

**ORDINANCE AMENDMENT TO
CAPITAL RESERVE FUND ORDINANCE #O-24-28**

**AN ORDINANCE SETTING CAPITAL RESERVE GUIDELINES FOR
THE CITY OF HENDERSONVILLE, NORTH CAROLINA
FOR THE YEAR BEGINNING JULY 1, 2024, AND ENDING JUNE 30, 2025**

WHEREAS, under North Carolina General Statute (NCGS) §159-18 the City of Hendersonville is authorized to establish and maintain a capital reserve for any purposes for which bonds may be issued; and,

WHEREAS, the capital reserve fund will be used in conjunction with a multi-year capital improvement program to be reviewed annually during the budget process; and,

WHEREAS, North Carolina General Statute §162A Article 8 (d) requires system development fee revenues be accounted for by means of a capital reserve fund; and,

WHEREAS, the City of Hendersonville adopted Capital Reserve Fund Ordinance #O-24-28 on June 6, 2024 to account for capital project funding and system development fee revenues; and,

WHEREAS, the City of Hendersonville is amending Capital Reserve Fund Ordinance #O-24-28 to account for additional system development fee proceeds received during the fiscal year beginning July 1, 2024, and ending June 30, 2025 (FY25) and is appropriating a certain amount to maintain a balanced budget; and,

WHEREAS, the City Council deems it is in the best interest of the citizens of Hendersonville to maintain a water & sewer capital reserve to fund future capital improvements; and,

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

SECTION 1: That the following Water & Sewer System Development Fee revenues were collected from July 1, 2024, through June 30, 2025 (FY25) and are to be transferred from the Water & Sewer Operating Fund (060) to the Water & Sewer Capital Reserve Fund (459):

Description	Amount
FY25 Water System Development Fee Revenues	(\$143,269)
FY25 Sewer System Development Fee Revenues	(\$32,211)
FY25 TOTAL System Development Fee Revenues	(\$175,480)

SECTION 2: That the City Council of the City of Hendersonville hereby maintains a Capital Reserve Fund (CRF) for the purpose of saving for, and funding future water and sewer infrastructure improvement projects related to system expansion and system rehabilitation:

RESERVE FOR WATER CAPITAL IMPROVEMENT PROJECTS: Reserve funds for the purpose of funding water infrastructure-related system expansion and system rehabilitation capital improvement projects that are considered eligible for cost through system development fees. Projects considered eligible in this category are:

- Current and future water line rehabilitation and improvement projects.
- Current and future water treatment facility rehabilitation and improvement projects.
- Current and future water pump facility rehabilitation and improvement projects.
- Annual debt service on water capital projects.
- Funding to support debt service coverage requirements.

RESERVE FOR SEWER CAPITAL IMPROVEMENT PROJECTS: Reserve funds for the purpose of funding sewer infrastructure-related system expansion and system rehabilitation capital improvement projects that are considered eligible for cost through system development fees. Projects considered eligible in this category are:

- Current and future sewer line rehabilitation and improvement projects.
- Current and future sewer treatment facility rehabilitation and improvement projects.
- Current and future sewer pump facility rehabilitation and improvement projects.
- Annual debt service on sewer capital projects.
- Funding to support debt service coverage requirements.

Description	Amount
FY25 Water System Development Fee Appropriation	\$0
FY25 Sewer System Development Fee Appropriation	\$0
FY25 TOTAL System Development Fee Appropriation	\$0
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FY25 Available System Development Fee Appropriation	\$175,480

No FY25 system development fee revenues are appropriated to projects at this time; all FY25 revenues shall remain reserved for future eligible capital improvements in accordance with North Carolina General Statutes §159-18 and §162A-209.

SECTION 3: That the Capital Reserve Fund (CRF), as amended, shall remain effective until all eligible current and future projects are completed or when no balance remains; and, the CRF may be amended by the City Council of the City of Hendersonville as needed to add, modify, or eliminate projects and appropriations.

SECTION 4: That the amended Capital Reserve Fund Ordinance shall become effective and binding upon adoption by the City Council of the City of Hendersonville.

Passed and adopted at the regular meeting of the City Council of the City of Hendersonville, North Carolina, held this 4th day of December 2025.

ATTEST:

Barbara G. Volk, Mayor, City of Hendersonville

City Clerk

Approved as to form:

City Attorney