MINUTES

April 26, 2023

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 Lyndsey Simpson and Council Members: Dr. Jennifer Hensley, Debbie O'Neal-Roundtree and Jerry A. Smith Jr., J.D.

Staff Present: City Manager John F. Connet, Assistant City Manager Brian Pahle, City Clerk Jill Murray, City Attorney Angela Beeker, Communications Manager Allison Justus, Budget Manager Adam Murr and others.

1. CALL TO ORDER

Mayor Barbara G. 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 Lyndsey Simpson moved to approve the agenda as presented. A unanimous vote of the Council followed. Motion carried..

3. CONSENT AGENDA

    A. 2023 Water and Sewer Revenue Bond – *Adam Murr, Budget Manager*

    B. 2023 Installment Financing Contract (IFC) – *Adam Murr, Budget Manager*

    C. Henderson County Tax Adjustments – Amanda Lofton, Deputy Tax Collector

Council Member Dr. Jennifer Hensley moved to approve the consent agenda as presented. A unanimous vote of the Council followed. Motion carried..

4. PRESENTATIONS

    A. Presentation of Diversity, Equity & Inclusion Strategic Plan - *Bahiyyah Greer, Ahkirah Consulting*

City Manager Connet said Ahkirah Consulting has competed the draft Diversity, Equity, and Inclusion Strategic Plan and Bahiyyah Greer is here to present it to City Council.

Introduction of Work

TIMELINE (August 2022 — March 2023)

- Engagement Launch/ Initial Communication
- Strategic Plan Ideation
- Strategic IDI Assessments/ Individual Conferences
- Strategic Plan Information Gathering and Synthesis
- Strategic Plan Information Synthesis
- Strategic Plan Formation

STAKEHOLDERS CONTACTED

95+

CONSULTANT HOURS

552

"Equity — we talk about it as equality but realizing that we have different starting points, and it looks different for everyone. What is success? Equity is looking at each individual — what do they need for each person to succeed."

--- HENDERSONVILLE COMMUNITY MEMBER, October 2022

2

Community Listening Sessions

These sessions were personal community conversations aimed to amplify and support the experiences and identities of Hendersonville community-members. Sessions and content questions were framed to capture the experiences and sentiments of Hendersonville community members who held various identities.

IDENTITIES	THEMES RAISED	
LATINX	• store owners need cultural sensitivity, especially Uptown • invest in those who have been traditionally marginalized	• care and community safety are important • outreach is important
FAITH/RELIGIOUS	• Hendersonville is more political than religious • a quality standard of living is important.	• MLK day is the only time different religious groups come together • religious affiliation is oftentimes conflated with political affiliation
AFRICAN-AMERICAN	• Hendersonville needs more organizations that represent people of color • opportunities for children to express themselves/afterschool programs	• affordable housing, and equal job opportunity for all citizens • community gentrification • recognition of implicit bias by city administration, teachers, etc.
LGBTQ	• recognition and acknowledgement is difficult • physical/social safety is a consistent concern	• unsure if Hendersonville is ready to accept all people • inclusivity, fairness, equal treatment and justice for all people

DEI Environmental Survey

An environmental audit that allowed City of Hendersonville Administrative Departments to provide information and perspectives on each Department's programmatic practices, cultural perspectives, organizational support and other human considerations.

Survey Category: Work Environment

Pick three words to describe the BEST THING about your work environment.

Key Findings

Words like "positive environment", a "good team", "flexibility" and "openness" were most often used.

Pick three words to describe the WORST THING about your work environment.

Key Findings

Interpersonal problems and work conditions were the most common responses, along with stress and dullness of the work.

Key Summary

Hendersonville employees value positivity and openness at work. Unsurprisingly, the biggest concern is the interpersonal problems that can break up their good team dynamics. Emphasis is on hearing everyone's perspective over harmony.

In my humble opinion, this is more important in my work environment..

Key Findings

The order of rankings from most important to least important: Everyone's perspective is heard > Everyone's needs are met > Everyone "gets along" in workplace harmony.

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Survey Category: Work Culture

Can you pick three words to describe the office/department culture you experienced when you FIRST started your role?

Key Findings

By far the most common response was "positive environment," followed by "negative environment" and "apprehension".

How would you describe your CURRENT office/department culture?

Key Findings

Encouragingly, "a positive environment" was an even more common descriptor of the current culture, and "growth" increased as well.

Key Summary

Again, city employees clearly value a positive work environment, and colleagues that bring a positive attitude to work. More people cite positive culture as a characteristic of work culture now than when they started. When conflict arises, it's not likely to be swept under the rug. The risk is that conflict won't resolve because of serial conflicts and cross-complaints. Conflict is less likely to be based on previous disagreements, differing values or ego than on differences of opinion and differences in problem solving approaches.

If you were trying to hire a person with the right "cultural fit" for your office/department, what kind of person would they be?

Key Findings

City employees think new colleagues will fit in if they're "motivated", "competent", "open", and "have a positive attitude".

5k

DEI Environmental Survey

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Survey Category: Work Relationships

I work in an environment where everyone shares hardships and successes in the same way.

Key Findings

Several respondents disagreed with this statement, and the answers clustered around the low end of the agreement part of the scale.

I work in an environment where differences of opinion are valued and welcomed.

Key Findings

All respondents reported at least some level of agreement that differences of opinion are valued in their environment.

Key Summary

Although not a prerequisite, a prior relationship with a city employee is an extremely common position for job applicants, as over half of respondents knew at least one city employee at time of hire. Employees overall agree that others care about them and are understanding of errors, mistakes, and differences of opinion. There's slightly less agreement with the notion that everyone shares hardships and successes the same way.

BEFORE accepting your current position, about how many people did you know who worked for the City of Hendersonville?

Key Findings

More than half of respondents knew at least one city employee before being hired. The second most common response acknowledged knowing "ten or more" people before being hired.

5r

DEI Environmental Survey

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Survey Category: Work Support

On a ten-star scale, to what degree have you received the TRAINING needed to perform your job well? To be conservative, 1-4 is Low, 5-8 is Medium, 9-10 is High.

Key Findings

Only one respondent rated training support as "low" (with a 4 out of 10). The majority of respondents cited medium support, and over a third found a high-level of training support.

On a ten-heart scale, to what degree have you received the COUNSELING and COACHING needed to perform your job well? To be conservative, 1-4 is Low, 5-8 is Medium, 9-10 is High.

Key Findings

Again, just over a third of respondents scored coaching support as high, but about a fifth of employees said there is a low degree of the counseling and coaching they need to perform their job well.

Key Summary

Job training is a strength in city government, with the vast majority of respondents citing a medium or high degree of training support. Counseling or coaching is a potential area of improvement, with many respondents citing a low degree of the coaching they need to perform well.

DEI Environmental Survey

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Survey Category: Public Engagement

Do you think that most city residents understand the specific challenges faced by your office/department?

Key Findings

Almost no respondent believes that city residents understand the specific challenges faced by their office or department.

Key Summary

There is a low level of visibility for residents to see many city employees' work. Unsurprisingly then, employees feel that residents don't know much about what they do, and still less about their struggles and difficulties. On a positive note, respondents note a high-level of proximity, as city employees are fairly accessible to residents fairly quickly.

If a city resident wished to meet with you today IN-PERSON, how many people would that resident first need to communicate with before a face-to-face meeting was held?

Key Findings

The vast majority of employees are accessible directly or with a single intermediary step. Only a few require two people as intermediaries before an in-person meeting.

If a city resident wished to meet with you this week IN-PERSON, how much time would it take before a face-to-face meeting was held?

Key Findings

About a third of employees are accessible within a day, another third within two days, and everyone within four days.

DEI Change/Growth Questionnaire

A conversation-based analysis that allowed City of Hendersonville Administrative Departments to identify internal and external factors which influence and effect departmental performance. This questionnaire was used as an analysis tool to assist The City of Hendersonville with establishing DEI metrics and the Strategic Plan.

Questionnaire Category: Strengths and Achievements

Please share one thing that your department does very well.

Key Findings

Customer Service and Teamwork stand out. Respondents take pride in their department's commitment to helping and serving others.

Key Summary

City employees are proud to provide high quality services to constituents. They believe people are the City's greatest strength, citing their competence, teamwork, creativity, and responsiveness. Above all, they seek to help and serve others.

What advantages does your department have?

Key Findings

The overwhelming theme more than three quarters of respondents identified was that people are the big advantage their department has. Creativity, skill, and experience were all identified as strengths.

What do city residents say that your department does well?

Key Findings

A few departments don't know what city residents would say they do well, but most emphasize communication, responsiveness, and service.

6a

DEI Change/Growth Questionnaire

A conversation-based analysis that allowed City of Hendersonville Administrative Departments to identify internal and external factors which influence and effect departmental performance. This questionnaire was used as an analysis tool to assist The City of Hendersonville with establishing DEI metrics and the Strategic Plan.

Questionnaire Category: Current Weaknesses

What do city residents say that your department does not do well?

Key Findings

Some residents complain about service provision, particularly speed of service. The most common theme was communication, both hearing from the community and communicating quickly with others. It is possibly concerning to see a few "unknown" responses.

If a resident did complain about your department's service, what would they likely say?

Key Findings

Residents are most likely to complain about poor communication (didn't hear, no follow up) or service issues, especially speed of service.

Key Summary

Residents want better, faster service. A key area of improvement is handling information better, from documentation of institutional knowledge to better communication. Breaking down silos will help. The common thread throughout: more staffing.

If you could take a moment and reflect. What "obstacles" are currently faced by your department?

Key Findings

Staffing (and to a lesser extent budget) are the key obstacles faced by stakeholders. Difficulty working across silos is presenting an obstacle to some.

6b

DEI Change/Growth Questionnaire

A conversation-based analysis that allowed City of Hendersonville Administrative Departments to identify internal and external factors which influence and effect departmental performance. This questionnaire was used as an analysis tool to assist The City of Hendersonville with establishing DEI metrics and the Strategic Plan.

Questionnaire Category: Opportunities and Areas for Improvement

In what areas do you feel your department could use additional training?

Key Findings

A common theme was People Skills like dealing with inclusion, conflict, change, and stress. The most common was Leadership and Management Training.

Is there a need within your department that no one is meeting?

Key Findings

Staffing is the leading need, including training existing staff, followed by outreach. On a positive note, it's nice to see a number of "No" or "Not Sure" answers.

Key Summary

Some departments report opportunities to provide more and better service with increased staffing. Current staff will benefit from additional training, especially in leadership and people skills. Extra productivity can be unlocked with streamlined processes and communication.

How have you noticed your department changing over the years?

Key Findings

By far the most common theme is growing staff to meet growing needs of a growing population. Some departments have steady or increased workloads with reported staffing shortfalls.

