

TO: Mayor Gavin Brown
Members of the Board of Aldermen
FROM: Lee Galloway, Town Manager
DATE: April 14, 2009
SUBJECT: Report for 1st Quarter of 2009

As we saw signs of spring all around us, the weather predictions were for some snow. I have seen it snow on April 7 in the past, but it has been a rare occurrence. This winter, we saw a measurable snow the last week of October and the first week of April. I am ready to put winter behind and move onto the new season.

Sometimes the winter is quiet around Town Hall, but that has not been the case the past few years, and even though the economy is in a slow down, the activity levels around the Town remain high. We will try to relay some of these activities in this report and bring you up to date on events that have been underway.

POLICE/DEVELOPMENT OFFICE

Progress continues well on the construction of the new Police Station and Development Office and Town meeting room at 9 South Main Street. At the monthly construction meeting last week, the contractor indicated that the estimated completion date remains the end of June, but occupying the facility in July seems like a reality. We have been blessed with a very good contractor in Construction Logic, and they provided an excellent Job Superintendent in Ray Guillory and Project Manager in Barry Johnson. They have carried out the work with determination and we are fortunate to have them on the job. ADW architects also deserve considerable credit for responding to questions quickly and getting change orders finalized as rapidly as possible.



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Town employees appear to be excited about occupying new quarters, to having the space they need to carry out their work in a more efficient manner. It will also be great to have the police in one facility and the development personnel in close proximity to each other. And I receive frequent comments from the public about how attractive the building is and what an asset it will be to Main Street and Downtown.

Purchasing Supervisor Julie Grasty and Assistant Town Manager Alison Melnikova have been working with the interior designer for the architect in finalizing the selection of furniture to put out to bid. The list of furnishings should be finalized by mid-April so that bids can be let and the furniture can be ordered and in place when the building opens.

I am pleased that we have been able to keep the added costs to a minimum. You will perhaps recall that when Jim Powell presented the plans for this building to the Board, he noted that there were many unknowns. It is customary to encounter some uncertainties when dealing with a building that is 35 years old. But in this case, the building where the Fire Chief and Downtown Waynesville Association and the Criminal Investigation Division was 70 or 80 years old and there were no plans on that building. With those uncertainties, the architect recommended that \$175,000 be placed in contingency. We are now down to about two outstanding issues, and those will be a small cost. When 24 change orders and two unresolved issues are deducted from contingency, there should still be about \$25,000 left in the account.

The architects, contractor, subcontractors and town staff have worked hard to hold down the costs on this project. When it is complete, we suspect that this project may be under budget in an amount similar to the fire station, between \$200,000 and \$250,000. This is always good news for a construction project of this magnitude.

ELECTRIC SUBSTATION – DEMAND ON THE SYSTEM

During April, the new electric substation located off of Calhoun Road behind Ingle's should be operational. There have been several delays and setbacks in bringing this project to a conclusion, but that is not too surprising in view of the way that the project had to be bid out piece by piece over a year. Trying to synchronize delivery schedules has been difficult and there were apt to be flaws that slowed the process. We also encountered delays with an easement that was needed for the line between Associated Packaging and Vance Street. But the project is nearing an end and it is none too soon as you will see from the statistics which follow.

The previous peak demand on the Town's electric system was set on January 3, 2008, when we saw a record demand of 19.894 megawatts. Then, on January 21, the system came very close to another peak, hitting 19.855 megawatts. The Town's substation located on Smathers Street next to Giles Chemical is rated at 20.0 megawatts. We had been told that the demand on that substation could exceed the 20 megawatt capacity for some amount of time on a cold day when the air temperature prevented it from overheating. But there was no certainty as to how long the demand could exceed the rated capacity.

On January 21, 2009, when temperatures sank to 1 degree, the substation set a new record peak of 20.269 megawatts. Then on February 5, 2009, another record was set when the demand hit 20.853 megawatts. Remarkably, that is an increase of 4.82% over the previous peak set just a year earlier. Having a new 15 megawatt substation to help share the load will be a fine addition for the customers of Waynesville's system.



