

## **Special Called Meeting**

A Special Called Meeting will be held on  
Thursday, January 25th @5pm  
for the following item:

Consider awarding the low bid for the Fire  
Department Addition.

Town of Mt. Pleasant  
Special Called Meeting  
Thursday, January 25, 2018 at 5pm  
Town Hall Commissioners Room

**Attendance:** Mayor Del Eudy  
Mayor Pro-Tem/Commissioner Lori Furr  
Commissioner William Meadows  
Commissioner Warren Chapman (*absent, unexcused*)  
Commissioner Steve Ashby  
Commissioner Justin Simpson  
Town Administrator Randy Holloway  
Town Attorney John Scarbrough  
Town Clerk Amy Schueneman

**Also Present:** Crystal Smith, Jerry Taylor, and Scott Williams

Call to Order- Mayor Del Eudy

**1. Consider a recommendation on the bids for the Mount Pleasant Fire Department renovation/ expansion project.**

Randy Holloway, Town Administrator, reported the Town has received four bids for the Fire Department renovation / expansion project. The bid tabulation sheet is attached. The low bidder is LaFaves Construction Company with a base bid of \$2,389,900. The original project ordinance adopted by the Town Board on June 13, 2016 was \$1.6 million. The project was placed on hold last year based on timing of the project and not being able to start the project at a desirable time. Since that time the Fire Station design and expansion has increased significantly. Town Administration had anticipated the construction cost increasing to over 2 million dollars.

We have been working with various banks on what to anticipate on a 20 year fixed loan. We had been advised to anticipate receiving a rate around 2.25% for twenty years. Based on the anticipated interest rate of 2.25% we felt that we could handle the increased construction cost to a bid amount of around 2.25 million.

On January 23 we received quotes from the following banks:

BB&T	15 years at 3.80%
First Bank	7 years at 3.25% (Option 1)
	10 years at 3.375% (Option 2)
Uwharrie Bank	20 years at 3.842%
Pinnacle Financial	No quote

The Town's Leadership Team conducted a two hour long in-depth evaluation of the project this morning and we offer the following info:

The amount budgeted for the annual loan payments for the project is \$110,000. We considered the possibility of paying off the remainder of the loan for the Fire Tanker that

we purchased two years ago. The remaining balance on that loan is \$176,415 as of June 26, 2018. That would free up \$36,117 per year in annual payments that's already included in the Fire Department budget. That would require the use of fund balance to make the pay off. By combining the \$110,000 already budgeted and the \$36,117 already budget we would have an amount of \$146,117 to make annual payments for the construction project.

The only bank that offered a 20 year loan was Uwharrie Bank with an offer of 3.842%. We ran the following analysis:

Base bid of \$2,389,000 for 20 years at 3.842% results in an annual payment of \$171,336.

Using the above indicated process of paying off the Fire Tanker gives us an amount of \$146,117 to work with in the budget. Leaving a deficit of \$25,219 per year for twenty years for a total of \$504,380. We also evaluated using an additional \$200,000 fund balance to reduce the financed amount down to \$2,189,000 for 20 years at 3.842% and the annual payment would be \$157,000. It would still leave a deficit of \$10,883 per year for 20 years for a total of \$217,668. The second option would require the use of significant fund balance in the amount of \$376,000 (\$176,000 for the tanker and \$200,000 to pay down the financed amount.)

Based on the two options above, the Leadership Teams recommends rejecting all bids and placing the project on hold based on the unfavorable financing rates.

Commissioner Ashby wanted to know the difference in renovating versus new construction. According to Mayor Eudy, there is another option that will be discussed at the Budget Workshop in March.

The Board was made aware that the project could go through with the use of approximately \$400,000 in Fund Balance. However, using that much in Fund Balance would virtually eliminate all General Funds except the Town's 42% required Fund Balance.

Before the vote, the Board asked Fire Chief Jerry Taylor if he is in agreement with the Leadership Team's recommendation. He stated that he does not want to put the Town's budget or the Fire Department's budget in a bind.

**A motion to reject all bids based on unfavorable financing options and place the project on hold for future evaluation was made by Commissioner Ashby with a second by Commissioner Meadows.**

All Board Members were in favor. (5-0; Commissioner Chapman's vote was a "yes" due to unexcused absence)

After the vote, Fire Chief Jerry Taylor said that he supports the Board's decision. The Board said they would go with him to present it to the Fire Department but he declined the offer.

**Adjournment**

With nothing else to come before the Board, Commissioner Simpson made a motion to adjourn. Commissioner Furr seconded the motion with All Board Members in favor. (5-0; Commissioner Chapman's vote was a "yes" due to unexcused absence)

By our signatures the following minutes were approved as submitted and amended on Monday, February 12, 2018 in the Regular Meeting.

  
Town Clerk Amy Schueneman

  
Mayor W. Del Eudy

