



MINUTES

March 25, 2026

SECOND MONTHLY MEETING OF THE CITY COUNCIL
CITY OPERATIONS CENTER | 305 WILLIAMS ST. | 4:00 p.m.

Present: Mayor Barbara G. Volk, Mayor Pro Tem Dr. Jennifer Hensley and Council Members Lyndsey Simpson, Melinda Lowrance and Gina Baxter

Staff Present: City Manager John Connet, Deputy City Manager Brian Pahle, City Clerk Jill Murray, City Attorney Angela Beeker, Budget & Evaluation Director Adam Murr, Communications Director Allison Justus, Communications Coordinator II Brandy Heatherly and others.

1. CALL TO ORDER

Mayor Barbara 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.

2. CONSIDERATION OF AGENDA

Council Member Gina Baxter moved that City Council approve the agenda as presented. A unanimous vote of the Council followed. Motion carried.

3. CONSENT AGENDA

Council Member Melinda Lowrance moved that City Council approve the consent agenda as presented. A unanimous vote of the Council followed. Motion carried.

4. PRESENTATIONS

- A. Stormwater and Environmental Services Presentation** – Adam Murr, Budget & Evaluation Director, Mike Huffman, Stormwater Director & Brent Detwiler, Assistant City Manager – Public Services.

Adam Murr, Mike Huffman & Brent Detwiler presented a review of major capital and operating initiatives related to the City's Stormwater Fund and Environmental Services Fund that focuses on rate studies, operational efficiency studies, and project reviews. Council will receive a recommended FY27 Stormwater Fund and recommended FY27 Environmental Services Fund budget for consideration and comment. Approval of the recommended budgets is suggested at the June 04, 2026 regular meeting. The following PowerPoint presentation was given.

City Council Workshop

Mar. 25, 2026





Stormwater Fund

Council Workshop
Mar. 25, 2026



STORMWATER

2021 SW Rate Study Overview

Evaluated existing SW Fee (\$3.00 - Flat)

Defined Level of Service (LOS)

Determined Desired LOS & Assoc. Cost

Developed preliminary CIP Estimates

Projected financing and future SW Rev. Needs



WithersRavenel
155 MacKinnon Drive
Lenoir, NC 27515
919.689.2340



Level of Service Matrix

B-C

Level of Service	Program Management Activities	NPDES Compliance Activities		Capital Improvement Projects
		Non-O&M Related Compliance Activities	Operation and Maintenance Program Activities	
A or 5	Comprehensive Planning + Full Implementation Capabilities	Exemplary Permit Compliance	Fully Preventative/ 100% Routine	10-year Plan
B or 4	Pro-Active Planning + Systematic CIP Implementation Capabilities	Pro-Active Permit Compliance	Mixture of Routine and Inspection Based	20-year Plan
C or 3	Priority Planning + Partial CIP Implementation Capabilities	Minimal Permit Compliance	Inspection Based	40-year Plan
D or 2	Reactionary Planning + Minimal CIP Implementation Capabilities	Below Minimum Permit Compliance	Responsive Only (Complaint-based)	50-year Plan
F or 1	No Planning + No CIP Implementation Capabilities	Non-Compliance	Less than full response to all complaints	75-year or More Plan

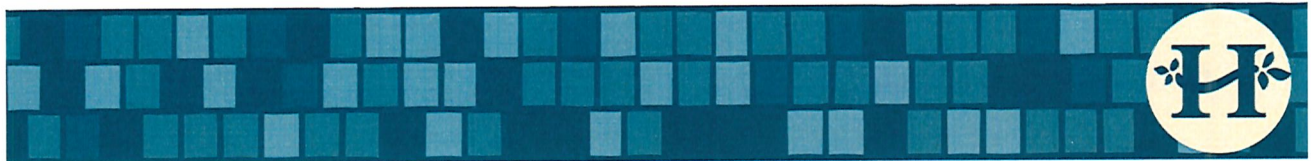


Rate Study Assumptions based on desired LOS

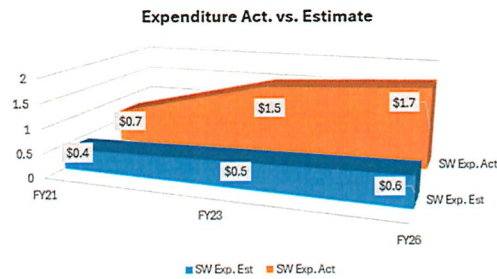
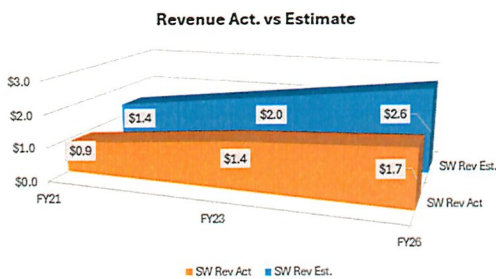
- \$36M 10-year CIP
- \$5 Rate (Flat/ERU)
- Personnel: +1 FTE/Use of Contract Services
- Annual vs. 5yr Fee increases
- 2021 \$1.4M → 2026 \$2.6M
- Fund Balance in FY26 = **\$3.1M**

Actual Fund Implementation

- \$31M 20-year CIP
- \$8Rate (Flat/ERU) in FY26
- Personnel: +2 FTE/Salary Splits to GF
- Annual Fee increases starting in FY23
- 2021 \$900k → 2026 \$1.7M
- Fund Balance in FY26 = **\$94k**



Driver	Impact
2-yr rate hold	Revenue Neutral/Decrease
No Fee in ETJ	Revenue Decrease
Rate Cap	Revenue Decrease
Personnel Cost	Expenditure Increase



