

REGULAR MEETING
TOWN OF WAYNESVILLE
BOARD OF ALDERMEN
TOWN HALL – 9 SOUTH MAIN STREET
DECEMBER 13, 2011
TUESDAY – 7:00 P.M.

The Board of Aldermen of the Town of Waynesville held a regular meeting on Tuesday, December 13, 2011. Members present were Mayor Gavin Brown, Aldermen Gary Caldwell, Libba Feichter, J. Wells Greeley and LeRoy Roberson. Also present were Town Manager A. Lee Galloway, Assistant Town Manager Alison Melnikova, Town Clerk Phyllis McClure and Town Attorney Woodrow Griffin. Mayor Brown called the meeting to order at 7:00 p.m.

Approval of Minutes of November 8, 2011

Alderman Roberson moved, seconded by Alderman Feichter, to approve the minutes of the November 8, 2011 meeting as presented. The motion carried unanimously.

Public Hearing Annexation – 2180 Dellwood Road – Queen’s Farm

The Town received a petition for annexation signed by members of the Queen Family. The tract of land requested for annexation is 7.235 acres in size and is part of a larger 131 acre tract owned by the Queen Family. The 7.235 acres includes the Queen Homeplace and several rental houses that have been connected to the Town’s sewer collection mains.

When this petition was first presented in October, the Town Board passed a resolution directing Town Clerk Phyllis McClure to investigate the sufficiency of the petition. At the meeting of November 8, Ms. McClure reported back to the Board that the petition met the requirements of State Statute. The Board then passed a resolution calling for a public hearing on the annexation request. Ms. McClure advertised the public hearing on annexation which has been scheduled for the meeting of December 13, 2011.

The Board has the option of setting the effective date of annexation, and it would be the recommendation of town staff that the effective date be set for January 1, 2012. Once done, the Town would begin to provide the full range of services to this property, and change the water and wastewater charges from out-of-town to in-town rates.

Attorney Griffin opened the public hearing. No one spoke; Attorney Griffin closed the public hearing.

Alderman moved, seconded by Alderman to annex the 7.235 acre tract of land as petitioned, effective January 1, 2012. The motion carried unanimously. (Ord. No. 8-11)

Presentation of Audit Report

Under State regulations, each local government in North Carolina must undergo an annual audit of its financial records. The audit, once completed, must be presented to the Local Government Commission (LGC) which is a division of the State Treasury Department.

For many years, the Town of Waynesville has contracted with the firm of Ray, Bumgarner, Kingshill & Associates, PA, to conduct the annual audit. Each year, the LGC carefully reviews the audit, and Manager Galloway said he did not recall any exceptions that have been taken to the document submitted by the firm.

Mr. Bruce Kingshill and Ms. Nancy Lux attended the Board meeting to present the results of the annual audit for the period ending June 30, 2011. Mr. Kingshill reported that their auditing firm found no compliance or internal control issues and issued an unqualified report which is the highest that can be given. He said there were no disagreements with management and no other issues that need to be brought to the board. He reported that Waynesville has a healthy fund balance, especially during these economic times. The Town is in good financial shape, and one reason is because of the electric system dividend. Without the electric fund the Town would need to raise property taxes about ten cents or increase fees to maintain the level of services currently offered.

Mr. Kingshill said in years past, the water and sewer funds were “dog funds” or loser funds and this is no longer the case. This is the third year that the sewer fund has gained and transferred money to the general fund.

Finance Director Eddie Caldwell presented the tax collection rates for 2001, adding that tax collections are down slightly below 1%.

About three years ago, Manager Galloway said the Board approved a rate increase on electricity, however, when he and Eddie Caldwell saw that the fuel costs were going down, the increase was not passed along to the customers. Alderman Feichter said there is a real consistency on the report for the Town in what the board does and how it is done, and this is wonderful that the Town can depend on that, even during bad times. Mayor Brown added that the Board budgets conservatively.

There was discussion about Waynesville operating on a “pay as you go basis”, and Mr. Kingshill said this is common in many other cities, including Charlotte and Greensboro. If money is set aside for this it would need to be put in a trust fund and the Town would not be allowed to touch the funds.

There was discussion regarding the Public Works Fund and how charges are made in other departments to operate those funds. The price of gasoline increased last year. \$40,000 was requested for additional sheds and \$25,000 for paving an additional area of the Public Works lot. Finance Director Eddie Caldwell said there was going to be money left in that fund. Manager Galloway asked that the money be left there and when the final figure was received they would

return to the Board to ask for the transfer of \$70,000 for Public Works to use for an additional shed and other items they need.

