

MINUTES OF THE TOWN OF WAYNESVILLE TOWN COUNCIL
Planning Retreat
February 27, 2026

THE WAYNESVILLE TOWN COUNCIL held a special meeting on Friday, February 27, 2026, at 8:30am in the Waynesville Recreation Center located at 550 Vance Street Waynesville, NC.

A. CALL TO ORDER

Mayor Gary Caldwell called the meeting to order at 6:03 pm with the following members present:

Mayor Gary Caldwell
Mayor Pro Tempore Chuck Dickson
Councilmember Jon Feichter
Councilmember Anthony Sutton
Councilmember Julia Freeman

The following staff members were present:

Rob Hites, Town Rob Hites, Town Manager
Jesse Fowler, Deputy Manager
Candace Poolton, Town Clerk/Assistant to the Manager/PIO
Page McCurry, Human Resources Director
Ian Barrett, Finance Director
Charam Miller, Assistant Finance Director
Luke Kinsland, Recreation Director

The following members of the media were present:

Paul Nielsen, The Mountaineer
Cory Vaillancourt, Smoky Mountain News

1. Call to Order

Mayor Gary Caldwell Called the meeting to order at 8:33am.

2. Review of FY 2024-25 end of year fund balances

- Ian Barrett, Finance Director

Finance Director Ian Barrett reported that in Fiscal Year (FY) 2025, \$671,631 was added to the General Fund balance, making the total amount in Fund Balance \$14,039,092. He said that is 72% of General Fund expenditures. Mr. Barrett reviewed the Restricted & Assigned Amounts in Available Fund Balance:

- Public Safety \$ 63,031
- Streets – Powell Bill \$ 386,436
- Streets – Paving \$ 31,250
- Culture & Recreation \$ 29,732
- Unspent Debt (Fire) \$ 40,526
- Unspent ARPA funds \$ 0

Total \$550,975

Mr. Barrett reported that sales tax revenue is up 8% from last year and they recommend a 2-3% increase for next year, because historically, Waynesville outperforms the state average. He said that the Town Tax Collector has been doing an outstanding job, and that she collected more last year than what they budgeted. Mr. Barrett commented that the Main Street District Property Tax revenue is amazing for a town of our size at \$4,324.17. He said that expenditures are doing well, and that we've only spent 52% of what was budgeted despite being almost ¾ through the fiscal year. Mr. Barrett said that Water capacity and Sewer capacity fees are higher. He reminded Council that the debt service payment for the sewer plant is not due until May. For the Electric fund, Mr. Barrett said the town is spending less than they're making.

Mr. Barrett said there will be a property revaluation in 2027, and inflation is cooling down. He pointed out that retirement and insurance costs are significantly increasing. Mr. Barrett said they added over \$30 million in property value last year.

3. Review of Outstanding FEMA expenditures/ impact

- Charam Miller, Assistant Finance Director

Assistant Finance Director Charam Miller reviewed the open FEMA projects including the Public Works Slope, Wildcat Subdivision, Walnut Trail Bridge, Dog Park, Bi-Lo Pavilion, Vance Street Ball Complex, Recreational Ballfield Complex, and vehicle replacements for vehicles damaged in the flood. She said the estimated cost for the Town to fully cover and complete the outstanding projects would be \$3,832,000. Ms. Miller said that for many of these projects, FEMA wants to reimburse very little of what the project actually costs. Ms. Miller reviewed the pending FEMA projects including the Watershed, Debris Removal, Greenways, and Bio-Retention, totaling an estimated cost of \$296,000. She said they are working with FEMA to get these costs obligated, which means there's a possibility that they still would not receive the funds. Ms. Miller reviewed the completed projects totaling \$941,694. Town Manager Hites said they have been following FEMA's instructions to the letter, and they are still denying funds, which means the town would have to pay for these projects using the General Fund. Councilmember Feichter said that means the taxpayer would have to fund the repairs because FEMA is refusing to fund the projects they said they would, and has only funded 13% of the total projects. Ms. Miller said that the Town is reviewing a variety of funding options including loans, 50/50 splits, mitigation, and grants to help pay for the projects FEMA refuses to reimburse. Mr. Hites explained that it has been very challenging to work with FEMA, due to their revolving staff, constant requests for paperwork that's already been submitted multiple times, violating their own statutes, and more. He said local staff, however, have been great. Councilmember Sutton said a solution to this problem would be the FEMA Reform Act they are pushing in Congress. Councilmember Dickson asked what the Town could do. Town Attorney Bradley said there has been some successful litigation against FEMA and that the statute permits municipalities to recover legal fees. Ms. McCurry said that grants will be competitive. Councilmember Sutton said it's important that Council joins the Flood Coalition and the Coalition can do an informational presentation for the Town.

