

TO: Mayor and Board of Aldermen
FROM: Lee Galloway, Town Manager
DATE: December 29, 2010
SUBJECT: Status Report through December 29, 2010

I find it somewhat amazing that there is but one page left on the calendar as 2010 comes to an end. In looking back at the past twelve months, it is evident that there have been a number of accomplishments. Many local governments have been content to mark time during the period of economic challenge, but the Town of Waynesville has continued pressing a number of activities and projects. The 2010 year was a good time to reap the benefits of some highly competitive bids on construction work, and we were also blessed to have some funds from other sources to supplement those from the Town.

WEATHER CONDITIONS

For two years in a row we have had snow on the ground on Christmas Day. Last year there was snow left over from the heavy storm of December 18-19, and even on Christmas Day, 2009, there was an ice event at higher elevations that made the holiday a little treacherous. In 2010, snow began falling at our home about dawn Christmas Day and continued for much of the day and into Sunday evening. The bright sun on Monday was a welcomed site. I felt sorry for our employees who had to leave their warm homes and deal with snow and ice removal or traffic conditions or fire events or water, sewer or electric problems. I extend a word of thanks to all of our dedicated employees as well as those with the State, County and other localities who had to get out in the harsh weather conditions. We appreciate you all!



WATER AND SEWER PROJECTS

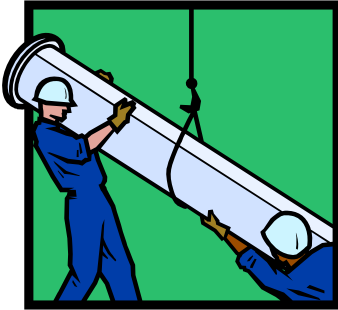
Eagle Nest Water

During 2010, the installation of the water lines, tanks and booster pump stations on the Eagle Nest Project was completed. The project took much longer to construct than we desired, and in fact, the application of the chip seal surface on the streets in the development could not be completed in October as we had planned. Custom Paving will return when the weather is sufficiently warm next spring to apply the chip seal and complete the project.

Virtually all customers were connected to the new lines by mid-summer, but there were six homes near the highest points in the development that had to have separate booster pumps and storage tanks installed to assure adequate water pressure. The grant received from the State paid for these improvements to each of the six homes, and by late November, all homes were on the new system and the old, private Eagle Nest system was taken out of operation.

Dellwood/Mauney Cove Water Lines and Miscellaneous Lines

The Town was awarded a \$904,000 project for the replacement of several thousand feet of six inch water line along Dayton Drive between Russ Avenue and Gateway Street entering the Ivy Hills Development. The new ten inch water line installed allows the Town to provide adequate water to the Maggie Valley Sanitary District in the event of drought conditions. But we also replaced a six inch, concrete asbestos water line that was terribly deteriorated and had caused several breaks and leaks. In addition to the line, we replaced over 1,000 feet of two inch water line on Mauney Cove Road which was also deteriorated and inadequate for the number of connections.



About one-half the project funds went to these line replacements, and the other half went to replace deteriorated and undersized water lines in various areas of town. These included Ray Street, Dolan Road, Andrew Lane, Pine Drive, 5th Street, 6th Street, and 7th Street, Hospital Street, Nelson Park Drive, Blackberry Ridge, Fairway Drive and Green Drive. As a part of this project, the Town installed a number of radio read meters, and while there were one or two challenges in getting those to blend with our computer software, these will be time savers for our personnel. Many cities are switching all their water and electric meters to radio read devices so that the Town simply sends a truck through a neighborhood and by radio signal, the meters are read. Over time, it would be nice to see that done on our system, but at \$200 per meter, it will take a lot of time and investment to make this a reality.

When these projects are completed, the Town will have a \$904,000 loan from the State for a 20 year period at 2.22% interest. We had hoped that a part of the money would come in the form of a grant, but the grant funds were used up before the Waynesville project became eligible. Still, the low interest loan allowed us to replace a lot of undersized and deteriorated water line and chip away at that list of \$30 million dollars in projects projected over 20 years.

