



## Town of Waynesville, NC

### Town Council Special Called Meeting-Budget Workshop

Municipal Building, 16 South Main Street, Waynesville, NC 28786

Date: April 17th, 2024 Time: 5:00 p.m.

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(828) 452-2491 [cpoolton@waynesvillenc.gov](mailto:cpoolton@waynesvillenc.gov)

#### **A. CALL TO ORDER**

Mayor Gary Caldwell called the meeting to order at 5:03 pm with the following members present:

Mayor Gary Caldwell  
Mayor Pro Tempore Chuck Dickson  
Councilmember Jon Feichter  
Councilmember Anthony Sutton  
Councilmember Julia Freeman

The following staff members were present:

Rob Hites, Town Manager  
Jesse Fowler, Assistant Town Manager  
Candace Poolton, Town Clerk  
Town Attorney Martha Bradley  
Elizabeth Teague, Director of Development  
Misty Hagood, Finance Director  
Taylor Garland, Assistant Finance Director  
Police Chief David Adams  
Assistant Police Chief, Brandon Gilmore  
Jeff Stines, Public Services Director  
Page McCurry, Human Resources Director  
Luke Kinsland, Recreation Director

Members of the Media:

Paul Nielson, The Mountaineer  
Corey Vaillancourt, Smoky Mountain News

#### **B. PRESENTATION OF 2024-2025 BUDGET ALTERNATIVES**

Town Manager Rob Hites presented three budget "options" to Council and said Council can mix and match parts of each option as well.

## Option 1:

### Revenue Highlights-General Fund:

- No Property Tax rate increase
  - 1 cent on tax rate at 99.19% collection rate = \$165,000 (includes motor vehicle taxes)
- No increase in Fire Taxes in outside districts
- Unrestricted Fund Balance being used for Fire Department design, but will pay ourselves back when we get the loan for the building = \$570,000
- Using Powell Bill Fund Balance for paving = \$100,000
- Increase in Sales Tax (budgeting 3% increase) = \$135,000
- Total assessed value increased \$61,652,430 = net \$211,500 at current tax rate
- Increase in Investment Income = \$100,000
- Increase in ABC General Distribution = \$50,000
- Increase in various Parks & Rec revenues from more visits = \$20,000
- **Total Revenue Increase = \$516,500**

### Expenditure Highlights-General Fund:

- Increases in supplies, gas, tires, and electricity costs from inflation
- No additional positions or over hires
- 0% increase in health insurance
- 1% COLA = \$103,000
- Career Track being funded at 2.5% for employees and 5% every 2 years for Police = \$248,500
- 1% increase in LGERS = \$82,000

Total increase = \$433,500

- Capital proposed in General Fund
    - Meter Reading Data Collectors \$19,000
    - Time & Attendance for Munis \$50,000
    - One EV and charger for Police Dept \$60,000
    - Electric mower for cemetery \$26,000
- Capital Total = \$155,000

### Enterprise Funds and Garage Fund:

- No increase in Water or Sewer rates
- 7% increase in Electric rates to fund NCDOT project and new subdivisions
- Increases in operating costs from inflation
- 0% increase in health insurance
- Includes 2.5% Career Track = \$71,000
- 1% COLA = \$28,300
- 1% increase in LGERS = \$23,500
- No new positions; One over hire in water treatment = \$30,000
  - Total Increase = \$152,800
- No capital in Garage Fund
- No capital in Water Fund
- Sewer Fund capital - misc. sewer line replacement and lab equipment upgrade = \$200,000
- Electric Fund capital - Allison Acres and Sunnyside infrastructure and funds to finish NCDOT Russ/Walnut Project = \$1,005,830
- Requires using \$66,227 of fund balance in Electric Fund

## Option 2:

### Revenue Highlights-General Fund:

- No increase in Fire Taxes in outside districts
- Unrestricted Fund Balance being used for Fire Department design, but will pay ourselves back when we get the loan for the building = \$570,000
- Using Powell Bill Fund Balance for paving = \$100,000
- 1 cent Property Tax rate increase = \$165,000
  - 1 cent on tax rate at 99.19% collection rate = \$165,000 (includes motor vehicle taxes)
- Increase in Sales Tax (budgeting 3% increase) = \$135,000
- Total assessed value increased \$61,652,430 = net \$211,500 at current tax rate
- Increase in Investment Income = \$100,000
- Increase in ABC General Distribution = \$50,000
- Increase in various Parks & Rec revenues from more visits = \$20,000
- **Total Revenue Increase = \$681,500**

