CITY OF HENDERSONVILLE
CITY COUNCIL REGULAR MEETING
Operations Center Assembly Room | 305 Williams St. | Hendersonville, NC 28792
Thursday, August 06, 2026 – 5:45 PM

AGENDA

1. **CALL TO ORDER**

2. **INVOCATION AND PLEDGE OF ALLEGIANCE TO THE FLAG**

3. **PUBLIC COMMENT** - *Up to 15 minutes is reserved for comments from the public not listed on the agenda.*

4. **CONSIDERATION OF AGENDA**

5. **CONSENT AGENDA** - *Items are considered routine, noncontroversial in nature and are considered approved by a single motion and vote.*

   A. Approval of Minutes - *Jill Murray, City Clerk*

      July 2, 2026 Regular Meeting

      July 22, 2026 Second Monthly Meeting

   B. Patton Park & Pool Restoration & Mitigation Project Grant Application - *Blake Fulgham, Management Analyst III*

   C. Whitmire Activity Center Restoration & Mitigation Project Grant Application - *Blake Fulgham, Management Analyst III*

   D. Resolution to Permit Alcoholic Beverages at Immaculata Fall Fest– *Jamie Carpenter, Downtown Manager*

   E. Approval Request to Apply for the Recreational Trails Grant Program for Clear Creek Greenway trailhead Kiosk and Waste Receptacles. - *Blake Fulgham, Management Analyst III*

   F. Revision of the Personnel Policy –Amending Article I. Section 9 and Article VII Section 22 - *Jennifer Harrell, HR Director*

   G. August 2026 Budget Amendments – *Adam Murr, Budget & Eval. Director*

   H. Monthly Tax Collector's Report (June) -*Tammy Heide, Deputy Tax Collector/Assistant Finance Director*

   I. Annual Property Tax Settlement(FY26) and Order of Collections (FY27) -*Tammy Heide, Deputy Tax Collector/ Assistant Finance Director*

   J. Recommended Grade Change to Construction Division Manager Position – *Brendan Shanahan, City Engineer*

6. PRESENTATIONS

A. Introduction of new Hands On! Children's Museum Executive Director Lindsey Gordon - *John Connet, City Manager*

B. Recognition of City Employees Earning NC LTAP Roads Scholar Certifications – *Brent Detwiler, Assistant City Manager – Public Services*

C. MSD Case Study – *Jules Chapin-Tsai, Intern*

D. Encampment Procedures – *Ethan Walls, Intern*

7. PUBLIC HEARINGS

A. Annexation: Public Hearing- Merriman Ave | Grooms/Borges (26-35-ANX) – *Matthew Manley, AICP – Long-Range Planning Manager*

B. Rezoning: Standard Rezoning – Ironwood Square | 26-43-RZO – *Sam Hayes, Planner II*

8. NEW BUSINESS

A. FY24-FY26 Strategic Plan Closeout – *Brian Pahle, Deputy City Manager*

B. Discussion Regarding 4th Avenue Halloween Street Closure – *John Connet, City Manager*

C. Approval of On-Street Parking, Signage, and Pavement Marking Plan for S. Whitted Street and the Jordan Street/4th Street/Ecusta Trail Intersection – *Brent Detwiler, Assistant City Manager – Public Services*

D. Proposed Utility Billing Policy Changes – *Krystal Powell, Finance Director*

E. Consideration of Community Advisory Committee Charter and Rules of Procedure – *John Connet, City Manager*

9. CITY MANAGER REPORT - John F. Connet, City Manager

A. July 2026 Contingency and Adjustment Report – *John Connet, City Manager*

10. CITY COUNCIL COMMENTS

11. CLOSED SESSION

A. Closed Session – *John Connet, City Manager*

12. ADJOURN

The City of Hendersonville is committed to providing accessible facilities, programs and services for all people in compliance with the Americans with Disabilities Act (ADA). Should you need assistance or an

accommodation for this meeting please contact the City Clerk no later than 24 hours prior to the meeting at 697-3005.

MINUTES

July 2, 2026

REGULAR MEETING OF THE CITY COUNCIL

CITY OPERATIONS CENTER | 305 WILLIAMS ST. | 5:45 p.m.

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

Staff Present: City Manager John Connet , City Clerk Jill Murray, City Attorney Angela Beeker, Budget & Evaluation Director Adam Murr, Communications Director Allison Justus, and others

Absent: Deputy City Manager Brian Pahle

1. CALL TO ORDER

Mayor Volk called the meeting to order at 5:46 p.m. and welcomed those in attendance. A quorum was established with all members in attendance.

2. INVOCATION AND PLEDGE OF ALLEGIANCE TO THE FLAG

The City Council observed a moment of silence for prayer or reflection followed by the Pledge of Allegiance to the Flag.

3. PUBLIC COMMENT *Up to 15 minutes is reserved for comments from the public not listed on the agenda.*

Doyle Brown of Rutherford County spoke about his investment group wanting to redevelop the Cascade's Hotel and bring that property online to address affordable housing in the area. They intend to bring on 135 units and plan to include utilities, high-speed internet, a pool and fitness center, business center and professional on-site management and they will have beneath market rent. We plan to bring forward workforce units and then attainable units and work with the local non-profits in the community so they can help some of those that are in urgent need of housing.

Nancy Diaz spoke positively about the Language Access Plan and hopes that city council will approve it.

4. CONSIDERATION OF AGENDA

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

5. 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.

A. Adoption of City Council Minutes – *Jill Murray, City Clerk*
June 4, 2026 Regular Meeting
June 24, 2026 Second Monthly Meeting

B. Annexation: Certificate of Sufficiency – 0 Merriman Rd (lots 85, 86, 87) 26-35-ANX – *Matthew Manley, AICP. Long-Range Planning Manager*

Resolution #R-26-59

RESOLUTION BY THE CITY OF HENDERSONVILLE CITY COUNCIL FIXING DATE OF PUBLIC HEARING ON QUESTION OF ANNEXATION PURSUANT TO G.S. 160A-31

WHEREAS, a petition requesting annexation of the contiguous area described herein has been received; and

WHEREAS, certification by the City Clerk as to the sufficiency of the petition has been made.

NOW, THEREFORE BE IT RESOLVED, by the City Council of the City of Hendersonville, North Carolina that:

Section 1. A public hearing on the question of annexation of the contiguous area described herein will be held at the City Operations Center located at 305 William St. Hendersonville NC, 28792 at 5:45 p.m. August 6th, 2026, or as soon thereafter as it may be heard.
Section 2. The area proposed for annexation is described as follows:

Being all of that real property consisting of PIN 9569-37-3239 described in the plat recorded in Book 2023- ____ [to be inserted at recording of the plat] of the Henderson County Registry, said PIN 9569-37-3239 being described by metes and bounds as follows:

Lying and being at the intersection of Merriman Road and Dennis Taylor Lane in Hendersonville, North Carolina.

Beginning at an Iron rod found having the NC grid coordinates of N:597392.12 E:963287.92. Said Iron rod found also being found S 21°28' 52" W 3459.29' from NC Grid monument RV 45. Thence from the beginning point and with the property now owned by Gregory Pittillo and wife Sharon Pittillo Deed Book 4279 Page 463, S 68°18'12" E 148.66' to an Iron rod found in the west margin of the 40' right-of-way of Dennis Taylor Lane;

Thence with the margin of Dennis Taylor Lane S 21°48'59" W 148.90' to an Iron rod found at the intersection of said west margin of Dennis Taylor Lane and the north margin of the 40' right-of-way of Merriman Road; Thence with said north margin of Merriman Road N 68°04'16" W 147.06' to an Iron pipe found; Thence leaving the said margin and with the property now owned by Thomas Drake and Deborah Herring Deed Book 1322 Page 783, N 21°11'53" E 148.31' to the beginning. Being 0.50 acres

Section 3. Notice of the public hearing shall be published once in The Hendersonville Times-News, a newspaper having general circulation in the City of Hendersonville, at least 10 days prior to the date of the public hearing.

Re: Petition for Contiguous Annexation
Petitioners: Greg Grooms, Blue Pinnacle (Applicant)
Juan Carlos Borges (Owner)
File No: 26-35-ANX

Adopted by the City Council of the City of Hendersonville, North Carolina on this 2nd day of July, 2026.

Barbara G. Volk, Mayor
Attest: /s/Jill Murray, City Clerk
Approved as to form: /s/Angela S. Beeker, City Attorney

C. Sole Source and Standardization Purchase of Orthophosphate – *Logan Hickey, Procurement & Contract Administrator & Ricky Levi, Water Treatment Facilities Manager*

Resolution #R-26-60

RESOLUTION BY THE CITY OF HENDERSONVILLE CITY COUNCIL TO AUTHORIZE THE SOLE-SOURCE AND STANDARDIZATION PURCHASE OF ORTHOPHOSPHATE FOR THE WATER TREATMENT PLANT

WHEREAS, the City of Hendersonville's Finance Department is submitting this request on behalf of the City's Water Treatment Plant; and

WHEREAS, the City's WTP utilizes Orthophosphate; and

WHEREAS, Orthophosphate is required by the state for corrosion control; and

WHEREAS, Orthophosphate is a proprietary blend called 70/30 Ortho Poly with a total PO4 value of 36 percent; and

WHEREAS, This Orthophosphate blend is only available from one source of supply and needs to be standardized for use at the City. While there are alternative products in the market, no other vendors offer this particular blend; and

WHEREAS, the City has used this blend for roughly 15-20 years and utilizing a different blend would create a need for an entirely new corrosion study with the state and the changeover would take 3-6 months to replace within the distribution system. This would significant budgetary overages, would cause regulatory issues with the state, and would cause issues with corrosion control (i.e. Lead and copper); and

WHEREAS, NCGS 143-129(e) lists the authorized exceptions to the formal bid procedures. NCGS 143-129(e)(6) allows for purchases of apparatus, supplies, materials, or equipment to be purchasing using sole-source exception when: (i) performance or price competition for a product are not available; (ii) a needed product is available from

only one source of supply; or (iii) standardization or compatibility is the overriding consideration. The governing board of a political subdivision of the State shall approve the purchases listed in the preceding sentence prior to the award of the contract; and

WHEREAS, staff are requesting to continue to utilize Worx on Orthophosphate City-wide by asking that Council approve this sole source and standardization request.

NOW THEREFORE, BE IT RESOLVED by the City Council of the City of Hendersonville, North Carolina that city staff is authorized to purchase Orthophosphate from Worx for FY26/27 within budgeted funds available.

Adopted by the City Council of the City of Hendersonville, North Carolina on this 2nd day of July, 2026.

Barbara G. Volk, Mayor
Attest: /s/Jill Murray, City Clerk
Approved as to form: /s/Angela S. Beeker, City Attorney

D. Purchase of Chlorine – *Logan Hickey, Procurement & Contract Administrator & Ricky Levi, Water Treatment Facilities Manager*

Resolution #R-26-61

RESOLUTION BY THE CITY OF HENDERSONVILLE CITY COUNCIL TO AUTHORIZE THE SOLE-SOURCE PURCHASE OF CHLORINE FOR THE WATER TREATMENT PLANT

WHEREAS, the City of Hendersonville's Finance Department is submitting this request on behalf of the City's Water Treatment Plant; and

WHEREAS, the City's WTP utilizes Chlorine; and

WHEREAS, Chlorine is required by the state for certain levels in the treatment train for certain CT/Contact Times and a certain residual level must be maintained in the distribution system; and

WHEREAS, there are no other suppliers in our region. If we did go outside of our region – product availability, cost, safety, and would be an issue; and

WHEREAS, Requesting department has been looking for additional chlorine suppliers each year. When current staff took over position, staff was informed by other staff that there were not any suppliers/vendors close enough that could provide chlorine in the containers nor amount used by the City. Requesting department has made several attempts to locate additional suppliers and has inquired to everyone in the industry contacts – with no success. Additionally, requesting department has also brought in Brenntag chemical in the past to look things over. It was learned that the vendor is unable to supply the amount needed by the City in ton containers and is not equipped to supply currently. This was basically the only lead requesting department had, and this vendor is not located in NC. The others with applicable capabilities were in either Florida or South Georgia. They, however, must keep their regional customers supplied, so the City would not have a place of priority if that route was selected. The cost would also be higher due to shipping. In addition to increased cost, this distance is not in line with best safety practices; and

WHEREAS, the City's RMP Risk Management Plan (which is filed with the USEPA, NCDEQ) and Emergency Management require certain safety training along with training at City facilities to be documented. The inspectors are more pleased when you stick with the same vendor as much as possible from a safe handling aspect; and

WHEREAS, overall, there are no other viable options other than JCI Jones Chemical (out of Charlotte, NC) who can provide chlorine gas in the ton containers and in the volume the City requires for water treatment disinfection at the City's 15 million per gallon a day rated water treatment facility. The City uses 2000 lb. cylinders, and one ton will last about 10 days. The City's maximum allowed facility storage amount at any one time is 8 tons/16,000 lbs. This is regulated by the State and Federal government. The current market price is $2,214 per ton delivered. The volatile market is continuing at this time. Therefore, we are seeking council approval to continue use of JCI Jones Chemicals to ensure that we are able to consistently source this chemical safely and to ensure effective operation of our facilities.

NOW THEREFORE, BE IT RESOLVED by the City Council of the City of Hendersonville, North Carolina that the City's Water Treatment Plant is authorized to continue to utilize JCI Chemical as the source for Chlorine for Fiscal Year 2026/2027.

Adopted by the City Council of the City of Hendersonville, North Carolina on this 2nd day of July, 2026.

Barbara G. Volk, Mayor
Attest: /s/Jill Murray, City Clerk
Approved as to form: /s/Angela S. Beeker, City Attorney

E. Purchase of Water and Sewer Operations Inventory and Parts – *Logan Hickey, Procurement and Contract Administrator & Chad Freeman, Assistant Utilities Director*

Resolution #R-26-62

RESOLUTION BY THE CITY OF HENDERSONVILLE CITY COUNCIL TO AUTHORIZE THE USE OF FOUR GPO CONTRACTS FOR INVENTORY PURCHASES FOR THE CITY'S WATER AND SEWER OPERATIONS FOR FISCAL YEAR 2026/2027

WHEREAS, the City of Hendersonville Operations Department utilizes the following wide variety of inventory to ensure that the City continues to function effectively as inventory/parts become necessary (AMI products (Meters, Transmitters, Sensus Ancillary Parts), Brass fittings, Clamps, Ductile pipe, Hydrants, Gate valves, Other inventory as needed); and

WHEREAS, for many years, the City has utilized various Group Purchasing Organization contracts to purchase this inventory as is permitted by GS 143-129(e)(3) and under various previous council approvals; and

WHEREAS, from FY21 thru FY25, between Repair/Maintenance and Capital accounts, the City has purchased an average of $968,913.68 of inventory yearly with FY26 final invoicing currently in process; and

WHEREAS, on April 4, 2024, we combined all inventory purchases under the same category of approval, and City Council ratified FY24 for all applicable contracts and vendors. On July 10, 2024, City Council approved utilization three of these contracts per GS 143-129(e)(3) for budgeted inventory spending in FY25 up to $1,000,000.00; and

WHEREAS, in July 2025, City Council ratified the addition of Contract # 02-138 to the list of approved Group Purchasing Organization contracts for inventory/part procurement. Contract # 02-76 via Fortiline Waterworks was not renewed and was removed from the list; and

WHEREAS, for FY27, we are requesting the addition Contract # 040825-CAM via Sourcewell as well as approval of utilization of all four contracts per GS 143-129(e)(3) for budgeted inventory spending in FY27 up to $950,000.00; and

WHEREAS, below are the four contracts and corresponding vendors. These are Omnia Partners contracts. The approved amount can be utilized as needed under each contract.

Vendor Name	Contract Number
Graybar Electric	Contract # EV2370
Ferguson Waterworks	Contract # 02-104
Ferguson Waterworks	Contract # 02-138
Core&Main	Contract # 040825-CAM

NOW THEREFORE, BE IT RESOLVED by the City Council of the City of Hendersonville, North Carolina that the City's Water and Sewer Operations Department is authorized to purchase inventory items/parts up to $950,000.00 under the contracts listed in this resolution to the vendors listed.

Adopted by the City Council of the City of Hendersonville, North Carolina on this 2nd day of July, 2026.

Barbara G. Volk, Mayor
Attest: /s/Jill Murray, City Clerk
Approved as to form: /s/Angela S. Beeker, City Attorney

F. Sole Source Purchase of Water of Sodium Bicarbonate – *Logan Hickey, Procurement and Contract Administrator & Ricky Levi, Water Treatment Facilities Manager*

Resolution #R-26-63

RESOLUTION BY THE CITY OF HENDERSONVILLE CITY COUNCIL TO AUTHORIZE THE SOLE-SOURCE AND STANDARDIZATION PURCHASE OF SODIUM BICARBONATE FOR THE WATER TREATMENT PLANT

WHEREAS, the City of Hendersonville's Finance Department is submitting this request on behalf of the City's Water Treatment Plant; and

WHEREAS, the City's WTP utilizes Sodium Bicarbonate; and

WHEREAS, Sodium Bicarbonate is required by the state for providing required alkalinity level; and

WHEREAS, Sodium Bicarbonate is a proprietary blend called Alkalinity First and is only available from one source of supply in this area as they are the only authorized area distributor; and

WHEREAS, this is a granular technical grade Sodium Bicarbonate, which ensures consistent levels of alkalinity that other products cannot offer. If we utilize other products with lesser alkalinity levels and lesser quality composition, this could clog our feed system and cause numerous maintenance issues. Thus, it is vital that we utilize this product as standardization is important; and

WHEREAS, NCGS 143-129(e) lists the authorized exceptions to the formal bid procedures. NCGS 143-129(e)(6) allows for purchases of apparatus, supplies, materials, or equipment to be purchasing using sole-source exception when: (i) performance or price competition for a product are not available; (ii) a needed product is available from only one source of supply; or (iii) standardization or compatibility is the overriding consideration. The governing board of a political subdivision of the State shall approve the purchases listed in the preceding sentence prior to the award of the contract; and

WHEREAS, staff are requesting to continue to utilize Univar on Sodium Bicarbonate City-wide by asking that Council approve this sole source and standardization request.

NOW THEREFORE, BE IT RESOLVED by the City Council of the City of Hendersonville, North Carolina that city staff is authorized to purchase Sodium Bicarbonate from Univar for FY25/26 within budgeted funds available.

Adopted by the City Council of the City of Hendersonville, North Carolina on this 2nd day of July, 2026.

Barbara G. Volk, Mayor
Attest: /s/Jill Murray, City Clerk
Approved as to form: /s/Angela S. Beeker, City Attorney

G. Sole Source Purchase of Coagulant – *Logan Hickey, Procurement and Contract Administrator & Ricky Levi, Water Treatment Facilities Manager*

Resolution #R-26-64

RESOLUTION BY THE CITY OF HENDERSONVILLE CITY COUNCIL TO AUTHORIZE THE SOLE-SOURCE PURCHASE OF COAGULANT FOR THE WATER TREATMENT PLANT

WHEREAS, the City of Hendersonville's Finance Department is submitting this request on behalf of the City's Water Treatment Plant; and

WHEREAS, the WTP utilizes Coagulant; and

WHEREAS, Coagulant is required by the state for coagulation, flocculation, and sedimentation; and

WHEREAS, the City ran into issues with its current vendor's solution where some of it precipitated out into the bottom of the bulk tanks and formed back into a solid; and

WHEREAS, on 5/2/2024, the City is recommended use of a different Coagulant formula which is sole source thru a different vendor. Please see that agenda and resolution for full context; and

WHEREAS, the new formula recommendation of Coagulant is a proprietary blend only available from one source of supply. While there are other alternative non-coagulant products, none have this particular blend which is required for the efficient operations of our facility. Standardization of this blend is required; and

WHEREAS, While there are other alternative non-coagulant products, none have this particular blend which required for the efficient operations of our facility. NCDEQ would require us to do further studies and get their approval to change from one blend to another. Another challenge with changing blends is that it could cause problems with our lead copper numbers as well as our water quality parameter numbers. Thus, standardization of this blend is required; and

WHEREAS, NCGS 143-129(e) lists the authorized exceptions to the formal bid procedures. NCGS 143-129(e)(6) allows for purchases of apparatus, supplies, materials, or equipment to be purchasing using sole-source exception when: (i) performance or price competition for a product are not available; (ii) a needed product is available from only one source of supply; or (iii) standardization or compatibility is the overriding consideration. The governing board of a political subdivision of the State shall approve the purchases listed in the preceding sentence prior to the award of the contract; and

WHEREAS, staff are requesting to continue to utilize Zeta Solutions on Coagulant City-wide by asking that Council approve this sole source and standardization request.

NOW THEREFORE, BE IT RESOLVED by the City Council of the City of Hendersonville, North Carolina that city staff is authorized to purchase Coagulant from Zeta Solutions for FY26/27 within budgeted funds available.

Adopted by the City Council of the City of Hendersonville, North Carolina on this 2nd day of July, 2026.

Barbara G. Volk, Mayor
Attest: /s/Jill Murray, City Clerk
Approved as to form: /s/Angela S. Beeker, City Attorney

H. Sole Source Purchase of Polydyne – *Logan Hickey, Procurement and Contract Administrator & Garrett DeMoss, Wastewater Treatment Facilities Manager*

Resolution #R-26-65

RESOLUTION BY THE CITY OF HENDERSONVILLE CITY COUNCIL TO AUTHORIZE THE SOLE-SOURCE AND STANDARDIZATION PURCHASE OF POLYDYNE FOR THE WATER TREATMENT PLANT

WHEREAS, the City of Hendersonville's Finance Department is submitting this request on behalf of the City's Wastewater Treatment Plant; and

WHEREAS, the WWTP utilizes Polydyne to coagulate with the City's sludge profile; and

WHEREAS, there is extensive jar testing involved in finding the right product for our sludge profile. Due to the relatively low quantities our WWTP has indicated that it is very challenging to find other sources to come to City facilities to jar test; and

WHEREAS, we have received confirmation that the rate is currently the same $1.73 per pound as last year; and

WHEREAS, it is vital for the City to continue use of the Polydyne from SNF Water Science for continuity/standardization and to prevent risks associated with a new formula; and

WHEREAS, the product is sole source and trademarked; and

WHEREAS, NCGS 143-129(e) lists the authorized exceptions to the formal bid procedures. NCGS 143-129(e)(6) allows for purchases of apparatus, supplies, materials, or equipment to be purchasing using sole-source exception when: (i) performance or price competition for a product are not available; (ii) a needed product is available from only one source of supply; or (iii) standardization or compatibility is the overriding consideration. The governing board of a political subdivision of the State shall approve the purchases listed in the preceding sentence prior to the award of the contract; and

WHEREAS, staff are requesting to continue to utilize SNF Water Science for Polydyne by asking that Council approve this sole source and standardization request.

NOW THEREFORE, BE IT RESOLVED by the City Council of the City of Hendersonville, North Carolina that city staff is authorized to purchase Polydyne from SNF Water Science for FY26/27 within budgeted funds available.

Adopted by the City Council of the City of Hendersonville, North Carolina on this 2nd day of July, 2026.

Barbara G. Volk, Mayor
Attest: /s/Jill Murray, City Clerk
Approved as to form: /s/Angela S. Beeker, City Attorney

I. Sole Source Purchase of SCADA System Upgrades – *Logan Hickey, Procurement and Contract Administrator & Adam Steurer, Utilities Director*

Resolution #R-26-66

RESOLUTION BY THE CITY OF HENDERSONVILLE CITY COUNCIL TO AUTHORIZE THE SOLE-SOURCE AND STANDARDIZATION PURCHASE OF SCADA SYSTEM UPGRADES FOR WATER AND SEWER

WHEREAS, the City of Hendersonville's Finance Department is submitting this request on behalf of the City's Water & Sewer Departments; and

WHEREAS, the City uses SCADA (Supervisory Control and Data Acquisition) systems for transmitting data and monitoring tanks, flow, generators, and more. Department has communicated that this is the most vital system within the City of Hendersonville; and

WHEREAS, Fortech is our service provider for our SCADA controls system wide for years and will be required to be used for these additions to our existing system. Fortech is using compatible equipment and systems to tie in correctly to existing infrastructure. We are very happy with their product and service. It is not advantageous to entertain another vendor for this work, because an outside vendor would only consider pulling all Fortech equipment out and starting over with their own equipment; and

WHEREAS, per General Statute # 143-129e(6), we are waiving competition where "standardization or compatibility is the overriding consideration"; and

WHEREAS, staff are requesting to continue to utilize Fortech for this SCADA system and services by requesting that Council approve this sole source and standardization request spending up to $150,000.00 in Fiscal Year 2027.

NOW THEREFORE, BE IT RESOLVED by the City Council of the City of Hendersonville, North Carolina that city staff is authorized to purchase SCADA system upgrades from SNF Water Science for FY26/27 within budgeted funds available.

Adopted by the City Council of the City of Hendersonville, North Carolina on this 2nd day of July, 2026.

Barbara G. Volk, Mayor
Attest: /s/Jill Murray, City Clerk
Approved as to form: /s/Angela S. Beeker, City Attorney

J. Utility Extension Agreement for the Ronan at Hendersonville – *Adela Gutierrez-Ramirez, Civil Engineer*

Resolution #R-26-67

RESOLUTION BY THE CITY OF HENDERSONVILLE CITY COUNCIL TO AUTHORIZE THE CITY MANAGER TO ENTER INTO A UTILITY EXTENSION AGREEMENT WITH GRAYBUL RONAN, LLC FOR THE RONAN AT HENDERSONVILLE

WHEREAS, the City of Hendersonville owns, operates and maintains sewer system to serve customers throughout Henderson County; and

WHEREAS, residential, commercial, and industrial developments often require public gravity sewer service as a part of their development projects; and

WHEREAS, the Developer extends public sewer lines to their site, which upon completion and acceptance, are provided to the City to own, operate, and maintain; and

WHEREAS, the City requires a Utility Extension Agreement to be executed to establish requirements of both the Developer and the City for the sewer line extension processes; and

WHEREAS, Graybul Ronan, LLC, the "Developer" and "Owner", will enter into a Utility Extension Agreement with the City to provide sewer services to the Ronan at Hendersonville.

NOW THEREFORE, BE IT RESOLVED by the City Council of the City of Hendersonville, North Carolina that:

1. The Utility Extension Agreement with Graybul Ronan, LLC, the "Developer" and "Owner" to provide sewer service to the Ronan at Hendersonville is approved, as presented.
2. City Manager is authorized to execute the Utility Extension Agreement, and to approve and execute amendments to the Utility Extension Agreement in the future provided such amendments do not impose a financial obligation upon the City.
3. City Manager is authorized to acquire easements, rights-of-way, and other interests in real property consistent with the terms of the Utility Extension Agreement, provided that such acquisition does not impose a financial obligation upon the City.

Adopted by the City Council of the City of Hendersonville, North Carolina on this 2nd day of July, 2026.

Barbara G. Volk, Mayor
Attest: /s/Jill Murray, City Clerk
Approved as to form: /s/Angela S. Beeker, City Attorney

K. Utility Extension Agreement for the Sheetz East Flat Rock – *Adela Gutierrez-Ramirez, Civil Engineer*

Resolution #R-26-68

RESOLUTION BY THE CITY OF HENDERSONVILLE CITY COUNCIL TO AUTHORIZE THE CITY MANAGER TO ENTER INTO A UTILITY EXTENSION AGREEMENT WITH QUATTLEBAUM PROPERTIES F LLC FOR THE SHEETZ AT EAST FLAT ROCK

WHEREAS, the City of Hendersonville owns, operates and maintains water system to serve customers throughout Henderson County; and

WHEREAS, residential, commercial, and industrial developments often require public water and gravity sewer service as a part of their development projects; and

WHEREAS, the Developer extends public water lines to their site, which upon completion and acceptance, are provided to the City to own, operate, and maintain; and

WHEREAS, the City requires a Utility Extension Agreement to be executed to establish requirements of both the Developer and the City for the water line extension processes; and

WHEREAS, Quattlebaum Properties F LLC, the "Developer" and "Owner", will enter into a Utility Extension Agreement with the City to provide water and sewer services to the Sheetz at East Flat Rock.

NOW THEREFORE, BE IT RESOLVED by the City Council of the City of Hendersonville, North Carolina that:

1. The Utility Extension Agreement with Quattlebaum Properties F LLC, the "Developer" and "Owner" to provide water and sewer service to the Sheetz at East Flat Rock is approved, as presented.
2. City Manager is authorized to execute the Utility Extension Agreement, and to approve and execute amendments to the Utility Extension Agreement in the future provided such amendments do not impose a financial obligation upon the City.
3. City Manager is authorized to acquire easements, rights-of-way, and other interests in real property consistent with the terms of the Utility Extension Agreement, provided that such acquisition does not impose a financial obligation upon the City.

Adopted by the City Council of the City of Hendersonville, North Carolina on this 2nd day of July, 2026.

Barbara G. Volk, Mayor
Attest: /s/Jill Murray, City Clerk
Approved as to form: /s/Angela S. Beeker, City Attorney

L. Utility Extension Agreement for the Daniel Drive Sewer Extension – *Adela Gutierrez-Ramirez, Civil Engineer*

Resolution #R-26-69

RESOLUTION BY THE CITY OF HENDERSONVILLE CITY COUNCIL TO AUTHORIZE THE CITY MANAGER TO ENTER INTO A UTILITY EXTENSION AGREEMENT WITH LRH PROPERTIES, LLC FOR THE DANIEL DRIVE SEWER EXTENSION

WHEREAS, the City of Hendersonville owns, operates and maintains water system to serve customers throughout Henderson County; and

WHEREAS, residential, commercial, and industrial developments often require public water service as a part of their development projects; and

WHEREAS, the Developer extends public water lines to their site, which upon completion and acceptance, are provided to the City to own, operate, and maintain; and

WHEREAS, the City requires a Utility Extension Agreement to be executed to establish requirements of both the Developer and the City for the water line extension process; and

WHEREAS, LRH Properties, LLC, the "Developer" and "Owner", will enter into a Utility Extension Agreement with the City to provide water services to the Daniel Drive Sewer Extension.

NOW THEREFORE, BE IT RESOLVED by the City Council of the City of Hendersonville, North Carolina that:

1. The Utility Extension Agreement with LRH Properties, LLC, the "Developer" and "Owner" to provide water service to the Daniel Drive Sewer Extension is approved, as presented.
2. City Manager is authorized to execute the Utility Extension Agreement, and to approve and execute amendments to the Utility Extension Agreement in the future provided such amendments do not impose a financial obligation upon the City.
3. City Manager is authorized to acquire easements, rights-of-way, and other interests in real property consistent with the terms of the Utility Extension Agreement, provided that such acquisition does not impose a financial obligation upon the City.

Adopted by the City Council of the City of Hendersonville, North Carolina on this 2nd day of July, 2026.

Barbara G. Volk, Mayor
Attest: /s/Jill Murray, City Clerk
Approved as to form: /s/Angela S. Beeker, City Attorney

M. Utility Extension Agreement for the Cottages at Sugarloaf Meadows Subdivision – *Adela Gutierrez-Ramirez, Civil Engineer*

Resolution #R-26-70

RESOLUTION BY THE CITY OF HENDERSONVILLE CITY COUNCIL TO AUTHORIZE THE CITY MANAGER TO ENTER INTO A UTILITY EXTENSION AGREEMENT WITH THE COTTAGES AT SUGARLOAF MEADOWS, LLC FOR THE COTTAGES AT SUGARLOAF MEADOWS SUBDIVISION

WHEREAS, the City of Hendersonville owns, operates and maintains water system to serve customers throughout Henderson County; and

WHEREAS, residential, commercial, and industrial developments often require public water service as a part of their development projects; and

WHEREAS, the Developer extends public water lines to their site, which upon completion and acceptance, are provided to the City to own, operate, and maintain; and

WHEREAS, the City requires a Utility Extension Agreement to be executed to establish requirements of both the Developer and the City for the water line extension process; and

WHEREAS, Cottages at Sugarloaf Meadows, LLC the "Developer" and "Owner", will enter into a Utility Extension Agreement with the City to provide water services to the Cottages at Sugarloaf Meadows Subdivision.

NOW THEREFORE, BE IT RESOLVED by the City Council of the City of Hendersonville, North Carolina that:

1. The Utility Extension Agreement with Cottages at Sugarloaf Meadows, LLC, the "Developer" and "Owner" to provide water service to the Cottages at Sugarloaf Meadows is approved, as presented.
2. City Manager is authorized to execute the Utility Extension Agreement, and to approve and execute amendments to the Utility Extension Agreement in the future provided such amendments do not impose a financial obligation upon the City.
3. City Manager is authorized to acquire easements, rights-of-way, and other interests in real property consistent with the terms of the Utility Extension Agreement, provided that such acquisition does not impose a financial obligation upon the City.

Adopted by the City Council of the City of Hendersonville, North Carolina on this 2nd day of July, 2026.

Barbara G. Volk, Mayor
Attest: /s/Jill Murray, City Clerk
Approved as to form: /s/Angela S. Beeker, City Attorney

N. July 2026 Budget Amendments – *Adam Murr, Budget & Evaluation Director*

TO MAYOR & COUNCIL **FISCAL YEAR 2027**
APPROVAL: July 02, 2026 **FORM: 07022026-01**

BUDGET AMENDMENT

FUND 080 | 301

ACCOUNT NUMBER	ACCOUNT DESCRIPTION	EXISTING BUDGET	INCREASE	DECREASE	REVISED BUDGET
301-0000-470100-18007	Transfer in (from 010)	514,272	-	-	514,272
301-0000-470100-18007	Transfer in (from 032)	50,915	-	-	50,915
301-0000-_____-18007	Note Receivable	729,594	-	-	729,594
301-0000-420050-18007	Grant (NC Commerce, no Interest)	500,000	-	-	500,000
301-0000-460110-18007	Reimbursements	40,000	-	-	40,000
301-0000-550103-18007	Capital Outlay CIP	799,166	-	295,874	503,292
301-0000-598600-18007	Loan to Outside Org (Developer)	500,000	-	-	500,000
301-0000-598901-18007	Transfer out (to 010)	329,615	-	-	329,615
301-0000-598901-18007	Transfer out (to 080)	-	295,874	-	295,874
301-0000-598901-18007	Transfer out (to 301, #18007)	206,000	-	-	206,000
FUND 301	TOTAL REVENUES	1,834,781	-	-	1,834,781
Grey Mill Project #18007	TOTAL EXPENDITURES	1,834,781	295,874	295,874	1,834,781
080-0000-470900	Fund Balance Appropriated	295,874	-	295,874	-
080-0000-470100	Transfer In (from 301, #18007)	-	295,874	-	295,874
080-8002-519200	Contracted Services	295,874	-	-	295,874
FUND 080	TOTAL REVENUES	295,874	295,874	295,874	295,874
Housing Fund	TOTAL EXPENDITURES	295,874	-	-	295,874

An amendment reflecting $295,847 revenues in the Housing Fund (080) from the Grey Mill project (fund 301, project #18007) in place of fund balance appropriation.

The City Manager and City Clerk certify budget ordinance amendment 07022026-01 was approved by City Council on July 02, 2026.

TO MAYOR & COUNCIL **FISCAL YEAR 2026**
APPROVAL: July 02, 2026 **FORM: 07022026-02**

BUDGET AMENDMENT

FUND 060

ACCOUNT NUMBER	ACCOUNT DESCRIPTION	EXISTING BUDGET	INCREASE	DECREASE	REVISED BUDGET
060-0000-470030	Insurance Proceeds	34,578	30,767	-	65,345
060-7050-524030	R&M Trucks	20,000	30,767	-	50,767
FUND 060	TOTAL REVENUES	34,578	30,767	-	65,345
	TOTAL EXPENDITURES	20,000	30,767	-	50,767

An amendment reflecting $30,767 of insurance proceeds for asset 14-170 following an accident that resulted in the asset being totaled.

The City Manager and City Clerk certify budget ordinance amendment 07022026-02 was approved by City Council on July 02, 2026.

TO MAYOR & COUNCIL
APPROVAL: July 02, 2026

FISCAL YEAR 2026
FORM: 07022026-03

BUDGET AMENDMENT

FUND 010					
ACCOUNT NUMBER	**ACCOUNT DESCRIPTION**	**EXISTING BUDGET**	**INCREASE**	**DECREASE**	**REVISED BUDGET**
010-0000-470030	Insurance Proceeds	63,514	10,129	-	73,643
010-1555-524040	R&M Streets & Sidewalks	-	10,129	-	10,129
FUND 010	TOTAL REVENUES	63,514	10,129	-	73,643
	TOTAL EXPENDITURES	-	10,129	-	10,129
An amendment reflecting $10,129 of insurance proceeds for the repair of a fixed pole and fire hydrant that was damaged in a vehicle accident.					

The City Manager and City Clerk certify budget ordinance amendment 07022026-03 was approved by City Council on July 02, 2026.

TO MAYOR & COUNCIL
APPROVAL: July 02, 2026

FISCAL YEAR 2026
FORM: 07022026-04

BUDGET AMENDMENT

FUND 360 | 410 | 460					
ACCOUNT NUMBER	**ACCOUNT DESCRIPTION**	**EXISTING BUDGET**	**INCREASE**	**DECREASE**	**REVISED BUDGET**
360 - Revenues	FEMA Grants/Reimb. (Helene)	6,676,000	-	5,530,809	1,145,191
360 - Revenues	NCEM Loan (Helene)	1,172,004	-	-	1,172,004
360 - Expenditures	FEMA Grants/Reimb. Expenditures (Helene)	5,000,000	-	5,000,000	-
360 - Expenditures	NCEM Loan Expenditures (Helene)	1,172,004	-	1,172,004	-
360-HEA01	Helene Expenditures - HEA01	395,000	154,500	-	549,500
360-HEB01	Helene Expenditures - HEB01	1,175,000	-	-	1,175,000
360-HEZ01	Helene Expenditures - HEZ01	106,000	486,695	-	592,695
FUND 360	TOTAL REVENUES	7,848,004	-	5,530,809	2,317,195
NCEM/Insurance	TOTAL EXPENDITURES	7,848,004	641,195	6,172,004	2,317,195
410	FEMA Grants/Reimb. (Helene)	534,288	5,859,634	-	6,393,922
410 - Misc. Expenditures	Helene Expenditures - Misc.	-	1,000,000	-	1,000,000
410-HEE01	Helene Expenditures - HEE01	327,788	372,212	-	700,000
410-HEG14	Helene Expenditures - HEG14	97,000	3,880,222	-	3,977,222
410-HEC05	Helene Expenditures - HEC05	100,100	400	-	100,500
410-HEG11	Helene Expenditures - HEG11	4,000	-	4,000	-
410-HEG06	Helene Expenditures - HEG06	4,500	30,500	-	35,000
410-HEE02	Helene Expenditures - HEE02	300	499,700	-	500,000
410-HEG04	Helene Expenditures - HEG04	300	-	300	-
410-HEF27	Helene Expenditures - HEF27	300	700	-	1,000
410-HEC11	Helene Expenditures - HEC11	-	29,000	-	29,000
410-HEC08	Helene Expenditures - HEC08	-	34,300	-	34,300
410-HEG02	Helene Expenditures - HEG02	-	8,400	-	8,400
410-HEG04	Helene Expenditures - HEG04	-	500	-	500
410-HEG07	Helene Expenditures - HEG07	-	8,000	-	8,000
FUND 410	TOTAL REVENUES	534,288	5,859,634	-	6,393,922
Gov. Helene Projects	TOTAL EXPENDITURES	534,288	5,863,934	4,300	6,393,922
460	FEMA Grants/Reimb. (Helene)	2,822,500	5,396,010	-	8,218,510
460 - Misc. Expenditures	Helene Expenditures - Misc.	-	2,000,000	-	2,000,000
460-HEB01	Helene Expenditures - HEB01	790,000	-	1,917	788,083
460-HEF02	Helene Expenditures - HEF02	1,120,000	1,951,961	-	3,071,961
460-HEF03	Helene Expenditures - HEF03	12,500	104,075	-	116,575
460-HEF04	Helene Expenditures - HEF04	2,000	7,865	-	9,865
460-HEF05	Helene Expenditures - HEF05	5,000	8,000	-	13,000
460-HEF08	Helene Expenditures - HEF08	142,000	176,000	-	318,000
460-HEF16	Helene Expenditures - HEF16	470,000	944,262	-	1,414,262
460-HEF18	Helene Expenditures - HEF18	30,000	-	-	30,000
460-HEF19	Helene Expenditures - HEF19	35,000	154	-	35,154
460-HEF20	Helene Expenditures - HEF20	32,000	276	-	32,276
460-HEF21	Helene Expenditures - HEF21	20,000	-	1,096	18,904
460-HEF22	Helene Expenditures - HEF22	60,000	-	685	59,315
460-HEF23	Helene Expenditures - HEF23	30,000	-	1,240	28,760
460-HEF24	Helene Expenditures - HEF24	63,000	-	978	62,022
460-HEF25	Helene Expenditures - HEF25	8,000	-	517	7,483
460-HEF06	Helene Expenditures - HEF06	3,000	29,000	-	32,000
460-HEF11	Helene Expenditures - HEF11	-	18,250	-	18,250
460-HEF28	Helene Expenditures - HEF28	-	122,600	-	122,600
460-HEF29	Helene Expenditures - HEF29	-	40,000	-	40,000
FUND 460	TOTAL REVENUES	2,822,500	5,396,010	-	8,218,510
Ent. Helene Projects	TOTAL EXPENDITURES	2,822,500	5,402,443	6,433	8,218,510
An FY26 budget amendment to the Hurricane Helene Project(s) increasing the total appropriation to $16,929,627.					

The City Manager and City Clerk certify budget ordinance amendment 07022026-04 was approved by City Council on July 02, 2026.

TO MAYOR & COUNCIL
APPROVAL: July 02, 2026

FISCAL YEAR 2026
FORM: 07022026-05

BUDGET AMENDMENT

FUND 010

ACCOUNT NUMBER	ACCOUNT DESCRIPTION	EXISTING BUDGET	INCREASE	DECREASE	REVISED BUDGET
010-0000-400101	Ad Valorem Taxes	16,150,000	280,825		16,430,825
010-0000-400150	Tax - Interest	2,500	40,000		42,500
010-0000-420051	Local/Private Grant Revenue	-	5,000		5,000
010-0000-430006	Boyd Park Golf Revenues	29,000	1,500		30,500
010-0000-430007	Boyd Park Concessions	2,600	175		2,775
010-0000-440005	Fire Permits & Fees	11,150	1,500		12,650
010-0000-440008	Zoning Permits	22,500	12,500		35,000
010-0000-440010	Special Project Fees-Planning	15,000	10,000		25,000
010-0000-440011	Demo Fees	1,050	200		1,250
010-0000-440012	Street Sidewlk Encroachment	1,650	1,500		3,150
010-0000-450002	Powell Bill Interest	18,906	2,500		21,406
010-0000-460002	Miscellaneous Income - Police	8,980	5,500		14,480
010-0000-460003	Miscellaneous Income - Public Works	-	2,000		2,000
010-0000-460021	Zoning & Other Ordinance Violations	-	500		500
010-0000-460090	Contributions/Donations	16,616	20,000		36,616
010-0000-470030	Insurance Proceeds	63,514	10,000		73,514
010-1001-540001	Special Appropriations	445,120	6,000		451,120
010-1002-501001	Salaries - Regular	488,571	2,900		491,471
010-1002-501010	Salaries - Overtime	550	5,000		5,550
010-1002-502005	Group Med & Life Ins	62,527	5,000		67,527
010-1002-502050	Retirement Expense	69,654	1,500		71,154
010-1002-502056	COH Match Retirement Expense	10,650	2,500		13,150
010-1002-519200	Contracted Services	136,400	88,855		225,255
010-1002-523001	Utilities - Electricity	485,500	-	50,000	435,500
010-1005-501010	Salaries - Overtime	-	400		400
010-1005-502005	Group Med & Life Ins	14,128	3,000		17,128
010-1005-502056	COH Match Retirement Expense	3,875	400		4,275
010-1005-523003	Utilities - Telephone & Internet	-	200		200
010-1005-531215	Dues & Subscriptions	12,000	900		12,900
010-1007-460090	Contributions/Donations	-	650		650
010-1007-501010	Salaries - Overtime	2,750	800		3,550
010-1007-502005	Group Med & Life Ins	30,440	700		31,140
010-1007-502050	Retirement Expense	31,075	300		31,375
010-1007-502056	COH Match Retirement Expense	5,855	700		6,555
010-1007-521010	Office Supplies	300	565		865
010-1008-501030	Salaries - Incentive Payments	3,580	55		3,635
010-1008-502056	COH Match Retirement Expense	5,170	250		5,420
010-1008-531100	Fuel	-	14,870		14,870
010-1010-501001	Salaries - Regular	58,403	11,200		69,603
010-1010-501010	Salaries - Overtime	350	100		450
010-1010-502001	Fica Tax Expense	4,856	500		5,356
010-1010-502005	Group Med & Life Ins	7,254	2,500		9,754
010-1010-502050	Retirement Expense	8,022	2,000		10,022
010-1010-502056	COH Match Retirement Expense	1,415	600		2,015
010-1010-523001	Utilities - Electricity	-	5,890		5,890
010-1014-501030	Salaries - Incentive Payments	3,350	250		3,600
010-1014-502056	COH Match Retirement Expense	4,460	700		5,160
010-1014-502091	Worker's Comp Ins	1,860	120		1,980
010-1014-523003	Utilities - Telephone & Internet	5,000	3,180		8,180
010-1200-501010	Salaries - Overtime	9,000	2,600		11,600
010-1200-501030	Salaries - Incentive Payments	6,100	400		6,500
010-1200-519200	Contracted Services	53,500	13,725		67,225
010-1300-210002	Miscellaneous Payable	-	1,150		1,150
010-1300-430001	Miscellaneous Sales	-	185		185
010-1300-460091	Police Contribution/Donation	-	800		800
010-1300-501002	Salaries - Board/ Part Time/Temp/Aux	75,200	15,500		90,700
010-1300-501010	Salaries - Overtime	125,000	32,000		157,000
010-1300-501012	Salaries - Standby Pay	21,200	3,100		24,300
010-1300-502056	COH Match Retirement Expense	11,000	900		11,900
010-1300-519200	Contracted Services	112,199	34,375		146,574
010-1400-501002	Salaries - Board/ Part Time/Temp/Aux	44,500	2,800		47,300
010-1400-501010	Salaries - Overtime	186,500	19,500		206,000
010-1400-502056	COH Match Retirement Expense	43,625	15,300		58,925
010-1400-502091	Worker's Comp Ins	41,004	1,775		42,779
010-1400-519200	Contract Services	74,860	18,820		93,680
010-1502-521001	Supplies & Materials	5,000	9,355		14,355
010-1521-501025	Salaries - Uniform/Taxab	6,800	500		7,300
010-1521-502056	COH Match Retirement Expense	3,170	900		4,070

010-1521-519200	Contracted Services	42,540	5,955		48,495
010-1523-501001	Salaries - Regular	112,192	3,500		115,692
010-1523-501002	Salaries - Board/ Part Time/Temp/Aux	20,850	200		21,050
010-1523-501010	Salaries - Overtime	7,250	2,600		9,850
010-1523-502005	Group Med & Life Ins	22,464	6,500		28,964
010-1523-502050	Retirement Expense	17,474	200		17,674
010-1523-502056	COH Match Retirement Expense	1,985	700		2,685
010-1523-519200	Contracted Services	155,950	5,375		161,325
010-1525-501010	Salaries - Overtime	5,300	9,500		14,800
010-1525-501012	Salaries - Standby Pay	-	900		900
010-1525-502050	Retirement Expense	70,063	900		70,963
010-1525-502056	COH Match Retirement Expense	3,590	2,300		5,890
010-1525-519200	Contracted Services	40,000	29,585		69,585
010-1555-521100	Uniforms	11,095	810		11,905
010-1555-524010	R & M - Bulidings	-	2,200		2,200
010-1555-519200	Contracted Services	20,050	17,100		37,150
010-1560-501001	Salaries - Regular	198,462	3,250		201,712
010-1560-501010	Salaries - Overtime	6,010	6,000		12,010
010-1560-502005	Group Med & Life Ins	61,162	200		61,362
010-1560-502050	Retirement Expense	32,479	800		33,279
010-1560-502056	COH Match Retirement Expense	2,980	1,800		4,780
010-1560-519200	Contracted Services	55,000	4,650		59,650
010-1565-519200	Contract Services	-	600		600
010-1565-531225	Training/Training	(0)	5		5
010-2102-519200	Contract Services	-	300		300
010-7002-523001	Utilities - Electricity	-	750		750
010-7002-531265	Drug Testing	-	500		500
010-7855-501030	Salaries - Incentive Payments	560	50		610
010-7855-502056	COH Match Retirement Expense	120	200		320
FUND 010	TOTAL REVENUES	23,748,466	393,700	-	16,737,166
General Fund	TOTAL EXPENDITURES	3,661,589	443,700	50,000	4,003,051
An end-of-year FY26 amendment adjusting personnel, operating, and capital budget in the General Fund in preparation for the annual audit process.					

The City Manager and City Clerk certify budget ordinance amendment 07022026-05 was approved by City Council on July 02, 2026.

TO MAYOR & COUNCIL
APPROVAL: July 02, 2026

FISCAL YEAR 2026
FORM: 07022026-06

BUDGET AMENDMENT

FUND 020 | 021

ACCOUNT NUMBER	ACCOUNT DESCRIPTION	EXISTING BUDGET	INCREASE	DECREASE	REVISED BUDGET
020-1002-501001	Salaries - Regular	8,549	150	-	8,699
020-1005-501001	Salaries - Regular	3,045	250	-	3,295
020-1007-501001	Salaries - Regular	4,608	15	-	4,623
020-1010-501001	Salaries - Regular	983	1,100	-	2,083
020-1502-501001	Salaries - Regular	12,250	-	4,965	7,285
020-1523-519200	Contract Services	19,962	-	500	19,462
020-1525-521001	Supplies & Materials	850	500	-	1,350
020-1560-501001	Salaries - Regular	9,923	750	-	10,673
020-2102-501001	Salaries - Regular	150,456	2,700	-	153,156
FUND 020	TOTAL REVENUES	-	-	-	-
Main St. MSD Fund	TOTAL EXPENDITURES	210,626	5,465	5,465	210,626
021-1200-502056	COH Match Retirement Expense	1,135	-	750	385
021-1523-501001	Salaries - Regular	2,196	400	-	2,596
021-1560-501001	Salaries - Regular	2,481	150	-	2,631
021-2102-521001	Supplies & Materials	-	300	-	300
021-2202-501001	Salaries - Regular	48,865	200	-	49,065
021-2202-523001	Utilities - Electricity	11,000	-	300	10,700
FUND 021	TOTAL REVENUES	-	-	-	-
7th Ave. MSD Fund	TOTAL EXPENDITURES	65,676	1,050	1,050	65,676
An end-of-year FY26 amendment adjusting personnel, operating, and capital budget in the Main Street MSD Fund and 7th Avenue MSD Fund in preparation for the annual audit process.					

The City Manager and City Clerk certify budget ordinance amendment 07022026-06 was approved by City Council on July 02, 2026.

TO MAYOR & COUNCIL
APPROVAL: July 02, 2026

FISCAL YEAR 2026
FORM: 07022026-07

BUDGET AMENDMENT

FUND 060

ACCOUNT NUMBER	ACCOUNT DESCRIPTION	EXISTING BUDGET	INCREASE	DECREASE	REVISED BUDGET
060-1002-501001	Salaries - Regular	519,189	22,000	-	541,189
060-1002-519200	Contract Services	12,475	20,000	-	32,475
060-1007-501001	Salaries - Regular	202,730	2,000	-	204,730
060-1008-501001	Salaries - Regular	1,004,767	-	59,000	945,767
060-1008-519101	Prof Services-Audit	37,278	65,000	-	102,278
060-1010-501001	Salaries - Regular	273,818	20,000	-	293,818
060-1010-519200	Contract Services	333,739	-	20,000	313,739
060-1523-501001	Salaries - Regular	109,021	15,000	-	124,021
060-7002-519104	Prof Services-Engring	21,000	-	20,000	1,000
060-7002-523001	Utilities - Electricity	1,240,000	-	95,000	1,145,000
060-7002-523005	Utilities - Water & Sewer	-	95,000	-	95,000
060-7035-519200	Contract Services	122,000	-	20,000	102,000
060-7055-519200	Contract Services	52,000	-	20,000	32,000
060-7155-519200	Contract Services	65,230	-	5,000	60,230
FUND 060	TOTAL REVENUES	-	-	-	-
Water & Sewer Op. Fund	TOTAL EXPENDITURES	3,993,248	239,000	239,000	3,993,248

An end-of-year FY26 amendment adjusting personnel, operating, and capital budget in the Water & Sewer Operating Fund in preparation for the annual audit process.

The City Manager and City Clerk certify budget ordinance amendment 07022026-07 was approved by City Council on July 02, 2026.

TO MAYOR & COUNCIL
APPROVAL: July 02, 2026

FISCAL YEAR 2026
FORM: 07022026-08

BUDGET AMENDMENT

FUND 064 | 067 | 068

ACCOUNT NUMBER	ACCOUNT DESCRIPTION	EXISTING BUDGET	INCREASE	DECREASE	REVISED BUDGET
064-0000-450001	Interest Income	2,000	59,250	-	61,250
064-1002-501001	Salaries - Regular	17,098	350	-	17,448
064-1005-501001	Salaries - Regular	6,649	150	-	6,799
064-1007-501001	Salaries - Regular	9,215	150	-	9,365
064-1010-519200	Contract Services	13,200	600	-	13,800
064-1560-501001	Salaries - Regular	37,212	5,000	-	42,212
064-7455-519200	Contract Services	50,000	-	15,000	35,000
064-7455-521001	Supplies & Materials	21,970	-	14,000	7,970
064-7455-523005	Utilities - Water & Sewer	-	1,000	-	1,000
064-7455-524020	R & M - Equipment	-	9,000	-	9,000
064-7455-531210	Permits, License And Fees	103,877	66,000	-	169,877
064-7455-531260	Credit Card Processing Fees	40,000	6,000	-	46,000
FUND 064	TOTAL REVENUES	2,000	59,250	-	61,250
Parking Fund	TOTAL EXPENDITURES	299,221	88,250	29,000	358,471
067-1002-501001	Salaries - Regular	37,185	2,300	-	39,485
067-1005-523004	Cellphone Stipend	-	25	-	25
067-1005-501001	Salaries - Regular	13,823	200	-	14,023
067-1010-501001	Salaries - Regular	44,803	3,000	-	47,803
067-1010-519200	Contract Services	19,799	2,000	-	21,799
067-1014-501010	Salaries - Overtime	-	1,500	-	1,500
067-1014-524030	R & M - Trucks	-	200	-	200
067-1525-501001	Salaries - Regular	169,520	1,300	-	170,820
067-7555-501001	Salaries - Regular	178,859	2,200	-	181,059
067-7555-501002	Salaries - Board/ Part Time/Temp/Aux	120	6,000	-	6,120
067-7555-519200	Contract Services	296,700	-	18,725	277,975
FUND 067	TOTAL REVENUES	-	-	-	-
Stormwater Fund	TOTAL EXPENDITURES	760,809	18,725	18,725	760,809
068-1002-501001	Salaries - Regular	25,647	500		26,147
068-1005-501001	Salaries - Regular	9,134	750		9,884
068-1007-501001	Salaries - Regular	13,823	150		13,973
068-1010-501001	Salaries - Regular	2,950	1,250		4,200
068-1010-519200	Contract Services	19,799	1,500		21,299
068-1521-519200	Contract Services	3,494	400		3,894
068-7855-501001	Salaries - Regular	789,213		4,550	784,663
FUND 068	TOTAL REVENUES	-	-	-	-
Env. Services Fund	TOTAL EXPENDITURES	864,059	4,550	4,550	864,059

An end-of-year FY26 amendment adjusting personnel, operating, and capital budget in the Parking Fund, Stormwater Fund, and Env. Services Fund in preparation for the annual audit process.

The City Manager and City Clerk certify budget ordinance amendment 07022026-08 was approved by City Council on July 02, 2026.

6. PRESENTATIONS

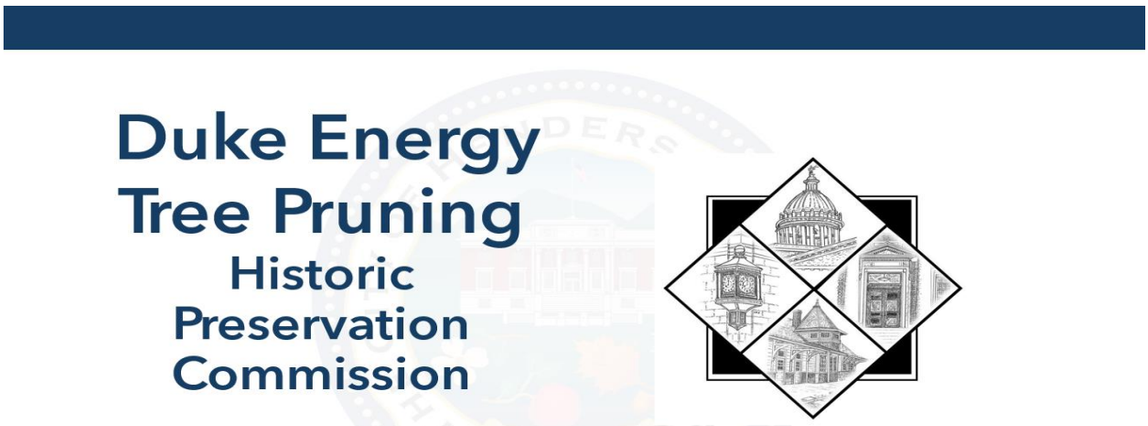
A. Special Presentation - *HC League of Women Voters*

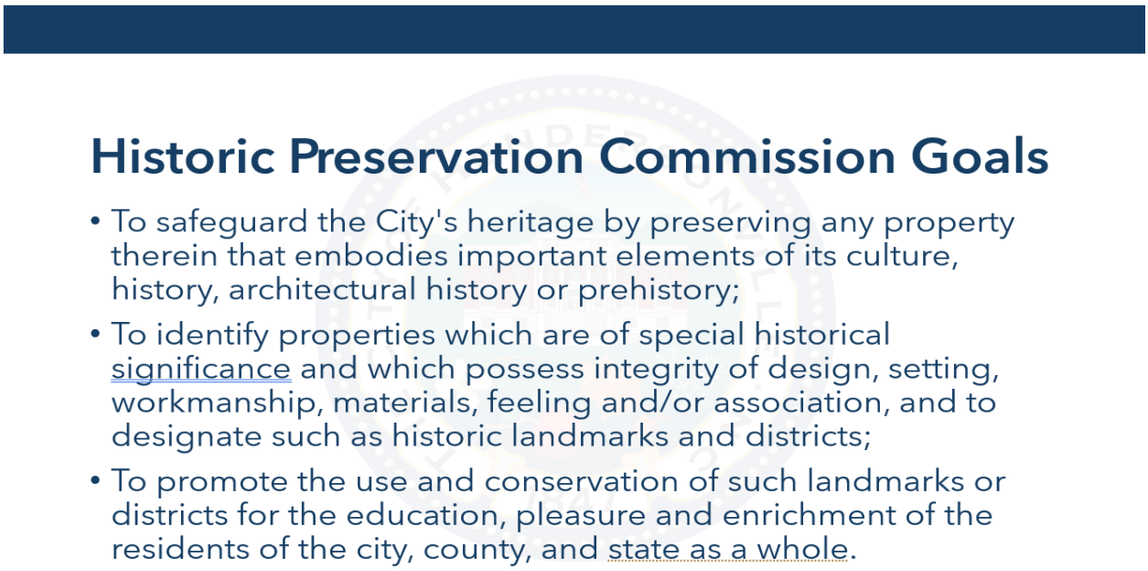
Several women from the Henderson County League of Women Voters presented Mayor Volk with a lifetime member's certificate. She has been a member of the League for 50 years and is a past President.



B. Historic Preservation Commission Hyman Heights Tree Pruning - *Jim Welter, Board Member & Others*

Vice Chair Jim Welter gave the following brief PowerPoint presentation.



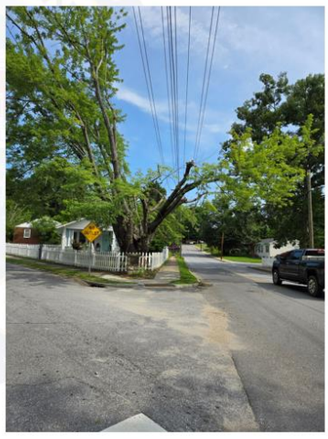


As a Tree City, USA, the Arbor Day Foundation sets these requirements which must be met and maintained to have such a designation:

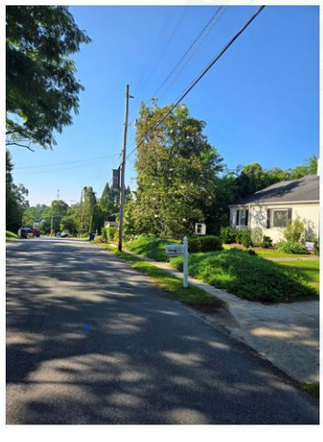
- An active tree board and/or department: This ensures that there isa dedicated group overseeing tree management.
- A tree care ordinance: This is a local law that governs the care and management of trees.
- A community forestry program with an annual budget of at least $2 per capita: This ensures that there are sufficient funds allocated for tree care and management.
- An Arbor Day observance and proclamation: This involves celebrating Arbor Day to promote tree planting and care.

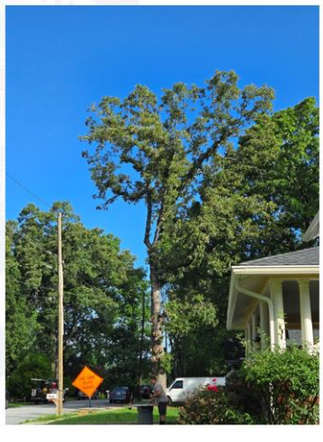
Examples of Tree Pruning in Hyman Heights Historic District



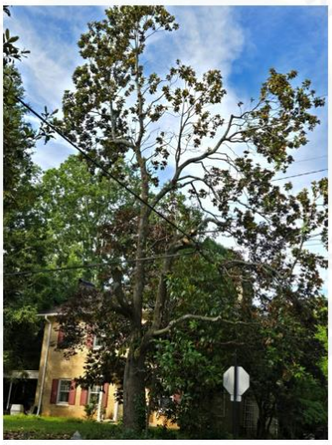


Examples of Tree Pruning in Hyman Heights Historic District





Examples of Tree Pruning in Hyman Heights Historic District



The Historic Preservation Commission Supports Current Actions by Staff

- Contacting neighboring Commissions
- Contacting Duke Power's Community Affairs Department
- The list of suggestions in the following slide

Suggestions include:

- Duke provide a 30 day notice before trimming, It is quite intimidating for a convoy of trucks to show up at 8:30AM and start blocking off the street and front yards of home.
- Duke engineer and arborist ride along with City representative to agree on Pruning plans.
- We personally believe if they cut anything over 6 in they should be required to get a COA .
- Duke consider burying the line in the front of the homes.
- Duke and Asplund consider compensating home owner by offering to plant new trees out of the way of power line.
- We would like to have input as to how far back Duke Trims, worker said they were trimming either 12 ft or 15 Ft depending who you talked to but it looks ion some instance a lot more.
- We also support the ongoing effort by Community development - Planning departments to find a solution.

C. Animal Services Advisory Committee Yearly Update - *Angela Prodrick, Board Member*

Former long-time board member Angela Prodrick read the following brief yearly update.

Good evening, Mayor and Council,

Thank you for the opportunity to provide an update on the work of the Animal Services Advisory Committee over the past year.

This year has been somewhat different from many years before. After five years of significant progress, from creating this committee to rewriting our animal ordinance and strengthening Animal Services, this year has been

focused on evaluating what we have built, reviewing the effectiveness of our work, and identifying priorities for the future.

Committee Highlights
Over the past year, the Committee has:

- Continued reviewing Animal Services operations and community animal welfare issues.
- Reviewed the City's animal ordinance to ensure it remains effective and responsive to the needs of our community.
- Discuss emerging animal welfare trends and opportunities to strengthen education, partnerships, and services.
- Continued to serve in our advisory role to City Council and remain prepared to fulfill our responsibilities as the Dangerous Dog Appeals Board, when needed.
- Used community data to begin shaping future committee priorities and work plans.

Looking Forward
A significant focus this year has been reviewing the findings of the Henderson County Animal Welfare Survey to help inform people where the committee's work should go next.

While the survey was developed through the Henderson County Animal Services Advisory Committee, led by Chair James Lyon which is a committee I also serve and serves as Vice Chair last year, the City committee has spent the last several meetings reviewing the results and discussing how those findings can help shape future recommendations and initiatives here in Hendersonville.

The survey received more than 1,025 responses, including 36.8% responses from Hendersonville residents, providing valuable insight into the needs and concerns of citizens within our city.

Through those discussions, the committee has begun identifying opportunities to improve animal welfare in Hendersonville, including:

- Exploring ways to create more pet-friendly public spaces, including safer walking routes and play areas for pets. The completion of the Ecusta Trail is one example of a community asset that provides expanded opportunities for residents to safely enjoy the outdoors with their pets.
- Identifying opportunities for greater collaboration between Animal Services and local nonprofit organizations to better connect residents with the many resources already available in our community.
- Discussing ways to improve access to microchip scanners within the city so more found pets can be quickly reunited with their owners.
- Continuing to review how education, partnerships, and existing community resources can help address animal welfare needs before they become enforcement issues.

I believe the survey has provided an excellent roadmap for future discussions and will help ensure the committee's recommendations continue to be driven by community input and practical solutions.

A Personal Reflection
Before I close, I would like to share one personal note.

This marks my sixth and final year serving on the Animal Services Advisory Committee. Under our bylaws, I will be rotating off the committee, making this my final report to Council. It has truly been an honor to serve.

Six years ago, I had the privilege of working alongside Lieutenant Leroy to draft the ordinance that created this committee. Looking back over those six years, I am incredibly proud of what we have accomplished together.

Together we have:

- Established the Animal Services Advisory Committee.
- Completed a comprehensive rewrite of the City's animal ordinance.
- Continued reviewing that ordinance to ensure it remains effective and responsive to our community.
- Welcomed the City's first Animal Enforcement Officer, strengthening the City's ability to serve both residents and animals.
- Built strong partnerships between Animal Services and community organizations, including Blue Ridge Humane Society.
- Helped connect countless residents with dozens of resources available to keep pets healthy, safe, and in their homes.

This year has been less about creating new systems and more about ensuring the foundation we have built remains strong. I truly believe our first five years were about building that foundation, and the next five years will be about building it.

Finally, I want to thank my fellow committee members, Melisaa Justus, Chef Myhand and each member of City Council for your commitment to animal welfare. Thank you for your willingness to support this committee and continue investing in the well-being of the animals and citizens of Hendersonville.

It has been a privilege to serve all of you. Thank you for allowing me the opportunity to serve these past six years, and I look forward to seeing the committee continue its important work for many years to come.

D. Clear Creek Greenway Project Update - *Brendan Shanahan, City Engineer*

City Engineer Brendan Shanahan gave the following brief PowerPoint presentation.







The Overall Cost

This project has been funded through a number of grants and donations:

- Engineering Design and Permitting (Kimley-Horn):
  - ~$800,000
- Construction and Administration:
  - ~$4.5 M

The Funding Sources

~More on this momentarily…

The Construction

Here we go…

NHM Constructors Inc successfully won the bid held on April 14th, 2026.

- NHM was awarded the contract by NCDOT on May 18th, 2026
- NHM is also the contractor who constructed the profoundly transformative Ecusta Trail.
- Adam Rice was the project manager.
- The experience the NHM team brings can significantly benefit the Clear Creek Greenway

Comparison to the Ecusta Project:

- Similar type (linear), scope of work, methods of construction, material types, (bridge construction, etc.)
- Different total length and width fewer utility considerations than Ecusta Trail tending to simplify construction and reduce need for design changes.

Anticipating Challenges:

- Project involves an "Intermediate Contract Time" which sets a goal to finish the first section earlier.
  - Considerations: securing materials (Pedestrian Bridges, Pipe, etc.) and construction sequencing.
- Reducing designs changes (if needed) will be key to maintaining overall project schedule.



The Completion

- To the west of I-26, completion is scheduled for Fall 2026.
- The remainder of the project will be finished in Spring 2027.

The Funding Sources

This project has been funded through a number of grants and donations:

- **Primary Grant organizations** funding this project include:
  - FHWA – Surface Transportation Block Grant
  - NC Parks - Parks and Recreation Trust Fund
  - NC Trails – Recreational Trails Program



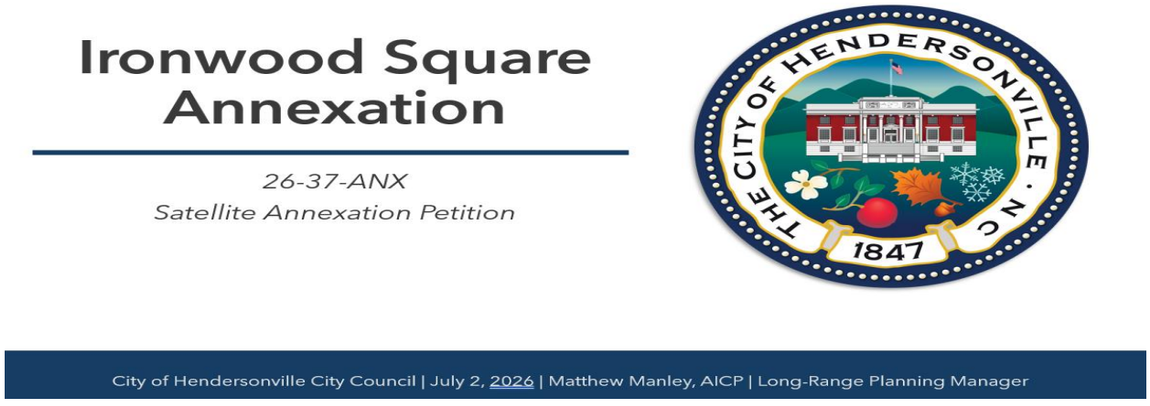
Additionally, he recognized the generosity of certain organizations who have supported the project.



7. <u>PUBLIC HEARINGS</u>

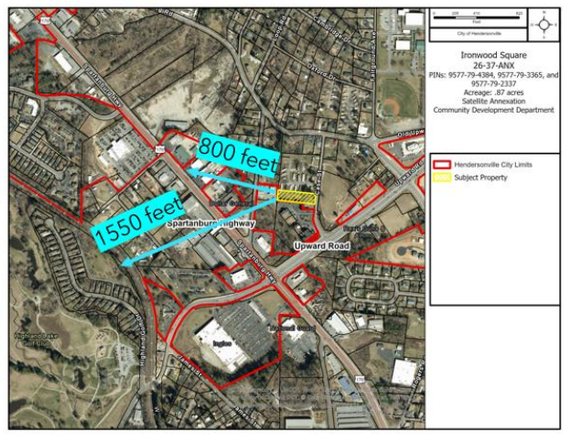
A. Annexation: Public Hearing – Ironwood Square (26-37-ANX) – *Sam Hayes, Planner II*

Sam Hayes explained that the City of Hendersonville has received a petition from Drake Bruner, Kieran Roe, and Emily Balcken for satellite annexation of PINs 9577-79-4384, 9577-79-3365, and 9577-79-2337 located on Case Street that is approximately .87 acres. On June 4th, 2026, City Council accepted the City Clerk's Certificate of Sufficiency for the petition submitted by Drake Bruner, Kieran Roe, and Emily Balcken and set July 2nd, 2026, as the date for the public hearing.

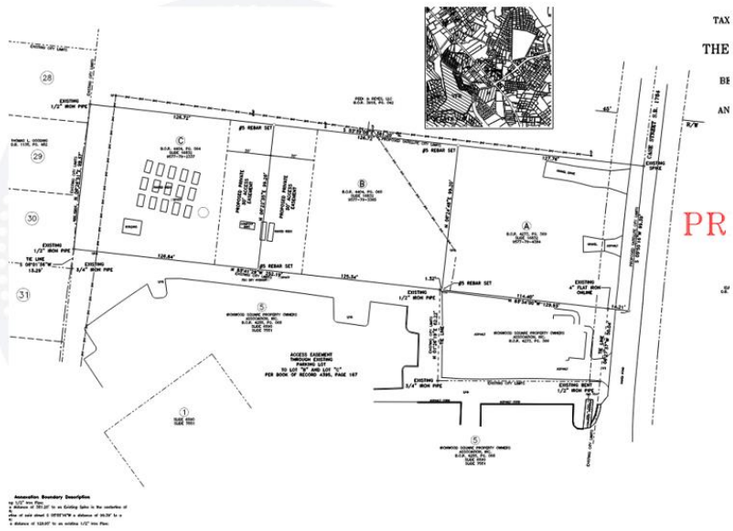


Background

- Petitioner:
  - Drake Bruner, Watermark (Applicant)
  - Conserving Carolina - Kieran Roe (Property Owner)
  - Children & Family Resource Center - Emily Balcken (Property Owner)
- PINs:
  - 9577-79-4384
  - 9577-79-3365
  - 9577-79-2337
- Acreage:
  - .87 acres



Annexation Plat



The City Clerk confirmed this public hearing has been advertised in accordance with North Carolina General Statutes.

The public hearing was opened at 6:32 p.m.

There were no public comments.

The public hearing was closed at 6:32 p.m.

Council Member Jennifer Hensley moved City Council adopt an ordinance of the City of Hendersonville to annex noncontiguous property owned by Kieran Roe and Emily Balcken, identified as PINs 9577-79-4384, 9577-79-3365, and 9577-79-2337, finding that the standards established by North Carolina General Statute 160A-58.1 have been satisfied and that the annexation is in the best interest of the City. A unanimous vote of the Council followed. Motion carried.

Ordinance #O-26-23

Return to: City of Hendersonville box

AN ORDINANCE OF THE CITY OF HENDERSONVILLE CITY COUNCIL TO EXTEND THE CORPORATE LIMITS OF THE CITY AS A SATELLITE ANNEXATION

Re: Petition for Satellite Annexation

Petitioners: Drake Bruner (Applicant), Kieran Roe – Conserving Carolina and Emily Balcken – Children and Family Resource Center (Property Owners)

File No. 26-37-ANX

WHEREAS, The City of Hendersonville has been petitioned by Drake Bruner pursuant to North Carolina General Statutes (NCGS) 160A-58.1, as amended, to annex the area described herein below; and,

WHEREAS, the City Clerk has investigated and certified the sufficiency of said petition; and,

WHEREAS, a public hearing on the question of this annexation was held at the City Operations Building 305 Williams Street at 5:45 pm, on the 2nd day of July 2026, after due notice by publication as provided by law on the 21st of June, 2026; and

WHEREAS, the City Council further finds the areas described therein meet the standards of N.C. G.S. 160A-58.1(b), to wit;

1. The Petition includes a metes and bounds description of the area proposed for annexation and has attached a map showing the proposed satellite area.
2. The nearest point on the proposed satellite corporate limit is approximately 800' from the primary corporate limits of the City of Hendersonville, which is less than 3 miles.
3. The Petition includes the names and addresses and signatures of all owners of real property lying in the area described therein, except those not required to sign by G.S.160A-58.1 (a).
4. No point on the proposed satellite corporate limits is closer to the primary corporate limits of another city than to the primary corporate limits of Hendersonville (Village of Flat Rock approximately 1550').
5. The area is situated so the City will be able to provide the same services within the proposed corporate limits that is provided within the primary corporate limits.
6. The area proposed for annexation is not subject to subdivision regulation as described N.C.G.S. § 160D-802
7. The total area within the proposed satellite corporate limits, when added to the area within all the other satellite corporate limits of the City, does not exceed ten (10%) of the area within the primary corporate limits of the City.
8. The area for annexation meets all other requirements defined in NC 160A-58.54 regarding the character of the area to be annexed.

WHEREAS, the City further finds that the petition has been signed by all the owners of real property in the area who are required by law to sign; and

WHEREAS, the City further finds that the petition is otherwise valid, and that the public health, safety, and welfare of the City and of the area proposed for annexation will be best served by annexing the area described;

NOW, THEREFORE, BE IT ORDAINED by the City Council of the City of Hendersonville, North Carolina:

1: By virtue of the authority granted by N.C.G.S. 160A-58.2, as amended, the following described noncontiguous area is hereby annexed and made part of the City of Hendersonville as of the second day of July 2026.