4. Report Water/Sewer/Electric Salary Study

- Page McCurry, Human Resources Director

Human Resources Director Page McCurry reported this is the first time in seven years since there's been a pay study. She presented the findings of the "Sustainability Division" which includes Water, Sewer, and Electric staff. She explained that the recommendations for pay grade adjustments are governed by the following criteria:

- **At Market:** Defined as being less than **3.5%** from the market midpoint.
- **Standard Movement:** A maximum of **two pay scale movements** is standard unless an exception is warranted.
- **Exception Movement:** A **three-pay scale movement** may be applied if the position is greater than **25% below market** and internal equity considerations exist.

Ms. McCurry said the study showed that many positions in the water/wastewater department are currently below market and require upward grade adjustments to maintain competitiveness. Ms. McCurry reported that the electric department shows the most significant variances, particularly when compared against "ElectriCities" data points. She said that the MAPS group suggested that the Town corrects gaps between grades on the Pay Table to maintain 3.5% between each grade and the next, and to add additional grades 74, 75, 76, 77, and a new range for department heads to the pay table. Ms. McCurry said they are recommending implementing pay increases on March 5th for the suggested positions, which would cost \$41,764.14 for the remainder of FY25-26. Councilmember Feichter said he is concerned that the study is missing employees that are on the cusp of being just above or below market value.

5. Report on Progress in Fire/Police Salary Study

- Page McCurry, Human Resources Director

Human Resources Director Page McCurry reported that Public Safety staff got to choose their peer groups for their Salary Study. She said that MAPS group will interview Public Safety staff on March 5th and 6th and on April 28th or May 12th, the MAPS group will present their draft to Council, with implementation expected at the start of FY 26-27.

6. Report on Available Fund Balances/2026-27 Revenue & Summary of Projected Cash Position on Budget

- Ian Barrett, Finance Director

Finance Director Ian Barrett presented the impacts to the General Fund with a Career Track (CT) increase and CT increase plus 1, 2, and 3% Cost of Living Adjustments (COLA). Mr. Barrett said that retirement is increasing 15.1% and 17.1% for Law Enforcement Officers (LEO). Councilmember Feichter reminded everyone that retirement increases are mandated. Mr. Barrett said that insurance will increase 33%, and that the Town has been fortunate to see no increases in years past, but the Town's insurance broker is retiring. Mr. Barrett said if Council voted not to increase COLA or offer Career Track incentives, they are still looking at a \$150,000 increase just for retirement mandates, which Councilmember Sutton commented is equal to one cent on the tax rate. Mr. Barrett reported that employee Capital Requests for FY26-27 would cost roughly \$20 million so far. He presented the projected Revenues (\$19.2 million) and Expenses (\$24.6 million) that would result in a \$5.4 million deficit, with \$4 million of that being outstanding FEMA expense. Mr. Barrett presented 2%, 5%, and 10% rate increase revenues across the Water, Sewer, and Electric rates. Councilmember Sutton asked what the average household increase on utility bills would be if they raised rates. Councilmember Dickson suggested increasing utility rates without increasing the base charge to help minimize the impact on

low-income and fixed income residents. Mr. Barrett said the Town's NC Capital Gains Trust account is averaging around \$50-55,000 a month in interest and sales tax distributions are slightly above where they were at this point in FY25. Mr. Barrett presented revenue from a proposed one (\$153,633), two (\$307,326), and three (\$460,989) cent increase on the property tax rate. Ms. Miller answered Councilmember Sutton's earlier question: the minimum water bill in-town rate is \$17.83, outside is \$32.14, sewer in-town rate is \$28.53, outside is \$51.57, and the base electric rate is \$15.57. Councilmember Dickson asked if there was anything they could do with corporate or industrial rates. Mr. Hites said that since the papermill closing, the railroad has lost 80% of revenue and if they close, Giles won't stay in town. Councilmember Sutton said that Land of Sky is working on the railroad situation. Mr. Hites said Waynesville has not had a formal rate study in 20 years and that it is traditional in NC that industrial users get a bulk rate on utilities. Councilmember Dickson suggested that the Town doesn't bill its General Fund accounts for electricity. Mr. Hites said that's not illegal, but may not be ethical.

