

TOWN OF BROADWAY
BOARD OF COMMISSIONERS
BUDGET WORK SESSION

MAY 15, 2018

The Town Board met to discuss the proposed annual operating budget for fiscal year 2018-2019. Board members present were Mayor Andrews, Commissioners Woody Beale, Lynne Green, Janet Harrington, and Jim Paschal. Mayor Pro Tem Beal was unable to attend the work session due to a death in the family. Also, Town Manager Dustin Kornegay and Town Clerk Laura Duval were present.

Town Hall - Mayor Andrews began the work session with an update on the new Town Hall. The facility is operational with phones, internet and computers installed. Today Harris is switching the accounting software to the new computers. The Police Department has to move a few more things. Allen Hart, with USDA, is retiring at the end of May so we want to close the construction loan and get the permanent loan with USDA in place by that time.

Ken Bright has looked at the water problem in the parking lot. The issue was already there before the Town Hall was built. It was not caused by the contractor. The shrubs hid the water previously. The Mayor and Craig have an idea for a solution but are waiting to hear from Ken Bright. A drain may be put in and water run to the pipe or down the ditch.

A Town Hall sign will be erected in the near future. Mayor Andrews has talked with Tim Sherman about a two-sided sign incorporating brick and stone. A flag pole will also be added at some point.

A question has been raised about a center turning lane into the Town Hall. The Mayor will talk informally with DOT about this issue.

The Town Manager is meeting with credit card vendors now so that the Town will be able to accept credit card payments at the beginning of the fiscal year.

Community Building – Mayor Andrews advised the floor has been stripped and waxed, and the baseboards were replaced during the current fiscal year. Work needs to be done in the bathrooms. They need to be updated. There are lighting issues in the ladies room. Painting and replacing fixtures could be done during the upcoming fiscal year. The kitchen needs to be updated the following year. The majority of community building rentals are reserved by people living outside the town limits. It is rented most every weekend. The building does pay for itself. The current rental fee is \$200 plus a \$200 cleaning deposit. Broadway citizens

pay a rental fee of \$150. At a later date an increase in the rental may be considered. A cleaning service is used periodically to clean the building. The parking lot was sealed four years ago, but big cracks have formed in the lot this year. When we get streets sealed, we may need to have the cracks filled at that time.

Buildings & Facilities – A shelter was added to the maintenance building for the dump truck and tractor. The Tiny Tots building needs to be painted but must be pressure washed and the mortar sealed before painting. In the fall the Tiny Tots program plans to move to the building at Gilbert Lett Park. The garage side of our building is used for storage.

The WWTP is maintained as needed. There have been no issues with inspections. Craig does an excellent job keeping the system up and running. He is very conscientious.

This upcoming fiscal year the exterior of the water tank is scheduled for maintenance during the summer. It is part of the maintenance agreement the Town made two years ago. Mayor Andrews is going to recommend that Utility Services remove the ring that was once used for cell phone services. The vultures use the ring as a perch and damage the tank.

The former Council Chamber has a conservation easement on the property, which prohibits any additions to the building. It is a climate controlled environment that would be good for storage of records and files.

Once staff are settled in the new facility, the old Town Hall will be addressed. The furniture can be declared surplus then sold. At that time the Town Board can decide to sell, lease or donate the building.

Since the Town has some memorabilia/artifacts, Mayor Andrews mentioned the idea of using the Tiny Tots room as a Broadway museum. He asked the Town Board to give this idea some thought, and it will be discussed at a later date.

Cemetery – The driveways around the new section have been paved. It needs to be surveyed and the plots laid out this year. In the future it would be beneficial to have the cemetery plots in electronic format. The border of trees is growing tall but may need to be supplemented with crepe myrtles.

