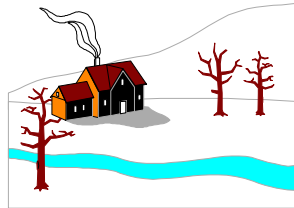


TO: MAYOR AND BOARD OF ALDERMEN
FROM: LEE GALLOWAY, TOWN MANAGER
DATE: FEBRUARY 2, 2004
SUBJECT: STATUS REPORT FOR PERIOD ENDING JANUARY 31



The quiet of the holidays lasted into the month of January for some departments while others never slowed down much. Many people focus on other things and with the colder, inclement weather, it is a good time to catch up on outstanding items. Some of these have been on the back burner for longer than I prefer, but it seems that there are always more pressing items, making it easier to move the first items to the “can wait” category. We are trying to forge ahead now in several different areas.

TOWN CODE

In 1999, we began work on recodification of the Town Code. This means hiring an outside firm to completely review the existing Code, making sure that the ordinances are in compliance with State and Federal law and updating it as needed. It also means merging in the ordinances which have been adopted since the last recodification, which was done in 1987.

When the Board decided to fund a land use study and to develop land use standards, it meant a complete revision of the zoning ordinances. During that time, ordinances and subdivision make up a large part of the best to put the recodification the zoning related issues were



we also had the flood plain ordinances revised. As these Town Code, we felt it was project on hold until after finalized.

This fall, Phyllis McClure began working on the recodification again, and during the past few weeks, we have finalized the document. We have gone back through the most recent draft of the recodified code and made some further revisions, and added in the ordinances which have been adopted since 1999. The Code will now be sent to Municipal Code Corporation in Tallahassee, Florida, and they will review and revise the most recent changes. We are optimistic that the recodified document will be back in our hands by summer.

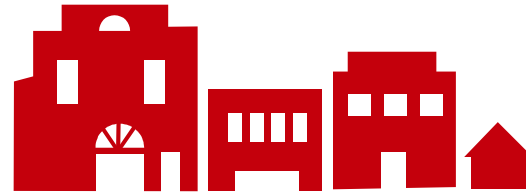
COLUMBARIUMS & CEMETERY REGULATIONS

The Board approved the purchase and installation of columbarium units for the Greenhill Cemetery. Columbarium units are for the placement of cremated remains. In this case, the Committee which has been working on this project has chosen units which have 48 spaces, called niches, for the placement of cremation urns. There are 24 niches on each side of these units which each stand 5 feet high, are 7 feet in length and are 4 feet deep. The plan is to purchase four of these units initially, providing space for 192 urns.

In discussing the need for the columbariums, the Committee learned from Wells Greeley of Wells Funeral Home and from Johnny Phillips of Garrett Hillcrest Funeral Home that approximately 30% of their funerals are now handled through cremation rather than through the traditional burials. This number has risen rapidly in recent years and is expected to rise even more as cremation becomes more accepted by the public. We have seen projections that by 2020, there could be 50% of deaths handled through cremation. Some of these result in requests for underground burial, while several have led to requests as to whether the Town had a columbarium available for the placement of the urns. We are trying to be responsive to this new need.

During December, a good deal of time was spent in preparing a set of rules and regulations for the use of columbariums as well as for the underground burial of the urns. Meetings have been held with the Committee which has been working on this project as well as with town staff members to get their input on the matter. The suggestions from both groups have been very useful in terms of developing a workable document, and it is hoped that we will have something to present to the Board during February or March at the latest.

We will also be dealing with an area of the cemetery which will be limited to cremated remains, either by placement in a columbarium, yet to be erected, or underground burial of the urn. A plan will need to be designed for the use of the area, allowing room for expansion through the addition of more columbariums in the future as cremation becomes an even more popular method.