Being all of that real property consisting of PINs 9577-79-4384, 9577-79-3365, and 9577-79-2337 described in the plat recorded in Book 2026- _____ [to be inserted at recording of the plat] of the Henderson County Registry, said PINs 9577-79-4384, 9577-79-3365, and 9577-79-2337 being described by metes and bounds as follows:

Beginning at an Existing 1/2" Iron Pipe;
Thence S 83°39'08"E a distance of 381.20' to an Existing Spike in the centerline of Case Street, S.R. 1784;
Thence with the centerline of said street S 05°55'16"W a distance of 99.39' to a Point in said centerline;
Thence N 83°34'00"W a distance of 129.93' to an existing 1/2" Iron Pipe;
Thence N 83°41'29"W a distance of 252.19' to an existing 1/2" Iron Pipe;
Thence N 06°26'51"E a distance of 99.37' to the Point of Beginning,
having an Area of 37927.9 square feet, 0.87 Acres

Being Book of Record 4273, Page 369, Book of Record 4404, Page 060 and Book of Record 4404, Page 064. Also being Lot "A", Lot "B" and Lot "C" Slide 16832.

2: Upon and after the second day of July 2026, the above-described territory, and its citizens and property shall be subject to all debts, laws, ordinances and regulations in force in the City of Hendersonville and shall be entitled to the same privileges and benefits as other parts of the City of Hendersonville. Said territory shall be subject to municipal taxes according to NCGS 160A-58.10, as amended.

3. The Mayor of the City of Hendersonville shall cause to be recorded in the office of the Register of Deeds of Henderson County and at the Office of the Secretary of State in Raleigh, North Carolina, an accurate map of the annexed territory, described in Section 1, above, together with a duly

certified copy of this ordinance. Such a map shall also be delivered to the Henderson County Board of Elections, as required by G. S. 163-288.1.

Adopted by the City Council of the City of Hendersonville, North Carolina on this 2nd day of July, 2026.

Barbara G. Volk, Mayor
Attest: /s/Jill Murray, City Clerk
Approved as to form: /s/Angela S. Beeker, City Attorney

B. Consideration of a Certificate of Public Convenience & Necessity for I&M Airport Taxi, LLC – *Jill Murray, City Clerk*

City Manager John Connet explained that Mr. Ilie Suhan would like to start up a taxi service in Hendersonville and has filed the necessary paperwork for Council to review and asked that Council consider approving the Certificate of Public Convenience and Necessity submitted by Mr. Suhan.

City of Hendersonville

Certificate of Public Convenience and Necessity

1. Applicant Information

The applicant is: (check one and list name)

☐ **Individual and Sole Owner:** ILIE SUHAN

- **Trade Name (DBA) (if applicable):** I & M AIRPORT TAXI

☐ **LLC, Corporation or Partnership:** LLC

- **List Officers/Members/Partners (name and office held):**
  ILIE SUHAN
  LIUDMILA SUHAN - organizer

Contact Information:

- **Business Address:** 61 Johnnie Washington Dr
- **Phone Number:** 828-753-9920 and 404-579-1828

2. Vehicle Information

- **Make/Model/Year:** Toyota Sienna Hybrid 2025
- **Vehicle Identification Number (VIN):** 5TDBSKFC4SS206499
- **License Plate Number:** LLF-3379
- **Seating Capacity:** 7 seats
- **Color Scheme/Insignia:** gray

3. Public Necessity

- **What specific facts, data, or community requests demonstrate that additional taxis are needed in the area?** only one company of taxi does not cover, hospital, downtown, stores, airport, Motels....
- **Area of Service: What are the exact geographical boundaries, routes, or municipalities you intend to serve?** to cover the entire Henderson County, Airport...
- **Parking Arrangements: Where will the taxis be parked or staged when they are not in service (e.g., proof of off-street parking to avoid street congestion)?** Home In front of my home, driveway

4. Rates & Drivers

- **Proposed Rates: What is your exact schedule of fares (e.g., flag drop rate, per-mile, waiting time, or flat rates to local hubs)?** per-mile = $3.00

- **Driver Qualifications: Who will be driving your taxis, and can you provide their NC driver's license details and clean criminal/driving records?** I will drive the Taxi. DLN-000035659485 clean records

5. **Required Attachments Checklist**
   - **NC Safety Inspection Certificate:** Passed by a certified NC station.
   - **If applicant is a foreign corporation or partnership, attach Articles of Organization or Partnership Agreement.**
   - **Certificate of Insurance**

6. **Affidavits & Signatures**
   - I hereby certify that I will operate in accordance with the City Code and state laws regarding taxicabs. I understand that failure to abide by these terms may result in the revocation of a certificate.

Applicant Signature: Suhan **Date:** 06/18/2026

Print Name: ILIE SUHAN

Title (if applicable): _____

The City Clerk confirmed this public hearing has been advertised in accordance with North Carolina General Statutes.

The public hearing was opened at 6:37 p.m.

Mr. Suhan introduced himself and said there is a need in the city for another taxi service that works later hours and that he wants to do this for his family.

The public hearing was closed at 6:37 p.m.

Council Member Melinda Lowrance moved that City Council adopt the Resolution Granting a Certificate of Public Convenience & Necessity for I&M Airport Taxi, LLC A unanimous vote of the Council followed. Motion carried.

Resolution #R-26-71

RESOLUTION GRANTING A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY TO ILIE SUHAN TO OPERATE A TAXICAB COMPANY KNOWN AS I&M AIRPORT TAXI LLC IN THE CITY OF HENDERSONVILLE

WHEREAS, Mr. Ilie Suhan has requested a Certificate of Public Convenience and Necessity to operate a taxicab business; and

WHEREAS, a public hearing was held in accordance with Section 54-68 of the City of Hendersonville Code of Ordinances on the 3rd day of July, 2026; and

WHEREAS, the Council has taken into account the considerations contained in Section 54-68.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Hendersonville, North Carolina that:

1. The public convenience and necessity require the operation of the taxicab service proposed by Mr. Suhan; and

2. The City Clerk is hereby directed to issue a Certificate of Public Convenience and Necessity to Mr. Suhan, doing business as I&M Airport Taxi LLC, which such certificate shall be governed by the provisions of Article II, Chapter 54, City Code of Ordinances, and other applicable provision of law.

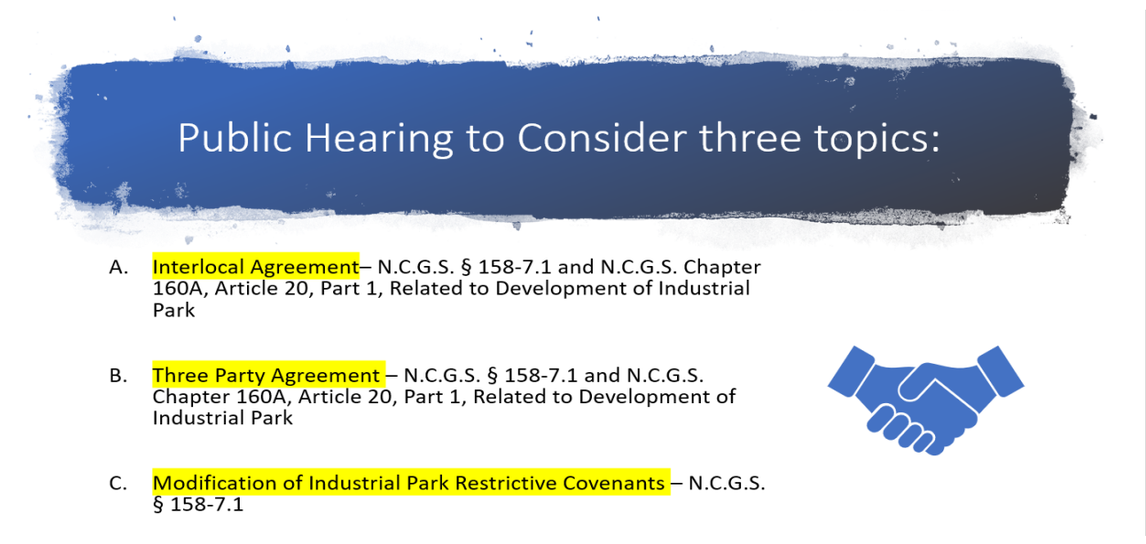
Adopted by the City Council of the City of Hendersonville, North Carolina on this 2nd day of July, 2026.

Barbara G. Volk, Mayor
Attest: /s/Jill Murray, City Clerk
Approved as to form: /s/Angela S. Beeker, City Attorney

C. Public Hearing to Consider Amendments to Three Party Agreement, Interlocal Agreement and Restrictive Covenants Related to Garrison Industrial Park – A*ngie Beeker, City Attorney*

City Attorney Angela Beeker explained that the purpose of this public hearing is to consider the amendment of two agreements and the Restrictive Covenants originally entered into for the development of Garrison Industrial Park located off Upward Road, Commercial Blvd, and Garrison Lane, East Flat Rock, NC ("Park"). The first of those agreements, an interlocal agreement, was entered into on November 18,2020 between the City of Hendersonville and Henderson County, pursuant to the authority of NCGS § 160A-20, to provide for the loan of a total of $2,346,668.56, to the Economic Investment Fund of Henderson County, Inc, a North Carolina nonprofit, ("EIF") by the City of Hendersonville (1/2 of the loaned funds, or $1,173,334.28,000) and Henderson County (1/2 of the loaned funds, or $1,173,334.28) to purchase +/- 41.35 acres, being all of Lots 1, 3, 4, 5, the open space and road beds as shown on that plat recorded in Plat Book 2021 at Plat Slide 13013 of Henderson County Registry, for the development of Garrison Industrial Park, and the subsequent sale of Lot 4 of the Park to be developed and occupied by an industrial client. ("Interlocal Agreement") The second agreement is a three-party agreement between the City of Hendersonville, Henderson County, and the EIF, which outlines the loan terms and repayment terms, and terms governing development of the Park ("Three Party Agreement"). As of the date of this notice, the EIF owes a principal balance to the City of Hendersonville of $460,483.78. The EIF has requested that both agreements be amended to provide that the interest on the principal balance owed will be waived in exchange for paying off the loan early and for agreeing that the remaining property owned by the EIF will only be sold to an industry meeting at least 80% of the City's Economic Development Incentives Guidelines. The fair market value of the City's interest in the loan is the principal balance owed plus interest owed of approximately $154,000. The City finds that a sale to an industry meeting at least the 80% threshold will stimulate the local economy, promote business prospects of the City, and result in the creation of a substantial number of jobs paying at or above the median average wage in the County. Additionally, both agreements would be amended to allow the addition of property to Garrison Industrial Park, the additional property being Lot 2 shown on Plat Book 2021 at Page 13013. Lot 2 is not currently a part of the Park and is not subject to the Park's Restrictive Covenants. Lastly the Restrictive Covenants, recorded in Book 3721 at Page 204 of the Henderson County Registry, will be amended to provide a mechanism for the addition of Lot 2 to the Park. When added to the Park, Lot 2 will become subject to these Covenants.





Industrial Park



+/-41 are site

Adjacent to Appleland Business Park

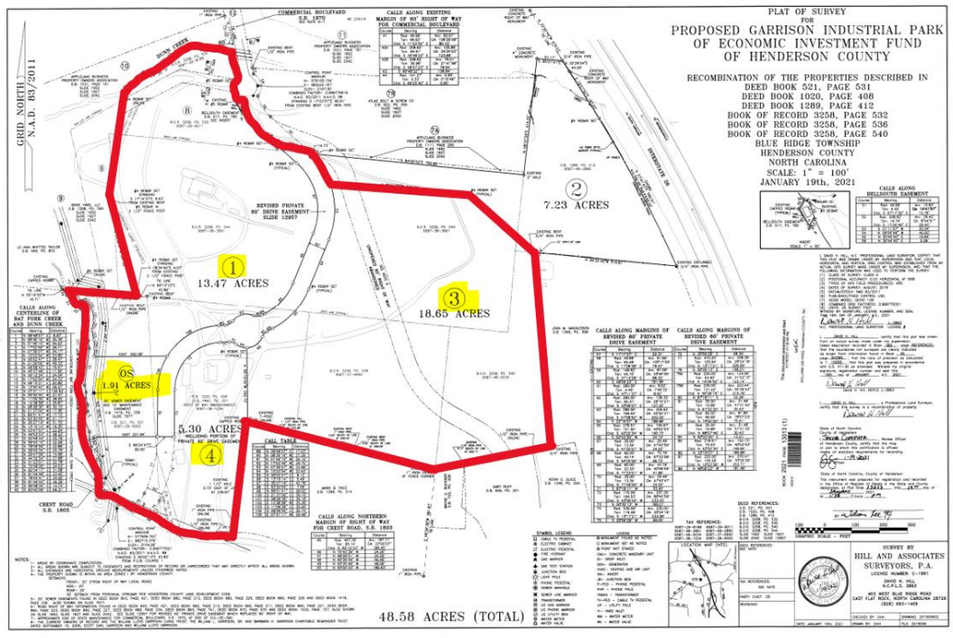
To be developed by the Economic Investment Fund of Henderson County, Inc.

Potentially 3 industrial sites

One for Project Wheel

To Be Annexed by the City

SLIDE 13013



Three Party Partnership to Develop the Park

- City of Hendersonville and Henderson County each loan net amount of approximately $470,000 (+/-) to Fund to purchase site.
  - Net of funds received to release acreage for Project Wheel.
  - City and County will jointly hold a first lien deed on balance of property not used for Project Wheel.
- Economic Investment Fund markets 2 remaining parcels to industrial prospects that will benefit the City by providing additional tax base, and jobs for City residents.
  - Sales proceeds used to payoff loan to the City and County
  - Acreage released only if industry qualifies for incentives – jobs/capital investment
  - Decision on whether to extend incentives to industries locating there made on a case-by-case basis.
- Economic Investment Fund will impose restrictive covenants on the Park Property to ensure the industrial use, consistent with City and County zoning.
- City of Hendersonville will extend water and sewer to benefit the entire Park.

Two Complementary Agreements

- **Interlocal Agreement dated 11/18/2020** as allowed by NC Gen Stat Chapter 160A, Article 20, Interlocal Cooperation, Part I, between:
  - City of Hendersonville
  - Henderson County
  - Loan of $1,73,334.28 by each to EIF
  - Sale of Lot 3 to Jabil, proceeds applied
  - Net principal loan balance owed to City $460,483.78
  - Interest – waived IF property sold to 80% client
- **Three Party Agreement also dated 11/18/2020** Between:
  - City of Hendersonville
  - Henderson County
  - Economic Investment Fund
  - Same terms

Project Wheel - Jabil

Original Occupant of Industrial Park

Project Wheel Commitments

- Projected Investment - $38,000,00 Total
- Projected Employment – 150 new jobs total
- Anticipated Wages - $39,867 Average Annually

Project Crown – Jabil Expansion

Expansion

Project Crown Commitments

- Projected Investment - $102,000,000 Total
- Projected Employment – 148 new jobs total
- Anticipated Wages - $62,776 Average Annually

Project Crown and Project Wheel Commitments

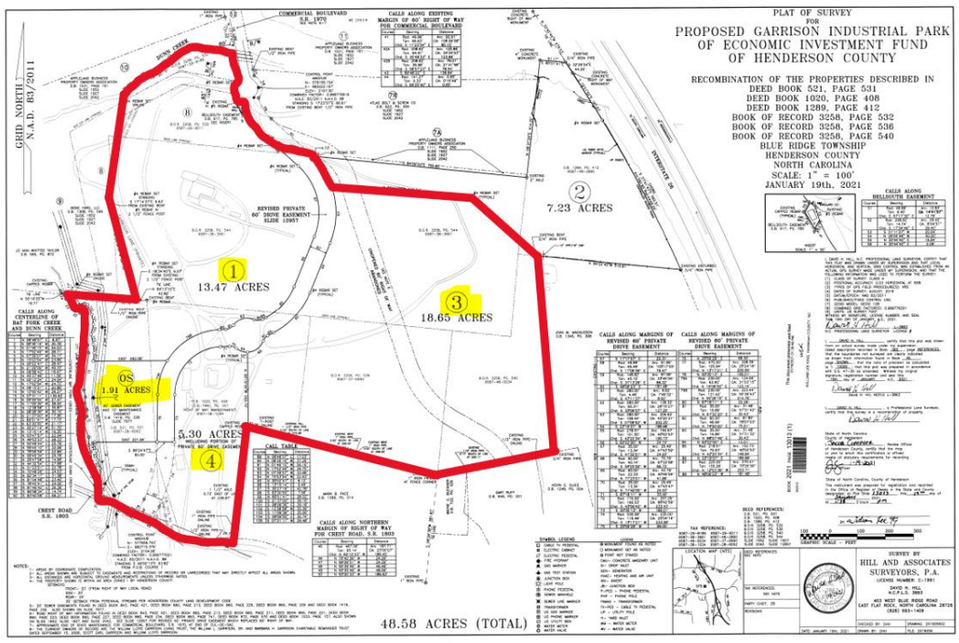
- Projected Investment - $102 M + $38 M = $140M
  - Actual Project Wheel: $41.5 (end of 2024)
  - Secondary Benefit Eli Lilly Equipment: $88.5M
- Projected Employment – 148 + 150 = 298 new jobs total
  - Actual Project Wheel: 206 (end of 2024)
- Anticipated Wages - $40K & $63K



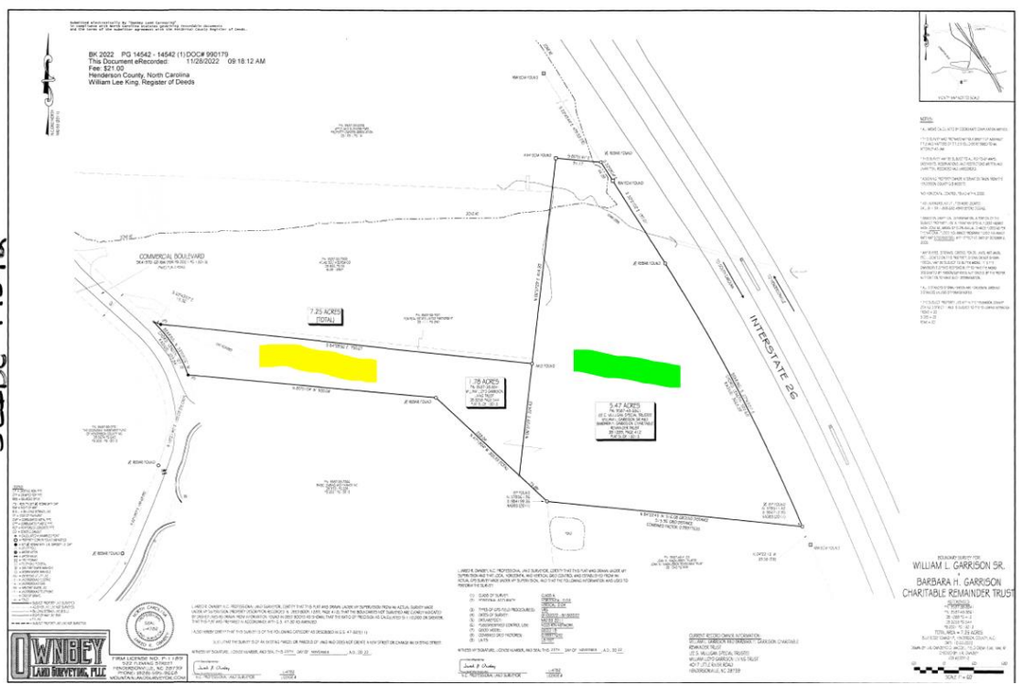
Requested Amendments

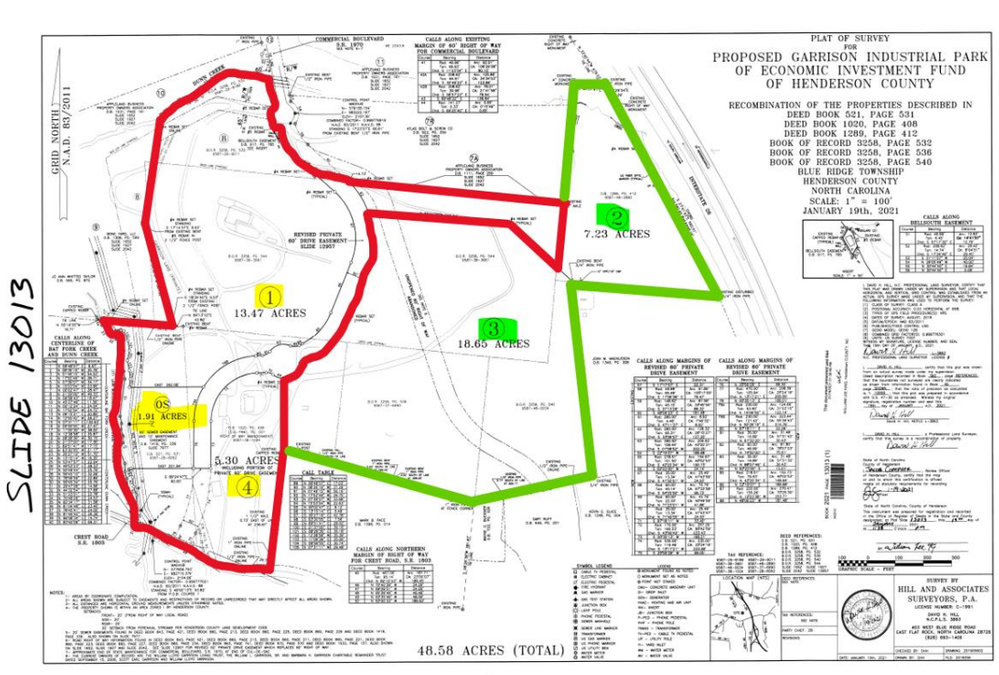
- **Three Party Agreement**
  - Commit to 80% industrial sale for remaining tract
  - Remove interest requirement (est. $154,000)
  - Allow addition of property to Park (Lot 2 for Project Crown)
- **Interlocal Agreement**
  - Commit to 80% industrial sale for remaining tract
  - Remove interest requirement (est. $154,000)
  - Allow addition of property to Park (Lot 2 for Project Crown)
- **Restrictive Covenants**
  - Allow addition of property to Park (Lot 2 for Project Crown)
  - Require additional property to be annexed.

SLIDE 13013



SLIDE 14542





The City Clerk confirmed this public hearing has been advertised in accordance with North Carolina General Statutes.

The public hearing was opened at 6:46 p.m.

There were no public comments.

The public hearing was closed at 6:46 p.m.

Council Member Jennifer Hensley moved that City Council adopt the Resolution to Approve Amendments to Three Party Agreement, Interlocal Agreement and Restrictive Covenants Related to Garrison Industrial Park, as presented. A unanimous vote of the Council followed. Motion carried.

Resolution #R-26-72

RESOLUTION OF THE CITY OF HENDERSONVILLE CITY COUNCIL TO APPROVE AMENDMENTS TO THREE PARTY AGREEMENT, INTERLOCAL AGREEMENT AND RESTRICTIVE COVENANTS RELATED TO GARRISON INDUSTRIAL PARK

WHEREAS, the City of Hendersonville ("City"), Henderson County ("County"), and the Economic Investment Fund of Henderson County, Inc. ("EIF"), previously entered into a Three Party Agreement to provide for the development and sale of Garrison Industrial Park, originally a +/- 41.35 acre tract consisting of Lots 1,3,4,5, the open space and roadbeds as shown on that plat recorded in Plat Book 2021 at Plat Slide 13013 of the Henderson County Registry ("Park"); and

WHEREAS, the City and the County entered into an Interlocal Agreement dated November 18, 2020 for the development and sale of the Park for economic development purposes; and

WHEREAS, the Three-Party Agreement and the Interlocal Agreement provided for a loan from the City and the County to the EIF to purchase the Park for development as an industrial park; and

WHEREAS, the Park is governed by restrictive covenants recorded in Book 3721 at Page 204 of the Henderson County Registry ("Restrictive Covenants"); and

WHEREAS, Project Wheel, otherwise known as Jabil, purchased an +/- 18.62-acre tract in the Park and developed an industrial facility and the EIF, City and County are desirous of continuing to work together to market the remaining portions of the Park for economic development purposes; and

WHEREAS, the EIF has requested certain amendments to the Three-Party Agreement, the Interlocal Agreement and the Restrictive Covenants for the Park in order to be able to add property to the Park, and to waive interest charges for the remaining balance owed to the City and County under the loan for EIF's original purchase of the Park property.

WHEREAS, the public benefit to be derived from these proposed amendments is the addition of property to the Park for economic development purposes, and the requirement that the remaining acreage in the Park be sold to an industry reaching, at a minimum, the 80% threshold of the City and County's Economic Development Incentive Guidelines, which will stimulate the local economy, promote business prospects of the City, and result in the creation of a substantial number of jobs paying at or above the median average wage in the County; and

WHEREAS, the City is authorized to undertake economic development activities pursuant to N.C. Gen. Stat. § 158-7.1; and

WHEREAS, City Council is desirous of approving the amendments to the Interlocal Agreement, the Three-Party Agreement, and the Restrictive Covenants after having held a duly advertised public hearing as required by N.C. Gen. Stat. § 158-7.1 and N.C. Gen. Stat. § Chapter 160A, Article 20.

THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF HENDERSONVILLE, NORTH CAROLINA that:

3. The WHEREAS clauses are incorporated into this Resolution as findings of the City of Hendersonville City Council.

4. The Amended Interlocal Agreement, the Amended Three-Party Agreement, and the First Amendments to Restrictive Covenants are approved as presented. The Mayor is authorized to sign both agreements.

5. The City Manager, City Attorney, and City Staff are authorized to take such other actions as may be necessary to carry out the terms and provisions of the Amended Interlocal Agreement and the Amended Three-Party Agreement and the First Amendments to the Restrictive Covenants.

Adopted by the City Council of the City of Hendersonville, North Carolina on this 2nd day of July, 2026.

Barbara G. Volk, Mayor
Attest: /s/Jill Murray, City Clerk
Approved as to form: /s/Angela S. Beeker, City Attorney

8. NEW BUSINESS

A. Language Access Plan – *Allison Justus, Communications Director*

Communications Director Allison Justus explained that over the past six months, the City of Hendersonville participated in the *Language Access for Emergencies and Disasters* program through the Building Integrated Communities Program (BIC) at the Institute for the Study of the Americas at UNC-Chapel Hill. The City was selected for this free program, which brought together teams of local governments and non-profits across North Carolina to develop individualized plans. In partnership with program leadership, UNC students, True Ridge, El Centro, Henderson County staff, and community stakeholders, a cross-departmental team of City staff members developed the City's first Language Access Plan (LAP). The LAP establishes recommendations to ensure all residents have meaningful access to City services and information in their preferred language. Allsion gave the following PowerPoint presentation.



Language Access Matters

El acceso lingüístico es importante



Guiding Values

Valores fundamentales

Value All Community Members



Valorar a todos los miembros de la comunidad

Build Communication and Trust



Fortalecer la comunicación y la confianza

Support and Equip Employees



Apoyar y equipar a los empleados

Program Background

Antecedentes del programa



Community Demographics

Características demográficas de la comunidad

Almost 7% of Hendersonville residents speak a language other than English at home.

7%

Casi 7% de los residentes de Hendersonville hablan un idioma distinto al inglés en casa.

Around 3% of residents are classified as Limited English Proficient, or LEP.

3%

Aproximadamente 3% de los residentes consideran que tienen un dominio limitado del inglés.

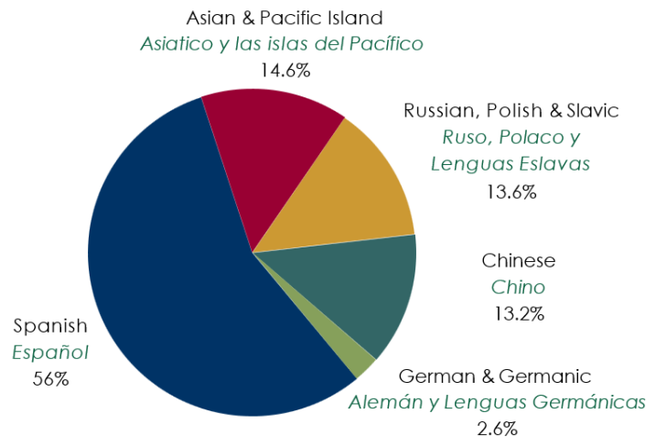
American Community Survey (2023) Data

Community Demographics

Características demográficas de la comunidad

Languages Spoken by Limited English Proficient (LEP) Residents in the City

Idiomas que hablan los residentes con dominio limitado del inglés en la ciudad



American Community Survey (2023) Data

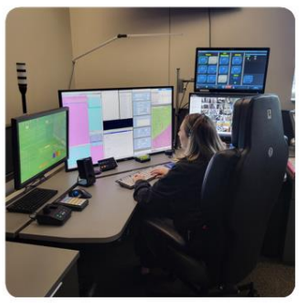
Spanish as Strategic Language

El español como idioma estratégico



Staff Capacity & Survey

Capacidad de los empleados y encuesta







Initial Steps & Progress

Primeros pasos y progreso







Commitment to Language Access

Compromiso con el acceso lingüístico









Council Member Melinda Lowrance moved that City Council adopt the Language Access Plan as presented. A unanimous vote of the Council followed. Motion carried.

B. Annexation Request – Georgia Ave (Lot 27) | 26-34-ANX – *Matthew Manley, AICP, Long-Range Planning Manager*

Long-Range Planning Manager Matt Manley explained that the City of Hendersonville has received a petition from Greg Grooms of Blue Pinnacle Homes for satellite annexation a 0.14-acre parcel (PIN: 9568-21-3075) located on Georgia Ave near Osceola Lake. The parcel is within the City's ETJ, but outside of the City's newly proposed Growth Boundary. The parcel is also part of a larger subdivision, the remainder of which is not included in the annexation request. As such, the parcel is ineligible (or insufficient) for satellite annexation per state statute 160A-58.1. The petitioner seeks to connect to City Utilities, which are available in this location. It is the City's policy that a party must petition for annexation in order to be eligible to connect to the sewer utility. This requirement has been satisfied, and City Council may allow for connection to the City's Water & Sewer System without requiring annexation. Matt gave the following PowerPoint presentation.



Background

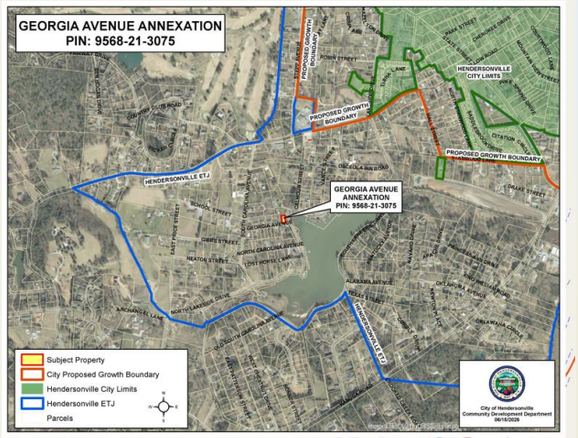
+ **Petitioner:** Greg Grooms of Blue Pinnacle Homes, LLC
+ **PINs**: 9568-21-3075
+ **Acreage**: 0.14 acres (apprx.)



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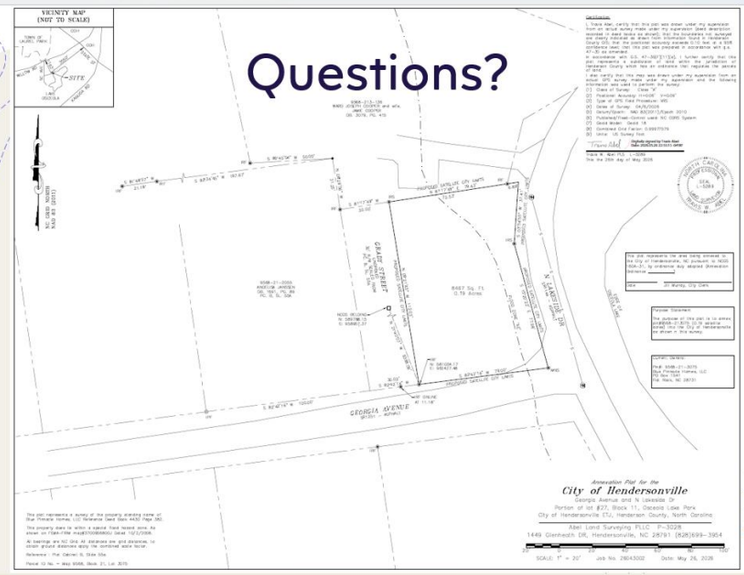
Background

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Questions?



Here is a copy of the annexation plat if needed.

Council Member Gina Baxter moved to direct staff to grant the applicant the right to connect to the City of Hendersonville Utility System without requiring further processing of the petition for annexation. A unanimous vote of the Council followed. Motion carried.

9. CITY MANAGER REPORT

City Manager John Connet had a few comments to make:

- He mentioned that we will be having City Splash Day scheduled for Saturday, August 8th from 10am-12pm so we're in the process of planning that.
- Also, it looks like the fountain is coming together on Main Street and is just about ready to go and I'm happy to say we made the July 4th deadline.
- Included in your agenda packet is your June 2026 Contingency and Adjustment Report for your information
- We're set up for the 4th of July parade on Saturday so that should be a nice day on Main Street.

A. June 2026 Contingency and Adjustment Report – *John Connet, City Manager*

In accordance with North Carolina General Statute (NCGS) 159-13(b) it is required that all expenditures resulting from a contingency appropriation budget be reported to the governing board at its next regular meeting and recorded in the minutes.

NCGS 159-15 permits the Budget Officer (City Manager) to transfer budget from one appropriation to another within the same fund, provided any such transfers are reported to the Governing Board. The City of Hendersonville refers to transfers of budget from one appropriation to another within the same fund as a "budget adjustment". City Council authorizes budget adjustments each year with the adoption of the annual budget ordinance (SECTION 4).

This agenda item serves to fulfill the reporting requirements of both NCGS 159-13(b) and 159-15 by providing City Council a summary of all amendments and adjustments occurring thus far in the fiscal year.

FISCAL YEAR 2025 - 2026 (FY26)
BUDGET AMENDMENTS AND ADJUSTMENTS

Completed / Proposed / Corrected / Denied

ACCOUNT NUMBER	ACCOUNT DESCRIPTION	EXISTING BUDGET	INCREASE	DECREASE	REVISED BUDGET	DESCRIPTION	APPROVED	TYPE	AMENDMENT NUMBER
010-1502-524030	R&M Trucks	8,500	-	4,500	4,000	Brent traffic engineering adjustment	yes	adjustment	5/27/2026
010-1502-531100	Fuel	7,500	-	5,000	2,500	Brent traffic engineering adjustment	yes	adjustment	5/27/2026
010-1502-519200	Contracted Services	49,290	9,500	-	58,790	Brent traffic engineering adjustment	yes	adjustment	5/27/2026
060-7032-555003	Capital Outlay- Plants, Pump Stations	183,000	-	78,000	105,000	Tank repair costs	yes	adjustment	5/27/2026
060-7032-524020	R&M Equipment	123,087	78,000	-	201,087	Tank repair costs	yes	adjustment	5/27/2026
021-0000-534999	Contingency	2,000	-	2,000	-	Awning repair/replacements		adjustment	5/27/2026
021-2202-519104	Professional Services - Engineering	9,430	-	9,430	-	Awning repair/replacements		adjustment	5/27/2026
021-2202-521001	Supplies & Materials	7,000	-	6,490	510	Awning repair/replacements		adjustment	5/27/2026
021-2202-519200	Contracted Services	11,000	-	1,380	9,620	Awning repair/replacements		adjustment	5/27/2026
021-2202-524010	R&M Buildings	-	19,300	-	19,300	Awning repair/replacements		adjustment	5/27/2026
010-1002-521001	Supplies & Materials	11,000	-	2,460	8,540	UNCSOG Training	yes	adjustment	5/27/2026
010-1002-531225	Training	28,000	2,460	-	30,460	UNCSOG Training	yes	adjustment	5/27/2026
010-1300-531210	Permits, Licenses, and Fees	151,013	-	13,000	138,013	County 911	yes	adjustment	5/28/2026
010-1300-523003	Utilties- Telephone and Internet	13,000	13,000	-	26,000	County 911	yes	adjustment	5/28/2026
010-1300-524030	R&M Trucks	140,046	-	4,000	136,046	Radar calibrations	yes	adjustment	6/2/2026
010-1300-524020	R&M Equipment	28,150	4,000	-	32,150	Radar calibrations	yes	adjustment	6/2/2026
060-7032-534000	Non-Capital Equipment	25,000	-	14,274	10,726	Helene tree work and contracted generator assessments	yes	adjustment	6/2/2026
060-7032-524010	R&M Buildings	65,860	-	5,000	60,860	Helene tree work and contracted generator assessments	yes	adjustment	6/2/2026
060-7032-519200	Contract Services	150,000	19,274	-	169,274	Helene tree work and contracted generator assessments	yes	adjustment	6/2/2026
010-1300-531225	Training	66,575	-	4,800	61,775	Outreach Materials	yes	adjustment	6/2/2026
010-1300-532250	Outreach Program	24,500	4,800	-	29,300	Outreach Materials	yes	adjustment	6/2/2026
020-2102-519200	Contracted Services	91,400	-	20,000	71,400	Main St. End of Year Budget Adjustment 06.03.26	yes	adjustment	6/3/2026
020-2102-521001	Supplies and Materials	30,675	19,000	-	49,675	Main St. End of Year Budget Adjustment 06.03.26	yes	adjustment	6/3/2026
020-2102-524010	R&M Buildings	1,150	1,000	-	2,150	Main St. End of Year Budget Adjustment 06.03.26	yes	adjustment	6/3/2026
010-1300-531225	Training	61,775	-	8,000	53,775	Greenmeadows Camera Project	yes	adjustment	6/8/2026
010-1300-521110	Protective Clothing	28,600	-	8,000	20,600	Greenmeadows Camera Project	yes	adjustment	6/8/2026
010-1300-531100	Fuel	152,000	-	10,000	142,000	Greenmeadows Camera Project	yes	adjustment	6/8/2026
010-1010-534000	Noncapital Equipment	97,790	26,000	-	123,790	Greenmeadows Camera Project	yes	adjustment	6/8/2026
010-1300-524030	R&M Trucks	136,046	-	5,700	130,346	14-133 Upfitting	yes	adjustment	6/10/2026
010-1300-554001	Capital Outlay Other Than	73,317	5,700	-	79,017	14-133 Upfitting	yes	adjustment	6/10/2026
010-1002-521001	Supplies and Materials	8,540	-	726	7,814	School of Government Training	yes	adjustment	6/22/2026
010-1002-531225	Traininig	30,460	726	-	31,186	School of Government Training	yes	adjustment	6/22/2026

B. Mayor's Memories – *John Connet, City Manager*

On July 7, 2011, most of the meeting was dedicated to a quasi-judicial public hearing associated with a special use permit to allow Mainstay, which is now Safelight, to operate their shelter there on 5th Avenue. Since it was quasi-judicial, there's about 8 pages of minutes dedicated to that. Also, there was a grant agreement related to the Britton Creek Stormwater Master Plan, probably our first streambank restoration project back in 2011. We did a project for housing assistance for Oak Haven. We amended the C1 Central

Business District to allow for gasoline sales and convenience stores which seems hard to believe that we didn't allow for that prior. You established the Main Street Advisory Committee. Council made a request to the Board of Elections to hold a referendum on malt beer and unfortified wine. You removed the gazebo on Main Street as part of the infrastructure project. Most importantly, the council approved providing matching funds to do the economic analysis for the Ecusta Trail.

10. CITY COUNCIL COMMENTS

Council Member Simpson reminded everyone that it's supposed to be really hot this weekend so stay hydrated, wear light clothing, bring a fan, whatever you need to do for the parade on Saturday.

11. ADJOURN

There being no further business, the meeting adjourned at 7:07 p.m. upon unanimous assent of the Council. No further action was taken.

_____
Barbara G. Volk, Mayor

ATTEST:

_____
Jill Murray, City Clerk

MINUTES

July 22, 2026

SECOND MONTHLY MEETING OF THE CITY COUNCIL

CITY OPERATIONS CENTER | 305 WILLIAMS ST. | 4:00 p.m.

Present: Mayor Barbara G. Volk and Council Members Lyndsey Simpson, Melinda Lowrance and Gina Baxter

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

Absent: Mayor Pro Tem Dr. Jennifer Hensley & Deputy City Manager Brian Pahle

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

City Manager John Connet asked that the Consent Agenda item (Approval Request to Apply for the Recreational Trails Grant Program) be removed from the agenda and added to the next regular meeting. Council Member Lyndsey Simpson moved that City Council approve the agenda as amended. A unanimous vote of the Council followed. Motion carried.

3. CONSENT AGENDA - REMOVED

4. PRESENTATIONS

A. Half Moon Heights Development Erosion Control Update – *Brent Detwiler, Assistant City Manager – Public Services*

Assistant City Manager Brent Detwiler gave the following PowerPoint presentation and Division President of Forestar, Ali Seabaugh gave a brief update and said that no damage occurred to any of the private residences and the only damage that occurred happened to a home owned by Forestar. After the original flooding event that occurred after Hurricane Helene, we hired a third-party consultant to come evaluate the approved stormwater plans and it identified that there are about five acres of off-site run-on that wasn't accounted for in the original stormwater plans and those plans were designed or permitted by Forestar. So, we did identify that and then subsequently submitted additional stormwater control measures to try to capture that off-site run-on and get it into the detention systems to be able to be treated and then ultimately discharged appropriately. We began installing that additional stormwater once it was approved at the beginning of June and then we had those two rain events while the installation was going on. The most significant one on June 29th was while that stormwater was being installed so now that stormwater is installed as the pictures brent showed, we've matted all of that area and applied seed and also some additional erosion control measures that are just temporary while we wait for that seed to grow so that we can converge the stormwater into the inlets and get them into the system.

City Manager Connet asked how we let the homeowners know about this and Deb Johnston with Henderson County Site Development said that she spoke with the former HOA president yesterday and he said that the subdivision in that area has had additional storm events but they have not had any flooding or sediment going off the property since we've had the NOV and Forestar has stopped work and has concentrated on stabilizing the site and putting the new storm bypass. Additionally, she said that her and Brent would work together to communicate with the HOA. John asked that they put a written response together.

Ali Seabaugh added that on July 29th, Forestar will provide a response stating that they are now in compliance, but the engineer is also working on additional erosion control measures to continue to manage the stormwater until the permanent state can be installed.

Half Moon Heights Development Update

Erosion Control & Stormwater Briefing for City Council

July 22, 2026

Order of Events

Sept 24, 2024 & Dec 13, 2024	Henderson County issues prior NOVs; closed on condition that Wolf Chase stormwater devices and trail repairs be completed
May 26, 2026	Storm event causes flooding in Wolf Chase
June 3, 2026	Henderson County inspects site; identifies erosion control deficiencies (14-day correction period)
June 11, 2026	Additional storm event causes sediment-laden flooding in Wolf Chase
June 18, 2026	Site meeting with Forestar, Teraflex, and SeamonWhiteside to discuss corrective measures
June 29, 2026	Flooding recurs after 2" rain event; Wolf Chase HOA submits formal complaint to Council & Commissioners
June 30 – July 2, 2026	City meets with Forestar; Henderson County issues formal Notice of Violation
July 22, 2026	Update presented to City Council

Notice of Violation & Current Site Conditions

Henderson County NOV – Issued July 2, 2026

- Cited violation: sediment discharged off-site into Wolf Chase roads and stormwater control devices
- Required actions: repair and maintain erosion control measures; evaluate additional measures with a design professional; restore sediment damage to Wolf Chase homes and stormwater devices
- No new land-disturbing activity permitted until the site is back in compliance (except approved stormwater bypass work)
- SESC permit will not transfer to DR Horton for house-building permits until the site is compliant
- Compliance deadline: 30 days of receipt

Site Conditions – Photographed July 17, 2026


Phase 3 lots and ditch regrading


Ditch stabilization


Recent stormwater infrastructure work to try to correct runoff issues

Forestar Update & Path Forward

Ali Seabaugh, Division President – Greenville/Asheville, Forestar, will provide City Council an update on:

- Corrective actions completed and underway in response to the Notice of Violation
- Timeline for bringing the site back into full compliance
- Long-term measures to stay ahead of future runoff issues – including as the project transitions to vertical home construction

Henderson County Erosion Control staff are also present this afternoon to answer Council's questions.

B. Water and Sewer Quarterly Update – *Adam Steurer, Utilities Director*

Utilities Manager Adam Steurer gave the following PowerPoint presentation.

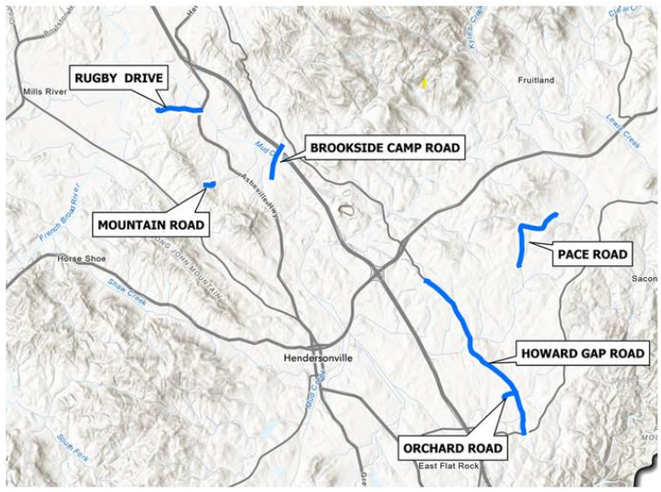
Water and Sewer Department Update

- 2026 Quarter 2 Report
- Project Updates

Hendersonville Water Sewer

Water Distribution System Resiliency Looping

- ~8 miles of water pipes
- Provide redundant water supply in areas of the distribution system
- Improve water service to Upward Road Area
- Status : Design
- Construction: Beginning Late 2027
- Funding
  - $6.75M – SRF Grant
  - $1.86M – CDBG Grant
  - $1.94M – Golden LEAF Grant
  - $6.75M – 0% interest SRF Loan
  - **$17.3M – TOTAL**



Wastewater Treatment Facility Improvements

Flood Mitigation
- Elevate/Relocate/Protect
- Status: 90% Design
- Cost Estimate: $102M

Expansion
- 4.8 mgd to 6.0 mgd
- Status: 90% Design
- Cost Estimate: $23M



WWTF Funding

WWTF Flood Mitigation - $102M Estimate

Funding Source	Grant	Loan
SRF – Helene	$8M	$1M, 0% interest
SRF/SRP - Traditional	$3M	$38M, "low-interest"
FEMA – Public Assistance	*TBD*	
FEMA – Hazard Mitigation	*TBD*	
CDBG – Disaster Recovery	*Up to $15M*	
TOTAL SECURED	$11M	$39M

WWTF Expansion - $23M Estimate

Funding Source	Grant	Loan
US Economic Development Admin.	*$20.1M*	
Dogwood Health Trust	$2M	
TOTAL SECURED	$2M	

C. Presentation on Updated Water Response Plan – *Adam Steurer, Utilities Director*

Utilities Director Adam Steurer gave the following PowerPoint presentation.

Hendersonville Water Sewer

Water Shortage Response Plan Update

City of Hendersonville, NC

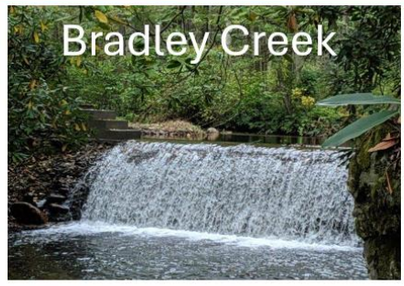
July 2026

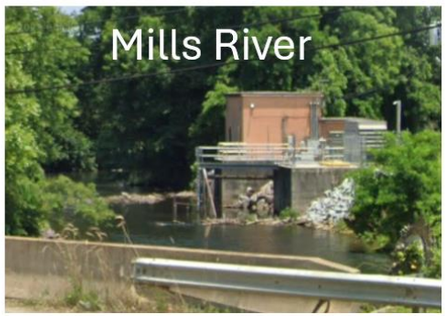
What is a Water Shortage Response Plan?

- Tiered response for water supply shortages
  - Lack of source water (drought, contamination, etc)
  - Equipment failure
  - High system demands
  - Etc.
- Legally mandated NCGS 143-355 (l)
- Hendersonville must update its WSRP for the new French Broad River Intake

Overview – Hendersonville's Water Supply









Current Water Supply

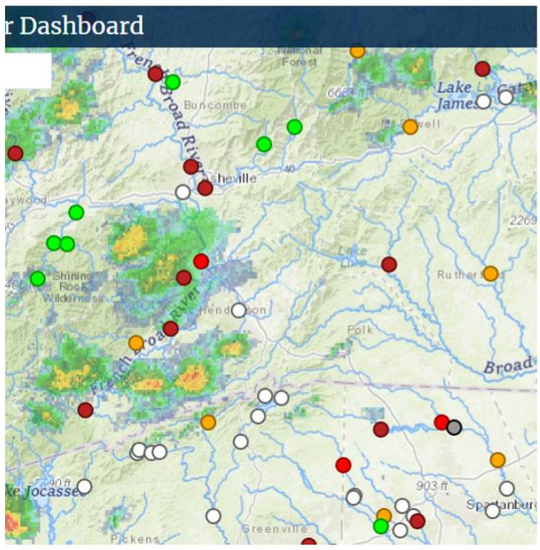
Source	Normal Conditions	Drought Conditions*
Mountain Reservoirs	4.5 mgd	~ 0 mgd
Mills River	12 mgd	>2 mgd
French Broad River	15 mgd	15 mgd
TOTAL	31.5 mgd	>17 mgd

- 2025 Average Day Demand: 7.7 mgd
- 2025 Max Day Demand: 9.9 mgd

- 2040 Average Day Demand: 11.4 mgd
- 2040 Max Day Demand: 17.0 mgd

* Drought Conditions are defined in current WSRP as when the Mills River USGS gauge drops below 55 cfs

What is a Stream Gauge?



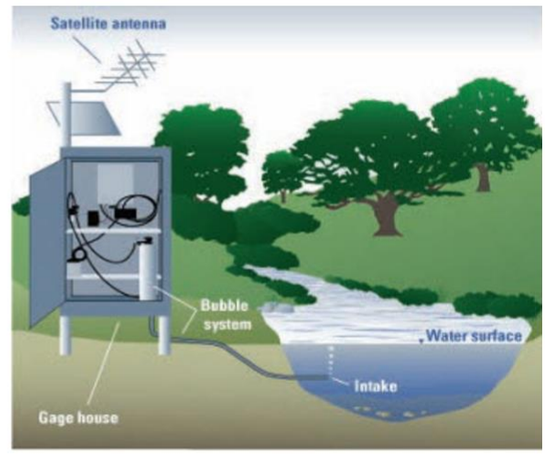


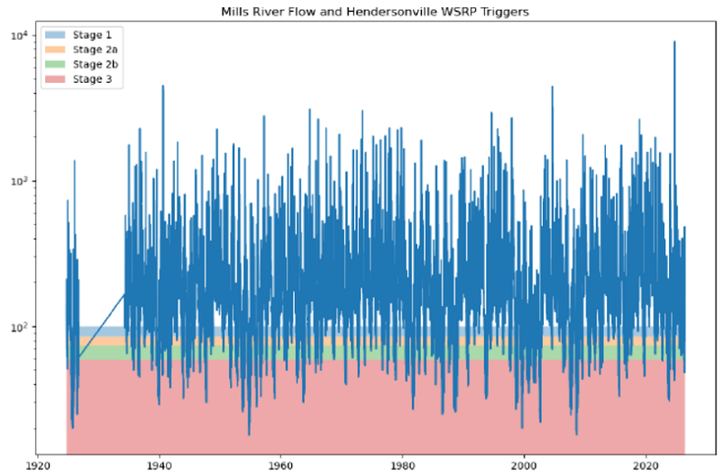
Figure 2. Diagram of a typical streamgage installation with equipment used to measure stream stage (by L.S. Coplin, U.S. Geological Survey).

Current WSRP triggers frequency analysis

As written, current WSRP has some logical inconsistencies– assuming those were errors, this would be the current WSRP requirement

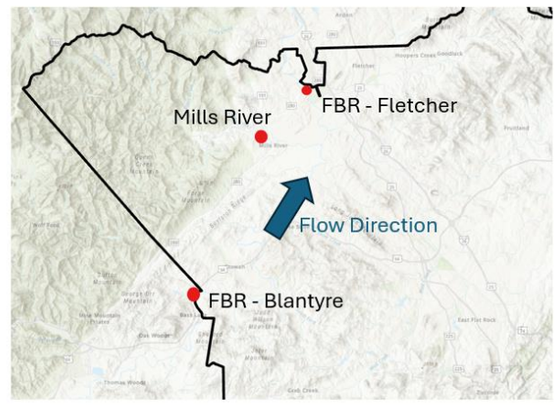
- Made some adjustments for consistency:
  - Stage 1: Flow between 32.5 to 25th percentile for seven consecutive days within a 30-day period
  - Stage 2A: Flow between 24.5 to 19th percentile for 3 consecutive days
  - Stage 2B: Flow between 19 to 11.5th percentile for 3 consecutive days
  - Stage 3: Flow less than 11th percentile for 3 consecutive days

Stage	Occurrence Frequency (stage or greater)
1	23.6%
2a	17.6%
2b	14.1%
3	9.1%



Proposed Triggers

- All three river gauges at or below flow trigger for a 7-day rolling average
- 14-day waiting period to move into next severe response level
- Exit a stage if above a flow trigger for a 7-day rolling average (no waiting period)



Stage	Mills River (USGS 03446000) cfs	FBR Blantyre (USGS 03443000) cfs	FBR Fletcher (USGS 03447687) cfs
1 - Advisory	<42	178	237
2 - Warning	<42	165	214
3 - Alert	<42	158	201
4 - Emergency	<42	145	178

Setting Stage Triggers

- A River's 7Q10 - hydrologic benchmark representing the lowest consecutive 7-day average streamflow that statistically occurs once every 10 years.
- Regulatory agencies generally allow withdraws of 20% of 7Q10 streamflow and broadly assume no environmental impacts
- Hendersonville's triggers and response are set by the utility – a policy decision

Stage	Source Water Demand	Withdraw within 20% 7Q10	Response
1 - Advisory	Current Full Capacity – 15mgd	Yes	Voluntary. Limit all non-essential uses
2 - Warning	Current Average Day Demand – 7.75mgd	Yes	Mandatory. Further limit or prohibit certain non-essential uses
3 - Alert	20% of Reduction of Current Average Day Demand –	Yes	Mandatory. Prohibit non-essential uses. Limit socially and economically essential uses.
4 - Emergency	30% Reduction of Current Average Day Demand – Severe Condition	No	Mandatory. Essential uses only. Water rationing.

Water Use Classifications – (No Changes)

Class	Domestic	Commercial/Industrial	Public
Essential	Sustain life, hygiene and basic sanitation	none	Public Safety, Firefighting, Hospital and Patient Care
Socially/Economically Essential	Kitchen, laundry, minimal watering of vegetables/trees to sustain life	Commercial vehicle washing, laundromats, irrigating golf course greens, minimal irrigation to sustain livestock/crops, cooling operations	Filling Swimming Pools indented for use by public serving multiple households, schools, government facilities
Non-Essential	Washing vehicles, lawn irrigation, washing impervious surfaces, ornamental fountains etc.	Irrigating lawns, parks, golf courses	Irrigating public parks and recreational areas

Frequency Analysis: Proposed Triggers with Current Demands

- With current proposed triggers and associated WSRP assumptions, drought stages are almost never triggered with historical hydrology
- The proposed trigger levels for the French Broad flow, especially at Fletcher, are the most limiting to WSRP stage implementation– flows rarely drop below the proposed trigger levels

WSRP Stage Frequency Analysis				
	Stage 1 or greater	Stage 2 or greater	Stage 3 or greater	Stage 4 or greater
Total days (in Pd. of record)	80	40	0	0
Total yrs	3 (1954, 2002, 2008)	1 (1954)	0	0

	Mills River 7-Day Avg Flow	FB @ Blantyre 7-Day Avg Flow	FB @ Fletcher 7-Day Avg Flow
Days where Stage 1 trigger is met	3.80%	0.30%	0.12%
Days where Stage 2 trigger is met	3.80%	0.19%	0.02%
Days where Stage 3 trigger is met	3.80%	0.14%	0.00%
Days where Stage 4 trigger is met	3.80%	0.09%	0.00%

Current Plan

Stage Title	Reduction Goal	Allowable Rate Surcharge	Effectiveness
1 – Advisory	10%	0%	Voluntary
2a – Alert Level1	20%	110%	Mandatory
2b – Alert Level 2	30%	120%	Mandatory
3 - Emergency	40%	130%	Mandatory

Proposed Plan

Stage Title	Reduction Goal	Allowable Rate Surcharge	Effectiveness
1 - Advisory	5%	0%	Voluntary
2 - Warning	10%	110%	Mandatory
3 - Alert	20%	120%	Mandatory
4 - Emergency	30%	130%	Mandatory

Summary of Changes

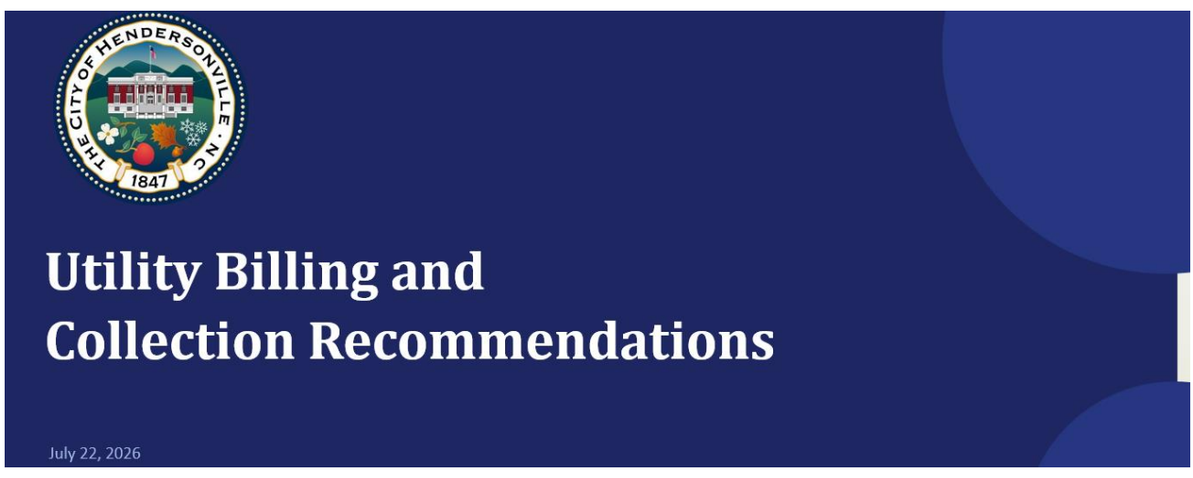
- FBR Intake reduces the historic daily hydrologic data frequencies:

Stage/Level	Current WSRR Occurrence Frequency	Proposed WSRP Occurrence Frequency	Reduction
1 – Advisory	23.6%	0.12%	99.5%
2 - Warning	17.6%	0.02%	99.9%
3 - Alert	14.1%	0%	~100%
4 - Emergency	9.1%	0%	~100%

- Minor revisions to stage titles and reduction goals
- No major revisions to conservation measures and procedures

D. Proposed Utility Billing Policy Changes – *Krystal Powell, Finance Director*

Finance Director Krystal Powell gave the following PowerPoint presentation.



Why Action Is Needed

$844,000

Total uncollected utility balance

92%

Of balances are 120+ days old

Balances aged past 120 days are historically very difficult to recover.

Outstanding Utility Receivables

Category	# of Accounts	Uncollected Balance
Inactive Accounts	4,800	$621,000
Suspended Accounts	240	$223,000
Total Outstanding	**5,040**	**$844,000**

Without intervention, these balances continue to grow — shifting costs onto paying customers and weakening the utility fund's financial position.

How Unpaid Balances Occur

Inactive Accounts	Customer moves out →	Final bill exceeds security deposit →	Remaining balance unpaid
Suspended Accounts	Service disconnected for nonpayment →	Charges continue accumulating →	Balance unpaid and continues to grow

Result

Large balances that age into uncollectible debt turning into missed utility revenue and bad-debt the utility fund must absorb.

What Have We Already Done?

Independent Utility Billing Business Review

- Reviewed operations, policy, security deposits & aging/collection processes
- Benchmarked against municipal utility best practices
- Delivered a roadmap of improvements

Strengthened Internal Operations

- Restructured Finance Dept. responsibilities
- Added dedicated collection specialist
- Increased focus on delinquent account management

Improved Collection Efforts

- Partnered with a professional collection agency
- Established formal collection procedures
- Expanded tools and ACH campaigns

Updated Security Deposit Requirements

- First comprehensive review in 7 years
- Better aligned deposits with customer risk & utility usage
- Reduces future bad debt and protects paying customers

Guiding Principles

Fiscal Responsibility
Protect utility revenues that fund City services and infrastructure.

Customer Fairness
Treat customers consistently and equally under policy and ordinance.

Operational Efficiency
Simplify administration and improve consistency across billing operations.

Governance & Compliance
Align contracts, policies, and ordinance with legal best practices.

Why Are We Proposing Changes?

These recommendations are designed to:

- Reduce bad debt and improve revenue recovery to help maintain affordable utility services
- Protect paying customers
- Improve collection rates
- Provide consistency between Ordinance, Billing Policy, and Customer Contracts
- Protect utility revenues and support long-term rate stability
- Legally protect the City

Recommended Council Actions

1. Clarify Property Owner and Tenant Responsibilities
2. Reduce Days of Exposure from 96 to 68 Days for Disconnection of Service
3. Update the Leak Adjustment Policy
4. Corrective Billing & Late Fee Policy Updates
5. Improve Collection Processes and Reduce Uncollectible Accounts
6. Align Ordinance, Billing Policy, and Customer Contract Terms

EXPECTED OUTCOMES

- ✓ Reduced bad-debt write-offs
- ✓ Increased legal & regulatory compliance for the City
- ✓ Fairer treatment across all customers
- ✓ Greater consistency across Ordinance, Billing Policy, & Customer Contract Terms
- ✓ Protect utility revenues

Property Owner & Tenant Responsibility

Current Challenge
When a tenant or owner leaves or stops service without paying the remaining balance, collection opportunities are very limited.

We have not been able to hold tenants or owners liable for these balances before they can request new service on a new property location.

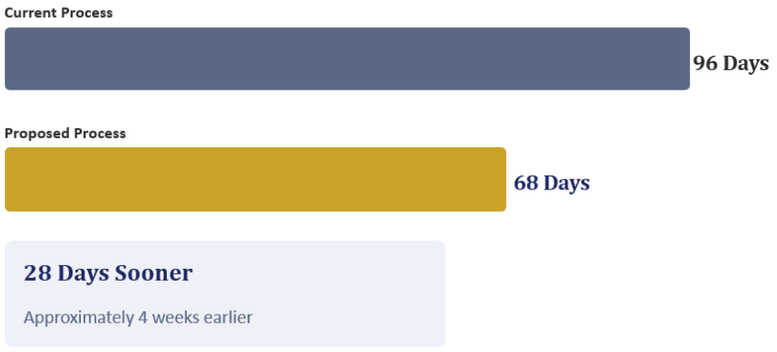
KEY RECOMMENDATION

Proposed Solution
- Update contract terms that hold the property owner or tenant liable for paying balance on account before they can start service on a new account
- Service automatically transfers to owner once tenant service ends and owner responsible for charges
- No owner deposit for non-owner-occupied property
- Formal process to dispute amounts owed
- Ordinance, Policy & Contract updated to best practices

Result
- Improved collections
- Reduced bad debt
- Greater accountability

Reduction of Days of Exposure

Disconnection of Service for Unpaid Utility Accounts



28 Days Sooner

Approximately 4 weeks earlier

BENEFITS

- ✓ Multiple customer notifications remain in place (4 notices go out before customer disconnected)
- ✓ Earlier identification of delinquent accounts
- ✓ Lower unpaid balance accumulation
- ✓ Improved collections

Customer Benefit: Disconnection dates will now appear directly on bills

Giving customers a clear, visible deadline to pay on time and avoid service interruption

Leak Adjustment Requests

Eligible (Non-Preventable)

- ✓ Underground service line leaks between meter and structure
- ✓ Hidden plumbing or fixture failures, include running toilets
- ✓ Sudden pipe bursts
- ✓ Service line failures not attributable to customer action
- ✓ Internal leaks not visible or reasonably discoverable

Not Eligible (Preventable)

- ✗ Faucets or spigots left running
- ✗ Hoses left on
- ✗ Irrigation systems left operating unattended
- ✗ Customer negligence or misuse (e.g. improperly closed valves)

Goal: Provide relief for unexpected leaks while encouraging responsible water use.

Leak Adjustment Request Form — available on the City website under Customer Service

Leak Adjustment Policy

Current vs. Proposed

Current	Proposed
No language in current policy regarding preventable leaks vs non-preventable leaks	**Preventable Leaks will not be eligible for leak adjustment**
Eligible for one adjustment every 36 months	**Eligible for one adjustment every 24 months**
$5 minimum leak adjustment to qualify for processing	**$20 minimum leak adjustment to qualify for processing**
$1,000 maximum adjustment allowed water and sewer combined	**$3,000 maximum adjustment allowed water and sewer combined**
Proof of leak being repaired not currently required	**Require proof that leak has been repaired**
Large leaks require bills to be recalculated using the lowest volumetric rate, followed by a fixed dollar adjustment.	**Leak adjustments are calculated using each customer's normal water usage rate, providing a more equitable and consistent adjustment.**

Leak Adjustments: Current vs. Proposed

Sample Adjustment Comparisons

Current	Proposed	Difference
$190.78	$209.41	+$18.63
$83.62	$116.34	+$32.72
$2,839.23	$3,000.00	+$160.77

Most customers would see equal or improved assistance under the proposed policy.

FY26 DATA

429 leak adjustments totaling $216,585 | Average of $505 per adjustment

8.62% of leak adjustments exceeded $1,000

Fewer than 1% of leak adjustments were under $20

$216,585

Total leak adjustments issued in FY26

$505

Average adjustment amount

429

Adjustments processed

Corrective Billing & Late Fee Policy

Current vs. Proposed

Policy Area	Current	Proposed
Corrective Billing Adjustments	Two-year correction period if customer underbilled; indefinite correction period if customer overbilled.	**Two-year correction if customer underbilled and two-year correction if customer overbilled**
Late Fee Penalty	Assessed 10 days after due date	**Assessed 1 day after due date**

WHY THIS MATTERS

- ✓ Ensures corrective billing changes are applied consistently across all accounts
- ✓ Earlier delinquency signal supports faster collections
- ✓ Consistent with industry best practice on applying late fees

Benefits to the City

These initiatives are designed to reduce bad debt, improve collection rates, protect utility revenues, and minimize the financial burden placed on paying customers — while creating consistency between Ordinance, Billing Policy, and Customer Contracts.

A comprehensive update of the Customer Contract, Ordinance, and Billing Policy streamlines processes, incorporates industry best practices, strengthens collections and enforcement, and better protects the financial interests of the City and its customers.

Helps keep the City legally compliant.

RESULTS

- **Fairer for Customers**
- **Consistent and Transparent Administration**
- **Reduced Financial Risk**
- **Sustainable Utility Operations**
- **Greater Rate Stability Over Time**

NEXT STEPS

Timeline, adoption process, and implementation actions

PATH TO ADOPTION

Implementation Timeline

Jul 22	Aug 6	Sep 3	Oct 1
Present at Workshop Meeting	Council Feedback Council Meeting	Proposed Adoption at Council Meeting	Effective Go-Live Date

WHAT TAKES EFFECT

- New customer contract terms
- Ordinance amendment
- Billing policy amendment
- Credit card fees absorbed by customer
- Disconnection 4 weeks earlier for unpaid account balances
- Collection efforts kick off
- New leak adjustment policy
- Other minor policy changes

IMPLEMENTATION STEPS

- ✓ Staff training
- ✓ Customer notification campaign (letters, social media, website, realtors, attorneys)
- ✓ New contracts process made easy — customers can complete electronically without visiting City Hall
- ✓ Late Fee and Delinquent Account Fee waived for 2 months for customers to get used to new processes

1

Questions?

E. Data Center Moratorium Update – *Angie Beeker, City Attorney*

City Attorney Angie Beeker gave the following PowerPoint presentation.



Data Centers

- "In its simplest form, a data center is a physical facility that houses and runs large computer systems. A data center typically contains multiple computer servers, data storage devices, and network equipment that can provide IT infrastructure service for organizations to store, manage, process, and transmit large amounts of data." ***Data Centers and Their Energy Consumption: Frequently Asked Questions,*** **Congressional Research Service, May 12, 2026**
  - Enterprise data center: one company builds, owns, and operates its own on-premise data center to manage its own IT infrastructure
  - Managed data center: owned and operated bya third-party company, third party companies collocate or rent space, equipment or services
  - Cloud data centers: geographically distributed and interconnected data centers which allow multiple users to remotely access computing resources
  - Edge data centers: smaller data centers operated by cloud providers located closure to end users

Data Centers:

- Hyperscale data centers: ***Data Centers and Their Energy Consumption: Frequently Asked Questions,*** **Congressional Research Service, May 12, 2026**
  - At least 5,000 computer servers and large scale of network equipment
  - Occupy at least 10,000 square feet of physical space
  - Electrical power rating exceeding 100 megawatts (roughly equivalent to electricity usage of 80,000 US households)



Definitions of a Data Center

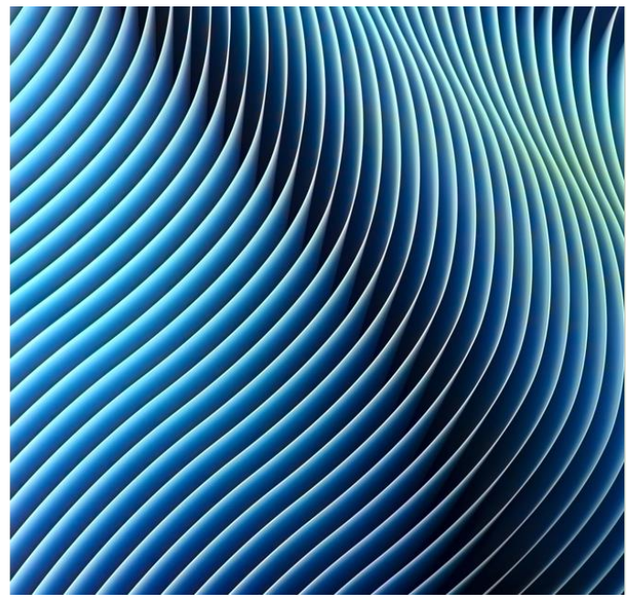


"Any facility that primarily contains electronic equipment used to process, store, and transmit digital information, which may be (A) a free-standing structure; or (B) a facility within a larger structure, that uses environmental control equipment to maintain the proper conditions for the operation of electronic equipment." *Section 453(a)(1) of the Energy Independence and Security Act of 2007*

"A facility, campus of facilities, or array of interconnected facilities used by an entity or other business enterprise for the primary purpose of storing, retrieving, managing, and processing digital data, which has a peak monthly electricity demand of 100 megawatts or greater. The term 'data center' does not include a facility or portion of a facility containing electronic equipment that is incidental to and used in support of a business whose primary business activity is not the storing, retrieving, managing and processing of digital data." *SB730*

"A facility of 4,000 square feet or greater, containing a grouping of computer servers and associated equipment and systems used for the remote storage, processing, or distribution of data, for purposes other than cryptocurrency mining operations. Data Centers less than 4,000 square feet cumulative total of all buildings shall be regulated as manufacturing and processing operations." *Henderson County UDO Definition (contains separate def for cryptocurrency mining operations).*

Data Centers: Why all the concern?



Energy consumption

Water consumption

Noise

Proliferation due to demands for Artificial Intelligence and cryptocurrency mining

Outdated local regulations insufficient to regulate their placement within the jurisdiction.

Pre-existing incentives – in NC no sales tax paid on electricity supplied to data centers

Moratoria – NCGS § 160D-107

- Temporary halt of development
  - "Reasonable duration" in light of the specific conditions that warrant imposition of moratorium
  - Cannot exceed period of time necessary to correct, modify, or resolve such conditions
- Moratorium applies to development approvals required by law
  - NCGS 160D-102(13) Development approvals:
    - Administrative or quasi judicial approval
    - Written
    - Issued under Chapter 160D
    - Required prior to commencing development, or undertaking specific activity, project or development proposal
      - Zoning permits
      - Site plan approvals
      - Special Use Permits
      - Variances
      - Certificates of appropriateness
      - Building permits
      - Plat approvals
      - All other regulatory approvals required by City ordinances adopted under Chapter 160D

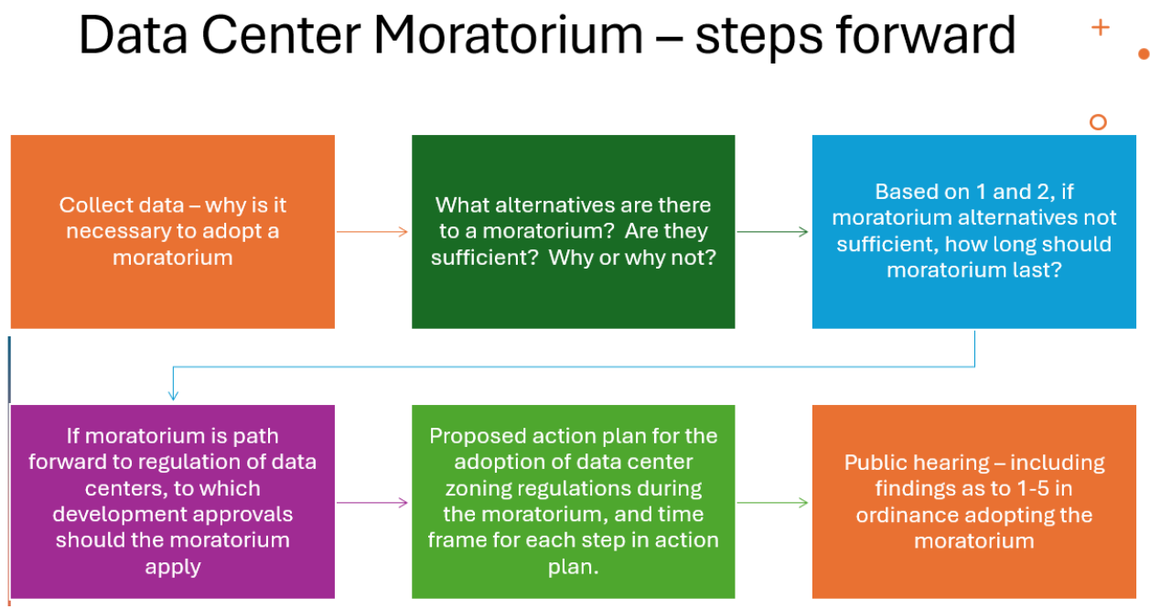
Moratoria – NCGS § 160D-107

- May not adopt a moratorium for the purpose of developing new or amended plans or regulations governing residential uses.
- Public Hearing is Required
  - 60 days or less: At least 7 days notice published in newspsper prior to hearing
  - 61+ days: Comply with NCGS 160D-601 – published in newspaper once per week for two successive weeks, first notice no less than 10 nor more than 25 days before the hearing.
- Certain projects exempted
  - Valid building permit issued and outstanding
  - SUP applied for and application is complete
  - Site specific vesting plan approved
  - Common law vested right established (substantial expenditures made in good-faith reliance on prior valild development approval
  - Preliminary or final subdivision plat applied for prior to the call for public hearing
- Permit Choice applies

Moratoria – NCGS § 160D-107

- Required Statements:
  - Problems or conditions necessitating moratorium
  - What alternatives to a moratorium were considered and why the alternatives were not deemed adequate
  - Which development approvals* will be subject to a moratorium and how a moratorium on those approvals will address the problems or conditions leading to imposition of the moratorium.

    *Administrative and quasi-judicial approvals only.
  - A date for termination, and why that duration is reasonably necessary to address the problems or conditions stated.
  - A statement of the actions, and a schedule for those actions, proposed to be taken during the moratorium to address the problems or conditions stated.
- Cannot be extended or renewed unless all actions steps taken and new facts and conditions arise warranting the extension or renewal.



Motion

- I move that a public hearing be scheduled to consider the adoption of an ordinance imposing a moratorium not to exceed _____ months on all development approvals required for the development of a data center or cryptocurrency mining facility within the planning and zoning jurisdiction of the City of Hendersonville, to be held at 5:45 p.m., or as soon thereafter as City Council may hold the hearing, at City Operations Center, 305 Williams Street, Hendersonville, NC, in the large first floor meeting room.

