

TOWN OF BROADWAY
BOARD OF COMMISSIONERS
MEETING
MINUTES
APRIL 25, 2016

A scheduled meeting of the Board of Commissioners was held on Monday, April 25, 2016 at 7:00 p.m. at the Community Building, 111 North Main Street, Broadway, North Carolina.

Board members present were Mayor Donald Andrews, Commissioners Tommy Beal, Woody Beale, Lynne Green, and Janet Harrington. Also, Town Attorney Jimmy Love, Town Manager Dustin Kornegay and Town Clerk Laura Duval were present. Commissioner Davis was unable to attend the meeting.

The meeting was called to order by Mayor Andrews. The Mayor gave the invocation, which was followed by the Pledge of Allegiance.

Mayor Pro Tem Beal made the motion to accept the Agenda as presented. The motion was seconded by Commissioner Woody Beale. Motion carried unanimously.

Consent Agenda – Approval of March 28 Minutes and March Financial Statement. Commissioner Green made the motion to accept the Consent Agenda as submitted. The motion was seconded by Commissioner Harrington. Motion carried unanimously.

Town Manager Kornegay gave an update on the closing of the unopened portion of Second Street. The process included a resolution adopted by the Town Board declaring the intention to consider the closing of the unopened portion of Second Street, weekly publication of said resolution for four weeks in the Sanford Herald, and transmittal of resolution by registered mail to each adjacent property owner. This portion of Second Street is 40 feet wide and is nothing more than an overgrown driveway. It cannot be connected to any other street. The only adjacent property owner is Garland Smith. If the street is closed, it will revert to the adjacent property owner. The Town Manager stated he does not normally advocate closing streets but recommended closing this unopened portion of Second Street. Mayor Andrews opened the Public Hearing for those wishing to speak in favor of closing the street or against closing the street. No one spoke in favor of and no one spoke against closing the unopened portion of Second Street. The Mayor closed the Public Hearing. Mayor Pro Tem Beal made the motion to adopt the resolution ordering the closing of an unopened portion of Second Street. The motion was seconded by Commissioner Harrington. Motion carried unanimously.

The Town Board scheduled a Budget Work Session for Tuesday, May 3 at 2:00 p.m. The work session will be held at the Council Chamber.

Mayor Andrews stated the Town Board has been working on the Town Hall project since September 2015. A public information session was held on March 22. The Mayor asked the Town Manager to give another update on the project. Town Manager Kornegay gave a presentation on problems with the existing Town Hall. Some of the items covered were: ADA noncompliance at the front entrance, back exit, counters and restrooms; plaster falling out of the wall panels and ceiling; lack of safety features; lack of privacy for meetings, auditors, bid openings; building is not conducive to modern technology; mass of electrical cords that are tripping and fire hazards; outdated equipment and broken furniture; exposed wires in the ceiling; OSHA violations; leaking ceilings in police department and restroom; cracks in walls and falling plaster; asbestos in tile flooring throughout Town Hall and in roof of Police Department; lack of cash register; and flying ants, roaches, and mice periodically inhabit the building.

Mr. Kornegay reviewed financial information for the project. An architect was hired to come up with preliminary drawings. The architect drew plans for a 3,215 sq ft building at a total cost of \$680,210. Estimated demolition costs are \$40,000. Architectural and Engineering Fees are approximately \$47,450. \$30,135 is estimated for contingency. At \$175/ sq ft for construction that cost will be \$562,625. Costs could fluctuate depending upon design changes and unknown circumstances at this time. A demolition expert has looked at the building and feels that demolition and asbestos removal will come under \$40,000.

In order to build the Town Hall a loan has to be obtained from USDA. They offer a 40 year loan for a public facility in a rural community. The Town does not qualify for any grants due to the median household income that is in the upper \$40,000's. The median household income has to be no higher than upper \$20,000's to qualify for a grant. The current interest rate is 3.125%, and the USDA will honor that rate. The 40 year mortgage and the low interest rate make the project very affordable for the Town. The debt service would be equivalent to \$29,000 per year.

The current tax rate is \$.44. The Town would not be able to fund the project as the budget stands. It would require a tax increase. To cover the debt service, taxes would have to be raised 3.5 to 4 cents. A one cent tax increase in Broadway is equivalent to \$8,600 in revenue. For example if a citizen owns a house valued at \$150,000, a tax increase of one cent equals \$15 on their tax bill. An increase of four cents is equivalent to \$60. That gives a more realistic picture to which we can relate. The Town's current tax rate is much lower than surrounding Towns our size within this region including Lee County and the City of Sanford. The last tax increase for Broadway was in 1995. Mr. Kornegay feels the need for a facility justifies a tax increase. He reviewed a graph of the Town's tax rates for the last 20 years. In 1995 it increased to \$.59 and decreased steadily until 2007 where it has remained at \$.44. The Town Board is to be commended for maintaining the current level of services while keeping the tax rate so low.

