

REGULAR MEETING
BOARD OF ALDERMEN
TOWN OF WAYNESVILLE
DECEMBER 13, 2005
TUESDAY - 7:00 P.M.
TOWN HALL

The Board of Aldermen held a regular meeting on Tuesday, December 13, 2005. Members present were Mayor Henry Foy, Aldermen Gavin Brown, Gary Caldwell, Libba Feichter and Kenneth Moore. 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 7:04 p.m.

Approval of Minutes of November 22, 2005

Alderman Moore moved, seconded by Alderman Caldwell, to approve the minutes of the November 22, 2005 meeting as presented. The motion carried unanimously.

Presentation of Fiscal Year Audit - 2004-2005

As required by State law, an annual audit of town accounts is performed by an independent accounting firm. For many years, the firm of Ray, Bumgarner, Kingshill and Associates has completed the audit, and they completed the audit for the fiscal year ending on June 30, 2005. The audit was submitted to the North Carolina Local Government Commission by October 31, as mandated by the Fiscal Control Acts.

Bruce Kingshill, who has been the managing partner for the Town audit for many years, and Nancy Daigler, the primary accountant who conducts the audit of Town records, attended the meeting to give an overview of the audit. Copies of the audit were distributed several days prior to the meeting so that Board Members would have a chance to review the document and contact Finance Director Eddie Caldwell with any questions about the report.

Mr. Kingshill said there were no difficulties in performing the audit and an unqualified opinion on the audit report was given. He said without Waynesville's Electric Fund the tax rate would be closer to \$.56 or \$.57 per \$100 valuation, close to the tax rate in Canton which is \$.61/\$100. The General Fund had a good year and this is the first year in many years that the sewer fund has shown positive net revenues. The Water Fund had a loss, but it was due to continuing efforts to address an aging water distribution system that is deteriorating and leaking in many areas.

The tax collection rate, not including the collection of motor vehicle taxes of which the Town has no control, was 96.53%. The overall collection rate was down slightly from the previous year. Finance Director Eddie Caldwell said the Town recently began the debt setoff program which should result in higher debt collections. Manager Galloway said the recent change in the

way motor vehicle taxes will be collected before a tag can be purchased will increase the collection rate.

There was some discussion regarding police retirement funding and the possibility that the Town could set up a pension trust fund. The Town would have to put approximately \$43,000 per year into this fund and presently the Town is spending about \$7,000 per year.

There are some concerns with the electric fund. The Town had a reasonably good year in 2004-2005. However, the rapid increase in fuel adjustment charges which Progress Energy passed along to the Town for wholesale electricity resulted in a decline in earnings for the Electric Fund. While that Fund still made money, the earnings were down over \$400,000 from the prior year. In an effort to respond to these higher costs and in an attempt to contend with resulting losses, the Town had to increase rates during the year.

Mr. Kingshill said the Town had a problem with one of its programs in last year's audit. However, this has been resolved when the Town contracted with Mountain Projects to complete the housing rehabilitation program.

Mr. Kingshill said the Town is in good financial shape and the management team is to be commended. The Board thanked Mr. Kingshill and his firm for their audit report. Finance Director Eddie Caldwell and his staff were recognized for their attention to the Town's financial soundness. Department heads, supervisors and employees were also recognized for their good stewardship of the funds and resources to which they have been entrusted.

Personnel Policy Amendments Regarding Fringe Benefits

In recent weeks, Human Resources Director Margaret Langston and Manager Lee Galloway have been studying the existing personnel policy of the Town. For some time, it was felt that some changes were in order, and some of the options were being weighed that might be best for the town to consider. In discussing these with Finance Director Eddie Caldwell, there was deep concern about the long term financial implications for the Town unless some of these fringe benefits costs were addressed. Many of the changes recommended concern health insurance, the most costly of the fringe benefits which the Town provides employees. Another issue concerns the Floating Holiday which the Board approved at the beginning of 2005.

