



Town of Waynesville, NC

Board of Aldermen Regular Meeting

Town Hall, 9 South Main Street, Waynesville, NC 28786

Date: **June 12, 2018**

Time: **6:30 p.m.**

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(828) 452-2491 eward@waynesvillenc.gov

A. CALL TO ORDER - Mayor Gavin Brown

1. Welcome/Calendar/Announcements
2. Adoption of Minutes

Motion: To approve the minutes of the May 17, 2018 special meeting as presented (or as corrected).

Motion: To approve the minutes of the May 22, 2018 regular meeting as presented (or as corrected).

B. PRESENTATION

3. Capacity Use Study Draft
 - McGill and Associates

C. PUBLIC HEARINGS

4. Call for Public Hearing to consider Amendment to Chapter 46-4 and to direct staff to develop sidewalk encroachment agreement
 - Development Services Director Elizabeth Teague
5. Public Hearing for Amendment to Chapter 54, Article 1 on the Town Code, Motor Vehicle Taxes
 - Manager Rob Hites

Motion: To call for second Public Hearing to be held on Tuesday, June 26, 2018 at 6:30 p.m. or as closely thereafter as possible in the Board Room of Town Hall located at 9 South Main Street, Waynesville to consider the adoption of a new ordinance amending Chapter 54, Article 1 and for the first reading of the proposed ordinance.

TOWN OF WAYNESVILLE – REGULAR SESSION AGENDA

June 12, 2018

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6. Public Hearing to amend Chapter 14 Article IV Taxicabs

- Manager Rob Hites, Captain Brian Beck

Motion: To approve the amendment of Chapter 14, Article IV Taxicabs.

7. Public Hearing to consider Adoption of FY 2018-2019 Annual Budget

- Manager Rob Hites

Motion: To consider any amendments to the proposed FY 2018-2019 Annual Budget, and vote at the June 26th 2018 regular meeting.

D. NEW BUSINESS

8. Proposed Audit Contract 2018-2019

- Finance Director Eddie Caldwell

Motion: To approve the Audit Contact as presented.

E. COMMUNICATIONS FROM STAFF

9. Manager's Report

- Town Manager Rob Hites

Wayfinding Program Endorsement

Motion: To approve the design and Town's participation in installation of the signs.

10. Attorney's Report – Town Attorney Bill Cannon

F. COMMUNICATIONS FROM THE MAYOR AND BOARD

11. Discussion of term limits for appointed Boards and Commissions

G. CALL ON THE AUDIENCE

H. ADJOURN



TOWN OF WAYNESVILLE

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CALENDAR June 12, 2018

2018	
Tuesday, June 12 6:30 PM Town Hall Board Room	Board of Aldermen Meeting – Regular Session
Friday June 15 Historic Courthouse 6:00 PM	Walk to End Elder Abuse Sponsored by Mountain Projects
Tuesday June 26 6:30 PM Town Hall Board Room	Board of Aldermen Meeting – Regular Session
Friday June 29 th 6:30 – 9:00 PM Main Street	Mountain Street Dance Sponsored by Downtown Waynesville Association
Wednesday July 4 11:00 AM – 3:00 PM Main Street	Stars & Stripes Celebration Sponsored by Downtown Waynesville Association
Wednesday July 4	Independence Day Town Offices Closed
Friday July 6 5:00 – 9:00 PM	Art After Dark Main Street – sponsored by Downtown Waynesville Association
Tuesday July 10 6:30 PM Town Hall Board Room	Board of Aldermen Meeting – Regular Session
Friday July 13 6:30 – 9:00 PM Main Street	Mountain Street Dance Sponsored by Downtown Waynesville Association
Saturday July 21 10:00 AM - 11:00 AM Main Street	Folkmoot Parade Sponsored by Folkmoot
Friday July 20 - 29	Folkmoot USA International Festival – various venues and times in Haywood and surrounding counties
Saturday July 21 10:00 AM – 11:00 AM Main Street	Folkmoot Parade of Nations
Monday July 23 5:30 PM	Council of Government Meeting Haywood County
Tuesday July 24 6:30 PM Town Hall Board Room	Board of Aldermen Meeting – Regular Session
Friday July 27	Mountain Street Dance

6:30 – 9:00 PM Main Street	Sponsored by Downtown Waynesville Association
Saturday July 28 10:00 – 5:00 PM Main Street	International Festival Day
Friday August 3 5:00 PM – 9:00 PM	Art after Dark Main Street – sponsored by the Downtown Waynesville Association
Saturday August 4 th 9:00 AM – 12:00 PM Historic Courthouse	Sarge's 13 th Annual Downtown Dog Walk Sarge's Animal Rescue Foundation
Saturday August 4 9:30 AM – 1:00 PM Courthouse Lawn	Downtown Dog Walk Friends of SARGE
Tuesday August 14 6:30 PM Town Hall Board Room	Board of Aldermen Meeting - Regular Session
Tuesday August 28 6:30 PM Town Hall Board Room	Board of Aldermen Meeting – Regular Session
Friday and Saturday August 31 & September 2	Smoky Mountain Folk Festival Stuart Auditorium, Lake Junaluska
Monday September 3	Labor Day Town Offices Closed
Friday September 7 5:00 – 9:00 PM Main Street	Art after Dark Main Street – sponsored by the Downtown Waynesville Association
Tuesday September 11 6:30 PM Town Hall Board Room	Board of Aldermen Meeting – Regular Session
Saturday September 15 7:00 PM	BLOCK PARTY - sponsored by the Downtown Waynesville Association – partial street closure – Main Street
Tuesday September 25 6:30 PM Town Hall Board Room	Board of Aldermen Meeting – Regular Session
Friday September 28 Main Street 6:00 – 8:00 PM	Mountain Street Dance Sponsored by Downtown Waynesville Association
Friday October 5 5:00 PM – 9:00 PM	Art after Dark Main Street – sponsored by the Downtown Waynesville Association
Tuesday October 9 6:30 PM Town Hall Board Room	Board of Aldermen Meeting – Regular Session
Saturday October 13 10:00 AM – 5:00 PM Main Street	Church Street Art & Craft Show
Saturday October 20 10:00 AM – 5:00 PM Main Street	Apple Harvest Festival
Monday October 22 5:30 PM	Council of Government Meeting Maggie Valley

Tuesday October 23 6:30 PM Town Hall Board Room	Board of Aldermen Meeting – Regular Session
Wednesday October 31 5:00 PM – 7:00 PM Main Street	Treats on the Street
Friday November 2 5:00 PM – 9:00 PM Main Street	Art after Dark Main Street – sponsored by the Downtown Waynesville Association
Monday November 12	Veteran’s Day – Town Offices Closed
Tuesday November 13 6:30 PM Town Hall Board Room	Board of Aldermen Meeting - Regular Session
Thursday & Friday November 22 & 23	Thanksgiving Town Offices Closed
Tuesday November 27 6:30 Town Hall Board Room	Board of Aldermen Meeting – Regular Session
Friday November 30 5:00 PM Oak Park Inn	Community Christmas Tree Lighting Sponsored by Downtown Waynesville Association
Monday December 3 6:00 PM Main Street	Waynesville Christmas Parade
Saturday December 8 6:00 PM – 9:00 PM Main Street	A Night Before Christmas
Tuesday December 11 6:30 PM Town Hall Board Room	Board of Aldermen Meeting – Regular Session
Monday, Tuesday & Wednesday December 24, 25, & 26	Christmas Town Offices Closed

Board and Commission Meetings – June 2018

ABC Board	ABC Office – 52 Dayco Drive	June 19th 3 rd Tuesdays 10:00 AM
Board of Adjustment	Town Hall – 9 S. Main Street	June 5th 1 st Tuesdays 5:30 PM
Downtown Waynesville Association	UCB Board Room – 165 North Main	June 28th 4 th Thursdays 12 Noon
Firefighters Relief Fund Board	Fire Station 1 – 1022 N. Main Street	Meets as needed; <i>No meeting currently scheduled</i>
Historic Preservation Commission	Town Hall – 9 S. Main Street	June 6th 1 st Wednesdays 2:00 PM
Planning Board	Town Hall – 9 S. Main Street	June 18th 3 rd Mondays 5:30 PM
Public Art Commission	Town Hall – 9 S. Main Street	June 12th 2 nd Thursdays 4:00 PM
Recreation & Parks Advisory Commission	Rec Center Office – 550 Vance Street	June 20th 3 rd Wednesdays 5:30 PM
Waynesville Housing Authority	Waynesville Towers – 65 Church Street	June 20th 3 rd Wednesdays 3:30 PM

BOARD/STAFF SCHEDULE

June 18 – June 22, 2018	Town Manager	NCCMA Summer Conference
August 14 – August 18, 2018	Town Clerk	NCAMC Summer Conference

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

MINUTES OF THE TOWN OF WAYNESVILLE BOARD OF ALDERMEN
REGULAR MEETING
May 22, 2018

THE WAYNESVILLE BOARD OF ALDERMEN held its regular meeting on Tuesday, May 22, 2018, at 6:30 p.m. in the board room of Town Hall, 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
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
Chelle Baker, Administrative Assistant
Elizabeth Teague, Development Services Director
Chief Bill Hollingsed, Police Department
Captain Brian Beck, Police Department
Shawn Messer, Police Department
Ricky Mehaffey, Fire Department

The following media representatives were present:

Cory Valliancort, Smoky Mountain News
Becky Johnson, The Mountaineer

Mayor Brown asked Mr. Alex McKay to explain about the Historic Preservation Commission's long awaited coloring book. Mr. McKay said the coloring book contained pictures that can be colored of the Town's Historic Buildings. The Commission will be giving the books to 4th graders and they will be for sale in businesses downtown and in the Development Services Department. The cost of the coloring books will be \$5.00.

1. Calendar/Announcements

Mayor Brown welcomed everyone and reminded the Board of the following events on the calendar:

Saturday May 26: 7:00pm - DWA Block Party – Main Street
Friday June 1: 5:00 – 9:00pm - Art after Dark – DWA – Main Street
Sunday June 3: 5:00 – 7:00pm – Waynesville Public Art Commission Dog Show and Fundraiser - Hart Theater Greenspace

2. Adoption of Minutes

Alderman Gary Caldwell made a motion, seconded by Alderman Jon Feichter, to approve the minutes of the May 8, 2018 regular meeting as presented. The motion carried unanimously.

Mayor Brown briefly reviewed basic rules for the Public Hearing.

B. PUBLIC HEARING

3. Public Hearing on a Text Amendment to the Land Development Standards LDS 2.5.3 Table of Permitted Uses, in regards to allowing multi-family within the Plott Creek Neighborhood Residential (PC-NR) District.

Mayor Brown asked Development Services Director Elizabeth Teague to give a background report for the request for Text Amendment.

Ms. Teague stated that this request is for consideration of a Text Amendment to the Town of Waynesville Land Development Standards (LDS) to add “Dwelling-Multi-Family” as a Permitted Use (“P”) within the Plott Creek Neighborhood Residential District (PC-NR District). The applicant is Triangle Real Estate of Gastonia/Southwood Realty, who represents a development firm that would like to purchase a property within the Plott Creek Neighborhood Residential District in order to build a multi-family development of apartments. Ms. Teague told the Board that a Public Hearing was held by the Planning Board on May 21, 2018, and the Board voted in favor of the Text Amendment with five in favor of the Amendment, two against, and one abstention.

Ms. Teague referred the Board to maps to show the geographical area of the requested Text Amendment. She explained that there is not extra territorial jurisdiction outside of the municipal boundaries on Plott Creek.

Ms. Teague provided the Board with a time line of events for the Town of Waynesville Municipal Boundary as follows:

- 1993 – Waynesville extended ETJ to provide zoning protections outside of its jurisdiction
- 1995 – Waynesville and Hazelwood Merge – Hazelwood did not have ETJ, and so there is no zoning past the municipal boundary
- 1999 – Hazelwood Elementary School is built
- 2002 – Waynesville Land Use Plan is adopted
- 2003 – Land Development Standards are adopted, Plott Creek Neighborhood District (PC-ND) is established – Dwelling, multi family is permitted with special requirements – PC-ND includes multi-family as permitted through 08-24-2010 revisions of LDS
- 2004 – Town conducts study and survey to extend ETJ further up Plott Creek; - Develop “Plott Creek Rural District” draft but determined not to extend ETJ
- 2006 – NCDOT widening project of Plott Creek Road introduced (NC Moving Ahead); - School parking lot extended.
- 2011 – Current Land Development Standards are revised and adopted by the Board; - Multi-family not permitted (“P”) in PC-NR District in Permitted Uses Table.
- 2017 - NCDOT Sidewalk project from Hazelwood to Will Hyatt Road approved as it was requested in 2010 Pedestrian Plan

This zoning category represents the medium to high density residential district within the Town, with all of the NR districts having the same density standards provided in Section 2.4.1. This includes Allen's Creek, Love Lane, Main Street, Ninevah, Pigeon Street, Plott Creek, Raccoon Creek, Sulphur Springs, and Walnut Street Neighborhoods. On the Table of Permitted Uses, Section 2.5.3, the NR District allow single-family, two-family, and townhome dwellings, but only seven of the nine NR Districts allow "multi-family," with the "P" being absent in the columns for Plott Creek-NR and Sulphur Springs-NR. The Low-Density Residential Districts and the Howell Mill Road Medium Density District also exclude "multi-family" while allowing townhomes. In an apparent contradiction, Section 5.3 Permitted Building Types and Frontages, the LDS allow both townhouse and apartment buildings in all of the Town's Residential Districts. The 2020 Land Development Plan Future Land Use Map, adopted in 2002 designates the Plott Creek-NR area as medium to high density residential. She referred the Board to the Table of Permitted Uses in their agenda packets.

Ms. Teague said that questions concerning this text amendment request are: "Why are townhomes and multi-family structures treated differently under the ordinance within zoning categories while density and dimensional requirements are the same?" And, "Why is multi-family not included in the PC-NR and SS-NR Districts when these are part of the Town's medium to high density development areas?"

Ms. Teague read the definitions of each as they are listed in the Land Development Standards:

Dwelling-Multifamily: A building or portion thereof containing three or more dwelling units on a single lot where each unit has a separate entrance from the outside or through a common vestibule. A multi-family structure where dwelling units are available for lease or rent for less than one month shall be considered lodging.

Dwelling-Townhouse: Three or more attached dwelling units in which each unit has its own front and rear access to the outside, no unit is located over another unit, each unit is separate from any other unit by one or more vertical common fire-resistant fire walls, and the land underneath each unit is titled to the unit.

Ms. Teague said it was important to note that there is no distinction between rental and a non-rental type of property. A townhome could be rented, and though not specifically stated, but implied, a condominium could be considered a townhome development or a multi-family development.

In terms of density, regardless of building type, ten units per acre or sixteen units per acre (with a Special Use Permit) are allowed. The minimum lot area is 1/6 of an acre and the minimum lot width is fifty feet. Accessory structures are allowed with standard setbacks on the property. Ms. Teague referred the Board to maps of the Plott Creek District giving descriptions of the lots. There are three large parcels of open land, totaling ninety three acres. The largest is forty one acres and has been for sale for many years, and is the property in question.

Ms. Teague told the Board that every zoning or text amendment had to be consistent with the Land Development Plan. In the Waynesville: Out Heritage, Our Future, 2020 Land Development Plan, a stated Land Use Goal is:

"Promote the orderly growth, development and enhanced land values of the Town or Waynesville by preserving and improving Waynesville's existing neighborhoods, creating more

attractive commercial centers, maintaining a strong downtown area, taking steps to reduce urban sprawl and protecting the natural beauty of the community.” (2020 LDP, p 4-2)

Another goal of the Land Use Plan is to:

“Provide an attractive range of housing opportunities and neighborhoods for all residents of Waynesville.”

Ms. Teague said the objective and actions are:

- To work with the development community to explore ways to make affordable housing construction more attractive to developers
- Use creative zoning to allow accessory dwellings, duplexes and other affordable housing alternatives
- Rezone areas as indicated on the Land Use Map which allow for higher density residential development
- Encourage a variety of housing types for various income, age and ethnic groups throughout the planning area promoting housing alternatives
- Rezone areas as indicated on the Land Use Map which allow for higher density residential development.
- Encourage a variety of housing types for various incomes, age ethnic groups throughout the planning area promoting housing alternatives in addition to the traditional single-and multi-family dwelling options (LDP, p. 4-7)

Referring back to the Land Use Plan map, Ms. Teague pointed out that there is an area that the Land Use Plan says should be protected. An Urban Services District Boundary was established so water and sewer would not be extended beyond that boundary. The Smart Growth theory states that development should be close in to major transportation corridors, railroads, roadways and Central Business Districts.

Each planning District has a purpose and intent statement. In the 2011 Land Development Code is basically the same as in the 2003 PC-NR District (LDS Section 2.3.3 (F) :

As the Plott Creek Neighborhood district (PC-NR) develops it should do it in a manner which complements its location near the Hazelwood Town Center, and the Hazelwood Elementary School which is within its boundaries. Infrastructure should be well connected and networked (including sidewalks, streets, water/sewer, etc.) and other infrastructure needs should be addressed (such as recreational opportunities) as the area develops. Special care should be taken to enhance the natural features of the area, such as the mountain slopes and the creek, so that they become an integral part of the community. Connections (roads, trails, etc.) to other districts, such as Hyatt Creek area and to the large mountain tracts at the end of Plott Creek, are also important and must be considered as the area develops.

Mr. Teague said clearly that the Plott Creek District is meant to be a high density area.

Staff Recommendation

Ms. Teague explained to the Board that this text amendment would place a “P” within the Table of Permitted Uses in the PC-NR column at the multi-family row, and would not change any other

requirements or density of the district. This would create a new housing opportunity by allowing multi-family structures that could accommodate apartments or condominiums for new rental or ownership. The Haywood County Housing Strategy, which was completed in 2017 indicated a high demand for rental housing and recommended that the County prioritize the creation of rental units.

The PC-NR is within a mile of the Hazelwood Central Business District and less than a half mile to the expressway. Beyond the district boundary are un-zoned boundaries of Haywood County. Ms. Teague stated that staff recommends that the proposed text amendment is consistent with the Land Use Plan and is a good way to create new and more flexible housing opportunities within the medium to high density zoning category and within the urban service boundary.

She expressed that there is a housing crisis in Waynesville, and it is difficult for people having good jobs and making good wages to find affordable housing. The average home price has gone up considerably, and this is an opportunity to keep up with the housing demand. As long as this Text Amendment is consistent with the Land Use Plan, and it can be done reasonably, and in public interest protecting the beauty of the area, Ms. Teague recommends this Text Amendment request be approved.

Some additional points by Ms. Teague were in reference to the flood plain area in this district. She referenced the 2012 FIRM Regulatory Floodplain map and explained the flood way, and the one hundred and five hundred year floodplain. She said a large part of Waynesville is in the floodplain, and wherever construction happens in the regulatory floodplain, the Federal Floodplain Regulations and building codes are enforced.

She added that the Town has a Steep Slope Ordinance that reduces density based on slope above 2,900 feet elevation. She gave a detailed explanation concerning the Plott Creek District slopes and pointed out that there are regulatory frameworks to look at floodplain and slope in this area. Also storm water regulations and sedimentation and erosion control regulations must be followed in any development.

Mayor Brown pointed out to the Board that in 2003 when this district was created, simultaneously the Town Planning Department spent time and effort looking at creating a Plott Creek Rural District. The consensus of the people who were going to be affected in Plott Creek was they did not want the Town to “regulate” the Plott Creek area and create an ETJ because of the fear of being annexed.

Town Attorney Bill Cannon reviewed the ground rules for the Public Hearing, and opened the Public Hearing at 7:08 pm.

**William Ratchford, VP Southwood Realty
3005 Laurie Court
Gastonia NC 28056**

Mr. Ratchford stated he was Vice President, builder and developer for Triangle Real Estate/Southwood Realty of Gastonia which is a family owned business that was started in 1960. This company is the largest owner of apartments in Western North Carolina, and has been located in Henderson County since 2001. Mr. Ratchford stated that his company has built every complex that the company owns. They are small town developers that build in towns that cater to work force housing with pricing that is often needed to get a town to survive. Approved applicants earn approximately \$40,000.00 yearly. In

2015 in Haywood County the median price of a home was \$144,450.00. In the first quarter of 2018 the median price of a home is over \$203,700.00.

Mr. Ratchford addressed the four main arguments that he expected to hear in this meeting: increased traffic, destruction of the natural environment, overcrowding of the Hazelwood School, and more density in the Plott Creek area. The project his company would be proposing would be less than five units an acre. The North Carolina Fire Code allows two hundred maximum units per one entrance to the property. Traffic on Plott Creek has been studied in the event the project is approved in the future. Apartment communities have less traffic issues than townhomes or similar sized housing developments. Mr. Ratchford said this carried over to the school as well. A two hundred one bedroom unit apartment complex has considerably less children than a townhome or housing development. As far as the environment, apartments take up a less geographical footprint than townhomes or houses. This would leave more areas for stream buffers, areas away from neighbors, and conserve mountain views that the Plott Creek is known for.

Mr. Ratchford said the request is only to have the word apartments in the Table of Permitted Uses. Duplexes and townhomes are already permitted in this area. He told the Board that what his company is looking to build a contemporary project that will support the Town's population's needs. For an active adult, they can walk upstairs and they are home, and not have to go up and down for meals or monitoring children. A first floor unit will be for handicapped, or someone who has a problem with stairs.

Attorney Craig Justus
Speaking on behalf of Thom Morgan and Chuck Dickson

Mr. Justus gave each Board Member a packet containing a letter that he urged everyone to review. He asked the question "Why does the Town have a regulation that differentiates between single and multi-family homes?" He said there is actually no difference. He said the residents were asking the Board to honor that difference. The historical context presented stated that in 1986 the area was zoned single family and taken into the Town. It remained zoned that way until 2003. At that time multi-family homes were permitted until 2011 when the zoning was again changed to single family homes. Mr. Justus stated that for 24 years out of the 32 years it has been zoned it has been zoned single-family. There is a question about townhomes and apartments. He said the definition of town home is that it is one dwelling unit in a building. An apartment consists of at three or more dwelling units in a building. He told the Board that is a big difference. There has been no change in circumstances that justify this request other than the developer's request. Mr. Justus said the Town rules state that only five people can request a text amendment, and the developer is not one of those five people. He said the Planning Board, Board of Aldermen, Planning Department, Board of Adjustment and the owner of real property. He stated that the "tail is wagging the dog" in this case. The Steering Committee is looking at strategies and visions for each neighborhood, and they should be allowed to work it out, and hopefully their vision for single-family will continue to matter.

Attorney Kevin Hornick
133 Red Admiral Court
Dillsboro NC

Mr. Hornick rebutted Mr. Justus' statement that the developer did not have the authority to apply for a zoning text amendment. He quoted the North Carolina Supreme Court's decision in a court case in

Chapel Hill which stands for the proposition that a developer or a person who has a purchase option, much less a purchase contract on a piece of property, has an equitable interest and is in fact, a real party interest, and therefore has the authority to apply for zoning text amendments and other land use approvals he may deem necessary.

Alan Schork
1055 Winding Creek Drive
Waynesville, NC 28786

Mr. Schork stated he was speaking on behalf of several homeowners and lot owners in opposition to the text amendment and proposed apartment project. He said these property owners expand the entire length of Plott Creek Road. He asked for a show of hands from the “stakeholders” that are opposed to the development. The issue is that since 2011 only seven of the nine neighborhood residential districts allow multi-family as a permitted use. The two excluded districts are Plott Creek and Sulphur Springs. He said the staff report given by Ms. Teague asked the questions why are multi-family homes excluded and townhomes treated differently. He said he and the stakeholders believe the staff report is inconclusive. Even though it was recommended, and the Planning Board agreed that this amendment should be adopted, because it adds variety to housing in the district. On the other hand, he said he believed the choice excluded multi-family is a deliberate choice. The stakeholders believe that the text amendment is driven by the developer’s request, and if approved it would apply to every property in the district, and the impact is far greater. Mr. Schork said it seems that it has been a rush to accommodate the developer. Mr. Schork indicated to the Board that there is a Comprehensive Plan update in process now and public feedback is such an important part of what the Steering Committee is doing with this update. The stakeholders in and surrounding the PC-NR neighborhood are overwhelmingly opposed to this text amendment. Mr. Schork said the project did have a place in the community, but not in their community.

Jeff Lunsford- Project Coordinator
807 Jamestown Drive
Gastonia, NC

Mr. Lunsford stated he is the Project Coordinator for Triangle Real Estate/Southwood Realty of Gastonia. He pointed out that apartments have private roads that are maintained by the development. Trash services are paid for by the apartment complex also. He said that a two hundred unit apartment complex would be worth a minimum of twenty two million, and up to thirty million, based on current pricing for tax value. He asked how new teachers can be attracted to Waynesville if there is no housing for them. Vantage Point is full and single-family housing is very expensive to live in. Mr. Lunsford said he knew of residents who work in Cherokee, but live in Fletcher because they could not afford housing in Waynesville. Blue collar, white collar all have to have a place to live.

