

MINUTES OF THE TOWN OF WAYNESVILLE TOWN COUNCIL
Regular Meeting
May 9, 2023

THE WAYNESVILLE TOWN COUNCIL held a regular meeting on Tuesday, May 9, 2023, at 6:00 pm. in the Town Hall Board Room located at 9 South Main Street Waynesville, NC.

A. CALL TO ORDER

Mayor Gary Caldwell called the meeting to order at 6:02 pm with the following members present:

Mayor Gary Caldwell
Councilmember Chuck Dickson
Councilmember Jon Feichter
Councilmember Anthony Sutton

The following Councilmembers were absent:

Mayor Pro Tempore Julia Freeman

The following staff members were present:

Rob Hites, Town Manager
Jesse Fowler, Assistant Town Manager
Candace Poolton, Town Clerk
Martha Bradley, Town Attorney
Police Chief, David Adams
Assistant Police Chief, Brandon Gilmore
Misty Hagood, Finance Director
Jeff Stines, Director of Public Services
Elizabeth Teague, Planning Director
Tom McGuire, Building Inspector
Beth Gilmore, Downtown Waynesville Commission

Members of the media:

Cory Vaillancourt, Smoky Mountain News
Becky Johnson, The Mountaineer

Others present:

David Carriker, Salvation Army
Alex McKay, Hazelwood Boosters

1. Welcome/Calendar/Announcements

Mayor Gary Caldwell welcomed everyone and reminded everyone that there will be two public meetings through the Historic Preservation Commission to discuss the Preservation Plan for Frog Level and Main Street (May 11th) and Downtown Hazelwood (May 18th) and the next Town Council Meeting will be May 23rd at 6pm.

B. PUBLIC COMMENT

There was no public comment.

C. ADDITIONS OR DELETIONS TO THE AGENDA

Town Manager Rob Hites said he would like to add the Renovation Bids for Police Detention Room item to the end of New Business, before the Budget Presentation.

A motion was made by Councilmember Chuck Dickson, seconded by Councilmember Anthony Sutton, to add the Renovation Bids for Police Detention Room item to the agenda. The motion passed unanimously.

D. CONSENT AGENDA

All items below are routine by the Board of Aldermen and will be enacted by one motion. There will be no separate discussion on these items unless a Board member so requests. In which event, the item will be removed from the Consent Agenda and considered with other items listed in the Regular Agenda.

2. a. Adoption of minutes of the April 25th, 2023 Regular meeting
b. Apple Festival Special Event Permit Application

A motion was made by Councilmember Anthony Sutton, seconded by Councilmember Chuck Dickson, to approve the Consent Agenda as presented. The motion passed unanimously.

E. PROCLAMATION

3. Proclamation for Salvation Army Week
 - Councilmember Jon Feichter

Councilmember Jon Feichter presented the Proclamation making the week of May 15th “Salvation Army Week” in recognition of their services to the community. Councilmember Feichter reflected on his own time volunteering for the Salvation Army and encouraged others to volunteer. He said the Salvation Army has been a vital organization for the Waynesville community for decades and provides a number of services for disadvantaged citizens.

David Carriker with the Salvation Army thanked the Town Council for celebrating and recognizing Salvation Army Week.

F. CALL FOR PUBLIC HEARING

4. Call for a Public Hearing for May 23, 2023 to consider Stormwater Ordinance text amendment, Section 12.5 of the Land Development Standards (LDS)
 - Elizabeth Teague, Development Director

Development Director Elizabeth Teague reported that Development Services Department contracts with WithersRavenel Engineering Firm for stormwater plan review and enforcement of the technical components of the ordinance related to water quality, quantity, design of stormwater control measures (SCMs), and final certification for the stormwater permit. She said that recently, per staff's request, the engineers visited several sites within the Town and provided their recommendations for the Stormwater Ordinance to address some deficiencies found on sites that the Town currently cannot enforce. Ms. Teague said these recommendations will improve safety measures as well as help the Town to comply with its National Pollutant Discharge Elimination System Permit (NPDES) issued by the North Carolina Department of Environmental Quality by maintaining legal authority through up-to-date ordinances.

Councilmember Anthony Sutton made a motion, seconded by Councilmember Chuck Dickson, to call for a Public Hearing on May 23, 2023 to consider Stormwater Ordinance text amendment, Section 12.5 of the Land Development Standards (LDS), as recommended by the Planning Board. The motion passed unanimously.

5. Call for a Public Hearing to consider a staff-initiated text amendment to Section 44-2 of the Municipal Code related to disposal and containment of construction and demolition material.