Alderman Feichter said the Public Works Department supports other departments. Manager Galloway said they take good care of their equipment and this is reflected when Purchasing Supervisor Julie Grasty receives a good return from items that are sold. An additional shed will make the equipment last longer since it will be kept out of the weather.

Mr. Kingshill thanked Town Manager Galloway and Finance Director Eddie Caldwell for their assistance throughout the years. Mr. Kingshill said the Town is in good financial shape, even with the cutbacks from Federal and State Funding.

Manager Galloway said this is the 19th audit in Waynesville prepared by Ray, Bumgarner, Kingshill and Associates and they have always done a good job. They are thorough and have been great to work with. Alderman Roberson added that this is an example as to how the town has been run over the past several years.

Finance Officer Eddie Caldwell said Waynesville's cash flow is healthy and the electric fund is monitored on a monthly basis. Mayor Brown pointed out that less money is being spent now than in 2009. Mayor Brown thanked Mr. Kingshill and his auditing firm for their work. No action was necessary.

Cecil Yount and Don Kostelec Presentation of Bicycle Plan Adopted by Haywood County

For some time, individuals in Haywood County have been involved in the development of the Bicycle Plan for the county. Mr. Yount and Mr. Kostelec attended the meeting to present the document and answer questions. A brief synopsis of the plan was distributed to the Board to review prior to the meeting.

The bike plan began in late 2009, with funds through French Broad MPO and without the help of any governmental units. The Blue Ridge Bicycle Club and a number of individuals made donations for development of the plan and the Haywood County Board of Commissioners agreed to be managers of that fund. When the plan began, they did not want to have a bike plan for every town so they started looking at how to do this in the Haywood County community, while considering routes in the county, area tourism, economic development and health benefits it would bring to the community.

Don Kostelec, a private consultant with a background in urban planning, said it has been a pleasure to work with the group in Haywood County. Mr. Kostelec has done a lot of work with economic development agencies and the N. C. Department of Transportation. He has spent a lot of time becoming familiar with Haywood County and helping to get the county designated as a Bicycle Friendly Community. He said Haywood County has a higher than average number of older adults and there are problem areas in the community for target enforcement. There are questions such as how gravel should be removed from the shoulder of the roadway and how to keep rumble strips from impacting bicyclists. There are many routes where NCDOT wants to add safety shoulders, improve road drainage and other improvements for bicycle safety. Mr.

Kostelec mentioned several possible bicycle routes, including along Richland Creek, through Frog Level, in downtown Hazelwood and the shopping district near Wal Mart where signs could be installed designated the areas as bicycle routes. He said Macon County has one of the best bicycle routes in the State of North Carolina.

Mr. Kostelec discussed other things that could be done in the meantime, such as including children in bicycle rodeos, installing bicycle racks and tracking the progress of the community. In reviewing Healthy Haywood Body Mass Statistics, it reveals an increase of obesity in school students from 18% – 40% over the past ten years. Alderman Roberson pointed out that the costs for diabetes management far outweigh what it will cost to implement this type of program. Alderman Feichter said it was amazing to see the number of areas in Italy and Germany that were designated as bicycle paths.

Mayor Brown said the Bicycle Plan has already been adopted by Haywood County. A letter of support has been received from Healthy Haywood and another letter is expected from the Haywood Economic Development Commission. Cecil Yount and Don Kostelec have spoken with representatives from the Town of Clyde and hope to speak with those from the Town of Maggie Valley in 2012. Others that have been contacted to help inform the public include the Bethel Community Organization, Fireworks at Red White and Boom in Maggie Valley, Farmers Market, Mater Festival in Canton, Rotary Clubs and others. Don Kostelec said one study in Eastern North Carolina revealed that for every \$1 in tax dollars invested in this program, \$9 is returned.

Alderman Greeley moved, seconded by Alderman Roberson, to authorize Mayor Brown to sign a letter of endorsement for the Bicycle Plan. The motion carried unanimously.

Award Bid for Electric Department Bucket Truck

In adopting the 2011-2012 annual budget, the Town Board provided funds for the purchase of a new bucket truck for the Town's Electric Department. The new truck is intended to replace a bucket truck which has served the Town well since it was purchased in the early 1990s.

Three bids were opened on Wednesday, November 16, at 2:00 p.m. The low bid came from Altec Industries for an Altec AA55E bucket apparatus mounted on a 2012 Freightliner M2 106, and that bid was \$204,109.64. In securing cost estimates for this piece of equipment, the electric department was advised to plan on an expenditure of around \$185,000, and that is the amount requested in the budget. From the three bids submitted, the budgeted amount is well under the low bid for the unit. The three bids submitted were very close, particularly the two lowest bids. With the bids so close, the three firms must have viewed the specifications in a similar manner.

