

TOWN OF BROADWAY
BOARD OF COMMISSIONERS
BUDGET WORK SESSION
MAY 12, 2020

The Board of Commissioners held a budget work session on Tuesday, May 12 at 3:00 p.m. at the Council Chamber, 103 North Main Street, Broadway, North Carolina.

Board members present were Mayor Donald Andrews, Commissioners Tommy Beal, Lynne Green, Janet Harrington, Teresa Kelly and Jim Paschal. Also, Town Manager Eddie Thomas, Former Interim Town Manager Bob Stevens, and Town Clerk Laura Duval were present.

Mayor Andrews opened the work session with updates and discussions on the following:

Watson Lake Dam Project: The topographical survey has been budgeted. Mike Cain gave a quote of \$6,000 for the survey of the lake. The survey is the next step in the project. It will be done this summer or early fall. Once Mr. Cain has completed the survey, it will be sent to Hazen and Sawyer. They will then give a cost of the remaining part of the multi-year project.

Buildings & Facilities: The Tiny Tots building/garage, where the Kubota and supplies are kept, has boards on the ends that are curling out. The boards need to be replaced with plywood and wrapped with vinyl. If money is available in the budget, these repairs can be done. However, it is not a pressing issue. This fiscal year the roof was fixed on this building. All other buildings are in good shape. The community building was updated a little last year.

Trash, Recycling & Solid Waste: The sanitation fee will increase from \$12.70 per month per customer to \$14.70. This fee covers both garbage and recycling. The amount of increase is driven by the cost of the recycling process. Mayor Andrews talked with the City, and they are keeping recycling and passing the cost to the consumers. He also inquired of other municipalities, and they plan to do the same. The Mayor talked with a representative from TJCOG and DENR about recycling. From a budget standpoint the sanitation fee is a wash. It's a pass through from citizens to Waste Industries/Green for Life. Mayor Andrews asked the Town Board for their input on the recycling decision.

Commissioner Harrington asked Off Broadway residents for their opinion on recycling. It was about a 50-50 split. Mayor Andrews found that two out of three citizens recycle. Mayor Pro Tem Beal found that people will recycle if they have the cart for it. If they don't have the recycling cart, it won't bother them not to recycle. Commissioner Kelly learned that the majority of people who recycle feel passionately about it. Those

who don't recycle do not want an increase in the sanitation fee. The question has been raised, is Waste Industries/GFL really recycling? Some citizens have seen the regular garbage and recycling emptied into the same truck. Mayor Andrews advised that issue has been addressed with Waste Industries/GFL. The increased costs in recycling are a result of the storage required for smaller countries buying recycling. It has to be stored until it can be sent to them.

It was also mentioned that recycling needs to be done the right way so that it is not dumped in the landfill. Bottles and plastics should be washed out before placed in the cart. Styrofoam cannot be recycled. It was mentioned that waxed cardboard is not recyclable. Contaminated recyclables are dumped in the landfill.

The fire department still collects aluminum cans. The Town will not be providing a cardboard container. Several years ago, a roll off dumpster was placed at the back of the old Town Hall parking lot. However, it was abused. Harnett County residents used it, and people threw all kinds of garbage in it. Commissioner Green believes people recycle because they have the cart for recycling. If it is discontinued, the Mayor thinks there would be negative feedback from passionate recyclers. Mayor Andrews stated the cost would probably continue to increase each year. Town Manager Thomas has noticed that there is a lot of cardboard in Town. Recycling carts may be needed to take care of all the cardboard. If recycling is discontinued and an extra garbage cart is needed, the citizen has to pay a double sanitation fee. Commissioner Green stated she is disturbed by the process of recycling possibly going in the landfill. She believes recycling is a good thing, and larger families probably use it more than a single person. The solid waste contract is for one year. In-town residents are not allowed to use the county convenience centers because the Town provides curbside pickup, and people residing in the county, outside the two municipalities, pay an additional fee on their property tax bill. The Town is not allowed to use the Woodland Trails convenience center at all.

If the decision is made to keep recycling, citizens will have to be notified on the June bill that the sanitation fee is increasing effective July 1. The Town Board decided to continue recycling for the upcoming fiscal year and revisit it when contract renewal comes up next year. The Mayor plans to publish another newsletter. A recycling survey can be included, as well as, instructions concerning how to recycle properly. Commissioners Kelly and Green volunteered to tally the surveys.

