

**MINUTES OF THE TOWN OF WAYNESVILLE BOARD OF ALDERMEN
SPECIAL MEETING - RETREAT
February 23, 2018**

THE WAYNESVILLE BOARD OF ALDERMEN held its winter retreat on Friday February 23, 2018, at 8:30 a.m. at Public Services Training Room located at 129 Legion Drive, Waynesville, NC.

A. CALL TO ORDER

Mayor Gavin Brown called the meeting to order at 8:30 a.m. with the following members present:

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

The following staff members were present:

Rob Hites, Town Manager
Bill Cannon, Town Attorney
Amie Owens, Assistant Town Manager
Eddie Ward, Town Clerk
Eddie Caldwell, Finance Director
Dean Trader, Assistant Finance Director
Elizabeth Teague, Development Services Director
David Foster, Public Services Director
Rhett Langston, Parks and Recreation Director
Bill Hollingsed, Chief of Police
Joey Webb, Fire Chief

The following media representatives were present:

Becky Johnson – The Mountaineer

1. **Call to Order - Introductory Comments**

Mayor Gavin Brown called the meeting to order at 8:30 a.m. and welcomed everyone.

Mayor Brown welcomed the Board Members and Department Heads. He told everyone that most of the discussions during the retreat would be concerning money, and going forward to the upcoming budget, the Board will have to make some monumental decisions concerning the financial operation of the Town. He reminded everyone not to lose sight of the fact that the goals and aspirations of the Board and citizens of the Town of Waynesville are most important.

2. **Additions or Changes to the Agenda**

There were no changes or additions to the agenda. Mayor Brown reminded the Board that if there is an item that requires a vote, the Board can vote on it in this meeting.

3. Mid Year Financial Update

Finance Director Eddie Caldwell presented a power point for the Mid Year Financial Update. Mr. Caldwell said that he had produced an income statement based on “check book accounting” which means that money can’t be spent unless the Town has it or expects to get it. He gave an overview of revenues and expenditures, and compared them with the last two years for the General Fund, Water Fund, Sewer Fund, Electric Fund, Asset Service Management, and Garage Operations. Mr. Caldwell said that overall the budget is what it is expected to be at this point in the year.

Mr. Caldwell provided the board with the Monthly Cash Balances from December 2015 through December 2017. There was discussion related to the proprietary funds’ balances. Mr. Caldwell explained that there is a need to keep this amount available for emergency replacement or purchase of items related to a catastrophic failure of any of the key infrastructure. Manager Hites will work with staff to determine the value of the Town’s infrastructure including cost of replacement and provide to the board so that they can be assured that the fund balances are adequate and not excessive.

Mr. Caldwell continued by reviewing the five-year revenue projections including some assumptions such as increases in employee salaries, increase in insurance rates and the decrease in Powell Bill funding. This information segued into the presentation by Mr. Hites related to the five year capital project plan and proposed targeted revenue additions.

4. Five Year Capital Project Plan – Targeted Revenue

Town Manager Rob Hites told the Board that this presentation was actually a continuation of last year’s retreat, in which the Board was presented with an analysis of how the Town’s financial position may appear over the next five years. He said the plan includes estimates of both revenue and expenditure growth. He said that General Fund Revenues are expected to yield \$1,901,650.00 over the next five years, and expenditures are expected to increase a total of \$1,407,257. There are three 3% General Fund Salary increases, and two 1.5% increases to amount to \$2,707,966 which includes FICA, retirement, etc. The Operational expenditures increase a total of \$2,282,700. The plan creates an increase in fund balance of \$890,393, and this would be used in year six through ten if the ad valorem tax base doesn’t improve. The overall result is that the Town is left with only \$92,150 to finance new General Fund Debt. Manager Hites said the Capital Improvement Plan has a total of \$20,247,200 in capital requests.

Manager Hites gave the Board a set of recommendations for targeted revenues to fund needed programs and free up the General Fund revenue to cover borrowing in the future.

- **Targeted Revenues**

The Town is financing several activities solely with General Fund revenue where many municipalities have augmented them with some fee based income. Manager Hites recommended that the Board study several targeted fees and determine if it makes sense to use fee based revenue to create cash flows to support capital projects.

