

MINUTES OF THE TOWN OF WAYNESVILLE BOARD OF ALDERMEN
SPECIAL CALLED MEETING
May 17, 2018

THE WAYNESVILLE BOARD OF ALDERMEN held a special called meeting on Thursday, May 17, 2018 at 6:00 p.m. in the conference room of the Municipal Building, 16 South Main Street, Waynesville, NC.

A. CALL TO ORDER

Mayor Gavin Brown called the meeting to order at 6:00 p.m. with the following members present:

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

The following staff members were present:

Rob Hites, Town Manager
Amie Owens, Assistant Town Manager
Eddie Caldwell, Finance Director
David Foster, Public Services Director
Brian Beck, Police Captain
Rhett Langston, Recreation Director
Joey Webb, Fire Chief

The following media representatives were present:

Cory Villiancourt, Smoky Mountain News
Becky Johnson, The Mountaineer

1. Welcome /Introduction

Mayor Brown welcomed everyone to the meeting and thanked the Board and staff for their participation. The Mayor noted that all members were now experienced with this budget discussion process and encouraged everyone to ask questions.

2. Budget Amendment for Fiscal Year 2017/2018

Finance Director Eddie Caldwell explained that during a recent OSHA compliance inspection, it was noted that there was no fall protection system in the garage for when individuals were working on larger vehicles. The potential is there for a fall from a height of greater than 6 feet. Public Services Director David Foster interjected that this was not a system that could just be placed and required engineering services of Drye McGlamery to ensure that the roof could hold the equipment. The system is one that utilizes a harness which would allow the mechanics to be tied off and would put tension on a line preventing a fall to the ground.

Mr. Caldwell added that the cost of the equipment is \$17,380 which includes a 10% contingency.

Alderman Julia Freeman made a motion, seconded by Alderman Jon Feichter to approve Amendment #5 to the Internal Service Fund and Budget Amendment #10 to the Fiscal Year 2017-2018 Budget Ordinance in the amount of \$17,380 for a fall protection system. The motion carried unanimously.

3. Discussion of the Proposed Fiscal Year 2018-2019 Budget

Manager Hites reminded the Board that there was broad policy discussion at the Board Retreat in February and the budget is based primarily on this discussion. He explained that this budget included a 3% Cost of Living Adjustment (COLA) and a 6% increase in healthcare premium costs, as well as a proposed 1 cent tax increase.

Manager Hites moved through the budget message highlighting the fact that the proposed General Fund Budget of \$15,175,650 was 3.3% higher than the current year. This is attributed to the COLA, increase in benefit costs, additional staff, garage costs and new long term projects such as the Comprehensive Plan Update.

Manager Hites moved to the Water Fund recommending a budget of \$3,934,870. There is no proposed water rate increase for the upcoming year. There are some major capital projects planned for this division in the coming year and would be covered by the Water Fund Balance.

Next was the Sewer Fund where a 5% sewer increase was proposed. These funds would be used to repair and replace pumps at the Waste Water Treatment Plant and to remedy a specific problematic manhole issue that, in times of significant rainfall, causes a system overflow at the Haywood County Fairgrounds. The total budget proposed was \$3,292,230.

Manager Hites noted that Finance Director Caldwell had been reviewing the impact of the 5% increase in electric rates that the Town implemented in January 2018. The suggestion from the consulting firm was to have a 13% increase overall. Manager Hites explained that a proposed 4% electric rate increase was part of the budget. This increase would allow for the installation of voltage regulators at a substation. The budget recommendation for FY 18-19 was \$9,736,680.

The two additional internal funds, Asset Management and Garage, had budgets significantly lower than the other funds. The proposed Asset Management budget was \$1,960,250 which is a decrease of 2.41%. The Garage fund budget is recommended at \$679,740.

Year End Review and Proposed Budget Summary

Finance Director Eddie Caldwell began by noting that there were no surprises and that revenues and expenditures were coming in the way that was projected.

Finance Director Caldwell reviewed information contained in the budget notebook beginning with section 2, 2017-2018 Budget Review to Estimated Actuals (June 30, 2018). He covered some key points in the Revenues including the current year's tax valuations being slightly higher, but the collection rate slightly lower. However, sales tax revenue was running approximately 5% above projections. The sales tax revenue is on a lag schedule due to the process of sending to the state and then being reimbursed several months later.

One area that was highlighted as part of the Revenues was memberships for the Recreation Center. Finance Director Caldwell reminded the Board that a 10% increase in membership rates and 15% for rentals was included in the proposed budget. Another area addressed was the investment earnings coming in higher than previously estimated; this was due to higher interest rates. Finance Director Caldwell concluded this discussion by noting approximately \$148,000 would be added to the fund balance at the end of the current FY based on the difference between revenues and expenditures.

Finance Director Caldwell covered the water, sewer and electric revenues and expenditures in the same fashion as the general fund. He noted that all funds would be stable even if there had to be some use of fund balance.

Finance Director Caldwell continued to the proposed budget and provided graphs highlighting the fund summaries by department and the expenditures by category for each fund.

