

**MINUTES OF THE TOWN OF WAYNESVILLE BOARD OF ALDERMEN
SPECIAL CALLED MEETING
JUNE 7, 2016**

THE WAYNESVILLE BOARD OF ALDERMEN held a special called meeting on Tuesday, June 7, 2016 at 6:30 p.m. in the Board Room of the Town Hall located at 9 South Main Street, Waynesville, NC.

A. CALL TO ORDER

Mayor Gavin 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
David Foster, Public Services Director
Joey Webb, Fire Chief

The following other individuals were present via conference call:

Mary Ann Enloe, the Mountaineer
Cory Vaillancourt, Smoky Mountain News

1. Welcome and Call to Order

Mayor Gavin Brown welcomed everyone to the meeting and thanked the Board and audience members for their attendance. He explained that the purpose of this meeting was to hold a public hearing on the proposed Fiscal Year 2016-2017 Budget.

2. Public Hearing – Proposed Fiscal Year 2016-2017 Budget

Interim Town Manager Mike Morgan and Finance Director Eddie Caldwell provided a presentation providing an overview of the budget for Fiscal Year 2016/2017. Manager Morgan

noted that the total budget across all funds was \$29,748,270. This is a balanced budget in accordance state law for local governments.

Manager Morgan provided a summary of where the money goes by fund including:

General Fund	\$14,561,140
Electric Fund	\$ 9,342,560
Water Fund	\$ 3,311,990
Sewer Fund	\$ 2,532,580
Total	\$ 29,748,270

Manager Morgan highlighted the biggest need met by this budget is the need for fire fighters. The proposed budget increases the number of fire fighters by 8 during the upcoming year. He explained that currently, there were 10 full-time fire fighters between the two fire stations which equivocates to one fire fighter on duty at all times. Manager Morgan noted that the additional 8 fire fighters would take the total to two fire fighters at each station at all times.

Manager Morgan reminded the Board that the total number of individuals that have to be on scene before entering an active fire is five. The need for additional fire fighters is to make it as safe as possible and to be able to protect the citizens and property values. He highlighted that the fire department protects close to \$2 billion in properties. Manager Morgan did caution the board that the addition of the eight (8) fire fighters is not the total number needed, but that this is a good start. Manager Morgan explained that the proposed tax rate increase of \$0.0475 was for the addition of fire fighters.

Manager Morgan continued noting that Water and Sewer rates are recommended to be increased by 5% in accordance with the town's rate study for small increase to keep up with capital projects and infrastructure needs.

Manager Morgan provided an illustration of what the proposed tax increase would look like for a home valued at \$200,000. The increase would mean an extra \$95.00 per year or \$7.91 a month or \$0.26 cents a day to double the number of fire fighters per shift.

Manager Morgan explained that there had been revenue losses based on legislation noting that in recent years, the North Carolina General Assembly has had a dramatic impact on cities from 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. He noted added that municipalities have very limited means to raise additional revenues.

Alderman Feichter clarified that it was accurate to say that had the municipalities not been subject to the loss of such revenues this tax increase would not have been warranted. Finance Director Caldwell noted that the town is just now beginning to show revenues at the pre-2008 recession levels. Since 2008, nearly \$300,000 from sweepstakes and business

privilege license taxes has been taken away and the Powell Bill funds for streets has steadily declined as it has been changed from formula driven (sales tax, mileage and population) to an allocation by the General Assembly.

Manager Morgan added that unfortunately, this is what all municipalities are facing. Alderman Feichter asked if there was anything that the town could have done to prevent an increase. Both Manager Morgan and Finance Director Caldwell answered no. The departments have monitored budgets closely and have kept expenditures to a minimum. It was just an unfortunate repercussion from the economy and the legislative decisions.

Manager Morgan highlighted the transfers that are required to keep the use of fund balance in check. He noted that without these interfund transfers, the tax rate would have to rise \$0.22 in order to balance the budget.

Manager Morgan provided the General Fund allocations by department budget noting:

General Fund Administration:

• Governing Body	\$92,140
• Administration	\$393,470
• Finance	\$352,320
	\$837,930

General Fund Public Safety

• Police Department	\$4,554,160
• Police Grants	\$ 80,000
• Fire Department	\$1,766,900
	\$6,401,060

General Fund Public Works

• Streets and Sanitation	\$2,704,310
• Powell Bill	\$ 339,000
• Cemetery	\$ 190,230
	\$3,233,540

General Fund Development

• Planning and Code Enforcement	\$ 599,240
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General Fund Recreation

• Parks and Recreation	\$2,532,160
• Rec. Special Projects	\$ 40,000
	\$2,572,160

General Fund Special Appropriations (including Economic Development and Non-profit funding)

- Special Appropriations **\$302,790**

General Fund Debt Service

- Debt Service **\$613,420**

Manager Morgan added that some of the debt service will be rolling off in Fiscal Year 2018 including the parking deck and recreation center; however, there are some additional capital project needs which will come forward within the next few months.