- Elizabeth Teague, Development Services Director
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Development Director Elizabeth Teague reported that building inspections staff recommends changes to Section 44-2 of the Code to govern the proper storage and containment of materials on construction sites, and to prevent construction debris and litter from impacting adjacent properties. She said that building materials are defined as: "any material such as lumber, brick, plaster, sheetrock, concrete, carpet, asphalt, shingles, wire mesh, gutters, or other items accumulated as a result of repairs or additions to existing buildings, construction of new buildings or demolition of existing structures. This shall include, but not be limited to, building fixtures, cabinets, and shelving."

A motion was made by Councilmember Chuck Dickson, seconded by Councilmember Anthony Sutton, to call for a public hearing to be held on May 23rd to amend the municipal code, Section 44-2. The motion passed unanimously.

6. Call for a Public Hearing to be held on May 23, 2023, to consider a Map Amendment for the property located at 237 Ratcliff Cove Road (PIN 8626-00-9246).

- Elizabeth Teague, Development Services Director

Development Director Elizabeth Teague reported that the property the applicant is requesting to be re-zoned is a 28.69-acre parcel that is currently located in the Raccoon Creek Neighborhood Residential District (RC-NR). Ms. Teague said that Haywood County Schools wants to purchase the property to construct a multi-use building that would house operational facilities including vehicle maintenance and I.T. However, the current zoning district, RC-NR, does not permit government services. Therefore, Ms. Teague said the owner has submitted formal application for map amendment to rezone the subject property to Hazelwood Urban Residential Mixed-Use Overlay (H-UR MXO), which permits government services as a use by right. At its meeting on April 26, 2023, she said the Planning Board voted 5 to 3 to recommend to The Town Council that the property in question be rezoned from RC-NR to RC-NR MXO.

Councilmember Chuck Dickson asked if the Planning Board will only recommend the re-zoning to Town Council if the school system purchases the property? Ms. Teague said the Board put into place a caveat that stated that if the Council chooses to adopt the re-zoning map amendment, they approve it at a day certain. The Planning Board recommended 10 days after the due diligence period is over. If the school system does not purchase the property, Ms. Teague said the Planning Board recommended the zoning stays the same. Councilmember Chuck Dickson asked if there was a way to re-zone only part of the property? Ms. Teague said we can't force the property to sub-divide. Councilmember Anthony Sutton asked if the overlay was for everything, or if it could be limited to government services? Ms. Teague said there are other uses in the overlay district that may or may not be appropriate to that area. She added that the Planning Board's recommendation is to make it part of the regular overlay, however, in some other overlays that have come forward, they have narrowed the number of uses in a particular overlay depending on the character of that location. Councilmember Sutton asked staff to look into limiting the uses for that overlay. Councilmember Dickson said he'd feel more comfortable voting for the re-zoning if it was only on part of the property. Ms. Teague said the property is being sold in its entirety.

A motion was made by Councilmember Anthony Sutton, seconded by Councilmember Chuck Dickson, to call for a Public Hearing to be held on May 23, 2023, to consider a Map Amendment for the property located at 237 Ratcliff Cove Road (PIN 8626-00-9246). The motion passed unanimously.

G. OLD BUSINESS

7. Placement of Donated Art Sculpture

- Jesse Fowler, Assistant Town Manager

Assistant Town Manager Jesse Fowler reported that Mr. Blevins and the Public Art Commission would like guidance on where to place the donated Mountain Lion Sculpture. They would like the piece to go in front of the Municipal Building, or Town Hall. Mr. Fowler said that other pieces cannot be moved to far to make room for the new sculpture because locations of art pieces have been published in a book and on the website.

Councilmember Dickson asked for the Public Art Commission to discuss potentially moving the Folkmoot art piece. Mr. Fowler said they will discuss it at the May 11th meeting.

A motion was made by Councilmember Jon Feichter, seconded by Councilmember Anthony Sutton, to direct staff to begin installing the Mountain Lion art piece in front of Town Hall. The motion passed unanimously.

H. NEW BUSINESS

8. Lead and Copper Rule

- Jeff Stines, Public Services Director

Public Services Director Jeff Stines reported that in 1991, the EPA introduced the LCR (Lead and Copper Rule). He said there have been several revisions to this rule, including requiring the inventory of Town and customer

lines. Mr. Stines said he reached out to 120 Water to complete this service because the job is more than what Town staff could do. He added that once the Town gets into compliance by October 2024, Town staff could do upkeep in house.

A motion was made by Councilmember Chuck Dickson, seconded by Councilmember Jon Feichter to approve 120 Water to begin the Preliminary Inventory Development of EPA's revised lead and copper rule for the Town of Waynesville in the amount of \$26,971.87. The motion passed unanimously.

