February 24, 2020
Council Work Session Meeting

Mayor Bryan Hough
Mayor Pro-Tem David Moore
Councilwoman Phyllis Harris
Councilman Charles McCorkle
Councilman Jeff Meadows
Councilwoman Christina Pawlish
Councilwoman Lauren Shoemaker
Kemp Michael, City Attorney
Danny Jackson, City Manager

CITY OF MOUNT HOLLY
MOUNT HOLLY CITY COUNCIL WORK SESSION
Location: Council Chambers

February 24, 2020
6:30 P.M.

CALL TO ORDER BY THE MAYOR

INVOCATION

SET THE AGENDA

CONSENT AGENDA
1. Approval of the Audit Contract
2. Release of Subdivision Bond posted for Meadowbrook Phase 1
3. Release of Performance Bond posted for Westland Farms Phase 1 Map 5

AGENDA
1. Presentation of Scout Eagle Project — Chief Ryan Baker

2. Discussion of Water and Sewer Rate 5 Year Plan — *Danny Jackson*

3. Closed Session Pursuant to N.C.G.S 143-318.11 (a)(3 and 5)

4. Consideration and Approval of a Resolution Authorizing the Lease Agreement of a portion of the Property Located at 420 East Central Avenue

5. Adjourn

City of Mount Holly
Action Agenda Item

To:	Mayor and City Council	**Date:**	February 18, 2020
From:	David E. Johnson, PE	**Meeting Date:**	February 24, 2020

Agenda Item to be considered:

Release of the Subdivision Bond posted for Meadowbrook Phase 1.

Will this require a public hearing? ☐ **YES** ☒ **NO**

Background/Purpose of Request :

Meadowbrook Phase 1Subdivision Bond of $224,160.60 was posted by D.R. Horton, Inc. on March 7, 2017. The infrastructure in Phase 1 has been completed in accordance with City standards and criteria.
The infrastructure has been inspected and punch lists completed to the satisfaction of the City staff.
The roads and ROW infrastructure within this phase of Meadowbrook have been completed and acceptable for City ownership and maintenance.

Fiscal Impact:

Will Item affect current budget	☐ YES	☒ NO	☐ N/A
Reviewed by Finance Director	☐ YES	☒ NO	☐ N/A
Preaudit Certification required	☐ YES	☒ NO	☐ N/A
Capital Project Ordinance required	☐ YES	☐ NO	☒ N/A
Budget Transfer required	☐ YES	☐ NO	☒ N/A
Total City Dollars:	***$***		
Budget Code			
Reviewed by City Attorney	☐ YES	☒ NO	☐ N/A

Manager/Staff Recommendation: *Recommend release of the Subdivision Bond to D.R. Horton, Inc. and accept Meadowbrook Phase 1 infrastructure for maintenance*

Result of City Council Decision:

Attachments: Developer Request, Subdivision Bond, Site Inspector Approval

Gmail Search mail

8001 Arrowridge Blvd.
Charlotte, NC 28273
704-330-9841
jswarner@drhorton.com

MEMO-Bond Relea...

Derek Dixon

Derek,

D.R. Horton Inc. is requesting to release the bond in the amount of $224,160.60 for Phase 1 Meadow Brook. The site has been walked and all work and punch items have been completed. Thanks for your help and we hope to get phase 2 released in the next couple of weeks.

Phase 1 bond amount $224,160.60
US Specialty Insurance
Bond # 1001058936

Issue date 3-7-17

Thanks.

Jimmy Warner
Land Development Project Manager
D. R. Horton, Inc. Charlotte
8001 Arrowridge Blvd.
Charlotte, NC 28273
704-330-9841
jswarner@drhorton.com

Send

Meadowbrook original

SUBDIVISION BOND

REVISED

Bond No. 1001058936

KNOW ALL MEN BY THESE PRESENTS, that we D.R. Horton, Inc.

8001 Arrowridge Blvd., Charlotte, NC 28273

as Principal, and U.S. Specialty Insurance Company

authorized to do business in the State of NC, as Surety, are held and firmly bound unto

City of Mount Holly

as Obligee, in the penal sum of Two Hundred Twenty Four Thousand One Hundred Sixty Dollars and Sixty Cents ($ 224,160.60) DOLLARS, lawful money of the United States of America, for the payment of which well and truly to be made, we bind ourselves, our heirs, executors, administrators, successors and assigns, jointly and severally, firmly by these presents.

WHEREAS, D.R. Horton, Inc.

has agreed to construct in Meadow Brook Estates, Phase 1

the following improvements: Streets, sidewalk, drainage, storm, erosion control, asphalt and curb repairs and all other requirements and improvements set forth in the Meadowbrook Estates, Phase I, Subdivision Agreement dated March 7, 2017

NOW, THEREFORE, THE CONDITION OF THIS OBLIGATION IS SUCH, that if the said Principal shall construct, or have constructed, the improvements herein described and shall save the Obligee harmless from any loss, cost or damage by reason of its failure to complete said work, then this obligation shall be null and void; otherwise to remain in full force and effect.

Signed, sealed and dated this 7th day of March, 2017.

D.R. Horton, Inc.

