

The Governmental Capital Projects Fund, a major fund, includes the Grounds Maintenance Building, Main Street Corridor Restroom, Fiber, and Police Department Headquarters projects. The Capital Projects Fund's change in fund balance increased $9,856,000 to approximately $9,869,000 at June 30, 2020. This increase is primarily due to the issuance of debt in the amount of $11,500,000.

Non-Major Governmental Funds

Non-Major Governmental Funds include special revenue funds and several governmental capital project funds that are funded by grants or other specific revenue sources. In fiscal year 2020, the City combined several special revenue funds into a single fund, the Grants Fund.

Revenues in the non-major governmental funds decreased by approximately $496,000 over the prior year. The primary reason for the variance is due to a decrease in grant revenue.

Other revenue activity in the Non-Major Governmental Funds include the following: The Main Street Tax District Fund is an operating governmental special revenue fund used to record the activities of the Main Street Municipal Tax District, including the Main Street Program and several special events and festivals. The Main Street Tax District Fund recorded a fund balance decrease of approximately $10,000 for fiscal year 2020.

Total Main Street Tax District Fund revenues increased by approximately $61,000 or 12% above fiscal year 2019. Factors contributing to the increase in revenues during fiscal year 2020 are as follows:

- Ad Valorem Tax revenue was approximately $62,000 more than the prior year.
- Sales tax revenue increased approximately $16,000 over the prior year. Seventh Avenue Tax District Fund revenues increased by approximately $19,000 compared to the prior year due to an increase in tax revenue. Expenditures in the Non-Major Governmental Funds decreased by approximately $626,000 over the prior year. Key components of these variances between fiscal year 2020 and 2019 include the following:
- Expenditures for Capital Outlay decreased approximately $936,000.
- Debt Service payments increased approximately $45,000.
- Expenditures for Economic and Physical Development increased approximately $34,000.
- Expenditures for Public Safety increased approximately $277,000.

PROPRIETARY FUNDS

Water & Sewer Fund

The Water & Sewer Fund (modified accrual) recorded approximately $16,196,000 in operating revenues for fiscal year 2020. This was an approximately $129,000 or 1% increase over fiscal year 2019. The primary reason for this increase is an increase in the base rate for water. The following provides further details for the increase in the fund revenues during fiscal year 2020:

- Water Sales Revenue was approximately $10,166,000 for fiscal year 2020, which was 4% higher than the previous year. Sewer Charges increased approximately $43,000 or 1% over fiscal year 2019.
- Water and Sewer new tap charges decreased by approximately $45,000.

- The Water & Sewer fund reported investment revenue is $145,000 in fiscal year 2020. This was a $177,000 decrease over fiscal year 2019. This is due in part to drastic decreases in rate of return and reduced idle cash available for investment.

The Water & Sewer Fund (modified accrual) recorded approximately $17,156,000 in operating expenditures for fiscal year 2020. This was approximately $1,761,000 and 11% higher than fiscal year 2019.

- The primary reasons for the increase in operating expenditures during fiscal year 2020 was due to increases in debt service expenditures.

Water & Sewer Fund Transfers**:**

- The Water & Sewer Fund transferred out a total of approximately $343,000 during fiscal year 2020. This included approximately $63,000 Water and Sewer Capital Projects Fund, $30,000 to the City Fiber Improvement Project, and $250,000 to the Capital Reserve Fund. This was approximately $2,508,000 less than the approximately $2,851,000 transferred out to Water and Sewer projects in the prior year.

Unrestricted net position of the Water and Sewer Fund at the end of 2020 totaled approximately $10,086,000 which was a decrease of approximately $3,111,000 (24%) over the prior year.

Environmental Service Fund

The Environmental Service Fund total unrestricted net position decreased by 132% to approximately ($33,000) at June 30, 2020 compared to the prior year total of approximately $104,000 due to expenditures exceeding revenues.

- Operating revenues were approximately $1,238,000 and 1% higher for fiscal year 2020 than the previous year.
- Expenditures in the Environmental Service Fund of approximately $1,518,000 increased by approximately $91,000 or 6% from the prior year due to an increase in waste collection and treatment.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City's investment in capital assets for its governmental and business–type activities as of June 30, 2020, totaled approximately $118,013,000 (net of accumulated depreciation). This was an increase of approximately $8,779,000 from the prior year total. These capital assets include buildings, roads and bridges, land, machinery and equipment, water and sewer lines, and vehicles.