Councilmember Sutton said their options to close the deficit is to raise taxes, cut expenses, or increase the tax base. Mr. Hites said Council could put off Fire Station #2, because they wouldn't enough fund balance to permit borrowing. Councilmember Sutton said if they have an emergency, they would have no recourse. Mr. Hites said that the property revaluation will be a tremendous opportunity and that revenue neutral would mean a five cent increase and possible two to three cents more just to get where they are today, not including capital requests. Councilmember Dickson asked which staff use take home vehicles. Mr. Hites said that per policy, staff shouldn't take home a vehicle unless they are called in frequently. Councilmember Dickson requested that Ms. McCurry include the benefit of bringing home vehicles in the pay study. Councilmember Freeman advised against disallowing those employees to take home vehicles because Waynesville is already losing employees to other municipalities.

7. Fire Department Capital/Construction Financing

- Town Manager Rob Hites

Town Manager Rob Hites reported that he is working with USDA to help fund the fire station. He reminded Council that when Station 1 was built, it was meant to be a volunteer station and not meant to house a full battalion for overnight stays. He suggested using the office area to put four bunks in it, then take the meeting room and split that into offices, then move the offices to the 3.3 acre side of Station 2. Mr. Hites said they could do everything under the existing roof and wall, and it would cost 2/3 to retrofit Station 1 to a six bunk station. Mr. Hites stated they would have to borrow \$6,330,000 to pay for the station renovations and ladder truck. Mr. Hites said that USDA wants the Town to be denied a loan by three private banks before they will accept the application. He suggested that the proposed borrowing be tagged to the revaluation, but they usually don't have to make principal payment on the loan until they get a Certificate of Occupancy, which would be 2028 on Station 2. Mr. Hites said the ladder truck is three years out, but they need to have the money in place now to obligate it. Mr. Hites commented that the Town has no general fund debt, they owe \$1.53 million on the sewer plant, but the sewer rate pays for that. Mr. Barrett added that the fire station would be paid off 2033 December. Councilmember Dickson asked if Ian could provide a debt ledger so they could analyze what borrowing room the Town has.

8. Request by DWC to fund part- time maintenance employee with MSD Revenue

- Councilmember Jon Feichter

Councilmember Feichter reported that the Downton Waynesville Commission voted unanimously to recommend the funding a part-time maintenance employee just for the Main Street District (MSD) using MSD revenue. He said that employee would be dedicated to maintaining the appearance, safety, and functionality of Waynesville’s Municipal Service District and historic Main Street. The Main Street Maintenance Tech would be responsible for daily upkeep, seasonal maintenance, landscaping maintenance, and minor infrastructure repairs to Town-owned assets and public spaces within the historic Main Street district as an added service to the Town’s Municipal Service District. Ms. McCurry said the position would cost \$15,000. Council discussed the possibility of mandating store owners to help upkeep the sidewalks in front of their business.

9. Report on progress toward opening the Waste Treatment Plant

- Town Manager Rob Hites

Town Manager Rob Hites reported that the plant should be fully operational in 180 days. Mr. Hites said the Town is back to permitting development and that the capacity of the plant is 6 million gallons, our average flow is 1.3-1.9 million gallons, and 2.9 million gallons is available “for sale”. Mr. Hites said that Waynesville’s sewer plant is the only one in Haywood County that takes septic waste, and because of the additional grease from that waste, he suggested that Council purchases a bar screen to separate the grease to ease the load on the plant. He said it costs \$500,000 but it pays for itself in a year and that they could charge people to dump their septic waste. Mr. Hites suggested that Council adjust the fee schedule so it’s equal to the debt service of the part and does not impact the current rate holders. Councilmember Dickson said the town just applied for a \$2 million grant for a composting facility at the Waynesville landfill.