Sherrie Schork
1055 Winding Creek Drive
Waynesville, NC 28786

Ms. Schork stated she was a minister in the United Methodist Church serving as the Church Vitality Strategist for the Smoky Mountain District which includes Haywood County. Ms. Schork asked how many times the Town has scheduled back to back Planning Board and Board of Alderman meetings to accommodate a developer's request. The Town Code says that if a request is denied the applicant can schedule an appeal. She asked why a Board of Alderman meeting had already been scheduled for this developer. She said the Town seemed to be rushing to accommodate this developer on the Plott Creek property. Another question Ms. Schork asked the Board is what the cost to the Plott Creek community is if the Text Amendment is approved and the zoning changed along Plott Creek Road. She said there are other areas in the community that are good choices for apartment complexes that won't impact a major water way, require a change of zoning, have adequate roads and won't be the neighbors of a elementary school. She told the Board that once this change occurred, it will open a door for other development. The character of the Plott Valley will be changed forever, and the cost will be impossible to calculate.

Tom Jones
WGLA Engineering 724 5th Avenue West
Hendersonville, NC

Mr. Jones said he had looked at the Town's Land Use Plan, and he concurred with Ms. Teague's analysis. He said it looked like the Town's intent was for the Plott Creek District to be medium to high density development, and apartments made sense in this area. He pointed out that apartments are already and approved building type in the PC-NR District. It is unclear how it is a permitted use and in the Permitted Use Table there is no "P" and that is where the conflict is. He stated that for apartments there was less land clearing than for townhome or duplexes for the same number of units. More open space would be preserved with apartments.

Brad Brothers
186 Water Rock Circle
Waynesville, NC 28786

Mr. Brothers said he was not in the city limits, but he believes that his neighbors have the same values and shared purposes that are stated in the Town's land Use Plan. He said he had only learned of the proposed Text Amendment and project recently and immediately expressions of opposition started. An online petition was made available and many of the comments made were concerns with traffic, Hazelwood School, the rural settings, and environmental concerns. Mr. Brothers stated there were approximately forty homes in the district, and this Text Amendment allowing multi-family homes will increase the population substantially. Development in the area will be built in the flood plain, and this will affect wildlife, and trout streams. Families in the Plott Creek area moved here to get away from the big populations and the families that have lived here all their lives want to keep the rural settings for future generations.

Thomas Jones
WGLA Engineering

Mr. Jones asked the question "If we aren't here for density, then what are we here for?" The Text Amendment is only for the word apartments. Duplexes and townhomes are already allowed in this area, and they can be stacked up to three stories high. Mr. Jones said that they are looking for a

contemporary project that can support the Town's population needs. For an active adult, they can walk upstairs and they are home, and not have to go up and down for meals or monitoring children. A first floor unit will be for handicapped, or someone who has a problem with stairs. He said this is the main reason for multi-family apartments. He asked the Board to go with the national trends and the most current development standards.

Mary Thomas
152 Sherman Way
Waynesville, NC 28786

Ms. Thomas stated that during the last two weeks she has become familiar with the efforts of The Town of Waynesville to review and develop the Comprehensive Plan. The unique characteristic of each neighborhood has been noted. Public input has been an important factor in this effort. Ms. Thomas said that in effort to give all residents of the Plott Creek District an opportunity to voice their concerns, a petition was circulated in the district as well as an online petition. Ms. Thomas gave the Board a copy of the petitions that now have over four hundred signatures. She gave a brief description of the layout of the approximately one hundred sixty seven acres that make up the Plott Creek area. The main body of the property includes land that has been held by the Plott family for over two hundred years. Farmers and cattlemen make up some of the residents who live there. Ms. Thomas said she respectfully asks the Board to consider the needs of the people.

Mark Teague – J M Teague Associates
525 North Main Street
Waynesville, NC

Mr. Teague reminded the Board that he wasn't here to talk about a specific site, just some generalities with traffic on Plott Creek Road. He stated that the general capacity on a two lane road such as Plott Creek is roughly ten to twelve thousand cars a day. The current volume, according to NCDOT, is about 2,500 cars per day. Further up Plott Creek the volume drops to about 1,200 cars per day. Mr. Teague explained trip generation to the Board. He said that typically with an apartment complex, condominium, or townhome, seven trips per day is common. For example, it is considered one trip when someone leaves to go somewhere, and then coming back is considered one trip. He said a single family home generates about ten trips a day. With the traffic that will be generated with the proposed project, Mr. Teague said he felt the traffic would not be a problem on Plott Creek.

Teresa Brothers
186 Water Rock Circle
Waynesville, NC 28786

Ms. Brothers stated that there are questions why multi-family units are excluded from the Plott Creek District and the Sulphur Springs District. She said the common thread for both of these districts is history. She said attention must be placed on the historical nature of these areas and protect their uniqueness. Future development can destroy the value of the Plott Creek District. History and heritage are not renewable resources, destroying the landscape of the rural area would result in a deep impact on the community. A community's identity, history, heritage, and future are all affected by this decision. The Town's vision is to preserve and promote neighborhood spaces, historic places, and cultural resources, attention must be placed on the historical nature of Plott Creek and protect its significance in order to sustain its uniqueness. Ms. Brothers gave a detailed history of the Plott Creek

area including the Civil War, Cherokee hunting, and Plott Hound. Ms. Brothers asked the Board to preserve history by not allowing multi-family dwellings to be placed in the Plott Creek District.

Due to the time limit allowing 30 minutes for the Public to speak, a motion was made by Alderman Jon Feichter, seconded by Alderman LeRoy Roberson to extend the Public speaking time limit another 30 minutes. The motion passed unanimously.

**Jason Fulton – Traffic Engineer
J. M. Teague
Auburn Park
Waynesville, NC 28786**

Mr. Fulton stated he did not feel that traffic needed to be considered yet, because the purpose of the meeting was to request a text amendment to allow multi-family apartments in the Plott Creek District. He urged the Board to keep this in mind. Apartments are already a permitted building type, and this has created confusion because the apartments that are permitted cannot exist without permitted multi-family use. The applicant is simply seeking clarification on this issue to make the Land Development Standards consistent with the future land Use Plan. Mr. Fulton reminded the Board that seven of the nine already permit this use.

**Al Danna
191 Chestnut Flats
Waynesville, NC 28786**

Mr. Danna stated he retired as a special agent with Florida Law Enforcement after forty four years of service. He said for thirty five years he was regional coordinator for the Crimes Against Children program. Mr. Danna said he wanted to protect the children of Waynesville. He said he felt that the Planning Board was more concerned about the developer than the children in this town. Mr. Danna said his concern was placing a two hundred unit apartment complex beside an elementary school. He said that these kinds of apartment complexes draw people who harm children. It would be very dangerous to have this complex close to Hazelwood School. Mr. Danna asked the Board what was more important, a housing crisis or protecting children.

**Peg Ganger
2915 Plott Creek Road
Waynesville, NC 28786**

Ms. Ganger stated she had come to the Planning Board meeting not knowing what to expect. She said she left very disappointed and angry. The residents who have spoken out each night have presented well researched information on the proposed project in Plott Creek. She feels that the Planning Board did not listen, and with hardly any discussion they voted to recommend the change. The Board members who rejected the change made the most logical comments. They noted that there is process occurring to revise the current Land Development Plan. She feels that this Text Amendment has been rushed, and would like for the decision to be delayed until the revision is in place. Ms. Ganger said she felt that the Board had already made up their minds, and will approve this change. If this change is approved, she said the politicians will loose sight of the principals on which this country was founded. The government is by the people, for the people. She said the developer made elegant statements that they are here to stay, and that they understand small towns. She feels they are here to stay for the

money, not because they love the area. She asked the Board to let the process work that would allow input to this decision.

Bruce Ganger
2915 Plott Creek Road
Waynesville, NC 28786

Mr. Ganger stated that he and his wife have lived all over the United States. They decided to build on property they bought on Plott Creek and the Army Corp of Engineers had to be involved because of the placement of the house near the creek. He said he had grandchildren at Hazelwood School and there is not a lot of room in their classrooms. Mr. and Mrs. Ganger have watched the community grow, and he said he feels this is an irresponsible change to the area. He asked the Board to consider what the residents have said against this Text Amendment change.

Eric Morrison
12 Sandtrap Road
Waynesville, NC 28786

Mr. Morrison said he lived about two blocks away from the entrance of the proposed apartment complex. This complex will be the largest in the Town of Waynesville. He said that Vantage Point had one hundred sixty units with two entrances and exits. The proposed project will only have one entrance and exit and will be located two hundred yards away from the Hazelwood School. He said the traffic backed up in the mornings and afternoons from the school traffic, and if you add 1,300 more cars from the apartment complex, it will create a major traffic hazard. Mr. Morrison said the reason that Hazelwood School was built on Plott Creek in 1999 was to give them some more room. He added that if the apartment complex is built, in order for residents to travel to Asheville, they will have to go around Will Hyatt Road because there is no entrance onto the four lane from Plott Creek. This will add a lot more traffic on residential roads if the apartment complex is approved. He said most renters stay in a place six months to a year at the most, and the residents of Plott Creek have been there much longer.

Fred Tollison
316 Skylark Lane
Waynesville, NC 28786

Mr. Tollison said he represented twenty nine homeowners in the Masters Pointe subdivision. He asked the Planning Board to maintain the current zoning in the Plott Creek District. His concerns are property values and traffic. The property in this area is very desirable, and when there was a recent vacancy in the area, there was a contract on the property within two days. Mr. Tollison said that if this change goes forward, he anticipates problems with traffic. He said there are no objections to single-family homes, but oppose rezoning to allow large apartment complexes. He thanked the Board for allowing him to express his views.

Lindsay Boring
171 Fountain Spring Lane
Waynesville, NC 28786

Mr. Boring stated he was a retired Forest Scientist. He said he was very much opposed to the Text Amendment change for the same reasons that have been stated. Mr. Boring said he realized what an incredibly complex issue this is, and he feels that the proposed change needs a much more comprehensive planning process. Because the subject just came up two weeks ago, it is putting everyone in a situation where it is a rush decision. He doesn't understand why something this important can't wait until the new Comprehensive Plan is in place to make this decision. Another concern Mr. Boring expressed is the water and conservation issues. He said that the floodways and floodplains would be forever changed by the impact of putting impervious pavement in the area. Instead of having pastures to absorb the runoff, the area will have a restricted floodplain and there will be faster water runoff. He does not feel that that issue has been looked at yet. Mr. Boring said he agreed that the Town needs more housing, but this is in the wrong place.

Brian Leatherwood
330 Locust Drive
Waynesville, NC 28786

Mr. Leatherwood expressed his concerns with traffic. He said it is very difficult to get on the road during school traffic hours. Adding two hundred units will make it almost impossible to travel on Plott Creek Road. Mr. Leatherwood said he liked to take his son walking to see the cows and he can't do that now, and by adding more cars, that will take from him permanently. He feels that adding more traffic will add more police calls, and it won't be good for the residents of the area.

Monte Plott
1416 Plott Creek Road
Waynesville, NC

Mr. Plott told the Board he was born and raised on Plott Creek. He resides on the parcel of land adjacent to the parcel of land in question. He said the residents of Plott Creek did not want the extension of the ETJ, it was not an omission. He said the decision that is made by the Board will pertain to not only the parcel of land for the proposed project, but for every parcel on Plott Creek. In reference Mr. Mark Teague's statement that Plott Creek can handle ten thousand cars a day, Mr. Plott said that number is over a twenty four hour period. He expressed concerns about the traffic and the statements made that Plott Creek Road would be able to handle the extra traffic from the apartment complex.

Heidi Heil
140 Banjo Hollow Lane
Waynesville, NC

Ms. Heil stated that the intersection at Will Hyatt Road was already dangerous, and with an apartment building, it would be more problematic. Ms. Heil said it didn't make sense to have the apartment building on Plott Creek. It does not fit the infrastructure of the entire community. Why there, why now? There are a lot of other places to place the complex.

David Hegerich
650 Flying Hawk Trail
Waynesville, NC

Mr. Hegerich said the apartments would be a sore thumb and out of character for the area. The discussions about the traffic and safety of the children are valid. He asked where the proponents for the project were. He said he understood that the Board wants what is best for the Town. The area near Walmart and Bojangle's would be the perfect place to build an apartment complex. He asked the Board to slow down so the decision would be in the best interest of Waynesville.

**Elizabeth Garlington
650 Flying Hawk Trail
Waynesville, NC**

Ms. Garlington stated she is absolutely opposed to the development on Plott Creek Road. The area is largely rural and cannot support an apartment complex. She does not want it to be built close to Hazelwood School. Ms. Garlington said she is a Special Education teacher and has been in contact with several child abuse cases. She is opposed to a transient population living in an apartment complex next to a school. She believes an apartment complex will greatly affect her property value. This type of development is more appropriate in a mixed use area in Haywood County. She realizes there is a real need for rental property, but this is not the place for it. The apartment complex will increase a large capacity use that the infrastructure will not support. She hopes the Board will make a decision that will benefit the residents of Plott Creek.

**John Frazier
260 Plott Valley Road
Waynesville, NC**

Mr. Frazier said a two hundred unit apartment complex will add to peak hour traffic. He expressed concerns about the traffic that will impact Will Hyatt Road, and drainage issues if the project is approved. He feels that the creek and environment will be impacted from the surfaces of the complex. He discussed the pollution that will be added to the water. He said the development did not belong in that area. Mr. Frazier said he considered this development to be urban sprawl.

**Chuck Dickson
Old Burgin Place across from Hazelwood School
Waynesville NC**

Mr. Dickson said he believes the two factors driving this zoning amendment is money and mistakes. He said everyone knew that the developer would be making money on the project. He said people will pay lots of money to live in this area. He stated the development would be a gated community and would not be part of the neighborhood. In spite of the restrictions they will have, he said there will be damage to Plott Creek. Mr. Dickson said there were mistakes in the staff report and very one sided. He asked the Board why the project was being pushed and going so fast. He encouraged the Board to let the planning process for 2040 play out. He said there was no discussion at the Planning Board because he felt the decision had already been made. He said the speed and lack of planning has led many of the residents to lose faith and trust in the process. He urged the Board to slow down and listen to the people who this will affect.

**Attorney Kevin Hornick - Summary
133 Red Admiral Court
Dillsboro NC**

Mr. Hornick said the opponents have had many comments about the traffic, environment, floodplain, and storm water. He reminded the Board that those issues were not being considered at this meeting. He said it was the Text Amendment to clarify what is allowed in this district. He said that apartment type buildings were already permitted in the District, but multi-family is not permitted. That is the consideration before them. He urged the Board to approve the amendment, and that will be plenty of opportunity at a future Public Hearing to debate the specifics of a proposed site. He said that at this time, the applicant has not submitted a site plan, and the developer is still considering the issues that the residents have raised. This amendment simply permits the developer the opportunity to move forward and submit plans for a project. He urged the Board to remain focused on what is before them today.

Attorney Craig Justus – Summary

Mr. Justus stated that the Text Amendment will affect the entire Plott Creek District. He stated that approximately fifty notices that went out to property owners in the community. He told the Board that they should listen to the residents that have spoken out against the change in the text amendment. The controversy is about the location and the changes that will happen in Plott Creek if the amendment is approved. Mr. Justus said the reason for back to back meetings to approve the amendment was because the developer's time is running out. He asked the Board to allow the Steering Committee to look at the vision for Plott Creek. He stated that single- family homes should matter. The property has been zoned single-family for twenty four out of thirty two years. He said the developer should have never been allowed to apply for the text amendment request. He asked the Board to follow their own rules.

Town Attorney Bill Cannon closed the Public Hearing at 8:30 pm.

Mayor Brown recessed the meeting at 8:30pm.

Mayor Brown called the meeting back to order at 8:40 pm and asked each Alderman for their comments.

Alderman Roberson: Alderman Roberson thanked everyone for their comments. He said this is not a vote for or against and apartment complex, but a change in the text. He said the driving factor for him is the fact the Waynesville is severely lacking housing. If the apartment should come, this would bring a lot of new families that are starting out. He addressed the comments concerning people who live in apartments. He said he had spoken with the Chief of Police about Vantage Point, and the Chief said they had no problems with the people living there. He said it was not fair to put a label on people who live in apartments.

Alderman Jon Feichter: Alderman Feichter thanked everyone for their input both for and against. He said he had given much thought to the amendment change for several weeks. With his time spent on the Planning Board he said what he always considered was the Land Development Standards, precedence, and the wishes of the residents. He said he fully understood that there was a housing shortage in Waynesville, but he asked if that should that override the wishes of the residents. He explained his concerns if the text amendment was approved, which included traffic, loss of open space, and the significant influx of school age children. He reassured the residents that he had not made his mind up prior to this meeting, and he felt confident the other members of the Board had not made a decision beforehand either. He said it was obvious that the residents of Plott Creek opposed this text

amendment, and he cannot imagine going against the resident's wishes. Alderman Feichter said he stood completely for the drive to find housing for the Town of Waynesville, but he said he is opposed to the Text Amendment change.

Alderman Gary Caldwell: Alderman Caldwell thanked everyone for coming to the meeting and expressing their opinions. He said he had conducted some research on his own and his biggest concern was housing for Waynesville. He said Vantage Point was at capacity and there was a great need for people to have housing if the Town was to grow. He reiterated that this was a text amendment only, and the developer would have a lot more steps to go through before he could build the apartment complex.

Alderman Julia Freeman: Alderman Freeman thanked everyone for attending the meeting. She said this is the most difficult situation that she has faced in her seven years of being on the Board of Aldermen. She said she was very thankful for the passion shown by the residents of Plot Creek. She admired the heart felt statements and the desire shown by everyone. Alderman Freeman reminded the audience that the Board represented Waynesville, and they needed to be mindful of the nearly 10,000 residents in the Town. Housing was an extremely pressing issue for the citizens. She asked the question "If not your community, then where?" She said she could honestly say that no one wants an apartment complex in their community. Sitting on the Affordable Housing Board of Haywood County, she said housing has been agonized over in other areas too. She said the Board had listened to what was said in this meeting, and the Board would make a decision with the Town's best interest in mind, while respecting the residents of Plott Creek.

Mayor Gavin Brown: Mayor Brown addressed the issue of the Hazelwood School being overcrowded if apartment units are built. He said that Central Elementary School was recently closed, and the Board of Education could reopen it if needed. The Planning Board did not make a decision hastily. He explained the process of voting with an abstention. Mayor Brown said this is a thoughtful community and to try to portray the community in a different manner is uncalled for. He said that if the Board decided to approve the text amendment, any site plan can be addressed whether or not the developer goes forward. He added that any individual has the right to put restrictions on their property so that it is never developed.

A motion was made by Alderman LeRoy Roberson, seconded by Alderman Julia Freeman, to find the Text Amendment is consistent with the 2020 Land Use plan. Mayor Brown requested an amendment to the motion on the floor to state that the Text Amendment is consistent in promoting the orderly growth, development, and enhanced land values of the Town of Waynesville by preserving and improving Waynesville's existing neighborhoods, creating more attractive commercial centers, maintaining a strong downtown area, taking steps to reduce urban sprawl and protecting the natural beauty of the community. The amended motion passed with four yays (Alderman Gary Caldwell, Alderman LeRoy Roberson, Alderman Julia Freeman, and Mayor Gavin Brown), and one nay (Alderman Jon Feichter.)

A motion was made by Alderman LeRoy Roberson, seconded by Alderman Julia Freeman, to approve a Text Amendment to the Town of Waynesville Land Development Standards for the Plott Creek Neighborhood District (PC-NR), Table of Permitted uses Section 2.5.3 to allow multi-family dwellings. The motion passed with four yays (Alderman Gary Caldwell, Alderman LeRoy Roberson, Alderman Julia Freeman, Mayor Gavin Brown), and one nay (Alderman Jon Feichter.)

C. PRESENTATION

4. Capacity Use Study Draft

Due to the late hour, Manager Hites asked for the presentation to be delayed until the June 12, 2018 Meeting.

D. CALL FOR PUBLIC HEARING

5. Call for Public Hearing for Amendment to Chapter 54, Article 1 on the Town Code, Motor Vehicle Taxes

Manager Hites reminded the Board that during the winter retreat several ideas were presented for enhancing the general fund revenue. One of the ideas was a motor vehicle tax. This is commonly used in our neighboring communities. NC General Statute §160A-3 permits municipalities to adopt a motor vehicle tax up to \$30 per vehicle. The first \$5 may be used for any general governmental purpose. The next \$15 must be used to repair, maintain and replace municipal streets. He explained that upon adoption the Town would send a copy of the ordinance to the County assessor's office and they would, in turn, send it to the NC Department of Revenue to be placed on the Motor Vehicle registration and tax bills. The motor vehicle tax would be collected at the DMV tag office along with the motor vehicle personal property taxes. The recommendation is to adopt this new ordinance and associated \$15.00 fee. As a new ordinance, there is a need for two readings of the ordinance. Alderman Caldwell noted that he was not sure about this tax that he was afraid that citizens would not be in favor of this action and Manager Hites responded that without it, we would have to find additional monies to balance the budget. Alderman Caldwell stated that he would wait to see what the citizens thought and get their comments at the public hearing.

Alderman Jon Feichter made a motion, seconded by Alderman Gary Caldwell to call for the public hearing to be held on Tuesday, June 12, 2018 at 6:30 p.m. or as closely thereafter as possible in the Board Room of Town Hall located at 9 South Main Street, Waynesville to consider the adoption of a new ordinance amending Chapter 54, Article 1 and for the first reading of the proposed ordinance. The motion carried unanimously.

6. Call for Public Hearing to consider Adoption of FY 2018-2019 Annual Budget

Mayor Brown explained that the next item of business was to call for the public hearing on the Proposed Budget for Fiscal Year 2018-2019. Alderman Caldwell noted that he would not be in attendance for the June 12 meeting as he would be on vacation.

As is required by state statute, the public must be given the opportunity to comment regarding the proposed budget prior to its approval. Due to Alderman Caldwell's absence on June 12, the budget ordinance could not be approved until the June 26 regular meeting; however, the public hearing can be held as scheduled to gain public input and make any necessary revisions prior to presentation for approval on June 26.

Alderman LeRoy Roberson made a motion, seconded by Alderman Gary Caldwell to call for the public hearing to be held on Tuesday, June 12, 2018 at 6:30 p.m. or as closely thereafter as possible in the Board Room of Town Hall located at 9 South Main Street, Waynesville to consider the proposed budget for Fiscal Year 2018-2019. The motion carried unanimously.

7. Call for Public Hearing to amend Chapter 14 Article IV Taxicabs

Captain Brian Beck explained to the Board that the Town has had a taxicab ordinance for some time; however, it was found that as currently written, the ordinance was lacking any way penalize for not adhering to ordinance. There have been some instances where less than reputable companies are beginning to come to Waynesville. The ordinance was revised to include a penalty provision in enforcement actions. Captain Beck thanked Manager Hites for his diligence in assisting in the rewrite of the ordinance.

Alderman Jon Feichter made a motion, seconded by Alderman Gary Caldwell to call for Public Hearing to be held on Tuesday June 12, 2018 at 6:30 p.m. or as closely thereafter as possible in the Town Hall Board Room at 9 South Main Street, Waynesville to consider the amendment of Chapter 14, Article IV Taxicabs. The motion carried unanimously.

E. COMMUNICATIONS FROM STAFF

8. Manager's Report – Town Manager Rob Hites

9. Attorney's Report – Bill Cannon

Attorney Bill Cannon had no comments.

F. COMMUNICATIONS FROM THE MAYOR AND BOARD

There were no comments

G. CALL ON THE AUDIENCE

10. **William Hatcher Jr.,
1067 Peninsula Crossing,
Georgia**

Mr. Hatcher explained he owned property off of Lickstone Road in Haywood County known as the William G. Hatcher Estate. In the mid-1980s, a subdivision with 25 recorded platted lots called Chestnut Walk was developed. As part of this development, a water tank was installed to serve Chestnut Walk and an agreement was signed between the Town and developers that if the developers put in the lines, that the Town would maintain them. This agreement also contained discounted fees for water and sewer taps. Mr. Hatcher had spoken with former managers, Onieal, Morgan and with Public Services staff related to replacement of the tank due to its beginning to leak.

In May 2017, he began conversations with staff and Manager Hites which he called cordial as well, but that recent conversations mentioned consideration was being given to the Town abandoning the tank. The tank is reaching its useful life end and there are approximately 30 homes being served. Additional onsite meetings in 2018 were held to discuss possible solution to the issue including placement of a larger tank. An engineering study revealed that the tank failure was imminent and another tank was necessary.

Mr. Hatcher came to the Board to request an answer as to what the Town was going to do about the tank. He also requested to know how much money has been made on the tank (i.e. water billing). Mr. Hatcher added that he needed to get some answers and go on record as being very concerned about this issue and the people who would be impacted.