Principal

By: [signature]

Mark T. O'Brien

U.S. Specialty Insurance Company

By: Margaret A. Ginem

Margaret A. Ginem Attorney-In-Fact

& NC Licensed Nonresident Agent

S-3609/GEEF 2/88

c/o Willis of Florida, Inc.
4211 W. Boy Scout Blvd., Ste. 1000
Tampa, FL 33607
Inquiries: (813) 281-2095

POWER OF ATTORNEY

AMERICAN CONTRACTORS INDEMNITY COMPANY TEXAS BONDING COMPANY
UNITED STATES SURETY COMPANY U.S. SPECIALTY INSURANCE COMPANY

KNOW ALL MEN BY THESE PRESENTS: That American Contractors Indemnity Company, a California corporation, Texas Bonding Company, an assumed name of American Contractors Indemnity Company, United States Surety Company, a Maryland corporation and U.S. Specialty Insurance Company, a Texas corporation (collectively, the "Companies"), do by these presents make, constitute and appoint:

Anett Cardinale, Margaret A. Ginem, Eileen C. Heard or Brandy L. Balch of Tampa, Florida

its true and lawful Attorney(s)-in-fact, each in their separate capacity if more than one is named above, with full power and authority hereby conferred in its name, place and stead, to execute, acknowledge and deliver **any and all bonds, recognizances, undertakings or other instruments or contracts of suretyship to include riders, amendments, and consents of surety, providing the bond penalty does not exceed** ************************Twenty Five Million********************** Dollars ($ **25,000,000.00**).**
This Power of Attorney shall expire without further action on November 3, 2019. This Power of Attorney is granted under and by authority of the following resolutions adopted by the Boards of Directors of the Companies:

Be it Resolved, that the President, any Vice-President, any Assistant Vice-President, any Secretary or any Assistant Secretary shall be and is hereby vested with full power and authority to appoint any one or more suitable persons as Attorney(s)-in-Fact to represent and act for and on behalf of the Company subject to the following provisions:

Attorney-in-Fact may be given full power and authority for and in the name of and on behalf of the Company, to execute, acknowledge and deliver, any and all bonds, recognizances, contracts, agreements or indemnity and other conditional or obligatory undertakings, including any and all consents for the release of retained percentages and/or final estimates on engineering and construction contracts, and any and all notices and documents canceling or terminating the Company's liability thereunder, and any such instruments so executed by any such Attorney-in-Fact shall be binding upon the Company as if signed by the President and sealed and effected by the Corporate Secretary.

Be it Resolved, that the signature of any authorized officer and seal of the Company heretofore or hereafter affixed to any power of attorney or any certificate relating thereto by facsimile, and any power of attorney or certificate bearing facsimile signature or facsimile seal shall be valid and binding upon the Company with respect to any bond or undertaking to which it is attached.

IN WITNESS WHEREOF, The Companies have caused this instrument to be signed and their corporate seals to be hereto affixed, this 1st day of November, 2016.

AMERICAN CONTRACTORS INDEMNITY COMPANY TEXAS BONDING COMPANY
UNITED STATES SURETY COMPANY U.S. SPECIALTY INSURANCE COMPANY

Corporate Seals

By: **Daniel P. Aguilar, Vice President**

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California
County of Los Angeles SS:

On this 1st day of November, 2016, before me, Sabina Morgenstein, a notary public, personally appeared Dan P. Aguilar, Vice President of American Contractors Indemnity Company, Texas Bonding Company, United States Surety Company and U.S. Specialty Insurance Company who proved to me on the basis of satisfactory evidence to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.
WITNESS my hand and official seal.

Signature (Seal)

SABINA MORGENSTEIN
Commission # 2129260
Notary Public - California
Los Angeles County
My Comm. Expires Nov 3, 2019

I, Kio Lo, Assistant Secretary of American Contractors Indemnity Company, Texas Bonding Company, United States Surety Company and U.S. Specialty Insurance Company, do hereby certify that the above and foregoing is a true and correct copy of a Power of Attorney, executed by said Companies, which is still in full force and effect; furthermore, the resolutions of the Boards of Directors, set out in the Power of Attorney are in full force and effect.

In Witness Whereof, I have hereunto set my hand and affixed the seals of said Companies at Los Angeles, California this 7th day of March, 2017

Corporate Seals

Kio Lo, Assistant Secretary

Bond No. 1001058936
Agency No. 16852

MOUNT HOLLY

Connecting Community & Nature

MEMO

TO: David E. Johnson P.E.

FROM: Derek J Dixon

DATE: 2/6/20

RE: Meadowbrook Phase 1

David,

Dr Horton has requested the release of their financial guarantee for Phase 1 of Meadowbrook. Homes have been constructed on 100% of the lots in Phase 1, all infrastructure has been constructed per plan and Mount Holly specifications, and the infrastructure repair items have been completed to satisfaction. I approve of the release of the bond amount of $224,260.60.

Derek J Dixon

Site Inspector

City of Mount Holly
Action Agenda Item

To:	Mayor and City Council	**Date:**	February 18, 2020
From:	David E. Johnson, PE	**Meeting Date:**	February 24, 2020

Agenda Item to be considered:

Release of the Performance Bond posted for Westland Farms Phase 1 Map 5.

Will this require a public hearing? ☐ YES ☒ NO

Background/Purpose of Request :

Map 5 performance bond of $335,421.66 was posted by Faison-Westland Farms, LLC on May 9, 2018. The infrastructure in Map 5 has been completed in accordance with City standards and criteria.