6c

DEI Change/Growth Questionnaire

A conversation-based analysis that allowed City of Hendersonville Administrative Departments to identify internal and external factors which influence and effect departmental performance. This questionnaire was used as an analysis tool to assist The City of Hendersonville with establishing DEI metrics and the Strategic Plan.

Questionnaire Category:

Potential Threats

What do you think may cause your department problems in the future?

Key Findings

Staffing and budget top the list of potential future problem areas. Several respondents indicate concerns about growth beyond capacity, while others are concerned about retention.

Are there any changes to departmental standards, policies, or legislation that may negatively impact your department?

Key Findings

About half of respondents did not identify a change to standards, policies, or regulations with negative impacts. Three respondents mentioned external state, federal, or other regulations and standards. Two mentioned internal practices they'd like to streamline.

Key Summary

A growing population with growing needs have some worried about service quality, budget, staffing, and employee retention. Regulatory demands are an increasing burden in some areas. Technological change may leave some employees behind and hamper department effectiveness.

Are there any technological changes in your field that could threaten your department's success?

Key Findings

About half of respondents did not identify any threat from technological changes. Others mentioned the need for training and adapting to keep up.

6d

Administration

Hiring

- A panel led by the City Manager conducts interviews
- HR and the individual supervisor onboard employees
- Referrals come from City Council members and other word-of-mouth

Marketing

Administration has no specific marketing policy. Rather, it defers to the city policy, and communicates through the communications team. Information goes out through social media, website, press releases, and newspapers as needed, at least weekly.

Guide to Interpersonal Interactions

HR Personnel Policy guides interactions in the City Manager's Office

HR created this document and it can be found online

EVERYONE is beholden to this document

Conflict Resolution

01　Supervisors attempt solution

02　City Manager and department heads

03　Take it to HR; utilize Employee Network

Complaint Resolution

- Complaints are addressed in kind
- City Manager or Department responds directly
- Personnel policies are available online

For Further Consideration

Are there any opportunities missed by not having a formal complaint process?

What are other avenues of recruitment besides City Council and employee referrals?

Water & Sewer

Hiring

- The Utility Director does the hiring for Water & Sewer
- Depending on position, HR does the onboarding
- Referrals come from word-of-mouth

Marketing

Water & Sewer has no specific marketing policy or established schedule for disseminating information. The Department communicates with residents through HR as issues arise or policies change.

Guide to Interpersonal Interactions

HR Personnel Policy guides Water & Sewer interpersonal interactions

HR created this document and it can be found online

EVERYONE is beholden to this document

Conflict Resolution

01   Informal Resolution is preferred

02   Escalate according to Personnel Policy

Complaint Resolution

- Complaints are assigned to management
- The operations manager responds in-kind
- Accountability structure is on website, though could be clearer

For Further Consideration

How is informal conflict resolution taught, modeled, and managed?

What are other avenues of recruitment besides word-of-mouth referrals?

Communications

Hiring

- Department Manager alongside HR hries employees
- The Department Manager onboard employees
- All referrals are directed to the City's website (Join Our Team page)

Marketing

The department utilizes Facebook profanity filters and has a social media policy currently being updated in consultation with Legal Counsel. Communications engages on many social platforms and apps regularly and issues traditional press releases.

Guide to Interpersonal Interactions

Guidance comes from HR (including internal Grievance Policy)

HR created this document and it can be found online or accessed internally

EVERYONE is beholden to this document

Conflict Resolution

01   Manager attempts solution

02   Transfer to HR Department

*   note: this is a two-person Departmen

Complaint Resolution

- Not all complaints need to be addressed
- Communications responds to or refers service queries and other particular issues
- Policies are available online

For Further Consideration

How will the marketing company be replaced? In-house? New vendor?

Are there communities underserved by the high-tech communications (social media, apps, etc)?

Police

Hiring

Hiring is collaboration between HR and PD

Onboarding is handled by HR: all. PD: officers. Ms. Justus: civilians.

Referrals come from word-of-mouth, trade magazines, other departments

Marketing

Hendersonville PD has no specific marketing policy or established schedule for disseminating information. Communications handles PD marketing through HPD app, Facebook, and the website. Information is disseminated as needed.

Guide to Interpersonal Interactions

General Orders are created by police chiefs and updated by the current chief
These policies are available on city and PD website
EVERYONE is beholden to this document, with specific rules for different types of employees

Conflict Resolution

01   Attempt one-on-one resolution
02   Supervisor gets involved
03   Take it to HR; utilize counseling

Complaint Resolution

There is a formal complaint process

Support Services Bureau Captain responds directly

Policies are communicated online and in the Citizen's Advisory Group

For Further Consideration

Are there any informal barriers to residents filing complaints?

How does Hendersonville PD present a positive public image as part of outreach and recruitment?

Finance

Hiring

A finance supervisor does their own hiring

The Finance Department onboards new employees with HR help

Referrals come from word-of-mouth and official postings

Marketing

Finance has no specific marketing policy or established schedule for disseminating information. The Department communicates with residents through the website and other means as needed, at least quarterly.

Guide to Interpersonal Interactions

HR Personnel Policy guides interactions among Finance employees
HR created this document and it can be found online
EVERYONE is beholden to this document

Conflict Resolution

01   Supervisors attempt solution
02   City Manager and department heads
03   Take it to HR; utilize Employee Network

Complaint Resolution

Finance attempts same-day complaint response

Supervisor responds directly, and might escalate to City Manager or City Council

Policies are available online

For Further Consideration

How might the supervisor benefit from more direct collaboration in hiring?

What are other avenues of recruitment besides word-of-mouth and official announcements?

Planning

Hiring

- A panel of leaders and an HR representative hire in Planning
- Onboarding is conducted by HR, including New Hire Day
- Referrals are informal from City employees, sometimes internal first

Marketing

The Department has no specific marketing policy. Downtown markets events through radio, social media, email, and in-person outreach. Planning uses a listserv as well

Guide to Interpersonal Interactions

HR Personnel Policy guides interactions in Planning

HR created this document and it can be found online

EVERYONE is beholden to this document

Conflict Resolution

01   Attempt to make relationship work

02   Take it to the department head

03   Involve HR

Complaint Resolution

Complaints are addressed in kind or through code enforcement process

Responsible employee responds accordingly

Policies are available online (FAQ) and by request

For Further Consideration

How do you identify and encourage internal candidates in a fair and equitable manner?

How will you get resident and developer buy-in for your new vision and mission?

Fire Department

Hiring

- Joint effort between HR and Fire Department Administration
- HR and Fire Department Administration onboard employees
- Referrals come from postings, word of mouth, conferences, and social media

Marketing

The department has no specific marketing policy. Rather, it defers to the city policy, and communicates through the communications team. The emphasis is on Facebook and flyers to share events and Fire Prevention Messages as needed, at least monthly.

Guide to Interpersonal Interactions

The Administrative Chain of Command is maintained by the Deputy Chief

It can be found online and in print at each station

EVERYONE is beholden to this document

Conflict Resolution

01   One-on-One Conversation

02   Involve Department Supervisor

03   If all else fails, take it to HR

Complaint Resolution

Complaints are addressed within one week

Fire Marshall or Deputy Chief responds directly

Department vision, mission and values are online

For Further Consideration

How to communicate about policies, personnel, and decision-making online

How to ensure as diverse a pool of applicants as possible in networking, word-of-mouth, and at conferences

Engineering

Hiring

- A panel of four department leaders conduct interviews and hire
- The Engineering Department onboards new employees
- Referrals come from word-of-mouth, trade magazines, other departments

Marketing

Engineering has no specific marketing policy or established schedule for disseminating information. The Department communicates with residents via phone, email, and the website.

Guide to Interpersonal Interactions

HR Personnel Policy guides interactions in the Engineering Department

HR created this document and it can be found online

EVERYONE is beholden to this document

Conflict Resolution

01 Start one-on-one

02 Involve department supervisors and/or...

03 Take it to HR

Complaint Resolution

- Complaints are addressed in kind after info collection
- Engineering responds through Service Excellence Committee or Communications team
- Personnel policies are available upon request
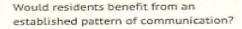
For Further Consideration

Would residents benefit from an established pattern of communication?

Are there stable, commonly-requested policies that could be published?

Public Works

Hiring

- Department leaders and HR hire together
- Onboarding proceeds from HR to job-specific onboarding
- Referrals come from Public Works and other City staff

Marketing

Public Works has no specific marketing policy or established schedule for disseminating information. The Department communicates with residents through the Public Information Officer, utilizing social media, press releases, and the website.

Guide to Interpersonal Interactions

HR Personnel Policy guides interactions in Public Works

HR created this document with department input. It can be found online

EVERYONE is beholden to this document

Conflict Resolution

01 Starts with crew leader

02 Supervisor and possibly superintendent

03 Department Head gets involved

Complaint Resolution

- Complaints are addressed in timely fashion
- Responsible staff are assigned specific complaints
- Policies and updates are available on website, RAVE, and by request

For Further Consideration

What have you learned about hiring as you've collaborated with HR? Would other departments benefit from those leassons?

What are other avenues of recruitment besides City Council and employee referrals?

Human Resources

Hiring

Jessica Pomerleau, Retention Officer, does the hiring

Ms. Pomerleau and other department personnel onboard

Referrals come primarily from word-of-mouth

Marketing

Neither the City nor the Human Resources Department have a stated marketing policy. Marketing is handled by a consultant company in Greenville. HR disseminates information as needed, and advertises jobs widely in diverse venues

Guide to Interpersonal Interactions

HR Personnel Policy guides interactions in the City Manager's Office

HR created this document and it can be found online

EVERYONE is beholden to this document

Conflict Resolution

01 Resolve through open dialogue

02 Continue following grievance policy

* Note: this is HR, so no escalation to HR

Complaint Resolution

No complaints on radar at this time

HR responds directly and appropriately

Policies are available online

For Further Consideration

Are there opportunities for recruiting and partnership with Historically Black Colleges and Universities and other Minority-Serving Institutions?

Absent complaints, how can HR proactively identify opportunities to improve?

Procedural focus on diversity, equity and inclusion
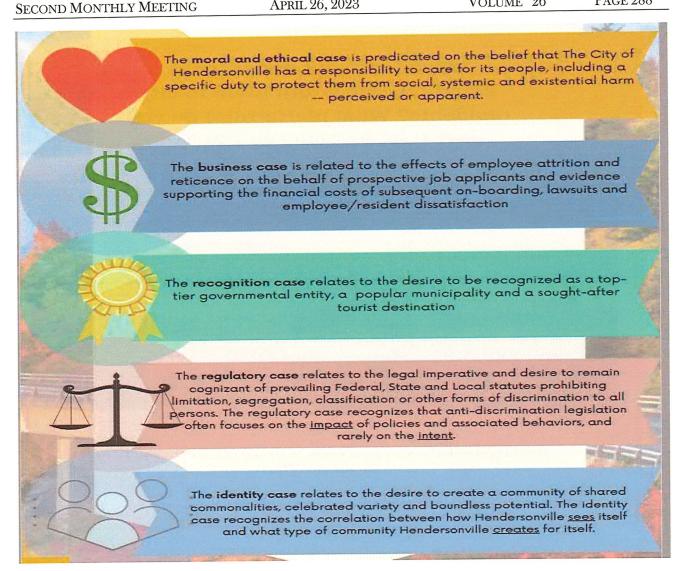
Considerations for why a procedural focus on diversity, equity and inclusion is important for The City of Hendersonville

For The City of Hendersonville, overarching government priorities include maintaining responsiveness to expanded growth and changing demographics, budgetary challenges to increased hiring, the creation of clear and efficient processes for resident-impacted mandates, and bolstering community outreach and engagement

There is extensive indication from the information provided in the preceding section that procedures and policies which support diversity, inclusion and equity-based perspectives intersect with each of these overarching government priorities.