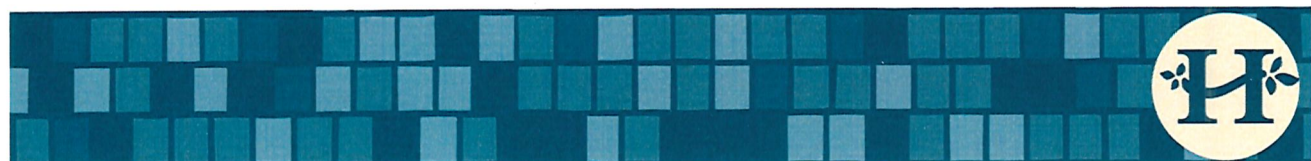
Rate Increases

Rate Study

- Evaluated annual vs. 5-yr interval
- FY 22-24 +3% annually
FY25-30 +10% annually
- FY26 +80% = \$9/ERU

Actual

- No rate increase for 2 years
- Increase \$1 annually since FY23 – FY27 = \$9/ERU



STORMWATER

Identified Capital Projects (Review from 12/04/25)

Chronic localized flooding locations (not 100-yr floodplain)

Undersized and Aging Infrastructure

Reduce Private Risk Exposure

Project ID	Major Streets	Construction Cost Estimate	Total Project Cost
Wash-06-01	5th & 3rd Ave W and Valley St	\$2,356,000	\$3,453,000
Mud-01-02	Ashe St	\$1,338,000	\$1,987,000
Wash-06-02	5th Ave W and Oak Hill Ct	\$788,000	\$1,195,000
Wash-02-01	1st Ave W	\$516,000	\$868,000
Wash-03-00	Lenox Park Dr and W Pine St	\$1,904,000	\$2,802,000
Wash-05-00	5th, 4th, and 3rd Ave W	\$1,901,000	\$2,797,000
Wash-01-00	W Barnwell St	\$281,000	\$465,000
Wash-02-02	Buncombe St, 4th Ave W, 3rd Ave W	\$3,442,000	\$5,016,000
Wash-04-00	4th Ave W and 5th Ave W	\$200,000	\$348,000
Mud-01-03	Lynn St, Maple St, 8th Ave, Patton St	\$876,000	\$1,322,000
Mud-04-00	Spartanburg Hwy	\$676,000	\$1,034,000
Mud-01-01	N Church St, Bearcat Blvd, and N King St	\$2,421,000	\$3,546,000
Mud-03-00	2nd Ave E, 1st Ave E, and N Grove St	\$1,174,000	\$1,751,000
Mud-02-00	N Grove St, 5th Ave E, 4th Ave E	\$2,697,000	\$3,944,000
Wash-07-00	4th Ave W	\$556,000	\$861,000
Total Estimated Budget			\$31,389,000

STORMWATER

FY27 Recommended Budget

STORMWATER FUND	FY26 REVISED	FY27 REQUESTED	FY27 RECOMMENDED	FY27 ESTIMATE	*FY26 Rev. to FY27 Rec.*	
					DOLLAR (\$) CHANGE (Δ)	PERCENT (%) CHANGE (Δ)
REVENUES						
Stormwater Fees	(1,684,970)	(1,905,000)	(1,905,000)	(1,924,100)	220,030	13.1%
Investment Earnings	(50)	(50)	(50)	(50)	-	0.0%
Miscellaneous	(1,000)	(1,000)	(1,000)	(1,010)	-	0.0%
TOTAL REVENUES	(1,686,020)	(1,906,050)	(1,906,050)	(1,925,110)	220,030	13.1%

Revenues

- FY27 Recommended: **\$1,906,050**, +\$220k compared to FY26 Revised
 - \$1.00 Rate Increase:
 - \$8.00 → \$9.00/month per ERU
 - +\$50.00 Cap
 - \$450.00 Max Payment

\$1.00 per year rate increases prepare the fund for future revenue bond issuances. Bond proceeds will be used to complete projects identified in the Comprehensive Stormwater Master Plan where grant funding is not an available source.

STORMWATER

FY27 Recommended Budget

STORMWATER FUND	FY26 REVISED	FY27 REQUESTED	FY27 RECOMMENDED	FY27 ESTIMATE	*FY26 Rev. to FY27 Rec.*	
					DOLLAR (\$) CHANGE (Δ)	PERCENT (%) CHANGE (Δ)
EXPENDITURES						
Personnel/Benefits	1,089,302	1,141,861	940,900	901,472	(148,402)	-13.6%
Operating	370,833	369,949	591,100	566,331	220,267	59.4%
Capital	-	-	-	-	-	-
Debt Service	75,885	74,050	74,050	74,005	(1,835)	-2.4%
TOTAL EXPENDITURES	1,536,020	1,585,860	1,606,050	1,541,808	70,030	4.6%

Expenditures

Personnel:

- \$148k ↓ compared to FY26 revised
- 4.0% COLA ↑
- 2.0% Med. Insurance ↑
- 4.0% 401k Match ↑
- LGERS 15.10% ↑
- Adjusted PW/Streets Salary Splits ↓**

Operating:

- \$220k increase for work with contractors on Stormwater Infrastructure

STORMWATER

FY27 Recommended Budget

STORMWATER FUND (SOURCES)/USES	FY26 REVISED	FY27 REQUESTED	FY27 RECOMMENDED	FY27 ESTIMATE	*FY26 Rev. to FY27 Rec.*	
					DOLLAR (\$) CHANGE (Δ)	PERCENT (%) CHANGE (Δ)
Insurance Proceeds	-	-	-	-	-	-
Debt Proceeds	-	-	-	-	-	-
Capital Lease	-	-	-	-	-	-
Sale of Capital Assets	-	-	-	-	-	-
Transfers (In)	-	-	-	-	-	-
Transfers Out	150,000	300,000	300,000	300,000	150,000	100.0%
TOTAL OTHER (SOURCES)/USES	150,000	300,000	300,000	300,000	150,000	100.0%

Other Financing (Sources)/Uses

- **\$300,000** transfer to the Stormwater Capital Reserve Fund
- **Important** reminders on capital reserve:
 - Funding must be used for infrastructure rehabilitation or expansion
 - Intentionally saving improves financial position for future borrowings
 - If we issue a revenue bond, we **must** have an established reserve

