

**MINUTES OF THE TOWN OF WAYNESVILLE BOARD OF ALDERMEN
SPECIAL SESSION MEETING
JUNE 17, 2013**

THE WAYNESVILLE BOARD OF ALDERMEN held a special budget workshop on Monday, June 17, 2013 at 5:30 p.m. in the old board room of the Municipal Building, 16 South Main Street, Waynesville, NC.

CALL TO ORDER

Mayor Brown called the meeting to order at 5:30 p.m. with the following members present:

Mayor Gavin A. Brown
Alderman/Mayor Pro Tem Wells Greeley
Alderman Julia Freeman
Alderman LeRoy Roberson
Alderman Gary Caldwell

The following staff members were present:

Marcy Onieal, Town Manager
Alison Melnikova, Assistant Town Manager/Deputy Clerk
Eddie Caldwell, Finance Director
Bill Hollingsed, Police Chief
Brian Beck, Acting Captain

- **Police Department Assigned Vehicle—
Brian Beck, Acting Captain
Bill Hollingsed, Police Chief**

Mayor Brown asked that the assigned vehicle program be discussed first as board members had requested additional information. Mayor Brown thanked Lieutenant Beck and Chief of Police Bill Hollingsed for their thorough research into what other communities do.

Lieutenant Beck reported that because of overlapping use of vehicles, the Police Department is averaging 105,000 to 130,000 miles per vehicle and a two-three year lifespan, with the vehicle being hot-seated 24 hours a day. He checked on average lifespan of vehicles with other area law enforcement agencies, finding they ranged from about 90,000 to 150,000 miles per vehicle. He believes the Town will achieve a 7-8 year rotation on each assigned vehicle with an average of 120,000 miles/vehicle with an individually assigned vehicle program.

Handouts were provided for the board including: Existing Rotation; Police Vehicle Assignment and Rotation Schedule—Proposed; Criminal Investigation Vehicle Rotation—Proposed; Expense Breakdown—Assigned vs. Current; Explanation of Fuel Costs & Projected Repairs; and Projection of Saved Staff Hours & Cost. Bill Hollingsed thanked Lt. Beck and Sergeant Tim O'Neill for their time taken on this project.

Alderman Roberson asked if can we do major repairs on police vehicles in-house. Chief Hollingsed said that if we can keep a car assigned, we will be able to do major repairs under warranty because we will be keeping them longer under warranty (based on mileage) and all other repairs can be done in house. Cars running twelve hours on three to four shifts per week will have much lower maintenance costs than hot-seated cars running 24/7.

Mayor Brown said he assumed there would be some form of policy about personal use of the vehicles. Chief Hollingsed said he has written draft policies, but did not want to introduce them before approval of the proposal. He said the department will have “a good policy in place” including punishment for violations that can include suspension from use of assigned vehicle.

Mayor Brown asked about mileage limitations if someone is hired outside the County. Chief Hollingsed said he would rather not do a timed response, but rather a mile radius or within county lines. Another option would be for those who do not live inside the county to compensate the town for out of town use. All options would be considered.

Alderman Caldwell asked if the cost has been figured for additional insurance on that many cars. Manager Onieal indicated that the town has a blanket fleet policy and Finance Director Eddie Caldwell confirmed that costs would not rise significantly. The tags are expected to cost only \$10/vehicle/year.

Alderman Roberson asked about the issue of tracking officers’ work hours in terms of assigned vehicle use. Chief Hollingsed answered time would start when the officers arrive at work and clock in, although there may be times when an officer would need to respond to a situation coming to or from work in which case the officer would write time in on their time card. Ms. Onieal added this would be documented in dispatch. Chief Hollingsed said stops would be made in civilian clothes only if it is a flagrant violation or, as Lieutenant Beck added, if the department is trying to find someone on outstanding warrants. All of that would be covered in the written policy.

Alderman Caldwell’s concern is that buying fifteen cars at one time has the appearance of being a big financial hit for citizens. Alderman Caldwell asked why the cars couldn’t be gradually stepped into, with half being new and half surplus. Chief Hollingsed reported the department looked into phased replacement, but the department would be buying more cars in the long run. Chief Hollingsed said “it would end up costing more because of constantly having to rotate hot-seated cars. And as for surplus cars, according to Lieutenant Beck, “it is hard to find a surplus car that doesn’t have well over 100,000 miles on it”.