STREETS AND SANITATION



Progress continues on implementing the new front loading commercial garbage collection system which began in Waynesville last summer. We recently reported we were down to 5 or 6 dumpster customers who have yet to switch to the front loading dumpsters. We have learned that there are a few more customers in that situation, something more like 12 to 15 customers. They continue to use the side loading units and have not made contact with Streets and Sanitation Superintendent Daryl Hannah to discuss options.

Another letter is going out to those who have not switched or made contact with Mr. Hannah to discuss the matter. This letter will explain the Town's plan to have everyone switched from side loading to front loading dumpsters by July 1, 2009. We will explain our intention to terminate side loading service on that date. Customers will be advised that unless they make the switch to front loading dumpsters on or before July 1, 2009, they will need to make other arrangements for the collection of their commercial refuse. After that date, we will ask the Board for approval to dispose of side loading trucks (unless we are able to use the cab and chassis in some other town operation).

Last fall, in order to conserve on fuel, the town switched to a new system for the sanitation department. We decided to alternate weeks, collecting yard wastes on the first and third full weeks of each month and collecting bulky items on the second and fourth full weeks of each month. This has worked very well for the Sanitation Department and we have continued this method even though the prices for fuel have dropped. It just seems more efficient for the employees who work in these areas.

At the meeting of March 24, 2009, the Town Board approved funds to purchase the PinPoint GeoTech system for use by the Sanitation Department and possibly other parts of our operation as well. This system is used by the employee driving the garbage truck to identify the location of brush, grass clippings, leaves, old appliances and furniture. This information is recorded through the use of a GPS tracking device and at the end of the day, the information is off loaded onto a computer at the office. Lists are then printed showing the different services the town provides. The driver of each truck picks up his list on the following morning and knows exactly where the yard wastes or old appliances or furniture are located. The driver then follows the list going to the locations identified, rather than driving over all the streets looking for items people have put out.

The people with the PinPoint system came to install the system at the end of March, and they provided training for our employees at that time. Department employees received training on the devices and will begin experimenting with the system and the information that can be provided. We need to educate the public about the new system so that they do not wait until the day their garbage is collected to put out other types of refuse. If it is not on the curb when the garbage truck goes by, it will not be on the list for collection by other personnel on the following day. We are excited about this system and the potential it has to reduce manpower and the expense for fuel and vehicle supplies.

THE WORK DOESN'T STOP DUE TO SHORTAGE OF FUNDS

While many departments made significant cutbacks in expenditures, the work has not stopped. Around town, you will still see a number of projects and activities underway.

The Street Department has installed or replaced a goodly amount of sidewalk. On East Street, particularly in the area between Park Drive and Assembly Street, you will see that our personnel replaced a few hundred feet of sidewalk. When we renovated our home in 2005, my wife and I lived in an apartment on Johnson Hill for several months. Most nights we would walk the dog on East, Assembly and Howell Streets. The sidewalk on East Street was in terrible condition, buckled and broken, in need of replacement, an accident waiting to happen. It looks so much better now and is much safer. Our employees did a great job.

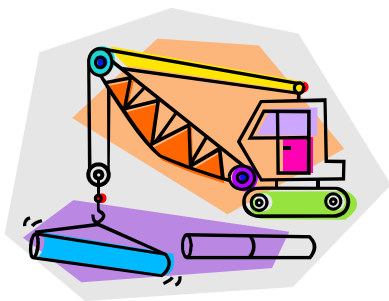
You will also find that on Country Club Drive, between Breezemont and Davis Cove Road, crews installed several hundred feet of new sidewalk. A number of years back, the Volkswalk organization designed a five mile route through Waynesville, beginning and ending in the downtown at Mast General Store. The route was along Country Club Drive, and that always concerned us since there is no sidewalk or path along that road. The work done recently adds a great deal of sidewalk along the Volkswalk path and it is much safer for walking along Country Club Drive. Unfortunately, there was one property owner who declined to sign a right-of-way agreement to allow us to complete the full length of the sidewalk, but perhaps in the future that can be done.

