

REGULAR MEETING
BOARD OF ALDERMEN
TOWN OF WAYNESVILLE
OCTOBER 10, 2006
TUESDAY - 7:00 P.M.
TOWN HALL

The Board of Aldermen held a regular meeting on Tuesday, October 10, 2006. Members present were Mayor Henry Foy, Aldermen Gavin Brown, Gary Caldwell and Libba Feichter. Also present were Town Manager A. Lee Galloway, Town Clerk Phyllis McClure, Town Attorney Woodrow Griffin and Administrative Intern Alison Melnikova. Mayor Foy called the meeting to order at 7 p.m.

Approval of Minutes of September 26, 2006

Alderman Caldwell moved, seconded by Alderman Brown, to approve the minutes of the September 26, 2006 meeting as presented. The motion carried unanimously.

Presentation by Electrical Consultant Kevin O'Donnell

Kevin O'Donnell, the electrical consultant for the Town, has been involved in negotiations with Progress Energy on a new wholesale power agreement. The present agreement between the Town and Progress Energy is scheduled to expire December 31, 2009. Traditionally, negotiations on a new contract or on contract extension has begun about three years prior to the expiration date. Last February, Public Works Director Fred Baker, Mr. O'Donnell and Manager Galloway met with Progress Energy representatives in Raleigh to begin discussions about a new contract. Since then, Kevin has had several meetings and discussions with the Town's account representative for Progress Energy, Linda Mann, and he would like to give the Town Board an update on his work on the new agreement.

As a part of his work as consultant to a number of municipalities and industrial clients, Mr. O'Donnell does extensive research on the energy market and the cost of energy. He also keeps abreast of legislative issues at the federal and state levels and has appeared as an expert witness on many occasions. Mr. O'Donnell likes to appear before the Town Board at least once a year so that he can keep the elected officials and town staff informed about issues having an impact upon the Town's electrical system.

Mr. O'Donnell attended the meeting and reported that the Town has begun discussions with Progress Energy regarding the new power supply contract. Waynesville is no longer in the competitive open power markets. According to Progress Energy, there are no more progress transmission lines, which means the Town cannot purchase electricity from another company. With this situation, Progress Energy is required to give the Town cost based rates. Progress Energy has given the town system average rates. Those customers projected to open market costs were hurt. Waynesville got the

average system costs from Progress Energy. Some towns in Eastern North Carolina are looking at a 25% increase. There are still some issues to be worked out with the upcoming contract, but there is still time remaining to do so. There have been some pretty significant increases in the cost of fuel. When Progress Energy incurs fuel increase costs, those costs are passed along to the Town. Those costs are then passed along in the retail rates to the Town's electric customers. Progress Energy increased fuel costs to Waynesville 11.8% in FY 04-05 and 8.7% in FY 05-06. The price of natural gas has skyrocketed. The past relatively quiet hurricane season has now caused natural gas to plummet from over \$10 per decatherm to now less than \$6 per decatherm on an annual basis. The results of Hurricanes Rita and Katrina will keep the natural gas prices high for probably the next five years. There is plenty of natural gas about twenty miles off the United States Coast, but there are a lot of environmental concerns. We are running out of places to drill for natural gas. Prices for natural gas are beginning to moderate. Depending on the coal contract renewals, upcoming fuel changes should be trending downward. Projections indicate that we may have a warmer than normal winter which should help with costs.

There is some talk about the possibility that Progress Energy may merge with Southern Company. If a merger takes place, the retail customers may get rate cuts. If the merger takes place, it may take about 6 to 9 months to find out what the lower retail rates will be. By that time the FERC should come out with the order on their notice of proposed rules. If the merger takes place this will probably be within the next month.

Mr. O'Donnell said because of the circumstances with Progress Energy, the Town is fortunate to be with Progress Energy, even though there is no quick fix in sight for their transmission problems. It is hoped that the contract which will be done sometime in the next couple of months will extend Waynesville through 2015. Mr. O'Donnell said he will proceed with negotiations on the new contract and will keep in touch with Manager Galloway if anything takes place.

Alderman Feichter said she is glad to have Mr. O'Donnell looking out for the Town, and having someone who really understands how the process works. The Board thanked Mr. O'Donnell for his report and the work that he does for the Town. No action was necessary.

