

TO: Mayor Brown and Board of Aldermen
FROM: Lee Galloway, Town Manager
DATE: December 31, 2008
SUBJECT: Status Report/Year End Report – 2008

As 2008 draws to a close, many of us are filled with a feeling of being glad it is over, and we are looking forward to a much better 2009. While there have been many difficult challenges during the past year, there have also been many positive events and activities for the Town. Each year, you have to look at where you were at the beginning and where you are at the end, and for the Town of Waynesville, I believe there have been many positive and forward strides made and that they outweigh all negatives.

ELECTRIC SUBSTATION

In January, 2008, we experienced two particularly cold mornings when the demand on the 20 megawatt electrical substation approached full capacity. On January 3, 2008, the demand set an all time record of 19.894 megawatts, and on January 21, 2008, the station set its second highest peak of 19.855 megawatts. Running at nearly full capacity of the 20 megawatt substation was not totally unexpected.



A system study in 2002 by Booth Associates had projected that the Town would need to expand the existing electrical substation or construct another substation in the very near future. So in 2006, the Town Board began allocating funds for engineering work to design a new substation and the necessary lines to connect to the existing system. In late 2007 and early 2008, the Town began buying various portions of the substation and in the early summer, awarded a contract for the actual construction of the facility and for connecting the existing system to the new substation. As we reach the anniversary of those peaks set in January, 2008, we are within a month or two of bringing the new electrical substation on line. Once done, the Town will have two substations with a combined capacity of 35 megawatts, and it should be many years before the Town finds it necessary to again expand its electric substation capacity.

FIRE STATION

In January, 2008, we were nearing the 60% completion point on the new fire station on North Main Street, and in late May, 2008, the Waynesville Fire Department moved into their new quarters. The state of the art facility has won two different awards for its architectural design and functionality, and the station was selected as the featured facility for the month of February in the annual calendar of the North Carolina League of Municipalities. Representatives of the Rural Development Branch of the United States Department of Agriculture indicate that the Waynesville Fire Station is the most attractive station with which that federal agency has been involved. The new station was dedicated at a ceremony on July 26, 2008.

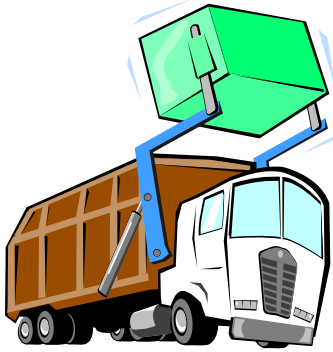


POLICE STATION/DEVELOPMENT OFFICE



At the beginning of 2008, plans were underway for renovations to a former medical office so that the building could be used as a temporary location for the police department. This was necessary due to plans to demolish the interior of the current police station, to renovate and expand the building to provide more room for the police and to add a structure on the property to house Development Related Activities. During July, construction began on the facility, and completion is anticipated in July, 2009. Once done, all police offices will be located under one roof and there will be a one-stop shop for developers, with the public works director, planning director, land use manager, building and fire inspectors located under one roof. In addition, on the second floor of the new building, there will be a meeting room for the Town Board as well as other boards and commissions and groups.

COMMERCIAL REFUSE COLLECTION



In presenting the budget request for the 2007-2008 fiscal year, the Streets and Sanitation Department requested \$100,000 to repair and upgrade the two side-loading commercial garbage trucks. With the support of the Town Board, a comparison was made of continuing with the side loading trucks versus switching the system to front-loading dumpsters with new trucks to handle those dumpsters. Town Staff visited other communities and investigated the pros and cons, and in the end, the recommendation was made to switch the system to front load dumpsters and trucks.

The cost to make the switch was significant, with two trucks running \$190,000 each and dumpsters adding another \$85,000 to the cost. But the Board realized that making the switch would result in cost savings over the long term by having a more efficient operation, speeding the collection process and reducing expenditures for personnel. By summer of 2008, the trucks arrived and the dumpsters were delivered to commercial establishments. The department has a goal of switching all dumpster customers from side loading units to front loading units by July 1, 2009. Change is sometimes painful and often met with resistance, but thus far, the personnel and the customers have been very receptive and supportive of the changes in this process.

