

Ordinance #O-26-15

**ORDINANCE AMENDMENT TO  
CAPITAL RESERVE FUND ORDINANCE #0-25-58**

**AN ORDINANCE SETTING CAPITAL RESERVE GUIDELINES FOR  
THE CITY OF HENDERSONVILLE, NORTH CAROLINA  
FOR THE YEAR BEGINNING JULY 1, 2026, AND ENDING JUNE 30, 2027**

WHEREAS, under North Carolina General Statute 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 is amending Capital Reserve Fund Ordinance #0-25-58 to account for additional system development fee proceeds received during the fiscal year beginning July 1, 2026, and ending June 30, 2027 (FY27) 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 BUDGET:** That the following Water & Sewer System Development Fee revenues were collected from July 1, 2026, through June 30, 2027 (FY27) and are to be transferred from the Water & Sewer Operating Fund (060) to the Water & Sewer Capital Reserve Fund (459):

Description	Amount
<b>FY27 Water System Development Fee Revenues</b>	<b>(\$600,000)</b>
<b>FY27 Sewer System Development Fee Revenues</b>	<b>(\$250,000)</b>
<b>FY27 TOTAL System Development Fee Revenues</b>	<b>(\$850,000)</b>

**SECTION 2 PURPOSE:** 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.

**RESERVE FOR SEWER 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 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.

**SECTION 3 TIMEFRAME:** That revenues for Water and Sewer Fund related capital projects will be raised over a period of five (5) fiscal years - from July 1, 2025 (FY26) to June 30, 2030 (FY30).

**SECTION 4 AMOUNTS ACCUMULATED:** That this fiscal year (FY27), the City will transfer \$850,000 from the Water and Sewer Fund (060) to the Water and Sewer Capital Reserve Fund (459). The Water and Sewer Capital Reserve Fund has an estimated balance to end the fiscal year June 30<sup>th</sup>, 2026 of \$150,000. The City will save \$2,000,000 of SDF revenue in the CRF for future system expansion projects. The City anticipates spending \$2,000,000 on system rehabilitation and expansion projects.

**SECTION 5 REVENUE SOURCES:** That the SDF revenue source planned for the CRF is a transfer from the Water and Sewer Fund. Each year delineated, the City will transfer from the Water and Sewer Fund to the CRF until \$2,000,000 is accumulated.

Passed and adopted at the regular meeting of the City Council of the City of Hendersonville, North Carolina, held this 4<sup>th</sup> day of June 2026.

ATTEST:

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Barbara G. Volk, Mayor, City of Hendersonville

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Jill Murray, City Clerk

Approved as to form:

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Angela S. Beeker, City Attorney