The infrastructure has been inspected and punch lists completed to the satisfaction of the City staff.

The roads and ROW infrastructure within this phase of Westland Farms have been completed and acceptable for City ownership and maintenance.

Fiscal Impact:

Will Item affect current budget	☐ YES	☒ NO	☐ N/A
Reviewed by Finance Director	☐ YES	☒ NO	☐ N/A
Preaudit Certification required	☐ YES	☒ NO	☐ N/A
Capital Project Ordinance required	☐ YES	☐ NO	☒ N/A
Budget Transfer required	☐ YES	☐ NO	☒ N/A
Total City Dollars:	$		
Budget Code			
Reviewed by City Attorney	☐ YES	☒ NO	☐ N/A

Manager/Staff Recommendation: *Recommend release of the Performance Bond to Faison-Westland Farm, LLC and accept Westland Farms Phase 1 Map 5 infrastructure for maintenance*

Result of City Council Decision:

Attachments: Developer Request, Performance Bond, Site Inspector Approval

OUNT HOLLY

David Johnson <david.johnson@mtholly.u

vd: Westland Farms Map 5

nessage

rek Dixon <derek.dixon@mtholly.us> Tue, Feb 11, 2020 at 8:00
David Johnson <david.johnson@mtholly.us>

See attached Memo regarding Westland Farms Phase 1 map 5 bond release. See the below email Faison's official request for bond release of Phase 1 Map 5.

---------- Forwarded message ---------
From: **Ken McCoy@Charlotte** <Ken.McCoy@faison.com>
Date: Mon, Feb 10, 2020 at 12:19 PM
Subject: Westland Farms Map 5
To: Derek Dixon <derek.dixon@mtholly.us>

Good morning, Derek.

I have attached the Summit field report for the overlay asphalt density and the original bond for Map 5. At this time I am formally requesting the city release our financial guarantee for Map5/phase5.

After your review, should you require clarification or additional documentation, please don't hesitate to contact me.

Faison

KEN McCOY

Senior Managing Director, Asset Management

21 W. Trade Street, 28th Floor
Charlotte, NC 28202

ken.mccoy@faison.com W Faison.com

704.972.2645 M 704.578.4670

GASTON OUTSIDE GO

Derek J Dixon
Site Inspector
Direct: (315) 882-2429

Bond No. 3380664

PERFORMANCE BOND

KNOW ALL MEN BY THESE PRESENTS, that we, **Faison-Westland Farm, LLC**; 121 W. Trade St., SU 2800; Charlotte, NC 28202 as Principal, and **SureTec Insurance Company**, licensed to do business in the State of North Carolina, as Surety, are held and firmly bound unto **City of Mount Holly, North Carolina** (Obligee), in the penal sum of Three hundred thirty-five thousand four hundred twenty-one and 66/100 ($335,421.66), lawful money of the United States of America, for the payment of which sum, well and truly to be made, the Principal and Surety do bind themselves, their heirs, executors, administrators, and successors and assigns, jointly and severally, firmly by these presents.

THE CONDITION OF THIS OBLIGATION IS SUCH, that whereas the above bounden Principal has entered into a certain written Contract with the above named Obligee, effective the 9th day of May, 2016, and terminating the 9th day of May, 2018, for Westland Farm, Phase I, Map 5 and more fully described in said Contract, a copy of which is attached, which agreement is made a part hereof and incorporated herein by reference, except that nothing said therein shall alter, enlarge, expand or otherwise modify the term of the bond as set out below.

NOW, THEREFORE, if Principal, its executors, administrators, successors and assigns shall promptly and faithfully perform the Contract, according to the terms, stipulations or conditions thereof, then this obligation shall become null and void, otherwise to remain in full force and effect. In the event that the Principal has failed to promptly and faithfully perform the Contract, the Surety shall, at its option, either perform the Contract in accordance with its terms and conditions or pay to the Obligee the amount of the bond penalty, or such amount that is necessary to cure such failure to perform.

This bond is executed by the Surety and accepted by the Obligee subject to the following express conditions:

1) Notwithstanding the provisions of the Contract, the term of this bond shall apply from **May 9, 2016**, until **May 9, 2018**, and will be extended by the Surety by Continuation Certificate annually, until such time as the work has been completed and accepted by the Obligee. However, neither non-renewal by the Surety, nor the failure or inability of the Principal to file a replacement bond in the event of nonrenewal, shall itself constitute a loss to the obligee recoverable under this bond or any renewal or continuation thereof. The liability of the Surety under this bond and all continuation certificates issued in connection therewith shall not be cumulative and shall in no event exceed the amount as set forth in this bond or in any additions, riders, or endorsements properly issued by the Surety as supplements thereto.

2) No suit or action may be commenced hereunder by the Obligee after the earlier of two years from the expiration date of the Contract or two years from the effective date of non-renewal of this bond by the Surety. At such date, this bond shall become null and void, and the Surety shall have no liability hereunder.

Sealed with our seals and dated the 28th day of April, 2016.