10. Discussion of budget priorities

- Rob Hites, Town Manager

Ms. McCurry explained the Career Track program to Council. Mr. Hites elaborated on COLAs and pay scale and suggested to Council that they still offer Career Track, give the pay raises that are suggested by the pay study, and then if things look better, add to the holiday bonus. He said after property valuation, they could bring the other staff that are below market pay up to market. Ms. McCurry said if Council does not do a COLA, they are running the risk of impacting the psychological safety of staff. Council said there was only one year they didn’t do a COLA.

Mr. Hites recommended that Council increase the utility rate for sewer. He said they will know before the budget presentation what the new wholesale price will be for electric. Councilmember Dickson said it may be time to adjust the Development Services fees.

Recreation Director Luke Kinsland updated Council on the ballpark. Mr. Kinsland said they may be able to utilize a PARTF grant to replace the wooden playground. Council requested that the Recreation Department allows Town employees and residents to have prioritized registration for summer camp. Councilmember Dickson reminded Mr. Kinsland to reach out to the County about their staff being reimbursed when they use the Rec Center, much like how they do for the Hospital rec center. Ms. McCurry asked if Council would still offer sponsorships to foster children for summer camp. Ms. Miller said last year they were able to secure a grant to help pay for 33 foster kids to attend camp.

A motion was made by Councilmember Sutton, seconded by Councilmember Dickson, to approve the pay study recommendation for the Sustainability Division in the amount of \$46,752.99 for this fiscal year. The motion passed unanimously.

11. Presentation on installation of Solar/Battery at Rec Center Eric

- William Hite, ESB Chair

Environmental Sustainability Board Chair William Hite reported that energy prices continue to increase and that supply is not keeping up with demand and that the current tax credits for solar projects will no longer be available at the end of 2027. Mr. Hite broke down the cost of the proposed solar panel and roof installation on the Vance Recreation Center:

Roof cost = \$430,000
Solar Array = \$630,000
Minus 40% ITC -\$252,000
Solar Array Net= \$378,000
System Size = 382.4kW DC
Cost per Watt = \$0.988/Watt
Energy Offset = ~65%
Annual Production = 521,575kWh
Finance rate = 3.9%

Councilmember Dickson added that Mountain Bizworks would finance the roof and the solar panels. Councilmember Feichter said they'd spend roughly \$5100 a month on the solar array, versus ~\$12,500 a month for electricity. A representative from the solar panel company said it would be more expensive to build structures in the parking lot to place the solar panels on, but it could produce more energy. He added that solar would cost 3 cents/kWh at a 40% tax credit, which is beating the current rate from Santee Cooper. He said he thinks the solar panels will likely outperform the numbers presented. The solar representative said that the project must begin by July 2026 or be completed by December 2027 in order to be eligible for tax credits and that the loan offered by Mountain Bizworks would have to be a secured loan.

12. Other Business

Councilmember Feichter said that he and the Mayor had asked about paving Brown and Boyd Avenues, and after speaking with Bob Wiggins, Mr. Wiggins said he will have some availability to help pave. Mr. Hites said they would most likely pave the second week of May or June.

Town Manager Rob Hites announced his retirement for July 1st, 2026. Council thanked Mr. Hites for his work and said he did an incredible job. They expressed immense appreciation for him. Mr. Hites said the Town has the best staff. Mr. Hites suggested that Council looks for a Manager that they can have a good relationship with, not one that necessarily looks best on paper. He said this Council was his favorite Council he's ever worked with.

A motion was made by Councilmember Feichter, seconded by Councilmember Freeman, to direct Town Manager Rob Hites to reach out to MAPS group and Developmental Associates to begin the process of finding Mr. Hites' replacement. The motion passed unanimously.

B. ADJOURN

A motion was made by Councilmember Dickson, seconded by Councilmember Freeman, to adjourn at 3:01pm. The motion passed unanimously.

ATTEST:

Gary Caldwell, Mayor

Robert W. Hites, Jr. Town Manager

Candace Poolton, Town Clerk