

SPECIAL MEETING
BOARD OF ALDERMEN
TOWN OF WAYNESVILLE
SEPTEMBER 20, 2005
TUESDAY - 7:00 P.M.
TOWN HALL

The Town of Waynesville Board of Aldermen held a special meeting on Tuesday, September 20, 2005. Members present were Mayor Henry Foy, Aldermen Gavin Brown, Gary Caldwell, Kenneth Moore and Libba Feichter. Also present were Town Manager A. Lee Galloway, Town Clerk Phyllis McClure and Town Attorney Woodrow Griffin. Mayor Foy called the meeting to order at 7:00 p.m.

Memorandum of Understanding Between Clean Water Trust Fund and Town

Town Manager Galloway said as we near the point of finalizing the arrangements for the Conservation Easements on the Watershed, the Clean Water Management Trust Fund (CWMTF) has pointed out some issues that were not addressed in the Memorandum of Understanding which the Board approved in August between the Town and the conservation groups. These issues deal with some "what ifs" that might not have been anticipated when the conservation easements were prepared.

The first issue deals with the "Changed Conditions". What if there are changed conditions on the 690 acres of property comprising the Forever Wild Conservation Easement which makes it impossible or impractical to continue to protect the property for conservation purposes? This might be by the sale of the property to someone else or the Conservation Easement may be terminated.

The second issue involves the question as to what happens if any or a portion of the 690 acres of property in the Forever Wild Easement is taken by the exercise of eminent domain or by negotiated sale in lieu of condemnation so as to abrogate the restrictions imposed by this Conservation Easement. This might occur if the federal government were to condemn the property for expansion of the National Forest, and while this is an unlikely event, it is always a possibility that should be addressed now while the legal documents are being prepared.

In either event, under this Memorandum of Understanding, the Clean Water Management Trust Fund would get a portion of the proceeds the Town would receive in the sale at the same ratio as the agency contributed to the Town for the purchase of the property. In the case of the Lanning Estate Tract, the CWMTF contributed \$228,761 of the \$228,761 that the Court ordered the Town to pay for the property. If this property were taken from the Town, CWMTF would get 100% of the value of the easement on the 14.7448 acres the Town originally secured from the Lanning Estate. In the case of the Haywood Lumber and Mining Tract, the CWMTF contributed \$228,000 of the \$642,855 that the Court ordered the Town to pay for the property. If this property were taken from the Town, CWMTF would get 35.4668% of the value of the easement

on the 428.57 acres the Town originally secured from the Heirs of the Haywood Lumber and Mining Company. The CWMTF contributed nothing toward the 247.347 acres the Town purchased from Virginia Rich Barnett and her husband Robert Barnett, so if any portion of or the entire tract had changed conditions or was condemned, the CWMTF would receive no reimbursement from the funds the Town might receive.

Alderman Brown pointed out that the chances of this happening are very slim.

The Town Attorney and Town Manager felt this to be fair and reasonable and recommended approval of the Memorandum of Understanding between the Clean Water Management Trust Fund and the Town.

Alderman Brown moved, seconded by Alderman Feichter, to approve the Memorandum of Understanding between the Clean Water Trust Fund and the Town as presented. The motion carried with four (4) ayes (Brown, Caldwell, Feichter and Foy) and one (1) nay (Moore). (Cont. No. 21-05)

Discussion Regarding Policy on Contributions to Non-Profit Organizations

During the past year, Finance Director Eddie Caldwell, his staff and Manager Galloway researched various alternatives, policies and procedures of the non-profit groups to which the Town of Waynesville provides financial support. This dated back to discussions at the Board Retreat and budget work sessions in early 2004, well before problems arose with the handling of funds at the Canton Papertown Association office.

This research led to recommendations to the Town Board and approval was given to implement these recommendations. When these recommendations were being implemented, it was discovered that there were some apparent misunderstandings among the agencies when information was being gathered last spring and this resulted in some inaccurate information being presented to the Town Board. It was also found that the actual cost of having an audit performed is much higher than anticipated. After meeting with some of these organizations, it was felt that this issue should be discussed with the Board once again.

When information was gathered, some of those who answered "yes" to whether their organization had an audit did not understand the question. Some may have been having a financial review instead and some simply had an accounting firm provide bookkeeping services for them and may have believed that they met the definition of an audit. It was discovered that several of these organizations do not have audits or even financial reviews, but they have provided some monthly financial reports that give the impression and belief that the groups are accountable and are handling financial affairs in a professional and sincere manner.

