

**CITY OF LAURINBURG
SPECIAL COUNCIL MEETING/PUBLIC INPUT SESSION
NOVEMBER 1, 2016
A. B. GIBSON BUILDING
303 WEST CHURCH ST.
6:00 p.m.**

MINUTES

The City Council of the City of Laurinburg held a special meeting/public input session on November 1, 2016 at 6:00 p.m. in the board room of the A. B. Gibson Center located at 322 South Main Street, with the Honorable Matthew Block, MD, Mayor presiding. The following Councilmembers were present: Mary Jo Adams, Dolores A. Hammond, Curtis B. Leak, Andrew G. Williamson, Jr. and J.D. Willis.

Also present were: Charles D. Nichols III, City Manager; Jennifer A. Tippet, City Clerk; and William P. Floyd, Jr., City Attorney.

Mayor Block called the special meeting of the Laurinburg City Council to order at 6:00 p.m.

Councilmember Williamson gave the Invocation and then led the Pledge of Allegiance.

MAYOR BLOCK

Mayor Block reviewed the ground rules of the special meeting/public input session. He explained that there would first be a brief presentation by the architects, Creech & Associates; contractor, Edifice, Inc.; and financial consultant, Davenport Company. He discussed his belief that it was important for the citizens to realize that the presenters and the material being presented is the case for building a new City Hall and therefore focuses on the negatives of the current buildings and does not present any renovation options of existing structures.

PROJECT OVERVIEW/HISTORY

Brent Green, Creech & Associates

Mr. Brent Green of Creech & Associates, presented a PowerPoint presentation to establish facts concerning the existing City facility. Highlights of the presentation are as follows:

- Challenges of the current Municipal Building include load-bearing concrete masonry walls which are not conducive to being relocated.
- Floor to floor heights.
- Would require significant demolition and gutting of building to bring up to current State Building Code.
- Infrastructure Deficiencies:
 - Technology
 - Power
 - Main and secondary panels
 - Wiring and pathways
 - Emergency generator
 - Required clearances

- Restrooms
- Water
- Sanitary
- Accessibility Issues:
 - Stair rise and run
 - Stair handrails and guardrails
 - Elevator door width
 - Restroom clearances
 - Drinking fountain
- New Mechanical Infrastructure
 - HVAC
 - Systems & controls
 - Equipment
 - Fresh air change rate
 - Healthy work environment
- County Inspections and Permitting Report
 - New City Hall will have to meet all current N.C. Building Code requirements
 - Renovated City Hall with *NO CHANGES TO EXISTING WALLS OR ADDITION OF NEW WALLS* may utilize the N.C. Existing Building Code or the N.C. Rehab Code.
 - Renovations to City Hall beyond this may trigger other requirements relative to life safety and accessibility
 - Noted deficiencies included lack of ventilation in the CSI office, load calculations on building to determine if electrical service is adequate, cleaning and pressure testing the HVAC ducts for leaks and replacement, holding cells for Police Department
 - Barrett Building can be renovated under the N.C. Existing Building Code or N.C. Rehab Code
- Municipal Building Challenges:
 - Exterior envelope deficiencies
 - Complete rebuild of the exterior required to install vapor barrier and insulation per Code
 - Limitations of existing door and window openings
 - Limited natural light
- Police Department Deficiencies
 - No secure separation from public at detainee transfer area
 - No secure separation from public at rear egress to parking lot
 - No secure separation from public in customer service area
 - No holding areas for detainees
 - Inadequate crime lab space and evidence storage at maximum capacity
- Storage Deficiencies
 - All departments share file storage space with varying levels of security and retention requirements
 - Storage spread across three (3) facilities and not efficient to access
 - Files and evidence stored in building support spaces not designed for storage
 - Scanning documents is beneficial but doesn't remove requirement of some records with retention in perpetuity
- Hurricane Matthew Impact
 - Cleanup resulting from roof leaks in the Finance Department