Faison-Westland Farm, LLC

Susan B. Clontz (Witness)

Chris M. Poplin
Chris M. Poplin, Vice President (Title)

SURETEC INSURANCE COMPANY

Rita L. Brooks (Attest)

Dale Greig
Dale Greig, Attorney-in-Fact

POA #: 3380664

SureTec Insurance Company
LIMITED POWER OF ATTORNEY

Know All Men by These Presents, That SURETEC INSURANCE COMPANY (the "Company"), a corporation duly organized and existing under the laws of the State of Texas, and having its principal office in Houston, Harris County, Texas, does by these presents make, constitute and appoint

Dale Greig, Jacqueline A. Scott, Kyle Williams

its true and lawful Attorney-in-fact, with full power and authority hereby conferred in its name, place and stead, to execute, acknowledge and deliver any and all bonds, recognizances, undertakings or other instruments or contracts of suretyship to include waivers to the conditions of contracts and consents of surety for:

Five Million and 00/100 Dollars ($5,000,000.00)

and to bind the Company thereby as fully and to the same extent as if such bond were signed by the President, sealed with the corporate seal of the Company and duly attested by its Secretary, hereby ratifying and confirming all that the said Attorney-in-Fact may do in the premises. Said appointment shall continue in force until 12/31/2016 and is made under and by authority of the following resolutions of the Board of Directors of the SureTec Insurance Company:

Be it Resolved, that the President, any Vice-President, any Assistant Vice-President, any Secretary or any Assistant Secretary shall be and is hereby vested with full power and authority to appoint any one or more suitable persons as Attorney(s)-in-Fact to represent and act for and on behalf of the Company subject to the following provisions:

Attorney-in-Fact may be given full power and authority for and in the name of and of behalf of the Company, to execute, acknowledge and deliver, any and all bonds, recognizances, contracts, agreements or indemnity and other conditional or obligatory undertakings and any and all notices and documents canceling or terminating the Company's liability thereunder, and any such instruments so executed by any such Attorney-in-Fact shall be binding upon the Company as if signed by the President and sealed and effected by the Corporate Secretary.

Be it Resolved, that the signature of any authorized officer and seal of the Company heretofore or hereafter affixed to any power of attorney or any certificate relating thereto by facsimile, and any power of attorney or certificate bearing facsimile signature or facsimile seal shall be valid and binding upon the Company with respect to any bond or undertaking to which it is attached. *(Adopted at a meeting held on 20th of April, 1999.)*

In Witness Whereof, SURETEC INSURANCE COMPANY has caused these presents to be signed by its President, and its corporate seal to be hereto affixed this 21st day of March, A.D. 2013.

SURETEC INSURANCE COMPANY

By: ______________________
John Knox Jr., President

State of Texas ss:
County of Harris

On this 21st day of March, A.D. 2013 before me personally came John Knox Jr., to me known, who, being by me duly sworn, did depose and say, that he resides in Houston, Texas, that he is President of SURETEC INSURANCE COMPANY, the company described in and which executed the above instrument; that he knows the seal of said Company; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said Company; and that he signed his name thereto by like order.

JACQUELYN MALDONADO
Notary Public
State of Texas
My Comm. Exp. 5/18/2017

____
Jacquelyn Maldonado, Notary Public
My commission expires May 18, 2017

I, M. Brent Beaty, Assistant Secretary of SURETEC INSURANCE COMPANY, do hereby certify that the above and foregoing is a true and correct copy of a Power of Attorney, executed by said Company, which is still in full force and effect; and furthermore, the resolutions of the Board of Directors, set out in the Power of Attorney are in full force and effect.

Given under my hand and the seal of said Company at Houston, Texas this 28th day of April, 2016, A.D.

____
M. Brent Beaty, Assistant Secretary

Any Instrument issued in excess of the penalty stated above is totally void and without any validity.
For verification of the authority of this power you may call (713) 812-0800 any business day between 8:00 am and 5:00 pm CST.

CONTINUATION CERTIFICATE

SureTec Insurance Company , Surety upon

a certain Bond No. 3380664

dated effective May 9, 2016
(MONTH-DAY-YEAR)

on behalf of Falson-Westland Farms, LLC
(PRINCIPAL)

and in favor of City of Mount Holly, North Carolina
(OBLIGEE)

does hereby continue said bond in force for the further period

beginning on May 09, 2018
(MONTH-DAY-YEAR)

and ending on August 07, 2019
(MONTH-DAY-YEAR)

Amount of bond $335,421.66

Description of bond Westland Farm, Phase 1, Map 5

PROVIDED: That this continuation certificate does not create a new obligation and is executed upon the express condition and provision that the Surety's liability under said bond and this and all Continuation Certificates issued in connection therewith shall not be cumulative and that the said Surety's aggregate liability under said bond and this and all such Continuation Certificates on account of all defaults committed during the period (regardless of the number of years) said bond had been and shall be in force, shall not in any event exceed the amount of said bond as hereinbefore set forth.

Signed and dated on April 11, 2018
(MONTH-DAY-YEAR)

SureTec Insurance Company

By Sylvia M. Ogle

Sylvia M. Ogle, Attorney-in-Fact

S-0157/GEEF 11/99

MOUNT HOLLY
Connecting Community & Nature

MEMO

TO: David E. Johnson P.E.

FROM: Derek J Dixon

DATE: 2/11/20

RE: Westland Farms Phase 1 map 5

David,

Faison has requested the release of their financial guarantee for Phase 1 map 5 of Westland Farms. Homes have been constructed on 100% of the lots in Phase 1 map 5, all infrastructure has been constructed per plan and Mount Holly specifications, and the infrastructure repair items have been completed to satisfaction. I approve of the release of the bond amount of $335,421.66.