Finance Director Eddie Caldwell said when this information was presented to the Board earlier this year, it was felt that an audit would cost approximately \$3,000 to \$3,500. Some of the agencies to which the Town contributes funds have found that the cost quotation is higher, perhaps in the \$4,500 to \$5,000 range.

If the Town were to maintain the requirement that any agency receiving more than \$3,000 have an audit performed, some agencies would have to pay far more for the audit than the amount of money they receive from the Town. They may find it more sensible for their organization to simply not request or accept money from the Town. It was the opinion of Eddie Caldwell and Lee Galloway that while the Board wanted to assure greater accountability, it was not the Board's intention to have rules so stringent that it would prohibit groups from receiving funds from the Town.

With the new information in mind, Eddie Caldwell and Lee Galloway asked the Board to reconsider the previously adopted policy. Rather than set the threshold at \$3,000 when an organization must have an audit or financial review, it was recommended that the number be raised to \$5,000. It is felt that there should still be some requirements that the non-profits have functioning Boards of Directors, with regular meetings and minutes and that there be some sort of monthly, quarterly or annual financial reporting to the organization, with the Town receiving copies of these reports.

Alderman Feichter said she was very grateful for Eddie Caldwell and Lee Galloway and felt that it was important to continue to be vigilant.

Alderman Feichter moved, seconded by Alderman Moore, to raise the threshold for organizations from \$3,000 to \$5,000 before requiring an audit or financial review. All other organizations would continue to submit other information, including their budget and financial statements. The motion carried unanimously.

Award Bid for New Street Sweeper Truck

In adopting the 2005-2006 fiscal year budget, the Board provided funds in the amount of \$160,000 for a new street sweeper for the Street Department. This unit is intended to replace the 1995 Tymco Street Sweeper which was put into operation in the end of 1994 when the Town's 1981 Ford/Vac-All sweeper caught on fire and burned beyond repair. The Tymco sweeper has been an excellent sweeper and served the Town well these past ten years, keeping our community much cleaner than previously.

In preparing their request for funds for a street sweeper, Assistant Public Works Director Robert Hyatt and Streets and Sanitation Superintendent Ron Collier did extensive research. During the past few months, they have had several demonstrations of various street sweepers to compare the abilities and uses of the various machines. They have also compared the materials used in construction and related potential maintenance issues of each unit offered. It is their recommendation that the Town Board approve the purchase of the most expensive unit offered, the Johnston Model VY 650 Full Vacuum Street Sweeper at a price of \$156,400.

The Johnston sweeper is \$25,618 more than the Tymco 600 Sweeper which was the lowest bid at \$130,782. Eddie Caldwell and Lee Galloway met with Mr. Hyatt and Mr. Collier and Public Works Director Fred Baker to discuss their reasons for recommending the Johnston sweeper. Their primary reason was the lifetime guarantee on the hopper into which the street dirt and debris are swept. The Johnston model offers a stainless steel hopper which is not provided by

Tymco or Elgin. In 2003, the hopper on the Tymco model the Town now has was deteriorated to the point it had to be rebuilt, and the cost was \$35,351.52. That alone may be ample justification for the recommendation to go with Johnston's stainless steel hopper with the lifetime warranty.

In addition to this feature, the Johnston unit has its own dumping system built into the unit. When the sweeper arrives at the dump, it works like a dump truck to tilt the body and empty the debris collected. With the other units, a door into the hopper is opened and the operator must rake out the debris collected, a 45 minute process. With the dump feature, it is felt that 30 minutes can be saved each time the hopper must be emptied. Other advantages on the Johnston model include a larger water tank with a lifetime warranty, a larger hopper than the other units, an herbicide attachment that comes as standard equipment and a system that is driven by gear boxes rather than belts.

Mr. Davis, representing Twin States Equipment and one of the companies submitting a bid, asked to speak with the Board and thanked them for giving him the opportunity to speak. Mr. Davis said his company has had a good working relationship with the Town for the last 12 - 15 years. The current street sweeper, a 1995 Tymco, was purchased through his company. About three years ago the hopper did have to be rebuilt at a cost of approximately \$35,000. At that time, the steel was not available but it available now and included in his bid. Mr. Davis said the bid submitted included a stainless steel body as requested, with a 10-year warranty on the hopper, and he pointed out that his bid was approximately \$20,000 less than the recommended bid submitted for the Johnston unit. Mr. Davis said he hoped the Town would reconsider the recommendation and purchase the model offered by his company.