- Exposes potential for asbestos in other areas of building
- IT and server room need to be in more secure and environmentally controlled area
- Additional Issues
 - Temporary Relocation of employees during construction
 - Lease space 14 months = \$300,000.00
 - Upgrade of space for police operations = \$500,000.00
 - Emergency operation needs
 - UPS and back-up power
 - Parking
 - Access control and security upgrades
- Opportunities and Benefits of New City Hall and Police Station
 - Services under one (1) roof
 - Storage for all records
 - A more current Police Department with secure separation from public areas
 - Security measures for the public and employees
- Additional Benefits:
 - Fully modern facility that uses current systems, materials and technology
 - Makes statement about the community's forward thinking and technology-based future
 - Will locate IT infrastructure, server room and storage in a more secure, central and environmentally-controlled area
 - Current customer services maintained
 - ADA compliance in all aspects of design
 - Annual utilities savings:
 - Municipal + Barrett + Sanford = ± \$38,000
 - New facility = ± \$27,000

Mr. Green explained that during construction of a new facility, the existing Municipal Building would remain and only staff from the Barrett Building would have to be relocated.

Mr. Green reviewed the current design of 21,675 square feet with the Police Department and Customer Service on the first floor and the other staff offices including administration and council chambers on the second floor. He discussed ways to reduce costs including reducing the floor plan by a 10 foot wide section across each floor. He explained that this would result in the loss of program space. He added that other ways to save money were to revise the elevation and use materials to keep the same look on the exterior.

Mr. Green reviewed the four (4) options design that had been presented to Council:

Current Design	21,675 square feet	\$7,870,344.00
Current Plan Design plus Elevation changes	21,675 square feet	\$7,530,670.00
Reduced Plan Design	19,475 square feet	\$7,327,574.00
Reduced Plan Design plus Elevation changes	19,475 square feet	\$6,987,910.00

Mr. Green compared the Laurinburg City Hall and Police Station project to recently constructed city halls with approximate same square footage:

Town Hall, Indian Trail (August 2015)	\$8,000,000.00
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(no Police Department)

Town Hall, Mint Hill (March 2011) \$6,800,000.00
(no Police Department and cost escalated to current market bid pricing)

Town Hall, Garner (March 2016) \$7,000,000.00
(no Police Department)

Upon question by Mayor Block, Mr. Green explained that the above costs are for construction only and do not include soft costs and contingency.

Upon question by Councilmember Hammond, Mr. Green explained that soft costs include furniture, fixtures, equipment, technology, designer fees, permit fees and contingency.

Mitch Brigulio, Davenport & Company

Mr. Mitch Brigulio, First Vice President of Davenport & Company, a financial advisor, explained that Davenport & Company was hired to review the capital funding capacity of the City's General Fund. He added that the first step was to identify existing sources within the budget that could be used to help pay for any capital funding cost, mainly debt service associated with General Fund projects. He further added that four (4) key sources that could be made available to help support debt service:

- Decline in existing debt service – about \$300,000.00 that repays within 10 years by \$70,000.00 during that time period.
- General Fund dollars that were loaned to the Electric Fund over the course of 2013 to 2015.
- Contract with Scotland County for personnel for the E911 with the amount that the City has to pay reduces over time until there is no funding requirement for the City after 2024.
- \$150,000.00 estimated annual surpluses based on the last few years by budgeting conservatively, underspending expenses and over-achieving revenues.

Mr. Brigulio explained that for purposes of the analysis, it was assumed that two-thirds (2/3) of the financing would come from the General Fund with the remaining one-third (1/3) from the utility funds, but the Local Government Commission (LGC) will determine that the allocation is made on a reasonable basis. He reviewed the Case Summary shown below with two (2) options of financing, a 15-year final maturity and a 20-year final maturity:

General Fund Capital Project Funding Capacity



Overview

- The following General Fund revenue sources have been identified as available to fund future capital / debt service payments.
 - Decline in Existing Debt Service
 - Electric Fund Interfund Loan Repayment
 - Annual Reduction in E911 Personnel Costs
 - \$150,000 Annual Operating Surplus

- The capital funding capacity under these revenue sources could be used for any General Fund project identified by Council, including the potential City Hall / Police Department project.

- Specific to the potential City Hall / Police Department, the cost breakdown between the General Fund and Utility Fund will be determined based upon a reasonable allocation. For purposes of this analysis, 67% of the debt service is assumed to be paid from the General Fund. It is assumed that the remaining 33% of debt service will be paid from Utility Fund revenues.