### Expenditure Highlights-General Fund:

- Increases in supplies, gas, tires, and electricity costs from inflation
- No other additional positions or over hires
- Expenses for storm water move to new fund = -\$75,000
- Portion of salary for Environmental Sustainability Director = \$21,833
- Career Track funded at 2.5% for employees and 5% every 2 years for Police = \$248,000
- 1% COLA = \$103,000
- 1% increase in LGERS = \$82,000
- Total increase = \$379,833
- Capital proposed in General Fund
  - Meter Reading Data Collectors \$19,000
  - Time & Attendance for Munis \$50,000
  - One EV and charger for Police Dept \$60,000
  - Police equipment and vests \$66,000
  - Leaf collector \$100,000
  - Electric mower for cemetery \$26,000
  - EV for Development Services \$55,000
  - Portion of cardio equipment for Rec Center \$23,608
- Capital Total \$399,608

### Enterprise Funds and Garage Fund:

- No increase in water or sewer rates
- 7% increase in electric rates to fund NCDOT project and new subdivisions
- Addition of Stormwater Fund and new stormwater fee starting in January 2025 = \$150,000
- Increases in operating costs from inflation
- Stormwater Fee will allow addition of Planner I to manage program; first year will fund 9 months to allow time for job description & advertising = \$45,725
- Environmental Sustainability Director in Electric Fund with half to General Fund, Water Fund, Sewer Fund = \$131,000
- One over hire in water treatment = \$30,000
- Includes 2.5% Career Track = \$71,000
- 1% COLA = \$28,300

- 1% increase in LGERS = \$23,500
- Total Increase in Expenses = \$329,525
- No capital in Garage Fund
- No capital in Water Fund
- Sewer Fund capital - misc. sewer line replacement (partial) and lab equipment upgrade = \$190,000
- Electric Fund capital - Allison Acres and Sunnyside infrastructure and funds to finish NCDOT Russ/Walnut Project = \$1,005,830
- Requires using \$138,487 of fund balance in Electric Fund

### Option 3:

#### Revenue Highlights-General Fund:

- No increase in Fire Taxes in outside districts
- Unrestricted Fund Balance being used for Fire Department design, but will pay ourselves back when we get the loan for the building = \$570,000
- Using Powell Bill Fund Balance for paving = \$100,000
- 2 cent Property Tax rate increase = \$330,000
  - 1 cent on tax rate at 99.19% collection rate = \$165,000 (includes motor vehicle taxes)
- Increase in Sales Tax (budgeting 3% increase) = \$135,000
- Total assessed value increased \$61,652,430 = net \$211,500 at current tax rate
- Increase in Investment Income = \$100,000
- Increase in ABC General Distribution = \$50,000
- Increase in various Parks & Rec revenues from more visits = \$20,000
- **Total Revenue Increase = \$846,500**

#### Expenditure Highlights-General Fund:

- Increases in supplies, gas, tires, and electricity costs from inflation
- Portion of salary for Environmental Sustainability Director = \$21,833
- No other additional positions or over hires
- Career Track being funded at 2.5% for employees and 5% every 2 years for Police = \$248,000
- 1% COLA = \$103,000
- 1% increase in LGERS = \$82,000  
Total Increase = \$454,833
- Capital proposed in General Fund Option 3
  - Meter Reading Data Collectors \$19,000
  - Time & Attendance for Munis \$50,000
  - One EV and charger for Police Dept \$60,000
  - Police equipment and vests \$66,000
  - Leaf collector \$100,000
  - Electric mower for cemetery \$26,000
  - EV for Development Services \$55,000
  - Portion of cardio equipment for Rec Center \$101,608
 Capital Total \$477,608

#### Enterprise Funds and Garage Fund:

- No increase in water or sewer rates
- 7% increase in electric rates to fund NCDOT project and new subdivisions
- Increases in operating costs from inflation
- Includes 2.5% Career Track = \$71,000

