

TO: Mayor and Board of Aldermen
FROM: Lee Galloway, Town Manager *Lee*
DATE: January 9, 2012
SUBJECT: Status Report through December 31, 2011

It puzzles me somewhat to see how often I am discarding a calendar and replacing it with a new one. How 2011 passed so quickly is beyond me, but I think back to words that my grandfather shared when I was 11 or 12 years old. Back then, I complained about how fast the summers passed and how slow the school year went. He remarked that when I got old like him, the days would all pass quickly, regardless of the time of the year. I thought he was losing his mind, but now that I am in my early 60s, I realize that he was a genius.

I wanted to bring you up to date on some projects and activities in which we are involved. During the holidays, things slow down a little bit, but there are many issues that are pending and which will require our attention in the coming months.

TOWN ELECTIONS

The Town elections were held on November 8, 2011, and the results showed that Mayor Brown had been reelected along with Aldermen Wells Greeley, Gary Caldwell and LeRoy Roberson. Alderman Libba Feichter chose not to seek reelection, and Ms. Julia Freeman has been elected as the fourth alderman.

The race for the Mayor's seat between Gavin Brown and Hugh Phillips was close, with Mr. Brown winning by just over 30 votes. There was also some confusion as to whether or not the residents of the Great Laurels apartments were inside Town and could vote. This led to an appeal of the election, but the Haywood Board of Elections upheld the results. Mr. Phillips and a resident of the Great Laurels appealed that decision to Raleigh, and on December 22, the State Board of Elections voted support for the decision of the local Board of Elections.

Once they receive official orders from the State, the local Board of Elections may certify the results of our election. The Town may then proceed with swearing in and organizing the new Board, and we hope that can be done at the Board meeting of January 24, 2012. At that time, the present Board will take care of any final, unfinished business and then the new Board will be seated, elect a Mayor Pro-Tem, appoint the Town Manager and Town Attorney and take other actions that are required. We will provide a review of the process in the Agenda Book issued in advance of the January 24 meeting.



MANAGER SEARCH PROCESS

With my announcement of retirement on June 30, 2012, the search process for the next manager has begun. Developmental Associates of Chapel Hill was selected to coordinate the search. In November, they conducted meetings with the Board and various people from the community to learn what citizens thought the skills and characteristics of the next manager should be. The firm took those comments into account in preparing the advertisement for the opening, as they wanted the job announcement to reflect the perceived needs of the community.

The job announcement was prepared and approved by Mayor Brown and me. It has now been live for three weeks, with all applications being sent directly to Developmental Associates, and they indicate that more than 30 applications have already been received. During January, they will be sifting through the applications with the intention of presenting a list of better qualified applicants to the Town Board at a special meeting on Monday, January 30, 2012. At that time, in conjunction with Developmental Associates, the Board will select 8 to 10 finalists to come to Waynesville for an Assessment Center process in mid-February.

After the assessment process, the Board will likely select two or three candidates to return for face to face interviews in early March. Assuming a final selection is made by mid-March and an offer extended and accepted, it is possible that the next manager could be on hand in April. It would be great for that person to be here and a part of the development of the budget.

As stated to the Board numerous times already, I will be here and available to assist with the selection process and with helping in the transition period. And since I plan to remain in Waynesville following retirement, I would remain willing to assist the new manager in the years to come.

NEWSLETTER PUBLISHED

By now, everyone should have received their copy of the Town's quarterly newsletter for January, 2012. I believe our copy arrived at the house on Christmas Eve. In discussing the newsletter with Town Clerk Phyllis McClure, she pointed out that January, 2012 is the first edition of Volume 9, meaning that this is the ninth year of the newsletter's existence. For some time prior to the first newsletter sent out in April, 2004, Ms. McClure and I had discussed the need for a means of communicating directly with the citizens. We wanted to find a way to get information to the public on a regular basis, to keep the citizens up to date on events which affected them and the Town, on problems and issues and projects, on ways that we needed their assistance and explaining ways we were trying to serve them. I give the credit to Ms. McClure for finally taking the bull by the horns and making sure that the Newsletter got done. Many staff members write articles for the newsletter, but Phyllis makes it happen! Thanks to Phyllis McClure for this work!!