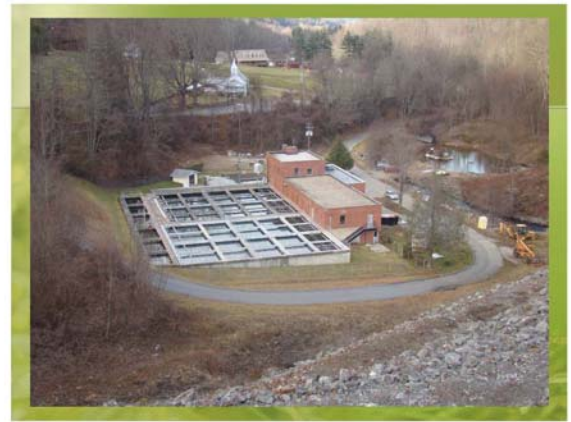
GREENWAY

After many years of jumping hurdles, finding dead-ends, jumping more hurdles, finding roadblocks and jumping still more hurdles, Phase I of the Waynesville Greenway was completed and dedicated. Without the persistence of Tim Plowman from the Recreation Department and the efforts and assistance of a number of people to seek out the funds necessary to complete this project, it would have been exceedingly difficult to reach the point of cutting the ribbon to dedicate the trail on October 4. The project connects the Town to Lake Junaluska from the Recreation Center to North Main Street to the Asheville Road and the Industrial Park. When construction of Howell Mill Road is completed in 4 to 5 years, there will be an additional connection between Russ Avenue and the Asheville Road. But on October 4, 2008, after 8 years of work, Phase I of the Greenway was dedicated on a beautiful, crisp fall morning.



WATER AND SEWER MATTERS

During 2007-2008, there were additions to the Water Treatment Plant, with the expansion of the laboratory and the addition of some office space and an employee break area, something our personnel had never been provided. The addition provided staff with more space in which to conduct the many tests required now as opposed to 1954 when the facility was originally constructed.



As construction on the addition was being completed, some roof problems were discovered. The reinforcement steel in the concrete roof panels had deteriorated and it became evident that the roof would have to be replaced. Work on this project is now underway with the work scheduled for completion this winter, hopefully in advance of any heavy snows.

Town Crews and hired contractors have been chipping away at replacing some deteriorated portions of the water distribution and sewer collection system. Many of these problems were identified in the 2006 Study that revealed \$31 million dollars in needs of the water and sewer operations. The Town Board appropriated \$275,000 in both the water and sewer funds in 2007 and again in 2008 to assist with this work, and that is more than was ever allocated previously. Considerable amounts of water lines and sewer lines and manholes have been replaced in recent years, but it will take a very long term commitment and increasing appropriations to address all the needs.

During 2008, the Forestry Management Plan for the Waynesville Watershed was completed. Dr. Peter Bates and Rob Lamb of Western Carolina University presented the Plan to the Town but noted that forestry professionals, water quality experts, botanists and zoologists from Western Carolina and other educational institutions all played a part in developing the Plan. The Watershed Advisory Committee worked closely with Dr. Bates and other representatives in developing the plan. The Plan received the endorsement of environmental groups such as the Southern Appalachian Highlands Conservancy, the Conservation Trust of North Carolina and the Land Trust for the Little Tennessee, as well as our own Haywood Waterways Association. Public informational meetings were held and tours of the watershed provided, with Dr. Bates leading a guided tour for the Board to identify the problems that exist, the potential problems and to explain the recommendations to address and overcome those problems. In the end, the Plan was approved by a majority of the Board, and the Town continues to work with Dr. Bates on the implementation of the Plan.

GENERAL

There have certainly been other changes during the year, some of which are noticeable and others not so noticeable. The economic conditions across the country and the world were certainly one driving force that led to change. The rapid increase in the price of petroleum products and the difficulty in securing diesel fuel and gasoline was another factor encouraging change.

Town employees were asked to evaluate their operations to determine what changes could be made, particularly changes that would result in fuel savings. The Streets and Sanitation Department came up with the idea of new schedules for the collection of yard wastes and the collection of bulky items, such as furniture, appliances, old mowers, etc. They now alternate weeks for these items, and it is more efficient. Other departments also found ways to reduce fuel consumption.

The Recreation Department has continued to expand programming, with many new activities and services offered. Under the leadership of Director Rhett Langston and the strong support of a dedicated staff, new activities and opportunities have been provided. And the positive results have been evident in the record number of people visiting the center as well as the increase in the revenues generated by the recreation programs. While the Recreation Department is not yet self-sufficient, the department has made significant strides in reducing the subsidy provided by the General Fund.

In November, faced with the prediction of recession and a dire financial picture during the current fiscal year, Town Staff and the Town Board worked together to find a way to painlessly put 3% of the current budget into a "reserve" status. Approximately \$580,000 was removed from the budget and reserved in the event revenues should drop substantially. While a hiring freeze was not implemented, the Town Manager is reviewing each job opening which occurs to determine whether or not it can be left unfilled for a period of time. As the year progresses, if the financial situation for the Town is not as severe as predicted, the Town Board indicated that it would be receptive to releasing some of the funds in reserve for expenditure. The move is a precautionary one to avoid making more difficult and painful decisions deeper in the fiscal year.

There have certainly been other important events for our community in the past year. When I think of 2008, I think of the hard work by the Public Art Commission and the addition of the art piece at the top of Miller Street. So often I will be on Main Street and see children and adults having their picture taken with the musician figures which have been created by the artist. What a fine addition to our Main Street.