Other Projects

In addition to the above projects, the Town Board allocated funds so that that we could continue making \$300,000 in improvements on both the water and sewer systems. Work has been done throughout Hazelwood in recent years, particularly on Bellemeade, Camelot and Poplar Streets. Much sewer line and water lines have been replaced, and we feel we are seeing some positive outcomes with very few manhole overflows during heavy rainstorms. The investments we are making are paying off. We know it is difficult to continue contributing such large chunks from the budget for this work when the budget is financially stressed. At the same time, we must maintain the commitment made to fund these repairs and improvements as we catch up with maintenance that was ignored in the past.

PUBLIC BUILDINGS

Hazelwood Renovations

Renovations of the Hazelwood Branch Office were completed in August, and our Finance Department was able to relocate there and open for business on August 23. The renovations turned out well, with general contractor, EcoWise, doing a great job with the work. In the months that have followed, there have been few problems, and we have received very positive comments from the public about the work done on the Finance Office.

We have missed our friends and co-workers in the Finance Department, and there is certainly a great deal less activity around the Municipal Building than there was previously. During December, many people have made their annual visit to our building to pay their property tax bill, and we had to send them on to the Hazelwood Branch Office. Many were from out of town and not aware Finance had moved. As we enter the budget season, there will be a lot more interaction between Finance Director Eddie Caldwell and me as we work our way through the 2011-2012 annual budget.

Municipal Building

Soon after the Finance Department moved, work began on removing the drive-thru ramp on the south side of the Municipal Building. We discovered window wells on that side of the building and had to change some of our plans for the parking lot configuration as a result. We also began to develop some preliminary ideas on renovations to this building, and we wanted to start with replacing the windows on the south side of the building as well as have a new window constructed to replace the one removed when the drive-thru window was installed in the late 1960s. Prices for manufacturing and installing the new windows were in the \$40,000 range, and it was suggested that we should be able to have the windows repaired and made more energy efficient for much less money. As a result, we have hired an expert in Historic Preservation Engineering, and he will be working with us on the rehabilitation of the building and in finding suitable materials to maintain the historic character. His work will begin in earnest after the first of the year.



HENDRIX STREET BRIDGE

The Hendrix Street Bridge was to have been completed in November, but there were several setbacks with the permits required for work within the Allens Creek stream area. While the street is closed to thru-traffic, our Street Department has been working on the installation of sidewalk through this area, connecting South Main Street and Allens Creek Road by sidewalk. Our crew members are close to completing this work, and surfacing and completing the bridge work is also coming to a close. If there are some milder days in January, the contractor should be completing the bridge within the next 30 days.

BUILDING ISSUES

Fire Station

The architects on this building have given their best effort to attempting to resolve the roof issues with the contractor on the fire station, Construction Logic, but those efforts have been fruitless. At the end of September, we presented the



contractor the options for repairs to the roof and truss system as developed by the architects and a structural engineering firm. This information was also provided to the insurance agent for the performance bond Construction Logic had on this project as well as to the bonding company. Unfortunately, we have not had a response from Construction Logic or anyone associated with the work, and we have turned the matter over to the Town Attorney to begin working on a resolution to the issue.

Police Station/Development Office/Town Hall

After months of trying to assess the origins of the persistent roof leaks on the new Police/Development/Town Hall Building, it appears that there were gaps in the platform supporting the heat/air roof mounted units. The mechanical contractor and the heat pump supplier have been making repairs to these and the roofing company has been involved as well. At this point, it appears that the leaks have been repaired, as nothing showed up during that four inch rainfall we experienced in November. We will continue to monitor this situation.

PUBLIC SAFETY EMPLOYER-EMPLOYEE COOPERATION ACT

I am pleased to report that the U. S. Senate recently defeated the Public Safety Employer Employee Cooperation Act (PSEECA), and I may report that both of our North Carolina Senators, Burr and Hagan, voted to oppose the Act. For the time being and almost certainly with the new Congress that has been elected in November, the likelihood of collective bargaining by public safety employees will not be approved. North Carolina is one of 15 states that ban public safety employee collective bargaining agreements. Many in local government felt that passage of this legislation would be an unwarranted intrusion into the sovereignty of the State of North Carolina and violates the principals of federalism.