Streets – Church and Holt Streets still need to be resurfaced. Since these streets are 600-700 linear feet each, it is considered a small project, making it hard to get multiple bids. Our engineer felt the last single bid was too high at \$109,000. Due to numerous sewer cuts, Colonial Drive needs to be resurfaced, also. The largest project in need of resurfacing is West Harrington, which has Crystal, Hazel and Ruth Ann extending off it. The Town receives only \$38,000 in Powell Funds annually, and we need to keep some of it for emergencies. It was

suggested that maybe the first two projects could be combined to attract more bids. Some of the streets were sealed and striped in 2017. This summer Oakland, Hickory and Thelma Sloan Drive need to be striped and cracks sealed. A double yellow center line is required for no passing. Root removal was done on a few streets. Currently, Knowledge, Beale and Edgewater have some roots that need to be cut, dug up and then patch the asphalt. Cats Drive has a big crack in it. At the intersection of First and Beale there are cracks all the way across the streets, and there is a pot hole on Beale Drive.

Documents have been signed for the sidewalk project and have been sent for approval. The Town is required to hire an engineer then a construction company to complete the project. The Town will have sidewalks from Mansfield to Hollywood Pizza. After the Town receives approval, we can solicit engineers based on qualifications, and they must be DOT approved. Possibly the project could be put out to bid in late 2019 or early 2020.

The North Main Street road widening project is ongoing. Right of way easement folks have been meeting with property owners, and it will take about eight weeks before they receive the appraisals. In December of 2019 DOT will start accepting bids for construction then the actual work will begin in 2020. DOT will install sidewalks from Dollar General to Gilbert Lett and from First Bank past the hardware store. Essentially, the Town will have sidewalks from the school to the ballpark, but the Town is required to match 20% of the projects.

Parks – The parking spaces at the NCVM need to be striped. This project could be combined with the other striping needs. One more no parking sign needs to be put up on McLeod Ave. The brick chips need to be freshened up on the front side of the memorial.

The walking trail at Watson Lake needs to be cleaned and rehabbed. Due to the conservation easement restrictions, there are limits as to what can be done to the property. It is inspected once a year to ensure compliance with the restrictions. If paving is allowed under the stipulations, then a price can be obtained.

Lee County purchased Gilbert Lett Park, and it has been added to the county's park study. They have done some work at the ballfield, and have an arrangement with the Broadway Baseball Club. Hopefully, the County will soon replace the sign.

During the road widening project, Hunter Drive will be changed to a T-intersection, which should help drivers pulling out of Hunter and Gilbert Lett Drives at the same time. It will put some distance between the two streets.

Police Department – By 2020 the police department is required to comply with National Incident Based Reporting System for police reports. This software program links with the SBI, which in turn links with the FBI for real time

information. The cost of the software and maintenance is significant. It could cost approximately \$20,000. The software will need to be budgeted in fiscal year 2019-2020. Todd is researching the costs with different companies.

The Town Manager gave an update on the patrol car that was ordered in early February. He just learned that the car has not been built yet. A Dodge Charger was ordered from Hiester in Lillington. Dodge has a monopoly on the government contract because Ford and Chevrolet no longer participate. Hiester doesn't expect the car to be ready by June 30, so he is working on possibly getting a loaner for Todd to use until the new car is delivered. It really puts the police department in a bind with only two patrol cars in operation.

Public Works – The town trucks are in good shape. The last payment on Craig's truck will be made in 2018-2019. In fiscal year 2019-2020 we are scheduled to buy another new truck, but we don't necessarily have to purchase one.

Some of the landscaping around Town was contracted for upkeep. Grant Spivey has done a good job with that. Hiring Tommy Fore to work part time has helped tremendously. Tommy does a great job mowing the NCVM, cemetery, Town Park, around the welcome signs, etc.

Withers-Ravenel is in the process of designing the relocation of water and sewer lines for the road widening project.

At the last Town Board meeting, Mayor Pro Tem Beal mentioned that there may be grants available for putting water and sewer maps in digital format. Mayor Andrews believes it would be beneficial to the Town to pursue a grant for this purpose in the near future.

The sewer system debt will be paid off in three years. The water system was put in during the 1960's. It has a life expectancy of 40 years. A long-range plan needs to be devised for replacing water lines in the older sections of Town.

Community Projects – This year's BOW Festival was one of the best the Town has hosted. Next year the festival falls on Easter weekend.

Christmas in the Park will continue. The water tank maintenance may interfere with the current Christmas lights. We may have to get a different lighting system after the tank maintenance is completed.