In the first half of the fiscal year, there was a good deal of replacement sewer line installed. There had been problems with the fecal coliform in Shelton Branch. This occurs when sewage enters the creek at some point. A thorough study of the creek and adjacent properties uncovered some problems with broken lines and direct discharges to the creek, but one of the biggest problems was the poor quality of the sewer line between Broad Street and Davis Cove Road. During the past year, the sewer line between Davis Cove Road and Broad Street has been replaced, reducing inflow and infiltration and greatly reducing some of the problems in Shelton Creek. We have more work to do in this drainage basin, but this has meant a great deal.

Other sewer line work has been done in the Hazelwood area. A major section of sewer line on Brown Avenue has been replaced and another lengthy section on Camelot Drive was replaced. These are also efforts to curtail the inflow and infiltration and to reduce fecal coliform problems in creeks inside town.

In the past several weeks, a section of old, clay sewer line on Charles Street at the rear of Haywood Christian Ministries collapsed and was causing some backup problems in that area. The pipe was deep, and we had to hire outside crews and equipment to perform the work, but it is now done. We continue to chip away at the \$31 million dollar figure which was estimated as the amount of work needing to be done to our utility system by 2030.

For many years, we have suffered with unaccounted loss on the Town's water system. Our records show that at times, the amount sold was considerably less than the amount produced at the water plant. In approving the 2008-2009 budget, the Town Board provided funds to hire a firm that conducts water leak detections studies. We have signed that agreement with McGill Associates and the study is underway.



EAGLE NEST WATER PROJECT

Over the past three years, a great deal of time and energy went into working with the State and the Eagle Nest Homeowners Association to devise a way to provide public water to the Eagle Nest Estates Subdivision. The engineers for this project estimated that the total cost would run approximately \$1.3 million, and the Town applied for a grant from the State to assist. The State awarded a \$1 million grant and the Town Board indicated that the Homeowners would have to find the \$300,000 needed to fund the project. The Homeowners were successful in assessing the property in the subdivision and raising the needed funds. The bids have been received and ran well below cost estimates, with the lowest being \$965,700. At the meeting on April 14, the Board approved the award of the bid to Buckeye Construction of Canton. The work of installing 2 ½ miles of water line, two pump stations and two water storage tanks should be done by the end of 2009.

STIMULUS FUNDS

Town Staff spent considerable time preparing lists of water and sewer projects and other constructions projects to be submitted to the State for their consideration in funding projects with federal stimulus money. We understand that the first round of funding awards will be announced by the end of April. It will be interesting to see how much of the stimulus money ends up in smaller towns and how much goes to larger cities. We would like to think that the stimulus money will be distributed in a fair and equitable manner, but we are not so naïve to think that a town the size of Waynesville would have the same clout and receive the same attention that a city such as Charlotte, Raleigh or Winston-Salem might receive. We will keep you posted on the list of projects approved.

The Police and Fire Departments are also looking at some of the money in the federal stimulus package as a means of adding police officers. The number of requests for service made to our police department is over 27,000 calls a year, a number greater than that of the Haywood County Sheriff's Department. They are in serious need of additional personnel, and one of the federal programs provides the wages, fringe benefits and costs associated with equipping an officer during the first four years of employment. After that point, the Town must take on the cost of the officer. We have projected that within the next four years, additional personnel would be needed in this department anyway, so this program may be just what we needed.

The Fire Department is looking at a little different program, and the cost of new fire personnel would be covered for a shorter period than with the police. We do have somewhat of a problem now with putting the appropriate number of volunteer firefighters on a fire scene at certain times of the day and there are some other projects that the fire personnel would like to undertake if they had some additional personnel. So this program may also be very welcomed.

