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Public Hearing
February 25, 2019

The Appomattox Town Council held a Workshop meeting on Monday, February 25, 2019 following the 7:00 p.m. Public Hearing at the Appomattox Municipal Building, 210 Linden Street, Appomattox, Virginia with Mayor Harvey, presiding.

Members present - Jonathan D. Garrett, James J. Boyce, Sr., Mary Lou Spiggle, Timothy W. Garrett, Steven T. Conner and Claudia G. Puckette.

Others present - Carlton Duck, Alive Media TV; Bill Gillespie, Dennis Amos, Stacie Castro, Nick Walton, Nathan Simpson, Jeff Elder, Mary Earhart, Rachel Mahoney, Michelle Payne, Daniel Gunter, Charles Clausman, Susan Adams, Christy Torrence, Kim Ray, Town Treasurer; Gary Shanaberger, Town Manager; and Roxanne Casto, Clerk of Council.

Mayor Harvey opened the Public Hearing

Mayor Harvey stated the purpose of the hearing:

The Town of Appomattox will hold a public hearing on Monday, February 25, 2019 at 7:00 pm at the Appomattox Municipal Building 210 Linden Street, Appomattox, Virginia

The purpose of the public hearing is to provide professional input regarding the Utility Rate Study, specifically in the areas of engineering, accounting & infrastructure. The public hearing will also provide an opportunity to hear public comments for proposed changes to the Water & Sewer Policy User Charges (including water & sewer rates), connection & availability fees administrative policy with an effective date of July 1, 2019.

a) Proposed Multiple Tier Water Rates:

Apartments/Residential Units; Government and School Units	0 – 2000 gallons	Charge per 1000 gallons over 2000	Percent Increase
July 1, 2019	\$11.00	\$6.00	7.59%
July 1, 2020	\$11.30	\$6.20	3.00%
July 1, 2021	\$11.60	\$6.40	3.00%
July 1, 2022	\$11.90	\$6.60	3.00%

Businesses/Commercial Units	0 – 2000 gallons	Charge per 1000 gallons over 2000	Percent Increase
July 1, 2019	\$11.50	\$6.25	12.34%
July 1, 2020	\$11.80	\$6.40	3.00%
July 1, 2021	\$12.20	\$6.60	3.00%
July 1, 2022	\$12.60	\$6.80	3.00%

b) Proposed Multiple Tier Sewer Rates:

Apartments/Residential Units; Government and School Units	0 – 2000 gallons	Charge per 1000 gallons over 2000	Percent Increase
July 1, 2019	\$30.60	\$17.25	4.36%
July 1, 2020	\$31.50	\$17.80	3.00%
July 1, 2021	\$32.40	\$18.30	3.00%
July 1, 2022	\$33.40	\$18.80	3.00%

Businesses/Commercial Units	0 – 2000 gallons	Charge per 1000 gallons over 2000	Percent Increase
July 1, 2019	\$32.00	\$17.50	7.96%
July 1, 2020	\$33.00	\$18.00	3.00%
July 1, 2021	\$34.00	\$18.50	3.00%
July 1, 2022	\$35.00	\$19.10	3.00%

These rate changes are to be enacted pursuant to Section 15.2-2109 et. seq, with specific reference being made to Sections 15.2-2119 and 15.2-2122, of the Code of Virginia, 1950, as amended. Documentation, including the complete ordinance and other information concerning the documentation for the proposed fee are available at the Appomattox Town Office, 210 Linden Street, Appomattox, Virginia from 8:30 am until 4:30 pm, Monday through Friday. If you have any questions, please call Kimberley W. Ray, Treasurer or Gary L. Shanaberger, Town Manager at 434-352-8268.

Speakers will be allowed five (5) minutes to speak, rather than the normal three (3) minutes. We ask that you speak to the body (Council) and not to the people in the audience. We expect everyone to have proper decorum here, no yelling from the audience or yelling at the speaker as they make their presentation. No debate between the speaker and council. The speaker is to only present his/her views or point of views.

Staff/Consultant presentation:

Mrs. Ray will provide a financial report.

Mr. Gillespie will provide a listing of the long-range projects.

The H&P team will go over the rate study.

Q: Mr. Conner inquired if this hearing was for only water & sewer projects?

A: Mr. Shanaberger-yes, but it is also about the bigger picture. I believe there are some people who would like to use the general fund money for water & sewer projects. I believe it is important for people to know we have other projects other than water & sewer projects.