Manager Morgan provided a summary of future considerations related to funding for fire protection and fire fighter needs. Using the most current fire district map, Fire Chief Joey Webb helped illustrate areas where the Town of Waynesville is providing protection, but is not receiving fire district tax revenue. The Board of County Commissioners sets the fire district tax rates and can increase them up to \$0.10. What this would mean for a \$200,000 home is \$120 annually for fire protection.

Alderman Feichter inquired if it was possible to go to the county commissioners and ask for an increase. Mayor Brown noted that the Board of County Commissioners are under a technical requirements that they have to have notice by November 1 for a July 1 start for such a change. However, he noted that the existing fire protection rates that are part of the fee schedule could be increased at any time as it was a fee, not a tax.

Manager Morgan added that if the County was agreeable and the fire district issue could be resolved prior to the next fiscal year, the increase to \$0.10 could bring in approximately \$700,000 and allow for the addition of the needed fire fighters without another tax increase.

Alderman Feichter noted that he wholeheartedly agreed with the perspective of the fire fighters providing a core service and even if the Board voted to do something in the short term such as pull from fund balance; this is a long term issue. He added that no one likes to raise taxes, but sometimes it is necessary.

Manager Morgan explained that in 1995 the tax rate was 43 cents now, 21 years later, it would be 48.57. The tax rates have not really moved to meet the cost of service provision.

Town Attorney Woody Griffin called the public hearing to order at 7:02 p.m. asking that individuals who wished to speak should raise their hand and be recognized and approach the podium, give their name and address for the record and limit comments to three minutes.

Sharon Earley, Waynesville addressed the board noting that she understood what has been said about the need for fire fighters but argued that the city is bearing the brunt of the tax increase, specifically those in the Municipal Service District who are already paying additional

taxes. She added that the county should have made the appropriate adjustment to the fire districts so that there would not be reason to raise taxes in the Town.

Attorney Griffin asked if anyone else wished to address the board; no one else addressed the board. **Attorney Griffin closed the public hearing at 7:04 p.m.**

Mayor Brown commented that the Board would make their decision related to budget approval at the next meeting. He encouraged the board members to consider comments from this meeting. He asked the board members to share any thoughts about the budget.

Alderman Freeman explained that no one on the Board works with first responders more than she does and has the utmost respect for public safety professionals. She added that this issue has been brought up for five years and while she understands the need to have additional fire fighters, she is concerned about raising taxes. Alderman Freeman noted that other municipalities are not raising taxes.

Alderman Roberson shared his appreciation for the work that Manager Morgan and Finance Director Caldwell have done on the budget. He commented that no one likes a tax increase and that addressing the fire districts in the future would help, but there are still those receiving services for free which has led to this deficit. Alderman Roberson noted that he too did not like to raise taxes, he did not see any way around it for the upcoming year.

Manager Morgan explained that when we started the budget process all of the management team decided that the fire department needs came first this cycle. Everyone agreed; even though there were other departments who were requesting additional manpower or equipment – it was the fire department's turn. Manager Morgan rephrased to state that the overall budget was not increased, other departments were letting things go.

Alderman Feichter inquired if the fire protection fee were raised from \$4.00 to another level, would this make enough impact to decrease a certain amount of the tax. Manager Morgan explained that even doubling the fire protection fee to \$8.00 would only be a \$51,000 increase; not enough to offset any tax increase. Mayor Brown added that as a fee, the Town can raise the fee outside of the budget process.

Alderman Feichter recommended raising the current fire protect fee in an effort to help with some cost offset and to appeal to the Board of Commissioners regarding the fire district changes for the upcoming year.

Mayor Brown asked the Board if they were agreeable to updating the fee schedule to \$8.00 for fire protection to make it more equitable. Members agreed by consensus.

Fire Chief Webb showed the Board on a map the areas that are currently provided with service, but do not pay little to nothing to the Town for such protection. There are seven areas where protection is provided but are not contiguous to the town limits.

Finance Director Caldwell explained that if the County were to define these fire districts, revenues from the outside areas could be generated. Mayor Brown added that the Town is not being critical of the County, but agreed that the fire districts needed to more properly reflect the coverage area and support the fire fighters protecting them.

Mayor Brown asked if there was any further discussion about the budget at this time. There being none, Mayor Brown thanked Alderman Feichter for attending Town Hall Day in Raleigh to represent Waynesville in the receipt of the Main Street Award from the NC Association of Planners.

Mayor Brown thanked Manager Morgan, Finance Director Caldwell and the staff who were in attendance at the meeting.

2. ADJOURN

There being no further business to discuss, Alderman Feichter made a motion, seconded by Alderman Caldwell to adjourn the meeting at 7:28 p.m. The motion carried unanimously.

ATTEST

Gavin A. Brown, Mayor

Michael J. Morgan, Interim Town Manager

Amanda W. Owens, Town Clerk