

SPECIAL MEETING
BOARD OF ALDERMEN
TOWN OF WAYNESVILLE
TOWN HALL
MAY 19, 2009
TUESDAY, 5:00 P.M.

The Board of Aldermen held a special meeting at 5:00 p.m. on Tuesday, May 19, 2009. Board Members present were Mayor Gavin Brown, Aldermen Libba Feichter, Gary Caldwell, Wells Greeley and LeRoy Roberson. Also present were Town Manager Lee Galloway, Finance Director Eddie Caldwell and Assistant Town Manager Alison Melnikova.

Mayor Brown called the meeting to order at 5:10 p.m. He noted that the purpose of the meeting was for the Town Board to continue discussions of the 2009-2010 Town Budget. He asked Town Manager Lee Galloway to continue with comments on the document.

Galloway noted that one of the items of most interest in the budget is the distribution of funds to non-profit and governmental agencies. He explained that Alderman Caldwell has typically reviewed the list on behalf of the entire Board and suggested possible funding levels for different groups and organizations. Alderman Caldwell then distributed the suggested list of groups showing the amount that was being suggested for each in the 2009-2010 budget. The amount of money available was down this year since the Town has fulfilled a 5 year commitment made to Folkmoot to assist with repairs and renovations to the former Hazelwood School where Folkmoot presently operates. There was extensive discussion about the distribution of the funds which totaled in the range of \$130,000. In the end, the Town Manager suggested that he take the comments of the Board and rework the list to incorporate what members expressed. One item that the Manager mentioned was that in the 2009-2010 fiscal year, the Finance Director and he would recommend that the funds distributed to the different agencies be spread through the fiscal year, with one-half being paid out in the first six months and the other part paid out in the final six months of the fiscal year. This would place the Town in a better position if the economy worsened or the revenues were down more than expected and the Town found it necessary to reduce funding to the non-profits.

The Manager and Finance Director then led the Board through a review of the proposed 2009-2010 budget. Galloway indicated that the General Fund budget for the coming year is almost the same as the amount for 2008-2009, but there had to be several adjustments in order to accomplish that. He noted that revenues were expected to decline from several sources, particularly from sales taxes, property tax on motor vehicles, Powell Bill funds for street maintenance and interest earnings on investments. Staff estimates that these revenue sources will drop an additional \$139,200 in 2009-2010 after falling close to \$300,000 from 2007-2008 to 2008-2009. Fortunately, the decline in these revenue sources was partially offset by growth in the property tax base, meaning higher property tax revenues, and by higher than expected franchise tax collections from utility companies. Galloway and Caldwell noted that the tax base growth would be very small in 2009-2010 due to a severe drop in construction, and they did not anticipate a significant growth in franchise taxes. They also expressed concern about the continuing financial condition of the State of North Carolina and the possibility that the State may opt to take some revenues intended for local governments if they did not correct their own financial problems. Mayor Brown noted that the State could "fix" their own problems on the backs of local governments, just as the State did in 2001 and again in 2002 during the last economic downturn.

The Town Manager advised the Board that it appeared that Haywood County would cease any level of funding to the Town's Recreation Department. For the past several years, the County has provided \$70,000 annually toward the recreation center, but in 2008-2009, they withheld the final quarterly payment, meaning the 2008-2009 contribution dropped to \$52,500. Originally, the Manager and Finance Director estimated that \$50,000 would come from Haywood County, but it now appears there will be no contribution. Galloway indicated that Mr. Caldwell and he would be reviewing rates and charges and would be recommending increases to offset the loss of the funds from the County. He also advised that with the county no longer paying anything and an estimated 70% of the users living outside of the Town of Waynesville, he would be recommending that fees for outside users be higher than fees for inside users. All fees will have to rise to make up for the loss of the \$70,000, but in his opinion, taxpayers of Waynesville were providing enough subsidy toward the cost of operating the center without placing an even greater burden on them to provide a greater subsidy for outside users. He noted that in most communities, outside users are charged higher fees and charges, and that the Recreation Director is gathering information from other towns to use as a comparison.

Galloway noted that in the 2009-2010 budget, there were no wage increases proposed for employees, but at the same time, the budget does not call for a reduction in fringe benefits to Town personnel and no one is losing their job. Many local governments are taking actions such as that to deal with the budget challenges this year. The Finance Director pointed out that four positions are being eliminated from the budget this year, one in Streets and Sanitation, one in Cemetery, one in Building Inspections and one in Sewer Maintenance. There has been one increase in employment, with the Administrative Assistant in Public Works going from a 25 hour week to a 40 hour week. This was needed, Galloway explained, to assist with administrative oversight, answering telephones and handling paperwork in that operation.

The Town Manager expressed his concern about the upcoming year, pointing out that in 2008-2009, it was necessary to reduce appropriations by 3% during the year as the economy soured. There could be unforeseen circumstances in 2009-2010, whether from economic conditions or from actions by the State to take revenues from local government that will force similar reductions in the new year. Finance Director Caldwell concurred, noting that we should approach the year with cautious spending habits, in the event that such action is necessary.

The Board discussed the need for an additional work session to look at the Enterprise Funds and the Service Funds as well as review the revisions to the contribution list developed by the Town Manager and Finance Director. Mayor Brown asked that each member of the Board receive a copy of the most recent five-year Capital Improvement Plan for the next meeting, and the Finance Director indicated that would be no problem at all. It should be included with the agenda packet for the Board members which will be distributed on Friday, May 22.

There being no further business, on a motion by Alderman Feichter, seconded by Alderman Caldwell, the Board recessed the budget work session until 5:00 p.m. on Tuesday, May 26. This passed by a unanimous vote at 7:10 p.m.

A. Lee Galloway
Town Manager

Gavin A. Brown
Mayor