Mayor Brown asked about the cost to outfit the police department vehicles. Chief Hollingsed said all the cars will have radios and computers but not radars; radar will be assigned to those who work in traffic. The new cars would also be fitted with plastic back seats which can be hosed down, representing a slightly higher upfront cost, which saves operational time and cleaning costs over the life of the vehicle.

Mayor Brown asked about the assigning of the vehicles within the department. Lieutenant Beck said those in the police department are assigned vehicles by function and would have that vehicle for the life of that car, unless there is a change in job assignment.

Lieutenant Beck said the Town is broken into three zones, as equal as we could make it with some areas larger than others. There are a range of different mileages per zone. Also, supervisors put less hours on their cars than patrol.

Manager Onieal explained that over the next eight year period, the town would have to buy the same number of vehicles (57 vehicles over eight years), whether they were purchased upfront for an assigned vehicle program or replaced annually as the Town has been accustomed to doing. But with the proposed program, everyone is assigned a vehicle up front, wear and tear on the vehicles is considerably lessened, no vehicles will need to be purchased in FY14-15, by FY15-16, the town will be back on a routine replacement schedule, and by the end of the first 8-year cycle, the lifespan of the entire fleet will have been extended from 2-3 years to 7-8 years, meaning that the number of new vehicles which will need to be purchased annually from that point forward will be cut in half (or more). At the end of ten years the Town will realize significant savings in the purchase of vehicles and in the meantime there will be slightly reduced maintenance costs and increased efficiency/productivity of personnel, valued at roughly \$90,000 per year, in the time saved by officers not having to clean/equip/trade-out vehicles at each shift change.

Alderman Greeley mentioned this proposal provides for a good recruiting tool, since assigned vehicle programs are in place all around this region. He added he appreciates these figures, the research done, because they “clearly tell me this is a good deal, a wise investment, but I didn’t think that to begin with”. Chief Hollingsed and Lieutenant Beck gave instances where some of the “best and brightest” declined to come to Waynesville because the police department did not offer this program.

Mayor Brown appreciated Chief Hollingsed and Lieutenant Beck’s time and effort in making it “easy to see this is obviously an investment”. Mayor Brown added that it is important for the public to see police vehicles on the street.

Julia Freeman said this is a heavy pill to swallow but after having made numerous phone calls, she understands this makes a difference in officers’ morale, “and public safety speaks volumes to me”. Julia said the Police Department had “out-done themselves on research”.

Alderman Greeley said the town is in an enviable position to do this and very wise.

Alderman Roberson said Chief Hollingsed and Lieutenant Beck gave a good presentation and Chief Hollingsed thanked Town Manager Marcy Onieal and Finance Director Eddie Caldwell for the time they spent on this proposal.

- **Non-Profit Allocation Recommendation—Alderman Caldwell**

Mayor Brown said the list of non-profits has changed over the years with no particular philosophy in choosing and no bias whatsoever across the board. Mayor Brown reported, “we were up to \$156,000 in April of 2009, then pared it down to \$100,000 in recent years. He asked board members to let him know if they feel any of the proposed allocations are inappropriate, adding that the town receives tremendous benefit from providing these public funds.

Alderman Caldwell mentioned ROTC’s program for veterans as being beneficial. Mayor Brown said the Pigeon Community Center helps put money directly toward utilities. Chamber of Commerce is a good fit and would be placed in the category of economic development. KARE is on the list and “we all know where families will be if we don’t assist”. Mountain Mediation helps before “issues get to Bill’s [Hollingsed’s] office. Big Brothers is an investment; we are saving money in the long run. Wells Greeley

said he likes the Board is helping with utilities, as an in-kind way of funding. Mayor Brown said we are making sure money gets spent on something functional. The Open Door soup kitchen, Pigeon Community Center, and Haywood County Rescue Squad all received utility subsidies throughout the year.