STORMWATER

FY27 Recommended Budget

STORMWATER FUND	FY26 REVISED	FY27 REQUESTED	FY27 RECOMMENDED	FY27 ESTIMATE	*FY26 Rev. to FY27 Rec.*	
					DOLLAR (\$) CHANGE (Δ)	PERCENT (%) CHANGE (Δ)
Fund Balance Appropriated	-	(20,190)	-	(83,302)	-	-
NET CHANGE IN FUND BALANCE	-	(20,190)	-	(83,302)	-	-
FUND BALANCE, BEGINNING OF YEAR	178,136	272,699	272,699	272,699		
FUND BALANCE, END OF YEAR	178,136	292,889	272,699	356,001		

Fund Balance

- **FY25 (audit):** Fund Balance \$178,136 + repaid General Fund \$100,000
- **FY26 (est):** Fund Balance \$272,699 (+\$9,563)
- **FY27 (est):** Budgeted FBA \$0 | Estimated FBA (\$83,302) → \$356,001

Intentionally building fund balance and adding to capital reserves is important to future debt issuance and projects. We estimate the fund to be self-sufficient.

Capital Projects Update

1. Lower Mud Creek Floodplain Restoration
2. Wash Creek Stormwater CIP
3. Prioritized CIP Projects

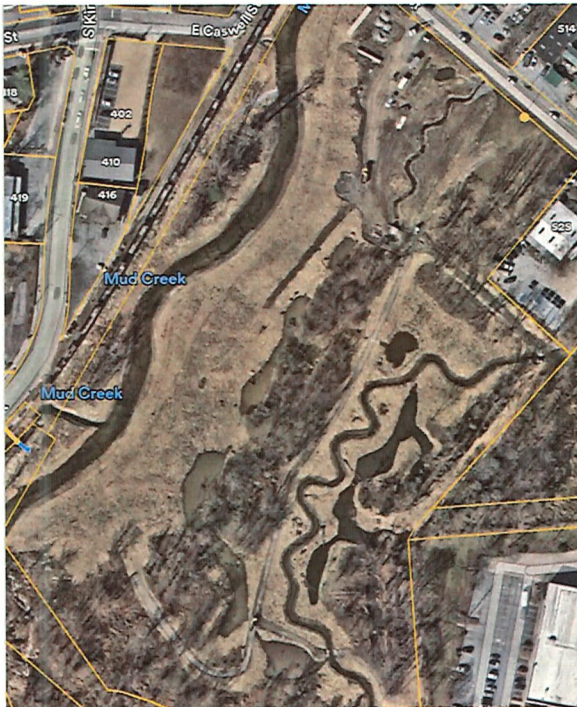
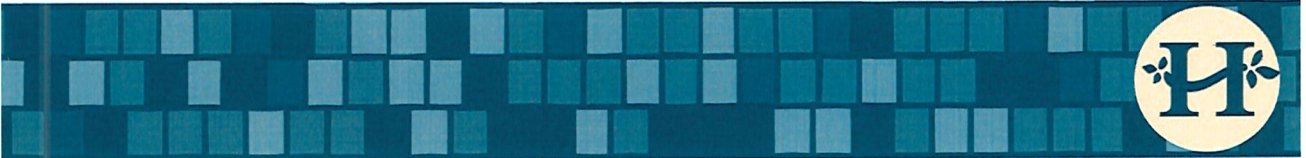
Recommended Funding Strategy Review

Stormwater Utility Revenue

- Use available annual capital funds for design, permitting, and small-scale improvements
- Support local match requirements for grants.

Leverage External Funding (Grants & State/Federal Programs)

- Hazard Mitigation Grant Program (HMGP)
- NC Emergency Management: Disaster Mitigation Fun -
- NC Flood Resiliency Blueprint

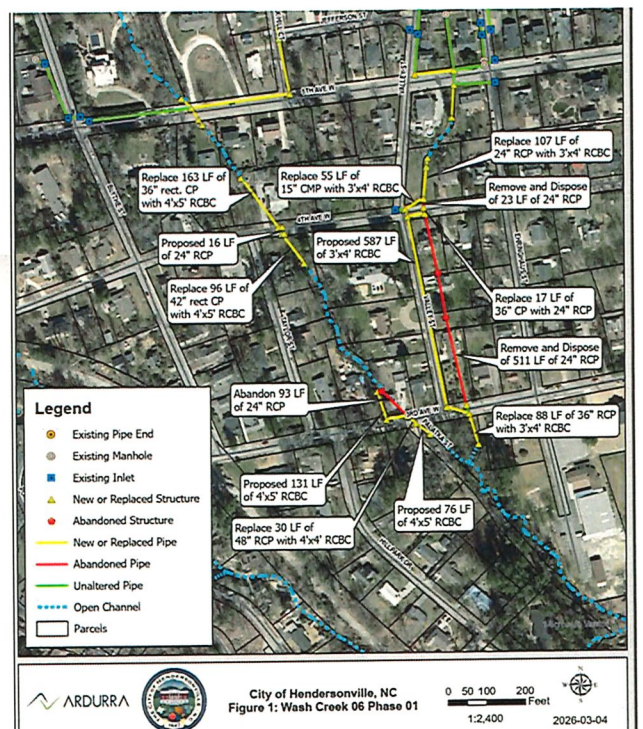


Lower Mud Creek Floodplain Restoration

- \$4M Flood Risk Reduction/Restoration Project
- \$3.9M External Funding
- Restore 26 Acres Floodplain around Southside
- Acquire additional 20 acres flood prone property
- Reduce Direct Flood Risk to 93 Properties (75 Commercial/18 Residential)
- Increase resilience of critical transportation corridor (176/225)
- Enhance stormwater treatment and ecological resources