Resolution Authorizing Invitation for Requests for Proposals for a Financing Agreement on New Fire Station

At the present time, bids are being advertised for the preparation of the site for the new fire station on North Main Street. This includes the removal of asbestos and lead paint and an underground fuel storage tank as well as the demolition of all buildings, site grading and the preparation of the pad for the new station. Under the present schedule, bids for construction of the new fire station are to be opened on December 7, 2006. Once the bids are received, they will be evaluated by the architects and a recommendation will be made to the Town Board. Manager Galloway said the Town Board will be asked to hold a special meeting at 5:00 p.m. on Tuesday, December 19, for the purpose of making a tentative award of the bid. The Town must then submit the project to the Local Government Commission at their meeting on February 6, 2007, and they will hopefully grant approval for the Town to proceed. This process is rather long and it is influenced by the fact that all material must be submitted to the Local Government Commission no later than 28 days before their

meeting. So the Town must submit materials to the LGC no later than January 9, 2007.

Part of the process on the fire station involves securing financing. The Town plans to contribute approximately \$1,055,000 toward the project cost and the Rural Development division of the U. S. Department of Agriculture has agreed to finance up to \$2,000,000 for a 40-year period. With an estimated cost of \$4,055,000, the Town must go to financial institutions to seek financing of the remaining \$1,000,000.

The Town will be seeking what is called Interim Financing in the amount of \$3,000,000 during the period of construction. At the conclusion of the construction period, Rural Development will pay off \$2,000,000 of the Interim Financing loan, and the Town will continue with the permanent financing on the remaining \$1,000,000.

Alderman Brown moved, seconded by Alderman Feichter, to adopt the resolution authorizing Finance Director Eddie Caldwell to solicit proposals from financial institutions for financing the \$3,000,000 for the construction of the new fire station. The motion carried unanimously. (Res. No. 26-06)

Resolution on Declaration of Official Intent to Reimburse

In planning the financing for the new fire station, the funds are to come from three sources as follows:

Town of Waynesville	\$ 1,055,000
Rural Development – USDA	\$ 2,000,000
Financial Institution	\$ 1,000,000
TOTAL FUNDING	\$ 4,055,000

Already, between the purchase of the land and payments to architects, engineers and environmental consultants, the Town has spent almost \$900,000 on this site. During the next 60 days, the Town will likely spend another \$250,000 to \$350,000 on the site development for environmental abatement, demolition, grading and pad preparation. This means that the Town will spend more than the \$1,055,000 that it intended to put into the project. We anticipated this and it was our intention to advance the money from General Fund reserves and then reimburse the Town for the amount in excess of the \$1,055,000 when the loan funds were available. This is permissible under federal tax law, but only when the Town Board has passed a Resolution and announced its “Declaration of Official Intent to Reimburse”.

Alderman Brown moved, seconded by Alderman Caldwell, to adopt the resolution of declaration of official intent to reimburse as presented. The motion carried unanimously. (Res. No. 27-06)

Award of Garbage Truck Bid

In adopting the 2006-2007 budget, the Town Board allocated funds for the purchase of a new rear

loader garbage truck and other equipment for the Sanitation Department through a lease purchase arrangement. Bids for the garbage truck were advertised in accordance with State law and opened on September 26, 2006. Three firms submitted bids on this garbage truck as follows:

Carolina Truck & Body Co., Inc.	2007 GMC TC7500	\$104,564.00
Nu-Life Environmental	2004 GMC TC7500	89,996.00
	2007 GMC TC8500	96,746.00
	2007 GMC TC7500	99,467.00
Cavalier Equipment	2007 Freightliner M2 106	99,693.00
	2007 GMC TC8500	101,693.00
	2007 GMC TC7500	104,984.00
	2004 GMC TC7C042	93,833.00

Under the rules of the Environmental Protection Agency, there is an EPA “fuel guzzler” surcharge which will be assessed against all heavy trucks in the very near future. One of the dealers, Nu-Life Environmental, listed an estimated EPA surcharge of \$8,000 on his bid sheet. The other bidders did not list the amount of the surcharge, but some indicated that such a surcharge could be assessed the Town on this garbage truck. Unfortunately, no one can tell us when the surcharge will take effect or how much it will be. Whether a surcharge is assessed against this truck depends on when the order is placed and when the truck actually goes on the assembly line to be manufactured.