- **Storm Water Revenue**

Manager Hites explained to the Board that the Town of Waynesville is considered a “Storm Water II” municipality, and many other towns in North Carolina adopt storm water fees to fund this program. He said the way this is done is that the Town will determine the average impervious service for a dwelling, driveway, and sidewalk and designate it as an Equivalent Residential Unit (ex. 2000.00 square feet). The surface of large parking areas will be measured, and the surface divided with the ERU to determine the fee for larger areas. Manager Hites said the most common monthly storm water fee is \$2.00 per dwelling, and be billed with the water, sewer, and electric bills. The Town may cap the storm water fee if they desire. The fee would be used to fund water related activities such as Haywood Waterways educational programs, street cleaning, leaf collection, creek rehabilitation and cleanup. This fee would supplement the General Fund with approximately \$227,540 per year.

Mayor Brown stated he could see no down side to charging storm water fees. Alderman Feichter said he appreciated the simplicity of the idea of charging per water meter basis, but he would like to see a way for the fees that are paid by the biggest users more equitable. Manager Hites said this could be done by a dual billing system, and gave the City of Asheville as an example. He said that for businesses that have several water meters, the storm water bill will be billed annually and is sent to the owner of the building on the tax bill.

Manager Hites and staff will bring several potential models for the storm water fee structure in the coming months and the board can determine which model or models will be used.

- **Recreation Fee Increase**

The Town collects \$703,770 in total fees from the Recreation Center and the annual budget is \$2,000,000. Manager Hites said the majority of the Recreation Center’s users do not reside inside the city limits. He said the Town had been very generous in permitting out of town residents to pay the same rates as in town residents. This practice has left the Town with no funds to use in leveraging borrowing for the new recreation Master Plan. Manager Hites recommended to the Board to consider one of two options:

1. A surcharge for out of town residents on all recreation activities so that they may pay their proportional share of future recreation improvements. This fee could raise \$178,324 annually.
2. Adopt an across the board increase of 25% in all recreation fees. This would raise approximately \$175,942 annually to fund capital projects.

There was much discussion among the Board Members concerning recreation fees, and the fact that Haywood County has not contributed to the recreation program since 2009. The consensus of the Board was to formally approach the Haywood County Commissioners and explain to them that in order to avoid a 33 percent increase for non County residents, the Town would ask the County to contribute to the recreation in the Town of Waynesville. Alderman Roberson asked Recreation Director Rhett Langston to gather information, and first hand experience concerning fees other towns the size of Waynesville charge for non residents.

- **Vehicle Fee**

Manager Hites said the General Fund taxes are paying 100% of the operation of the Police Department.

During six months of the year, The Town of Waynesville is like most tourist towns that experience up to a third more residents during six months of the year. This alone causes more vehicle incidents, calls for service and interactions for the Police Department. General Statutes permit a municipality to charge up to \$30.00 per vehicle for General Fund purposes and general street maintenance. Manager Hites recommended to the Board to adopt a \$5.00 “vehicle fee” to be added to the Department of Motor Vehicle bill to help augment the General Tax Funds used to operate the Police Department. This would raise \$47,045 per year.

Board members were in consensus that the vehicle fee was a good way to bring more revenue to the General fund.

- **Two Cent Ad Valorem Tax Increase in years 2018 and 2021**

The lack of growth in the tax base has placed the Town in a difficult position. Manager Hites recommended to the Board to use savings from debt payoff to fund governmental activities for the next five years rather than depending on increases in ad valorem taxes. A drawback is that the Town is left with no revenue to leverage debt. In order to provide cash flow to carry out even 50% of the capital projects, he recommends that the Board study the idea of increasing ad valorem taxes one cent per \$100.00 in 2018, and a second penny in 2021. At this time, the Town has approximately \$20,247,200 in capital requests in the Capital Improvement Plan. If the Board adopts the other proposed fees and a two cent tax increase, it will create \$772,014 to leverage \$9,013,310 in borrowing.

Manager Hites reminded the Board that these possible changes do not have to be implemented right away, but when there is only a million dollars of “borrowing” in the next five years, that will probably be used for replacing police cars and replacement of equipment. Before any expansion of the rec department, a decision will have to be made as how to raise several million dollars. The Town cannot spend any money from Capital Reserve for anything large until decisions are made.

Mayor Brown said this increase needed to be looked at realistically. He said if this tax increase comes to fruition, it needs to be stated to the public as a designated specific purpose. He said this is the most political charge that is imposed on citizens, and if it is decided to impose a tax increase, it needs to be done as soon as possible. He asked the Board for their thoughts on the tax increase.

