

SPECIAL MEETING  
BOARD OF ALDERMEN  
TOWN OF WAYNESVILLE  
MAY 15, 2007  
TUESDAY, 5:00 P.M.

The Board of Aldermen held a special meeting at 5:00 p.m. on Tuesday, May 15, 2007. 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 Assistant to the Town Manager, Alison Melnikova.

Mayor Foy called the meeting to order at 5:00 p.m. and advised that the purpose was to continue discussions on the proposed 2007-2008 Town Budget. He called upon Town Manager Galloway to begin the session.

Galloway reminded the Board that the review of the General Fund budget had been completed on the preceding day, so he began the review of the Enterprise Funds budgets, comprising the Water, Sewer and Electric Funds. Finance Director Eddie Caldwell noted that for the first time in many years, two of the enterprise funds, Sewer Fund and Electric Fund, are balanced without the use of any reserves or fund balance. He noted that this has rarely happened and may be a sign of stronger stability in those two areas.

The Town Manager reviewed the proposed expenditures and revenues in the water fund. He noted that in the Asset Management Plan completed in 2006, there were needs totaling \$31 million dollars in the maintenance and rehabilitation of the water and sewer lines and treatment plants. That Plan also suggested that the Town generate more revenue through rate increases as well as assessing capacity charges against new connections to the systems. Galloway explained that in the proposed budget, there are rate increases proposed in both the water and sewer funds. In addition, staff members are recommending higher water and sewer tap fees and propose implementing capacity fees on new connections to the system. These increases would allow the Town to spend more funds than ever on maintenance and rehabilitation of water and sewer lines.

Galloway noted that \$225,000 is budgeted for repair and replacement of water lines next year compared to \$180,000 in the current budget. In addition, the Town will make annual debt payments of \$54,200 on the expansion of the lab at the water plant. In the Sewer Fund, it is proposed that the Town spend \$275,000 for maintenance and rehabilitation of sewer lines compared to \$150,000 in the 2006-2007 fiscal year. Finally, in the Electric Fund, a 3.5% rate increase is proposed to cover the debt service payments on the new electrical substation.

Alderman Brown asked Eddie Caldwell about typical monthly bills if these rate increases were implemented. The Finance Director reviewed that portion of Section VI in the budget document which compares current and proposed average water, sewer and electric bills. He also noted that there were comparisons with the water and sewer charges of other communities, and that even after the increases proposed, the charges in Waynesville would be less than the vast majority of other communities. Mr. Caldwell advised the Board that in comparing electric rates, the Town's rates would be less than the residential customers on the Progress Energy system and that the rates for most businesses would be less with the Town. He did point out that some small businesses would pay more with the Town than with Progress Energy. The Town Manager noted that Progress Energy changes rates each October, so that any increase the Town implements could be surpassed by Progress Energy in the fall.

In terms of personnel, Galloway explained that a new employee is proposed in the sewer maintenance section. He advised the Board that there are often difficulties in finding people interested in working the jobs in the utility maintenance and in the electric department, with some positions remaining vacant for many months. He noted that there was a 3.5% pay increase proposed for all full time employees, with the starting wage at the lowest step in the pay grade now at the \$10 per hour level.

Alderman Brown asked Galloway about potential problems he foresees on the horizon for the Town. Galloway mentioned a number of items, including maintaining the infrastructure, dealing with growth pressures, affordable housing, traffic, adequate employee levels to maintain the level of services, particularly with so many employees eligible for retirement in the next ten years, just to name a few. He also mentioned that as far as expenditures go, finding and/or buying a location for the disposal of yard wastes would be very expensive. In addition, within the next two years, he estimated that the Town would need to purchase a new fire truck at a cost of over \$250,000.

After a period of discussion, the Board agreed to meet again on Monday, May 21, at 5:00 p.m. to continue review of the budget.

Motion by Alderman Brown, seconded by Alderman Feichter and passed unanimously to adjourn the Board meeting at 6:10 p.m. and reconvene at 5:00 p.m. on Monday, May 21, 2007, for continued discussion of the 2007-2008 budget proposal.

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A. Lee Galloway  
Town Manager

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Henry B. Foy  
Mayor