Derek J Dixon

Site Inspector

City of Mount Holly
Action Agenda Item

To:	Mayor and City Council Ryan Baker, Fire Chief	**Date:** **Meeting Date:**	February 18, 2020 February 24, 2020

Agenda Item to be considered:

Eagle Scout Candidate Alex Jackson to present flag drop boxes for his project.
Will this require a public hearing? ☐**YES** ☒**NO**

Background/Purpose of Request:

Mr. Jackson would like to present the boxes to the city at the meeting along their intended purpose. These boxes will be used to collect flags that will be retired appropriately according the United States Flag Code.

Fiscal Impact:			
Will Item affect current budget	☐YES	☒NO	☐N/A
Reviewed by Finance Director	☐YES	☒NO	☐N/A
Preaudit Certification required	☐YES	☒NO	☐N/A
Capital Project Ordinance required	☐YES	☒NO	☐N/A
Budget Transfer required	☐YES	☒NO	☐N/A
Total City Dollars:			
Budget Code			
Reviewed by City Attorney	☐YES	☐NO	☐N/A

Manager/Staff Recommendation:

Result of City Council Decision:

Attachments:

City of Mount Holly
Action Agenda Item

To:	City Council	**Date:**	February 21, 2020
From:	Danny Jackson, City Manager	**Meeting Date:**	February 24, 2020

***Agenda Item to be considered:* Agenda Item #2 – Discussion of Adopted 5 Year Water and Sewer Rate Study**

Will this require a public hearing? ☐ **YES** ☒ **NO**

***Background/Purpose of Request :* Last year Raftelis Financial Consultants was hired by the City of Mount Holly to conduct a study of the city's water and sewer rates. The premise was to address the need to raise rates as it relates to future utilities projects. Due to projects such as wastewater treatment with Charlotte Water and the South Gateway Sewer Line have led to the City obtaining two State Revolving Fund (SRF) loans equaling approximately 23 million dollars. Also contained within the justification for raising rates are other capital improvements projects. The result of the adopted water and sewer study was sent to you last week for review. The document is enclosed again. This document will be presented and discussed by Ms. Elaine Vastis who is the consultant that conducted the mentioned study. Council members Harris and Pawlish were not on the City Council when the matter was reviewed and adopted. Obviously, this gives everyone a chance to be reminded and educated on the matter.**

Fiscal Impact:			
Will Item affect current budget	☐ YES	☒ NO	☐ N/A
Reviewed by Finance Director	☐ YES	☒ NO	☐ N/A
Preaudit Certification required	☐ YES	☒ NO	☐ N/A
Capital Project Ordinance required	☐ YES	☒ NO	☐ N/A
Budget Transfer required	☐ YES	☒ NO	☐ N/A
Total City Dollars:	***$***		
Budget Code			
Reviewed by City Attorney	☐ YES	☐ NO	☒ N/A

Manager/Staff Recommendation: To be discussed at the meeting on Monday night.

Result of City Council Decision:

Attachments: Water and Sewer Rate Study Results

City of Mount Holly

Water and Sewer Rate Study Results

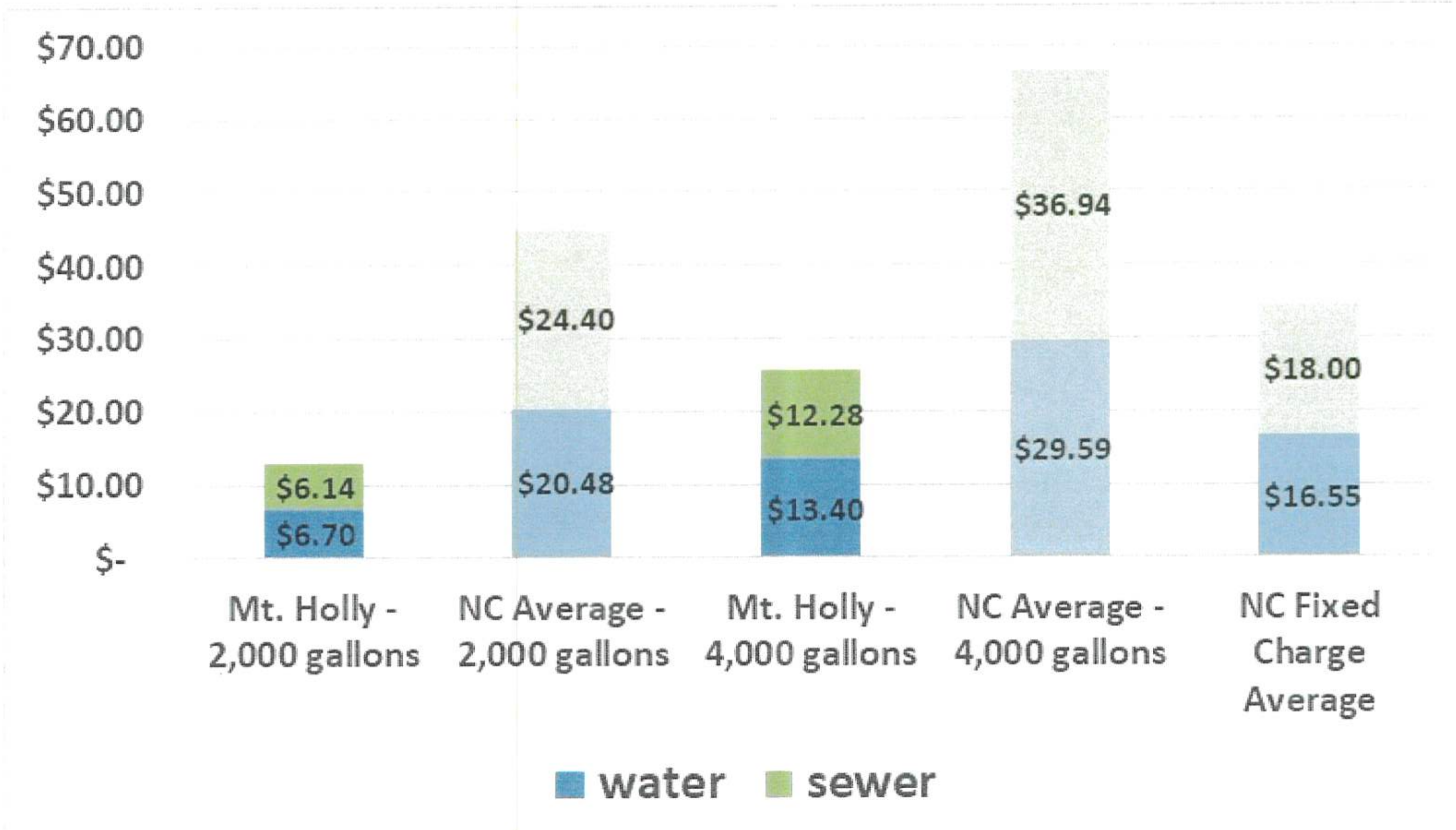
May 20, 2019

RAFTELIS

Study Drivers

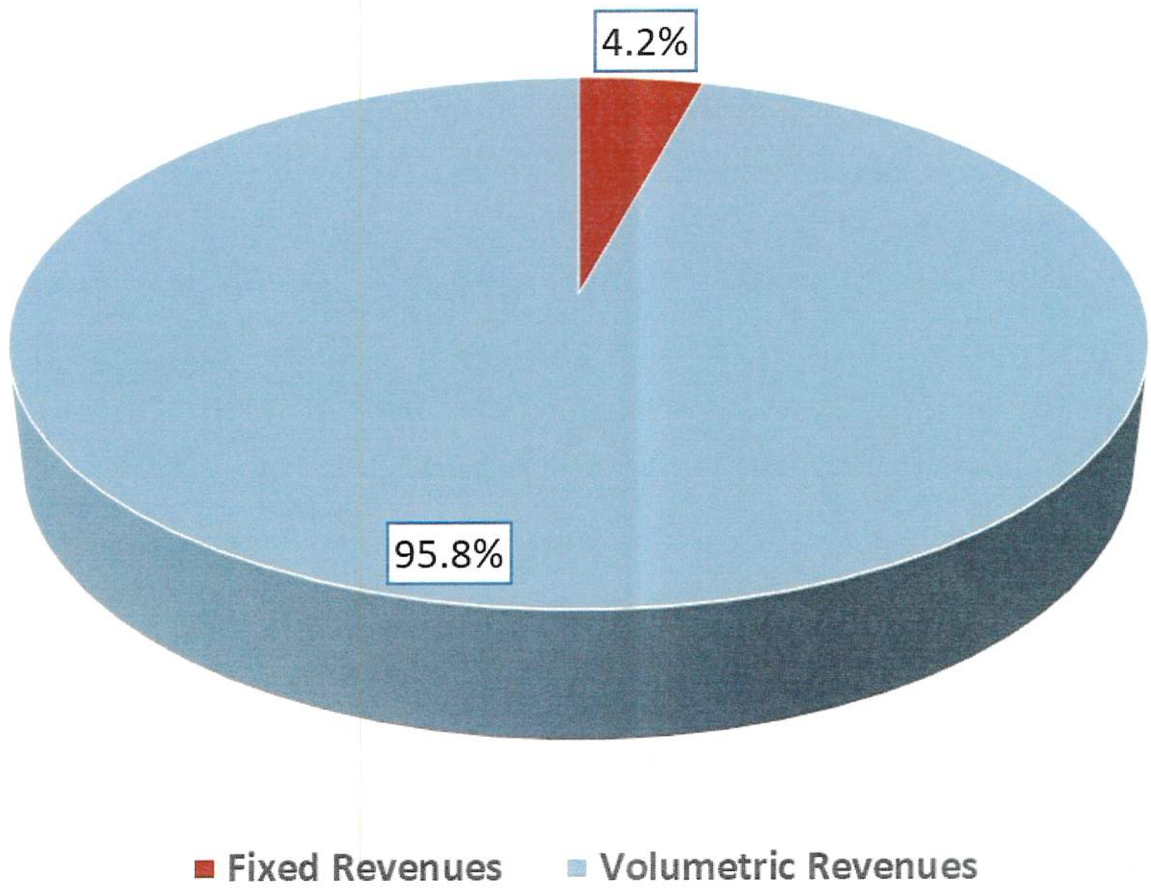
- Water/sewer rates have not been adjusted in over 10 years
- Lack of revenue stability due to rate structure
- Reliance on revenues from large users
- Need to fund 10-year capital improvement program (CIP)
- Need sufficient revenues and debt coverage to issue debt for CIP
  - Rating agencies
  - Local Government Commission