- For perspective, the following cases have been analyzed for an \$8.5 million City Hall / Police Department:
 - Financing Terms Analyzed:
 - Option 1: 15 Year Level Principal at 3.50%
 - Option 2: 20 Year Level Principal at 4.50%

Case Summary

	Option 1	Option 2
1 Financing Assumptions		
2 Issuance Timing	July 2017 (FY 2018)	July 2017 (FY 2018)
3 First Interest Payment	FY 2018	FY 2018
4 First Principal Payment	FY 2019	FY 2019
5 Amortization	Level Principal	Level Principal
6 Term	15 Years	20 Years
7 Interest Rate	3.50%	4.50%
8		
9 Debt Ratios (Worst Shown)		
10 10-Year Payout Ratio	61.41%	46.84%
11 Debt to Assessed Value	0.69%	0.72%
12 Debt Service to Expenditures	8.61%	8.53%
13		
14 Project Funding		
15 Total Project Funded	\$ 8,500,000	\$ 8,500,000
16 General Fund Allocation (%)	67%	67%
17 General Fund Allocation (\$)	\$ 5,666,667	\$ 5,666,667
18		
19 Estimated General Fund Debt Service		
20 Total	\$ 7,385,556	\$ 8,514,167
21 Maximum Annual (Year 1)	\$ 576,111	\$ 538,333
22 Average Annual	\$ 461,597	\$ 405,437
23		
24 Additional Reserves Required to Repay Debt Service (FY 24-26)		
	\$ 94,378	\$ -

Upon question by Mayor Block, Mr. Brigulio explained that the first year General Fund Debt Service under a 15-year loan would be \$576,111.00 and would decline over time, and that under a 20-year loan, the first year would be \$538,333.00 and would decline over time.

Upon questions by Councilmember Hammond, Mr. Brigulio explained that interest rates could possibly be lower than presented in the Case Summary. He also explained that there are other options for financing such as a US Department of Agriculture (USDA) loan which would come with a longer term amortization than market loans. He added that typically there are not many construction loans in North Carolina due to oversight by the LGC because the LGC wants to see bids and permits in hand for financing approval by the LGC.

Mayor Block explained that if the new City Hall and Police Station was not built, the City's tax rate could be reduced by 20%.

CITIZEN QUESTIONS AND CONCERNS

Dr. Bill Morgan explained that he felt Council should have found out before today how the public felt about the proposed new City Hall and Police Station. He discussed school consolidation and law enforcement consolidation.

Ms. Maxine Douglas discussed her high electric bills, and asked Council if more space was needed when the number of employees is decreasing.

The City Manager explained that the number of employees had decreased by one (1) between 2013 and 2016.

Councilmember Hammond explained that in 2013, there were 77 employees in the Municipal Building and the Barrett Building, and in 2016, there were 75 employees in those two (2) buildings. She added that there is an expectation of adding more police officers and potentially more personnel in the Customer Services/Consumer Billing area.

Councilmember Leak explained that when Mr. Pete Vandenberg was City Manager (1971-1998), there were plans to construct a police station in the park behind the current Municipal Building; however, those plans were put on hold due to the loss of industry and the economic state of the community. He added that now that the City is in such good financial condition, it is time to move forward with a new facility.

Councilmember Adams explained that she saw the deficiencies noted by Creech and Associates of the current facilities and the Space Needs Analysis conducted by Oakley Collier. She added that in 2011 she was given a tour of the Police Department by then Chief John Evans and he pointed out the numerous deficiencies in the police spaces.

Councilmember Hammond explained that there is not an environmentally controlled space for storing paper records, including many records that must be kept forever. She added that an environmentally controlled room is desperately needed for the City's servers and other IT equipment.

Mr. Ulysses Thomas explained that the police station needs upgrades including technology. He added that he had submitted a proposal to Council for a joint venture to use American Legion Post 181's property on McKenzie Street for a community center.

Ms. Mary Goodwin requested that Council convince the citizens that building a new city hall is in the best interests of the citizens when 99% of the citizens are opposed to the new City Hall and Police Station. She also asked how building a new city hall would impact all citizens. She added that the citizens feel left out because decisions were made without the citizens.

Councilmember Leak explained the history of Parks and Recreation in the City of Laurinburg and that the City residents paid for recreation years ago until it was decided to create a county-wide recreation department.