Mr. Kornegay reviewed another graph presenting property tax revenue per capita for various local towns. It shows how much property tax is generated per person for each town. Broadway is on the low end of that as well. The Town Manager explained expenditures by category: operating is the biggest portion of the budget, followed by personnel, and capital expenses make up a tiny portion of the budget. Most other towns are spending quite a bit more money on capital expenses than our Town. They're investing in their towns and their futures. We spend only 6% on capital expenditures.

Mr. Kornegay advised that construction costs are low right now and will only go up in the future. Now is the time to act. The debt service is feasible to pay off. The low interest rate of 3.125% will be honored. It is better to be proactive than reactive. Mr. Kornegay stated we can be criticized now for going ahead with the project or criticized later if an accident occurs and the Town didn't have the forethought do something sooner. A new Town Hall/Police Department is an investment in our Town and in its future. This project is a real need for our community.

Mayor Andrews asked the Town Board if they had questions or comments regarding the Town Hall project. Commissioner Woody Beale stated that he sees the need for a new Town Hall/Police Department and supports the project. He feels now is the time to do it. Interest rates will only continue to increase and the Town needs to act now. Commissioner Harrington stated that she sees the need as well and supports the building project. Mayor Pro Tem Beal stated the current Town Hall is deteriorating and is not going to get any better. He explained renovation was considered but was found to be more costly than building new. A new Town Hall/Police Department is not a want; it's a need. The Town needs to provide a safe place for staff to work and citizens to come and pay bills and request information. He supports the building project and feels it is time to do something now. Commissioner Green suggested that citizens tour the Town Hall and see it firsthand. She is truly bothered by ADA and OSHA noncompliance throughout the building. Comments are welcomed and Commissioner Green appreciates any helpful information the citizens can share.

Mayor Andrews opened the floor for Public Comments on the Town Hall project. The following signed up to speak:

J.R. Holt, 101 Church Street. Mr. Holt stated he sees the need for a new Town Hall but is concerned about building in the same location. He recommended building on the corner lot next to the Community Building. Mr. Holt was also concerned about the lack of interest shown by the townspeople. He stated that many widows and elderly are concerned about their taxes. Mr. Holt advised that he knows Tim Sherman personally and he is a very good architect.

Robert Garrett, 200 Edgewater Drive. Mr. Garrett explained that he contacted four towns similar in size to Broadway to learn the impact Wal-Mart Express had on their taxes. Two of those towns had higher tax rates and two had lower taxes than Broadway. At this time he is for and against the Town Hall project. Mr. Garrett would like to see something official about demolition and asbestos removal. He feels that this is the most important decision the Town will make. Mr. Garrett expressed concerns about the sewer debt that will be paid off in five years and wonders if the Town can handle

additional debt. He does not want the Town to lose its independence. He suggested looking at other buildings the Town owns or the Challenge Printing building. Mr. Garrett expressed concerns about the increase in County taxes last year and now taxes will increase in Broadway. He was also disappointed in the citizen turnout for the meeting.

Wendy Bryan, 204 Crystal Drive. Mrs. Bryan commended the Town Board and Town Manager for the financial information and the presentation that was given. She stated that no one likes to pay more taxes, but the issue is do we need a new Town Hall. Mrs. Bryan feels the Town is obligated to do something about the working conditions of Town staff. The Town may also be in violation of some privacy laws due to the open floor plan that provides no privacy when discussing confidential information. Mrs. Bryan stated compliance is very important. She also believes the police department would be more effective with a new building and more space. It is obvious to her that the Town Board is very conscientious about spending taxpayer money and has proven to be trustworthy. Mrs. Bryan mentioned the sewer debt is not a long-term issue since it is retiring in five years. She believes there is a need for a new Town Hall, the plans look great, and the finances seem to be in order. Mrs. Bryan encouraged the Town Board to be transparent about additional operating costs due to potential increased utilities and maintenance costs for a new building.

Russell Morgan, 214 Edgewater Drive. Mr. Morgan stated the information presented was great. He recommended that cost of renovation be researched and presented to the public.

Rebecca Hunter, 314 West Harrington Avenue. Mrs. Hunter expressed that she is in the middle of the road concerning the building project. She agrees with both Mr. Garrett and Mrs. Bryan. Mrs. Hunter encouraged the Town Board to look at remodeling costs for the current building. She also suggested looking at other available spaces in Town to determine if there are any possibilities for relocation. Mrs. Hunter stated her family is willing to take on the additional costs, but it is a long-term commitment that will have an effect on future families moving to Broadway. Once these other options have been marked off as unworkable, then go forward.