Health Insurance

At the present time, the Town pays the full cost of the health insurance policy for the employee. These charges are as follows:

POLICY	MONTHLY	ANNUALLY
Employee Only	\$ 363	\$ 4,356
Employee-Children	\$ 617	\$ 7,404

Employee-Spouse	\$ 762	\$ 9,144
Employee-Family	\$ 980	\$11,760

Beginning in November, 2005, the Town began to require that employees with policies for coverage of children, spouse or the entire family contribute to the cost of the policy. Each year, the cost of insurance has risen considerably, and over the past five years, it has doubled. Current employees contribute a portion of the cost of their health insurance and the Town continues to pay the balance. The Town still pays the full cost of the health insurance premium for the employee.

It was recommended that for any employee who is hired on or after January 1, 2006, that employee be required to wait at least 60 days before being eligible to join the health insurance program. Wording could be added to the policy to state that an employee is not eligible for the health insurance program until the first day of the month following 60 days of employment. Manager Galloway said there is a good deal of turnover in certain departments in the first month of employment, and this would help address some of the costs encountered.

In addition, it was recommended that any employee hired on or after the date of January 1, 2006, be required to contribute 25% of the difference between a policy for the individual and a policy on Employee/Children, Employee/Spouse or Employee/Family. For the present, the Town would continue to pay the full cost of the policy on the individual.

Manager Galloway said after consulting with representatives of the Institute of Government it was determined that it is legal and permissible to have different levels of fringe benefits for different types of employees. This would mean that the participation in the insurance program by an employee hired prior to January 1, 2006 and an employee hired on or after January 1, 2006 could be different. If approved, future employees would be required to contribute the following amount toward health insurance costs for 2005-2006:

POLICY	MONTH YEAR	NEW		CURRENT	
		EMPLOYEE SHARE	EMPLOYEE SHARE	EMPLOYEE SHARE	EMPLOYEE SHARE
		PAYCHECK YEAR	PAYCHECK YEAR	PAYCHECK YEAR	PAYCHECK YEAR
Employee Only	\$ 363 \$ 4,356	0	0	0	0
Employee-Child	\$ 617\$ 7,404	\$ 29.31	\$ 762	\$ 25.00	\$ 650
Employee-Spouse	\$ 762 \$ 9,144	\$ 46.04	\$ 1,197	\$ 30.00	\$ 780
Employee-Family	\$ 980 \$11,760	\$ 71.19	\$ 1,851	\$ 40.00	\$1,040

This would not apply to present employees, but as the cost of health insurance continues to rise, it is likely that employees may be required to pay a larger share of those costs. A year or two or three years from now, it may be recommended that all employees fall into the same contribution range of 25% of premium in excess of individual coverage.

Finally, as far as health insurance premiums go, a change was recommended to keep health insurance benefits affordable for retirees. In 1998, the personnel policies were amended to permit an employee who was less than 55 years of age but who had 25 years of service to receive 10 years of health insurance benefits at no cost. At the end of those ten years, that employee could continue on the Town's insurance program at their own expense until they reach the age of 65 and go on Medicare coverage.

In addition, the Board approved an amendment allowing employees who retired with at least 30 years of service to receive health insurance coverage until the age of 65. If an employee came on board at 18 years of age and retired at 48 with 30 years of service, the Town could be paying the health insurance for 17 years. Manager Galloway said when he came to work with Waynesville in 1994, the cost of an individual insurance plan was about \$160 per month. Today it is \$363 per month, meaning that it has risen 227% in eleven years. No retiree is presently receiving benefits under this policy amendment; however, there are individuals who are presently employed who would be eligible at some point in the future. There is no prohibition from changing those benefits for future retirees. It was recommended that health insurance for retirees be limited to a ten year maximum benefit. There is no certainty, that the Town can continue to offer that benefit in the future, but in view of the ever increasing insurance costs, there is no guarantee that the Town can afford to continue that benefit. **

For those employees hired on or after January 1, 2006, who meet the eligibility requirements for retirement, health insurance premiums will be shared by the Town and retiree as follows for a maximum of ten (10) years:

If an employee has: Town will pay:

25 years of service 100% of the premium for the employee only

20 years of service 75% of the premium for the employee only

15 years of service 50% of the premium for the employee only

10 years of service 25% of the premium for the employee only

Floating Holiday

At the beginning of 2004, the Town Board granted employees an additional holiday, and since employees were able to pick the day on which to use that holiday, it was referred to as a Floating Holiday. The policy concerning the holiday allowed all employees the right to the holiday, but a prorated amount was not specified for an employee who was only employed for a portion of the year. An individual could be hired November 1 and get the benefit of the Floating Holiday.

It was recommended that no employee shall be eligible for a floating holiday until they have successfully completed their six months probationary period. On that basis, the following word change was recommended:

"Employees hired January 1, 2006, and thereafter would not be eligible to take the "Floating Holiday" until the six months probationary period is successfully completed."

Alderman Feichter moved, seconded by Alderman Caldwell, to approve the amendments to the Town's Personnel Policy as recommended. The motion carried unanimously.

Annual Certification of Firemen

The State of North Carolina provides benefits to firefighters who have met certain training requirements. Each year, the governing body must approve the list of eligible firefighters, and the Fire Chief must certify that the individuals have participated in the required number of training hours. Chief Fowler has certified the training of the fire fighters.

Alderman Brown moved, seconded by Alderman Moore, to accept the annual certification of firemen report. The motion carried unanimously.

Consideration of Resolution - Comprehensive Recreation Master Plan Haywood County

Manager Galloway said during the spring of 2005, the governmental units of the county met and discussed a variety of issues. Special subcommittees were appointed with two representatives from each entity on two different issues, transportation and recreation. The subcommittee on transportation reported in a few months back, and the Waynesville Board endorsed a number of recommended transportation projects in the county to the Metropolitan Planning Organization.

The subcommittee on recreation has been meeting regularly and has recommended that there be a master plan for programs in the county and asked that a resolution based upon similar resolutions passed by the Haywood County Board of Commissioners and the Town of Canton be considered by the Waynesville Board. Based upon the estimated cost of \$50,000 for the development of a master plan for the county, the Town of Waynesville would likely be expected to pay between \$8,000 and \$9,000.

Alderman Gary Caldwell has been the Town of Waynesville representative on this subcommittee on recreation and Recreation Director Mike Smith has participated also.

Alderman Brown moved, seconded by Alderman Feichter, to adopt a resolution that the Town of Waynesville participate in the funding of the recreation master plan development for Haywood County. The motion carried unanimously. (Res. No. 19-05)

Interlocal Agreements Resolution North Carolina League of Municipalities

The Town of Waynesville participates in the insurance program pools offered through the North Carolina League of Municipalities. Several months ago, the Board approved revised Interlocal Agreement Resolutions for Waynesville's participation in the three insurance pools. However, these resolutions did not include the Downtown Waynesville Association and they also participate in these insurance pools.

Alderman Caldwell moved, seconded by Alderman Feichter, to adopt the revised interlocal agreement resolution which includes the Downtown Waynesville Association. The motion carried unanimously. (Res. No. 20-05)

Award Bid of Street Sweeper

A few months ago, the Town accepted bids on a new street sweeper for the Streets and Sanitation Department. At that time, questions were raised about the bids and there was a difference of opinion as to whether certain companies met the bid specifications or not. As a result of those questions, and in an attempt to be fair to the vendors, a new set of specifications was prepared and additional vendors were sought out. On December 2, 2005, bids were opened for a Full Vacuum Street Sweeper, and three vendors offered bids. The results of the proposals received from the three bidders were as follows:

Public Works Equipment \$134,387.00

Carolina Industrial Equipment, Inc. \$140,013.00

Florida Municipal Equipment, Inc. \$151,450.00

Jody Moses, a representative of Carolina Industrial Equipment, Inc., submitted a bid for a Johnston Street Sweeper. Mr. Moses attended the meeting and said he had a conversation with Attorney Woodrow Griffin and appreciated the opportunity to speak to the Board. Ms. Moses said he submitted a bid twice on a street sweeper after the first bids were thrown out. He said he understood that the preferred street sweeper of the Public Works Department is a Johnston. He explained that the hopper is made of steel which is very important in areas where salt is put down on roadways during inclement weather. When this salt is picked up later, it can cause the hopper to rust and then need to be welded later and a plastic tank will crack. Mr. Moses said the bid is recommended to be awarded to Public Works Equipment of Monroe, NC, but he felt that their bid was not submitted correctly because the options were not bid out separately. He added that a bid is a serious matter and this bid could have some legal issues.

Mr. Moses explained that over the life of the sweeper money will be saved. The sweeper has a vacuum dryer and money would also be saved on diesel fuel.

Town Attorney Griffin said he did speak with Mr. Moses and he also spoke with Frayda Bluestein with the Institute of Government, which serves as the main source of information on bidding contracts. In speaking with her she felt that as long as the bid incorporates all the equipment despite the fact that it is not done separately then it is satisfactory. The second issue is that the low bidder came back and submitted additional figures in supplying a freightliner chassis. Ms. Bluestein said you have to look at what was originally submitted and whether it was clear and unambiguous.

Alderman Brown felt that once a bid is submitted negotiations should not be made with the low bidder. Alderman Caldwell asked if it is necessary to go with the lowest bid if you can get the piece of equipment you want. Manager Galloway said the Town did not have to accept the

lowest bid. Alderman Moore said he likes the lifetime warranty included in the bid of Carolina Industrial Equipment, Inc. Mayor Foy felt that management should make the decision and he has confidence in Manager Galloway's recommendation. Manager Galloway said Public Works requested a freightliner and would prefer not to have a Sterling cab and chassis since this would involve dealing with a dealership which has provided poor service in the past.

Alderman Caldwell moved, seconded by Alderman Moore, to award the bid to Carolina Industrial Equipment, Inc., in the amount of \$140,013. The motion carried unanimously.

Consideration of Appointments Community Appearance Commission

The Community Appearance Commission is presently operating with two vacancies due to the resignations of Steve King and Lillian Norris. As directed by the Town Board, the applications for the vacancies were advertised and three applications were submitted for consideration.

Alderman Brown moved, seconded by Alderman Caldwell, to appoint Ron Muse to fill the unexpired term of Mr. King until March 1, 2006 and to appoint Daniel Hyatt to fill the unexpired term of Ms. Norris until March 1, 2008. The motion carried unanimously.

Chris Higel - Wrecker Rotation

Chris Higel asked to speak to the Board about being added to the wrecker rotation through the Waynesville Police Department. Mr. Higel said his business, Anytime Towing, is located off Jones Cove Road and he has tried to be added to the Town's wrecker rotation since September 2005. He said the Police Chief told him that it was up to Town Attorney Griffin. Mr. Higel spoke with Mr. Griffin and he said he did not know anything about this. Mr. Higel said he lives at Lake Junaluska and responding to calls from Waynesville would not be a problem. He is currently on the wrecker rotation with the Haywood County Sheriff's Department and the State Highway Patrol. Manager Galloway said the wrecker rotation is handled by the Waynesville Police Department. Manager Galloway will speak with Police Chief Hollingsed and will then get in touch with Mr. Higel.

Reports by Town Manager Galloway

Manager Galloway reminded the Board that the Open House at the new Haywood County Jail is scheduled for Thursday, December 15 from 3:00 p.m. until 5:00 p.m.

The Town's Recreation Center will be celebrating its fifth year on Sunday, December 18. The new Recreation Center opened on December 16, 2000 and a lot of work has been done at the Recreation Center.

Manager Galloway commended all those Recreation Center employees for all their work in preparing for the Employee Appreciation Luncheon on December 9.

Adjournment

With no further business, Alderman Brown moved, seconded by Alderman Moore, to adjourn the meeting at 8:47 p.m. The motion carried unanimously.

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