

TOWN OF BROADWAY
BOARD OF COMMISSIONERS
BUDGET WORK SESSION

MAY 3, 2016

The Board of Commissioners held a budget work session on Monday, May 3, 2016 at 2:00 p.m. at the Council Chamber, 102 East Lake Drive, Broadway, North Carolina.

Board members present were Mayor Donald Andrews, Commissioners Tommy Beal, Woody Beale, Jim Davis, Lynne Green, and Janet Harrington. Also, Town Manager Dustin Kornegay and Town Clerk Laura Duval were present.

The Town Board met to discuss the proposed annual operating budget for fiscal year 2016-2017. The budget will be presented at the May 23 board meeting. A public hearing will be held at that time. The proposed budget will be presented for adoption at the June 27 meeting.

Mayor Andrews began the session by reviewing capital needs and projects.

Community Building – During the current fiscal year, the windows, casings and doors were replaced at the community building. The tables and chairs are in bad shape. The Mayor recommended the purchase of 8 lightweight tables and 48 chairs. Mayor Pro Tem Beal checked SAM's and BJ's for pricing. At both locations the folding tables cost \$80 each. Mr. Beal suggested selling the old tables and chairs. The cost of new tables and chairs would be approximately \$1,600.

In the 2016-2017 fiscal year, Mayor Andrews recommended working on the bathrooms, stripping and sealing the entire floor and replacing the baseboards. The restrooms need more lighting and a coat of paint. The plastic baseboards are coming off and need to be replaced. Mayor Pro Tem Beal recommended placing LED recessed lighting in the restrooms. Commissioner Green asked if a new mirror could be put up in the ladies room. The updating of the kitchen and outside of the building could be worked into the following budget cycle. The community building is used practically every weekend of the year and needs periodic updates.

Cemetery – The pine trees planted along the farthest back section are struggling. They are growing slowly. Craig has put up posts identifying the pines so that they will not be mowed down again. There are approximately 65 plots left in the front sections of the cemetery. The new section, located behind the Thomas section,

has been sodded. It needs to be surveyed, and the dirt driveways need to be paved. This section will need to be laid out in a few years. Mayor Pro Tem Beal stated there needs to be a policy on cremation stipulating how many remains can be buried in one plot. At other local cemeteries, no more than two can be buried in the same plot. The Town Manager agreed to research and devise a cremation policy.

Police Department – The police chief's car will be paid off this new fiscal year. In fiscal year 2017-2018 a new patrol car can be purchased. There are no cameras in the patrol cars at this time. Mayor Andrews plans to attend the Triangle J session on body cameras. The General Assembly has bills going through on the use of body cameras. It appears the decision will be left up to individual municipalities on how to handle this issue. The actual cost of body cameras is minimal. The cost of storage, length of storage and access to stored information are unknowns at this time. The Mayor suggested monitoring other departments to determine how their programs work.

Public Works – Town Manager Kornegay reported that two pumps had been replaced at the WWTP during 2015-2016. One was also replaced at Dixie Farm Road. It is very unusual to replace this many pumps in one year. In the future an aerator/rotor needs to be replaced in the oxidation ditch. This replacement will cost approximately \$10,000, but it is not a dire need at this time. The tractor will be paid off this year.

Water Tank - The Town Manager has contacted Utility Services Management regarding maintenance to the water tank. It requires maintenance every eight years. Scotty Wilkins, with Utility Services, suggested spreading the work over a four year period. The first year rehab on the interior can be done since that is a safety issue. Then washouts and inspections could be done during the second and third year. Rehab on the exterior could be done during the fourth year. The total cost of the project would be \$93,000 - \$96,000 spread over four years. The cost would be approximately \$23,000 per year. Utility Services will cover the engineering and permitting. Draining the tank will not be an issue. Beth Kelly advised the Town Manager to get two additional quotes to prove that Utility Services is the only company that can provide this type maintenance service. Mr. Kornegay also learned that the Christmas lights are an OSHA violation. They will have to come down. There is no way to get the buzzards to stay off the tank. Mr. Wilkins reported that they are not nesting there so they're not causing any real damage. Scott Christiansen, with the City of Sanford, has worked with Utility Services and has recommended agreeing to the four year term. He has found them to be an honest and reputable company. The Town Manager has included the first year's maintenance in the 2016-2017 budget.