TOWN BUDGET AND FINANCES

The talk of the world is on economic conditions, and from recent unemployment figures in our own county and the region, the impact is being felt locally as well. Sales tax figures received this week show the results of retail sales for the month of January, 2009, and they were not good. Thus far in the 2008-2009 fiscal year, we have received sales tax revenue for 7 months, and it appears to be about \$90,000 below budget projections. The month of January saw a dramatic drop from prior months and could foretell a continuing drop for the balance of the fiscal year. From what we have seen thus far in 2008-2009, revenues from the one-cent local sales taxes in Haywood County have dropped slightly while the three, half-cent sales taxes which are based upon sales statewide, have produced numbers well below budget projections. It is possible that our sales tax revenues may fall \$200,000 short of budget projections.

Although disappointed with the numbers, we remain comfortable with our financial position at this point of the year. On Tuesday, Finance Director Eddie Caldwell presented a status report at 75% of the year, and I believe he well explained the reason for our comfort level. We took the problem seriously early in the year, freezing 3% of the budget in November. Those cutbacks, combined with conservative revenue estimates from budget preparation last spring, have combined to help us through a difficult time.

We have stressed to our employees that the Town has no plans to call for layoffs or furloughs or to request that people take time off or to reduce the benefits of personnel. We are carefully reviewing each position vacancy that occurs and evaluating whether or not it should be filled. We have made reductions in other areas, for materials and supplies and capital outlay, and believe those will see us through.

2009-2010 BUDGET

"Eddie the Magnificent"

For more than two months, Department Heads and Supervisors have been working with Finance Director Eddie Caldwell in developing their budget requests for 2009-2010. Many took the situation seriously and were conservative in making their budget requests for the coming year. Others requested what they felt was needed to continue service at the present level or to expand services. Mr. Caldwell has put together the preliminary budget document for projected revenues and requested expenditures.



During the week of April 20, Alison Melnikova, Eddie and I will disappear to begin our work on the document. We will have to make a number of budget cuts to arrive at a document we feel we can present to you as one worthy of your approval. We will not present a budget to you unless we believe it deserves your support. Our plan is to present the budget at the Board meeting of May 12. We can then schedule meetings and/or perhaps a morning or afternoon retreat one Friday to have a more thorough review of the budget than we have done in prior years. Contrary to what you believe, there is no magic to the process, just a lot of hard work. A little magic this year may come in especially handy and be welcomed.

LAND DEVELOPMENT PLAN REVIEW

Next week, the Land Development Plan Review Committee will begin holding meetings with the Lawrence Group, consultants hired to lead the review and rewrite of the Land Development Standards. The Lawrence Group will be in town for three days as a kick-off for the review. Committee members have been notified about the kickoff event, and we anticipate that the process will move along with focus once it begins.

After the Board agreed to proceed with the additional funds necessary to hire the Lawrence Group as the consultant on this project, Planning Director Paul Benson recalled that The Mountain Landscapes Initiative had grant funds available to support communities in their efforts to improve their planning standards and process. So he applied for a grant to assist in Waynesville's efforts, and the Town has been awarded a \$10,000 grant to go toward the cost of this project. This money has been received and will certainly be useful in reducing the Town's cost for the review.

OTHER PLANNING NEWS

Work is wrapping up on the two Planning Projects that began last summer. There were meetings held on the redesign of Russ Avenue, where attempts were made to make it more user friendly, or as user friendly as a road can be that carries more than 30,000 vehicles per day.

Final details are also being done on the Pedestrian Plan for Waynesville, giving the Town Planners and Public Works personnel more direction into planning future sidewalk construction and replacement throughout the town.