Wash Creek 06 Ph. 1

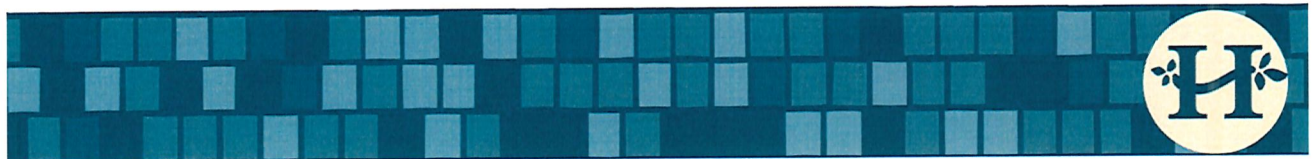
- Construction budget - \$2.4
 - NCEM \$2M
 - NC Blueprint \$400k
- Engineering/Design Fee - ~\$400k
 - Stormwater Revenue
- Replace failing critical SW infrastructure
- Reduce flood risk to public & private property
- Increase infrastructure resilience
- Estimated Construction Schedule FY28



Future Projects

- CIP will be re-evaluated as we complete projects and continue assessments
- **HMGP Application Under Review**
- **Some large projects require coordination with NCDOT**
- Does not currently include flood mitigation or water quality improvement projects
 - Better grant opportunities

Project ID	Major Streets	Construction Cost Estimate	Total Project Cost
Wash-06-01	4th & 3rd Ave W and Valley St	\$2,396,000	\$3,453,000
Mud-01-02	Ache St	\$1,338,000	\$1,987,000
Wash-06-02	5th Ave W and Oak Hill Ct	\$788,000	\$1,195,000
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Total Estimated Budget			\$31,389,000



Env. Services Fund

Council Workshop
Mar. 25, 2026



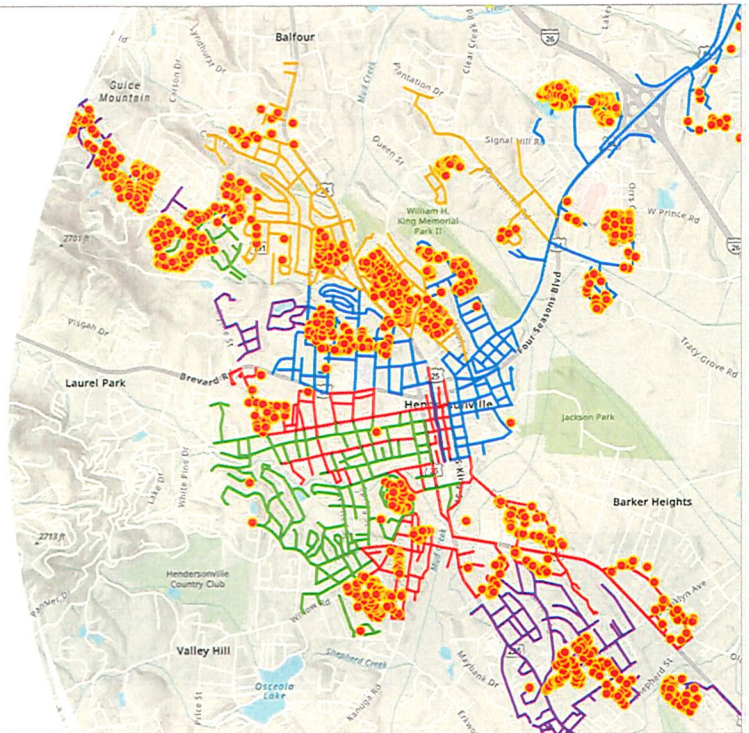
5 Year Implementation Plan

Year 1:

- RFID tags for trash & recycling bins (grant for recycling), combine with account audit
- Hire "floater" staff (increased safety & level of service in multiple divisions, improved morale)
- Restructuring routes (based on routing software rebalancing, projected growth)
- Shift to every other week yard waste, minimum volume, kraft bags

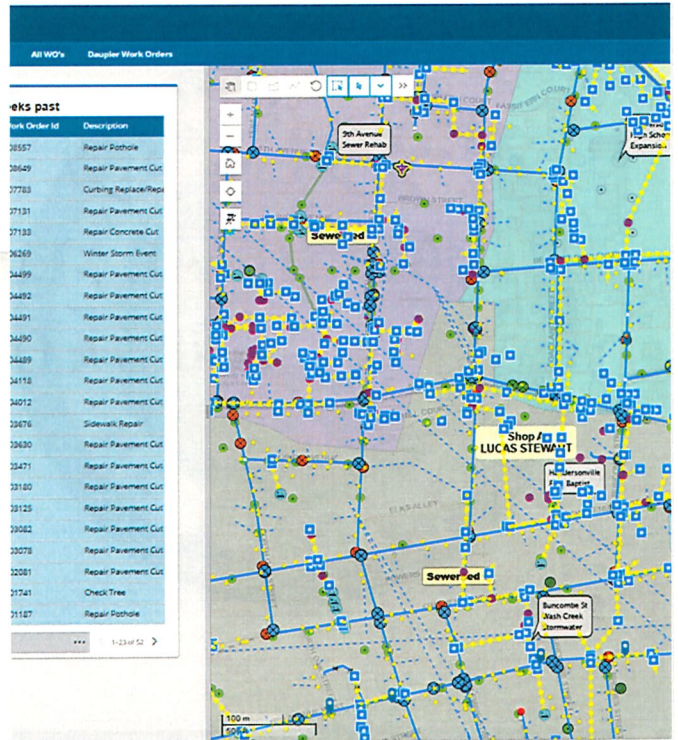
RFID tag progress

- ~3000 receptacles tagged
- ~1500 accounts
- Tagged receptacles are being cross-referenced in billing software leading to 85 corrections
- Floater staff are tagging through spring and summer



