

SPECIAL MEETING
BOARD OF ALDERMEN
TOWN OF WAYNESVILLE
MAY 15, 2006
MONDAY, 5:00 P.M.
TOWN HALL

The Board of Aldermen held a special meeting at 5:00 p.m. on Monday, May 15, 2006. Board Members present were Mayor Henry Foy, Aldermen Libba Feichter, Gary Caldwell, Kenneth Moore and Gavin Brown. Also present was Town Manager Lee Galloway, Finance Director Eddie Caldwell and Management Intern Alison Melnikova.

Mayor Foy called the meeting to order at 5:00 p.m. and advised that the purpose was to have the presentation of the proposed 2005-2006 Town Budget. He called upon Town Manager Galloway to begin the session.

Board members had received a copy of the budget during the previous week and had reviewed the document. Galloway made several comments on specific sections of the budget, noting that Finance Director Eddie Caldwell and he had probably spent more time on the development of the 2006-2007 fiscal year budget than on any of the others they had worked on over the past dozen years.

The Town Manager indicated that both of them were comfortable with the document being presented with the exception of the proposal to build the new electrical substation. Galloway noted that there was much uncertainty about the cost of fuel and the implications fuel charges had on electrical rates and the funds available to the Town for taking on a debt of \$200,000 to \$250,000 for 15 year financing on the substation.

Finance Director Eddie Caldwell concurred with this assessment, noting that it appeared that the fund balance in the Electric Fund had dropped \$100,000 during the current fiscal year as opposed to more than \$500,000 during the previous year. The Board's decision to make quarterly adjustments on electric charges had made the electric fund more profitable again, suggesting that the Town must maintain attention to the fuel charges to assure that the finances remain stable.

Galloway indicated that according to Public Works Director Fred Baker, the delivery time for materials for the substation would take approximately one year from the date of order. On that basis, the debt payment of \$223,500 from the 2006-2007 budget would not be necessary until the following fiscal year. If we remove that expense from the 2006-2007 budget, the Electric Fund can be balanced more easily.

Alderman Brown expressed concerns on the proposed increase of five cents in the property tax rate. He felt the Board would agree to the four cent increase in the tax rate to fund the new fire station and renovations to the existing police station. He felt the Town should forego, particularly when there were other increases proposed in the budget such as the garbage fee and water and sewer rates.

Other Board members agreed with Alderman Brown's assessment. Alderman Moore asked how much one cent on the tax rate would generate under the new property valuations, and Finance Director Caldwell noted that each penny on the tax rate would produce an estimated \$88,000 based upon the estimated collection rate. The Board members indicated by consensus that the Manager and Finance Director should look at trimming \$88,000 in expenses from the 2006-2007 fiscal year budget so that the tax rate would be set at 40 cents per \$100 rather than the 41 cents proposed.

In further discussions on the General Fund, the expenditures of the Recreation Department were noted. Board members expressed concerns about the costs of this program. Galloway advised that the situation had been discussed with the gentleman hired as the new Recreation Director, Rhett Langston. Galloway noted that with Mr. Langston's strength in marketing skills, it is hoped that the gap between revenues and expenditures can be reduced over the next few years.

The Manager pointed out the proposed increase in the collection fees for garbage and solid wastes, with the need for the additional revenues primarily driven by the rising cost of fuel and tires for the vehicles in this department. The current budget for gasoline and diesel fuel is estimated to be overspent by \$60,000, and from all estimates, it appears that the costs will remain high. With five vehicles daily operating services for garbage, recycling, yard waste, brush chipping and junk, the cost of the service is high, and fuel and tires are large factors.

The Enterprise Funds were discussed, with the Manager noting that water and sewer rate increases in recent years are paying off. Extensive work has been done on the aging and deteriorating water and sewer lines, and there have been fewer water line leaks and fewer sewer manhole overflows. The recommended 10% increase in these rates will allow the Town to undertake expansion of the laboratory at the Water Treatment Plant and to continue to correct system problems.

The Finance Director noted that progress had been made with the Electric Fund since the Board had approved quarterly adjustments on the rates charged to incorporate the higher fuel adjustment charges assessed by Progress Energy. In the 2004-2005 fiscal year, revenues over expenditures had dropped by more than \$500,000, but for the first ten months of 2005-2006, the decline was by less than \$100,000. Mr. Caldwell explained that much attention is given to the charges by Progress, and that it appears that the recent decline in natural gas prices have resulted in lower fuel adjustment charges. The market is still unstable, and prices increases will result in higher charges to the Town.

The Town Manager brought the attention of the Board to section 7 of the budget document where there is a proposal to shift some personnel and offices within the organization. Galloway noted that most of these changes came out of the Staffing Study performed by MGT Corporation in 2004-2005. He proposes closing the Branch Finance Office in Hazelwood and bringing those employees to Town Hall, placing all Finance Department employees and operations in one building. At present, there are three full time positions in the Branch Finance Office in Hazelwood, and under Galloway's plan, a Customer Service Representative position would be eliminated.

To make room for the Finance employees at Town Hall, Galloway is proposing a transfer of the Planning Director, the Land Use Administrator and an Administrative Assistant to the Hazelwood Branch Office. This would place the Planning and Zoning operation with the Building Inspectors and Code Enforcement, making it more convenient for the public by setting up a one-stop permitting office. But it also allows more efficiency for these employees in that so much of what they do is interrelated. By being in the same building, they should be able to better coordinate their work. The Administrative Assistant will be handling the work of Planning and Zoning and Building Inspections and Code Enforcement and will continue to work with the Planning Board, Board of Adjustments and other Boards and Commissions.

In the proposed budget, a part-time clerical position was proposed for the Police Department, but the Manager and Finance Director feel that a full time person is needed. So Galloway is proposing that a full-time position be funded for the Police and that the part-time position be shifted to Town Hall to replace the Administrative Assistant's position going to the Hazelwood Branch Office with the Planning Director and Land Use Administrator.

Alderman Moore indicated that he thought the proposal would be much more efficient and would serve those involved in building permits and construction better. Finance Director Caldwell pointed out that the Permitting Office would not accept utility bill payments, although there would still be a night depository at the Hazelwood Branch Office where customers may leave payments. Mayor Foy advised the Board of his preference to see the drive-in window at the present Town Hall eliminated or the elevation changed to try to return the building to a historically accurate appearance. The Town Manager suggested that if changes are made, the Town should alter access to Main Street, so that people can only turn right when leaving the parking lot or drive-in window. This would make the Town follow the same rules as property owners on Russ Avenue are being asked to follow during property redevelopment. Overall, the Board members seemed to be supportive of the proposed changes in personnel and operations being recommended by the Town Manager.

As the meeting drew to a close, there was agreement that the Finance Director would revisit the 2006-2007 budget proposal and make the necessary changes that had been discussed this evening. Those changes would include a tax rate of 40 cents per \$100 valuation and a reduction of \$88,000 in expenditures to allow that tax rate.

The Town Manager advised the Board that the public hearing on the budget had been advertised for June 13, 2006, during the Board's regularly monthly meeting. At that time, the Board can hear public comment and direct Town Staff to make further changes in the budget as the Town Board felt were needed. Galloway suggested that another meeting might be necessary between the first and second meetings in June so that the Board can review the changes in the budget prior to adoption on June 27.

With no further business, motion was made by Alderman Brown, seconded by Alderman Moore and passed unanimously that the meeting be adjourned at 7:40 p.m.

A. Lee Galloway, Town Manager
Henry B. Foy, Mayor