Accordingly, AHKIRAH Legal and Diversity Consultants has identified several top DEI organizational priorities as determined by detailed assessments of leadership perspectives and department summaries.

These priorities can also be broken down into five key categories, which we have articulated as the **moral and ethical case**, the **business case**, the **recognition case**, **regulatory case**, and the **identity case**

The **moral and ethical case** is predicated on the belief that The City of Hendersonville has a responsibility to care for its people, including a specific duty to protect them from social, systemic and existential harm -- perceived or apparent.

The **business case** is related to the effects of employee attrition and reticence on the behalf of prospective job applicants and evidence supporting the financial costs of subsequent on-boarding, lawsuits and employee/resident dissatisfaction

The **recognition case** relates to the desire to be recognized as a top-tier governmental entity, a popular municipality and a sought-after tourist destination

The **regulatory case** relates to the legal imperative and desire to remain cognizant of prevailing Federal, State and Local statutes prohibiting limitation, segregation, classification or other forms of discrimination to all persons. The regulatory case recognizes that anti-discrimination legislation often focuses on the <u>impact</u> of policies and associated behaviors, and rarely on the <u>intent</u>.

The **identity case** relates to the desire to create a community of shared commonalities, celebrated variety and boundless potential. The identity case recognizes the correlation between how Hendersonville <u>sees</u> itself and what type of community Hendersonville <u>creates</u> for itself.

Accountability

How are residents made aware of the accountability structure and decision-making of your department?

- website 6
- unsure 3
- phone 2
- email 1
- verbal 1
- in-person 1

Recommended scope and objectives for diversity, equity and inclusion efforts

- **Equity** — Consideration should be given to the steps required to locate information on departmental websites. Is the information accessible with minimal website exploration? Does the website information rely heavily on written English text instead of visual imagery (icons, pictures, etc.) to direct users?
- **Diversity** — For departments that have no formal structure to inform residents on accountability and decision-making within the department, consider creation of visual organizational charts and prominently feature them in departmental messaging
- **Inclusion** — For all forms of verbal communication, consider interoffice practices that inform residents of an employee's title (and role), and explain the responsibility that employee has to address a particular issue/question/grievance.
- **Equity** — Consideration should be given to expand departmental communication beyond written and spoken American English.

17c

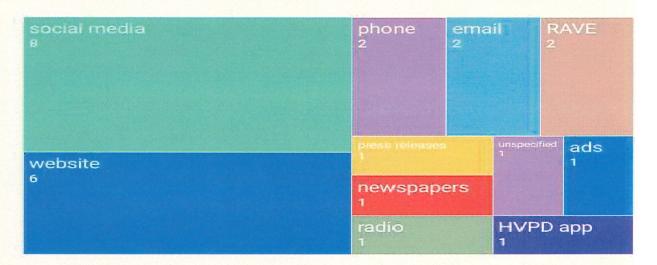## How does your department communicate information to city residents? What platform(s) do you use? (List as many as you like.)

social media 8		phone 2	email 2	RAVE 2
website 6		press releases 1	unspecified 1	ads 1
		newspapers 1		
		radio 1	HVPD app 1	

Recommended scope and objectives for diversity, equity and inclusion efforts

Inclusion
- For Social Media communication, consider prioritizing the use of imagery that showcases various presenting identities, abilities and statuses (diverse ages, races, gender identities, etc.)

Equity
- For website communication, consideration should be given to the steps required to locate information on departmental websites. Is the information accessible with minimal website exploration? Does the website information rely heavily on written English text instead of visual imagery (icons, pictures, etc.) to direct users?

Diversity
- For all forms of communication, consider the identities, values and needs of the residents who engage with the department on each platform. Look for indications of homogeneity and groupthink within respondent populations. Examine ways to reframe messaging or platform to engage with currently unengaged residents.

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formal process 40.00%

ad hoc 60.00%

Complaint Process

What process does your office follow to receive and respond to resident complaints?

Leader 4	Unclear 2
Who responds to complaints?	
direct or refer to department 2	Internal Service Excellence Committee 1

Recommended scope and objectives for diversity, equity and inclusion efforts

Diversity
- Regarding ad hoc and other informal processes to receive resident complaints, consider creating a formalized system to receive, track, manage and store resident complaints. Before a response is provided, check for affinity bias (the tendency to favor people who share similar interests, backgrounds, and experiences with us), attribution bias (perceptual errors that lead to biased interpretations of one's social world) or confirmation bias (the tendency to pay attention to information that confirms an individual's beliefs) in how the complaint is received and recorded.
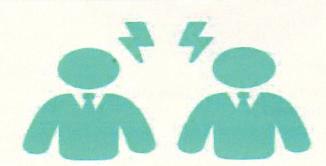
Diversity
- Regarding responses to resident complaints, responses made directly from departmental leadership is commendable if consideration of power and privilege dynamics are acknowledged within the communication. Acknowledgement of leadership's ability to wield force, authority, or influence over any resident response or resolution, and the impact that has on how a response is received, should be top of mind.

17e

If I worked with you in your department, and I really didn't get along with you, what's the easiest way to deal with our conflict?

4	Supervisor then HR
3	One-on-one then supervisor then HR
1	Supervisor
1	HR
1	Informal

Recommended scope and objectives for diversity, equity and inclusion efforts

Equity
- Regarding interdepartmental conflict, it is important to consider and understand that cognitive bias is the basis for most conflict. **Cognitive bias** is a condition in which humans make a systematic error in judgment due to their failure to interpret information correctly. It is an error in reasoning that occurs when an individual misinterprets information about the world (and people) around them. This significantly influences their decision-making abilities and perceived options for resolution.

Inclusion
- When attempting to resolve a conflict, consider the pervasiveness of actor-observer bias, which is a type of cognitive bias which involves understanding the difference between how we explain other's actions and how we explain our own actions.

Inclusion
- When attempting to resolve inter-departmental conflicts, consider the pervasiveness of the false consensus effect, which is a tendency to overestimate how much other people agree with one's own beliefs, attitudes or values.

Department 50.00%   City 40.00%   Unclear 10.00%

Departmental mission, vision, values

Does your department have any documentation related to its purpose, mission, vision or core values?

logos 5	general images 2	event flyers 1
What kind of imagery and language are used in communication to city residents?	no images 2	photos 1

Recommended scope and objectives for diversity, equity and inclusion efforts
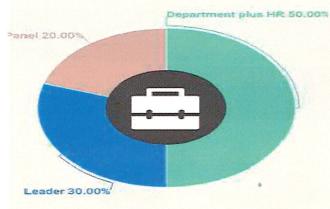
Diversity
- Regarding established and codified purpose, mission, vision and value statements for each department, consider framing each statement to acknowledge and support underrepresented groups the department is committed to serving.

Diversity
- Each statement should acknowledge underrepresented populations both within the department (employees) and externally (the Hendersonville community). Every department will have a different mix of groups depending on its level of community engagement, particular specialty/service, and goals.
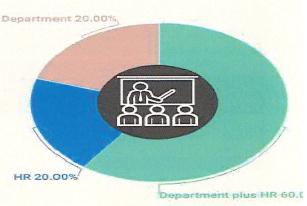
Inclusion
- Regarding the use of imagery in photo, flyer and general communication to residents, consider prioritizing the use of imagery that showcases various presenting identities, abilities and statuses (diverse ages, races, gender identities, etc.)

17a

Hiring and Onboarding

Department plus HR 50.00%

Panel 20.00%

Leader 30.00%

Who in your office does the hiring?

Department 20.00%

HR 20.00%

Department plus HR 60.0
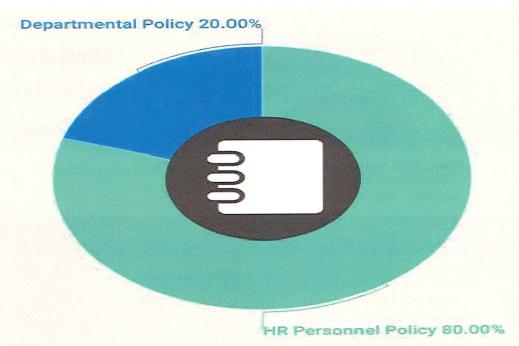
Who does the onboarding?

Recommended scope and objectives for diversity, equity and inclusion efforts

Inclusion
- To assist in the process of hiring from an inclusive framework, when reviewing job applications, consider the pervasiveness of attentional bias, which occurs when an individual's perception is influenced by selective factors. This is the tendency to focus on a particular piece of information (i.e. familiarity, college major) while ignoring additional information contained within an application.

Inclusion
- To assist in the process of hiring from an inclusive framework, when interviewing new job applicants, consider the pervasiveness of the halo effect, which is a tendency to be influenced by one's initial impression or the external features of another. Initial impressions can be established from superficial presentation and from reputational information.

Departmental Policy 20.00%

HR Personnel Policy 80.00%

What document guides interpersonal interaction in your office?

Recommended scope and objectives for diversity, equity and inclusion efforts

Diversity
- Regarding a diversity, equity and inclusion (DEI) policy contained within the HR Personnel Policy, consider an actionable policy instead of an inactive statement of acknowledgement.

Diversity
- The DEI policy should be its own separate, inviolable, standalone policy that employees understand to represent the priority that The City of Hendersonville places on engineering behaviors that support diversity, equity and inclusion — and not simply as statements of belief.
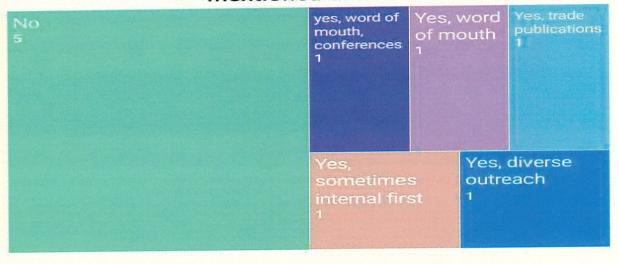
Inclusion
- To ensure consistent interpretation of the DEI policy's language, consider including additional dimensions of diversity that reflect the values of The City of Hendersonville, such as sexual orientation, familial status, political affiliation, socioeconomic status and veteran status.