Manager Galloway said it is common to write specifications around a machine that you like. The Town has had a good working relationship with Twin States since the Tymco street sweeper was purchased in 1995. The Town received good use from the street sweeper until about three years ago when the hopper had to be rebuilt at a cost of about \$35,000.

Manager Galloway recommended that this issue be tabled until the next meeting for further review of the bids received. It was the consensus of the Board to table the award of the bid for the new street sweeper truck until the next regular meeting as recommended.

Electric Rate Update

During the spring of 2005, Finance Director Eddie Caldwell and Town Manager Lee Galloway advised the Board of the serious situation faced with the increasing fuel adjustment charges being assessed by Progress Energy. The fund balance of the Electric Fund was being eroded at a rapid pace, and as noted at that time, if the situation were to continue for the balance of the fiscal year, the Town would see a loss of approximately \$600,000 for the 2004-2005 fiscal year.

A recommendation was made to the Board that Town electric rates be adjusted at the beginning of each quarter based upon the increase or decrease in the average per kilowatt hour rates charged by Progress Energy in the preceding quarter. A comparison or base point of July 1, 2003 was used. In other words, the rate adjustment on April 1, 2005, would be based upon the increased charges by Progress Energy during the quarter of October-December, 2004. The rate

adjustment on July 1, 2005 would be based upon the increased charges by Progress Energy during the quarter of January-March, 2005.

During the first quarter after this change, the Town was essentially breaking even, with the increase rates charged by the Town in the April-June, 2005 quarter resulting in a revenue increase of about \$20,000. It was accepted that the Town could not recover the \$400,000 that was lost in the first nine months of the 2004-2005 fiscal year, but we wanted to prevent further losses and erosion of revenues.

In the April-June quarter, revenues were coming close to the break-even point, and June was a higher month, leaving about \$20,000 in the black for the quarter. In July and August, a dramatic increase was seen in the charges from Progress Energy as they pass along the dramatic increases they are seeing in their purchases of coal and natural gas. In July and August, with these large increases, a loss of \$84,755 was experienced in the Electric Fund.

On October 1, under the Town's ordinance, Town rates should be adjusted to reflect the change in rates charged by Progress Energy during the April-June, 2005 quarter. That quarter saw little change in charges from Progress Energy, so October 1 rates should be about the same. The reality of the situation is that in July and August, a substantial increase was seen in the rates from Progress. If the rates are adjusted based upon the April-June quarter and the dramatic increases are paid, the Town will again see a decline in the fund balance of the Electric Fund. After seeing a drop of \$400,000 in 2004-2005, it is not felt that the Town can sit by and let further losses occur in 2005-2006 and still maintain the integrity of the Electric Fund and the operating strength of the system.

Manager Galloway said the bottom line is that Eddie Caldwell and he have now learned electric costs are so volatile, that electric rates cannot be based on what occurred three to six months ago. It is with that feeling that they recommended that the Board adjust its policy to base rate changes at the first of each quarter on the electric rates that were charged in the three months ending one month before the rate change is to take effect.

Rates Changes to Occur:	Based upon Rate Changes Paid by Town to Progress Energy during:
October 1, 2005	June, July and August 2005
January 1, 2006	September, October, November 2005
April 1, 2006	December 2005, January, February 2006
July 1, 2006	March, April, May 2006

Manager Galloway said he and Finance Officer Caldwell spent a considerable amount of time last spring trying to analyze the current situation between the Town and Progress Energy as well as with the cost of energy on a national basis for all forms of energy. They talked with the Town's electrical consultant and with those at Progress Energy who have expertise in the future cost of energy. Even these individuals did not project the rapid increases that are occurring and the exceedingly high cost of energy in the short or long term.

For the period beginning October 1, 2005, it was proposed to implement a rate increase of \$.00166 cents per kilowatt hour and only hope that this will be sufficient to prevent further erosion of the fund balance in the Electric Fund. This increase would mean that the average residential customer using 800 kilowatts monthly would see their bill increase by \$1.33 per month. With the new rates to take effect on October 1, 2005, that customer would pay \$73.52 per month. Customers using different amounts or those on demand meters will see varying impacts upon their charges.