GREAT SMOKY MOUNTAINS NATIONAL PARK

In February, Mr. Dale Ditmanson, Superintendent of the Great Smoky Mountains National Park, appeared before the Board meeting to thank the Town for its support of the Park over the years. While present, Superintendent Ditmanson asked the Town to adopt a resolution of support for the Park and also invited the Town to attend the kickoff event for the 75th Anniversary of the Park. That event is scheduled for Friday, April 24, beginning at 12:00 noon at Clingman's Dome. If Board members are interested in attending this event, please notify Assistant Manager Alison Melnikova or me so that we can make arrangements for transportation.



MARCH WAS A DIFFICULT MONTH

I ran into Police Captain Blaine Jones at the visitation for former Police Chief Coleman Moody. I looked at Blaine and knew that he was thinking the same thing I was. It will be nice to see the month of March pass, for it has been a difficult time for the Town “family”. On the 1st day of the month, my mother, Rosalie Galloway, passed away in Brevard following years of suffering the effects of Alzheimer’s disease. On March 2, Alderman Kenneth Moore had a heart attack and died at his home. Later in the month, on March 25, Blaine’s sister, Dawn Arrington, passed away in South Carolina after a battle with cancer. On March 29, former Police Chief Moody passed away at the Brian Center after years of declining health due to strokes. And finally on March 31, Doug Singleton, brother to former police officer Eddie Singleton, passed away in Indiana.

We are part of a large organization with over 200 full and part time employees and countless former employees in the community. But it seems strange how much death visited our connected family during the month. Our sympathy goes out to all who have been touched by the passing of these individuals.

GREELEY SELECTED FOR TOWN BOARD

The death of Alderman Kenneth Moore created a vacancy on the Town Board. With no specified process in the North Carolina Statutes, the Mayor and Aldermen encouraged citizens who were interested to contact Board members and express an interest in the vacancy. After interviewing several interested candidates, the Mayor and Board brought the matter to the agenda on March 24 and voted unanimously to select Wells Greeley to fill the unexpired seat of Alderman Moore. Mr. Greeley was sworn in at the Board meeting of April 14, and will serve the balance of Alderman Moore’s term which will run until a new board is seated after the elections of November, 2011.

Mr. Greeley previously served on the Town Board in Canton from 1981 to 1985 and he has been involved in the operation of Wells Funeral Homes in Canton and Waynesville for many years. We welcome Mr. Greeley to the Town Board and wish him every success in this venture.

ACTIVITIES OF MANAGER’S OFFICE

January 9, February 13 – Manager attended meetings of Community Energy Advisory Council which was organized to assist Progress Energy in finding solutions for the energy demands of the Western Region of the utility company. Progress Energy also set some new peaks in energy demands this past winter.

January 16 - Manager, Assistant Manager Melnikova, Purchasing Supervisor Julie Grasty Attended meeting sponsored by Land of Sky Council of Governments on ways to avoid a recurrence of the fuel shortages experienced during hurricanes in the Gulf of Mexico such as 2005 and 2008.

- February 3-6 - Manager and Assistant Manager attended Winter Conference of N. C. City and County Managers' Association at Research Triangle Park in Durham.
- February 17 - Manager and Assistant Manager attended meeting of 75th Anniversary Committee for Great Smoky Mountain National Park at Bryson City.
- February 19 - Manager, Assistant Manager & Public Works Director attended meeting in Asheville on the federal stimulus package. We later met with representative of the State Division of Water Quality to discuss the Eagle Nest Water Project.
- March 12 & 13- Manager, Assistant Manager and Finance Director conducted interviews for position of Assistant Finance Director to replace the retiring Gladys Messer. Mr. Dean Trader was hired for the position. He formerly worked in a private accounting office and with the Smoky Mountain Center and Haywood Community College. He holds a masters degree in business administration from Western Carolina. He began work on April 6.
- March 17 - The Reverse Auction was held on the purchase of a new fire pumper truck for the fire department. The process was somewhat disappointing with only three bidders participating and the bids coming in far in excess of what was anticipated. Bid specifications are now being redone in hopes of attracting a great many more bidders and making the process much more competitive and financially advantageous for the Town.
- March 20 - Arbor Day at Greenway off Route 19 opposite Lakeshore Drive. Horticulturalist Jonathan Yates conducted the ceremony and with the assistance of several students, planted a red oak tree at the parking area.