Major capital asset transactions during the year include the following additions:

- Construction of new Police Department Headquarters
- Nineteen Vehicles
- Garbage Truck
- Street Sweeper
- Fourth Avenue Streetscape
- Streambank Restoration
- Etowah Water System Improvements
- Northside Water System Improvements

Long-Term Debt

As of June 30, 2020, the City had total bonded debt outstanding of $1,013,000. Of this total debt, the entire amount is backed by the full faith and credit of the City. The remainder of the City's debt represents loans secured solely by lien on the particular assets financed. North Carolina General Statute 159-55 limits the amount of general obligation debt that a unit of government can issue to eight (8) percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for the City is approximately $128,409,000.

Other Items of Note:

- Total capital assets were $118.0 million at June 30, 2020, an increase of $8.8 million from June 30, 2019
- Total capital asset additions of $14.1 million which consisted mainly of: Land and Easements - $0.5M and of Water/Sewer Projects - $6.1M
- CIP Projects (i.e. Main Street Restrooms, Police Department HQ, 4th Avenue-Grey Mill Streetscape, etc.) - $1.6M

- Machinery and Equipment and Other Capital Assets - $5.3M
- Depreciation expense of $5.3M
- Construction in progress is $10.2 million at June 30, 2020 which primarily relates to the Police Department HQ, Old Tracey Grove Road Bridge Replacement, Streetscape, and various Water/Sewer projects.
- Total long-term obligations outstanding at June 30, 2020 were $55.0 million – increase of $19.8 million from June 30, 2019:
- Issuance of $12.9M in revenue bonds for water/sewer improvements and to advance refund an earlier issue.
- State revolving fund loans for $1.9M for the Streambank Restoration project ($1.4M) and the Northside Water System project ($0.5M).
- Issuance of 2020 installment purchase contracts for $12.0M for PD Headquarters ($11.5M) and three street sweepers ($0.5M).
- Issuance of capital leases for $0.5M for 15 vehicles.
- Principal and refunding payments of $9.7M made during 2020.
- Other increases of $2.2M relating to compensated absences, pension liabilities, and other postemployment benefit liability.
- Total debt service payments in FY 2021 on outstanding debt and installment purchase contracts is expected to be $3.4M ($2.7M in principal and $0.7M in interest).

Economic Factors

On March 11, 2020, the World Health Organization declared the coronavirus (COVID-19) outbreak a pandemic. The COVID-19 outbreak in the United States has resulted in a significant impact on the economy and the financial markets. If this pandemic or variants of the virus continue for a sustained period of time, the City may experience significant decreases in its (a) growth-oriented revenues (i.e. local option sales tax, building permits, etc.), (b) charges for services (i.e. utility charges, recreation charges, etc.), and (c) property tax revenues (i.e. business closures/failures, foreclosures, less vehicle purchases/taxes, etc.).

The following key economic indicators reflect the prosperity of the City:

- Henderson County's unemployment rate was 7.5% as of June 30, 2020. This was equal to the average unemployment rate statewide.
- The certified population estimate for the City of Hendersonville as of July 1, 2020 was 14,277.
- The annual Henderson County Apple Festival, held in Hendersonville, was modified due to COVID-19. The normal Main Street Festival was cancelled, and smaller individual events were held at local orchards and other locations.

Budget Highlights for the Fiscal Year Ending June 30, 2021

The City continues to build and revise its strategic plan. This process includes the development of vision and mission statements along with setting priorities focusing on six main areas, including economic vitality, strong partnerships, sound infrastructure, numerous amenities, great public services, and financial sustainability. The fiscal year ending June 30, 2021 ("2021" or "FY 2021") operating budget totals approximately $39,850,000 for the City's budgeted operating funds. This is approximately $1,129,000 or 3%, higher than the approximately $38,721,000 original FY 2020 budget.

Governmental Activities

The fiscal year 2021 budget keeps the tax rate at $0.49 per $100 in assessed value. The rate is budgeted to generate approximately $9,600,000 in ad valorem tax revenue and $700,000 in motor vehicle tax revenue for the fiscal year.

The fiscal year 2021 adopted expenditure budget for the General Fund totals approximately $18,320,000 which is approximately $30,000 above the final 2020 fiscal year amended budgeted.

Business–Type Activities

The Water and Sewer fund is the largest part of the City of Hendersonville's operating budget, accounting for approximately 47% of total expenses. The fiscal year 2021 operating budget, not including transfers to the Water and Sewer Capital Projects, totals approximately $18,356,000 and is 3% higher than the prior fiscal year due to an increase in personnel and operating expenditures.

