

**MINUTES OF THE TOWN OF WAYNESVILLE BOARD OF ALDERMEN
REGULAR MEETING
JUNE 24, 2014**

THE WAYNESVILLE BOARD OF ALDERMEN held their regular meeting on Tuesday, June 24, 2014 at 7:00 p.m. in the board room of Town Hall, 9 South Main Street, Waynesville, NC.

A. CALL TO ORDER

Mayor Brown called the meeting to order at 7:00 p.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
Woodrow Griffin, Town Attorney
Amie Owens, Town Clerk
Eddie Caldwell, Finance Director

Representing the Media:

Mary Ann Enloe, The Mountaineer

1. Welcome /Calendar/Announcements

Mayor Gavin Brown welcomed everyone to the meeting and acknowledged the presence of Dr. Rose Johnson, who was in attendance representing Folkmoot. He invited her to provide information related to Folkmoot.

Dr. Johnson explained she was speaking on behalf of Folkmoot USA, primarily due to discussion from the budget work session related to the possible funding allocations by the Town. She provided a packet of information to board members and indicated that this information was being used for planning purposes. Dr. Johnson noted that the capital campaign for Folkmoot was getting underway with a good base of funding. She indicated that the mission of the year-round facility was to increase programming so that "art and education could come together as never before" with a focus on diversity and cultural exchange. Dr. Johnson apologized that the plan information was not made as public as it should have been, but reiterated that there was a plan in place.

Mayor Brown expressed concern that \$300,000 to \$400,000 is planned to be spent on facility renovations with no programs in the building. He asked whether there was a timeframe or plan for what specific purposes and programs the building was going to be used. Dr. Johnson responded that the plan is not concrete; there are community meetings being held during the summer with a skilled facilitator to gain input as what programming and activities citizens would prefer.

Mayor Brown likened the efforts of Folkmoot to that of the John C. Campbell Folk School in Brasstown. Dr. Johnson agreed that the idea was similar, but different as the goal is to capture and leverage the history of Folkmoot and to move forward and seek alliances.

Alderman Roberson inquired if the gym was going to be functional. Dr. Johnson replied that she could not answer at this time. She added that one of the detail items for consideration was use of the gym as a possible extension for Parks and recreation use or to be available for holding other community events there.

Alderman Greeley asked if the current dormitory space would be used outside of Folkmoot and if classrooms were going to be kept. Dr. Johnson noted that the facility itself offers many options for community use such as the auditorium for special events; dormitories for groups who may wish to all stay together but not in a hotel setting such as scout troops or traveling sports teams and classrooms.

Mayor Brown thanked Dr. Johnson for the information and she in turn thanked the Mayor for the opportunity to address the board and for their questions. She offered additional information upon request.

Mayor Brown asked Manager Onieal to review the calendar events.

Manager Onieal explained that there were not any changes to the calendar since the last meeting except for a change in the date of the ribbon cutting/grand opening of the Wells Event Center. The date was changed from July 17 to August 7 from 4p.m. to 8:00 p.m.

Mayor Brown thanked those individuals who were able to attend the Council of Government meeting. He noted that although MedWest-Haywood has been dealing with the crisis, they will come through fully. Mayor Brown thanked those who have assisted including law enforcement and fire departments, our own recreation department in making the mobile restrooms available, as well as commending the support of the County and municipalities in general.

2. Adoption of Minutes

Alderman Freeman made a motion, seconded by Alderman Caldwell, to approve the minutes of the June 6, 2014 (special called meeting) and the June 10, 2014 (regular meeting) as presented. The motion carried unanimously.

B. NEW BUSINESS

3. Street Closure Request – Rolling Closure Miller to Eagles Nest and back

Manager Onieal noted that a request was received from Andrea Wackerle from SOAR to hold their first 5K run and Kids Run on October 18th; however, due to the Apple Festival, the group was asked to choose a new date. The new proposed date is October 25 beginning at 8:00 a.m. This is a new event and SOAR is using it to bring awareness to their mission in October, which is ADHD awareness month. The route would be from Miller Street on Montgomery, down to Frog Level then to Eagles Nest and back. Part of the choice in route is due to the fact that some of the participants worked on renovating

and cleaning the military helicopter on display in Frog Level and organizers wanted to incorporate this into the race.