The Town webpage and the Town brochure need to be updated.

Code Enforcement – There are issues that continue to be a challenge. The Town has to follow a process in solving these violations. There are some challenges being worked on now.

Personnel – The Town Manager would like to offer a 401K to all employees at some point. Currently, the Town is required to offer it to police officers. He feels a 401K is a good incentive to retain good employees. Mr. Kornegay may look at the requirements this year and start small at some point in the future. The Town Board agreed this is a good idea to research. Mayor Andrews stated we have a good staff for a small town. The staff go above and beyond, and they take pride in the Town. The Mayor and commissioners believe Broadway has the best town hall staff around and are very proud of them.

Commissioner Green asked about the backup plan for the Public Works Director. It has been talked about the last few years, but no definite plan has been put in place. The Town would have to hire someone to train with Craig, and there will be a learning curve there. On-the-job training will be a significant cost. There are a few backup operators that could handle things for the short term. Getting the lines and system maps in digital format would help a new person tremendously.

Town Manager Kornegay reviewed the highlights of the proposed budget for fiscal year 2018-2019 by funds and departments.

General Fund Expenditures:

Governing Body - The Mayor and commissioners agreed to leave their salaries as they are currently. The Town Manager is recommending a 3% COLA for employees. There are no election expenses this year. Travel reimbursement was increased slightly to cover travel expenses to TJCOG and any classes commissioners would like to take.

Administration - The service bonus is paid to employees based on \$20 per year of service. \$3,340 is the total for all employees. Mr. Kornegay budgeted a 10% increase in health insurance. The premiums will not actually increase until January. Other insurance premiums (life, dental, vision) remain the same. Departmental Supplies is increased to \$4,500. The Town Manager increased Telephone by \$200. There is an increase in Contracted Services, which covers the utility billing and accounting software. An increase in Insurance & Bonds is the result of the new building. Mr. Kornegay budgeted \$3,000 in Capital Outlay should the need arise for a new computer.

Finance – The Town Manager reminded the commissioners that 33% of the clerk's salary is budgeted in Water & Sewer Fund. Professional Services includes the cost of the auditor's contract and interlocal agreements with the City of Sanford. The Town has one more year on the audit contract with Joyce & Company. Mr. Kornegay budgeted a little more in Bank Service Charges since we will be changing banks. Tax Collector Fees are based on 1.5% of taxes collected by Lee County for the Town. Attorney Fees remain unchanged.

Maintenance – There is an increase in salaries to cover Tommy Fore’s hours. Departmental Supplies has a significant increase. Utilities Town Hall remains at \$4,000 since both town halls require electricity. Mr. Kornegay believes the new Town Hall will be energy efficient. Utilities Maintenance is increased as well. \$10,000 is budgeted for Community Building Maintenance to cover the updating. Buildings Maintenance & Repairs is also budgeted at \$10,000 for repairs to other buildings. Trucks Maintenance & Repairs is budgeted at a significant increase. Gas prices fluctuate and the Town trucks are getting older. Gas is purchased at Circle K or Dollar General. The Town fleet uses a WEX card for gas purchases, which is strictly a fuel card. There is no tax charged on this card, and it can be used at any place that accepts WEX. The final lease payment will be made on Craig’s truck.

Police – Departmental Supplies is increased to \$4,000. Auto Supplies remains at \$22,000 due to wear and tear on the patrol cars. Capital Outlay – Lease is budgeted at \$10,000, which is the lease payment for the new patrol car.

Special Appropriations – Streets, Powell Capital Outlay is decreased to \$5,000 because only \$4,523 was spent during the current fiscal year. Waste Industries increased its current fee, but the Town currently charges enough to cover the increase. Tipping Fees remains the same at \$3,500. This covers the cost of yard debris taken to Blaylock Stump Dump. \$10,000 is budgeted for Cemetery Maintenance to cover the surveying of plots. Planning & Inspections remains the same. This amount covers the interlocal agreements with the City. SAGA is still budgeted at \$5,000, which is the Town’s contribution and money well spent.

