

TOWN OF BROADWAY
TOWN HALL MEETING MINUTES

JUNE 7, 2022

The Broadway Board of Commissioners held a Town Hall Meeting on Tuesday, June 7, at 6:00 p.m. in the Community Building, 111 N. Main Street, Broadway, North Carolina.

Board members present were Mayor Donald Andrews, Commissioners Tommy Beal, April Collins, Lynne Green, and Teresa Kelly. Also, Town Manager John Godfrey and Town Clerk Laura Duval were present.

Mayor Andrews welcomed everyone in attendance and thanked them for coming to the Town Hall Meeting. He introduced Bill Cowen, Senior Client Officer, and Ken Orié, Utility Practice Lead, with WithersRavenel, who were there to answer technical questions. Withers has been working with the Town on our infrastructure issues since the end of 2020.

The Mayor laid out information on infrastructure challenges then received questions and feedback from citizens. The current population of Broadway is approximately 1,350. The Town has about 700 residential customers and 50 commercial customers. The wastewater system was installed in the late 1980's, and the water system was installed in the mid-1960's. The Town owns and operates its own WWTP, which is licensed for 145,000 gallons per day. In January 117,500 gallons were being treated daily, which is 86% capacity. When the remaining homes under construction come on line, it will increase to around 125,000 gallons per day. The Town has 10 remaining vacant residential lots and 150-200 acres that are developable inside the Town Limits. The Town Board has been discussing infrastructure issues for about 10 years. Typically, water lines have a life expectancy of 40 years, so aging lines are in the areas of Vernon Street, East Harrington, Stevens, First, Third, Hickory, Oakland, Forest, and Thelma Sloan Drive.

In 2021 the Town was awarded two \$50,000 grants for water and wastewater studies. WithersRavenel conducted these merger regionalization feasibility studies and presented their findings at the February 2022 board meeting. In March of this year the Town Board held a work session to discuss the information Withers presented and the Town's options. Due to residential growth, the focus has shifted from water to wastewater because of the WWTP capacity. During the last 12-18 months, each week the Town Manager and/or Mayor received annexation requests and inquiries about rezoning for developments. Such requests are not being considered because there is currently no sewer capacity for development.

In May the Town Board visited Wake Forest to meet with Mayor Jones and her staff to gather information about their merger with the City of Raleigh. In 2000 they had about 5,000 water and sewer customers and found themselves in the same position

Broadway is in now. The City of Raleigh is a regional player providing water and wastewater services to several municipalities in Wake County. After the merger was completed, Wake Forest views the merger as the best thing they've ever done.

Mayor Andrews reviewed four options that Withers presented in their study:

- 1) Do Nothing. Maintain the current wastewater system we have. There could be no growth, and operating costs would continue to increase.
- 2) Expand the existing WWTP at a projected cost of \$22,200,000.
- 3) Interconnect with the City of Sanford to pump excess wastewater to them. (City is not interested) The interconnect would involve running a pipe from our WWTP on Bradley Road to the City's first lift station located at Carr Creek off 421. Projected cost \$14,210,000
- 4) Interconnect with the City of Sanford to pump all wastewater to them. The interconnect would involve running a pipe from our WWTP on Bradley Road to the City's first lift station located at Carr Creek off 421. Projected cost \$14,210,000
- 5) Merge water and wastewater services with the City of Sanford. This option still requires an interconnect with the City. (They are open to this option.) Our WWTP would be closed. Projected cost \$14,210,000

Should the Town interconnect with the City, at some point the WWTP would have to be decommissioned, and that will be an additional cost.

Mayor Andrews presented the worst case scenario should the Town have to borrow \$22,200,000 from USDA for 40 years at an interest rate of 3% in order to expand our current WWTP. We would expand from 145,000 gallons per day to 500,000 gallons per day. Average customer consumption of 5,000 gallons per month currently costs approximately \$63. With debt service of \$1,000,000 per year, the payment would be about \$960,000. The debt payment would cause the same water bill to increase to \$220 per month. These numbers are only projections.