FACILITIES STUDY

In the fall, the Board directed me to research firms that performed studies of facilities and provided suggestions on how to better use existing facilities as well as recommend the need for new facilities. A firm in Charlotte was suggested by some others in city government, and I have been in contact with them. I have talked with some others as well. The Charlotte firm provided copies of studies done for other municipal and county governments, and I have been making my way through them.

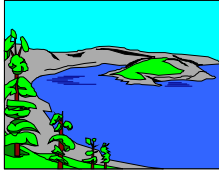
By the time of the Board Retreat on March 19, I expect to have a recommendation as to which firm to employ for this study. Every time there is an article in the newspaper or on television on the topic, we get several telephone calls from people who have a piece of property that would be “just perfect” for a fire station. I explain to them that the firm hired to conduct the study will be the one making recommendations as to whether we need a new location or not and where that location, if one is recommended, might need to be.

WATERSHED

During the past few months, a firm from Jackson County has been conducting a survey of the outside boundary of the watershed. The harsh weather and snow has slowed that process during the winter, but there is still a goal to have the work done in March. In addition to the outside boundary, the firm will also provide maps which will show the three tracts of land that was in private hands but which the Town has secured over the past several years. These three tracts (Barnett, Lanning and Haywood Lumber and Mining) will be placed in a “forever wild” easement to the State of North Carolina, since a State agency, the Clean Water Management Trust Fund, provided a grant of almost \$500,000 to help the Town secure that 690 acres. The Town purchased 247.347 acres from the Barnetts, and we had to condemn the Lanning Tract to receive 14.7844 acres. In a friendly condemnation, we received 428.57 acres from Haywood Lumber and Mining. That is a grand total of 690.7014 acres of privately held land secured to public ownership at a cost of approximately \$1,350,000, which puts it in the range of \$1,950 per acre, including all legal, survey and land costs.

I am pleased to report that the Clean Water Management Trust Fund has agreed to provide one half of the survey costs, up to a maximum of \$25,000. We secured a cost estimate of \$48,700 from Davenport Surveying, and the pledge from the CWMTF will certainly help the Town in handling this expense.

We have resumed a review of the conservation easement on the rest of the watershed. As discussed previously, the proposed easement will propose a working forest and will not tie up the hands of future Town Boards in terms of being able to use the land to the benefit of the citizens of Waynesville. There are stringent regulations included in the easement to protect the high quality of water provided by this watershed, and that is a primary goal in considering a conservation easement. Another primary goal is to assure that the land and natural resources within the watershed will be handled in an environmentally sound manner in the future. We do not want to see any of the clear cutting of timber that was permitted in the past.



During the spring, when the easement has reached the “final” draft form, representatives of the Conservation Trust of North Carolina, the Southern Appalachians Highland Conservancy, the Little Tennessee Land Trust and the Natural Resources Department of Western Carolina University will come before the Board to discuss the easement in more detail. At that time, the surveys will be completed and there will be more opportunity to discuss the watershed management plan.

ELECTRIC INFORMATION

In 2002, the Town negotiated a new contract to purchase wholesale **power from Progress Energy**. The new rates took effect on January 1, 2003. Under the new rates, we conservatively estimated savings of \$225,000, and on the other extreme, we anticipated savings of \$275,000. A good middle point would have been \$250,000. During the first year, we have experienced a savings of \$281,047.75, and we are indeed pleased with this. You will recall that after negotiations were finalized, we learned the transmission costs were going to be higher than discussed. We argued with Progress about this unexpected charge, and Linda Mann, our account manager at Progress Energy, represented the Town well and helped secure an additional \$2,000 per month credit for the Town. That additional \$24,000 annual savings has helped the overall results of this contract substantially.

In 2002, a consultant prepared a Long Range Plan for our electric system. In that plan were recommendations for operational and maintenance improvements as well as for major capital expenditures. As a result, the Board increased the appropriations for the replacement of poles and transformers as we try to upgrade the infrastructure.