In addition to the above, a number of meetings have been held dealing with issues related to the construction, furnishings, pavers, security and audio visuals for the new Police Station and Development Office.

The Town has entered an agreement with Bob Segal Company to review the Town's bills for telephone and cable service to see if there were some opportunities for savings. Several meetings were held with representatives of the Segal firm to discuss the billings and a possible switch in service which will result in substantial savings for the Town.

I would again express appreciation to the Board and Town employees for the kindnesses shown to my family and me following the death of my mother on March 1. When she was well, one of the things my mother enjoyed the most was a trip to Waynesville and a visit to Whitman's Bakery. At times, she would even work in a visit with her son, but the primary purpose when her sister and she would come to Waynesville was lunch at Whitman's. Thank you for your words of sympathy in her passing.

THE LIFE OF A BOARD MEMBER

A lady came to Town Hall and asked for the Mayor. I explained that he did not keep regular office hours, but if she wished an appointment, the Town Clerk would be glad to arrange one. I advised that Mayor Brown was at Town Hall an hour or so each day, to which the lady replied – ‘well, that’s a good job if you can get it’.

I started to respond but figured it was pointless. I suspect the public has no idea how much time an elected official spends “on the job”. I see Mayor Brown in the office virtually every day, meeting with staff or a citizen or a group, answering emails or reading and dealing with correspondence. He receives and fulfills many requests to be at a ribbon cutting or grand opening or to speak at a function or attend a fund raiser or meeting. And that does not mention his service as Economic Development Commission Chairman and on various other Boards.

Other elected officials are no different. Alderman Caldwell has dedicated untold hours to the skate park issue, traveling to other towns to view facilities, talking to people involved in skate boarding and working with the recreation department and the private sector in fundraising, planning and site selection. Mr. Caldwell is also a ‘peacemaker’, trying to bring peace and harmony to the Frog Level area, working hard to open lines of communications between two factions there.

Alderman Roberson has found his way back into a mix of activities after being off the Town Board for many years. He accepted the role of representative to the Metropolitan Transportation Organization Board, a seat formerly held by Mayor Foy. In recent months, he has begun taking tours of various Town facilities on Fridays to learn more about operations.

I could not list all the Boards on which Alderman Feichter serves. I know she is a member of the Legislative Advisory Board for the Finance and Administration Committee of the League of Municipalities. She is involved with the Head Start Program at Mountain Projects and has given countless hours of her time to HART.

All Board members donate a good deal of their personal time, whether to ARC or HART or the Rotary. And there are hours spent discussing issues with citizens, researching problems or reading about Town policies or publications from the League of Municipalities or National League of Cities or other organizations on impacts a federal or state decision may have.

The late Alderman Kenneth Moore was slowed by physical and medical challenges during the last few years, but he spent hours on the phone carrying out “Town” work. He was always working behind the scenes, trying to resolve a problem for a citizen, to get an eyesore corrected or, as Alderman Caldwell pointed out, working to save the Haywood Correctional Center just days before he passed away on March 2.

I watched the abuse County Commissioners and County Planning Board members took recently over efforts to improve the appearance of our County. I am appreciative that the issue of property appearance is important to people in Waynesville and generally supported by our citizens. I know that as Mayor and Alderman, you give a great deal of time to the betterment of our community, and I know that at times you receive unfair criticism. As a citizen and as Town Manager, I would like to express my thanks and appreciation to each of you for the many hours you give to your “job” as Mayor or Aldermen. I thank you for the contributions you make to the community, to making this a better place for all of us who enjoy living here or visiting here.