Diversity
- DEI policies are of great interest to external stakeholders, such as job applicants, job transferees and corporate developers. For those audiences, their first impression of The City is often via its website. For this reason, consider conspicuously placing the actionable DEI policy on The City's Human Resources website and "Employment Opportunities" page.

Outreach

Is it possible for a person to hear about a job opportunity with the City outside of the ways mentioned earlier?

No 5	yes, word of mouth, conferences 1	Yes, word of mouth 1	Yes, trade publications 1
	Yes, sometimes internal first 1	Yes, diverse outreach 1	

Recommended scope and objectives for diversity, equity and inclusion efforts

Diversity
- Local government-based practices that foster increased diversity, equity and inclusion-based behaviors are dependent upon robust community engagement and outreach. Another way of examining this critical challenge is by asking, "How can we create a community that values individuals of intellectual, social and cultural variety with limited opportunity to connect with these people?" Simply stated, community outreach is vitality important.

Inclusion
- Considerations for fostering community engagement through outreach include establishing mentorship programs for underrepresented groups, developing a pipeline of diverse talent – starting with entry-level and junior employees, and sponsorship and support by identity-based Employee Resource Groups (ERG)

online 8	from department 3	in-person 1
How do residents receive information regarding your departmental policies or departmental rules?	email 2	RAVE 1

online 9	in-person 3	
In what form can a resident receive information regarding your departmental policies or departmental rules?	phone 1	visual 1

Recommended scope and objectives for diversity, equity and inclusion efforts

Equity
- Regarding the mechanism and platform by which residents receive information, consideration should be given to the technological accessibility and capabilities of residents. Is the information provided accessible to residents with assistive technology needs? How many steps are required to locate information on departmental websites. Is the information accessible with minimal website exploration? Does the website information rely heavily on written English text instead of visual imagery (icons, pictures, etc.) to direct users?

Equity
- Consideration should be given to expand departmental communication beyond written and spoken American English.

Referrals

How do referrals originate within your office?

word-of-mouth 10	and other departments 1
	and social media 1

Recommended scope and objectives for diversity, equity and inclusion efforts

Inclusion

- As the data indicates that the vast majority of employment referrals originate from established circles of familiarity, consideration should be given to how common affinity biases, or the tendency to favor people who share similar interests, backgrounds and experiences, underlie each referral, and how that may ultimately contribute to entrenched homogeneity within the workforce.

Diversity

- Consideration should be given to how **confirmation bias**, which is the tendency to pay attention to information that confirms an individual's beliefs while ignoring any information to the contrary, may inform a candidate's initial and ultimate decision to apply, and subsequently influence job expectations and workforce culture.

Equity

- Although word-of-mouth referrals are not ill-advised, to create an intellectually, racially, experientially and culturally diverse workforce, examination should be given to assigning unmerited value to candidates based upon established circles of familiarity.

Recommendations for future leadership efforts and resource allocation

The City of Hendersonville Employee-Led DEI Leadership Committee

Purpose

The purpose of the Hendersonville Employee-Led DEI Leadership Committee is to promote a safe, equitable, diverse and inclusive environment where all differences and identities are respected, valued and included and where representation is celebrated and encouraged. The committee will foster organizational change, establish a focused-framework towards issues of diversity and inclusion and the promotion of The City of Hendersonville DEI Strategic Plan.

Membership

The inaugural committee will be composed of twelve members. Six department heads will be advanced from the following departments: Police, Water and Sewer, Human Resources, Planning & Community Development & Communications and Finance, and six staff members will be advanced from Fire, Administration, Legal, Parks, Public Works & Engineering.

Members shall serve a minimum term of one year and a maximum of three years. The committee will seek to maintain a balance of department heads and staff members (50/50 ratio) which will be reviewed on an annual basis. To ensure that the committee is representative of all who work for the city of Hendersonville, city employees who are non-members will be invited to attend meetings, though they will not participate in committee voting.

The DEI Committee will have two co-chairs elected from its members: one department head and one staff person.

Recommendations for future leadership efforts and resource allocation

The City of Hendersonville Employee-Led DEI Leadership Committee

Goals

The Committee's goals are the following:

To protect and celebrate diversity, equity and inclusion through a variety of mechanisms including workshops, social gatherings, cultural events and training.

To create a work environment that fosters respectful and inclusive communications among all employees of The City of Hendersonville and promote best practice engagement in welcoming and supporting members of diverse communities.

To make suggestions to city administration that support, educate and discuss issues and topics related to DEI, including guest presentations and educational resources.

To facilitate communications between and among all staff to share ideas and recommendations and to assist in finding consensus when it comes to DEI goals and needs.

Recommendations for future leadership efforts and resource allocation

The City of Hendersonville Employee-Led DEI Leadership Committee

Responsibilities

To act as DEI ambassadors across the city government, and co-coordinate the overall DEI program.

To set and review measurable DEI objectives and actively monitor progress against DEI Key Performance Indicators on an annual basis (see attached)

To assist in the review and commitment of DEI commitments, purpose and goals.

To create opportunities for employees to have meaningful engagements with co-workers and to promote cultural inclusivity and equity in the workplace. For example, "First Fridays with DEI", cross-department lunch and learn sessions.

To provide feedback to city administration on issues of culture, inclusivity and diversity in the workplace. Including recommendations and support for short- and long-term strategies to meet The City's current and future workforce needs. For example, providing feedback on effective recruitment, hiring and retention practices.

Recommendations for future leadership efforts and resource allocation

The City of Hendersonville Employee-Led DEI Leadership Committee

Responsibilities

To formulate recommendations for the development of new policies and practice initiatives to support DEI efforts or modification of policies that may be negatively impacting diversity, inclusivity and equity efforts.

To identify opportunities for the city to engage with the broader community to promote DEI efforts. For example, community volunteer activities.

To serve as a communications vehicle across city government by helping to develop the tone and method of internal messaging to staff on committee activities and efforts. For example, the dissemination of a DEI-focused internal newsletter.

To conduct a self-assessment each year of committee effectiveness that describes accomplishments relative to developed goals, including identifying challenges and barriers encountered and recommendations for solutions.

THEORY OF ACTION

What is a "Theory of Action"?

A theory of action is a hypothesis about what will happen when a set of strategies is implemented. Developing a theory of action requires using critical judgment about which strategic actions will lead to what desired results. It is the process of connecting what we **plan** to do with what we **hope** to get.

Why Create a Theory of Action?

Many local governments face an overwhelming number of challenges and limited resources, including limited time. As a result, we often generate lists of strategies and responses to a problem, but we don't often develop a **core approach to hold these strategies together.**

Developing a theory of action pushes us to **prioritize** and **go deep** with a few intentional strategies which are usually more productive than simply doing a whole bunch of things.

A theory of action helps us become intentional. In the process of creation, we're pushed to articulate **why** we're taking a set of actions and to name the results and impact we expect.

B. Stantec Presentation on 2023 W& S Rate Study – *Adam Murr, Budget Manager*

The City of Hendersonville has partnered with Stantec's Financial Services Team to complete a water and sewer rate study and system development fee analysis. Stantec's Financial Services Team specializes in utility financial management and has provided their services to over 30 communities in the State of North Carolina alone. Stantec also maintains a robust national and international consulting presence. The City and Stantec have worked together in recent months to collect relevant data and metrics to support the rate study. At this time, Stantec will provide an overview presentation on the rate study process, opportunities for guidance, and desired outcomes.

Nearing the end of the study, Stantec will provide an update on findings and recommendations to be considered by City Council upon budget adoption at the 06/03/2023 regular meeting of the City Council.

Financial Assumptions

Operating Expenditures
- FY 24 budget used as a starting point for modeling
- Annual inflation by expenditure type to develop a 10-year forecast
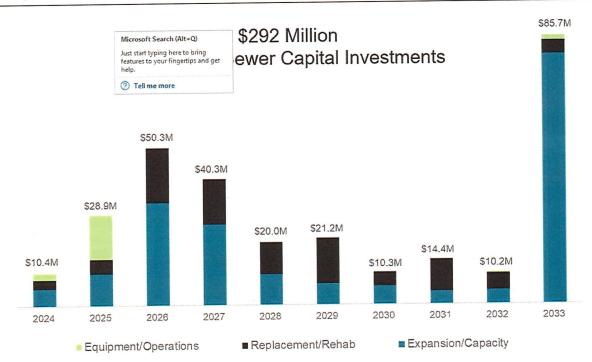
Capital Expenditures
- Annual payment of existing debt service (FY 24 payment of $3.9M)
- Ten-year capital plan
  - Funded with a blend of future borrowing and cash
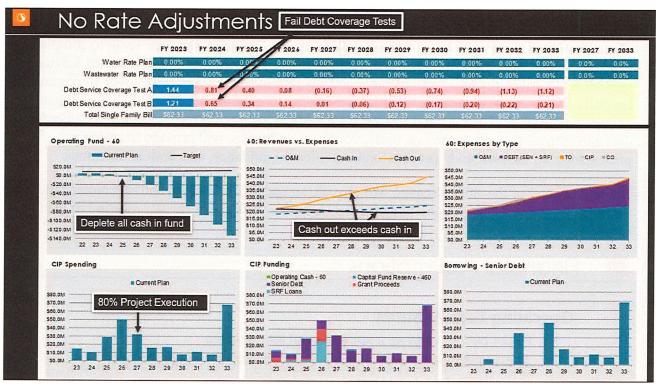
Revenues
- FY 24 budget used for non-rate revenue (assumed to remain flat over forecast period)
- Growth in customers at 0.5% inside City and 1.0% outside annually
- User rates adjusted as part of financial plan

Capital Improvement Plan

$292 Million ...ewer Capital Investments

(Chart: Equipment/Operations, Replacement/Rehab, Expansion/Capacity by year)
- 2024: $10.4M
- 2025: $28.9M
- 2026: $50.3M
- 2027: $40.3M
- 2028: $20.0M
- 2029: $21.2M
- 2030: $10.3M
- 2031: $14.4M
- 2032: $10.2M
- 2033: $85.7M

No Rate Adjustments — Fail Debt Coverage Tests

	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2027	FY 2033
Water Rate Plan	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.0%	0.0%
Wastewater Rate Plan	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.0%	0.0%
Debt Service Coverage Test A	1.44	0.81	0.40	0.08	(0.16)	(0.37)	(0.53)	(0.74)	(0.94)	(1.13)	(1.12)		
Debt Service Coverage Test B	1.21	0.65	0.34	0.14	0.01	(0.06)	(0.12)	(0.17)	(0.20)	(0.22)	(0.21)		
Total Single Family Bill	$62.33	$62.33	$62.33	$62.33	$62.33	$62.33	$62.33	$62.33	$62.33	$62.33	$62.33		

