

TO: Mayor and Board of Aldermen  
FROM: Lee Galloway, Town Manager  
DATE: April 1, 2011  
SUBJECT: Status Report through March 31, 2011

We have completed the first quarter of the year, and I wanted to provide the Board with an update on activities with the Town. Our winter weather has been a true variety – one of the coldest Decembers in history, a snowy but moderate January and an unusually warm February. The fluctuations make it hard to plan the work of some of our operations, and it seems better from day to day to have work planned for bad weather and work planned for good weather. Then the departments can simply carry out whatever assignments fit the weather conditions on a particular day.

### **BUDGET WORK**

As is typical during the first few months of the calendar year, work on the Town's budget for 2011-2012 is in high gear. Department heads were given their Capital Outlay Worksheets in January and submitted their requests by February 15. They were given their Operating Budget Worksheets in early February and submitted those by March 1. Beginning in late February and continuing through



the middle of March, Finance Director Eddie Caldwell met with Department Heads and Supervisors to review the requests. These are developed more fully and will be presented to the Town Manager in early April.

The Finance Director, Assistant Manager and Manager will begin working through these requests the week of April 11 and continuing into the week of April 18. Once this process is completed, the Manager will begin developing the narrative for the budget message as well as the sheets explaining the various increases and/or decreases in expenditures and revenues. This makes April and early May a very busy time for us.

We are still without the total property tax valuations within the corporate limits so that we can project what our revenues will be from that source in the 2011-2012 budget. Property taxes account for \$3,974,950 or 29.7% of the General Fund Budget of \$13,393,900, and we are anxious to know the impacts of revaluations so we will have a better idea on the tax rate needed for next year. It appears that the values have all been changed on the property data on the County's GIS site, so it is evident that the values are known, and we are told that the new valuations are being mailed to property owners. We are hopeful that the County will soon see fit to provide the municipalities the totals so that we may complete our budget projections.

## **GENERAL ASSEMBLY ACTIONS AFFECTING BUDGET**

There are many uncertainties in the 2011-2012 budget, and none greater than the impact that decisions made in Raleigh will have on the Town's revenues and expenditures. Some members of the General Assembly indicate that they plan to finish the session by July 4<sup>th</sup>. Thus far, legislators have kept the cards showing whatever they plan to do close to their vest, so we have no idea how their actions may affect the taxes they collect and distribute back to the local governments or any unfunded mandates they intend to pass to local governments.



Governor Perdue presented the Administration budget to the General Assembly; however, her proposal maintains 3/4ths of the one cent sales tax that was to sunset in 2011. Members of the majority party have indicated that they will not renew the one-cent sales tax, and that would leave a \$1.5 billion hole in the budget. Governor Perdue has also passed down considerable costs to School Systems/Counties. While there have been promises that the State's budget would not be balanced on the backs of local governments, it remains to be seen where the State will secure \$2.4 billion in new revenues or reduced expenditures to accomplish a balanced budget. We are waiting to see if the State takes a portion of our Sales Taxes (\$2,048,850 in 2010-2011), the Franchise/Cable Tax (\$855,110 in 2010-2011) or the Beer and Wine Tax (\$44,710 in 2010-2011).

We are hopeful that as April 15 arrives, the State will have a much better picture of the revenues from the income taxes and that will prove to have a positive impact upon their budget picture. Whether it results in the protection of local revenues or prevents unfunded mandates, no one knows. The next month will be critical to the Town's budget picture for 2011-2012.

## **CURRENT 2010-2011 BUDGET**

We now have nine months of expenditure figures in for the current budget, and there are a few areas that are causing some concerns. Some of the line items are running at or close to what has been appropriated for the entire year, and we have advised Department Heads to work with the Finance Director to make sure they do not overspend their departments for the year. On the expenditure side, we are also worried about the cost of fuel for vehicles. During the first half of the year, we were paying a good bit less than what was budgeted per gallon for the year, but as we have all seen at the pumps, the prices have taken a jump in recent months and we are now exceeding the per gallon level of what was budgeted. For the full year, we could come out in balance.

On the revenue side, we are seeing some shortfalls in a number of areas. We knew that auto sales were down, and that has meant a sizable reduction in the property taxes on motor vehicles. The continued depression in the construction industry is holding down building permit fees as well as revenues from charges for water and sewer taps and capacity fees.

We are following expenditures closely as we attempt to avoid dipping into our reserves more than absolutely necessary. Yes, those are “rainy day funds” and we are in the midst of a “rainy day”, but we still want to guard the reserves closely. Many have said the recession is over, that the “rainy days” are ending, but we are not seeing a dramatic increase in activity that will result in a dramatic increase in revenues. Until we do, we will urge caution.