Alderman Roberson said he feels it need to be seriously considered.

Alderman Caldwell stated he would need to know what the increase would be used for.

Alderman Freeman said it definitely needs to be considered, especially with the numbers that have been shown today financially.

Manager Hites asked the Board to study these recommendations for new fees and give feed back on the upcoming budget. He would like to schedule a meeting to review the Capital Improvements Plan and establish a nine million dollar target for the capital items with the highest priority.

Mayor Brown urged the Board to give serious thought to Manager Hite’s recommendations, because everything the Board decides affects the citizens of Waynesville.

5. Staggered Terms

Mayor Brown said the discussion of staggered terms for the Board of Aldermen had been discussed before. He said that if terms were staggered, there wasn't potential loss of the entire Board at one time. If terms are staggered, then there is an election every two years, and could be difficult to complete projects. He asked Manager Hites to give an overview of the process of a Charter Amendment that would change the election process from the current on to one that would operate on staggered terms.

Manager Hites explained that the Charter is the section of law adopted by the General Assembly that sets up a municipality governing structure. Every town Charter is different so one authority will not necessarily be the same as another. Since the Town of Waynesville's method of election is prescribed in the Charter, the Board must return to the Legislature for any changes. Mayor Brown said that generally legislative delegation will require a unanimous or near unanimous vote of the Board to introduce a bill to change the Town's Charter.

Alderman Caldwell stated that he is opposed to the idea of staggered terms. After doing research on past elections, he feels that if the terms are staggered there will be less turn out for the elections, and possibly less qualified people running. He added that there would be added cost for elections to be held every two years.

Alderman Roberson stated he is looking to the future where there could be a big turnover of the Board.

Mayor Brown gave statistics that 345 of the 553 cities in North Carolina have four year staggered terms, and 162 have two year terms, and only five that run on four year terms like the Town of Waynesville. He stated he would not recommend introducing this action if it does not have the full support of the Board.

Alderman Feichter said that he likes the fact that the Town's elections are not the same time as the presidential election.

6. Special Appropriation Funding Limit

Mayor Brown said this item had been discussed many times in the past. He said that during times when revenue for the Town was coming in at a higher rate, the Town was able to provide assistance to non-profits in the Town. When the economy slowed down, and the Town's revenues slowed down, other communities starting limiting their contributions to these entities, and the Town continued to fund projects. Mayor Brown said he felt that a limit or cap needs to be set on these special appropriations. He reminded the Board that there would always be special situations.

Alderman Roberson said he felt that the Town needs to "bite the bullet" and look closely at each appropriation, and limit the amounts or possibly eliminate them because the funds are not available. Another option would be a ten percent cut across the board for all appropriations. He said a policy should be in place for future Boards to follow when they are approached for special appropriations. One recommendation is that the total annual funding be limited to the equivalent of one cent on the tax rate.

Manager Hites suggested a point or priority system could be implemented so the Board could decide if the entity would be providing a governmental service. He added that the Board would implement the point system, not the staff. He added that the point system could be discussed at a regular meeting so it can be in place for the budget session.

Mayor Brown asked the Board that as they go through the Budget discussions and sessions, that they remind themselves of what has been discussed, and that it is implemented in order to prevent the future elimination of these appropriations all together.

7. **Study of Air BNB Zoning**

Development Services Director Elizabeth Teague said she had been tracking Air BNB's, and this practice of vacation rentals by owners has been steadily increasing in Waynesville. Ms. Teague said she had an informal discussion with members of the Planning Board. She said they felt that this practice was not really a problem yet in Waynesville. She said that because Waynesville did not have enough hotel rooms to support visitors to the Town, Air BNB's are providing a service to the Town. The problem is that traditional Bed and Breakfasts have to pay occupancy tax and follow all the health department rules where as Air BNB's do not follow the same rules. Ms. Teague said there needs to be a balance created to make sure both are on the same playing field. She said there were over a thousand vacation rentals in Waynesville and Haywood County. A lot of these homes are seasonal, with guests living five or six months of the year.

Town Attorney Bill Cannon said he had researched the topic, and he said it is the hottest topic within Homeowner Associations due to their covenants. He said there were some questions as to whether they can be outlawed according to the covenants. Some of homes belong to older people who have to have the extra income from renting their homes. Most of the complaints are traffic related, mostly due to the number of occupants in the rental. One of the things that Homeowner Associations are looking at is limiting the number of properties in any given period of time that would be available, and the number of occupants in a rental.