Operating Fund - 60 — Deplete all cash in fund

60: Revenues vs. Expenses — Cash out exceeds cash in

60: Expenses by Type

CIP Spending — 80% Project Execution

CIP Funding

Borrowing - Senior Debt

Prior Rate Plan — Fail Debt Coverage Tests

Projected revenue increases

	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2027	FY 2033
Water Rate Plan	0.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	2.00%	2.00%	2.00%	57.3%	130.0%
Wastewater Rate Plan	0.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	2.00%	2.00%	2.00%	30.9%	67.0%
Debt Service Coverage Test A	1.44	1.27	1.21	1.08	0.94	0.94	0.91	0.98	0.94	0.92	0.75		
Debt Service Coverage Test B	1.21	1.14	1.11	1.03	0.92	0.95	0.93	1.01	0.97	0.95	0.78		
Total Single Family Bill	$62.33	$67.77	$73.71	$80.23	$87.34	$95.15	$103.74	$113.13	$115.39	$117.71	$119.39		

Operating Fund - 60 — Low cash balances

60: Revenues vs. Expenses

60: Expenses by Type

CIP Spending — 80% Project Execution

CIP Funding

Borrowing - Senior Debt

Financial Management Plan — Meet debt coverage tests

Projected revenue increases

	2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2027	FY 2033
Water Rate Plan	0.00%	11.00%	11.00%	11.00%	11.00%	11.00%	11.00%	11.00%	3.00%	3.00%	3.00%	51.9%	120.3%
Wastewater Rate Plan	0.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	3.00%	3.00%	3.00%	57.3%	134.4%
Debt Service Coverage Test A	1.44	1.31	1.28	1.17	1.05	1.07	1.06	1.17	1.18	1.20	1.03		
Debt Service Coverage Test B	1.21	1.18	1.18	1.10	1.01	1.05	1.04	1.15	1.14	1.13	0.96		
Total Single Family Bill	$62.33	$69.59	$77.71	$86.76	$96.87	$108.19	$120.91	$134.89	$138.94	$143.10	$146.25		

Operating Fund - 60 — Maintain cash balances

60: Revenues vs. Expenses — Cash out in line with cash in

60: Expenses by Type

CIP Spending — 80% Project Execution

CIP Funding

Borrowing - Senior Debt

Financial Plan Summary

- Revenue increases from rates are required in FY 24 to meet debt coverage and cash balances

- Recommended adjustments
  - Water revenue increase: 11.00%
  - Sewer revenue increase: 12.00%

- Customer bill impacts will vary based on rate structure recommendations

- Future revenue increases will be required at similar levels

- Financial plan should be evaluated annually based on capital spending, growth, & other factors

Cost of Service
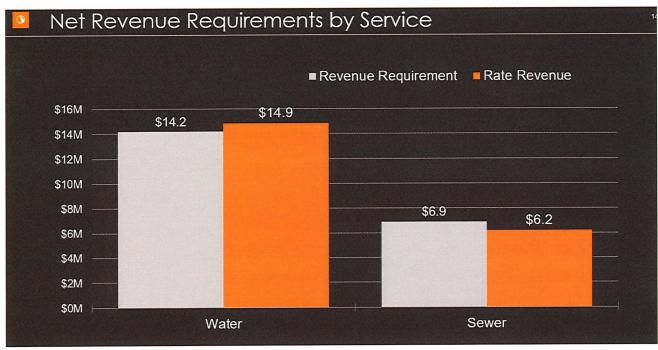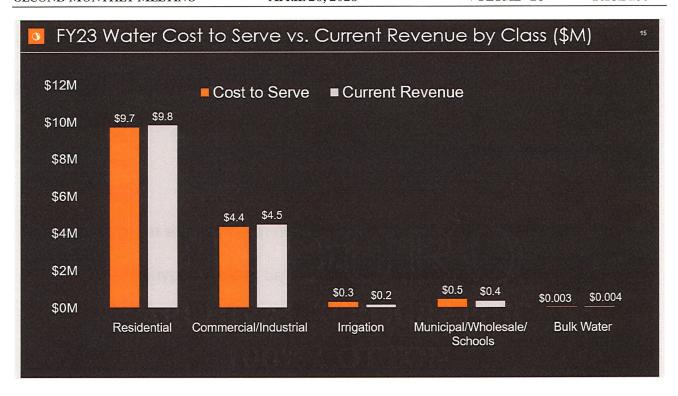
Goal: Determine the equitable distribution of revenue to be recovered by customer class based on the **cost to serve** each class
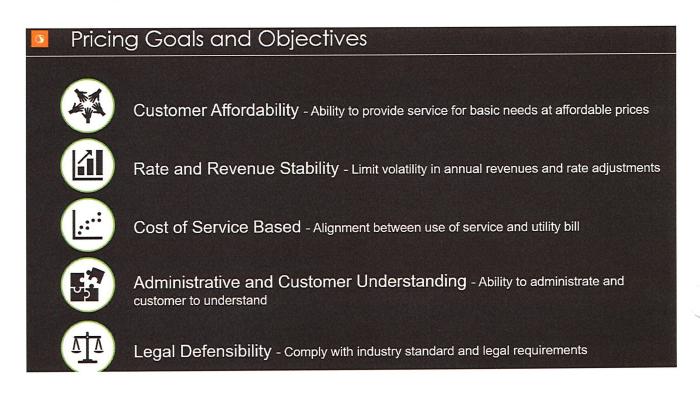
Use of Industry Standard Approaches

Net Revenue Requirements by Service

FY23 Water Cost to Serve vs. Current Revenue by Class ($M)

Cost of Service Summary

- Modest misalignment between water and sewer costs and revenue generated (~ 3% of revenues)
    - Recommend balancing of water and sewer cost of service and revenues over time
    - Financial plan reflects this balancing

- Customer class cost of service is **closely** aligned with recovery by class
    - Rate structure modifications designed to fully align with the cost of service

Pricing Goals and Objectives

Customer Affordability - Ability to provide service for basic needs at affordable prices

Rate and Revenue Stability - Limit volatility in annual revenues and rate adjustments

Cost of Service Based - Alignment between use of service and utility bill

Administrative and Customer Understanding - Ability to administrate and customer to understand

Legal Defensibility - Comply with industry standard and legal requirements

City's Current Water Rates

Water Base Charges	Inside City	Outside City
3/4"	$8.32	$11.23
1"	$9.71	$13.11
1.5"	$13.15	$17.75
2"	$17.55	$23.69
3"	$27.88	$37.64
4"	$42.60	$57.51
6"	$79.40	$107.19
8"	$123.56	$166.81

Public Schools	
Base Charge Per Acct	$8.32
All Usage	$4.48

Water Volumetric Rates (per 1,000 gallon)	Inside City	Outside City
Residential		
0 to 6,000 gal.	$4.48	$6.05
6,001 to 14,000 gal.	$4.93	$6.65
14,001 gal. and over	$5.60	$7.56
Commercial/Industrial		
0 to 40,000 gal.	$4.48	$6.05
40,001 to 200,000 gal.	$4.28	$5.78
200,001 gal. and over	$3.80	$5.13
Irrigation		
0 to 40,000 gal.	$5.60	$7.56
40,001 gal. and over	$6.10	$8.06
Municipal/Wholesale	$4.48	
Bulk Water	$7.56	

City's Current Sewer Rates

Sewer Base Charges	Inside City	Outside City
3/4"	$8.92	$13.38
1"	$11.25	$16.88
1.5"	$17.05	$25.58
2"	$24.03	$36.05
3"	$40.44	$60.66
4"	$63.89	$95.84
6"	$122.45	$183.68
8"	$192.75	$289.13

Sewer Volumetric Rates (per 1,000 gallon)	Inside City	Outside City
Residential / Commercial		
All Usage	$6.33	$9.50

Public Schools	
Base Charge Per Acct	$8.92
All Usage	$6.33

Municipal	
Base Charge Per Acct	$8.92
All Usage	$9.50

Rate Structure Recommendations

Water and Sewer Base Charge
- Increase the portion of revenues collected from base charge
- Scale fixed charges consistent with industry standards

Residential / Irrigation Water Rates
- Modify the tier quantities and differences in pricing between tiers
  - Creation of a "life-line" tier – increased customer bill control / affordability
  - Enhance conservation incentive – aligns with cost of service

Commercial / Industrial Water Rates
- Move to a uniform rate in FY 2024

Water Base Charges

Recommended FY 24 Water Base Charges

Meter Size	Inside City Account Charge	Inside City RTS Charge	Inside City Total Base Charge	Outside City Total Base Charge
3/4"	$6.73	$3.23	$9.96	$12.95
1"	$6.73	$5.39	$12.12	$15.75
1.5"	$6.73	$10.77	$17.50	$22.76
2"	$6.73	$17.24	$23.97	$31.16
3"	$6.73	$37.71	$44.44	$57.77
4"	$6.73	$64.65	$71.38	$92.79
6"	$6.73	$145.46	$152.19	$197.84
8"	$6.73	$172.39	$179.12	$232.86

FY 23 Base Charges

Inside City	Outside City
$8.32	$11.23
$9.71	$13.11
$13.15	$17.75
$17.55	$23.69
$27.88	$37.64
$42.60	$57.51
$79.40	$107.19
$123.56	$166.81

Recommended base charges along with recommend volumetric rates would generate a 11% increase in water revenues

Water Volumetric Rates: Life-line Tier

Addition of an initial quantity of water for basic indoor water needs at a lower rate

3 people × 37 Gal PPPD = 3,000 gallons
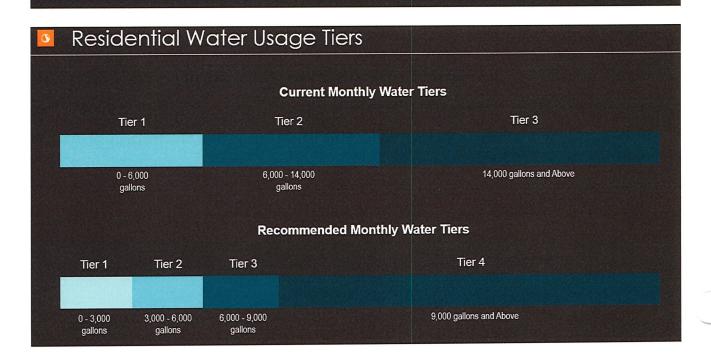
Life-line Tier = 3,000 gallons

Residential Water Usage Tiers

Current Monthly Water Tiers

Tier 1	Tier 2	Tier 3
0 - 6,000 gallons	6,000 - 14,000 gallons	14,000 gallons and Above

Recommended Monthly Water Tiers

Tier 1	Tier 2	Tier 3	Tier 4
0 - 3,000 gallons	3,000 - 6,000 gallons	6,000 - 9,000 gallons	9,000 gallons and Above

