

**MINUTES OF THE TOWN OF WAYNESVILLE BOARD OF ALDERMEN**  
**SPECIAL CALLED MEETING**  
**JUNE 17, 2014**

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**THE WAYNESVILLE BOARD OF ALDERMEN** held a special called meeting on Tuesday, June 17, 2014 at 5:30 p.m. in the conference room of the Municipal Building, 16 South Main Street, Waynesville, NC, for the purpose of continuing discussion of the proposed FY 2014/2015 budget.

**A. CALL TO ORDER**

Mayor Brown called the meeting to order at 9:00 a.m. with the following members present:

Mayor Gavin Brown  
Alderman Gary Caldwell  
Alderman Julia Freeman  
Alderman J. Wells Greeley  
Alderman LeRoy Roberson

The following staff members were present:

Marcy Onieal, Town Manager  
Amie Owens, Town Clerk  
Eddie Caldwell, Finance Director  
David Foster, Public Services Director  
Bill Hollingsed, Chief, Police Department  
Joey Webb, Chief, Fire Department

Representing the Media:

Becky Johnson, Smoky Mountain News  
Mary Ann Enloe, The Mountaineer

Call to Order and Announcements

Mayor Gavin Brown welcomed everyone to the meeting and reminded members that this budget is a work in progress, that questions should be asked during this session and, if necessary, adjustments made.

Introduction

Manager Onieal began by providing an overview of the agenda and explaining that she, Finance Director Caldwell and the department managers present were happy to answer questions the Board may have at any time during the session. She added that the department managers would be providing brief overviews of their departmental budgets but that there were some specific topics noted as Expenditure Considerations on the agenda. This is an informal work session, focusing on critical topics related to expenditures.

## Department Overviews

### **Fire Department**

Manager Onieal asked Fire Chief Joey Webb to begin the departmental overviews. Chief Webb explained that the budget remained approximately the same as the previous year's budget with some requests for replacement equipment including four (4) new air breathing packs, 5 to 6 sets of turnout gear, new radios and pagers and some improvements to the fire department facilities. The replacement of these items was primarily due to scheduled replacement, for example turnout gear should be replaced approximately every 10 years for safety. The improvements to facilities include replacement lighting with LEDs in the fire bay at Station 1 and the addition of a carport for housing a truck in order to be in compliance with ISO and distribution requirements. Chief Webb added that there were no requests for additional staff.

There were no questions for Chief Webb from the board.

### **Police Department**

Police Chief Bill Hollingsed reported that there were no requests for additional personnel and only one capital request for the replacement of ten (10) bullet proof vests as part of scheduled replacement. He explained that operationally, the department has developed and is working under a crew development program in order to ensure accurate salary and position classifications. Chief Hollingsed described the program and its various steps including the additional training requirements for movement to another level. He explained that the goal of the program is "to train individuals so that they could go elsewhere, but treat them well enough so they won't want to."

Mayor Brown asked if the Town's salary structure was competitive statewide. Chief Hollingsed explained that starting officer pay was competitive, but with the implementation of the Career Track development program, they would be more competitive with more accurate delineation of positions based on training and certification, not just longevity. Manager Onieal added that Public Services is working on a similar career track program that Mr. Foster would explain in his report.

### **Finance**

Finance Director Caldwell explained that his budget was less than the previous year and that cost allocation formulas have made it easier to properly allocate employee costs to appropriate funds such as water or electric fund. He is requesting a financial software program, Go Docs, which would allow for the emailing of payroll information to employees rather than having to print pay summaries, deliver them and utilize additional staff time and resources. There may be additional applications for the program as well.

There were no questions for Finance Director Caldwell from the Board.

### **Public Services**

Public Services Director David Foster explained that all divisions comprising the Public Services department were utilizing continuation budgets for the upcoming fiscal year. He noted that like the Police Department, Public Services had developed a career track program that included training, certifications, time in service, and mirrored the State based on apprenticeship program requirements.

Mr. Foster provided an overview of projects and plans for each of the various divisions including:

- Streets
  - paving of Riverbend now that the project is completed
  - various resurfacing projects and spot repairs
  - two (2) blocks of Hazelwood sidewalks to connect all to the Downtown
- Sanitation
  - Assessing for efficiencies including possible technological or automated options/solutions
- Powell Bill
  - Completion of bridge repairs using a local contractor
- Cemetery
  - Improved efficiency by utilizing a combined labor pool for cemetery maintenance and facility maintenance
- Garage
  - Improved tracking of vehicle repair/replacement and inventory via computer program
- Water/Sewer
  - Continuation budget with funding available for inflow/infiltration improvements and investment in sewer maintenance and improvements

Mayor Brown allowed a question from the audience. Libba Feichter asked about a notice she had on her door related to a sealant project for her street. Mr. Foster explained that this sealant restores the oils in the pavement and makes it look better, as well as allowing for additional life for the pavement of 7 to 10 years.

