

SPECIAL MEETING
BOARD OF ALDERMEN
TOWN OF WAYNESVILLE
TOWN HALL
MAY 20, 2008
TUESDAY, 5:15 P.M.

The Board of Aldermen held a special meeting at 5:15 p.m. on Tuesday, May 20, 2008. Board Members present were Mayor Gavin Brown, Aldermen Libba Feichter, Gary Caldwell, Kenneth Moore and LeRoy Roberson. Also present was Town Manager Lee Galloway, Finance Director Eddie Caldwell and Assistant to the Town Manager, Alison Melnikova.

Mayor Brown called the meeting to order at 5:15 p.m. and advised that the purpose was to have the presentation of the proposed 2008-2009 Town Budget. He called upon Town Manager Galloway to begin the session.

Board members had received a copy of the budget during the previous week and had begun reviewing the document. Galloway led a discussion about the current, 2007-2008 budget, noting revenue sources or expenditures which were significantly off what had been projected for the year. He explained that overall, the Town had experienced a good year financially. He noted that although the General Fund budget included an appropriation of \$682,080 from reserve funds in order to balance the budget, it appeared that it would not be necessary to use any funds from reserves to balance the General Fund budget for the 2007-2008 fiscal year. In other funds, Galloway noted that Water Fund reserves would be tapped more than expected to cover the higher costs of the expansion of the lab at the plant. The Sewer Fund would only require an estimated \$18,000 to balance the budget, while the Electric Fund would need \$65,410 to cover costs of the increasing fuel adjustment charges from Progress Energy.

Attention then turned to the proposed budget for 2008-2009 and the Town Manager and Finance Director explained the difficulty they encountered with preparing the document. They pointed out that the rapidly increasing energy costs was making it extremely hard to project how much would be needed for gasoline and diesel fuel in the coming year. Finance Director Caldwell pointed out that over the past four years, fuel had increased from \$101,000 to an estimated \$375,000, with costs continuing to rise. The Town Manager noted that in addition to the cost of fuel, there were related cost increases for tires and plastic water pipe and anything else with petroleum as a base. He also pointed out that almost every vendor that delivers now adds a fuel charge to their invoice. These increases and the uncertainties of future increases made it very difficult to present a budget in which the Town Staff was entirely comfortable.

Galloway and Caldwell discussed the various revenues sources in the General Fund and noted that increases were proposed in Garbage Fees, Fire Service Fees for outside residents and in Recreation Fees. The property tax rate was set to remain at 40 cents per \$100 valuation. In discussing garbage fees, Galloway noted that the County had not finalized the amount of their tipping fee increase, so that it might be necessary for the Town to increase garbage fees more based upon what the County did. Finance Director Caldwell noted that since the new Recreation Center opened eight years ago, fees had only increased one time, three years ago, and Town Staff feels it is reasonable to increase the charges this year.

The Town has had discussions with Haywood County about establishing a fire district to cover all areas outside the town which are served by the Waynesville Fire Department. At present, there are three fire districts, South Waynesville, Camp Branch and Big Cove, with each paying 6 cents per \$100 in fire service taxes. Other areas the Town serves may pay a monthly fee on their water bill, if the Town provides water. There are many cases though where properties are served and pay nothing. By having one district for all areas served by Waynesville, all those receiving the service will pay for the service. If the County fails to implement the new fire district and tax everyone in the Waynesville district, it is recommended that the fire fee for those outside the districts be increased to more adequately recover the cost to provide the services.

Galloway explained that the budget included an across the board pay increase of 3.5% for full-time personnel. He noted that because of fairly good experience on health insurance for the current fiscal year, rates were proposed to only rise 5.5%; however, Blue Cross-Blue Shield had offered to keep the rates the same if the Town would agree to a \$10 per prescription increase on the purchase of brand name or specialty drugs. He noted that with such a rate reduction, the Finance Director and he felt it was well worth making the change.

Caldwell explained that many capital outlay requests had to be pared down in order to allow for the higher costs of gasoline and diesel fuel. As those costs continue to increase, he noted that there may need to be budget cuts during the year to cover the higher fuel expense.

During the meeting, Board members expressed concerns that the Town be adequately prepared to improve and expand the Informational Technology sector of Town government. There was particular concern about that Police Department and the impact it would have if the officer handling technology issues in that department chose to retire. It was also noted that there was a desire to continue the emphasis of sidewalks and bike paths in the town, and the Board was pleased to learn that Town Staff was pursuing the Bike Grant Study from the Department of Transportation.

After completing the review of the General Fund, the Board agreed to meet again on Wednesday, May 21, at 5:15 p.m.

Motion by Alderman Roberson, seconded by Alderman Feichter and passed unanimously to adjourn the Board meeting and reconvene at 5:15 p.m. on Wednesday, May 21, 2008, for continued discussion of the 2008-2009 budget proposal.

A. Lee Galloway
Town Manager

Gavin A. Brown
Mayor