Water Volumetric Rates

Recommended FY 24 Water Volumetric Rates

Water Volumetric Rates (per 1,000 gallon)	Rate Differential	Inside City	Outside City	
Residential				
0 to 3,000 gal.	0.75	$3.76	$4.89	Addition of Life-line Tier / Enhanced Conservation
3,001 to 6,000 gal.	1.00	$5.01	$6.51	
6,001 to 9,000 gal.	1.25	$6.26	$8.14	
9,001 gal. and over	1.50	$7.52	$9.77	
Commercial/Industrial				
0 to 50,000 gal.	1.00	$5.01	$6.51	Transition to Uniform Rates
50,001 to 100,000 gal.	1.00	$5.01	$6.51	
100,001 gal. and over	1.00	$5.01	$6.51	
Irrigation				
0 to 40,000 gal.	2.00	$10.02	$13.03	Enhanced Conservation
40,001 gal. and over	2.10	$10.52	$13.68	
Municipal/Wholesale/Public Schools		$5.01		
Bulk Water		$9.77		

Sewer Base Charges

Recommended FY 24 Sewer Base Charges
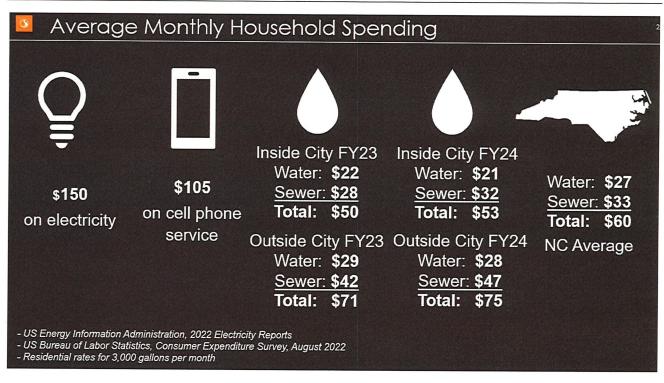
Meter Size	Inside Account Charge	Inside RTS Charge	Inside City Total Base Charge	Outside City Total Base Charge
3/4"	$7.60	$3.56	$11.16	$16.74
1"	$7.60	$5.93	$13.53	$20.30
1.5"	$7.60	$11.87	$19.47	$29.20
2"	$7.60	$18.99	$26.59	$39.88
3"	$7.60	$41.54	$49.14	$73.71
4"	$7.60	$71.21	$78.81	$118.22
6"	$7.60	$160.23	$167.83	$251.74
8"	$7.60	$189.90	$197.50	$296.25

FY 23 Base Charges
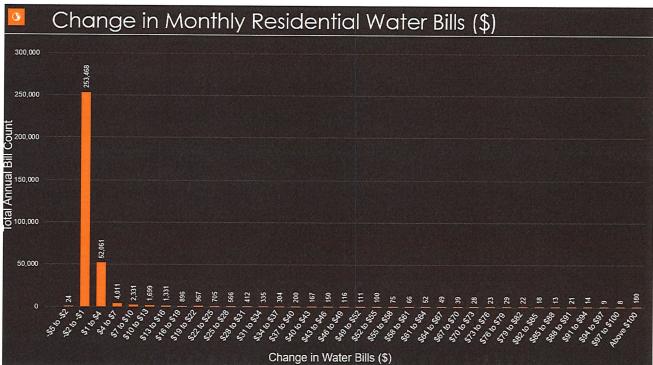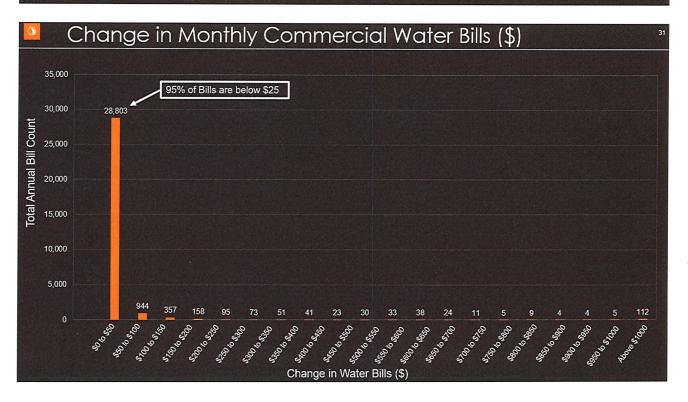
Inside City	Outside City
$8.92	$13.38
$11.25	$16.88
$17.05	$25.58
$24.03	$36.05
$40.44	$60.66
$63.89	$95.84
$122.45	$183.68
$192.75	$289.13
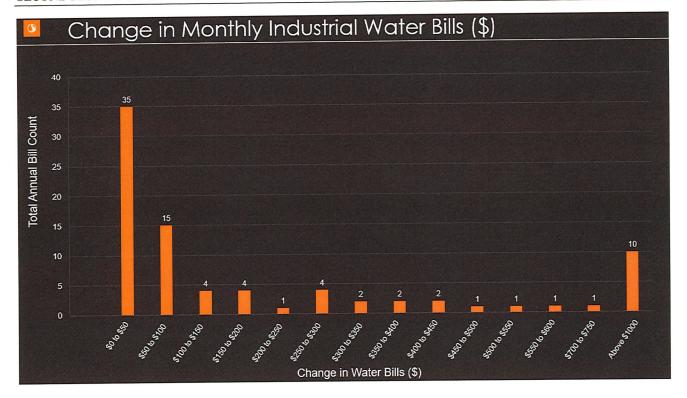
Recommended base charges along with recommend volumetric rates would generate a 12% increase in sewer revenues

Sewer Volumetric Rates

Recommended FY 24 Sewer Rates

Sewer Volumetric Rates (per 1,000 gallon)	Inside City	Outside City
Residential / Commercial		
All Usage	$6.88	$10.32
Wholesale / Municipal		
All Usage	$10.32	
Public Schools		
Base Charge Per Acct	$11.16	
All Usage	$6.88	
Municipal		
Base Charge Per Acct	$11.16	
All Usage	$10.32	

FY 23 Sewer Rates

Sewer Volumetric Rates (per 1,000 gallon)	Inside City	Outside City
Residential / Commercial		
All Usage	$6.33	$9.50
Wholesale / Municipal		
All Usage	$9.50	
Public Schools		
Base Charge Per Acct	$8.92	
All Usage	$6.33	
Municipal		
Base Charge Per Acct	$8.92	
All Usage	$9.50	

Average Monthly Household Spending

$150 on electricity

$105 on cell phone service

Inside City FY23
Water: **$22**
Sewer: **$28**
Total: **$50**

Inside City FY24
Water: **$21**
Sewer: **$32**
Total: **$53**

Water: **$27**
Sewer: **$33**
Total: **$60**
NC Average

Outside City FY23
Water: **$29**
Sewer: **$42**
Total: **$71**

Outside City FY24
Water: **$28**
Sewer: **$47**
Total: **$75**

- US Energy Information Administration, 2022 Electricity Reports
- US Bureau of Labor Statistics, Consumer Expenditure Survey, August 2022
- Residential rates for 3,000 gallons per month

Change in Monthly Residential Water Bills ($)

Change in Water Bills ($)	Total Annual Bill Count
-$5 to -$2	24
-$2 to -$1	—
$1 to $1	253,468
$1 to $4	52,061
$4 to $7	4,011
$7 to $10	2,331
$10 to $13	1,699
$13 to $16	1,331
$16 to $19	896
$19 to $22	967
$22 to $25	705
$25 to $28	566
$28 to $31	412
$31 to $34	335
$34 to $37	304
$37 to $40	200
$40 to $43	167
$43 to $46	150
$46 to $49	116
$49 to $52	111
$52 to $55	100
$55 to $58	75
$58 to $61	66
$61 to $64	52
$64 to $67	49
$67 to $70	39
$70 to $73	28
$73 to $76	23
$76 to $79	29
$79 to $82	22
$82 to $85	18
$85 to $88	13
$88 to $91	21
$91 to $94	14
$94 to $97	9
$97 to $100	8
Above $100	180

Change in Monthly Commercial Water Bills ($)

95% of Bills are below $25

Change in Water Bills ($)	Total Annual Bill Count
$0 to $50	28,803
$50 to $100	944
$100 to $150	357
$150 to $200	158
$200 to $250	95
$250 to $300	73
$300 to $350	51
$350 to $400	41
$400 to $450	23
$450 to $500	30
$500 to $550	33
$550 to $600	38
$600 to $650	24
$650 to $700	11
$700 to $750	5
$750 to $800	9
$800 to $850	4
$850 to $900	4
$900 to $950	5
$950 to $1000	112
Above $1000	

Change in Monthly Industrial Water Bills ($)