Floater Staff

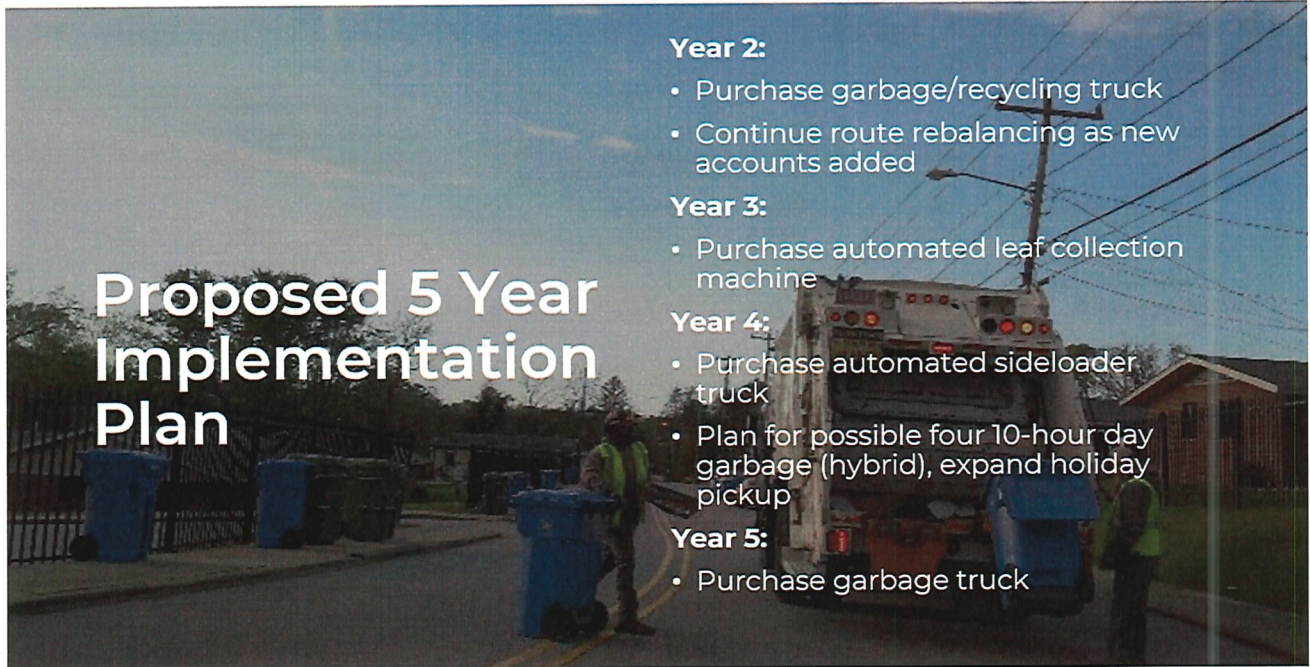
- Improved morale in other departments
 - Environmental Services is not pulling from other Divisions as much
- Improved level of service throughout organization:
 - Ex.: 57.4% reduction in Asphalt & Concrete repair Work Order duration (from FY25 to current FY)
 - Ave 35 vs 83 days



Restructuring Routes

- Average of ~15 new accounts/month over the last 2+ years (several new subdivisions coming online)
- Purchasing routing software this spring
- Works within ArcGIS





Proposed 5 Year Implementation Plan

- Year 2:**
 - Purchase garbage/recycling truck
 - Continue route rebalancing as new accounts added
- Year 3:**
 - Purchase automated leaf collection machine
- Year 4:**
 - Purchase automated sideloader truck
 - Plan for possible four 10-hour day garbage (hybrid), expand holiday pickup
- Year 5:**
 - Purchase garbage truck

Things to Watch For

- Tipping fee increases:
 - Henderson County recently completed SW Funding plan
 - Current tipping fee \$70/ton
 - Plan includes several options:
 - Option 1: \$90/ton
 - Option 2: \$72.10/ton, \$45 annual availability fee
 - Option 3: \$200 availability fee
 - Option 4: Flow Control
- Diesel fuel prices in flux
- Continue to work on better staff retention, safety training



ENVIRONMENTAL SERVICES

FY27 Recommended Budget

ENV. SERVICES FUND	FY26 REVISED	FY27 REQUESTED	FY27 RECOMMENDED	FY27 ESTIMATE	*FY26 Rev. to FY27 Rec.*	
					DOLLAR (\$) CHANGE (Δ)	PERCENT (%) CHANGE (Δ)
REVENUES						
ESF Fees	(2,407,820)	(2,453,000)	(2,393,000)	(2,404,966)	(14,820)	-0.6%
Investment Earnings	(300)	(300)	(300)	(300)	-	0.0%
Miscellaneous	(700)	(700)	(700)	(704)	-	0.0%
TOTAL REVENUES	(2,408,820)	(2,454,000)	(2,394,000)	(2,405,970)	(14,820)	-0.6%

Revenues

- FY27 Recommended: **\$2,364,000**, same as FY26 adopted.
- **No Rate Change**
 - Residential = **\$30/mo.** for 32gal service | **\$32/mo.** for 96gal service
 - Commercial = **\$40/mo.** waste service | **\$20/mo.** Recycling
- Future years → incremental rate adjustments to remain self-sufficient

ENVIRONMENTAL SERVICES

FY27 Recommended Budget

ENV. SERVICES FUND	FY26 REVISED	FY27 REQUESTED	FY27 RECOMMENDED	FY27 ESTIMATE	*FY26 Rev. to FY27 Rec.*	
					DOLLAR (\$) CHANGE (Δ)	PERCENT (%) CHANGE (Δ)
EXPENDITURES						
Personnel/Benefits	1,534,005	1,479,296	1,564,893	1,479,229	30,888	2.0%
Operating	680,200	678,209	686,312	648,743	6,112	0.9%
Capital	-	-	-	-	-	-
Debt Service	194,615	194,046	213,465	213,465	18,850	9.7%
TOTAL EXPENDITURES	2,408,820	2,351,551	2,464,670	2,341,437	55,850	2.3%

Expenditures

Personnel:

- 4.0% COLA ↑
- 2.0% Med. Insurance ↑
- 4.0% 401k Match ↑
- LGERS 15.10% ↑
- Adjusted Salary Splits - other depts.