TOWN AUDIT/FINANCES

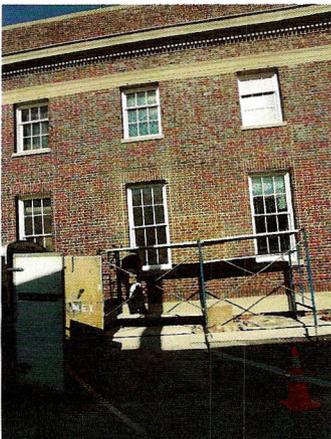
At the Town Board meeting of December 13, the Town's Auditors, Ray, Bumgarner, Kingshill Associates, presented the annual audit of the Town's financial records as of June 30, 2010. This was one of the finest audits yet presented for the Town. All four funds, General, Water, Sewer and Electric, ended up running in the black for the year. In addition, the two Service Funds for the operation of the Public Works and the Town Garage also showed an increase in fund balance at year's end. This is a tremendous accomplishment, and the department heads and employees deserve a lot of credit for their careful management and good stewardship of the funds which have been entrusted to us by the public.

Following the presentation by the auditors, Finance Director Eddie Caldwell presented the report on the Town's Cash Position. He noted that on June 30, 2011, the combined Cash Balance for all of the Town's funds was \$10,439,683. This compares favorably with the Town's combined Cash Balance on June 30, 2010, which stood at \$9,338,112. This comes at a time when the Town has continued to undertake some major needed projects to protect and preserve the buildings and facilities with which the public has entrusted us.

The Town is probably in the best financial position in which it has ever been and many buildings and facilities have been renovated, upgraded or replaced in recent years. There is still much to do and many improvements are still needed, but the Town is in an excellent financial position to meet those challenges.

RENOVATION WORK – MUNICIPAL BUILDING

Renovations to the Municipal Building began in June and should have been completed in September. While making improvements, we encountered problems in putting the building back in the condition and appearance it was when finished in 1917. After the Town purchased the building in the 1960s, a drive-thru window was installed and an original window and some of the original brick was removed. A big challenge in the renovation project was having a window manufactured that would match the other windows in the building. Another was being able to match the brick, and that was the most difficult task. Eventually, a local potter was employed to heat the brick and create a shiny, purple glaze on a number of the brick, something the contractor was unable to find from brick yards.



During construction, several cracks were found in the brick and mortar on the structure. These had to be repaired to stop the water from leaking into the building. We also found problems in the 20+ year old roof and a firm was hired to make those repairs. We wanted to assure that this historical structure was preserved and prevent further damage to the interior from outside elements. The project was expected to run about \$80,000, but in making the repairs to the roof and the parapet on the roof and to basement windows that were uncovered after being underground forty years, we will spend in the range of \$100,000 on the renovations.

There has been little work done to this building since it was fully renovated in 1989. In fact, the interior has not been repainted in those 22 years, and there is a good deal of interior damage to the plaster from the water that was seeping through the walls from the outside. Getting the building sealed up and keeping the water out was the first step in the process. I think the public also expects us to be good stewards of the structures and facilities under our control, and I honestly did not realize the extent and severity of the deterioration to the exterior.

A full renovation of the interior is needed, with repairs to the plaster, repainting the walls and new carpet throughout the building. The large room where the Town Board formerly met should be redesigned, giving more space to Human Resources and creating a larger conference room for business meetings. It would be ideal to install an elevator to make the basement and second floor more easily accessible and gain better use of the entire structure. These are good projects for the next manager and Town Board. Perhaps they can be completed in time for the 100th anniversary of the construction of the Municipal Building which I believe began in September, 1916.