Sample Residential Monthly Bills (3/4") - Inside

Meter Size	Usage (gal)	Water Bill (Inside)				Sewer Bill (Inside)				Total Bill (Inside)			
		Current Bill	Proposed Bill	$ Change	% Change	Current Bill	Proposed Bill	$ Change	% Change	Current Bill	Proposed Bill	$ Change	% Change
3/4	1,000	$ 12.80	$ 13.72	$ 0.92	7.2%	$ 15.25	$ 18.04	$ 2.79	18.3%	$ 28.05	$ 31.76	$ 3.71	13.2%
3/4	2,000	$ 17.28	$ 17.48	$ 0.20	1.2%	$ 21.58	$ 24.92	$ 3.34	15.5%	$ 38.86	$ 42.40	$ 3.54	9.1%
3/4	3,000	$ 21.76	$ 21.24	$ (0.52)	-2.4%	$ 27.91	$ 31.80	$ 3.89	13.9%	$ 49.67	$ 53.04	$ 3.37	6.8%
3/4	4,000	$ 26.24	$ 26.25	$ 0.01	0.0%	$ 34.24	$ 38.68	$ 4.44	13.0%	$ 60.48	$ 64.93	$ 4.45	7.4%
3/4	5,000	$ 30.72	$ 31.26	$ 0.54	1.8%	$ 40.57	$ 45.56	$ 4.99	12.3%	$ 71.29	$ 76.82	$ 5.53	7.8%
3/4	6,000	$ 35.20	$ 36.27	$ 1.07	3.0%	$ 46.90	$ 52.44	$ 5.54	11.8%	$ 82.10	$ 88.71	$ 6.61	8.1%
3/4	7,000	$ 40.13	$ 42.53	$ 2.40	6.0%	$ 53.23	$ 59.32	$ 6.09	11.4%	$ 93.36	$ 101.86	$ 8.50	9.1%
3/4	8,000	$ 45.06	$ 48.80	$ 3.74	8.3%	$ 59.56	$ 66.20	$ 6.64	11.2%	$ 104.62	$ 115.00	$ 10.38	9.9%
3/4	9,000	$ 49.99	$ 55.06	$ 5.07	10.1%	$ 65.89	$ 73.09	$ 7.20	10.9%	$ 115.88	$ 128.15	$ 12.27	10.6%
3/4	10,000	$ 54.92	$ 62.58	$ 7.66	13.9%	$ 72.22	$ 79.97	$ 7.75	10.7%	$ 127.14	$ 142.54	$ 15.40	12.1%
3/4	11,000	$ 59.85	$ 70.09	$ 10.24	17.1%	$ 78.55	$ 86.85	$ 8.30	10.6%	$ 138.40	$ 156.94	$ 18.54	13.4%
3/4	12,000	$ 64.78	$ 77.61	$ 12.83	19.8%	$ 84.88	$ 93.73	$ 8.85	10.4%	$ 149.66	$ 171.34	$ 21.68	14.5%
3/4	13,000	$ 69.71	$ 85.13	$ 15.42	22.1%	$ 91.21	$ 100.61	$ 9.40	10.3%	$ 160.92	$ 185.73	$ 24.81	15.4%
3/4	14,000	$ 74.64	$ 92.64	$ 18.00	24.1%	$ 97.54	$ 107.49	$ 9.95	10.2%	$ 172.18	$ 200.13	$ 27.95	16.2%
3/4	15,000	$ 80.24	$ 100.16	$ 19.92	24.8%	$ 103.87	$ 114.37	$ 10.50	10.1%	$ 184.11	$ 214.53	$ 30.42	16.5%
3/4	16,000	$ 85.84	$ 107.67	$ 21.83	25.4%	$ 110.20	$ 121.25	$ 11.05	10.0%	$ 196.04	$ 228.92	$ 32.88	16.8%
3/4	17,000	$ 91.44	$ 115.19	$ 23.75	26.0%	$ 116.53	$ 128.13	$ 11.60	10.0%	$ 207.97	$ 243.32	$ 35.35	17.0%
3/4	18,000	$ 97.04	$ 122.71	$ 25.67	26.5%	$ 122.86	$ 135.01	$ 12.15	9.9%	$ 219.90	$ 257.72	$ 37.82	17.2%
3/4	19,000	$ 102.64	$ 130.22	$ 27.58	26.9%	$ 129.19	$ 141.89	$ 12.70	9.8%	$ 231.83	$ 272.12	$ 40.29	17.4%
3/4	20,000	$ 108.24	$ 137.74	$ 29.50	27.3%	$ 135.52	$ 148.77	$ 13.25	9.8%	$ 243.76	$ 286.51	$ 42.75	17.5%

Sample Residential Monthly Bills (3/4") – Outside

Meter Size	Usage (gal)	Water Bill (Outside)				Sewer Bill (Outside)				Total Bill (Outside)			
		Current Bill	Proposed Bill	$ Change	% Change	Current Bill	Proposed Bill	$ Change	% Change	Current Bill	Proposed Bill	$ Change	% Change
3/4	1,000	$ 17.28	$ 17.84	$ 0.56	3.2%	$ 22.88	$ 27.06	$ 4.18	18.3%	$ 40.16	$ 44.90	$ 4.74	11.8%
3/4	2,000	$ 23.33	$ 22.72	$ (0.61)	-2.6%	$ 32.37	$ 37.38	$ 5.01	15.5%	$ 55.70	$ 60.10	$ 4.40	7.9%
3/4	3,000	$ 29.38	$ 27.61	$ (1.77)	-6.0%	$ 41.87	$ 47.70	$ 5.84	13.9%	$ 71.24	$ 75.31	$ 4.07	5.7%
3/4	4,000	$ 35.42	$ 34.12	$ (1.30)	-3.7%	$ 51.36	$ 58.02	$ 6.66	13.0%	$ 86.78	$ 92.14	$ 5.36	6.2%
3/4	5,000	$ 41.47	$ 40.64	$ (0.84)	-2.0%	$ 60.86	$ 68.34	$ 7.49	12.3%	$ 102.33	$ 108.98	$ 6.65	6.5%
3/4	6,000	$ 47.52	$ 47.15	$ (0.37)	-0.8%	$ 70.35	$ 78.66	$ 8.31	11.8%	$ 117.87	$ 125.82	$ 7.95	6.7%
3/4	7,000	$ 54.18	$ 55.29	$ 1.12	2.1%	$ 79.85	$ 88.99	$ 9.14	11.4%	$ 134.02	$ 144.28	$ 10.26	7.7%
3/4	8,000	$ 60.83	$ 63.44	$ 2.60	4.3%	$ 89.34	$ 99.31	$ 9.97	11.2%	$ 150.17	$ 162.74	$ 12.57	8.4%
3/4	9,000	$ 67.49	$ 71.58	$ 4.09	6.1%	$ 98.84	$ 109.63	$ 10.79	10.9%	$ 166.32	$ 181.21	$ 14.88	8.9%
3/4	10,000	$ 74.14	$ 81.35	$ 7.21	9.7%	$ 108.33	$ 119.95	$ 11.62	10.7%	$ 182.47	$ 201.30	$ 18.83	10.3%
3/4	11,000	$ 80.80	$ 91.12	$ 10.32	12.8%	$ 117.83	$ 130.27	$ 12.44	10.6%	$ 198.62	$ 221.39	$ 22.77	11.5%
3/4	12,000	$ 87.45	$ 100.89	$ 13.44	15.4%	$ 127.32	$ 140.59	$ 13.27	10.4%	$ 214.77	$ 241.48	$ 26.71	12.4%
3/4	13,000	$ 94.11	$ 110.66	$ 16.56	17.6%	$ 136.82	$ 150.91	$ 14.10	10.3%	$ 230.92	$ 261.58	$ 30.65	13.3%
3/4	14,000	$ 100.76	$ 120.43	$ 19.67	19.5%	$ 146.31	$ 161.23	$ 14.92	10.2%	$ 247.07	$ 281.67	$ 34.59	14.0%
3/4	15,000	$ 108.32	$ 130.21	$ 21.88	20.2%	$ 155.81	$ 171.55	$ 15.75	10.1%	$ 264.13	$ 301.76	$ 37.63	14.2%
3/4	16,000	$ 115.88	$ 139.98	$ 24.09	20.8%	$ 165.30	$ 181.88	$ 16.58	10.0%	$ 281.18	$ 321.85	$ 40.67	14.5%
3/4	17,000	$ 123.44	$ 149.75	$ 26.30	21.3%	$ 174.80	$ 192.20	$ 17.40	10.0%	$ 298.24	$ 341.94	$ 43.71	14.7%
3/4	18,000	$ 131.00	$ 159.52	$ 28.52	21.8%	$ 184.29	$ 202.52	$ 18.23	9.9%	$ 315.29	$ 362.04	$ 46.74	14.8%
3/4	19,000	$ 138.56	$ 169.29	$ 30.73	22.2%	$ 193.79	$ 212.84	$ 19.05	9.8%	$ 332.35	$ 382.13	$ 49.78	15.0%
3/4	20,000	$ 146.12	$ 179.06	$ 32.94	22.5%	$ 203.28	$ 223.16	$ 19.88	9.8%	$ 349.40	$ 402.22	$ 52.82	15.1%

Residential Bill Comparisons (3/4" Meter, 3 kgal)

Commercial/Industrial Bill Comparisons (1.5" Meter, 60 kgal)

System Development Fees

- Fees charged for new connections joining the water and wastewater system and connections requiring additional system capacity

- Intended to recover the cost of constructing water and wastewater capacity, "growth pays for growth"

- Fees are applied based on units of service
  (representing potential demand on utility system / large user vs. small user)

- Fees are legislated in North Carolina
  o Public Water and Sewer System Development Fee Act (NC General Statutes - Chapter 162A Article 8) approved July 2017

System Development Fee Considerations

- SDFs allow community to recover at least a portion of cost of constructing system infrastructure

- Lack of SDFs places full cost of infrastructure on user rates

- SDFs have potential impact on development but are very common in North Carolina

- Requirements and limitations on the use of SDFs given legislation
  - Separate tracking of revenues from SDFs
  - Limitations on use of proceeds depending on approach

Approach / Methodologies

Methodology	Description	Appropriate For
Buy-In Method	Fees are based on cost of constructing existing utility system	System with ample existing capacity to sell
Incremental Cost Method	Fees are based on planned growth-related capital improvements	System with limited or no existing capacity to sell
Combined Method	Fees are based on cost of existing system and planned capital improvements	System with existing capacity to sell and with planning growth-related capital projects

Recommend the use of the combined-in method for water and sewer SDFs for City

Combined Method SDF Calculation

$$\text{System Development Fee} = \frac{\text{Value of System} - \text{Credit}}{\text{System Capacity}}$$

1) **Value of Utility System**
   - Depreciated value of current assets in place, escalated to current replacement cost
   - Plus: The value of future planned capital projects that will **add** capacity to the system (*10-Year Capital Plan*)

2) **Credits**
   - Outstanding principal on existing utility debt
   - NPV of principal on future debt over planning period (must equal at least 25% of expansion capital projects, if not additional credit required
   - Donated/contributed and non-core system assets

3) **System Capacity**
   - Total capacity in the utility system measured in units of service (Equivalent Res Units or ERUs) with the existing system and expansion of the system

Simpson,
Re: Indian
Bummer!!
From: Mu
Outlook

Water SDF Calculation

	Source / Treatment	Transmission / Distribution	Total
Replacement Value of Existing Depreciated Assets	$34,607,998	$51,705,500	$86,313,497
Expansion Capital Projects	63,485,535	45,005,000	108,490,535
Total Value	**$98,093,533**	**$96,710,500**	**$194,804,032**
Less Credits			
Outstanding Debt Principal	($7,240,635)	($10,817,749)	($18,058,384)
Donated and Non-Core Assets	(1,219,302)	(8,960,275)	(10,179,577)
Revenue Credit (NPV of future debt principal over period)	(26,613,455)	(18,866,322)	(45,479,777)
Net System Value	**$63,020,141**	**$58,066,154**	**$121,086,295**
System Capacity - Million Gallons per Day*	18.0	18.0	
Level of Service per ERU (gallons per day)	277	277	
Equivalent Residential Units (ERU)	**64,935**	**64,935**	
Water System Development Fee Per ERU	**$971**	**$894**	**$1,865**

Includes 6 MGD WTP plant expansion

Sewer SDF Calculation

	Treatment	Conveyance / Collection	Total
Replacement Value of Existing Depreciated Assets	$28,145,176	$35,802,595	$63,947,771
Expansion Capital Projects	57,750,769	16,212,000	73,962,769
Total Value	**$85,895,945**	**$52,014,595**	**$137,910,540**
Less Credits			
Outstanding Debt Principal	($6,446,996)	($8,201,021)	($14,648,017)
Donated and Non-Core Assets	(63,282)	(2,629,945)	(2,693,227)
Revenue Credit (NPV of future debt principal over period)	(24,209,412)	(6,796,152)	(31,005,564)
Net System Value	**$55,176,255**	**$34,387,477**	**$89,563,732**
System Capacity - Million Gallons per Day*	7.8	7.8	
Level of Service per ERU (gallons per day)	277	277	
Equivalent Residential Units (ERU)	**28,139**	**28,139**	
Wastewater System Development Fee Per ERU	**$1,961**	**$1,222**	**$3,183**