Bulk Trash & Yard Debris – Since last week, 15 dump truck loads of brush have been picked up. Twenty pickup loads of solid waste were picked up last week. More has been put out since then. There appears to be much more out since more people are not working and are staying home. Since the yard debris is hauled to Cameron, only two trips can be made in a day. Picking up debris is a two man job. Craig drives the tractor, and Tony drives the dump truck. With so much brush and bulk trash out this month, staff just can't keep up. We don't have the manpower to do it all. Two weeks ago, the dump truck broke down and had to be repaired. The Town does not pick up construction

material. Rolls of carpet, 12 ft long boards, and bricks cannot be picked up. When remodeling is done, the contractor should take the material away. It can be taken to the transfer station on Wilson Road, but there is a cost. This information can be printed in the newsletter. Yard debris and solid waste pickup is only done the first week of each month and will be included in the newsletter, once again.

Cemetery Lots – TJCOG has digitized maps for the cemetery plots. The Mayor and Town Manager will meet with those reps on Thursday. This fall we can sod another section of the back part of the cemetery. It should be ready for use in a couple of years. The far right section of the cemetery has about 15 plots available, so people are now purchasing plots in the new section at the back.

Streets – The Town is in the process of getting estimates for paving Colonial Drive, Hazel and Ruth Ann Lanes, Crystal Drive, West Harrington Avenue, and Fiddler and Cats Drives. The long-range plan was to pave these streets in three phases. Powell Fund revenue may be down because people have not been driving as much during the stay-at-home order.

The sidewalk project from Claude's to the Presbyterian Church has been pushed back to next year. The Mayor and Town Manager are meeting with Withers-Ravenel on Friday to discuss the project, which is an 80-20 match. They will get an update to see where Withers-Ravenel stands on the project.

The R3830 North Main Street project is slated for the spring of 2021, but it may get pushed further back, depending upon revenue. Withers-Ravenel is doing the engineering for the relocation of the water and sewer lines. NCDOT is having revenue issues.

NCDOT was supposed to send the Town a MOU for striping South Main Street down to the school. We have yet to hear from them.

A lot of street signs are missing throughout Town. Some signs have been repaired, and some have been replaced. It may take a couple of years to get them all updated. It is a work in progress.

There are no lights on the Welcome to Broadway sign at Seminole Road. Solar lights were placed there in the beginning, but they only lasted three months. NCDOT will not allow permanent lights there. We can try to replace the solar lights with new ones.

Parks – At the NCVM the footings have been dug for the DAV monument. The contractor is waiting on masonry to lay the blocks.

The Town Park gets used a lot now. It's very busy. The walking trail needs to be rehabbed and resurfaced with fresh gravel.

Nothing has been done on the Broadway Welcome Sign yet. NCDOT paid the Town for the sign. A quote of \$6,000 was given for moving the sign without any

guarantees. The Town would need to get permission from the McNeill heirs to move the sign 30 feet back.

Police Department – In budget year 2021-2022 the Crown Vic will be replaced.

Public Works – TJCOG has mapped the water and sewer lines in Town. The Town has several paper maps from the sixties. Any additions were placed on separate maps. Most of the maps are in Craig Buchanan's head.

Last week there were water pressure issues on Lawrence Road. The communication between the vault at Dixie Farm Road, and the water tank is no longer working. The line may have been clipped during the remodeling of the old Town Hall. Craig has been setting the pump manually to control the level in the water tank. Windstream has to fix the communication line.

Mayor Andrews discussed sewer capacity. The Town has a license for 145,000 gallon daily capacity at the sewer plant. We run about 80,000 gallons on average. The state will not let the Town expand the current sewer plant. The Mayor would like to approach the City of Sanford about connecting to their system. The process will probably take three to five years. If East Park becomes a reality, that will be an additional fifty homes within the Town Limits. The Town has been approached by a developer on Vernon Street with 43 acres, and a developer on Bradley Road with forty acres has expressed interest. In the future there are 45 acres behind Town Hall up to the hardware store that will eventually be developed.

The Town's current WWTP is a Level 2, and Craig has a Level 2 license. The next level is three, and the salary for a Level 3 operator is probably twice what Craig is making. Bob Stevens approached the state ten years ago about possible sewer expansion. There were many steps to go through. They advised looking at expanding the plant vs. going to another system. At that time and even today, Sanford is the closest system. The state was not favorable toward expansion if there was another system close by. Sanford is an alternative and would be a relatively inexpensive solution. Ten years ago the line estimated was at \$1,100,000 from here to Carr Creek. The closest lift station, is at East Lee, which pumps to Carr Creek. Then it is pumped to the Sanford plant. The City didn't want it pumped an extra time, so they wanted the Town to go to the Carr Creek lift station. It would have to be pumped going up the bypass to Carr Creek. The plant here would be closed, and a system of lift stations would force pump it to Sanford. An engineering survey and environmental impact statement are required for going up the bypass to Carr Creek. Once the process begins, the permits probably wouldn't be issued for three or four years. Construction would be the next step, and it would require pursuing grants or low interest money.