RECREATION CENTER WORK

You will perhaps recall that the recreation center opened in December 1999, and though our personnel work hard to maintain the facility, there are some things that simply need to be repaired or replaced. During the early part of the summer of 2011, a new roof was installed on the entire facility. The old roof had a ten year warranty and had begun to leak at times. A few years ago, a teenager was seriously injured when he slipped on the wet gym floor due to the leaking roof. With money from the Capital Projects Fund, the roof on the recreation center was replaced at a cost of \$128,000.

In the 2011-2012 budget, the Town Board allocated funds for resurfacing of the two swimming pools at the center. Once bids were taken on the work, it was found that there would be money left over. We took another look at the pool area and Recreation Director Rhett Langston requested that any remaining funds be used to redo the deck surrounding the pool with a new surface that would not be as slippery as the current deck's surface. We agreed to let him do an alternate bid to include the resurfacing work as well as the replacement of the pool deck surface. The bids for the entire package came in under what had been budgeted for the bid for the pool resurfacing alone, so we allowed him to get the rest of the work done.

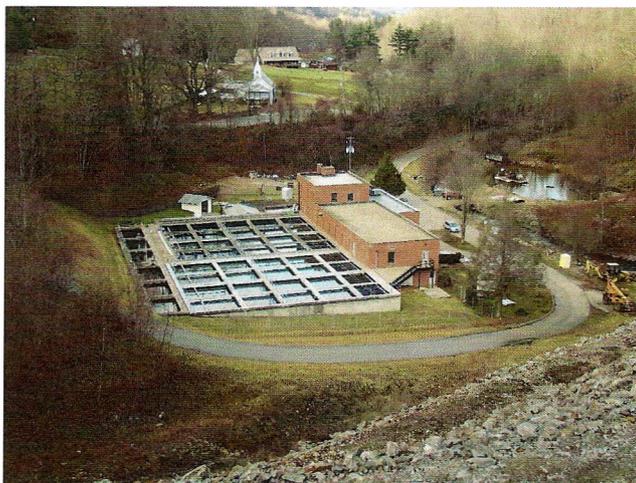
We decided to close the recreation center during the middle of September as this was the period with the lowest use. We also had all the recreation center employees involved in a full renovation of the facility. Work was done in almost every area of the center, with professionals redoing the floors in the gym and the other wooden floors in exercise areas, and our employees did a great deal of the cleaning and painting. When the center reopened in the latter part of September, it looked quite like new. We would commend all of the recreation personnel for the way they pitched in on the task and did their part in making the center look so refreshed and new again.

After fire damaged the maintenance office and restrooms along Marshall Street, we received a fair settlement with our insurance carrier. The adjacent recreation offices suffered serious damage in 2009 from settlement after the supporting pillars failed. The Town Board allowed us to have those buildings demolished and that was accomplished over the past week. We have also had two old buildings at the horse ring leveled as they had become unsafe.

The Parks and Recreation Advisory Commission is working on the request received from the Town Board to evaluate the use of the park area where the outdoor pool was once located. We had hoped to have the restrooms underway and ready for the summer season, but we will take the time needed to make sure the restrooms are properly located. That may mean a new building or the renovation of the existing restrooms.

WATER PLANT WORK

As indicated in the last report, the work on repairing the concrete walls of the detention basins at the water plant as well as the spillway of the dam had to be delayed until the spring of 2012. A check with the structural engineer on this project indicates that we are on schedule to open bids for this work in March and have construction underway in the spring. Because of the expected cost of this work, the Town will need to



take a loan of 4 or 5 years on the work. Such a loan will require us to go before the Local Government Commission for approval for financing the debt.

SONOCO

During the fall, the Town and County worked together with the State of North Carolina to offer an incentive package to Sonoco for expansion of their plastics plant located on Howell Mill Road. This was formerly the Associated Packaging facility. That incentive package was instrumental in attracting Sonoco to expand the Waynesville facility, adding almost \$12 million in new investments and creating 35 new jobs. For Waynesville, it will also mean a substantial increase in the amount of electricity sold to the firm.