- 1% COLA = \$28,300
- 1% increase in LGERS = \$23,500
- Environmental Sustainability Director in Electric Fund with half to General, Water & Sewer Funds = \$131,000
- One over hire in water treatment = \$30,000
  - Total Increase = \$260,300
- No capital in Garage Fund
- No capital in Water Fund
- Sewer Fund capital - misc. sewer line replacement (partial) and lab equipment upgrade = \$190,000
- Electric Fund capital - Allison Acres and Sunnyside infrastructure and funds to finish NCDOT Russ/Walnut Project = \$1,005,830
- Requires using \$138,487 of fund balance in Electric Fund

### **C. DISCUSSION AND DIRECTION BY COUNCILMEMBERS**

Councilmember Dickson asked for clarification regarding the Enterprise Fund. Town Manager Rob Hites said the Enterprise Fund is there in case of a natural disaster or a major equipment failure and the town needs cash.

Councilmember Dickson asked if the half million dollars for the fire department funding would affect the town's borrowing ability. Ms. Hagood said no. Mr. Hites said they would pass a resolution permitting us to be refunded for upfront costs.

Town Manager Hites recommended that Council set a Public Hearing for the budget for May 28th. Councilmember Feichter asked about the possible 7% increase in Electric Fund and how Mr. Hites came to that number. He suggested the Town do an electric rate analysis to compare rates with others. Mr. Hites said the town does have a vendor ready to start that analysis, they just need cash to pay contracts. Mr. Hites said that 7% electric rate is largely from the Russ Avenue project, Allison Acres, and Mountain Creek Apartments. Councilmember Feichter pointed out that the Russ Ave project is more of an expenditure. Mr. Hites said he can get projected revenue from Allison Acres and Mountain Creek Apartments. Councilmember Dickson said the rate increase is probably a good thing considering the town will see a sizeable increase in wholesale rates. Councilmember Feichter asked Councilmember Dickson about the proposed EV purchase and if it's eligible for a 30% rebate. He said the police car is not, but the lawn mower and charging station are, and the cost of the EV car is comparable to a new police car.

Councilmember Sutton proposed a two percent property tax plus a stormwater fee schedule, which would help support a COLA increase of 2%. Councilmember Freeman said she supports the COLA but does not want to raise taxes. She added that the town needs to support the services we currently have and with inflation and interest rates not going down, residents should not be taxed more. Councilmember Freeman said retention and recruitment is her priority, and new programs should not be introduced without taking care of current staff first. Councilmember Sutton said the 2% COLA is most important to him. Councilmember Dickson said they had discussed changing dependent insurance coverage in the past. Councilmember Sutton said partially cutting insurance coverage for dependents is just moving employees' money from one pocket to the other. Mr. Hites said that what they've heard from employees is they want more money in hand. He said that the largest insurance costs are coming from retirees. Mr. Hites said it's uncommon for municipalities to provide insurance until employees are 65. Ms. Hagood said there's an \$8 million liability in the Town's financials. Councilmember Dickson said there are employees without dependents and that would mean more money in their pockets if the town wasn't paying as much for insurance for employees with dependents.

Councilmember Dickson said that he does not want to raise taxes and wants to make sure the stormwater fee is equitable. Mr. Hites said the proposed stormwater fee will raise \$150,000 if they implement it January 1<sup>st</sup>. Councilmember Feichter said if you're implementing a stormwater fee and not raising taxes, there's still a hit to homeowners.

Assistant Town Manager Jesse Fowler said the purpose of the stormwater fee is to maintain the stormwater system. Mr. Fowler said the fees have to go towards the sewer system. He said the fees are not to hurt lower socioeconomic groups. Mr. Fowler said there are two units they used to develop the fee tiers as equitable as possible-Equivalent Residential Units (ERU) and Equivalent Residential Acreage (ERA). Mayor Caldwell asked if apartments fall under residential or commercial. Mr. Fowler said residential and the LLC that owns the complex would pay the stormwater fee. Mr. Fowler said the fee will not be on utility bills, but will be listed as a separate, annual utility fee on tax bills. Councilmember Sutton requested that the stormwater fee be on a separate bill from the tax bill. Mr. Fowler said they are charging people for an incredibly expensive service that is state mandated and unfunded.