Councilmember Hammond explained that she was not sure that 99% of the citizens were opposed to construction of a new City Hall and Police Station. She added that discussions about a new City Hall began in 1998 and the building is needed today because more space is needed. She further added that she loves Laurinburg, and that Council is trying to bring Laurinburg back to the days of good times and low taxes.

Ms. Goodwin stated that the decision for building a new City Hall and Police Station should be by the many citizens and not just by Council. She reiterated that until the Mayor informed citizens, the citizens were unaware of what was happening.

Councilmember Hammond explained that Council had nine (9) meetings where the proposed new City Hall and Police Station were discussed and not one (1) citizen spoke.

Councilmember Willis explained that when the Oakley Collier Space Analysis in 2013 was presented to Council, he was not aware of the condition of the Municipal Building. He added that is why Council had professionals come in and look at the Municipal Building rather than councilmembers giving their opinions. He further added that he is on record for supporting partnering with Scotland County, the hospital and St. Andrews University to provide a recreation center. He explained that if the new City Hall and Police Station is constructed, City taxes and utility rates would not increase.

Mr. Frank Evans asked Councilmember Williamson why a new City Hall is needed now.

Councilmember Williamson explained that Council has three (3) options with regard to City Hall, and they are as follows:

- Do nothing and continue to pass the problem down the road.
- Renovate the current building. He has heard two (2) presentations that renovation of the current building would be very inefficient and would not address issues with the police department.
- Build a new building. Due to low interest rates and healthy debt ratio of the City, Council wanted to explore the idea of constructing a new City Hall and Police Station.

He added that he was not prepared at this time to cast a vote on which option Council should follow.

Upon question by Mr. Evans, Councilmember Hammond explained that she was not yet ready to make a decision since the 2016 audit report had not been received yet.

Upon question by Mr. Evans, Councilmember Adams explained that after receiving the financial information from Davenport, she felt this would be a good time to proceed with making a decision on whether to proceed with a new City Hall and Police Station; however, she had not yet made a final decision as the Citizen Input Session was still in progress and Council has not yet discussed it.

Mr. Joe Alexander suggested that a referendum be held on the construction of a new City hall and Police Station.

The City Attorney explained that the State of North Carolina is not a referendum state and special legislation would have to be passed to allow for a referendum and one (1) of the local representatives would have to sponsor the special legislation.

Upon question by Mr. Alexander, Councilmember Hammond explained that renovating Washington Park School had not been considered by Council since the City does not own the facility.

At 7:29 p.m. Mayor Block called for a break.

The meeting resumed at 7:37 p.m.

Mr. James Garby discussed the potential for moving council meetings to the A.B. Gibson building instead of building a new facility, and use the existing council chambers for other space such as IT or storage. A discussion ensued concerning use of the School Board's facilities and other meetings scheduled in said facility.

Councilmember Adams explained that in August Mr. Garby presented Council with a list of questions, and that she wanted to respond to some of those. She explained that the cost to renovate the Municipal Building costs more than to build a new facility; therefore, she considered renovation to be wasting taxpayers' money.

Mr. Garby explained that the renovation proposal to which Councilmember Adams was referring was a complete renovation and included a new Police Station.

Councilmember Adams clarified that the Oakley Collier study dealt with renovation of the current Municipal Building and a new Police Station. She added that it would cost more to do the renovation and construct a new Police Station than to build a new City Hall and Police Station.

Councilmember Williamson explained that the council chambers are not driving the space need for the City. He added that he questions whether a cosmetic facelift of a 60-year old building (Municipal Building) was the best use of taxpayers' dollars. He further added that in order to take the current Municipal Building and address every issue but he believed that would not be financially feasible.

Councilmember Willis explained that Council is looking at future needs of the City, and discussion has been held about renovating the Municipal Building and it was not economically feasible because of the concrete load bearing walls and other matters.

Upon questions by Mr. Garby, the City Manager explained that selection of the architectural firm was done through the Request for Proposal process with a selection committee comprised of two (2) staff members and two (2) councilmembers. He added that the proposals were reviewed with three (3) architectural firms selected for interviews. The selection committee conducted interviews and recommended to Council that Creech & Associates be selected. He further added that the same process was utilized for selection of the construction company.

Upon question by Mr. Garby, the City Manager explained that the original square footage of the proposed new City Hall and Police Station was just under 24,000 square feet, and the current proposal is at 21,000 square feet.