County Attorney Chip Killian has been working on the development of a document between the County and Sonoco regarding the incentives from the County. Town Attorney Woody Griffin has been working with Mr. Killian on the development of a similar document between the Town and Sonoco. We are hoping to have this completed for the meeting of January 24. I was pleased to see the Town Board approve the incentive policy. Sonoco's investment in the community will pay back the Town's \$72,000 incentive many times over.

SOLID WASTE STUDY

The Town Staff has been working with representatives from the Land of the Sky Council of Governments (LOS) on a study of the Solid Waste System. This study was commissioned in response to the changes Haywood County has implemented in their solid waste operation. The study was delivered to us on December 30, and we are still digesting the content. A copy of the study will be provided to each Board member.

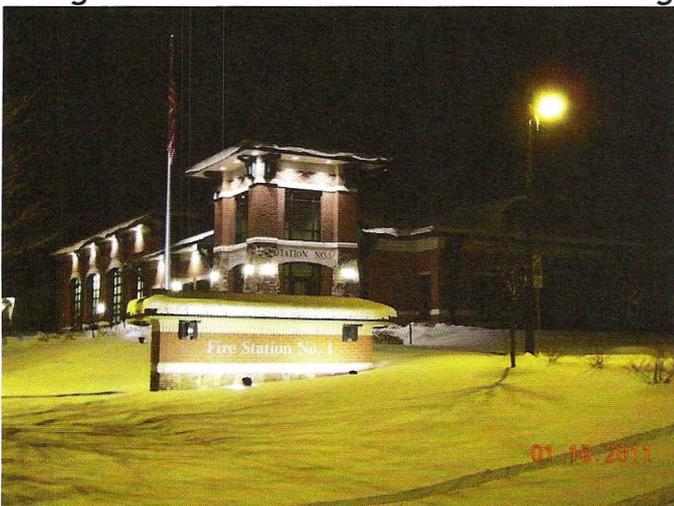
A great deal of time will be needed over the next 60 days on planning the direction of the solid waste program for the future. There will be substantial cost increases for the Town to transport solid waste to the White Oak Landfill or elsewhere, either with our own equipment and personnel or if we opt to subcontract the work. The Town will have to determine whether we pass those costs on to our customers or change the entire solid waste program to incorporate the costs into our existing budget.

For instance, from the study done by Land of Sky, we have learned that approximately one-third of the Town's expense in solid waste goes to handling the yard waste. The \$6.50 per month residential garbage fee does not even cover the cost of garbage collection, and at present, there is no fee to cover the more than \$400,000 a year we spend on handling yard waste. We also learned that when compared to other communities in our region, the service Waynesville provides is at the upper level, while the fee charged is well below the cost incurred.

With the new cost of equipment and personnel, whether the Town does the work or privatizes a portion, existing revenues will not be sufficient to cover costs. It will be a matter of securing more revenues to cover those costs or scale back the level of service to absorb the cost. There will be some difficult decisions ahead in the coming months.

FIRE STATION ROOF

In December, 2009, there was a heavy snowfall in Waynesville, with roughly 17 inches falling on the roof of the new fire station on North Main Street. The weight of the snow caused the roof to sag and we had our architects and engineers



assess the damage, determine the cause and present a list of recommendations for repairs. There was no initial response from the contractor, and the Town employed attorney Bill Cannon to address the matter. The contractor has retained counsel but we have been unable to resolve the matter of the faulty construction and installation of the roof beams. Mr. Cannon has now filed suit against Construction Logic, the contractor on the fire station.

TRAINING OPPORTUNITIES

We have often called upon Assistant Town Manager Alison Melnikova to help guide us through some information technology issues, particularly when the new buildings were being constructed and in dealing with New Meridian, the firm we have hired to handle our information systems. Ms. Melnikova approached me to ask that she be allowed to attend the special course at the School of Government to help employees deal with the management of IT systems. During 2012, she will be in Chapel Hill for a few days each month to attend these sessions, and she would end up as a Local Government Certified Information Officer.