## **STREETS AND SIDEWALKS**

For the second consecutive year, Town streets suffered severe damage from the winter’s snow, ice and freezing-thawing conditions. We have seen more pot-holes appearing than normal. We are not the only ones with those problems, for in the many trips I made to Brevard on Route 276 the past two months, large sections of asphalt are simply coming loose. This is particularly true in shaded areas or areas that have a good deal of moisture along the road side that seems to be undermining the pavement.

You are likely receiving the same complaints we are about the pot-holes, though many I see are on State Maintained Roads, like North Main Street and Russ Avenue. I hope DOT will begin making those repairs soon, as some complaints we receive concern the State roads which we do not repair.

We have done some pot-hole repairs in recent weeks with the weather moderating a bit. Unfortunately, the local asphalt plant has not yet opened and we have to haul asphalt from the next closest asphalt plant which is at Enka or Weaverville. Some of that asphalt that is hauled is wasted, for it is too cool to apply by the time it makes the 30 to 40 mile trek from the plant.

We have already taken bids on paving for the 2011 paving season, and WNC Paving was low bidder. In Powell Bill, we budgeted \$200,000 in road resurfacing either through new pavement or by the chip seal method we use at higher elevations. In view of the excessive damage the streets have experienced, we are looking to expend an additional sum on street resurfacing in 2011, perhaps an extra \$100,000 to \$150,000. Fortunately, we have some Powell Bill money in reserve that can go for assistance with improving these road conditions.

Board members and citizens may report pot-holes and other problems needing the Town’s attention on the e-Gov system found on the Town’s web site. Whether it is a pot-hole, a street light out, a street sign down or any other Town problem, the e-Gov site may be used to expedite complaint resolution.



During the winter months, when some other work is more difficult to carry out, our Street Department personnel will often construct or replace sidewalks. During the past several months, sidewalks were installed along Hendrix Street, and most of that work was completed while the road was closed for construction of the Hendrix Street Bridge. In addition, our crews replaced a few hundred feet of sidewalk on North Main Street, between Woodland and Galloway Street. This sidewalk had to be removed as part of a utility project in that area.

## **PROJECTS**

### **EAGLE NEST WATER PROJECT**

When fall arrived, the cooler temperatures came earlier than expected, and Custom Paving suggested that it would be better to wait until spring to do the chip seal or BST on the roads which were impacted by the installation of the new water lines. That was really the only portion of the Eagle Nest Water Project that remained incomplete, so we have been unable to close out the project.



Fred Baker plans to talk with Custom Paving to encourage them to return to the site as soon as weather conditions are suitable and the asphalt plant is open so that the job may finally be completed.

### **DELLWOOD WATER LINE PROJECT**

The Town received a grant of \$213,333 from the North Carolina Rural Center for extending a water line from Gateway Street, entering Ivy Hills, to the Maggie Valley Pump Station at the Queen's Farm. In 2010, the Town received a low interest loan from the State to run a new water line on Dayton Drive and Route 19 from Russ Avenue to the entrance to Ivy Hills. This replaced a 6 inch concrete asbestos line that was experiencing frequent breaks. That line was inadequate to meet the needs of our water customers plus provide an interconnection with the Maggie Valley Water System. The larger line which was installed up to Gateway Street would probably provide adequate water to the Queen's Farm pump station, but it followed the old road bed of Route 19, going behind businesses which front on new Route 19. In some cases the water line is underneath buildings, so putting a new line behind the curb line of Route 19 will greatly improve the system as well as assure a higher level of service to the Maggie Valley system if ever needed.

I was in Raleigh last week for a meeting at the Department of Environment and Natural Resources, and while there, I dropped the paperwork off at the Rural Center Offices. The Town must match the grant with one third of the total project cost or \$106,667, but we contributed our share through the construction of the line along Dayton Drive. So the Town will not have to contribute additional money. We anticipate project design and bidding will take place in the late spring with construction underway by the beginning of summer. Work should be completed by November.

## HENDRIX STREET BRIDGE PROJECT

For all practical purposes, the construction of the Hendrix Street Bridge is complete. While the street was closed, the Town personnel began constructing sidewalk along the north side of the street so that people will be able to use sidewalks to walk from Allen's Creek Road to the Waynesville Crossing Shopping Center and other businesses along South Main Street. We had hoped to finish the work prior to reopening the road, but we encountered some complications with easements which delayed construction, and the weather wasn't the most cooperative either.