Discussion ensued concerning the amount spent thus far on the proposed new City Hall and Police Station.

Mr. Garby discussed having a lean management study conducted by to determine what space is actually needed.

The City Manager explained that Creech & Associates reviewed the Oakley Collier Space Needs Analysis, met with the Department Heads and verified the Oakley Collier Analysis to make sure the results were correct.

A brief discussion ensued concerning a lean management study versus a space needs study conducted by an independent unbiased company. Councilmember Hammond explained that the architect has done a fine job of reviewing the City's needs and that councilmembers must trust experts.

Upon question by Mr. Garby, Councilmember Willis explained that the new electric substation was already in the works and would be paid for out of the Electric Fund.

Mr. Michael Edds discussed that a new City Hall and Police Station would not bring in more revenue, more taxes or more businesses. He suggested that Council invest in and promote the economy to improve the City. He also discussed investing in the infrastructure of the City and removing old dilapidated buildings and structures. He also discussed the need for making the City safer for the citizens is a great priority for the City. He requested that Council listen to the citizens.

Councilmember Willis explained that the City is in the process of developing an industrial park to get industry located in the City limits. He explained that the City had recently received a \$708,000.00 grant to provide sewer to part of the industrial park property. He added that the City partners with the Scotland County Economic Development Corporation to help bring jobs to the community. He explained that there is only so much that the City can do with regard to the dilapidated buildings. He further explained that the City is working to improve the downtown area and sets aside money each year for that purpose.

Upon question by Mr. Edds, the City Attorney explained that there have been buildings condemned by the City. He added that condemnation can occur if the building is unsafe and according to the North Carolina General Statutes.

Ms. Katherine Durant explained that she felt that citizens were not involved in the decision making process concerning the proposed new City Hall and Police Station. She discussed the following: more police officers are needed, there are plenty of vacant buildings available to use and there is nowhere to shop in Laurinburg.

Mr. Brian Gainey discussed the following: he has been opposed to the proposed new City Hall and Police Station since the beginning of discussions, the number of dirt streets in the City, and the demolition of the Barrett Building since it is a historic building.

Councilmember Hammond explained that while the Barrett Building is a nice building, it is not a historic building. She further explained that the Barrett Building was originally built as a residence and was then sold to the Laurinburg Presbyterian Church and used as the Manse. The Laurinburg Presbyterian Church sold the building to the City and it was named in honor of Mayor Barrett, who never lived in the house. She added that the building had been gutted by the City, the kitchen removed, it has mold, and the basement is a breeding place for rodents.

Mr. Tim Ivey explained that the cost of \$500.00 per square foot for the proposed new City Hall and Police Station was too high. He suggested that Council review the construction cost. He explained that he perceived a problem in the one-third (1/3) of the cost of the proposed new City Hall and Police Station would be paid from the utility funds while only six percent (6%) of the citizens of the City pay electric bills to the City.

Dr. Fred Mabry explained that the City needs a new Police Station as the current one is cramped, there are wires all over the floors and it is outdated. He added that his experience is that it is less expensive to build a new building than to renovate an older one. He further added that the City needs to look out for its employees. He further added that more police are needed. He expressed appreciation for the meeting and for all of the work done. He concluded by stating that he believed a new City Hall and Police Station are needed.

Ms. Mary Evans explained that the timing is not right for a new City Hall and Police Station. She added that the infrastructure of the City is bad, the downtown area needs help, there are dilapidated houses that need to be addressed, and that recreation is needed for young people and old alike. She further added that when people move into a community, they look for good job opportunities, good medical facilities, and good education, not for a new Police Department or where they pay utility bills. She discussed the need to do things for the future of the City and for the children. She requested that Council listen to the citizens.

Mr. Harold Mercer suggested that Council listen to the citizens.

Mayor Block thanked everyone for expressing their opinions. He added that Council would take into consideration the public input.

COMMENTS FROM MAYOR AND/OR COUNCIL

Councilmember Williamson thanked citizens for attending.

ADJOURNMENT

Motion was made by Councilmember Willis, seconded by Councilmember Adams, and unanimously carried to adjourn the meeting.

The meeting adjourned at 8:42 p.m.

Matthew Block, MD, Mayor

Jennifer A. Tippett, City Clerk