Alderman Greeley made a motion, seconded by Alderman Roberson to approve a rolling street closure for the SOAR 5K race and Kid's Run on Saturday, October 25, 2014 beginning at 8:00 a.m. The motion carried unanimously.

C. PUBLIC HEARING

4. Public Hearing to Consider Fiscal Year 2014/2015 Proposed Budget (continued from regular meeting of June 10, 2014)

Alderman Roberson made a motion, seconded by Alderman Greeley, to re-open the public hearing continued from the June 10, 2014 regular meeting. The motion carried unanimously.

Mayor Brown opened the floor to anyone who wished to address the board. No one addressed the board.

Alderman Greeley made a motion, seconded by Alderman Roberson, to close the public hearing. The motion carried unanimously.

5. Adoption of FY 14-15 Annual Operating Budget

Alderman Greeley made a motion, seconded by Alderman Freeman, to hold discussion on the proposed FY 14-15 Annual Operating Budget. The motion carried unanimously.

Mayor Brown asked the members, beginning with Alderman Roberson, to indicate individually if there were specific items in the budget they wished to discuss or modify.

Alderman Roberson indicated that there were no areas he wished to discuss and was in favor of the proposed budget.

Alderman Greeley commented that while no one was happy with a potential tax increase, consideration for where the Town is going and how to get there is the primary concern. He noted that "our business hats need to be put on" and that the board must realize such an increase has become necessary based on cuts to the revenues over the past few years. Alderman Greeley noted the town staff's outstanding response to the large snowfall event in January, adding that the value of what you get and the level of outstanding service is what we wish to maintain. Alderman Greeley indicated that he had not received any difficult questions or significant concerns from the public about the proposed budget. He acknowledged he was in favor of the budget as proposed.

Alderman Caldwell voiced that he had a major problem with the budget and referenced issues with purchase of police vehicles and the IT system as well as changes to employee insurance benefits. His concerns stem from the cost of purchase of the vehicles and IT system. Alderman Caldwell indicated that he understood that if the merger with Lake Junaluska did not occur, then these purchases would not be made. Alderman Caldwell also noted the addition of a Public Works employee at over \$90,000 salary, indicating that in his mind these new costs were equivalent to the increased tax rate .

Mayor Brown asked Alderman Caldwell if he had any suggestions or amendments to the budget that could offset these expenses without a tax increase or reduction in employees or services. Alderman Caldwell noted that there was nothing that could be done now since these items were committed to in the previous year and, "we have to pay for this."

Mayor Brown and Manager Onieal explained the changes to the employee benefits noting that employees'; out-of-pocket expenses for health care would actually go down, at no additional cost to the Town, so the benefit to employees was increased even though the manner in which the plan is administered has changed. Manager Onieal offered to discuss these changes in more detail outside of the meeting. She added that the additional salary of the employee who was added in Public Services was covered by not filling the Assistant Town Manager position and through use of lapsed salary from other vacant positions in the Public Services Department.

Mayor Brown added that the same number of vehicles would have been purchased any way over time and that doing so in that manner would have been more costly than the one-time purchase that was financed with very favorable terms.

Mayor Brown clarified that Alderman Caldwell had no particular suggestions to improve the budget at this time. Alderman Caldwell answered that 'we should have stuck to the plan of unless the merger goes through.'

Manager Onieal clarified that the Junaluska merger was essentially a financial wash in terms of revenues and expenses and was in no way directly related to the vehicle purchase, but at the time last year's budget was considered, both the Junaluska merger and pending legislation at General Assembly presented significant unknowns that had potential to affect the budget. As became evident with the close of the Legislature in August, the Legislature did not reduce municipal revenues as originally feared and there were no expenses related to the merger. The board adopted the FY budget unanimously and later affirmed its intent to move forward with the IT projects and vehicle purchases.