Comparison of Water and Sewer Rates



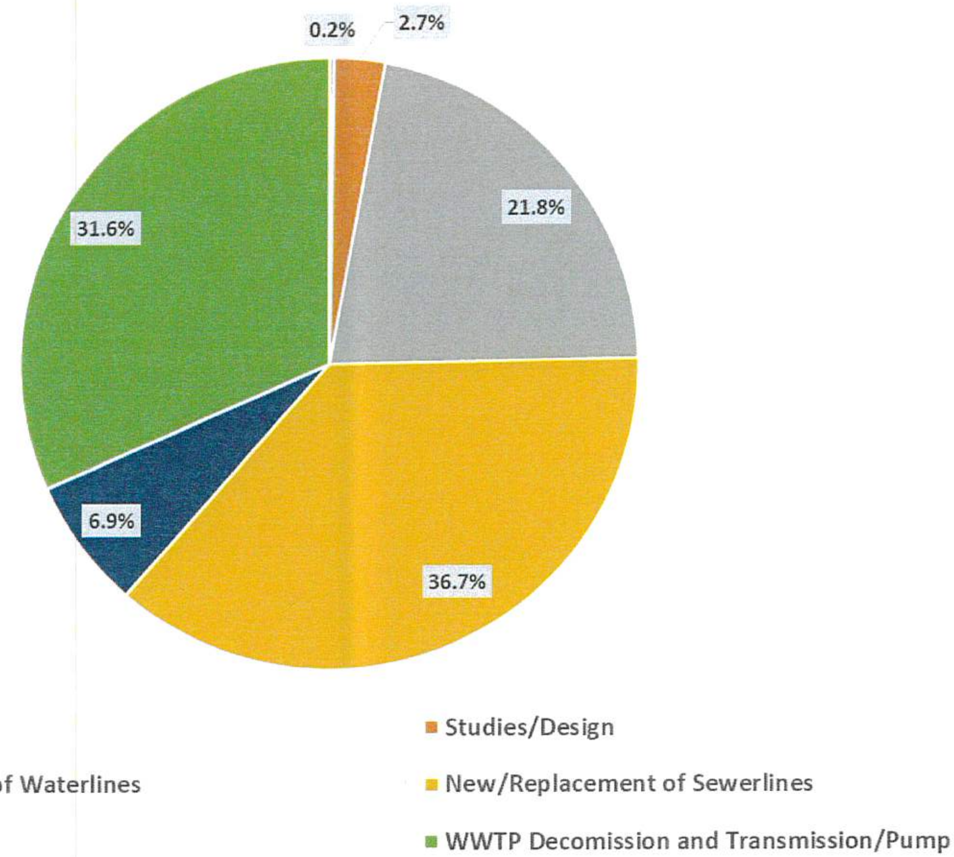
- The average bill for the state is between 2 ½ to 3 times more than the City's
- The average fixed water and sewer fixed component for the state is 2 ½ times more than the City's lowest water/sewer bill

Current Revenue Stability



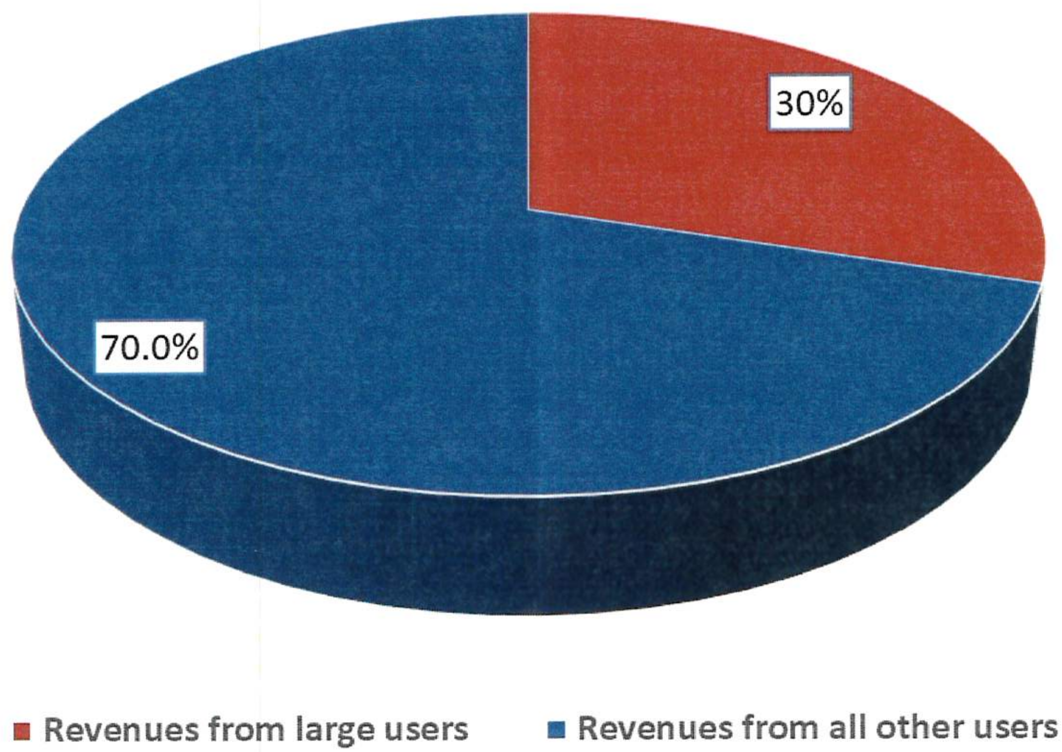
Average fixed fee revenue in the industry is typically approximately 20%.