Purchasing Supervisor Julie Grasty attended the meeting. Ms. Grasty noted that the representative from Altec Industries visited her office on Monday, December 12 and it was discovered that in one section of their bid the Federal Excise Tax had been added. The Town of Waynesville is exempt from paying this tax so it was deducted from the bid, reducing the total to \$193,805.00, a reduction of \$10,000. Using the information provided, the Electric Department sought \$185,000.00 in the budget for the bucket truck. Manager Galloway said the Electric

Fund is in a particularly strong financial position at this time and the bucket truck is an item that is needed and should not be delayed.

Ms. Grasty said the Town has experience with Altec with other pieces of equipment they have purchased and is familiar with their cab and chassis. Manager Galloway said it is the Town's intention to finance the truck for 3 to 4 years and as we get closer to time when the truck is to be delivered the electric fund may be in a position so that it would be better to pay cash for the vehicle rather than finance. Town staff recommended that the Town Board approve the proposal of Altec Industries for the 2012 Freightliner M2 106 with Altec AA55E bucket apparatus at a cost of \$193,805.00.

Alderman moved, seconded by Alderman to award the bid to the low bidder, Altec Industries, at a cost of \$193,805.00. The motion carried unanimously.

Retroreflectivity Sign Maintenance Policy

The U. S. Department of Transportation recently adopted changes to the Manual on Uniform Traffic Control Devices. These changes require that all agencies that maintain roadways open to public travel adopt a sign maintenance program to assure that streets signs maintain a certain level of reflectivity.

The Town's Director of Public Works, Fred Baker, has developed a policy on this matter for the Town Board's consideration. Under this proposal, there will be an established procedure and a time table for the Town to come into compliance with the new federal rules. Mr. Baker was unable to attend the meeting.

Manager Galloway said when the policy was developed by Mr. Baker, the Federal Government was ready to proceed. They have now decided to back out on the implementation dates because they received feedback about the costs. Mr. Baker feels that Waynesville should continue with the policy.

Alderman Roberson moved, seconded by Alderman Greeley, to adopt the Retroreflectivity Sign Maintenance Policy as presented. The motion carried unanimously.

Alternate Route to Cherokee Signage at Exit 103 in Haywood County

A letter was received from Chuck Wooten, County Manager of Jackson County requesting support for alternate route signage to Cherokee at Exit 103 in Haywood County. For a motorist traveling west on U. S. Route 23/74 with a destination of Cherokee, at Exit 103, signage directs the motorist to take Route 19 through Maggie Valley. As Mr. Wooten points out, Cherokee may be accessed through an alternate route on U. S. Route 74 which would take them through Jackson County. The Jackson County Commissioners seek resolutions of support from local governments in the area for the installation of signage showing that U. S. 74 might be used as an alternate route to Cherokee.

Mayor Brown said the route through Jackson County is shorter and the route through Maggie Valley is considered a more scenic route. The Haywood County Chamber of Commerce already gives people the option for both routes when they are traveling through the area. Assistant Town Manager Alison Melnikova said when she worked at Biltmore Estates and through the Asheville Chamber of Commerce travelers were given the option of traveling either route to Cherokee.

Alderman Roberson said he would like to hear from the Maggie Valley officials to see how they feel about the additional alternate signage. Mayor Brown said he will talk with the Maggie Valley officials before action is taken by the Board of Aldermen.

Appointment to Haywood County Tourism Development Authority Subcommittee

In 2008, when the General Assembly approved an additional 1% tax on tourism related uses, a special Subcommittee was established to oversee the distribution of the increased funds back to the areas where the tax is generated. The Town Board was given the responsibility for the appointment of members to serve on the 1% Funding Subcommittee for the 28785/28786 Area.

The current appointees are Buffy Phillips, Roy Gass and Betsy Boyd, and their two year terms will be expiring at the end of the calendar year. A letter was received from Ms. Phillips who is serving as Chair of the Committee, requesting her own reappointment as well as that of Mr. Gass and Ms. Boyd.

Alderman Feichter moved, seconded by Alderman Roberson, to reappoint Buffy Phillips and Roy Gas as representatives from the 28786 zip code area and Betsy Boyd as a representative of the 28785 zip code area to serve an additional two year term on the Haywood County Tourism Development Authority Subcommittee. The motion carried unanimously.

Term on Tourism Development Authority Board of Directors

In the letter from Ms. Buffy Phillips regarding the 1% Funding Subcommittee, Ms. Phillips pointed out the upcoming expiration of the term of Mr. Ken Stahl on the Board of Directors of the Tourism Development Authority and recommended that Mr. Stahl be reappointed to another term. Appointments to this Board are by the Haywood County Commissioners, but they look to the local governments for recommendations on appointments.