The Mayor and Town Manager plan to meet with the NC Dept of Environmental Quality - Water Resources Division to determine if Daniel's Creek could handle 500,000 gallons capacity daily. Daniel's Creek flows by Watson Lake and runs by the WWTP then eventually empties into the Cape Fear River. An opinion is needed from NCDEQ to know if expansion is even possible.

If the Town decides on Option 4, the Town would possibly borrow \$14,210,000 from USDA for 40 years at an interest rate of 3%. The debt service payment would increase the average water bill to \$170. Under a merger with the City of Sanford, they would maintain and service water and wastewater infrastructure. They would read the meters and bill Broadway customers for water and wastewater use.

Commissioner Kelly reiterated that these numbers are worst case scenario in the event the Town does not receive any money from anywhere and has to borrow the entire amount. There are funds available through grant writing. The Town is trying to take the necessary steps towards applying for and receiving grant funds. Due to the

condition of our economy, the projected costs have probably increased 25% since the studies were presented.

Mayor Andrews advised the time frame keeps changing, also. When the discussion first began, the time frame for completion was 30 months. Since the Town is only a small \$22 million project compared to larger projects across the state, it may be another two years before the project can even be started. Engineers, consultants, and construction folks are looking for the biggest projects. It is also taking longer to get the materials needed and labor costs also delay projects. There are 500 municipalities needing the same services from a limited number of folks.

The Mayor, Town Board, and Withers representatives addressed citizen questions and comments.

Are administrative costs involved with merger to the City of Sanford? Informal conversations have been held with the City. The next step is the Asset Inventory Analysis, and the Town will apply for a grant from the state. The AIA will show what's in the ground, so the City will know what the Town has. The AIA takes 6-8 months. Broadway already buys water from Sanford. There has been no pushback during informal conversations with them. If Sanford partners with Broadway, they are a good partner to have during the steps involved in a merger. The Town has a great working relationship with the City. They already do our permitting, zoning, and inspections. Sanford will probably be a good partner in helping us pursue funding opportunities.

How will merger affect current Town staff? There is enough to keep our public works staff busy because there are so many other things for which they are responsible. That is not an issue.

Worst case scenario costs were presented. Expansion with more customers would help lower costs. There is developable land located within the Town Limits to provide growth. If annexation occurs in the future, that would also help lower costs.

Is there a threshold on gallons treated if merger with City of Sanford occurs? The Town is simply in the conversational stage with the City now. No commitment has been made. The AIA has to be done first so that they will know what condition our lines are in. There is a September deadline for pursuing grant money for the AIA. After it is completed, other items required are a water model study, water and wastewater mapping, design plans of current WWTP, operating guidelines, and financial information. Sanford participated in the merger regionalization studies with the Town so they are informed of the findings.

Average water bill for City customers is currently \$50 - \$75.

Ken Orie, with Withers, advised that the state is against no growth within municipalities. Since the WWTP plant is at 86% capacity, the state expects expansion. At some point they can come in and force the Town to expand at a cost of \$14 million and fund that by the 750 existing customers. Later on developers will come in and take advantage of the expansion up to 500,000 gallons paid for by the citizens. If the merger

takes place with Sanford, costs of expansion and maintenance are shared by thousands of people rather than by only 750. The Town is only one big pipe break away from seeing those costs. \$220 million is a huge number, but it is not due tomorrow morning. It won't be paid until they are ready to turn the water on. If there is ample sewer capacity, people will come to Broadway. Annexation is the Town's choice. Water and sewer must be provided to people living inside the Town Limits, but annexation is optional. The last time the government flooded the state with infrastructure money was back in the 1980's so that was used to put in sewer. We're right back to money being given for infrastructure that will set up the Town for the next 40-50 years.

Commissioner Kelly commented that regional water/wastewater systems are increasing across the state because small systems can no longer operate independently. Larger cities have more money and better facilities to handle expansion. If the Town expanded its current WWTP, additional people would have to be hired with proper credentials needed for operating a larger plant. More labwork and accreditation would be required, as well.