I think of the continuing changes that occur to make our Main Street one of the most attractive and most alive in Western North Carolina. I think of the new program in 2008 where the Recreation Department and the Downtown Waynesville Association teamed up to have movies on the top level of the parking deck. What a great idea and what a beautiful setting it was as the big screen returned to downtown.

Another major change for Waynesville this year was voter approval of Liquor by the Drink. The referendum on that issue was held in May and the voters approved the matter by a 56-44% margin. According to a yearend report, there are now 16 places of business in Waynesville that have liquor by the drink licenses. The Police Department has not reported any significant increase in alcohol related incidents since Liquor by the Drink was approved.

In the recent edition of the newsletter, Mayor Brown indicated that we are seeing changes and events like nothing in most of our lifetimes. How true that is! The economy both at home and worldwide, the national, state and local elections, the fuel crisis, the environmental changes, weather events,,,,,,,,, the list goes on and on. How different 2008 has been in so many ways! But change is not necessarily a bad thing, and there have been many positive things that come out of change.

Change will often force us to look at the way we do things and to consider other alternatives. Some of the changes that have emerged from the recent energy crisis have forced us to try to be more efficient, and hopefully we will maintain those alternative ways of doing things to remain more efficient in the future.

While there are immense challenges ahead, I am excited about some changes we are considering to try and make our organization leaner and more efficient while still delivering the high level of services to which the citizens are accustomed. We have been looking at several technological changes which will result in greater customer service. We have implemented the bank draft program, and in response to requests from the Board and customers, we are anxiously awaiting the start of the credit card payment program for taxes and utility bills.



We are also evaluating a GPS Program that will bring greater efficiency to the delivery of sanitation services to the citizens. In December, several staff members visited Clemson, South Carolina to view the program and see how it works for that municipality of 6,500 people. This system has been used by other communities, one of which found a 40% improvement in the efficiency of their sanitation service. The possibility of improving the efficiency of our own sanitation service and the chance to expand our service level by using our personnel to deliver other services is exciting.

While there will be challenges and financial difficulties ahead, we anticipate some satisfaction derived from meeting and conquering those challenges. These can be hard times, but they can be exciting times as well as we resolve the issues that we confront. It will also be exciting as we continue to work together to make a great organization an even better one.

BOARD RETREAT

On Friday, January 23, the Town Board will be holding its first planning retreat for 2009 at the Lake Logan Episcopal Center. We are already working on an agenda and a listing of the topics which we feel need to be addressed at the 2009 Retreat. We would ask that you submit ideas and topics that you feel need to be on the table for discussion at the Retreat. Please submit your thought and ideas to Alison or me over the next few weeks. We will be in contact with you later in the month to make the arrangements for travel to Lake Logan on that day.



PORTRAIT OF MAYOR FOY

On December 24, the portrait of Mayor Henry Foy was unveiled in the Board Room of Town Hall. The event was scheduled during the holidays so members of the Mayor's family would be present. Mr. Ray Rouser did an excellent job in painting the portrait of Mayor Foy. At the ceremony, two of the Mayor's daughters, Lucia of Rincon, Georgia, and Molly, of Charlotte, were on hand, and a number of Town employees and elected officials joined Mayor and Mrs. Foy and their family. On December 29, Mayor Foy's third daughter, Jessica, and her family from Houston, Texas, came by Town Hall to view the portrait. Everyone has been very complimentary of the work. In the coming week, Mayor Foy's portrait will join those of other former Mayors that grace the walls of the Board meeting room. Next summer, all of these portraits will be relocated to an appropriate spot in or outside of the new Board Room at the police-development office.

AWARD FROM HAYWOOD WATERWAYS

Perhaps you read the articles submitted to the local newspapers by Haywood Waterways about the organization's awards for 2008. The Town was selected as the Partner of the Year because of efforts to address contamination problems in Shelton Branch. Much time went into trying to find and correct sewer leaks, and over a mile of sewer line along Shelton Branch was replaced. Other efforts include public education to improve water quality and the restoration of stream banks along Richland Creek. The Award was presented at the annual dinner of Haywood Waterways.

TOWN FOOD DRIVE

During the weeks prior to New Years Day, various town offices conducted a Community Food Drive to assist those in need in our area. The Wastewater Treatment Plant delivered a sizable load of goods to the Haywood Christian Ministry in mid-December, and at the end of the month, items were gathered from collection points at all of the town facilities. On Wednesday, December 31, a large volume of various goods was delivered to Haywood Christian Ministry on Branner Avenue. We are very proud of the Town employees for taking on this opportunity to reach out and help others who might be in need of assistance. We are anxious to conduct a larger Community Food Drive in 2009, starting earlier and coordinating with other agencies in the County to achieve a better result. Thanks to all who participated in this event!!

