

REGULAR MEETING  
BOARD OF ALDERMEN  
TOWN OF WAYNESVILLE  
TOWN HALL  
NOVEMBER 27, 2007  
TUESDAY - 7:00 P.M.

The Board of Aldermen held its regular meeting on Tuesday, November 27, 2007. Members present were Mayor Henry Foy, Mayor Elect Gavin Brown, Aldermen Gary Caldwell, Libba Feichter and Kenneth Moore. Also present were Town Manager A. Lee Galloway, Town Clerk Phyllis McClure, Assistant to the Town Manager Alison Melnikova, Town Attorney Woodrow Griffin, Finance Director Eddie Caldwell and Tax Collector James Robertson. Mayor Foy called the meeting to order at 7:00 p.m.

Board Comments Regarding Mayor Henry Foy

Mayor Elect Gavin Brown asked that the board members say a word of praise for Mayor Henry Foy and his service to the Board. Mayor Elect Brown said he wanted to personally thank Mayor Henry Foy for the past eight years adding that it has been a pleasure serving on the Board with him. He said he did not like to think that he would leave and that the Board could call upon him in the future to do what he has done for the last sixteen years, adding that Henry Foy has never made a decision when Waynesville was not in the best interest in his heart and the community. He said they may have disagreed at times, but Waynesville was always at the top of his priority. Mayor Elect Brown said that Mayor Foy has meant a great deal to him.

Mayor Foy said he appreciated Mayor Elect Brown's service on the Board and all his help during that time.

Alderman Libba Feichter said last night she attended a Region A Meeting and Bill Gibson asked permission of the Chairman to make a speech. Mr. Gibson had a lovely tribute to Mayor Foy and he asked if anyone else would like to speak. Alderman Feichter told the organization how much Mayor Foy has meant as a mentor to her, for teaching her the way government business needs to be conducted, with a love for the job he was doing and the governmental process. She was glad for the opportunity to have served with him. He has been a wonderful guide for everyone on the Board.

Alderman Caldwell said Mayor Foy has been more like a father to him and he has learned a lot from him and he appreciates all that he has done for him and taught him. If anyone on this Board has a life dedicated to Waynesville it would be Mayor Foy. Waynesville is on his mind in all things that he does. He will be missed, but would like for him to be remain involved and possibly consider serving on one of the Town's boards or committees.

Alderman Moore said he Mayor Foy was always involved and he remembers one time at Folkmoot when he couldn't find Mayor Foy and there he was in the middle of the Folkmoot group dancing. He has called upon Mayor Foy many times on a lot of issues and he will miss him.

Manager Galloway said no one, including himself, realizes how much time Mayor Foy has put into

his job and how dedicated he is to the job. He will come by the office to make telephone calls or pickup schedules for ribbon cuttings and other events. He has been a great working partner over the past thirteen and one half years.

Town Clerk Phyllis McClure said she has worked with Mayor Foy for the past sixteen years. He has been a wonderful Mayor and he is very special to her.

Mayor Foy said he could not have accomplished anything without Town Manager Lee Galloway and he could not say enough about him, adding that Manager Galloway makes the Board's work easy and the day he was hired was one of the best things that was ever done for Waynesville. Mayor Foy said Manager Galloway and Finance Director Eddie Caldwell have kept this Town in pristine financial shape.

Tax Collector James Robertson said he has worked for the Town for the past seventeen years and Mayor Foy is the only Mayor he has served under except for a short period of time with Mayor Ronnie James. During this time the Town has grown by leaps and bounds. He expressed appreciation for the good leadership of the board and department head, adding that the Town of Waynesville is a good organization to work for.

Mayor Foy said over the next four years you will see some good things happening in Waynesville, including a new Fire Station and Police Station. He said Mayor Elect Gavin Brown will do a great job as Mayor. He added that he will miss everything but will be glad to help the Town in any way.

#### Presentation of Town Audit For Fiscal Year 2006-2007

Mr. Bruce Kingshill and Ms. Nancy Lux of Ray, Bumgarner, Kingshill & Associates attended the meeting to present the audit for the fiscal year of July 1, 2006 and June 30, 2007 and answer questions about the document. The audit was distributed at the meeting of November 13.

For the first time Mr. Kingshill can recall, their firm did not issue a Management Letter to the Town. In other words, their firm did not find anything in the Town's operation that was handled improperly or in an unsatisfactory manner. Manager Galloway said in his more than 34 years in local government, he did not recall any audit for which there was not a management letter issued. He did not believe this indicates that the auditor was too lenient, but believes it reflects that the comments received in the past have been taken to heart and that town staff has attempted to address any shortcomings they might have.

In what is another first for Waynesville, all four of the funds, the General, Water, Sewer and Electric Funds, had years in which they ran in the black. The Town of Waynesville had a very good year.

If motor vehicle taxes are excluded, the Town's tax collection rate is 97.34%. The Town also has an excellent overall tax collection rate of 96.57%. Mr. Kingshill said without the Town's enterprise funds, the tax rate would be much higher and similar to the Town of Canton.

This is the first year that the Town has collected money from the debt setoff collection program. This makes the collection rate much better, and the Town collects most of the money that it bills.