Mrs. Ray-started by speaking to the Town's long-term debt. The next slide explains the Town's cash accounts; Super Now checking account, Money Market Savings; Certificated of Deposits.

TOWN OF APPOMATTOX

Rate Study Information February 2019

LONG-TERM DEBT

LENDER	PURPOSE	TERM	INTEREST RATE	ANNUAL PAYMENT AMOUNT	CURRENT PRINCIPAL BALANCES	MATURITY
Virginia Resources Authority	Upgrade and expansion of SBR plant	20 Years	0% Fixed	\$80,757 County Contributes additional \$76,573	\$201,893 County Contributes additional \$191,433	September 1, 2021
Suntrust	Water & Sewer Improvements & General Equipment	15 Years	3.84% Fixed	\$57,810	\$348,980	December 15, 2025
USDA Anticipated Fall 2019	Permanent Loan for I&I Construction South of Business 460	40 Years	2.125% Fixed	\$145,152	\$3,780,000	Anticipated Fall 2059

CASH ACCOUNTS

SUPERNOW CHECKING as of January 31, 2019	
General	2,643,043
Water Fund (includes \$994,840 Water Tower Lease)	1,272,194
Sewer Fund	(482,137)
ISF Fund	74,190
	<hr/> \$3,507,290
MONEY MARKET SAVINGS as of January 31, 2019	
General Fund	334,858
Water Fund	1,453
Sewer Fund	113,195
	<hr/> 449,506
CD ACCOUNTS as of December 31, 2018	
General Fund	1,264,745
Water Fund	548,754
Sewer Fund	487,916
	<hr/> \$2,301,415
CASH ON HAND	\$6,258,211
EXPECTED USDA REIMBURSEMENT for I & I PROJECT DUE TO SUPERNOW SEWER FUND	\$727,374

Future Capital Improvement Projects

	<u>Estimated Costs</u>
Waterline Distribution System <i>4.2 Million w/H&P info, CIP thru Beyond Program Period is 470,106.00</i>	\$4,670,000
I & I Project/Closing TFP <i>9.4 Million</i>	\$3,780,000
I & I Project/SBR Basin	\$2,500,000
Lee Grant Avenue Street Improvement <i>(widening) Church & Court Street</i>	\$800,000
Train Depot Renovations/Repairs	\$2,000,000
Sidewalk Installation/Repairs <i>YR 2021 / \$150,000/ ongoing thru CIP with aged infrastructure</i>	\$150,000
Other -General Fund	\$841,000
<ul style="list-style-type: none"> PW Equipment/Fleet Slurry parking areas/streets 	
	<hr/>
Total	\$14,741,000
General Fund - \$3,791,000	
Water Fund - \$4,670,000	
Sewer Fund - \$6,280,000	

Mr. Gillespie requested to wait until after the presentation by Hurt & Proffitt regarding the rate study and then if anyone has questions for him, he will try to answer.

Ms. Stacie Castro & Dennis Amos-H & P reviewed the rate study. The multi-tiered rate—The expenses are based on prior budgets and included a flat 3% rate increase. The reserve amount is built in to work on the Inflow & Infiltration projects.

What an individual's bill would look like over the next four (4) years.

What a commercial/business would look like over the next four (4) years.

These slides help to see those really large numbers as it would affect each type of customer on a monthly basis.

Ms. Castro asked if there were any other questions?

Mr. Conner requested clarification of the business/commercial accounts as they are today. Ms. Castro said they are the same rates as current residential customers.

Council thanked H & P for the additional information.

Mayor Harvey asked Council if they had any questions for Mr. Gillespie on the CIP.

Hearing none—we will move on to public comments.

Charles Clausman-250 Oakleigh Ave, Appomattox, VA-The Babcock House

Thank you, Mr. Mayor and esteemed members of the Council for giving me the opportunity to speak. As you know from the last time I was here I am in opposition to these water/sewer increased rates. Let me preface all of what I'm about to say by stating that I understand and acknowledge the dire need to improve and maintain our infrastructure systems. No one, least of all me, a business owner who is fully reliant on water as a restaurateur, no one wants their water service to be in jeopardy or anything else, that said, it was or is the Town's position to justify the increased water and sewer rates because of its financial solvency as was stated in the last meeting we had here. The profit and loss sheet that Mr. Shanaberger shared with me at that meeting does state if you only look at the bottom line that the Town is indeed losing money on their water service. What is also shows is the Town is depreciating their water services to the amount of \$2.1 million over 2013-2017. Any business owner who understands how to read a profit and loss sheet will tell you that depreciation is a non-cash expense so you write it off the accounting ledger but no money comes out of an account so over that same timeframe, the Town has profited – over \$1.72 million timeframe. Again, do the maintenance, do up the upgrades but can't we use some of this windfall this \$1.7 million to alleviate some of the costs?