Dr. Roberson said he likes Asheville Symphony and that the educational program for schools is a good program, but he suggested waiting on that allocation until their plans and partners in the community are solidified. He added he would not vote against the budget if it is included, but recommended assigning the \$2500 proposed for the Asheville Symphony to undesignated future uses to be available for any agency, including the Symphony, especially if they receive additional requested funding from the school system, county, or other sources during the year.

- **Fee Schedule Review**

Mayor Brown said there were very modest changes and only to a few items. We “charge ourselves for street lighting, providing it to the community”: \$264,800.00 is budgeted for street lights.

Alderman Roberson asked who makes theft investigation if you have a meter that has been tampered with. Manager Onieal indicated that employees in meter reading, electric division, inspections and ultimately police can all be involved depending on the nature of the tampering. The fee is \$75 for tampering.

Alderman Greeley noted the proposed change in cemetery fees to support the perpetual care fund: an increase to \$1,500.00 per plot.

- **Impact of General Assembly Decisions on Junaluska/Tax Reform/State Budget**

Town Manager Onieal hopes to have an answer from General Assembly before June 30 and hopes after budget and tax reform bills pass, this will clear the log jam on the annexation bill before the session closes. Ms. Onieal reported that there is a chance our bill will just die with the session adjourning before action is taken, but if so it could be reintroduced in the short session. The proposed budget is based on annexation being approved for the current fiscal year. If Junaluska does not come through, and/or the state’s legislative action regarding tax reform has a detrimental impact on municipal revenues, then the manager would not be recommending the new proposed fire, police or IT programs, because we could not guarantee an ongoing revenue stream to cover those costs.

The State budget is up in the air and the biggest hits the Town may take are associated with various provisions of the tax reform bill, including the proposed elimination of sales tax reimbursement for non-profits and municipalities. Other proposals include eliminating, or diverting to state coffers, revenue from utility, beer & wine and franchise taxes and elimination of business privilege license revenue. So far, the proposals being debated do not have a hold harmless provision that would identify replacement revenues for municipalities if these large cuts are enacted. If this bill passes the Town is looking at a loss of half a million dollars or more per year. Although some of the provisions are not likely to come into play for a year or two, it may be necessary to return very quickly with a budget after General Assembly takes action. In the face of deep cuts in revenue, there would be two immediate choices to maintain the budget, “steep and difficult cuts this town has not faced before”: primarily by reducing labor costs, or by raising the tax rate and/or fees. Because Town operations are so labor intensive, there will be little savings to be had elsewhere considering the budget is already void of major capital projects. This board

needs to look at tax rate increase sometime in the next two to four years, if there is not a significant rebound in the economy or increase in property values. The next couple of years will be difficult for all municipalities, given the state's proposed action, so the question becomes: When/where/how do we prefer to address the pain?

Ms. Onieal suggested adopting the budget as presented, given the uncertainty about any alternative at this point. Lake Junaluska line items are included and it would take considerable staff time to extract those back out of hundreds of line items. It is apparent that the State is not going to have an adopted budget or tax reform in place by June 30 and will likely go well into July before we know what we face in the coming year. If the state hits us with all the cuts at once that are currently under consideration, we will need a couple weeks to come back to you with a new recommendation. In the meantime, the manager has directed staff that even with an approved budget, there will be no spending in relation to new budget initiatives until after the Junaluska and state budget issues are settled, so for all intents and purposes, the staff will be observing a continuation budget into the beginning of the year. Ms. Onieal went on to say "if there were ever a year to use your fund balance, this is the unusual kind of year that justifies the use of a rainy day fund". Ms. Onieal said "in my twenty years, this has been the most uncertain future I have ever faced where the state's impact on municipal budgets is concerned".

Asked about the proposed electric rates, Finance Director Eddie Caldwell said that the fee schedule does not yet include new electrical rates. He added that he would like to await a rate analysis from our electrical consultant Kevin O'Donnell before making a rate proposal. Mr. O'Donnell plans to come to the board to speak in a month or so.

- **Adjourn**

With no further business, Mayor Brown moved to adjourn the meeting. Alderman Roberson seconded. The motion passed unanimously and the meeting adjourned at 7:01 p.m.

ATTEST

Gavin A. Brown, Mayor

Marcia D. Onieal, Town Manager

Eddie Ward, Deputy Clerk

Prepared by:

Ginny Boyer, Administrative Assistant