Two of the dealers were able to locate a 2004 GMC truck to offer with their garbage body. We suspect that this is the same truck and that it has been sitting on someone’s lot for the past three years. While the cost savings for this older model, new truck may seem attractive, the truck has a smaller engine with 275 horsepower. The Town purchased a garbage truck a few years ago that was underpowered to serve some of the steep streets in our community. For that reason, we would not recommend the lower cost unit with the 2004 GMC truck.

Manager Galloway said Cavalier Equipment of Cloverdale, Virginia, offered a 2007 Freightliner truck on the E-Z Pack Garbage Body. We have had good experience with trucks offered by Freightliner, but we have also had good experience with the GMC trucks we have in use. Manager Galloway said he was not sure that the Town could justify the additional cost of roughly \$3,000 to recommend a Freightliner over a GMC truck.

After eliminating the aforementioned units, the lowest bid came from Nu-Life Environmental in Easley, South Carolina, and that is for a 2007 GMC TC8500 with a New Way 20 RL Viper Rear Loader Garbage Body. The cost of this unit is \$96,746.00; however, as explained earlier, there may be an addition of the EPA surcharge of an estimated \$8,000. But that could be true of any of these units depending on the date of manufacture. Perhaps we can get the process started quickly and avoid this expense.

It is town staff’s recommendation that the Town Board approve the purchase of a new GMC/New Way Viper garbage truck from Nu-Life Environmental of Easley, South Carolina, at a cost of \$96,746.00 plus the EPA surcharge if assessed.

Alderman Caldwell moved, seconded by Alderman Brown, to accept the recommendation of town staff and award the bid for a new garbage truck to Nu-Life Environmental of Easley, South Carolina for a new GMC/New Way Viper garbage truck at a cost of \$96,746.00, plus the EPA surcharge if assessed. The motion carried unanimously.

Declare Vehicles Surplus

Manager Galloway said he previously reported on the success experienced in selling used vehicles and equipment on the Gov-Deals web site. Of the three vehicles sold, prices bid were well above what were offered at public auction or what the equipment dealers indicated the units were worth.

Purchasing Supervisor Julie Grasty has recommended that three additional vehicles be added to the Gov-Deals web site. In order to do so, the Town Board must first declare these vehicles as surplus and authorize town staff to dispose of them. The three vehicles include a 1997 Ford F350 utility truck 4WD, 1995 Ford Ranger 2WD and 1995 Ford F250 2WD, along with an accumulation of computer equipment including monitors, towers and printers.

Alderman Brown moved, seconded by Alderman Feichter, to declare the vehicles and computer equipment to be surplus and authorize town staff to dispose of them. The motion carried unanimously.

Request to Extend Street Closing for Apple Harvest Festival on October 21

Manager Galloway said when the Downtown Waynesville Association submitted the list of requested street closings for Board approval last spring, the area for the Apple Harvest Festival was from Church/East Streets to the edge of the courthouse lawn. The popularity of the Apple Harvest Festival has exceeded earlier expectations, and the Chamber of Commerce indicates that they now have more than 100 booths allocated for the event with more requests coming in.

With the increased interest, the Chamber has requested that the Festival area be expanded beyond Church/East Street and include that portion of Main Street in the next block south extending to Pigeon Street. This does not present a problem for the Town and the downtown merchants as well as others in Waynesville reap the benefits of bringing more people into the community. For that reason, it is recommended that the Town Board grant approval to enlarge the Apple Harvest Festival Area to include from the northern edge of the courthouse lawn to Pigeon Street.

Alderman Caldwell moved, seconded by Alderman Feichter, to approve the request to extend the street closing for the Apple Harvest Festival on October 21 to Pigeon Street as requested. The motion carried unanimously.

Request to Close Virginia Avenue Between Hazelwood Avenue and Kentucky Avenue October 31, 2006 - 4:00 p.m. to 8:00 p.m.

The Town received a letter from Rev. Don Letzring, Pastor of the Hazelwood Baptist Church, requesting the closure of Virginia Avenue between Hazelwood Avenue and Kentucky Avenue. The request is for the date of Tuesday, October 31, 2006, between the hours of 4 p.m. and 8 p.m., so that

the Church may hold its Fall Festival.