Councilmember Sutton recommended increasing the commercial rate on tier 4 and 5 and keeping the tier 1 level residential at less than \$10/year. Development Director Elizabeth Teague asked about lots that are undeveloped and open land. Mr. Fowler said the ERU would be 0 if there's not impervious surfaces and farmland is exempted. Councilmember Feichter requested that staff put together an educational document for residents explaining the purpose of the stormwater fee and what the money is being used for.

There was a consensus that Council supported the stormwater fee.

Ms. Teague said the fee would also apply to tax exempt properties such as churches. Councilmember Sutton said that government buildings should not be exempt and Councilmember Feichter agreed.

Mr. Hites said the stormwater fee should help fund an entry level planner that would physically walk and locate all the sewer outfalls and inspect and report on all stormwater devices in the city, and it would help fund a sustainability manager. Councilmember Sutton said that fees may not exceed the costs of providing a stormwater program. Mr. Hites reiterated Councilmember Freeman's sentiment that she wants all of the money that's said aside be dedicated to a 2% COLA; he asked Council that if we reach that goal and there are funds left, what do they want to do with the rest of the money? Councilmember Dickson suggested lowering how much the town pays for dependent insurance. Councilmember Freeman said employee morale is down, so the last thing we want to do is lower employees' benefits. Councilmember Dickson said that hiring an energy/sustainability manager would save money in long run and allow the town to take advantage of grants.

Councilmember Dickson said when the asset services manager retires next year, there has been discussion of making that position into more an energy manager. Councilmember Feichter recommended waiting until the asset manager retires to hire the sustainability/energy manager, and Mr. Hites said the Environmental Sustainability Board is concerned about lack of ERA funding by next year. Councilmember Feichter said with the success of the grant writer position and the fact that they'd only need \$21,000 from the general fund this year, and the opening of a salary next year upon the asset services manager position, he would like to move forward with the energy manager position.

**D. SCHEDULE OF FURTHER BUDGET SESSIONS/BUDGET PUBLIC HEARING**

Council said they would like to meet again to discuss the budget before the budget public hearing.

Police Chief David Adams asked if the proposed budget includes any much needed equipment. Mr. Hites said it sounds like Council would like to put money towards a 2% COLA, but there's very little money in the budget for equipment needs.

Fire Chief Joey Webb said that he's got a fire engine that's been out of commission for two months and still has an oil leak. He said for 16 years he's been asking for the same things. He said there's been some success, but he's concerned about how he's leaving the department when he retires next year. He added that he needs staff and equipment and it's affecting morale. Public Services Director Jeff Stines said they need more funding for infrastructure. AC Brandon Gilmore said when funding can be found for a new position, but they have employees leaving, it's frustrating to current employees. Councilmember Dickson said if he thought the energy manager position was taking away from anybody, he wouldn't be in favor of it, but he said the position would save the town money in the long run. Councilmember Feichter said after hearing employee concerns and department needs, he would like to reevaluate. Chief Adams said he'd be willing to give up some equipment requests so that employees could get a 3% COLA. Mr. Hites said he has the capital requests from department heads, and he asked them if they could rate what was most important. Ms. Hagood said the Budget Option 3 has most needed capital items. AC Gilmore said he spoke with other police departments, and their electric patrol cars aren't being used. He said they won't stay charged so they're just being used as an administrative vehicle. Councilmember Sutton said he is willing to lose an election if it means getting staff what they need. Councilmember Freeman said she will not support new programs. Mayor Caldwell told Chief Adams and AC Gilmore that if they don't want electric vehicles, they don't have to have them. Chief Adams said he is open to an EV if it can be funded with grant money. Mr. Hites said Council could do a 20-year bond at 4% interest if they wanted to borrow money. Councilmember Feichter said Council has to get staff the equipment they need. He said in 2016 he voted to raise taxes by 5 cents to get 8 new firefighters because that's what they needed to do. Ms. Teague said they don't need a top of the line EV truck, they just need an all-wheel drive vehicle.

***A motion was made by Councilmember Dickson, seconded by Councilmember Sutton to continue this meeting to next Thursday, April 25<sup>th</sup> at 5pm. The motion passed unanimously.***

**E. ADJOURN**

***A motion was made by Councilmember Dickson, seconded by Councilmember Freeman, to adjourn at 7:12pm. The motion passed unanimously.***

ATTEST:

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Gary Caldwell, Mayor

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Robert W. Hites, Jr. Town Manager

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Candace Poolton, Town Clerk