SB 730 -

- New NCGS 160D-974 – Site assessment required
  - Must submit site assessment to local government
    - Must examine sound profile on residential units and schools within 500 ft
    - May require examination of effect on water resources, air quality, thermal plumes, agricultural resources, parks, registered historic sites and forestland on site or adjacent
- New NCGS 143-355.5A – Water use standards for data centers.
- Prohibition of certain foreign ownership of data centers in NC (China, Iran, North Korea, Russia)
- Provisions for utility service contracts with electrical providers to govern use and cost of service for data centers
- New NCGS 40A-14 – No condemnation for data centers
- New provision to NCGS 158-7.1 (Economic Development Statute) – no incentives for data centers

Council Member Gina Baxter moved that a public hearing be scheduled to consider the adoption of an ordinance imposing a moratorium not to exceed twelve months on all development approvals required for the development of a data center or cryptocurrency mining facility within the planning and zoning jurisdiction of the City of Hendersonville, to be held at 5:45 p.m. on September 3, 2026, or as soon thereafter as City Council may hold the hearing, at City Operations Center, 305 Williams Street, Hendersonville, NC, in the large first floor meeting room. A unanimous vote of the Council followed. Motion carried.

5. ADJOURN

There being no further business, the meeting adjourned at 5:32 p.m. upon unanimous assent of the Council. No further action was taken.

_____
Barbara G. Volk, Mayor

ATTEST:

_____
Jill Murray, City Clerk

CITY OF HENDERSONVILLE

AGENDA ITEM SUMMARY

SUBMITTER: Blake Fulgham, Management Analyst II

MEETING DATE: 08/06/2026

AGENDA SECTION: CONSENT AGENDA

DEPARTMENT: Public Services

TITLE OF ITEM: Approval to Apply for the Department of Commerce ReNew NC Grant Program - *Blake Fulgham, Management Analyst III*

SUGGESTED MOTION(S):

I move City Council approve city staff's plan to apply for the North Carolina Department of Commerce ReNew NC Grant- Community Infrastructure Program.

SUMMARY:

The United States Department of Housing and Urban Development announced that North Carolina will receive $1.4 billion dollars in funding to support long-term recovery efforts following Hurricane Helene. The Community Development Block Grant Disaster Recover (CDBG-DR) funding program is designed to address needs that remain after all other assistance has been exhausted. We plan to submit a grant application for the Patton Park & Pool Restoration Project to complete necessary repairs and reconstruction activities to restore the damaged Patton Park & Pool infrastructure back to the necessary codes and standards to be reopened to the public.

BUDGET IMPACT: **Grant Maximum award amount is $15 million. No match required.**

Is this expenditure approved in the current fiscal year budget? N/A

If no, describe how it will be funded. N/A

ATTACHMENTS:

N/A

NC DEPARTMENT of COMMERCE
COMMUNITY REVITALIZATION

RenewNC
INFRASTRUCTURE

North Carolina Department of Commerce
Division of Community Revitalization
Community Infrastructure (CI) Program
Policies and Procedures

Version 2.0 – July 8, 2026

Revision History

VERSION	DATE	REVISION DESCRIPTION
1.0	January 27, 2026	Initial Version
2.0	July 8, 2026	• Added RARAP link • Added glossary • Formatting changes • Minor language edits • Significant additions to be consistent with CDR Program • Added language based on HUD rubric

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Renew NC Grants Programs Glossary of Terms

A full and comprehensive Glossary of Terms can be found on the North Carolina Department of Commerce – Division of Community Revitalization's website.

Section 1: Overview

1.1 Introduction

In response to the widespread damage caused by Hurricane Helene in September 2024, the U.S. Department of Housing and Urban Development (HUD) allocated $1,428,120,000 in Community Development Block Grant Disaster Recovery (CDBG-DR) funding to the State of North Carolina (the State) as appropriated by Public Law 118-158. This allocation addresses unmet needs and promotes resilient recovery in counties designated as the Most Impacted and Distressed (MID) areas.

To maximize the coordination of recovery and rebuilding efforts throughout North Carolina's MID areas, the Governor directed that the North Carolina Department of Commerce – Division of Community Revitalization (DCR) be the lead agency. DCR was thus charged with overseeing the recovery effort across State agencies and with units of local government.

DCR outlined the use of these disaster recovery funds by creating a suite of recovery programs, published in the State's Action Plan for Use of Community Development Block Grant Program Disaster Recovery funds which was submitted and approved by HUD. The Action Plan included creating programs to address community recovery and to address the significant damage to the State's critical infrastructure. To meet these recovery challenges, the State established the Community Infrastructure (CI) Program as a core component of the HUD-approved 2025 North Carolina Action Plan[1] for Disaster Recovery.

1.2 Program Overview

The CI Program is a $193,500,000 competitive grant initiative. The Program is designed to provide funding for infrastructure projects that will help impacted communities become more resilient to current and future natural hazards. As outlined in HUD's 2025 Revised Universal Notice, at least 80% of the CDBG-DR funding awarded to the State must be spent to benefit the HUD-identified MID areas, with up to 20% permitted to benefit the State-identified MID areas. Funding may cover up to 100 percent of project costs, but the preference will be for projects that leverage other funding sources.

[1] State of North Carolina Action Plan | DCR

CI Program activities must demonstrate a direct or indirect tie-back to the impacts of Hurricane Helene or be a mitigation activity funded through the mitigation set-aside. A tie-back refers to a clear and documented connection between the proposed activity and the impacts of the disaster, such as physical damage or vulnerability revealed or exacerbated by Hurricane Helene. Mitigation activities are those that increase resilience to future disasters and reduce or eliminate the long-term risk of loss of life, injury, damage to and loss of property, and suffering and hardship. All Program activities must also meet a national objective as required by the CDBG-DR regulations at 24 CFR 570.483 and the 2025 Revised Universal Notice.

Both general-purpose local government units and special-purpose entities may apply to CI's competitive grant program, provided they meet program criteria (see section 3) and are in eligible areas (see section 3.4). Non-profit organizations are not eligible applicants for these funds.

Examples of local government units include:

- Counties (e.g., Rutherford County)
- Municipalities such as cities, towns, or villages (e.g., City of Rutherfordton)
- State recognized tribal governments

Examples of local government entities:

- Water and Sewer Authorities
- Transit Agencies
- Park or Recreation Districts

Eligible activities include, but are not limited to:

- Restoration of critical services and infrastructure (such as water and sewer facilities, streets, provision of permanent generators, bridges, etc.);
- Demolition, rehabilitation, or construction of programmatically eligible public or semi-public facilities (such as fire stations, shelters, food banks);
- Flood control and drainage repair and improvements, including the construction or rehabilitation of storm water management system;
- Acquisition (e.g., easement, right-of-way [ROW], etc.);
- Rehabilitation of schools, health care centers, water or wastewater facilities, drainage improvements, etc.;
- Related site preparation and infrastructure improvements;
- Soft costs such as architectural and engineering fees; and
- Compliance with HUD environmental, construction, and accessibility requirements.

1.3 Program Authority

The CI Program is governed by:

- HUD's 2025 Revised CDBG-DR Universal Notice;
- HUD Memorandum 25-02, issued March 19, 2025;
- HUD's Allocation Announcement Notice (AAN)
- The Housing and Community Development Act of 1974;
- The Disaster Relief Supplemental Appropriations Act, 2025 (Public Law 118-158, Division B, December 21, 2024);
- 24 CFR Part 570, including Subpart I for state-administered CDBG programs;
- 2 CFR Part 200, Uniform Administrative Requirements;
- Robert T. Stafford Act provisions;
- Any future or amended HUD guidance;
- Applicable federal environmental, labor, nondiscrimination, and relocation regulations.

The North Carolina Department of Commerce (NCDOC) Division of Community Revitalization (DCR) is the designated and lead administrator for the CI Program. DCR ensures compliance with all federal and state mandates and will manage program implementation, oversight, reporting, and monitoring.

1.4 Funding Structure

Component	Allocation	Award Range
Unmet Needs (National Objective Needed)	$174,872,300	$500,000 – $15,000,000
Mitigation Set Aside Allocation	$18,627,700	Used for cost-effective risk reduction measures
Total	**$193,500,000**	*N/A*

Most CDBG-DR appropriations under this program require funds to be used for necessary disaster relief, long-term recovery, and infrastructure restoration in the most affected and distressed areas. Projects must be financially feasible and are encouraged to leverage other funding sources. DCR may revise the final amount of CDBG-DR funding awarded to any project based on funding availability, project feasibility, and alignment with program objectives.

1.5 Purpose of Guide

This Program Guide serves as the authoritative manual for the implementation of the CI Program. It is intended for use by subrecipients, contractors, and other program stakeholders.

Specifically, this Guide:

- Defines eligibility criteria for applicants, sites, and activities;
- Describes the application, evaluation, and award process;
- Outlines program funding limits;
- Establishes standards for environmental review, construction, and statutory compliance;
- Ensures adherence to all applicable federal and state regulations, including the 2025 Revised CDBG-DR Universal Notice under which this allocation falls.

The contents of this Guide are subject to revision based on HUD guidance, amendments to North Carolina's Action Plan, or programmatic updates or changes.

Section 2: Program Administration

2.1 Roles and Responsibilities

DCR will administer the CI Program through direct implementation and contracted support services. Program activities must comply with the requirements set forth in:

- HUD's 2025 Revised Universal Notice[2], published at 90 FR 1754 (January 8, 2025), and as amended by HUD Memorandum 25-02 (March 19, 2025)[3],
- 24 CFR Part 570
- 2 CFR Part 200 (to the extent applicable),
- The State's HUD-approved CDBG-DR Action Plan for Helene funding.

2.1.1 North Carolina Department of Commerce (NCDOC) Division of Community Revitalization (DCR) Responsibilities

- Serving as the program administrator and CDBG-DR fund manager;
- Issuing Notices of Funding Opportunity (NOFOs) and application materials;
- Overseeing application intake, eligibility determination, and award determinations;
- Conducting cost reasonableness reviews for each application determined responsive to a NOFO;
- Executing necessary documents with selected subrecipients;
- Providing technical assistance throughout the application and construction process;
- Monitoring construction progress and budgets;
- Ensuring program compliance with all federal and state mandates and managing program implementation and oversight; and

[2] Universal-Notice-CDBG-DR-Signed-English.pdf
[3] HUD Memorandum 25-02

- Reporting to HUD on program expenditures, milestones, and deliverable outcomes through the Disaster Recovery Grant Reporting (DRGR) system.

2.1.2 Local Units of Governments and Government Entities / Subrecipients Responsibilities

- Submitting complete applications, including all required documentation;
- Complying with all program requirements and cross-cutting federal laws;
- Developing and implementing policies, procedures, and processes to deliver and maintain projects;
- Undertaking construction in accordance with approved plans, codes, and timelines;
- Ensuring timely contribution of any leveraged financial resources consistent with approved application;
- Providing all necessary invoice and cost information to DCR to enable timely payment of CDBG-DR funds;
- Maintaining documentation of compliance and submitting required reports to DCR.

2.1.3 Third-Party Consultants / Contractors (if applicable) Responsibilities

- Supporting DCR with various tasks, including potentially environmental review and construction inspections;
- Providing application intake support or outreach under DCR direction;
- Assisting with financial or performance monitoring, as assigned by DCR.

Section 3: Applicant and Project Eligibility

3.1 “Tie-back” to Hurricane Helene

CI Program activities must demonstrate a direct or indirect tie-back to the impacts of Hurricane Helene or be a mitigation activity funded through the mitigation set-aside. A tie-back refers to a clear and documented connection between the proposed activity and the impacts of the disaster, such as physical damage or vulnerability revealed or exacerbated by Hurricane Helene. Tie-back must be established through methods such as damage assessments, insurance claims, Federal Emergency Management Agency (FEMA) data, or other verifiable evidence. Mitigation activities are those that increase resilience to future disasters and reduce or eliminate the long-term risk of loss of life, injury, damage to and loss of property, and suffering and hardship.

3.2 Meeting a National Objective

All activities funded through the CI Program must comply with the national objective requirements established in 24 CFR 570.483 and the 2025 Revised Universal Notice. Under this program, each CDBGDR–funded activity must satisfy one of the applicable national objectives. DCR identifies the Low- to Moderate-Income Area Benefit (LMA) objective as the primary standard for the CI Program, consistent with the requirement that at least 70 percent of CDBGDR funds benefit low- to moderate-income (LMI) persons.

An activity will be considered to address the objective of benefiting LMI persons if it meets one of the criteria in paragraph (b) of 24 CFR 570.483, unless there is **substantial evidence** to the contrary. The activities, when taken as a whole, must not benefit moderate-income persons to the exclusion of low-income persons.

Substantial evidence, in this context, refers to credible, objective, and verifiable information, directly related to a specific activity, that demonstrates it does NOT meet the LMI national objective, despite satisfying one of the criteria under 24 CFR 570.483(b). Evaluations must consider the full range of direct effects, including beneficiary demographics and economic outcomes. Such evidence may override the presumption that an activity qualifies under LMI, but only if: credible, objective, and verifiable information, directly related to a specific activity, that demonstrates it does NOT meet the LMI national objective, despite satisfying one of the criteria under 24 CFR 570.483(b). Evaluations must consider the full range of direct effects, including beneficiary demographics and economic outcomes. Such evidence may override the presumption that an activity qualifies under LMI, but only if:

- The data source is reliable and current (e.g., census, ACS, surveys, financial records, demographic studies).
- The analysis is directly applicable to the program area or population.
- The findings are supported by transparent methodology (e.g., survey design, statistical sampling, income verification).
- It accurately addresses whether an area served has less than 51 % LMI residents, or that the activity primarily benefits moderate-income individuals, excluding low-income persons.

Income limits for CDBG-DR programs can be found on the HUD Exchange website.

All applicants must also identify specific mitigation actions as part of the basic application and include costs in the funding request. Mitigation specific requirements can be found in section 3.25.

3.2.1 Primary National Objectives – Low- and Moderate-Income Areas (LMA) or Limited Clientele (LMC)

3.2.1.1 Low- and Moderate-Income Area Benefit (LMA)

To meet the LMA objective, the following criteria must be met:

- An activity, the benefits of which are available to all the residents in a particular area, where at least 51 percent of the residents are LMI persons.

Required Documentation:

- Map(s) showing the boundaries of the service area; and
- Narrative justification describing why the service area is reasonable given the activity and how the activity will benefit all residents within the area.

3.2.1.2 Limited Clientele Activities (LMS)

Public facilities funded by CDBG may sometimes qualify under the Limited Clientele criteria of the LMI national objective. HUD regulations require that the facility benefit a specific targeted group of persons, of which at least 51 percent must be low- and moderate-income. The use of the LMC national objective requires pre-approval by DCR.[4]

To qualify, the activity must meet one of the following tests:

- It must benefit a clientele who are generally presumed to be principally LMI persons, including: abused children, battered spouses, elderly persons, adults meeting the Bureau of the Census' Current Population Reports definition of “severely disabled,” homeless persons, illiterate adults, persons living with AIDS, and migrant farm workers; or
- It must require information on family size and income so that it is evident that at least 51 percent of the clientele are persons whose family income does not exceed the LMI limit; or
- It must have income eligibility requirements which limit the activity exclusively to LMI persons; or
- It must be of such a nature, and be in such a location, that it may be concluded that the activity's clientele will primarily be LMI persons.

There are also other activities that may be presumed to qualify.

[4] 24 CFR 570.483(b)(2)

3.2.2 Alternative National Objective – Urgent Need (UN) and Slum/Blight

The Urgent Need (UN) national objective may be used only in limited cases, pre-approved cases where:

- The project directly addresses a documented disaster-related impact;
- LMI occupancy is not feasible or practical based on project location, population served, or other demonstrated conditions; and
- The project can be said to alleviate conditions that pose a serious and immediate threat to the health and welfare of the community.[5]

Per HUD's 2025 Revised CDBG-DR Universal Notice, the alternative UN national objective is in effect for a period of 36 months following the applicability date of the Allocation Announcement Notice. After 36 months, DCR is required to follow the criteria established in 42 U.S.C. § 5304(b)(3) and its implementing regulations in 24 CFR part 570 when using the UN national objective.

Documentation required at time of application:

- Written justification of the urgent need tied to the impacts of Hurricane Helene;
- Certification that the condition poses a serious and immediate threat;
- Documentation that no other financial resources are available.

3.2.2.1 Urgent Need

The UN national objective may be used only after an applicant first attempts to meet an LMJ or LMA national objectives:

- The project directly addresses a documented disaster-related impact due to Hurricane Helene;
- LMJ or LMA is not feasible or practical based on project location, population served, or other demonstrated conditions; and
- The project can be said to alleviate conditions that pose a serious and immediate threat to the health and welfare of the community.
- Per the Universal Notice, use of the Urgent Need national objective is allowable for 36 months after the AAN, which is January 16, 2028.

Required Documentation:

- Written justification of the urgent need tied to Hurricane Helene's impacts;
- Document how each program and/or activity funded under the Urgent Need national objective responds to the urgency, type, scale, and location of the disaster-related impact as described in the North Carolina Unmet Needs assessment contained in the State Action plan;

[5] 24 CFR 570.483(d)

- Certification that the condition poses a serious and immediate threat;
- Documentation that no other financial resources are available.

Per HUD's 2025 Revised CDBG-DR Universal Notice, the alternative UN national objective is in effect for a period of 36 months following the applicability date of the Allocation Announcement Notice. After 36 months, DCR is required to follow the criteria established in 42 U.S.C. § 5304(b)(3) and its implementing regulations in 24 CFR part 570 when using the UN national objective.

3.2.2.2 Slum/Blight

The aid in the prevention or elimination of slum or blight (Slum/Blight) national objective may be used only after an applicant first attempts to meet an LMA or LMC national objectives:

- The project directly addresses a documented disaster-related impact due to Hurricane Helene;
- LMA or LMC is not feasible or practical based on project location, population served, or other demonstrated conditions; and
- The project activity addresses conditions of slum/blight and not just general community development.

Slum/Blight can be defined on a Spot Basis, on an Area Basis, or with regard to Urban Renewal:

- Spot Basis: A project meets the national objective of preventing or eliminating slums and blight on a spot basis when it addresses conditions of blight or physical decay on a single property or a limited number of properties not located within a designated slum or blighted area.
- Area Basis: A project meets the national objective of preventing or eliminating slums and blight on an area basis when the activity is carried out in a designated area that meets HUD's definition of a slum, blighted, deteriorated, or deteriorating area under state or local law.
- Urban Renewal: An urban renewal area refers to a defined geographic area designated by a local government for redevelopment, rehabilitation, or conservation activities intended to reverse physical, social, or economic decline.

Required Documentation:

- 24 CFR 570.483(c)(1) Area basis:
    - Official designation, under state or local law, of the slum/blight area;
    - Boundaries of the area;
    - Descriptions of the specific physical conditions present and supporting data;
    - Evidence the activity will address one or more of the deteriorated conditions.
- 24 CFR 570.483(c)(2) Spot basis:
    - Location and description of the structure(s) or site(s);
    - Evidence of blight/deterioration;

    - Evidence the activity will directly eliminate those conditions.
- 24 CFR 570.483(c)(3) Urban renewal area basis:
    - Evidence the activity is in an area with an approved Urban Renewal Plan; and
    - Reference to the specific plan and confirmation the activity is consistent with it.

Projects seeking to use UN or Slum/Blight instead of LMA or LMC may receive a lower priority during evaluation unless they address a critical gap in recovery.

Projects that fail to meet any of the above national objectives are not eligible for funding. CDBG-DR regulations state that a project is not considered as meeting a national objective until the project is complete. CI monitors each project through the completion and closeout phase to ensure that the national objective is met.

3.2.3 Mitigation Requirement

All CI projects funded under this program must incorporate measures that reduce future disaster risk and promote long-term resilience of the commercial corridor. Such mitigation measures and strategies to reduce natural hazard risks must be integrated into the construction, reconstruction, or rehabilitation of residential or non-residential buildings. DCR requires applicants to the CI program to outline mitigation and resilience measures upon application.

Such measures can include but are not limited to:

- Elevation of structures, equipment, or utilities above base flood elevation;
- Dry or wet floodproofing of structures;
- Relocation of critical equipment above flood levels;
- Installation of permeable pavements; and
- Integration of green infrastructure into sidewalks, plazas, and parking areas.

Subrecipients must also track and report resilience performance measures for DCR to submit in HUD's DRGR system. These measures will be defined in coordination with the DCR program team and will depend on the performance measures available in DRGR. Potential measures may include but are not limited to:

- Number of elevated structures
- Number of facilities incorporating mitigation measures other than elevation
- Number of structures hardened against future flood events

3.3 Eligible Entities

DCR will accept applications for the CI Program from general-purpose local government units and special-purpose government entities that need public facilities or infrastructure within the Combined-MID areas. The CI Program will deploy CDBG-DR funding to aid impacted areas by funding:

- "Stand-alone" projects, which may be funded with up to 100% CDBG-DR funding, and are necessary to address identified unmet disaster recovery needs arising from the impact of Helene in communities and counties that are not funded by other federal recovery;
- Improvements to FEMA-assisted PA or HMGP-funded projects, if such improvements improve resiliency, useful life, or otherwise provide a housing recovery benefit or long-term housing need not covered by the PA or HMGP portion of the project;
- Projects which demonstrate adaptable and reliable technologies to guard against premature obsolescence;
- Projects with a substantial amount of other funding available;
- "Shovel-ready" projects;
- Projects which provide greater benefit to housing recovery; and
- Projects that serve areas with higher LMI percentages will be favored in the scoring criteria.

Applicant Requirements:

- Must be located in or serving a HUD- or state-identified MID area;
- Must not be debarred, suspended, or otherwise excluded from participation in federal programs.

Awarded applications will be managed as either subrecipients or developers, based on the CDBG-DR Partner Role Assessment and Development Agreement Checklist on the HUD Exchange.

3.4 Eligible Properties and Sites

To qualify for assistance under the CI Program, properties and sites must generally be located in a MID area as defined by HUD or the State of North Carolina. As outlined in HUD's 2025 Revised Universal Notice, at least 80% of funding awarded to the State must be spent to benefit the HUD-identified MID areas, with up to 20% permitted to benefit the State-identified MID areas. Expenditures outside of Combined-MID areas are only allowable insofar as DCR can demonstrate how the expenditure of CDBG-DR funds outside of the MID areas will address unmet needs identified within the HUD-identified or grantee-identified MID area (e.g., upstream water retention projects to reduce downstream flooding in the HUD-identified MID area).

3.4.1 Eligible Combined MID areas

To be eligible to participate in the Program, the damaged property must be located in a HUD or State-identified Most Impacted and Distressed (MID) county, as listed below.

- HUD-Identified MID Areas:
  - Full Counties: Ashe; Avery; Buncombe; Burke; Haywood; Henderson; McDowell; Mitchell; Rutherford; Transylvania; Watauga; Yancey
  - Full Counties Based on HUD-Identified zip code: Caldwell (zip code 28645); Cleveland (zip code 28150); Madison (zip code 28753); Polk (zip code 28782)
  - Partial Counties Based on HUD-Identified zip code: Mecklenburg (zip code 28214)
- State-Identified MID Areas:
  - Full Counties: Alexander, Alleghany, Catawba, Clay, Gaston, Jackson, Lincoln, Macon, Surry, Swain, Wilkes, Yadkin

3.4.2 Additional Site Considerations

- Displacement and Relocation: If the project involves acquisition or redevelopment of an occupied property, applicants must comply with the Uniform Relocation Assistance and Real Property Acquisition Act (URA) and provide appropriate relocation benefits that comply with DCR's Residential Anti-Displacement and Relocation Assistance Plan (RARAP) policies.
- Historic Preservation: Projects that involve historic structures must comply with Section 106 of the National Historic Preservation Act and coordinate with the State Historic Preservation Office (SHPO) as necessary.

3.5 Eligible Activities

For a detailed overview of the eligible activity requirements for CDBG-DR, please refer to 24 CFR 570 – Community Development Block Grants Subpart C – Eligible Activities. CI Program activities primarily use the HUD-eligible activities listed below, subject to approval by DCR; however, DCR reserves the right to use other eligible activities as necessary for recovery projects:

- § 5305(a)(1) – Acquisition
- § 5305(a)(2) – Acquisition, Construction, Reconstruction, and Installation of Public Facilities and Other Site Improvements
- § 5305(a)(3) – Code Enforcement
- § 5305(a)(4) – Clearance, Rehabilitation, Reconstruction and Construction of Buildings, including housing
- § 5305(a)(5) – Removal of Architectural Barriers
- § 5305(a)(7) – Disposition

- § 5305(a)(9) – Non-Federal Match
- § 5305(a)(11) – Relocation Payments
- § 5305(a)(13) – Administrative Costs
- § 5305(a)(14) – Assistance to Non-Profit Entities
- § 5305(a)(15) – Assistance to Neighborhood-Based Organizations
- § 5305(a)(25) – Tornado Shelters
- § 5305(a)(26) – Lead-Based Paint Hazard Evaluation and Reduction

Eligible activities include:

- Activities that restore critical services such as water, sewer, and stormwater systems, as well as public roads and bridges;
- Related site preparation and infrastructure improvements;
- Soft costs such as architectural and engineering fees; and
- Compliance with HUD environmental, construction, and accessibility requirements.

3.6 Costs Guidance

Program funds may be used to cover the costs associated with the development of these and other infrastructure activities, provided those costs meet the standard of being necessary and reasonable and comply with all applicable federal cost principles outlined in 2 CFR Part 200, Subpart E. All expenditures must be clearly related to eligible activities under the CDBG-DR program and will be verified to ensure they are both necessary and aligned with program objectives. These include:

- Acquisition costs of land or buildings (if applicable);
- Hard construction costs, including materials and labor;
- Soft costs, including design, engineering, permitting and legal fees;
- Environmental review and mitigation expenses;
- Cost as permitted by the NOFO and cost reasonableness standards

Funding for any approved project will be capped in accordance with the limitations expressed in the Action Plan and may be evaluated consistently with industry standards for project size and type. All costs are subject to duplication of benefits analysis (per the Revised Universal Notice) and reviewed for cost reasonableness.

Activity delivery costs (ADCs) must be tied to the time staff and contractors dedicated to a specific project. Applicants must show how the proposed ADCs are or will be cost reasonable through procurement of professional services and/or cost of in-house staff to provide program or project related services. All ADCs must be included as part of the total project costs in a request for CDBG-DR funding.

Please include a cost reasonableness estimate for all administrative ADCs associated with the proposed project.

For additional information, see Section 7.1 Allowable Costs.

3.7 Ineligible Activities

Unless clearly related to eligible activities and costs described above, all other activities and associated costs are deemed ineligible for CI Program funding. Ineligible activities are defined in 24 CFR 570.207. These include, but are not limited to, buildings or portions thereof used for conduct of government; general government expenses; political activities; purchase of equipment (except as provided for in 24 CFR 570.201(c)); operating and maintenance expenses; and income payments.

DCR reserves the right to make the final determination on cost eligibility based on federal regulations and program policy.

3.8 Timely Expenditure of Funds

CDBG-DR funds must be obligated and expended within six years of the date funds are obligated, unless a waiver is granted by HUD.

3.9 Order of Assistance and Duplication of Benefits (DOB) Review

CDBG-DR is last-resort funding. Applicants must disclose any assistance received, including insurance, FEMA, SBA, US Army Corps, and other federal, state, local, or philanthropic funds, with supporting documents. Applicants must show that CDBG-DR won't duplicate other funding, disclose all assistance, and sign a certification. Overlapping funds reduce awards or require repayment; non-disclosure or misrepresentation can lead to denial or repayment. For additional information, see DCR's DOB Policy.

The program follows the steps below to ensure the Order of Assistance requirement is met.

1. Review of State and local priorities.
2. Recommendation of appropriate funding source(s) by Infrastructure staff to Program Manager. Possible funding sources are considered in the following order:
    a. FEMA PA Program: The PA Program aids State, Tribal and local governments, and certain types of private nonprofit organizations to help communities quickly respond to and recover from major disasters or emergencies.
    b. FEMA HMGP: HMGP provides grants to States and local governments to implement long- term hazard mitigation measures after a major disaster declaration.
    c. FEMA Community Disaster Loan Program (CDL): FEMA CDL supports local governments or other eligible jurisdictions in a designated disaster area that have

demonstrated a substantial tax loss and a need for financial assistance to perform their governmental functions.

d. USACE: USACE works with Federal, State and local partners to reduce risk to lives, property and the environment, and to strengthen community resilience.
e. Other relevant disaster recovery funding sources, including other Federal, State, and philanthropic funds.

3. Confirmation of funding source(s) available by CI Program Grants Manager.
4. Development of appropriate project information forms or assisting potential recipients and with project information form development as applicable.
5. Coordination with federal funding agencies prior to DCR CI Program approval and commitment of CDBG-DR funds.

CI Program applicants must show that CDBG-DR funds will not duplicate other funding already received for the same purpose. A duplication of benefits happens when money from different sources is used for the same cost, and the total exceeds what is needed. This doesn't just apply to disaster recovery programs like FEMA or USACE—it also includes insurance payouts, tax credits, HUD programs like HOME or HTF, USDA loans, state or local grants, and even philanthropic funding if they cover the same construction or rehab expenses. Applicants must disclose all assistance, provide documentation (such as award letters, loan statements, or insurance claims), and sign a certification. If overlapping funds are found, the award will be reduced, or repayment may be required later. Failure to disclose or the misrepresentation of information can result in denial of funding, repayment, or further investigation.

3.9.1 Offsetting Awards and Monitoring

If duplicative funds are received after an award is made, the applicant must report the funds, in writing, to DCR within 15 calendar days of receipt. The award amount will be adjusted downward accordingly to reflect the reduced unmet need, or the applicant will be required to return any duplicative assistance to DCR. DCR will monitor projects for DOB compliance throughout the program lifecycle. This includes:

- Periodic file reviews during implementation to detect any newly disclosed or previously unreported sources of assistance;
- Cross-checking data against FEMA, SBA, US Army Corps of Engineers, insurance, and other federal/state/local sources to verify compliance;
- Follow-up communication with applicants when potential duplications arise.

3.10 Site Control and Readiness Requirements

3.10.1 Site Feasibility

Sites must be suitable for residential development and meet legal and zoning requirements prior to funding award or project initiation. Specifically:

- **Zoning and Land Use:** Sites must be zoned for multi-family residential use or demonstrate a clear path to rezoning approval within 90 days of conditional award.
- **Infrastructure Access:** Preference will be given for sites with access to public water and sanitary sewer, broadband, public roadways or easements sufficient for site access, and other public utilities necessary to support residential occupancy. Projects seeking off-site improvements must identify funding for and responsible parties to achieve acceptable public utility extensions to a specified site.
- **Site Control:** Applicants must demonstrate site control through ownership, long-term lease (minimum term equal to the affordability period), or an executed purchase agreement or option contract that remains valid for at least 90 days beyond the application deadline. Purchase options or agreements cannot specify CDBG-DR as a firm funding source and should utilize the language provided by HUD to avoid concerns related to choice-limiting actions.

3.10.2 Environmental Review & Reevaluation

All sites must undergo environmental review under 24 CFR Part 58. Sites located in floodways, airport runway approach zones, or other unsuitable zones may be ineligible if not subject to various regulatory exceptions or appropriate mitigation is feasible.

DCR, the Responsible Entity, must also assess:

- Site topography and soil conditions;
- Hazardous materials and contamination concerns;
- Compatibility with surrounding land uses;
- Whether any prohibited “Choice-Limiting Actions” occurred before environmental clearance.

Common Choice-Limiting Actions include:

- Acquisition of real property;
- Executing binding leases or long-term options;
- Site preparation or ground disturbance;
- Construction, rehabilitation, or demolition activities; and
- Disbursement of funds or financial commitments tied to development.

Any Choice-Limiting Actions taken before completion of environmental clearance may result in:

- Project disqualification;
- Ineligibility of all pre-agreement costs for reimbursement;
- Potential cancellation of project funding.

Any change to the project scope needs to be cleared through DCR environmental so DCR can be sure to incorporate anything necessary in the review.

DCR will verify compliance through application documentation and environmental review records. It is the subrecipients' responsibility to comply with any and all mitigations noted in the environmental review. Failure to follow mitigations can result in recapture of federal funding and the prohibition of any new funds.

3.10.3 Additional Site Readiness Considerations

Displacement and Relocation*:* If the project involves the acquisition, redevelopment, or demolition of an occupied property, applicants must comply with the Uniform Relocation Assistance and Real Property Acquisition Act (URA). Applicants will be required to provide appropriate relocation benefits and related services that comply with the URA and DCR's CDBG-DR Residential Anti-Displacement and Relocation Assistance Plan (RARAP), which intends to minimize displacement. In instances where displacement occurs, applicants will be provided with technical assistance to ensure that the rights of any displaced person, as defined by 24 CFR 570.606 (b)(2), are upheld. Should any displaced person have accessibility needs, the advisory services they receive as required by the URA will meet those needs.

Historic Preservation: Sites involving historic properties must comply with Section 106 of the National Historic Preservation Act and consult with the SHPO, if required.

Section 4: Application Process

Prior to the application submission cycle opening, a prescreening for project planning and technical assistance will be available. This prescreening for project planning is not required. Prescreening is meant to help DCR assess unmet need and to assist potential applicants in understanding whether a proposed project will meet threshold requirements and whether an applicant has the organizational capacity and experience to manage funds. This process will remain open and can also be utilized before, during, and after the application window opens.

It is the intent of DCR that the submission of the application will federalize the project for which an applicant is applying, after which it will be subject to all applicable federal cross-cutting requirements. Once a project is federalized, the applicant may not undertake any choice-limiting actions, including acquisition, demolition, construction, or rehabilitation, until the required environmental review has been

completed. The applicant must also comply with all applicable federal procurement requirements, labor standards, and nondiscrimination, relocation, and accessibility requirements. DCR recommends consulting with CI Program staff prior to submitting a formal application.

4.1 Notice of Funding Opportunity (NOFO)

DCR will implement the CI Program through the release of a Notice of Funding Opportunity (NOFO). DCR will release a public notice announcing the program and funds available, and a request for applications through the following platforms:

- Social media
- Website
- Press release to local news sources
- Other public channels

The NOFO will establish all relevant application parameters, including:

- Available funding for the round;
- Eligible applicants and activities;
- Application instructions and deadlines;
- Threshold requirements and award limits;
- Program priorities; and
- Evaluation and scoring methodology.

DCR will use a scoring-based application review to ensure awards are made to projects that demonstrate the greatest potential to support long-term recovery and resilience in disaster-affected areas.

4.1.1 Technical Assistance

DCR will conduct information sessions as needed to provide an overview of the program and the application and scoring process. DCR will remain available to answer questions, and potential applicants will have an opportunity to discuss issues specific to their project throughout the application process.

4.1.2 Future Funding Rounds

A NOFO will initiate the opening of the program funding opportunity. DCR may release additional NOFOs at its discretion. Decisions to initiate subsequent funding rounds will be based on:

- The amount of funding remaining after prior awards;
- Updated findings from ongoing unmet needs assessments;
- Identification of geographic, programmatic, or market coverage gaps; and
- The volume, quality, and readiness of applications submitted in earlier rounds.

If additional funding rounds are planned, DCR will publish a new NOFO that clearly outlines any revised program goals, funding priorities, timelines, and evaluation criteria. Each NOFO will make explicit whether the round is focused on unmet recovery needs, mitigation needs, specific project types, or targeted geographic areas. This approach ensures that each funding round is responsive to emerging needs and maintains transparency for all applicants.

4.2 Competitive Application Process

Applications will be evaluated through a competitive scoring process guided by the CDBG-DR Action Plan, and DCR's recovery objectives. Scoring criteria will be fully detailed in the NOFO and are expected to include:

- Applicant capacity;
- Community need;
- Soundness of development approach;
- Leveraging of other resources; and
- Projected outcomes and long-term results.

Projects will be scored and ranked by total score. Awards will be given to the highest-ranking projects, subject to compliance with the threshold, project readiness, organizational capacity and the availability of funds.

4.2.1 Application Steps

1. Issuance of NOFO.
2. Submission of Applications: Applicants must submit full application packages electronically via the platform designated in the NOFO.
3. Threshold Review: DCR will review applications to determine if they meet minimum threshold criteria. Applications that fail any threshold item will not proceed to scoring.
4. Scoring and Ranking: Eligible applications that pass threshold review will be evaluated and ranked based on published scoring criteria, including capacity, need, soundness of approach, leverage, and impact.
5. Preliminary Award: Top-ranked projects may receive preliminary awards, subject to completion of environmental review.
6. Environmental Review and Grant Execution: DCR will complete reviews in accordance with 24 CFR Part 58 and execute grant agreements with selected applicants.

4.2.2 Application Submission Requirements

Applicants must submit a complete application package by the application deadline established by the NOFO. Required materials may include:

- Completed Application Form – All required fields must be completed.
- All supporting materials as identified by the NOFO
- Project Narrative – Including tie-back to Hurricane Helene and alignment with program goals.
- Budget & Sources/Uses – Preliminary estimates with identified or anticipated funding sources.
- Preliminary Engineering Reports, Site Plan and Design, or other schematics (if available)
- Organizational Experience and Capacity with federal grants – Narrative and resumes of key development staff, as well as plan to partner with a third party to augment staff capacity, if applicable.
- Project Schedule – Milestones from acquisition through completion.
- Site Control Documentation (if applicable) – Deed, long-term lease, or purchase option, etc.
- Environmental and Risk Information – Known conditions, FEMA flood zones, and potential hazards.

The NOFO will contain the full list of requirements and acceptable documentation.

4.2.3 Additional Notes

The full application package must be submitted by the deadline established in the NOFO. Late or incomplete submissions will be considered non-responsive. However, DCR reserves the right to request minor clarifications or administrative corrections from applicants, provided such updates do not materially affect eligibility or scoring.

4.3 Threshold Criteria Review

Applications must meet all threshold criteria below to advance to the scoring phase:

1. Eligible Applicant
    a. Units and entities of local government
2. Eligible Project Location
    a. Must be located within the Combined MID area as defined in the HUD-approved Action Plan
3. Disaster Tie-Back

   a. Project must demonstrate a direct or indirect tie-back to the impacts of Hurricane Helene; or
   b. Be a mitigation-only activity funded through the mitigation set-aside
4. Project must include mitigation measures.
5. Project must meet a National Objective, as outlined in Section 3.2.
6. Project must be financially viable and include a preliminary budget and financing plan that demonstrates feasibility and that the project is consistent with cost standards;
7. Project must be an eligible activity; **and**
8. Complete and Timely Submission
   a. Application and all required documentation must be submitted in full by the NOFO deadline.

4.4 Scoring Criteria

Applications that successfully meet all threshold criteria will be evaluated and scored based on objective criteria outlined in the NOFO. Scoring will be used to rank applications and determine awards based on project impact, readiness, cost reasonableness and leveraging of other financial sources, feasibility, and alignment with program goals and recovery priorities.

The HUD-approved Action Plan established the competitive framework for this program, identifying the high-level criteria that would guide competitive funding decisions. This P&P builds upon the framework by defining each competitive framework criterion in greater detail and specifying how points will be assigned to each framework.

Each of the five major scoring factors will be assigned a weighted percentage, with a one-to-one correlation between percentage points and scoring points (e.g., 1% = 1 point). Subfactors within each major factor will be assigned point values that align with the weighted factor. Applicants will receive points based on their performance against these subfactors. Detailed scoring breakdowns, including specific weights, subcategories, and descriptions, will be published in each NOFO.

Scoring may be awarded at varying levels – “full points,” “partial points,” or “no points” – based on the extent to which an application meets each criterion. The NOFO will include a matrix that clearly explains what is required to achieve each level within the scoring range. In the event of a scoring tie, projects that have a higher LMI or are located within HUD-designated MID areas will be considered first.

4.4.1 Capacity of Applicant (Weight: 10 points)

- This criterion assesses the applicant's qualifications, experience, and organizational infrastructure. Applicants must demonstrate the ability to manage all aspects of funding and pre- and post-construction operations. Strong capacity ensures efficient, budget-friendly, and

compliant project execution, including, but not limited to: Experience with federally funded programs;

- Financial and staff capacity to oversee the project, compliance, and reporting;
- Demonstrated ability to deliver projects on time and within budget.

4.4.2 Community Need (Weight: 20 points)

This factor measures the degree to which the proposed project responds to a critical unmet need in the area affected by Hurricane Helene. This includes but is not limited to:

- Elderly individuals, and
- Persons with disabilities;
- Alignment with local recovery plans;
- The project's alignment with recovery priorities outlined in the NOFO;
- Location in a HUD-identified MID area;
- LMI demographic need;
- Feedback from community engagement.

4.4.3 Soundness of Approach (Weight: 40 points)

This is the highest-weighted scoring category and assesses the overall viability and completeness of the proposed development plan. It includes, but is not limited to:

- A clear, feasible project timeline with key milestones, indicating project preparedness;
- Site readiness, including zoning, and infrastructure access;
- Project design that meets applicable building and resilience standards and incorporates hazard mitigation or resilient design;
- Realistic cost estimates supported by industry-standard tools or contractor estimates; and
- A strong plan for construction management and oversight.

This criterion also considers the degree to which the project can be executed without major delays or funding gaps.

4.4.4 Leverage of Funding (Weight: 20 points)

This criterion evaluates the extent to which the applicant brings non-CDBG-DR funds to the project. Leverage demonstrates financial commitment and enhances the efficiency of public investment. Leverage sources may include, but are not limited to:

- Private financing;
- Philanthropic or local government contributions;
- In-kind contributions; and

- Other public funds.

4.4.5 Achieving Results (Weight: 10 points)

This category assesses the anticipated outcomes and long-term benefits of the project, including but not limited to:

- Improved Access: Enhancing transportation and communication networks can lead to better access to services and opportunities for residents.
- Economic Growth: Infrastructure investments can stimulate economic activity, create jobs, and support local economies by improving infrastructure that supports industries and services.
- Community Development: Projects can foster community engagement and development, leading to better living conditions and social cohesion.
- Environmental Benefits: Infrastructure improvements can enhance sustainability, reduce carbon emissions, and improve resilience to natural disasters.

Long-term Value: Infrastructure investments are expected to yield improved long-term community improvements, increased quality of life, and access to critical services.

4.4.6 Bonus or Priority Considerations

In the event of a tie in scoring, DCR may prioritize applications based on readiness to proceed, geographic distribution, or depth of affordability or service to priority populations. Relatedly, DCR may adjust project selection in competitive rounds to achieve various goals with the highest priority being given to achieving the overall requirement of expending at least 80 percent of CDBG-DR grant funds in the HUD-identified MID areas. Additional priority may be given to projects that, among other factors:

- Are located in geographic areas underrepresented in earlier funding rounds;
- Include enhanced accessibility features or supportive services for persons with disabilities or elderly residents;
- Align with broader state or local housing and recovery strategies; or
- Demonstrate innovation in financing, design, or partnerships.

These and other factors, including their potential weight, may be set forth in individual NOFOs.

4.5 Award and Funding Caps

The maximum award per project is $15,000,000, with floor of $500,000, subject to review and adjustments based on the project's specific scope, cost reasonableness, and alignment with program priorities.

Each award will be at the discretion of DCR and will be determined based on the following project criteria:

- Scope of work (SOW);
- Cost reasonableness, including comparison to industry benchmarks and regional pricing data;
- Duplication of Benefits (DOB) analysis;
- Geographic and market considerations; and
- Availability of funds within the applicable NOFO round.

On a case-by-case basis, DCR may authorize awards that exceed the standard cap if the project when necessary to comply with federal accessibility standards or to reasonably accommodate a person with disabilities. All awards must be cost reasonable and applications will be subject to a standard cost estimation.

All applications will be subject to a standardized cost estimation review, which may include:

- Third-party cost reasonableness analysis;
- Review of construction bids or contractor estimates; and
- Evaluation of financing and leveraging strategies.

This approach ensures that funding is distributed efficiently across projects, with safeguards in place to control costs.

4.5.1 Cost Reasonableness

All projects funded under the program must meet the federal standard of cost reasonableness as required by 2 CFR 200 and applicable HUD regulations. Cost reasonableness refers to the requirement that the amount paid for a good, service, or project does not exceed what a prudent person would pay under similar circumstances. A cost is considered reasonable when it is:

- necessary for the performance of the project;
- consistent with market prices for comparable work;
- reflective of sound business practices; and
- supported by documentation showing that the expenditure represents the most cost effective approach available.

Because CDBG-DR funds must be used efficiently while addressing unmet storm recovery and resilience needs, applicants must provide clear evidence in their proposals demonstrating how their project budgets meet this standard of cost reasonableness.

To demonstrate cost-effective practices, the grantee must show that:

1. The project addresses a condition that poses a significant risk to public health or safety if left unaddressed.
2. The total project cost does not exceed the anticipated value of reduced direct damages and avoided negative impacts that would occur during future disasters.
3. The proposed project represents the most practical, effective, and environmentally sound option after evaluating a range of feasible alternatives.
4. The project contributes, to the maximum extent practicable, to a long-term and durable solution to the identified problem.
5. The project design considers foreseeable long-term changes to the area or assets it protects and includes reasonable, manageable operations, maintenance, and future modification requirements.

4.6 Additional Review Components

4.6.1 Duplication of Benefits (DOB) Review

All projects will undergo a DOB analysis consistent with HUD requirements to ensure that CDBG-DR funds do not duplicate assistance from FEMA, SBA, private insurance, or other sources. Applicants must disclose all prior disaster recovery funding received. DCR will apply its DOB guidance to adjust awards as needed.

For additional information, see DCR's DOB Policy.

4.6.2 Organizational Capacity Risk Assessment

All projects will undergo an organizational capacity risk assessment to evaluate the applicant's ability to manage disaster-recovery funding effectively. The result of the assessment will be used to determine the contract monitoring plan schedule if awarded.

4.6.3 Geographic Distribution Consideration

DCR may adjust project selection in competitive rounds to achieving the overall requirement of expending at least 80 percent of CDBG-DR grant funds in the HUD-identified MID area. A secondary consideration will be achieving a geographic balance across the Combined MID counties.

4.6.4 Environmental Review Coordination

Projects selected for funding are subject to an environmental review under 24 CFR Part 58. Environmental conditions identified (e.g., location in floodplain, wetlands, or historic properties) may affect project timing, scope, or eligibility.

4.6.5 Reevaluation or Resubmission Protocol

If the application is not complete, or the threshold eligibility review cannot be completed due to missing or unclear information, and the deficiencies are determined by DCR to be minor and correctable (e.g., incomplete documentation, minor inconsistencies in budget or market data, or clarifications to sources and uses), DCR may send a Request for Additional Information (RAI) to the applicant.

Applicants will be permitted to resubmit corrected materials one time within a defined timeframe - from the date of the RAI. The RAI will include information regarding the deficiency identified and the timeframe within which the applicant will have to submit documentation.

Note: Participation in the resubmission process does not guarantee funding.

4.7 Project Selection

Projects that rank highest under the scoring framework will be selected for award, subject to funding availability and geographic distribution considerations. All selected projects will receive a preliminary award and move forward to environmental review, followed by execution of a grant agreement.

4.8 Appeals Process

Applicants whose CI Program applications are denied, disqualified, or not selected for funding may submit a formal appeal to DCR via DCR's grants portal through which the applicant submitted their application. The functionality to do so will open to applicants after denial.

4.8.1 Debriefing

Before submitting a formal appeal, applicants must attend a debriefing with DCR. The purpose of the debriefing is to provide applicants with a clear understanding of the evaluation outcome, including any threshold deficiencies, scoring results, or compliance issues that affected their funding determination. Debriefing sessions will be scheduled upon the applicant's written request within 10 calendar days of receiving notice of denial, disqualification, or non-selection. DCR will make reasonable efforts to provide the debriefing within 15 calendar days of the request.

During the debriefing, DCR staff will review the basis of the decision and respond to applicant questions regarding the evaluation process. However, debriefings will not include comparisons with other applications or disclosure of proprietary or confidential information. Completion of a debriefing is a prerequisite for initiating the formal appeals process. Applicants who wish to pursue an appeal must participate in a debriefing session before submitting an appeal request.

Note: Participation in the debriefing process or resubmission process does not guarantee funding approval.

4.8.2 Grounds for Appeal

Appeals may be submitted only for the following reasons:

1. Threshold Determination Error - The applicant believes that its application met all threshold criteria, and the determination of ineligibility was made in error.
2. Scoring Miscalculation - In competitive rounds, the applicant believes there was a mathematical or procedural error in the scoring of its application.
3. Procedural Irregularity - The applicant believes its application was not processed or evaluated in accordance with the procedures and requirements outlined in the NOFO or program guidelines.
4. Duplication of Benefits Error - The applicant believes that DCR incorrectly determined that a duplication of benefits occurred or that DCR made a mathematical miscalculation error.
5. Recapture - The applicant believes there was a mathematical miscalculation error in the amount sought by DCR to be recaptured; the basis for or propriety of the recapture is not a valid ground for appeal.

Note: Appeals will not be accepted solely on the basis of disagreement with DCR's evaluative judgments or scoring unless the appeal includes evidence of mathematical or procedural error. An applicant cannot appeal Program policies, federal regulations, or state statutes. Appeals filed based on these reasons will be denied.

4.8.3 Appeal Submission Requirements

To timely appeal, within 30 calendar days of receiving a written notice of denial or disqualification, applicants must electronically submit (via DCR's grant portal) a written appeal which, at a minimum, includes each of the following:

- A statement identifying the specific grounds for the appeal;
- The basis for the appeal; and
- Supporting documentation demonstrating the alleged error.

If any of these items are missing, or the grounds for the appeal may not be reasonably ascertained, DCR may, in its sole discretion, deny the appeal on that basis.

Note: The thirty (30) day appeal period is determined by calendar days, however if the last day of the appeal period falls on a weekend and/or State-recognized holiday, the deadline to appeal will be extended to the next business day. All appeals must be submitted by 11:59:59 p.m. Eastern Daylight/Standard Time on the last day of the appeal period. The submission of the appeal will be deemed to have occurred at the time the appeal was electronically sent by the applicant through DCR's grant portal.

Appeals submitted after the appeal period will be automatically denied and will not be substantively reviewed. DCR may, in its sole discretion, choose to substantively review an untimely appeal. Exercise of this discretion in one or many other cases is not grounds for waiver of an untimeliness determination in another.

An appeal may be withdrawn by the applicant at any time via DCR's start date. Appeals that are withdrawn may only be resubmitted within the original thirty (30) day appeal period. If an appeal is withdrawn and resubmitted, the thirty (30) day appeal period does not reset, and still reflects the date of the original appeal submission.

4.8.4 Appeal Review and Determination

DCR will acknowledge receipt of the appeal and will conduct a review within 30 calendar days. During the review process, DCR may:

- Re-examine the application file;
- Review scoring records or procedural documentation; or
- Request clarifying information from the applicant.

Following the review, DCR will issue a written determination. The failure of DCR to acknowledge receipt of the appeal or to issue its determination within 30 days is not grounds for further appeal or the basis for a successful appeal determination.

All appeal determinations made by DCR are final with no further administrative review and are not subject to judicial review. If the appeal is upheld, DCR may reinstate the application for further consideration or scoring. If the appeal is denied, no further review will be conducted.

Section 5: Subrecipient Selection and Award

This section outlines the procedures and responsibilities governing the implementation of projects under the CI Program and is intended to guide subrecipients through key steps from pre-development through construction and completion.

5.1 Preliminary Award

A preliminary award requires the applicant to complete the Notice of Selection Acknowledgment (NoSA), which must be returned before the selected project can move on to the environmental review process.

After selection and return of the selection acknowledgment, allowable costs for reimbursement can be incurred but not billed. A reimbursement request can be made once projects have been fully awarded, which occurs upon execution of a funding agreement.

Allowable/Reimbursable Cost Activities during the preliminary award are limited to activities/non-construction soft costs with no choice-limiting actions, and any other cost directly stated in the NoSA.

5.2 Funding Agreement Execution

Following successful completion of environmental review, the applicant will receive a subrecipient funding agreement for execution. The funding agreement serves as the binding legal contract and outlines all terms and conditions associated with the CI Program award.

The funding agreement will include:

- The total amount of the award;
- The scope of work and budget;
- Construction timeline and key performance milestones;
- Federal and state compliance requirements (e.g., NEPA, Davis-Bacon, Section 3, URA, etc.);
- Provisions governing the use of CDBG-DR funds in coordination with other funding sources;
- Recordkeeping and reporting responsibilities; and
- Enforcement and recapture provisions.

No reimbursement or disbursement of CDBG-DR funds may occur until the funding agreement is fully executed and an Authorization to Use Grant Funds (AUGF) from the environmental review is received from HUD. DCR will provide guidance and templates to assist project sponsors in understanding their responsibilities under the agreement.

For projects receiving CDBG-DR funding for multiple project phases (i.e. planning, design, and construction), individual amendments to the funding agreement may be utilized for each phase. If a phased approach is selected by DCR, each amendment will include the scope, budget, time, and performance metrics of the applicable phase. Should scope and budget change significantly during construction, change orders will be considered on a case-by-case basis.

5.3 Pre-Construction Readiness Review

Before construction can begin, each funded project must undergo a Pre-Construction Readiness Review conducted by DCR or its designee. The purpose of this review is to confirm that the project is prepared to proceed and that all conditions precedent to construction have been met.

As part of the review, the project lead must submit or verify:

- Finalized and approved construction plans and specifications;
- Confirmation of site control and zoning approvals;
- If applicable, procurement documentation for contractors and vendors in compliance with 2 CFR 200 that also includes value engineering and additions/alternatives;

- Proof of insurance, bonding, and required permits;
- Confirmation that all work will be performed in accordance with local building, health and safety codes; and
- Completion of environmental clearance under 24 CFR Part 58.

5.4 Construction Timeline and Milestones

Each project must adhere to a construction schedule defined in the funding agreement. This schedule will include key milestones that must be met to maintain project compliance and progress. Project sponsors must report progress toward these milestones to DCR regularly, which, at a minimum, would include required quarterly status updates. Any deviation from the approved timeline must be reported in writing with an explanation and proposed corrective actions. DCR reserves the right to impose corrective actions and other remedies if performance milestones are not met, if the project becomes noncompliant with program requirements, or if risk considerations are identified.

5.5 Change Orders and Scope Modifications

After execution of the funding agreement, any change of 10 percent or more of the project scope, timeline, or budget must be submitted to DCR for review and prior written approval. This includes:

- Construction cost increases or decreases or reallocation of line items;
- Schedule extensions or contractor changes; and
- Changes that impact environmental clearance or federal cross-cutting compliance.

Project lead must submit a formal Change Order Request that includes a narrative justification, revised project documents (e.g., budget, schedule), and any supporting documentation required. Additionally, if the cumulative total of approved change orders exceeds the project's contingency budget, the State must review and approve all subsequent change orders, regardless of individual value or scope. DCR will also review proposed changes to ensure continued compliance with program guidelines, cost reasonableness, and unmet needs objectives. Unauthorized changes may result in disallowed costs, corrective action, or termination of the grant.

5.6 Debarment and Suspension Policy

Selected subrecipients are responsible for ensuring that all contractors, subcontractors, consultants, and vendors engaged in the project are eligible to participate in federally funded programs. Prior to contract execution, the project sponsor must verify each entity's status using the federal System for Award Management (SAM.gov) and document the results.

If an entity is found to be suspended, debarred, or otherwise ineligible, the project sponsor must exclude them from the project and immediately notify DCR. Failure to conduct this verification or engaging with

a debarred entity may result in the loss or recapture of funds, audit findings, or additional enforcement action.

Project sponsors must maintain records of all SAM.gov checks and include this documentation in the project file for monitoring and audit purposes.

5.7 Property Standards

5.7.1 Construction Standards

All CI Program-funded projects must be constructed using modern, high-quality, and durable materials appropriate to the project's scale and use. Projects and construction activities must meet all applicable federal, State, and local building codes and be executed by licensed professionals. Applicants and their contractors are responsible for securing all necessary permits to complete the Program-approved scope of work from the authority having jurisdiction for code compliance in the location where the construction project is located. Where required, construction plans must be certified by an architect or engineer.

5.7.2 Resilience Requirements

Projects located in flood- or wind-prone areas must integrate resilience measures into the building design and site planning.

- Flood-Prone Areas (Special Flood Hazard Areas): Projects located in FEMA-designated Special Flood Hazard Areas (SFHAs) must elevate the lowest occupied floor by at least two (2) feet above Base Flood Elevation (BFE). All critical systems must also be located above BFE. Materials used at or below the lowest occupied floor must be flood-resistant.
- Wind-Prone Areas: Projects in wind-prone areas must include wind-resistant design measures that follow applicable FEMA guidance and local building code requirements for wind safety.

Compliance with these requirements must be documented during design review. DCR will not approve final construction without confirmation that these standards are met.

5.7.3 Building Code Requirements

Projects must comply with the following building code and property standards:

- HUD Minimum Property Standards (24 CFR §§ 200.925–200.926);
- North Carolina State Building Code, including the International Building Code (IBC), International Residential Code (IRC), and International Energy Conservation Code (IECC);
- Local building, zoning, and permitting requirements.

When federal, state, and local codes differ, the most stringent standard will apply. All applicable permits, inspections, and approvals must be secured prior to and during construction. DCR will monitor compliance at multiple project stages.

5.7.4 Sustainable and Energy-Efficient Design Considerations

While HUD no longer mandates a specific green building certification, the CI Program encourages sustainable design and energy efficiency. These features can reduce utility costs and extend the useful life of the structure. Applicants are encouraged to submit design documentation demonstrating sustainable features at application and provide certifications, if applicable, prior to project closeout.

5.8 Insurance and Property Management

For all CI Program projects, all subrecipients(contractors) must require or must procure and maintain insurance for the duration of the subrecipient agreement to protect all contract assets from loss due to any cause, such as theft, fraud and physical damage, unless explicitly waived, altered, or amended in writing in the grant or subrecipient agreement. At a minimum, all recipients must comply with the bonding requirements at 2 CFR 200.325, as applicable, and with the requirements of their subrecipient agreement.

Subrecipients must also procure and maintain flood insurance, as applicable. Minimum flood insurance requirements are governed by federal, State, local, and tribal laws and regulations related to both flood insurance and floodplain management and are set forth in HUD's 2025 Revised Universal Notice at Section III.B.11.a.

5.9 Key Performance Indicators

The Program will oversee and approves all performance measurement standards. The subrecipient will develop proposed key performance indicators (KPIs) in coordination with NCDOC and submits all KPI frameworks, processes, and documentation for review and approval.

Once KPIs are approved, the subrecipient will:

- Standardizes data processes for collecting, validating, storing, and updating KPI data.
- Documents KPI definitions, calculation methods, data sources, reporting frequency, and responsible staff.
- Submits KPI data according to established reporting schedules.
- Analyzes KPI results to identify trends, performance gaps, and improvement strategies.

KPI measures are reviewed and refined annually, or more frequently as needed based on HUD guidance, program operations, or state priorities.

Section 6: Federal and State Requirements

All CI Program-funded activities must comply with all applicable federal and State laws, rules, regulations, and policies governing nondiscrimination, accessibility, labor standards, environmental protections, relocation, and privacy. DCR is responsible for ensuring compliance and monitoring implementation across all projects. This section provides a summary of the significant cross-cutting requirements for CI Program activities and is not meant to be comprehensive. To the extent this summary conflicts with, or is ambiguous or incomplete, applicable federal and State law controls.

6.1 Civil Rights and Fair Housing Compliance

All program activities must comply with all applicable federal civil rights and fair housing requirements, including:

- Title VI of the Civil Rights Act of 1964
- Fair Housing Act (42 U.S.C. §§ 3601–3620)
- Section 504 of the Rehabilitation Act of 1973
- Title II and III of the Americans with Disabilities Act (ADA)
- Section 109 of the Housing and Community Development Act of 1974
- HUD's implementing regulations at 24 CFR Parts 8, 100, and 91

These provisions prohibit discrimination based on race, color, religion, sex, national origin, familial status, age, or disability, among other things.

Subrecipients are responsible for ensuring that marketing, tenant selection, property management practices, and operations fully comply with these requirements. Documentation demonstrating compliance with the Fair Housing Act must be maintained and made available to DCR during monitoring.

6.2 Americans with Disabilities Act (ADA)

The Americans with Disabilities Act of 1990 (ADA) prohibits discrimination and ensures equal opportunity for persons with disabilities in employment, State and local government services, public accommodations, commercial facilities, and transportation. DCR takes affirmative steps to ensure that people with disabilities have equal access to the programs offered by DCR, and that any services are delivered in the most integrated manner possible. DCR also ensures that reasonable modifications or changes to policies, practices, or procedures are made in order to guarantee people with disabilities equal access to services and programs.

CI Program projects must be designed, constructed, or rehabilitated in full compliance with applicable federal accessibility standards. These include Section 504 of the Rehabilitation Act and HUD's Uniform

Federal Accessibility Standards (UFAS), the 2010 Americans with Disabilities Act (ADA) Standards for common areas and public accommodations, and the Fair Housing Act (FHA) design and construction requirements for covered multifamily dwellings consisting of four or more units first occupied after March 13, 1991.

In addition to these minimum standards, projects are required to provide reasonable accommodation and modifications as necessary to ensure equal access and usability for individuals with disabilities. Where feasible, projects are encouraged to incorporate universal design features that enhance accessibility for all residents. DCR reserves the right to impose additional accessibility requirements based on program targeting and identified community needs.

DCR will ensure that advisory relocation services and all URA implementation are accessible to individuals with special needs and free from discrimination. To comply with Section 504 of the Rehabilitation Act of 1973 and the Americans with Disabilities Act (ADA), DCR will:

- Ensure facilities where tenants interact with staff are accessible and usable for persons with disabilities.
- Provide communication assistance, including sign language, braille, interpreters, and support for individuals with limited English proficiency.
- Offer home visits or similar alternatives for tenants who are homebound or unable to visit a Renew Center
- Provide timely accommodations for tenants with hearing, visual, or mobility limitations.
- Coordinate with an authorized tenant designee, such as someone with power of attorney or a legally authorized representative, when needed.

6.3 Section 504 Accessibility and Compliance

Section 504 of the Rehabilitation Act and HUD's implementing regulations at 24 CFR Part 8 are triggered by the receipt of federal financial assistance. The entire project is covered by Section 504 because of this receipt of federal funding. This includes, for example, reasonable accommodation requirements, effective communication obligations, and ensuring program accessibility for individuals with disabilities.

6.4 Limited English Proficiency Access

Consistent with federal civil rights requirements, all CI program activities must ensure meaningful access to program information and services for individuals with limited English proficiency (LEP). This includes translating vital documents, offering interpretation services, and aligning with DCR's Language Access Plan (LAP). Failure to provide language access may constitute a violation of federal civil rights law and result in compliance findings or corrective actions.

For additional information, see DCR's Language Access Plan (LAP).

6.5 Davis-Bacon and Related Acts

As required by Section 110 of the Housing and Community Development Act, and as outlined in HUD Handbook 1344.1 Rev 3, Federal Labor Standards Requirements in HUD Programs, project sponsors are responsible for ensuring compliance with the requirements of the Davis-Bacon Act (DBA), as well as with the Copeland Anti-Kickback Act, the Contract Work Hours and Safety Standards Act (CWHSSA) and the Fair Labor Standards Act (FLSA), collectively referred to herein as Davis-Bacon and Related Acts (DBRA).

The requirements of DBRA apply to contractors and subcontractors carrying out federally funded or federally assisted contracts in excess of $2,000 for the construction, alteration, or repair of public buildings or public works or for the construction work of a residential property consisting of 8 or more units. The eight or more-unit threshold applies to the number of units on the property, not the number of units being rehabbed or newly constructed. Property refers to one or more contiguous lots or parcels, commonly owned and operated as one rental project. In some cases, North Carolina Prevailing Wage Law is in effect. In these cases, the higher prevailing wage rate between the Federal and State requirements must be adhered to and made applicable.

The "Anti-Kickback" provision of the Copeland Act (40 USC, Chapter 3, Section 276c and 18 USC, Part 1, Chapter 41, Section 874; and 29 CFR Part 3) requires that workers be paid weekly, that deductions from workers' pay be permissible, and that contractors maintain and submit weekly payrolls. The U.S. Department of Labor describes the Copeland Act's Anti-Kickback as prohibiting contractors and subcontractors performing work on covered contracts from in any way inducing an employee to give up any part of entitled compensation. The Copeland Act and implementing regulations also require contractors and subcontractors performing on covered contracts to pay their employees on a weekly basis and in cash or a negotiable instrument payable on demand and to submit weekly payroll reports.

Prime contractors and subcontractors on DBRA contracts in excess of $150,000, or related Act contracts in excess of $100,000, are also required, under the applicable provisions of CWHSSA (40 USC, Chapter 5, Sections 326- 332; and 29 CFR Part 4, 5, 6 and 8; 29 CFR Part 70 to 240), as amended, to pay laborers and mechanics, including guards and watchmen, at least one and one-half times their regular pay for all hours worked over 40 in a work week. Additionally, DCR must follow the reporting requirements per HUD and U.S. Department of Labor regulations. This requirement also extends to DCR recipients and contractors.

DCR is responsible for monitoring labor compliance and may conduct interviews with workers, payroll audits, and site inspections. Noncompliance may result in enforcement actions, repayment of disallowed costs, or termination of funding.

6.6 Section 3

Section 3 of the Housing and Urban Development Act helps foster local economic development, neighborhood economic development, and individual self-sufficiency. Section 3 requires that economic opportunities generated by CDBG-DR funds be targeted toward Section 3 residents, those persons of low- and very low-income, particularly those who live or reside in public or government assisted housing.

Projects receiving more than $300,000 in CDBG-DR funds, developers and contractors are required to the greatest extent feasible, to provide training and job and business opportunities to low-income residents, especially those in the project area. The goal is for 25% of total work hours to be done by Section 3 workers and 5% by targeted workers (such as public housing residents). Contractors must include Section 3 language in contracts, post notices of job opportunities at the job site, keep detailed hiring and labor records, and report to DCR.

DCR is required to monitor Section 3 compliance and, as a result, may require applicants, subrecipients, or contractors to provide to it or its designee all necessary and supporting documentation for DCR to ensure the same. For those entities that receive more than $300,000 in HUD CDBG-DR assistance, DCR requires that an approved Section 3 plan be in place before the project is awarded and approved. Any failure to cooperate or comply may result in corrective action, including repayment, de-obligation of funds, or other enforcement actions as determined by DCR.

6.7 Minority- and/or Women-Owned Businesses

Minority-owned business enterprises (MBEs) must be at least 51 percent unconditionally and directly owned by one or more socially and economically disadvantaged individuals who are citizens of the United States (13 CFR Part 124). Women-owned business enterprises (WBEs) must be at least 51 percent owned and controlled by women who are U.S. citizens (13 CFR Part 127, Subpart B).

2 CFR 200.321 requires DCR to take all necessary steps to ensure that all subrecipients, contractors, or subcontractors funded in whole or in part with HUD CDBG-DR financial assistance ensure that contracts and other economic opportunities are directed to small businesses, M/WBEs, veteran-owned businesses, and labor surplus area firms when possible.

North Carolina ensures that public entities utilize M/WBEs through its Historically Underutilized Businesses (HUB) Program managed at the Division of Administration. As noted in the State's Executive Order 25, Section 5 (EO 25), the HUB Program works to incorporate HUD's programmatic requirements into contracting opportunities. Pursuant to EO 25, and as applicable, DCR, and through its subrecipients and contractors, must make best efforts to achieve an overall M/WBE participation goal of 10% of the entire contract.

6.8 Force Account Labor

Force account occurs when a local government subrecipient decides to perform specific duties using its own employees or equipment to perform CDBG-DR project-related work, as opposed to using a contractor or vendor to complete those services. Force account may be used for services including construction, inspection, administration, project delivery, engineering, or other professional services. For example, a locality may procure a contractor to replace storm-damaged sewer lines but may choose to make the necessary post-construction street repairs using force account labor and equipment. In order to use force account labor, subrecipients must demonstrate that they have the staff, experience, equipment, and capacity to perform the work and must request and receive prior approval from DCR. This may be documented by approval of a project budget that includes force account labor as a line item. When using local staff, the subrecipient must have written personnel and employment policies that address specifically prohibited discriminatory practices against federally protected classes. These policies must comply with all applicable federal and state statutes and regulations.

Subrecipients that proceed without prior approval risk disallowance of all costs incurred. If eligible and properly documented, force account work may be reimbursable from the subrecipient's project budget. Force account may also help subrecipients leverage funds to use for other expenditures for which the subrecipient lacks in-house capacity.

6.9 Uniform Relocation Assistance and Real Property Acquisition Policies Act (URA)

As a HUD-assisted program, the CI Program is subject to the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA), as amended, 42 U.S.C. § 4601 et seq., Section 104(d) of the Housing and Community Development Act of 1992, as amended (HCDA), 42 U.S.C. § 5304(d), to the extent HUD has not waived or provided alternative requirements, and HUD's implementing regulations including 49 CFR Part 24, 24 CFR Part 42, and 24 CFR Part 570, as applicable. These requirements apply to any acquisition, rehabilitation, or demolition of property funded in whole or in part with CDBG-DR funds that results in the temporary or permanent displacement of persons and businesses, as defined by 49 CFR Part 24.2, including tenants displaced due to rehabilitation, demolition, or acquisition or any physical or economic displacement associated with a federally assisted real estate project.

If the CI program project triggers acquisition, rehabilitation, or demolition that involuntarily displaces households or businesses, the Uniform Relocation Assistance and Real Property Acquisitions Policies Act (URA) applies. URA protections include relocation notices, advisory services, moving cost assistance, and replacement housing payments. DCR monitors compliance with the URA, and may require relocation plans, budgets, or proof that proper notices were issued prior to award. Any failure to cooperate or

comply may result in corrective action, including repayment, de-obligation of funds, or other enforcement actions as determined by DCR.

6.10 Residential Anti-Displacement

DCR seeks to minimize displacement by ensuring that any activities involving temporary or permanent displacement comply with its CDBG-DR Residential Anti-Displacement and Relocation Assistance Plan (RARAP).

6.11 Environmental Review

All activities under the CI Program are subject to environmental review in accordance with 24 CFR Part 58, the National Environmental Policy Act (NEPA), and other applicable federal and state environmental laws. The purpose of the environmental review process is to ensure that proposed projects do not negatively affect the environment (natural and human) and any identified environmental mitigation conditions are required to be met.

6.11.1 Responsible Entity

DCR is the Responsible Entity (RE) for environmental review under 24 CFR Part 58. In this role, DCR will:

- Complete all required environmental reviews;
- Publish and distribute public notices as required;
- Maintain the Environmental Review Record (ERR);
- Prepare as needed the Request for Release of Funds (RROF);
- Verify that no choice-limiting actions have occurred prior to the Authorization to Use Grant Funds (AUGF) is received; and
- Ensure that projects do not proceed until environmental clearance is issued.

In limited cases, DCR may delegate certain environmental review responsibilities or adopt environmental reviews conducted by other authorized local governments or state agencies, where permitted under 24 CFR Part 58. Any such delegation will be documented through a written agreement (e.g., Memorandum of Understanding or Interagency Agreement) that clearly outlines roles and responsibilities. Regardless of delegation, DCR remains the Responsible Entity and retains ultimate responsibility for ensuring compliance with NEPA and all applicable federal and state environmental requirements.

6.11.2 Timing and Restrictions on Commitment of Funds

In accordance with 24 CFR § 58.22, no commitment of CDBG-DR funds may occur, nor may any legally binding agreement for the purchase of property, or the commencement of physical work, including demolition, site clearing, or construction, be undertaken prior to DCR's completion of the environmental

review process and the issuance of a formal Notice to Proceed. The primary purpose of a notice to proceed (NTP) is to control the timing of construction activities and avoid initiation of construction without proper permits or authorization by the Program. Any activity undertaken prior to environmental clearance is considered a choice-limiting action and may render the project ineligible for CDBG-DR assistance.

6.11.3 Scope of Review

Depending on the nature and location of the project, the environmental review may examine a range of potential impacts. These include but are not limited to compliance with historic preservation laws, such as Section 106 of the National Historic Preservation Act; evaluation of floodplain and wetlands risks; noise and vibration hazards; and the presence of hazardous materials or contamination, including proximity to toxic or explosive sites and the suitability of soils.

The review may also consider land use compatibility, including zoning, siting, and conformance with local and regional plans, as well as the project's impact on infrastructure and public services, such as water and sewer systems, stormwater drainage, transportation access, and emergency response capacity. In addition, reviewers will assess socioeconomic and demographic impacts, including the potential for displacement and compliance with environmental justice principles.

Finally, the environmental review may address impacts on natural resources and ecosystems, including air and noise quality, endangered species, and protected habitats. All reviews will be conducted in accordance with 24 CFR Part 58 and HUD environmental assessment guidance, including Form HUD-4128 where applicable.

Projects located in the FFRMS floodplain will require documentation of flood mitigation compliance per 24 CFR Part 55, and may require elevation, flood insurance, or alternative siting. Minimum flood insurance requirements are governed by applicable federal, state, local, and tribal laws and regulations related to both flood insurance and floodplain management and are set forth in HUD's 2025 Revised Universal Notice at Section III.B.11.a.

6.11.4 Environmental Conditions for Approval

As a condition of receiving CDBG-DR assistance, project sponsors must cooperate fully with environmental review staff, provide all necessary project information, and comply with any mitigation or remediation measures identified through the environmental review process. Environmental clearance must be secured before the project undertakes any choice limiting actions.

6.12 Protecting Sensitive and Personal Identifiable Information

CI Program subrecipients, recipients, contractors, and property managers must protect any personal data—like Social Security numbers, income details, or disability status—when carrying out CI Program activities. Access should be limited to authorized staff, records must be securely stored, and electronic files must be encrypted and password protected. Sensitive information should never be shared by unsecured email, and any breaches must be reported to DCR right away. Until the State issues its full policy, federal privacy laws and HUD guidance apply.

6.13 Conflict of Interest (COI)

All parties involved in the CI Program (e.g., DCR Staff, subrecipients, recipients, and contracted consultants, etc.) must comply with applicable state and federal conflict of interest requirements, including 2 CFR Parts 200.112, 200.318, and 200.319, and 24 CFR 570.489(h). Individuals or entities may not participate in the selection, award, or administration of any contract or activity supported by CI Program funds if a real or apparent conflict of interest exists or potential conflicts have not been addressed administratively.

Each participant must disclose any financial or personal interest that could affect objectivity or result in personal gain. DCR will review all disclosures and determine whether a waiver is allowable under federal regulations. A Conflict of Interest Certification must be signed by applicable entities during application, contracting, or assignment of program roles, and must be updated as often as necessary to keep the information current and accurate.

Failure to disclose or resolve conflicts of interest may result in disqualification, funding recapture, or other corrective action.

Section 7: Financial Management and Disbursement

7.1 Allowable Costs

CDBG-DR funds may only be used for costs that are necessary, reasonable, and directly tied to eligible development activities. Costs must be consistent with 2 CFR Part 200 (Cost Principles), the 2025 Revised Universal Notice, and HUD guidance on eligible construction and housing activities under Title I of the Housing and Community Development Act of 1974, as further defined in HUD Notice CPD-16-02 and 24 CFR § 570.201–204.

7.2 Pre-Award or Pre-Agreement Costs

7.1.1 Pre-Award or Pre-Agreement Costs

Under the CI Program, once a project is selected it moves into preliminary award; during the preliminary award phase, Environmental Review and other matters are handled before a project can move to full award. Certain soft costs incurred after selection and before agreement or full award may be eligible for reimbursement if they:

- Are directly tied to eligible project activities;
- Are necessary for project implementation; and
- Are documented at the time of application.

Examples include architectural design and environmental assessment; a more extensive list of allowable soft costs can be found in 7.1.3 below. Applicants are required to document such costs and submit them for DCR review for eligibility and cost reasonableness. All pre-award or pre-agreement costs are incurred at the applicant's own risk and may only be considered for reimbursement if the project:

- Is awarded;
- Completed environmental clearance;
- Enters into a fully executed grant agreement; and
- No prohibited "Choice-Limiting Actions" occur before environmental clearance.

7.1.2 Examples of Allowable Direct Construction Costs

- Acquisition of land and/or buildings (if not previously owned by the applicant)
- Environmental review costs (if not performed by DCR)
- Architectural and engineering services
- Demolition and site preparation
- Hard construction costs including:
    - Structural work,
    - Interior and exterior finishes,
    - Accessibility improvements,
- Mitigation measures (e.g., elevation, floodproofing)
- Utility and infrastructure connections
- Green building and energy efficiency improvements
- Builder profit and overhead (within program caps)
- Relocation costs, if applicable under the Uniform Relocation Act

7.1.3 Examples of Allowable Direct Soft (Non-Construction) Costs

The following costs may be allowable if directly tied to project development, properly budgeted, and approved in advance. These are direct costs and are not considered indirect or general administrative expenses (e.g., general overheard):

- Activity (or program) delivery costs, including administrative costs directly related to carrying out eligible activities;
- Market studies and appraisals;
- Construction management services;
- Legal and closing costs;
- Insurance and permit fees directly attributable to construction;
- Third-party inspections and certifications (e.g., lead/mold/asbestos/radon clearance, green building verification).