Includes 3 MGD WWTP plant expansion
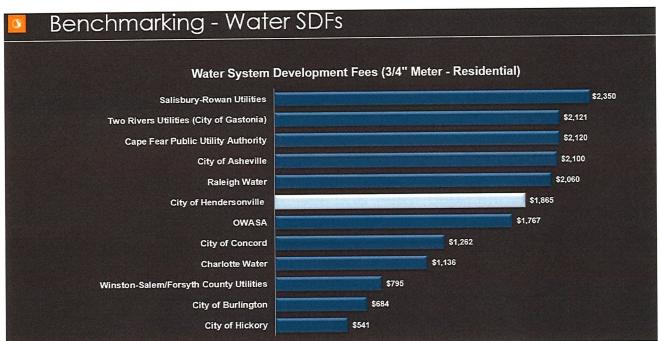
Assessment of System Development Fees

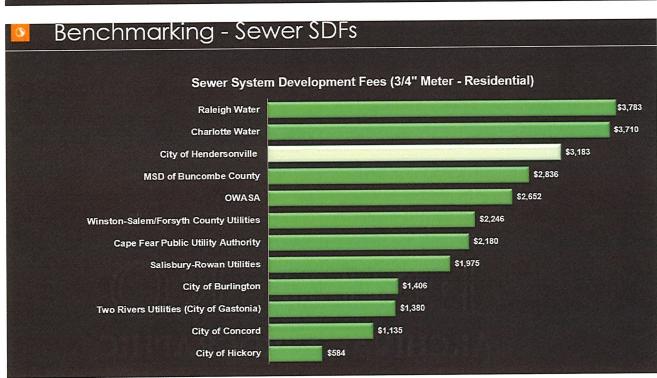- SDFs must be applied based on units of service (represents potential demand)

- SDFs are often scaled by meter size based on hydraulic capacity of meter

- Recommend the use of American Water Works Association (AWWA) meter equivalents
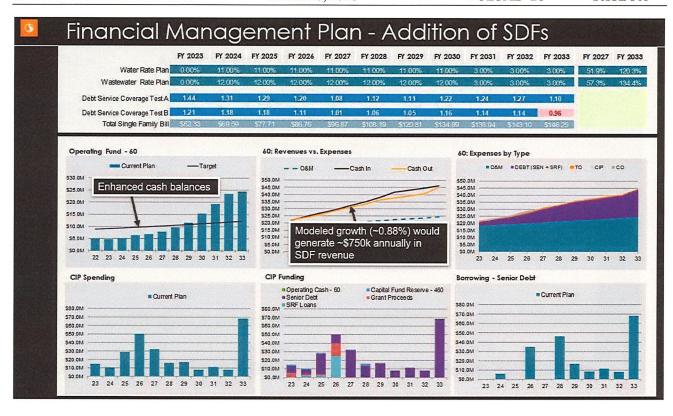
Meter size	Equivalent Residential Units (ERU)
3/4"	1.00
1"	1.67
1 ½"	3.33
2"	5.33
3"	11.67
4"	21.00
6"	43.33
8"	93.33

Calculated System Development Fees

Meter size	Calculated Water SDF	Current No. of Water Meters	Calculated Wastewater SDF	Current No. of Wastewater Customers	Combined SDF
3/4"	$1,865	29,564	$3,183	9,767	$5,048
1"	$3,108	622	$5,305	297	$8,413
1 ½"	$6,217	317	$10,610	177	$16,827
2"	$9,947	142	$16,976	79	$26,923
3"	$21,758	24	$37,135	12	$58,893
4"	$39,165	11	$66,843	4	$106,008
6"	$80,817	11	$137,930	2	$218,747
8"	$174,067	0	$297,080	0	$471,147

Benchmarking - Water SDFs

Water System Development Fees (3/4" Meter - Residential)

Utility	Fee
Salisbury-Rowan Utilities	$2,350
Two Rivers Utilities (City of Gastonia)	$2,121
Cape Fear Public Utility Authority	$2,120
City of Asheville	$2,100
Raleigh Water	$2,060
City of Hendersonville	$1,865
OWASA	$1,767
City of Concord	$1,262
Charlotte Water	$1,136
Winston-Salem/Forsyth County Utilities	$795
City of Burlington	$684
City of Hickory	$541

Benchmarking - Sewer SDFs

Sewer System Development Fees (3/4" Meter - Residential)

Utility	Fee
Raleigh Water	$3,783
Charlotte Water	$3,710
City of Hendersonville	$3,183
MSD of Buncombe County	$2,836
OWASA	$2,652
Winston-Salem/Forsyth County Utilities	$2,246
Cape Fear Public Utility Authority	$2,180
Salisbury-Rowan Utilities	$1,975
City of Burlington	$1,406
Two Rivers Utilities (City of Gastonia)	$1,380
City of Concord	$1,135
City of Hickory	$584

Financial Management Plan - Addition of SDFs

	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032	FY 2033	FY 2027	FY 2033
Water Rate Plan	0.00%	11.00%	11.00%	11.00%	11.00%	11.00%	11.00%	11.00%	3.00%	3.00%	3.00%	51.9%	120.3%
Wastewater Rate Plan	0.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%	3.00%	3.00%	3.00%	57.3%	134.4%
Debt Service Coverage Test A	1.44	1.31	1.29	1.20	1.08	1.12	1.11	1.22	1.24	1.27	1.10		
Debt Service Coverage Test B	1.21	1.18	1.18	1.11	1.01	1.06	1.05	1.16	1.14	1.14	0.96		
Total Single Family Bill	$62.33	$69.59	$77.71	$86.76	$96.87	$108.19	$120.81	$134.89	$138.94	$143.10	$146.25		

Charts: Operating Fund - 60 ("Enhanced cash balances"); 60: Revenues vs. Expenses ("Modeled growth (~0.88%) would generate ~$750k annually in SDF revenue"); 60: Expenses by Type; CIP Spending; CIP Funding; Borrowing - Senior Debt

Rate Study Recommendations

1. Revenue increases from rates are required in FY 24 to meet debt coverage and cash balances
   - Recommended adjustments: Water 11%, Sewer 12%

2. Recommended water and sewer rate structure changes
   - Increase base charges and align scaling with industry standards
   - Modify residential water volumetric rates to include life-line tier and enhanced conservation
   - Adopt uniform commercial/industrial water volumetric rates
   - Enhanced conservation for irrigation rates

3. Consider the adoption of system development fees

C. ~~Special Appropriations – *Jenny Floyd, Budget & Mgmt. Analyst*~~

Moved to May 4, 2023 Regular Meeting

D. Tap Water Branding – *Adam Steurer, Utilities Engineer*

Adam Steurer explained that the City of Hendersonville must instill the value of water and improve consumer confidence in its product: high-quality tap water. Recent high-profile water system failures across the nation (Ex. Jackson, Mississippi and Flint, Michigan) have negative impacts on confidence in tap water and local governments everywhere. Consumers who have lost confidence in their tap water through these system failures and/or have perceived health risks from drinking tap water are forced to seek an alternative – bottled water, which on a per unit basis is orders of magnitude more expensive compared to tap water and not environmentally friendly.

Hendersonville tap water is of the highest quality but does not have a "brand". Building a "brand" for its tap water and providing additional educational outreach through the "brand" will allow the Utility to improve consumer confidence, build trust in local government, instill the value of water, reduce the use of wasteful plastic bottled water, and improve affordability.

A focus group comprised of multidisciplinary Utility staff have selected a brand name and associated imagery for City of Hendersonville tap water.

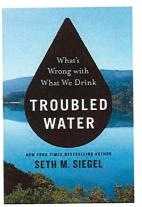# Tap Water Consumer Confidence Decline

PFAS/Emerging Contaminants

Lead Service Lines
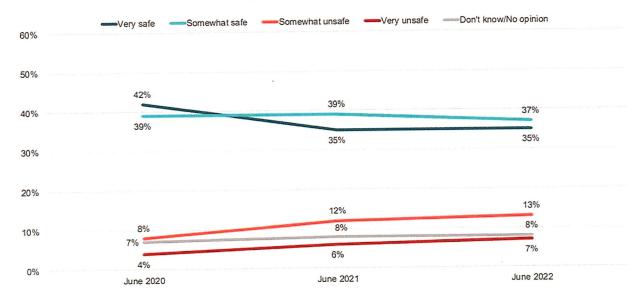
Water System Failures (Flint MI, Jackson MS)

Misinformation

Survey Says: Water from the faucet is...

Legend: Very safe — Somewhat safe — Somewhat unsafe — Very unsafe — Don't know/No opinion

Very safe: 42% (June 2020), 35% (June 2021), 35% (June 2022)
Somewhat safe: 39% (June 2020), 39% (June 2021), 37% (June 2022)
Somewhat unsafe: 8% (June 2020), 12% (June 2021), 13% (June 2022)
Don't know/No opinion: 7% (June 2020), 8% (June 2021), 8% (June 2022)
Very unsafe: 4% (June 2020), 6% (June 2021), 7% (June 2022)

The Alternative..

-Primo: $1.40/gallon (Filling station, Ingles)

-Aquafina: $1.89/gallon (32-pack, Wal-Mart)

-FIJI: $10.52/gallon (24-pack, Wal-Mart)

Hendersonville Tap Water: < $0.01/gallon

Why "Brand" Our Water?

-Build Trust / Consumer Confidence

-Understanding the Value of Water

-Affordability (low-income and minority customers)

-Rate Increases
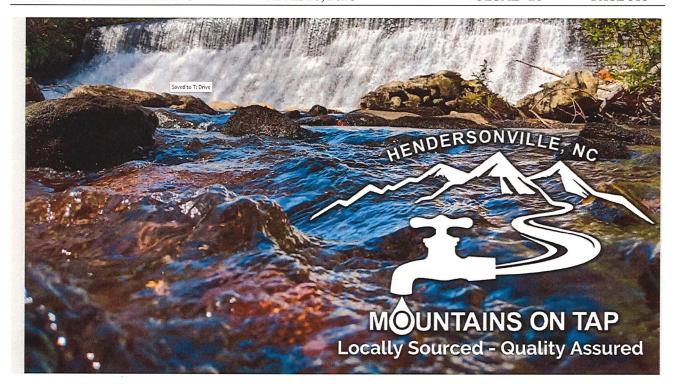
-Reduce Waste (plastic bottles)

Branding Focus Group

How will we use the brand?

-Water bottles (give-aways for events/treatment facility tours)

-Educational materials

-Decals at reusable bottle filling stations (schools, public buildings)

-Social media posts/campaigns

5. ADJOURN

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

Barbara G. Volk, Mayor

ATTEST:

Jill Murray, City Clerk