Manager Onieal recapped the information from the budget work sessions highlighting the lost revenue due to the economy and lack of development as well as the elimination of funds from ABC revenue, the County and State from various sources, noting that the town had lost almost \$1 million in revenue over the last five years, most of which has not been replaced by growth or other revenue sources. She explained that the budget for FY 14-15 is actually 1.2% lower than last year. While the Town has managed to absorb additional costs while losing revenue throughout the economic recession it has become evident that the Town has reached its limit in that regard and cannot continue to operate to current standards without additional revenue. Manager Onieal has worked with staff to find ways to operate more efficiently; however, without a more robust economic rebound and sales tax increases or property development, a tax increase or decreases in services or staff are the only options.

Manager Onieal explained that the out of pocket expense for insurance has been reduced for those on the insurance plan and added that a mandatory 7% increase in costs was due primarily to provisions of the Affordable Care Act. The remainder of cost increases to the Town are due to high experience levels (paying out of high claims), but she noted that cost of those claims have begun to fall in aggregate. She reiterated that there are options available to assist employees in meeting their deductibles in the most cost-effective manner possible. Alderman Greeley added that co-pays are a method that insurance companies have to negotiate some rates and that he sees this as an employer.

The key is to remember that insurance is a benefit, not an entitlement. Manager Onieal noted that employee meetings have been held with positive response with most seeing the improved benefit.

Alderman Caldwell noted that he would stand by his opposition to the budget based on the purchase of the take-home vehicles and the IT system.

Alderman Freeman commented that she was fundamentally against a tax increase and explained that those employees who live within the town limits would be forfeiting any cost of living raise to pay the tax. However, she noted that services cannot be cut and looking at the economy, appears that the Town is “backed into a corner.” Alderman Freeman commented that she respected what Alderman Caldwell had to say, but acknowledged the difficult situation the Town is in. She alluded to the dropping off of debt in FY 2016/17 and hoped that the tax rate would be readdressed at that time to “correct any decision that is made here tonight.”

Discussion – Special Appropriations Schedule

Mayor Brown opened the discussion related to the Special Appropriations Schedule. There were some minor changes suggested and members were provided with an updated listing prior to the meeting.

Manager Onieal explained that a request for \$3,000 for Haywood Helps as seed money was received. These funds would be used for the purchase of bottled water to be sold at events with proceeds benefitting the project at the former prison facility. Manager Onieal noted that there would be other fundraising events such as a silent auction and gala in August. As Haywood Helps is not a separate non-profit yet, the funds would be disseminated through Mountain Projects and indicated that the line item was listed as Mountain Projects – Haywood Helps/Prison Shelter.

Alderman Caldwell provided an explanation of the funding for Folkmoot. Mayor Brown clarified that the annual support of \$10,000 was removed, a \$5,000 contribution to the program design plan was indicated with a remaining \$20,000 placed into the line item of Undesignated. Folkmoot or others could then request funding at a later time from this \$22,500 undesignated amount. The total amount for Special Appropriations is listed at \$147,000 with the only additional change being the \$3,000 noted by Manager Onieal. Ms. Onieal noted that there were additional funds budgeted for Economic Development purposes in a separate line item.

Mayor Brown asked if there were any additional items to discuss related to the budget.

Alderman Roberson commented on revenue streams and the tax increase. He acknowledged voting for the new ABC store, even though revenues would be eliminated. He added that it would have been helpful if the County had continued funding recreation and providing the solid waste subsidy; all of which together are equivalent to more than the proposed 3 cent tax increase. Alderman Caldwell interjected that the recent reduction in tipping fees would help offset the solid waste subsidy.

Mayor Brown added that information shared at the Council of Governments meeting indicated that the County would be privatizing recycling. As noted at the June 6 budget work session, the Town will also be reviewing solid waste services.