Operating:

- \$6k increase – cleanup of splits for operating expenses such as portions of IT, vehicle monitoring, audit, etc.
- Tipping fee budget ↑ from \$265k in FY26 to \$300k in FY27

Debt Service:

- Added ½ pmt. \$250k recycle truck

ENVIRONMENTAL SERVICES

FY27 Recommended Budget

ENV. SERVICES FUND	FY26 REVISED	FY27 REQUESTED	FY27 RECOMMENDED	FY27 ESTIMATE	*FY26 Rev. to FY27 Rec.*	
					DOLLAR (\$) CHANGE (Δ)	PERCENT (%) CHANGE (Δ)
Fund Balance Appropriated	-	(191,295)	70,670	(64,533)	70,670	
NET CHANGE IN FUND BALANCE	-	(191,295)	70,670	(64,533)	70,670	
FUND BALANCE, BEGINNING OF YEAR	193,960	319,645	319,645	319,645		
FUND BALANCE, END OF YEAR	193,960	510,940	248,975	384,179		

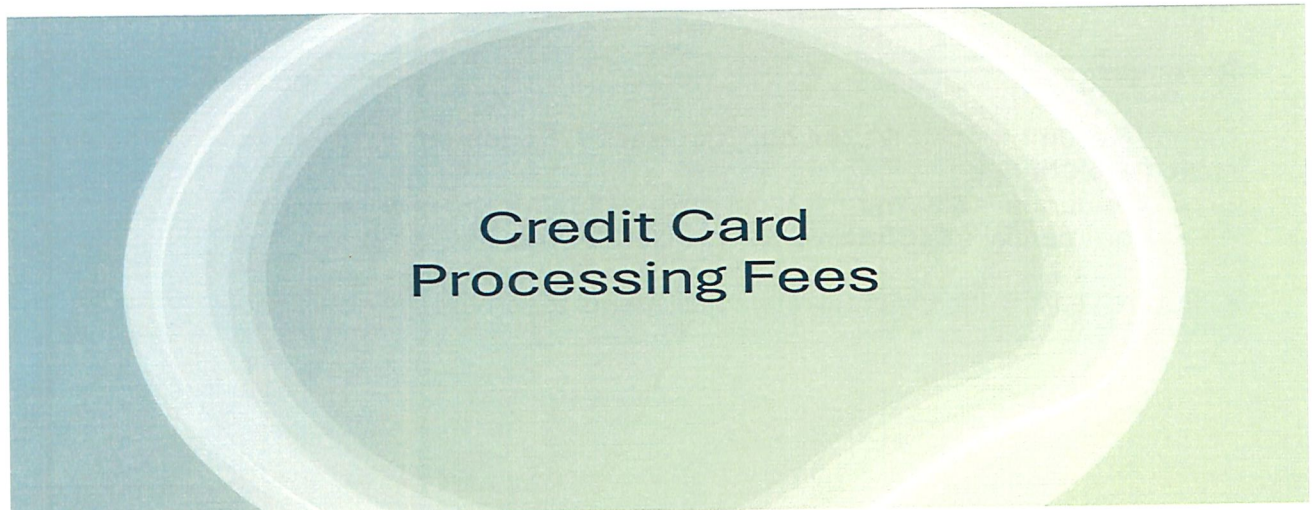
Fund Balance

- **FY25 (audit):** Fund Balance \$193,960
- **FY26 (est):** Fund Balance \$319,645 (+\$125,685)
- **FY27 (est):** Budgeted FBA \$70,670 | Estimated FBA (\$64,533) → \$384,179

Historically, the ESF has relied on the General Fund for support, with recent rate and operational efficiency improvements, we estimate the fund to be self-sufficient.

B. Presentation Regarding Credit Card Processing Fees & Security Deposits – *Krystal Powell, Finance Director*

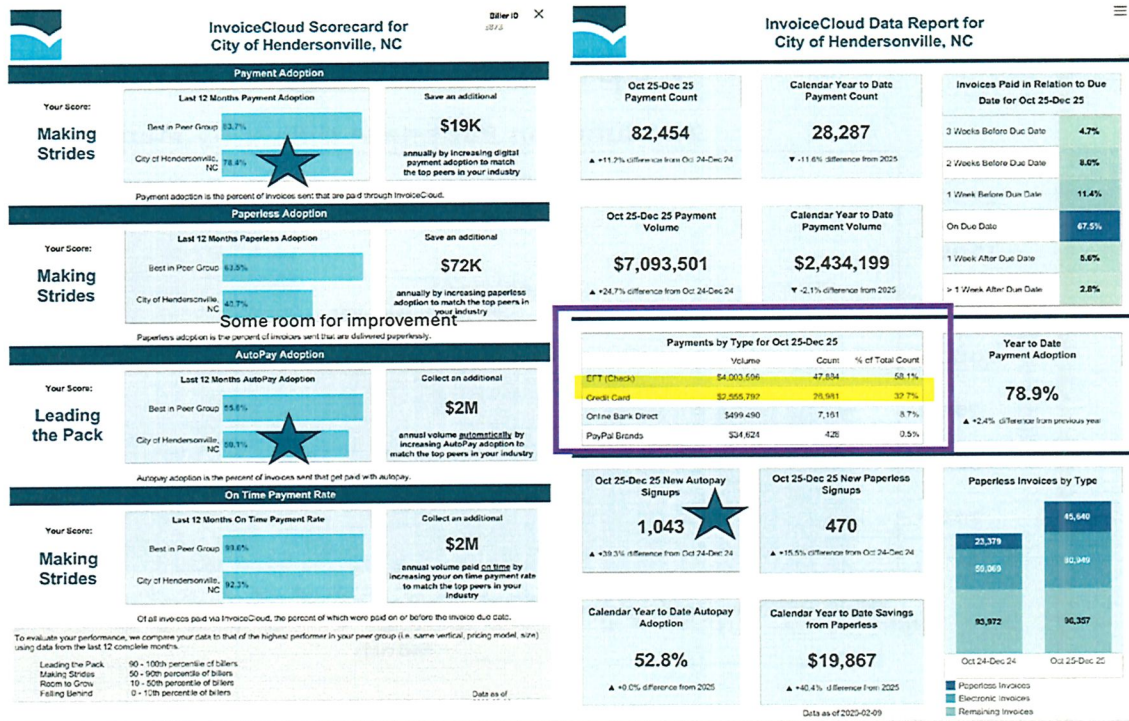
As a follow-up to the Council / Staff Retreat, Krystal Powell presented City Council with options regarding the credit card processing fees and utility security deposits. Staff will request direction to be included in FY 26-27 Budget. She gave the following PowerPoint presentation.