7.1.4 Activity Delivery Costs

The activity (or project) delivery costs (ADCs) of subrecipients, which include administrative costs that are directly related to carrying out CDBG-DR eligible activities, see 24 CFR § 570.206, are allowable costs directly related to the implementation and administration of eligible activities under the CI Program. These costs are distinct from indirect or general administrative costs and must be:

- Reasonable and allocable, as defined by 2 CFR § 200.404 and 405;
- Documented in accordance with 2 CFR § 200.302 (Financial management); and
- Consistent with HUD guidance in CPD Notices 2013-07 and 2023-06, which outline eligible activity delivery costs for CDBG-DR and Mitigation funds.

ADCs include, but are not limited to:

- Environmental review services;
- Administrative costs directly related to carrying out CDBG-DR eligible activities;
- Contractor technical assistance;
- Legal services related to program agreements;
- Application intake and documentation review.

ADCs may be charged to the individual project budget as appropriate. All such costs must be adequately documented and will be evaluated for cost reasonableness and compliance with 2 CFR Part 200 cost principles. Caps on ADCs may be included in individual NOFOs.

Beneficiaries (e.g., contractors, business owners, and homeowners) are not recipients or subrecipients (see 2 CFR 200.1 and 570.500(c)) and therefore cannot incur ADCs.

7.3 Unallowable Costs

The indirect or general administrative expenses of subrecipients that are not directly related to carrying out CDBG-DR eligible activities, see 24 CFR § 570.206, i.e., those that are not ADCs, will not be reimbursed. Unallowable costs also include those prohibited under federal cost principles or those associated with activities deemed ineligible pursuant to 24 CFR § 570.207.

7.4 Procurement and Bidding

Procurement under the CI Program must comply with the most restrictive applicable Federal, State, or local requirements. CI Program projects must follow federal procurement standards (2 CFR 200, Subpart D) to the extent applicable to state and local government grantees and their subrecipients, as well as all applicable state and local rules that ensure fair competition and reasonable costs. Local government subrecipients must have in place or adopt a procurement policy that complies with the requirements of 2 CFR 200.318-327.

Designs must be prepared by licensed professionals, include backup bid options (adds and deducts), and go through value engineering to find cost savings. Projects must also meet resilience, energy, accessibility, and environmental requirements. Bids must be based on approved plans, fully documented, and awarded to qualified contractors who meet licensing, insurance, and labor compliance requirements.

For additional information, see DCR's Procurement Manual.

7.5 Invoicing and Payment Requests

All requests for reimbursement or disbursement of CI Program funds must follow an established invoicing and payment process administered by DCR. These requests must comply with applicable federal and DCR financial management regulations, including:

- 2 CFR § 200.302 (Financial management);
- 2 CFR § 200.305 (Federal payment);
- 24 CFR § 570.502 (Applicability of uniform administrative requirements);
- 2025 Revised CDBG-DR Universal Notice, Section V.C (Grant administration and financial management); and
- DCR's Timely Expenditures of Grant Funds Policy.

7.5.1 General Requirements

- All CI Program funds must be paid on a reimbursement basis, unless otherwise authorized (e.g., relocation payments in accordance with 49 CFR Part 24).

- Payment requests may only be submitted after execution of the funding agreement and must correspond to the approved project budget, scope of work, and construction timeline.
- The timing and amount of disbursement must minimize the time between receipt and expenditure of funds in accordance with 2 CFR § 200.305(b).
- Expenditures must be supported by adequate documentation and demonstrate that costs are:
    - Allowable under 2 CFR Part 200, Subpart E,
    - Reasonable and allocable pursuant to 2 CFR § 200.404–200.405, and
    - Incurred for eligible activities under 24 CFR § 570.201–570.206.

7.5.2 Required Payment Request Package Components

Each payment request must include the following elements:

- Itemized invoices from contractors, vendors, or service providers;
- Proof of incurred cost, such as canceled checks, executed contracts, or payment certifications;
- Documentation of work completed, such as progress photos, inspection reports, or architect's certifications;
- Updated budget-to-actual expenditure tracking;
- Signed certification by the authorized applicant representative, affirming compliance with all applicable federal and state requirements.

DCR reserves the right to request additional documentation to support payment requests, in accordance with 2 CFR § 200.302(b)(3)–(7).

7.5.3 Review and Approval Process

Payment requests will be reviewed and approved, by program managers, using the following process:

1. Submission: Payment packages must be submitted electronically via DCR's designated grants management system.
2. Review for Completeness: DCR will verify eligibility and compliance under the applicable program rules and 24 CFR § 570.502.
3. Clarifications or Corrections: If deficiencies are identified, the applicant will be notified and given an opportunity to revise and resubmit the package.
4. Approval and Disbursement: Once approved, funds will be disbursed in accordance with the draw schedule and 2 CFR § 200.305(b) requirements.

7.5.4 Retainage and Withholding

DCR may retain up to 10 percent of the requested amounts until certain project milestones are met or until project closeout. Additional amounts may be withheld if:

- The request is incomplete or unsupported;
- Monitoring identifies unresolved findings (2 CFR § 200.339); or
- The project is out of compliance with grant terms or federal regulations.

7.6 Construction Payment Process

The Construction Payment Process under the CI Program governs the disbursement of CDBG-DR funds tied specifically to construction-related costs. This process is designed to ensure timely payments to contractors while maintaining federal compliance, cost reasonableness, and appropriate documentation standards.

All construction payment requests must align with federal financial and grant management regulations, including:

- 2 CFR § 200.302 – Financial management;
- 2 CFR § 200.305 – Federal payment;
- 2 CFR § 200.317–200.327 – Procurement standards (if applicable);
- 24 CFR § 570.502 – Applicability of uniform administrative requirements;
- 24 CFR § 570.200(a)(5) – Cost principles.

7.6.1 Payment Timing and Frequency

Payment requests for construction activities must be submitted based on verified progress. The payment schedule should be established in coordination with DCR and should generally follow milestone-based or monthly intervals, depending on project size and scope.

No more than one payment request may be submitted per month unless a waiver is granted.

7.6.2 Required Documentation

Each construction payment request must include:

- Contractor pay application (e.g., AIA G702/G703 or equivalent);
- Supporting invoices for labor and materials;
- Updated construction budget and payment ledger;
- Evidence of work completed, such as:
    - Photos,
    - Third-party inspector signoffs,
    - Architect's certification (if applicable);
- Lien waivers or conditional releases for previously reimbursed payments;
- Certified payrolls (if Davis-Bacon applies under 24 CFR § 570.603).

All documentation must be retained by the recipient in accordance with the most restrictive Federal, State or local requirements and made available to DCR or HUD upon request.

7.6.3 DCR Review and Oversight

Upon submission, DCR will:

1. Verify consistency with the approved construction budget and scope of work;
2. Confirm eligibility and reasonableness of costs;
3. Conduct site inspections, when necessary, to validate progress;
4. Review labor standards compliance, if applicable;
5. Issue payment authorization once all requirements are satisfied.

DCR reserves the right to delay or withhold payment approval if discrepancies, cost concerns, or documentation deficiencies arise (per 2 CFR § 200.339).

7.6.4 Retention and Final Payment

- A retainage of up to 10 percent may be held from each payment until substantial completion or closeout.
- Final construction payments must include:
    - Completion photos;
    - Final mechanic's lien releases;
    - Final inspection report or punch list approval;
    - Final budget reconciliation.

Final disbursement will not occur until all program, environmental, and contractual conditions are met.

7.7 Program Income

Program income activities must comply with the requirements set out in Section III.B.12 of HUD's 2025 Revised Universal Notice, which applies to state or local government grantees, as well as all subrecipients of those grantees. For-profit and non-profit developers are not subject to these program income requirements.

Program income is generally defined as any gross income generated from the use of CDBG-DR funds. When program income is generated by an activity that is only partially assisted with CDBG-DR funds, the income shall be prorated to reflect the percentage of CDBG-DR funds used.

All program income must be:

- Reported in the Disaster Recovery Grant Reporting (DRGR) system and recorded in internal financial records;
- Returned to DCR unless an alternative use or retention is expressly authorized in writing;
- Expended on eligible CDBG-DR activities prior to the drawdown of additional federal funds, in accordance with 24 CFR § 570.504.

DCR is responsible for the tracking, reporting, and management of all program income in compliance with HUD regulations and DRGR guidance.

Subrecipients that generate program income must:

- Promptly report program income and remit to DCR;
- Comply with all remittance and documentation requirements specified in their grant agreements;
- Ensure that all use of program income meets CDBG-DR eligibility standards and federal cost principles under 2 CFR Part 200.

Failure to comply with program income requirements may result in repayment, de-obligation of funds, or other enforcement actions as determined by DCR.

7.8 Financial Reporting and Audit

All project sponsors of CI Program funds must maintain financial records and reporting practices that ensure transparency, accountability, and compliance with federal grant requirements. These responsibilities are governed by:

- 2 CFR § 200.302 – Financial management;
- 2 CFR § 200.328–200.330 – Financial and other program reporting;
- 2 CFR Part 200, Subpart F – Audit requirements;
- 24 CFR § 570.502 – Applicability of uniform administrative requirements;
- Other State and local requirements.

7.8.1 Financial Reporting Requirements

CI Program participants must submit financial reports to DCR as required in its funding agreements. Reports must include:

- Expenditure-to-budget comparisons;
- Line-item budget updates reflecting actual costs to date;
- Cash on hand balances, if any advance payments were made;
- Construction progress tied to financial payments.

Reporting frequency (typically quarterly or monthly) will be determined by DCR based on project size, risk level, and funding structure. Reports must be accurate, complete, and submitted on time, as required by 2 CFR § 200.328.

7.8.2 Annual Single Audit Requirement

Any non-Federal entity that expends $1,000,000 or more in total federal funds (all sources including CDBG-DR) during its fiscal year is subject to the Single Audit Act and must:

- Conduct an independent audit in accordance with 2 CFR § 200.501;
- Submit the audit to the Federal Audit Clearinghouse (FAC) within 30 calendar days of receipt of the auditor's report or 9 months after the end of the fiscal year (whichever is earlier);
- Provide a copy of the audit or audit confirmation to DCR.

If the CI project is part of a larger organizational audit, the project sponsor must ensure that the Schedule of Expenditures of Federal Awards (SEFA) clearly identifies CDBG-DR funds by CFDA/Assistance Listing Number 14.228.

Local governments and public authorities must adhere to N.C. Gen. Stat. § 159-34 and the requirements of the Local Government Commission (LGC). All non-state entities except contractors and local governments must follow the NC Administrative Code (NCAC) Chapter 09, Subchapter 03M, Section .0100 (09 NCAC 03M .0100), *et seq*.

7.8.3 Corrective Action and Resolution

If the audit identifies material weaknesses, questioned costs, or noncompliance:

- The project sponsor must submit a Corrective Action Plan within 30 days;
- DCR will work with the entity to ensure timely resolution and monitor progress per 2 CFR § 200.511;
- Unresolved or repeated findings may result in suspension of payments, repayment of disallowed costs, or other remedies under 2 CFR § 200.339.

7.8.4 DCR Monitoring

In addition to external audit requirements, DCR will conduct periodic internal financial monitoring to:

- Review accounting practices;
- Assess payment documentation and disbursement controls;
- Confirm compliance with cost principles under 2 CFR Part 200, Subpart E;
- Ensure adherence to matching, leveraging, and DOB requirements.

Section 8: Compliance and Monitoring

8.1 Performance Monitoring and Site Inspections

DCR will conduct performance monitoring and physical site inspections to verify that projects funded under the CI Program are developed and operated in accordance with all applicable federal, state, and program-specific requirements.

This monitoring aligns with the requirements of:

- 2 CFR §§ 200.328-332 – Monitoring responsibilities;
- 24 CFR § 570.503(b) – Agreements with subrecipients;
- 2025 Revised Universal Notice.

8.1.1 Monitoring Objectives

- Ensure that project construction and operations meet program goals;
- Identify and address noncompliance or performance issues early;
- Verify the eligibility of costs and beneficiaries;
- Confirm that environmental, labor, accessibility, and other legal requirements are met.

8.1.2 Monitoring Schedule

Monitoring visits will occur based on a risk analysis conducted by DCR. The frequency and type of monitoring will depend on factors such as project complexity, prior compliance history, stage of development, and expenditure levels. Monitoring visits may include:

- Pre-construction (to confirm site conditions and readiness);
- During construction (to review progress and compliance with Davis-Bacon, Section 3, and accessibility requirements); and
- At completion as well as a five-year record retention, along with any other requirements indicated in SRA.

8.1.3 Onsite Inspections

DCR or its designee will conduct onsite inspections for projects determined to require additional oversight, based on risk assessment and monitoring plan. Findings will be documented in a Monitoring Report, which may include required corrective actions and deadlines for resolution. Failure to comply with the monitoring and inspection process or to resolve findings may result in suspension of payments or recapture of funds under 2 CFR § 200.339, as well as other remedial actions such as technical

assistance mandates, increased oversight or reporting frequency, or suspension from future funding rounds.

8.2 Record Retention and Reporting

State law (09 NCAC 03M .0703) requires all program-related records to be retained for a minimum of 5 years from project closeout or until all audit exceptions have been resolved, whichever is longer. All records – including all books, accounts, records, reports, files, and other papers, or property pertaining to the administration, receipt and use of CDBG funds and necessary to facilitate such reviews and audits – must be accessible to DCR, representatives of HUD, the HUD Office of the Inspector General (OIG), and the General Accounting Office, and other oversight bodies upon request. Reports must be submitted regularly, and missing or incomplete records may trigger corrective actions or withheld payments.

8.3 Fraud, Waste, and Abuse

Grantees and subrecipients must ensure that CI Program funds are spent properly and efficiently. As a result, each must have adequate policies and procedures in place to prevent fraud, waste, and abuse and to provide CDBG-DR beneficiaries with information to prevent, become aware of, and assist in reporting, the same, as set forth in Section II.A.1.d of HUD's 2025 Revised Universal Notice. All grantees receiving funds for the first time shall attend and require subrecipients to attend fraud-related training provided by HUD Office of the Inspector General (OIG), when offered, to assist in the proper management of CDBG-DR grant funds.

In accordance with 2 CFR 200.113, grantees and subrecipients of CDBG-DR must promptly inform in writing the OIG and HUD when it has credible evidence of violations of federal criminal law involving fraud, bribery, or gratuities or a violation of the civil False Claims Act that could potentially affect the federal award at https://www.hudoig.gov/hotline/report-fraud (a subrecipient must also inform DCR of the same). All other instances of fraud, waste, and abuse should be referred to the HUD OIG Fraud Hotline (phone: 1-800-347-3735 or email: hotline@hudoig.gov).

Moreover, anyone can report suspected fraud, waste, or abuse to DCR, state agencies, HUD, or the U.S. Treasury. DCR supports compliance through training and oversight.

For additional information, see DCR's Fraud, Waste, and Abuse Policy.

8.4 Corrective Action and Risk-Based Monitoring

8.4.1 Risk-Based Monitoring Approach

In accordance with 2 CFR § 200.332(c), DCR will implement a risk-based monitoring strategy to assess the level and frequency of monitoring required for each CI Program recipient.

Key risk factors include:

- Size of the award or subgrant;
- Complexity of the project (e.g., multi-phase developments, layered funding);
- Past performance, including timeliness and quality of reporting;
- Results of previous monitoring visits;
- Environmental review level; and
- Organizational capacity and staffing changes.

Based on this assessment, DCR will assign recipients to a low, moderate, or high-risk category, which will inform:

- Frequency of desk reviews and onsite monitoring;
- Additional technical assistance needs.

8.4.2 Corrective Action Process

If noncompliance is identified through monitoring, DCR will issue a formal Notice of Finding or Concern, which outlines:

- The nature of the issue;
- The regulatory requirement violated;
- Required corrective actions;
- A deadline for resolution (typically 30–60 days).

In cases of serious or repeated noncompliance, DCR may:

- Impose payment holds or conditions;
- Require reimbursement of disallowed costs;
- Refer the issue for further review or enforcement.

Corrective actions must be documented and verified by DCR staff prior to closing the issue. Continued failure to resolve findings may result in suspension or termination of funding, consistent with 2 CFR § 200.339.

Section 9: Closeout and Program Amendments

In accordance with 2 CFR § 200.344 and HUD's 2025 Revised Universal Notice, DCR will initiate closeout procedures once all construction work has been completed, all funds disbursed, and any performance benchmarks have been met. Final reports, documentation, and certification of compliance will be required prior to grant closeout.

9.1 Project Completion and Closeout Checklist

Once a project funded through the CI Program reaches physical completion and final disbursement of funds, DCR will initiate the closeout process. This involves verifying that all program requirements have been met and that no outstanding obligations remain.

Project sponsors must submit at a minimum a Project Closeout Package, which includes:

- Final inspection report;
- Final budget and expenditure report;
- Documentation of final payment and lien waivers;
- Certification of compliance with Davis-Bacon, Section 3, and Section 504 (if applicable);
- Environmental clearance or mitigation documentation (as required).

DCR will conduct a closeout review and issue a formal closeout letter, documenting that all funds were used appropriately and that the project has complied.

9.2 Program Amendments and Policy Revisions

DCR may amend the CI Program's policies, procedures, or implementation strategy in response to evolving recovery needs, regulatory changes, public feedback, or HUD direction. Amendments may involve adjustments to funding allocations, program priorities, compliance requirements, or eligibility criteria.

Any substantial amendment to the CI Program will be made consistent with the provisions of the Action Plan and subject to HUD's substantial amendment requirements, as defined in the 2025 Revised Universal Notice. DCR will also issue updated program documents, policies, or NOFOs as necessary to communicate changes to stakeholders and applicants.

Subrecipients and contractors will be required to comply with the most current program guidance, unless otherwise specified in their executed funding agreements.

9.3 Revisions to Program Scope or Budget

Any changes to the scope, budget, or timeline of an awarded CI Program project must be reviewed and approved by DCR in writing prior to implementation.

Examples of project-level amendments include:

- Changes to location, ownership entity, or design specifications;

- Material changes to project financing, including leveraged sources[6];
- Budget revisions involving reallocation across major line items (e.g., soft costs to hard costs), including any revision that results in a cumulative change of 10 percent or more of the total project budget, will require a written amendment and prior approval by DCR; and
- Requests for extensions to construction timelines.

Project sponsors must submit a written amendment request with justification, revised project documents, and any applicable third-party approvals. DCR will evaluate whether the change:

- Remains compliant with the project's original purpose and federal eligibility;
- Does not result in a duplication of benefits; and
- Continues to meet the requirements of all applicable regulations.

If the revision is approved, an amendment to the funding agreement will be issued and signed before changes take effect. Amendments must be documented and retained in the project file per 2 CFR § 200.334.

Section 10: Citizen Participation and Public Engagement

DCR is committed to engaging the public in a transparent and effective manner throughout the design and implementation of the CI Program. Citizen participation is a required element under the CDBG-DR program and ensures that recovery investments reflect the needs of communities affected by Hurricane Helene. Additionally, each local government receiving assistance from DCR must also follow a detailed citizen participation plan that satisfies the requirements of 24 CFR Part 570.486 (except as provided for in waivers and alternative requirements).

For additional information, see DCR's Citizen Participation Plan (CPP).

10.1 Overview and Regulatory Requirements

DCR's citizen participation approach is guided by the requirements set forth in:

- The 2025 Revised Universal Notice;
- 24 CFR Part 570.486 (Citizen Participation);
- The State's HUD-approved CDBG-DR Action Plan; and
- DCR's Citizen Participation Plan (CPP).

[6] A material change refers to any modification that significantly alters the scope, cost, timing, financing structure, or compliance of the project.

These policies and regulations require that DCR provide opportunities for the public to review and comment on major program decisions and ensure that program information is accessible, inclusive, and publicly available throughout the recovery process.

10.2 Ongoing Community Engagement

DCR will continue engaging the public and stakeholders during program implementation. Engagement activities may include:

- Stakeholder meetings with local governments;
- Public informational sessions or webinars;
- Program updates posted online; or
- Outreach to communities with significant housing recovery needs.

Public informational sessions or webinars and other public outreach activities will be announced on the DCR website and social media. DCR regularly provides updates and information via LinkedIn, Facebook, and Instagram.

Additional input may be solicited prior to the release of future funding rounds or NOFO updates.

10.3 Public Comments and Incorporation

Public comments submitted during formal comment periods or outreach events will be reviewed and considered by DCR. A summary of comments and responses will be published on the program website for each applicable comment period.

Feedback may be used to refine program policies, adjust application requirements, or improve future public outreach efforts.

10.4 Complaints

Should any applicant or member of the public have complaints concerning the award or administration of CDBG-DR funds, complaints should be addressed using the following official channels:

- Online: The Complaint Submission Form
- Phone: DCR Complaint Line at 919-707-1560
- Email: dcr.constituentservices@commerce.nc.gov
- Mail: Division of Community Revitalization – Constituent Services
  301 North Wilmington Street
  4301 Mail Services Center
  Raleigh, NC 27699-4301

The Constituent Services team will make every effort to provide a timely written response upon receipt of a citizen's petition, within fifteen (15) business days, as expected by HUD, where practicable.

Reports of suspected fraud, waste, or abuse of government funds may also be directed to the Office of State Budget and Management at FWA@osbm.nc.gov.

10.5 Contact Information and Public Access

Program updates, Action Plan materials, and information on how to submit public comments are available on DCR's disaster recovery website.

These, and other related DCR policies are also available on DCR's website.

10.6 Local Government Citizen Participation Requirements

Each local government receiving assistance must follow a detailed citizen participation plan that satisfies the requirements of 24 CFR 570.486. The records must demonstrate that it has notified affected residents through electronic mailings, press releases, statements by public officials, media advertisements, social media, public service announcements, and/or contacts with neighborhood organizations. All applicants must submit evidence of a publicly noticed meeting or public comment period to discuss the proposed project and application for the CI Program. Counties eligible to receive funds must consider the needs of all municipalities (and federally recognized tribes) within the incorporated and unincorporated area of the county (and reservations contiguous to the county).

To meet the minimum requirements for citizen participation local government applicants must hold two public hearings to obtain citizens' comments, at least one of which must be held prior to submitting an application. The notice of such public hearing must be published at least 10 days but no more than 25 days before the date of the hearing. Notice must be published on the local government's website as well as at least one additional method to ensure wide participation. Examples include posting in the non-legal section of the newspaper with general circulation in the area, social media accounts, radio ads, and distribution lists. The notice must state the types of projects to be undertaken, the source and amount of funding available for the activities, the date by which comments must be made, and a contact person for a copy of the proposed application. The application will require documented evidence of properly noticed meetings; an affidavit may be submitted but is not required. Applicants must also provide for a 10-day comment period, which must close prior to the submission of the application.

Resolution #__-____

RESOLUTION BY THE CITY OF HENDERSONVILLE CITY COUNCIL IN SUPPORT OF APPLICATION FOR THE RENEW NC CDBG-DR GRANT PROGRAM FOR THE PATTON PARK & POOL RESTORATION & MITIGATION PROJECT

WHEREAS, the United States Department of Housing and Urban Development announced the State of North Carolina will receive $1.4 billion in funding to support recovery efforts following Hurricane Helene.

WHEREAS, eligible communities must be located within a "Most-Impacted and Distressed" area defined by HUD or the State of North Caroline.

WHEREAS, the City of Hendersonville wishes to pursue funding opportunities that would allow the City to restore, repair, and/or replace critical infrastructure on public property and provide safe access to these properties.

WHEREAS, the City's financial resources have limited the City's ability to fund restorative and repair projects as well as implement necessary mitigation measures to increase resiliency to future weather-related disasters.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Hendersonville, North Carolina that:

1. The City hereby endorses the application for the ReNew NC Infrastructure Grant Program and staff assistance for the duration of the project; and
2. The City Manager is authorized to execute said application.

Adopted by the City Council of the City of Hendersonville, North Carolina on this 6th day of August 2026.

_____

Attest: Barbara G. Volk, Mayor, City of Hendersonville

_____

Jill Murray, City Clerk

Approved as to form:

_____

Angela S. Beeker, City Attorney

CITY OF HENDERSONVILLE

AGENDA ITEM SUMMARY

SUBMITTER: Blake Fulgham, Management Analyst II

MEETING DATE: 08/06/2026

AGENDA SECTION: CONSENT AGENDA

DEPARTMENT: Public Services

TITLE OF ITEM: Approval to Apply for the Department of Commerce ReNew NC Grant Program - *Blake Fulgham, Management Analyst III*

SUGGESTED MOTION(S):

I move City Council to approve city staff's plan to apply for the North Carolina Department of Commerce ReNew NC Grant- Community Infrastructure Program.

SUMMARY:

The United States Department of Housing and Urban Development announced that North Carolina will receive $1.4 billion dollars in funding to support long-term recovery efforts following Hurricane Helene. The Community Development Block Grant Disaster Recover (CDBG-DR) funding program is designed to address needs that remain after all other assistance has been exhausted. We plan to submit a grant application for the Whitmire Activity Center Project to complete necessary repairs and reconstruction activities to restore the damaged Whitmire Activity Center infrastructure back to the necessary codes and standards to be reopened to the public.

BUDGET IMPACT: **Grant Maximum award amount is $15 million. Our project request will be between $8-$10 million. No match required.**

Is this expenditure approved in the current fiscal year budget? N/A

If no, describe how it will be funded. N/A

ATTACHMENTS:

N/A

NC DEPARTMENT of COMMERCE
COMMUNITY REVITALIZATION

RenewNC
INFRASTRUCTURE

North Carolina Department of Commerce
Division of Community Revitalization
Community Infrastructure (CI) Program
Policies and Procedures

Version 2.0 – July 8, 2026

Revision History

VERSION	DATE	REVISION DESCRIPTION
1.0	January 27, 2026	Initial Version
2.0	July 8, 2026	• Added RARAP link • Added glossary • Formatting changes • Minor language edits • Significant additions to be consistent with CDR Program • Added language based on HUD rubric

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Renew NC Grants Programs Glossary of Terms

A full and comprehensive Glossary of Terms can be found on the North Carolina Department of Commerce – Division of Community Revitalization's website.

Section 1: Overview

1.1 Introduction

In response to the widespread damage caused by Hurricane Helene in September 2024, the U.S. Department of Housing and Urban Development (HUD) allocated $1,428,120,000 in Community Development Block Grant Disaster Recovery (CDBG-DR) funding to the State of North Carolina (the State) as appropriated by Public Law 118-158. This allocation addresses unmet needs and promotes resilient recovery in counties designated as the Most Impacted and Distressed (MID) areas.

To maximize the coordination of recovery and rebuilding efforts throughout North Carolina's MID areas, the Governor directed that the North Carolina Department of Commerce – Division of Community Revitalization (DCR) be the lead agency. DCR was thus charged with overseeing the recovery effort across State agencies and with units of local government.

DCR outlined the use of these disaster recovery funds by creating a suite of recovery programs, published in the State's Action Plan for Use of Community Development Block Grant Program Disaster Recovery funds which was submitted and approved by HUD. The Action Plan included creating programs to address community recovery and to address the significant damage to the State's critical infrastructure. To meet these recovery challenges, the State established the Community Infrastructure (CI) Program as a core component of the HUD-approved 2025 North Carolina Action Plan[1] for Disaster Recovery.

1.2 Program Overview

The CI Program is a $193,500,000 competitive grant initiative. The Program is designed to provide funding for infrastructure projects that will help impacted communities become more resilient to current and future natural hazards. As outlined in HUD's 2025 Revised Universal Notice, at least 80% of the CDBG-DR funding awarded to the State must be spent to benefit the HUD-identified MID areas, with up to 20% permitted to benefit the State-identified MID areas. Funding may cover up to 100 percent of project costs, but the preference will be for projects that leverage other funding sources.

[1] State of North Carolina Action Plan | DCR

CI Program activities must demonstrate a direct or indirect tie-back to the impacts of Hurricane Helene or be a mitigation activity funded through the mitigation set-aside. A tie-back refers to a clear and documented connection between the proposed activity and the impacts of the disaster, such as physical damage or vulnerability revealed or exacerbated by Hurricane Helene. Mitigation activities are those that increase resilience to future disasters and reduce or eliminate the long-term risk of loss of life, injury, damage to and loss of property, and suffering and hardship. All Program activities must also meet a national objective as required by the CDBG-DR regulations at 24 CFR 570.483 and the 2025 Revised Universal Notice.

Both general-purpose local government units and special-purpose entities may apply to CI's competitive grant program, provided they meet program criteria (see section 3) and are in eligible areas (see section 3.4). Non-profit organizations are not eligible applicants for these funds.

Examples of local government units include:

- Counties (e.g., Rutherford County)
- Municipalities such as cities, towns, or villages (e.g., City of Rutherfordton)
- State recognized tribal governments

Examples of local government entities:

- Water and Sewer Authorities
- Transit Agencies
- Park or Recreation Districts

Eligible activities include, but are not limited to:

- Restoration of critical services and infrastructure (such as water and sewer facilities, streets, provision of permanent generators, bridges, etc.);
- Demolition, rehabilitation, or construction of programmatically eligible public or semi-public facilities (such as fire stations, shelters, food banks);
- Flood control and drainage repair and improvements, including the construction or rehabilitation of storm water management system;
- Acquisition (e.g., easement, right-of-way [ROW], etc.);
- Rehabilitation of schools, health care centers, water or wastewater facilities, drainage improvements, etc.;
- Related site preparation and infrastructure improvements;
- Soft costs such as architectural and engineering fees; and
- Compliance with HUD environmental, construction, and accessibility requirements.

1.3 Program Authority

The CI Program is governed by:

- HUD's 2025 Revised CDBG-DR Universal Notice;
- HUD Memorandum 25-02, issued March 19, 2025;
- HUD's Allocation Announcement Notice (AAN)
- The Housing and Community Development Act of 1974;
- The Disaster Relief Supplemental Appropriations Act, 2025 (Public Law 118-158, Division B, December 21, 2024);
- 24 CFR Part 570, including Subpart I for state-administered CDBG programs;
- 2 CFR Part 200, Uniform Administrative Requirements;
- Robert T. Stafford Act provisions;
- Any future or amended HUD guidance;
- Applicable federal environmental, labor, nondiscrimination, and relocation regulations.

The North Carolina Department of Commerce (NCDOC) Division of Community Revitalization (DCR) is the designated and lead administrator for the CI Program. DCR ensures compliance with all federal and state mandates and will manage program implementation, oversight, reporting, and monitoring.

1.4 Funding Structure

Component	Allocation	Award Range
Unmet Needs (National Objective Needed)	$174,872,300	$500,000 – $15,000,000
Mitigation Set Aside Allocation	$18,627,700	Used for cost-effective risk reduction measures
Total	**$193,500,000**	*N/A*

Most CDBG-DR appropriations under this program require funds to be used for necessary disaster relief, long-term recovery, and infrastructure restoration in the most affected and distressed areas. Projects must be financially feasible and are encouraged to leverage other funding sources. DCR may revise the final amount of CDBG-DR funding awarded to any project based on funding availability, project feasibility, and alignment with program objectives.

1.5 Purpose of Guide

This Program Guide serves as the authoritative manual for the implementation of the CI Program. It is intended for use by subrecipients, contractors, and other program stakeholders.

Specifically, this Guide:

- Defines eligibility criteria for applicants, sites, and activities;
- Describes the application, evaluation, and award process;
- Outlines program funding limits;
- Establishes standards for environmental review, construction, and statutory compliance;
- Ensures adherence to all applicable federal and state regulations, including the 2025 Revised CDBG-DR Universal Notice under which this allocation falls.

The contents of this Guide are subject to revision based on HUD guidance, amendments to North Carolina's Action Plan, or programmatic updates or changes.

Section 2: Program Administration

2.1 Roles and Responsibilities

DCR will administer the CI Program through direct implementation and contracted support services. Program activities must comply with the requirements set forth in:

- HUD's 2025 Revised Universal Notice[2], published at 90 FR 1754 (January 8, 2025), and as amended by HUD Memorandum 25-02 (March 19, 2025)[3],
- 24 CFR Part 570
- 2 CFR Part 200 (to the extent applicable),
- The State's HUD-approved CDBG-DR Action Plan for Helene funding.

2.1.1 North Carolina Department of Commerce (NCDOC) Division of Community Revitalization (DCR) Responsibilities

- Serving as the program administrator and CDBG-DR fund manager;
- Issuing Notices of Funding Opportunity (NOFOs) and application materials;
- Overseeing application intake, eligibility determination, and award determinations;
- Conducting cost reasonableness reviews for each application determined responsive to a NOFO;
- Executing necessary documents with selected subrecipients;
- Providing technical assistance throughout the application and construction process;
- Monitoring construction progress and budgets;
- Ensuring program compliance with all federal and state mandates and managing program implementation and oversight; and

[2] Universal-Notice-CDBG-DR-Signed-English.pdf
[3] HUD Memorandum 25-02

- Reporting to HUD on program expenditures, milestones, and deliverable outcomes through the Disaster Recovery Grant Reporting (DRGR) system.

2.1.2 Local Units of Governments and Government Entities / Subrecipients Responsibilities

- Submitting complete applications, including all required documentation;
- Complying with all program requirements and cross-cutting federal laws;
- Developing and implementing policies, procedures, and processes to deliver and maintain projects;
- Undertaking construction in accordance with approved plans, codes, and timelines;
- Ensuring timely contribution of any leveraged financial resources consistent with approved application;
- Providing all necessary invoice and cost information to DCR to enable timely payment of CDBG-DR funds;
- Maintaining documentation of compliance and submitting required reports to DCR.

2.1.3 Third-Party Consultants / Contractors (if applicable) Responsibilities

- Supporting DCR with various tasks, including potentially environmental review and construction inspections;
- Providing application intake support or outreach under DCR direction;
- Assisting with financial or performance monitoring, as assigned by DCR.

Section 3: Applicant and Project Eligibility

3.1 “Tie-back” to Hurricane Helene

CI Program activities must demonstrate a direct or indirect tie-back to the impacts of Hurricane Helene or be a mitigation activity funded through the mitigation set-aside. A tie-back refers to a clear and documented connection between the proposed activity and the impacts of the disaster, such as physical damage or vulnerability revealed or exacerbated by Hurricane Helene. Tie-back must be established through methods such as damage assessments, insurance claims, Federal Emergency Management Agency (FEMA) data, or other verifiable evidence. Mitigation activities are those that increase resilience to future disasters and reduce or eliminate the long-term risk of loss of life, injury, damage to and loss of property, and suffering and hardship.

3.2 Meeting a National Objective

All activities funded through the CI Program must comply with the national objective requirements established in 24 CFR 570.483 and the 2025 Revised Universal Notice. Under this program, each CDBGDR–funded activity must satisfy one of the applicable national objectives. DCR identifies the Low- to Moderate-Income Area Benefit (LMA) objective as the primary standard for the CI Program, consistent with the requirement that at least 70 percent of CDBGDR funds benefit low- to moderate-income (LMI) persons.

An activity will be considered to address the objective of benefiting LMI persons if it meets one of the criteria in paragraph (b) of 24 CFR 570.483, unless there is **substantial evidence** to the contrary. The activities, when taken as a whole, must not benefit moderate-income persons to the exclusion of low-income persons.

Substantial evidence, in this context, refers to credible, objective, and verifiable information, directly related to a specific activity, that demonstrates it does NOT meet the LMI national objective, despite satisfying one of the criteria under 24 CFR 570.483(b). Evaluations must consider the full range of direct effects, including beneficiary demographics and economic outcomes. Such evidence may override the presumption that an activity qualifies under LMI, but only if: credible, objective, and verifiable information, directly related to a specific activity, that demonstrates it does NOT meet the LMI national objective, despite satisfying one of the criteria under 24 CFR 570.483(b). Evaluations must consider the full range of direct effects, including beneficiary demographics and economic outcomes. Such evidence may override the presumption that an activity qualifies under LMI, but only if:

- The data source is reliable and current (e.g., census, ACS, surveys, financial records, demographic studies).
- The analysis is directly applicable to the program area or population.
- The findings are supported by transparent methodology (e.g., survey design, statistical sampling, income verification).
- It accurately addresses whether an area served has less than 51 % LMI residents, or that the activity primarily benefits moderate-income individuals, excluding low-income persons.

Income limits for CDBG-DR programs can be found on the HUD Exchange website.

All applicants must also identify specific mitigation actions as part of the basic application and include costs in the funding request. Mitigation specific requirements can be found in section 3.25.

3.2.1 Primary National Objectives – Low- and Moderate-Income Areas (LMA) or Limited Clientele (LMC)

3.2.1.1 Low- and Moderate-Income Area Benefit (LMA)

To meet the LMA objective, the following criteria must be met:

- An activity, the benefits of which are available to all the residents in a particular area, where at least 51 percent of the residents are LMI persons.

Required Documentation:

- Map(s) showing the boundaries of the service area; and
- Narrative justification describing why the service area is reasonable given the activity and how the activity will benefit all residents within the area.

3.2.1.2 Limited Clientele Activities (LMS)

Public facilities funded by CDBG may sometimes qualify under the Limited Clientele criteria of the LMI national objective. HUD regulations require that the facility benefit a specific targeted group of persons, of which at least 51 percent must be low- and moderate-income. The use of the LMC national objective requires pre-approval by DCR.[4]

To qualify, the activity must meet one of the following tests:

- It must benefit a clientele who are generally presumed to be principally LMI persons, including: abused children, battered spouses, elderly persons, adults meeting the Bureau of the Census' Current Population Reports definition of “severely disabled,” homeless persons, illiterate adults, persons living with AIDS, and migrant farm workers; or
- It must require information on family size and income so that it is evident that at least 51 percent of the clientele are persons whose family income does not exceed the LMI limit; or
- It must have income eligibility requirements which limit the activity exclusively to LMI persons; or
- It must be of such a nature, and be in such a location, that it may be concluded that the activity's clientele will primarily be LMI persons.

There are also other activities that may be presumed to qualify.

[4] 24 CFR 570.483(b)(2)

3.2.2 Alternative National Objective – Urgent Need (UN) and Slum/Blight

The Urgent Need (UN) national objective may be used only in limited cases, pre-approved cases where:

- The project directly addresses a documented disaster-related impact;
- LMI occupancy is not feasible or practical based on project location, population served, or other demonstrated conditions; and
- The project can be said to alleviate conditions that pose a serious and immediate threat to the health and welfare of the community.[5]

Per HUD's 2025 Revised CDBG-DR Universal Notice, the alternative UN national objective is in effect for a period of 36 months following the applicability date of the Allocation Announcement Notice. After 36 months, DCR is required to follow the criteria established in 42 U.S.C. § 5304(b)(3) and its implementing regulations in 24 CFR part 570 when using the UN national objective.

Documentation required at time of application:

- Written justification of the urgent need tied to the impacts of Hurricane Helene;
- Certification that the condition poses a serious and immediate threat;
- Documentation that no other financial resources are available.

3.2.2.1 Urgent Need

The UN national objective may be used only after an applicant first attempts to meet an LMJ or LMA national objectives:

- The project directly addresses a documented disaster-related impact due to Hurricane Helene;
- LMJ or LMA is not feasible or practical based on project location, population served, or other demonstrated conditions; and
- The project can be said to alleviate conditions that pose a serious and immediate threat to the health and welfare of the community.
- Per the Universal Notice, use of the Urgent Need national objective is allowable for 36 months after the AAN, which is January 16, 2028.

Required Documentation:

- Written justification of the urgent need tied to Hurricane Helene's impacts;
- Document how each program and/or activity funded under the Urgent Need national objective responds to the urgency, type, scale, and location of the disaster-related impact as described in the North Carolina Unmet Needs assessment contained in the State Action plan;

[5] 24 CFR 570.483(d)

- Certification that the condition poses a serious and immediate threat;
- Documentation that no other financial resources are available.

Per HUD's 2025 Revised CDBG-DR Universal Notice, the alternative UN national objective is in effect for a period of 36 months following the applicability date of the Allocation Announcement Notice. After 36 months, DCR is required to follow the criteria established in 42 U.S.C. § 5304(b)(3) and its implementing regulations in 24 CFR part 570 when using the UN national objective.

3.2.2.2 Slum/Blight

The aid in the prevention or elimination of slum or blight (Slum/Blight) national objective may be used only after an applicant first attempts to meet an LMA or LMC national objectives:

- The project directly addresses a documented disaster-related impact due to Hurricane Helene;
- LMA or LMC is not feasible or practical based on project location, population served, or other demonstrated conditions; and
- The project activity addresses conditions of slum/blight and not just general community development.

Slum/Blight can be defined on a Spot Basis, on an Area Basis, or with regard to Urban Renewal:

- Spot Basis: A project meets the national objective of preventing or eliminating slums and blight on a spot basis when it addresses conditions of blight or physical decay on a single property or a limited number of properties not located within a designated slum or blighted area.
- Area Basis: A project meets the national objective of preventing or eliminating slums and blight on an area basis when the activity is carried out in a designated area that meets HUD's definition of a slum, blighted, deteriorated, or deteriorating area under state or local law.
- Urban Renewal: An urban renewal area refers to a defined geographic area designated by a local government for redevelopment, rehabilitation, or conservation activities intended to reverse physical, social, or economic decline.

Required Documentation:

- 24 CFR 570.483(c)(1) Area basis:
    - Official designation, under state or local law, of the slum/blight area;
    - Boundaries of the area;
    - Descriptions of the specific physical conditions present and supporting data;
    - Evidence the activity will address one or more of the deteriorated conditions.
- 24 CFR 570.483(c)(2) Spot basis:
    - Location and description of the structure(s) or site(s);
    - Evidence of blight/deterioration;

    - Evidence the activity will directly eliminate those conditions.
- 24 CFR 570.483(c)(3) Urban renewal area basis:
    - Evidence the activity is in an area with an approved Urban Renewal Plan; and
    - Reference to the specific plan and confirmation the activity is consistent with it.

Projects seeking to use UN or Slum/Blight instead of LMA or LMC may receive a lower priority during evaluation unless they address a critical gap in recovery.

Projects that fail to meet any of the above national objectives are not eligible for funding. CDBG-DR regulations state that a project is not considered as meeting a national objective until the project is complete. CI monitors each project through the completion and closeout phase to ensure that the national objective is met.

3.2.3 Mitigation Requirement

All CI projects funded under this program must incorporate measures that reduce future disaster risk and promote long-term resilience of the commercial corridor. Such mitigation measures and strategies to reduce natural hazard risks must be integrated into the construction, reconstruction, or rehabilitation of residential or non-residential buildings. DCR requires applicants to the CI program to outline mitigation and resilience measures upon application.

Such measures can include but are not limited to:

- Elevation of structures, equipment, or utilities above base flood elevation;
- Dry or wet floodproofing of structures;
- Relocation of critical equipment above flood levels;
- Installation of permeable pavements; and
- Integration of green infrastructure into sidewalks, plazas, and parking areas.

Subrecipients must also track and report resilience performance measures for DCR to submit in HUD's DRGR system. These measures will be defined in coordination with the DCR program team and will depend on the performance measures available in DRGR. Potential measures may include but are not limited to:

- Number of elevated structures
- Number of facilities incorporating mitigation measures other than elevation
- Number of structures hardened against future flood events

3.3 Eligible Entities

DCR will accept applications for the CI Program from general-purpose local government units and special-purpose government entities that need public facilities or infrastructure within the Combined-MID areas. The CI Program will deploy CDBG-DR funding to aid impacted areas by funding:

- "Stand-alone" projects, which may be funded with up to 100% CDBG-DR funding, and are necessary to address identified unmet disaster recovery needs arising from the impact of Helene in communities and counties that are not funded by other federal recovery;
- Improvements to FEMA-assisted PA or HMGP-funded projects, if such improvements improve resiliency, useful life, or otherwise provide a housing recovery benefit or long-term housing need not covered by the PA or HMGP portion of the project;
- Projects which demonstrate adaptable and reliable technologies to guard against premature obsolescence;
- Projects with a substantial amount of other funding available;
- "Shovel-ready" projects;
- Projects which provide greater benefit to housing recovery; and
- Projects that serve areas with higher LMI percentages will be favored in the scoring criteria.

Applicant Requirements:

- Must be located in or serving a HUD- or state-identified MID area;
- Must not be debarred, suspended, or otherwise excluded from participation in federal programs.

Awarded applications will be managed as either subrecipients or developers, based on the CDBG-DR Partner Role Assessment and Development Agreement Checklist on the HUD Exchange.

3.4 Eligible Properties and Sites

To qualify for assistance under the CI Program, properties and sites must generally be located in a MID area as defined by HUD or the State of North Carolina. As outlined in HUD's 2025 Revised Universal Notice, at least 80% of funding awarded to the State must be spent to benefit the HUD-identified MID areas, with up to 20% permitted to benefit the State-identified MID areas. Expenditures outside of Combined-MID areas are only allowable insofar as DCR can demonstrate how the expenditure of CDBG-DR funds outside of the MID areas will address unmet needs identified within the HUD-identified or grantee-identified MID area (e.g., upstream water retention projects to reduce downstream flooding in the HUD-identified MID area).

3.4.1 Eligible Combined MID areas

To be eligible to participate in the Program, the damaged property must be located in a HUD or State-identified Most Impacted and Distressed (MID) county, as listed below.

- HUD-Identified MID Areas:
  - Full Counties: Ashe; Avery; Buncombe; Burke; Haywood; Henderson; McDowell; Mitchell; Rutherford; Transylvania; Watauga; Yancey
  - Full Counties Based on HUD-Identified zip code: Caldwell (zip code 28645); Cleveland (zip code 28150); Madison (zip code 28753); Polk (zip code 28782)
  - Partial Counties Based on HUD-Identified zip code: Mecklenburg (zip code 28214)
- State-Identified MID Areas:
  - Full Counties: Alexander, Alleghany, Catawba, Clay, Gaston, Jackson, Lincoln, Macon, Surry, Swain, Wilkes, Yadkin

3.4.2 Additional Site Considerations

- Displacement and Relocation: If the project involves acquisition or redevelopment of an occupied property, applicants must comply with the Uniform Relocation Assistance and Real Property Acquisition Act (URA) and provide appropriate relocation benefits that comply with DCR's Residential Anti-Displacement and Relocation Assistance Plan (RARAP) policies.
- Historic Preservation: Projects that involve historic structures must comply with Section 106 of the National Historic Preservation Act and coordinate with the State Historic Preservation Office (SHPO) as necessary.

3.5 Eligible Activities

For a detailed overview of the eligible activity requirements for CDBG-DR, please refer to 24 CFR 570 – Community Development Block Grants Subpart C – Eligible Activities. CI Program activities primarily use the HUD-eligible activities listed below, subject to approval by DCR; however, DCR reserves the right to use other eligible activities as necessary for recovery projects:

- § 5305(a)(1) – Acquisition
- § 5305(a)(2) – Acquisition, Construction, Reconstruction, and Installation of Public Facilities and Other Site Improvements
- § 5305(a)(3) – Code Enforcement
- § 5305(a)(4) – Clearance, Rehabilitation, Reconstruction and Construction of Buildings, including housing
- § 5305(a)(5) – Removal of Architectural Barriers
- § 5305(a)(7) – Disposition

- § 5305(a)(9) – Non-Federal Match
- § 5305(a)(11) – Relocation Payments
- § 5305(a)(13) – Administrative Costs
- § 5305(a)(14) – Assistance to Non-Profit Entities
- § 5305(a)(15) – Assistance to Neighborhood-Based Organizations
- § 5305(a)(25) – Tornado Shelters
- § 5305(a)(26) – Lead-Based Paint Hazard Evaluation and Reduction

Eligible activities include:

- Activities that restore critical services such as water, sewer, and stormwater systems, as well as public roads and bridges;
- Related site preparation and infrastructure improvements;
- Soft costs such as architectural and engineering fees; and
- Compliance with HUD environmental, construction, and accessibility requirements.

3.6 Costs Guidance

Program funds may be used to cover the costs associated with the development of these and other infrastructure activities, provided those costs meet the standard of being necessary and reasonable and comply with all applicable federal cost principles outlined in 2 CFR Part 200, Subpart E. All expenditures must be clearly related to eligible activities under the CDBG-DR program and will be verified to ensure they are both necessary and aligned with program objectives. These include:

- Acquisition costs of land or buildings (if applicable);
- Hard construction costs, including materials and labor;
- Soft costs, including design, engineering, permitting and legal fees;
- Environmental review and mitigation expenses;
- Cost as permitted by the NOFO and cost reasonableness standards

Funding for any approved project will be capped in accordance with the limitations expressed in the Action Plan and may be evaluated consistently with industry standards for project size and type. All costs are subject to duplication of benefits analysis (per the Revised Universal Notice) and reviewed for cost reasonableness.

Activity delivery costs (ADCs) must be tied to the time staff and contractors dedicated to a specific project. Applicants must show how the proposed ADCs are or will be cost reasonable through procurement of professional services and/or cost of in-house staff to provide program or project related services. All ADCs must be included as part of the total project costs in a request for CDBG-DR funding.

Please include a cost reasonableness estimate for all administrative ADCs associated with the proposed project.

For additional information, see Section 7.1 Allowable Costs.

3.7 Ineligible Activities

Unless clearly related to eligible activities and costs described above, all other activities and associated costs are deemed ineligible for CI Program funding. Ineligible activities are defined in 24 CFR 570.207. These include, but are not limited to, buildings or portions thereof used for conduct of government; general government expenses; political activities; purchase of equipment (except as provided for in 24 CFR 570.201(c)); operating and maintenance expenses; and income payments.

DCR reserves the right to make the final determination on cost eligibility based on federal regulations and program policy.

3.8 Timely Expenditure of Funds

CDBG-DR funds must be obligated and expended within six years of the date funds are obligated, unless a waiver is granted by HUD.

3.9 Order of Assistance and Duplication of Benefits (DOB) Review

CDBG-DR is last-resort funding. Applicants must disclose any assistance received, including insurance, FEMA, SBA, US Army Corps, and other federal, state, local, or philanthropic funds, with supporting documents. Applicants must show that CDBG-DR won't duplicate other funding, disclose all assistance, and sign a certification. Overlapping funds reduce awards or require repayment; non-disclosure or misrepresentation can lead to denial or repayment. For additional information, see DCR's DOB Policy.

The program follows the steps below to ensure the Order of Assistance requirement is met.

1. Review of State and local priorities.
2. Recommendation of appropriate funding source(s) by Infrastructure staff to Program Manager. Possible funding sources are considered in the following order:
    a. FEMA PA Program: The PA Program aids State, Tribal and local governments, and certain types of private nonprofit organizations to help communities quickly respond to and recover from major disasters or emergencies.
    b. FEMA HMGP: HMGP provides grants to States and local governments to implement long- term hazard mitigation measures after a major disaster declaration.
    c. FEMA Community Disaster Loan Program (CDL): FEMA CDL supports local governments or other eligible jurisdictions in a designated disaster area that have

demonstrated a substantial tax loss and a need for financial assistance to perform their governmental functions.

d. USACE: USACE works with Federal, State and local partners to reduce risk to lives, property and the environment, and to strengthen community resilience.
e. Other relevant disaster recovery funding sources, including other Federal, State, and philanthropic funds.

3. Confirmation of funding source(s) available by CI Program Grants Manager.
4. Development of appropriate project information forms or assisting potential recipients and with project information form development as applicable.
5. Coordination with federal funding agencies prior to DCR CI Program approval and commitment of CDBG-DR funds.

CI Program applicants must show that CDBG-DR funds will not duplicate other funding already received for the same purpose. A duplication of benefits happens when money from different sources is used for the same cost, and the total exceeds what is needed. This doesn't just apply to disaster recovery programs like FEMA or USACE—it also includes insurance payouts, tax credits, HUD programs like HOME or HTF, USDA loans, state or local grants, and even philanthropic funding if they cover the same construction or rehab expenses. Applicants must disclose all assistance, provide documentation (such as award letters, loan statements, or insurance claims), and sign a certification. If overlapping funds are found, the award will be reduced, or repayment may be required later. Failure to disclose or the misrepresentation of information can result in denial of funding, repayment, or further investigation.

3.9.1 Offsetting Awards and Monitoring

If duplicative funds are received after an award is made, the applicant must report the funds, in writing, to DCR within 15 calendar days of receipt. The award amount will be adjusted downward accordingly to reflect the reduced unmet need, or the applicant will be required to return any duplicative assistance to DCR. DCR will monitor projects for DOB compliance throughout the program lifecycle. This includes:

- Periodic file reviews during implementation to detect any newly disclosed or previously unreported sources of assistance;
- Cross-checking data against FEMA, SBA, US Army Corps of Engineers, insurance, and other federal/state/local sources to verify compliance;
- Follow-up communication with applicants when potential duplications arise.

3.10 Site Control and Readiness Requirements

3.10.1 Site Feasibility

Sites must be suitable for residential development and meet legal and zoning requirements prior to funding award or project initiation. Specifically:

- **Zoning and Land Use:** Sites must be zoned for multi-family residential use or demonstrate a clear path to rezoning approval within 90 days of conditional award.
- **Infrastructure Access:** Preference will be given for sites with access to public water and sanitary sewer, broadband, public roadways or easements sufficient for site access, and other public utilities necessary to support residential occupancy. Projects seeking off-site improvements must identify funding for and responsible parties to achieve acceptable public utility extensions to a specified site.
- **Site Control:** Applicants must demonstrate site control through ownership, long-term lease (minimum term equal to the affordability period), or an executed purchase agreement or option contract that remains valid for at least 90 days beyond the application deadline. Purchase options or agreements cannot specify CDBG-DR as a firm funding source and should utilize the language provided by HUD to avoid concerns related to choice-limiting actions.

3.10.2 Environmental Review & Reevaluation

All sites must undergo environmental review under 24 CFR Part 58. Sites located in floodways, airport runway approach zones, or other unsuitable zones may be ineligible if not subject to various regulatory exceptions or appropriate mitigation is feasible.

DCR, the Responsible Entity, must also assess:

- Site topography and soil conditions;
- Hazardous materials and contamination concerns;
- Compatibility with surrounding land uses;
- Whether any prohibited “Choice-Limiting Actions” occurred before environmental clearance.

Common Choice-Limiting Actions include:

- Acquisition of real property;
- Executing binding leases or long-term options;
- Site preparation or ground disturbance;
- Construction, rehabilitation, or demolition activities; and
- Disbursement of funds or financial commitments tied to development.

Any Choice-Limiting Actions taken before completion of environmental clearance may result in:

- Project disqualification;
- Ineligibility of all pre-agreement costs for reimbursement;
- Potential cancellation of project funding.

Any change to the project scope needs to be cleared through DCR environmental so DCR can be sure to incorporate anything necessary in the review.

DCR will verify compliance through application documentation and environmental review records. It is the subrecipients' responsibility to comply with any and all mitigations noted in the environmental review. Failure to follow mitigations can result in recapture of federal funding and the prohibition of any new funds.

3.10.3 Additional Site Readiness Considerations

Displacement and Relocation*:* If the project involves the acquisition, redevelopment, or demolition of an occupied property, applicants must comply with the Uniform Relocation Assistance and Real Property Acquisition Act (URA). Applicants will be required to provide appropriate relocation benefits and related services that comply with the URA and DCR's CDBG-DR Residential Anti-Displacement and Relocation Assistance Plan (RARAP), which intends to minimize displacement. In instances where displacement occurs, applicants will be provided with technical assistance to ensure that the rights of any displaced person, as defined by 24 CFR 570.606 (b)(2), are upheld. Should any displaced person have accessibility needs, the advisory services they receive as required by the URA will meet those needs.

Historic Preservation: Sites involving historic properties must comply with Section 106 of the National Historic Preservation Act and consult with the SHPO, if required.

Section 4: Application Process

Prior to the application submission cycle opening, a prescreening for project planning and technical assistance will be available. This prescreening for project planning is not required. Prescreening is meant to help DCR assess unmet need and to assist potential applicants in understanding whether a proposed project will meet threshold requirements and whether an applicant has the organizational capacity and experience to manage funds. This process will remain open and can also be utilized before, during, and after the application window opens.

It is the intent of DCR that the submission of the application will federalize the project for which an applicant is applying, after which it will be subject to all applicable federal cross-cutting requirements. Once a project is federalized, the applicant may not undertake any choice-limiting actions, including acquisition, demolition, construction, or rehabilitation, until the required environmental review has been

completed. The applicant must also comply with all applicable federal procurement requirements, labor standards, and nondiscrimination, relocation, and accessibility requirements. DCR recommends consulting with CI Program staff prior to submitting a formal application.

4.1 Notice of Funding Opportunity (NOFO)

DCR will implement the CI Program through the release of a Notice of Funding Opportunity (NOFO). DCR will release a public notice announcing the program and funds available, and a request for applications through the following platforms:

- Social media
- Website
- Press release to local news sources
- Other public channels

The NOFO will establish all relevant application parameters, including:

- Available funding for the round;
- Eligible applicants and activities;
- Application instructions and deadlines;
- Threshold requirements and award limits;
- Program priorities; and
- Evaluation and scoring methodology.

DCR will use a scoring-based application review to ensure awards are made to projects that demonstrate the greatest potential to support long-term recovery and resilience in disaster-affected areas.

4.1.1 Technical Assistance

DCR will conduct information sessions as needed to provide an overview of the program and the application and scoring process. DCR will remain available to answer questions, and potential applicants will have an opportunity to discuss issues specific to their project throughout the application process.

4.1.2 Future Funding Rounds

A NOFO will initiate the opening of the program funding opportunity. DCR may release additional NOFOs at its discretion. Decisions to initiate subsequent funding rounds will be based on:

- The amount of funding remaining after prior awards;
- Updated findings from ongoing unmet needs assessments;
- Identification of geographic, programmatic, or market coverage gaps; and
- The volume, quality, and readiness of applications submitted in earlier rounds.

If additional funding rounds are planned, DCR will publish a new NOFO that clearly outlines any revised program goals, funding priorities, timelines, and evaluation criteria. Each NOFO will make explicit whether the round is focused on unmet recovery needs, mitigation needs, specific project types, or targeted geographic areas. This approach ensures that each funding round is responsive to emerging needs and maintains transparency for all applicants.

4.2 Competitive Application Process

Applications will be evaluated through a competitive scoring process guided by the CDBG-DR Action Plan, and DCR's recovery objectives. Scoring criteria will be fully detailed in the NOFO and are expected to include:

- Applicant capacity;
- Community need;
- Soundness of development approach;
- Leveraging of other resources; and
- Projected outcomes and long-term results.

Projects will be scored and ranked by total score. Awards will be given to the highest-ranking projects, subject to compliance with the threshold, project readiness, organizational capacity and the availability of funds.

4.2.1 Application Steps

1. Issuance of NOFO.
2. Submission of Applications: Applicants must submit full application packages electronically via the platform designated in the NOFO.
3. Threshold Review: DCR will review applications to determine if they meet minimum threshold criteria. Applications that fail any threshold item will not proceed to scoring.
4. Scoring and Ranking: Eligible applications that pass threshold review will be evaluated and ranked based on published scoring criteria, including capacity, need, soundness of approach, leverage, and impact.
5. Preliminary Award: Top-ranked projects may receive preliminary awards, subject to completion of environmental review.
6. Environmental Review and Grant Execution: DCR will complete reviews in accordance with 24 CFR Part 58 and execute grant agreements with selected applicants.

4.2.2 Application Submission Requirements

Applicants must submit a complete application package by the application deadline established by the NOFO. Required materials may include:

- Completed Application Form – All required fields must be completed.
- All supporting materials as identified by the NOFO
- Project Narrative – Including tie-back to Hurricane Helene and alignment with program goals.
- Budget & Sources/Uses – Preliminary estimates with identified or anticipated funding sources.
- Preliminary Engineering Reports, Site Plan and Design, or other schematics (if available)
- Organizational Experience and Capacity with federal grants – Narrative and resumes of key development staff, as well as plan to partner with a third party to augment staff capacity, if applicable.
- Project Schedule – Milestones from acquisition through completion.
- Site Control Documentation (if applicable) – Deed, long-term lease, or purchase option, etc.
- Environmental and Risk Information – Known conditions, FEMA flood zones, and potential hazards.

The NOFO will contain the full list of requirements and acceptable documentation.

4.2.3 Additional Notes

The full application package must be submitted by the deadline established in the NOFO. Late or incomplete submissions will be considered non-responsive. However, DCR reserves the right to request minor clarifications or administrative corrections from applicants, provided such updates do not materially affect eligibility or scoring.

4.3 Threshold Criteria Review

Applications must meet all threshold criteria below to advance to the scoring phase:

1. Eligible Applicant
    a. Units and entities of local government
2. Eligible Project Location
    a. Must be located within the Combined MID area as defined in the HUD-approved Action Plan
3. Disaster Tie-Back

   a. Project must demonstrate a direct or indirect tie-back to the impacts of Hurricane Helene; or
   b. Be a mitigation-only activity funded through the mitigation set-aside
4. Project must include mitigation measures.
5. Project must meet a National Objective, as outlined in Section 3.2.
6. Project must be financially viable and include a preliminary budget and financing plan that demonstrates feasibility and that the project is consistent with cost standards;
7. Project must be an eligible activity; **and**
8. Complete and Timely Submission
   a. Application and all required documentation must be submitted in full by the NOFO deadline.

4.4 Scoring Criteria

Applications that successfully meet all threshold criteria will be evaluated and scored based on objective criteria outlined in the NOFO. Scoring will be used to rank applications and determine awards based on project impact, readiness, cost reasonableness and leveraging of other financial sources, feasibility, and alignment with program goals and recovery priorities.

The HUD-approved Action Plan established the competitive framework for this program, identifying the high-level criteria that would guide competitive funding decisions. This P&P builds upon the framework by defining each competitive framework criterion in greater detail and specifying how points will be assigned to each framework.

Each of the five major scoring factors will be assigned a weighted percentage, with a one-to-one correlation between percentage points and scoring points (e.g., 1% = 1 point). Subfactors within each major factor will be assigned point values that align with the weighted factor. Applicants will receive points based on their performance against these subfactors. Detailed scoring breakdowns, including specific weights, subcategories, and descriptions, will be published in each NOFO.

Scoring may be awarded at varying levels – “full points,” “partial points,” or “no points” – based on the extent to which an application meets each criterion. The NOFO will include a matrix that clearly explains what is required to achieve each level within the scoring range. In the event of a scoring tie, projects that have a higher LMI or are located within HUD-designated MID areas will be considered first.

4.4.1 Capacity of Applicant (Weight: 10 points)

- This criterion assesses the applicant's qualifications, experience, and organizational infrastructure. Applicants must demonstrate the ability to manage all aspects of funding and pre- and post-construction operations. Strong capacity ensures efficient, budget-friendly, and

compliant project execution, including, but not limited to: Experience with federally funded programs;

- Financial and staff capacity to oversee the project, compliance, and reporting;
- Demonstrated ability to deliver projects on time and within budget.

4.4.2 Community Need (Weight: 20 points)

This factor measures the degree to which the proposed project responds to a critical unmet need in the area affected by Hurricane Helene. This includes but is not limited to:

- Elderly individuals, and
- Persons with disabilities;
- Alignment with local recovery plans;
- The project's alignment with recovery priorities outlined in the NOFO;
- Location in a HUD-identified MID area;
- LMI demographic need;
- Feedback from community engagement.

4.4.3 Soundness of Approach (Weight: 40 points)

This is the highest-weighted scoring category and assesses the overall viability and completeness of the proposed development plan. It includes, but is not limited to:

- A clear, feasible project timeline with key milestones, indicating project preparedness;
- Site readiness, including zoning, and infrastructure access;
- Project design that meets applicable building and resilience standards and incorporates hazard mitigation or resilient design;
- Realistic cost estimates supported by industry-standard tools or contractor estimates; and
- A strong plan for construction management and oversight.

This criterion also considers the degree to which the project can be executed without major delays or funding gaps.

4.4.4 Leverage of Funding (Weight: 20 points)

This criterion evaluates the extent to which the applicant brings non-CDBG-DR funds to the project. Leverage demonstrates financial commitment and enhances the efficiency of public investment. Leverage sources may include, but are not limited to:

- Private financing;
- Philanthropic or local government contributions;
- In-kind contributions; and

- Other public funds.

4.4.5 Achieving Results (Weight: 10 points)

This category assesses the anticipated outcomes and long-term benefits of the project, including but not limited to:

- Improved Access: Enhancing transportation and communication networks can lead to better access to services and opportunities for residents.
- Economic Growth: Infrastructure investments can stimulate economic activity, create jobs, and support local economies by improving infrastructure that supports industries and services.
- Community Development: Projects can foster community engagement and development, leading to better living conditions and social cohesion.
- Environmental Benefits: Infrastructure improvements can enhance sustainability, reduce carbon emissions, and improve resilience to natural disasters.

Long-term Value: Infrastructure investments are expected to yield improved long-term community improvements, increased quality of life, and access to critical services.

4.4.6 Bonus or Priority Considerations

In the event of a tie in scoring, DCR may prioritize applications based on readiness to proceed, geographic distribution, or depth of affordability or service to priority populations. Relatedly, DCR may adjust project selection in competitive rounds to achieve various goals with the highest priority being given to achieving the overall requirement of expending at least 80 percent of CDBG-DR grant funds in the HUD-identified MID areas. Additional priority may be given to projects that, among other factors:

- Are located in geographic areas underrepresented in earlier funding rounds;
- Include enhanced accessibility features or supportive services for persons with disabilities or elderly residents;
- Align with broader state or local housing and recovery strategies; or
- Demonstrate innovation in financing, design, or partnerships.

These and other factors, including their potential weight, may be set forth in individual NOFOs.

4.5 Award and Funding Caps

The maximum award per project is $15,000,000, with floor of $500,000, subject to review and adjustments based on the project’s specific scope, cost reasonableness, and alignment with program priorities.

Each award will be at the discretion of DCR and will be determined based on the following project criteria:

- Scope of work (SOW);
- Cost reasonableness, including comparison to industry benchmarks and regional pricing data;
- Duplication of Benefits (DOB) analysis;
- Geographic and market considerations; and
- Availability of funds within the applicable NOFO round.

On a case-by-case basis, DCR may authorize awards that exceed the standard cap if the project when necessary to comply with federal accessibility standards or to reasonably accommodate a person with disabilities. All awards must be cost reasonable and applications will be subject to a standard cost estimation.

All applications will be subject to a standardized cost estimation review, which may include:

- Third-party cost reasonableness analysis;
- Review of construction bids or contractor estimates; and
- Evaluation of financing and leveraging strategies.

This approach ensures that funding is distributed efficiently across projects, with safeguards in place to control costs.

4.5.1 Cost Reasonableness

All projects funded under the program must meet the federal standard of cost reasonableness as required by 2 CFR 200 and applicable HUD regulations. Cost reasonableness refers to the requirement that the amount paid for a good, service, or project does not exceed what a prudent person would pay under similar circumstances. A cost is considered reasonable when it is:

- necessary for the performance of the project;
- consistent with market prices for comparable work;
- reflective of sound business practices; and
- supported by documentation showing that the expenditure represents the most cost effective approach available.

Because CDBG-DR funds must be used efficiently while addressing unmet storm recovery and resilience needs, applicants must provide clear evidence in their proposals demonstrating how their project budgets meet this standard of cost reasonableness.

To demonstrate cost-effective practices, the grantee must show that:

1. The project addresses a condition that poses a significant risk to public health or safety if left unaddressed.
2. The total project cost does not exceed the anticipated value of reduced direct damages and avoided negative impacts that would occur during future disasters.
3. The proposed project represents the most practical, effective, and environmentally sound option after evaluating a range of feasible alternatives.
4. The project contributes, to the maximum extent practicable, to a long-term and durable solution to the identified problem.
5. The project design considers foreseeable long-term changes to the area or assets it protects and includes reasonable, manageable operations, maintenance, and future modification requirements.

4.6 Additional Review Components

4.6.1 Duplication of Benefits (DOB) Review

All projects will undergo a DOB analysis consistent with HUD requirements to ensure that CDBG-DR funds do not duplicate assistance from FEMA, SBA, private insurance, or other sources. Applicants must disclose all prior disaster recovery funding received. DCR will apply its DOB guidance to adjust awards as needed.

For additional information, see DCR's DOB Policy.

4.6.2 Organizational Capacity Risk Assessment

All projects will undergo an organizational capacity risk assessment to evaluate the applicant's ability to manage disaster-recovery funding effectively. The result of the assessment will be used to determine the contract monitoring plan schedule if awarded.

4.6.3 Geographic Distribution Consideration

DCR may adjust project selection in competitive rounds to achieving the overall requirement of expending at least 80 percent of CDBG-DR grant funds in the HUD-identified MID area. A secondary consideration will be achieving a geographic balance across the Combined MID counties.

4.6.4 Environmental Review Coordination

Projects selected for funding are subject to an environmental review under 24 CFR Part 58. Environmental conditions identified (e.g., location in floodplain, wetlands, or historic properties) may affect project timing, scope, or eligibility.

4.6.5 Reevaluation or Resubmission Protocol

If the application is not complete, or the threshold eligibility review cannot be completed due to missing or unclear information, and the deficiencies are determined by DCR to be minor and correctable (e.g., incomplete documentation, minor inconsistencies in budget or market data, or clarifications to sources and uses), DCR may send a Request for Additional Information (RAI) to the applicant.

Applicants will be permitted to resubmit corrected materials one time within a defined timeframe - from the date of the RAI. The RAI will include information regarding the deficiency identified and the timeframe within which the applicant will have to submit documentation.

Note: Participation in the resubmission process does not guarantee funding.

4.7 Project Selection

Projects that rank highest under the scoring framework will be selected for award, subject to funding availability and geographic distribution considerations. All selected projects will receive a preliminary award and move forward to environmental review, followed by execution of a grant agreement.

4.8 Appeals Process

Applicants whose CI Program applications are denied, disqualified, or not selected for funding may submit a formal appeal to DCR via DCR's grants portal through which the applicant submitted their application. The functionality to do so will open to applicants after denial.

4.8.1 Debriefing

Before submitting a formal appeal, applicants must attend a debriefing with DCR. The purpose of the debriefing is to provide applicants with a clear understanding of the evaluation outcome, including any threshold deficiencies, scoring results, or compliance issues that affected their funding determination. Debriefing sessions will be scheduled upon the applicant's written request within 10 calendar days of receiving notice of denial, disqualification, or non-selection. DCR will make reasonable efforts to provide the debriefing within 15 calendar days of the request.

During the debriefing, DCR staff will review the basis of the decision and respond to applicant questions regarding the evaluation process. However, debriefings will not include comparisons with other applications or disclosure of proprietary or confidential information. Completion of a debriefing is a prerequisite for initiating the formal appeals process. Applicants who wish to pursue an appeal must participate in a debriefing session before submitting an appeal request.

Note: Participation in the debriefing process or resubmission process does not guarantee funding approval.

4.8.2 Grounds for Appeal

Appeals may be submitted only for the following reasons:

1. Threshold Determination Error - The applicant believes that its application met all threshold criteria, and the determination of ineligibility was made in error.
2. Scoring Miscalculation - In competitive rounds, the applicant believes there was a mathematical or procedural error in the scoring of its application.
3. Procedural Irregularity - The applicant believes its application was not processed or evaluated in accordance with the procedures and requirements outlined in the NOFO or program guidelines.
4. Duplication of Benefits Error - The applicant believes that DCR incorrectly determined that a duplication of benefits occurred or that DCR made a mathematical miscalculation error.
5. Recapture - The applicant believes there was a mathematical miscalculation error in the amount sought by DCR to be recaptured; the basis for or propriety of the recapture is not a valid ground for appeal.

Note: Appeals will not be accepted solely on the basis of disagreement with DCR's evaluative judgments or scoring unless the appeal includes evidence of mathematical or procedural error. An applicant cannot appeal Program policies, federal regulations, or state statutes. Appeals filed based on these reasons will be denied.

4.8.3 Appeal Submission Requirements

To timely appeal, within 30 calendar days of receiving a written notice of denial or disqualification, applicants must electronically submit (via DCR's grant portal) a written appeal which, at a minimum, includes each of the following:

- A statement identifying the specific grounds for the appeal;
- The basis for the appeal; and
- Supporting documentation demonstrating the alleged error.

If any of these items are missing, or the grounds for the appeal may not be reasonably ascertained, DCR may, in its sole discretion, deny the appeal on that basis.

Note: The thirty (30) day appeal period is determined by calendar days, however if the last day of the appeal period falls on a weekend and/or State-recognized holiday, the deadline to appeal will be extended to the next business day. All appeals must be submitted by 11:59:59 p.m. Eastern Daylight/Standard Time on the last day of the appeal period. The submission of the appeal will be deemed to have occurred at the time the appeal was electronically sent by the applicant through DCR's grant portal.

Appeals submitted after the appeal period will be automatically denied and will not be substantively reviewed. DCR may, in its sole discretion, choose to substantively review an untimely appeal. Exercise of this discretion in one or many other cases is not grounds for waiver of an untimeliness determination in another.

An appeal may be withdrawn by the applicant at any time via DCR's start date. Appeals that are withdrawn may only be resubmitted within the original thirty (30) day appeal period. If an appeal is withdrawn and resubmitted, the thirty (30) day appeal period does not reset, and still reflects the date of the original appeal submission.

4.8.4 Appeal Review and Determination

DCR will acknowledge receipt of the appeal and will conduct a review within 30 calendar days. During the review process, DCR may:

- Re-examine the application file;
- Review scoring records or procedural documentation; or
- Request clarifying information from the applicant.

Following the review, DCR will issue a written determination. The failure of DCR to acknowledge receipt of the appeal or to issue its determination within 30 days is not grounds for further appeal or the basis for a successful appeal determination.

All appeal determinations made by DCR are final with no further administrative review and are not subject to judicial review. If the appeal is upheld, DCR may reinstate the application for further consideration or scoring. If the appeal is denied, no further review will be conducted.

Section 5: Subrecipient Selection and Award

This section outlines the procedures and responsibilities governing the implementation of projects under the CI Program and is intended to guide subrecipients through key steps from pre-development through construction and completion.

5.1 Preliminary Award

A preliminary award requires the applicant to complete the Notice of Selection Acknowledgment (NoSA), which must be returned before the selected project can move on to the environmental review process.

After selection and return of the selection acknowledgment, allowable costs for reimbursement can be incurred but not billed. A reimbursement request can be made once projects have been fully awarded, which occurs upon execution of a funding agreement.

Allowable/Reimbursable Cost Activities during the preliminary award are limited to activities/non-construction soft costs with no choice-limiting actions, and any other cost directly stated in the NoSA.

5.2 Funding Agreement Execution

Following successful completion of environmental review, the applicant will receive a subrecipient funding agreement for execution. The funding agreement serves as the binding legal contract and outlines all terms and conditions associated with the CI Program award.

The funding agreement will include:

- The total amount of the award;
- The scope of work and budget;
- Construction timeline and key performance milestones;
- Federal and state compliance requirements (e.g., NEPA, Davis-Bacon, Section 3, URA, etc.);
- Provisions governing the use of CDBG-DR funds in coordination with other funding sources;
- Recordkeeping and reporting responsibilities; and
- Enforcement and recapture provisions.

No reimbursement or disbursement of CDBG-DR funds may occur until the funding agreement is fully executed and an Authorization to Use Grant Funds (AUGF) from the environmental review is received from HUD. DCR will provide guidance and templates to assist project sponsors in understanding their responsibilities under the agreement.

For projects receiving CDBG-DR funding for multiple project phases (i.e. planning, design, and construction), individual amendments to the funding agreement may be utilized for each phase. If a phased approach is selected by DCR, each amendment will include the scope, budget, time, and performance metrics of the applicable phase. Should scope and budget change significantly during construction, change orders will be considered on a case-by-case basis.

5.3 Pre-Construction Readiness Review

Before construction can begin, each funded project must undergo a Pre-Construction Readiness Review conducted by DCR or its designee. The purpose of this review is to confirm that the project is prepared to proceed and that all conditions precedent to construction have been met.

As part of the review, the project lead must submit or verify:

- Finalized and approved construction plans and specifications;
- Confirmation of site control and zoning approvals;
- If applicable, procurement documentation for contractors and vendors in compliance with 2 CFR 200 that also includes value engineering and additions/alternatives;

- Proof of insurance, bonding, and required permits;
- Confirmation that all work will be performed in accordance with local building, health and safety codes; and
- Completion of environmental clearance under 24 CFR Part 58.

5.4 Construction Timeline and Milestones

Each project must adhere to a construction schedule defined in the funding agreement. This schedule will include key milestones that must be met to maintain project compliance and progress. Project sponsors must report progress toward these milestones to DCR regularly, which, at a minimum, would include required quarterly status updates. Any deviation from the approved timeline must be reported in writing with an explanation and proposed corrective actions. DCR reserves the right to impose corrective actions and other remedies if performance milestones are not met, if the project becomes noncompliant with program requirements, or if risk considerations are identified.

5.5 Change Orders and Scope Modifications

After execution of the funding agreement, any change of 10 percent or more of the project scope, timeline, or budget must be submitted to DCR for review and prior written approval. This includes:

- Construction cost increases or decreases or reallocation of line items;
- Schedule extensions or contractor changes; and
- Changes that impact environmental clearance or federal cross-cutting compliance.