Once the process is started, a temporary permit can be obtained for 160,000 gallons per day. If it rains three or four inches, the capacity goes up to 300,000 gallons for a few days. Inflow and infiltration play into these issues. Older lines get out of kilter at the joint. When it rains, the water goes into the ground and into the joint then to the

sewer plant. Rainwater goes into manholes located in low spots. Many issues with the system have to be considered. The current capacity should be able to handle East Park but not additional developments. The key to residential growth is sewer capacity. The Town Board agreed the Mayor should reach out to City Manager Hegwer and discuss 500,000 gallon sewer capacity with the City. With property outside the Town Limits, the Town can explain that it doesn't have the sewer capacity to annex that property for sewer service. However, with acreage inside the Town Limits that may be developed, the Town would lose growth without enough sewer capacity. The Town must begin planning now for anticipated residential growth.

The sewer debt will be paid off next May. The bond was refinanced six or seven years ago. The payment was \$66,000/year plus interest, so the final payment on the refinancing will be paid in May of 2021.

Water line issues need to be addressed, also. There was a water main repair on Watson Lake Drive last week. The asbestos pipes need to be upgraded; they are forty years old.

Town Board – Mayor Pro Tem Beal has expressed an interest in going digital for Board meeting agenda packets. The Town would purchase tablets/notebooks for the commissioners. The Mayor Pro Tem feels this would save expense on toner, paper, and time. The commissioners would no longer have to go by Town Hall to pick up their packets. Mayor Andrews explained the agenda packet would be sent in PDF format via email. Commissioner Kelly would like software that would enable highlighting items. It was agreed to explore and determine the initial cost.

Community Projects – Most all of the money was refunded for the festival. A few sponsors did not want refunds and asked that the money go toward a future event. The stage and bleachers are still available for use in the fall. The Town paid \$2,300 as the security deposit, which is non-refundable. The Mayor inquired about hosting a musical event in the fall, such as, one afternoon from 12 noon to 7:00 p.m. There would be musical entertainment, kids' events and a few food trucks. Most of the bands accepted their down payment as payment for the cancellation. The Entertainers received \$1,000 for the festival cancellation. The afternoon event could be held in the Town Hall parking lot with four or five local groups and could be called Jammin' on Main. First Bank, Central Carolina Roofing, and Waste Industries left their sponsorships with us. The hit has already been taken, so we could roll over those sponsorships to next year. No one really knows what to expect in the fall. COVID-19 is unpredictable at this point, and we would run into hurricane season. The Mayor feels if we go two years without the festival, we may never get it back.

Bob Stevens, Former Interim Town Manager, reviewed the proposed budget for 2020-2021. Mr. Stevens prepared the budget, and the Mayor and Town Manager provided input before presentation. Sales tax revenue is a big issue this year due to the stay-at-home order. Sales tax runs two months behind, so the March payment was just

received. It was in line. The slowdown in spending didn't hit March, but April, May and June may take a hit. There is still money in the budget for things that may come up because some of last year's expenses were not reoccurring items.

Mr. Stevens began with a review of the Expenditure Sheet for General Fund. Governing Body consists of Mayor, Commissioners and FICA. There are no election expenses this year. The Town is only charged for Town of Broadway elections. \$5,559 is saved in that line item. Travel is cut \$200, and Miscellaneous is cut \$500. There is a \$6,250 decrease in Governing Body.

Administration consists of Town Manager and Town Hall expenses. An annual longevity bonus is given to staff--\$20 per year of service per employee. This year the employees' years of service equals 186 years at a cost of \$3,720. Retirement funds have gone up a little. Telephone Expense is cut by \$1,500. Last year only \$2,000 was used by March. The Town Manager receives a monthly stipend of \$15 for cell phone coverage. \$850 worth of stamps were recently purchased, which lasts approximately five years.

Contracted services is made up of Harris who provides accounting software and support. Dues and Subscriptions consists of NCLM membership and other organizational dues. Miscellaneous is cut \$800. Cuts in administration amount to \$14,235.

