

**MINUTES OF THE TOWN OF WAYNESVILLE BOARD OF ALDERMEN
SPECIAL CALLED MEETING
MAY 3, 2016**

THE WAYNESVILLE BOARD OF ALDERMEN held a special called meeting on Tuesday, May 3, 2016 at 6:30 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 6:30 p.m. with the following members present:

Mayor Gavin Brown
Alderman Gary Caldwell
Alderman Jon Feichter
Alderman Julia Freeman
Alderman LeRoy Roberson

The following staff members were present:

Mike Morgan, Interim Town Manager
Amie Owens, Town Clerk
Eddie Caldwell, Finance Director
Bill Hollingsed, Chief of Police
Joey Webb, Fire Chief
Rhett Langston, Recreation Director
Elizabeth Teague, Development Services Director
David Foster, Public Services Director

The following media representatives were present:

Mary Ann Enloe, the Mountaineer

1. Welcome

Mayor Gavin Brown welcomed everyone to the meeting noting that the specific purpose of this meeting was to discuss the proposed budget for fiscal year 2016/2017. He began by thanking Interim Town Manager Mike Morgan for his willingness to assist the Town and for his diligence in this budget process. Mayor Brown added that the basic job of a local government is to provide services and that is what the Town does well, but services can be expensive.

Alderman Caldwell added that he was appreciative of the budget message as it was very easy to understand.

Alderman Roberson also applauded Manager Morgan noting that he was impressed with the budget message as it was certainly understandable and thanked him for all he had done since assuming the role in February.

2. Budget Presentation

Manager Morgan thanked the board for their compliments and added that having an excellent leadership team makes doing the budget easier. He explained that this was the initial presentation of the proposed budget and he encouraged board members to make changes and recommendations related to how to proceed as this was their budget. Manager Morgan added that the Public Hearing for the proposed budget would be at a special called meeting on June 7th with hopeful budget passage on June 14th at the regular meeting. He commented that having a week to consider the public's comments would allow enough time to make any changes and share the information with the board prior to a vote. The budget must be in place on July 1 per state statute.

Manager Morgan used a power point presentation to outline key considerations noted within the budget planning process including: where does the money come from – the revenues generated and where does the money go – the expenditures of the funds.

Manager Morgan summarized the budget totals by fund to illustrate the total proposed budget for FY 2016/2017 as follows:

• General Fund	\$14,635,140
• Electric Fund	\$ 9,342,560
• Water Fund	\$ 3,311,990
• Sewer Fund	\$ 2,532,580
Total	\$29,822,270

Manager Morgan explained that the biggest need met by this budget was the addition of eight (8) career fire fighters. He alluded to the information contained in the budget message related to why these additional employees were necessary citing OSHA regulations and noting results of the downtown fire exercise from June 2015. Manager Morgan noted that from the follow up briefing, it took 20 minutes to have enough personnel on scene to safely enter the building. The Town of Waynesville Fire Department Averages 6.5 calls per day. Manager Morgan asked Ms. Owens to start a clock to illustrate the length of time it took to have personnel on scene to enter the building safely.

Manager Morgan continued by noting that no one wants to have an increase in their taxes, but added that the economic impact to this community if a business was lost to a fire outweighed an increase. He provided an example of the tax impact for a \$200,000 property. The calculations were \$95.00 per year or \$7.91 a month or 26 cents a day.

Manager Morgan highlighted the reduction in funding from the state over the past few years which has dramatically impacted municipalities including the loss of state shared revenues, loss of sweepstakes privilege license fees, loss of business privilege receipts, loss of sales tax revenue and loss the ability to annex.

Manager Morgan reminded board members of the initial graphic that showed the various sources of revenue. He added that without transfers from various enterprise funds, the general fund could not meet the operational needs including wages and benefits. Manager Morgan explained the transfer process noting the Town expects to receive \$12,067,790 in general government operating revenue. This operating revenue is supplemented with available fund balance of \$1,084,120 as well as other financing sources, including interfund transfers between the electric fund in the amount of

\$1,275,600, the sewer fund of \$88,310, and the water fund of \$119,320 for a general fund budget totaling \$14,635,140. Manager Morgan added that without these transfers, the Town would need a 22.91 cent tax increase to meet operating needs. He cautioned the board related to transfers and the eligibility for future NC DENR grants.