Project lead must submit a formal Change Order Request that includes a narrative justification, revised project documents (e.g., budget, schedule), and any supporting documentation required. Additionally, if the cumulative total of approved change orders exceeds the project's contingency budget, the State must review and approve all subsequent change orders, regardless of individual value or scope. DCR will also review proposed changes to ensure continued compliance with program guidelines, cost reasonableness, and unmet needs objectives. Unauthorized changes may result in disallowed costs, corrective action, or termination of the grant.

5.6 Debarment and Suspension Policy

Selected subrecipients are responsible for ensuring that all contractors, subcontractors, consultants, and vendors engaged in the project are eligible to participate in federally funded programs. Prior to contract execution, the project sponsor must verify each entity's status using the federal System for Award Management (SAM.gov) and document the results.

If an entity is found to be suspended, debarred, or otherwise ineligible, the project sponsor must exclude them from the project and immediately notify DCR. Failure to conduct this verification or engaging with

a debarred entity may result in the loss or recapture of funds, audit findings, or additional enforcement action.

Project sponsors must maintain records of all SAM.gov checks and include this documentation in the project file for monitoring and audit purposes.

5.7 Property Standards

5.7.1 Construction Standards

All CI Program-funded projects must be constructed using modern, high-quality, and durable materials appropriate to the project's scale and use. Projects and construction activities must meet all applicable federal, State, and local building codes and be executed by licensed professionals. Applicants and their contractors are responsible for securing all necessary permits to complete the Program-approved scope of work from the authority having jurisdiction for code compliance in the location where the construction project is located. Where required, construction plans must be certified by an architect or engineer.

5.7.2 Resilience Requirements

Projects located in flood- or wind-prone areas must integrate resilience measures into the building design and site planning.

- Flood-Prone Areas (Special Flood Hazard Areas): Projects located in FEMA-designated Special Flood Hazard Areas (SFHAs) must elevate the lowest occupied floor by at least two (2) feet above Base Flood Elevation (BFE). All critical systems must also be located above BFE. Materials used at or below the lowest occupied floor must be flood-resistant.
- Wind-Prone Areas: Projects in wind-prone areas must include wind-resistant design measures that follow applicable FEMA guidance and local building code requirements for wind safety.

Compliance with these requirements must be documented during design review. DCR will not approve final construction without confirmation that these standards are met.

5.7.3 Building Code Requirements

Projects must comply with the following building code and property standards:

- HUD Minimum Property Standards (24 CFR §§ 200.925–200.926);
- North Carolina State Building Code, including the International Building Code (IBC), International Residential Code (IRC), and International Energy Conservation Code (IECC);
- Local building, zoning, and permitting requirements.

When federal, state, and local codes differ, the most stringent standard will apply. All applicable permits, inspections, and approvals must be secured prior to and during construction. DCR will monitor compliance at multiple project stages.

5.7.4 Sustainable and Energy-Efficient Design Considerations

While HUD no longer mandates a specific green building certification, the CI Program encourages sustainable design and energy efficiency. These features can reduce utility costs and extend the useful life of the structure. Applicants are encouraged to submit design documentation demonstrating sustainable features at application and provide certifications, if applicable, prior to project closeout.

5.8 Insurance and Property Management

For all CI Program projects, all subrecipients(contractors) must require or must procure and maintain insurance for the duration of the subrecipient agreement to protect all contract assets from loss due to any cause, such as theft, fraud and physical damage, unless explicitly waived, altered, or amended in writing in the grant or subrecipient agreement. At a minimum, all recipients must comply with the bonding requirements at 2 CFR 200.325, as applicable, and with the requirements of their subrecipient agreement.

Subrecipients must also procure and maintain flood insurance, as applicable. Minimum flood insurance requirements are governed by federal, State, local, and tribal laws and regulations related to both flood insurance and floodplain management and are set forth in HUD's 2025 Revised Universal Notice at Section III.B.11.a.

5.9 Key Performance Indicators

The Program will oversee and approves all performance measurement standards. The subrecipient will develop proposed key performance indicators (KPIs) in coordination with NCDOC and submits all KPI frameworks, processes, and documentation for review and approval.

Once KPIs are approved, the subrecipient will:

- Standardizes data processes for collecting, validating, storing, and updating KPI data.
- Documents KPI definitions, calculation methods, data sources, reporting frequency, and responsible staff.
- Submits KPI data according to established reporting schedules.
- Analyzes KPI results to identify trends, performance gaps, and improvement strategies.

KPI measures are reviewed and refined annually, or more frequently as needed based on HUD guidance, program operations, or state priorities.

Section 6: Federal and State Requirements

All CI Program-funded activities must comply with all applicable federal and State laws, rules, regulations, and policies governing nondiscrimination, accessibility, labor standards, environmental protections, relocation, and privacy. DCR is responsible for ensuring compliance and monitoring implementation across all projects. This section provides a summary of the significant cross-cutting requirements for CI Program activities and is not meant to be comprehensive. To the extent this summary conflicts with, or is ambiguous or incomplete, applicable federal and State law controls.

6.1 Civil Rights and Fair Housing Compliance

All program activities must comply with all applicable federal civil rights and fair housing requirements, including:

- Title VI of the Civil Rights Act of 1964
- Fair Housing Act (42 U.S.C. §§ 3601–3620)
- Section 504 of the Rehabilitation Act of 1973
- Title II and III of the Americans with Disabilities Act (ADA)
- Section 109 of the Housing and Community Development Act of 1974
- HUD's implementing regulations at 24 CFR Parts 8, 100, and 91

These provisions prohibit discrimination based on race, color, religion, sex, national origin, familial status, age, or disability, among other things.

Subrecipients are responsible for ensuring that marketing, tenant selection, property management practices, and operations fully comply with these requirements. Documentation demonstrating compliance with the Fair Housing Act must be maintained and made available to DCR during monitoring.

6.2 Americans with Disabilities Act (ADA)

The Americans with Disabilities Act of 1990 (ADA) prohibits discrimination and ensures equal opportunity for persons with disabilities in employment, State and local government services, public accommodations, commercial facilities, and transportation. DCR takes affirmative steps to ensure that people with disabilities have equal access to the programs offered by DCR, and that any services are delivered in the most integrated manner possible. DCR also ensures that reasonable modifications or changes to policies, practices, or procedures are made in order to guarantee people with disabilities equal access to services and programs.

CI Program projects must be designed, constructed, or rehabilitated in full compliance with applicable federal accessibility standards. These include Section 504 of the Rehabilitation Act and HUD's Uniform

Federal Accessibility Standards (UFAS), the 2010 Americans with Disabilities Act (ADA) Standards for common areas and public accommodations, and the Fair Housing Act (FHA) design and construction requirements for covered multifamily dwellings consisting of four or more units first occupied after March 13, 1991.

In addition to these minimum standards, projects are required to provide reasonable accommodation and modifications as necessary to ensure equal access and usability for individuals with disabilities. Where feasible, projects are encouraged to incorporate universal design features that enhance accessibility for all residents. DCR reserves the right to impose additional accessibility requirements based on program targeting and identified community needs.

DCR will ensure that advisory relocation services and all URA implementation are accessible to individuals with special needs and free from discrimination. To comply with Section 504 of the Rehabilitation Act of 1973 and the Americans with Disabilities Act (ADA), DCR will:

- Ensure facilities where tenants interact with staff are accessible and usable for persons with disabilities.
- Provide communication assistance, including sign language, braille, interpreters, and support for individuals with limited English proficiency.
- Offer home visits or similar alternatives for tenants who are homebound or unable to visit a Renew Center
- Provide timely accommodations for tenants with hearing, visual, or mobility limitations.
- Coordinate with an authorized tenant designee, such as someone with power of attorney or a legally authorized representative, when needed.

6.3 Section 504 Accessibility and Compliance

Section 504 of the Rehabilitation Act and HUD's implementing regulations at 24 CFR Part 8 are triggered by the receipt of federal financial assistance. The entire project is covered by Section 504 because of this receipt of federal funding. This includes, for example, reasonable accommodation requirements, effective communication obligations, and ensuring program accessibility for individuals with disabilities.

6.4 Limited English Proficiency Access

Consistent with federal civil rights requirements, all CI program activities must ensure meaningful access to program information and services for individuals with limited English proficiency (LEP). This includes translating vital documents, offering interpretation services, and aligning with DCR's Language Access Plan (LAP). Failure to provide language access may constitute a violation of federal civil rights law and result in compliance findings or corrective actions.

For additional information, see DCR's Language Access Plan (LAP).

6.5 Davis-Bacon and Related Acts

As required by Section 110 of the Housing and Community Development Act, and as outlined in HUD Handbook 1344.1 Rev 3, Federal Labor Standards Requirements in HUD Programs, project sponsors are responsible for ensuring compliance with the requirements of the Davis-Bacon Act (DBA), as well as with the Copeland Anti-Kickback Act, the Contract Work Hours and Safety Standards Act (CWHSSA) and the Fair Labor Standards Act (FLSA), collectively referred to herein as Davis-Bacon and Related Acts (DBRA).

The requirements of DBRA apply to contractors and subcontractors carrying out federally funded or federally assisted contracts in excess of $2,000 for the construction, alteration, or repair of public buildings or public works or for the construction work of a residential property consisting of 8 or more units. The eight or more-unit threshold applies to the number of units on the property, not the number of units being rehabbed or newly constructed. Property refers to one or more contiguous lots or parcels, commonly owned and operated as one rental project. In some cases, North Carolina Prevailing Wage Law is in effect. In these cases, the higher prevailing wage rate between the Federal and State requirements must be adhered to and made applicable.

The "Anti-Kickback" provision of the Copeland Act (40 USC, Chapter 3, Section 276c and 18 USC, Part 1, Chapter 41, Section 874; and 29 CFR Part 3) requires that workers be paid weekly, that deductions from workers' pay be permissible, and that contractors maintain and submit weekly payrolls. The U.S. Department of Labor describes the Copeland Act's Anti-Kickback as prohibiting contractors and subcontractors performing work on covered contracts from in any way inducing an employee to give up any part of entitled compensation. The Copeland Act and implementing regulations also require contractors and subcontractors performing on covered contracts to pay their employees on a weekly basis and in cash or a negotiable instrument payable on demand and to submit weekly payroll reports.

Prime contractors and subcontractors on DBRA contracts in excess of $150,000, or related Act contracts in excess of $100,000, are also required, under the applicable provisions of CWHSSA (40 USC, Chapter 5, Sections 326- 332; and 29 CFR Part 4, 5, 6 and 8; 29 CFR Part 70 to 240), as amended, to pay laborers and mechanics, including guards and watchmen, at least one and one-half times their regular pay for all hours worked over 40 in a work week. Additionally, DCR must follow the reporting requirements per HUD and U.S. Department of Labor regulations. This requirement also extends to DCR recipients and contractors.

DCR is responsible for monitoring labor compliance and may conduct interviews with workers, payroll audits, and site inspections. Noncompliance may result in enforcement actions, repayment of disallowed costs, or termination of funding.

6.6 Section 3

Section 3 of the Housing and Urban Development Act helps foster local economic development, neighborhood economic development, and individual self-sufficiency. Section 3 requires that economic opportunities generated by CDBG-DR funds be targeted toward Section 3 residents, those persons of low- and very low-income, particularly those who live or reside in public or government assisted housing.

Projects receiving more than $300,000 in CDBG-DR funds, developers and contractors are required to the greatest extent feasible, to provide training and job and business opportunities to low-income residents, especially those in the project area. The goal is for 25% of total work hours to be done by Section 3 workers and 5% by targeted workers (such as public housing residents). Contractors must include Section 3 language in contracts, post notices of job opportunities at the job site, keep detailed hiring and labor records, and report to DCR.

DCR is required to monitor Section 3 compliance and, as a result, may require applicants, subrecipients, or contractors to provide to it or its designee all necessary and supporting documentation for DCR to ensure the same. For those entities that receive more than $300,000 in HUD CDBG-DR assistance, DCR requires that an approved Section 3 plan be in place before the project is awarded and approved. Any failure to cooperate or comply may result in corrective action, including repayment, de-obligation of funds, or other enforcement actions as determined by DCR.

6.7 Minority- and/or Women-Owned Businesses

Minority-owned business enterprises (MBEs) must be at least 51 percent unconditionally and directly owned by one or more socially and economically disadvantaged individuals who are citizens of the United States (13 CFR Part 124). Women-owned business enterprises (WBEs) must be at least 51 percent owned and controlled by women who are U.S. citizens (13 CFR Part 127, Subpart B).

2 CFR 200.321 requires DCR to take all necessary steps to ensure that all subrecipients, contractors, or subcontractors funded in whole or in part with HUD CDBG-DR financial assistance ensure that contracts and other economic opportunities are directed to small businesses, M/WBEs, veteran-owned businesses, and labor surplus area firms when possible.

North Carolina ensures that public entities utilize M/WBEs through its Historically Underutilized Businesses (HUB) Program managed at the Division of Administration. As noted in the State's Executive Order 25, Section 5 (EO 25), the HUB Program works to incorporate HUD's programmatic requirements into contracting opportunities. Pursuant to EO 25, and as applicable, DCR, and through its subrecipients and contractors, must make best efforts to achieve an overall M/WBE participation goal of 10% of the entire contract.

6.8 Force Account Labor

Force account occurs when a local government subrecipient decides to perform specific duties using its own employees or equipment to perform CDBG-DR project-related work, as opposed to using a contractor or vendor to complete those services. Force account may be used for services including construction, inspection, administration, project delivery, engineering, or other professional services. For example, a locality may procure a contractor to replace storm-damaged sewer lines but may choose to make the necessary post-construction street repairs using force account labor and equipment. In order to use force account labor, subrecipients must demonstrate that they have the staff, experience, equipment, and capacity to perform the work and must request and receive prior approval from DCR. This may be documented by approval of a project budget that includes force account labor as a line item. When using local staff, the subrecipient must have written personnel and employment policies that address specifically prohibited discriminatory practices against federally protected classes. These policies must comply with all applicable federal and state statutes and regulations.

Subrecipients that proceed without prior approval risk disallowance of all costs incurred. If eligible and properly documented, force account work may be reimbursable from the subrecipient's project budget. Force account may also help subrecipients leverage funds to use for other expenditures for which the subrecipient lacks in-house capacity.

6.9 Uniform Relocation Assistance and Real Property Acquisition Policies Act (URA)

As a HUD-assisted program, the CI Program is subject to the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA), as amended, 42 U.S.C. § 4601 et seq., Section 104(d) of the Housing and Community Development Act of 1992, as amended (HCDA), 42 U.S.C. § 5304(d), to the extent HUD has not waived or provided alternative requirements, and HUD's implementing regulations including 49 CFR Part 24, 24 CFR Part 42, and 24 CFR Part 570, as applicable. These requirements apply to any acquisition, rehabilitation, or demolition of property funded in whole or in part with CDBG-DR funds that results in the temporary or permanent displacement of persons and businesses, as defined by 49 CFR Part 24.2, including tenants displaced due to rehabilitation, demolition, or acquisition or any physical or economic displacement associated with a federally assisted real estate project.

If the CI program project triggers acquisition, rehabilitation, or demolition that involuntarily displaces households or businesses, the Uniform Relocation Assistance and Real Property Acquisitions Policies Act (URA) applies. URA protections include relocation notices, advisory services, moving cost assistance, and replacement housing payments. DCR monitors compliance with the URA, and may require relocation plans, budgets, or proof that proper notices were issued prior to award. Any failure to cooperate or

comply may result in corrective action, including repayment, de-obligation of funds, or other enforcement actions as determined by DCR.

6.10 Residential Anti-Displacement

DCR seeks to minimize displacement by ensuring that any activities involving temporary or permanent displacement comply with its CDBG-DR Residential Anti-Displacement and Relocation Assistance Plan (RARAP).

6.11 Environmental Review

All activities under the CI Program are subject to environmental review in accordance with 24 CFR Part 58, the National Environmental Policy Act (NEPA), and other applicable federal and state environmental laws. The purpose of the environmental review process is to ensure that proposed projects do not negatively affect the environment (natural and human) and any identified environmental mitigation conditions are required to be met.

6.11.1 Responsible Entity

DCR is the Responsible Entity (RE) for environmental review under 24 CFR Part 58. In this role, DCR will:

- Complete all required environmental reviews;
- Publish and distribute public notices as required;
- Maintain the Environmental Review Record (ERR);
- Prepare as needed the Request for Release of Funds (RROF);
- Verify that no choice-limiting actions have occurred prior to the Authorization to Use Grant Funds (AUGF) is received; and
- Ensure that projects do not proceed until environmental clearance is issued.

In limited cases, DCR may delegate certain environmental review responsibilities or adopt environmental reviews conducted by other authorized local governments or state agencies, where permitted under 24 CFR Part 58. Any such delegation will be documented through a written agreement (e.g., Memorandum of Understanding or Interagency Agreement) that clearly outlines roles and responsibilities. Regardless of delegation, DCR remains the Responsible Entity and retains ultimate responsibility for ensuring compliance with NEPA and all applicable federal and state environmental requirements.

6.11.2 Timing and Restrictions on Commitment of Funds

In accordance with 24 CFR § 58.22, no commitment of CDBG-DR funds may occur, nor may any legally binding agreement for the purchase of property, or the commencement of physical work, including demolition, site clearing, or construction, be undertaken prior to DCR's completion of the environmental

review process and the issuance of a formal Notice to Proceed. The primary purpose of a notice to proceed (NTP) is to control the timing of construction activities and avoid initiation of construction without proper permits or authorization by the Program. Any activity undertaken prior to environmental clearance is considered a choice-limiting action and may render the project ineligible for CDBG-DR assistance.

6.11.3 Scope of Review

Depending on the nature and location of the project, the environmental review may examine a range of potential impacts. These include but are not limited to compliance with historic preservation laws, such as Section 106 of the National Historic Preservation Act; evaluation of floodplain and wetlands risks; noise and vibration hazards; and the presence of hazardous materials or contamination, including proximity to toxic or explosive sites and the suitability of soils.

The review may also consider land use compatibility, including zoning, siting, and conformance with local and regional plans, as well as the project's impact on infrastructure and public services, such as water and sewer systems, stormwater drainage, transportation access, and emergency response capacity. In addition, reviewers will assess socioeconomic and demographic impacts, including the potential for displacement and compliance with environmental justice principles.

Finally, the environmental review may address impacts on natural resources and ecosystems, including air and noise quality, endangered species, and protected habitats. All reviews will be conducted in accordance with 24 CFR Part 58 and HUD environmental assessment guidance, including Form HUD-4128 where applicable.

Projects located in the FFRMS floodplain will require documentation of flood mitigation compliance per 24 CFR Part 55, and may require elevation, flood insurance, or alternative siting. Minimum flood insurance requirements are governed by applicable federal, state, local, and tribal laws and regulations related to both flood insurance and floodplain management and are set forth in HUD's 2025 Revised Universal Notice at Section III.B.11.a.

6.11.4 Environmental Conditions for Approval

As a condition of receiving CDBG-DR assistance, project sponsors must cooperate fully with environmental review staff, provide all necessary project information, and comply with any mitigation or remediation measures identified through the environmental review process. Environmental clearance must be secured before the project undertakes any choice limiting actions.

6.12 Protecting Sensitive and Personal Identifiable Information

CI Program subrecipients, recipients, contractors, and property managers must protect any personal data—like Social Security numbers, income details, or disability status—when carrying out CI Program activities. Access should be limited to authorized staff, records must be securely stored, and electronic files must be encrypted and password protected. Sensitive information should never be shared by unsecured email, and any breaches must be reported to DCR right away. Until the State issues its full policy, federal privacy laws and HUD guidance apply.

6.13 Conflict of Interest (COI)

All parties involved in the CI Program (e.g., DCR Staff, subrecipients, recipients, and contracted consultants, etc.) must comply with applicable state and federal conflict of interest requirements, including 2 CFR Parts 200.112, 200.318, and 200.319, and 24 CFR 570.489(h). Individuals or entities may not participate in the selection, award, or administration of any contract or activity supported by CI Program funds if a real or apparent conflict of interest exists or potential conflicts have not been addressed administratively.

Each participant must disclose any financial or personal interest that could affect objectivity or result in personal gain. DCR will review all disclosures and determine whether a waiver is allowable under federal regulations. A Conflict of Interest Certification must be signed by applicable entities during application, contracting, or assignment of program roles, and must be updated as often as necessary to keep the information current and accurate.

Failure to disclose or resolve conflicts of interest may result in disqualification, funding recapture, or other corrective action.

Section 7: Financial Management and Disbursement

7.1 Allowable Costs

CDBG-DR funds may only be used for costs that are necessary, reasonable, and directly tied to eligible development activities. Costs must be consistent with 2 CFR Part 200 (Cost Principles), the 2025 Revised Universal Notice, and HUD guidance on eligible construction and housing activities under Title I of the Housing and Community Development Act of 1974, as further defined in HUD Notice CPD-16-02 and 24 CFR § 570.201–204.

7.2 Pre-Award or Pre-Agreement Costs

7.1.1 Pre-Award or Pre-Agreement Costs

Under the CI Program, once a project is selected it moves into preliminary award; during the preliminary award phase, Environmental Review and other matters are handled before a project can move to full award. Certain soft costs incurred after selection and before agreement or full award may be eligible for reimbursement if they:

- Are directly tied to eligible project activities;
- Are necessary for project implementation; and
- Are documented at the time of application.

Examples include architectural design and environmental assessment; a more extensive list of allowable soft costs can be found in 7.1.3 below. Applicants are required to document such costs and submit them for DCR review for eligibility and cost reasonableness. All pre-award or pre-agreement costs are incurred at the applicant's own risk and may only be considered for reimbursement if the project:

- Is awarded;
- Completed environmental clearance;
- Enters into a fully executed grant agreement; and
- No prohibited "Choice-Limiting Actions" occur before environmental clearance.

7.1.2 Examples of Allowable Direct Construction Costs

- Acquisition of land and/or buildings (if not previously owned by the applicant)
- Environmental review costs (if not performed by DCR)
- Architectural and engineering services
- Demolition and site preparation
- Hard construction costs including:
    - Structural work,
    - Interior and exterior finishes,
    - Accessibility improvements,
- Mitigation measures (e.g., elevation, floodproofing)
- Utility and infrastructure connections
- Green building and energy efficiency improvements
- Builder profit and overhead (within program caps)
- Relocation costs, if applicable under the Uniform Relocation Act

7.1.3 Examples of Allowable Direct Soft (Non-Construction) Costs

The following costs may be allowable if directly tied to project development, properly budgeted, and approved in advance. These are direct costs and are not considered indirect or general administrative expenses (e.g., general overheard):

- Activity (or program) delivery costs, including administrative costs directly related to carrying out eligible activities;
- Market studies and appraisals;
- Construction management services;
- Legal and closing costs;
- Insurance and permit fees directly attributable to construction;
- Third-party inspections and certifications (e.g., lead/mold/asbestos/radon clearance, green building verification).

7.1.4 Activity Delivery Costs

The activity (or project) delivery costs (ADCs) of subrecipients, which include administrative costs that are directly related to carrying out CDBG-DR eligible activities, see 24 CFR § 570.206, are allowable costs directly related to the implementation and administration of eligible activities under the CI Program. These costs are distinct from indirect or general administrative costs and must be:

- Reasonable and allocable, as defined by 2 CFR § 200.404 and 405;
- Documented in accordance with 2 CFR § 200.302 (Financial management); and
- Consistent with HUD guidance in CPD Notices 2013-07 and 2023-06, which outline eligible activity delivery costs for CDBG-DR and Mitigation funds.

ADCs include, but are not limited to:

- Environmental review services;
- Administrative costs directly related to carrying out CDBG-DR eligible activities;
- Contractor technical assistance;
- Legal services related to program agreements;
- Application intake and documentation review.

ADCs may be charged to the individual project budget as appropriate. All such costs must be adequately documented and will be evaluated for cost reasonableness and compliance with 2 CFR Part 200 cost principles. Caps on ADCs may be included in individual NOFOs.

Beneficiaries (e.g., contractors, business owners, and homeowners) are not recipients or subrecipients (see 2 CFR 200.1 and 570.500(c)) and therefore cannot incur ADCs.

7.3 Unallowable Costs

The indirect or general administrative expenses of subrecipients that are not directly related to carrying out CDBG-DR eligible activities, see 24 CFR § 570.206, i.e., those that are not ADCs, will not be reimbursed. Unallowable costs also include those prohibited under federal cost principles or those associated with activities deemed ineligible pursuant to 24 CFR § 570.207.

7.4 Procurement and Bidding

Procurement under the CI Program must comply with the most restrictive applicable Federal, State, or local requirements. CI Program projects must follow federal procurement standards (2 CFR 200, Subpart D) to the extent applicable to state and local government grantees and their subrecipients, as well as all applicable state and local rules that ensure fair competition and reasonable costs. Local government subrecipients must have in place or adopt a procurement policy that complies with the requirements of 2 CFR 200.318-327.

Designs must be prepared by licensed professionals, include backup bid options (adds and deducts), and go through value engineering to find cost savings. Projects must also meet resilience, energy, accessibility, and environmental requirements. Bids must be based on approved plans, fully documented, and awarded to qualified contractors who meet licensing, insurance, and labor compliance requirements.

For additional information, see DCR's Procurement Manual.

7.5 Invoicing and Payment Requests

All requests for reimbursement or disbursement of CI Program funds must follow an established invoicing and payment process administered by DCR. These requests must comply with applicable federal and DCR financial management regulations, including:

- 2 CFR § 200.302 (Financial management);
- 2 CFR § 200.305 (Federal payment);
- 24 CFR § 570.502 (Applicability of uniform administrative requirements);
- 2025 Revised CDBG-DR Universal Notice, Section V.C (Grant administration and financial management); and
- DCR's Timely Expenditures of Grant Funds Policy.

7.5.1 General Requirements

- All CI Program funds must be paid on a reimbursement basis, unless otherwise authorized (e.g., relocation payments in accordance with 49 CFR Part 24).

- Payment requests may only be submitted after execution of the funding agreement and must correspond to the approved project budget, scope of work, and construction timeline.
- The timing and amount of disbursement must minimize the time between receipt and expenditure of funds in accordance with 2 CFR § 200.305(b).
- Expenditures must be supported by adequate documentation and demonstrate that costs are:
    - Allowable under 2 CFR Part 200, Subpart E,
    - Reasonable and allocable pursuant to 2 CFR § 200.404–200.405, and
    - Incurred for eligible activities under 24 CFR § 570.201–570.206.

7.5.2 Required Payment Request Package Components

Each payment request must include the following elements:

- Itemized invoices from contractors, vendors, or service providers;
- Proof of incurred cost, such as canceled checks, executed contracts, or payment certifications;
- Documentation of work completed, such as progress photos, inspection reports, or architect's certifications;
- Updated budget-to-actual expenditure tracking;
- Signed certification by the authorized applicant representative, affirming compliance with all applicable federal and state requirements.

DCR reserves the right to request additional documentation to support payment requests, in accordance with 2 CFR § 200.302(b)(3)–(7).

7.5.3 Review and Approval Process

Payment requests will be reviewed and approved, by program managers, using the following process:

1. Submission: Payment packages must be submitted electronically via DCR's designated grants management system.
2. Review for Completeness: DCR will verify eligibility and compliance under the applicable program rules and 24 CFR § 570.502.
3. Clarifications or Corrections: If deficiencies are identified, the applicant will be notified and given an opportunity to revise and resubmit the package.
4. Approval and Disbursement: Once approved, funds will be disbursed in accordance with the draw schedule and 2 CFR § 200.305(b) requirements.

7.5.4 Retainage and Withholding

DCR may retain up to 10 percent of the requested amounts until certain project milestones are met or until project closeout. Additional amounts may be withheld if:

- The request is incomplete or unsupported;
- Monitoring identifies unresolved findings (2 CFR § 200.339); or
- The project is out of compliance with grant terms or federal regulations.

7.6 Construction Payment Process

The Construction Payment Process under the CI Program governs the disbursement of CDBG-DR funds tied specifically to construction-related costs. This process is designed to ensure timely payments to contractors while maintaining federal compliance, cost reasonableness, and appropriate documentation standards.

All construction payment requests must align with federal financial and grant management regulations, including:

- 2 CFR § 200.302 – Financial management;
- 2 CFR § 200.305 – Federal payment;
- 2 CFR § 200.317–200.327 – Procurement standards (if applicable);
- 24 CFR § 570.502 – Applicability of uniform administrative requirements;
- 24 CFR § 570.200(a)(5) – Cost principles.

7.6.1 Payment Timing and Frequency

Payment requests for construction activities must be submitted based on verified progress. The payment schedule should be established in coordination with DCR and should generally follow milestone-based or monthly intervals, depending on project size and scope.

No more than one payment request may be submitted per month unless a waiver is granted.

7.6.2 Required Documentation

Each construction payment request must include:

- Contractor pay application (e.g., AIA G702/G703 or equivalent);
- Supporting invoices for labor and materials;
- Updated construction budget and payment ledger;
- Evidence of work completed, such as:
    - Photos,
    - Third-party inspector signoffs,
    - Architect's certification (if applicable);
- Lien waivers or conditional releases for previously reimbursed payments;
- Certified payrolls (if Davis-Bacon applies under 24 CFR § 570.603).

All documentation must be retained by the recipient in accordance with the most restrictive Federal, State or local requirements and made available to DCR or HUD upon request.

7.6.3 DCR Review and Oversight

Upon submission, DCR will:

1. Verify consistency with the approved construction budget and scope of work;
2. Confirm eligibility and reasonableness of costs;
3. Conduct site inspections, when necessary, to validate progress;
4. Review labor standards compliance, if applicable;
5. Issue payment authorization once all requirements are satisfied.

DCR reserves the right to delay or withhold payment approval if discrepancies, cost concerns, or documentation deficiencies arise (per 2 CFR § 200.339).

7.6.4 Retention and Final Payment

- A retainage of up to 10 percent may be held from each payment until substantial completion or closeout.
- Final construction payments must include:
    - Completion photos;
    - Final mechanic's lien releases;
    - Final inspection report or punch list approval;
    - Final budget reconciliation.

Final disbursement will not occur until all program, environmental, and contractual conditions are met.

7.7 Program Income

Program income activities must comply with the requirements set out in Section III.B.12 of HUD's 2025 Revised Universal Notice, which applies to state or local government grantees, as well as all subrecipients of those grantees. For-profit and non-profit developers are not subject to these program income requirements.

Program income is generally defined as any gross income generated from the use of CDBG-DR funds. When program income is generated by an activity that is only partially assisted with CDBG-DR funds, the income shall be prorated to reflect the percentage of CDBG-DR funds used.

All program income must be:

- Reported in the Disaster Recovery Grant Reporting (DRGR) system and recorded in internal financial records;
- Returned to DCR unless an alternative use or retention is expressly authorized in writing;
- Expended on eligible CDBG-DR activities prior to the drawdown of additional federal funds, in accordance with 24 CFR § 570.504.

DCR is responsible for the tracking, reporting, and management of all program income in compliance with HUD regulations and DRGR guidance.

Subrecipients that generate program income must:

- Promptly report program income and remit to DCR;
- Comply with all remittance and documentation requirements specified in their grant agreements;
- Ensure that all use of program income meets CDBG-DR eligibility standards and federal cost principles under 2 CFR Part 200.

Failure to comply with program income requirements may result in repayment, de-obligation of funds, or other enforcement actions as determined by DCR.

7.8 Financial Reporting and Audit

All project sponsors of CI Program funds must maintain financial records and reporting practices that ensure transparency, accountability, and compliance with federal grant requirements. These responsibilities are governed by:

- 2 CFR § 200.302 – Financial management;
- 2 CFR § 200.328–200.330 – Financial and other program reporting;
- 2 CFR Part 200, Subpart F – Audit requirements;
- 24 CFR § 570.502 – Applicability of uniform administrative requirements;
- Other State and local requirements.

7.8.1 Financial Reporting Requirements

CI Program participants must submit financial reports to DCR as required in its funding agreements. Reports must include:

- Expenditure-to-budget comparisons;
- Line-item budget updates reflecting actual costs to date;
- Cash on hand balances, if any advance payments were made;
- Construction progress tied to financial payments.

Reporting frequency (typically quarterly or monthly) will be determined by DCR based on project size, risk level, and funding structure. Reports must be accurate, complete, and submitted on time, as required by 2 CFR § 200.328.

7.8.2 Annual Single Audit Requirement

Any non-Federal entity that expends $1,000,000 or more in total federal funds (all sources including CDBG-DR) during its fiscal year is subject to the Single Audit Act and must:

- Conduct an independent audit in accordance with 2 CFR § 200.501;
- Submit the audit to the Federal Audit Clearinghouse (FAC) within 30 calendar days of receipt of the auditor's report or 9 months after the end of the fiscal year (whichever is earlier);
- Provide a copy of the audit or audit confirmation to DCR.

If the CI project is part of a larger organizational audit, the project sponsor must ensure that the Schedule of Expenditures of Federal Awards (SEFA) clearly identifies CDBG-DR funds by CFDA/Assistance Listing Number 14.228.

Local governments and public authorities must adhere to N.C. Gen. Stat. § 159-34 and the requirements of the Local Government Commission (LGC). All non-state entities except contractors and local governments must follow the NC Administrative Code (NCAC) Chapter 09, Subchapter 03M, Section .0100 (09 NCAC 03M .0100), *et seq*.

7.8.3 Corrective Action and Resolution

If the audit identifies material weaknesses, questioned costs, or noncompliance:

- The project sponsor must submit a Corrective Action Plan within 30 days;
- DCR will work with the entity to ensure timely resolution and monitor progress per 2 CFR § 200.511;
- Unresolved or repeated findings may result in suspension of payments, repayment of disallowed costs, or other remedies under 2 CFR § 200.339.

7.8.4 DCR Monitoring

In addition to external audit requirements, DCR will conduct periodic internal financial monitoring to:

- Review accounting practices;
- Assess payment documentation and disbursement controls;
- Confirm compliance with cost principles under 2 CFR Part 200, Subpart E;
- Ensure adherence to matching, leveraging, and DOB requirements.

Section 8: Compliance and Monitoring

8.1 Performance Monitoring and Site Inspections

DCR will conduct performance monitoring and physical site inspections to verify that projects funded under the CI Program are developed and operated in accordance with all applicable federal, state, and program-specific requirements.

This monitoring aligns with the requirements of:

- 2 CFR §§ 200.328-332 – Monitoring responsibilities;
- 24 CFR § 570.503(b) – Agreements with subrecipients;
- 2025 Revised Universal Notice.

8.1.1 Monitoring Objectives

- Ensure that project construction and operations meet program goals;
- Identify and address noncompliance or performance issues early;
- Verify the eligibility of costs and beneficiaries;
- Confirm that environmental, labor, accessibility, and other legal requirements are met.

8.1.2 Monitoring Schedule

Monitoring visits will occur based on a risk analysis conducted by DCR. The frequency and type of monitoring will depend on factors such as project complexity, prior compliance history, stage of development, and expenditure levels. Monitoring visits may include:

- Pre-construction (to confirm site conditions and readiness);
- During construction (to review progress and compliance with Davis-Bacon, Section 3, and accessibility requirements); and
- At completion as well as a five-year record retention, along with any other requirements indicated in SRA.

8.1.3 Onsite Inspections

DCR or its designee will conduct onsite inspections for projects determined to require additional oversight, based on risk assessment and monitoring plan. Findings will be documented in a Monitoring Report, which may include required corrective actions and deadlines for resolution. Failure to comply with the monitoring and inspection process or to resolve findings may result in suspension of payments or recapture of funds under 2 CFR § 200.339, as well as other remedial actions such as technical

assistance mandates, increased oversight or reporting frequency, or suspension from future funding rounds.

8.2 Record Retention and Reporting

State law (09 NCAC 03M .0703) requires all program-related records to be retained for a minimum of 5 years from project closeout or until all audit exceptions have been resolved, whichever is longer. All records – including all books, accounts, records, reports, files, and other papers, or property pertaining to the administration, receipt and use of CDBG funds and necessary to facilitate such reviews and audits – must be accessible to DCR, representatives of HUD, the HUD Office of the Inspector General (OIG), and the General Accounting Office, and other oversight bodies upon request. Reports must be submitted regularly, and missing or incomplete records may trigger corrective actions or withheld payments.

8.3 Fraud, Waste, and Abuse

Grantees and subrecipients must ensure that CI Program funds are spent properly and efficiently. As a result, each must have adequate policies and procedures in place to prevent fraud, waste, and abuse and to provide CDBG-DR beneficiaries with information to prevent, become aware of, and assist in reporting, the same, as set forth in Section II.A.1.d of HUD's 2025 Revised Universal Notice. All grantees receiving funds for the first time shall attend and require subrecipients to attend fraud-related training provided by HUD Office of the Inspector General (OIG), when offered, to assist in the proper management of CDBG-DR grant funds.

In accordance with 2 CFR 200.113, grantees and subrecipients of CDBG-DR must promptly inform in writing the OIG and HUD when it has credible evidence of violations of federal criminal law involving fraud, bribery, or gratuities or a violation of the civil False Claims Act that could potentially affect the federal award at https://www.hudoig.gov/hotline/report-fraud (a subrecipient must also inform DCR of the same). All other instances of fraud, waste, and abuse should be referred to the HUD OIG Fraud Hotline (phone: 1-800-347-3735 or email: hotline@hudoig.gov).

Moreover, anyone can report suspected fraud, waste, or abuse to DCR, state agencies, HUD, or the U.S. Treasury. DCR supports compliance through training and oversight.

For additional information, see DCR's Fraud, Waste, and Abuse Policy.

8.4 Corrective Action and Risk-Based Monitoring

8.4.1 Risk-Based Monitoring Approach

In accordance with 2 CFR § 200.332(c), DCR will implement a risk-based monitoring strategy to assess the level and frequency of monitoring required for each CI Program recipient.

Key risk factors include:

- Size of the award or subgrant;
- Complexity of the project (e.g., multi-phase developments, layered funding);
- Past performance, including timeliness and quality of reporting;
- Results of previous monitoring visits;
- Environmental review level; and
- Organizational capacity and staffing changes.

Based on this assessment, DCR will assign recipients to a low, moderate, or high-risk category, which will inform:

- Frequency of desk reviews and onsite monitoring;
- Additional technical assistance needs.

8.4.2 Corrective Action Process

If noncompliance is identified through monitoring, DCR will issue a formal Notice of Finding or Concern, which outlines:

- The nature of the issue;
- The regulatory requirement violated;
- Required corrective actions;
- A deadline for resolution (typically 30–60 days).

In cases of serious or repeated noncompliance, DCR may:

- Impose payment holds or conditions;
- Require reimbursement of disallowed costs;
- Refer the issue for further review or enforcement.

Corrective actions must be documented and verified by DCR staff prior to closing the issue. Continued failure to resolve findings may result in suspension or termination of funding, consistent with 2 CFR § 200.339.

Section 9: Closeout and Program Amendments

In accordance with 2 CFR § 200.344 and HUD's 2025 Revised Universal Notice, DCR will initiate closeout procedures once all construction work has been completed, all funds disbursed, and any performance benchmarks have been met. Final reports, documentation, and certification of compliance will be required prior to grant closeout.

9.1 Project Completion and Closeout Checklist

Once a project funded through the CI Program reaches physical completion and final disbursement of funds, DCR will initiate the closeout process. This involves verifying that all program requirements have been met and that no outstanding obligations remain.

Project sponsors must submit at a minimum a Project Closeout Package, which includes:

- Final inspection report;
- Final budget and expenditure report;
- Documentation of final payment and lien waivers;
- Certification of compliance with Davis-Bacon, Section 3, and Section 504 (if applicable);
- Environmental clearance or mitigation documentation (as required).

DCR will conduct a closeout review and issue a formal closeout letter, documenting that all funds were used appropriately and that the project has complied.

9.2 Program Amendments and Policy Revisions

DCR may amend the CI Program's policies, procedures, or implementation strategy in response to evolving recovery needs, regulatory changes, public feedback, or HUD direction. Amendments may involve adjustments to funding allocations, program priorities, compliance requirements, or eligibility criteria.

Any substantial amendment to the CI Program will be made consistent with the provisions of the Action Plan and subject to HUD's substantial amendment requirements, as defined in the 2025 Revised Universal Notice. DCR will also issue updated program documents, policies, or NOFOs as necessary to communicate changes to stakeholders and applicants.

Subrecipients and contractors will be required to comply with the most current program guidance, unless otherwise specified in their executed funding agreements.

9.3 Revisions to Program Scope or Budget

Any changes to the scope, budget, or timeline of an awarded CI Program project must be reviewed and approved by DCR in writing prior to implementation.

Examples of project-level amendments include:

- Changes to location, ownership entity, or design specifications;

- Material changes to project financing, including leveraged sources[6];
- Budget revisions involving reallocation across major line items (e.g., soft costs to hard costs), including any revision that results in a cumulative change of 10 percent or more of the total project budget, will require a written amendment and prior approval by DCR; and
- Requests for extensions to construction timelines.

Project sponsors must submit a written amendment request with justification, revised project documents, and any applicable third-party approvals. DCR will evaluate whether the change:

- Remains compliant with the project's original purpose and federal eligibility;
- Does not result in a duplication of benefits; and
- Continues to meet the requirements of all applicable regulations.

If the revision is approved, an amendment to the funding agreement will be issued and signed before changes take effect. Amendments must be documented and retained in the project file per 2 CFR § 200.334.

Section 10: Citizen Participation and Public Engagement

DCR is committed to engaging the public in a transparent and effective manner throughout the design and implementation of the CI Program. Citizen participation is a required element under the CDBG-DR program and ensures that recovery investments reflect the needs of communities affected by Hurricane Helene. Additionally, each local government receiving assistance from DCR must also follow a detailed citizen participation plan that satisfies the requirements of 24 CFR Part 570.486 (except as provided for in waivers and alternative requirements).

For additional information, see DCR's Citizen Participation Plan (CPP).

10.1 Overview and Regulatory Requirements

DCR's citizen participation approach is guided by the requirements set forth in:

- The 2025 Revised Universal Notice;
- 24 CFR Part 570.486 (Citizen Participation);
- The State's HUD-approved CDBG-DR Action Plan; and
- DCR's Citizen Participation Plan (CPP).

[6] A material change refers to any modification that significantly alters the scope, cost, timing, financing structure, or compliance of the project.

These policies and regulations require that DCR provide opportunities for the public to review and comment on major program decisions and ensure that program information is accessible, inclusive, and publicly available throughout the recovery process.

10.2 Ongoing Community Engagement

DCR will continue engaging the public and stakeholders during program implementation. Engagement activities may include:

- Stakeholder meetings with local governments;
- Public informational sessions or webinars;
- Program updates posted online; or
- Outreach to communities with significant housing recovery needs.

Public informational sessions or webinars and other public outreach activities will be announced on the DCR website and social media. DCR regularly provides updates and information via LinkedIn, Facebook, and Instagram.

Additional input may be solicited prior to the release of future funding rounds or NOFO updates.

10.3 Public Comments and Incorporation

Public comments submitted during formal comment periods or outreach events will be reviewed and considered by DCR. A summary of comments and responses will be published on the program website for each applicable comment period.

Feedback may be used to refine program policies, adjust application requirements, or improve future public outreach efforts.

10.4 Complaints

Should any applicant or member of the public have complaints concerning the award or administration of CDBG-DR funds, complaints should be addressed using the following official channels:

- Online: The Complaint Submission Form
- Phone: DCR Complaint Line at 919-707-1560
- Email: dcr.constituentservices@commerce.nc.gov
- Mail: Division of Community Revitalization – Constituent Services
  301 North Wilmington Street
  4301 Mail Services Center
  Raleigh, NC 27699-4301

The Constituent Services team will make every effort to provide a timely written response upon receipt of a citizen's petition, within fifteen (15) business days, as expected by HUD, where practicable.

Reports of suspected fraud, waste, or abuse of government funds may also be directed to the Office of State Budget and Management at FWA@osbm.nc.gov.

10.5 Contact Information and Public Access

Program updates, Action Plan materials, and information on how to submit public comments are available on DCR's disaster recovery website.

These, and other related DCR policies are also available on DCR's website.

10.6 Local Government Citizen Participation Requirements

Each local government receiving assistance must follow a detailed citizen participation plan that satisfies the requirements of 24 CFR 570.486. The records must demonstrate that it has notified affected residents through electronic mailings, press releases, statements by public officials, media advertisements, social media, public service announcements, and/or contacts with neighborhood organizations. All applicants must submit evidence of a publicly noticed meeting or public comment period to discuss the proposed project and application for the CI Program. Counties eligible to receive funds must consider the needs of all municipalities (and federally recognized tribes) within the incorporated and unincorporated area of the county (and reservations contiguous to the county).

To meet the minimum requirements for citizen participation local government applicants must hold two public hearings to obtain citizens' comments, at least one of which must be held prior to submitting an application. The notice of such public hearing must be published at least 10 days but no more than 25 days before the date of the hearing. Notice must be published on the local government's website as well as at least one additional method to ensure wide participation. Examples include posting in the non-legal section of the newspaper with general circulation in the area, social media accounts, radio ads, and distribution lists. The notice must state the types of projects to be undertaken, the source and amount of funding available for the activities, the date by which comments must be made, and a contact person for a copy of the proposed application. The application will require documented evidence of properly noticed meetings; an affidavit may be submitted but is not required. Applicants must also provide for a 10-day comment period, which must close prior to the submission of the application.

Resolution #__-____

RESOLUTION BY THE CITY OF HENDERSONVILLE CITY COUNCIL IN SUPPORT OF APPLICATION FOR THE RENEW NC CDBG-DR GRANT PROGRAM FOR THE WHITMIRE ACTIVITY CENTER RESTORATION & MITIGATION PROJECT

WHEREAS, the United States Department of Housing and Urban Development announced the State of North Carolina will receive $1.4 billion in funding to support recovery efforts following Hurricane Helene.

WHEREAS, eligible communities must be located within a "Most-Impacted and Distressed" area defined by HUD or the State of North Caroline.

WHEREAS, the City of Hendersonville wishes to pursue funding opportunities that would allow the City to restore, repair, and/or replace critical infrastructure on public property and provide safe access to these properties.

WHEREAS, the City's financial resources have limited the City's ability to fund restorative and repair projects as well as implement necessary mitigation measures to increase resiliency to future weather-related disasters.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Hendersonville, North Carolina that:

1. The City hereby endorses the application for the ReNew NC Infrastructure Grant Program and staff assistance for the duration of the project; and
2. The City Manager is authorized to execute said application.

Adopted by the City Council of the City of Hendersonville, North Carolina on this 6th day of August 2026.

_____

Attest: Barbara G. Volk, Mayor, City of Hendersonville

_____

Jill Murray, City Clerk

Approved as to form:

_____

Angela S. Beeker, City Attorney

CITY OF HENDERSONVILLE

AGENDA ITEM SUMMARY

SUBMITTER: Jamie Carpenter **MEETING DATE:** August 6, 2026

AGENDA SECTION: Consent **DEPARTMENT:** Downtown

TITLE OF ITEM: Resolution to Permit Alcoholic Beverages at Immaculata Fall Fest– *Jamie Carpenter, Downtown Manager*

SUGGESTED MOTION(S): I move City Council to adopt the resolution to permit the possession and consumption of alcoholic beverages at the 2026 Immaculata Fall Fest.

SUMMARY: Immaculata Fall Fest was events were previously approved by the Special Events Committee for October 10, 2026. This resolution is to permit the possession and consumption of alcoholic beverages at the approved events.

ATTACHMENTS:
Resolution

Resolution #R-25-52

HENDERSONVILLE, NORTH CAROLINA
RESOLUTION TO PERMIT THE POSSESSION AND CONSUMPTION OF ALCOHOLIC BEVERAGES AT THE 2026 IMMACULATA FALL FEST

WHEREAS, North Carolina General Statute 18B-300 (c)(3) permits a city or county, by local ordinance, to regulate or prohibit the possession of malt beverages and unfortified wine on public streets, alleys, or parking lots which are temporarily closed to regular traffic for special events, and;

WHEREAS, Section 6-2 (d) of the City of Hendersonville Code of Ordinances establishes that it "shall not be unlawful for any person to possess or consume any alcoholic beverage on public streets, alleys or parking lots which are temporarily closed to regular traffic for special events, if the city council has adopted a resolution making provisions for the possession and consumption of malt beverages or unfortified wine or both at such special event, to the extent permitted by such resolution."

NOW THEREFORE BE IT RESOLVED by the city council of the City of Hendersonville, North Carolina, pursuant to the authority granted by general statute and according to the duly adopted local ordinance that,

> Immaculata Catholic is permitted to host the Immacualta Fall Fest on Saturday, October 10.
>
> Furthermore, that the possession of alcohol in the form of malt beverages and unfortified wine, be permitted within the event footprint established by the City Special Events Committee and the associated North Carolina Alcohol Beverage Control Special Event Permit on the dates listed above.

ADOPTED by the City Council of the City of Hendersonville, North Carolina, on this 8th day of August, 2026.

Attest: _____ Barbara G. Volk, Mayor, City of Hendersonville

_____
Jill Murray, City Clerk

Approved as to form:

_____
Angela S. Beeker, City Attorney

CITY OF HENDERSONVILLE

AGENDA ITEM SUMMARY

SUBMITTER: Blake Fulgham, Management Analyst III

MEETING DATE: 08/06/2026

AGENDA SECTION: CONSENT AGENDA

DEPARTMENT: Public Services

TITLE OF ITEM: Approval to Apply for the North Carolina Recreational Trails Program Grant -*Blake Fulgham, Management Analyst III*

SUGGESTED MOTION(S):

I move City Council approve city staff's plan to apply for the North Carolina Recreational Trails Program.

SUMMARY:

The Recreational Trails Program is a Federally Administered grant program, managed by the Federal Highway Administration, administered by the North Carolina Division of Parks & Recreation that aims to provide funding for the creation, renovation, and or acquisition of greenway and trails. City Staff has identified our greenway network as a pivotal resource for recreation for our community and are striving to develop and provide a high-quality accessible greenway network for all trail users. City Staff is requesting approval to apply to the Recreational Trails Program to develop and install a greenway trailhead kiosk with mapping and educational signage, as well as installing garbage waste, recycling, and pet waste receptacles at the eastern entrance of the future Clear Creek Greenway.

BUDGET IMPACT: **Grant Maximum award amount is $100K.**
We will be required to agree to a 25% match.
Budget impact maximum $25K.

Is this expenditure approved in the current fiscal year budget? N/A

If no, describe how it will be funded. N/A

ATTACHMENTS:

N/A

Resolution #__-____

RESOLUTION BY THE CITY OF HENDERSONVILLE CITY COUNCIL IN SUPPORT OF APPLICATION FOR THE RECREATIONAL TRAILS PROGRAM FOR THE CLEAR CREEK GREENWAY TRAILHEAD KIOSK AND WASTE RECEPTACLES

WHEREAS, the Recreational Trails Program is a grant funding program administered by the Federal Highway Administration through the North Carolina State Division of Parks & Recreation.

WHEREAS, the City of Hendersonville is committed to providing its citizens and visitors with safe, accessible, and valuable trails and recreational infrastructure with the goal of providing the highest quality of life for its citizens.

WHEREAS, the City of Hendersonville wishes to pursue funding opportunities that would allow the City to improve the accessibility of current infrastructure and increase the quality of infrastructure and our city assets for public enjoyment.

WHEREAS, the City's financial resources have limited the City's ability to fund recreational project upgrades meant to enhance the users experience.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Hendersonville, North Carolina that:

1. The City hereby endorses the application for the Recreational Trails Program and, if awarded, provide the 20% required match of funds for the project, as well as staff assistance for the duration of the project; and
2. The City Manager is authorized to execute said application.

Adopted by the City Council of the City of Hendersonville, North Carolina on this 6th day of August 2026.

_____

Attest: Barbara G. Volk, Mayor, City of Hendersonville

_____

Jill Murray, City Clerk

Approved as to form:

_____

Angela S. Beeker, City Attorney

Project Description:

The City of Hendersonville proposes to construct and install a greenway trail network kiosk, along with waste, recycling, and pet waste receptacles, along the Clear Creek Greenway, which is currently under development. The greenway network kiosk will provide visitors with essential information for navigating the City's greenway system, direct users to key destinations such as local parks and public service facilities, and offer educational resources related to trail safety, environmental stewardship, and local wildlife. The proposed infrastructure will occupy an estimated footprint of approximately 10 feet by 30 feet and will be located outside the 100-year floodplain.

The project will begin with site preparation activities, including coordination with all applicable non-municipal utility providers to verify that no underground utility conflicts exist within the proposed construction area. Any necessary clearing of vegetation or surface materials will be completed while preserving existing vegetation that does not interfere with construction activities. Surveying for the project site was completed during the Clear Creek Greenway planning phase in 2025.

Following site preparation, excavation will be performed to construct the post foundations and concrete footing for the trail kiosk. The pressure-treated wood kiosk structure will then be installed, followed by the placement of informational panels, maps, and other educational display materials. The final phase of the project will include site restoration and inspection. Disturbed areas within and adjacent to the project site will be backfilled and restored to their original condition to the greatest extent practicable. Upon completion, the City's Engineering Division will conduct quality assurance and quality control inspections to verify structural integrity, ensure compliance with applicable standards, and confirm that the installation is free of defects prior to opening the facility for public use.

One of the City of Hendersonville's highest priorities for multimodal transportation is the development of a connected greenway network that provides safe, accessible, and convenient travel options for pedestrians and cyclists. As the City continues to expand its greenway system, it has identified public communication, wayfinding, and educational outreach as essential components of a successful trail network. This project will enhance the overall user experience by providing navigation resources, educational information, and strategically placed waste, recycling, and pet waste receptacles that promote cleanliness, environmental stewardship, and responsible use of the City's greenway system.

Project Purpose:

The purpose of this project is to provide high-quality recreational amenities and supporting infrastructure for the future Clear Creek Greenway, which is currently under development. The Clear Creek Greenway will consist of approximately two miles of multi-use trail and will connect directly to the existing 3.5-mile Oklawaha Greenway, significantly enhancing the connectivity and accessibility of the region's trail network and community resources.

The long-term vision for this network extends beyond these two facilities. The City of Hendersonville and Henderson County are actively working to expand and connect the Ecusta Greenway, a planned 19.4-mile multi-use trail that will link Hendersonville and Brevard, North Carolina. The Ecusta Greenway is anticipated to connect to the southern terminus of the Oklawaha Greenway, creating an integrated regional greenway system. The connection of these three greenway corridors will substantially improve the ability of residents and visitors to safely access parks, businesses, public services, and other community destinations while providing a safe, accessible, and enjoyable recreational resource for users of all ages and abilities.

The proposed project is essential to the overall functionality and quality of the Clear Creek Greenway and the broader greenway network. As the City's trail system continues to expand, effective navigation and wayfinding will become increasingly important to ensure successful utilization of these connected facilities. Providing high-quality trail infrastructure is only one component of a successful greenway system; users must also have access to clear, reliable information that enables them to identify destinations, understand trail connections, navigate roadway crossings and other potential barriers, and travel safely and confidently throughout the community.

In addition to navigation and wayfinding resources, the project will provide educational signage highlighting the area's natural landscapes, wildlife, and principles of environmental stewardship. The City of Hendersonville recognizes the importance of educating residents and visitors about safe trail use, responsible recreation, and the protection of natural resources. To support these goals, the project will also include the installation of waste management infrastructure, including receptacles for trash, recycling, and pet waste. Providing convenient and accessible waste disposal facilities will encourage responsible trail use, promote environmental stewardship, and help maintain a clean, safe, and welcoming greenway environment for all users.

Ultimately, this project is intended to enhance the safety, accessibility, educational value, and overall user experience of the future Clear Creek Greenway. By providing essential infrastructure and resources, the project will support increased public

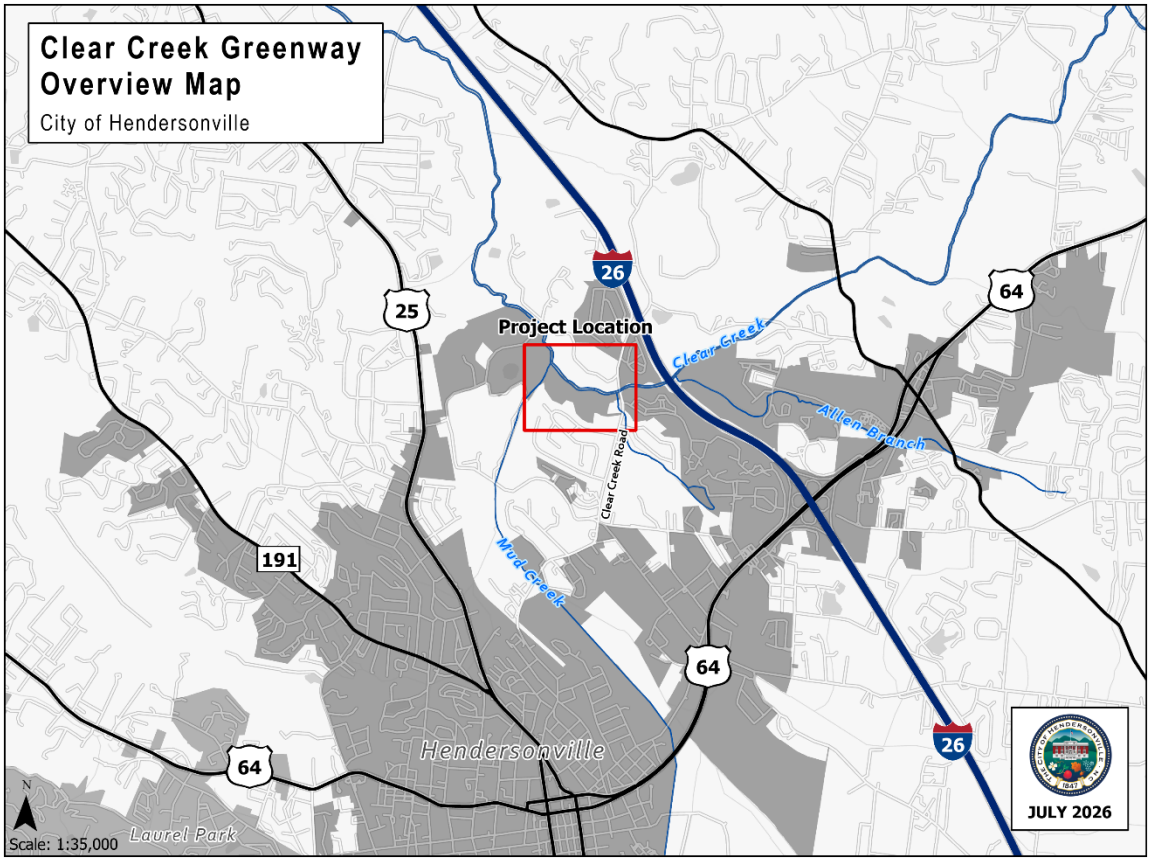
engagement with the greenway system while improving quality of life, promoting outdoor recreation, and strengthening community connectivity throughout the City of Hendersonville.

Nature of Project Activity:

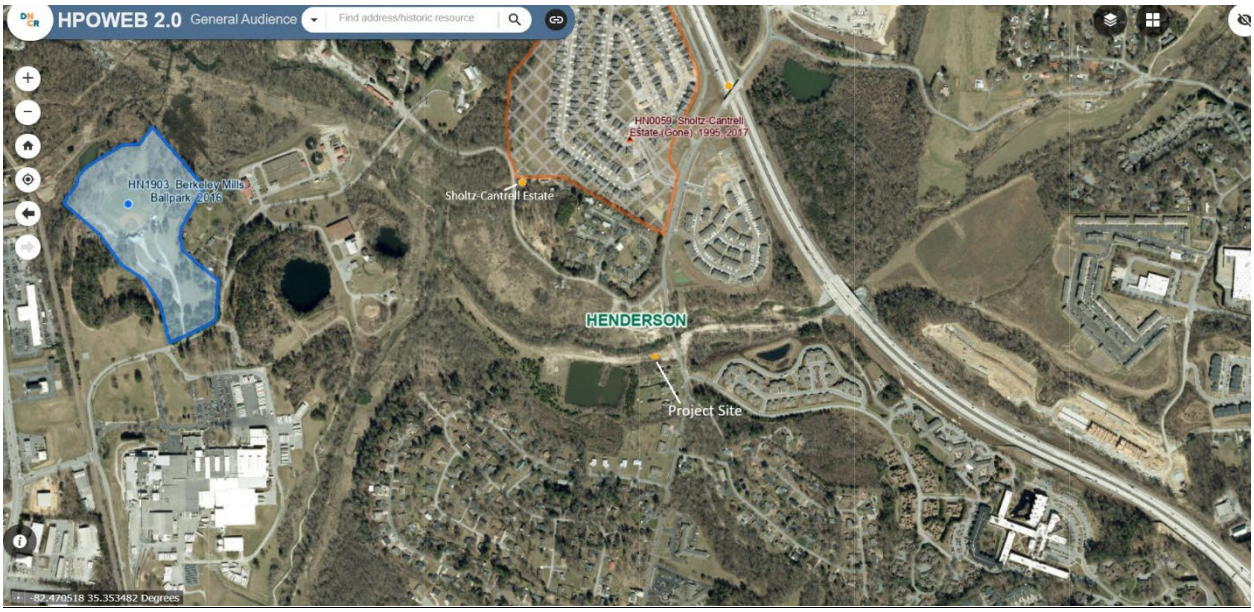
The proposed project consists of the construction of a informational kiosk on a new concrete pad. The kiosk structure will measure approximately 8 ft x 8 ft in footprint, with a roof reaching approximately 10–11 ft in height at the peak. The structure will be supported by timber posts, each approximately 8–10 in in diameter, set on a concrete pad measuring approximately 10 ft x 10 ft x 4 in thick, poured over a 4 in compacted stone base. Total excavation depth, including sub-base and slab, will be approximately 8 in, plus minor grading as needed. A wood display/bulletin panel will be mounted beneath the roof.

In conjunction with the kiosk, the project includes installation of three waste receptacle stations for pet waste, recycling, and trash collection. Each station will occupy an area of approximately 2 ft x 2 ft (or up to 3 ft x 3 ft with a small concrete apron), with receptacles standing approximately 3–3.5 ft in height. Stations will be set either on the main concrete pad or on individual concrete footers measuring approximately 2 ft x 2 ft x 6 in each.

Overview Map:



NC State Historic Preservation GIS Map:



Topography Map:



Project Specific Map:



Floodway Maps:





Sources:

North Carolina Flood Risk Information System (FRIS)

HPOWEB 2.0

flood.nc - North Carolina's Flood Information Center

CITY OF HENDERSONVILLE

AGENDA ITEM SUMMARY

SUBMITTER: Jennifer Harrell **MEETING DATE:** August 6,2026

AGENDA SECTION: CONSENT **DEPARTMENT:** Human Resources

TITLE OF ITEM: Revision of the Personnel Policy –Amending Article I. Section 9 and Article VII Section 22, *Jennifer Harrell, HR Director*

SUGGESTED MOTION(S):

I move City Council adopt the Personnel Policy Amendment Resolution, as presented.

SUMMARY:

The city has been a participant in the University of North Carolina School of Government's (UNC SOG) Lead for North Carolina pilot program where they pair local governments and Temporary Fellows. In the beginning, the UNC SOG required the hosting organization (in our case the City of Hendersonville) to consider the Temporary Fellow's as employees and specify this in the organizations Personnel Policy, as well as pay the Temporary Fellow directly and offer health care benefits or a taxable subsidy. The UNC SOG has changed the program and no longer stipulates these requirements on the hosting organization. Staff is removing the Lead for North Carolina Temporary Fellow as an employee of the city.

Staff is clarifying how and when employees on military leave may continue health and dental insurance.

Is this expenditure approved in the current fiscal year budget?

If no, describe how it will be funded.

ATTACHMENTS: Hendersonville Personnel Policy Article I Section 9 Definitions and Article VII. Section 22 Military Leave.

Resolution #__-____

RESOLUTION BY THE CITY OF HENDERSONVILLE CITY COUNCIL AMENDING THE CITY OF HENDERSONVILLE PERSONNEL POLICY

WHEREAS, the City of Hendersonville maintains a Personnel Policy. The purpose of which is to establish a system of personnel administration for recruiting, selecting, employing, developing and maintaining an effective and responsible workforce; and

WHEREAS, the City of Hendersonville wishes to amend Article I. Section 9 – Definitions.

The city has been a participant in the University of North Carolina School of Government's (UNC SOG) Lead for North Carolina pilot program where they pair local governments and Temporary Fellows. In the beginning, the UNC SOG required the hosting organization (in our case the City of Hendersonville) to consider the Temporary Fellow's as employees and specify this in the organizations Personnel Policy, as well as pay the Temporary Fellow directly and offer health care benefits or a taxable subsidy. The UNC SOG has changed the program and no longer stipulates these requirements on the hosting organization. The Lead for North Carolina Temporary Fellow as an employee of the city is being removed.

WHEREAS, the City of Hendersonville also wishes to amend Article VII Section Military Leave. Clarification is being made of how and when employees on military leave may continue health and dental coverage.

NOW THEREFORE, BE IT RESOLVED by the City Council of the City of Hendersonville, North Carolina that from and after the effective date of this resolution, Article I. Section 9 and Article VII Section 22 of the Personnel Policy attached to this resolution, is hereby adopted.

This policy will become effective as of the date of adoption.

Adopted by the City Council of the City of Hendersonville, North Carolina on this 6th day of July 2026

_____

Attest: Barbara G. Volk, Mayor, City of Hendersonville

_____

Jill Murray, City Clerk

Approved as to form:

_____

Angela S. Beeker, City Attorney

Article I. Section 9 Definitions

~~Temporary Fellow. A person hired by the City through the Lead for North Carolina (LFNC) program. The employee will be eligible for health care benefits or a taxable subsidy. The nonexempt employee will be paid hourly for a maximum of 40 hours per week.~~

Article VII. Section 22. Military Leave

In accordance with federal and state laws, the City provides military leave to employees who are members of a United States Armed Forces Reserve organization or National Guard for absences to perform military duty, whether voluntary or involuntary. Absences to perform any military duty (including active duty, active duty training, inactive duty training such as scheduled drills and summer camp, full-time National Guard federal duty, fitness-for-duty examination, and funeral honors duty) are covered by this policy, unless the employee reaches the five-year maximum of military leave as established by the Uniformed Services Employment and Reemployment Rights Act (USERRA). This policy provides military leave to regular City employees unless their employment is for a brief, non-recurrent period and there is no reasonable expectation that such employment will continue indefinitely or for a significant period.

Employees should submit a request for military leave to the supervisor or Department Head as soon in advance of the military duty as possible. The request should be in writing and should be accompanied by a copy of the military orders. Employees must report back to work as soon after military duty as possible, consistent with federal and state laws. If the reason for the employee's delay is not related to military duties, the employee is subject to the personnel policies and practices normally applied to employees with unexcused absences.

Employees may choose whether to use earned compensatory time, accrued vacation leave (leave with pay), leave without pay, or some combination thereof for these absences, and the provisions of that leave shall apply. Upon exhausting all other paid leave, employees may request to use sick leave, if approved by the City Manager.

Regular employees choosing to use military leave may claim up to ten (10) days of differential pay per calendar year provided the days are recorded as military leave and the military basic pay is less than the employee's regular City pay. To claim differential pay, the employee must submit a copy of his/her military orders, pay vouchers, Leave and Earnings Statement and/or other appropriate documentation evidencing performance and compensation pertinent to the military duty.

During the period of military leave, regular employees may continue health and dental insurance coverage, provided they continue to pay their share of the premiums up ~~to eighteen~~ months under COBRA coverage Employees performing military service of more than 30 days may elect to continue the City's health and dental insurance coverage for up to 24 months but will be responsible for paying the insurance premiums up to 102% of the premium costs. Employees whose military service is less than 31 days will continue their health and dental insurance coverage as if they were at work with the City. As with any other unpaid leave, employees do not accrue vacation leave or sick leave during the period of leave without pay. However, the balance of such accruals on the date of commencement of the military leave will remain intact for the employee's return to work.

CITY OF HENDERSONVILLE

AGENDA ITEM SUMMARY

SUBMITTER: Adam Murr **MEETING DATE:** 08/06/2026

AGENDA SECTION: CONSENT **DEPARTMENT:** Administration

TITLE OF ITEM: August 2026 Budget Amendments – *Adam Murr, Budget & Eval. Director*

SUGGESTED MOTION(S):

I move City Council adopt budget amendment(s) 08062026-01, 08062026-02, 08062026-03, 08062026-04, 08062026-05, 08062026-06, 08062026-07, and 08062026-08, as presented.

SUMMARY:

- **08062026-01.** An FY26 amendment increasing insurance proceeds revenue in the Parking Fund by $1,517 to repair a damaged exit arm in the parking deck.
- **08062026-02.** An FY26 General Fund amendment in preparation for the end-of-year audit process.
- **08062026-03.** An FY26 Main St. MSD Fund amendment in preparation for the end-of-year audit process.
- **08062026-04.** An FY26 Water & Sewer Fund amendment in preparation for the end-of-year audit process.
- **08062026-05.** An FY26 Parking Fund amendment in preparation for the end-of-year audit process.
- **08062026-06.** An FY26 Stormwater Fund amendment in preparation for the end-of-year audit process.
- **08062026-07.** An FY26 Env. Services Fund amendment in preparation for the end-of-year audit process.
- **08062026-08.** An FY27 amendment transferring $30,767 of FY26 insurance proceeds (FY27 fund balance) to the FY27 Vehicle and Equipment Loan project for the replacement of a totaled vehicle from a prior year.

BUDGET IMPACT: Described Above

Is this expenditure approved in the current fiscal year budget? N/A

If no, describe how it will be funded.

ATTACHMENTS:
Budget Amendments 08062026-01, 08062026-02, 08062026-03, 08062026-04, 08062026-05, 08062026-06, 08062026-07, and 08062026-08

TO MAYOR & COUNCIL
APPROVAL: August 06, 2026

FISCAL YEAR 2026
FORM: 08062026-01

BUDGET AMENDMENT

FUND 064					
ACCOUNT NUMBER	**ACCOUNT DESCRIPTION**	**EXISTING BUDGET**	**INCREASE**	**DECREASE**	**REVISED BUDGET**
064-0000-470030	Insurance Proceeds	-	1,517	-	1,517
064-7455-524010	R&M Buildings	-	1,517	-	1,517
FUND 064	TOTAL REVENUES	-	1,517	-	1,517
	TOTAL EXPENDITURES	-	1,517	-	1,517
An amendment reflecting $1,517 of insurance proceeds for repairs to an exit arm located at the parking deck.					

The City Manager and City Clerk certify budget ordinance amendment 08062026-01 was approved by City Council on August 06, 2026.

City Manager — Date

City Clerk — Date

TO MAYOR & COUNCIL
APPROVAL: August 06, 2026

FISCAL YEAR 2026
FORM: 08062026-02

BUDGET AMENDMENT

FUND 010					
ACCOUNT NUMBER	**ACCOUNT DESCRIPTION**	**EXISTING BUDGET**	**INCREASE**	**DECREASE**	**REVISED BUDGET**
010-1300-430001	Miscellaneous Sales	185	-	185	-
010-1300-460091	Police Contribution/Donation	800	-	800	-
010-0000-460090	Contributions/Donations	36,616	650	-	37,266
010-0000-430001	Misc. Income - Police		985	-	985
010-1002-519200	Contracted Services	225,255	4,420	-	229,675
010-1300-210002	Miscellaneous Payable	1,150	-	1,150	-
010-0000-534999	Contingencies	12,110	-	2,620	9,490
FUND 010	TOTAL REVENUES	37,601	1,635	985	38,251
	TOTAL EXPENDITURES	238,515	4,420	3,770	239,165

An FY26 end-of-year amendment to the General Fund to prepare for the annual audit process.

The City Manager and City Clerk certify budget ordinance amendment 08062026-02 was approved by City Council on August 06, 2026.

City Manager _____ Date _____

City Clerk _____ Date _____

TO MAYOR & COUNCIL
APPROVAL: August 06, 2026

FISCAL YEAR 2026
FORM: 08062026-03

BUDGET AMENDMENT

FUND 020					
ACCOUNT NUMBER	**ACCOUNT DESCRIPTION**	**EXISTING BUDGET**	**INCREASE**	**DECREASE**	**REVISED BUDGET**
020-1008-531230	Tax Billing	1,900	-	246	1,654
020-1002-502005	Group Med & Life Ins	1,110	140	-	1,250
020-1005-501010	Salaries- Overtime	-	25	-	25
020-1007-502006	Group Med & Life Ins	648	66	-	714
020-1560-502050	Retirement Expense	1,424	15	-	1,439
FUND 020	TOTAL REVENUES	-	-	-	-
	TOTAL EXPENDITURES	5,082	246	246	5,082
An FY26 end-of-year amendment to the Main Street Fund to prepare for the annual audit process.					

The City Manager and City Clerk certify budget ordinance amendment 08062026-03 was approved by City Council on August 06, 2026.

City Manager _____ Date _____

City Clerk _____ Date _____

TO MAYOR & COUNCIL
APPROVAL: August 06, 2026

FISCAL YEAR 2026
FORM: 08062026-04

BUDGET AMENDMENT

FUND 060					
ACCOUNT NUMBER	**ACCOUNT DESCRIPTION**	**EXISTING BUDGET**	**INCREASE**	**DECREASE**	**REVISED BUDGET**
060-1007-531225	Training	28,750	-	6,526	22,224
060-7155-519200	Contract Services	60,230	-	25,000	35,230
060-7155-555002	Capital Outlay- Lines	146,480	-	90,400	56,080
060-1002-539990	FEMA Reimbursable Expenditures	-	6,526		6,526
060-7055-524060	R&M Lines	380,000	25,000	-	405,000
060-7055-555002	Capital Outlay- Lines	431,000	90,400	-	521,400
FUND 060	TOTAL REVENUES	-	-	-	-
	TOTAL EXPENDITURES	1,046,460	121,926	121,926	1,046,460
An FY26 end-of-year amendment to the Water & Sewer Fund to prepare for the annual audit process.					

The City Manager and City Clerk certify budget ordinance amendment 08062026-04 was approved by City Council on August 06, 2026.

City Manager — Date

City Clerk — Date

TO MAYOR & COUNCIL
APPROVAL: August 06, 2026

FISCAL YEAR 2026
FORM: 08062026-05

BUDGET AMENDMENT

FUND 064					
ACCOUNT NUMBER	**ACCOUNT DESCRIPTION**	**EXISTING BUDGET**	**INCREASE**	**DECREASE**	**REVISED BUDGET**
064-7455-534000	Non-Capital Equipment	19,200	-	1,827	17,373
064-1008-501005	Group Med & Life Ins	1,445	-	300	1,145
064-1008-502050	Retirement Expense	1,168	-	151	1,017
064-1002-501010	Salaries- Overtime	-	170		170
064-1002-502005	Group Med & Life Ins	2,220	139	-	2,359
064-1007-501010	Salaries- Overtime	-	142	-	142
064-1300-502050	Retirement Expense	20,803	1,827	-	22,630
FUND 064	TOTAL REVENUES	-	-	-	-
	TOTAL EXPENDITURES	44,836	2,278	2,278	44,836
An FY26 end-of-year amendment to the Parking Fund to prepare for the annual audit process.					

The City Manager and City Clerk certify budget ordinance amendment 08062026-05 was approved by City Council on August 06, 2026.

City Manager _____ Date _____

City Clerk _____ Date _____

TO MAYOR & COUNCIL
APPROVAL: August 06, 2026

FISCAL YEAR 2026
FORM: 08062026-06

BUDGET AMENDMENT

FUND 067					
ACCOUNT NUMBER	**ACCOUNT DESCRIPTION**	**EXISTING BUDGET**	**INCREASE**	**DECREASE**	**REVISED BUDGET**
067-7555-519200	Contract Services	277,975	-	6,828	271,147
067-1002-502005	Group Med & Life Ins	4,809	30	-	4,839
067-1005-501001	Salaries - Regular	9,333	655	-	9,988
067-1007-501010	Salaries- Overtime	-	393		393
067-1014-201001	Salaries- Regular	46,303	3,640	-	49,943
067-1014-531600	Lease/Rental Equipment	-	2,110	-	2,110
FUND 067	TOTAL REVENUES	-	-	-	-
	TOTAL EXPENDITURES	338,420	6,828	6,828	338,420
An FY26 end-of-year amendment to the Stormwater Fund to prepare for the annual audit process.					

The City Manager and City Clerk certify budget ordinance amendment 08062026-06 was approved by City Council on August 06, 2026.