9. Hazelwood Hot Summer Nights Car Show Special Event

- Jesse Fowler, Assistant Town Manager

Assistant Town Manager Jesse Fowler reported that the Town received a special events application from the Hazelwood Boosters requesting that the Town Council permit them to host a car show fundraiser during the evenings of June 17, July 15, and August 12, from 6:00 pm to 9:00 pm. This event will require the closing of Hazelwood Avenue from Brown Avenue to Riverbend Street, as well as a portion of the Hazelwood parking lot.

Councilmember Anthony Sutton asked what kind of barricades will be used. Alex McKay, representing Hazelwood Boosters, said there will be both water filled and some not to allow for emergency vehicles to pass through. Mr. McKay said he chatted with business owners to make sure they have enough parking for their customers. He agreed to give ample warning to residents about road closures for the event.

A motion was made by Councilmember Chuck Dickson, seconded by Councilmember Anthony Sutton to approve the Hazelwood Hot Summer Nights Car Show Special Event Permit and all subsequent road closures and parking lot closures. The motion was passed unanimously.

10. Budget Amendment for TDA Grant

- Misty Hagood, Finance Director

Finance Director Misty Hagood reported that the Town of Waynesville was awarded a TDA grant in the amount of \$5,000 for a downtown Alleyway Mural. She asked for a budget amendment to account for the grant funds. The grant is for a downtown alleyway mural to be placed in the alley going from Main Street to Wall Street. Beth Gilmore with the Downtown Waynesville Commission said the money will be used for the design phase. She said the mural will most likely be a vinyl "wrap" and will show historical photos of Waynesville.

A motion was made by Councilmember Anthony Sutton, seconded by Councilmember Jon Feichter, to approve the budget amendment in the amount of \$5,000 for the TDA Grant. The motion passed unanimously.

11. Budget Amendment to increase the Electric Fund revenues and expenditures by \$750,000 and amend the Fee Schedule to increase electric rates by 6%.

- Misty Hagood, Finance Director

Finance Director Misty Hagood reported that the bills for wholesale power purchases from Santee Cooper included significant fuel adjustment charges that were not anticipated for several months during the winter.

She said that the fuel adjustments have stopped, and bills are back to normal. She advised Council that there needs to be a budget amendment to cover the cost of wholesale power purchases for the remainder of the fiscal year. She also requested that Town Council approve a 6% increase in electric rates to help increase revenue for May and June bills (recoup loss).

Councilmember Jon Feichter asked for clarification on the percentage increase. Ms. Hagood said there will be a 6% increase now, then 5% increase in the new fiscal year, which Councilmember Sutton said is still less than what Duke is proposing.

Councilmember Dickson suggested we have a base rate for electric, like the Town does for water and sewer. He suggested keeping the base rate the same and increase the rate when the usage amount goes over the base rate. Councilmember Sutton he doesn't want to wait to figure out what the base rate should be and how it ties to usage because the Town needs to recoup losses now. Mr. Hites reminded the Council that the only thing they have to legally adopt is the tax rate. He said that Council could adopt the 5% rate increase now, then see the impact that is made if after 500 kW usage, an increased amount is charged per kilowatt. He advised that we don't want to rush trying to figure this out, because we don't want to get it wrong and that rates can be adjusted anytime throughout the year.

Councilmember Dickson asked if staff could look at commercial rates as they compare to residential rates and suggested increasing commercial rates.

Councilmember Feichter supported what Councilmember Dickson is suggesting. He then asked if rates could be changed based on customers income. Mr. Hites said no, but a rate class based on consumption can be created. Mr. Hites said another thing that Council needs to be aware of is that half of Waynesville residents are customers of Waynesville, the other half are customers of Duke.

Ms. Hagood said that without a rate increase of 6%, the Town would be out \$105,000. She said that in the next budget cycle, the electric fund has some big projects, including the Russ Avenue widening project, and Allison Acres.

Mr. Hites recommended a Rates Stabilization Fund to help avoid drastic rate increases.

Councilmember Dickson recommended increasing the usage rate but not the base rate.

A motion was made by Councilmember Anthony Sutton, seconded by Councilmember Chuck Dickson to approve the budget amendment of \$750,000 for wholesale power purchases. The motion passed unanimously.

A motion was made by Councilmember Chuck Dickson, seconded by Councilmember Anthony Sutton, to amend the Fee Schedule to increase all electric usage rates in the amount necessary to raise \$102,000 over the next two months. No action was taken.