During the past several months, our electric personnel have replaced a number of deteriorated poles and several transformers. They have also increased the trimming of limbs on trees that are near the power lines. This last activity has been especially helpful during the recent run of snow and ice that has visited our town, and we have likely avoided a number of electrical outages we would have experienced had the trimming not been done.

A final element from that Long Range Plan was to develop a second substation. We searched to find a suitable spot close to the Associated Packaging plant, since they are the Town's largest power customer.



Having a substation close to them and with a very short feeder line might reduce the number of outages the firm experiences and provide them with a more reliable power source. Public Works Director Fred Baker has been in discussions with a property owner regarding the sale of a potential site for a power substation. We will be coming to the Board within a few months to discuss this further.

WATER QUALITY SAMPLES

In November, we learned that the water samples taken in the fall had resulted in a slight violation of the water quality standards. The violation was a higher than permitted level of Haloacetic Acids, which is a byproduct of chlorine disinfectant of the water supply. As required by State regulations, a letter was mailed to every customer on the water system and an advertisement was placed in the newspaper.

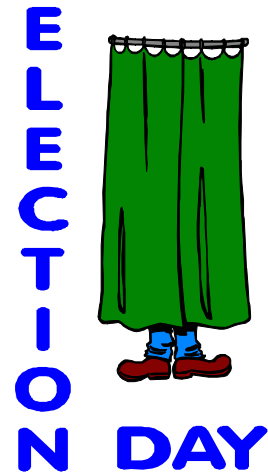
With the help and guidance of the State, we immediately began making a number of adjustments to the way we were introducing chlorine into the water at the water plant. At the water plant, we cut the prechlorination feed rates, and we later relocated the point where the chlorination takes place. The Water Maintenance Department began a more intense flushing of the water system at the points more distant from the water plant, trying to assure that the water in the lines does not become stagnant and allow these byproducts to accumulate.

As these changes have been made, we have run a higher number of tests to better understand the results of the changes. We are pleased to report that the first set of new tests showed a dramatic reduction from the allowable limit of .060 mg/l. In tests run December 11, 2003, at four locations more distant from the water plant, the results were .0266, .0267, .0261 and .020 mg/l. We have made some additional changes to the plant since those tests were run, and we have some new tests just received. At the same locations, those are .026, .012, .012 and .011. We are cautiously optimistic that the new test results show that we have hit upon a solution to the problem.

ELECTION ISSUES

During the fall of 2003, we were contacted by the Haywood County Board of Elections regarding their need to relocate the West Waynesville voting precinct. It seems that the Elks Lodge, which presently serves as the voting spot in that precinct, cannot be adapted for handicap access, and the Elections Board is required to assure that each precinct is handicapped accessible. They have requested that we allow the recreation center to be used as the new voting precinct, asking that they be allowed to use the eastern most conference room. We have agreed to this request. Voters would access the building through the doorway next to the kitchen. Employees would be directed to park elsewhere on election days, freeing parking spaces near the eastern door for voters.

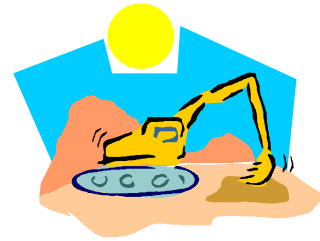
(Of course, all this assumes that the Democrats and Republicans are actually able to devise a redistricting plan to which both parties can agree and which will pass muster with the Courts.)



PROJECTS

Although it is winter, our personnel have been involved in a number of projects. Some of these are taking place in areas where there are high traffic volumes during the warmer months, so we are trying to get the projects done and out of the way of motorists in the spring.

We are also working on plans for sidewalk projects in the next few months as we continue to replace deteriorated concrete and extend sidewalk into new areas.



Wall Street:

Work has resumed on constructing the bump outs and planting islands along Wall Street. We started some of this work in September but ceased during the busier months of October, November and December. We are trying to work our way from East Street northward toward the rear of Wells Funeral Home and possibly to the fountain at the foot of Wall Street.