City Manager — Date

City Clerk — Date

TO MAYOR & COUNCIL
APPROVAL: August 06, 2026

FISCAL YEAR 2026
FORM: 08062026-07

BUDGET AMENDMENT

FUND 068					
ACCOUNT NUMBER	**ACCOUNT DESCRIPTION**	**EXISTING BUDGET**	**INCREASE**	**DECREASE**	**REVISED BUDGET**
068-7855-519200	Contract Services	38,680	-	7,946	30,734
068-0900-560001	Debt Principal	173,990	7,400	-	181,390
068-1002-502005	Group Med & Life Ins	3,330	306	-	3,636
068-1005-502050	Retirement Expense	1,310	80		1,390
068-1007-501010	Salaries- Overtime	85	160	-	245
FUND 068	TOTAL REVENUES	-	-	-	-
	TOTAL EXPENDITURES	217,395	7,946	7,946	217,395
An FY26 end-of-year amendment to the Environmental Services Fund to prepare for the annual audit process.					

The City Manager and City Clerk certify budget ordinance amendment 08062026-07 was approved by City Council on August 06, 2026.

City Manager _____ Date _____

City Clerk _____ Date _____

TO MAYOR & COUNCIL
APPROVAL: August 06, 2026

FISCAL YEAR 2027
FORM: 08062026-08

BUDGET AMENDMENT

FUND 060 | 460					
ACCOUNT NUMBER	**ACCOUNT DESCRIPTION**	**EXISTING BUDGET**	**INCREASE**	**DECREASE**	**REVISED BUDGET**
060-0000-470900	Fund Balance Appropriated	3,167,900	30,767	-	3,198,667
060-0000-598901	Transfer Out (to 460, VE027)	1,265,000	30,767	-	1,295,767
FUND 060 W&S Operating Fund	TOTAL REVENUES	3,167,900	30,767	-	3,198,667
	TOTAL EXPENDITURES	1,265,000	30,767	-	1,295,767
460-0000-470100-VE027	Transfer In (from 060)	240,000	30,767	-	270,767
460-7002-554002-VE027	C/O-Vehicles	150,000	30,767	-	180,767
460-7002-554001-VE027	C/O-Equipment	90,000	-	-	90,000
FUND 460 W&S Project Fund	TOTAL REVENUES	240,000	30,767	-	270,767
	TOTAL EXPENDITURES	240,000	30,767	-	270,767

An FY27 amendment using a $30,767 fund balance appropriation from the W&S Operating Fund (060) to increase the W&S Vehicle and Equipment Project (#VE027) to acquire a new vehicle after receiving an FY26 insurance check for $30,767 due to an accident that totalled a service truck. FY26 Ref. Amendment 07022026-02.

The City Manager and City Clerk certify budget ordinance amendment 08062026-08 was approved by City Council on August 06, 2026.

City Manager — Date

City Clerk — Date

CITY OF HENDERSONVILLE

AGENDA ITEM SUMMARY

SUBMITTER: Tammy Heide **MEETING DATE:** 08/06/2026

AGENDA SECTION: CONSENT **DEPARTMENT:** Finance

TITLE OF ITEM, Presenter Name, Title: Monthly Property Tax Collector's Report -*Tammy Heide, Deputy Tax Collector/Assistant Finance Director*

SUGGESTED MOTION(S): I move that City Council approve the Monthly Tax Collector Report

SUMMARY:

Monthly Property Tax Collector Report

Pursuant to N.C.G.S. § 105-350(7), it is the duty of the tax collector to submit to the governing body at each of its regular meetings a report of the amount collected on each year's taxes with which is charged, the amount remaining uncollected, and the steps taken to encourage or enforce payment of uncollected taxes.

Attached is the month-end report for collections, refunds, and releases (current and prior years), provided by the Henderson County Tax Collector. The tax department is using all collection remedies as provided by general statute to collect delinquent taxes

BUDGET IMPACT: $ 0.00

Is this expenditure approved in the current fiscal year budget? N/A

If no, describe how it will be funded.

PROJECT NUMBER: N/A **PETITION NUMBER:** N/A

ADDITIONAL PETITION NUMBER: N/A

PETITIONER NAME: N/A

ATTACHMENTS:

i. Monthly Tax Collector's Report

CITY OF HENDERSONVILLE TAX COLLECTOR'S REPORT

TO: City of Hendersonville Board of Commissioners

FROM: Tammy Heide, Deputy Tax Collector

DATE: Thursday, August 6, 2026

SUBJECT: June 2026 Tax Collector Report

According to NCGS 105-350(7) it is the duty of the tax collector to submit to the governing body at each of its regular meetings a report of the amount collected on each year's taxes with which is charged, the amount remaining uncollected, and the steps taken to encourage or enforce payment of uncollected taxes.

Below is the month end report for collections (current and prior years), amounts are provided by the Henderson County Tax Collector. The tax department is using all collection remedies as provided by general statute to collect delinquent taxes including but not limited to garnishments, attachments, and NC Debt Setoff.

This summary does not include Late List Penalties and Interest. Late List Penalties collected are transferred to the Henderson County School System per NCGS 115C-437.

REAL AND PERSONAL PROPERTY TAXES MONTHLY COLLECTIONS

CURRENT YEAR

	CITY	DOWNTOWN	7TH AVENUE
BILLED	$16,706,936.03	$301,549.89	$49,620.16
COLLECTED YEAR TO DATE	$16,617,825.02	$298,665.16	$48,818.83
ADJUSTMENTS AND RELEASES YEAR TO DATE	$33,681.52	$846.46	$1,288.82
OUTSTANDING REAL AND PERSONAL PROPERTY TAX	**$122,792.53**	**$3,731.19**	**$2,090.15**
CURRENT YEAR TAX COLLECTION PERCENTAGE	99.27%	98.77%	95.89%

PRIOR YEARS

BEGINNING OUTSTANDING BALANCE	$87,372.07	$5,465.69	$2,323.10
MONTHLY COLLECTION	$2,334.18	$17.26	$0.00
MONTHLY ADJUSTMENTS AND RELEASES	$0.00	$0.00	$0.00
OUTSTANDING REAL AND PERSONAL PROPERTY TAX	**$85,037.89**	**$5,448.43**	**$2,323.10**

Per NCGS 105-381(b) the Tax Collector is reporting tax releases/refunds within the current period of:

Total Ad Valorem Value Change Pending Release	$271,921.00
Total Ad Valorem Pending Releases due to taxable value Adjustments	$1,413.99
Total Ad Valorem Interest or Late List Fee Pending Release	$362.40
Total Ad Valorem Pending Refunds for the Month	$1,776.39
Total Motor Vehicle Releases and Refunds for the Prior Month	$1,260.89

*** Taxes releases/refunds are only allowed when taxes (1)were illegal or (2)were imposed due to a clerical error.*

Detailed information for releases and refunds is available from the Henderson County Tax Collector.

Date run: 7/1/2026 2:01:05 AM

TR-401G Net Collections Report

NCPTS V4

Data as of: 6/30/2026 6:13:14 PM

Report Parameters:

Date Sent to Finance Start: **Min - June 1, 2026** Date Sent to Finance End: **Max - June 30, 2026** Abstract Type: **BUS,IND,PUB,REI**

Tax District: **DOWNTOWN-MAIN ST, HENDERSONVILLE, SEVENTH AVENUE**

Fiscal Year Activity from July 1, 20XX to June 30, 2026								Activity from June 1, 2026 to June 30, 2026			
Tax Year	Orig. Billed Amt ($)	Abs. Adj ($)	Bill Releases ($)	Disc. Levy ($)	Net Levy ($)	Amt Collect. ($)	Unpaid Balance ($)	Amt Collect. ($)	Abs. Adj ($)	Bill Releases ($)	Disc. Levy ($)
		Assessor Refunds ($)	Net Collections ($)	Additional Levy ($)	Collection Fee Amt ($)	% Coll.	% Uncoll.			Assessor Refunds ($)	Additional Levy ($)
TAX DISTRICT: DOWNTOWN-MAIN ST LEVY TYPE: TAX											
2025	301,549.89	642.37	6.85	1,495.68	302,396.35	298,665.16	3,731.19	1,161.43	0.00	0.00	0.00
		0.00	298,665.16	0.00	0.00	98.77 %	1.23 %			0.00	0.00
2024	319,139.09	18,496.05	7.92	0.00	300,645.66	299,496.79	1,148.87	0.00	0.00	0.00	0.00
		18,472.40	317,969.19	10.54	0.00	99.62 %	0.38 %			0.00	0.00
2023	306,817.86	5,382.55	8.07	714.18	302,141.42	301,029.38	1,112.04	17.26	0.00	0.00	0.00
		1,931.28	302,960.66	0.00	0.00	99.63 %	0.37 %			0.00	0.00
2022	282,613.76	527.62	4.71	1,149.32	283,230.75	282,072.29	1,158.46	0.00	0.00	0.00	0.00
		259.42	282,331.71	0.00	0.00	99.59 %	0.41 %			0.00	0.00
2021	279,707.75	120.21	7.80	649.23	280,228.97	279,560.20	668.77	0.00	0.00	0.00	0.00
		6.55	279,566.75	0.00	0.00	99.76 %	0.24 %			0.00	0.00
2020	303,748.51	4,144.30	5.50	0.00	299,598.71	299,308.06	290.65	0.00	0.00	0.00	0.00
		0.00	299,308.06	0.00	0.00	99.90 %	0.10 %			0.00	0.00
2019	301,458.76	3,159.01	6.21	2,333.01	300,686.15	299,616.51	1,069.64	0.00	0.00	0.00	0.00
		418.28	300,034.79	59.60	0.00	99.64 %	0.36 %			0.00	0.00
Sub.	**2,095,035.62**	**32,472.11**	**47.06**	**6,341.42**	**2,068,928.01**	**2,059,748.39**	**9,179.62**	**1,178.69**	**0.00**	**0.00**	**0.00**
		21,087.93	**2,080,836.32**	**70.14**	**0.00**	**99.56 %**	**0.44 %**			**0.00**	**0.00**
TAX DISTRICT: HENDERSONVILLE LEVY TYPE: TAX											
2025	16,706,936.03	32,037.51	2,563.27	23,127.09	16,740,617.55	16,617,825.02	122,792.53	43,138.76	36.40	0.00	0.00
		4,830.47	16,622,655.49	45,155.21	0.00	99.27 %	0.73 %			0.00	0.00
2024	16,053,485.41	15,765.94	199.47	0.00	16,042,938.24	16,016,717.08	26,221.16	1,620.53	0.00	0.00	0.00
		5,290.83	16,022,007.91	5,418.24	0.00	99.84 %	0.16 %			0.00	0.00
2023	13,941,515.71	63,325.85	1,440.39	7,407.24	13,899,125.29	13,881,178.99	17,946.30	713.65	0.00	0.00	0.00
		8,524.58	13,889,703.57	14,968.58	0.00	99.87 %	0.13 %			0.00	0.00
2022	11,026,379.84	28,951.53	123.85	42,582.44	11,048,828.36	11,035,139.52	13,688.84	0.00	0.00	0.00	0.00
		1,804.20	11,036,943.72	8,941.46	0.00	99.88 %	0.12 %			0.00	0.00
2021	10,768,355.48	129,328.72	5,678.08	15,069.08	10,663,030.25	10,654,970.48	8,059.77	0.00	0.00	0.00	0.00
		21,332.16	10,676,302.64	14,612.49	0.00	99.92 %	0.08 %			0.00	0.00
2020	9,991,000.95	76,149.37	5,397.09	3,391.98	9,941,860.84	9,936,455.81	5,405.03	0.00	0.00	0.00	0.00
		21,611.14	9,958,066.95	29,014.37	0.00	99.95 %	0.05 %			0.00	0.00
2019	9,872,500.92	113,803.96	179.49	34,770.99	9,796,357.37	9,782,640.58	13,716.79	0.00	0.00	0.00	0.00
		26,495.88	9,809,136.46	3,068.91	0.00	99.86 %	0.14 %			0.00	0.00

2011	0.00	0.00	31.95	31.95	0.00	0.00	0.00	0.00	0.00	0.00	0.00
		0.00	0.00	0.00	0.00	100 %	0 %			0.00	0.00
2004	0.00	449.61	0.00	449.61	0.00	0.00	0.00	0.00	0.00	0.00	0.00
		0.00	0.00	0.00	0.00	100 %	0 %			0.00	0.00
2001	8.06	0.00	0.00	0.00	8.06	8.06	0.00	0.00	0.00	0.00	0.00
		0.00	8.06	0.00	0.00	100 %	0 %			0.00	0.00
Sub.	**88,360,182.40**	**459,812.49**	**15,613.59**	**126,830.38**	**88,132,765.96**	**87,924,935.54**	**207,830.42**	**45,472.94**	**36.40**	**0.00**	**0.00**
		89,889.26	**88,014,824.80**	**121,179.26**	**0.00**	**99.76 %**	**0.24 %**			**0.00**	**0.00**
TAX DISTRICT: SEVENTH AVENUE		**LEVY TYPE: TAX**									
2025	49,620.16	133.34	3.07	1,425.23	50,908.98	48,818.83	2,090.15	257.98	0.00	0.00	0.00
		0.00	48,818.83	0.00	0.00	95.89 %	4.11 %			0.00	0.00
2024	51,101.29	0.00	2.03	0.00	51,099.26	50,204.92	894.34	0.00	0.00	0.00	0.00
		0.00	50,204.92	0.00	0.00	98.25 %	1.75 %			0.00	0.00
2023	50,148.13	37.20	2.17	0.00	50,108.76	49,127.10	981.66	0.00	0.00	0.00	0.00
		0.00	49,127.10	0.00	0.00	98.04 %	1.96 %			0.00	0.00
2022	41,590.02	160.37	1.96	325.57	41,753.26	41,644.45	108.81	0.00	0.00	0.00	0.00
		0.00	41,644.45	0.00	0.00	99.74 %	0.26 %			0.00	0.00
2021	33,865.75	77.89	3.19	113.57	33,898.24	33,774.93	123.31	0.00	0.00	0.00	0.00
		79.45	33,854.38	0.00	0.00	99.64 %	0.36 %			0.00	0.00
2020	33,080.31	77.86	1.67	0.00	33,000.78	32,838.68	162.10	0.00	0.00	0.00	0.00
		77.86	32,916.54	0.00	0.00	99.51 %	0.49 %			0.00	0.00
2019	32,879.97	589.72	1.39	884.89	33,173.75	33,120.87	52.88	0.00	0.00	0.00	0.00
		0.00	33,120.87	0.00	0.00	99.84 %	0.16 %			0.00	0.00
Sub.	**292,285.63**	**1,076.38**	**15.48**	**2,749.26**	**293,943.03**	**289,529.78**	**4,413.25**	**257.98**	**0.00**	**0.00**	**0.00**
		157.31	**289,687.09**	**0.00**	**0.00**	**98.50 %**	**1.50 %**			**0.00**	**0.00**
Total	**90,870,026.78**	**517,054.91**	**16,725.76**	**178,603.72**	**90,641,729.54**	**90,622,477.55**	**231,731.82**	**49,003.75**	**40.04**	**0.00**	**0.00**
		111,718.71	**90,734,196.26**	**126,879.71**	**0.00**	**99.74 %**	**0.26 %**			**0.00**	**0.00**

Signature (Tax Collector) _____

NC Motor Vehicle Tax Refund Report

Tax Jurisdiction	Levy Type	Sum of Change	Sum of Interest Change	Sum of Total Change
C10	TAX	-$1,230.60	-$1.60	($1232.20)
	VEHICLE FEE	-$90.00	$0.00	($90.00)
C20	TAX	-$30.29	$0.00	($30.29)
Grand Total		**-$1,350.89**	**-$1.60**	**($1352.49)**

NCPTS Pending Release/Refund Report. Tuesday, June 23, 2026*

TAX DISTRICT	OWNER	ABSTRACT	NOTE	VALUE CHANGE	ADJ. NUMBER	DISTRICT CODE	LEVY TYPE	BILLED	PAID	RELEASE
CITY OF HENDERSONVILLE	ANDREW S MCKENZIE, DDS, PA	0003026695-2025-2025-0000	ALL PROPERTY LISTED UNDER ABSTRACT # 3118510	($59,421)	9649	JURSC10	TAX	$308.99	$308.99	$308.99
							LATE LIST FEE	$30.90	$30.90	$30.90
							TOTAL:			$339.89
									ABSTRACT TOTAL:	$339.89
		OWNER TOTAL:		**$0**						**$339.89**
	THE BLUE DOOR BOTTLESHOP & BEER HALL	0003117671-2025-2021-0000	VOIDED ABSTRACT; ASSETS ARE BEING TAXED ON ABSTRACT#3104260	($42,500)	9635	JURSC10	TAX	$221.00	$221.00	$221.00
							LATE LIST FEE	$110.50	$110.50	$110.50
							TOTAL:			$331.50
									ABSTRACT TOTAL:	$331.50
		0003117671-2025-2022-0000	VOIDED ABSTRACT; ASSETS ARE BEING TAXED ON ABSTRACT#3104260	($42,500)	9634	JURSC10	TAX	$221.00	$221.00	$221.00
							LATE LIST FEE	$88.40	$88.40	$88.40
							TOTAL:			$309.40
									ABSTRACT TOTAL:	$309.40
		0003117671-2025-2023-0000	VOIDED ABSTRACT; ASSETS ARE BEING TAXED ON ABSTRACT#3104260	($42,500)	9633	JURSC10	TAX	$208.25	$208.25	$221.00
							LATE LIST FEE	$62.48	$62.48	$66.30
							TOTAL:			$287.30
									ABSTRACT TOTAL:	$287.30
		0003117671-2025-2024-0000	VOIDED ABSTRACT; ASSETS ARE BEING TAXED ON ABSTRACT#3104260	($42,500)	9632	JURSC10	TAX	$221.00	$221.00	$221.00
							LATE LIST FEE	$44.20	$44.20	$44.20
							TOTAL:			$265.20
									ABSTRACT TOTAL:	$265.20
		0003117671-2025-2025-0000	VOIDED ABSTRACT; ASSETS ARE BEING TAXED ON ABSTRACT#3104260	($42,500)	9631	JURSC10	TAX	$221.00	$221.00	$221.00
							LATE LIST FEE	$22.10	$22.10	$22.10
							TOTAL:			$243.10
									ABSTRACT TOTAL:	$243.10
		OWNER TOTAL:		**$0**						**$1,436.50**
	DISTRICT TOTAL:			**($271,921)**						**$1,776.39**

*Adjustments submitted for approval on or before

CITY OF HENDERSONVILLE

AGENDA ITEM SUMMARY

SUBMITTER:	Tammy Heide	**MEETING DATE:**	08/06/2026
AGENDA SECTION:	CONSENT	**DEPARTMENT:**	Finance

TITLE OF ITEM, Presenter Name, Title: Annual Property Tax Settlement and Order of Collection-*Tammy Heide, Deputy Tax Collector/Asst. Finance Director*

SUGGESTED MOTION(S): I move that City Council approve the Annual Property Tax Settlement for fiscal year 2026 and Adoption of the Order of Collection for Fiscal Year 2027

SUMMARY:

Annual Property Tax Settlement

Pursuant to N.C.G.S. § 105-373, After July 1 and before being charged with taxes for the current fiscal year The tax collector must provide an annual settlement of current and delinquent property tax collected in the previous fiscal year for approval. The annual settlement provides in detail the tax collection of The Town of Black Mountain's Real Property, Personal Property, and Motor Vehicles. This report also includes the details regarding collection of the East Buncombe Fire District tax collections.
Included within this settlement are the three primary requirements:

Order of Collection

Pursuant to NCGS § 105-321, Following the approval of the Tax Collector's Annual Statement of the preceding year, the governing board shall adopt an order of collection directing the tax collector to collect the taxes charged in the tax records and receipts. The order of Collection authorizes the collection of current fiscal year property taxes and charging the tax collector with the obligation to "employ all lawful means" to collect taxes.

BUDGET IMPACT: $ 0.00

Is this expenditure approved in the current fiscal year budget? N/A

If no, describe how it will be funded.

ATTACHMENTS:

i. Annual Property Tax Collector Settlement FY26
ii. Order of Collection FY27

Annual Tax Settlement for Approval

To: Mayor and City Council

Date: August 06, 2026

Subject: Tax Collector's Settlement for Fiscal Year 2026

Pursuant to the provisions of North Carolina General Statute § 105-373, this memorandum is the Tax Collector's report of settlement to the City of Hendersonville Council for Fiscal Year 2026. Contained is the full settlement of the total Real Estate, Personal Property, and Registered Motor Vehicle Tax Charged for collection within the fiscal year 2026.

Reference is hereby made to reports in the Office of the Tax Collector that list the persons owning real and/or personal property whose taxes for the preceding fiscal year remain unpaid and the principal amount owed by each person. These reports are available for inspection and review upon request from the Henderson County Tax Collector. The Tax collector has made diligent efforts to collect the taxes due from the persons listed by utilizing the remedies prescribed and allowed by law.

The Amounts shown on the City's Collections and Summary FY26 reports show a variance from the Henderson County Tax Collector Settlement for Current Taxes: FY 2025-2026 Report. This variance is due to Henderson County reports including charges and collections related to Interest, Discovery Late Listing Penalties, Service Fees, Advertising Fees, and other costs that are not principal tax and should be excluded from the collection percentage calculation. These amounts are not included on the City's Collections and Summary FY26 Reports.

North Carolina General Statue 105-373(3), requires that this settlement be submitted to the governing board. The settlement together with the action of the governing board shall be entered into the minutes of the governing body per state statue.

CITY OF HENDERSONVILLE

TAX LEVY AND COLLECTIONS

FISCAL YEAR 2026 CURRENT YEAR TAXES - 7th AVENUE DISTRICT

As of June 30, 2026

	Total Levy**	Total Collected	Uncollected	Percent Collected***
Regular Levy	$50,908.98	$48,818.83	$2,090.15	95.89%
Registered Motor Vehicles (NCDMV Collected)	$7,067.22	$7,067.22	$0.00	100.00%
TOTAL LEVY	**$57,976.20**	**$55,886.05**	**$2,090.15**	**96.39%**

***Total Levy includes Original Billed, Adjustments, Releases, Discoveries, and Additional Levy*

****Interest, discovery/"late listing" penalties, service fees, advertising fees and other costs are not principal tax and should be excluded from the collection percentage calculation.*

CITY OF HENDERSONVILLE

TAX LEVY AND COLLECTIONS

FISCAL YEAR 2026 CURRENT YEAR TAXES - CITY WIDE

As of June 30, 2026

	Total Levy**	Total Collected	Uncollected	Percent Collected ***
Regular Levy	$16,740,617.55	$16,617,825.02	$122,792.53	99.27%
Registered Motor Vehicles (NCDMV Collected)	$1,272,927.20	$1,267,071.18	$5,856.02	99.54%
TOTAL LEVY	**$18,013,544.75**	**$17,884,896.20**	**$128,648.55**	**99.29%**

***Total Levy includes Original Billed, Adjustments, Releases, Discoveries, and Additional Levy*

****Interest, discovery/"late listing" penalties, service fees, advertising fees and other costs are not principal tax and should be excluded from the collection percentage calculation.*

CITY OF HENDERSONVILLE

TAX LEVY AND COLLECTIONS

FISCAL YEAR 2026 CURRENT YEAR TAXES - DOWNTOWN DISTRICT

As of June 30, 2026

	Total Levy**	Total Collected	Uncollected	Percent Collected***
Regular Levy	$302,396.35	$298,665.16	$3,731.19	98.77%
Registered Motor Vehicles (NCDMV Collected)	$3,358.97	$3,358.97	$0.00	100.00%
TOTAL LEVY	**$305,755.32**	**$302,024.13**	**$3,731.19**	**98.78%**

***Total Levy includes Original Billed, Adjustments, Releases, Discoveries, and Additional Levy*

****Interest, discovery/"late listing" penalties, service fees, advertising fees and other costs are not principal tax and should be excluded from the collection percentage calculation.*

HENDERSON COUNTY TAX COLLECTOR
200 NORTH GROVE STREET, SUITE 66
HENDERSONVILLE, NC 28792
PHONE: (828) 697-5595
HENDERSONCOUNTYNC.GOV/TAX

July 15, 2026

Henderson County Board of Commissioners
Henderson County Historic Courthouse
1 Historic Courthouse Square, Suite 1
Hendersonville, NC 28792

RE: Tax Collector's Settlement: FY2025-2026

Dear Henderson County Commissioners:

Attached please find the Preliminary Report for FY2025-2026 along with the Settlement for Current-Year Taxes and Delinquent Taxes. A list of all unpaid tax liens is available for your review in the Office of the Clerk to the Board.

I am pleased to report that as of the close of FY2025-2026, the Henderson County Tax Collector's Office collected 99.386% of the annual tax bills and 99.75% processed through Tax & Tag Together, for an aggregate collection percentage of 99.413%.

I would like to take the opportunity to thank Deputy Tax Collector, Nicole Brown, and the collection's staff for their constant dedication toward these accomplishments. The annual collection percentage exceeds the last reported (FY2025) statewide average of 99.17% for annual tax bills (as last reported by the NC State Treasurer).

Thank you for the opportunity to be of service to you.

Respectfully submitted,

Luke Small
Henderson County Tax Collector

SETTLEMENT FOR CURRENT TAXES: FY 2025-2026, 30 June 2026

Report date 30 June 2026

CHARGES TO THE TAX COLLECTOR:

	Total amount of all taxes placed in the Tax Collector's hands for collection for the year:	Tax & Penalty	Interest	Charge	Credit	Difference
G01	General County	**104,106,266.70**	**190,440.88**	104,296,707.58	104,296,707.58	0.00
	Total General County					
	Fire Districts:					
F15	Bat Cave	166,722.98	381.21	167,104.19	167,104.19	0.00
F01	Blue Ridge	2,146,900.66	5,539.93	2,152,440.59	2,152,440.59	0.00
F09	Dana	1,253,960.86	3,546.99	1,257,507.85	1,257,507.85	0.00
F03	Edneyville	1,607,014.18	3,573.04	1,610,587.22	1,610,587.22	0.00
F04	Etowah-Horse Shoe	2,464,728.23	3,568.49	2,468,296.72	2,468,296.72	0.00
F05	Fletcher	1,703,884.16	3,228.04	1,707,112.20	1,707,112.20	0.00
F11	Gerton	320,254.77	566.24	320,821.01	320,821.01	0.00
F06	Green River	976,056.99	1,907.32	977,964.31	977,964.31	0.00
F08	Mills River	313,967.96	843.35	314,811.31	314,811.31	0.00
F07	Mountain Home	2,582,526.15	3,916.26	2,586,442.41	2,586,442.41	0.00
F12	Raven Rock	414,628.66	1,063.22	415,691.88	415,691.88	0.00
F02	Valley Hill	2,453,468.94	0.00	2,453,468.94	2,453,468.94	0.00
	Total Fire Districts	**16,404,114.54**	**28,134.09**			
	Municipal Districts:					
C10	City of Hendersonville	16,806,312.23	31,339.09	16,837,651.32	16,837,651.32	0.00
	Downtown - Main St D13	303,868.95	803.67	304,672.62	304,672.62	0.00
	Seventh Avenue D17	51,618.40	4,367.84	55,986.24	55,986.24	0.00
C20	Town of Laurel Park	2,648,667.88	4,957.92	2,653,625.80	2,653,625.80	0.00
C30	City of Saluda	33,110.03	231.69	33,341.72	33,341.72	0.00
C40	Town of Fletcher	0.00	0.00	0.00	0.00	0.00
C50	Village of Flat Rock 51	0.00	0.00	0.00	0.00	0.00
	Village of Flat Rock 52	0.00	0.00	0.00	0.00	0.00
	Village of Flat Rock 56	0.00	0.00	0.00	0.00	0.00
C60	Town of Mills River	0.00	0.00	0.00	0.00	0.00
	Total Municipal Districts	**19,843,577.49**	**41,700.21**			
	SUBTOTAL	**$140,353,958.73**	**$260,275.18**			

TOTAL CHARGE TO TAX COLLECTOR **$140,614,233.91**

CREDITS TO THE TAX COLLECTOR:

	All sums deposited by the Tax Collector to the credit of the Taxing Unit:	Deposits	Adjustments	Releases	Interest	Outstanding Tax / Liens against Real & Personal Property	Outstanding Tax / Liens against Registered Motor Vehicles	
G01	General County	**103,299,131.92**	**148,405.01**	**11,721.35**	**190,440.88**	**647,008.42**	**0.00**	104,296,707.58
	Total General County							
	Fire Districts:							
F15	Bat Cave	163,226.66	711.12	24.34	381.21	2,760.86	0.00	
F01	Blue Ridge	2,125,579.40	741.37	271.52	5,539.93	20,308.37	0.00	
F09	Dana	1,240,872.15	1,464.84	101.15	3,546.99	11,522.72	0.00	
F03	Edneyville	1,586,806.46	1,557.25	207.79	3,573.04	18,442.68	0.00	
F04	Etowah-Horse Shoe	2,450,718.42	231.76	163.82	3,568.49	13,614.23	0.00	
F05	Fletcher	1,695,745.02	332.14	115.00	3,228.04	7,692.00	0.00	
F11	Gerton	319,072.38	17.72	16.90	566.24	1,147.77	0.00	
F06	Green River	966,986.38	900.63	506.32	1,907.32	7,663.66	0.00	
F08	Mills River	311,101.46	9.54	23.82	843.35	2,833.14	0.00	
F07	Mountain Home	2,564,087.87	2,213.96	176.85	3,916.26	16,047.47	0.00	
F12	Raven Rock	411,049.37	15.26	28.22	1,063.22	3,535.81	0.00	
F02	Valley Hill	2,438,878.43	514.89	164.97	0.00	13,910.65	0.00	
	Total Fire Districts	**16,274,124.00**	**8,710.48**	**1,800.70**	**28,134.09**	**119,479.36**	**0.00**	**16,432,248.63**
	Municipal Districts:							
C10	City of Hendersonville	16,640,716.09	37,909.65	3,361.97	31,339.09	124,324.52	0.00	
	Downtown - Main St D13	299,377.03	683.13	6.85	803.67	3,801.94	0.00	
	Seventh Avenue D17	49,122.59	133.34	3.11	4,367.84	2,359.36	0.00	
C20	Town of Laurel Park	2,643,198.32	162.08	58.49	4,957.92	5,248.99	0.00	
C30	City of Saluda	33,110.03	0.00	0.00	231.69	0.00	0.00	
C40	Town of Fletcher	0.00	0.00	0.00	0.00	0.00	0.00	
C50	Village of Flat Rock 51	0.00	0.00	0.00	0.00	0.00	0.00	
	Village of Flat Rock 52	0.00	0.00	0.00	0.00	0.00	0.00	
	Village of Flat Rock 56	0.00	0.00	0.00	0.00	0.00	0.00	
C60	Town of Mills River	0.00	0.00	0.00	0.00	0.00	0.00	
	Total Municipal Districts	**19,665,524.06**	**38,888.20**	**3,430.42**	**41,700.21**	**135,734.81**	**0.00**	19,885,277.70
	TOTAL	**$139,238,779.98**	**$196,003.69**	**$16,952.47**	**$260,275.18**	**$902,222.59**	**$0.00**	

TOTAL CREDITS TO TAX COLLECTOR: $140,614,233.91

Respectfully Submitted,

Luke Small, Tax Collector

SWORN TO AND SUBSCRIBED BEFORE ME this 2 day of July, 2026.

Jennifer P. Scott
Notary Public

My Commission expires: 3.9.2029

JENNIFER P. SCOTT
NOTARY PUBLIC
Henderson County
North Carolina
My Commission Expires March 9, 2029

HENDERSON COUNTY TAX COLLECTOR
200 North Grove Street, Suite 66
Hendersonville, NC 28792
Phone: (828) 697-5595
hendersoncountync.gov/tax

July 15, 2026

Henderson County Board of Commissioners
Henderson County Historic Courthouse
1 Historic Courthouse Square, Suite 1
Hendersonville, NC 28792

RE: FY 2025-2026 Progress Report regarding Delinquent Property Tax Collections

Dear Henderson County Commissioners:

For FY2026, we collected $910,847.36 in prior-year taxes, fees, and interest.

The responsibilities of the Tax Collector and staff include the monitoring and administration of statutorily provided remedies used to collect delinquent tax. We have generated a great amount of revenue this year through these remedies and are pleased to provide the following details on our efforts. While each effort is not always successful, our staff tirelessly explores all remedies for collection of delinquent taxes.

- Payment Arrangements: 226 new arrangements created, potential collection of $988,123
- Bank Attachments: 188 new actions created, potential collection of $438,911
- Wage Garnishments: 415 new actions created, potential collection of $395,027
- Pre-foreclosure: 65 new actions created, potential collection of $196,451
- Monies: 321 new actions created, potential collection of $445,383
- NC Debt Setoff: 3,238 new actions created, $1,913,649 total taxes submitted for possible setoff.

The progress relating to delinquent tax collections has been a team effort based on persistence, commitment, dedication, and pride in carrying out our statutory charge. Thank you for the opportunity to be of service to you as the governing body, and to our fellow taxpayers and citizens.

Respectfully submitted,

Luke Small
Tax Collector

FY2025-2026, 30 June 2026 Delinquent Property Tax Collections

DELINQUENT PROPERTY TAX COLLECTED FOR GENERAL COUNTY:

TAX YEAR	TOTAL COUNTY LEVY CREDIT (Tax + Late List Penalties + Rebates and Releases)		ACCRUED INTEREST COLLECTED + COSTS COLLECTED		TOTAL COUNTY CASH COLLECTED (includes Tax, Penalties, Interest & Costs)		YEAR END COUNTY LEVY DUE	
	Regular	RMV	Regular	RMV	Regular	RMV	Regular	RMV
2024	427,591.82	0.00	48,455.43	0.00	465,516.26	0.00	190,834.86	0.00
2023	98,214.27	0.00	19,465.29	0.00	111,019.64	0.00	120,293.25	0.00
2022	34,088.18	0.00	8,858.34	0.00	37,230.14	0.00	98,626.27	0.00
2021	13,843.85	0.00	5,682.60	0.00	15,930.33	0.00	67,131.06	0.00
2020	7,272.71	0.00	5,138.04	0.00	9,013.94	0.00	47,376.51	0.00
2019	7,165.02	0.00	5,578.59	0.00	12,489.98	0.00	60,920.16	0.00
2018	4,462.76	0.00	4,266.25	0.00	8,563.69	0.00	62,522.58	0.00
2017	2,500.33	0.00	2,873.65	0.00	5,208.66	0.00	33,763.72	0.00
2016	2,749.15	0.00	3,113.58	0.00	5,697.41	0.00	25,851.01	0.00
2015	2,735.14	6.95	3,399.27	36.55	5,984.13	43.50	31,727.99	0.00
2014/Prior	4,225.54	719.69	5,274.19	921.14	8,746.26	1,639.93	1,276,307.35	1,185,962.24
TOTAL:	**604,848.77**	**726.64**	**112,105.23**	**957.69**	**685,400.44**	**1,683.43**	**2,015,354.76**	**1,185,962.24**

DELINQUENT PROPERTY TAX COLLECTED FOR MUNICIPALITIES:

MUNICIPALITY	TOTAL CITY LEVY CREDIT (Tax + Late List Penalties - Rebates and Releases)		ACCRUED INTEREST COLLECTED + COSTS COLLECTED		TOTAL CITY CASH COLLECTED (includes Tax, Penalties, Interest & Costs)		YEAR END CITY LEVY DUE	
	Regular	RMV	Regular	RMV	Regular	RMV	Regular	RMV
Hendersonville	131,181.76	52.38	8,900.07	79.64	132,441.59	132.02	92,785.29	166,191.14
Dtown - Main St	5,401.82	0.00	578.46	0.00	-12,449.56	0.00	5,996.92	294.26
Seventh Ave	819.61	0.00	21.31	0.00	840.92	0.00	2,463.79	75.24
Laurel Park	1,836.53	0.00	203.73	40.15	2,040.26	40.15	3,652.86	8,650.81
Saluda	0.00	0.00	0.00	0.00	0.00	0.00	0.00	115.00
Fletcher	0.00	0.00	0.00	0.00	0.00	0.00	0.00	27,495.98
Flat Rock 51	0.00	0.00	0.00	0.00	0.00	0.00	0.00	827.28
Flat Rock 52	0.00	0.00	0.00	0.00	0.00	0.00	0.00	287.87
Flat Rock 56	0.00	0.00	0.00	0.00	0.00	0.00	0.00	27.40
Mills River	0.00	16.17	0.00	19.02	0.00	35.19	0.00	3,932.69
TOTAL:	**139,239.72**	**68.55**	**9,703.57**	**138.81**	**122,873.21**	**207.36**	**104,898.86**	**207,897.67**

DELINQUENT PROPERTY TAX COLLECTED FOR FIRE DISTRICTS:

FIRE DISTRICT	TOTAL SPECIAL DISTRICT LEVY CREDIT (Tax + Late List Penalties - Rebates and Releases)		ACCRUED INTEREST COLLECTED + COSTS COLLECTED		TOTAL SPECIAL DISTRICT CASH COLLECTED (includes Tax, Penalties, Interest & Costs)		YEAR END SPECIAL DISTRICT LEVY DUE	
	Regular	RMV	Regular	RMV	Regular	RMV	Regular	RMV
Bat Cave	2,115.82	1.23	224.55	2.69	2,340.17	3.92	4,252.40	815.13
Blue Ridge	18,255.18	6.02	2,965.57	13.08	20,846.28	19.10	58,114.23	31,357.62
Dana	9,417.72	0.00	1,712.45	0.00	10,186.90	0.00	26,924.98	16,566.01
Edneyville	18,103.39	25.23	2,528.54	7.00	20,481.60	32.23	43,708.07	17,573.97
Etowah/HS	14,023.36	0.00	1,325.32	0.21	14,877.51	0.21	24,158.65	12,498.48
Fletcher	10,387.67	-0.74	1,884.01	2.25	11,683.07	1.51	27,717.72	13,988.79
Gerton	1,337.86	39.22	99.98	30.75	1,437.84	69.97	1,179.29	756.96
Green River	8,507.67	0.00	1,269.60	0.00	9,648.78	0.00	10,266.64	4,974.59
Mills River	3,344.61	6.50	241.37	13.49	3,585.98	19.94	8,334.33	6,170.45
Mtn Home	15,018.10	20.31	2,305.97	35.91	17,221.78	56.22	31,232.60	23,081.57
Raven Rock	2,791.96	0.00	460.27	0.00	3,189.50	0.00	1,983.72	1,160.76
Valley Hill	12,117.27	11.13	1,621.51	8.38	13,608.43	19.43	22,646.41	14,991.27
Valley Hill #2	0.00	4.73	0.00	8.89	0.00	13.62	624.21	1,456.06
TOTAL:	**115,420.61**	**113.63**	**16,639.14**	**122.65**	**129,107.84**	**236.15**	**261,143.25**	**145,391.66**

TOTAL DELINQUENT PROPERTY TAX COLLECTED:

	TOTAL LEVY CREDIT (Tax + Late List Penalties - Rebates and Releases)	ACCRUED INTEREST COLLECTED + COSTS COLLECTED	TOTAL CASH COLLECTED (includes Tax, Penalties, Interest & Costs)	YEAR END LEVY DUE
	Total	Total	Total	Total
General County	605,575.41	113,062.92	687,083.87	3,201,317.00
Municipalities	139,308.27	9,842.38	123,080.57	312,796.53
Fire Districts	115,534.24	16,761.79	129,343.99	406,534.91
TOTAL:	**860,417.92**	**139,667.09**	**939,508.43**	**3,920,648.44**

Notes:

(1) Differences in the sum of Levy Credit + Accrued Interest and Total Cash Collected is attributable to Rebates (aka Releases) and Refunds

(2) The Year End Levy Due columns include amounts due for years prior to 2014 which are legally unenforceable.

Respectfully Submitted,

Luke Small, Tax Collector

SWORN TO AND SUBSCRIBED BEFORE ME this 2 day of July, 2026.

Notary Public

My Commission expires: 3.9.2029

JENNIFER P. SCOTT
NOTARY PUBLIC
Henderson County
North Carolina
My Commission Expires March 9, 2029

Pursuant to NCGS § 105-321, ORDER OF COLLECTION

State of North Carolina
City of Hendersonville

To the Tax Collector of the City of Hendersonville and by delegated authority, the Tax Collector for Henderson County:

You are hereby authorized, empowered, and commanded to collect the taxes set forth in the tax records filed in the office of the Assessor for Henderson County and in the tax receipts herewith delivered to you, in the amounts and from the taxpayers likewise therein set forth. Such taxes are hereby declared to be a first lien upon all real property of the respective taxpayers in the City of Hendersonville, and this order shall be a full and sufficient authority to direct, require, and enable you to levy on and sell any real or personal property of such taxpayers, for and on account thereof, in accordance with law. Tax records for the City of Hendersonville are delivered to you for collection. You are further authorized to call upon the Sheriff to levy upon and sell personal property under execution for the payment of taxes.

Witness my hand and official seal, this ____ day of _____, 2026

_____(Seal)
Mayor City of Hendersonville

Attest:

_____
Clerk City of Hendersonville

CITY OF HENDERSONVILLE

AGENDA ITEM SUMMARY

SUBMITTER: Brendan Shanahan **MEETING DATE:** August 6, 2026

AGENDA SECTION: CONSENT **DEPARTMENT:** Engineering

TITLE OF ITEM: Recommended Grade Change to Construction Division Manager Position – *Brendan Shanahan, City Engineer*

SUGGESTED MOTION(S):

I recommend the Council Approve the Grade Change for the Construction Division Manager Position from 24 to 21.

SUMMARY:

A grade change to the Construction Division Manager Position from 24 to 21 will align with the reorganization that has occurred within the Engineering Department.

BUDGET IMPACT: $

Is this expenditure approved in the current fiscal year budget? N/A

If no, describe how it will be funded. EnterTextHere

ATTACHMENTS:

Revised Job Description for Construction Division Manager

City of Hendersonville, NC

JOB DESCRIPTION

To perform this job successfully, an individual must be able to perform the essential job functions satisfactorily. Reasonable accommodations may be made to enable individuals with disabilities to perform the primary job functions herein described. Since every duty associated with this position may not be described herein, employees may be required to perform duties not specifically spelled out in the job description, but which may be reasonably considered to be incidental in the performing of their duties just as though they were actually written out in this job description.

Construction Division Manager

Department: **Engineering**

Pay Grade: **21**

FLSA Status: **Exempt**

JOB SUMMARY

Responsible for performing technical work, inspections, and providing contract administration for multiple concurrent construction projects for the City and water/sewer infrastructure associated with development projects throughout the service area.

The employee exercises considerable independent judgment in the administration of construction and major maintenance projects extending from project initiation through to project completion and warranty walk through. Responsibilities include construction and maintenance related projects, tasks, and reports. Serves as construction manager for City infrastructure project as assigned. Coordinates construction inspection of water, sewer, sidewalk, roads and structures, streetscapes, stormwater, greenways and other infrastructure projects to enforce local, state and Federal laws, ordinances, specifications, and standards. Work also includes reviewing and approving plans, specifications, details and shop drawings for conformance to technical specifications and standard details. Work also involves corresponding and/or meeting with engineers, regulators, utilities and contractors to review specifications construction drawings, oversight of division budget needs and expenditures; plan and execution of inspector training and certifications; development, training, and execution of safety strategies; oversight of organization of data; oversight of daily inspector scheduling; scheduling of vehicle maintenance; conducting progress meetings for internal and private projects; support staff in determining solutions for problems that arise on projects. Work is performed under the general supervision of the City Engineer and is evaluated based on conferences, review of completed work, and observation of demonstrated skills.

ESSENTIAL JOB FUNCTIONS

- Manages the daily and long-term activities of the Construction Inspection Division.

- Inspects various construction projects; tracks progress, work completed and materials; ensures contract compliance and coordinates material field tests as required; monitors jobsite safety; coordinates with contractors, engineers, developers, and citizens.
- Evaluates, develops, modifies, and implements the processes necessary to ensure the most efficient application of quality assurance efforts by the Construction Inspection Division regarding public, private development, and NCDOT projects.
- Ensures Construction Inspection Division staff have the materials, training, and equipment needed to perform their job in a safe and professional manner.
- Documents projects; maintains field reports and photo documentation; handles materials received; receives and reviews as-built drawings; reviews plans and specifications with engineers, inspectors, and contractors to help resolve issues/conflicts and make definitive recommendations together with alternate courses of action where construction problems arise.
- Performs contract administration; reviews plans and specifications; assists in writing contracts; processes pay applications, change orders and closeouts; tracks project scheduling; attends pre-bid meetings, bid opening, preconstruction meetings and progress meetings.
- Assists with departmental administrative tasks; writes and amends specifications; applies for permits and DOT encroachments; assists with field surveys; contacts property owners.
- Works with internal staff and external parties to respond to citizen inquiries, concerns, and complaints; helps develop and update construction standards and policies for use on public and private infrastructure projects.
- Performs other related job duties as assigned.

QUALIFICATIONS

Education and Experience:

Bachelor's degree in Construction Management, Engineering, Construction Engineering Technology, or related area; and five (5) years of experience in construction project oversight or management; or an equivalent combination of education and experience directly related to utility, roadway, or public works construction or design.

Special Qualifications:

- Possession of a valid driver's license to operate a motor vehicle. Requirement exists at the time of hire and as a condition of continued employment.

Knowledge, Skills and Abilities:

- Knowledge of construction management methods and processes.
- Knowledge of water and sewer line, street, sidewalk, and storm drainage construction techniques, processes and materials, and the ability to determine whether design specifications are being met.
- Knowledge of engineering specifications and standards relating to water and sewer line, street, and storm drainage construction.
- Knowledge of surveying equipment and tools, drafting, GPS, and office work.

- Ability to inspect and observe material and construction testing procedures and to interpret the results.
- Ability to read and interrupt laws, ordinances, plans, specifications, and blueprints and to compare them with various aspects of construction in progress.
- Ability to establish and maintain effective working relationships with associates, the general public, other agencies, contractors, engineering consultants and public officials.
- Ability to operate surveying and drafting equipment as well as read and interpret blueprints.
- Ability to detect errors and maintain effective working relationships with contractors, developers, construction workers, the general public, and other employees; ability to exercise tact and firmness in the enforcement of requirements and successful conflict resolution strategies.
- Ability to plan and organize own work and maintain the necessary records and reports.

PHYSICAL DEMANDS

Work in this classification is defined as medium work requiring the exertion of up to 50 pounds of force occasionally, and/or up to 20 pounds of force frequently, and/or up to 10 pounds of force constantly to move objects. Work requires balancing, stooping, kneeling, crouching, crawling, reaching, standing, walking, pulling, lifting, fingering, grasping and feeling. Vocal communication is required for expressing or exchanging ideas by means of the spoken word; hearing is required to perceive information at normal spoken word levels. Visual acuity is required to prepare and analyze written or computer data, determine the accuracy and thoroughness of work, operate motor vehicles and observe general surroundings and activities.

WORK ENVIRONMENT

Work is performed primarily in an environmentally controlled office environment but requires exposure to outside environmental conditions including extreme heat, cold and noise requiring employee to shout in order to be heard above the ambient noise level; workplace hazards which may include proximity to moving mechanical parts, moving vehicles and atmospheric conditions that may affect the respiratory system including fumes, odors, dust, mists and gases.

The City of Hendersonville has the right to revise this job description at any time. This description does not represent in any way a contract of employment.

CITY OF HENDERSONVILLE

AGENDA ITEM SUMMARY

SUBMITTER: Brent Detwiler **MEETING DATE:** August 6, 2026

AGENDA SECTION: PRESENTATION **DEPARTMENT:** Public Services

TITLE OF ITEM: Recognition of City Employees Earning NC LTAP Roads Scholar Certifications – *Brent Detwiler, Assistant City Manager – Public Services*

SUGGESTED MOTION(S):

N/A

SUMMARY:

Four City of Hendersonville employees have earned professional certifications through the North Carolina Local Technical Assistance Program (NC LTAP) Roads Scholar Program, administered by the Institute for Transportation Research and Education (ITRE) at NC State University. Traffic Control Supervisor Brent Pope has earned the program's highest distinction, Master Roads Scholar, by completing the Roads Scholar and Advanced Roads Scholar Programs, six additional advanced-level courses, and a case study paper on a local transportation project. Steve Alverson (Risk & Safety Officer), Tim Hensley (Streets Maintenance Supervisor), and Jeremy Buckner (Traffic Engineering Technician II) each have earned Roads Scholar status, the program's initial-level distinction, by completing seven of the courses offered through NC LTAP covering road maintenance, safety, drainage, and related technical and managerial skills. The Roads Scholar Program is funded by a grant from the Federal Highway Administration, U.S. Department of Transportation, and recognizes local government personnel who have significantly increased their knowledge of road maintenance procedures and improved their technical and managerial skills. By earning these certifications, these employees have brought professional distinction to themselves and to the City of Hendersonville.

BUDGET IMPACT: N/A

Is this expenditure approved in the current fiscal year budget? N/A

If no, describe how it will be funded. N/A

ATTACHMENTS:

1. NC LTAP Letter of Notification of Master Roads Scholar Status – Brent Pope (ITRE, April 14, 2026)

2. NC LTAP Letters of Notification of Roads Scholar Status – Steve Alverson, Timmy Hensley, and Jeremy Buckner (ITRE, June 30, 2026)

Institute for Transportation Research and Education

itre.ncsu.edu

Campus Box 8601
909 Capability Drive
Raleigh, NC 27695-8601

P: 919.515.8899

April 14, 2026

Brent Pope, Traffic Control Supervisor
City of Hendersonville Public Works Dept.
305 Williams Street
Hendersonville, North Carolina 28792

RE: Letter of Notification of Master Roads Scholar Status

Dear Mr. Pope:

Congratulations! You have successfully completed the advanced education program requirements for becoming a North Carolina Master Roads Scholar.

As you know, the Master Roads Scholar Program is an advanced professional development opportunity offered by the North Carolina Local Technical Assistance Program at ITRE. The purpose of the program is to recognize local government personnel who have significantly increased their knowledge of road maintenance procedures and improved their technical and managerial skills. By successfully completing 6 of the Master Roads Scholar courses offered through the center and submitting a case study of a transportation project in your area, you have earned this professional distinction for yourself and for the City of Hendersonville.

As an activity of NCLTAP, the Master Roads Scholar Program is funded by a grant from the Federal Highway Administration, U.S. Department of Transportation, through the Local Technical Assistance Program. The program is one of many Roads Scholar initiatives implemented by other technology transfer centers nationwide.

Thank you for your participation in this program, and congratulations once again on becoming a North Carolina Master Roads Scholar!

Sincerely,

Ms. Katharine Davison
Program Director, North Carolina Local Technical Assistance Program

cc: Billy Williams, Director, Institute for Transportation Research and Education
Bill Woods, Program Coordinator, Local Technical Assistance Program
The Honorable Barbara Volk, Mayor, City of Hendersonville
Allison Justus, Communications Director, City of Hendersonville
Brent Detwiler, Assistant City Manager, City of Hendersonville

Institute for Transportation
Research and Education

itre.ncsu.edu

Campus Box 8601
909 Capability Drive
Raleigh, NC 27695-8601

P: 919.515.8899

June 30, 2026

Steve Alverson
City of Hendersonville
160 Sixth Avenue East
Hendersonville, North Carolina 28792

RE: Letter of Notification of Roads Scholar Status

Dear Mr. Alverson:

Congratulations! You have successfully completed the basic education program requirements for becoming a North Carolina Roads Scholar.

As you know, the Roads Scholar Program is a professional development opportunity offered by the North Carolina Local Technical Assistance Program at ITRE. The purpose of the program is to recognize local government personnel who have significantly increased their knowledge of road maintenance procedures and improved their technical and managerial skills. By successfully completing 7 of the Roads Scholar courses offered through the center, you have earned this professional distinction for yourself and for the City of Hendersonville.

As an activity of the NC LTAP, the Roads Scholar Program is funded by a grant from the Federal Highway Administration, U.S. Department of Transportation, through the Local Technical Assistance Program. This program is one of many Roads Scholar initiatives implemented by other technology transfer centers nationwide.

Thank you for your participation in this program, and congratulations once again on becoming a North Carolina Roads Scholar.

Sincerely,

Ms. Katharine Davison
Program Director, North Carolina Local Technical Assistance Program

c: Billy Williams, Director, ITRE
Bill Woods, Program Coordinator, Local Technical Assistance Program
The Honorable Barbara Volk, Mayor, City of Hendersonville
Allison Justus, Communications Director, City of Hendersonville
Jennifer Harrell, Human Resources Director, City of Hendersonville

Institute for Transportation Research and Education

itre.ncsu.edu

Campus Box 8601
909 Capability Drive
Raleigh, NC 27695-8601

P: 919.515.8899

June 30, 2026

Timmy Hensley
City of Hendersonville
305 Williams Street
Hendersonville, North Carolina 28792

RE: Letter of Notification of Roads Scholar Status

Dear Mr. Hensley:

Congratulations! You have successfully completed the basic education program requirements for becoming a North Carolina Roads Scholar.

As you know, the Roads Scholar Program is a professional development opportunity offered by the North Carolina Local Technical Assistance Program at ITRE. The purpose of the program is to recognize local government personnel who have significantly increased their knowledge of road maintenance procedures and improved their technical and managerial skills. By successfully completing 7 of the Roads Scholar courses offered through the center, you have earned this professional distinction for yourself and for the City of Hendersonville.

As an activity of the NC LTAP, the Roads Scholar Program is funded by a grant from the Federal Highway Administration, U.S. Department of Transportation, through the Local Technical Assistance Program. This program is one of many Roads Scholar initiatives implemented by other technology transfer centers nationwide.

Thank you for your participation in this program, and congratulations once again on becoming a North Carolina Roads Scholar.

Sincerely,

Ms. Katharine Davison
Program Director, North Carolina Local Technical Assistance Program

c: Billy Williams, Director, ITRE
Bill Woods, Program Coordinator, Local Technical Assistance Program
The Honorable Barbara Volk, Mayor, City of Hendersonville
Allison Justus, Communications Director, City of Hendersonville
Caitlyn Gendusa, Public Works Superintendent, City of Hendersonville

Institute for Transportation Research and Education

itre.ncsu.edu

Campus Box 8601
909 Capability Drive
Raleigh, NC 27695-8601

P: 919.515.8899

June 30, 2026

Jeremy Buckner
City of Hendersonville
305 Williams Street
Hendersonville, North Carolina 28792

RE: Letter of Notification of Roads Scholar Status

Dear Mr. Buckner:

Congratulations! You have successfully completed the basic education program requirements for becoming a North Carolina Roads Scholar.

As you know, the Roads Scholar Program is a professional development opportunity offered by the North Carolina Local Technical Assistance Program at ITRE. The purpose of the program is to recognize local government personnel who have significantly increased their knowledge of road maintenance procedures and improved their technical and managerial skills. By successfully completing 7 of the Roads Scholar courses offered through the center, you have earned this professional distinction for yourself and for the City of Hendersonville.

As an activity of the NC LTAP, the Roads Scholar Program is funded by a grant from the Federal Highway Administration, U.S. Department of Transportation, through the Local Technical Assistance Program. This program is one of many Roads Scholar initiatives implemented by other technology transfer centers nationwide.

Thank you for your participation in this program, and congratulations once again on becoming a North Carolina Roads Scholar.

Sincerely,

Ms. Katharine Davison
Program Director, North Carolina Local Technical Assistance Program

c: Billy Williams, Director, ITRE
Bill Woods, Program Coordinator, Local Technical Assistance Program
The Honorable Barbara Volk, Mayor, City of Hendersonville
Allison Justus, Communications Director, City of Hendersonville
Caitlyn Gendusa, Public Works Superintendent, City of Hendersonville

CITY OF HENDERSONVILLE

AGENDA ITEM SUMMARY

SUBMITTER: Brian Pahle, Deputy City Manager

MEETING DATE: August 6th, 2026

AGENDA SECTION: Presentations

DEPARTMENT: Administration

TITLE OF ITEM: MSD Case Study – *Jules Chapin-Tsai, Intern*

SUGGESTED MOTION(S):

N/A

SUMMARY:

An agenda item to present Jules' intern project on the 7th Avenue MSD.

BUDGET IMPACT: $

Is this expenditure approved in the current fiscal year budget? N/A

If no, describe how it will be funded. N/A

ATTACHMENTS:

N/A



7th Ave City Investment Through the Years

City of Hendersonville ✶ Aug 6, 2026

Jules Chapin-Tsai



A Little About Me

✶ Bryn Mawr College '28

✶ B.A in Growth and Structure of Cities & French and Francophone Studies

✶ Interest in Urban Planning or Civil Engineering

Purpose

✶ To inform you about the past and recent city investment in the 7th Ave Area while analyzing the impacts of not only the economic development of the business corridor, but also the surrounding neighborhoods around it

✶ Key Research Question: How can local governments use tools such as Municipal Service Districts (MSDs) alongside various other city investments to promote economic revitalization, while minimizing gentrification and the risk of resident displacement?

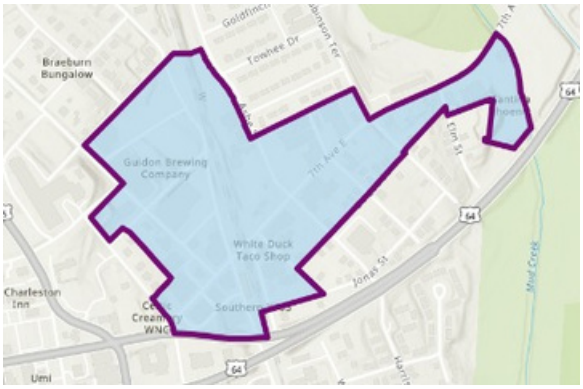
Defining Gentrification

For the purpose of this presentation, gentrification is explored as more than a process of neighborhood redevelopment; it is understood as a process of displacement and transformation. As new residents and investment enter a neighborhood, they can reshape its physical landscape, economic conditions, and cultural character - often reorienting how the community is identified, represented, and valued. Zukin 2015; Kasinitz 1998

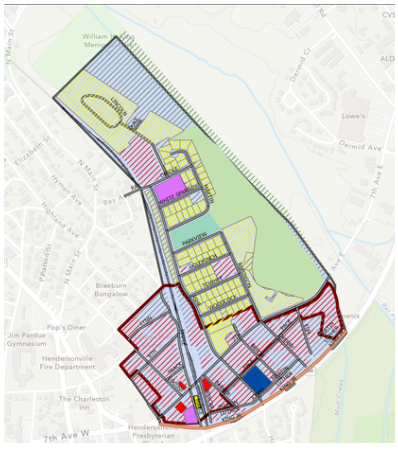
7th Ave MSD

✶ A municipal service district (MSD) is a defined area within a municipality in which the unit's governing board levies an additional property tax in order to provide extra services to the residents or properties in the district

(Raleigh NC Gov 2025)

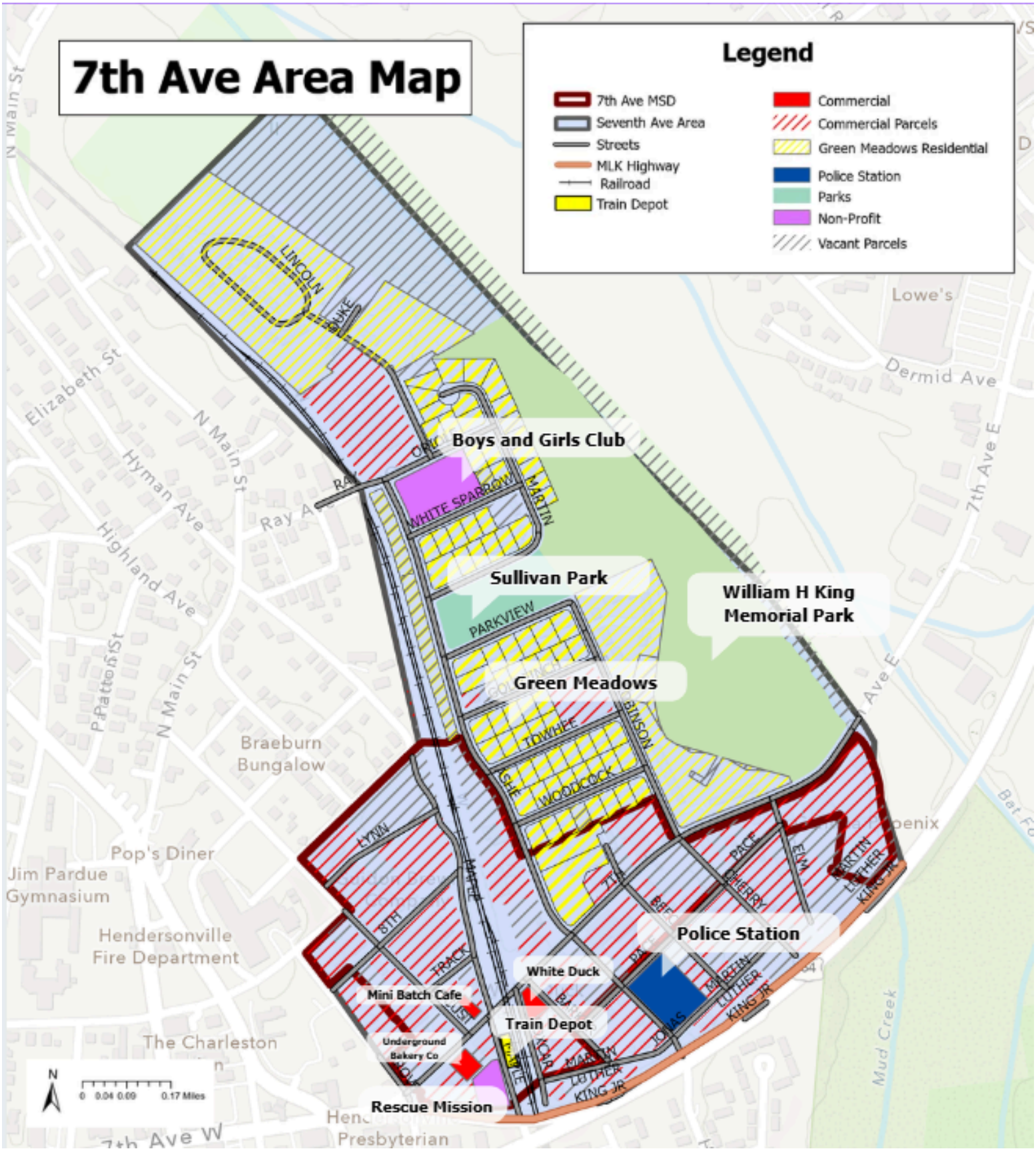


Context & Area Map



✶ Local governments have long grappled with the challenge of revitalizing areas affected by disinvestment, crime, and economic decline

✶ Hendersonville's 7th Avenue Municipal Service District (MSD) demonstrates a case study in which city investment can help transform a historically stigmatized area marked by vacant buildings, homelessness, and public safety concerns into a vibrant business district, while also influencing the surrounding neighborhoods


7th Ave Area Map
Legend
7th Ave MSD
Seventh Ave Area
Streets
MLK Highway
Railroad
Train Depot
Commercial
Commercial Parcels
Green Meadows Residential
Police Station
Parks
Non-Profit
Vacant Parcels
Boys and Girls Club
Sullivan Park
William H King Memorial Park
Green Meadows
Police Station
White Duck
Mini Batch Cafe
Train Depot
Underground Bakery Co
Rescue Mission
Lowe's
Dermid Ave
Elizabeth St
N Main St
Hyman Ave
Highland Ave
Braeburn Bungalow
Pop's Diner
Jim Pardue Gymnasium
Hendersonville Fire Department
The Charleston
Mud Creek
Presbyterian
LINCOLN
DUKE
WHITE SPARROW
MARTIN
PARKVIEW
TOWHEE
WOODCOCK
BINSON
LYNN
MAPLE
8TH
TRACK
PACE
CHERRY
ELM
MARTIN LUTHER KING JR
JONES
CAR
0 0.04 0.09 0.17 Miles

Demographics

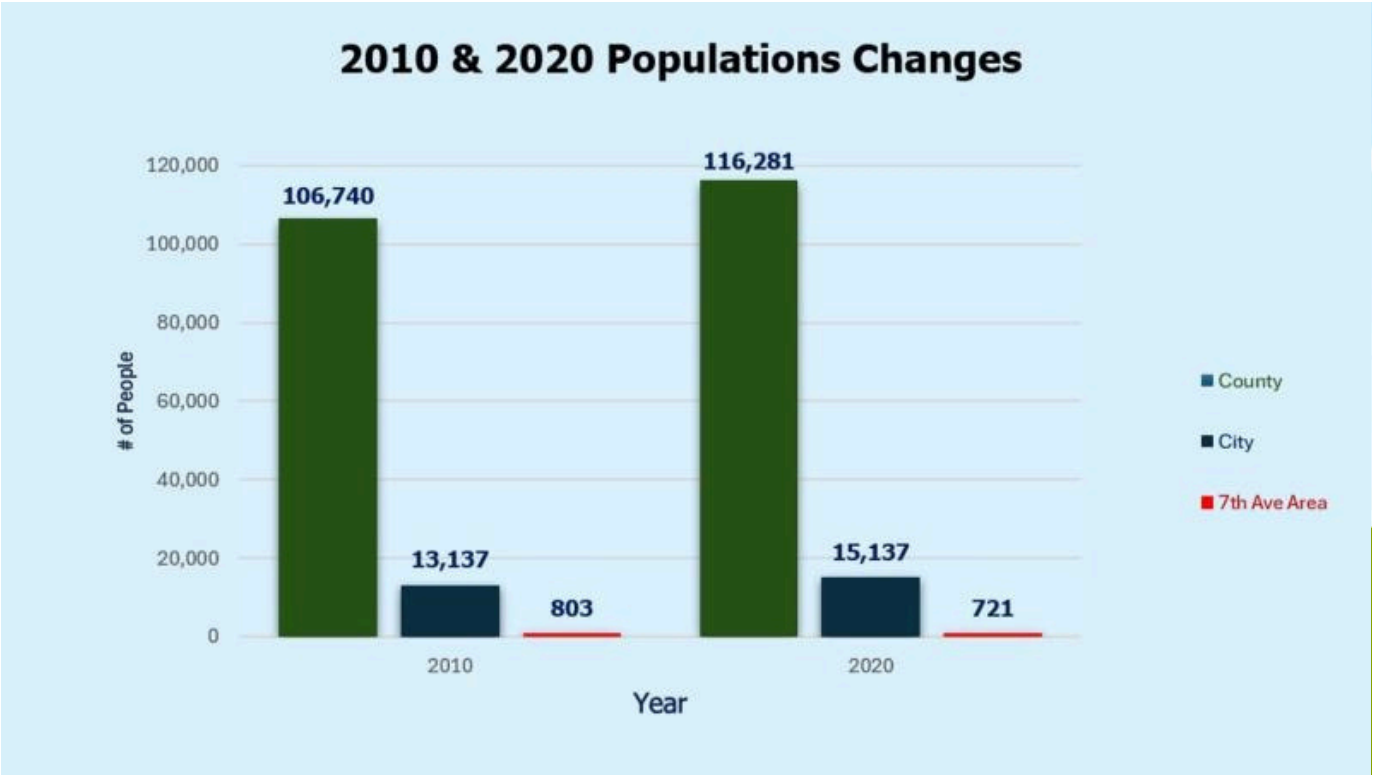
✶ Census Data
2010 & 2020

✶ County

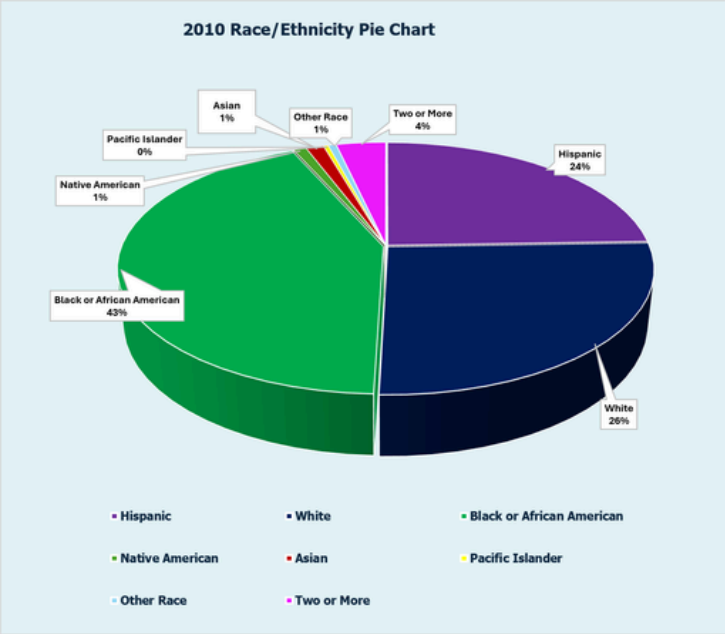
✶ City

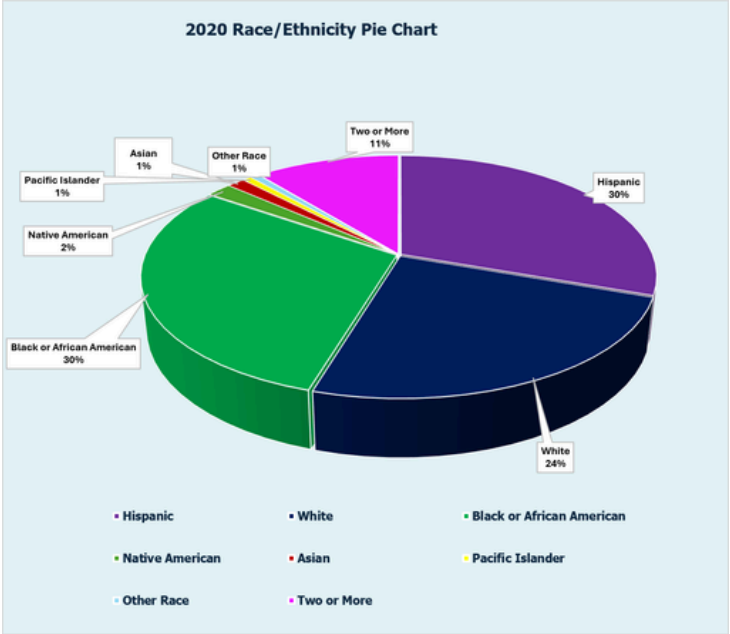
✶ 7th Ave Area
(36 Census Blocks)

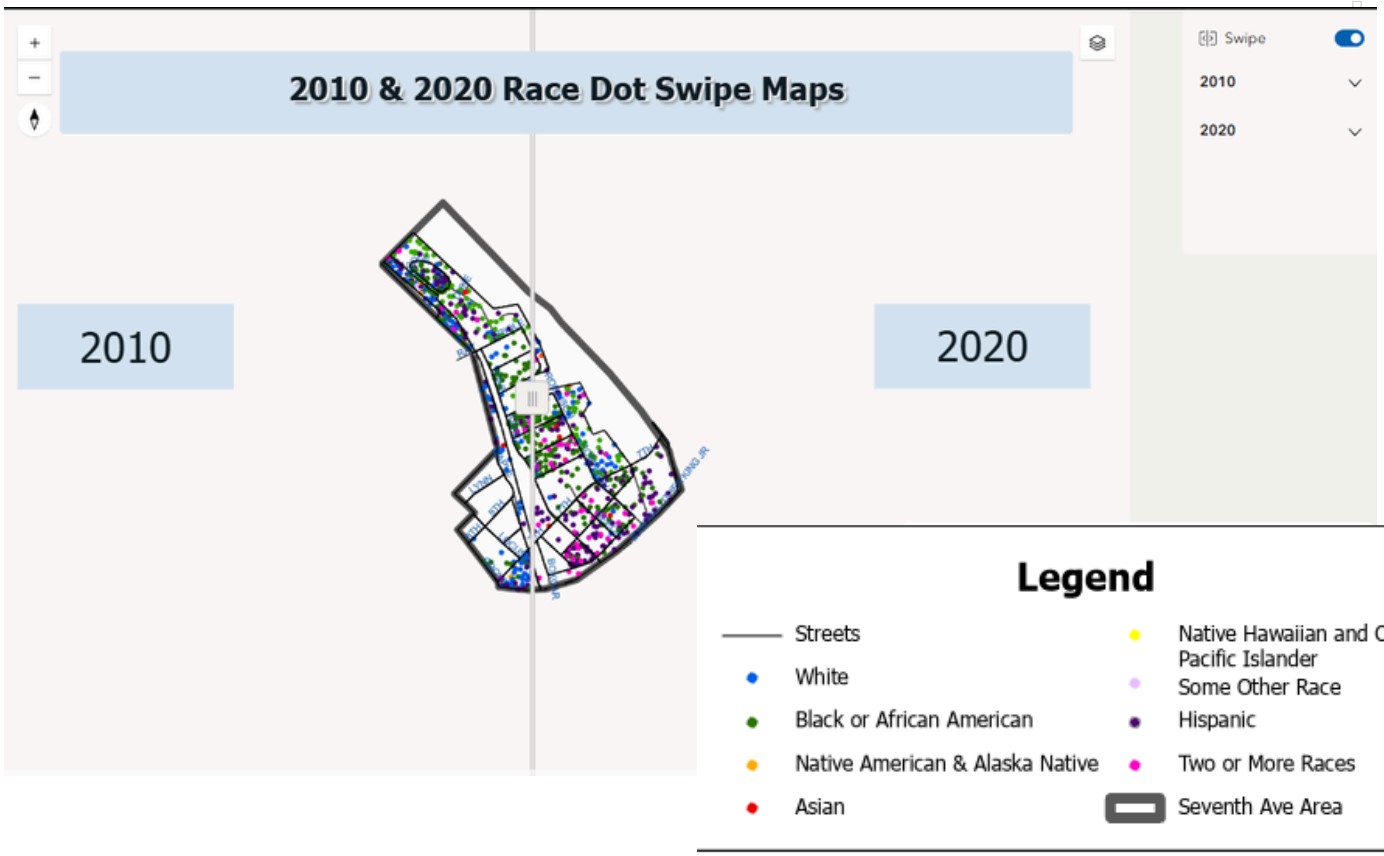




Race Demographics Pie Chart









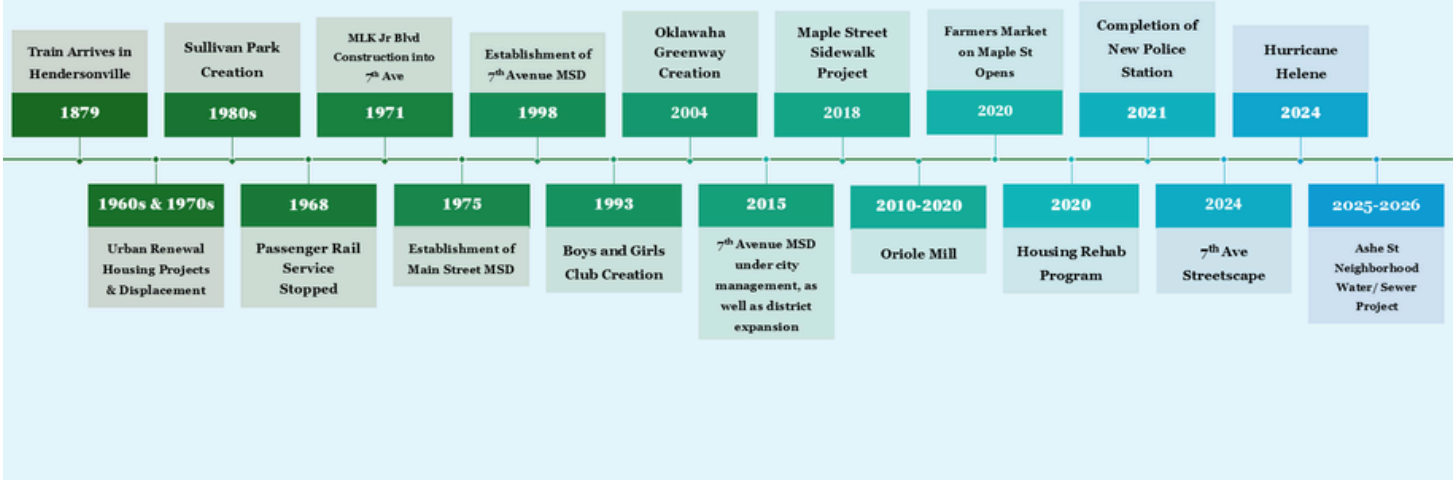
Historical Context

- Timeline
- Train Depot
- Urban Renewal
- Brooklyn Neighborhood

⬇

Green Meadows

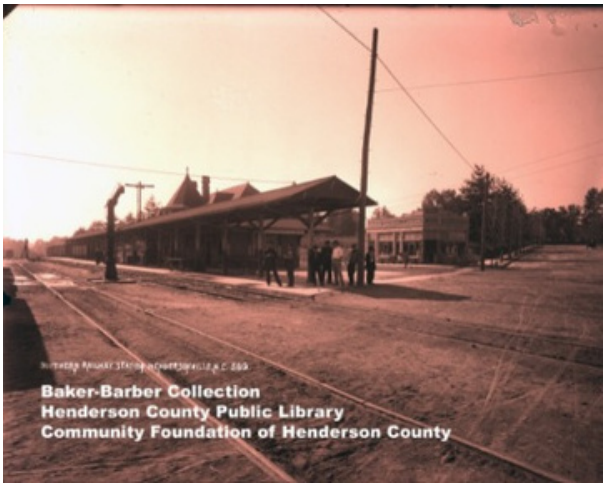
Key Moments in Time (7th Ave Area)



Historic Train Depot

✶ Hendersonville's first train depot was built in 1879. With the new mode of transportation connecting Hendersonville to Saluda and other cities, this area became a bustling hub of commercial business

✶ Used for passengers as well as for business, however, the train stopped passenger service in 1968



Urban Renewal

1960s - 1970s

Urban Renewal was a federal government-led strategy aimed at revitalizing declining city areas considered as "blighted," and upgrading infrastructure (in this case housing), and spurring private development.