Parks & Recreation - \$12,000 is budgeted to cover utilities at the parks, NCVM, old Council Chamber, and lights at the welcome signs. It also covers the cost of Grant Spivey’s services.

Festival Funds is budgeted at \$5,000 from festival reserves. This line item will be amended when the decision is made to hold the festival in 2019.

At the request of USDA, our first installment of \$3,000 is budgeted. Our first debt service payment is scheduled for June 1, 2019 for \$29,000.

The total budgeted amount for General Fund Expenditures is \$901,566.

General Fund Revenue – Property taxes are budgeted at \$437,416. This number is obtained from the county tax office. The Town has a 99% collection rate, which is very good. The Town Manager tried to be conservative with the sales tax revenue. It is budgeted at \$151,180. Residential growth continues, and Town Manager Kornegay feels the tax rate should remain the same at \$.49 per \$100 of valuation. The state gives the percentages on the other taxes based on current year.

Cemetery Lot Sales is budgeted at a conservative number because sales are unpredictable. It is budgeted at \$6,000. People have expressed an interest in the new section.

The community building rent remains the same. The rental fee is \$150 for in-town residents and \$200 for out-of-town residents with a cleaning deposit of \$200. Revenue for the upcoming fiscal year is budgeted at \$11,000.

\$90,000 is budgeted for the interlocal agreements with Lee County.

The state has capped Powell Bill Funds. The Town now receives \$38,000, and that is a challenge. At the end of 2017 we had approximately \$238,000 in Powell Funds, and we didn't spend much this fiscal year. The Town does have the downtown sidewalk project coming up with its match of \$20,000. The sidewalk on the north side of Town requires a match of \$9,800. There is a rule that small towns can request holding double the allotted amount, and Mr. Kornegay has made that request.

Total General Fund Revenue is budgeted at \$901,566.

Water & Sewer Fund Expenditures – Salaries are made up of the Public Work Director's salary and 33% of the Clerk's salary. Benefits, FICA and retirement reflect the same.

\$20,000 is budgeted for Contract Services. This amount varies and is used for water & sewer taps and service line repairs.

Electricity was bumped up to \$22,000. This amount covers electricity for the WWTP and four lift stations.

Engineering Services remains the same and is used for weekly and quarterly sample testing requirements.

Water Purchases from Sanford is budgeted at \$80,000. Our contract with them hasn't changed.

Capital Outlay is budgeted at \$35,000. \$25,000 of that will go towards the exterior tank maintenance plus an additional \$10,000 for needs that may arise.

Our bond payment will be the first payment of the last three years. \$64,000 is the actual payment with \$6,845 in interest.

\$10,000 reimbursement is budgeted for the General Fund reimbursement on the infrastructure we purchased at the end of West Harrington.

Total Water & Sewer Fund Expenditures is budgeted at \$380,956.

Water & Sewer Fund Revenue – The revenue is budgeted at \$362,956. Other line items are budgeted the same as prior year.

Water & Sewer rates may need to be increased in 2019-2020. There are 40 year old parts in the WWTP. Town Manager Kornegay suggested that the commissioners tour the WWTP so they can see all the intricate working parts. The Town Board agreed they would like to see it. The Rural Water Association can do a free rate study on our water & sewer rates to make sure the enterprise fund is funding itself. The Town is at half capacity at the sewer plant, so it can handle new residential development.

Total Water & Sewer Fund Revenue is \$380,956.

The 2018-2019 total budget for General Fund and Water & Sewer Fund is \$1,282,522.

There is not enough time to publish a notice for a public hearing at the May 21 meeting, so the Town Board agreed to hold a public hearing to present the proposed budget on June 4 at 6:00 p.m. The proposed budget will be presented for adoption at the regularly scheduled meeting on June 25.

On May 22 a ribbon cutting will be held at 4:00 p.m. followed by an open house till 6:00 p.m. The Mayor will speak, and the commissioners will cut the ribbon. Light refreshments will be served. Invitations have been mailed, and a sign will be placed outside the Town Hall inviting citizens to the event. We have a nice facility that our citizens can be proud of.

The budget work session was adjourned.

Donald F. Andrews
Mayor

Laura K Duval
Town Clerk