Mayor Brown requested a motion on the FY 14-15 Budget; however, as all of the items were listed separately, he chose to address each portion separately beginning with the Special Appropriations.

(Previously Item #8 on the Agenda)

5. Adoption of FY 14-15 Special Appropriations Schedule

Discussion was held earlier in the meeting with no additional information shared.

Alderman Caldwell made a motion, seconded by Alderman Roberson, to adopt the FY 14-15 Special Appropriations Schedule as presented. The motion carried unanimously.

(Previously Item#7 on the Agenda)

6. Adoption of FY 14-15 Fee Schedule

Manager Onieal noted that there were no changes to the General Fund fee schedule. There was a 5% increase in water and sewer fees with a minimal increase in electric fees to achieve parity with Duke Energy for base rates which was already included in the fee schedule.

Alderman Freeman made a motion, seconded by Alderman Greeley, to adopt the FY 14-15 Fee Schedule as presented. The motion carried unanimously.

Adoption of FY 14-15 Annual Operating Budget (continued)

Mayor Brown noted that discussion has occurred regarding the FY 14-15 budget with no additional recommendations or changes noted.

Alderman Greeley made a motion, seconded by Alderman Roberson to adopt Budget Ordinance #O-05-14 establishing the FY 14-15 annual operating budget for the Town of Waynesville, as presented. The motion passed by a vote of 4 – 1, with Alderman Caldwell opposing.

(Previously Item #6 on the Agenda)

7. Adoption of FY 14-15 Financial Operating Plan for Two Internal Service Funds (#R-06-14)

Mayor Brown noted that the Asset Services Management and Garage Operations Funds were the two internal service funds. Manager Onieal explained that these two funds have always been in place but that the proposed budget amends the cost allocation formulas so that each fund better represents the full cost of shared services and more accurately allocates costs back to individual departments.

Alderman Greeley made a motion, seconded by Alderman Roberson, to adopt the Resolution on Financial Operating Plan for Two Internal Service Funds (#06-14), Asset Services Management and Garage Operations, as presented. The motion carried unanimously.

D. COMMUNICATIONS FROM STAFF

8. Town Manager – Marcy Onieal

Employee Recognitions

Wastewater Treatment Staff Achievements

Manager Onieal noted several employee recognitions including three wastewater treatment plant employees passed state certification exams, Sam Reece, Wastewater Maintenance Worker and Lanier Collins, Night Shift Wastewater Operator, passed the Wastewater Biological Grade 1 and 2 certification exam and Eric Messer, Wastewater Treatment Plant Senior Mechanic, passed the Grade 2 exam. Manager Onieal added that as a 24-hour operation, it is imperative to have individuals on all shifts certified.

Public Services Employee of the Month

Manager Onieal reported the Public Services Employee of the Month for April and May. For April, Lonnie Higgins, Cemetery Crew Leader, received recognition for his invaluable service related to Retired Commandant General Mundy's funeral. The May Employee of the Month was shared by three individuals, Dwayne Yarborough, Crew Leader and Utility Maintenance Workers James Brown and David Snyder were recognized for their hard work and diligence in completing the Riverbend project. The honorees were commended for their customer service and maintaining normalcy for businesses and residents during the project.

Project Updates

Manager Onieal explained that there were several things occurring including:

- Some additional work to the tennis courts due to cracks that occurred shortly after the resurfacing; the courts will be closed again for several days but has not affected play. She was told that repairs such as these are not atypical.
- Construction and installation of the Propane fueling station at the garage is underway.
- Electric charging stations at Municipal Building and Public Services have been designed; however, full implementation is delayed as the electrical contractor is tied up, dealing with the hospital crisis.

Legislative Updates

Manager Onieal noted that the Legislature is still in session but trying to get out by June 30th. There are still some items surrounding Medicaid that are impacting counties. The Junaluska merger is still in play with increased communication with legislators. As of the board meeting, the item had been referred to the Finance Committee but not calendared for action.