Manager Morgan then provided the totals for each department noting that the area of Public Safety (i.e. police and fire) is where, rightfully, the majority of the expenditures appear. During this portion of the presentation, Manager Morgan expressed concerns related to the Powell Bill funds. These are funds utilized for street maintenance and have been changed to an appropriation by the General Assembly rather than a formula based on population and street length as in the past. Discussion was held regarding the decrease in paving included in the proposed budget and the need to keep the Powell Bill reserves healthy as there is an upcoming bridge project that will require a 20% match by the Town.

Manager Morgan explained that the employees were the most important and valuable resource for the Town. That being said, the following items were proposed related to human resources:

- 1% Cost of Living for all employees
- 3% Set aside for “career track”
- Elimination of position of Assistant Town Manager
- Elimination of position of HR Director
- Addition of an Administrative Assistant
- Addition of 8 career fire fighters

Manager Morgan concluded his presentation and asked the board if they had any questions or needed any further clarifications.

Public Services Director, David Foster noted that there were several projects that would require use of Powell Bill funds including a pedestrian crossing at Church Street and Howell Mill Road improvements which the town is required to pay by the state.

Alderman Roberson asked if insurance rates would go up if it was shown that staffing was below ideal. **[At this point the 20 minute time limit expired for the example of timing to enter a burning building]** Fire Chief Webb noted that Waynesville had just finished their ISO inspection and received a class 4 rating which was good. Manager Morgan added that there were up to 15 points available for personnel and the Town received only 3.69 points.

Mayor Brown continued the budget discussion by asking about health insurance rates, water and sewer rates, long-term debt and possible changes to the fee schedule for items such as recreation center rates. Finance Director Caldwell explained that there was a zero (0%) increase in rates for the second year in a row for health insurance and brief discussion was held related to considering a self-funding option.

Finance Director Caldwell called attention to section 8, page 46 to illustrate the historical water and sewer rates for the Town. He noted that rather than have citizens pay a large increase (30 – 40%) previous boards had agreed to increase incrementally via direction provided in the 2006 Asset Management Plan. Information related to regional municipalities was included on pages 50-51 of this section.

Finance Director Caldwell addressed the question related to debt by calling attention to pages 52 – 54 in section 8 noting the various projects, the dates of loan maturity, interest rates and payment history. It was noted that it may be possible to look at refinancing of a high interest loan for the fire station. The total debt for the Town is \$12,392,154.72.

Further discussion was held about future considerations such as the renovation of the public services facility, recreation master plan, continued infield development, need for equipment and vehicles as well as larger projects such as Russ Avenue and South Main Street.

The board expressed their appreciation for a thorough budget process and for the participation of department managers and staff. Alderman Freeman expressed her appreciation for the conservatorship of Finance Director Caldwell and staff. She was grateful to see that the Town has not gone backward and fund balance has held steady. Manager Morgan added that the department directors have done an excellent job at monitoring and keeping expenses low.

Alderman Caldwell noted that special appropriations had been a topic of discussion with Manager Morgan and these requests will be considered carefully during this process. Mr. Foster added that he would like to see greater interaction with those who are requesting town in-kind services as part of building projects so that everyone understands the true costs of what the Town is contributing rather than having to remedy a problem with an escalated cost. The board agreed by consensus.

Mayor Brown thanked Manager Morgan and Finance Director Caldwell for the presentation and information about the budget. He thanked the department directors and the media for their participation. Mayor Brown reminded members of the regular meeting on May 10.

F. ADJOURN

There being no further business to discuss, Alderman Caldwell made a motion, seconded by Alderman Freeman to adjourn the meeting at 7:51 p.m. The motion carried unanimously.

ATTEST

Gavin A. Brown, Mayor

Michael J. Morgan, Interim Town Manager

Amanda W. Owens, Town Clerk