Couple of statistics for you...citydata.com estimates over the last 6 years, in 2016 the per capita income of a resident in the Town of Appomattox is \$22,000 and median income well above \$32,000, understanding that, there was also a study by Draper Aden & Associates in 2015 where

it ranked Appomattox as having the highest sewer rates in the state. For people consuming 5000 gallons of water would be \$78.35 which would be by far the highest. There are two (2) jurisdictions which also were in the \$70.00 range. Their median income was well over \$30,000.

Now according to the proposed budgets of the Town of Appomattox for the last few years, 2016-2017 and 2017-2018 restaurants raised over half the annual revenue through the meals tax. Restaurants undoubtedly use more water than other businesses for obvious reasons. Mostly notably consumption and the needs for sanitation. Now, this increased proposal will hurt by far the business which produce and raise by far the most revenue for the Town. I would like for you all to take this into consideration when deliberating this issue. It's going to be a big boon for me as it is going to be over \$1000 in costs for my business which I hate to tell you doesn't make a whole lot of profit each year. That \$1000 could be used as a raise to a well deserving employee or offset an expensive cost, I have, a piece of equipment goes down. I know when I was looking at the rates Hurt & Proffitt showed I noticed there are 22 businesses that use over 20,000 gallons a month – I am one of those. Some months 11,000, others 22,000. Also noticed that there were no rates calculated for those businesses and I can assure you that those businesses are my fellow restaurateurs in town who are making most of the money (of the revenues) for the Town. I think it's best to help those that are helping the most.

Thanked the Mayor and members of Council for the opportunity to speak.

Mayor Harvey read a written letter into the record:

2/25/2019

Distinguished Council Members –

As a property owner in Downtown Appomattox, I respectfully request Appomattox Town Council to refrain from moving forward with any rate increases to water/sewer rates.

I agree with those who see a rate increase as detrimental to local businesses and am concerned that increased rates will place undue burden on these businesses as well as discourage other from doing/opening business in the Town of Appomattox. I also am concerned about accounting practices. If monies already are available for replacement and/or upgrades to water/sewer system.

Bigger picture is the role of municipal government and individuals, facilities, etc. But that is for another day and I would like to have/continue the dialogue my wife and I have begun with Appomattox residents and visitors.

*Thank you,
Don Wilk
Integrity Health Management
1848 Church Street
Appomattox, VA*

No other presenters/speakers.

On a motion by Mr. Steven Conner, seconded by Mr. James Boyce, Council voted to close the public hearing. All members present voting aye. Motion carried.

Mayor Harvey called the workshop meeting to order.

On a motion by Mr. Jonathon Garrett, seconded by Mr. Steven Conner, Council voted to recommend James C. Davidson, Jr. to the Appomattox County Board of Zoning Appeals. All members present voting aye. Motion carried.

COMMITTEE REPORTS:

The Physical Development Committee will meet on March 11, 2019 at 5:45 pm at the Train Depot.

STAFF REPORTS:

Mrs. Ray-Town Treasurer presented the Financial Status Report as of January 31, 2019.

Mr. Elder-none

Mrs. Casto-none

Mr. Shanaberger:

-Provided an update on the Smart Scale project for the Route 24 Corridor. VDOT continues to develop the maintenance costs for landscaping & lighting of the path/trail. Mr. Shanaberger provided a handout of the proposed schedule and streetscape. VDOT is very excited about this project. There is no obligation except for maintenance for this project.

-There has been an inquiry to the Appomattox Volunteer Fire Department by an individual interested in purchasing the 1946 Antique Fire Truck.

On a motion by Mr. Steven Conner, seconded by Mrs. Claudia Puckette, Council voted not to sell or donate the 1946 Fire Truck. All members present voting aye. Motion carried.

Mr. Shanaberger reported that staff continues to use the 1997 Chevrolet Malibu for short trips.

Council Concerns: none

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On a motion by Mr. Timothy Garrett, seconded by Mr. James Boyce, Council voted to adjourn at 8:00 pm. All members present voting aye. Motion carried.

Roxanne W. Casto, MMC
Clerk of Council

Paul D. Harvey, Mayor