Finance consists of clerk and staff salaries for Laura and Barbara. Two-thirds of the clerk's salary is in this line item with one-third paid out of water and sewer for time spent billing and collecting. Professional services cover the financial audit at \$16,414. Finance is up \$4,189.

The Mayor's salary recommendations are included in the budget and will be discussed in closed session. The attorney agreed to the same fees for another year.

Under Maintenance & Public Buildings, salaries consist of Tony's, 1,000 hours at \$16.20 for Tommy Fore, and 400 hours for Howard. This line item is down \$4,000. Trucks-Maintenance & Repairs includes gasoline and any repairs to trucks. Equipment-Maintenance & Repairs includes tractors and bush hog repairs. Buildings-Maintenance & Repairs - \$5,000 was added for repairing ends of the garage building. Lease payments are for the manager's truck and are paid in three yearly payments. It is easier and more beneficial to budget lease payments than the total value of a truck. This department was reduced by \$2,100.

Police – Salaries are for four full-time officers. \$4,000 is added for any part-time help or extra pay for a reserve officer in case of an emergency situation. Mark Carroll has been helping in these incidences. Todd will hold certification for reserve officers as long as they agree to work the festival and Christmas parade. The separation allowance for Rich at \$11,100 must be budgeted for the next ten years. This amount was cut in half because he plans to retire in February or March. The Town is required to pay Rich

until he is 62. Police is decreased by \$727. Group insurance includes a 7% adjustment. The health insurance goes by calendar year, so it could increase January 1. 401K is required by law for police officers. 5% of their salaries go into it. Uniforms is budgeted the same amount. Auto Supplies include repairs to cars, tires, and gasoline. It is cut back since Todd has a relatively new car.

Capital Outlay – NBRS software has already been purchased, making an \$18,000 reduction possible for next year. Dues & Subscriptions are professional organizations that the PD belongs to. Contract Services is the maintenance fee of \$2,500 on NBRS payable to Southern Software. There is a \$727 decrease in Police.

Special Appropriations - \$16,000 is budgeted in case the south end sidewalk project is approved. Powell Funds are received every year.

Street - Utilities is decreased \$4,000. LED lighting is saving money.

Waste Industries/GFL Fees are a wash at \$107,000. If recycling continues, this amount should be changed to \$110,000 and changed on the revenue side, as well. The Town will be to the good \$3,900 because WI charges \$14.01 per cart, and the Town is going up an even \$2 on the sanitation fee. The extra helps cover the costs of staff delivering and replacing carts and preparing billing.

Tipping fees – The debris pick up has gotten out of hand. The City of Sanford adds an annual waste fee of \$270 to the water bill to cover debris pickup. There is not really an equitable way to charge our citizens. Mr. Stevens added \$5,500 to tipping fees. The cost has gone from \$40 per load to \$60 per load.

\$8,000 is paid to the City for Planning and Inspections. This interlocal agreement has remained at this number for several years.

\$5,000 is budgeted for SAGA. Membership shows the Town is interested in economic growth and gives us a seat at the table.

Parks & Rec is cut \$19,664 which was used last budget year on the lake. This covers all power bills, clock, expenses at Watson Lake Park. \$6,000 is budgeted for the survey of the dam.

Festival – It is standard practice to plug in \$5,000 as seed money. Special Appropriations is decreased \$42,696.

Debt service is the annual payment for Town Hall at \$25,942. There are 38 more years to pay.

Total Expenses are \$933,418, which is down \$61,828.

Under Revenue, property taxes are up approximately \$7,000. There is \$94,000,000 appraised tax value in Broadway.

When taxes are increased, a penny generates \$9,400. The tax rate remains the same at \$0.49. Property taxes are \$458,209 for Lee County. \$2,231 is received in property taxes from Harnett County. The tax revenue covers the expenses involved in patrolling those areas. Harnett County recognizes 49 people live in the annexed properties. That number of people is added to Broadway's population, which increases alcohol tax revenue.

Years ago the County changed the distribution method for sales tax collections from per capita to ad valorem. This change cost the Town approximately \$150,000 at that time. It was cut back 75%. Sales tax is going to be down the first few months of the year. It is reduced \$35,000.

Powell Bill allocations are based on population, also.

The Town will receive approximately \$38,085. The Town has \$241,000 in Powell Fund because the allocation is not spent every year.

Beverage tax is budgeted the same.

Utility Franchise Tax is made up of tax on electric bills, telecommunications, and cablevision. That is reduced \$4,000.

