

SPECIAL MEETING  
BOARD OF ALDERMEN  
TOWN OF WAYNESVILLE  
MUNICIPAL BUILDING  
MAY 3, 2010  
MONDAY, 5:30 P.M.

The Board of Aldermen held a special meeting at 5:30 p.m. on Monday, May 3, 2010. 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 5:35 p.m. He noted that the purpose of the meeting was for the Town Board to receive a presentation of the 2010-2011 Town Budget. He called upon the Manager for comments.

The Town Manager noted that the budget document was presented to the Town Board on Tuesday, April 27, and he hoped that Board members had time to begin working through the content. He pointed out that when the budget was originally developed, there was an indication that the premiums for health insurance could increase by 25%. The Town's personnel had used that figure in calculating budget costs, but Blue Cross-Blue Shield has now advised that the increase will be 17.4%. The Manager and Finance Director noted that they are continuing to work with the carrier to see if there are other alternatives to further reduce that cost, and they plan to report to the Board later in May.

Mayor Brown asked questions about the Town's debts and loan payments. There were specific questions about the \$904,000 loan/grant that was provided the Town under the American Recovery and Reinvestment Act (ARRA). Galloway advised that the funds were being used for major improvements to the Town's water system, replacing old, deteriorated lines and 1,000 meters, many of which will be remote read meters to cut down on the work of meter readers. Finance Director Caldwell explained that all of the \$904,000 was awarded as a loan, but 50% was to be forgiven and the remaining 50% was offered at 2.5% interest over 20 years. In the Town's water fund, \$58,050 is budgeted, which would be the payment on the full \$904,000, but once 50% is forgiven, staff expects the payment to be \$29,025 annually for 20 years. Mr. Caldwell also noted that the Sewer Fund will be paying off the last of its construction/equipment loans at the wastewater treatment plant in 2010-2011, although there would be the first of five annual payments starting on the sewer cleaning truck. With the larger debts being paid off in the Sewer Fund, the financial stability of that fund seemed to be improving.

Galloway noted that in past years, the Sewer Fund was the weakest of the four funds the Town operates, but that the General, Sewer and Electric Funds were all doing quite well at present. He did note that the Water Fund had been struggling the past few years, particularly with the large amount of money the Town was spending to rehabilitate that system and the water treatment plant. But he noted that the projects funded through ARRA and the Town's continuing commitment of \$275,000 annually was resulting in progress on addressing these issues. Mr. Caldwell noted that in 2012, the Town would pay off the loan on the Chlorine Contact Tank system at the water plant, freeing up the annual payments of \$153,165 and that in 2014, the annual debt of \$118,680 on the Reservoir Drive Water Tank would come off. He felt the Water Fund would show signs of improvement after those are paid.

Alderman Roberson asked about the allocations for the maintenance and repair of equipment, expressing concern that by reducing those expenditures the Town might be setting itself up for larger repair costs in the future. Mr. Caldwell noted that there were some unusually large maintenance and repair expenses necessary in the 2009-2010 budget, such as the Dectron unit at the Recreation Center pool and the repainting and repairs to some of the metal structures and equipment at the wastewater treatment plant damaged by so much lime in the air from the lime stabilization process. The total appropriation for maintenance and repair is less in 2010-2011, but that is a little misleading since there were one-time costs in 2009-2010 that are not likely to be repeated soon.

There was discussion about the decline in revenues in a number of sources. Mayor Brown noted the large drop in investment earnings with the historically low interest rates. The Town Manager shared a chart with the Board comparing revenues in several categories over the past three years, noting the large drop of receipts from sales taxes, Powell Bill funding for highways and proceeds from the ABC Store. Of the 11 large, revenue sources shown, there was a total decline of \$419,000 between the 2007-2008 fiscal year and the estimated revenues in 2010-2011. Galloway and Caldwell explained that the revenue drop of this magnitude was enough to present enormous challenges, but with increases in costs for insurance, retirement and fuel, meeting the budget was that much harder.

Alderman Roberson asked some questions about the possibility of asphalt recycling in view of the decline in Powell Bill funding from the State of North Carolina. Galloway indicated that he would consult with the Public Works Director on that issue to see if there was a possibility of using it in the chip seal process at higher elevations.

Alderman Roberson also inquired about the status of the Skateboard Park, and Assistant Manager Alison Melnikova gave an update on the meeting that had been held, the input being solicited by the design contractor, Spohn-Ranch, and the status of the grant application.

Alderman Greeley indicated that he had been studying the budget document and trying to see ways that the Town could generate more revenues. He noted that the cost of opening graves by private contractors had increased from \$500 to \$1,000 in a short span of time, pointing out that this is a cost that the funeral homes pass along to the families of the deceased. He suggested that the Town might want to consider getting into the business of opening and closing graves and collecting the fees for that service. Alderman Greeley noted that the system in place works well, but that if the Town wanted to enter that business, there is the possibility of some extra revenues to be earned.

Board members agreed that they would continue to evaluate the budget document and look over the revenues and the expenditures, developing questions for the next budget work session. The group tentatively agreed to have another work session on Monday, May 17, 2010, at 5:30 p.m.

Motion by Alderman Roberson, seconded by Alderman Feichter and passed unanimously to adjourn the Budget Work session at 8:15 p.m.

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A. Lee Galloway  
Town Manager

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Gavin A. Brown  
Mayor