We think the world of our law enforcement officers and firefighters, but we also think the world of all our employees, regardless of the department or the work they perform. We try to make sure the benefits are good and the earnings are competitive and do not see how dealing with a labor union would improve the relationship we have with our personnel.

SOLID WASTE ISSUES

During the fall, Haywood County advertised for proposals to operate the County Landfill and the Solid Waste Collection System of the County. Only three proposals were received and these were evaluated by the County after being submitted on October 8. The County's Solid Waste Committee then met with the three parties on December 8 to learn more about their proposals.

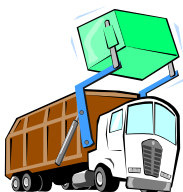
One firm proposed to shut down the Materials Recovery Center at Jones Cove Road, except recycling, and accept solid waste at the White Oak Landfill.

One firm offered three different proposals. The first offered to operate the White Oak Landfill and shut down the Materials Recovery Center at Jones Cove Road with the exception of recycling. The other two proposals wanted to shut down the White Oak Landfill and have a Transfer Station at Jones Cove Road to transfer all wastes to a landfill in Union County, South Carolina. The second option was an operation of the transfer station with company employees and the third option was an operation of the transfer station with County employees.

The third firm offered to operate the White Oak Landfill and made no mention of the Jones Cove Materials Recovery Center. This group had not previously operated a landfill, though they have built some in the past.

We are not sure what decision the County will make, but it is evident that there is no funding in place for the closure cost on the White Oak Landfill, whether that is now or twenty years from now. To send wastes elsewhere from Haywood County now could still mean that portions of the White Oak Landfill may have to be closed and covered. And whether the landfill is closed now or in the future, the leachate will have to be collected and treated and the ground water monitored. The costs could be several million dollars annually, and the County should probably be collecting and setting aside funds now for future closeout costs of the landfill.

As for Waynesville, we will be researching what the best options are for the Town as there are some enormous costs involved for us if the Materials Recovery Facility at Jones Cove Road is closed. We have to consider the costs that will be assessed to our citizens and businesses if Haywood County charges Waynesville's garbage trucks to use the transfer station at Jones Cove Road. We will have to evaluate the fairness issue if our trucks are charged but there are no charges to citizens who go to the convenience centers which are just as much a transfer station as is the facility at Jones Cove Road. We will have to look at the options of developing our own transfer station or hauling elsewhere, comparing those costs with traveling to White Oak if the Jones Cove Road facility closes. We are hopeful that the County will make a decision on a time frame that will allow us to implement the options that best meet Waynesville's needs.



LAND DEVELOPMENT STANDARDS PROCESS

Over the past two years, a special committee appointed by the Town Board has worked its way through revisions to the Land Development Standards. With a proposed document, public meetings were held on November 30 and December 2. Some at those meetings expressed a request that the public be granted more time to review the proposed changes and compare the new document with the document that has been in existence since 2003. The Planning Board held their initial meeting on the document December 20, and agreed that more time would be allowed for the public to consider the changes.

COUNCIL OF GOVERNMENTS

The County Council of Governments will hold its quarterly meeting at the Town of Clyde Municipal Building on Monday, January 10, 2011. The meeting will open with dinner at 6:00 p.m. followed by the formal meeting at 7:00 p.m. With the General Assembly set to convene the last week of January, it was determined that this would be a good time to invite the recently elected officials who will represent our county in Raleigh – Senator-elect Ralph Hise, Senator-elect Jim Davis, Representative Ray Rapp and Representative Phil Haire.

It might be good to think of some of the major issues/hurdles the Town will face in the next year and take the opportunity to begin building a relationship with these newly elected officials to address those concerns. As you have issues that come to mind, please mention them to Mayor Brown so that he can make reference to those at the County COG meeting.



WATER CONTRACTS

For some time now, the Town has been involved in negotiations with both the Junaluska Sanitary District (JSD) and the Lake Junaluska Assembly over the contract under which the Town sells the two entities water at bulk rates. The contract with the Lake has been hammered out and meets with the approval of the administration of Junaluska Assembly; however, it must be approved by their Administrative Body which next meets in January.