The Water and Sewer fund has approximately $850,000 fund balance appropriated in next year's budget. In addition to the continuance of several major project initiatives, a strong emphasis remains on reinvesting Water and Sewer Fund retained earnings back into the system in a way that benefits all of our customers inside the City as well as outside of the City limits.

The Environmental Service Fund budgeted operating expenses decreased by approximately $259,000 or 16% in next year's budget. This was due to the purchase of a new truck in fiscal year 2020. The Stormwater Fund operating expense budget, not including transfers, is approximately $575,000 for fiscal year 2021, an increase of 7% over the prior year. The increase is mainly due to infrastructure improvements and an asset inventory and assessment.

Capital Improvement Plan

The City of Hendersonville's Capital Improvement Plan ("CIP") represents a multiyear forecast of the City's capital needs. The City prepares and continuously updates this five-year CIP to function as a planning tool. Each fiscal year the current year schedule is adopted by City Council along with the annual operating budget.

Some of the major governmental capital improvement projects planned in next year's budget include the annual street resurfacing, Main Street Parking Deck, fire truck purchase and the continuation of Tracey Grove bridge replacement project and Police Department headquarters.

Several major Water and Sewer capital projects will continue in the fiscal year 2021 budget, including the Northside Water System Improvements project, the Etowah Water System Improvements, Multi-area Streambank Restoration, and French Broad Raw Water Intake projects.

Mr. Phillips again reminded everyone that an unmodified opinion was issued, which is positive, and said the City is in good financial condition.

Council Member Jerry Smith clarified the City's post-employment benefit is properly prepared for potential liabilities in the futures such as retiree pensions and healthcare. Mr. Phillips stated the City's liability can fluctuate based on external assumptions and State requirements for funding. Manager Connet discussed past contributions recalling the State adjusting their formula over the last several years and said the City's portion of the contribution has increased. Manager Connet stated the NC Local Govt. Retirement System is one of the best funded retirement systems and said the City does provide medical coverage for retirees of 30 years and said this funding is set aside in cash for claims.

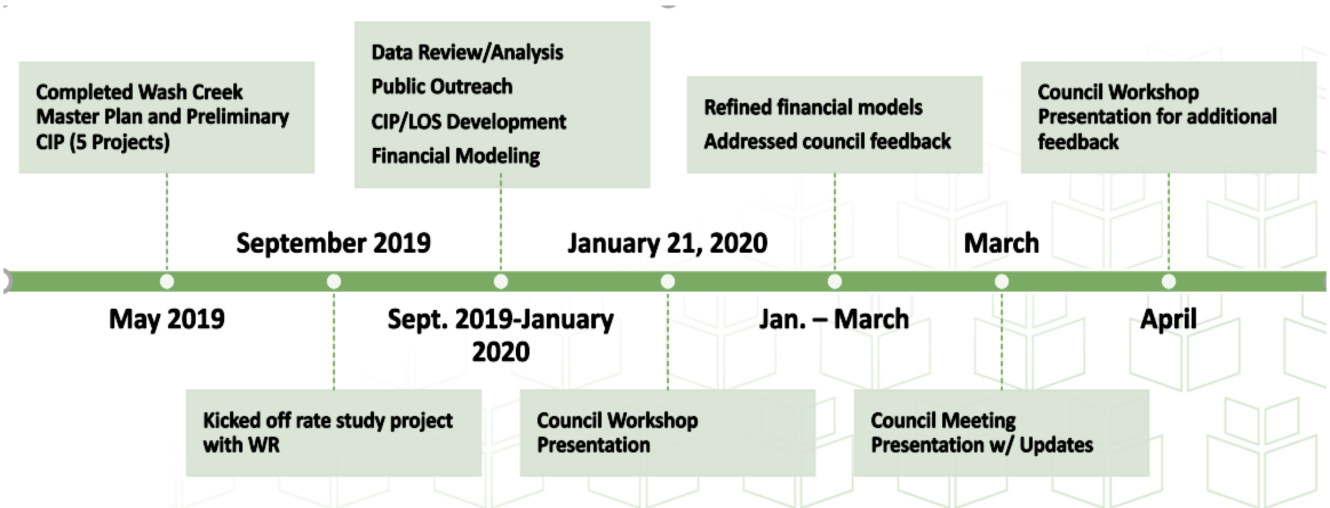
Council Member Jeff Miller clarified that the next assessment would take place in 2024. There were no other questions.