When the asphalt plant reopens, we plan to resurface Hendrix Street, for it received a good deal of abuse during the construction of the bridge and sidewalk. That was also something that we wanted to have done before reopening the street, but the local asphalt plant closed a little early last fall. We would not have WNC Paving attempt to do the work by hauling asphalt from Buncombe County in less than optimal conditions. That would have been a waste of dollars for the job would not have been satisfactory.

## SAWYER STREET SEWER LINE

While Hendrix Street was closed, we hoped to replace a deteriorated sewer line serving Sawyer Street and a number of mobile homes on that street. The sewer line goes under Hendrix Street, across the lot now owned by Haywood Community College (formerly the Dayco Union Hall), under the building where Bob's Sporting Goods is located and then under the railroad tracks before connecting with our trunk sewer line. Unfortunately, we were unable to secure a signed easement from the owners of Bob's Sporting Goods property so we were unable to replace the sewer line. Hopefully it will not present a problem in the future.

## STORM DRAINAGE LINE – SOUTH MAIN STREET

During the late summer, Ms. Shelby Moore approached the Board about a storm drainage line on her property which carried storm water from South Main Street to Kentucky Avenue. The line was blocked and had probably collapsed somewhere on her property. As it was a private line carrying water from a DOT street, we contacted the State to ask that they become involved in helping to fix the problem. As DOT had not installed the private line, they declined to do so, as is their policy. The Town offered to install the line if Ms. Moore would pay for the materials. At that time, Ms. Moore declined, but she has reconsidered and recently paid the estimated cost of construction materials. Public Works Director Fred Baker will have the drainage pipe route surveyed and the Town Attorney will prepare easements so work on the system can begin this spring.

## MUNICIPAL BUILDING

Throughout the winter, Mr. Bill Wescott, the consultant on rehabilitation of the Municipal Building, has been analyzing the condition of the windows and the building as he plans the renovations and rehabilitation of this structure. He has worked through his contacts in the historical rehabilitation field attempting to find an identical window as the one removed for placement of the drive-through window around 1969. With no success, it appears that an identical window will have to be manufactured. Several of the other windows will require rehabilitation, but many are in good shape and will require no work at all. Bricks needed to match the building around the drive-through window will be stolen from the basement entryway as those are not visible to the public. Mr. Wescott is now developing the bid documents and hopes to have things underway in late spring or early summer.

Once we have completed the work on the exterior of the building, we are in hopes of beginning some cosmetic improvements to the interior. There are some areas that need some plaster work and then paint, which will be the first since the building was renovated in 1989. In addition, the carpet in the building, dating from 1994, is in need of replacement.

## **SOLID WASTE ISSUES**

In February, 2011, the Haywood County Commissioners voted to take the County landfill private, announcing plans to begin negotiations with Santek on future operation of the landfill. At that time, the County also decided to close the Transfer Station at Jones Cove Road, giving local governments and private haulers a year to plan for that closure.



Town Staff advised the Board that the change would add an estimated expense of \$200,000 annually for our garbage trucks to make the 40 mile round trip to the White Oak Landfill. In addition, once Santek reaches 325 tons of solid waste a day entering the landfill, they will begin charging all haulers a tipping fee to dump. At present, our residential trucks do not pay a tipping fee, but once the 325 ton threshold is reached, it will mean an additional \$200,000 annual cost to the Town for those residential tipping fees. This means \$400,000 annually.

With that in mind, at the annual planning retreat, we asked the Town Board for authority to have an assessment made of the sanitation services currently offered. We wanted to seek recommendations on what the best options would be for the Town in the future – whether we should install a transfer station to haul to White Oak Landfill or some other location, whether we should privatize the operation, whether we should join with other municipalities and private haulers in devising a new system, whether we should drop some services, whether we should charge for certain services, just to mention a few options. We needed someone with the expertise and knowledge to give us an unbiased view on the best options for the town.

After making several contacts, we are now in the process of developing an agreement with the Land of the Sky Council of Governments for conducting this assessment of our overall system. The agreement is expected to be in a final form by mid-April and the assessment should be finalized by July. This should give the Town time to take appropriate action in advance of the closure of the Transfer Station in February, 2012.

We have received a good bit of interest from others who will also be negatively impacted by the County's decision to close the Transfer Station. Private firms operating transfer stations indicate that as the volume entering the transfer station increases, the economies of operating the station improve. These are issues that should be part of the assessment being conducted by the Land of the Sky personnel.