- Digital Customer Payment Portal that integrates with Munilink – Utility Billing Platform
- November 2023 – we transitioned to Invoice Cloud (mandatory change required by Munilink and we only had 3 Vendors as options to choose from)
- All 3 Platforms were researched and Invoice Cloud chosen for best pricing and best services provided
- Success with Invoice Cloud
 - Quarterly Business Reviews
 - Free ACH Campaigns – we will be participating in this Summer/Fall 2026
 - Free Paperless Adoption Campaigns (last one we participated in was May & June 2025) –cut down on printing costs
 - Marketing Materials provided to the City for free (website, mailers, magnets, banners for the lobby, etc)
 - They provide great customer service and try to help us save money (postage, fees, increase collections)
 - We are able to run analytical reports to track success with payment methods, paperless adoption, etc.
 - QR codes provided to us on free marketing material, that help track success and promote our campaigns.

Quarterly Scorecard
Designed to keep you informed of your progress



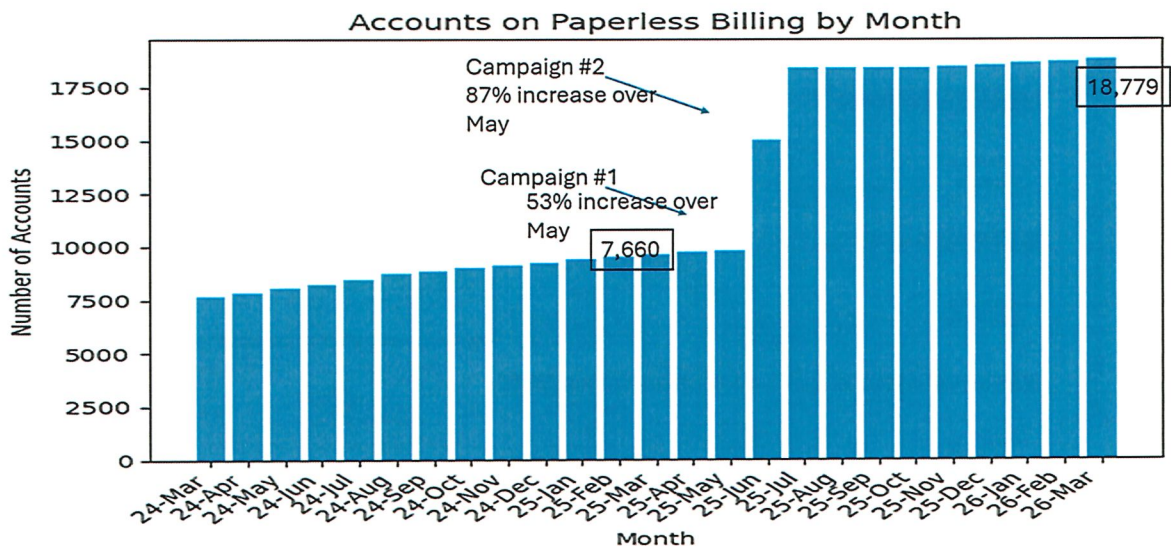
INVOICE CLOUD PAPERLESS CAMPAIGN RESULTS May/June 2025

- 2 Campaigns were run by Invoice Cloud to get more customers enrolled in Paperless Billing
- 1st Campaign – May 2025 5,441 customers signed up
- 2nd Campaign – June 2025 3,433 customers signed up
- Total Customer Accounts converted to Electronic Bills = 8,874
- Since "Go Live" date with Invoice Cloud in Nov 2023 we have reduced from 31,335 bills printed to 16,940 (46% decrease)

In FY26 we are projected to spend \$154,000 in mailing and printing bills.

- Postage around \$9,700 per month and printing/envelope supply cost around \$3,700 (Total \$13,400 per month) Smartbill is vendor that handles our mailing.
- We are going out for bids to try to reduce the cost for FY27.