The terms on the TDA Board are for three years, and Mr. Stahl's term is expiring on December 31, 2011. He has been a dedicated representative on this Board for a number of years and has shown particular knowledge on financial issues facing that Board. Mr. Stahl has indicated a desire to continue service on this Board.

Alderman Caldwell moved, seconded by Alderman Greeley, to recommend to the Haywood County Board of Commissioners that Mr. Ken Stahl be reappointed to serve another three-year term on the Board of Directors of the TDA. The motion carried unanimously.

Agreement Regarding Incentives for Industry

In October, the Town Board adopted a policy on granting incentives to businesses and industries based upon the creation of jobs and the investment in facilities and/or equipment which expand the Town's tax base. Haywood County has such a policy in place and has granted incentives under their policy in the past. The Town's incentive policy is pretty much identical to that of the County.

The County has a system in place to verify the number of jobs created and the required financial investment by companies receiving the incentives. Rather than creating a new system of verification, the Town Attorney and Town Staff concluded that it would make more sense to follow the County's lead on this verification, perhaps even piggy-backing on their agreement with the business or industry receiving the incentives. Town Attorney Woody Griffin has been in contact with County Attorney Chip Killian to discuss the possibility of having one agreement between the Town and County with the business or industry receiving the incentives. It was hoped that a draft copy would be available for the meeting, but since it was not there was no action and the issue was deferred until a later date.

Resolution Regarding ABC Board Providing Gift to Retiring Employee

The ABC Store has an employee who will be retiring soon and the local ABC Board would like to present that employee with a retirement gift. There seems to be some uncertainty on the ABC Board as to the legality of doing so, and they have asked advice of the State ABC Board on the protocol. It seems that the State suggested that it might be best that the local Board have the appointing authority to authorize such a gift. Mr. Earl Clark, Chairman of the ABC Board contacted the Town to ask what the Town does for retirees.

Although Waynesville does not have a written policy on gifts for retiring employees, Human Resources Officer Margaret Langston and Manager Lee Galloway developed a policy that is relatively simple to follow. A retirement gift costs in the range of \$10 to \$15 for each year of service. Under that policy, an employee with 25 years of service, for example, would receive a gift with a value of around \$250 to \$375. Manager Galloway said he did not recall any case where the Town spent anywhere near the top figure and it is more common to be in the \$250 to \$300 range for a gift for a long term employee.

Mr. Clark would like some direction from the Board as to an amount that it feels is suitable for a gift for a retiring employee at the ABC Store, and Manager Galloway said he understand that Mr. Clark may have mentioned an amount of \$10 per year of service.

Manager Galloway said although he never approached the Town Board about a formal policy on the value of retirement gifts for retiring Town employees, perhaps it is appropriate for the Town Board to endorse such a policy for that as well.

It was the consensus of the Board that employee's salary is considered part of the public sector, but retirement gifts would be considered differently and amounts for those gifts could be determined by management. Alderman Feichter said as long as the gifts are not coming from

people you are doing business with she did not see a problem. The Board felt that retirement gifts are one time gifts. No action was taken.

Cancellation of December 27, 2011 Meeting

Traditionally, the second meeting of December has fallen close to Christmas and the Town Board has cancelled that meeting. This year, the second meeting is on December 27, and it would be the recommendation of town staff that the meeting be cancelled.

Alderman Caldwell moved, seconded by Alderman Roberson, to cancel the Board of Aldermen meeting of December 27. The motion carried unanimously.

Town Manager Search Update

Manager Galloway provided the Board with a copy of the ad that was published beginning December 12 on the web site of Developmental Associates. The questionnaire on the web site requires that the applicant answer eleven questions, including experience of the applicant and information on any degrees they may have, whether they have been part of a community with tourism, economic development, technology, etc. This questionnaire will eliminate some of the applicants.

An ad is also posted on the Manager's List Serve with the N. C. League of Municipalities and the County Commission publication. Plans are to begin reviewing applications beginning January 9. A special meeting is tentatively scheduled for Monday, January 30, 2012, so the Board can begin narrowing finalists. Another meeting is tentatively scheduled for Friday, February 24. A report will be given to the Board at that time on the finalists.

Adjournment

There being no further business, Alderman Greeley moved, seconded by Alderman Roberson, to adjourn the meeting at 8:58 p.m. The motion carried unanimously.

Phyllis R. McClure
Town Clerk

Gavin A. Brown
Mayor