Mayor Brown asked Mr. Hatcher prior to commenting if he was waiving any attorney client privilege. Mr. Hatcher indicated that he was making such waiver. Mayor Brown explained that there had been discussion as to the various options available related to this tank and how to best proceed related to replacement and/or maintenance. Mayor Brown indicated that he would have Mr. Hites and staff continues to work on those items that were the Town's responsibility. He added that Town Attorney Bill Cannon was also researching the legal obligations of the Town as it relates to this issue.

J. ADJOURN

With no further business, a motion was made by Alderman Gary Caldwell, seconded by Alderman Jon Feichter to adjourn the meeting at 9:47 pm. The motion passed unanimously.

ATTEST:

Gavin Brown, Mayor

Eddie Ward, Town Clerk

Robert W. Hites, Jr., Town Manager

**COST- JUSTIFIED WATER AND WASTEWATER
SYSTEM DEVELOPMENT FEES REPORT**

TOWN OF WAYNESVILLE

HAYWOOD COUNTY, NORTH CAROLINA



**CONSULTING ENGINEERS
ASHEVILLE, NORTH CAROLINA**

**COST- JUSTIFIED WATER AND WASTEWATER
SYSTEM DEVELOPMENT FEES REPORT**

TOWN OF WAYNESVILLE

HAYWOOD COUNTY, NORTH CAROLINA

Andy Lovingood, PE, Vice President
James Bourey, Director of Management Services
Dale R. Schepers, Management Services Analyst



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MARCH 2018

Town of Waynesville, Haywood County
Cost-Justified Water and Wastewater
System Development Fees Report
March 2018



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APPENDICES

Appendix A

House Bill 436

NC Administrative Code 15A NCAC 18C .0409

NC Administrative Code 15A NCAC 02T .0114

Waynesville Capital Improvements Water/Sewer

Revenue Credit: Outstanding Debt Principal

Land Use Plan: Water and Sewer Capacity

RS Means Historical Cost Index

EXECUTIVE SUMMARY and PURPOSE STATEMENT

Executive Summary:

The North Carolina General Assembly passed House Bill 436 in July 2017, amending Chapter 162A of the General Statutes by adding "Article 8, System Development Fees." This amendment was enacted as "An Act to Provide for Uniform Authority to Implement System Development Fees for Public Water and Sewer Systems in North Carolina and to Clarify the Applicable Statute of Limitations" which requires compliance with designated calculation methodology by July 1, 2018.

In response to House Bill 436, the Town of Waynesville retained McGill Associates to complete a system development fee analysis. Based on the Town of Waynesville's combination of existing system capacity and planned capital improvements to expand capacity, the development fee, in accordance with HB 436 rules for an Equivalent Residential Unit (ERU) for water and sewer was calculated to be \$4,911. ERU is defined as the water and sewer capacities required to serve the most typical user type, which is a three-bedroom single-family dwelling.

The fee for other types of development can be calculated by applying the calculated cost of capacity of \$5.23 per gallon of flow per day to the water demands and \$7.83 per gallon of flow to the sewer flows for various uses as defined by NC Administrative Code 15A NCAC 18C .0409 and 15A NCAC 02T .0114.

Waynesville System Development Fees: Cost per Gallon per Day Calculation		
Item	Cost-Justified System Development Fee Calculation	Cost of Capacity \$/ gpd
1	Water System	\$ 5.23
2	Sewer System	\$ 7.83

Purpose Statement:

This report documents the results of the approach, methodology and calculations for establishing system development fees in accordance with North Carolina General Statute 162A, Article 8 "System Development Fees". Through House Bill 436 (HB 436), the General Assembly of North Carolina established a uniform approach and associated methodology required for local governmental units to calculate and implement System Development Fees (SDF) for public water and sewer systems. Existing SDFs, in place on October 1, 2017, are required to be conformed to HB 436 no later than July 1, 2018. The SDF must be determined by a qualified engineer or financial professional using industry standard practices. A copy of HB 436 is included in Appendix A.

The Town of Waynesville retained McGill Associates (McGill) to review and make recommendations for revisions as necessary to water SDF to conform with HB 436. The approach, methodology and calculations are based on American Water Works Association (AWWA) Manual of Water Supply Practices – M1, Principles of Water Rates, Fees, and Charges, Seventh Edition.

McGill Associates is qualified in engineering disciplines and financial analysis and has the expertise and experience to determine system development fees. The firm has a long history of working with cities, towns, counties and special districts to provide professional advice on the setting of fees, the development of water and wastewater master plans and capital improvement programs, and the development of asset management plans.

Waynesville has made significant investments in water and sewer capital assets that provide capacity that is, and will be available for new development, and desires to use System Development Fees to recover a portion of the costs associated with providing capacity.

The overall result of this effort will be establishing the maximum cost-justified System Development Fees allowable under HB 436. Waynesville may elect to implement fees of lesser value; however, any adjustment must be calculated on a cost per unit volume basis, meaning the same cost per gallon adjustment must be applied equally to all customers.

System Development Fees are defined as a charge imposed on each new customer or development that generally offsets the incremental cost of replacing existing and/or constructing new capital assets to provide capacity that will continue to meet the demands placed on the system by each new customer or development. Since water and sewer system capacity must exceed customer demands, the major infrastructure components providing this capacity, such as water treatment plants, reservoirs, wells, pump stations, wastewater treatment plants, etc., must be planned and constructed well in advance, and in large enough increments to keep pace with anticipated demand on the available system capacity.

AWWA methodology cites legal consideration for determining SDF. A Rational Nexus, or reasonable relationship, must be established between the fee charged and the cost associated with providing capacity to new customers. The Rational Nexus Test consists of three elements and will be addressed by 1) a review of available planning documents to verify general alignment between capacity demands driven by projected development patterns and planned capital improvements that will be needed to create the required capacity; 2) a determination of the proportionate share of costs to be borne by new development through appropriate methodology and calculation and 3) establishing a reasonable apportionment of the cost to new development in relation to the benefits the new development will reasonably receive through appropriate methodology and calculations.

The first element of the Rational Nexus Test was determined to be favorable based on a review of the Town of Waynesville 2020 Land Development Plan, and the current Capital Improvements Projects (CIP) schedule. The plan provides a general description of future water and sewer system demands and lists a number of capital projects through 2027 that have been addressed, and mentions the anticipated improvements and expansion of the wastewater treatment plant after 2020. The current CIP schedule proposes the treatment plant improvement in 2022. Pages from the Town's Capital Improvements Plan and sections of the Land Development Plan are included in Appendix A.

The remaining elements of the Rational Nexus Test; 2) determining proportionate share of costs to be borne by new development and 3) establishing a reasonable cost to new development in relation to the benefits received by the new development will be determined through appropriate methodology and calculations in the following sections.

Three methods for calculating SDF meet the definition of HB 436 and will satisfy the Rational Nexus Test:

Buy-In Method

The Buy-In Method is used where existing system capacity is available to provide service to new development. New customers essentially “buy” their proportionate share of system capacity from the current customer base (“system owners”) at the current cost or value of the existing facilities. HB 436 requires appropriate adjustments to be made to the replacement costs such as “debt credits, grants, and other generally accepted valuation adjustments.”

Incremental Cost Method

The Incremental Cost (or Marginal Cost) Method is used to assign new development the incremental cost of capital assets required for future system capacity expansion(s). This method should include supporting details identifying construction costs, scheduling, financing, funding source(s), etc., tied to a capital improvements plan, utilities master plan, and/or other approved planning document(s) that cover a planning horizon of 10 to 20 years. HB 436 requires a revenue credit to be applied “against the projected aggregate cost of water or sewer capital improvements.”

Combined Method

The Combined Approach is a combination of the Buy-In and Incremental Cost Methods, and is used where existing assets provide some system capacity to accommodate new development, and applicable capital plan(s) also identify significant capital investment proposed to add infrastructure required to address future growth and capacity needs.

3.0

CALCULATION of SYSTEM DEVELOPMENT FEES

The **Combined Method** is the appropriate approach to calculating Waynesville's system development fees because of the combination of existing system capacity and planned future capacity expansion through capital improvements, specifically the construction of Water Tower 2. Existing system capacity is available to provide service to new customers in the near term and is expected to be expanded to accommodate growth projected for the long-term. Future capacity-related projects are represented in the Capital Improvements Plan which require incremental cost calculations. Therefore, calculating SDF will require the combined method.

3.1 **Existing System Capacity Availability**

Water and sewer system design capacities are determined using average day demands and incorporate appropriate peaking factors that will adequately address maximum flow conditions that occur during high water use conditions and wet weather flows for the sewer system. Using historical data, the average day flows for the water and sewer systems indicate available system capacities as follows:

Table 3.1.1 – Waynesville Water and Sewer System Available Capacity

Waynesville Water and Sewer System Available Capacity				
Item	System Capacity - Million Gallons Per Day (MGD)	Design Capacity	Average Day	Available Capacity
1	Water System	8.0	3.40	4.60
2	Sewer System	6.0	4.40	1.60
Design Standards applicable to capacity are based on average day conditions				
Design Capacities provided by Town				

3.2 **Buy-In Calculation - After demonstrating capacity is available, the value per gallon is calculated to determine the cost per gallon that will be applied to reimburse existing customers for constructing and maintaining available capacity in advance.**

The preferred AWWA valuation approach is "replacement cost new less depreciation" (RCNLD). This approach is based on the premise that System Development Fees should reflect the value of providing any given amount of new capacity at the cost of constructing the assets at the time the new customer is connected. This fairly compensates existing customers for carrying the costs of constructing and maintaining capacity built into the system in advance of when the new customers connect.

Replacement cost in the RCNLD calculation used the RS Means Historical Cost Index. RS Means has been publishing a construction cost index for over 70 years, collecting data from all facets of

the industry to accurately track costs directly related to building and construction. This allows the present value (replacement cost new) of capital construction projects to be calculated on data provided by a very reliable, long-time industry leader. Depreciation assigned by the Town's fixed asset inventory uses the straight-line method, typically based on a 50-year assignment of useful life, to represent a general decline in value over time.

Replacement Cost New (RCN) is therefore determined by applying the RS Means index to the original cost, then deducting the accumulated depreciation to reach RCNLD.

Assets included in the buy-in valuation are those that provide the available capacity of the system, are "owned" by the ratepayers, and therefore provide a benefit to all customers. Typically, these assets are water supply, treatment, pump stations, storage and mains; wastewater treatment plant, lift stations and sewers. Assets contributed by or paid for by developers are deducted from the calculation since these costs were not "paid" by the existing customers. Non-capacity related assets such as vehicles, computers and software are also excluded from the calculation.

Table 3.2.1 – Water System Cost per GPD of Existing Utility Assets Providing Available Capacity

Waynesville Water System Development Fee Buy-In Valuation in Dollars				
Item	System Asset Description	RCNLD	Excluded	Amount Eligible
Water System Assets				
W1	Land/Water Source/Plant/Storage	\$ 22,277,832	\$ -	\$ 22,277,832
W2	Water Main Infrastructure	\$ 20,635,560	\$ -	\$ 20,635,560
W3	Vehicles	\$ 446,112	\$ 446,112	\$ -
W4	Equipment	\$ 36,011	\$ 36,011	\$ -
	Subtotal - Water System Assets	\$ 43,395,515	\$ 482,123	\$ 42,913,392
Valuation Adjustments and Calculation of Cost-Justified Fee				
	Less Revenue Credit: Outstanding Debt Principal			\$ (1,063,168)
	Equals: Net Water System Value			\$ 41,850,224
	Divide by: Water System Capacity (MGD)			8.0
	Equals: Unit Valuation of Water System (\$/MGD)			\$ 5,231,278
	Divide by: 1,000,000 gallons (\$/GPD)			\$ 5.23

Table 3.2.2 – Sewer Collection System Cost per GPD of Existing Utility Assets Providing Available Capacity

Waynesville Sewer System Development Fee Buy-In Valuation in Dollars				
Item	System Asset Description	RCNLD	Excluded	Amount Eligible
Sewer System Assets				
S1	Land/Plant	\$ 21,497,011	\$ -	\$ 21,497,011
S2	Sewer Main Infrastructure	\$ 8,937,773	\$ -	\$ 8,937,773
S4	Vehicles	\$ 344,145	\$ 344,145	\$ -
S5	Equipment	\$ 91,830	\$ 91,830	\$ -
Subtotal - Sewer System Assets		\$ 30,870,759	\$ 435,975	\$ 30,434,784
Valuation Adjustments and Calculation of Cost-Justified Fee				
	Less Revenue Credit: Outstanding Debt Principal- Sewer System			
	Equals: Net Sewer System Value			\$ 30,434,784
	Divide by: Sewer System Capacity (MGD)			6.0
	Equals: Unit Valuation of Sewer System (\$/MGD)			\$ 5,072,464
	Divide by: 1,000,000 gallons (\$/GPD)			\$ 5.07

3.3 Incremental Cost Calculation - Value of future capacity to be available to new customers through capital construction projects considered in the Town's Capital Improvements Plan (CIP) or similar master planning document.

Assigning value to future capacity-related assets requires a determination of cost in present-day dollars and a clearly defined capacity that the assets will provide. Engineers typically assign project costs and capacity needs developed through a conceptual design process, and adjust costs to the scheduled year of construction in the CIP. Present-day value can therefore be obtained using the same assumptions for inflation and then applied to the incremental cost calculation.

Table 3.3.1 – Cost per GPD for Incremental (Future) Utility Assets Providing Capacity

Waynesville Sewer System Development Fee Incremental Valuation				
Item	System Asset Description	Cost Basis	Excluded	Amount Eligible
Sewer System Assets				
S1	WWTP Improvements	\$18,432,000	\$ -	\$ 18,432,000
	Subtotal - Sewer System Assets	\$18,432,000	\$ -	\$ 18,432,000
Valuation Adjustments and Calculation of Cost-Justified Fee				
	Less Revenue Credit: Minimum 25% per HB436			\$ (4,608,000)
	Equals: Net Sewer System Value			\$ 13,824,000
	Divide by: Sewer System Capacity (MGD)			5.0
	Equals: Unit Valuation of Sewer System (\$/MGD)			\$ 2,764,800
	Divide by: 1,000,000 gallons (\$/GPD)			\$ 2.76

3.4 Valuation Adjustments – The above system valuations include applicable credit adjustments for revenues anticipated from existing user charges, donated infrastructure and grants.

HB 436 requires revenue credits to be applied to debt that is issued to construct water and sewer system assets that provide capacity for potential customers, and are repaid by retail water rates and charges. To ensure that repayment for this debt is not collected twice from new customers; once through the SDF and again through retail rates and charges, the remaining outstanding debt principal amount is required to be applied as a credit against the projected aggregate cost of the capital improvements in the SDF calculation.

Revenue credits are also required to be applied to incremental (future) capacity-related assets, as the portion of projected revenues (adjusted to net present value), anticipated through the planning period (minimum 10 years), that can be used to directly offset a portion of the capital cost. HB 436 assumes rate-generated revenues projected through the capital planning period will provide a minimum of 25% of the funding required to construct the assets. The potential for generating revenue to offset any future capital needs was discussed with the Town. Staff determined that realizing any funding beyond the minimum 25% would be unattainable. Therefore, 25% is applied to the above calculation.

Contributed capital provided by new development, that exceeds the development's proportionate share of connecting facilities, shall also be credited. Contributed capital is identified as part of fixed asset review and included in the summary of ineligible assets in the above calculation.

3.5 Cost per Unit Volume – Dollar value that can be applied uniformly to all potential customer.

This measure becomes the starting point for determining the maximum cost-justified water and sewer system development fee. Fees for different types of customers are based on this cost of capacity multiplied by the amount of capacity needed to serve each type or class of customer.

4.0**SERVICE UNIT CALCULATIONS: EQUIVALENT RESIDENTIAL UNITS**

HB 436 requires SDF calculations to be applied to various categories of customer demands based on service units or Equivalent Residential Units (ERU). ERU is defined as the water and sewer capacities required to serve the most typical user type, which is a three-bedroom single-family dwelling. North Carolina Division of Water Resources (DWR) design standards for constructing water and sewer systems, NC Administrative Code 15A NCAC 18C .0409 and 15A NCAC 02T .0114 respectively, establish daily flow requirements based this type of service connection. ERU can therefore be defined as 400 gallons per day for water and 360 gallons per day for sewer.

Table 4.0.1 – Cost-Justified System Development Fees: Equivalent Residential Unit Water and Sewer

Waynesville System Development Fees: Equivalent Residential Unit Calculation				
Item	Cost-Justified System Development Fee Calculation	Cost of Capacity \$/ gpd	Customer Demand gpd	Cost per Unit Capacity *
1	Water System	\$ 5.23	400	\$ 2,092
2	Sewer System	\$ 7.83	360	\$ 2,819
	Total ERU			\$ 4,911
* Cost per unit capacity rounded to nearest dollar				

5.0 APPLICATION of SYSTEM DEVELOPMENT FEES and SERVICE UNIT EQUIVALENCY

NC Administrative Code 15A NCAC 18C .0409 and 15A NCAC 02T .0114, shown below, further define other service connection types and the associated water system demands and sewer system flows on a per gallon per day basis. Therefore, these tables serve as an equivalency or conversion for use in determining applicable SDF for various categories of demand.

McGill Associates has calculated costs for water and sewer capacity on a per gallon per day basis for the Town of Waynesville. This calculation was performed using the Combined Method to account for the Town's combination of existing capacity and planned future capacity expansion through capital expenditure. This calculation resulted in a development fee ceiling of \$4,911 for an Equivalent Residential Unit (ERU). ERU is defined as the water and sewer capacities required to serve the most typical user type, which is a three-bedroom single-family dwelling. The fee for other types of development can be calculated by applying the calculated the cost of capacity per gallon of flow per day to the water and wastewater demands for various uses as defined by NC Administrative Code 15A NCAC 18C .0409 and 15A NCAC 02T .0114.

Using NC Administrative Code 15A NCAC 18C .0409 and 15A NCAC 02T .0114 ensures that the same standard used to plan, design, construct and finance capital assets is applied as the same cost recovery basis to be applied to new development.

Appendix A

House Bill 436

NC Administrative Code 15A NCAC 18C .0409

NC Administrative Code 15A NCAC 02T .0114

Waynesville Capital Improvements Water/Sewer

Revenue Credit: Outstanding Debt Principal

Land Use Plan: Water and Sewer Capacity

RS Means Historical Cost Index

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2017

SESSION LAW 2017-138
HOUSE BILL 436

AN ACT TO PROVIDE FOR UNIFORM AUTHORITY TO IMPLEMENT SYSTEM DEVELOPMENT FEES FOR PUBLIC WATER AND SEWER SYSTEMS IN NORTH CAROLINA AND TO CLARIFY THE APPLICABLE STATUTE OF LIMITATIONS.

The General Assembly of North Carolina enacts:

SECTION 1. Chapter 162A of the General Statutes is amended by adding a new Article to read:

"Article 8.

"System Development Fees.

"§ 162A-200. Short title.

This Article shall be known and may be cited as the "Public Water and Sewer System Development Fee Act."

"§ 162A-201. Definitions.

The following definitions apply in this Article:

- (1) Capital improvement. – A planned facility or expansion of capacity of an existing facility other than a capital rehabilitation project necessitated by and attributable to new development.
- (2) Capital rehabilitation project. – Any repair, maintenance, modernization, upgrade, update, replacement, or correction of deficiencies of a facility, including any expansion or other undertaking to increase the preexisting level of service for existing development.
- (3) Existing development. – Land subdivisions, structures, and land uses in existence at the start of the written analysis process required by G.S. 162A-205, no more than one year prior to the adoption of a system development fee.
- (4) Facility. – A water supply, treatment, storage, or distribution facility, or a wastewater collection, treatment, or disposal facility, including for reuse or reclamation of water, owned or operated, or to be owned or operated, by a local governmental unit and land associated with such facility.
- (5) Local governmental unit. – Any political subdivision of the State that owns or operates a facility, including those owned or operated pursuant to local act of the General Assembly or pursuant to Part 2 of Article 2 of Chapter 130A, Article 15 of Chapter 153A, Article 16 of Chapter 160A, or Articles 1, 4, 5, 5A, or 6 of Chapter 162A of the General Statutes.
- (6) New development. – Any of the following occurring after the date a local government begins the written analysis process required by G.S. 162A-205, no more than one year prior to the adoption of a system development fee, which increases the capacity necessary to serve that development:

- a. The subdivision of land.



- b. The construction, reconstruction, redevelopment, conversion, structural alteration, relocation, or enlargement of any structure which increases the number of service units.
 - c. Any use or extension of the use of land which increases the number of service units.
- (7) Service. – Water or sewer service, or water and sewer service, provided by a local governmental unit.
- (8) Service unit. – A unit of measure, typically an equivalent residential unit, calculated in accordance with generally accepted engineering or planning standards.
- (9) System development fee. – A charge or assessment for service imposed with respect to new development to fund costs of capital improvements necessitated by and attributable to such new development, to recoup costs of existing facilities which serve such new development, or a combination of those costs, as provided in this Article. The term includes amortized charges, lump-sum charges, and any other fee that functions as described by this definition regardless of terminology. The term does not include any of the following:
- a. A charge or fee to pay the administrative, plan review, or inspection costs associated with permits required for development.
 - b. Tap or hookup charges for the purpose of reimbursing the local governmental unit for the actual cost of connecting the service unit to the system.
 - c. Availability charges.
 - d. Dedication of capital improvements on-site, adjacent, or ancillary to a development absent a written agreement providing for credit or reimbursement to the developer pursuant to G.S. 153A-280, 153A-451, 160A-320, 160A-499 or Part 3A of Article 18, Chapter 153A or Part 3D of Article 19, Chapter 160A of the General Statutes.
 - e. Reimbursement to the local governmental unit for its expenses in constructing or providing for water or sewer utility capital improvements adjacent or ancillary to the development if the owner or developer has agreed to be financially responsible for such expenses; however, such reimbursement shall be credited to any system development fee charged as set forth in G.S. 162A-207(c).
- (10) System development fee analysis. – An analysis meeting the requirements of G.S. 162A-205.

"§ 162A-202. Reserved.

"§ 162A-203. Authorization of system development fee.

(a) A local governmental unit may adopt a system development fee for water or sewer service only in accordance with the conditions and limitations of this Article.

(b) A system development fee adopted by a local governmental unit under any lawful authority other than this Article and in effect on October 1, 2017, shall be conformed to the requirements of this Article not later than July 1, 2018.

"§ 162A-204. Reserved.

"§ 162A-205. Supporting analysis.

A system development fee shall be calculated based on a written analysis, which may constitute or be included in a capital improvements plan, that:

- (1) Is prepared by a financial professional or a licensed professional engineer qualified by experience and training or education to employ generally accepted accounting, engineering, and planning methodologies to calculate system development fees for public water and sewer systems.
- (2) Documents in reasonable detail the facts and data used in the analysis and their sufficiency and reliability.
- (3) Employs generally accepted accounting, engineering, and planning methodologies, including the buy-in, incremental cost or marginal cost, and combined cost methods for each service, setting forth appropriate analysis as to the consideration and selection of a method appropriate to the circumstances and adapted as necessary to satisfy all requirements of this Article.
- (4) Documents and demonstrates the reliable application of the methodologies to the facts and data, including all reasoning, analysis, and interim calculations underlying each identifiable component of the system development fee and the aggregate thereof.
- (5) Identifies all assumptions and limiting conditions affecting the analysis and demonstrates that they do not materially undermine the reliability of conclusions reached.
- (6) Calculates a final system development fee per service unit of new development and includes an equivalency or conversion table for use in determining the fees applicable for various categories of demand.
- (7) Covers a planning horizon of not less than 10 years nor more than 20 years.
- (8) Is adopted by resolution or ordinance of the local governmental unit in accordance with G.S. 162A-209.

"§ 162A-206. Reserved.

"§ 162A-207. Minimum requirements.

(a) Maximum. – A system development fee shall not exceed that calculated based on the system development fee analysis.

(b) Revenue Credit. – In applying the incremental cost or marginal cost, or the combined cost, method to calculate a system development fee with respect to water or sewer capital improvements, the system development fee analysis must include as part of that methodology a credit against the projected aggregate cost of water or sewer capital improvements. That credit shall be determined based upon generally accepted calculations and shall reflect a deduction of either the outstanding debt principal or the present value of projected water and sewer revenues received by the local governmental unit for the capital improvements necessitated by and attributable to such new development, anticipated over the course of the planning horizon. In no case shall the credit be less than twenty-five percent (25%) of the aggregate cost of capital improvements.

(c) Construction or Contributions Credit. – In calculating the system development fee with respect to new development, the local governmental unit shall credit the value of costs in excess of the development's proportionate share of connecting facilities required to be oversized for use of others outside of the development. No credit shall be applied, however, for water or sewer capital improvements on-site or to connect new development to water or sewer facilities.

"§ 162A-208. Reserved.

"§ 162A-209. Adoption and periodic review.

