



Town of Waynesville

TO: Mayor Gavin Brown, Alderman Libba Feichter, Alderman Gary Caldwell, Alderman Kenneth Moore and Alderman LeRoy Roberson
FROM: A. Lee Galloway, Town Manager *A. Lee Galloway*
DATE: May 13, 2008
SUBJECT: Presentation of 2008-2009 Budget for the Town of Waynesville

Presented herein is the proposed budget for the Town of Waynesville for 2008-2009. The document is divided into eight sections, and a Table of Contents follows, color coded to match each section. At present, Section VII and VIII are blank. Section VII is reserved for special reports or additional data you might request during the work sessions. When the work sessions are complete and the budget is finalized, the Board will adopt a Budget Ordinance. We will provide a final draft of the Budget Ordinance to go in Section VIII.

In my years of working on budgets, I have learned that each budget may have its own set of unique features. Over the past 35 years, I have seen the challenges of trying to develop budgets while the country was in a recession or when there were severe cutbacks in federal funding or when the State froze (and took) the growth in certain revenue sources or when the State simply took those same revenue sources.

But now, we are experiencing an unprecedented time when the price of petroleum products has doubled in a year's time. Crude oil sold for close to \$60 a barrel last spring and has been over \$120 a barrel this past week. If it were just the price of gasoline and diesel that is affected, it might be easy. We would deal with one component and hopefully increase the allocation for vehicular fuel enough to cover whatever increase might take place. But we are finding that almost every commodity that we buy is being impacted by the cost of fuel.

Companies that deliver products to public works or the water plant or the wastewater plant are assessing extra charges for fuel to deliver their goods. Certain products are petroleum based, such as water and sewer pipe, and the cost of those items has risen as a result. Progress Energy generates electricity with coal and natural gas, and those energy sources go up when the price of crude oil increases; consequently, we are assessed fuel adjustment charges and our cost to purchase wholesale power rises. In Virginia, the Dominion Virginia has just filed for a rate increase due to fuel costs, and the increase ranges from 18.3% for residential customers to 31.1% for large commercial and industrial customers.

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Where does it end? With the increases in pricing we are seeing, I am not sure how we effectively predict the prices of commodities over a period of a year. I do not recall a time in my career when there seemed to be as much uncertainty in where prices will go for whatever commodity is being priced.

With those things said, let me point out that there are some very positive things in the 2008-2009 budget. The fire station is being completed and we are beginning our debt service payments on that handsome and functional structure. The police station, development office and new meeting space will soon be under construction. Not only will this structure provide adequate space and an attractive atmosphere for our employees and the public, it will add much to the character of our beautiful Main Street. The demand on our electric system is growing and our substation has reached its capacity, but in 2008-2009 a new substation will be built to balance the load and better serve our customers.

During the year we will implement a new commercial garbage collection program, switching to front loading trucks with a single operator. This will allow us to collect garbage in a more efficient manner in terms of both equipment and personnel. A new sewer cleaner truck will be ordered to assist us in better maintaining our sewer lines and in reducing sewer manhole overflows. Along with that, considerable funds will be expended to repair and replace deteriorated water and sewer lines, preventing water loss and reducing infiltration into the sewer system. Our crews will maintain the program of replacing power poles and electric lines with a goal of assuring the continuation of reliable and dependable electric service. Specifications will be developed and an order placed for a new fire truck to be housed in that fine new fire station.

And we will study where we are and where we are going as we plan for the future. There will be traffic studies of Russ Avenue to determine what improvements might be made to assist with the flow of traffic. There will be studies of ways to enhance the pedestrian ways throughout Waynesville to see if we can make it more attractive and conducive for walking. We will be studying the Land Development Standards adopted in 2003, trying to determine what is right about that document, what needs to be changed and how it can be more useful in meeting the goals established in adopting the Standards in the first place.

But regardless of the facilities we have or will build, regardless of the equipment we have or plan to order, regardless of assessing the past and planning for the future, we must be concerned for our most valuable resource, the personnel who constitute our work force. During the year to come, we will have a pay and classification study done to assess whether our employees are being fairly compensated for the work they do in comparison to others in our region.

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If you look around this community, you will see considerable growth and change taking place. While the economy is stagnant at present and plans for a number of residential projects have been put on hold, many of these projects will emerge in the future and lead to more growth and change in Waynesville and Haywood County. We want to be positioned to handle the growth and development that will occur in the future. As much as anything, we want to incorporate that growth and development without further damaging the high quality of life that we all enjoy. That same quality of life is what drew many of these new residents here to begin with.