This has become an annual request and presents no problem for the Town. The Town can deliver barricades to the church to set up at 4:00 p.m. on October 31 and have them dismantle the barricades at the conclusion of the festivities at 8:00 p.m. Town personnel can retrieve the barricades on the following day.

Alderman Brown moved, seconded by Alderman Feichter, to approve the request to close Virginia Avenue between Hazelwood Avenue and Kentucky Avenue on October 31 between the hours of 4 pm and 8 pm as requested. The motion carried unanimously.

Parks and Recreation Advisory Commission Appointment to Fill Vacancy

At the meeting of September 26, it was noted that there were three individuals who had terms which would expire at the end of September. Mr. Don Frady and Ms. Rhonda Schandavel have been regular in attendance and have indicated a desire to remain on the Commission, and the Board reappointed both of them for three year terms.

In January, 2006, the Town Board adopted new policies regarding attendance at the meetings of the Boards and Commissions. Unfortunately, there is a member of the Parks and Recreation Advisory Commission who has not fulfilled the attendance requirements and has missed six of eight meetings since that policy went into effect. For that reason, it is recommended that the Town Board consider a new appointee for the Commission.

Applications were solicited from citizens interested in the Parks and Recreation Advisory Commission, and two individuals submitted an application expressing an interest in serving. Both of these applicants have been active in the programs of the recreation center and in the community and either one of them are capable of serving well if appointed to a three year term on the Commission.

Alderman Brown moved, seconded by Alderman Caldwell, to adopt a resolution increasing the membership number of the Parks and Recreation Advisory Commission from eight (8) members to nine (9) members. The motion carried unanimously. (Res. No. 28-06)

Alderman Caldwell moved, seconded by Alderman Feichter, to appoint Ms. Michelle Schumacher and Ms. Sarah Massie to serve on the Parks and Recreation Advisory Commission. The motion carried unanimously. The three year staggered terms are as follows: the term of Ms. Schumacher will expire September 30, 2007 and the term of Ms. Massie will expire September 30, 2009.

Discussion of Taxi Ordinance

At the meeting of the Town Board on September 26, Town Attorney Woody Griffin distributed a very rough draft of an ordinance which attempts to address the concerns surrounding taxi service in the Town of Waynesville. Town staff had gathered taxi ordinances from other communities and Police Chief Bill Hollingsed worked with the Town Attorney to make a first run at a potential ordinance.

Several issues regarding the tax ordinance were discussed. Alderman Feichter asked if taxi drivers are required to have a chauffeur's license. Alderman Brown said yes, this was required under state law. Attorney Griffin said the ordinance can contain wording that all taxi drivers must meet all requirements of the State of North Carolina. There was discussion regarding whether taxi drivers whose businesses are established in other areas of Haywood County would be required to obtain a license from the Town of Waynesville if they conducted business in Waynesville. Alderman Caldwell said the Town of Maggie Valley has a taxi ordinance that addresses conducting business in Maggie Valley. It was suggested to request a copy of the Maggie Valley ordinance. Attorney Griffin said he will make some changes to the draft ordinance and speak with Police Chief Hollingsed to discuss further.

Closed Session - Personnel Matter

The Town Manager asked that the Board convene in closed session to discuss an issue related to personnel.

Alderman Caldwell moved, seconded by Alderman Brown to adjourn to closed session at 8:20 p.m. Alderman Brown moved, seconded by Alderman Feichter, to return to regular session at 8:40 p.m. Both motions carried unanimously.

Approval of Position of Assistant to the Town Manager

Mayor Foy announced that the Board had approved the position of Assistant to the Town Manager as recommended by the Town Manager. The Manager will develop a job description of the duties of this new position, and it will be funded in the current General Fund budget. The position will be posted for applications from internal applicants.

On a motion by Alderman Brown, seconded by Alderman Caldwell, the Town Manager was authorized to expand the duties of Management Intern Alison Melnikova as he sees fit, giving her a greater role in the management areas. The motion passed unanimously.

Adjournment

With no further business, Alderman Brown moved, seconded by Alderman Feichter, to adjourn the meeting at 8:45 p.m. The motion carried unanimously.

Phyllis R. McClure
Town Clerk

Henry B. Foy
Mayor