(a) For not less than 45 days prior to considering the adoption of a system development fee analysis, the local governmental unit shall post the analysis on its Web site and solicit and furnish a means to submit written comments, which shall be considered by the preparer of the analysis for possible modifications or revisions.

(b) After expiration of the period for posting, the governing body of the local governmental unit shall conduct a public hearing prior to considering adoption of the analysis with any modifications or revisions.

(c) The local governmental unit shall publish the system development fee in its annual budget or rate plan or ordinance. The local governmental unit shall update the system development fee analysis at least every five years.

"§ 162A-210. Reserved.

"§ 162A-211. Use and administration of revenue.

(a) Revenue from system development fees calculated using the incremental cost method or marginal cost method, exclusively or as part of the combined cost method, shall be expended only to pay:

- (1) Costs of constructing capital improvements including, and limited to, any of the following:
 - a. Construction contract prices.
 - b. Surveying and engineering fees.
 - c. Land acquisition cost.
 - d. Principal and interest on bonds, notes, or other obligations issued by or on behalf of the local governmental unit to finance any costs for an item listed in sub-subdivisions a. through c. of this subdivision.
- (2) Professional fees incurred by the local governmental unit for preparation of the system development fee analysis.
- (3) If no capital improvements are planned for construction within five years or the foregoing costs are otherwise paid or provided for, then principal and interest on bonds, notes, or other obligations issued by or on behalf of a local governmental unit to finance the construction or acquisition of existing capital improvements.

(b) Revenue from system development fees calculated using the buy-in method may be expended for previously completed capital improvements for which capacity exists and for capital rehabilitation projects. The basis for the buy-in calculation for previously completed capital improvements shall be determined by using a generally accepted method of valuing the actual or replacement costs of the capital improvement for which the buy-in fee is being collected less depreciation, debt credits, grants, and other generally accepted valuation adjustments.

(c) A local governmental unit may pledge a system development fee as security for the payment of debt service on a bond, note, or other obligation subject to compliance with the foregoing limitations.

(d) System development fee revenues shall be accounted for by means of a capital reserve fund established pursuant to Part 2 of Article 3 of Chapter 159 of the General Statutes and limited as to expenditure of funds in accordance with this section.

"§ 162A-212. Reserved.

"§ 162A-213. Time for collection of system development fees.

For new development involving the subdivision of land, the system development fee shall be collected by a local governmental unit either at the time of plat recordation or when water or sewer service for the subdivision or other development is committed by the local governmental unit. For all other new development, the local governmental unit shall collect the system development fee at the time of application for connection of the individual unit of development to the service or facilities.

"§ 162A-214. Reserved.

"§ 162A-215. Narrow construction.

Notwithstanding G.S. 153A-4 and G.S. 160A-4, in any judicial action interpreting this Article, all powers conferred by this Article shall be narrowly construed to ensure that system development fees do not unduly burden new development."

SECTION 2. G.S. 130A-64 reads as rewritten:

"§ 130A-64. Service charges and rates.

(a) A sanitary district board shall apply service charges and rates based upon the exact benefits derived. These service charges and rates shall be sufficient to provide funds for the maintenance, adequate depreciation and operation of the work of the district. If reasonable, the service charges and rates may include an amount sufficient to pay the principal and interest maturing on the outstanding bonds and, to the extent not otherwise provided for, bond anticipation notes of the district. Any surplus from operating revenues shall be set aside as a separate fund to be applied to the payment of interest on or to the retirement of bonds or bond anticipation notes. The sanitary district board may modify and adjust these service charges and rates.

(b) The district board may require system development fees only in accordance with Article 8 of Chapter 162A of the General Statutes."

SECTION 3. G.S. 153A-277 reads as rewritten:

"§ 153A-277. Authority to fix and enforce rates.

(a) A county may establish and revise from time to time schedules of rents, rates, fees, charges, and penalties for the use of or the services furnished or to be furnished by a public enterprise. Schedules of rents, rates, fees, charges, and penalties may vary for the same class of service in different areas of the county and may vary according to classes of service, and different schedules may be adopted for services provided outside of the county. A county may include a fee relating to subsurface discharge wastewater management systems and services on the property tax bill for the real property where the system for which the fee is imposed is located.

...
(a2) A county may require system development fees only in accordance with Article 8 of Chapter 162A of the General Statutes.
...."

SECTION 4.(a) G.S. 160A-314 reads as rewritten:

"§ 160A-314. Authority to fix and enforce rates.

(a) A city may establish and revise from time to time schedules of rents, rates, fees, charges, and penalties for the use of or the services furnished or to be furnished by any public enterprise. Schedules of rents, rates, fees, charges, and penalties may vary according to classes of service, and different schedules may be adopted for services provided outside the corporate limits of the city.

...
(e) A city may require system development fees only in accordance with Article 8 of Chapter 162A of the General Statutes."

SECTION 4.(b) G.S. 160A-317 is amended by adding a new subsection to read:

"(a4) System Development Fees. – A city may require system development fees only in accordance with Article 8 of Chapter 162A of the General Statutes."

SECTION 5.(a) G.S. 162A-6(a) is amended by adding a new subdivision to read:

"(9a) To impose and require system development fees only in accordance with Article 8 of this Chapter."

SECTION 5.(b) G.S. 162A-9 is amended by adding a new subsection to read:

"(a5) An authority may require system development fees only in accordance with Article 8 of this Chapter."

SECTION 6.(a) G.S. 162A-36(a) is amended by adding a new subdivision to read:

"(8a) To impose and require system development fees only in accordance with Article 8 of this Chapter."

SECTION 6.(b) G.S. 162A-49 reads as rewritten:

"§ 162A-49. Rates and charges for services.

(a) The district board may fix, and may revise from time to time, rents, rates, fees and other charges for the use of land for the services furnished or to be furnished by any water system or sewerage system or both. Such rents, rates, fees and charges shall not be subject to supervision or regulation by any bureau, board, commission, or other agency of the State or of any political subdivision. Any such rents, rates, fees and charges pledged to the payment of revenue bonds of the district shall be fixed and revised so that the revenues of the water system or sewerage system or both, together with any other available funds, shall be sufficient at all times to pay the cost of maintaining, repairing and operating the water system or the sewerage system or both, the revenues of which are pledged to the payment of such revenue bonds, including reserves for such purposes, and to pay the interest on and the principal of such revenue bonds as the same shall become due and payable and to provide reserves therefor. If any such rents, rates, fees and charges are pledged to the payment of any general obligation bonds issued under this Article, such rents, rates, fees and charges shall be fixed and revised so as to comply with the requirements of such pledge. The district board may provide methods for collection of such rents, rates, fees and charges and measures for enforcement of collection thereof, including penalties and the denial or discontinuance of service.

(b) The district board may require system development fees only in accordance with Article 8 of this Chapter."

SECTION 7.(a) G.S. 162A-69 is amended by adding a new subdivision to read:

"(8a) To impose and require system development fees only in accordance with Article 8 of this Chapter."

SECTION 7.(b) G.S. 162A-72 reads as rewritten:

"§ 162A-72. Rates and charges for services.

(a) The district board may fix, and may revise from time to time, rents, rates, fees and other charges for the use of and for the services furnished or to be furnished by any sewerage system. Such rents, rates, fees and charges shall not be subject to supervision or regulation by any bureau, board, commission, or other agency of the State or of any political subdivision. Any such rents, rates, fees and charges pledged to the payment of revenue bonds of the district shall be fixed and revised so that the revenues of the sewerage system, together with any other available funds, shall be sufficient at all times to pay the cost of maintaining, repairing and operating the sewerage system the revenues of which are pledged to the payment of such revenue bonds, including reserves for such purposes, and to pay the interest on and the principal of such revenue bonds as the same shall become due and payable and to provide reserves therefor. If any such rents, rates, fees and charges are pledged to the payment of any general obligation bonds issued under this Article, such rents, rates, fees and charges shall be fixed and revised so as to comply with the requirements of such pledge. The district board may provide methods for collection of such rents, rates, fees and charges and measures for enforcement of collection thereof, including penalties and the denial or discontinuance of service.

(b) The district board may require system development fees only in accordance with Article 8 of this Chapter."

SECTION 8. G.S. 162A-85.13 is amended by adding a new subsection to read:

"(a1) The district board may require system development fees only in accordance with Article 8 of this Chapter."

SECTION 9. G.S. 162A-88 reads as rewritten:

"§ 162A-88. District is a municipal corporation.

(a) The inhabitants of a county water and sewer district created pursuant to this Article are a body corporate and politic by the name specified by the board of commissioners. Under that name they are vested with all the property and rights of property belonging to the corporation; have perpetual succession; may sue and be sued; may contract and be contracted with; may acquire and hold any property, real and personal, devised, sold, or in any manner conveyed, dedicated to, or otherwise acquired by them, and from time to time may hold, invest, sell, or dispose of the same; may have a common seal and alter and renew it at will; may establish, revise and collect rates, fees or other charges and penalties for the use of or the services furnished or to be furnished by any sanitary sewer system, water system or sanitary sewer and water system of the district; and may exercise those powers conferred on them by this Article.

(b) The district board may require system development fees only in accordance with Article 8 of this Chapter."

SECTION 10.(a) G.S. 1-52(15) reads as rewritten:

"(15) For the recovery of taxes paid as provided in ~~G.S. 105-381~~ G.S. 105-381 or for the recovery of an unlawful fee, charge, or exaction collected by a county, municipality, or other unit of local government for water or sewer service or water and sewer service."

SECTION 10.(b) This section is to clarify and not alter G.S. 1-52.

SECTION 11. Sections 1 through 9 of this act become effective October 1, 2017, and apply to system development fees imposed on or after that date. Section 10 of this act, being a clarifying amendment, has retroactive effect and applies to claims accrued or pending prior to and after the date that section becomes law. Nothing in this act provides retroactive authority for any system development fee, or any similar fee for water or sewer services to be furnished, collected by a local governmental unit prior to October 1, 2017. The remainder of this act is effective when it becomes law and applies to claims accrued or pending prior to and after that date.

In the General Assembly read three times and ratified this the 29th day of June, 2017.

s/ Daniel J. Forest
President of the Senate

s/ Tim Moore
Speaker of the House of Representatives

s/ Roy Cooper
Governor

Approved 4:13 p.m. this 20th day of July, 2017

15A NCAC 18C .0409 SERVICE CONNECTIONS

(a) Local Water Supply Plan. Units of local government which are operating under a local water supply plan in accordance with G.S. 143-355(l) shall not be limited in the number of service connections.

(b) No local water supply plan. A public water system which does not have a local water supply plan as stated in Paragraph

(a) shall limit its number of service connections as follows:

- (1) A public water system shall meet the daily flow requirements specified in Table 1:

Table 1: Daily Flow Requirements

Type of Service Connection	Daily Flow for Design
Residential	400 gallon/connection
Mobile Home Parks	250 gallon/connection
Campgrounds and Travel Trailer Parks	100 gallon/space
Marina	10 gallon/boat slip
Marina with bathhouse	30 gallon/boat slip
Rest Homes and Nursing Homes	
with laundry	120 gallon/bed
without laundry	60 gallon/bed
Schools	15 gallon/student
Day Care Facilities	15 gallon/student
Construction, work, or summer camps	60 gallon/person
Business, office, factory (exclusive of industrial use)	
without showers	25 gallon/person/shift
with showers	35 gallon/person/shift
Hospitals	300 gallon/bed

or;

- (2) A public water system serving different types of service connections shall meet the maximum daily demand calculated as follows:
- (A) Where records of the previous year are available that reflect daily usage, the average of the two highest consecutive days of record of the water treated shall be the value used to determine if there is capacity to serve additional service connections (unusual events such as massive line breaks or line flushings shall not be considered).
- (B) Where complete daily records of water treated are not available, the public water system shall multiply the daily average use based on the amount of water treated during the previous year of record by the appropriate factor to determine maximum daily demand, as follows:
- (i) A system serving a population of 10,000 or less shall multiply the daily average use by 2.5; or
- (ii) A system serving a population greater than 10,000 shall multiply the daily average use by 2.0.

*History Note: Authority G.S. 130A-315; 103A-317; P.L. 93-523;
Eff. July 1, 1994.*

15A NCAC 02T .0114 WASTEWATER DESIGN FLOW RATES

(a) This Rule shall be used to determine wastewater flow rates for all systems covered by this Subchapter unless alternate criteria are provided by a program specific rule and for flow used for the purposes of 15A NCAC 02H .0105. These are minimum design daily flow rates for normal use and occupancy situations. Higher flow rates may be required where usage and occupancy are atypical, including, those in Paragraph (e) of this Rule. Wastewater flow calculations must take hours of operation and anticipated maximum occupancies/usage into account when calculating peak flows for design.

(b) In determining the volume of sewage from dwelling units, the flow rate shall be 120 gallons per day per bedroom. The minimum volume of sewage from each dwelling unit shall be 240 gallons per day and each additional bedroom above two bedrooms shall increase the volume by 120 gallons per day. Each bedroom or any other room or addition that can reasonably be expected to function as a bedroom shall be considered a bedroom for design purposes. When the occupancy of a dwelling unit exceeds two persons per bedroom, the volume of sewage shall be determined by the maximum occupancy at a rate of 60 gallons per person per day.

(c) The following table shall be used to determine the minimum allowable design daily flow of wastewater facilities. Design flow rates for establishments not identified below shall be determined using available flow data, water-using fixtures, occupancy or operation patterns, and other measured data.

Type of Establishments	Daily Flow For Design
Barber and beauty shops	
Barber Shops	50 gal/chair
Beauty Shops	125 gal/booth or bowl
Businesses, offices and factories	
General business and office facilities	25 gal/employee/shift
Factories, excluding industrial waste	25 gal/employee/shift
Factories or businesses with showers or food preparation	35 gal/employee/shift
Warehouse	100 gal/loading bay
Warehouse – self storage (not including caretaker residence)	1 gal/unit
Churches	
Churches without kitchens, day care or camps	3 gal/seat
Churches with kitchen	5 gal/seat
Churches providing day care or camps	25 gal/person (child & employee)
Fire, rescue and emergency response facilities	
Fire or rescue stations without on site staff	25 gal/person
Fire or rescue stations with on-site staff	50 gal/person/shift
Food and drink facilities	
Banquet, dining hall	30 gal/seat
Bars, cocktail lounges	20 gal/seat
Caterers	50 gal/100 sq ft floor space
Restaurant, full Service	40 gal/seat
Restaurant, single service articles	20 gal/seat
Restaurant, drive-in	50 gal/car space
Restaurant, carry out only	50 gal/100 sq ft floor space
Institutions, dining halls	5 gal/meal
Deli	40 gal/100 sq ft floor space
Bakery	10 gal/100 sq ft floor space
Meat department, butcher shop or fish market	75 gal/100 sq ft floor space
Specialty food stand or kiosk	50 gal/100 sq ft floor space
Hotels and Motels	
Hotels, motels and bed & breakfast facilities, without in-room cooking facilities	120 gal/room
Hotels and motels, with in-room cooking facilities	175 gal/room
Resort hotels	200 gal/room
Cottages, cabins	200 gal/unit
Self service laundry facilities	500 gal/machine
Medical, dental, veterinary facilities	
Medical or dental offices	250 gal/practitioner/shift

Veterinary offices (not including boarding)	250 gal/practitioner/shift
Veterinary hospitals, kennels, animal boarding facilities	20 gal/pen, cage, kennel or stall
Hospitals, medical	300 gal/bed
Hospitals, mental	150 gal/bed
Convalescent, nursing, rest homes without laundry facilities	60 gal/bed
Convalescent, nursing, rest homes with laundry facilities	120 gal/bed
Residential care facilities	60 gal/person
Parks, recreation, camp grounds, R-V parks and other outdoor activity facilities	
Campgrounds with comfort station, without water or sewer hookups	75 gal/campsite
Campgrounds with water and sewer hookups	100 gal/campsite
Campground dump station facility	50 gal/space
Construction, hunting or work camps with flush toilets	60 gal/person
Construction, hunting or work camps with chemical or portable toilets	40 gal/person
Parks with restroom facilities	250 gal/plumbing fixture
Summer camps without food preparation or laundry facilities	30 gal/person
Summer camps with food preparation and laundry facilities	60 gal/person
Swimming pools, bathhouses and spas	10 gal/person
Public access restrooms	325 gal/plumbing fixture
Schools, preschools and day care	
Day care and preschool facilities	25 gal/person (child & employee)
Schools with cafeteria, gym and showers	15 gal/student
Schools with cafeteria	12 gal/student
Schools without cafeteria, gym or showers	10 gal/student
Boarding schools	60 gal/person (student & employee)
Service stations, car wash facilities	
Service stations, gas stations	250 gal/plumbing fixture
Car wash facilities (if recycling water see Rule .0235)	1200 gal/bay
Sports centers	
Bowling center	50 gal/lane
Fitness, exercise, karate or dance center	50 gal/100 sq ft
Tennis, racquet ball	50 gal/court
Gymnasium	50 gal/100 sq ft
Golf course with only minimal food service	250 gal/plumbing fixture
Country clubs	60 gal/member or patron
Mini golf, putt-putt	250 gal/plumbing fixture
Go-kart, motocross	250 gal/plumbing fixture
Batting cages, driving ranges	250 gal/plumbing fixture
Marinas without bathhouse	10 gal/slip
Marinas with bathhouse	30 gal/slip
Video game arcades, pool halls	250 gal/plumbing fixture
Stadiums, auditoriums, theaters, community centers	5 gal/seat
Stores, shopping centers, malls and flea markets	
Auto, boat, recreational vehicle dealerships/showrooms with restrooms	125 gal/plumbing fixture
Convenience stores, with food preparation	60 gal/100 sq ft
Convenience stores, without food preparation	250 gal/plumbing fixture
Flea markets	30 gal/stall
Shopping centers and malls with food service	130 gal/1000 sq ft
Stores and shopping centers without food service	100 gal/1000 sq ft
Transportation terminals – air, bus, train, ferry, port and dock	5 gal/passenger

(d) Design daily flow rates for proposed non-residential developments where the types of use and occupancy are not known shall be designed for a minimum of 880 gallons per acre or the applicant shall specify an anticipated flow based upon anticipated or potential uses.

(e) Conditions applicable to the use of the above design daily flow rates:

- (1) For restaurants, convenience stores, service stations and public access restroom facilities, higher design daily flow rates shall be required based on higher expected usage where use is increased because of its proximity to highways, malls, beaches, or other similar high use areas.
- (2) Residential property on barrier islands and similar communities located south or east of the Atlantic Intracoastal Waterway used as vacation rental as defined in G.S. 42A-4 shall use 120 gallons per day per habitable room. Habitable room shall mean a room or enclosed floor space used or intended to be used for living or sleeping, excluding kitchens and dining areas, bathrooms, shower rooms, water closet compartments, laundries, pantries, foyers, connecting corridors, closets, and storage spaces.

(f) An adjusted daily sewage flow design rate shall be granted for permitted but not yet tributary connections and future connections tributary to the system upon showing that a sewage system is adequate to meet actual daily wastewater flows from a facility included in Paragraph (b) or (c) of this Rule without causing flow violations at the receiving wastewater treatment plant or capacity related sanitary sewer overflows within the collection system as follows:

- (1) Documented, representative data from that facility or a comparable facility shall be submitted by an authorized signing official in accordance with Rule .0106 of this Section to the Division as follows for all flow reduction request:
 - (A) Dates of flow meter calibrations during the time frame evaluated and indication if any adjustments were necessary.
 - (B) A breakdown of the type of connections (e.g. two bedroom units, three bedroom units) and number of customers for each month of submitted data as applicable. Identification of any non-residential connections including subdivision clubhouses/pools, restaurants, schools, churches and businesses. For each non-residential connection, information as identified in Paragraph (c) of this Rule (e.g. 200 seat church, 40 seat restaurant, 35 person pool bathhouse).
 - (C) Owner of the collection system.
 - (D) Age of the collection system.
 - (E) Analysis of inflow and infiltration within the collection system or receiving treatment plant, as applicable.
 - (F) Where a dedicated wastewater treatment plant serves the specific area and is representative of the residential wastewater usage, at least the 12 most recent consecutive monthly average wastewater flow readings and the daily total wastewater flow readings for the highest average wastewater flow month per customers as reported to the Division.
 - (G) Where daily data from a wastewater treatment plant cannot be utilized or is not representative of the project area: at least 12 months worth of monthly average wastewater flows from the receiving treatment plant shall be evaluated to determine the peak sewage month. Daily wastewater flows shall then be taken from a flow meter installed at the most downstream point of the collection area for the peak month selected that is representative of the project area. Justification for the selected placement of the flow meter shall also be provided.
 - (H) An estimated minimum design daily sewage flow rate shall be taken by calculating the numerical average of the top three daily readings for the highest average flow month. The calculations shall also account for seasonal variations, excessive inflow and infiltration, age and suspected meter reading/recording errors.
- (2) The Division shall evaluate all data submitted but shall also consider other factors in granting, with or without adjustment, or denying a flow reduction request including: applicable weather conditions during the data period (i.e. rainy or drought), other historical monitoring data for the particular facility or other similar facilities available to the Division, the general accuracy of monitoring reports and flow meter readings, and facility usage (i.e., resort area).
- (3) Flow increases shall be required if the calculations in Subparagraph (f)(1) of this Rule yield design flows higher than that specified in Paragraphs (b) or (c) of this Rule.
- (4) The applicant/owner shall retain the letter of any approved adjusted daily design flow rate for the life of the facility and shall transfer such letter to any new system owner.

*History Note: Authority G.S. 143-215.1; 143-215.3(a)(1);
Eff. September 1, 2006.*

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055	2056	2057	2058	2059	2060	2061	2062	2063	2064	2065	2066	2067	2068	2069	2070	2071	2072	2073	2074	2075	2076	2077	2078	2079	2080	2081	2082	2083	2084	2085	2086	2087	2088	2089	2090	2091	2092	2093	2094	2095	2096	2097	2098	2099	2100	2101	2102	2103	2104	2105	2106	2107	2108	2109	2110	2111	2112	2113	2114	2115	2116	2117	2118	2119	2120	2121	2122	2123	2124	2125	2126	2127	2128	2129	2130	2131	2132	2133	2134	2135	2136	2137	2138	2139	2140	2141	2142	2143	2144	2145	2146	2147	2148	2149	2150	2151	2152	2153	2154	2155	2156	2157	2158	2159	2160	2161	2162	2163	2164	2165	2166	2167	2168	2169	2170	2171	2172	2173	2174	2175	2176	2177	2178	2179	2180	2181	2182	2183	2184	2185	2186	2187	2188	2189	2190	2191	2192	2193	2194	2195	2196	2197	2198	2199	2200	2201	2202	2203	2204	2205	2206	2207	2208	2209	2210	2211	2212	2213	2214	2215	2216	2217	2218	2219	2220	2221	2222	2223	2224	2225	2226	2227	2228	2229	2230	2231	2232	2233	2234	2235	2236	2237	2238	2239	2240	2241	2242	2243	2244	2245	2246	2247	2248	2249	2250	2251	2252	2253	2254	2255	2256	2257	2258	2259	2260	2261	2262	2263	2264	2265	2266	2267	2268	2269	2270	2271	2272	2273	2274	2275	2276	2277	2278	2279	2280	2281	2282	2283	2284	2285	2286	2287	2288	2289	2290	2291	2292	2293	2294	2295	2296	2297	2298	2299	2300	2301	2302	2303	2304	2305	2306	2307	2308	2309	2310	2311	2312	2313	2314	2315	2316	2317	2318	2319	2320	2321	2322	2323	2324	2325	2326	2327	2328	2329	2330	2331	2332	2333	2334	2335	2336	2337	2338	2339	2340	2341	2342	2343	2344	2345	2346	2347	2348	2349	2350	2351	2352	2353	2354	2355	2356	2357	2358	2359	2360	2361	2362	2363	2364	2365	2366	2367	2368	2369	2370	2371	2372	2373	2374	2375	2376	2377	2378	2379	2380	2381	2382	2383	2384	2385	2386	2387	2388	2389	2390	2391	2392	2393	2394	2395	2396	2397	2398	2399	2400	2401	2402	2403	2404	2405	2406	2407	2408	2409	2410	2411	2412	2413	2414	2415	2416	2417	2418	2419	2420	2421	2422	2423	2424	2425	2426	2427	2428	2429	2430	2431	2432	2433	2434	2435	2436	2437	2438	2439	2440	2441	2442	2443	2444	2445	2446	2447	2448	2449	2450	2451	2452	2453	2454	2455	2456	2457	2458	2459	2460	2461	2462	2
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Sewer					
WWTP Headworks	-	-	-	-	-
Total Sewer	-	-	-	-	-
		18,432,000	18,432,000	18,432,000	Eligible
			18,432,000	18,432,000	

Total Water Sewer Fund	338,000	499,000	758,000	369,000	18,812,000	291,000	-	21,067,000
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Total Water Sewer Fund	338,000	499,000	758,000	369,000	18,812,000	291,000	-	21,067,000
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[illegible][illegible][illegible][illegible]

Water - Eligible Projects Total
Sewer - Eligible Projects Total

Revenue Required to Fund Eligible Projects
projected revenues generated by rates applicable to eligible projects
net present value of projected revenues
Minimum 25% Revenue Credit applied to Incremental Valuation

Town of Waynesville
Summary of Debt
Water Fund
FY/E 06/30/2017

		Non	Principal Amount Verified per Schedule	
		Current Amount Due	Current Amount Due	Total Due
EagleNest Water lines	WM	26,056.30	78,168.90	104,225.20
Misc. Water lines	WM	45,237.00	633,318.00	678,555.00
Water Meters	WM	16,493.40	263,894.40	280,387.80
				1,063,168.00 outstanding debt principal
Vehicles Loan 2015	WM	41,640.25	128,859.11	170,499.36
Vehicles Loan 2016	WM	31,903.29	133,096.71	165,000.00
		161,330.24	1,237,337.12	1,398,667.36

61-213000 61-279500

Next Payment Date	Interest Due	Days til 06/30/17	Days in Int. Period	Interest Accrued
Back Hoe and Trailer	-	-	0	0
EagleNest Water lines	-	59	365	-
Misc. Water lines	7,531.96	60	184	2,456.07
Water Meters	-	60	365	-
Police/Sewer/Water Vehicles	2,659.82	209	365	1,523.02
Police/Street/Water/Electric Vehic	2,788.50	220	365	1,680.74
	12,980.28			5,659.83

61-278500

Community Facilities and Infrastructure

Introduction

Public facilities are comprised of services and physical structures that enhance both the standard of living and quality of life in a community. The availability of public services and their capacity to support additional growth serves as a measure to gauge urban development. Because of soil types, topographic conditions, and other physical factors unique to mountain regions, the Town of Waynesville does find itself in a precarious position when it comes to the expansion of its water and sewer systems. Traditionally, the Town of Waynesville has been hesitant to use utility service as a tool to guide the direction of urban growth. Instead the town has recognized the need to extend services to communities outside town limits when these areas are served by poor water supply and more specifically failing on site septic systems. In the past couple years utility service has become more a part of the town's growth management policy. As more and more people move into the mountain area, the town will most certainly need to strike a balance between planned urban growth and continued infrastructure expansions.