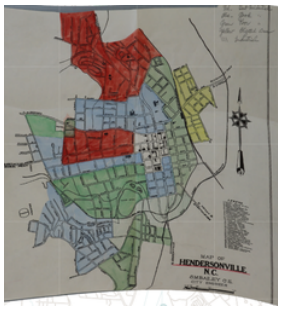
✶ Housing Act of 1949
&
✶ Era of "Slum Clearance"

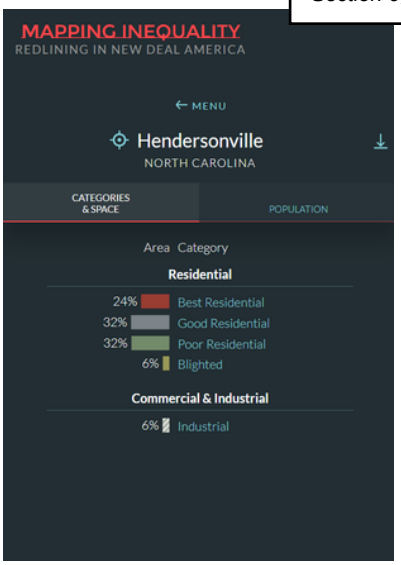

Relic of Bygone Era Reduced To Rubble by Urban Renewal

Mapping Inequality in Hendersonville

1930s Red Lining Map

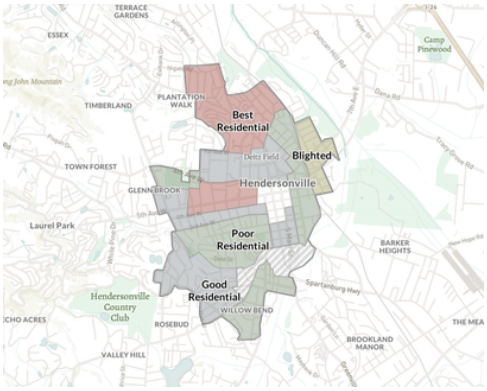
Source: University of Richmond



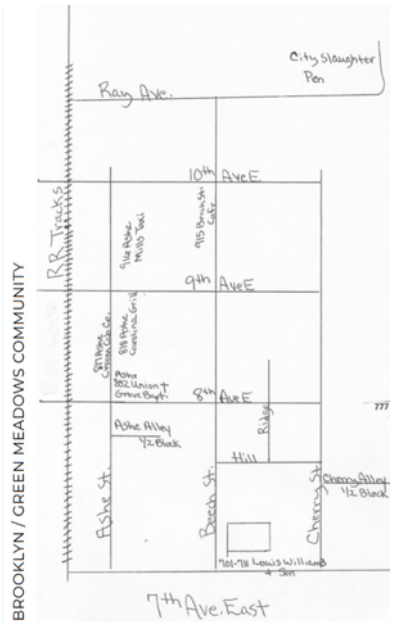


- Best Residential
- Good Residential
- Poor Residential
- Blighted

- Industrial



Brooklyn Neighborhood

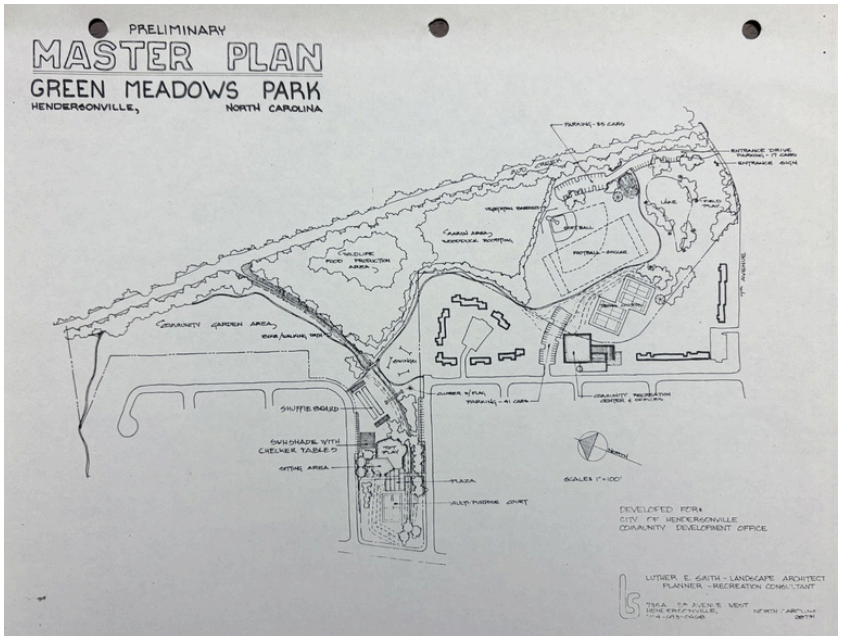


- Historically, a primarily African American neighborhood, present day Green Meadows
- Brooklyn took root in the late 1800s, emancipated slaves sought work & settled nearby a brook
- Urban Renewal Displacement, by 1972, all the homes were demolished to create new housing development
- Neighborhood culture & community was loss due to displacement & the unaffordability after Urban Renewal
- Faded community spirit after being displaced

← Map of the original Brooklyn Neighborhood

Green Meadows Park

✶ Renamed to William H King Memorial Park in 1982



Green Meadows Park Preliminary Plan Overlay on Aerial



Views into the Case Study

6 Key Focus Areas

1. Neighborhood History & Community Organizations
2. Zoning & Policy
3. Public Safety
4. Strong Infrastructure
5. Housing
6. Economic Development



Neighborhood History & Community Organizations





- 1989, district est. in National Register
- Community Garden
  - ✶2023 revitalization
  - ✶Project secured funding ~$55,000
- Brooklyn Creek
  - ✶ Naming
  - ✶ Bird Sanctuary
- Rescue Mission
- Boys and Girls Club
- Preserving neighborhood history

Zoning & Policy

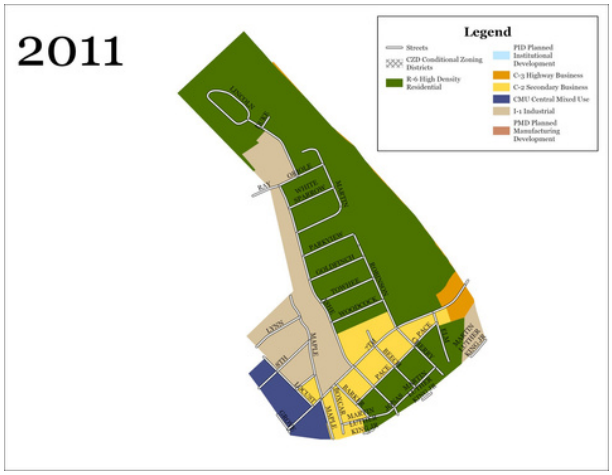
✶Urban Redevelopment Area is defined as a geographic area targeted for redevelopment by a local government in compliance with the Urban Redevelopment Law (NCGS Chapter 160A, Article 22).

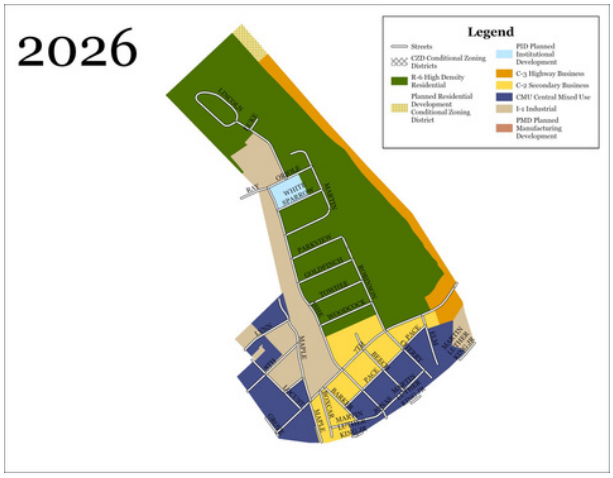


For an area to be eligible:
✶ Area considered as "blighted"
✶Designed to attract private investment & facilitate redevelopment

✶ The city did not choose to pursue this option

2011 & 2026 Zoning Changes Swipe Map





Public Safety

- Police Station (2021)
  - $11.5 million
- Lighting Improvements
- Public Safety Cameras
- Community Public Input
  - Upcoming Splash Day





Strong Infrastructure

Past & Current Projects		
Year	**Project**	**Cost**
2018	Maple St Sidewalk Improvements	$111,000
2024	7th Ave Streetscape	$3,600,000
2025	Brooklyn Creek Stormwater Clean-Up	$462,000
2025-2026	Ashe St Neighborhood Water/ Sewer	$3,933,243
2025-2026	Cherry & Beech St Sidewalks	$403,281
2026	Street Resurfacing & Curb Ramps	$980,000
Total:		**$9,489,524**

Future Budget Allocated Projects		
Year	**Project**	**Allocated Cost**
2027	Sullivan Park Improvements	$723,524
2027	Sidewalk & Drainage Improvements	$946,000
Total:		**$1,669,524**

Housing



- Home Rehab Program
- Community Development Block Grant (CDBG21)
  - (NR= Neighborhood Revitalization)
- Rehab 3 homes
- $931,000 total investment (CDBG Grant & City)



Economic Development

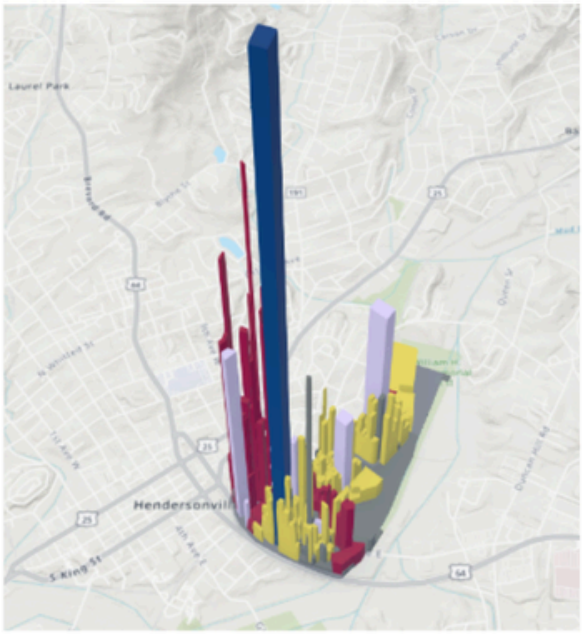
- MSD/Businesses
  - 1998, est. of 7th Ave MSD
  - 2015, under City & expansion
- MainStreet Program
  - Facade Grants
  - Hanging Baskets
  - Events Staff
- Farmer's Market on Maple (2020)



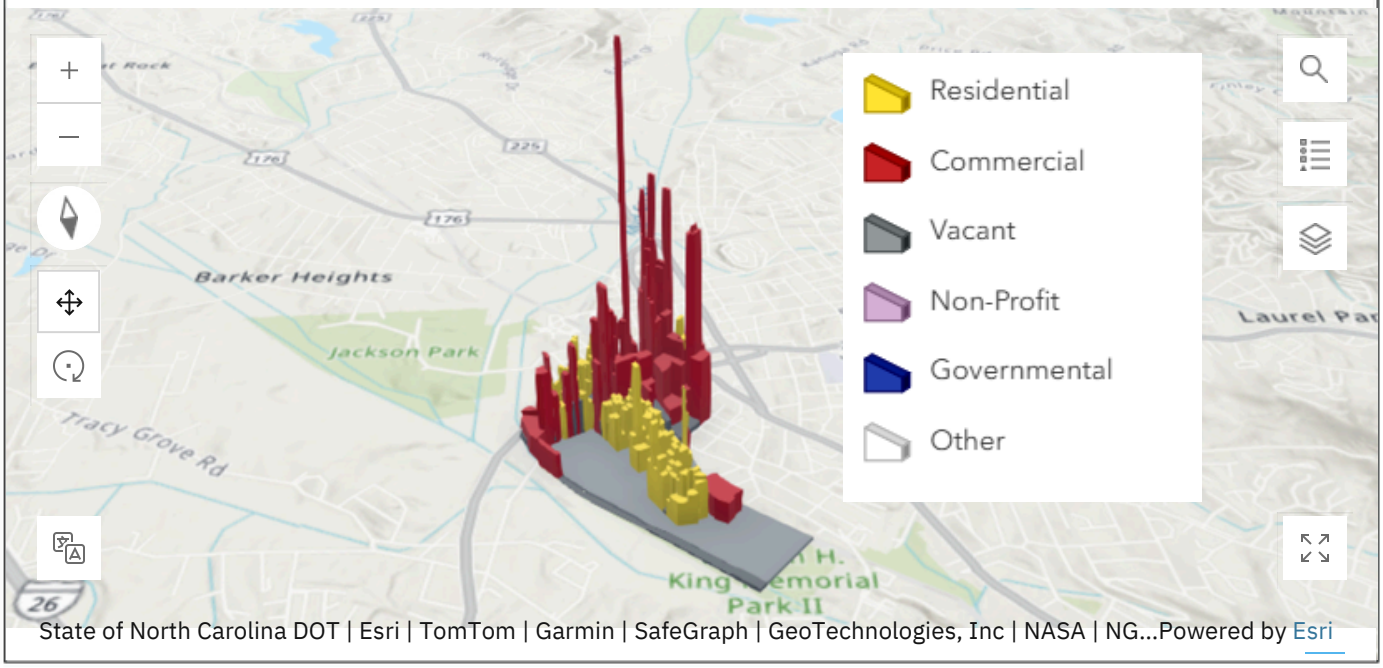


Value per Acre Maps

Now, onto some 3D Interactive Maps



New 3D Value Per Acre App



Average Value per Acre Percent Changes

Period	Total Avg VPA % Change
2011-2016	-19.06%
2016-2020	47.13%
2020-2026	136.30%
2011-2026	176.27%

Period (For Commercial)	Avg VPA % Change
2011-2016	-8.46%
2016-2020	21.15%
2020-2026	44.80%
2011-2026	60.59%

Period (For Residential)	Avg VPA % Change
2011-2016	-10.60%
2016-2020	25.98%
2020-2026	91.50%
2011-2026	115.68%

Conclusion

Key Question (Revisited):

How can local governments use tools such as Municipal Service Districts (MSDs) alongside various other city investments to promote economic revitalization, while minimizing gentrification and the risk of resident displacement?

Overall, this Case Study analyzed the use of a MSD & city investment strategies in order to revitalize the 7th Ave Area, the data we have analyzed does not show trends that would heighten the risks of displacement

- ✶Potential future MSD expansions

For 7th avenue MSD, since 2018 (aprox.)

- ✶ 27 net jobs
- ✶ 12 net businesses
- ✶ $1.45 million private investment
  - ✶ Building renovations & uplifts





Thank You!

Any Questions?

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CITY OF HENDERSONVILLE

AGENDA ITEM SUMMARY

SUBMITTER: Brian Pahle, Deputy City Manager

MEETING DATE: August 6th, 2026

AGENDA SECTION: Presentations

DEPARTMENT: Administration

TITLE OF ITEM: Encampment Procedures – *Ethan Walls, Intern*

SUGGESTED MOTION(S):

N/A

SUMMARY:

An agenda item to present Ethan's intern project on the City's encampment procedures.

BUDGET IMPACT: $

Is this expenditure approved in the current fiscal year budget? N/A

If no, describe how it will be funded. N/A

ATTACHMENTS:

N/A

Policy Approaches to Address Encampments

Ethan Walls

August 06, 2026



About Me

- From Asheville, North Carolina
- Studying political science and public policy at UNC Chapel Hill
  - Graduating in May 2027
- Interested in local government
  - Want to pursue MPA at UNC School of Government



Desired Outcomes

- Get direction from council on how to address encampments
- Protect the health and safety of the community, including people experiencing homelessness
- Give staff tools to provide a healthier and safer environment for the community
- Ensure consistent enforcement of city policies
- Assist private property and business owners
- Explore opportunities to address contributing factors to encampments

Overview

- Background
- Homelessness in Hendersonville/Henderson County
- Review of Existing Methods to Address Encampments
- Legal and Legislative Overview
- New Encampment Options
- Additional Opportunities to Address Encampments

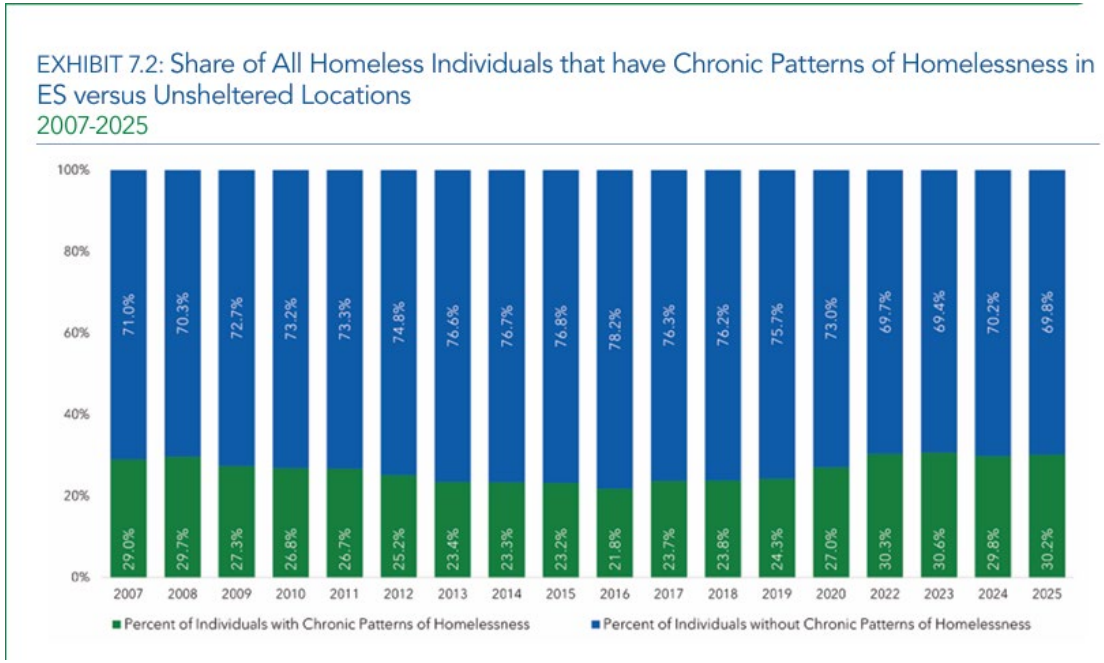
Background



- Chronically homeless (HUD definition)
  - "A 'homeless individual with a disability' who"
    - "Lives in a place not meant for human habitation, a safe haven, or in an emergency shelter; and"
    - Has lived under these conditions for 12 months
  - Also includes:
    - People in jails or treatment facilities who met these criteria prior to entry
    - Families in which the head of household meets these criteria

Background

- 169,467 individuals chronically homeless in the United States (HUD 2025)
  - 30 percent of all homeless individuals (HUD 2026)
- 2,560 individuals who are chronically homeless in North Carolina (HUD 2025)



Source: HUD

Homelessness in Hendersonville/Henderson County

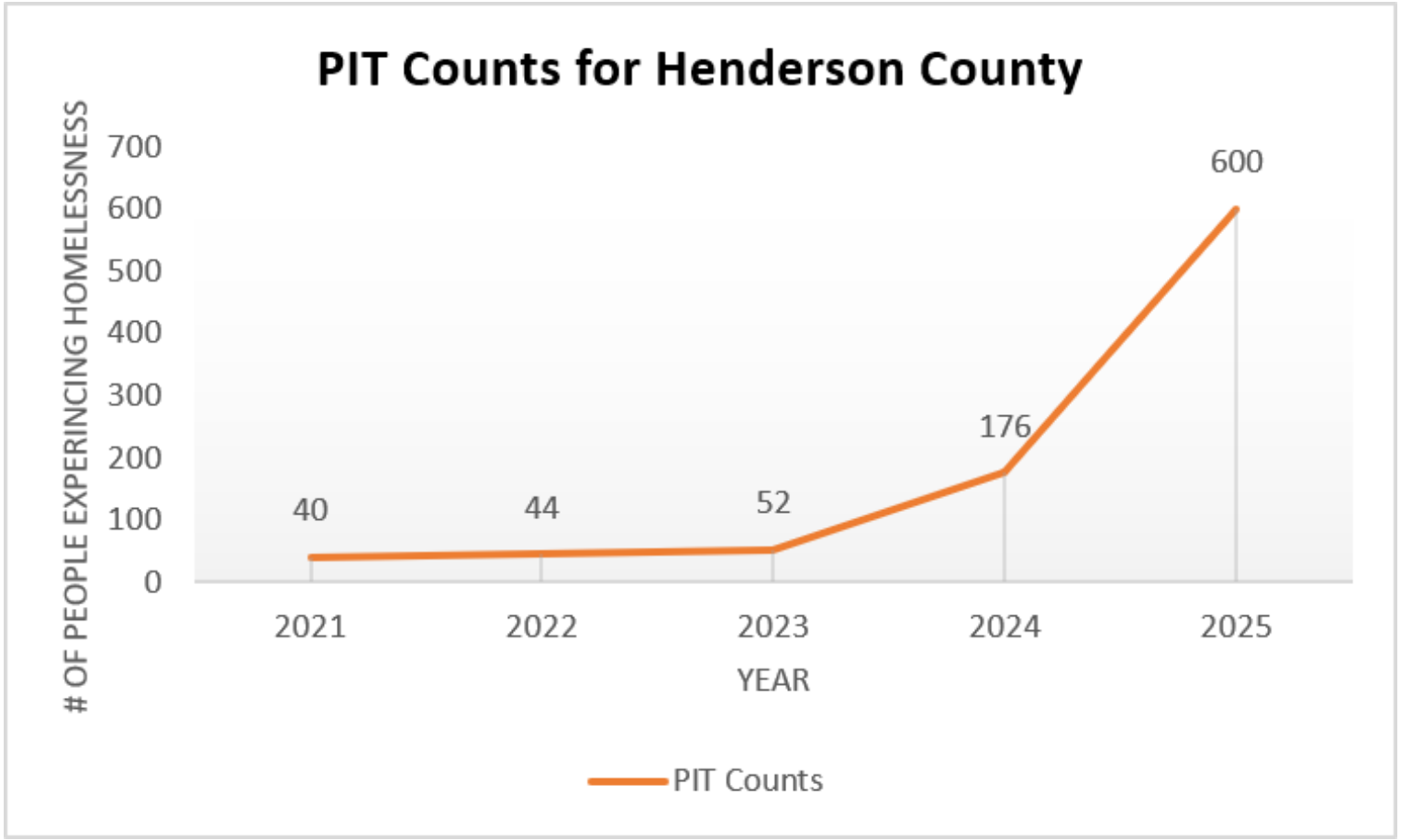


- Most information on homelessness in Henderson County comes from point-in-time (PIT) counts
  - Represents all homeless persons who meet HUD definition of sheltered and unsheltered on a single night during the last 10 days of January
  - Not included:
    - People in institutions (jails, juvenile correction facilities, foster care, hospital beds, detox centers.)
    - People temporarily staying with family or friend (i.e., “doubled-up” or “couch surfing”)
- GAO Study (2020): PIT Counts “likely underestimate the size of the homeless population”

Henderson County PIT Count Data

182

Average number of people experiencing homelessness each year (2021-2025)



Source: NC Coalition to End Homelessness

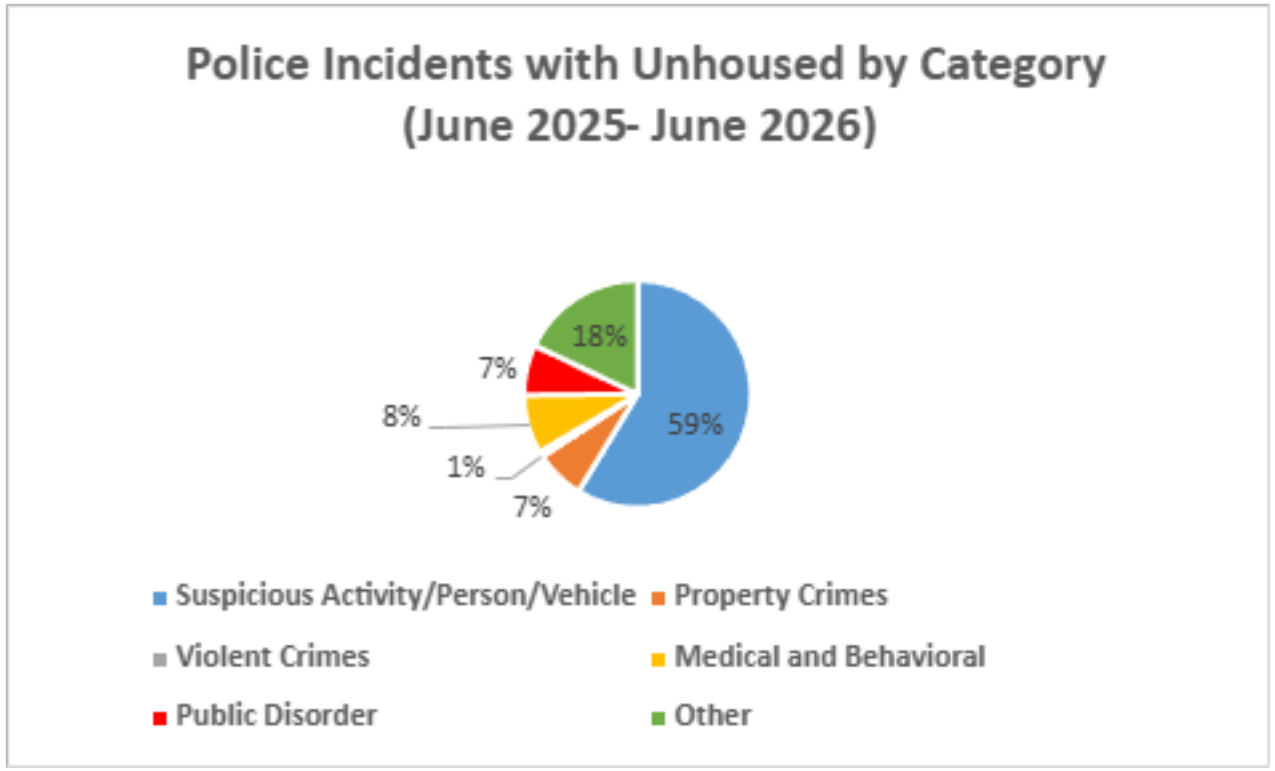
Henderson County Shelter Situation



- Hendersonville Rescue Mission
  - 82 beds
  - Requires shelter guests be “medically stable, ambulatory, and able to care for their own bodily needs
  - Sobriety requirements
  - Also requires 3 night-minimum stays and Henderson County residency
- Actions by community partners
  - Physical and mental health services
  - Coordination with county services (i.e. drug court)
  - Offer addiction counseling and support

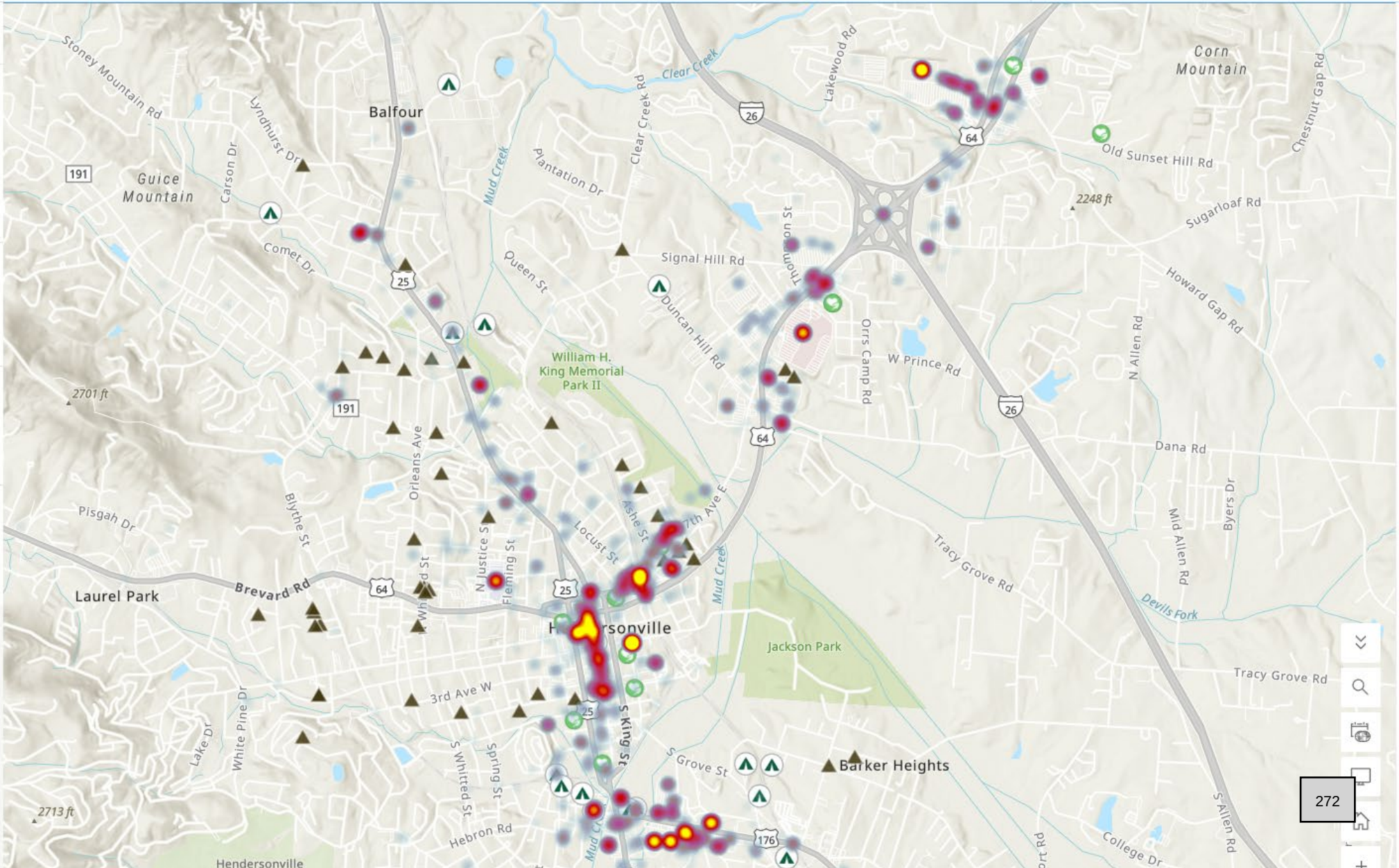
Reasons to Address Encampments

- Public health and safety issues
  - More vulnerability to violent crime for people living in encampments
  - Exposes community to unsanitary conditions
- Deterred use of public spaces
- Challenges for Hendersonville Police Department (HPD)
  - 1,816 incidents involving unhoused individuals from June 2025-June 2026
    - Increase from 1,057 incidents from June 2024-June 2025



Source: Hendersonville Police Department

HPD Unhoused Encounters Heat Map



Source: Hendersonville Police Department, ArcGIS Online

Existing Methods to Address Encampments

- Code enforcement:
  - Enumerations (Sec 26-38)
    - Weeds or grass over 24 inches
    - Accumulation of animal or vegetable matter
    - Accumulation of undisposed trash
    - Graffiti



Source: COH

- Police Powers:
  - 36-1 – Blocking or impeding street and sidewalk access
  - 36-2 – Urinating or defecating in public or on private property.
  - 36-3 – Solicitation in parking lots and parking garages operated by the City
  - 36-4 – Harassment in public places prohibited
    - Following to threaten, intimidate or cause fear for personal safety
    - Surrounding individual or intentionally and physically directing the individual's movement with intent of threatening, intimidating or causing fear for personal safety.
    - If person continues conduct after victim makes negative response to stop.
  - 36-41 – Trespass = on public or private property. Posted or against oral or written notice, warning or protest of owner or occupant
  - 36-42 – Disturbing the peace
  - 50-22 Solicitation in public rights of way prohibited.
    - Includes solicitation from sidewalks

New Encampment Options

01

Public Camping Ordinance

02

Zoning Ordinance Amendments

Legal Review

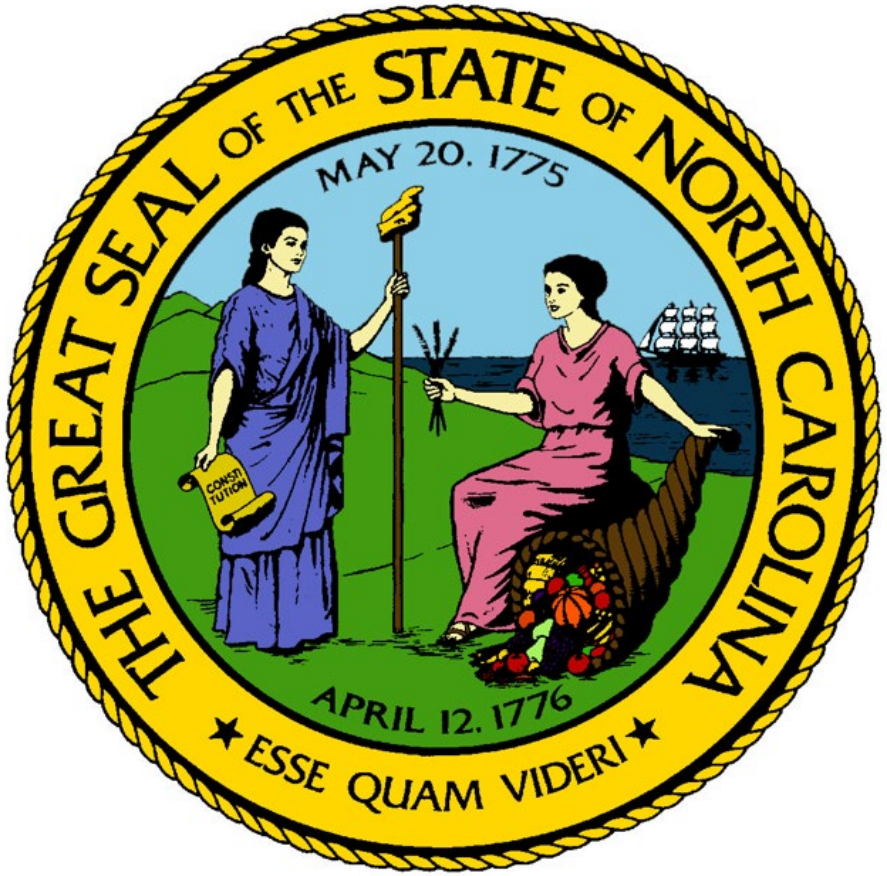


Source: U.S. Supreme Court

- *Grants Pass v. Johnson* (2024)
  - Local governments regulating encampments even when shelter space is unavailable is not considered cruel or unusual punishment
- Points of contention in the litigation
  - Selective enforcement of ordinance
  - Barriers associated with shelter admittance
  - Policies cannot criminalize based on status
    - *Robinson v. California*

Legislative Review

- July 1, 2026: N.C. General Assembly ratified HB 437
  - Establishes drug-free homeless service zones
  - Increases penalties for drug use in these zones
  - Restricts local governments from allowing camping on their property
- July 8, 2026: Governor Stein vetoed the bill



Source: State of North Carolina

Potential Impacts of HB 437 on the City

- State definition for public camping/sleeping
  - Cannot allow public camping/sleeping on city-owned or controlled property
- City could set up a regulated encampment on its property
- Designated property would need approval from the NC Department of Labor (DOL)
  - Request to DOL must prove the following
    - Lack of shelter bed availability
    - Designated property
      - Not next to an area zoned for residential use
      - Would not negatively affect property values or child safety
      - Meets certain public health and safety standards

Camping Ordinance (Police Powers)

- Would make it unlawful to camp or store personal belongings on city-owned or city-controlled property
- Camping definition:
  - Based on public sleeping/camping definition in HB 437
  - Public camping/sleeping: Lodging or residing overnight in a temporary outdoor habitation used as a dwelling or living space and evidenced by the erection of a tent or other temporary shelter, the presence of bedding or pillows, or the storage of personal belongings or lodging or residing overnight in an outdoor space without a tent or other temporary shelter. The term does not include (i) lodging or residing overnight in a motor vehicle that is registered, insured, and located in a place where it may be lawfully used or (ii) camping for recreational purposes on property designated for those purposes.



Source: COH

Camping Ordinance Enforcement



Source: COH

- Ordinance written to give HPD discretion to enforce civil and criminal penalties
  - First offense:
    - Written warning or criminal penalty
  - Subsequent offenses:
    - Civil or criminal penalties
  - Criminal penalty
    - Misdemeanor as provided in N.C.G.S. § 14-4

Zoning Ordinance Amendments

- Camps listed as a use, but not clearly defined
- Zoning text amendments
  - Define camps
  - Create a new use called campgrounds that is distinguishable from camps
    - Encampments would fall under campgrounds
- Sanitation standards for camps and campgrounds



Source: COH

Recommended Definitions

Camps: Establishments consisting of one or more permanent buildings (not including recreational vehicles or mobile homes) used periodically for temporary or seasonal accommodation of individuals, typically providing programmed activities including outdoor recreational or educational opportunities.



Campground: Any parcel or tract of land under the control of any person, organization, or governmental entity wherein sites are offered for the use of the public or members of any organization for the establishment of temporary living sites for two or more recreational vehicles or camping units (Borrowed/modified from Indian Trail, NC)



Additional Opportunities to Address Encampments

- Address shelter accessibility
- Establish centralized wrap-around services
- Leverage relations with local healthcare providers for behavioral health urgent care (BHUC)
- Encourage courts to direct people to mental health services
- Develop Encampment Response Policy and SOP
- Strategic housing plan implementation

CITY OF HENDERSONVILLE
STRATEGIC HOUSING PLAN





Source: COH

Feedback/Questions?

References

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CITY OF HENDERSONVILLE

AGENDA ITEM SUMMARY

SUBMITTER: Matthew Manley

MEETING DATE: August 6, 2026

AGENDA SECTION: Public Hearing

DEPARTMENT: Community Development

TITLE OF ITEM: Annexation: Public Hearing- Merriman Ave | Grooms/Borges (26-35-ANX) – *Matthew Manley, AICP – Long-Range Planning Manager*

SUGGESTED MOTION(S):

For Approval:	For Denial:
I move City Council adopt an ordinance of the City of Hendersonville to extend the corporate limits of the City as a contiguous annexation, to annex that property owned by Juan Carlos Borges, identified as PIN 9569-37-3239, finding that the standards established by North Carolina General Statute 160A-31 have been satisfied and that the annexation is in the best interest of the City.	I move that City Council deny the petition received from Greg Grooms & Juan Borges, requesting the annexation of that property having PIN 9569-37-3239.

SUMMARY:

The City of Hendersonville has received a petition from Greg Grooms (applicant) and Juan Borges (owner) for contiguous annexation of PIN 9569-37-3239 located on Merriman Ave. The property is approximately 0.5 acres and contains lots 85, 86, & 87. Please refer to the attached maps for additional information.

On July 2, 2026, City Council accepted the City Clerk's Certificate of Sufficiency for the petition submitted by Greg Grooms & Juan Borges and set August 6, 2026, as the date for the public hearing

PROJECT/PETITIONER NUMBER:	• 26-35-ANX
PETITIONER NAME:	• Greg Grooms (Applicant) • Juan Borges (Owner)

ATTACHMENTS:	1. Draft Ordinance 2. Signed Certificate of Sufficiency 3. Signed Resolution (setting public hearing) 4. Annexation Plat 5. Legal Description 6. Annexation GIS map 7. Deed 8. Petition for Annexation

Ordinance #___-____

Return to: City of Hendersonville box

AN ORDINANCE OF THE CITY OF HENDERSONVILLE CITY COUNCIL TO EXTEND THE CORPORATE LIMITS OF THE CITY AS A CONTIGUOUS ANNEXATION

IN RE: Petition for Contiguous Annexation
Petitioner: Juan Borges (owner) & Greg Grooms (applicant)
File No. 26-35-ANX

WHEREAS, The City of Hendersonville has been petitioned by Juan Borges, owner, & Greg Grooms, applicant, pursuant to North Carolina General Statutes (NCGS) 160A-31, as amended, to annex the area described herein below; and

WHEREAS, the City Clerk has investigated and certified the sufficiency of said petition; and,

WHEREAS, a public hearing on the question of this annexation was held at 305 Williams St (City Operations Center), Hendersonville, NC at 5:45 pm, on the 6th day of August 2026, after due notice by publication as provided by law on July 26 & August 2, 2026; and

WHEREAS, the City Council further finds the areas described therein meets the standards of N.C. G.S. 160A-31.

WHEREAS, the City further finds that the petition has been signed by all the owners of real property in the area who are required by law to sign; and

WHEREAS, the City further finds that the petition is otherwise valid, and that the public health, safety and welfare of the City and of the area proposed for annexation will be best served by annexing the area described;

NOW, THEREFORE, BE IT ORDAINED by the City Council of the City of Hendersonville, North Carolina that:

1: By virtue of the authority granted by N.C.G.S. 160A-31, as amended, the following described contiguous area is hereby annexed and made part of the City of Hendersonville as of the 6th day of August 2026.

Being all of that real property consisting of PIN 9569-37-3239 described in the plat recorded in Book 2026- _____ [to be inserted at recording of the plat] of the Henderson County Registry, said PIN 9569-37-3239 being described by metes and bounds as follows:

Exhibit A
Lying and being at the intersection of Merriman Road and Dennis Taylor Lane in Hendersonville, North Carolina.
Beginning at an Iron rod found having the NC grid coordinates of N:597392.12 E:963287.92. Said Iron rod found also being found S 21°28' 52" W 3459.29' from NC Grid monument RV 45. Thence from the beginning point and with the property now owned by Gregory Pittillo and wife Sharon Pittillo Deed Book 4279 Page 463, S 68°18'12" E 148.66' to an Iron rod found in the west margin of the 40' right-of-way of Dennis Taylor Lane; Thence with the margin of Dennis Taylor Lane S 21°48'59" W 148.90' to an Iron rod found at the intersection of said west margin of Dennis Taylor Lane and the north margin of the 40' right-of-way of Merriman Road; Thence with said north margin of Merriman Road N 68°04'16" W 147.06' to an Iron pipe found; Thence leaving the said margin and with the property now owned by Thomas Drake and Deborah Herring Deed Book 1322 Page 783, N 21°11'53" E 148.31' to the beginning. Being 0.50 acres

2: Upon and after the 6th day of August 2026, the above-described territory, and its citizens and property shall be subject to all debts, laws, ordinances, and regulations in force in the City of Hendersonville and shall be entitled to the same privileges and benefits as other parts of the City of Hendersonville. Said territory shall be subject to municipal taxes according to NCGS 160A-58.10, as amended.

3. The Mayor of the City of Hendersonville shall cause to be recorded in the office of the Register of Deeds of Henderson County and at the Office of the Secretary of State in Raleigh, North Carolina, an accurate map of the annexed territory, described in Section 1, above, together with a duly certified copy of this ordinance. Such a map shall also be delivered to the Henderson County Board of Elections, as required by G. S. 163-288.1.

Adopted by the City Council of the City of Hendersonville, North Carolina on this 6th day of August 2026.

_____
Barbara G. Volk, Mayor, City of Hendersonville

Attest:

_____
Jill Murray, City Clerk

Approved as to form:

_____
Angela S. Beeker, City Attorney

STATE OF NORTH CAROLINA, COUNTY OF HENDERSON

I, _____, a Notary Public in Henderson County, State of North Carolina, do hereby certify that Barbara G. Volk in her capacity of Mayor of the City of Hendersonville, and Jill Murray, in her capacity of City Clerk personally appeared before me this day and acknowledged the due execution of the foregoing instrument.

Witness my hand and notarial seal, this _____ day of _____, 2026.

My commission expires: _____

CERTIFICATE OF SUFFICIENCY

Re: Petition for Contiguous Annexation
Petitioners: Greg Grooms, Blue Pinnacle (Applicant)
Juan Carlos Borges (Owner)
File No: 26-35-ANX

To the Honorable Mayor and members of the City Council of Hendersonville, North Carolina:
I, Jill Murray, City Clerk, being first duly sworn, hereby certify that:

1. A petition has been received for contiguous annexation of property consisting of +/- 0.50 acres located on Merriman Rd in Hendersonville, NC, being tax parcel PIN 9569-37-3239, and being more particularly described on Exhibit A, attached hereto and incorporated by reference, hereinafter "Petition."

2. An investigation has been completed as required by N.C.G.S. § 160A-31 of the Petition for compliance with the requirements of N.C.G.S. § 160A-31.

Based upon this investigation, I find that

1. The Petition includes the names and addresses and signatures of all owners of real property lying in the area described therein.
2. The Petition was prepared in substantially the form prescribed by 160A-31(b).
3. The area described in the petition is contiguous to the City of Hendersonville's primary corporate limits, as defined by N.C.G.S. 160A-31(f).
4. The area for annexation meets all other requirements defined in NC 160A-31 regarding the character of the area to be annexed.

Having made the findings stated above, I hereby certify the Petition appears to be valid.

In witness hereof, I have set my hand and the City Seal on this the 2nd day of July, 2026.

(City Seal)

Jill Murray

Jill Murray, City Clerk

EXHIBIT A
LEGAL DESCRIPTION

Lying and being at the intersection of Merriman Road and Dennis Taylor Lane in Hendersonville, North Carolina.

Beginning at an Iron rod found having the NC grid coordinates of N:597392.12 E:963287.92. Said Iron rod found also being found S 21°28' 52" W 3459.29' from NC Grid monument RV 45. Thence from the beginning point and with the property now owned by Gregory Pittillo and wife Sharon Pittillo Deed Book 4279 Page 463, S 68°18'12" E 148.66' to an Iron rod found in the west margin of the 40' right-of-way of Dennis Taylor Lane;

Thence with the margin of Dennis Taylor Lane S 21°48'59" W 148.90' to an Iron rod found at the intersection of said west margin of Dennis Taylor Lane and the north margin of the 40' right-of-way of Merriman Road; Thence with said north margin of Merriman Road N 68°04'16" W 147.06' to an Iron pipe found; Thence leaving the said margin and with the property now owned by Thomas Drake and Deborah Herring Deed Book 1322 Page 783, N 21°11'53" E 148.31' to the beginning. Being 0.50 acres

Resolution #R-26-59

RESOLUTION BY THE CITY OF HENDERSONVILLE CITY COUNCIL FIXING DATE OF PUBLIC HEARING ON QUESTION OF ANNEXATION PURSUANT TO G.S. 160A-31

WHEREAS, a petition requesting annexation of the contiguous area described herein has been received; and

WHEREAS, certification by the City Clerk as to the sufficiency of the petition has been made.

NOW, THEREFORE BE IT RESOLVED, by the City Council of the City of Hendersonville, North Carolina that:

Section 1. A public hearing on the question of annexation of the contiguous area described herein will be held at the City Operations Center located at 305 William St. Hendersonville NC, 28792 at 5:45 p.m. August 6th, 2026, or as soon thereafter as it may be heard.

Section 2. The area proposed for annexation is described as follows:

Being all of that real property consisting of PIN 9569-37-3239 described in the plat recorded in Book 2023- ____ [to be inserted at recording of the plat] of the Henderson County Registry, said PIN 9569-37-3239 being described by metes and bounds as follows:

Lying and being at the intersection of Merriman Road and Dennis Taylor Lane in Hendersonville, North Carolina.

Beginning at an Iron rod found having the NC grid coordinates of N:597392.12 E:963287.92. Said Iron rod found also being found S 21°28' 52" W 3459.29' from NC Grid monument RV 45. Thence from the beginning point and with the property now owned by Gregory Pittillo and wife Sharon Pittillo Deed Book 4279 Page 463, S 68°18'12" E 148.66' to an Iron rod found in the west margin of the 40' right-of-way of Dennis Taylor Lane;

Thence with the margin of Dennis Taylor Lane S 21°48'59" W 148.90' to an Iron rod found at the intersection of said west margin of Dennis Taylor Lane and the north margin of the 40' right-of-way of Merriman Road; Thence with said north margin of Merriman Road N 68°04'16" W 147.06' to an Iron pipe found; Thence leaving the said margin and with the property now owned by Thomas Drake and Deborah Herring Deed Book 1322 Page 783, N 21°11'53" E 148.31' to the beginning. Being 0.50 acres

Section 3. Notice of the public hearing shall be published once in The Hendersonville Times-News, a newspaper having general circulation in the City of Hendersonville, at least 10 days prior to the date of the public hearing.

Re: Petition for Contiguous Annexation
Petitioners: Greg Grooms, Blue Pinnacle (Applicant)
Juan Carlos Borges (Owner)
File No: 26-35-ANX

Adopted by the City Council of the City of Hendersonville, North Carolina on this 2nd day of July, 2026.

Attest:

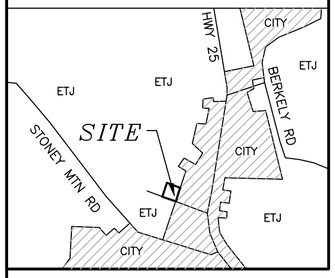
Barbara G. Volk, Mayor, City of Hendersonville

Jill Murray, City Clerk

Approved as to form:

Angela S. Beeker, City Attorney

VICINITY MAP
(NOT TO SCALE)



NC GRID NORTH
NAD 83 (2011)

NCGS – RV 45
N: 600642.29
E: 964566.98

N 21°28'52" E
3459.29'

IRF
N: 597392.12
E: 963287.92

9569–37–3328
GREGORY LANE PITTILLO and wife,
SHARON MESSICK PITTILLO
DB. 4279, PG. 463
PB. 2025, SL. 15069

PROPOSED ANNEXATION BOUNDARY
UP
S 68°18'12" E 148.66'
OHW
IRF
UP

9569–37–1229
THOMAS E. DRAKE and,
DEBORAH C. HERRING
DB. 1322, PG. 783
PC. B, SL. 168

PROPOSED ANNEXATION BOUNDARY
N 21°11'53" E 148.31'

21972 Sq. Ft.
0.50 Acres

EXISTING CITY BOUNDARY

S 21°48'59" W 148.90'

DENNIS TAYLOR LN
40' R/W – PUBLIC

EXISTING CITY BOUNDARY

IPF
UP
N 68°04'16" W 147.06'
PROPOSED ANNEXATION BOUNDARY
MH
WATER
MANHOLE
IRF
UP
MERRIMAN RD
40' R/W – PUBLIC

9569–37–4119
J. DENNIS TAYLOR and wife,
LILLIAN C. TAYLOR
DB. 802, PG. 433

9569–37–2029
MARK CIVIOK
DB. 3774, PG. 296
PC. B, SL. 168

EXISTING CITY BOUNDARY

LEGEND

IPF	=	Iron pipe found
IRF	=	Iron rod found
IRS	=	Iron rod set
●	=	Calculated property corner not found or staked in field
DB.	=	Deed Book
PG.	=	Page
PB.	=	Plat Book
PC.	=	Plat Cabinet
PB.	=	Plat Book
PC.	=	Plat Cabinet
SL.	=	Slide
SqFt	=	Square Feet
R/W	=	Right–of–way
N.C. Grid	=	North Carolina Grid Coordinate System
NCGS	=	North Carolina Geodetic Survey
NAD	=	North American Datum
— OHW —	=	Overhead wire
— S —	=	Sewer line
— W —	=	Water line
— G —	=	Gas line
MH	=	Manhole
Co	=	Clean out
WM	=	Water meter
UP	=	Utility pole
CMP	=	Corrugated metal pipe
(MH)	=	Manhole
(WM)	=	Water Meter

This plat represents a survey of the property standing name of Juan Carlos Borges, Reference Deed Book 4410 Page 235.

This property does not lie within a special flood hazard zone. As shown on FEMA–FIRM map#3700956900J Dated 10/2/2008.

All bearings are NC Grid. All distances are grid distances, to obtain ground distances apply the combined scale factor.

Reference : Plat Book 2023, Slide 15069.

Parcel ID No. = 9569–37–3239

Certification

I, Travis Abel, certify that this plat was drawn under my supervision from an actual survey made under my supervision (deed description recorded in deed books as shown); that the boundaries not surveyed are clearly indicated as drawn from information found in Henderson County GIS; that the positional accuracy exceeds 0.10 feet at a 95% confidence level; that this plat was prepared in accordance with g.s. 47–30 as amended.

In accordance with G.S. 47–30(f)(11)(c)(1), That the survey is of an existing parcel or parcels of land or one or more existing easements and does not create a new street or change an existing street.

I also certify that this map was drawn under my supervision from an actual GPS survey made under my supervision and the following information was used to perform the survey:

(1) Class of Survey: Class "A"
(2) Positional Accuracy: H=0.06' V=0.09'
(3) Type of GPS Field Procedure: VRS
(4) Dates of Survey: 04/27/2026
(5) Datum/Epoch: NAD 83(2011)/Epoch 2010
(6) Published/Fixed–Control used: NC CORS System
(7) Geoid Model: Geoid 18
(8) Combined Grid Factor: 0.99977520
(9) Units: US Survey Foot

Travis Abel
Digitally signed by Travis Abel
Date: 2026.05.14 09:00:29 -04'00'

Travis W. Abel PLS L–5289
This the 14th day of May 2026

NORTH CAROLINA PROFESSIONAL SEAL L–5289 LAND SURVEYOR TRAVIS W. ABEL

This plat represents the area being annexed to the City of Hendersonville, NC pursuant to NCGS 160A–31, by ordinance duly adopted (Annexation Ordinance _____)

Date _____ Jill Murray, City Clerk

Purpose Statement

The purpose of this plat is to annex pin#9569–37–3239 (0.50 contiguous acres) into the City of Hendersonville as shown n this survey.

Current Owners:

Pin#: 9569–37–3239
Juan Carlos Borges
48 Kennedy Rise
Hendersonville, NC 28792

Annexation Plat for the

City of Hendersonville

at Merriman Road and Dennis Taylor Lane
Owner: Juan Carlos Borges
City of Hendersonville ETJ, Henderson County, North Carolina

Abel Land Surveying PLLC P–3028
1449 Glenheath DR, Hendersonville, NC 28791 (828)699–3954

20' 0 20' 40' 60' 80' 100'

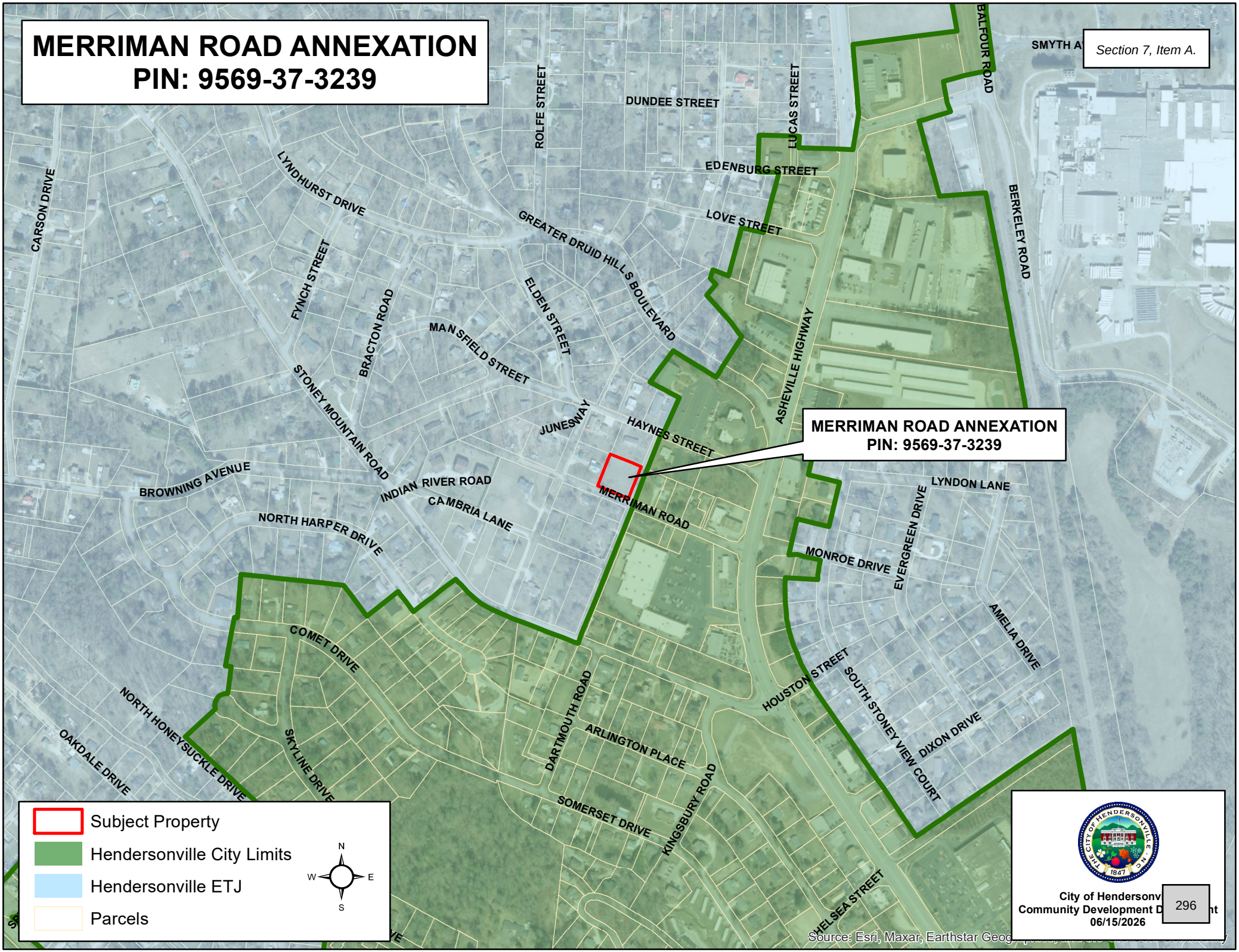
SCALE: 1" = 20' Job No. 26048 Date: May 14, 2026

Exhibit A

Lying and being at the intersection of Merriman road and Dennis Taylor Lane in Hendersonville, North Carolina.

Beginning at an Iron rod found having the NC grid coordinates of N:597392.12 E:963287.92. Said Iron rod found also being found S 21°28’ 52” W 3459.29’ from NC Grid monument RV 45. Thence from the beginning point and with the property now owned by Gregory Pittillo and wife Sharon Pittillo Deed Book 4279 Page 463, S 68°18'12" E 148.66' to an Iron rod found in the west margin of the 40’ right-of-way of Dennis Taylor Lane; Thence with the margin of Dennis Taylor Lane S 21°48'59" W 148.90' to an Iron rod found at the intersection of said west margin of Dennis Taylor Lane and the north margin of the 40’ right-of-way of Merriman Road; Thence with said north margin of Merriman Road N 68°04'16" W 147.06' to an Iron pipe found; Thence leaving the said margin and with the property now owned by Thomas Drake and Deborah Herring Deed Book 1322 Page 783, N 21°11'53" E 148.31' to the beginning. Being 0.50 acres

MERRIMAN ROAD ANNEXATION
PIN: 9569-37-3239



City of Hendersonv
Community Development D nt
06/15/2026

BK 4410 PG 235 - 237 (3) DOC# 1001045989
This Document eRecorded: 03/16/2026 09:31:52 AM
Fee: $26.00
Henderson County, North Carolina Tax: $190.00
William Lee King, Register of Deeds

NORTH CAROLINA GENERAL WARRANTY DEED

Excise Tax: **$190.00** Recording Time, Book and Page

Tax Map No. Parcel Identifier No. 10013736

Mail after recording to: The Lyda Law Firm – 308 Martin Luther King Jr. Blvd. Hendersonville, NC 28792

This instrument was prepared by: Jack Lyda – The Lyda Law Firm –

THIS DEED made this 13th day of March, 2026 by and between

GRANTOR

GREGORY LANE PITTILLO and wife,
SHARON MESSICK PITTILLO

6620 Pleasant Pine Court,
Wilmington, NC 28403

GRANTEE

JUAN CARLOS BORGES, married

48 Kennedy Rise,
Hendersonville, NC 28792

The designation Grantor and Grantee as used herein shall include said parties, their heirs, successors, and assigns, and shall include singular, plural, masculine, feminine or neuter as required by context.

WITNESSETH, that the Grantor, for a valuable consideration paid by the Grantee, the receipt of which is hereby acknowledged, has and by these presents does grant, bargain, sell and convey unto the Grantee in fee simple, all that certain lot or parcel of land situated in Henderson County, North Carolina and more particularly described as follows:

BEING all of that property described on the Exhibit "A" attached hereto and incorporated herein.

Submitted electronically by "Jack Lyda PLLC"
in compliance with North Carolina statutes governing recordable documents
and the terms of the submitter agreement with the Henderson County Register of Deeds.

All or a portion of the property hereinabove described was acquired by Grantor by instrument recorded in Book 4279, Page 466, Henderson County Registry.

A map showing the above-described property is recorded in Plat Slide 15069, Henderson County Registry and referenced within this instrument.

The above-described property ☐ does ☒ does not include the primary residence of the Grantor.

TO HAVE AND TO HOLD the aforesaid lot or parcel of land and all privileges and appurtenances thereto belonging to the Grantee in fee simple.

And the Grantor covenants with the Grantee, that Grantor is seized of the premises in fee simple, has the right to convey the same in fee simple, that title is marketable and free and clear of all encumbrances, and that Grantor will warrant and defend the title against the lawful claims of all persons whomsoever except for the exceptions hereinafter stated.

Title to the property hereinabove described is subject to the following exceptions:

Henderson County ad valorem taxes for 2026, and subsequent years, which are a lien, but not yet due and payable, easements, rights of way, zoning and use, statutes, regulations, and restrictions of record.

IN WITNESS WHEREOF, the Grantor has hereunto set his hand and seal, or if corporate, has caused this instrument to be signed in its corporate name by its duly authorized officer(s), the day and year first above written.

Gregory Lane Pittillo (SEAL)
Gregory Lane Pittillo

Sharon Messick Pittillo (SEAL)
Sharon Messick Pittillo

STATE OF NORTH CAROLINA – COUNTY OF New Hanover

I, Jacob Anderson, the undersigned Notary Public of the County and State aforesaid, certify that the following person(s) personally appeared before me this day, each acknowledging to me that he or she signed the foregoing document for the purposes therein expressed: Gregory Lane Pittillo and wife, Sharon Messick Pittillo

Witness my hand and official stamp or seal, this the 6 day of March, 2026.

My Commission Expires: Sept 11, 2027

Notary Public

Print Notary Name: Jacob Anderson

JACOB ANDERSON
Notary Public
North Carolina
New Hanover County

BK 4410 PG 235 - 237 (3) DOC# 1001045989

EXHIBIT "A"

BEING all of that 0.50 acres +/-, as shown on that Plat of Survey which is titled "Recombination Survey for Gregory Lane Pittillo & Sharon Messick Pittillo", prepared by Ownbey Land Surveying, PLLC on July 17, 2023 as Job #230616, and having been recorded in Plat Book 2023, Slide 15069, Henderson County Registry; reference to which is hereby made for a more definite description.

TOGETHER WITH and SUBJECT TO easements, rights of way and all other such matters as shown on the above-referenced plat and further of record in the Henderson County Registry.

ALSO BEING the identical property conveyed in a Deed from Gregory Lane Pittillo and wife, Sharon Messick Pittillo to Gregory Lane Pittillo and wife, Sharon Messick Pittillo recorded on April 16, 2025, in Book 4279, Page 466, Henderson County Registry.

Pin: 10013736

For use by Principal Authority / Para uso de la Autoridad Principal
Cloudpermit application number / Número de solicitud de Cloudpermit US-NC30720-P-2026-68
PIN / Número de rollo 9569373239
Application submitted to / Solicitud presentada a Hendersonville, NC, North Carolina / Hendersonville, NC, Carolina del Norte

Description of Subject Property
Address / Dirección 0 NO ADDRESS ASSIGNED
Municipality / Municipio Hendersonville, NC, North Carolina / Hendersonville, NC, Carolina del Norte
PIN / Número de rollo 9569373239

Purpose of Application
Application type / Tipo de solicitud Annexation — Contiguous

Applicant		
Last name / Apellido Grooms	First name / Nombre de pila Greg	Corporation or partnership / Corporación o sociedad
Street address / Dirección de la calle 1207 Kanuga Rd	Unit number / Número de unidad	Lot / Con.
Municipality / Municipio Hendersonville	State / Provincia NC	ZIP code / Código postal 28739

Other phone / Otro teléfono	Mobile phone / Teléfono móvil +1 8283012600
Fax	Email / Correo electrónico [redacted]

Property owner		
Last name / Apellido Borges	First name / Nombre de pila Juan	Corporation or partnership Corporación o sociedad
Street address / Dirección de la calle 48 Kennedy Rise	Unit number / Número de unidad	Lot / Con.
Municipality / Municipio Hendersonville	State / Provincia North Carolina	ZIP code / Código postal 28791
Other phone / Otro teléfono	Mobile phone / Teléfono móvil +1 8282167321	
Fax	Email / Correo electrónico [redacted]	

Applicant-Company Information		
Applicant Name: Greg Grooms	Company Name: Blue Pinnacle Homes, LLC	Authorized Representative Title (if applicable) Owner

Property Owner-Company Information		
Property Owner Name: Juan C. Borges	Company Name (if applicable, check corresponding box below)	Authorized Representative Title (if applicable)

Declaration and Signatures

Applicant

I, Greg Grooms (The Applicant), do hereby declare that the information contained in this application, the attached schedules and forms, the attached plans and specifications, and other attached documentation is true to the best of my knowledge. If a permit is granted, I agree to comply with Local Ordinances and the conditions of the permit. If the Applicant is a corporation or partnership, I have the authority to bind the corporation or partnership by signing off, I understand that it constitutes a legal signature confirming that I acknowledge and agree to the above declaration.

Signature of the applicant acknowledges that if the property is rezoned, the property involved in this request is bound to the use(s) authorized, the approved site plan and any conditions imposed, unless subsequently changed or amended as provided for in the Zoning Ordinance.

Digitally signed on 04/30/2026, 12:08:09 PM EDT by Greg Grooms. / Firmado digitalmente el 30/4/26 12:08:09 EST por Greg Grooms.

Property owner

I, Juan Borges (The Property owner), do hereby declare that the information contained in this application, the attached schedules and forms, the attached plans and specifications, and other attached documentation is true to the best of my knowledge. If a permit is granted, I agree to comply with Local Ordinances and the conditions of the permit. If the Property owner is a corporation or partnership, I have the authority to bind the corporation or partnership by signing off, I understand that it constitutes a legal signature confirming that I acknowledge and agree to the above declaration.

Property owner hereby grants permission to the City of Hendersonville personnel to enter the subject property for any purpose required in processing this application. If signed by an agent on behalf of the Owner, this petition MUST be accompanied by a Limited Power of Attorney signed by the property owner (s) and notarized, specifically authorizing the agent to act on the owner (s) behalf in signing this application. Failure of each owner, or their duly authorized agent, to sign, or failure to include the authority of the agent signed by the property owner, will result in an INVALID APPLICATION.

Signature of the property owner acknowledges that if the property is rezoned, the property involved in this request is bound to the use(s) authorized, the approved site plan and any conditions imposed, unless subsequently changed or amended as provided for in the Zoning Ordinance.

Digitally signed on 04/30/2026, 12:42:04 PM EDT by Juan Borges. / Firmado digitalmente el 30/4/26 12:42:04 EST por Juan Borges.

Property Information

Property Address	Parcel Identification Number (PIN)
	9569373239

Does this property currently adjoin the present corporate City limits (not satellite limits)?	Is the property within the City's Extra Territorial Jurisdiction?	Are you declaring any site-specific vested right with respect to the properties subject to this petition as established under G.S. 160D-108.1?
☑ Yes ☐ No	☑ Yes ☐ No	☐ Yes ☑ No

Reason for Annexation:

Blue Pinnacle Homes, LLC, in representation of the owner, Juan C. Borges, is submitting a request to annex this property into the city water-city sewer system. Sewer engineering design will be submitted upon completion of annex approval. Current system is approx 100' from property on Merriman Rd. Water supply lines run on both streets adjacent to property (Merriman and Dennis Taylor).

Applicant (Developer) Company Information

Authorized Representative Name:	Company Name (if applicable, check corresponding box below)
Greg Grooms	Blue Pinnacle Homes, LLC

Company Type:

☐ Corporation: ☑ Limited Liability Company: ☐ Trust:

☐ Partnership: ☐ Other:

If other:

Authorized Representative Title (if applicable - i.e. Member/Manager, President, etc.)

Owner

Property Owner Company Information (if different from Applicant)

Authorized Representative Name:	Company Name (if applicable, check corresponding box below)
Juan C. Borges	

Company Type:

☐ Corporation: ☐ Limited Liability Company: ☐ Trust:

☐ Partnership: ☑ Other:

If other:

Authorized Representative Title (if applicable - i.e. Member/Manager, President, etc.)

CITY OF HENDERSONVILLE

AGENDA ITEM SUMMARY
PLANNING DIVISION

SUBMITTER:	Sam Hayes	**MEETING DATE:**	August 6th, 2026
AGENDA SECTION:	Public Hearings	**DEPARTMENT:**	Community Development

TITLE OF ITEM: Rezoning: Standard Rezoning – Ironwood Square | 26-43-RZO – *Sam Hayes, Planner II*

SUGGESTED MOTION(S):

For Recommending Approval:
I move City Council **adopt** an ordinance amending the official zoning map of the City of Hendersonville changing the zoning designation of the subject property (PINs 9577-79-2337, 9577-79-3365, and 9577-79-4384) from Henderson County Community Commercial to City of Hendersonville C-3 Highway Business, based on the following:

1. The petition is found to be Consistent with the City of Hendersonville Gen H Comprehensive Plan based on the information from the staff analysis and because:

The proposed zoning of C-3 aligns with the Gen H 2045 Comprehensive Plan Future Land Use & Conservation Map and the Character Area Description for 'Mixed Use – Commercial'.

2. Furthermore, we find this petition to be reasonable and in the public interest based on the information from the staff analysis, public hearing and because:

1. C-3 zoning would allow for greater economic use of the subject property given the wide range of permitted uses
2. C-3 Zoning along this corridor could lead to additional opportunities for commercial uses along a corridor that is seeing moderate development pressure.

[DISCUSS & VOTE]

For Recommending Denial:
I move City Council **deny** an ordinance amending the official zoning map of the City of Hendersonville changing the zoning designation of the subject property (PINs 9577-79-2337, 9577-79-3365, and 9577-79-4384) from Henderson County Community Commercial to City of Hendersonville C-3 Highway Business, based on the following:

1. The petition is found to be Consistent with the City of Hendersonville Gen H Comprehensive Plan based on the information from the staff analysis and because:

The proposed zoning of C-3 aligns with the Gen H 2045 Comprehensive Plan Future Land Use & Conservation Map and the Character Area Description for 'Mixed Use – Commercial'.

2. Furthermore, we do not find this petition to be reasonable and in the public interest based on the information from the staff analysis, public hearing and because:

1. C-3 Zoning is found to be incompatible with the surrounding land uses
2. C-3 Zoning would increase commercial activity along Signal Hill Rd and potentially lead to negative impacts on traffic flow and residential uses.

[DISCUSS & VOTE]

SUMMARY: *The City of Hendersonville has initiated a Zoning Map Amendment application for three properties located at 831, 835, 837 Case Street, Pins 9577-79-2337, 9577-79-3365, and 9577-79-4384 totaling 0.87 Acres. The property is currently Henderson County Community Commercial. The subject properties were recently annexed into the City limits at the July 2nd City Council meeting. Because of this, the City has 60 days to zone the properties.*

The City is requesting initial zoning of the properties to C-3 Highway business, which aligns with other adjacent properties in the City limits.

If rezoned, there will not be a binding site plan, list of uses, nor conditions placed on the site. All permitted uses within the CHMU district would be allowed on the site. The City of Hendersonville Zoning Ordinance states that, during a standard rezoning process, an applicant is prohibited from discussing the specific manner in which they intend to develop or use a site.

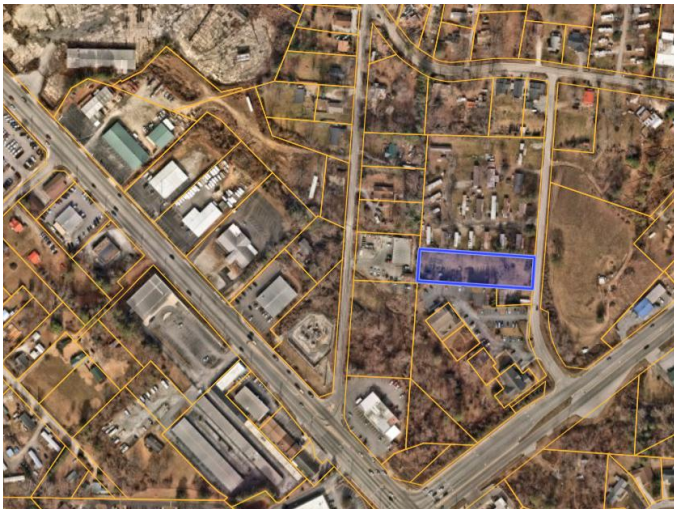
PROJECT/PETITIONER NUMBER:	26-43-RZO
PETITIONER NAME:	o City Initiated
ATTACHMENTS:	1. Staff Report 2. Comprehensive Plan Consistency & Criteria Evaluation Worksheet 3. Planning Board Summary 4. Draft Ordinance 5. Proposed Zoning Map 6. Application

STANDARD REZONING: IRONWOOD SQUARE (26-43-RZO)
CITY OF HENDERSONVILLE - COMMUNITY DEVELOPMENT STAFF REPORT

PROJECT SUMMARY 2
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SITE IMAGES 4
EXISTING ZONING & LAND USE 5
FUTURE LAND USE 6
REZONING STANDARDS (ARTICLE 11-4) 7
REZONING STANDARDS ANALYSIS & CONDITIONS ..... **Error! Bookmark not defined.**
DRAFT COMPREHENSIVE PLAN CONSISTENCY AND REZONING REASONABLENESS STATEMENT ..... **Error! Bookmark not defined.**

PROJECT SUMMARY

- Project Name & Case #:
  - Ironwood Square Initial Zoning
  - 26-47-RZO
- Applicant & Property Owner:
  - City Initiated Initial Zoning
- Property Address:
  - 831, 835, and 837 Case Street
- Project Acreage:
  - .87 Acres
- Parcel Identification (PINS):
  - 9577-79-2337
  - 9577-79-3365
  - 9577-79-4384
- Current Parcel Zoning:
  - Henderson County community Commercial
- Proposed Zoning District:
  - C-3 Highway Commercial
- Future Land Use Designation:
  - Mixed Use Commercial
- Planning Board Decision:
  - 6-0 recommendation for approval



SITE VICINITY MAP

The City of Hendersonville has initiated a Zoning Map Amendment application for three properties located at 831, 835, 837 Case Street, Pins 9577-79-2337, 9577-79-3365, and 9577-79-4384 totaling 0.87 Acres. The property is currently Henderson County Community Commercial. The subject properties were recently annexed into the City limits at the July 2nd City Council meeting. Because of this, the City has 60 days to zone the properties.

The City is requesting initial zoning of the properties to C-3 Highway business, which aligns with other adjacent properties in the City limits.

If rezoned, there will not be a binding site plan, list of uses, nor conditions placed on the site. All permitted uses within the C-3 district would be allowed on the site. The City of Hendersonville Zoning Ordinance states that, during a standard rezoning process, an applicant is prohibited from discussing the specific manner in which they intend to develop or use a site.

SITE IMAGES



View of subject property from Case Street.