Mayor Brown said that most of Waynesville was not going to be subject to the strict Homeowners Association covenants that state you can't do daily rentals. Alderman Roberson said he would like to see a policy in place, and be prepared in the event that the question of these rentals is brought before the Board.

Ms. Teague said enforcement of the policy would be very difficult. She told the Board that she would like to conduct a study to understand what is happening with these rentals and to discuss whether this is a problem. Mayor Brown asked her to take up the matter with the Planning Board, and start thinking where the Town should be on this subject. Manager Hites added that at the same time the Town needs to look at a noise ordinance that would work better for the Town.

8. **Additional comments by the Board**

- **Recycling Discussion**

Alderman Feichter said that last year, Haywood County had offered a program where the Town could move from a blue bag recycling to a container based recycling. The Town of Maggie Valley took

advantage of the program, and Alderman Feichter would like to see Waynesville do the same. He said the current method of sanitation pickup creates a “messy look” look in certain neighborhoods within the Town. In addition, Alderman Feichter stated that the Sanitation Collector position in staffing is the most dangerous job in municipal government which involves heavy lifting and riding the back of a sanitation truck.

Alderman Feichter said that the Town could develop a set of specifications and bid the cans out. If cans are purchased in excess of 5,000, the approximate cost is \$75.00 each, which for the Town that would be about \$450,000.00. Hydraulic lifts for existing trucks would be purchased also, and the vendor would be responsible for putting them out. Alderman Feichter said that he would like for the Town to apply for the grant that other Western North Carolina municipalities have received to purchase the recycling bins.

Each household and business that use the current method of trash disposal, would be provided one can, and the old cans would be picked up by the crews on the day they pick up bulky items. Staff would roll out cans for persons with handicapped stickers before the truck arrives, and return it afterwards.

Manager Hites said that he did not know of another Town that uses the system of sanitation that the Town of Waynesville uses. He said that if this program is established, the entire Town will be more attractive within two years.

- **Underground Utility Location**

Alderman Feichter said that he appreciates the actions taken by previous Town Officials put forth, and now the Town is benefitting from those wise decisions. One of those decisions is the underground utility location on Main Street. He said that on the other hand, with all the progress that has taken place in Hazelwood, he would like to see it taken to a higher level by starting to think about beginning the process of burying the utility lines there. Alderman Caldwell reminded the Board that the power in Hazelwood is controlled by Duke Energy and it would be more difficult than if it was the Town of Waynesville power.

Manager Hites said many Towns across North Carolina are burying utility lines. He said that most of the lines that can be seen are AT&T lines, and it is an expensive project, but it can be done. Public Service Director David Foster explained the process in the upcoming Russ Avenue project. He said there had been discussions of cost for that area, and it would be cheaper for the process in Hazelwood.

- **Conversion to LED lighting**

Alderman Feichter asked if the lights in the street lamps were LED, and if all the street lamps in Town were being converted to LED when they were changed. David Foster said there were very few lights that did not have LED bulbs in them, and his department was trying to standardize all the lights with the exception of a few on Main Street that would not accept LED bulbs. All the lights that will be placed on Russ Avenue with the upgrade project will be LED lights.

Note: Alderman LeRoy Roberson excused himself from the Retreat because of Illness at 12:10 P.M.

9. **Revisiting of Policies:**

- **Naming Policy**

Assistant Manager Amie Owens said this item had been brought up in the past, and she presented a draft of the Facility Naming and Sponsorship Policy to the Board. She said there was a request from the Kiwanis Club to name the new inclusive playground the “Kiwanis Community Playground for Children with All Abilities”. This was because it was adjacent to the existing playground and they participated in the fund raising for these projects. Assistant Manager Owens said that when the Town looked at the break down of the payments of the playground most of the money came from a grant obtained by the Recreation Director Rhett Langston. Also it has been requested that the park on Craven Street be named the M. L. K. Park. There are some areas that have been named specifically for individuals in the past.

Assistant Manager Owens said this policy outlines some of the basic considerations that the Board needs to think about before allowing someone to put their name other than the Town of Waynesville.

Mayor Brown said this policy sets some standards to follow in naming parks, buildings, etc. and lets the public know that it isn’t a family or political process. He said he felt like this was a good place to start and see if this policy works for the Town of Waynesville.

Alderman Caldwell said he felt that if a sponsoring entity funded 50 percent or more of a project, it should be named after that entity.