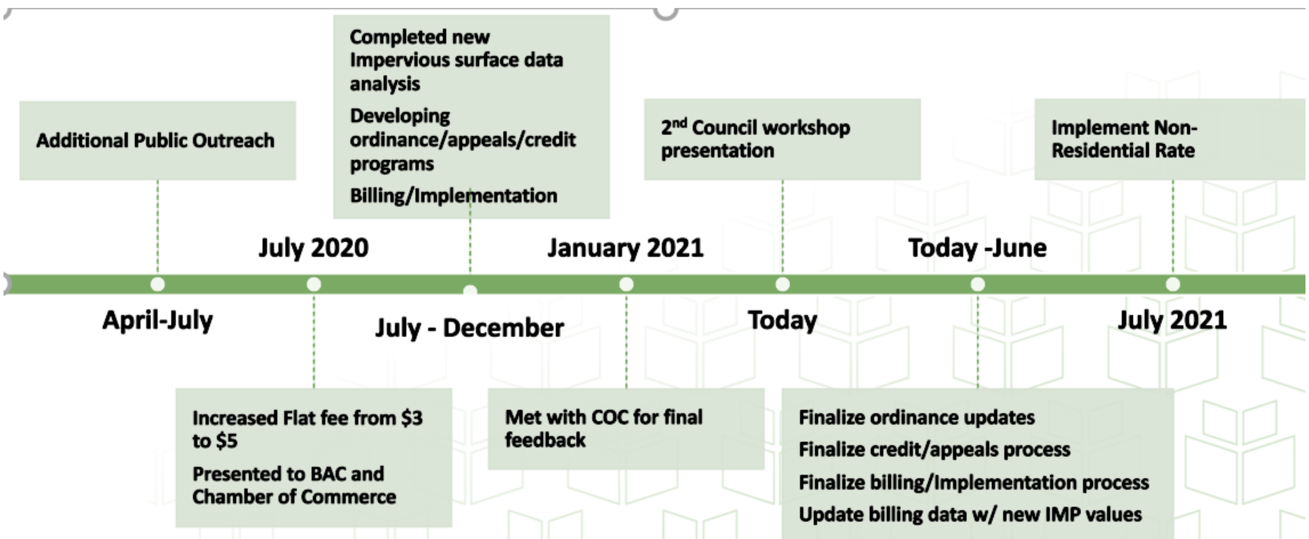
4. DISCUSSION

A. Discussion and Staff Direction Regarding Amending the Current Stormwater Utility Fee Structure – *Mike Huffman, Stormwater Administrator*

Mr. Huffman reminded everyone that a stormwater utility is a dedicated source of revenue provided by user fees used to pay for the long-term compliance with State and Federal requirements, maintenance, and expansion of City stormwater system infrastructure. Mr. Huffman stated fees are set out in NC G.S. 160A-314 and are established to equitably share the cost of the public infrastructure and its benefit to private property. He provided the following timeline and report:

- A Stormwater utility is a dedicated source of revenue provided by user fees used to pay for the long-term compliance with State and Federal requirements, maintenance, and expansion of City stormwater system infrastructure.
- A dedicated utility provides a critical tool to pay for the replacement of aging infrastructure through reserves and the ability to finance large capital projects
- Fees are established to equitably share the cost of the public infrastructure and its benefit to private property.
- No exemptions based on tax status.
- Fees are for "providing stormwater management programs and structural and natural stormwater and drainage system service."
- "Must be made applicable throughout the area of the city."
- Fees may vary according to:
    I. Residential, commercial or industrial
    II. Size of property
    III. Area of impervious surface area
- Rates, fees, and charges may not exceed cost of providing the management program and the physical system.
- "Includes any costs necessary to assure that all aspects of stormwater quality and quantity are managed in accordance with federal and State laws, regulations, and rules."





Mr. Huffman stated the next steps were to finalize ordinance updates, credit and appeals processes, billing and implementation processes as well as updating billing data with new impervious service (IMP) values.

Mr. Huffman discussed the General Stormwater Level of Service Matrix stating the City is a Level 2 Permit holder and is subject to NPDES Compliance Activities such as making sure the City's operations are not creating pollution in the waterways. Mr. Huffman stated that based on the feedback from City Council and the public, it is most feasible to work toward a B or C level of service model with the following assumptions:

- Proactive management and replacement of prioritized capital assets
    - $36.5M in CIP projects in first 10 years

- Preventative Operation and Maintenance Activities
    - Routine inspection/maintenance program
    - 1-2 new FT Stormwater Staff

- Compliant stormwater program

- FY 2021 Residential Flat Rate = $5 / month

- FY 2021 Non-Residential Rates
    - $5 ERUs (Total impervious surface area divided by average residential)

    Estimated Revenue Generation below:

Rate	Revenue (2021)	Revenue (2025)	Revenue (2030)	Capital Outlay (10yr)	FTE
$5.00	$1.4m	$1.75m	$2.8m	$36.5m	3.5

Generates $1.4M-$1.8M+ annually in the first 5 years

- Residential Revenue = $500k
- Non-Residential Revenue = $900k

Mr. Huffman explained Equivalent Residential Unit (ERU) is a billing unit based on the average area of impervious surface (rooftops driveways) on a single-family parcel, which is 3000 square feet for the City of Hendersonville. Mr. Huffman discussed comparable rates with surrounding municipalities stating the City of Asheville and City of Shelby are the closest in comparison to the City in fee structures.