The negotiations with JSD have taken a bit longer, but members of their water committee met with Town Staff on December 19 to try and work out any differences which might exist between the Town and JSD. Both of these documents will need to come to the Town Board for final approval.

NEW FIRE TRUCK

Fire personnel have certainly been pleased with the new Pierce Fire Pumper that was received by the department in October. Those attending the Commissioning Ceremony on October 17 appreciated the symbolism included in the ceremony and learned a great deal about the history of the fire service. It was a very meaningful event and Fire Chief Joey Webb and all fire personnel, both full-time and volunteers are to be commended for this ceremony.

The new truck has been placed into operation, working out of Station 1. It replaces a 1975 truck which was inherited from the Hazelwood Fire Department during the merger in 1995. The former, first line pumper, a 1988 model unit, will become a backup truck at Station 1. The cost of the new Pierce truck, fully equipped, is approximately \$398,000.



CIVIL PENALTY PROCESS

The Town Attorney, Assistant Manager Alison Melnikova and the Inspections/Code Enforcement Department have been meeting to discuss the new process on Civil Penalties. These were approved by the Town Board this year and the new process will get underway on January 1, 2011. Many of the property owners with whom Code Enforcement has been dealing will get somewhat of a reprieve as the clock will start ticking under the new process set out in the civil penalties portion of our ordinance.

SUCCESSION PLANNING

Following a consultation with a consultant specializing in succession planning, each department head and several supervisors have been asked to complete a form which gathers information about retirement planning. We are looking for data on which employees might be considering retirement in the next three to five years so that we will have a better idea on where we need to concentrate our greatest efforts on planning for succession. We certainly have no interest in seeing our department heads retire, but we know that is a reality that we must face. We are simply trying to be in the best position to prepare for when they do decide to end their public service careers.

ANNUAL BOARD PLANNING RETREAT

Earlier this month, Board members were contacted to determine if the date of Friday, February 18, 2011, met with everyone's approval for the Board's Annual Planning Retreat. As it was a satisfactory date, we have arranged to have Vicki Greene of the Southwestern Commission serve as the Facilitator and Vickey Wade of Western Carolina University's Local Government Training Program to assist with notes and ideas generated by the Retreat. Over the past few months, we have been accumulating ideas on topics which might warrant being a part of the discussion at the retreat. If you have thoughts on topics which you feel need to be on the Retreat agenda, please mention those to Alison or me so that we might add them.

After the General Assembly goes into session in late January, we would anticipate information on how they intend to deal with the financial challenges the State will be facing in the 2011-2012 budget. Various reports indicate that the State will face a deficit in excess of \$3 billion, and the Governor and General Assembly will have to make some very difficult decisions about funding. Many of the Republicans who have been elected pledged to follow up with the sunset provision on some of the sales and use taxes that were implemented in 2008, and there have been pledges of "no new taxes". If that is the case, it will mean serious and severe cutbacks in other areas of State government, and we are especially interested in how their decisions will impact local government.

We would anticipate another challenging budget season in 2011, and it is likely that some special budget retreat meetings may be necessary in late April and early May as we attempt to plan how the Town will meet the financial challenges of the next fiscal year. We are seeing some small increases in our sales tax revenues, and the State should be seeing a similar increase; however, these increases are not sufficient to cover the \$3 billion State shortfall. It is for this reason we expect to see the State attempt to reduce some revenue which should be distributed to local governments or to pass down costs and/or responsibilities in the form of unfunded mandates. 2011-2012 does not hold the promise of being any easier than 2009-2010 or 2010-2011.

ELECTED OFFICIALS APPRECIATION EVENT

On Thursday, January 20, 2011, the Haywood Chamber of Commerce has scheduled the annual reception to show appreciation to the elected officials who serve Haywood County. These include those from the municipalities, the County and the State Senate and House of Representatives. The reception is to be held at Laurel Ridge Country Club beginning at 5:30 p.m. The Chamber has asked that those elected officials planning to attend give the Chamber notice so they may recognize you at the reception and have a special name tag for you.