Water System

The Town of Waynesville operates its own public water supply and distribution system. The existing 8.0 million gallon per day (mgd) water treatment plant utilizes an 8,400 acre WS-I watershed for a raw water source. The plant is a conventional treatment process consisting of rapid mix coagulation, flocculation, sedimentation, and filtration. The plant produces on average 3.6 mgd of potable water with the peak periods of the year typically coming in the summer months. In year 2000 the peak month was June in which the treatment facility produced approximately 5.3 mgd.

Water from the treatment facility is supplied by gravity to the majority of customers in town through a distribution system consisting of 2 to 24 inch diameter water lines. Booster pump stations are required to supply water to some of the higher elevations in the Richland Creek valley. The largest customers of the towns water system are the Junaluska Sanitary District which purchases on average 350,000 gallons per day and the Lake Junaluska Assembly which purchases a yearly average of 140,000 gallons per day with summer peaks being more in the 250,000 gallons per day range (*see Map 4, Water Lines*).

The North Carolina General Assembly mandated a local and state water supply planning process under North Carolina General Statute 143-355(l) and (m) to assure that communities have an adequate supply of water for future needs. Under this statute all units of local government that provide or plan to provide public water supply service are required to prepare a Local Water Supply Plan (LWSP) and to update that plan at least every five years. The information presented in an LWSP is an assessment of a water system's present and future water needs and its ability to meet those needs. The Town of Waynesville has fulfilled the requirements of an LWSP and their plan projected water demand is in accordance with recommendations made in the May 2000 *French Broad*

River Basinwide Water Quality Plan published by the North Carolina Department of Environment and Natural Resources, Division of Water Quality Section.

Wastewater Treatment System

The Town of Waynesville also operates its own wastewater collection system and treatment facility. The wastewater collection system consists of over 100 miles of 6 to 30 inch diameter gravity sewer lines serving the Town and some surrounding areas in the Richland Creek basin (*see Map 5, Sewer Lines*). These areas include but are not limited to the Junaluska Sanitary District, Lake Junaluska Assembly, and as of this year (2001) the Town of Clyde.

The treatment plant, located off Highway 209 in the Crabtree area, provides secondary treatment utilizing conventional activated sludge process and then discharges into the Pigeon River. The average daily amount treated is 3.5 mgd with summer peaks being higher. The summer peak of 2000 was the month of May with an average of 4.4 mgd being treated. The permitted plant capacity is 6.0 mgd.

Planned System Upgrades, Improvements and Expansions

System capacity for both water and sewer service is determined by the quantity of flow that can be accommodated by the pipes in the existing network and by the capacity of the water and wastewater treatment plants. Current capacity levels of both the water and wastewater treatment plants are estimated to be sufficient to carry the town and its expected growth to the year 2020 before any major expansions at either facility would need to be considered. There are however several smaller improvement projects planned for both services. These projects are listed on *Tables 21 (water) and 22 (sanitary sewer)*.

Solid Waste Management

The Town of Waynesville operates curbside garbage and recycling programs for each home within the corporate limits. Each home receives once-weekly collection with the day of pick-up depending upon location. Recyclable items are collected on the same day as household garbage is gathered. Items available for recycling include aluminum and metal cans, plastic, glass, newspaper, magazines, junk mail, cardboard and other paper products. Brush, leaves and other large items are usually collected separately but often on the same day. The town also has a policy of sweeping residential streets once per month and sweeping commercial streets once a week.

Stormwater Disposal Facilities

The Town of Waynesville currently does not have a stormwater management ordinance in place. Instead each project is individually reviewed relying on standard best engineering practice. Post development runoff of storm water is expected to be equal to or less than predevelopment. To assist with problems that can arise from stormwater the Town does have a site grading ordinance and relies on the State of North Carolina Department of Environment and Natural Resources sedimentation control standards.

TOWN OF WAYNESVILLE BOARD OF ALDERMEN
REQUEST FOR BOARD ACTION
Meeting Date: June 12, 2018

SUBJECT: Call for a Public Hearing to consideration ordinance concerning outdoor dining Areas on public sidewalks

AGENDA INFORMATION:

Agenda Location: Call for Public Hearing
Item Number: C4
Department: Development Services
Contact: Elizabeth Teague, Development Services Director
Presenter: Elizabeth Teague, Development Services Director

BRIEF SUMMARY: Within the Main Street Central Business District, the Town has allowed benches, rocking chairs and tables immediately against a business or restaurant frontage as long as such types of rocking chairs, benches, planters, dog bowls or signage did not create an obstruction to passage along the sidewalk. A new restaurant in the Central Business District however, would like to utilize one of the “bump out” areas of the sidewalk to place outdoor seating. Aside from the general practice that has been in place, the Town does not have a set of clear policies and regulations concerning the use of the public sidewalk or public areas for outdoor dining or the use of “bulb out” areas by private interests. Staff seeks Aldermen ordinance approval to implement a formal policy that would allow limited outdoor of encroachment into the public sidewalk.

MOTION FOR CONSIDERATION:

1. To Call for a Public Hearing at the June 26 Board Meeting to consider the attached Ordinance amendment to Chapter 46-4 and to direct staff to develop sidewalk encroachment agreement

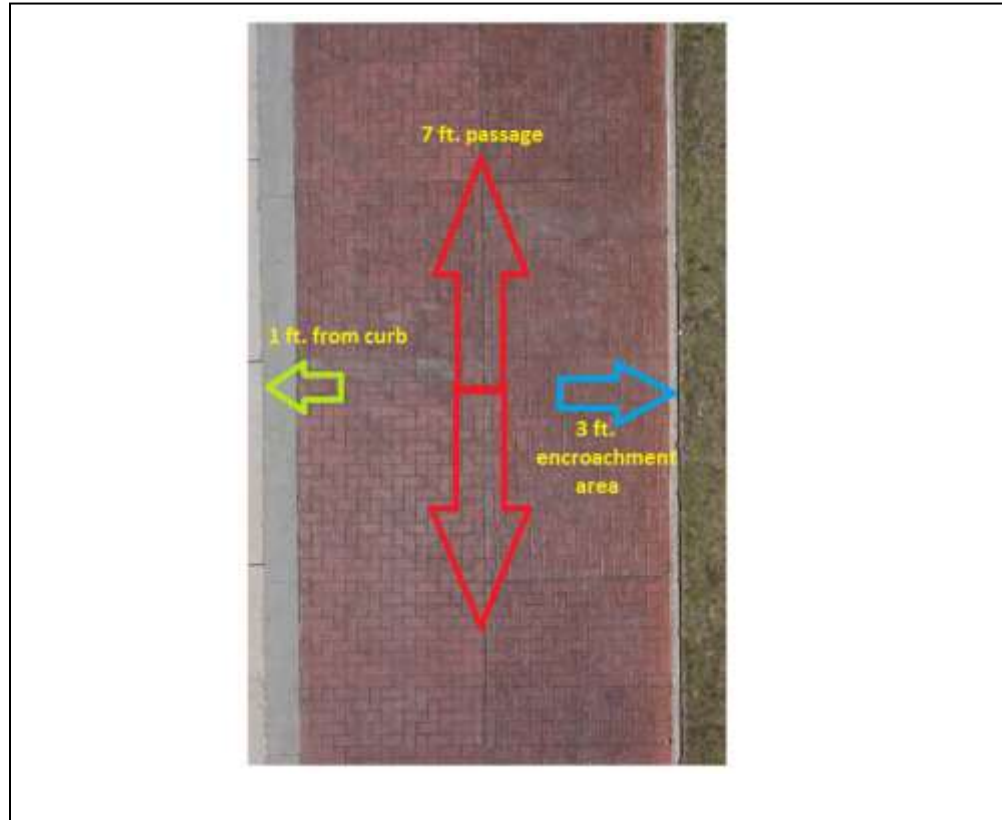
FUNDING SOURCE/IMPACT: Once a policy is developed the Board could choose to adopt an annual permit fee associated with encroachment requests.

ATTACHMENTS:

1. Draft sketch of outdoor dining request and photographic examples.
2. Recommended Ordinance.

MANAGER’S COMMENTS AND RECOMMENDATIONS:

Limited Encroachment Area on sidewalks equal or greater than ten feet (10')



Map #	Business	Address	Sidewalk Width	Bulb out: Yes or No
1	Planning Department	9 S. Main St.	13' 11"	No
2	The Strand at 38 Main	38 N. Main St.	10' 2"	No
3	Olde Brick House	66 N. Main St.	16' 11"	Yes
4	The Jeweler's Workbench	80 N. Main St.	17' 3"	Yes
5	Roots Salon & Spa	132 N. Main St.	17' 5"	Yes
6	Sauced	190 N. Main St.	17' 7"	Yes
7	High Country Style	121 N. Main St.	11' 2"	No
8	Miller St. Bulb Out	Miller X N. Main	16' 3"	Yes
9	Remax Executive	71 N. Main St.	16' 8"	Yes
10	Mast General Store	63 N. Main St.	10' 5"	No
11	Earthworks	21 N. Main St.	9' 10"	No
12	Town Hall	16 S. Main St.	13' 8"	No

Main Street Sidewalk Width Study

June 4th 2018

Tyler Morrow



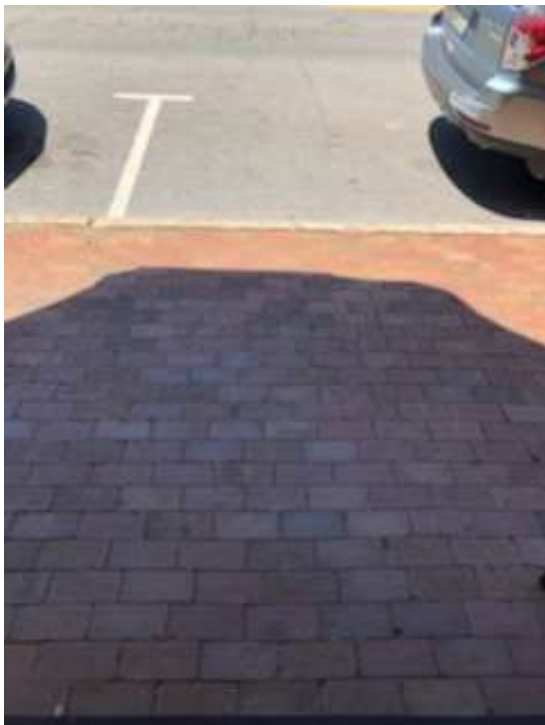
Average width with bulb out: 17'

Average width without bulb out: 11' 6"

1. Town of Waynesville Planning Department:



2. The Strand at 38 Main



3. Olde Brick House



4. The Jeweler's Workbench



5. Roots Salon & Spa



6. Sauced



7. High Country Style



8. Miller Street X N. Main Street



9. Remax Executive



10. Mast General Store



11. Earthworks



12. Town of Waynesville Municipal Building



ORDINANCE No. _____

**AN ORDINANCE AMENDING THE TEXT OF THE TOWN OF WAYNESVILLE'S
ORDINANCES PERTAINING TO
CHAPTER 46, STREETS, SIDEWALKS AND OTHER PUBLIC PLACES**

WHEREAS, the Town of Waynesville has the authority pursuant to North Carolina General Statutes Chapter 160A to amend regulations from time to time in the interest of the public health, safety and welfare; and

WHEREAS, the Town of Waynesville Board of Aldermen have considered this amendment to maintain the public safety of the Town's sidewalks while encouraging vibrant business districts and enhancing the use of public space;

WHEREAS, after notice duly given, a Public Hearing was held on June 26, 2018;

NOW, THEREFORE, BE IT ORDAINED BY THE BOARD OF ALDERMEN OF THE TOWN OF WAYNESVILLE, MEETING IN REGULAR SESSION ON JUNE 26, 2018, AND WITH A MAJORITY OF THE BOARD MEMBERS VOTING IN THE AFFIRMATIVE, THE FOLLOWING:

That the Code of Ordinances, Town of Waynesville, North Carolina, is hereby amended by adding a section, to be numbered 46-10, which reads as follows:

Sec. 46-10 Allowance for Limited Encroachment and Outdoor Seating on Public Sidewalks

- A. Applicability. For public sidewalks that are ten feet (10') in width or greater within Town Commercial and Mixed-Use Districts.
- B. Limited encroachment allowance. The Town will allow immediately adjacent commercial businesses and restaurants to encroach up to three feet (3') into the public sidewalk within the length of their frontage for the purpose of outdoor dining, seating, decoration, or temporary signage. This allowance does not include outdoor sales of any type. Any and all encroachments must maintain an un-obstructed passage of a width of seven feet (7') minimum, for public travel within the sidewalk surface, as measured from one foot (1') from the curb face at the roadway.
- C. Explicit encroachment agreement. Upon approval of the Public Works Director, the Town Manager may execute an encroachment agreement which expands the allowable limited encroachment with an immediately adjacent restaurant for the purpose of outdoor dining. Such agreements shall only be granted where there is adequate space to accommodate the encroachment without compromising public use of the sidewalk or safety, and shall meet the following conditions:
 - 1. Encroachment agreements are valid for one (1) year periods and may be renewed on an annual basis.
 - 2. The area of encroachment shall be designated in the agreement so that:
 - a) The encroachment use does not interfere, or in any way obstruct, the seven feet

(7') width of passage way to be kept clear for use by the traveling public;

- b) The encroachment use remains at least one (1) foot from the curb face at the roadway.
- 3. The area of encroachment must be contained entirely within movable fencing, planters or similar structures as identified in the encroachment agreement.
- 4. Use of the area must comply with all federal, state and local regulations including those pertaining to alcohol sales, public health, and land development standards.
- 5. User of encroachment must maintain liability insurance that applies to the encroachment area, an up to date copy of which is provided to the Town as a condition of the encroachment agreement.

All sections, articles, chapters or provisions desired to be repealed must be specifically repealed by section, article or chapter number, as the case may be.

ADOPTED this 26th Day of June, 2018.

TOWN OF WAYNESVILLE

Gavin A. Brown, Mayor

ATTEST:

Eddie Ward Town Clerk

APPROVED AS TO FORM:

William E. Cannon, Jr. Town Attorney

**TOWN OF WAYNESVILLE BOARD OF ALDERMEN
REQUEST FOR BOARD ACTION
Meeting Date: June 12, 2018**

SUBJECT: Public Hearing to adopt an amendment to Chapter 54, Article 1 of the Town Code,
Motor Vehicle Taxes

AGENDA INFORMATION:

Agenda Location: Public Hearings
Item Number: C5
Department: Administrative Services/Finance
Contact: Rob Hites, Town Manager
Presenter: Rob Hites, Town Manager

BRIEF SUMMARY During your winter retreat we presented you several ideas for enhancing our general fund revenue. One of the ideas is a “motor vehicle tax”. This is commonly used in our neighboring communities. NCGS 160A-3 permits municipalities to adopt a motor vehicle tax up to \$30 per vehicle. The first \$5 may be used for any general governmental purpose. The next \$15 must be used to repair, maintain and replace municipal streets. We recommend that the Board approve the attached ordinance and establish a \$15 per vehicle fee to help fund these governmental functions. Upon adoption the Town would send a copy of the ordinance to the County assessor’s office and they would, in turn, send it to the NC Department of Revenue to be placed on the Motor Vehicle registration and tax bills. The motor vehicle tax would be collected at the DMV tag office along with the motor vehicle personal property taxes.

The Notice of Public Hearing was published on Friday June 2 and Friday June 9, 2018.

MOTION FOR CONSIDERATION: Call for second public hearing to be held on Tuesday, June 12, 2018 at 6:30 p.m. or as closely thereafter as possible in the Board Room of Town Hall located at 9 South Main Street, Waynesville to consider the adoption of a new ordinance amending Chapter 54, Article 1 and for the first reading of the proposed ordinance.

FUNDING SOURCE/IMPACT: The Tax should generate an estimated \$147,000 annually.

ATTACHMENTS:

- Proposed Ordinance
- Ordinance Approval

MANAGER’S COMMENTS AND RECOMMENDATIONS: Hold the first public hearing and receive input from the public. Review the proposed motor vehicle tax in relation to the Town’s other revenues and in light of their needs and adopt it if it serves the best interests of the Town.

Chapter 54 – Traffic and Vehicles – Article 1

Sec. 54-7 - Motor Vehicle Tax

Sec 54-7.1 Definitions:

- (a) *Motor Vehicle* - Each and every vehicle designed to run upon the highways, which is self-propelled or designed to be self-propelled, excluding:
 - (i) vehicles exempted from registration by NCGS 20-51;
 - (ii) non-motorized vehicles pulled by self-propelled vehicles such as trailers, campers, mobile homes, trailers and tractor trailers; and,
 - (iii) vehicles listed in the inventory of car dealers.
- (b) *Resident Motor Vehicles* -Any motor vehicle which would, for the purposes of taxability under the provisions of the North Carolina Machinery Act, have its sites within the Town of Waynesville
- (c) *General Motor Vehicle Tax imposed; Scope*

Each motor vehicle which is sited within the Town of Waynesville on January 1st, the required registration renewal date, or its first registration date, beginning with a tag renewal date of July 1, 2018, shall be subject to an annual general motor vehicle tax of (\$15.00) dollars. The tax shall continue until rescinded in writing by the Town Board of Aldermen of the Town of Waynesville.

Sec 54.7.2 - Administration; Enforcement

The Town of Waynesville may delegate to the Haywood County Tax Supervisor and to the North Carolina Department of Motor Vehicles the authority to issue all or part of the tax bills for the tax imposed herein, and may delegate to the Haywood County Tax Collector the authority to collect all or part of the tax imposed herein, and if so appointed, the tax supervisor, the tax collector and the Haywood County Board of Equalization and Review shall each respectively have the powers of listing, assessing, discovery, collection, levy, attachment, garnishment, release, and rebate of any taxes authorized under the Machinery Act on behalf of the Town of Waynesville.

Sec. 54.7.3 This section shall become effective upon passage.

Sec. 54.7.4 Any provisions of the Code inconsistent herewith are hereby repealed.

ORDINANCE # O-07-18

AN ORDINANCE AMENDING CHAPTER 54 – TRAFFIC AND VEHICLES OF THE TOWN OF WAYNESVILLE CODE OF ORDINANCES

WHEREAS, the Town of Waynesville has the carries the authority, pursuant to Chapter 160A-3 of the North Carolina General Statutes, to execute, adopt, and clarify regulations for the Town of Waynesville, and may amend said regulations from time to time in the interest of the public health, safety and welfare; and

WHEREAS, the Town of Waynesville's Town Manager, Finance Director and Tax Collector have reviewed the proposed amendment to the text of the ordinance and recommends its enactment by the Board of Aldermen; and

WHEREAS, after notice duly given, a public hearing was held on June 12, 2018 and June 26, 2018;

BE IT ORDAINED BY THE BOARD OF ALDERMEN OF THE TOWN OF WAYNESVILLE THAT THE CODE OF ORDINANCES OF THE TOWN OF WAYNESVILLE (THE CODE) IS HEREBY AMENDED AS FOLLOWS:

Chapter 54 – Traffic and Vehicles – Article 1

Sec. 54-7 - Motor Vehicle Tax

Sec 54-7.1 Definitions:

- (a) *Motor Vehicle* - Each and every vehicle designed to run upon the highways, which is self-propelled or designed to be self-propelled, excluding:
 - (i) vehicles exempted from registration by NCGS 20-51;
 - (ii) non-motorized vehicles pulled by self-propelled vehicles such as trailers, campers, mobile homes, trailers and tractor trailers; and,
 - (iii) vehicles listed in the inventory of car dealers.
- (b) *Resident Motor Vehicles* -Any motor vehicle which would, for the purposes of taxability under the provisions of the North Carolina Machinery Act, have its sites within the Town of Waynesville
- (c) *General Motor Vehicle Tax imposed; Scope*

Each motor vehicle which is sited within the Town of Waynesville on January 1st, the required registration renewal date, or its first registration date, beginning with a tag renewal date of July 1, 2018, shall be subject to an annual general motor vehicle tax of

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Sec. 54.7.3 This section shall become effective upon passage.

Sec. 54.7.4 Any provisions of the Code inconsistent herewith are hereby repealed.

The Town Clerk is hereby ordered to place this amendment in the Code of Ordinances of the Town of Waynesville and is authorized to renumber said amendments in order to maintain consistency within said Code.

Adopted this 26th day of June, 2018.

Town of Waynesville

Mayor Gavin A. Brown

ATTEST:

Eddie Ward, Town Clerk

TOWN OF WAYNESVILLE BOARD OF ALDERMEN
REQUEST FOR BOARD ACTION
Meeting Date: June 12, 2018

SUBJECT: Public Hearing to amend Chapter 14, Article IV Taxicabs

AGENDA INFORMATION:

Agenda Location: Public Hearings
Item Number: C6
Department: Police Department
Contact: Rob Hites, Town Manager
Presenter: **Rob Hites, Town Manager**
Captain Brian Beck, Police Department

BRIEF SUMMARY With the upswing in the economy the Town is experiencing a resurgence of taxicab business from franchises based in Town, from the County and other municipalities. The Town's current ordinance does not provide the structure to adequately regulate the industry. The Captain Beck and I have updated the ordinance to conform to language that other municipalities are using. We will present the particulars in a presentation before the public hearing. I have attached the proposed ordinance for your review. You will find the language being replaced is ~~crossed out~~ and new language being recommended as underlined.

The Notice of Public Hearing was posted on Friday June 2 and Friday June 9, 2018.

MOTION FOR CONSIDERATION: To approve the amendment of Chapter 14, Article IV Taxicabs.

FUNDING SOURCE/IMPACT: None

ATTACHMENTS:

- **Proposed Amendment to Chapter 14.**

MANAGER'S COMMENTS AND RECOMMENDATIONS: The changes will help the Police Department regulate the taxicab business in Waynesville and provide it with the tools to handle unregistered cabs coming into Town without a franchise.

ARTICLE IV. - TAXICABS

Sec. 14-96. - Definitions.

The following words, terms, and phrases, when used in this article, shall have the meanings ascribed to them in this section, except where the context clearly indicates a different meaning.

Certificate means a certificate of public convenience and necessity issued by the chief of police or his designee, authorizing the holder thereof to conduct a taxicab business within the city.

Driver's license means a license issued by the state granting a person the privilege to drive up the roadways in the state pursuant to G.S. 20-7.

Driver's permit means the license issued by the taxicab inspector to any person to enable that person to drive a taxicab upon the streets of the Town of Waynesville.

For-hire vehicle means and includes any full sized station wagon or van style vehicle, not equipped with a taximeter used for the purpose of transporting passengers for a set charge or fee, based upon the origin or destination requested. For the purposed of this chapter, the term "for-hire vehicle" shall not include "taxicab" or "limousine" as herein reached.

Holder means a person to whom the certificate of public convenience and necessity has been issued.