Donny Hunter, 314 West Harrington Avenue. Dr. Hunter was unable to attend the meeting but requested his questions be asked. They are as follows: "Has anyone without a financial interest been asked to assess the building as to the most cost effective manner in which to solve the problem? Are any other buildings available/being considered as an alternative site for the Town Hall/Police Headquarters? The Community Building seems to be a centrally located site which could be renovated to provide the needed space. Could the Community Building (facility) be moved to the present Town Council Chamber at Watson Lake and be renovated/extended to meet the needs the Community Building now serves? This would seem an ideal site for it. If any of the above were viable as opposed to tearing down the existing Town Hall and building a new facility, the building could be sold to a private buyer. The price of sale would be all profit as the Town paid nothing for the building."

Under Manager's Report, Town Manager Kornegay has contacted Scotty Wilkins with Utility Services to obtain pricing for maintenance on the water tank. It is in need of

serious rehab. The Town may be able to cover the cost over a couple of budget cycles and will be discussed in more detail at the budget work session. This cost will come out of water fund.

The Broadway Our Way Festival was a huge success. The Town Manager thanked the Mayor, the commissioners and all the volunteers for their hard work. Mr. Kornegay is still impressed that a Town this small can put together such a major event.

Under Commissioner Comments, Commissioner Woody Beale reported there is a permanent medical doctor located in Broadway. Dr. Martin Berger is practicing at Sandhills Family Practice. He lives in Apex and has signed a contract with the local hospital. The office is open four days a week and closed on Friday.

Commissioner Harrington expressed her thanks to the citizens who attended tonight's meeting. She also thanked everyone who attended the Broadway Our Way and those who helped with the event.

Mayor Pro Tem Beal appreciated the citizens' comments and will take them seriously. He echoed thanks to all who helped with the festival.

Commissioner Green thanked the citizens in attendance. She assured those present that the Town Board takes their job very seriously and loves the Town as the other residents do. She stated that they don't make decisions lightly, and they appreciate citizens' comments and will use their input in the process. Decisions are not always easy and are not always good on our pocketbooks, but the Town Board does listen and value opinions. Commissioner Green thanked everyone who supported the festival. She feels that Broadway is now known for its festival. She also expressed appreciation to the Mayor and Town Manager for their work in putting together the information on this need we have concerning the Town Hall. It has been put in a form that we can all see and digest.

Under Mayor Comments, Mayor Andrews echoed the comments about Broadway Our Way. The festival would not be possible without the volunteers who serve on the committee. After Labor Day the festival committee begins meeting once a month in addition to the work they put in between meetings. He thanked the sponsors, vendors and all the participants. It is a lot of work but it is rewarding to see the community come together and enjoy themselves.

The Mayor had no updates on transportation. He will attend a joint meeting on Thursday. Survey work is being done on Broadway Road. They hope to complete the upgrades in 2019 so that we will have the turning lane and sidewalks throughout Town.

Mayor Andrews gave an update on SAGA. Joy Thrash and Bob Joyce have gone to Hanover, Germany to meet with industries there. They do have folks looking at North Carolina. They are working to promote the enterprise park at Deep River.

The landscaping and stepping stones have been finished at the "dinky" park. Mayor Andrews thanked the Town Manager for getting this project completed.

A Memorial Day Service will be held at the NCVM on May 30 beginning at 10:30 a.m. It is sponsored by American Legion Post 237 out of Sanford. The Mayor invited all to attend the ceremony.

The Mayor appreciated the citizens' participation and the comments were very good. Mayor Andrews explained the problems encountered with renovation of the Town Hall. The two buildings are different levels, and we lose space if we renovate in addition to several other challenges. Other buildings in Town have been considered, but there are challenges with them, also. The Town Board started discussing the need for a new building about three years ago but began seriously talking about it last September. The Mayor even contacted Wal-Mart about donating their building, but they have refused. At this point in the process, the only money spent has been on the preliminary drawings. The Town Board realizes new construction is a serious issue, and they are exploring all options. He invited citizens to take a tour of Town Hall so that they can see the challenges with the existing building.

The Mayor stated it was great having a crowd at the meeting. He reminded everyone that the Town Board meets the fourth Monday night of each month. The meetings are held at the Council Chamber beginning at 7:00 p.m. He would love to have citizen input.

With no further business to come before the Board, Commissioner Green made the motion to adjourn the meeting. The motion was seconded by Mayor Pro Tem Beal. Motion carried unanimously to adjourn.

Donald F. Andrews
Mayor

Laura K. Duval
Town Clerk