Tree Plantings:

In recent weeks, Town employees have planted a number of trees throughout the community. New trees have been placed along South Main Street in front of the building housing Lee Starnes Insurance Agency, and we have replaced some maples along the stretch between the Oak Park Inn and Bogarts as well as in the Frog Level area. Ms. Mib Medford was able to secure a grant from Progress Energy for the purchase of trees, and we worked with the Haywood Advancement Foundation to gain permission to plant some sunset maples along Hyatt Creek Road and South Main Street next to the former Dayco Plant. We have a few trees left we are trying to locate along South Main Street.

Depot Street:

Design work is underway on redoing the intersection of Depot, Branner and Haywood Streets to handle the increased traffic anticipated upon completion of the courthouse and full use of the parking deck. In addition, we will be undertaking storm drainage improvements between Montgomery Street and Branner Avenue to correct some long standing drainage problems in that area. It is likely that the storm drainage work will begin before March 1.

Sewer and Water Lines:

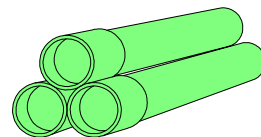
We continue to have problems with silt, sand and gravel in sewer lines, and our personnel in the **Sewer Maintenance Department** have been cleaning a good many sewer lines in the areas which produce the most trouble. The accumulation of this material takes line capacity and inhibits the normal flow of wastewater. It is the result of some infiltration in deteriorated sewer lines and in manholes and poor sewer connections to the system.

We have had a recurring problem in the sewer line on **Hazelview Avenue**, behind the Waynesville Middle School. We have entered a contract for the replacement of the sewer line on that street where several line blockages have occurred.

In the very near future, we expect to see a new sewer line installed along the **Asheville Road** between the Farm Credit Office and the Waynesville Family Practice Center. That line has been authorized for over a year, but the contractor was not allowed to do the work until more of the work on the road was completed in that area.

We are again experiencing problems with sewer lines on **Westwood Circle**. The section of line between Georgia Avenue and Hazelwood Avenue at RFC Construction is in poor condition and our camera shows a good deal of broken pipe. This is the only section of sewer line on Westwood Circle that has not been replaced since the merger with Hazelwood. We are trying to find the money within the sewer fund to do this work this spring.

On the water side, we have completed the replacement of water lines on **South Hill and Seymour Streets** and made the connections to the new lines. We are finishing up the installation of a six inch water line on **Welch Street** and plan to make connections to the new line within the month. These new six inch lines replaced small, corroded galvanized water lines that have been in place for over forty years, more than twice the life expectancy for such lines.



In 2003, the Department of Transportation approved a **storm water project** for the intersection of South Main Street/Ninevah Road/Riverbend Street. The project was put out to bid last summer, but the prices were considerably more than the State had budgeted. The project has been placed out to bid again in hopes that the work can be done this spring. Town Attorney Woody Griffin and Public Works Director Fred Baker have been working with an adjacent land owner to secure an easement for the storm drainage line from the intersection to a nearby creek. The Town is required to provide this easement at no cost to DOT.

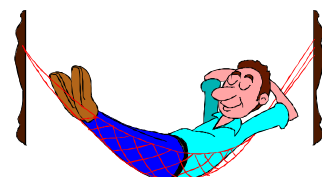
BUDGET:

As unbelievable as it may seem, the time has arrived again for us to commence work on the budget. The Finance Department has distributed the work sheets for capital outlay requests, and these are due to be turned in by March 1. Line item budget worksheets are being distributed to department heads this week and are due back in by March 15. Finance Director Eddie Caldwell and I will begin serious work on the budget during late March and early April, and the document should be ready for the Board in early May.

PERSONNEL INFORMATION:

In December, the Board granted a very valuable new benefit to the non-law enforcement personnel when it approved a 3% contribution to a 401(k) retirement plan for employees. Under a State mandate on local government, certified law enforcement personnel have been receiving a 5% contribution from the Town for the past 17 years. This new benefit has generated as much positive comment from employees as any thing I have seen during my ten years as manager in Waynesville.