This organization is blessed with some wonderful, dedicated employees and some solid and visionary department heads and supervisors. We are fortunate to have conscientious and ethical elected officials, people without hidden agendas who support what they sincerely believe to be in the best interests of the community and the citizens of this community. As I have said many times, I am pleased and proud to be a part of this "Team".

As always, I want to commend Finance Director Eddie Caldwell for the many hours that he and his staff contribute to the development of the budget. The formal budget process begins in February and runs until the adoption in late June, but Eddie maintains impeccable records and makes expenditure projections and revenue forecasts year around. I am satisfied that there are few if any who do this type work any better.

In the coming weeks, as we evaluate, discuss and digest the budget for the upcoming fiscal year, Eddie and I will be anxious to provide whatever information you may need and to answer whatever questions you may have. Please feel free to call upon us at any time.

**BUDGET PROCEDURES AS SET FORTH IN
THE LOCAL GOVERNMENT BUDGET AND FISCAL CONTROL ACT
NORTH CAROLINA GENERAL STATUTE 159**

CHAPTER 159-10 Budget Requests

Before April 30 of each fiscal year, or an earlier date fixed by the budget officer, each department head shall transmit to the budget officer the budget requests and revenues estimates for his department for the budget year.

CHAPTER 159-11 PREPARATION AND SUBMISSION OF BUDGET MESSAGE

Upon receipt of the budget requests and revenue estimates and the financial information supplied by the finance officer and department heads, the budget officer shall prepare a budget for consideration by the governing board in such form and detail as may have been prescribed by the budget officer or the governing board. The budget, together with a budget message, shall be transmitted to the governing board not later than June 1.

CHAPTER 159-12 FILING AND PUBLICATION OF THE BUDGET; HEARINGS

On the same day that he submits the budget to the governing board, the budget officer shall file a copy of it in the office of the Clerk to the Board where it shall remain available for public inspection until the budget ordinance is adopted. The Clerk shall make a copy of the budget available to all news media in the county. She shall also publish a statement that the budget has been submitted to the governing board and is available for public inspection in the office of the Clerk to the Board. The statement shall also give notice of the time and place of the budget hearing required by subsection (b) of this section.

Before adopting the budget ordinance, the board shall hold a public hearing at which time any persons who wish to be heard on the budget may appear.

**CHAPTER 159-13 THE BUDGET ORDINANCE;
FORM, ADOPTION, LIMITATIONS, TAX LEVY, FILING**

Not earlier than 10 days after the day the budget is presented to the board, and not later than July 1, the governing board shall adopt a budget ordinance making appropriations and levying taxes for the budget year in such sums as the board may consider sufficient and proper.

The budget ordinance shall be entered in the minutes of the governing board and within five days after adoption, copies thereof shall be filed with the finance officer, the budget officer and the Clerk to the governing board.

CHAPTER 159-17 ORDINANCE PROCEDURES NOT APPLICABLE TO BUDGET OR PROJECT ORDINANCE ADOPTION

During the period beginning with the submission of the budget to the governing board and ending with the adoption of the budget ordinance, the governing board may hold any special meetings that may be necessary to complete its work on the budget ordinance. Except for the notice requirements of General Statute 143-318.12, which continue to apply, no provision of law concerning the call of special meetings applies during that period so long as: (1) each member of the board has actual notice of each special meeting called for the purpose of considering the budget, and, (2) no business other than consideration of the budget is taken up.

TYPICAL BUDGET SCHEDULE

JANUARY	Department Heads receive budget forms for preparing Regular and Capital Outlay Request;
FEBRURY 15	Department Heads submit their Capital Outlay Requests;
FEBRUARY 15-28	Finance Director compiles requests and resolves any questions about costs; Finance Director makes preliminary revenue and expenditure estimates for current fiscal year;
MARCH 1	Department Heads submit operating budget requests;
MARCH 1-10	Finance Director compiles requests and resolves any questions about costs;
MARCH 10-15	Finance Director makes revenue estimates for next fiscal year;
MARCH 1-31	Finance Director meets with department heads to resolve issues and compiles all revenues estimates and expenditure requests into draft budget document;
APRIL 1-15	Finance Director and Town Manager meet to review departmental requests and revenue projections for next fiscal year;
APRIL 15-25	Finance Director and Town Manager finalize budget figures and reach agreement on presentation to Board;
APRIL 25 – May 5	Town Manager prepares budget message; Finance Director prepares statistical information and supporting document for budget books;
MAY 6-31	Town Manager and Finance Director present budget to Board of Aldermen. Copies made available to news media and public for review. Work sessions scheduled by Board;
EARLY JUNE	After appropriate public notice, Town Board holds public hearing on proposed budget;
MID-JUNE	Additional work sessions held for adjustments if needed;
LATE JUNE	Board adopts proposed budget for next fiscal year.