

MINUTES OF THE TOWN OF WAYNESVILLE BOARD OF ALDERMEN
SPECIAL CALLED MEETING
May 30, 2019

THE WAYNESVILLE BOARD OF ALDERMEN held a special called meeting on Thursday, May 30, 2019 at 5:30 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 5:30 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, former Finance Director
Eddie Ward, Town Clerk
Dean Trader, Interim Finance Director
David Foster, Public Services Director

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. Discussion of the Proposed Fiscal Year 2019-2020 Budget

Town Manager Rob Hites explained that this budget was essentially a maintenance budget with no proposed tax increase and a small allocation of fund balance.

GENERAL FUND including Personnel and Benefits

Manager Hites moved through the budget message highlighting the fact that the proposed General Fund Budget of \$15,147,270 was 1.96% lower than the current year amended budget. This is attributed to departments being fiscally responsible, some lapse salaries from position vacancies and minimal large capital purchases. One new position is proposed from the general fund, a police patrol officer. A 1.5% career track is also recommended as there is no COLA budgeted in this fiscal year.

Town Manager Hites added that there had been a significant increase in health benefit costs and a state-mandated increase in retirement contributions for all classes of employees.

Other appropriations include \$60,000 for the initial phase of Carven Street Park from the General Fund Balance; borrowing from the Electric Fund Balance to fund the replacement of the air circulation and dehumidification system in the pool area of the Recreation Center. The system has been broken for over seven years and the humidity and chlorine are beginning to corrode the roof frame. The actual price of the project will be determined through bid, but the engineer's estimate is \$700,000. The General Fund will repay the Electric Fund with interest in the same manner as it would a private sector borrowing. The final large capital expense is \$180,000 from the General Fund Balance to purchase a cab and chassis for a garbage truck. The cab and chassis should last approximately twenty years, so it is considered a long-term asset.

WATER FUND

Town Manager Hites moved to the Water Fund recommending a budget of \$3,348,660. 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. Necessary equipment purchase includes a light tower to be used for night work. A significant water tank replacement at Chestnut Walk is necessary as the tank is in extremely poor condition and will fail if not replaced; this project is budgeted at \$400,000.

He added that due to pending retirements, and the necessity to have state certified positions within our Water Treatment facility, we are recommending a new entry level position be added to allow one existing operator to perform the required duties of a senior operator for the term of one year as required by the state. This will lead to an over-hire for several months in the upcoming budget year.

SEWER FUND

Town Manager Hites noted that a 10% sewer increase was proposed; equivocating to an increase of \$4.00 per month for the average Waynesville customer. The sewer 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 sanitary system overflow. The total budget proposed was \$3,353,310.

Town Manager Hites reminded the board that the State Department of Environmental Quality (DEQ) is requiring the Town to enter into a civil contract with them to completely renovate the plant or face a moratorium on further connections to the system. The contract or "Special Order of Consent (SOC)" will establish a five-year process that will lead to an estimated \$17,400,000 renovation of the plant and repair of damaged outfalls. The Town Board has engaged a consultant to seek a combination of grants and loans to fund the renovations. The State and or USDA will require the Town to have an income stream that will pay the debt service. This is why there is a need for the proposed increase.

ELECTRIC FUND

Town Manager Hites explained that the Town experienced a moderate winter and the Electric Fund revenues were enough to fund its needs. We will not request a rate increase in the upcoming year. Mr. Caldwell has been monitoring the impact of the 5% electric rate increase since the Town implemented it in January. Our budget recommendation for 2019-20 is \$9,568,900, a (1.56%) decrease over last year.

The major project we recommend the Board fund in FY 19-20 is the installation of decorative light fixtures on Walnut and N. Main Streets as part of DOT's project to construct a round-about. We will be moving the current location of the power infrastructure from the new right of way of the round-about early in 2020. DOT will bear that expense. The Town will be required to bear the cost of lighting the new roadway and sidewalks which we estimate to cost \$160,000. We recommend that you fund this project from the Electric Fund Balance. The Board was presented a plan at the May 14th meeting to discuss alternative lighting plans for this project as well as the Russ Avenue corridor.

INTERNAL SERVICE FUNDS

The two additional internal funds, Asset Management and Garage, had budgets significantly lower than the other funds. The proposed Asset Management budget was \$1,615,930 which is a decrease of 28.65%. This is due to the decrease in capital spending related to the new IT system and the redistribution of staff from Asset Management to Recreation.

The Garage fund budget is recommended at \$667,670.

Year End Review and Proposed Budget Summary

Former 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.

Mr. Caldwell reviewed information contained in the budget notebook beginning with section 2, 2018-2019 Budget Review to Estimated Actuals (June 30, 2019). He covered some key points in the Revenues including sales tax revenue was coming in slightly 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.

Mr. 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, but did caution the Board to remain cognizant of the reduction in fund balance over the next few years. He reminded the Board that the Local Government Commission (LGC) would see how Waynesville was doing related to their peers and if the fund balance were to drop below that peer group, the LGC would send a letter to the Town.

Discussion/Comments regarding the proposed budget

Discussion related to special appropriations to non-profits was held. 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 11, 2019, as well as any other budget topics that they questioned from their review of the proposed budget.

Mayor Brown thanked the department heads and employees for their efforts to be fiscally responsible and thanked Town Manager Hites, Assistant Manager Owens and especially Former 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 Gary Caldwell made a motion, seconded by Alderman Julia Freeman to adjourn the meeting at 7:19 p.m. The motion carried unanimously.

ATTEST

Gavin A. Brown, Mayor

Robert W. Hites, Jr., Town Manager

Eddie Ward, Town Clerk