Vehicle Replacement Schedule – Mr. Kornegay has budgeted for a pickup truck. Howard's truck is very old and is too costly to maintain now. His truck can be

declared surplus and sold. Then the remaining oldest truck will be passed down to Howard.

Streets – The drainage problem on Church Street really needs to be addressed. When it rains, there is standing water in the parking lot of the doctor's office and on the street. After the drain is put in, then Church and Holt Streets can be resurfaced. The striping can be done later on Smith, Forest and Beale. If the project is done in phases, the Town doesn't have to bid it out.

In the fall of 2014, the cracks were filled and sealed on Cats and Fiddler Drives. There are currently other streets that are in dire need of filling and sealing. The Mayor would like to get a quote for those streets.

The two restaurants on South Main have dumpsters in the back of the downtown parking lot. They are on the grass with no pad and no screening. The Town Manager will speak with them about placing screening around the dumpsters.

Mr. Kornegay reported that the LED lighting has been completed. The Town is already seeing a savings of \$300/month. Mayor Andrews would like to increase the lighting along Main Street. He suggested eight lights could be added from the hardware store to Forest Avenue. The Town Manager will get a quote from Duke Energy to explore the possibility of additional lighting.

Parks – At the NCVM there are about 10 places where the bricks are unlevel from settling. They are along the walkway so it poses a tripping hazard. The Mayor will contact Wright Masonry in the coming months to get a price for leveling the bricks.

The trees behind the NCVM are dying. Lett's Tree Removal quoted a price of \$1,000 to remove the trees and grind the stumps. The trees are on the property line. There are more than four, and we wouldn't want the trees to fall on the memorial wall and take it down. The property owner, living behind the memorial, has requested the trees be taken down. He doesn't mind the trucks coming on his property. That is the only way the trucks could get to the trees. All of the utility lines are along the back wall as well.

PARTF requires that a survey be sent out to citizens for their opinions on the playground equipment. The Town must also provide a parks master plan. Triangle J offered to help with the plan. There are a lot of little components to the grant process. PARTF wants the Board's wishes and public input to be the same. The grant is a 50/50 match. The minimum cost of the project required by PARTF is \$10,000, so the Town would have to put in \$5,000. PARTF does like to award grants to first time applicants.

The walking trail needs some rehab. It does get a lot of use, and the trail needs to be kept clean and sprayed.

A maintenance schedule was set up a few months ago for trimming and pruning shrubbery and trees. Grant Spivey and his crew did a great job. Tony and Craig put out all the mulch that was behind the community building.

Events – This year’s festival was successful. There were some challenges. The biggest food vendor was unable to come. However, it was a good day for the other food vendors. Commissioner Harrington had the most vendors ever this year. It appears the festival will be \$800 in the red. The fundraising goal was not reached. We did lose some sponsors. The food vendor at the Community Building had his best year ever and would like to set up there again during the street dance. The Mayor heard positive comments about the entertainment. It was a little windy but great weather otherwise.

Christmas in the Park will continue as it is an easy event to organize. The new Christmas wreaths are in, and the Town Manager reported they look similar to the old ones.

There was very little turnout for the local businesses and services meeting. They were highlighted in the Town newsletter. Since there was little interest shown, the Town will try to find small ways to promote them.

Other – The broken windows on the maintenance shop need to be fixed or boarded up and painted white. Boarding would be the cheapest way to go.

The well house still has a utility line going to it. The Town Manager advised there is nothing in it, so we are not billed for any electricity.