In the end, the assessment may show that, even with the necessity of buying more trucks and hiring more personnel and higher operating costs, the best option may be to use the White Oak landfill. But there are concerns about accessibility of the landfill in the winter as well as our trucks and drivers being trapped in traffic backups resulting from the numerous wrecks which occur on Interstate 40.



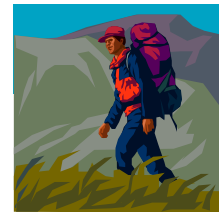
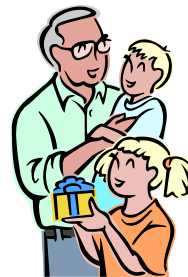
County Manager Marty Stamey has invited the municipal managers to a meeting on Wednesday, April 6 to discuss the Transfer Station.

## **SKATE PARK PROGRESS**

A group of interested individuals has been meeting on fundraising for the Skate Park. Some are looking at individual donations and some are concentrating on arranging meetings with corporate donors who may be in a position to provide larger contributions toward the \$168,000 needed for the basic construction of the skate park. Last week, a sign was erected on the site of the park, and Recreation Director Rhett Langston has been issuing news releases regarding fund raising efforts. Keep an eye on the web site of the Recreation Department so you will be aware of what progress has been made.

## **RETIREMENT AS AN OPTION**

In 2010, we had but one retirement the entire year, that of Freida Rhinehart, Administrative Assistant to the Development Office. Already in 2011, four employees have filed for retirement, and all of these will be leaving before June 30. These four include Ralph Hannah of the Water and Sewer Maintenance, Bo Messer of Water and Sewer Maintenance, Robert Stiles of the Street Department and Thomas McClure of the Water Plant. These four individuals have a combined service of 74 years, with Bo Messer having 28, Ralph Hannah at 23, Thomas McClure with 12 and Robert Stiles at 11.



There are rumors of others who are considering retirement for later this year, and while we will be sad to see them leave employment with the Town, we are pleased that they have reached a point in their life where they will be able to set aside their formal work life and do the things they want to do.

## **COUNCIL OF GOVERNMENTS**

The County Council of Governments will hold its quarterly meeting at the Canton on Monday, April 4, 2011. Dinner will be served at 6:00 p.m. and the formal meeting will follow. No doubt a good deal of the meeting will be about the challenging budget season which lies ahead for all the local governments and the school system. And there will be the regular updates from each of the governmental entities. This is always a good time to meet



and share with the other elected and appointed officials and perhaps to find ways that we can work together to address problems and resolve issues. It is good to know that all of our elected officials are planning to attend along with the Manager and Assistant Manager. If you think of issues to discuss, please mention them to Mayor Brown so he may bring them up Monday evening.

### **MANAGER'S THANKS**

On March 1, 2011, I completed my 17<sup>th</sup> year with the Town of Waynesville. I want to take the opportunity to thank Mayor Brown and members of the Town Board for their support and cooperation, for the dedication they show to the community through their service as elected officials and for providing me with such a wonderful opportunity to serve in this community. I would also thank the Town employees for their knowledge, skills and determination to deliver such a high quality of services to our citizens. We have one of the finest organizations anywhere, and I will always be grateful for my time spent in this Town!

During the recent illness, cancer treatments and death of my sister, I was very grateful for the concern and caring shown by the elected officials and my fellow employees. That just reemphasizes for me why this is such a good place to work. Former County Manager Jack Horton often used the quote – ‘people don’t care how much you know until they know how much you care’. There is so much truth in that statement and a lesson to learn. People have treated me awfully well here and shown they cared about me. I hope that I return that to them as well.

### **UPCOMING SCHEDULE**

Over the next several weeks, there are several important meetings that will be taking place for the Board members. I will try to note them here:

April 4	6:00 p.m.	County Council of Governments Meeting, Canton
April 12	7:00 p.m.	Regularly Scheduled Meeting – Town Board
April 14	4:00 p.m.	North Carolina League of Municipalities Meeting Legislative Update – Dillsboro
April 22		Good Friday Holiday – Town Offices Closed
April 26	7:00 p.m.	Regularly Scheduled Meeting – Town Board
May 4	10:00 a.m.	North Carolina League of Municipalities Meeting Town Hall Day, Raleigh
May 10	7:00 p.m.	Regularly Scheduled Meeting – Town Board
May 13	12:30 p.m.	Town Board Budget Retreat
May 24	7:00 p.m.	Regularly Scheduled Meeting – Town Board
May 28	5:30–10:00 p.m.	Block Party – Main Street
May 30		Memorial Day Holiday – Town Offices Closed