Alderman Freeman said she felt the policy was well crafted.

A motion was made by Alderman Caldwell, seconded by Alderman Freeman to adopt the Town of Waynesville Facility Naming and Sponsorship Policy. The motion passed unanimously.

Assistant Manager Owens clarified that there would be a sponsor board that would have each sponsor listed on any project that is completed that utilized significant donations.

- **Animals at Festivals**

Mayor Brown said that in light of the fact that Alderman Roberson had to leave the meeting, and that Mayor Brown does not know how Alderman Roberson feels on this subject, he would like to postpone the discussion of Animals at Festivals until a later time.

- **Overtime for Special Events**

Assistant Manager Owens said that overtime for Police, Fire, and Public Services had been discussed at an earlier meeting, and was being monitored. The overtime pertained to special events that were being held in the Town that required these departments to work these events. She presented a draft policy for Value of In-Kind Services and what the Town is willing to do as true in-kind participation and try to offset some of the cost the Town is incurring due to these events.

Mayor Brown said he would like to delay the implementation of this policy because several of the agencies have already adopted their budgets for the year, and planned for these events. Because of these budgets, he said that January of next year would be a good time to implement the policy, and they would have a year to revamp the use of Waynesville's in-kind services.

- **Personnel Policy Review**

Assistant Manager Owens said the Town has had a Nepotism Policy in place since August 2016. She drew the Board's attention to the paragraph specifically prohibiting the employment of a person into any position who is relative of individuals employed in Finance or Administration. She said this policy was specific to the hiring process, not confidential information. Assistant Manager Owens said there was potential of overhearing confidential information in every department. She said the policy limits the hiring of relatives in the positions of Mayor, Mayor Pro Tem, Town Manager Assistant Town Manager, Town Attorney, Finance Director, Assistance Finance Director, and Human Resources. Exceptions include unpaid volunteers, individuals hired for temporary positions, and part time public safety employees. Any other exceptions to this policy shall be made only with the expressed and documented approval of the Town Manager.

Town Attorney Bill Cannon had several minor grammatical additions and corrections to the policy. The Board will review and vote on adoption at a regular board meeting.

Assistant Manager Owens brought before the Board the policy for the Recreation Center concerning family memberships as long as they were on the employees Town insurance. Currently the Town's insurance guidelines do not allow a spouse that has access their employer's insurance to be on the Town's insurance. She said the clarification would be that the family member could be on the employees insurance or tax return. She said that if an employee is part time, only the employee can have free access to the Recreation Center.

A motion was made by Alderman Gary Caldwell, seconded by Alderman Julia Freeman to approve the clarification of spouse and family members being allowed free access to the Town of Waynesville Recreation Center. The motion passed unanimously.

Assistant Manager Owens said that with the restructuring of the TDA's 1 percent sub committees, there are no longer five members, but there are three. She said that as the municipal representative to the TDA, she is a member of the sub committee. She said that two additional members needed to be named to the sub committee, and one has to be involved in accommodations within the 28785 or 28786 zip codes, and the other has to be a manager or owner of a tourism related business. She added that these nominations needed to be in as soon as possible because they have to be approved by the County Commissioners.

- **Call for Public Hearing**

Elizabeth Teague asked the Board is they would call for a Public Hearing to be held on Tuesday March 13, 2018 for the purpose of considering text amendments to the Land Development Standards within the Commercial District – 1) the minimum setback requirements, Sections 2.4.2, and 2) the minimum lot size for a cell tower, Section 3.10.4. These text amendments have been approved by the Planning Board.

A motion was made by Alderman Gary Caldwell, seconded by Alderman Julia Freeman, to call for a Public Hearing to be held on March 13, 2018 beginning at 6:30 pm or as closely as possible thereafter in the Town Hall Board Room located at 9 South Main Street, Waynesville for the purpose of considering text amendments to the Land Development Standards within the Commercial Industrial District- 1) the minimum setback requirements, Section 2.4.2, and 2) the minimum lot size for a cell tower, Section 3.10.4. The motion passed unanimously.

10. Closing Comments

Mayor Brown thanked the Board for their support over the past year, while he was ill, and for their understanding of his current situation. Mayor Brown went over the policy of selecting a Mayor in case of his absence in the future.

With no further business the Board adjourned at 1:12 PM.

ATTEST

Gavin Brown, Mayor

Eddie Ward, Town Clerk

Rob Hites, Town Manager