Councilmember Dickson amended the previous motion to state the following: To amend the Fee Schedule to increase all electric usage rates and base rates except for residential in the amount necessary to raise \$102,000 over the next two months. The motion was seconded by Councilmember Sutton. Mayor Gary

Caldwell, Councilmember Chuck Dickson, and Councilmember Anthony Sutton voted in the affirmative. Councilmember Jon Feichter voted against. The motion passed.

12. ARP Grant Project Ordinance Amendment and emergency purchase of SUV for Meter Readers
- Misty Hagood, Finance Director

Finance Director Misty Hagood reported that staff had planned to request a new SUV to replace a 2007 Dodge Durango out of the ARP funds in the new budget. There have been several issues with it over the past year, so replacement came as no surprise. Ms. Hagood said the Durango started make a terrible noise so the Meter Readers took it to the garage to be looked at. Garage staff said the motor could give out at any time, and the vehicle needed to be taken out of service. Ms. Hagood requested that Town Council allow the Finance Department to move forward with finding a small to mid-sized SUV now and use ARP funds to purchase the vehicle.

A motion was made by Councilmember Anthony Sutton, seconded by Councilmember Jon Feichter, to approve an amendment of \$40,000 to the ARP Grant Project Ordinance and an emergency purchase of a small to mid-sized SUV. The motion passed unanimously.

A motion was made by Councilmember Chuck Dickson, seconded by Councilmember Jon Feichter to direct staff to purchase an electric vehicle unless unavailable. The motion passed unanimously.

Councilmember Anthony Sutton said the problem with many electric vehicles is they do not have sufficient ground clearance which meter readers need.

Councilmember Chuck Dickson made a motion, seconded by Councilmember Jon Feichter, to direct the Town Manager to review all purchases of gas powered equipment, tools, mowers, or tractors before being purchased. The motion passed unanimously.

Town Manager Rob Hites said the issue with commercial equipment being electric is they are not as durable or long lasting, but he will investigate the possibilities.

13. Town Employee Reclassification and Salary Increases
- Jesse Fowler, Assistant Town Manager

Assistant Town Manager Jesse Fowler reported that at the last meeting, Town Council directed staff to go back and come up with ways to fund pay increases. Mr. Fowler said staff is suggesting an increase in the rate for trash pickup to \$12 a year. Mr. Fowler said that the budget now shows increased investment income, increase in the projected sales tax by 1%, and an increase in electric rates of 0.5%. If approved, raises would go into effect with the new fiscal year. Councilmember Jon Feichter pointed out that 22 staff are making less than \$15/hour, so this would bring them up to the living wage for Haywood County. Councilmember Dickson said he is in favor of reclassification but not increasing garbage rates. Councilmember Sutton said that in order to pay Town employees what they need, the Town has to increase revenue. Mr. Fowler said increasing garbage rates by \$11 a year was the least impactful way to customers to be able to give certain staff raises.

A motion was made by Councilmember Anthony Sutton, seconded by Councilmember Chuck Dickson to amend the Town of Waynesville's Pay and Classification table along with the associated salary increases contingent upon adoption of the proposed FY 2023/2024 budget. The motion passed unanimously.

14. Renovation Bids for Police Detention Room Renovation

- Rob Hites, Town Manager

Town Manager Rob Hites reported that Senator Kevin Corbin gave the Police Department a \$40,000 grant to renovate a room previously used as a detention facility to an office area for Police Patrol. Mr. Hites said the work included in the bid involves removing the old cell, non-load bearing walls and cabinets, and running electricity to the cubicles.

A motion was made by Councilmember Chuck Dickson, seconded by Councilmember Anthony Sutton, to approve the bid of \$46,889.75 for renovation of the detention room of the police department by PBI Inc. of Asheville. The motion passed unanimously.

15. 2023-24 Annual Budget Presentation

- Rob Hites, Town Manager

Town Manager Rob Hites read the Budget Message verbatim. Some of noteworthy parts of the budget message included:

- The FY 2023-24 proposed budget is influenced by significant increases in the cost of materials and supplies, a need to provide a cost-of-living increase to employees and a lack of significant revenue growth across all funds.
- It is estimated that the Town will only experience an increase of \$102,900 in ad valorem tax revenue over last year's estimate.
- In order to hire and retain employees, we recommend The Council approve a 2% Cost of Living Adjustment (COLA) in addition to the Town's "Career Development Program".
- Recommended a \$17,445,800 General Fund operating budget for FY 2023-24. This represents a 2% increase from the FY 2022-23 budget. A stormwater grant accounts for \$400,000 of the increase. We do not recommend that the Council appropriate funds from the General Fund Balance.
- The staff recommends no increase in the current ad valorem tax rate of \$.04392 per \$100 in value. The State requires that local governments budget the percentage of taxes collected in the previous year. Waynesville's collection rate was 97.12% in 2021-22. We project the Town will collect \$6,333,900 in current year property tax in 2023-24.
- The Town Council has requested the Board of County Commissioners to increase the Fire District Tax from \$.06 to \$.08 cents per \$100 valuation in order aid the Town in funding replacement apparatus and the new fire station. This would mark the first increase in the Fire District tax since 1979. We estimate that the tax will raise \$ \$168,750 in revenue.
- The current ad valorem tax on the Downtown Municipal Service District is \$.19 per \$100 of valuation. We estimate that the district will yield \$106,400 in 2023-24 for current and past year taxes.
- The staff recommends a budget of \$3,862,497. This represents a 4.43% decrease from FY 2022-23. The reduction in the overall budget is due to lower capital improvement requests.

- We recommend a \$1,263,530 budget to fund the operation of the Water Treatment Plant. This represents a 26% decrease from last year's budget. The decrease is due to a reduction in capital improvement projects as well as the elimination of the Division's contribution to the Asset Services Fund.
- The staff recommends a 10% increase in Sewer Rates beginning with the August billing cycle. The increase in rates is due to requirement of the State Revolving Loan program that a Town's rate structure be set to pay the interest and principal on the loan at the time of loan closing. We will close the State Revolving Loan in the Spring. In addition to the \$24,545,900 State Revolving Loan, the Town must obtain a \$5,000,000 loan from a private lender to fund the entire \$29,423,000 sewer plant renovation project. The increase will be applied to the "base rate" which includes 2,000 gallons of flow.
- We have not increased the Town's Capacity Use Fees since 2019 and do not recommend an increase for the 2023-24 fiscal year. In 2018-19 the Council capped the Town's "Capacity Use Fees" at \$100,000 for the combined Water and Sewer Fees. This was done to encourage investment in Waynesville after a decade of near zero growth. The Town is starting a \$29,450,000 waste treatment renovation that was not factored into the "Capacity Use Study" carried out in 2018. As we complete the project, it would be appropriate to carry out a new study and establish "Capacity Use Fees" that reflect the cost of that project.
- For FY 2023-24 we recommend an Electric Department budget of \$11,402,059. This represents a 13.7% increase in the operating budget. We recommend a 5% increase in electric rates across all rate classes. This increase will also be applied to the base charges. The increase is due to an increase in the base rate for electricity set by the Town's contract with Santee Cooper, "fuel adjustment charges" added to the Town's wholesale power bills, costs associated with moving the Town's electric infrastructure from the right of way of Russ Avenue and constructing the distribution system in Allison Acres.

Councilmember Chuck Dickson asked why the Town caps sewer use fees? Mr. Hites reminded Council that in 2018, there was almost no growth and development, so the Town wanted to incentivize and attract developers. Councilmember Dickson asked if the Town still needs to incentivize development? Councilmember Sutton and Councilmember Feichter agreed that the sewer cap needs to increase to \$150,000. Councilmember Feichter asked staff if there has been efforts to recover the \$200,000 in taxes that have not been able to be collected. Ms. Hagood said not at this point because they've been so busy with setting up payment plans, but they will be sending out letters to anyone who owes more than \$50. Councilmember Dickson requested that, with the water and sewer amounts, the Town only applies increases to the usage, not the base rate. He also asked staff to calculate how much the Town would have to increase the usage rate so base rates don't have to go up.

A motion was made by Councilmember Anthony Sutton, seconded by Councilmember Chuck Dickson, to receive proposed budget and set a public hearing on the proposed Budget for May 23, 2023. The motion passed unanimously.

I. COMMUNICATION FROM STAFF

16. Manager's Report

- Town Manager, Rob Hites

Nothing to report.

17. Town Attorney Report

- Town Attorney, Martha Bradley

Nothing to report.

J. COMMUNICATIONS FROM THE MAYOR AND BOARD

Mayor Gary Caldwell said the junked vehicles at the Hazelwood Fire Department are being used for training their firefighters, and the vehicles will be removed soon.

Councilmember Dickson requested a presentation from the ABC Board, the Waynesville Housing Authority, Councilmember Feichter for the TDA, and Councilmember Sutton for the MPO.

K. ADJOURN

A motion was made by Councilmember Anthony Sutton, seconded by Councilmember Chuck Dickson, to adjourn at 8:18pm. The motion passed unanimously.

ATTEST:

Gary Caldwell, Mayor

Robert W. Hites, Jr. Town Manager

Candace Poolton, Town Clerk