Mr. Kingshill said Manager Galloway and Finance Director Caldwell have done a good job in

managing the electric fund. The water fund and sewer fund revenues are up and have both had a good year. It is important that unrestricted fund balance is a healthy fund balance. This is good planning to have this type of cushion, so that unexpected expenses can be taken care of without cutting services or staff. Manager Galloway said a good example happened 3 - 4 years ago when there was a fire at the Town's substation and the insurance paid \$69,000 in damages. However, when the company came in to do the repairs and found OSHA and safety violations the Town ended up spending around \$300,000 to bring the substation back to the level it should have been.

In closing, Mr. Kingshill said as a resident and taxpayer of the Town of Waynesville "thank you to Mayor Foy for a great sixteen years". Mayor Foy said he appreciated the good relationship with the Ray, Bumgarner and Kingshill accounting firm. Alderman Elect Gavin Brown said after doing this for eight years, this report gives a picture of what the Town has done during the year as well as a picture of what needs to be done and the challenges the Town will be facing in the near future.

The Board expressed appreciation to Bruce Kingshill and Nancy Lux for all their work on the audit. No action was necessary.

### Electric Fund

Town Manager Galloway said as noted at the last Board meeting, the cost of energy has taken a dramatic increase since the beginning of the fiscal year. During the first four months of this year, the Town has paid \$89,959.60 more in fuel adjustment charges than in the first four months of the 2006-2007 fiscal year.

The deeper concern is that for the first four months of this year, the Town's Electric Fund revenues are running \$86,303 less than the base year of 2003-2004. This reduction comes after rates were raised 3.5% to pay for the debt service cost on the new electric substation. If it were not for the rate increase, it is projected that the electric revenues would be running \$146,000 less than the base year.

In the 2004-2005 fiscal year, when fuel surcharges began rising so rapidly, the Town suffered reduced revenues of \$374,395 against the base year. To avoid that from occurring in 2007-2008, Finance Director Eddie Caldwell and Manager Galloway felt that some rate adjustment will have to occur, perhaps as early as the electric bills issued in December.

Fuel adjustment charges for the November bill will not be seen until December 3 or December 4, so exactly how much to adjust charges for the bills issued in December is unknown. As noted at the last Board meeting, they wanted the elected officials to be aware of the situation and to seek their support and understanding of rate increases which may be forthcoming in December.

Waynesville has been charging 1.1817¢ extra since January 1, 2006. It was thought that this amount would be sufficient. However, fuel costs have continued to increase and the average increase should have been 1.316¢ to keep the Town from losing money.

Mayor Elect Brown pointed out that profits gained from Progress Energy benefit of the Town and keep the tax rate low. The Town is not gouging the public to make money. If the customers didn't live in Waynesville they would be paying more by paying Progress Energy rates, plus the Town's tax rate would be higher.

Manager Galloway and Finance Director Caldwell proposed that when the numbers from Progress are in it is suspected that the “true up” charges will be up more, maybe from 1.316¢ to 1.4¢. Average customers will not see a big difference. The average customer’s bill will increase approximately \$1.18 per month.

Mayor Elect Brown suggested that Manager Galloway speak with the Town’s consultant, Kevin O’Donnell, to see if he can help with this situation. Manager Galloway said Progress Energy has a room full of people that just watch the weather channel and based on weather conditions, purchasing power from all over the Country at the best rates for resale to their customers. Mayor Foy added that the Town has a good relationship with Progress Energy, and with the contracts that have been negotiated the Town is probably as well off as they could be otherwise. The new rate will go into effect in 2010 with a rate increase of 3.5%.

Alderman Feichter moved, seconded by Mayor Elect Brown, to authorize Manager Galloway and Finance Director Caldwell, to implement a rate increase, using the average after each month, as recommended beginning with the December billing. The motion carried unanimously.

Alderman Feichter thanked Manager Galloway and Finance Director Caldwell for their diligence in working on this issue on behalf of the Town and its utility customers. Manager Galloway said anything done by the town manager and town staff is with the support and empowerment of the Town Board. Manager Galloway added that during his 34 ½ years in local government this has been the best board he has had the privilege of serving.

#### Report on Pancake House Property

Manager Galloway said the sale of the pancake house property on Depot Street has now been closed and the property is under new ownership. Alderman Feichter said she hopes whatever goes there will have a positive impact on that part of Town, because Waynesville is fortunate to have one of the most beautiful towns.

#### Administration of Oaths for Board

At the meeting of December 11, 2007 oaths will be administered to the new Board. After any unfinished business is taken care of by the present Board, the new Board will be seated and oaths will be administered by Judge Marlene Hyatt. If Board Members have a family Bible they are welcome to bring it for the ceremony. The new Board will be seated and organize by naming the Mayor Pro Tempore and appointing the Town Manager and Town Attorney. Board Member’s families and friends are invited to attend.

#### Adjournment

With no further business, Mayor Elect Brown moved, seconded by Alderman Caldwell to adjourn the meeting at 8:15 p.m. The motion carried unanimously.

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Phyllis R. McClure  
Town Clerk

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Henry B. Foy  
Mayor