

TOWN OF BROADWAY
BOARD OF COMMISSIONERS
MEETING
MINUTES
FEBRUARY 1, 2016

A special meeting of the Board of Commissioners was held on Monday, February 1, 2016 at 6:00 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, Janet Harrington and Lynne Green. Also, Town Attorney Jimmy Love, Town Manager Dustin Kornegay, Finance Director Barbara Cox and Town Clerk Laura Duval were present.

The meeting was called to order by Mayor Andrews.

Mayor Andrews referred to the floor plan and exterior elevation plan for the proposed Town Hall. The projected cost is \$680,210 based on 3,215 sq ft. It is approximately \$211 per sq ft, factoring in demolition and A/E fees.

Town Manager Kornegay distributed tax rates for the past 20 years and a comparison of the Town's current tax rate to surrounding towns similar in size.

During Mr. Kornegay's preliminary conversation with USDA, they informed him USDA will do up to 40 years on a permanent loan. Their current rate is 3.125%. That equals approximately \$28,500 per year in debt service. The Town's tax rate would have to increase 3.5 cents to cover debt service. The Town would be required to get a construction loan from a commercial lender. Down the road, the interest rate could be higher or lower. The rate can't be locked into at this point in the process.

The next step and cost in the process is plumbing and electrical plans. Tim Sherman would draw those. Other costs and steps to take into consideration are paperwork, demolition, relocation and public hearings. After demolition, there may not be a need for much site work. Optimistically speaking, the project could possibly be completed spring of 2017 at the earliest.

At the front end, there will be a lot of paperwork required. The LGC and USDA will need costs of the project and the Town's revenue stream for debt service. Bids must be out before the Town is given approval by those entities.

Asbestos testing was done last week, and Mr. Kornegay is waiting for the results.

The deed and site have already been surveyed. A clean deed was verified by Town Counsel. Since the bank gave the building to the Town, it was necessary to ensure there were no restrictions in the deed. The Town bought the doctor's office for a small amount.

The situation at Town Hall is not getting better. Something will have to be done at some point.

Mayor Andrews talked with a representative of Wal-Mart. He was informed that a real estate firm would sell the building. They hope to sell it as quickly as possible. The building is 13,000 sq ft.

Commissioner Woody Beale mentioned relocating Town Hall to 130 S Main Street during construction. Mayor Andrews recommended relocating to the Community Building during the building phase. It is the better option financially. The Town would lose the rental income (\$10,000) for a year but would not have to rent trailers or remodel office space in another building.

A question was asked about demolition costs. The \$40,000 projection includes \$10,000 for asbestos abatement. It could be simple or detailed, so the cost could be less or go over the projection. \$680,210 may not be the final cost.

If the Board should decide not to proceed after bids are received, the cost that would be lost is \$10,000 - \$15,000 for detailed blueprints. The LGC will not approve the loan until the bids have gone out. The financial audit states the borrowing capacity is huge, but the Town would never need to borrow that much.

There are five years left of debt service on the Water and Sewer Bonds. They will be paid off in fiscal year 2020-21.

The current building is deteriorating. It will have to be replaced but the decision to be made is when the construction will be done. Health and safety issues are the main reason for replacing the Town Hall. It has functionality issues as well. An increase in the tax rate is necessary to proceed with the project.

Town Counsel recommended looking for a grant option again. Mr. Love suggested contacting Don Kovasckitz (Strategic Services Administrator) and request that he look at the census numbers again for median household income. However, the Town cannot bank on a grant. It would not fund the entire project. Currently, the median household income is \$59,000. The state cutoff is in the mid-\$30,000 range. The Town Manager will check into grant availability again.

Commissioner Davis made the motion to proceed with plans for building a new Town Hall. The motion was seconded by Mayor Pro Tem Beal. Motion carried unanimously.

Mayor Andrews has contacted Wal-Mart about donating their building to the Town but has not received a response from them. The biggest loss to the community is

the pharmacy. Someone has approached Cooper's Pharmacy about opening here, but they are not interested. Medicine Park has also been approached, but they have not given a definite answer. Recruiting a pharmacy to Broadway will be difficult. It appears that the Kangaroo may stay open. Both the Dollar General and the Piggly Wiggly have reported their business has picked up.

Commissioner Woody Beale has talked with the local doctor about staying in Broadway. He said that he would love to stay here but must negotiate a contract with the hospital. Dr. McConville owns the building, but the practice was owned by Tenet who recently sold to Duke Lifepoint. The doctor commutes from Durham. Duke Lifepoint will have a meeting about the practice soon. Commissioner Beale feels that this doctor can build up the practice again.

Commissioner Green acknowledged that the Town Hall will cost a huge amount of money and will need to be explained to the public. She believes everything will work out like it's supposed to and personally feels good about it. Commissioner Woody Beale and Commissioner Harrington concurred with Commissioner Green. She stated that a tax increase is not well accepted but feels citizens will accept it when they see that there is a real need and that they will work to be part of the solution. Commissioner Green suggested giving the public a tour of Town Hall. She mentioned that she has been walking on eggshells after her tour of the building. OSHA would not be happy with the problems in the current Town Hall.

Mayor Pro Tem Beal stated that he is concerned about the senior citizens who live on fixed incomes.

Mayor Andrews reiterated that \$680,210 is an educated guess for building costs. It could be closer to \$700,000. He suggested contacting Representative Renee Ellmers and Thom Tillis for any help they may give the Town.

All of the commissioners stated they could not vote for remodeling. That would be too expensive for such an old building.

With no further business to come before the Board, Commissioner Davis made the motion to adjourn the meeting. The motion was seconded by Commissioner Woody Beale. Motion carried unanimously to adjourn.

Donald F. Andrews
Mayor

Laura K. Duval
Town Clerk