The Town's aging infrastructure has us on the map with the state. Since Mr. Godfrey has been with the Town, the WWTP has had two audits. Mother Nature and rainwater throws off the numbers, and we have two staff in public works doing all they can to maintain an aging system. The WWTP can easily manage 70,000 gallons a day but not 125,000 gallons every day. Change needs to be made in some direction.

A concern was expressed about Sanford's capability to take on Pittsboro and several other smaller towns as well as Broadway. They can handle the Town's volume along with the others. Mr. Cowen advised Sanford does have the capability to merge with Broadway because it is not a merger with Pittsboro. The industrial park there can treat wastewater.

Commissioner Kelly stated the merger is a two to three year process at best, so growth will be stagnant for a few more years. Mayor Andrews advised there are 35 acres of prime real estate behind Town Hall that could be developed in the future.

Commissioner Collins mentioned that prior to their visit to Wake Forest, the Town Board was concerned about Broadway losing its identity should we merge with Sanford. Mayor Jones advised they have had no negative issues in Wake Forest. Their population was small and now that they have grown, citizens still pay their bill at Town Hall and go there for information and paperwork. Wake Forest is now a Town of 50,000+. The process of repairs moves much faster with Raleigh because they have the manpower and equipment to take care of issues quickly. Right now Broadway does not have that option. Repair work has to be contracted out, and the Town is at the mercy of the contractor's availability. The Town Board realizes Broadway is a quaint town and would like the Town to maintain its charm, but they have to look at what is best for the citizens. Water bills in the amount of \$200 would not be in the best interest of the citizens. That is unaffordable and people can't do it, so all options have to be considered.

Mayor Andrews advised the Town needs an AIA done whether we merge with Sanford or not. We need to know the condition of our lines and infrastructure and learn if and where infiltration is occurring. The Town needs to take advantage of the infrastructure bill money as it becomes available. All of the ARPA money has to be spent by 2026. Now is the time for action.

Mayor Andrews stated this is a big decision for the Town Board. They have been wrestling with it for several months. They were aware of the challenges, but the urgency and numbers are overwhelming. The Mayor, Town Manager, and Public Works Director have had discussions on moving forward. At this point merging with Sanford seems like the best option. The Mayor reiterated that they must make the right decision for the citizens of Broadway and burdening them with a \$200 water bill is unacceptable. The Town Board believes an agreement with the City of Sanford is worth exploring. That's why they've been having conversations with them, and they are a great partner to work with. Once the grant is received for the AIA and it is completed, Sanford will be ready for more serious conversations. They don't know the future costs of maintaining our system, but the AIA will help them make that determination.

Commissioner Kelly added that negotiations can be made with the City as the process moves along. The Town will be an asset to them, and we will have some leverage in water/sewer contract negotiations. They want to get what is best for Broadway.

Commissioner Collins stated this course of action is for future generations. The decisions made now will affect Broadway for years to come. The Town Board welcomes input from citizens, and their feelings and concerns on issues are taken into consideration.

Mayor Andrews feels there is opportunity to receive grant funding so that the Town will not have to borrow all the funds. He has spoken with our Raleigh officials explaining the Town needs assistance. The state is in favor of regionalization and consolidation of services. There are opportunities to take advantage of ARPA monies and infrastructure monies that will be coming down in the near future. The state uses a competitive point system to disburse the funds. The Town will continue to talk with our state officials and work with DEQ in order to take advantage of any grant funding.

Commissioner Green indicated the goal is to provide the very best services that the Town can provide to its citizens at the most effective cost possible. That is always the bottom line of all discussions. She stated the Town Board understands the frustration of not getting definitive answers on the financial impact.

Mayor Andrews explained the Town Board understands the urgency, but there is a process to go through. He appreciated the citizens who attended the meeting and provided input. The Mayor advised he and the Town Board are available should further questions or concerns arise.

Donald F. Andrews
Mayor

Laura K. Duval, Town Clerk