Finance Director Caldwell called attention to section 4 of the budget book and outlined the various proposed budget for all funds. Much of the information was repetitive of the initial budget message presented by Manager Hites. He noted that the financial position was good.

Finance Director Caldwell covered section 5 by noting that this was the full line item budget for each department, division and fund.

Finance Director Caldwell moved to section 6 where the debt payment appropriations and schedules were included. He noted that the proposed rate increases in sewer and electric were outlined in this section on pages 5 and 6. He continued by noting that all fringe benefit information beginning from 1995/1995 to the present were included.

Finance Director Caldwell concluded by explaining that the proposed fee schedule was in section 7 and included some minor changes in some prices including the increases noted in the Recreation fees and sewer and electric charges.

Personnel and Benefits

Assistant Town Manager Amie Owens explained that there had originally been requests for 9 additional positions in the upcoming budget. This was pared to a total of 5 positions; two of which are funded by private sources. The positions for consideration include: a Planner I position due to the increase in development; a Maintenance Worker for Recreation due to the increase in park and restroom maintenance and in January 2019, a Preventative Maintenance Technician in the garage to assist with minor repair and oil changes and resolution of backlog of repairs. The two privately funded positions are the School Resource Officer (SRO) for Shining Rock Academy and the Program Specialist for the Base Camp on the Go Program.

Ms. Owens noted that there was a 6% increase in health insurance rates for the upcoming year, but that there had not been an increase in the past three years.

Discussion was held related to the potential to reinstate merit raises for employees under the career development program. These funds would reward employees who complete training and certification requirements and who continue to perform well for the Town.

Captain Brian Beck, Police Department, explained that it has been difficult to get qualified individuals recruited with no career development incentives. He added that there have people who have been promoted in rank, but they can't get the pay that goes with the promotion because the program was on hold.

Mayor Brown inquired as to the amount it would take to re-instate the career development program. Manager Hites noted approximately \$75,000.00. Mayor Brown indicated that he would meet with the ABC Board to discuss the potential of funding of the program from ABC proceeds.

Discussion/Comments regarding the proposed budget

Mayor Brown posed the question do we revisit the in versus out of county rates for the Recreation Center? Alderman Roberson commented that it was an Idea worth considering. Recreation Director Rhett Langston added that approximately 75% of those utilizing the Recreation Center live outside of town limits.

Alderman Feichter added that he was intrigued by the possibility of billing the county for the percentage of individuals who were not town residents and questioned how much revenue could be generated.

Alderman Freeman asked that this be put on hold until FY 19/20 as it may be difficult to implement. Manager Hites explained that such rate differential was normal practice with municipalities; usually a 50% more fee for out of town. He added that it is an equity argument.

Finance Director Caldwell interjected that there had been an across the board rate increase due to the fact that there has been no increase in these rates since 2009. He reminded the board that the County had stopped the recreation stipend of \$70,000.00 several years ago.

Manager Hites asked the Board if they would be willing to allow staff time to research and work with the a new County Manager to discuss options and bring back information before January 1 – to adopt a new fee schedule for those who renew on/after January 1st. Manager Hites reminded the Board that the tax rate is the only thing that cannot be changed after July 1; all other fees can be adjusted.

Alderman Feichter commented that he preferred not to go to a staggered rate structure of in versus out of Town rates.

Mayor Brown noted that he felt it galling to raise taxes and then do something that is not equitable. He added that Recreation is never a money maker, but now is the time to begin operating the Recreation Center more on a business model.

Manager Hites clarified that the wishes of the Board was to do a 10% across the board increase and then bring new program in January.

The Board members agreed by consensus and Manager Hites explained this would be a topic at the annual Fall Board Retreat.

Alderman Caldwell commented that he felt that the budget is as good as it can be. Alderman Freeman added that there were fewer questions about budget items than in previous years.

Discussion related to special appropriations to non-profits was held. Alderman Caldwell noted that it is difficult to give to non-profits while employees cannot have raises. Some of the requests for special appropriations could not be funded this year due to funding constraints.

Alderman Roberson voiced that the goal should be to get the maximum funding for non-profits back to a level equivocal with one cent on the tax rate in future years. Alderman Roberson noted that non-profits perform very important roles and the actions would not eliminate funding, but it should be noted that the Town cannot be the majority source for funding and these entities need to look for additional revenue sources.

Mayor Brown reminded the Board members that they would need to discuss the special appropriations at the regular meeting on June 12, 2018.

Alderman Roberson expressed as he stated earlier, that the total amount of these special appropriations needed to be reconsidered during the next few years and get the total back down to a manageable level. He recommended as close to one cent on the tax rate as possible.

Mayor Brown thanked the department heads and employees for their efforts to be fiscally responsible and specifically thanked Manager Hites and Finance Director Caldwell for their work on the budget. Mayor Brown also thanked the Board for their support and input in the budget process.

I. ADJOURN

There being no further business to discuss, Alderman Freeman made a motion, seconded by Alderman Feichter to adjourn the meeting at 8:05 p.m. The motion carried unanimously.

ATTEST

Gavin A. Brown, Mayor

Robert W. Hites, Jr., Town Manager

Amanda W. Owens, Assistant Town Manager
Acting Clerk