Insignia means a non-transferable dated window decal to provide exterior identification that a particular taxicab has a valid certificate associated with it.

Limousine means and includes a full size chauffeur-driven sedan, often equipped with a glass partition separating the driver and passenger compartments, which is not equipped with a taximeter, and for which set charges or fees for use are based on the period of hours or days the vehicle is used and not on the number of miles operated or the origin or destination requested. For the purposes of this chapter, the term "limousine" shall not include "for-hire" vehicle or "taxicab" as herein defined.

Manifest means a daily record prepared by a taxicab driver of all trips made by the driver, showing the time and place of origin, destination, and number of passengers.

Rate card means a card with the rates and fares that are clearly printed and presentable upon request of any person considering transportation by the taxi cab.

Taxicab means a motor vehicle regularly engaged in the business of carrying passengers for hire, having a seating capacity of less than six persons and not operated on a fixed route.

Taxicab inspector means the person designated by the chief of police who is charged with the duties required under this chapter, including the inspection and licensing of taxicabs, and drivers thereof.

Taxi permit means a permit issued by the chief of police or his designee to an individual allowing them to operate a taxi or limousine within the city limits.

(Ord. No. 6-07, § 1, 2-13-2007) (Ord. No. 2018)

Sec. 14-97. - Taxicab businesses governed.

This article shall govern the operation of those taxicab businesses operating within the corporate limits of the town.

Sec.14-98. - Taxicab Inspector

- (a) There is hereby created the office of taxicab inspector who shall be designated by the chief of police.
- (b) The taxicab inspector is charged with the duties required under this chapter and in general shall be responsible for the inspection of taxicabs and the licensing of the drivers thereof.
- (c) The taxicab inspector shall advise the police chief with respect to matters covered or incidentally involved in the operation or administration of this chapter.

(Ord No. _____ 2018)

Sec. 14-99. - Inspection of vehicles; vehicle license; maintenance.

- (a) *Initial inspection.* Prior to the use and operation of any vehicle under the provisions of this article, it shall be thoroughly examined and inspected by the police department and found to comply with the state safety and equipment requirements.

When the police department finds that the vehicle has met said requirements the taxicab inspector will approve the taxicab for use by the service. It will be the responsibility of the owner of each taxicab to ensure that it is serviced and mechanically sound.

- (b) *Periodic inspections.* Every vehicle operating under this article may be periodically inspected by the police department at such intervals as established by the taxicab inspector to ensure the continuing maintenance of safe operating condition, but at least once a year.
- (c) *Condition of vehicles.* Every vehicle operating under this article shall be kept in a clean and sanitary condition.

(Ord. No. 6-07, § 3, 2-13-2007)

Sec. 14-100. - Accident Reports

Every accident involving the operation of a taxicab shall be reported to the taxicab inspector within 72 hours of the accident. The certificate holder for the taxicab involved in an accident and the driver of the taxicab so involved shall be jointly and individually responsible for making he required report, the taxicab inspector shall determine whether the damage renders the vehicle unsafe for operation and, if so, shall immediately order the vehicle out of service until repaired and re-inspected.

(Ord No. _____ 2017)

Sec. 14-101. - Identification on vehicles.

Each taxicab shall bear on the roof thereof an electrically lighted sign or device bearing the name of the owner or taxicab company. In addition to the lighted sign, each cab must display the same information on each side of the vehicle.

(Ord. No. 6-07, § 4, 2-13-2007)

Sec. 14-103. - Depots or terminals.

Each depot or terminal used by a certificate holder for his or her taxicabs shall be used in compliance with the zoning ordinance.

1. Be kept in a clean, safe and sanitary condition.
2. Have sufficient private off-street parking to accommodate those vehicles owned, operated and controlled by the certificate holder during times of nonuse.

(Ord No. _____ 20182018)

Sec. 14-104. - Rates of fare; rate card.

Each taxicab must clearly display a rate card in the taxicab for each customer or potential customer to view. A rate list will also be displayed at each taxi lot. Each individual company will determine the rates and the company will not vary from their posted rates. If the rates are established per mile then the operator of the taxi must keep the odometer clean and clear for the customer to inspect.

(Ord. No. 6-07, § 5, 2-13-2007)

Sec. 14-105. - Receipts.

The driver of any taxicab shall, upon the request, of any passenger, render to such passenger a receipt upon which shall be the name of the owner, the amount of the charges, mileage traveled, and the date of the transaction.

(Ord. No. 6-07, § 6, 2-13-2007)

Sec. 14-106. - Drivers.

- (a) No person shall drive a vehicle for hire as a taxicab without a valid driver's license issued by the state authorizing said person to drive a taxicab and in addition a permit issued by the chief of police or his designee. No person who owns or has authority and control over a vehicle shall permit any other person to drive the vehicle for hire as a taxicab unless that driver has such a permit. There will be a \$5.00 fee for the permit.
- (b) Application for a permit under this section shall be made to the taxicab inspector , who may deny the application for failure to meet the terms and conditions of this article, but who shall, upon the applicant's meeting the terms and conditions of this article, issue a permit upon giving of the oath required in subsection (c). Fingerprinting of the applicant is required. The application for a permit shall include a fingerprint card(s) containing the fingerprints of the applicant made by and under the supervision of the town police department.
- (c) Every applicant shall show under oath that he/she has not within the last three years of the date of application:
 - (1) Been convicted of a violation of any federal or state law relating to possession for sale or sale of any intoxicating alcoholic beverage or controlled substance;
 - (2) Been convicted of two or more DWI violations within a three-year period;
 - (3) Been in violation of federal law or state relating to prostitution; nor
 - (4) Been a habitual violator of traffic laws or ordinances.

Any permit issued upon a false oath by an applicant will be immediately revoked upon receipt of evidence of a falsity thereof. Any permit issued under this section may be revoked at any time by the taxicab inspector upon a showing that at the time of application any statement made by the applicant was false or because of occurrences after the issuance of the permit showing that the permittee could not at that time truthfully give the oath required in this section.

- (d) It shall be unlawful for any driver or owner of a taxicab to engage in selling of alcoholic beverages, controlled substance, or solicit business for any other unlawful purpose.

- (e) Every applicant shall be subject to a national criminal background check with the state division of criminal information (DCI), pursuant to G.S. 160A-304, and also with the United States Department of Justice through the use of Federal Bureau of Investigation records. All applicants must submit their names, date of birth, sex, gender and race. Furthermore, the costs and expenses related to such checks, if any, as well as costs and expenses related to fingerprint checks shall be the responsibility of the applicant, said costs and expenses to be paid in advance with the filing of the application for a permit under this article.

(Ord. No. 6-07, § 7, 2-13-2007)

Sec. 14-107. - Manifest.

- (a) Every driver shall maintain a daily manifest upon which are recorded trips that are made each day showing time and place of origin and destination of each trip, and all such completed manifests shall be returned to the owner by the driver at the conclusion of his tour of duty. Each entry on the manifest must be made immediately upon completion of each trip.
- (b) Every holder of certificate of public convenience and necessity shall retain and preserve all manifests in a safe place for at least two years and made available to the police department for examination at any time.

(Ord. No. 6-07, § 8, 2-13-2007)

Sec. 14-108. - Certificate of public conveyance and necessity.

- (a) No person or business shall operate or permit a taxicab owned or controlled by him or it to be operated as a vehicle for hire within the town without having first applying for and obtaining a certificate of public conveyance and necessity from the taxicab inspector. The information to be provided on and with such application is as follows:
 - (1) The name and address of the applicant.
 - (2) The number of vehicles to be operated or controlled by the applicant and the location of proposed taxi lots or terminals.
 - (3) A sworn statement by applicant in the same form as set forth under subsection 14-102(c) herein. Furthermore, any certificate issued under this paragraph shall be subject to revocation upon a showing that those matters set forth under subsection 14-102(c) apply to applicant.
 - (4) Proof of financial responsibility as required by G.S. 20-280.
 - ~~(5) The owner of each vehicle used as a taxicab shall purchase the appropriate privilege license from the town for each vehicle at the prevailing rate. The cost of this license is subject to change without prior notification.~~

(Ord. No. 6-07, § 9, 2-13-2007)

Sec. 14-109. – Transfer.

No taxicab certificate, including certificates existing on the effective date of the ordinance from which this section derives, shall be transferred except upon application by the transferee to the taxicab inspector, with the transferee meeting all requirements of this chapter, including the requirements of section 14-104. For a partnership or association, the admission of a new partner or associate shall constitute a transfer.

(Ord No. _____ 2018)

Sec. 14-110. - Penalties and Enforcement Actions.

Unless provided for elsewhere in this chapter, all other violations shall subject the offender to a civil penalty and, where applicable, suspension of any certificate of public convenience and necessity as provided elsewhere in this chapter as follows:

- (1) For the first offense, a civil penalty will be assessed in the amount of \$100.
- (2) In the event there is more than one violation with any thirty (30) day period, then the civil penalty shall be increased for each additional violation over one during such period as follows:
 - (a) The date of the first violation shall establish the beginning for the initial thirty (30) day period. The next violation within that thirty (30) day period shall be considered a second violation and subject the offender to a civil penalty of \$250.
 - (b) Third and subsequent violations within the same thirty (30) day period shall subject the offender to a civil penalty of \$500 for each violation.

C. Once the thirty (30) day period has run from the "first violation" the next violation shall be considered the first violation for establishing a new "first violation" period.

D. The levying of civil penalties shall be initiated by any police officer or the taxicab inspector giving written notice of the infraction committed to the vehicle for hire owner or driver, along with a statement that a civil penalty is being imposed.

E. Civil penalties shall be paid within fifteen (15) days of the issue date to the Finance Department. If not paid within the fifteen (15) days of the date of issue an additional \$50 dollars delinquency charge will be added for each fifteen (15) days thereafter upon nonpayment until paid in full.

(Ord No. _____ 2018)

Sec. 14-111. - Suspension or revocation.

- ~~(a) A certificate issued under the provisions of this article may be revoked or suspended by the taxicab inspector if the holder therefore has:~~
 - ~~(1) Violated any of the provisions of this article.~~
 - ~~(2) Violated any state or federal statutes pertaining to the operation of taxicabs.~~
- ~~(b) Suspension or revocation shall be immediately effective upon written notice being given to the holder at which time the holder shall cease operations. Upon receiving notice of suspension or revocation the holder shall be given notice of said action and may appear before the chief of police or his designee.~~
- ~~(c) No certificate of public convenience and necessity may be sold, assigned, or otherwise transferred.~~
- (a) The taxicab inspector shall suspend for a period not to exceed six (6) months a taxicab certificate, either wholly or for any given number of taxicabs, for the failure of the certificate holder or certificate holder's driver to substantially comply with all provisions of this chapter; provided, that the certificate holder may correct a failure to comply with the provisions of this chapter within ten (10) days following notice of violation from the taxicab inspector.
- (b) The taxicab inspector shall revoke for a period of one (1) year a certificate, either wholly or for any given number of taxicabs, for any of the following reasons:
 - (1) The certificate holder's certificate has been suspended twice within a thirteen (13) month period.

(2) The certificate holder is convicted of:

- a. A felony involving bodily injury or use of a deadly weapon;
- b. A violation of any federal or state statute or Town ordinance relating to the possession or sale of alcoholic beverages;
- c. A violation of any federal or state statute or regulation or Town ordinance relating to prostitution; or
- d. Any federal or state statute or Town ordinance relating to the use, possession or sale of drugs.

(3) The taxicab inspector finds that the certificate holder submitted or caused to be submitted false or misleading information on the application for a certificate or any related documents

(Ord No. _____ 2018)

Sec.14-112. - Appeals.

- (a) Upon finding by the taxicab inspector that a taxicab certificate should be suspended or revoked pursuant to section 14-105, the certificate holder shall be given a written notification thereof and informed of the manner in which the finding may be appealed by hand delivery or certified mail, return receipt requested.
- (b) The certificate holder may appeal the suspension or revocation of a certificate by filing with the taxicab inspector, within ten (10) working days after receipt of the taxicab inspector's decision a written notice of appeal. The notice of appeal shall set forth the reasons why the certificate holder believes the suspension or revocation to be improper. If no appeal is filed within the prescribed time, the decision of the taxicab inspector shall be final and the certificate holder shall immediately surrender the certificate to the taxicab inspector.
- (c) Upon timely receipt of a notice of appeal, the taxicab inspector shall fix a reasonable time, within ten (10) working days after the receipt thereof, for a hearing of an appeal and shall give notice to all parties of the time and place for a hearing. The police chief may call witnesses and the certificate holder may bring representatives that may aide in their appeal. Within ten (10) working days after the date of the hearing, the police chief shall render a decision on the appeal. The decision of the police chief shall be final.

(Ord No. _____ 2018)

Sec. 14-113. - Surrender

When a taxicab certificate is revoked or suspended, the operation of each vehicle as a taxicab subject to such revocation or suspension shall cease, and the certificate and insignia for such vehicle shall be surrendered immediately to the taxicab inspector. In addition, when any certificate holder permanently retires all vehicles subject to a certification, the certificate for such vehicles shall be considered abandoned and will be void. The certificate holder shall immediately surrender each certificate and insignia to the taxicab inspector. Such retired certificates may not be restored by any means other than through application for a new certificate as provided in this chapter.

(Ord No. _____ 2018)

Sec.14-114- Fees.

Fees, as established by the Town Board and listed in the annual schedule of fees and charges, to cover the administrative costs of a certificate and certification of drivers shall be made to the taxicab inspector at the time of the applications.

(Ord No. _____ 2018)

Sec. 14-115. - Application of provisions to for-hire vehicles.

Unless otherwise provided, all provisions of this chapter shall apply to for-hire vehicles and the owners and operators thereof.

(Ord No. _____ 2018)

Sec-14-116. – Provisions not applicable to limousines. No provision of this chapter shall apply to limousines or to the owners or operators thereof.

(Ord No. _____ 2018)

TOWN OF WAYNESVILLE BOARD OF ALDERMEN
REQUEST FOR BOARD ACTION
Meeting Date: June 12, 2018

SUBJECT: Public Hearing to consider Adoption of FY 18-19 Annual Budget

AGENDA INFORMATION:

Agenda Location: Public Hearing
Item Number: C7
Department: Administrative Services/Finance
Contact: Eddie Caldwell, Amie Owens and Rob Hites
Presenter: Rob Hites, Town Manager

BRIEF SUMMARY: The 2018-2019 Budget covers four separate operating funds (General, Water, Sewer, and Electric) and two Internal Service Funds (Asset Management and Fleet/Garage), which cover cross-departmental internal service activities, primarily the maintenance and repair of the Town's buildings, grounds, IT infrastructure, vehicles and equipment.

The board may adopt the FY 18-19 budget following the close of the public hearing, or may continue the public hearing to another date, but must adopt a budget no later than July 1, 2018.

The Notice of Public Hearing was published on Friday June 2 and Friday June 9, 2018.

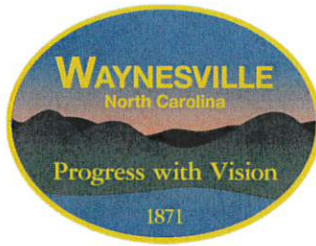
MOTIONS FOR CONSIDERATION: *To consider any amendments to the proposed FY 2018-2019 Annual Budget, and vote at the June 26th 2018 regular meeting.*

FUNDING SOURCE/IMPACT: The proposed total budget is supported primarily by taxes, fees and other revenues in the General Fund, and by utility fees for service in the Water, Sewer and Electric Funds

ATTACHMENTS:

- Manager's Budget Message

MANAGER'S COMMENTS AND RECOMMENDATIONS: Public Hearing will be held; however, final vote on approval of the budget will not be done until June 26, 2018 regular meeting.



BUDGET MESSAGE

2018-2019

May 8, 2018

The Honorable Mayor and Members of the Board of Aldermen
Town of Waynesville

Dear Mayor and Board Members:

In accordance with the provisions of the North Carolina General Statutes, your staff presents the proposed Municipal Operating and Capital Budget for Fiscal Year 2018-19.

Last year we restructured the budget to reflect a much more conservative approach to budget administration. We did not recommend a large fund balance appropriation, held expenditures to that of the previous year and required that the Finance Director pre-approve movement of funds within Departmental budgets. The staff has acclimated well to this approach and Finance Director Eddie Caldwell's budget estimates are very accurate. As we move to the last quarter of the current year the Town is on target with projections.

During our winter retreat the staff presented a five (5) year plan to fund the Town. The plan recognized that the Town is not going to receive over 7% annual growth in property tax base that it enjoyed until the recession of 2008. We also recognized that the majority of the funds freed up from paying off Town debt would be needed to cover inflationary increases in the Town's budget and modest salary increases. At the retreat we also presented a list of targeted revenue increases that will help provide the funds necessary to continue providing high quality service to our residents and visitors.

The budget that is before you continues the conservative approach to both estimating revenues and expenditures. Mr. Caldwell uses historic trends and analysis by the North Carolina League of Municipalities to estimate our revenues for the upcoming year and we depend on spending patterns from the current year and industry prediction for items such as fuel to estimate our needs. Our capital program is based mainly on replacing vehicles and equipment whose maintenance records indicate their condition is poor. We are recommending several capital projects that are necessary to insure the integrity of our infrastructure.

Budget Outline

The Town Board serves as the Board of Directors of a Town that operates six separate businesses. The Finance Department keeps a separate set of books for each fund. We charge one fund for services delivered by another fund in order to insure that we have a true account of their activities. For FY 18-19 we recommend a total for all funds of \$34,779,420, a 7.15% increase over 2017-18.

General Fund	\$15,175,650
Water Fund	\$ 3,934,870
Sewer Fund	\$ 3,292,230
Electric Fund	\$ 9,736,680
Asset Management Fund	\$ 1,960,250
Garage Fund	\$ 679,740
Total	\$34,779,420

Personnel

The largest cost for local governments is personnel. Sixty-four and a half percent (64.5%) of the General Fund Budget goes to fund the Town's staff. The majority of our time is spent providing personal service to the citizens. It is critical that we attract, train and retain a workforce that meets the expectations of our citizenry. This is especially difficult to carry out in our area due to the high cost of living. Our unemployment rate is hovering around 3.8% so the lure of the private sector is omnipresent. The Board has wisely established an employee benefit program that rivals any local government in North Carolina. The challenge for the Town is to continue funding the employee's salaries and benefits when the cost of living is rising faster than the Town's tax base. This increase in personnel and fringe benefits, which includes 3% cost of living adjustment (COLA), 6% increase in health care benefits and new positions. In the General Fund alone the COLA, health care increases and new positions amounts to a 7.05% increase over the previous year.

The budget proposal requests only three new full-time positions for the upcoming year. However, two additional positions that are grant- or privately-funded, but require Town support through payment of benefits, have also been added and would have to be incorporated into future budgets at the ending of the grant/contract periods.

NEW POSITIONS

Planner I

The Town is experiencing a significant increase in development related programs. The Department is dealing with an increase in the number of developers that are seeking guidance regarding zoning, subdivision regulation. The Department is carrying out a two-year plan to revisit its "Comprehensive Plan" and carry out a new landscaping scheme for the Downtown. It is working on several transportation related grants and major redesigns of Russ/Walnut, and South Main Streets. Due to the increase in workload we recommend the addition of a Planner I to help in all areas of the Department. The position is funded at an annual salary of \$40,000.

Facility Maintenance Worker – Recreation

With the addition of the upkeep of multiple restroom facilities and new park amenities (i.e. all-abilities playground, Chestnut Park and greenways), it is increasingly difficult for existing staff to provide the level of service expected by patrons. The recommendation is for a full-time position to handle outside and inside maintenance issues for all Parks and Recreation facilities. The salary is set at \$35,000.

Preventive Maintenance Technician

The Garage has dealt with an increase in number and complexity of vehicles over the past three years and they have experienced several occasions when the maintenance load has become significantly backed up. We are experimenting with a new scheduling system in an attempt to resolve the backup. We are recommending creation of an entry level preventive maintenance technician position to be funded for six months in case our experiment with a new scheduling system does not resolve the backlog of repairs. That salary is set at \$26,000.

GRANT/PRIVATELY FUNDED POSITIONS

School Resource Officer (SRO)

This is a privately funded position. Shining Rock Academy is funding a 10-month SRO to assist with traffic control during student drop-off and pick up hours. Provide random patrols during the day and handle any calls on premises. Due to the fact that there are no athletic events or other functions that the Shining Rock SRO would be committed to attending, the department could utilize this Officer for other Town functions during the summer months. The payment for services is \$52,000.00.

Program Specialist– Base Camp on the Go Program

The Program Specialist position is funded via grant from the Haywood Healthcare Foundation. This position is the primary responsible party for the delivery of the Base Camp on the Go program. Program Specialist is responsible for all on-site programming, maintenance and inventory of equipment, program development and administration, and marketing. The grant provided is for a salary of \$34,000 annually.

Insurance

The Town's experience factor increased from 67 to 97 over the past year. BCBS requested a 9.5% increase in rates for the upcoming year. Our broker, Amie Owens, Assistant Town Manager, and Brittany Buchanan, HR Specialist, negotiated with BCBS and were able to reduce their request to a 6% increase. Town-wide, this 6% increase and the addition of positions amounts to a \$207,890 increase in rates for 2018-19. We believe we can accommodate the increase without having to reduce benefits to the employees. In the coming year, we will need to make every effort to reduce our costs to avoid another increase. We will continue to offer a \$500 out of pocket deductible per employee and \$1,000 for family plans. The Town will continue to provide a \$4,500 health savings account to its employees and \$9,000 for families.

Rates and Fees

The proposal is balanced with a tax rate of \$.4957 per \$100 valuation an increase of 1 cent. The collection rate is predicted to be 93.03%. One penny on the tax rate is estimated to yield \$115,100. Waynesville's tax base is estimated to be \$1,194,937,580 an increase of 1.78% over 2017-18 budget. The growth in tax base is the second largest since the 2008 recession.

The assessed value of the (Downtown) Municipal Service District (MSD) is estimated to be \$51,162,040. We recommend continuing the current tax rate of \$.20 per \$100 valuation for FY18-19. The rate is estimated to raise \$97,060 for the MSD at a collection rate of 94.86%. One penny on the tax rate is estimated to equal \$4,850.

Capacity Use Fees

The Town has been charging "capacity use fees" since the FY 2007-08 budget year. In December of 2016, the NC Supreme Court held that Capacity Use Fees that were based on the "future costs" of water and sewer systems were not permitted under NC law. Waynesville suspended its capacity use fee program until it could determine if its program was covered by the Court's decision. Upon review the Town determined that its Capacity Use fee calculations were NOT based on "future needs" of the system but by the costs of the system that had actually been expended.

In August 2017, the NC General Assembly adopted legislation (HB 436) that provided guidance for municipalities to use in calculating Capacity Use Fees. McGill and Associates was engaged to conduct a study in accordance with HB 436. The plan has been posted on the Town's website for a 45-day review. The study recommends an "upper limit" of fees that the Town may adopt. The Board may choose a different rate

schedule as long as the fees do not exceed the limits recommended by McGill's study. The Town must hold a public hearing on the fees which we recommend for June 12th.

We will recommend that the Board adopt a single fee system and abandon the "inside/outside" fees that the Town currently uses. After the public hearing the Board may adopt the rates and thereafter amend them in the annual budget.

General Fund

We recommend a General Fund Budget of \$15,175,650, a 3.3% increase from last year. With very little increase in property tax base we recommend a 1 cent ad valorem tax increase. In addition, we recommend a \$15 vehicle tax with \$5 of that tax targeted at funding for the Police Department and \$10 will be used to fund street maintenance. One additional adjustment is a 10% Recreation membership increase and an increase of 15% for facility and room rentals.

The major increase in General Fund revenues are funds freed up by the payoff of the Parking Deck and one less payment on the Recreation Center. The majority of that increase provides Department Heads with funds to provide a 3% COLA increase to their employees. We recommend an overall 6.08% increase in operations, of which 2.94% is garage costs. Our approach is to fund accounts at the same level as the Department spent the year before unless we find that a major component of a line item has changed like fuel, health care or chemical costs. We request that the Board appropriate \$75,000 for the second phase of the Comprehensive Plan

We recommend two new positions in the General Fund due to increase in work load in the Developmental Services and Recreation Departments. The two grant- or privately-funded positions are also under the General Fund.

Water Fund

We recommend a budget of \$3,934,870. We do not recommend a rate increase for the upcoming year. The fund has experienced a 3.70% increase in revenue from customer charges over the past year which will balance the increases in salaries and operations. Major capital projects are \$350,000 for the repainting and reconstruction of the roof area of the Big Cove Water Tank. This project may ultimately be considerably more expensive depending on the structural engineer's evaluation and design for reconstruction of the roof and walls of the tank that are above water. Our inspection of the tank earlier this year revealed considerable corrosion and rust that we did not anticipate.

The second capital project is the replacement of the Chestnut Walk Tank. The tank is in extremely poor condition and will fail if it is not replaced. We recommend a budget of \$400,000 to cover the entire project. The capital projects in the Water Fund are recommended to be funded by the Water Fund balance.

