

Key Assumptions & Discussion Points

- The Town has been running at a deficit on/off for several years. Rates have not been adequate to sustain general operations, much less invest in capital needs. The Town will need to increase rates regardless of possible future capital investment.
- Fund balance appears to be adequate.
- For modeling purposes, we have assumed that revenues will grow at a 0% growth rate. Expenditures are assumed to grow at a 2.5% - 3% rate for inflation.
- Taps and connection fees saw a spike in FY 2018, but that appears to be an anomaly, so we have projected those revenues at a reduced rate which is closer to what occurred in FY 2016/2017.
- The capital improvement plan (CIP) is quite healthy, due to deferred maintenance. An Asset Inventory and Investment Grant will help the Town more accurately prioritize the CIP investment through more exhaustive investigative measures.
- Increasing rates will aid the Town with being better positioned to receive supplemental funding.

- **OPTION A:**
 - Option A includes all CIP projects that were identified during the course of the study.
 - The CIP list projects in order of prioritization as identified by Town Staff for a total of **\$14.5M**.
 - Assumes rate increases of **10%** for Year 1, **7%** for Years 2-3, and **5%** for Years 4-10. Which is the equivalent of roughly 6% rate increase each year.
 - Assumes all improvements paid through the use of cash and no borrowing.
 - Produces a negative income and Fund Balance percentage.

- **OPTION B:**
 - Option B includes roughly 85% of the CIP investment identified.
 - Reduced the CIP by moving lowest prioritized projects to Years 11+ and uses few debt packages - total CIP of **\$12.7M**.
 - Assumes rate increases of **10%** for Year 1, **7%** for Years 2-3, and **5%** for Years 4-10. Which is the equivalent of roughly 6% rate increase each year.
 - Produces an average 20% Fund Balance percentage.

- **OPTION C:**
 - Option C includes roughly 84% of the CIP investment identified.
 - Reduced the CIP by moving lowest prioritized projects to Years 11+ and uses MORE debt packages - total CIP of **\$12.4M**.
 - Assumes rate increases of **10%** for Year 1, alternating **5%** and **2%** rate increases for Years 2-10. Which is the equivalent of roughly 4.3% rate increase each year.
 - Produces higher average Fund Balance percentage than previous options.

- **OPTION D:**

- o Option D includes roughly 54% of the CIP investment identified.
- o Further reduces CIP by moving projects to Years 11+ - total CIP of \$SM and still leverages the use of debt packages.
- o Assumes rate increases of **10%** for Year 1, 5% for Years 2-3, and 2% for Years 4-10. Which is the equivalent of roughly 3.4% rate increase each year.

Produces highest average Fund Balance percentage.

Everything depends on how aggressive you want to be. Citizens will not like the rate increase. Discussion to see if the Town could cut water off to the citizens that are using the water on the mountain (Country Club extension project \$2.283 million) and are not paying for it and make them dig a well or annex. A new person has taken over the department and she wanted to see this problem fixed. They would much rather see us provide them water. With the last CIP plan the proposed increases were not maintained. Now we have sewer issues also. We could handle Option D. Option D has the lowest rate increases. This is a two-fold process. You adopt the ten-year plan, then adopt the rate increases. USDA funding was discussed. It was suggested narrowing it down to two options or they could come up with another option. The board needs to come to a consensus.

Reporting deadlines for or ordinances was discussed. These need to be turned in by November 1.

Labor Law posters, active shooter and sexual harassment would like to be in place by end of year.

Kudzu-consuming abandon houses and property. Can we spray on private property? The Town's license is for town owned properties only. Tim is researching how Flat Rock handles kudzu. Tim stated Flat Rock allocates \$6,000 to help with kudzu and it is on a first come first serve basis. Once the money is gone that is all there is until next year.

Sidewalk repairs needed in front of Polk County Community Foundation and Burrell's Fuels.

Harmon Field Restrooms – laboratories are missing, safety issues – surveillance cameras, tree stumps beside Harmon Field Road. Varnadore's chipper is broken, he will return the last week of October.

Police Parking behind Church of God and behind Sunoco-looks like operating a speed trap. Police officers need to be on the street walking and getting to know the business owners.

Speed bumps on Jervey Road were discussed.

ADJOURN

Mayor Peoples entertained a motion to adjourn. Commissioner Armbrust so moved. The motion carried unanimously.

J. Alan Peoples, Mayor

Attested by: Susan B. Bell, Town Clerk