Alderman Caldwell asked about the chipper included in the budget for Electric Services and its necessity, and asked why the chipper from Streets and Sanitation could not be used. Mr. Foster responded by noting the brush collection requires use of the chipper and that scheduling of this equipment becomes difficult based on the amount of brush collected.

### **Utilities and Recreation**

Manager Onieal explained that Rhett Langston, Recreation and Parks Director, could not be in attendance due to a Recreation Advisory Board meeting and Fred Baker, Utilities Director had a scheduling conflict. Both individuals will be present at the regular board meeting to answer any questions the Board may have.

Manager Onieal commented that the Recreation Department has increased programming with the goal of increased participation for all age groups.

Manager Onieal reminded the Board of the restructuring resulting in the new Asset Management Services division which will include a pool of individuals who will take care of all facilities maintenance, cemetery and horticulture needs of the Town.

Mr. Foster added to his previous report that he is working with Haywood Community College (HCC) for an internship/mentoring program in the garage which would provide hands-on experience for the students on various types of equipment.

### **Administration and Development Services**

Manager Onieal reported that both of these departments were maintaining status quo and utilizing continuation budgets. The Development Services director position is being held open at this time as a temporary cost-saving measure..

### Expenditure Considerations

Manager Onieal provided a power point presentation related to the various expenditure considerations. She explained that each area indicated would be a topic for discussion. Manager Onieal reviewed the proposed budget summary for each of the various funds; these were discussed in detail at the previous budget work session. Manager Onieal moved to the first topic of refinancing opportunities.

### **Refinancing Opportunities**

The Board had requested at the previous budget work session that Finance Director Caldwell look at possible refinancing opportunities and report back. Mr. Caldwell provided a spreadsheet indicating the total number of loans (16) which loans could not be re-funded (5), those that were not worth re-funding based on either the time remaining on the loan or at zero interest (8) and those for possible re-funding (3). The three loans available for re-funding were for the Fire Station, Recreation Center and the electric substation.

Mr. Caldwell explained that the Local Government Commission (LGC) recommends that if re-funding the municipality should conduct face-to-face negotiation; this would require a financial analyst. Re-funding could produce a potential savings of \$158,000 over the next 14 year period. There were two loans through Wells Fargo that could potentially be re-funded but Mr. Caldwell was not sure if prepayment was possible and would need legal counsel to review the contracts.

Mayor Brown noted that there should be further review to determine if certain loans could be prepaid and possible negotiation of rates for those that could be re-funded. Mayor Brown asked where the savings would be allocated. Mr. Caldwell indicated that his recommendation would be placing back into fund balance rather than the general fund. Manager Onieal noted that this may be a lengthy process and asked if this refinancing could be done separate from this budget process due to time constraints. Members agreed.

### **Solid Waste**

Manager Onieal reminded members that there was an elimination of funds for solid waste from the County which impacted the budget by \$80,000. She provided a spreadsheet outlining the fees from FY 2008 to present based on commercial sanitation fees, leased dumpster fees and tipping fees at the landfill. There is a potential for savings based on the reduction in tipping fees; however, no one is sure whether Santek can increase rates after a certain period of time. Manager Onieal has requested a copy of the expanded management agreement.

Alderman Caldwell voiced his concern about the number of commercial accounts that have begun utilizing private dumpsters rather than Town services and provided members with a listing of commercial accounts that had moved to a private hauler. Discussion was held and Mr. Foster explained that there has been additional competition in the area for commercial business and posed the question of whether or not the Town should compete with these companies. Mayor Brown indicated that this was a longer-term discussion and a plan or proposal showing the costs associated with this type of collection and any alternatives should be brought to the Board at a later date.

Mr. Foster provided examples of how to develop efficiencies in solid waste collection including utilizing technological and automated solutions. He noted that education and operational processes would be key to seeing cost effective solutions. Mr. Foster added that the idea is to be more efficient but to continue to provide quality service. Manager Onieal echoed that there are many options and that the Streets and Sanitation division would continue to look for ways to provide quality service in the most cost conscious manner.

### **Employee Wage Adjustments**

Manager Onieal explained that there were several proposals included in the budget that total 3.5% overall in salary adjustments for employees. The first was a 1% cost of living adjustment (COLA) for all employees; the last COLA adjustment was in 2012. The remaining 2.5% would be used for career track progressions, incentives and recognition bonuses via the wellness program and leadership/succession development, and allocation of funds for three individuals annually to take part in significant leadership training opportunities.

Manager Onieal presented some additional human resource considerations including the conversion of two part-time positions to full-time as the incumbents are already working near full-time hours and are already forced to participate in retirement system and health benefits under ACA regulations. She also noted that the Town has continued to slip behind over the years in pay and classification generally, as the Town is still using an outdated 2004/05 classification plan and even though another plan was commissioned in 2009, it has never been due to the \$735,000 cost.

### **Health Insurance**

Manager Onieal provided an overview of the reason for considering changing insurance plans. She noted that there was a 27% increase quoted from BCBS due in part to high exposure and the Affordable Care Act requirements. For the current payroll, that is \$2.2 million annually. The budget was based on a 15% increase. She, Mr. Caldwell and Human Resources Director, Margaret Langston, met with vendors to obtain the best quotes possible.