NCDOT Priority Funding Request

Manager Onieal explained that NCDOT has given elected officials the opportunity to help define what the transportation priorities are within the region in order to influence departmental budgeting. A meeting of elected officials will occur in some time in August. Manager Onieal will share the date when it is known and she thanked Alderman Roberson for being the Town's representative to the Metropolitan Planning Organization (MPO).

Request Resolution of Support by Junaluska Sanitary District

Manager Onieal provided handouts to the members regarding a proposed connector line between the Junaluska Sanitary District (JSD) and the Town of Canton as part of a Community Development Block Grant (CDBG) initiative. The Board is being asked for a resolution of support to accompany the application. Manager Onieal provided background information related to a resolution from the Town of Canton signed in August 2010 stating they would sell water to JSD; however, JSD negotiated with the Town of Waynesville and a 10-year agreement for wholesale water purchase was signed in 2012. This contract has gone well and has been a good arrangement.

Manager Onieal explained that JSD did not approach Town about this CDBG grant, which must go through a local government entity, and instead requested that the county be the fiduciary agent. There is still some question whether the project would even qualify for funding, since the designated grant program is specifically to serve only low income households. There has been no formal action of the JSD board in open session to pursue this project, nor a formal request to the municipalities to support it.

Manager Onieal continued by noting this project is proposed as a county-wide emergency interconnect but as explained by the JSD engineer, the proposed project appears to serve approximately 1/3 of the JSD with a one-way flow from Canton in an undersized line which would be insufficient to serve other entities (such as Waynesville or Maggie Valley). Via a resolution adopted by the JSD board in an emergency meeting on June 19, 2014, JSD has asked the County to be the conduit for the grant application and to provide the oversight of grant funds for a county-wide emergency interconnect. Although the municipalities were contacted last week by the JSD engineer to support the grant request there has been no formal public discussion about the project either at a staff level or with elected officials, nor are there any engineered plans for the project. The grant application is due September 1 and requires income surveys of all the households served by the project.

Manager Onieal noted that the County commissioned a county-wide interconnectivity water plan some 20 years ago, which may be something to revisit, but at this time, there appears to be no up-side for the Town to support the grant request, as the only likely outcome is a reduction in the amount of water the Town sells JSD, while failing to provide a true interconnect with sufficient capacity to aid others in time of emergency. Ms. Onieal noted that she had encouraged JSD to bring this matter before the Haywood COG, since this is a matter of broad interest.

Mayor Brown noted that the grant is based on low income residents and the project may not qualify. However, this may provide a chance to talk about emergency interconnect for all municipalities, county and JSD.

Mayor Brown echoed Manager Onieal's concerns as this is not an interconnecting system; the fear is that there is not an overall plan to support the system and it could allow JSD to start buying water from someone else even before the expiration of our 10-year water agreement.

Alderman Greeley expressed that he would like a great deal more information before making any decision on this project.

Manager Onieal explained that the grant preparation is apparently being handled by the County. The County will be conducting the public hearings, and JSD and the County may choose to move forward regardless. This item was scheduled to appear on the County Commissioners' agenda in July, but has been withdrawn by the County Manager and Chair until JSD completes its planning work and the communication necessary to achieve the support of the municipalities.

Mayor Brown noted that consensus was that the Town would not endorse this request.

8. Town Attorney - Woody Griffin

Attorney Griffin had no business to discuss.

E. COMMUNICATIONS FROM MAYOR AND BOARD OF ALDERMEN

Mayor Brown thanked Manager Onieal, Finance Director Caldwell and staff for their time and effort on the budget.

F. CALL ON THE AUDIENCE

No one addressed the Board.

G. ADJOURN

There being no further business to discuss, Alderman Caldwell made a motion, seconded by Alderman Greeley, to adjourn the meeting at 8:17 p.m. The motion passed unanimously.

ATTEST

Gavin A. Brown, Mayor

Marcia D. Onieal, Town Manager

Amanda W. Owens, Town Clerk