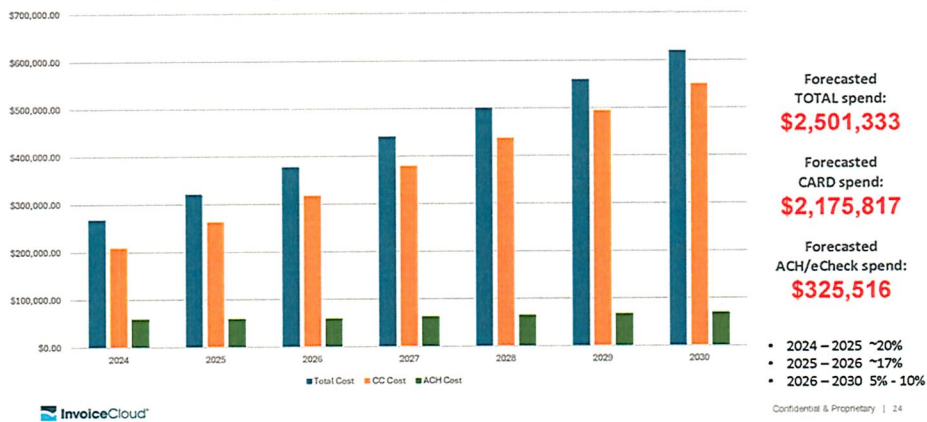
Paperless Billing Growth



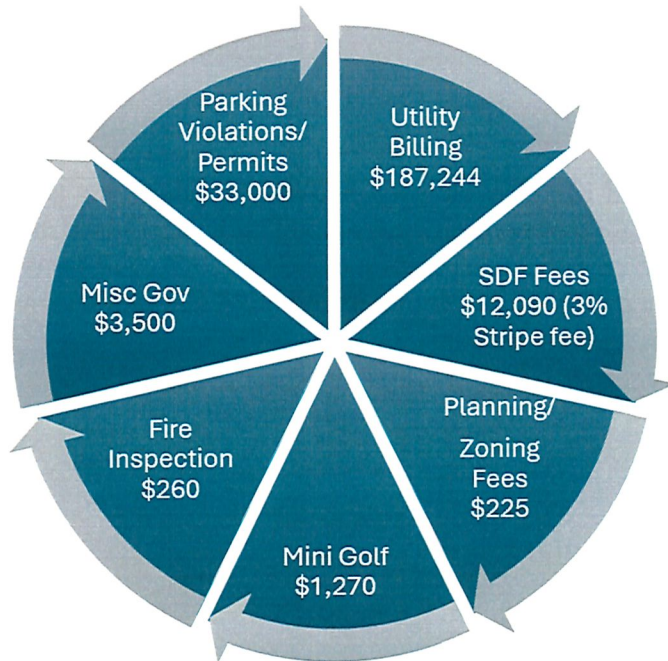
Invoice Cloud & Chase Paymentech Credit Card Fees – Utility Billing

- Credit Card fees from Invoice Cloud Payment Portal and Chase Paymentech Interchange Fees
- FY25 \$231,356
- FY26 Projecting \$285,000
- Projecting by FY30 Credit Card fees will be around \$550,000

City of Hendersonville, NC Total Forecasted Spend 2026 - 2030
5 Years: \$2,501,333 (Card & ACH) – No Changes to Fees



Credit Card Fee Breakdown by Revenue Source July 2025 – February 2026



**Iparq – Parking
Violations
Paid**

**July 2025 –
February 2026**

787 Transactions

Total Collected: \$24,138

Collected by Cash: \$2,800 11%

Collected by Check: \$13,179 55%

Collected by CC: \$8,159 34%

Citation Payment Transaction Fee: flat \$2.95

- Previously fee was paid by the customer and now City is absorbing this fee. This is on all payment types.
- City also absorbs the credit card interchange fees (787 transactions x \$2.95 = \$2,322)
- City has paid \$33,000 in credit card fees through Feb of this year.

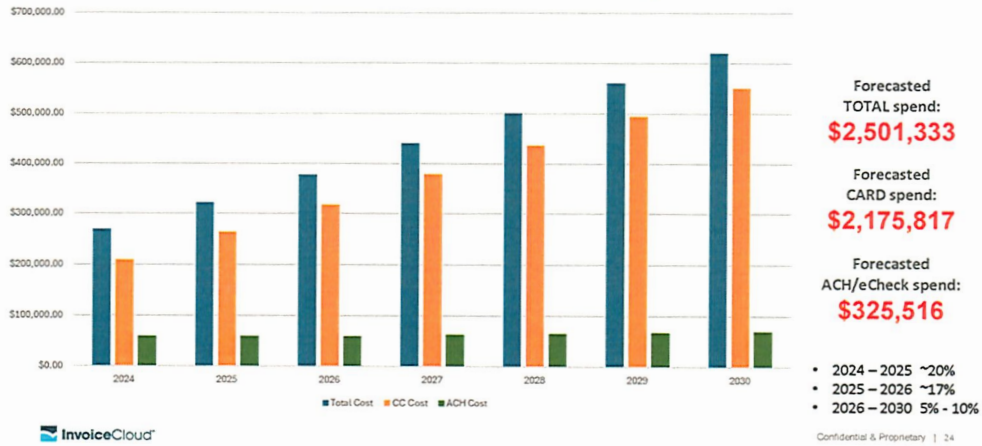
**System
Development Fee
Revenue**

**July 2025 –
February 2026**

- Total Revenue Collected: \$757,266
 - Checks/Cash: \$351,331 (a few big checks – check/cash volume very low)
 - Credit Card: \$405,930
 - Total CC Fees: \$12,090
- Roughly 90% of all SDF Revenue collected via credit card payment
- Checks received: \$351,331
 - Taproots: \$127,610
 - Apple Ridge: \$70,920
 - Lofts at Chadwick: \$68,556
 - Pardee Medical Office Building: \$17,576
- Credit Card payments received 11 were between \$5,000 and \$38,000

Council Member Hensley had several questions about the fees on this slide. After some back and forth, City Manager Connet said that he and Mr. Pahle were a little bit behind on this and asked if she could stop the presentation as he has some questions and things he is not clear about and would like to talk to Invoice Cloud. He apologized and said we will come back to this at our next workshop meeting.

**City of Hendersonville, NC Total Forecasted Spend 2026 - 2030
5 Years: \$2,501,333 (Card & ACH) – No Changes to Fees**



5. CLOSED SESSION

Council Member Lyndsey Simpson moved that City Council enter closed session pursuant to NCGS § 143-318.11 (a) (1) and (4) to prevent the disclosure of information that is privileged or confidential pursuant to the law of this State or of the United States, or not considered a public record within the meaning of Chapter 132 of the General Statutes and to discuss matters relating to the location or expansion of industries and businesses in the area served by the public body. A unanimous vote of the Council followed. Motion carried.

6. ADJOURN

City Council went into closed session at 5:09 p.m.

There being no further business, the meeting adjourned at 5:21 p.m. upon unanimous assent of the Council. No further action was taken.

Barbara Volk
Barbara Volk, Mayor

ATTEST:

Jill Murray
Jill Murray, City Clerk