Manager Onieal discussed the new plan which carries a \$500.00 deductible that would be paid before any benefit would begin (this would not apply to primary care physician visits or any annual preventative exams (mammograms, PSA, etc...)) For example: if an individual went to see a specialist, they would be responsible for the full cost up to \$500.00. After that the Town would pick up the remainder of the deductible.

Both Mr. Caldwell and Manager Onieal highlighted the overall savings for employees based on the lower out of pocket maximum as well as the option to participate in the Flexible Spending Account in order to cover the deductible expense. Manager Onieal indicated that educational sessions have been held for staff to acclimate them to this new plan prior to the July 1 start date.

### **Capital Purchases/Projects**

Manager Onieal provided as part of the presentation a listing of all of the proposed new capital purchases from the general fund totaling \$121,250 and included such items as bullet proof vests, SCBA gear for fire department, street maintenance equipment, security camera completion and addition of saunas at the Recreation Center.

Manager Onieal highlighted proposed new capital purchases from the various utilities funds totaling \$527,870. She noted that these funds could support these purchases. The purchases include several items for the wastewater and water treatment plants including continuation of the flocculator flash mix replacement, vehicle replacements for water and sewer maintenance and a chipper for the electric department.

### **Fund Balance/Property Tax**

Manager Onieal explained that the fund balance appropriation for the upcoming fiscal year is \$1.2 million and that is with the proposed tax increase. She noted that fund balance has been utilized in the past for large capital projects. Mr. Caldwell noted that last year \$1.6 million was used to balance the budget from fund balance. Manager Onieal added that each year, Mr. Caldwell budgets for 100% employee capacity, and that personnel turnover and employee vacancies have primarily been responsible for allowing the Town to spend less than is actually budgeted from Fund Balance. At this point in time however, the Town has filled its vacant positions and there is no other contingency funding in the budget.

Manager Onieal provided data on property tax rates from the NC League of Municipalities indicating that 202 cities (37.6%) have increased property taxes within the last four budget years or since their last revaluation, with many more planning on tax and/or fee increases in the coming year. Manager Onieal expressed that there are limited means of revenue generation for the general fund.

### **Special Appropriations/In-kind Support**

Manager Onieal explained that the Town had supported many non-profit organizations with special appropriations and in-kind support. Included in the proposed budget was a listing of those organizations and proposed funding.

Alderman Caldwell provided members a spreadsheet with recommendations related to special appropriations for various groups and discussion was held related specifically to appropriations for Folkmoot. Mayor Brown allowed comments from the audience related to Folkmoot. Tom Ezell explained that Folkmoot is gaining community input as to the needs of the community. He invited those in attendance to an open house on June 26. Board members continued discussion and agreed that \$20,000 should be moved from the proposed Folkmoot – capital campaign appropriation to undesignated. Once a plan is fully developed for the future of the Folkmoot facility, Folkmoot may return to request funds from the Board.

### **Unmet Needs**

Manager Onieal highlighted some of the unmet and future needs of the Town. She explained that in some instances it would require initial spending in order to achieve savings or benefits. Some of the unmet needs for improved services/efficiency/productivity included an asphalt recycler which would allow for year round operation and additional parking areas lease/purchase. Manager Onieal explained human resource considerations including the implementation of the 2009 pay and classification plan and additional positions to adequately staff the fire department, and improve community and economic development for the Town.

Manager Onieal provided a listing of future projects including:

- Public Services Garage renovation and shed addition
- Municipal Building renovations

- Greenway easement acquisition and construction
- Police Department evidence room expansion/renovation
- Recreation Master Plan implementation – this was been put off for this FY.
- Fire Station addition
- Property Acquisitions (Fire and Recreation)
- Junaluska Merger Considerations
- Plan Implementation – Manager Onieal previously discussed the number of existing plans and the need to review each at the Board Retreat held in March.

Manager Onieal concluded the informational portion of the meeting and asked the Board for their input.

Mayor Brown commented that he appreciated the effort put into this budget and that a tax increase is not something that the Board wants to do, but the Board will do what it has to do. He asked members to thoroughly review the proposed budget again in anticipation of a vote. He noted this is the first time that the board has engaged in budget workshops of such depth, length and frequency and hoped that the board members would contact him or the manager if there were areas in the budget with which they may be uncomfortable, and be prepared to offer alternatives if they are unhappy with the manager’s proposal.

Manager Onieal thanked Finance Director Caldwell and the staff for their time and diligence related to the development, preparation and composition of this proposed budget. Manager Onieal reminded the Board that the budget would be on the agenda for a vote at the June 24 regular meeting.

**ADJOURN**

***There being no further business to discuss, Alderman Freeman made a motion, seconded by Alderman Caldwell, to adjourn the meeting at 8:00 p.m. The motion passed unanimously.***

ATTEST

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Gavin A. Brown, Mayor

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Marcia D. Onieal, Town Manager

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Amanda W. Owens, Town Clerk