Fire Chief Joey Webb has been attending the Municipal and County Administration Course also offered through the School of Government. This is a program established for city and county managers, department heads and other key personnel, helping them gain a broad knowledge of municipal operations. The program gives attendees a better understanding of the overall operations, of how "it" all fits together, and leads to a better working relationship between the various departments in local government. The program runs for seven months, with four classroom days during each month.

PERSONNEL MATTERS

When you have an organization with 160 full time employees, it is pretty certain that there will be constant changes in personnel. In the Finance Department, we have had two vacancies to fill as customer service representatives. Ms. Carolyn Connerly resigned from her post in early December, and Ms. Vivian Green notified us that she will resign from her post later this month. We have already filled those openings with Cynthia Parris and Carla Grooms.



In the Police Department, we have had two vacancies occur in dispatch. In one case, a road officer, Daniel Reems, had decided to move to the dispatch post. The other vacancy was filled by Jeremy Landt who had previous experience in this particular area.

Also in the Police Department, Sergeant Chris Chandler has been promoted to the position of Lieutenant, taking the spot vacated by Chuck Way who retired. Patrol Officer Tyler Trantham has been promoted to Sergeant, taking the spot that was held by Lieutenant Chandler. These promotions came about after an intense interview process and the officer went through a highly competitive assessment process to lead to the final selection. We are fortunate to have so many qualified officers in our department who are ready and capable of stepping up to take on higher positions and greater responsibilities.

At the Water Plant, Dennis Moody resigned his position in the fall and on November 14, Matthew Swanger was hired as his replacement.

ANNUAL BOARD RETREAT

We have worked on a date for the Board's annual retreat, and it appears that Friday, February 17 works for all who have responded. In discussing the retreat, it was felt that this was a golden opportunity for the Board to better prepare itself for the process of interviewing and hiring the next manager. The Board would have the time to focus on and develop the vision for the community's future and have specific goals and objectives to be accomplished over the next year or two. These could be discussed with the finalists for the manager's post during formal interviews in early March and help with the selection of the right individual to help the Board meet those goals and objectives.

I would suggest that after the new manager has been on board for a few months, the Board have another retreat. At that time, the Board could further discuss these goals with the new manager and provide clarification on direction. The Board could also hear from the new manager on his or her initial impressions on what needs to be done to improve the organization. A planning retreat after the manager has been on the job a few months would help in developing a stronger relationship between elected officials and manager in a relaxed setting.

UPCOMING BOARD SCHEDULE

Over the next several weeks, there are some various meetings and dates of which the Board needs to be aware. You might want to place these on your calendar now as a reminder.

January 10	Town Board's Regular Scheduled Meeting
January 16	Martin Luther King Holiday – Town Offices Closed
January 24	Town Board's Regular Scheduled Meeting
January 30	Special Meeting of Town Board Closed Session on Personnel Matters Meet with Developmental Associates on applicants
February 14	Town Board's Regular Scheduled Meeting
February 17	Annual Board Retreat (TENTATIVE)
February 23-24	Assessment Center for Managerial Applicants
February 24	Special Meeting of Town Board - Approximately 3:00 p.m. Closed Session on Personnel Matters Meet with Developmental Associates on applicants
March 5-9	Potential time frame for interviewing finalists for Manager
March 13	Town Board's Regular Scheduled Meeting
March 27	Town Board's Regular Scheduled Meeting
April 6	Good Friday Holiday – Town Offices Closed

NOTE: Waynesville is supposed to host the next County Council of Governments meeting for the first quarter of 2012. A fifth Monday often works well, but we have a meeting on January 30 applicants for Manager. We will work to find a good date.

MANAGER'S TRAVELS AND ACTIVITIES

In December, I was contacted by Department of Environment and Natural Resources Secretary Dee Freeman asking if I would consider reappointment to the Secretary's Round-Table Discussions. I reminded the Secretary that I would be retiring June 30, but he asked that I accept the appointment and represent the governmental concerns from Western North Carolina. I agreed and this past week attended the first Round-Table meeting of 2012. There are three sectors of the Round-Tables – Business Community, Environmental and Local Government. All three sectors were present for the meeting this past week, and in the next several months, the three sectors will meet separately to convey concerns to the Secretary and learn more about the work of the Department.