Sewer Fund

The Town has budgeted an increase in Sewer Fund revenue of 9.67% over the previous year. We are recommending a 5% increase in the fund for FY 18-19. We expect to use the current plant for at least four years, so the staff will continue to repair and replace pumps and motors that are failing. We recommend the Board replace a 50 horsepower motor and a 10 inch recirculation pump at a cost of \$16,000 and \$19,000 respectively. We are also asking for an \$185,000 increase in the operating plant repair and maintenance budget.

The Town has received several citations for overflows at the County Fairgrounds. This is due to inflow during storm events entering a manhole where the line takes a 90 degree turn. The manhole cannot handle the velocity of the flow as it makes the turn. We must redesign and reconstruct the line so the turn is more gradual. The cost of this project is estimated to be \$250,000. In the long run the Town needs to work with Junaluska, Junaluska Sanitary District and the Town of Clyde to locate and repair broken sewer lines in their systems to reduce the inflow we receive from their systems during storm events.

Electric Fund

Mr. Caldwell has been monitoring the impact of the 5% electric rate increase since the Town implemented it in January. We are estimating a 1.6% increase in budgeted revenue due to the cold winter. In looking at the historical trends and higher costs, we recommend that the Board adopt the 4% rate increase that we presented in the late fall. The increase would be effective with accounts billed after August 1st, 2018.

Our budget recommendation for 2018-19 is \$9,736,680, a 3.35% increase over last year. The major project we recommend the Board fund in FY 18-19 is the installation of voltage regulators in the Calhoun substation at a cost of \$285,000. A regulator takes voltage off the grid and smooths it out so we can deliver it at a constant 80 MHz. We recommend the Board use the Electric Fund's Savings for the regulators since they will be in service for twenty or more years and constitute a "one time" purchase.

Asset Management Fund

The Asset Management Fund is an internal service fund that charges out its services to the operating departments. We propose a budget of \$1,960,250 which represents a 2.41% decrease from the previous year. The decrease is due to a drop in capital spending over 2017-18. One of the main capital items included in this fund is the first year payment of \$25,500 for a new telephone system leased in 2017-18.

Garage Fund

Garage Fund is another internal service fund whose budget is determined by the percentage of vehicles allocated to the operating departments. We recommend a budget of \$679,740 for 2018-19, a 22.71% increase including capital.

We recommend a six month salary set aside for an entry level preventive maintenance technician if we find that our rescheduling experiment does not alleviate the backlog of repairs we have experienced in the past couple of years.

We also recommend that the Board fund \$7,500 for a diagnostic machine and a replacement of a 12,000 lb. lift at a cost of \$35,000.

Conclusion

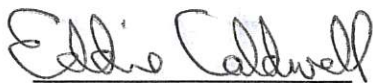
Waynesville is a community that must depend on a tax base supported by 10,000 full time residents. For six months of the year it is providing services to as many as 18,000 people a day. We are quickly moving into a twelve month tourist economy which will further strain our resources. The staff recommends several targeted revenues to help fund the Town's programs. These revenues are commonly used by Western North Carolina municipalities in addition to the ad valorem tax rate. The staff will continue to fund the day to day operations of the Town through "current revenue" and use fund balance sparingly for long term capital projects. Next year we will hold our taxes and fees constant with the exception of the recommendation of a "storm water management fee" that we proposed in the winter retreat.

The most difficult financial issue the Board will face in the next three years will be to choose what capital projects it will fund and how to fund them. We have \$52 million dollars in capital requests and the ability to fund approximately \$8 million dollars in debt service without considerable increases in ad valorem taxes.

Amie Owens has joined us on the budget team and has provided a great deal of program analysis and budget savings to our effort. Eddie Caldwell and I would like to take this opportunity to thank the departments of the Town for their assistance in preparing the 2018-19 Budget.

We appreciate the consideration of the Town Board of Aldermen in reviewing the budget and providing the staff with the tools to provide quality services to the citizens of the Town of Waynesville. We look forward to reviewing this budget with you and receiving your instruction.

Respectfully submitted:



Eddie Caldwell
Finance Director



Amie Owens
Assistant Town Manager


Rob Hites
Town Manager

TOWN OF WAYNESVILLE BOARD OF ALDERMEN
REQUEST FOR BOARD ACTION
Meeting Date: June 12, 2018

SUBJECT: Audit Proposal

AGENDA INFORMATION:

Agenda Location: **New Business**
Item Number: **D8**
Department: Finance
Contact: Eddie Caldwell, Finance Director
Presenter: Eddie Caldwell, Finance Director

BRIEF SUMMARY: Ray, Bumgarner, Kingshill, and Associates have proposed a one year audit contract.

The proposed audit fee for the current FYE 2017-2018 would be \$27,500 plus out of pocket costs. The fee for the preparation of the financial statements and preparation of the data input sheet to the LGC will be based on the actual time spent at the firm's standard hourly rate of \$95.00 per hour. The fee is based on the anticipated cooperation from Town's personnel and the assumption that unexpected circumstances will not be encountered during the audit.

Note:

The fees are the same as those paid over the past six years.

MOTION FOR CONSIDERATION: To approve *the audit proposal and authorized the Mayor to sign the Contract to Audit Accounts.*

FUNDING SOURCE/IMPACT:

The proposed audit costs are currently funded in the proposed 2018-2019 budget.

ATTACHMENTS:

- Audit Proposal

MANAGER'S COMMENTS AND RECOMMENDATIONS: Approve as presented.

May 7, 2018

Mayor and Board of Aldermen
Town of Waynesville
Waynesville, North Carolina

We are pleased to confirm our understanding of the services we are to provide the Town of Waynesville for the year ended June 30, 2018. We will audit the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information including the related notes to the financial statements, which collectively comprise the basic financial statements of the Town of Waynesville as of and for the year ended June 30, 2018. Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement the Town of Waynesville's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the Town of Waynesville's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by generally accepted accounting principles and will be subjected to certain limited procedures, but will not be audited:

1. Management's Discussion and Analysis
2. Law Enforcement Officer's Special Separation Allowance Schedules
3. Other Postemployment Benefits
4. Schedule of the Proportionate Share of the Net Pension Liability (Asset) – Local Government Employees' Retirement System
5. Schedule of Contributions – Local Government Employees' Retirement System

We have also been engaged to report on supplementary information other than RSI, such as combining and individual fund financial statements, that accompanies the Town of Waynesville's basic financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America and will provide an opinion on it in relation to the basic financial statements as a whole, in a report combined with our auditor's report on the financial statements:

1. Schedule of Ad Valorem Taxes Receivable

2. Analysis of Current Tax Levy, Town-Wide Levy
3. Schedule of Transfers
4. Budgetary Comparison Schedules
5. Combining and Individual Fund Financial Statements

Audit Objectives

The objective of our audit is the expression of opinions as to whether your financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and to report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as a whole. Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and will include tests of the accounting records of the Town of Waynesville and other procedures we consider necessary to enable us to express such opinions. We will issue a written report upon completion of our audit of the Town of Waynesville's financial statements. Our report will be addressed to the Mayor and Board of Aldermen of the Town of Waynesville. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions on the financial statements are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or issue reports, or may withdraw from this engagement.

We will also provide a report (that does not include an opinion) on internal control related to the financial statements and compliance with the provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements as required by *Government Auditing Standards*. The report on internal control and on compliance and other matters will include a paragraph that states (1) that the purpose of the report is solely to describe the scope of testing of internal control and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control on compliance, and (2) that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. The paragraph will also state that the report is not suitable for any other purpose. If during our audit we become aware that the Town of Waynesville is subject to an audit requirement that is not encompassed in the terms of this engagement, we will communicate to management and those charged with governance that an audit in accordance with U.S. generally accepted auditing standards and the standards for financial audits contained in *Government Auditing Standards* may not satisfy the relevant legal, regulatory, or contractual requirements.

Audit Procedures—General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the government or to acts by management or employees acting on behalf of the government. Because the determination of abuse is subjective,

Government Auditing Standards do not expect auditors to provide reasonable assurance of detecting abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, any fraudulent financial reporting, or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential, and of any material abuse that comes to our attention. Our responsibility as auditors is limited to the period covered by our audit and does not extend to later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of the physical existence of inventories, and direct confirmation of receivables and certain other assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill you for responding to this inquiry. At the conclusion of our audit, we will require certain written representations from you about your responsibilities for the financial statements; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by generally accepted auditing standards.

Audit Procedures—Internal Control

Our audit will include obtaining an understanding of the government and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards and *Government Auditing Standards*.

Audit Procedures—Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the Town of Waynesville's compliance with the provisions of applicable laws, regulations, contracts, agreements, and grants. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

Other Services

We will also assist in preparing the financial statements and related notes of the Town of Waynesville in conformity with U.S. generally accepted accounting principles based on information provided by you. We will also assist in preparing the unit data input file for uploading to the Local Government Commission. These non-audit services do not constitute an audit under *Government Auditing Standards* and such

services will not be conducted in accordance with *Government Auditing Standards*. We will perform the services in accordance with applicable professional standards. The other services are limited to the financial statement services previously defined. We, in our sole professional judgement, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

Management Responsibilities

Management is responsible for designing, implementing and maintaining effective internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, including evaluating and monitoring ongoing activities to help ensure that appropriate goals and objectives are met; following laws and regulations; and ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles, for the preparation and fair presentation of the financial statements and all accompanying information in conformity with U.S. generally accepted accounting principles, and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

Management is also responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, (2) additional information that we may request for the purpose of the audit, and (3) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence.

Your responsibilities include adjusting the financial statements to correct material misstatements and for confirming to us in the written representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the government involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the government received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the government complies with applicable laws, regulations, contracts, agreements, and grants and for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts or grant agreements, or abuse that we report.

You are responsible for the preparation of the supplementary information, which we have been engaged to report on, in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains and indicates that we have reported on the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon OR make the audited financial statements readily available to users of the supplementary information no later than the date the supplementary information is issued with our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have

changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits or other studies related to the objectives discussed in the Audit Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or other studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

You agree to assume all management responsibilities relating to the financial statements and related notes and any other non-audit services we provide. You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements and related notes and the unit data input file and that you have reviewed and approved the financial statements and related notes and the unit data input file prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the non-audit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

Engagement Administration, Fees, and Other

We understand that your employees will prepare all cash, accounts receivable, or other confirmations we request and will locate any documents selected by us for testing.

We will provide copies of our reports to management of the Town of Waynesville and the Board of Aldermen; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is the property of Ray, Bumgarner, Kingshill & Associates, P.A. and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to funding agencies or its designee, a federal or state agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Ray, Bumgarner, Kingshill & Associates, P.A.'s personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the report release or for any additional period requested by the cognizant or funding agencies. If we are aware that a federal or state awarding agency, pass-through entity, or auditee is contesting an audit finding, we will contact the parties contesting the audit finding for guidance prior to destroying the audit documentation.

We expect to begin our audit during September 2018 and to issue our reports no later than October 31, 2018. Bruce A. Kingshill is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them. Our fee for these services will be based on the actual time spent at our governmental hourly rates of \$95.00 per man-hour. Our invoices for these fees will be rendered periodically as work progresses and are payable on presentation. Based on our estimate for an audit

of the financial statements, the fee for the audit should be in the range of \$27,500 plus out-of-pocket costs (such as report reproduction, word processing, postage, travel, copies, etc.). The fee for the preparation of the financial statements and preparation of the data input sheet to the LGC will be based on the actual time spent at our standard hourly rate of \$95.00 per man-hour. The above fee is based on anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

Government Auditing Standards require that we provide you with a copy of our most recent external peer review report and any letter of comment, and any subsequent peer review reports and letters of comment received during the period of the contract. Our 2017 peer review report accompanies this letter.

Parties to this engagement agree that any dispute that may arise regarding the meaning, performance, or enforcement of this engagement will, prior to resorting to litigation, be submitted to mediation upon the written request of any party to the engagement. All mediations initiated as a result of this engagement shall be administered by the American Arbitration Association (AAA). The results of this mediation shall be binding only upon agreement of each party to be bound. Both parties shall share costs of any mediation proceeding equally.

We appreciate the opportunity to be of service to the Town of Waynesville and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us.

Very truly yours,



Bruce A. Kingshill
Certified Public Accountant

Enclosure

RESPONSE:

This letter correctly sets forth the understanding of the Town of Waynesville.

Gavin Brown

Eddie Caldwell

Mayor
Title

Finance Director
Title

Date

Date

SHARRARD, MCGEE & CO., P.A.

CERTIFIED PUBLIC ACCOUNTANTS • CONSULTANTS

1321 LONG STREET • POST OFFICE BOX 5869 • HIGH POINT, NORTH CAROLINA 27262

(336) 884-0410
FAX (336) 884-1580

OFFICES
HIGH POINT
GREENSBORO

Report on the Firm's System of Quality Control

September 6, 2017

To the Owners of

Ray, Bumgarner, Kingshill & Assoc., P.A. and the

Peer Review Committee of the North Carolina Association of Certified Public Accountants

We have reviewed the system of quality control for the accounting and auditing practice of Ray, Bumgarner, Kingshill & Assoc., P. A. (the firm) in effect for the year ended May 31, 2017. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review.

Required Selections and Considerations

Engagements selected for review included an engagement performed under *Government Auditing Standards*, which was also a compliance audit under the Single Audit Act.

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Ray, Bumgarner, Kingshill & Assoc., P. A. in effect for the year ended May 31, 2017 has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Ray, Bumgarner, Kingshill & Assoc., P. A. has received a peer review rating of *pass*.

Shawand, McLean & Co, P.A.

CONTRACT TO AUDIT ACCOUNTS

Of Town of Waynesville

 Primary Government Unit

 Discretely Presented Component Unit (DPCU) if applicable

On this 7th day of May, 2018,Auditor: Ray, Bumgarner, Kingshill & Associates, PAAuditor Mailing Address: 385 North Haywood StreetWaynesville, NC 28786

Hereinafter referred to as The Auditor

and Board of Aldermen (Governing Board(s)) of Town of Waynesville

(Primary Government)

and _____: hereinafter referred to as the Governmental Unit(s), agree as follows:
(Discretely Presented Component Unit)

1. The Auditor shall audit all statements and disclosures required by accounting principles generally accepted in the United States of America (GAAP) and additional required legal statements and disclosures of all funds and/or divisions of the Governmental Unit (s) for the period beginning July 1, 2017, and ending June 30, 2018. The non-major combining, and individual fund statements and schedules shall be subjected to the auditing procedures applied in the audit of the basic financial statements and an opinion shall be rendered in relation to (as applicable) the governmental activities, the business-type activities, the aggregate DPCUs, each major governmental and enterprise fund, and the aggregate remaining fund information (non-major government and enterprise funds, the internal service fund type, and the fiduciary fund types).
2. At a minimum, the Auditor shall conduct his/her audit and render his/her report in accordance with auditing standards generally accepted in the United States of America. The Auditor shall perform the audit in accordance with *Government Auditing Standards* if required by the State Single Audit Implementation Act, as codified in G.S. 159-34. If required by OMB *Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards*, (Uniform Guidance) and the State Single Audit Implementation Act, the Auditor shall perform a Single Audit. This audit and all associated audit documentation may be subject to review by Federal and State agencies in accordance with Federal and State laws, including the staffs of the Office of State Auditor (OSA) and the Local Government Commission (LGC). If the audit and Auditor communication are found in this review to be substandard, the results of the review may be forwarded to the North Carolina State Board of CPA Examiners (NC State Board). **County and Multi-County Health Departments:** The Office of State Auditor will require Auditors of these Governmental Units to perform agreed upon procedures (AUPs) on eligibility determination on certain programs. Both Auditor and Governmental Unit agree that Auditor shall complete and report on these AUPs on Eligibility Determination as required by Office of the State Auditor (OSA) and in accordance with the instructions and timeline provided by OSA.
3. If an entity is determined to be a component of another government as defined by the group audit standards, the entity's Auditor shall make a good faith effort to comply in a timely manner with the requests of the group auditor in accordance with AU-6 §600.41 - §600.42.
4. This contract contemplates an unmodified opinion being rendered. If during the process of conducting the audit the Auditor determines that it will not be possible to render an unmodified opinion on the financial statements of the unit, the Auditor shall contact the SLGFD staff to discuss the circumstances leading to that conclusion as soon as is practical and before the final report is issued. The audit shall include such tests of the accounting records and such other auditing procedures as are considered by the Auditor to be necessary in the circumstances. Any limitations or restrictions in scope which would lead to a qualification should be fully explained in an attachment to this contract.

5. If this audit engagement is subject to the standards for audit as defined in *Government Auditing Standards*, 2011 revisions, issued by the Comptroller General of the United States, then by accepting this engagement, the Auditor warrants that he has met the requirements for a peer review and continuing education as specified in *Government Auditing Standards*. The Auditor agrees to provide a copy of their most recent peer review report regardless of the date of the prior peer review report to the Governmental Unit and the Secretary of the LGC prior to the execution of the audit contract. **If the audit firm received a peer review rating other than pass**, the Auditor shall not contract with the Governmental Unit without first contacting the Secretary of the LGC for a peer review analysis that may result in additional contractual requirements.

If the audit engagement is not subject to Government Accounting Standards or if financial statements are not prepared in accordance with GAAP and fail to include all disclosures required by GAAP, the Auditor shall provide an explanation as to why in an attachment.

6. It is agreed that time is of the essence in this contract. All audits are to be performed and the report of audit submitted to the SLGFD within four months of fiscal year end. Audit report is due on: 10/31/18. If it becomes necessary to amend this due date or the audit fee, an amended contract along with a written explanation of the delay shall be submitted to the Secretary of the LGC for approval.
7. It is agreed that generally accepted auditing standards include a review of the Governmental Unit's systems of internal control and accounting as same relate to accountability of funds and adherence to budget and law requirements applicable thereto; that the Auditor shall make a written report, which may or may not be a part of the written report of audit, to the Governing Board setting forth his findings, together with his recommendations for improvement. That written report shall include all matters defined as "significant deficiencies and material weaknesses" in AU-C 265 of the *AICPA Professional Standards (Clarified)*. The Auditor shall file a copy of that report with the Secretary of the LGC.
8. All local government and public authority contracts for audit or audit-related work require the approval of the Secretary of the LGC. This includes annual or special audits, agreed upon procedures related to internal controls, bookkeeping or other assistance necessary to prepare the Governmental Unit's records for audit, financial statement preparation, any finance-related investigations, or any other audit-related work in the State of North Carolina. **Invoices for services rendered under these contracts shall not be paid by the Governmental Unit until the invoice has been approved by the Secretary of the LGC.** (This also includes any progress billings.) [G.S. 159-34 and 115C-447] All invoices for Audit work shall be submitted in PDF format to the Secretary of the LGC for approval. The invoices shall be sent via upload through the current portal address: <https://nctreasurerslgfd.leapfile.net>. Subject line should read "Invoice – [Unit Name]". The PDF invoice marked 'approved' with approval date shall be returned by email to the Auditor to present to the Governmental Unit for payment. Approval is not required on contracts and invoices for system improvements and similar services of a non-auditing nature.
9. In consideration of the satisfactory performance of the provisions of this contract, the Primary Government shall pay to the Auditor, upon approval by the Secretary of the LGC, the fee, which includes any cost the Auditor may incur from work paper or peer reviews or any other quality assurance program required by third parties (Federal and State grantor and oversight agencies or other organizations) as required under the Federal and State Single Audit Acts. **(Note: Fees listed on Fees page.)** This does not include fees for any Pre-Issuance reviews that may be required by the NC Association of CPAs (NCACPA) Peer Review Committee or NC State Board of CPA Examiners (see Item #12).
10. If the Governmental Unit has outstanding revenue bonds, the Auditor shall submit to the SLGFD either in the notes to the audited financial statements or as a separate report, a calculation demonstrating compliance with the revenue bond rate covenant. Additionally, the Auditor shall submit to the SLGFD simultaneously with the

Governmental Unit's audited financial statements any other bond compliance statements or additional reports required by the authorizing bond documents, unless otherwise specified in the bond documents.

11. After completing the audit, the Auditor shall submit to the Governing Board a written report of audit. This report shall include, but not be limited to, the following information: (a) Management's Discussion and Analysis, (b) the financial statements and notes of the Governmental Unit and all of its component units prepared in accordance with GAAP, (c) supplementary information requested by the Governmental Unit or required for full disclosure under the law, and (d) the Auditor's opinion on the material presented. The Auditor shall furnish the required number of copies of the report of audit to the Governing Board as soon as practical after the close of the fiscal year end.
12. If the audit firm is required by the NC State Board, the NCACPA Peer Review Committee, or the Secretary of the LGC to have a pre-issuance review of its audit work, there shall be a statement in the engagement letter indicating the pre-issuance review requirement. There also shall be a statement that the Governmental Unit shall not be billed for the pre-issuance review. The pre-issuance review shall be performed **prior** to the completed audit being submitted to the SLGFD. The pre-issuance review report shall accompany the audit report upon submission to the SLGFD.
13. The Auditor shall electronically submit the report of audit to the SLGFD as a text-based PDF file when (or prior to) submitting the invoice for services rendered. The report of audit, as filed with the Secretary of the LGC, becomes a matter of public record for inspection, review and copy in the offices of the SLGFD by any interested parties. **Any subsequent revisions to these reports shall be sent to the Secretary of the LGC along with an Audit report Reissuance form.** These audited financial statements, excluding the Auditors' opinion, may be used in the preparation of official statements for debt offerings, by municipal bond rating services to fulfill secondary market disclosure requirements of the Securities and Exchange Commission and for other lawful purposes of the Governmental Unit without subsequent consent of the Auditor. If the SLGFD determines that corrections need to be made to the Governmental Unit's financial statements, those corrections shall be provided within three days of notification unless another deadline is agreed to by the SLGFD.

If the OSA designates certain programs to be audited as major programs, as discussed in item #2, a turnaround document and a representation letter addressed to the OSA shall be submitted to the SLGFD.

The SLGFD's process for submitting contracts, audit reports and invoices is subject to change. Auditors shall use the submission process in effect at the time of submission. The most current instructions will be found on our website: <https://www.nctreasurer.com/slg/Pages/Audit-Forms-and-Resources.aspx>

14. Should circumstances disclosed by the audit call for a more detailed investigation by the Auditor than necessary under ordinary circumstances, the Auditor shall inform the Governing Board in writing of the need for such additional investigation and the additional compensation required therefore. Upon approval by the Secretary of the LGC, this contract may be varied or changed to include the increased time, compensation, or both as may be agreed upon by the Governing Board and the Auditor.
15. If an approved contract needs to be amended for any reason, the change shall be made in writing, on the Amended LGC-205 contract form and pre-audited if the change includes a change in audit fee. This amended contract shall be completed in full, including a written explanation of the change, signed and dated by all original parties to the contract. It shall then be submitted through the audit contract portal to the Secretary of the LGC for approval. The portal address to upload the amended contract is <https://nctreasurerslgfd.leapfile.net>. No change to the audit contract shall be effective unless approved by the Secretary of the LGC, the Governing Board, and the Auditor.

16. A copy of the engagement letter, issued by the Auditor and signed by both the Auditor and the Governmental Unit shall be attached to the contract, and by reference here becomes part of the contract. In case of conflict between the terms of the engagement letter and the terms of this contract, the terms of this contract shall take precedence. Engagement letter terms that conflict with the contract are deemed to be void unless the conflicting terms of this contract are specifically deleted in Item #23 of this contract. Engagement letters containing indemnification clauses shall not be accepted by the SLGFD.
17. Special provisions should be limited. Please list any special provisions in an attachment.
18. A separate contract should not be made for each division to be audited or report to be submitted. If a DPCU is subject to the audit requirements detailed in the Local Government Budget and Fiscal Control Act and a separate audit report is issued, a separate audit contract is required. If a separate report is not to be issued and the DPCU is included in the primary government audit, the DPCU shall be named along with the parent government on this audit contract. DPCU Board approval date, signatures from the DPCU Board chairman and finance officer also shall be included on this contract.
19. The contract shall be executed, pre-audited, physically signed by all parties including Governmental Unit and the Auditor and then submitted in PDF format to the Secretary of the LGC. The current portal address to upload the contractual documents is <https://nctreasurerslgfd.leapfile.net>. Electronic signatures are not accepted at this time. Included with this contract are instructions to submit contracts and invoices for approval as of November 2017. These instructions are subject to change. Please check the NC Treasurer's web site at <https://www.nctreasurer.com/slg/Pages/Audit-Forms-and-Resources.aspx> for the most recent instructions.
20. The contract is not valid until it is approved by the Secretary of the LGC. The staff of the LGC shall notify the Governmental Unit and Auditor of contract approval by email. **The audit should not be started before the contract is approved.**
21. There are no other agreements between the parties hereto and no other agreements relative hereto that shall be enforceable unless entered into in accordance with the procedure set out herein and approved by the Secretary of the LGC.
22. **E-Verify.** Auditor **shall comply** with the requirements of NCGS Chapter 64 Article 2. Further, if Auditor utilizes any subcontractor(s), Auditor **shall require** such subcontractor(s) to comply with the requirements of NCGS Chapter 64, Article 2.
23. All of the above paragraphs are understood and shall apply to this contract, except the following numbered paragraphs shall be deleted: (See Item 16 for clarification).