The Town Board discussed the Town Hall Project. Two public information sessions were held on March 22 and April 25. None of those in attendance were against the project. A tax increase is the biggest issue. Citizens understand the need for a new town hall/police department. Their concerns are a matter of cost and the way of getting there.

Options and alternatives are:

- 1) Don’t do anything.
- 2) The library was considered for relocation. It is too small for the Town Hall and Police Department, and it is located at the other end of Town. The Town Board doesn’t want the library to close, so it is not a viable option.
- 3) Both the Town Hall and Police Department could possibly be squeezed into the community building. The Town would lose the building and the revenue it produces (approximately \$10,000 per year). The County built the building and gave it to the Town so there may be some stipulations on use. The Town Manager will check the deed for clarification.

- 4) Wal-Mart Express is a 12,000 sq ft building. The tax value is listed at \$900,000. It would take an additional \$300,000 - \$400,000 to remodel and remove the gas tanks. Mayor Andrews has heard someone is looking at the building. It would be better for the building to be developed and keep the tax base.
- 5) The Air Cleaning Equipment building is listed for sale at \$379,000. It is a 14,000 sq ft building. There is not much parking available, and it is not located in the center of Town. This building would have to be remodeled as well. The property could be developed and Mayor Andrews reminds Bob Joyce about it every time he sees him.
- 6) The Council Chamber is on a conservation easement. The building cannot be extended. No additional playground equipment can be placed on the property either. Nothing can be done to the building.
- 7) Renovation of the current Town Hall was discussed. The cost of renovation is approximately \$125/sq ft. That is a conservative estimate and would roughly cost \$310,000. However, the building would lose space. Bathrooms would have to be ADA compliant. The floor in the police department is higher than the Town Hall floor. The police department ceiling is lower than the Town Hall ceiling. The center wall is a load bearing wall, so changes could only be made around it. Asbestos would have to be abated in the floor and roof. Wiring must be completely redone. The building would have to be taken down to the dirt and the brick walls. Staff would still have to relocate during renovation.
- 8) The only other option is to move to the corner lot and build on West Harrington Avenue. That would eliminate demolition and relocation costs, which would save approximately \$50,000. However, the Town would be left with two old buildings. We could try to sell them. In 2012 the original bank building sold for \$40,000. The Feedmeal building sold for \$38,000 in 2011. The Feedmeal is for sale now. They are asking \$88,500, which includes the equipment. In 2000 the building next to the Police Department sold for \$7,000. Mabel's building sold for \$40,000. The Town paid \$11,500 for the police department building in 2002.

The Town Hall is not on the historical register. The building has no historical value. At some point the buildings could be demolished and the space used as another municipal parking lot. Renovation of the existing Town Hall would cost approximately \$300,000 versus building new at a cost of \$640,000.

It will take Tim Sherman 90 days to draw detailed blueprints and specs for the new building. The cost will be \$32,000. That amount is built into the Architectural and Engineering Fees. The drawings are needed for bids. At the May meeting a budget ordinance will need to be adopted for funding the drawings. The Town Board agreed to think about the options and make a decision at the May Board Meeting.

Town Manager Kornegay reviewed the budget message. In the proposed General Fund budget, the Town Manager is proposing a tax rate of \$.49 per \$100 of valuation. Four cents is earmarked for the Town Hall project while the remaining one cent is needed to maintain our current level of services. In the Water and Sewer Fund, he is projecting revenue and expenditures to remain similar to last fiscal year.

Town Manager Kornegay reviewed the proposed budget for fiscal year 2016-2017 by departments.

Governing Body - The Town Board agreed to leave their salaries as they are currently. The Town Manager is recommending a 2% COLA for employees. There are no election expenses this year. Governing Body has a decrease of 18.5%.

Administration – The cost of living adjustment is included. An increase in insurance has been included. Software maintenance has increased a little. Mr. Kornegay included \$4,000 in case a new computer is needed. The auditors asked that retirement, FICA and health insurance be separated on the budget. Please note those changes.