I am now in my second term as a member of the Board of Directors of the Pigeon River Fund. I completed a two year stretch as Chairman of that group last August and will remain on the Board through the balance of my term which expires in 2014. The Board meets four times annually and our next meeting is scheduled for Wednesday, February 15, in Waynesville. The Board of Directors met in the Town Board Room in November and was very impressed with the facility.

Mr. Dale Ditmanson, Superintendent of the Great Smoky Mountains National Park, has set of goal of building better relationships with communities adjacent to the park. In that regard, he is planning a program called "Experience Your Smokies" in which participants will learn more about the park and the many facets of the operation. The Superintendent has invited me to participate in a discussion about the program, and this will include a number of other individuals from our region. I will be at the Oconaluftee Visitor Center on Tuesday afternoon, January 10 for the first meeting on this program.

Assistant Manager Alison Melnikova and I will be attending the Winter Conference of the North Carolina City and County Managers' Association on Wednesday through Friday, February 1 – 3, at the Sheraton Imperial Hotel in Durham. This is the best training opportunity for managers within the State during the year, and it also provides a wonderful time to network with other managers, picking up ideas on programs that might work in our community.

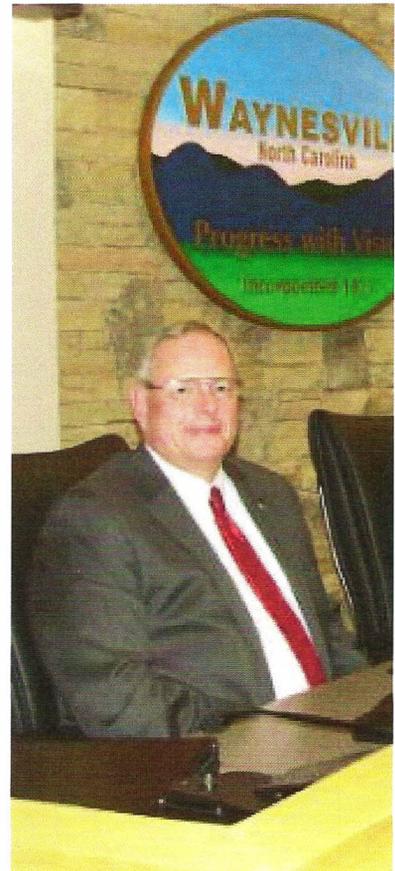
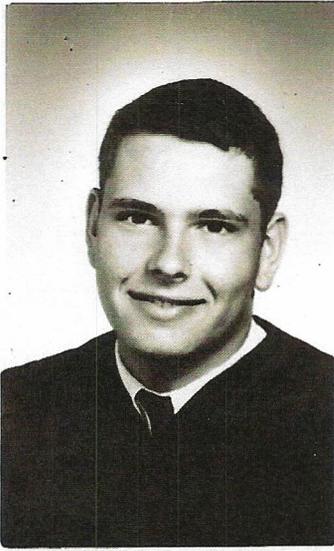
PERSON OF THE YEAR FOR 2011?

I cannot let this pass without mentioning my selection by The Mountaineer as Person of the Year in Haywood County for 2011. I was surprised at the selection and appreciative of the recognition, though I am sure most of you know that I do not do what I do for the recognition.

Over most of these 18 years in Waynesville, I have been blessed to be part of a team comprised of exceptional elected officials, outstanding department heads and dedicated employees. I have received tremendous support from the Town Board and employees, even when at times I had questions about what I might be proposing. I will have spent 39 years in this profession when I retire at the end of June, and I have been so fortunate that most of those years have been fantastic – much better than I could have ever hoped for or imagined when I decided to enter this profession while still in high school in the late 1960s.

I appreciate the friendship and support you have shown me over the time we have worked together. I look forward to being a good citizen of Waynesville and to volunteering time and energy to my community, striving to make it a better place as a citizen rather than as town manager.

Back when I made that decision in 1968.



At the other end of that decision, 2011.