Alderman Caldwell moved, seconded by Alderman Moore, to revise the electrical rate schedule as recommended beginning October 1 to compensate the quarter ending thirty days before the quarter rate change. The motion carried unanimously.

Greenhill Cemetery Issues

Judith Souse, 170 Old Fiddle Road, Waynesville, said she has seen a drastic change and the Greenhill Cemetery has regressed, hurting everyone. Ms. Souse said the two gentlemen who recently retired did a very good job at the cemetery. She was disappointed that she did not read a notice in the newspaper regarding the recent changes. Ms. Souse felt that flowers and mementoes should be allowed to remain at the cemetery and the decision to remove such items should have been made by the general public. She added that taking these items away takes away the pride of the people who have lost loved ones that are buried in the cemetery.

Barbara Crawford, 473 Westwood Circle, Waynesville, said she could not understand why the Town would remove flowers and lights from the graves and she was not satisfied with the way things are being handled at the cemetery. There are many people who do not have monuments to place flowers on. Ms. Crawford said she has flowers on a stand on her mother and father's graves and they had better not be touched. She added that Fred Rathbone and Hank Ruff who recently retired would do anything to help anyone at the cemetery. Ms. Crawford also said that more lights are needed at the cemetery.

Patty Alcatie, 25 Copperhead Road, Clyde, expressed appreciation to the Board for allowing her the opportunity to speak to them. She said the situation at Greenhill Cemetery is personal to her and the Town of Waynesville has been good to her. She realizes that there are new regulations at the cemetery, some of which have been in existence but not enforced. She understands that there are safety issues with the requirement to remove some of the items. Her son is buried at the cemetery and her family places items on his grave. If these items are taken away, it will take away everything that she has to give to her son. She said another family has a baby buried at the cemetery and this grave does not have a headstone. If their items are removed, they may not be able to locate the grave. Ms. Alcatie asked that the Town enforce the rules consistently and give notification before enforcing.

Mayor Foy said some people do take care of their cemetery lots. However, others do not and it is important for the Town to take care of the cemetery and keep it beautiful. People are also different in the way that they want to make their graves unique. However, the cemetery must be maintained in an efficient manner. Several years ago, the Town established a perpetual care fund to ensure that the cemetery will always be maintained.

Alderman Caldwell said it was pretty to see all the solar lights and he would like for the Town to help the people who have loved ones buried at Greenhill Cemetery.

No action was taken. This issue will be reviewed further and Manager Galloway said notification will be given before any other changes are made.

Alderman Feichter - Haywood Community Partnership - Care for Aging Citizens

Alderman Libba Feichter presented material regarding Haywood Community Partnership. Alderman Feichter said she met with MARC representatives Denise Mathis and Victoria Young. Ms. Mathis and Ms. Young will be approaching the different municipalities in the near future to request matching funds for grants. MARC recently received a grant for \$125,000. This grant was one of 11 grants awarded and the only grant awarded in the State of North Carolina. They are in the process of applying for a \$750,000 grant and are seeking matching funds based on population percentages in each area.

Celebration of Town of Waynesville Conservation Agreement

Manager Galloway said he and Town Attorney Woodrow Griffin have spent a considerable amount of time dealing with the final version of the Conservation Easement Agreement for the Watershed. They have had about five or six telephone conferences to "hash out" the language. On October 3 at 10:00 a.m., a press conference and ceremony will be held at the Waynesville Watershed. A luncheon will follow at 12:30 p.m. at the Waynesville Country Club.

Potential Site for Construction of New Fire Station

Manager Galloway and Finance Director Eddie Caldwell recently had a meeting regarding a potential site for the location of a new fire station. In the near future, the agenda will include a real estate issue for the Board to consider.

Taxi Issue

Alderman Caldwell said the issue of taxis in Waynesville is getting out of hand. He felt that the Town should look into this issue further. Mayor Foy added that with the size of Waynesville, there should be better taxi services. Attorney Griffin recommended that if the Town puts an ordinance in place, to make sure it is one that can be enforced. Manager Galloway said he has examples of six or seven ordinances from Towns of similar size to review. Alderman Brown added that there are economic issues when monopolies are granted.

Adjournment

With no further business, Alderman Brown moved, seconded by Alderman Caldwell, to adjourn the meeting at 8:22 p.m. The motion carried unanimously.

Phyllis R. McClure, Town Clerk
Henry B. Foy, Mayor