Finance – Another portion of the clerk's salary has been moved to water/sewer department. The attorney requested a \$100 increase in monthly fees. There is extra budgeted for any unforeseen legal fees. There is no change in Sanford financial assistance and website maintenance.

Maintenance – 2 % COLA is included. The work to the Community Building is budgeted. Truck repairs and gas prices are unknowns. There is a 5% increase in Insurance & Bonds. A lease payment for a new truck is included. A payment is made every year for 3 years then the Town owns the truck.

Police – 2% COLA is included. The uniform budget is flexible. Auto supplies are unknown. The last payment will be made on the Interceptor. In 2017-18 a new police car can be purchased.

Special Appropriations – Town Manager Kornegay put \$10,000 in Streets – Contracted Services. Street, Utilities was decreased a little due to the savings in LED lighting. Waste Industries increased their costs this year. Mr. Kornegay stated some cuts could be made to Cemetery Capital Outlay if necessary. The contract for Planning and Inspections is not changing. Parks & Rec include utility bills. \$5,000 was budgeted for the festival's upfront costs. The Town Hall project may possibly interfere with the festival. Transfer to Capital Projects is slated for Town Hall related work (legal fees and interest on a construction loan).

The total budget for General Fund Expenditures is \$843,439 resulting in an increase of 2.4%.

General Fund Revenue – With a proposed five cents tax increase, property tax revenue should come in at \$418,380. Without a tax increase property tax would come in at \$372,155. One penny generates \$8,700 of revenue. The sales tax is up slightly. Due to the change in sales tax distribution, the Town has lost \$100,000 in revenue. Drug Forfeiture Funds may no longer be a revenue stream. The Powell Fund distribution has been changed. In future years the number budgeted may go down. The fuel tax has been capped. There are minimal increases in Beverage Tax as well as Utility Franchise Tax. The Town lost revenue when the cell tower was removed from the water tank. Other revenue streams essentially remain the same as prior year.

Total General Fund Revenue is \$843,439.

Water & Sewer Fund Expenditures – Part of the clerk's salary was shifted here so that results in an increase in salaries as well as the 2% COLA. There is the increase in health insurance. A slight increase has been budgeted for Contract Services. That accounts for water and sewer taps, etc. Duke Energy predicted slightly lower electricity costs. Slight decreases were budgeted for Meters & Supplies and Engineering Services. Water Purchases increased a little. \$18,000 is budgeted for Capital Outlay. The Water & Sewer bond payments will be paid off in five years. Tank maintenance at \$27,000 was added.

Total Water & Sewer Fund Expenditures is \$368,500.

Water & Sewer Fund Revenue – The revenue is essentially budgeted the same as current year. Total Water & Sewer Fund Revenue is \$368,500.

There is a .64% decrease in Water & Sewer Fund.

The total budget for General Fund and Water & Sewer Fund is \$1,211,939.

On December 30 there was \$1.5 million in the bank. 50% of this money is for General Fund and 50% is for water & sewer fund. It is not readily available cash on hand; it is needed to operate.

In addition to the tax increase of four cents for the Town Hall project, the one cent tax increase is needed to maintain the same level of services the Town is currently providing. Operating costs continue to rise, and the tax increase is needed to meet those costs without using fund balance.

At the next Joint Planning Commission meeting, the 2040 Land Use plan will be updated. A company out of Charlotte will do that. There will be a lot of upcoming meetings. In July of 2017 the results will be presented to all the local Boards.

Projects will be ranked for the state DOT plan at the May meeting. Currently, surveying and measuring are being done on Broadway Road. Next year right of way acquisition will be done. The actual road work will begin in 2019.

Upcoming Planning Board issues consist of: allowance for adding a wall sign to the back of a building, food trucks and yard sales.

Mayor Andrews has received no response from the County about any additional assistance for fiscal year 2016-2017.

The Mayor and Commissioners thanked the Town Manager for the hard work that he did on the budget, and they thought he did a great job.

The budget work session was adjourned.

Donald F. Andrews
Mayor

Laura K Duval
Town Clerk