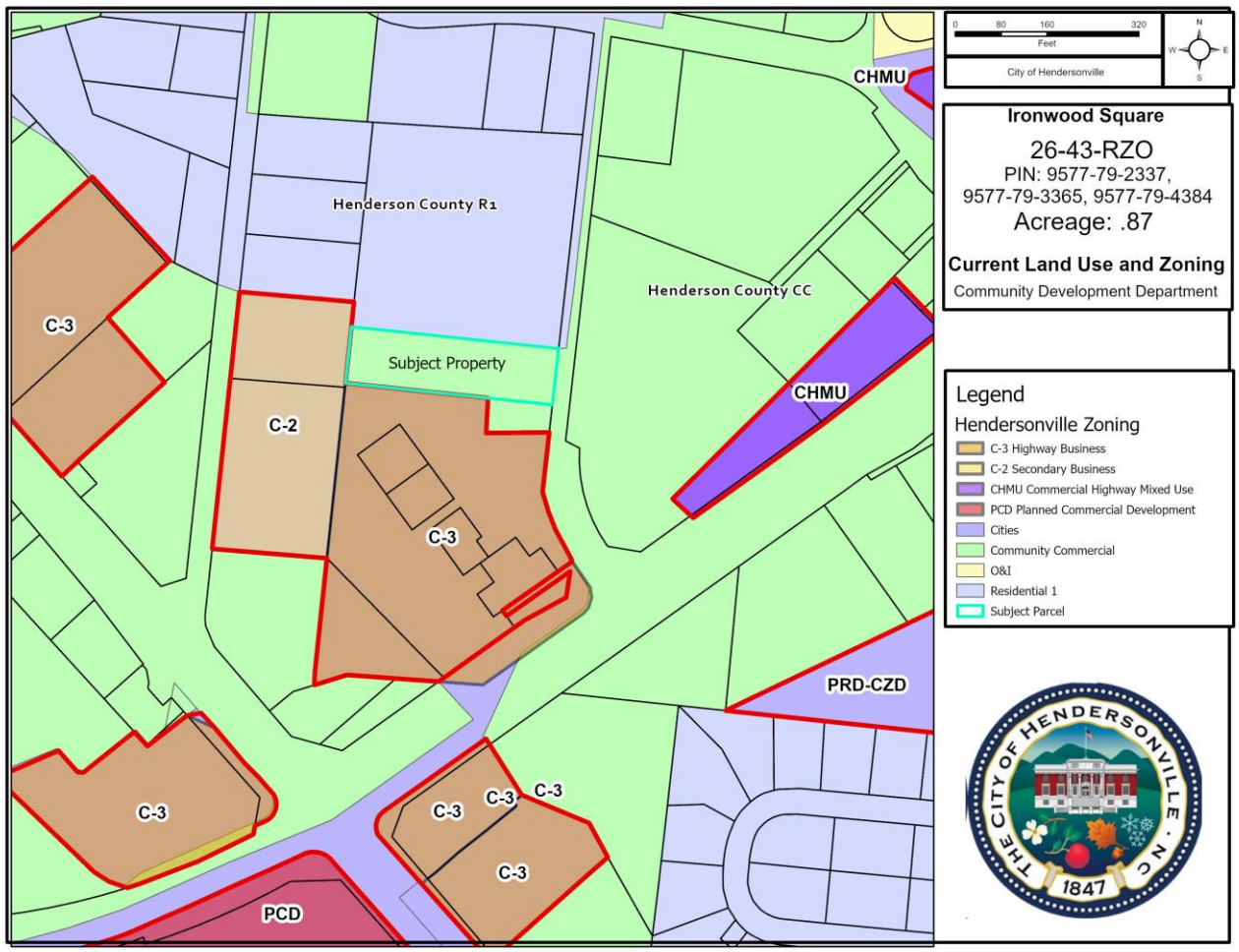
View looking east into subject property. The subject property is currently a mix of trees and open field.

SITE IMAGES



View further to the east of subject property.

EXISTING ZONING & LAND USE

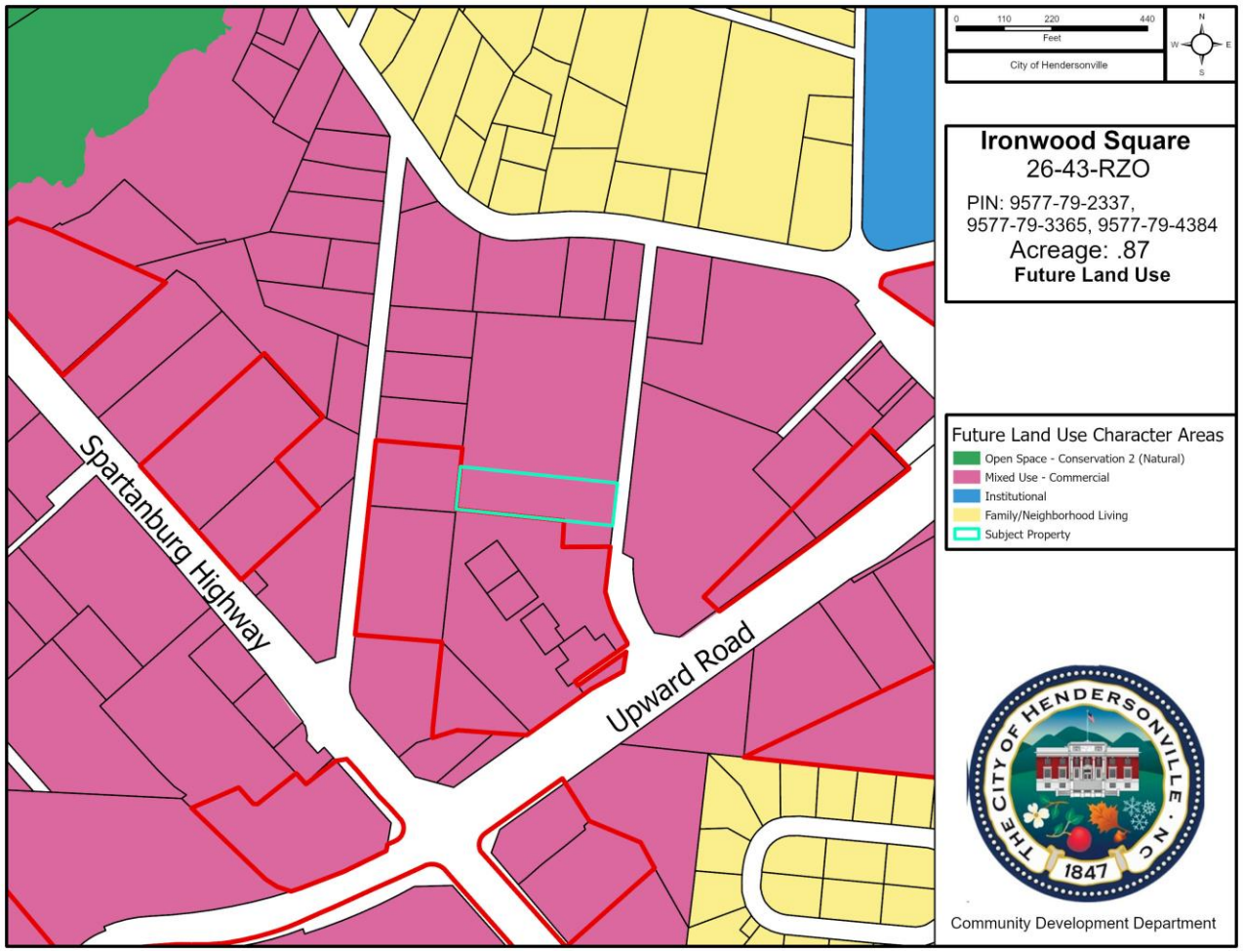


Existing Zoning & Current Land Use Map

The subject property is currently outside the municipal limits and the City's ETJ and is zoned Henderson County Community Commercial. The property is made up of a vacant 0.87 acre lot that fronts on Case Street. The adjacent parcel within City Limits is zoned C-3 Highway Commercial.

The land uses in this area are typical of an urban-rural transition area ranging from vacant and low density residential to higher intensity commercial uses. Immediately to the properties north is a manufactured home park, and to the east across Case Street is a vacant parcel. To the south is an office development.

FUTURE LAND USE



Future Land Use & Conservation Map

The City's Gen H 2045 Comprehensive Plan designates the subject property as "Mixed Use - Commercial" in the Future Land Use & Conservation Map. The adjacent properties all fall within this district. The description of the district is:

> *These areas are centers of activity with a mix of retail, restaurant, service, office, and civic uses, as well as various residential housing types. The mix can be horizontal or vertical, with changes in use between floors of the same building. Buildings of two or more stories are common, and streets feature short block lengths and pedestrian facilities. Open spaces include plazas, formal greens, and pocket parks. This activity center is intended to be the City's most intense district outside of the Downtown character area.*

REZONING STANDARDS (ARTICLE 11-4)

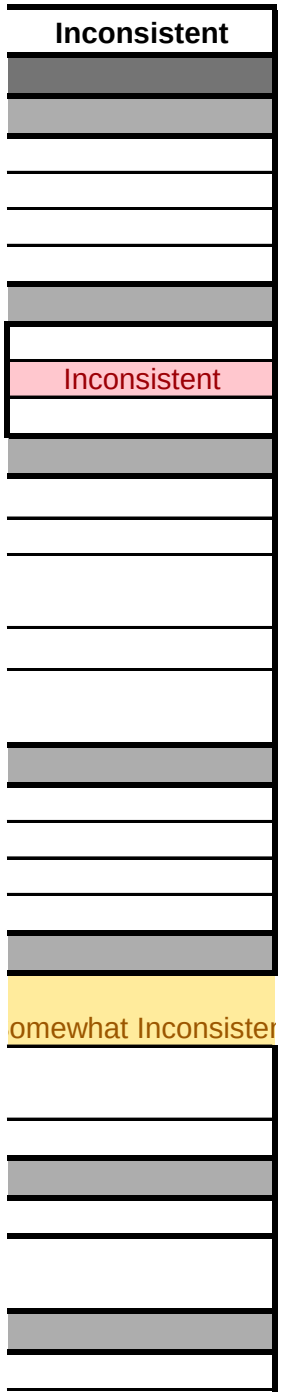
GENERAL REZONING STANDARDS: COMPREHENSIVE PLAN CONSISTENCY	
1) COMPREHENSIVE PLAN CONSISTENCY	**LAND SUPPLY, SUITABILITY & INTENSITY** The subject property is not included in the Land Supply Map or the Land Suitability Map. The subject property is located in an area designated as "***High Intensity***" for Development Intensity. The subject property is not located in one the 5 Focus Areas. The subject property is located in a Focused Intensity Node. **FUTURE LAND USE & CONSERVATION MAP** **Character Area Designation:** Mixed Use – Commercial **Character Area Description:** Consistent **Zoning Crosswalk:** Inconsistent **Focus Area Map:** NA
2) COMPATIBILITY	**Whether and the extent to which the proposed amendment is compatible with existing and proposed uses surrounding the subject property** **EXISTING CONDITIONS** The subject property is surrounded by commercial office space to its south. Other properties in city limits in the immediate vicinity are zoned C-3 and C-2, as well as CHMU. To the north in the County's jurisdiction, the uses are predominantly residential. To the immediate north is a manufactured home park. The subject property is vacant and undeveloped. **GEN H COMPREHENSIVE PLAN GOALS** (Chapter IV) **Vibrant Neighborhoods**: Consistent **Abundant Housing Choices**: Somewhat Consistent **Healthy and Accessible Natural Environment**: Consistent **Authentic Community Character**: Consistent **Safe Streets and Trails**: Consistent **Reliable & Accessible Utility Services**: Consistent **Satisfying Work Opportunities**: Consistent **Welcoming & Inclusive Community**: Consistent **Accessible & Available Community Uses and Services**: Consistent **Resilient Community**: N/A **GEN H COMPREHENSIVE PLAN GUIDING PRINCIPLES** (Chapter IV) **Mix of Uses:** Consistent **Compact Development:** Consistent **Sense of Place:** Somewhat Consistent **Conserved & Integrated Open Spaces:** Somewhat Inconsistent **Desirable & Affordable Housing**: Inconsistent **Connectivity**: Somewhat Consistent **Efficient & Accessible Infrastructure:** Somewhat Consistent **DESIGN GUIDELINES ASSESSMENT** – N/A
3) Changed	**Whether and the extent to which there are changed conditions,**

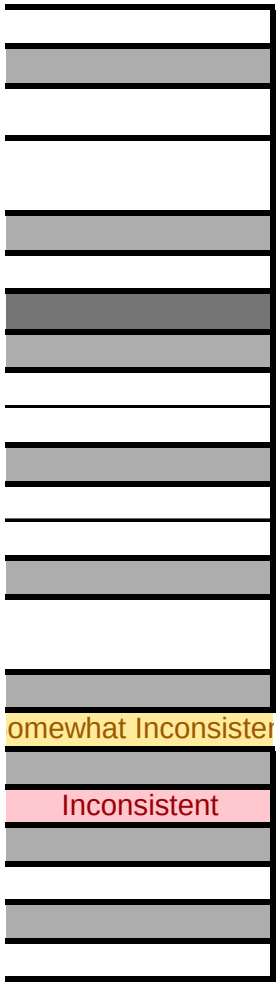
Conditions	**trends or facts that require an amendment -**
	This area is seeing gradual change over time from a residential area to a commercial node. The Gen H comprehensive plan calls out this area specifically because of the intersection of Spartanburg Highway and Upward Road.
4) Public Interest	**Whether and the extent to which the proposed amendment would result in a logical and orderly development pattern that benefits the surrounding neighborhood, is in the public interest and promotes public health, safety and general welfare -**
	The expansion of C-3 in this area does provide for one of the most robust commercial zoning districts in the City. However, there are limitations with this district because it does not offer many housing opportunities. Additionally, there are no design standards associated with this district.
5) Public Facilities	**Whether and the extent to which adequate public facilities and services such as water supply, wastewater treatment, fire and police protection and transportation are available to support the proposed amendment**
	The subject property was annexed by the City, and therefore, will connect to city utilities and will utilize other city services.
6) Effect on Natural Environment	**Whether and the extent to which the proposed amendment would result in significantly adverse impacts on the natural environment including but not limited to water, air, noise, storm water management, streams, vegetation, wetlands and wildlife -**
	The project will be required to meet any natural resource protection standards that are triggered through the development of the project.

Project Addresss - Rezoning Request | Project Number		
Chapter 4 - The Vision for the Future	**Consistent**	**Inconsistent**
SUPPLY, SUITABILITY, & INTENSITY		
LAND SUPPLY MAP (Pg. 80, Figure 4.4.2)	NA	NA
LAND SUITABILITY MAP (Pg. 83-85, Figure 4.5-4.7)	NA	NA
DEVELOPMENT INTENSITY MAP (Pg. 89, Figure 4.9)	Somewhat Consistent	NA
FUTURE LAND USE & CONSERVATION MAP		
Future Land Use and Conservation Map (Note classification here, Pg. 117, Figure 4.12.1)	**Mixed Use - Commercial**	
Character Area Description (Pg. 124-131)	Consistent	NA
Zoning Crosswalk (Pg. 132-133, Figure 4.18)	NA	Inconsistent

Chapter 4 - The Vision for the Future	Consistent
GOALS	
Vibrant Neighborhoods (Pg. 93)	
Promote lively neighborhoods that increase local safety.	Consistent
Enable well-maintained homes, streets, and public spaces.	Consistent
Promote diversity of ages (stage of life), income levels, and a range of interests.	Consistent
The design allows people to connect to nearby destinations, amenities, and services.	Consistent
Abundant Housing Choices (Pg. 93)	
Housing provided meets the need of current and future residents.	Somewhat Consistent
Range of housing types provided to help maintain affordability in Hendersonville.	
Housing condition/quality exceeds minimum standards citywide	Somewhat Consistent
Healthy and Accessible Natural Environment (Pg. 94)	
Recreational (active and passive) open spaces are incorporated into the development.	Somewhat Consistent
Water quality is improved with the conservation of natural areas that serve as filters and soil stabilizers.	Consistent
Natural system capacity (floodplains for stormwater; habitats to support flora/fauna; tree canopy for air quality, stormwater management, and microclimate) is maintained.	Consistent
Development is compact (infill/redevelopment) to minimize the ecological footprint.	Consistent
New development respects working landscapes (e.g., orchards, managed forests), minimizing encroachment.	Consistent
Authentic Community Character (Pg. 94)	
Downtown remains the heart of the community and the focal point of civic activity	Consistent
A development near a gateway sets the tone, presenting the image/brand of the community.	Somewhat Consistent
Historic preservation is utilized to maintain the city's identity.	Consistent
City Centers and neighborhoods are preserved through quality development.	Consistent
Safe Streets and Trails (Pg. 95)	
Interconnectivity is promoted between existing neighborhoods through the building out of street networks, including retrofits and interconnectivity of new developments.	S
Access is increased for all residents through the provision of facilities that promote safe walking, biking, transit, automobile, ride share, and bike share.	Consistent
Design embraces the principles of walkable development.	Consistent
Reliable & Accessible Utility Services (Pg. 95)	
Wastewater treatment (service and capacity) adequately serves existing and future development	Consistent
A compact service area (infill, redevelopment) maximizes the utilization of existing infrastructure and feasible service delivery.	Consistent
Satisfying Work Opportunities (Pg. 96)	
The development promotes quality job options.	Consistent

The lives of residents are enriched with opportunities to learn, build skills, and grow professionally.	Consistent
Welcoming & Inclusive Community (Pg. 96)	
Accessibility exceeds minimum standards of ADA, fostering residents' and visitors' sense of belonging.	Consistent
An inviting public realm (i.e., parks, public buildings) reflects the attitudes of city residents and leaders, and helps residents develop a sense of place and attachment to Hendersonville.	Somewhat Consistent
Accessible & Available Community Uses and Services (Pg. 97)	
Private development is plentiful, meeting the demands of current and future populations.	Consistent
GUIDING PRINCIPALS (pg. 98)	
Mix of Uses (Pg. 98)	
Revitalization of Outdated Commercial Areas	Consistent
New business and office space promotes creative hubs.	Consistent
Compact Development (Pg. 100)	
Development is consistent with efforts in the area to establish 15-minute neighborhoods.	Consistent
The infill project is context sensitive [Small Infill Site].	Consistent
Sense of Place (Pg. 102)	
The development contributes to Hendersonville's character and the creation of a sense of place through its architecture and landscape elements. [Placekeeping and Placemaking and 3rd Places]	Somewhat Consistent
Conserved & Integrated Open Spaces (Pg. 106)	
A diverse range of open space elements are incorporated into the development.	S
Desirable & Affordable Housing (Pg. 108)	
Missing middle housing concepts are used in the development.	
Connectivity (Pg. 112)	
The development encourages multimodal design solutions to enhance mobility.	Somewhat Consistent
Efficient & Accessible Infrastructure (Pg. 114)	
The development utilizes existing infrastructure	Somewhat Consistent


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PLANNING BOARD RECOMMENDATION
IRONWOOD SQUARE (26-43-CZD)
MEETING DATE: JULY 9TH, 2026

PETITION REQUEST: Initial Zoning: C-3 Highway Business

APPLICANT/PETITIONER: City of Hendersonville [Applicant/City Initiated Zoning], Conserving Carolina, Henderson County Children and Family Resource Center [Owner]

PLANNING BOARD ACTION SUMMARY:

The Planning Board voted 6-0 to recommend **approval** of this petition and adopted the following motion:

PLANNING BOARD MOTION:

Ms. Gilgis moved the Planning Board recommend City Council adopt an ordinance amending the official zoning map of the City of Hendersonville changing the zoning designation of the subject property (PINs 9577-79-2337, 9577-79-3365 and 9577-79-4384) from Henderson County Community Commercial to City of Hendersonville C-3, Highway Business, based on the following: 1. The petition is found to be consistent with the City of Hendersonville Gen H Comprehensive Plan based on the information from staff analysis and because: The proposed zoning of C-3 aligns with the Gen H 2045 Comprehensive Plan Future Land Use and Conservation Map and the Character Area description for mixed-use commercial. 2. Furthermore, we find this petition to be reasonable in the public interest based on the information from the staff analysis, public hearing, and because: C-3 zoning would allow for greater economic use of the subject property, given a wide range of permitted uses, and C-3 zoning along this corridor could lead to additional opportunities for commercial uses along a corridor that is seeing moderate development pressure. Ms. Flores seconded the motion which passed unanimously.

OVERVIEW OF BOARD ACTION

BOARD ACTION:

The Planning Board convened on this project for **20 minutes**.

Motion:

- Kyle Gilgis

Second:

- Laura Flores

Yeas:

- Jim Robertson, Betsey Zafra, David McKinley, Kyle Gilgis, Tamara Peacock, Laura Flores

Nays:

- None

Absent: Donna Waters, Lauren Rippy, Bob Johnson, Mark Russell

Recused: None

Ordinance #___-____

AN ORDINANCE OF THE CITY OF HENDERSONVILLE CITY COUNCIL TO AMEND THE OFFICIAL ZONING MAP OF THE CITY OF HENDERSONVILLE FOR CERTAIN PARCELS (POSSESSING PIN NUMBER 9577-79-2337, 9577-79-3365, AND 9577-79-4384) BY CHANGING THE ZONING DESIGNATION FROM HENDERSON COUNTY COMMUNITY COMMERCIAL, TO CITY OF HENDERSONVILLE C-3 HIGHWAY BUSINESS

IN RE: Parcel Numbers: 9577-79-2337, 9577-79-3365, and 9577-79-4384
Ironwood Square | File # 26-43-RZO

WHEREAS, the Planning Board took up this application at its regular meeting on July 9th, 2026 voting 6-0 to recommend City Council adopt an ordinance amending the official zoning map of the City of Hendersonville, and

WHEREAS, City Council took up this application at its regular meeting on August 6th, 2026, and

WHEREAS, City Council has found that this zoning map amendment is consistent with the City's comprehensive plan, and that it is reasonable and in the public interest for the reasons stated, and

WHEREAS, City Council has conducted a public hearing as required by the North Carolina General Statutes on August 6th, 2026,

NOW, THEREFORE, BE IT ORDAINED by the City Council of the City of Hendersonville, North Carolina:

1. Pursuant to Article XI of the Zoning Ordinance of the City of Hendersonville, North Carolina, the Zoning Map is hereby amended by changing the zoning designation of the following: Parcel Numbers: 9577-79-2337, 9577-79-3365, and 9577-79-4384, by changing the zoning designation from Henderson County Community Commercial to City of Hendersonville C-3 Highway Business

2. Any development of this parcel shall occur in accordance with the Zoning Ordinance of the City of Hendersonville, North Carolina.

3. This ordinance shall be in full force and effect from and after the date of its adoption.

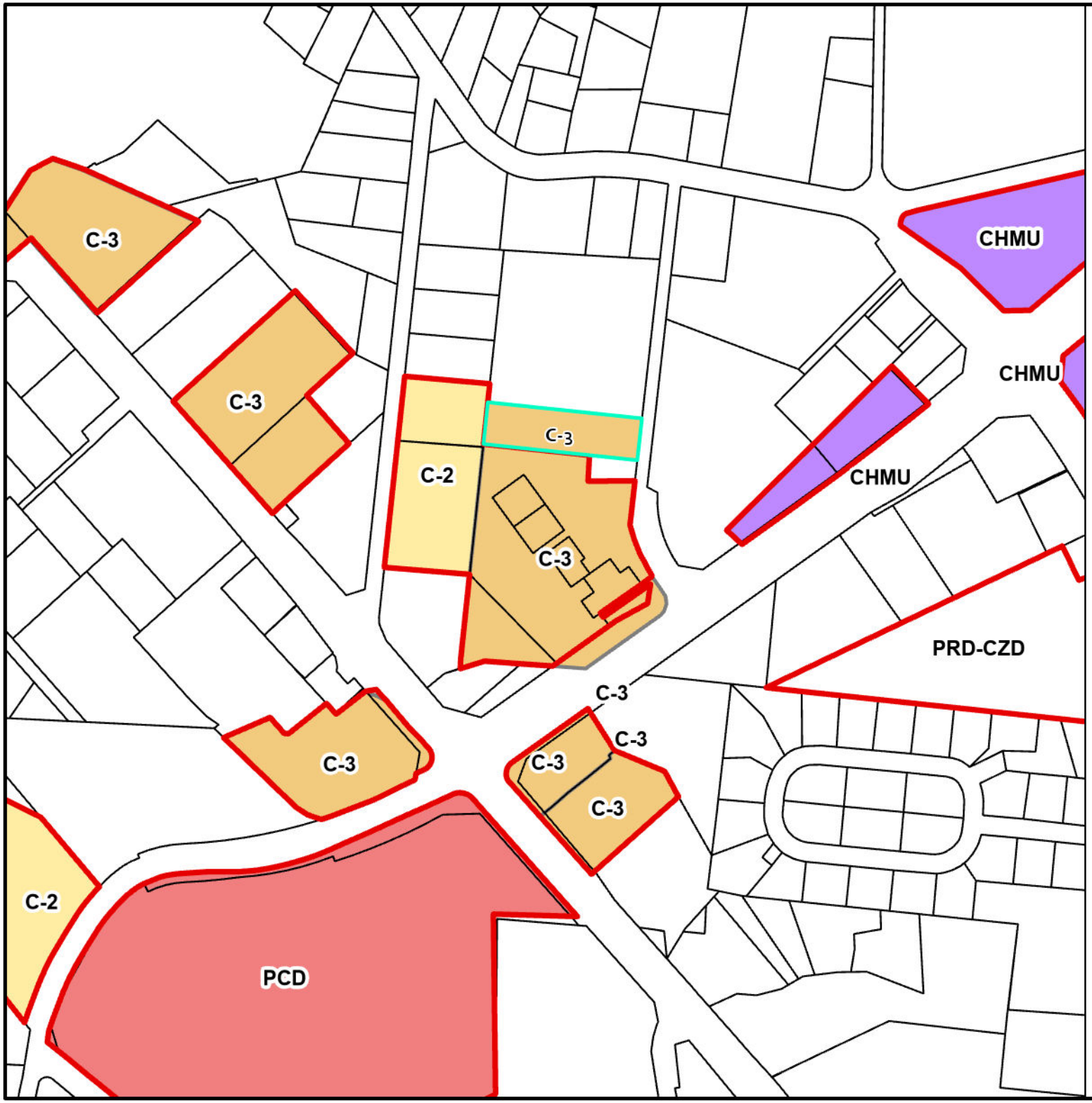
Adopted this 6th day of August 2026.

Attest: _____ Barbara G. Volk, Mayor, City of Hendersonville

_____
Jill Murray, City Clerk

Approved as to form:

_____
Angela S. Beeker, City Attorney



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Feet
City of Hendersonville
N
E
S

Ironwood Square
26-43-RZO
PIN: 9577-79-2337, 9577-79-3365, 9577-79-4384
Acreage: .87

Proposed Zoning
Community Development Department

Legend

Proposed Zoning

Hendersonville Zoning

- C-3 Highway Business
- C-2 Secondary Business
- CHMU Commercial Highway Mixed Use
- PCD Planned Commercial Development

THE CITY OF HENDERSONVILLE · N C
1847

WORKSPACE INFORMATION

Application number
26-43-RZO

Category
Standard Rezoning

Workspace state
Application complete

Workspace created
05/28/2026, 1:04:27 PM EDT

Application submitted
06/08/2026, 10:20:40 AM EDT

Assignee
Sam Hayes

Package generation date
06/29/2026, 4:11:47 PM EDT

LOCATION INFORMATION

Address
847 CASE STREET, Hendersonville, NC

Property information
9577792337,

PARTIES

NAME AND COMPANY	CONTACT DETAILS	ROLES
Sam Hayes	160 6th Avenue E Hendersonville +1 8282030307	Applicant
Emily Balcken Children and Family Resource Center	851 Case Street Hendersonville [redacted]	Property owner
Kieran Roe Conserving Carolina	847 Case Street Hendersonville [redacted]	Property owner
Sam Hayes	160 6th Avenue E Hendersonville [redacted]	Applicant

TABLE OF CONTENTS

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Zoning-Property Owner Company Information	6
Rezoning Pre-Consultation Form	7

Property Information	
Current Zoning County - Community Commercial	Proposed Zoning C-3

Adjacent Parcel Numbers and Uses	
PIN: 9577794384	Use:
PIN: 9577793365	Use:
PIN: 9577792337	Use:
PIN:	Use:
PIN:	Use:

Section 11-1 Standards

The advisability of amending the text of this Zoning Ordinance or the Official Zoning Map

is a matter committed to the legislative discretion of the City Council and is not controlled

by any one factor. In determining whether to adopt or disapprove the proposed

amendment to the text of this Ordinance or the Official Zoning Map, the City Council shall

consider the following factors among others:

a) Comprehensive Plan Consistency – Consistency with the Comprehensive Plan and amendments thereto.

The site is designated mixed use - commercial on the future land use map of the comprehensive plan, which aligns with the C-3 designation.

b) Compatibility with surrounding uses – Whether and the extent to which the proposed amendment is compatible with existing and proposed uses surrounding the subject property. (Also, see NCGS 160-601 (d) Down-Zoning

Surrounding properties within the city are zoned C-3.

c) Changed Conditions. Whether and the extent to which there are changed conditions, trends or facts that require an amendment. (Also, see NCGS 160D-601 (d) Down-Zoning)

The City Council is hearing the annexation petition at its July 2nd meeting.

d) Public Interest. Whether and the extent to which the proposed amendment would result in a logical and orderly development pattern that benefits the surrounding neighborhood, is in the public interest and promotes public heath, safety and general welfare. (Also, see NCGS 160D-601 (d) Down-Zoning)

The surrounding properties within the city limits are all zoned C-3.

e) Public Facilities. Whether and the extent to which adequate public facilities and services such as water supply, wastewater treatment, fire and police protection and transportation are available to support the proposed amendment. (Also, see NCGS 160D-601 (d) Down-Zoning)

The property will be served by City water/sewer.

f) Effect on Natural Environment. Whether and the extent to which the proposed amendment would result in significantly adverse impacts on the natural environment including but not limited to water, air, noise, storm water management, streams, vegetation, wetlands and wildlife

No signficant impact on the natural environment, however, any development will be required to conform to the City's natural environment protection standards.

Zoning-Applicant (Developer) Company Information

Applicant (Developer) Company Information	
Authorized Representative Name:	Company Name (if applicable, check corresponding box below)
Company Type: ☐ Corporation: ☐ Limited Liability Company: ☐ Trust: ☐ Partnership: ☐ Other:	If other:
Authorized Representative Title (if applicable - i.e. Member/Manager, President, etc.)	

Zoning-Property Owner Company Information

Property Owner Company Information (if different from Applicant)

Authorized Representative Name:

Company Name (if applicable, check corresponding box below)

Company Type:

If other:

☐ Corporation:

☐ Limited Liability Company:

☐ Trust:

☐ Partnership:

☐ Other:

Authorized Representative Title (if applicable - i.e. Member/Manager, President, etc.)

Rezoning Pre-Consultation Form

Project Description			
Project Description Initial zoning of 847 and 851 Case street. Three properties, pins: 9577792337, 9577793365, 9577794384.			
Total Project Area (acres) 0.87	Total Lots/Units 3	Proposed building square footage: 0.0 sq.ft.	Gen H Future Land Use Designation: mixed-use commercial
Current Zoning District Community Commercial	Proposed Zoning District C-3	Proposed Meeting Date Option 1 05/28/2026	Proposed Meeting Date Option 2 05/29/2026
Proposed Meeting Time Option 1 10:00 AM			Proposed Meeting Time Option 2 10:00 AM

CITY OF HENDERSONVILLE

AGENDA ITEM SUMMARY

SUBMITTER: Brian Pahle, Deputy City Manager

MEETING DATE: August 6th, 2026

AGENDA SECTION: New Business

DEPARTMENT: Administration

TITLE OF ITEM: FY24-FY26 Strategic Plan Closeout – *Brian Pahle, Deputy City Manager*

SUGGESTED MOTION(S):

N/A

SUMMARY:

An agenda item to present the final results of the City's FY24-FY26 Strategic Plan.

BUDGET IMPACT: $

Is this expenditure approved in the current fiscal year budget? N/A

If no, describe how it will be funded. N/A

ATTACHMENTS:

N/A

CITY OF HENDERSONVILLE

AGENDA ITEM SUMMARY

SUBMITTER: John Connet, City Manager **MEETING DATE:** 8/6/2026

AGENDA SECTION: NEW BUSINESS **DEPARTMENT:** Administration

TITLE OF ITEM: Discussion Regarding 4th Avenue Halloween Street Closure – *John Connet, City Manager*

SUGGESTED MOTION(S):

I move that the City Council discontinue the 4th Avenue Halloween Street Closure.

SUMMARY:

Over the last few years, the City has partially closed 4th Avenue on Halloween for safety concerns. The partial closure has resulted in a very large crowd on 4th Avenue on Halloween. Staff and our insurance carrier have safety concerns regarding this event. Staff is recommending that we discontinue the partial street closure.

BUDGET IMPACT: $ None

Is this expenditure approved in the current fiscal year budget? NA

If no, describe how it will be funded. NA

ATTACHMENTS:

None

CITY OF HENDERSONVILLE

AGENDA ITEM SUMMARY

SUBMITTER: Brent Detwiler **MEETING DATE:** August 6, 2026

AGENDA SECTION: NEW BUSINESS **DEPARTMENT:** Public Services

TITLE OF ITEM: Approval of On-Street Parking, Signage, and Pavement Marking Plan for S. Whitted Street and the Jordan Street/4th Street/Ecusta Trail Intersection – *Brent Detwiler, Assistant City Manager – Public Services*

SUGGESTED MOTION(S):

Motion to adopt resolution approving the Signing and Pavement Marking Plan and associated on-street parking regulations for S. Whitted Street and the Jordan Street/4th Street/Ecusta Trail intersection, as presented.

SUMMARY:

The City engaged McAdams Company to evaluate traffic, parking, and multimodal safety conditions along S. Whitted Street and at the intersection of Jordan Street and 4th Street adjacent to the Ecusta Trail. McAdams has completed a signing and pavement marking plan recommending on-street parking revisions, updated shared-lane bicycle markings (sharrows), an additional stop sign for the northbound S. Whitted approach, and supplemental signage to address a sight-obstructed stop sign near the Ecusta Trail crossing at the bottom of the hill. Staff also recommend Council consider related traffic calming measures (e.g., speed feedback signage or speed humps/wedges) on S. Whitted Street. Staff have reviewed the recommended plans and find they will improve safety for motorists, cyclists, and pedestrians, including trail users at both locations. Staff request Council approval of the attached plans and adoption of the accompanying resolution authorizing implementation of the on-street parking regulations and traffic control devices shown.

BUDGET IMPACT: N/A

Is this expenditure approved in the current fiscal year budget? Cost of signage/striping installation to be covered as part of annual operating budget

If no, describe how it will be funded. N/A

ATTACHMENTS:

1) Resolution Approving the Signing and Pavement Marking Plan and On-Street Parking Regulations for S. Whitted Street and the Jordan Street/4th Street/Ecusta Trail Intersection

2) McAdams Signing and Marking Plan – Jordan Street at 4th Street and S. Whitted Street

Resolution #__-____

RESOLUTION BY THE CITY OF HENDERSONVILLE CITY COUNCIL APPROVING THE SIGNING AND PAVEMENT MARKING PLAN AND ON-STREET PARKING REGULATIONS FOR S. WHITTED STREET AND THE JORDAN STREET/4TH STREET/ECUSTA TRAIL INTERSECTION

WHEREAS, N.C. Gen. Stat. § 160A-300 authorizes the City to provide for the design, installation, and maintenance of traffic control devices upon its streets, and N.C. Gen. Stat. § 160A-301(a) authorizes the City to regulate, restrict, and prohibit the parking of vehicles on its streets by ordinance; and

WHEREAS, Sec. 50-181(a) of the City of Hendersonville Code of Ordinances authorizes the City Council to designate parking zones, stop streets and intersections, and other traffic control measures within the City, with such designations to be reflected on the City's official Traffic Control and Parking Map maintained pursuant to Sec. 50-199 of the Code; and

WHEREAS, the City engaged McAdams Company to evaluate traffic, parking, and multimodal safety conditions along S. Whitted Street and at the intersection of Jordan Street and 4th Street adjacent to the Ecusta Trail; and

WHEREAS, McAdams Company has prepared a Signing and Pavement Marking Plan recommending on-street parking revisions, updated shared-lane bicycle markings (sharrows), additional stop sign control, and other traffic control devices for S. Whitted Street and the Jordan Street/4th Street/Ecusta Trail intersection; and

WHEREAS, City staff have reviewed the recommended plan and find that it will improve traffic and pedestrian/bicycle safety, on-street parking management, and connectivity to the Ecusta Trail at both locations.

NOW THEREFORE, BE IT RESOLVED by the City Council of the City of Hendersonville, North Carolina that:

1. The City Council hereby approves the Signing and Pavement Marking Plan prepared by McAdams Company for S. Whitted Street and the Jordan Street/4th Street/Ecusta Trail intersection, attached hereto and incorporated herein by reference.
2. The City Council hereby approves the on-street parking regulations, traffic control devices, and pavement markings depicted on the attached plans, and authorizes the City Manager, or his designee, to cause said signage and markings to be installed in conformance with the Manual on Uniform Traffic Control Devices (MUTCD), consistent with N.C. Gen. Stat. § 136-30.
3. The Assistant City Manager – Public Services, or designee, is directed to update the City's official Traffic Control and Parking Map, maintained pursuant to Sec. 50-199 of the City Code, to reflect the parking regulations and traffic control devices approved herein.
4. The City Manager, or designee, is authorized to take all actions reasonably necessary to implement this Resolution.

Adopted by the City Council of the City of Hendersonville, North Carolina on this _____ day of _____ 20____.

Attest: _____
Barbara G. Volk, Mayor, City of Hendersonville

_____
Jill Murray, City Clerk

Approved as to form:

_____
Angela S. Beeker, City Attorney

John Garner Cole, X:\Projects\HSV\HSV26002\04-Production\Transportation\Current Drawings\HSV26002-P1.dwg, 6.30.2026



ROADWAY DESIGN ENGINEER

DOCUMENT NOT CONSIDERED FINAL UNLESS ALL SIGNATURES COMPLETED

PREPARED BY
McADAMS
621 Hillsborough St Suite 500
Raleigh, NC 27603
NCBELS License Number: C-0293

CITY OF HENDERSONVILLE TRAFFIC EVALUATION

S. WHITTED STREET ON-STREET PARKING

REVISIONS

PRELIMINARY DESIGN - NOT RELEASED FOR CONSTRUCTION

Abby Jessee, X:\Projects\HSV\HSV26002\04-Production\Transportation\Current Drawings\HSV26002-P1.dwg, 6.30.2026



ROADWAY DESIGN ENGINEER

DOCUMENT NOT CONSIDERED FINAL UNLESS ALL SIGNATURES COMPLETED

PREPARED BY
McADAMS
621 Hillsborough St Suite 500
Raleigh, NC 27603
NCBELS License Number: C-0293

CITY OF HENDERSONVILLE TRAFFIC EVALUATION

JORDAN ST / 4TH AVE W & THE ECUSTA TRAIL

REVISIONS

1 2 3 4 5 6 7

PRELIMINARY DESIGN - NOT RELEASED FOR CONSTRUCTION

CITY OF HENDERSONVILLE

AGENDA ITEM SUMMARY

SUBMITTER: Krystal Powell, Finance Director **MEETING DATE:** August 6th, 2026

AGENDA SECTION: New Business **DEPARTMENT:** Finance

TITLE OF ITEM: Proposed Utility Billing Policy Changes – *Krystal Powell, Finance Director*

SUGGESTED MOTION(S):

N/A

SUMMARY:

An agenda item to consider adoption of Utility Billing Policy changes.

BUDGET IMPACT: $

Is this expenditure approved in the current fiscal year budget? N/A

If no, describe how it will be funded. N/A

ATTACHMENTS:

Utility Billing Policy Change Items – Summary View and Feedback Requested

Utility Billing and Collection Recommendations

Utility Billing Policy Change Items

Summary View — Council Feedback Requested

RECOMMENDED POLICY CHANGES

1 Property Owner & Tenant Responsibility

- Hold owner or tenant liable for unpaid balance before new service can start at another address
- Service automatically transfers to owner once tenant service ends and owner is responsible for charges moving forward; owner is NOT responsible for prior uncollected balance on tenant account
- No owner deposit required for non-owner-occupied property

2 Reduce Disconnection Timeline

- Reduce days of exposure from 96 to 68 days
- Disconnection date moves up approximately 4 weeks earlier

Note: **Disconnection Date will be added to Customer bills for transparency.**

3 Update Leak Adjustment Policy

- Define preventable vs. non-preventable leaks; preventable leaks not eligible for adjustment
- Allow one adjustment every 24 months (previously 36)
- Increase maximum adjustment from $1,000 to $3,000
- Require proof that the leak has been repaired

4 Corrective Billing

- Billing corrections aligned to a 2-year window for accounts that are underbilled or overbilled (previously 2 years if underbilled and indefinite amount of time if overbilled)

Late Fee Assessment Timing

Council Discussion — Late Fee Policy

CURRENT PRACTICE **Late fee assessed 10 days after the due date**

A Assess Next Day

STAFF PROPOSAL

- Late fee assessed 1 day after the due date
- Consistent with industry best practice – matches practice at other NC municipal utilities
- Earlier delinquency signal supports faster collections

B 5-Day Grace Period

ALTERNATIVE

- Late fee assessed after a 5-day grace period
- Gives customers additional time before the fee applies
- May slow early identification of delinquent accounts

FEEDBACK REQUESTED **Which approach should staff move forward with — Option A or Option B?**

PATH TO ADOPTION

Implementation Timeline



WHAT TAKES EFFECT

- New customer contract terms
- Ordinance amendment
- Billing policy amendment
- Credit card fees absorbed by customer
- Disconnection 4 weeks earlier for unpaid account balances
- Collection efforts kick off
- New leak adjustment policy
- Other minor policy changes

IMPLEMENTATION STEPS

- ✓ Staff training
- ✓ Customer notification campaign (letters, social media, website, realtors, attorneys)
- ✓ New contracts process made easy — customers can complete electronically without visiting City Hall
- ✓ Late Fee and Delinquent Account Fee waived for 2 months for customers to get used to new processes

Utility Billing and Collection Recommendations

July 22, 2026

Why Action Is Needed

$844,000

Total uncollected utility balance

92%

Of balances are 120+ days old

Balances aged past 120 days are historically very difficult to recover.

Outstanding Utility Receivables

Category	# of Accounts	Uncollected Balance
Inactive Accounts	4,800	$621,000
Suspended Accounts	240	$223,000
Total Outstanding	**5,040**	**$844,000**

Without intervention, these balances continue to grow — shifting costs onto paying customers and weakening the utility fund's financial position.

How Unpaid Balances Occur

Inactive Accounts

Customer moves out → Final bill exceeds security deposit → Remaining balance unpaid

Suspended Accounts

Service disconnected for nonpayment → Charges continue accumulating → Balance unpaid and continues to grow



Result

Large balances that age into uncollectible debt turning into missed utility revenue and bad-debt the utility fund must absorb.

What Have We Already Done?

Independent Utility Billing Business Review

- Reviewed operations, policy, security deposits & aging/collection processes
- Benchmarked against municipal utility best practices
- Delivered a roadmap of improvements

Strengthened Internal Operations

- Restructured Finance Dept. responsibilities
- Added dedicated collection specialist
- Increased focus on delinquent account management

Improved Collection Efforts

- Partnered with a professional collection agency
- Established formal collection procedures
- Expanded tools and ACH campaigns

Updated Security Deposit Requirements

- First comprehensive review in 7 years
- Better aligned deposits with customer risk & utility usage
- Reduces future bad debt and protects paying customers

Guiding Principles

Fiscal Responsibility

Protect utility revenues that fund City services and infrastructure.

Customer Fairness

Treat customers consistently and equally under policy and ordinance.

Operational Efficiency

Simplify administration and improve consistency across billing operations.

Governance & Compliance

Align contracts, policies, and ordinance with legal best practices.

Why Are We Proposing Changes?

These recommendations are designed to:

- **Reduce bad debt and improve revenue recovery to help maintain affordable utility services**
- **Improve collection rates**
- **Protect utility revenues and support long-term rate stability**
- **Protect paying customers**
- **Provide consistency between Ordinance, Billing Policy, and Customer Contracts**
- **Legally protect the City**

Recommended Council Actions

1. Clarify Property Owner and Tenant Responsibilities
2. Reduce Days of Exposure from 96 to 68 Days for Disconnection of Service
3. Update the Leak Adjustment Policy
4. Corrective Billing & Late Fee Policy Updates
5. Improve Collection Processes and Reduce Uncollectible Accounts
6. Align Ordinance, Billing Policy, and Customer Contract Terms

EXPECTED OUTCOMES

- ✓ Reduced bad-debt write-offs
- ✓ Increased legal & regulatory compliance for the City
- ✓ Fairer treatment across all customers
- ✓ Greater consistency across Ordinance, Billing Policy, & Customer Contract Terms
- ✓ Protect utility revenues

Property Owner & Tenant Responsibility

Current Challenge

When a tenant or owner leaves or stops service without paying the remaining balance, collection opportunities are very limited.

We have not been able to hold tenants or owners liable for these balances before they can request new service on a new property location.

KEY RECOMMENDATION

Proposed Solution

- Update contract terms that hold the property owner or tenant liable for paying balance on account before they can start service on a new account
- Service automatically transfers to owner once tenant service ends and owner responsible for charges
- No owner deposit for non-owner-occupied property
- Formal process to dispute amounts owed
- Ordinance, Policy & Contract updated to best practices

Result

Improved collections

Reduced bad debt

Greater accountability

Reduction of Days of Exposure

Disconnection of Service for Unpaid Utility Accounts

Current Process



96 Days

Proposed Process



68 Days

28 Days Sooner

Approximately 4 weeks earlier

BENEFITS

- ✓ Multiple customer notifications remain in place (4 notices go out before customer disconnected)
- ✓ Earlier identification of delinquent accounts
- ✓ Lower unpaid balance accumulation
- ✓ Improved collections

Customer Benefit: Disconnection dates will now appear directly on bills

Giving customers a clear, visible deadline to pay on time and avoid service interruption

Leak Adjustment Requests

Eligible (Non-Preventable)

- ✓ Underground service line leaks between meter and structure
- ✓ Hidden plumbing or fixture failures, include running toilets
- ✓ Sudden pipe bursts
- ✓ Service line failures not attributable to customer action
- ✓ Internal leaks not visible or reasonably discoverable

Not Eligible (Preventable)

- ✗ Faucets or spigots left running
- ✗ Hoses left on
- ✗ Irrigation systems left operating unattended
- ✗ Customer negligence or misuse (e.g. improperly closed valves)

Goal: Provide relief for unexpected leaks while encouraging responsible water use.

Leak Adjustment Request Form — available on the City website under Customer Service

Leak Adjustment Policy

Current vs. Proposed

Current	Proposed
No language in current policy regarding preventable leaks vs non-preventable leaks	**Preventable Leaks will not be eligible for leak adjustment**
Eligible for one adjustment every 36 months	**Eligible for one adjustment every 24 months**
$5 minimum leak adjustment to qualify for processing	**$20 minimum leak adjustment to qualify for processing**
$1,000 maximum adjustment allowed water and sewer combined	**$3,000 maximum adjustment allowed water and sewer combined**
Proof of leak being repaired not currently required	**Require proof that leak has been repaired**
Large leaks require bills to be recalculated using the lowest volumetric rate, followed by a fixed dollar adjustment.	**Leak adjustments are calculated using each customer's normal water usage rate, providing a more equitable and consistent adjustment.**

Leak Adjustments: Current vs. Proposed

Sample Adjustment Comparisons

Current	Proposed	Difference
$190.78	$209.41	+$18.63
$83.62	$116.34	+$32.72
$2,839.23	$3,000.00	+$160.77

Most customers would see equal or improved assistance under the proposed policy.

FY26 DATA

429 leak adjustments totaling $216,585 | Average of $505 per adjustment

8.62% of leak adjustments exceeded $1,000

Fewer than 1% of leak adjustments were under $20



$216,585

Total leak adjustments issued in FY26

$505

Average adjustment amount

429

Adjustments processed

Corrective Billing & Late Fee Policy

Current vs. Proposed

Policy Area	Current	Proposed
Corrective Billing Adjustments	Two-year correction period if customer underbilled; indefinite correction period if customer overbilled.	**Two-year correction if customer underbilled and two-year correction if customer overbilled**
Late Fee Penalty	Assessed 10 days after due date	**Assessed 1 day after due date**

WHY THIS MATTERS

- ✓ Ensures corrective billing changes are applied consistently across all accounts
- ✓ Earlier delinquency signal supports faster collections
- ✓ Consistent with industry best practice on applying late fees

Benefits to the City

These initiatives are designed to reduce bad debt, improve collection rates, protect utility revenues, and minimize the financial burden placed on paying customers — while creating consistency between Ordinance, Billing Policy, and Customer Contracts.

A comprehensive update of the Customer Contract, Ordinance, and Billing Policy streamlines processes, incorporates industry best practices, strengthens collections and enforcement, and better protects the financial interests of the City and its customers.



Helps keep the City legally compliant.

RESULTS

- **Fairer for Customers**
- **Consistent and Transparent Administration**
- **Reduced Financial Risk**
- **Sustainable Utility Operations**
- **Greater Rate Stability Over Time**

NEXT STEPS

Timeline, adoption process, and implementation actions

PATH TO ADOPTION

Implementation Timeline



WHAT TAKES EFFECT

- New customer contract terms
- Ordinance amendment
- Billing policy amendment
- Credit card fees absorbed by customer
- Disconnection 4 weeks earlier for unpaid account balances
- Collection efforts kick off
- New leak adjustment policy
- Other minor policy changes

IMPLEMENTATION STEPS

- ✓ Staff training
- ✓ Customer notification campaign (letters, social media, website, realtors, attorneys)
- ✓ New contracts process made easy — customers can complete electronically without visiting City Hall
- ✓ Late Fee and Delinquent Account Fee waived for 2 months for customers to get used to new processes

Questions?

CITY OF HENDERSONVILLE

AGENDA ITEM SUMMARY

SUBMITTER: John Connet, City Manager **MEETING DATE:** 8/6/2026

AGENDA SECTION: NEW BUSINESS **DEPARTMENT:** Administration

TITLE OF ITEM: Consideration of Community Advisory Committee Charter and Rules of Procedure – *John Connet, City Manager*

SUGGESTED MOTION(S):

I move that the City Council approve the Community Advisory Committee Charter and Rules of Procedure as presented or as amended.

SUMMARY:

Upon direction of City Council staff has drafted a Charter and Rules of Procedure for the Community Advisory Committee. This Committee will advise City Council on matters associated with transparency, communication and engagement.

BUDGET IMPACT: $ NA.

Is this expenditure approved in the current fiscal year budget? NA

If no, describe how it will be funded. NA

ATTACHMENTS:

Proposed Charter and Rules of Procedure

COMMUNITY ADVISORY COMMITTEE

CHARTER AND RULES OF PROCEDURE

The Community Advisory Committee (CAC) is a connecting point between municipal government and residents. It is a way for the City to share information about government activities and to receive feedback from the community. The Community Advisory Committee is being formed to help educate residents about City government and to provide them with better representation and input about City decisions. The CAC shall provide input and guidance for the City Council's strategic objective to prioritize transparency, communication, and engagement with its residents. The terms of the charter shall govern the activities of the Committee. However, to the extent the Charter conflicts with North Carolina Law, North Carolina Law shall control.

ARTICLE I. NAME. Community Advisory Committee

ARTICLE II. PURPOSE. The purpose of this Committee is to serve as an advisory role to the City Council in matters pertaining to transparency, communication, and engagement.

ARTICLE III. JURISDICTION. The Committee shall exercise its purpose, with regards to matters and issues within the corporate limits of the City of Hendersonville.

ARTICLE IV. MEMBERSHIP AND DUTIES

Section 1. Membership and Appointment. All appointments shall be made by the City of Hendersonville City Council. The Committee shall consist of seven (7) at- large members and with the Mayor serving as the City Council liaison, and the Mayor Pro Tempore serving as the alternate City Council liaison. The City Council liaison and alternate liaison are not considered members for purposes of quorum or voting. The City Manager shall appoint a staff liaison to the Committee who shall assist the Committee with carrying out their duties and responsibilities.

Section 2. Terms of Service. Committee members shall be appointed to staggered three-year terms by the City Council annually in June. No member shall serve more than two consecutive full three-year terms. Members shall serve without compensation. At the end of a member's term they must take a one-year hiatus before seeking reappointment to the Committee.

At initial appointment for this Committee, City Council shall hereby implement staggered term for members, meaning that three (3) members of the Committee membership shall be appointed for an initial term to run from July 1, 2026 to June 30, 2027, two (2) members of the Committee membership shall be appointed for an initial term to run from July 1, 2026 to June 30, 2028, and two (2) members of the Committee membership shall be appointed for an initial tern, to run from July 1, 2026 to June 30, 2029. Thereafter appointments shall be for 3-year terms unless filling an unexpired term.

Section 3. Attendance. Any member who misses more than three consecutive regular meetings or more than one-half the regular meetings held in a calendar year shall cease to be a Committee member.

Section 4. Vacancies and Reasons for Dismissal. All members serve at the pleasure of the City of Hendersonville City Council. Members may be dismissed for any reason, with or without cause. Vacancies shall be filled at the earliest convenience of the City Council. A vacancy of the chair or vice chair shall be elected by a majority of the Committee at the next regularly scheduled meeting. Notwithstanding the foregoing, at any meeting where both the Chair and Vice Chair are absent, the Committee shall elect from those members present a member to preside at that meeting.

Section 5. Resignations. Any member who feels they can no longer serve or otherwise fulfil the duties of a member may resign from the committee. Such resignation must be in writing and delivered to the secretary. The secretary shall promptly send a copy of the written resignation to the City Clerk.

ARTICLE V. MEETINGS

Section 1. Meetings to Be Open to the Public. Except as permitted below, all meetings of the committee shall be open to the public, and any person may attend its meetings. For purposes of these rules, a meeting of the committee occurs whenever a majority of the committee's members gather, either in person or simultaneously by electronic means, to conduct hearings, deliberate, vote, or otherwise transact public business within the committee's real or apparent jurisdiction. The term "majority" as used here and elsewhere in these rules means, unless otherwise specified, a simple majority, that is, more than half. For voting purposes, a majority shall mean a majority of the members present and eligible to vote. For quorum purposes a majority means 4 members. No meeting shall occur except as part of a duly called and advertised meeting. For the avoidance of doubt informal gatherings of a majority of the members where business of the committee is discussed are strictly prohibited.

Section 2. Regularly Scheduled Meetings. The Committee shall hold regular meetings at least quarterly. The Committee shall annually adopt a regular meeting schedule showing the dates, times and places of its regular meetings for the year.

a) Notice of Regular Meeting Schedule. The Committee shall ensure that a copy of its current regular meeting schedule, complete with the date, time, and place of each regular meeting, is filed with the City Clerk and posted on the City's website, and the committee's webpage if they have one.

b) Change to Regular Meeting Schedule. The Committee may revise its regular meeting schedule to change the date, time or place of a particular regular meeting or all regular meetings within a specified period. The Committee shall ensure that the revised regular meeting schedule is filed with the City Clerk at least seven (7) consecutive calendar days before the first meeting held pursuant to the revised schedule. The Committee shall also have the revised schedule posted on the City's website and the Committee's webpage if they have one.

Section 3. Special Meetings. The Chair, Mayor or Mayor Pro Tem may at any time call a special meeting of the Committee by signing a notice stating the date, time and place of the special meeting and the subjects to be considered. Alternatively, a special meeting may be called by vote of the Committee in open session during a regular meeting or another duly called special meeting if on the special meeting agenda.

1) **Notice to the public.** At least 48 hours before a special meeting, the Committee shall cause written notice of the meeting date, time, place and purpose(s) to be:

   (i) Posted on the Committee's principal bulletin board or, if the Committee has no such bulletin board, at the door of the Committee's usual meeting room.

   (ii) Mailed or delivered to each newspaper, wire service, radio station and television station and person who has filed a written request for notice with the secretary; and

   (iii) Posted on the City's website.

2) **Notice to Committee Members.** For all special meetings, notice of the meeting date, time, place and purpose(s) shall be mailed, emailed, or delivered to all members of the Committee at least 48 hours before the meeting. If the special meeting was called at another duly held meeting of the committee, and

one or more members were absent, the chair shall ensure that notice of the meeting's date, time, place, and purpose(s) is mailed, emailed, or delivered to any absent member(s) a minimum of forty-eight hours in advance of the special meeting.

3) **Business Conducted at a Special Meeting**. Only the business that is specified in the notice of the meeting may be transacted during a special meeting.

Section 4. Organizational Meeting. On the date and at the time of the regular meeting in July or as soon thereafter as possible, the Committee shall elect a chair and vice chair as its first order of business. The second order of business shall be to adopt an annual scheduled of meetings for the upcoming calendar year.

Section 5. Electronic Committee Meetings and Member Participation. No member who is not physically present may participate in a meeting of the Committee by electronic means except in accordance with this rule.

I) **Electronic Meetings Generally.** Provided a quorum is present, in person, at a meeting, Committee members may participate in a meeting electronically provided. Any member wishing to participate electronically in a meeting shall be required to give the Chair and the Secretary at least thirty-six (36) Hours before the start of the meeting. When one or more members are participating remotely, the following rules shall apply:

(a) *Member Identification.* Each member who attends by electronic means shall identify himself or herself in each of the following situations:

i. when roll is taken or the meeting begins;

ii. before taking part in deliberations, including making any motions, proposing any amendments, or raising any points of order; and

iii. before voting.

(b) *Method of Electronic Participation.* Any member who attends electronically shall use a means of communication that enables the member to hear what is said by other Committee members and any person who addresses the Committee and to be heard by other Committee members.

(c) *Voting.* The Committee shall conduct all votes by roll call. It may not vote by secret or written ballots. The votes of any member who attends by electronic means shall be counted as if the member were physically present, but only while the Committee maintains electronic communication with that member.

(d) Minutes. The minutes shall which members took part electronically, and when such members joined or left the electronic meeting.

2) **Electronic Meetings During a State of Emergency Declared by the Governor or General Assembly.** During any state of emergency declared by the Governor or General Assembly pursuant to G.S. 166A-19.20, a meeting of the Committee shall comply with the requirements of this paragraph if the Committee falls within the emergency area and at least one Committee member attends the meeting by conference call, conference video, or other electronic means.

(a) *Notice.* The public notice for any regular, special, emergency, or recessed meeting that is subject to this paragraph shall specify how the public can access the electronic meeting in real time.

(b) *Member Identification.* Each member who attends by electronic means shall identify himself or herself in each of the following situations:

i. when roll is taken or the meeting begins;

ii. before taking part in deliberations, including making any motions, proposing any amendments, or raising any points of order; and

iii. before voting.

(c) M*eeting Materials.* All documents considered during the meeting shall be furnished to each Committee member.

(d) *Method of Electronic Participation.* Any member who attends electronically shall use a means of communication that enables the member

i. to hear what is said by other Committee members and any person who addresses the Committee and

ii. to be heard by other Committee members.

(e) *Quorum.* A member who attends by electronic means counts as present for quorum purposes, but only while the Committee maintains electronic communication with that member.

(f) *Voting.* The Committee shall conduct all votes by roll call. It may not vote by secret or written ballots. The votes of any member who attends by electronic means shall be counted as if the member were physically present, but only while the Committee maintains electronic communication with that member.

(g) *Acting by Reference.* The Committee shall not deliberate, vote, or otherwise take action on any matter by reference to the agenda or any other document unless copies of the agenda or document are available for public inspection at the meeting and so, recorded that persons in attendance can understand what is being deliberated or acted upon.

(h) *Minutes.* The minutes shall indicate that the meeting was conducted by electronic means, which members took part electronically, and when such members joined or left the electronic meeting.

(i) *Lire Streaming.* The meeting shall be streamed live online so that live audio (and video, if any) are available to the public. If the Committee meets by conference call, the public shall have an opportunity to dial in or stream the audio live and listen to the electronic meeting.

(j) *Public Hearings.* Although it may conduct any public hearing mandated or permitted by law, the Committee shall allow the public to submit written comments on the hearing's subject matter between the publication of any required notice and twenty-four hours after the hearing.

Section 6. Cancellation of Meetings. Whenever there is no business for the Committee the chair may cancel a regular meeting, or the chair may cancel a special meeting called by the chair, by giving reasonable notice to all members before the time set for the meeting. However, in the case of a special meeting called by a majority of the Committee, the chair may cancel the meeting only upon

the concurrence of a majority of the Committee. The majority concurring in the cancellation need not be the same majority that called the special meeting.

Section 7. **Recessed Meetings**

Calling Recessed Meetings. When conducting a properly called regular, special, or emergency meeting, the Committee may recess the meeting to another date, time, or place by a procedural motion made and adopted in open session, as provided in Article XI, Section 5 (Motion 3). The motion shall state the time (including the date, if the meeting will resume on a different day) and place at which the meeting will resume. Notice of the recessed meeting should be, but is not required to be, placed on the City's website.

Section 8. Order of Business Items shall be placed on a regular meeting agenda according to the order of business. The usual order of business for each regular meeting shall be as follows:

adoption of the agenda,

approval of the previous meeting minutes,

public comment,

public hearings,

administrative reports

Committee reports

unfinished business

new business.

Without objection, the chair may call agenda items in any order most convenient for the dispatch of business.

Section 9. Agenda

(a) Proposed Agenda. The secretary in consultation with the chair shall prepare a proposed agenda for each meeting. Any Committee member may, with 7 days notice, have an item placed on the proposed agenda. Each Committee member shall receive a copy of the proposed agenda and any attachments, and they shall be available for public inspection and/or distribution when they are distributed to the Committee members.

(b) Adoption of Agenda. As its first order of business at each meeting, the Committee shall, as specified in Article 8, discuss and revise the proposed agenda and adopt an agenda for the meeting. The Committee may by majority vote to add items to or subtract items from the proposed agenda, except that the Committee may not add items to the agenda of a special meeting unless (a) all members are present and (b) the Committee determines in good faith at the meeting that it is essential to discuss or act on the item immediately. If items are proposed to be added to the agenda, the Committee may, by majority vote, require that written copies of documents connected with the items be made available at the meeting to all Committee members.

The Committee may designate certain agenda items for discussion and possible action. Such designation means that the Committee intends to discuss the general subject area of that agenda item before making any motion concerning that item.

Section 10. Meeting Minutes. Minutes Required for All Meetings. The Committee shall keep full and accurate minutes of its meetings, including any closed sessions which shall be prepared by the secretary. To be "full and accurate," the minutes must record all actions taken by the Committee, as well as the Committee's compliance with any applicable procedural requirements. The minutes should set out the precise wording of each motion and make it possible to determine the number of votes cast for and against each motion. The minutes need not record Committee member discussions, though the Committee in its discretion may decide to incorporate such details into the minutes.

a) Record of "Ayes" and "Noes." At the request of any member, the minutes shall indicate how each member voted by name on a particular matter.

Section I1. Public Input. Public input at all Committee meetings shall have a three-minute limit per speaker. The Chair reserves the right to alert time limits for public comment periods.

Section 12. Broadcasting and Recording Meetings. Any person may photograph, film, tape-record, or otherwise reproduce any part of a Committee meeting that must take place in open session. Except as provided in paragraph (c) of this rule, any radio or television station may broadcast any such part of a Committee meeting.

a) Advance Notice. Any radio or television station that plans to broadcast any portion of a Committee meeting shall so notify the City clerk no later than twenty-four hours before the meeting. The failure to provide notice is not, by itself, grounds for preventing the broadcast of a Committee meeting.

b) Equipment Placement. The Committee chair or the staff liaison may regulate the placement and use of camera or recording equipment in order to prevent undue interference with a Committee meeting, so long as he or she allows the equipment to be placed where it can carry out its intended function. If the Committee chair or staff member determines in good faith that the equipment and personnel necessary to broadcast, photograph, or record the meeting cannot be accommodated without undue interference to the meeting, and an adequate alten1ative meeting room is not readily available, the chair or staff member may require the pooling of the equipment and the personnel operating it.

c) Alternative Meeting Site. If the news media request an alternative meeting site to accommodate news coverage, and the Committee grants the request, the news media making the request shall pay the costs incurred by the local government unit in securing an alternative meeting site.

ARTICLE VI. VOTING

a) Duty to vote. It is the duty of each member, including the chair, to vote unless otherwise excused. The Committee may excuse members from voting on any matter involving their own financial interest, official conduct, or when a member has indicated an inability to be impartial in any matter before the Committee.

b) Abstentions. Should a member fail to vote on any matter before the Committee, without having been excused from such vote, such abstention will count as an affirmative vote.

ARTICLE VII. REQUIRED OFFICERS

Section I. **Presiding Officer.** The presiding officer of each meeting of the Committee shall be the chair of the Committee. In situations where the chair is unavailable or unable to participate in the meeting or any particular matter before the Committee, the vice chair shall preside. In the event that neither the chair nor the vice chair is available, the members of the Committee, by affirmative vote of the majority, may appoint an acting chair who shall have all powers of the chair while acting as presiding officer.

Section 2. Selection of the Chair and Vice Chair. The chair shall be selected by majority vote of the Committee. The vice chair shall be elected by a majority vote of the Committee.

Section 3. Powers and Duties of the Chair and Vice Chair. The chair shall preside at all meetings of the Committee but shall also have the right to engage in discussion and vote on any matter before the Committee unless otherwise excused. The chair shall have the power to call a special meeting, rule on procedural matters during a meeting, call a brief recess of a meeting at any time, and adjourn a meeting in an emergency. At any other time, adjournment shall be by motion, duly approved. The vice chair shall have all powers and perform all the duties of the chair in his or her absence.

Section 4. Duties of the Chair.

(a) Presiding Officer. The chair shall preside over the meetings of the Committee.

(b) Voting by the Chair. The chair has the same duty to vote as other members, though in no event may the chair break a tie on a motion on which he or she has already voted.

(c) Recognition of Members. A member must be recognized by the chair (or other presiding officer) in order to address the Committee.

(d) Powers as Presiding Officer. As presiding officer, the chair is to enforce these rules and maintain order and decorum during Committee meetings. To that end, the chair may

(1) rule on points of parliamentary procedure, to include ruling out of order any motion clearly offered for obstructive or delaying purposes;

(2) determine whether a member or other speaker has gone beyond reasonable standards of courtesy in his or her remarks and entertain and rule on objections from other members on this ground;

(3) entertain and answer questions of parliamentary procedure;

(4) call a brief recess at any time; and

(5) adjourn in an emergency.

Section 5. Duties of the Secretary. The City Manager shall assign a staff person to the Committee who shall serve as the secretary of the Committee and shall perform the following:

a) The secretary shall ensure that all meetings of the Committee are properly noticed.

b) The secretary shall maintain the sunshine list. That is a list of those persons or entities that have filed a written request indicating a desire to receive notice of all special meetings of the Committee.

c) The secretary shall take and record the actions of the Committee and draft minutes of the meetings accordingly. Minutes shall be sent to Committee members prior to their next regularly scheduled meeting. The secretary shall also forward a copy of the minutes as they are approved to the City Clerk and post on the City's website

d) The secretary shall be responsible for maintaining an accurate list of members of the Committee, submitting to the City Clerk a quarterly attendance report for its members and notifying the City Clerk of any resignations of any of its members, or any other change in membership of the Committee.

Section 6. Schedule for Elections. Election of the Chair, and Vice-Chair shall take place annually at the organizational meeting of the committee.

ARTICLE VIII. REFERENCE TO ROBERT'S RULES OF ORDER NEWLY REVISED. The Committee shall refer to *Robert's Rules of Order Newly Revised* for guidance when confronted with a procedural issue not covered by these rules or state law. Having consulted *Robert's,* the presiding officer shall make a ruling on the issue subject to appeal to the Committee under Article XI, Section 5 (Motion 1).

ARTICLE IX. REPORTS.

Section I. **Annual Report.** The Committee shall make a report to the City of Hendersonville City Council at least annually. This report must be submitted no later than May31st of each year.

Section 2. Public Records Law. The Committee shall abide by North Carolina Public Records Law N.C.G.S. Chapter 132.

ARTICLE X. ACTION BY THE COMMITTEE.

Section 1. Quorum. A majority (four) of the members shall constitute a quorum. No action of the Committee may be taken at any meeting where less than the required quorum is present, except for adjourning the meeting.

Section 2. **Motions and Voting.** Action of the Committee may be taken upon a motion made by any member, including the chair, without the need for a second. A motion shall be adopted if approved by the affirmative vote of a majority of the members present and not excused after full discussion of the motion by the members.

Section 3. Withdrawal of Motion

The member who introduces a motion may withdraw the motion unless the motion has been amended or put to a vote.

Section 4. Substantive {or Main) Motions

A substantive motion is not in order when any other motion is pending. Once the Committee disposes of a substantive motion, it may not take up a motion that presents essentially the same issue at the same meeting unless it first adopts a motion to reconsider pursuant to Article XI, Section 5 (Motion 13).

Section 5. Procedural Motions

(a) Certain Motions Allowed. The Committee may consider only those procedural motions listed in this rule. Unless otherwise noted, each procedural motion may be debated and amended and requires a majority of votes cast, a quorum being present, for adoption.

(b) Priority of Motions. The procedural motions set out in this paragraph are listed in order of priority. A procedural motion is not in order so long as another procedural motion of higher priority is pending, except that any procedural motion other than an appeal under Motion 1 is subject to amendment as provided in Motion 11 and a motion to call the question (end debate) may be made with regard to any procedural motion in accordance with Motion 8.

When several procedural motions are pending, voting shall begin with the procedural motion highest in priority, except that a motion to amend or end debate on the highest-priority motion shall be voted on first.

Motion 1. To Appeal a Ruling of the Presiding Officer. Any member may appeal the presiding officer's ruling on whether a motion is in order or on whether a speaker has violated reasonable standards of courtesy. The presiding officer's response to a question of parliamentary procedure may also be appealed by any member. An appeal is in order immediately after the disputed ruling or parliamentary response and at no other time. The member who moves to appeal need not be recognized by the presiding officer, and if timely made, the motion may not be ruled out of order.

Motion 2. To Adjourn. This motion may be used to close a meeting. It is not in order if the Committee is in closed session.

Motion 3. To Recess to a Time and Place Certain. This motion may be used to call a recessed meeting as permitted under Article V Section 8. The motion must state the time (including the date, if the meeting will be reconvened on a different day) and place at which the meeting will resume. The motion is not in order if the Committee is in closed session.

Motion 4. To Take a Brief Recess.

Motion 5. To Follow the Agenda. This motion must be made at the time an item of business that deviates from the agenda is considered; otherwise, the motion is out of order as to that item.

Motion 6. To Suspend the Rules. To be adopted, a motion to suspend the rules must receive affirmative votes equal to two-thirds of the Committee's actual membership, excluding any vacant seats. The Committee may not suspend provisions in these rules that restate state law requirements.

Motion 7. **To Defer Consideration.** The Committee may defer its consideration of a substantive motion, and any proposed amendments thereto, to an unspecified time. A motion that has been deferred expires unless the Committee votes to revive it pursuant to Motion 12 within 100 days of deferral. A new motion having the same effect as a deferred motion may not be introduced until the latter has expired.

Motion 8. To End Debate (Call the Previous Question). If adopted, this motion terminates debate on a pending motion, thereby bringing it to an immediate vote. This motion is not in order until every member has had an opportunity to speak once on the pending motion.

Motion 9. To Postpone to a Certain Time. This motion may be employed to delay the Committee's consideration of a substantive motion, and any proposed amendments thereto, until a designated day, meeting, or hour. During the period of postponement, the Committee may not take up a new motion raising essentially the same issue without first suspending its rules pursuant to Motion 6.

Motion 10. To Refer a Motion to a Subcommittee. The Committee may vote to refer a substantive motion to a subcommittee for study and recommendations. While the substantive motion is pending before the subcommittee, the Committee may not take up a new motion raising essentially the same issue without first suspending its rules pursuant to Motion 6. If the subommittee fails to report on the motion within sixty days of the referral date, the Committee shall take up the motion if asked to do so by the member who introduced it.

Motion 11. To Amend

(a) Germaneness. A motion to amend must concern the same subject matter as the motion it seeks to alter.

(b) Limit on Number of Motions to Amend. When a motion to amend is under consideration, a motion to amend the amendment may be made; however, no more than one motion to amend and one motion to amend the amendment may be pending at the same time.

Motion 12. To Revive Consideration. The Committee may vote to revive consideration of any substantive motion that has been deferred pursuant to Motion 7, provided it does so within 100 days of its vote to defer consideration.

Motion 13. To Reconsider. The Committee may vote to reconsider its action on a matter, provided the motion to reconsider is made (1) at the same meeting during which the action to be reconsidered took place and (2) by a member who voted with the prevailing side. For purposes of this motion, "the same meeting" includes any continuation of a meeting through a motion to recess to a certain time and place (Motion 3). The motion is not in order if it interrupts the Committee's deliberation on a pending matter.

Motion 14. To Rescind. The Committee may vote to rescind an action taken at a prior meeting, provided rescission is not forbidden by law.

Motion 15. To Prevent Reintroduction for Six Months. This motion may be used to prevent the reintroduction of a failed substantive motion for a time, but it is in order only when made immediately following the substantive motion's defeat. To be adopted, this motion must receive affirmative votes equal to at least two-thirds of the Committee's total membership, excluding vacant seats. If this motion is adopted, the ban on reintroduction remains in effect for six months or until the Committee's next organizational meeting, whichever occurs first.

Section 6. <u>Debate</u>

The presiding officer shall state the motion and then open the floor to debate, presiding over the debate according to the principles listed below.

The maker of the motion is entitled to speak first.

A member who has not spoken on the issue shall be recognized before a member who has already spoken.

To the extent practicable, debate shall alternate between proponents and opponents of the measure.

Section 7. Adoption by Majority Vote

A motion is adopted if supported by a simple majority of the votes cast, a quorum being present, except when a larger majority is required by these rules or state law.

Section 8. Changing a Vote

A member may change the member's vote on a motion at any time before the presiding officer announces whether the motion has passed or failed. Once the presiding officer announces the result, a member may not change a vote without the unanimous consent of the remaining members present. A member's request for unanimous consent to change a vote is not in order unless made immediately following the presiding officer's announcement of the result.

Section 10. Appointing Sub Committees. Subcommittees may only be appointed by vote of the Committee members at a regular meeting. The Committee by vote shall also establish the purpose of which subcommittees are established, and the subcommittee should only conduct business that is within the purpose so adopted. All meetings of subcommittees shall be considered special meetings and shall be conducted and noticed in accordance with Article 5. Section 3. Special Meetings.

ARTICLE XI. AMENDMENTS. The Committee may amend these bylaws by action of the Committee; provided however, those amendments shall not be effective until they are approved by Hendersonville City Council.

Originally approved by the City Council on the _____ day of _____,

2026.

CITY OF HENDERSONVILLE

AGENDA ITEM SUMMARY

SUBMITTER: Jennifer Floyd **MEETING DATE:** 08/06/2026

AGENDA SECTION: City Manager Report **DEPARTMENT:** Administration

TITLE OF ITEM: July 2026 Contingency and Adjustment Report – *John Connet, City Manager*

SUGGESTED MOTION(S):

N/A – Presentation Only.

SUMMARY:
In accordance with North Carolina General Statute (NCGS) 159-13(b) it is required that all expenditures resulting from a contingency appropriation budget be reported to the governing board at its next regular meeting and recorded in the minutes.

NCGS 159-15 permits the Budget Officer (City Manager), to transfer budget from one appropriation to another within the same fund, provided any such transfers are reported to the Governing Board. The City of Hendersonville refers to transfers of budget from one appropriation to another within the same fund as a "budget adjustment". City Council authorizes budget adjustments each year with the adoption of the annual budget ordinance (SECTION 4).

This agenda item serves to fulfill the reporting requirements of both NCGS 159-13(b) and 159-15 by providing City Council a summary of all amendments and adjustments occurring thus far in the fiscal year.

BUDGET IMPACT: Detailed Above

Is this expenditure approved in the current fiscal year budget? N/A

If no, describe how it will be funded. N/A

ATTACHMENTS:
Contingency and Adjustment Report

FISCAL YEAR 2025 - 2026 (FY26)
BUDGET AMENDMENTS AND ADJUSTMENTS

Completed	Corrected
Proposed	Denied

ACCOUNT NUMBER	ACCOUNT DESCRIPTION	EXISTING BUDGET	INCREASE	DECREASE	REVISED BUDGET

DESCRIPTION	APPROVED	TYPE	AMENDMENT NUMBER

CITY OF HENDERSONVILLE

AGENDA ITEM SUMMARY

SUBMITTER: John Connet **MEETING DATE:** 8/06/2026

AGENDA SECTION: CLOSED SESSION **DEPARTMENT:** Administration

TITLE OF ITEM: Closed Session – *John Connet, City Manager*

SUGGESTED MOTION(S):

I move that City Council enter closed session pursuant to NCGS § 143-318.11 (a) (1) and (6) 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 consider the qualifications, competence, performance, character, fitness of an individual public officer or employee.

SUMMARY:

City staff is requesting a closed session 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 consider the qualifications, competence, performance, character, fitness of an individual public officer or employee.

BUDGET IMPACT: $ TBD

Is this expenditure approved in the current fiscal year budget? NA

If no, describe how it will be funded. NA

ATTACHMENTS:

None