Sanitation Fee is a wash.

Cemetery Lot Sales is an estimate, so it is budgeted a little less than last year.

Community Building Rent is left at the same amount. We will lose revenue on rentals this fiscal year due to COVID-19 cancellations. It has not been rented in three months.

Sale of Capital Assets was budgeted at \$2,000 last year but actually proceeds from the sale of the old town hall plus the reimbursement of the welcome sign brought that up to \$52,490. Town pickups usually sale for \$1,000-\$2,000

Festival Funds are a wash. Nothing is put into revenue because the future of the festival is unknown at this time.

Reimbursement from Water & Sewer is \$10,000, which was money borrowed from General Fund for the purchase of the Underwood lift station about two years ago. This amount is also a wash. The reimbursement could be increased if a little more is needed in General Fund.

Unallocated Festival Funds is budgeted for \$5,000.

Powell Reserves is budgeted at \$16,000 in case the sidewalk projects proceeds.

\$90,000 is budgeted for Interlocal Agreement that we have with the County for Police assistance and animal control.

General Fund Revenue is \$933,418, which balances to Expenditures.

Mr. Stevens reviewed Water & Sewer Expenditures.

One-third of Laura's salary and all of Craig's salary are budgeted. Contracted Services includes repairs to water line breaks.

\$180 is budgeted in Telephone, which is \$15 per month for Craig's cell phone reimbursement.

Water bill postage is increased to \$1,200.

Electricity is provided to lift stations and sewer plant.

Insurance includes liability insurance on equipment and vehicles.

Meters, Pumps and Supplies is increased because two pumps went out last year. \$4,000 is budgeted for a contract with Underwood to clean lift station pumps quarterly. The State wants it done annually, so quarterly meets their requirements and hopefully prolongs the life of the pumps.

Engineering Services covers an engineer to look at the environmental impact on sewer possibly pumped to Sanford.

Water purchases from City of Sanford is increased by \$3,000. Capital Outlay includes any asset that will be on the books longer than three years.

Water & Sewer Bond Payments is budgeted for the last payment of the refinancing. \$2,300 Interest Expense is the final interest on the bond payment.

Dues and Certifications include memberships with Rural Water, lower river CFRB. This membership keeps the town from sampling out of the Cape Fear River. They sample for us.

General Fund loan is \$10,000.

Water & Sewer Expenditures come in at \$402,329.

Water & Sewer Revenue is increased to \$383,329. An average was used for the last eight months that was billed out. Water & Sewer taps is increased to \$4,000 and \$3,000 respectively. There are some new houses that will be going on the system. Reconnect fees include \$40 fee for reconnection of services, and late fees are also included. Right now no water is being cut off, and late fees are not being charged. The State is going to allow delinquent customers during March and April to work out a payment plan for six months. Total Water & Sewer Revenue comes in at \$402,329, which balances to Water & Sewer Expenditures. The total budget for 2020-2021 is \$1,335,747.

The sales tax remains at the current rate of \$0.49 per valuation.

A Public Hearing for the budget will be held at the May 19 meeting then the budget will be presented for adoption at the June 22 meeting.

Mayor Andrews advised East Park is moving forward. The Mayor met with them the first of March. Usually, the Town will adopt subdivision streets in our inventory if they're built to DOT specifications. The streets they are proposing do not meet DOT standards. The Town can still accept the streets as long as rezoning is approved. Sometime this summer a Public Hearing may be held on rezoning this property.

Please continue to remind people to fill out the census. About half the county has participated. Also, encourage citizens to support our local businesses. Before the newsletter is mailed, a draft will be sent to Commissioners for their review. The Mayor plans to open the Town Hall to the public at such time as the City opens. Plexiglas has been installed at the counter, and staff have masks and gloves to use if they so desire. Lee County Veterans Council has cancelled the Memorial Day Service here.

Mayor Andrews expressed his appreciation to Bob for working on the budget. Town Manager Thomas expressed his thanks to Bob for all his help during the transition period.

Mayor Andrews entertained a motion to go into closed session to discuss personnel matters as allowed under NCGS 143-318.11(6). Mayor Pro Tem Beal made the motion to go into closed session. The motion was seconded by Commissioner Paschal. Motion carried unanimously.

After returning to regular session, there was no further discussion. Mayor Pro Tem Beal made the motion to adjourn. The motion was seconded by Commissioner Paschal. Motion carried unanimously to adjourn the budget work session.

Donald F. Andrews, Mayor

Laura K. Duval, Town Clerk