Mr. Huffman discussed existing infrastructure needs stating there are many older parts of the system that are potentially undersized which may contribute to increased localized flooding and property damage. Mr. Huffman outlined Rate Study Components and discussed credits/caps and appeals processes and cost share drainage assistance programs stating staff received much public feedback requesting these types of programs. Mr. Huffman stated some City infrastructure runs across private property which was not implemented by the City but rather a property owner and said assistance programs will help property owners address those pieces of infrastructure and allow the City to obtain an easement for future maintenance and improvements.

Mr. Huffman discussed non-residential fees and billing stating this is the most equitable method to charge fees as it is based on individual property contribution to runoff. He said it is the most common non-residential stormwater fee structure in NC which averages $7.50 per 3,000 square feet. Mr. Huffman stated the average non-residential customer produces approximately 30,000 gallons of runoff in a 1.5" rain event while the average residential customer produces 3,000 due to the amount of impervious surface. Mr. Huffman further stated the largest non-residential customer produces approximately 1.25 million gallons of runoff per 1.5" rain event.

Mr. Huffman discussed Credits & Caps stating the most recent feedback from City Council and the public was a desire to see a 50% reduction in the monthly fee for customers with existing or new stormwater control measures (must be properly functioning and maintained), and a monthly fee cap ranging from $250.00 to $2,000. Mr. Huffman provided information on various cap scenarios stating approximately 52 customers would be eligible for a $250 credit while 2 would be eligible for a $2,000 credit.

Mr. Huffman stated a cost-share program for drainage improvements outside City right-of-way or dedicated easements is beneficial for improvements in the overall system and said the City would have a specific reserved funds set aside to assist property owners with repairs to come into compliance. He said an added benefit of the program would allow the City to secure rights-of-way and dedicated easements for future stormwater infrastructure improvements.

Council Member Dr. Jennifer Hensley clarified the proposed rates are applicable to the parcel owner and for instances where there is a master meter the fee will be billed on the combined utility bill. City Council members discussed parcels containing multiple tenants as well as multifamily units and expressed a desire for the multi-family units to be charged at half the ERU rate and to be treated as non-residential if they are on a master meter. Council Member Jerry Smith clarified the appeals process is more designed for non-residential customers whose fees are based off of impervious surface area.

Mr. Huffman discussed Stormwater Program Goals of CIP Projects & Asset Management, Program Development, and Water Quality Improvements as well as the creation of a Stormwater Advisory Board which would consist of diverse community stakeholders who would provide input on community expectations and goals for the program such as reducing flooding, improving water quality, and increasing green infrastructure. He said the Board would also review annual stormwater plans and procedures as well as review appeals and drainage assistance applications.

Mr. Huffman stated upon Council approval the next steps were to draft the Stormwater Utility Ordinance and associated policies, complete billing setup, continue asset inventory assessment and CIP development, evaluate public works annual stormwater activities, and implement a residential fee structure.

Earnest Humphreys, Plant Manager of Kimberly Clark addressed City Council expressing concerns regarding non-residential fees stating he supports a rate progression structure to allow further understanding of how the fees are being spent.

Robert R. Williford, President of the Henderson County Chamber of Commerce addressed City Council expressing concerns regarding how the enterprise fund would be set up and how the fees would be allocated. Mr. Williford asked for clear definitions on what counts as a credit and said he supports a Stormwater Utility with least impact on business.

After much discussion City Council Members expressed preference for a $250 fee cap or 50% credit, whichever is less, for groups falling within that category and to reevaluate in two years.

Council Member Jeff Miller recommended a 250$ cap or 50% credit for whichever groups fall in this category a period of 2 years.

City Manager Connet clarified this recommendation will be incorporated into the budget and brought back before City Council for vote in May.

5. ADJOURN

There being no further discussion, the meeting was adjourned at 5:58 p.m. upon unanimous assent of the Council.

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Barbara G. Volk, Mayor

ATTEST:

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Angela L. Reece, City Clerk