SIGNATURE PAGES FOLLOW FEES PAGE

FEES – PRIMARY GOVERNMENTAUDIT: \$ \$27,500WRITING FINANCIAL STATEMENTS: \$ 95.00 per man-hourALL OTHER NON-ATTEST SERVICES: \$ 95.00 per man-hour

For all non-attest services the Auditor shall adhere to the independence rules of the AICPA Professional Code of Conduct and *Governmental Auditing Standards* (as applicable). Bookkeeping and other non-attest services necessary to perform the audit shall be included under this contract. However, bookkeeping assistance shall be limited to the extent that the Auditor is not auditing his or her own work or making management decisions. The Governmental Unit shall designate an individual with the suitable skills, knowledge, and/or experience necessary to oversee the services and accept responsibility for the results of the services. Financial statement preparation assistance shall be deemed a “significant threat” requiring the Auditor to apply safeguards sufficient to reduce the threat to an acceptable level. The Auditor shall maintain written documentation of his or her compliance with these standards in the audit work papers.

Prior to submission of the completed audited financial report, applicable compliance reports and amended contract (if required) the Auditor may submit invoices for approval for services rendered, not to exceed 75% of the total of the stated fees above. If the current contracted fee is not fixed in total, invoices for services rendered may be approved for up to 75% of the prior year audit fee.

The 75% cap for interim invoice approval for this audit contract is \$ 40,290

** NA if there is to be no interim billing

FEES – DPCU (IF APPLICABLE)

AUDIT: \$ _____

WRITING FINANCIAL STATEMENTS: \$ _____

ALL OTHER NON-ATTEST SERVICES: \$ _____

For all non-attest services the Auditor shall adhere to the independence rules of the AICPA Professional Code of Conduct and *Governmental Auditing Standards* (as applicable). Bookkeeping and other non-attest services necessary to perform the audit shall be included under this contract. However, bookkeeping assistance shall be limited to the extent that the Auditor is not auditing his or her own work or making management decisions. The Governmental Unit shall designate an individual with the suitable skills, knowledge, and/or experience necessary to oversee the services and accept responsibility for the results of the services. Financial statement preparation assistance shall be deemed a “significant threat” requiring the Auditor to apply safeguards sufficient to reduce the threat to an acceptable level. The Auditor shall maintain written documentation of his or her compliance with these standards in the audit work papers.

Prior to submission of the completed audited financial report, applicable compliance reports and amended contract (if required) the Auditor may submit invoices for approval for services rendered, not to exceed 75% of the total of the stated fees above. If the current contracted fee is not fixed in total, invoices for services rendered may be approved for up to 75% of the prior year audit fee.

The 75% cap for interim invoice approval for this audit contract is \$ _____

** NA if there is to be no interim billing

Contract to Audit Accounts (cont.) Town of Waynesville
Primary Government Unit

Discretely Presented Component Unit (DPCU) if applicable

Communication regarding audit contract requests for modification or official approvals will be sent to the email addresses provided in the spaces below.

Audit Firm Signature:

Ray, Bumgarner, Kingshill & Associates, PA

Name of Audit Firm

By Bruce Kingshill

Authorized Audit firm representative name: Type or print

Bruce Kingshill

Signature of authorized audit firm representative

Date June 2, 2018

bkinghill@rbk-cpa.com

Email Address of Audit Firm

Governmental Unit Signatures:

Town of Waynesville

Name of Primary Government

By Gavin Brown, Mayor

Mayor / Chairperson: Type or print name and title

Signature of Mayor/Chairperson of governing board

Date _____

By _____

Chair of Audit Committee - Type or print name

**

Signature of Audit Committee Chairperson

Date _____

*** If Governmental Unit has no audit committee, mark this section "N/A"*

PRE-AUDIT CERTIFICATE: Required by G.S. 159-28 (a)

This instrument has been pre-audited in the manner required by The Local Government Budget and Fiscal Control Act or by the School Budget and Fiscal Control Act.

By Eddie Caldwell

Primary Government Unit Finance Officer:

Type or print name

Primary Government Finance Officer Signature

Date _____

*(Pre-audit Certificate **must be dated.**)*

ecaldwell@waynesvillenc.gov

Email Address of Finance Officer

**Date Primary Government Governing Body
Approved Audit Contract - G.S. 159-34(a)**

*****Please provide us the most current email addresses available as we use this information to update our contact database*****

Primary Government Unit

Discretely Presented Component Unit (DPCU) if applicable

**** This page to only be completed by Discretely Presented Component Units If Applicable ****

Communication regarding audit contract requests for modification or official approvals will be sent to the email addresses provided in the spaces below.

DPCU Governmental Unit Signatures:

Name of Discreetly Presented Component Unit

By _____
DPCU Board Chairperson: Type or print name and title

Signature of Chairperson of DPCU governing board

Date _____

By _____
Chair of Audit Committee - Type or print name

Signature of Audit Committee Chairperson

Date _____

**** If Governmental Unit has no audit committee, mark this section "N/A"**

PRE-AUDIT CERTIFICATE: Required by G.S. 159-28
(a)

This instrument has been pre-audited in the manner required by The Local Government Budget and Fiscal Control Act or by the School Budget and Fiscal Control Act.

By _____
DPCU Finance Officer:
 Type or print name

DPCU Finance Officer Signature

Date _____
(Pre-audit Certificate *must* be dated.)

Email Address of Finance Officer

Date DPCU Governing Body Approved Audit Contract - G.S. 159-34(a)

*****Please provide us the most current email addresses available as we use this information to update our contact database*****

Discretely Presented Component Unit (DPCU) if applicable

Steps to Completing the Audit Contract

1. Complete the header information – If a DPCU is subject to the audit requirements found in the Local Government Budget and Fiscal Control Act and a separate report is being issued for that DPCU, a separate audit contract for the DPCU is required. If a separate report is not being issued for the DPCU – it is being included in the Primary Government's audit – the DPCU shall be named with the Primary Government on the audit contract for the Primary Government. The Board Chairperson of the DPCU shall sign the audit contract in addition to the elected leader of the Primary Government.
2. Item No. 1 – Complete the period covered by the audit
3. Item No. 6 – Fill in the audit due date. For Governmental Unit (s), the contract due date can be no later than 4 months after the end of the fiscal year, even though amended contracts may not be required until a later date.
4. Item No. 8 – If the process for invoice approval instructions changed, the Auditor should make sure he and his administrative staff are familiar with the current process. Instructions for each process can be found at the following link. <https://www.nctreasurer.com/slg/Pages/Audit-Forms-and-Resources.aspx>
5. Item No. 9 – Please note that the new fee section has been moved to page 5.
6. Item No. 16 – Has the engagement letter been attached to the contract that is being submitted to SLGFD?
 - a. Do the terms and fees specified in the engagement letter agree with the Audit contract? *"In case of conflict between the terms of the engagement letter and the terms of this contract, the terms of this contract shall take precedence."*
 - b. Does the engagement letter contain an indemnification clause? **The audit contract shall not be approved if there is an indemnification clause – refer to LGC Memo # 986.**
7. Complete the fee section for BOTH the Primary Government and the DPCU (if applicable) on the fees page; please note:
 - The cap on interim payments is 75% of the current audit fee for services rendered if the contracted fee amount is a fixed amount. If any part of the fee is variable, interim payments are limited to 75% of the prior year's total audit fee. If the contract fee is partially variable, we shall compare the authorized interim payment on the contract to 75% of last year's actual approved total audit fee amount according to our records. There is a report of audit fees paid by each governmental unit on our web site: https://www.nctreasurer.com/slg/lfm/audit_acct/Pages/default.aspx select "audit fees"

Please call or email Lorna Hodge at 919-814-4299 lorna.hodge@nctreasurer.com if you have any questions about the fees on this list.

 - For variable fees for services, are the hourly rates or other rates clearly stated in detail? If issued separately in an addendum, has the separate page been acknowledged in writing by the Governmental Unit?

Discretely Presented Component Unit (DPCU) if applicable

- For fees for services that are a combination of fixed and variable fees, are the services to be provided for the fixed portion of the fee clearly stated? Are the hourly rates or other rates clearly stated for the variable portion of the fee? (Note: See previous bullet point regarding variable fees.)
 - If there is to be no interim billing, please indicate N/A instead of leaving the line blank.
8. Signature Area – There are now 2 Signature Pages: one for the Primary Government and one for the DPCU. Please only send the page(s) that are applicable to your Unit of Government and do not include the instructions pages. Make sure all signatures have been obtained, and properly dated. **The contract shall be approved by Governing Boards pursuant to G.S. 159-34(a).** If this contract includes the audit for a DPCU that is a Public Authority that falls under the Local Government Budget and Fiscal Control Act, it shall be named in this contract and the Board Chairperson of the DPCU also shall sign the contract in the area indicated. If the DPCU is filing a separate audit, a separate audit contract is required for that DPCU.
9. Please place the date the Primary Government's Governing Board and the DPCU's Governing Board (if applicable) approved the audit contract in the space provided.
- a. Please make sure that you provide email addresses for the audit firm and finance officer as these will be used to communicate official approval of the contract.
 - b. Has the pre-audit certificate for the Primary Government (and the DPCU if applicable) been signed and dated by the appropriate party?
 - c. Has the name and title of the Mayor or Chairperson of the Unit's Governing Board and the DPCU's Chairperson (if applicable) been typed or printed on the contract and has he/she signed in the correct area directly under the Auditor's signature?
10. If the Auditor is performing an audit under the yellow book or single audit rules, has year-end bookkeeping assistance been limited to those areas permitted under the revised GAO Independence Standards? Although not required, we encourage Governmental Units and Auditors to disclose the nature of these services in the contract or an engagement letter. Fees for these services should be shown in the space indicated on the fees page.
11. Has the most recently issued peer review report for the audit firm been included with the contract? This is required if the audit firm has received a new peer review report that has not yet been forwarded to us. The audit firm is only required to send the most current Peer Review report to us once – not multiple times.
12. After all the signatures have been obtained and the contract is complete, please convert the contract and all other supporting documentation to PDF. When submitting for approval send the documents as one PDF file to include the Audit contract, any applicable addendums, the engagement letter and Peer Review Report. Submit these documents using the most current submission process which can be obtained at the NC Treasurer's web site
- <https://www.nctreasurer.com/slgl/Audit%20Forms%20and%20Resources/Instructions%20for%20Contract%20Submission.pdf>
13. If an audit cannot be completed by the due date, the Auditor or Governmental Unit shall file an Amended Contract form (Amended LGC-205). This form shall be signed by the Governmental Unit representative and the Auditor. The explanation for the delay in completing the audit is part of this contract amendment form and shall be provided. The parties that signed the original audit contract shall sign the amended contract form as well. If the signing representatives are unable to sign the amended contract, please include an explanation for this in the submitted amended contract form.

TOWN OF WAYNESVILLE BOARD OF ALDERMEN
REQUEST FOR BOARD ACTION
Meeting Date: May 22, 2018

SUBJECT: Wayfinding Program Endorsement

AGENDA INFORMATION:

Agenda Location: Manager's Report
Item Number: E9
Department: Administrative Services
Contact: Rob Hites, Town Manager
Presenter: Rob Hites, Town Manager

BRIEF SUMMARY The Haywood County TDA is sponsoring a wayfinding program for the entire County. Bizzell Design has been engaged to develop the program and design the signage. Mr. Bizzell met with representatives of the Towns, Lake Junaluska and Downtown Waynesville Association to develop the program. The TDA will fund Mr. Bizzell's contract and purchase of the signs. The local governments will be asked to fund the installation of the signs as approved by the NC DOT. The representatives of the Towns have reviewed the location of the signs. The contract was established to get people into the central business districts and points of interest. Should Towns wish to add customized signage within their downtowns or attractions they may contract individually with Mr. Bizzell's firm. The design of the base for the signs is approved by NC DOT. Generally a 4 ft. x 18 inch base is set with special break away bolts. The pre fabricated sign is bolted to the base. Town crews or a contractor will carry out installation. Each base is estimated to cost approximately \$800. I estimate that the Town will install sixteen bases including parking signs totaling \$12,800. I estimate that DOT approval and fabrication of the signs will take approximately six months and installation set for the April or May.

MOTION FOR CONSIDERATION: Approve the design and Town's participation in installation of the signs.

FUNDING SOURCE/IMPACT: Street Maintenance

ATTACHMENTS: Sign and Post design and locations.

MANAGER'S COMMENTS AND RECOMMENDATIONS: GPS in Haywood County can be confusing. A commonly themed, well located sign system will draw travelers into our central business districts and to our points of interest rather than steer them to Asheville, Atlanta or Tennessee. The TDA will fund a signage system that individual Towns could not afford. Approve the project.

Note: By combining the logo with the international wayfinding symbol we open the door to a lot of creative use on maps, advertising materials and social media.



Note: 6' sq. aluminum tube slides over pole to provide a wider mounting surface for the sign panel. All joints are welded, then ground smooth before painting.

Main Thoroughfare Wayfinding Signage / Lettering & Message Guidelines / Breakaway Mounting Guidelines

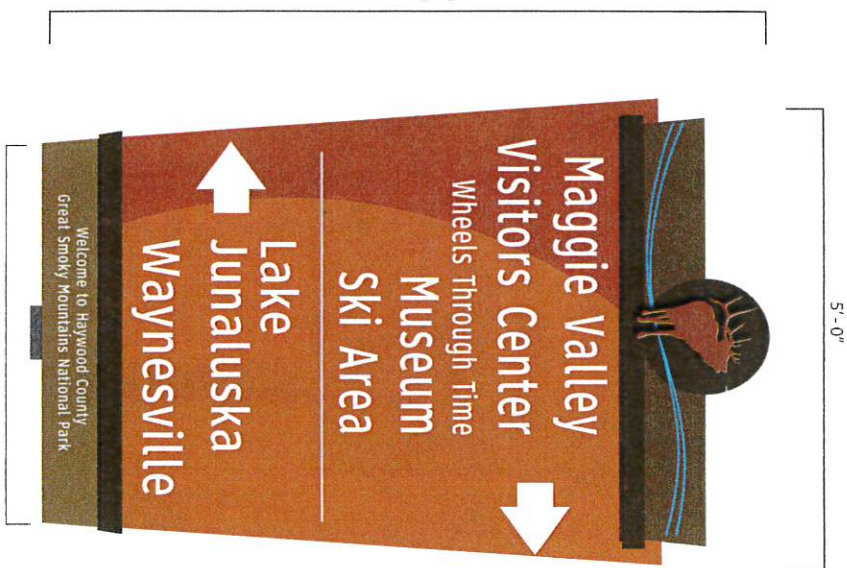
NOTE: ALL DESTINATIONS LISTED ARE CITY OWNED/MANAGED PUBLIC, ART, EDUCATIONAL AND CULTURAL FACILITIES.

IDENTIFICATION ENHANCEMENT MARKERS

OPTIONAL: AN IDENTIFICATION ENHANCEMENT MARKER MAY BE USED IN A COMMUNITY WAYFINDING GUIDE SIGN ASSEMBLY, OR MAY BE INCORPORATED INTO THE OVERALL DESIGN OF A COMMUNITY WAYFINDING GUIDE SIGN, AS A MEANS OF VISUALLY IDENTIFYING THE SIGN AS PART OF AN OVERALL SYSTEM OF COMMUNITY WAYFINDING SIGNS.

STANDARD:41 THE SIZE AND SHAPE OF IDENTIFICATION ENHANCEMENT MARKERS SHALL BE SMALLER THAN THE COMMUNITY WAYFINDING GUIDE SIGNS THEMSELVES. IDENTIFICATION ENHANCEMENT MARKERS SHALL NOT BE DESIGNED TO HAVE AN APPEARANCE THAT COULD BE MISTAKEN BY ROAD USERS AS BEING A TRAFFIC CONTROL DEVICE.

GUIDANCE: THE AREA OF THE IDENTIFICATION ENHANCEMENT MARKER SHOULD NOT EXCEED 1/5 OF THE AREA OF THE COMMUNITY WAYFINDING GUIDE SIGN WITH WHICH IT IS MOUNTED IN THE SAME SIGN ASSEMBLY.



3.5

3.57

9

9.

9

1

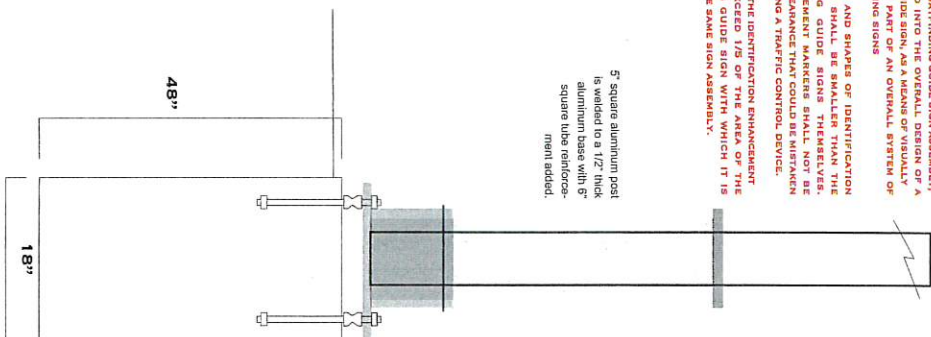
4'-2"

3M™ Engineer Grade
Prismatic Reflective
Sheeting Series 3430

3M™ Premium
Protective Overlay Film
Series 1160

TYPE FACE: CLEARVIEW HWY.

LETTER/HEIGHT:
THE PRINCIPAL, LOCATED ON GUIDE SIGNS SHALL BE IN LETTERS AND NUMERALS AT LEAST 8 INCHES IN HEIGHT FOR ALL LOWER-CASE LETTERS, ON A COMBINATION OF 8 INCHES IN HEIGHT FOR UPPER-CASE LETTERS AND 4.5 INCHES IN HEIGHT FOR LOWER-CASE LETTERS, ON LOW-VOLUME ROADS (AS DEFINED IN SECTION B.A.01)

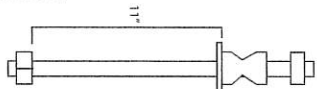


5" square aluminum post is welded to a 1/2" thick aluminum base with 6 square tube reinforcement added

WAYFINDING SIGNAGE BREAKAWAY BASE IS EASY

BREAKAWAY BASE IS FHWA APPROVED DEVICE

MASONRY/FOOTINGS

[illegible]

Dent Breakaway Bolt

This reduced bolt section lead to the bolts being tested and approved as fully compliant with NCHRP Report 350, including the Omni-directional criteria in October 1996.

48

CONCRETE

GRADE

20

Note:
Cut elongated slot for
breakaway bolt 3/8" larger
than bolt shaft to allow for
slot adjustment.



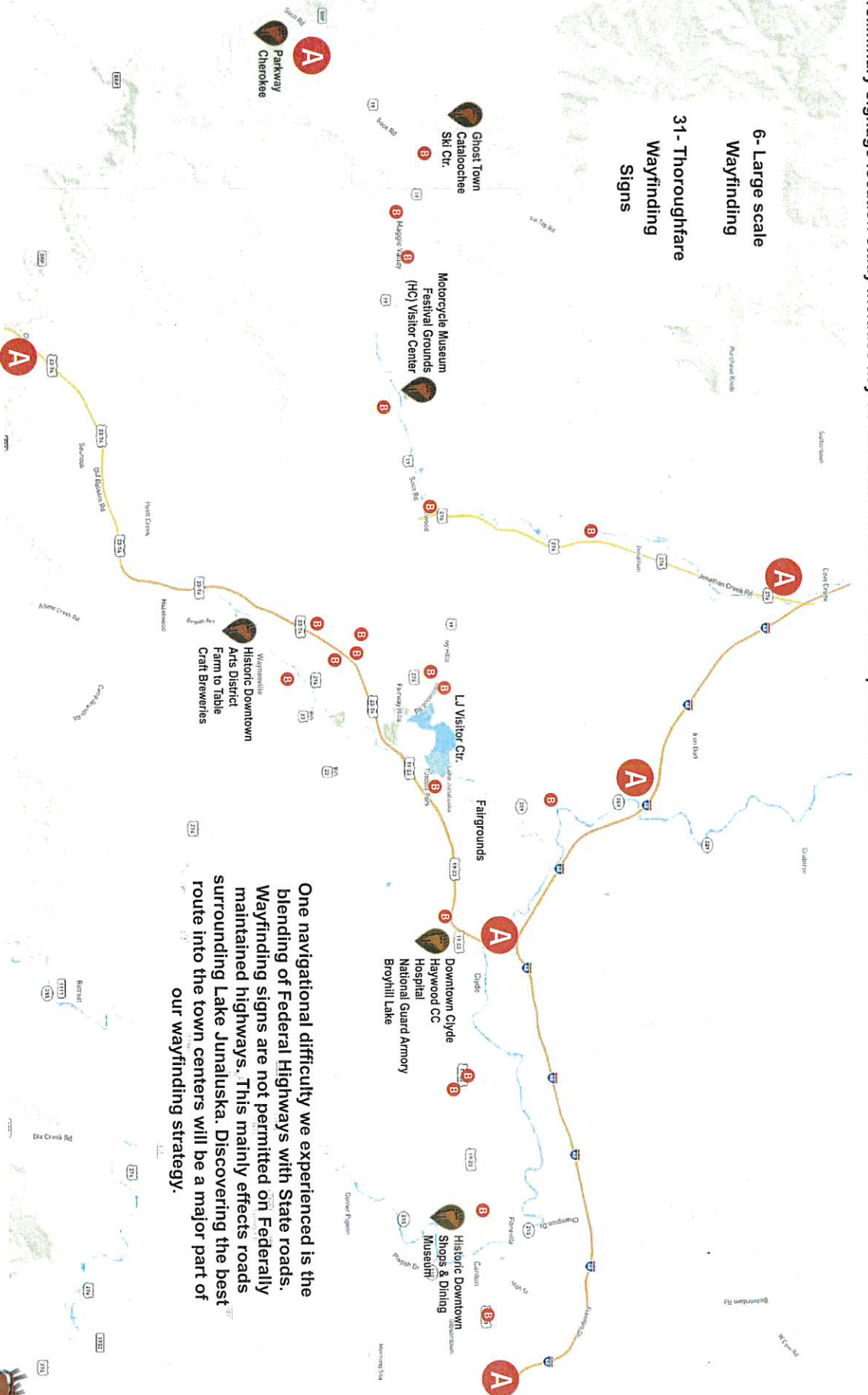
Note: As the wayfinding signs lead visitors to each town in Haywood County, they have the opportunity to continue the directional messages and link the visitors to parking areas. The Black Bear, the Cardinal and the Plott Hound are all symbols unique to each town identity.



Preliminary signage location study includes key destinations based on a visitors point of view.

6- Large scale
Wayfinding

31- Thoroughfare
Wayfinding
Signs



One navigational difficulty we experienced is the blending of Federal Highways with State roads. Wayfinding signs are not permitted on Federally maintained highways. This mainly effects roads surrounding Lake Junaluska. Discovering the best route into the town centers will be a major part of our wayfinding strategy.

**TOWN OF WAYNESVILLE BOARD OF ALDERMEN
REQUEST FOR BOARD ACTION
Meeting Date: June 12, 2018**

SUBJECT: Consider Change in the Term Limit Policy for Appointed Boards and Commissions

AGENDA INFORMATION:

Agenda Location: Communication from the Board
Item Number: F11
Department: Board of Aldermen
Contact: Amie Owens, Assistant Town Manager
Presenter: Mayor Gavin Brown

BRIEF SUMMARY: In 2013, the Board of Aldermen adopted a policy for term limits for appointed Boards and Commissions. There was a two-term limit which is 6 years for most boards, except for the Waynesville Housing Authority which would be 10 years. Annually, individuals whose terms are expiring and are still eligible to serve are offered the opportunity to have the Board of Aldermen reappoint them in their existing capacity. Those who have reached the term limit are sent letters informing them of their termination date of June 30, 2018 and thanking them for their service.

For those individuals who had been serving extensive number of years (greater than 20 consecutively) – an offering of ex-officio status for the required one year break was conveyed for 2018/19 until they are eligible once again to serve.

Individuals who were not happy with the term limit and subsequent notification for termination, and the offering of ex-officio status approached board members directly regarding a possible change.

The issue before the board is discussion of whether to uphold the two-term limit, change it to another term limit or do away with term limits in their entirety.

MOTION FOR CONSIDERATION: Motion will come from the floor

FUNDING SOURCE/IMPACT: No funding required

ATTACHMENTS:

MANAGER'S COMMENTS AND RECOMMENDATIONS: This is a Board of Aldermen policy decision. Action is at the will of the Board.