During early December, employees were given the opportunity to meet with representatives from Prudential Investments, the firm that is under contract with the State to handle the 401(k) retirement program. At that time, employees had to make a decision about how they wanted the contribution from the Town to be invested. In addition, employees were given the chance to contribute some of their own money to the same 401(k) program. It is amazing to me that 94 employees decided to begin contributing some of their own money to this new 401(k) program. This does not count the certified law enforcement officers who have been in the program for years, but only the remaining employees. That means that 94 of approximately 132 non-law enforcement employees made the decision to invest their own money towards retirement. The contribution from the Town has encouraged this commitment, and the day will come when these employees will reap the benefit of the decision made by this Board to help them with their retirement. I know that all of us are truly grateful for this generous decision by the Board.



Alderman Libba Feichter has been appointed to serve as the Vice Chairman of the Transportation, Communications and Public Safety Committee for the League of Municipalities. She has served on this particular committee for more than two years and has represented the Town and the League very well. We are pleased that she has been appointed the Vice-Chairman and wish her well in her work.

At the meeting of the League's Board of Directors last week, Margaret Langston was reelected to another, three year term on the Board of Trustees of the Risk Management Services. Margaret has also represented the Town quite well on this Board which oversees the three insurance programs sponsored by the League.

Police Chief Bill Hollingsed has been serving on the Board of Directors of the North Carolina Association of Chiefs of Police.

Other employees serve on various state and local boards. Some of these are on local volunteer organizations and agencies, and we appreciate their work in attempting to make our communities better. Some serve on professional boards, attempting to further professional development or to improve their profession. We appreciate these efforts.



MANAGER INFORMATION:

As you know, I was recently reelected to an additional two year term on the Board of Directors of the North Carolina League of Municipalities. The annual retreat for this Board was held in Southern Pines on January 29-30, and I attended those sessions.

The North Carolina City and County Managers Association will be holding its Winter Conference in Chapel Hill on February 4, 5 and 6, and I will be attending that. I was asked to continue serving as Chairman of the Program Committee for the Association, and we are responsible for planning both the Winter Conference in Chapel Hill and the Summer Conference which will be held in Asheville in mid-June. For the Winter Conference, registrations as of last Friday were at 370, significantly higher than the record 335 registrations for any previous conference, and with on site registrations, that number may climb to near 400.

As always, when I am out of town, the Mayor, Town Clerk, Public Works Director and Police Chief know of my whereabouts. Now that I carry a cell phone, I am normally accessible at any time there might be an emergency situation.

In a few short weeks, I will be completing ten years of service to the Town of Waynesville. It is very hard for me to believe that ten years have passed by so quickly. I have not previously served as a manager in a community for this long a period, and no previous manager has served Waynesville for this long. Bill Sutton was town manager for two stints, with the combined total being nine years and ten months.

Two good friends have made major career decisions in the past two months, one leaving Lenoir after 22 years and another retiring from Hickory after 20 years. I appreciate the good things we have in Waynesville, and that is highlighted by the opportunity to work with an outstanding town board. I appreciate what you have done for me and for all the employees. I am grateful for the professionalism you show in dealing with me and with town staff, for your dedication in your service to the community and for your cooperative but determined nature to achieve that which is in the best interest of the community as a whole.

I can look back over these ten years and see many successes. There were times when things were difficult, at work as well as in my personal life, but with a supportive Town Board and Town Staff, we have survived. The “bad” times are just a distant memory and the good times are what keeps me striving for more good times. I look forward to work each day, to what is new and the challenges that lie ahead. It is a pleasure for me to have worked in this community, and I want you to know that I am appreciative to each of you.

Sometimes I think you deserve an **award** for putting up with me, so at the very least, please accept my “THANKS”!!!