10 – Year Capital Improvement Plan Needs



	10-Year CIP
Vehicles	$ 133,000
Studies/Design	$ 1,613,688
New/Replacement of Waterlines	$ 13,190,000
New/Replacement of Sewerlines	$ 22,200,000
Water Tanks, etc.	$ 4,196,700
WWTP Decommission and Transmission/Pump	$ 19,120,000
	$ 60,453,388

Revenue from Large Users



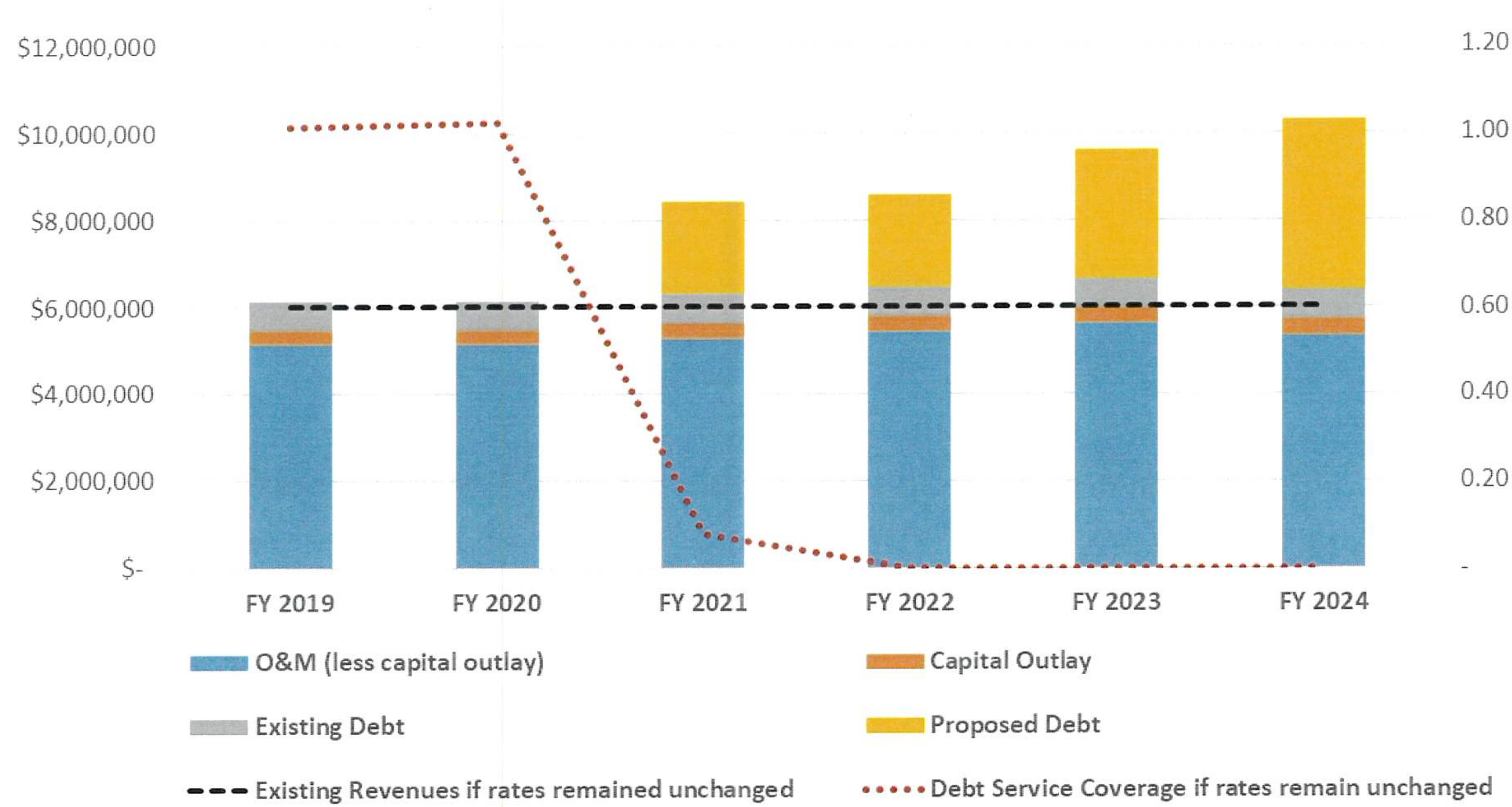
Town of Stanley	$ 883,191
A&E	$ 672,762
All other revenues from rates	$ 3,628,778
	$ 5,184,731
Revenues from large users	30%
Revenues from all other users	70.0%

Requirements to Issue Debt*

CRITERIA	EXPLANATION
Debt Coverage Ratios	Amount of revenues after O&M expenses are paid that are available for debt service payments
Cash on Hand	Amount of unrestricted reserves available to cover O&M expenses in case of emergencies
Revenue Stability and Revenues from Large Customers	Percentage of revenues that are variable or at risk
Rate Adjustments	History of rate adjustments and willingness to set rates to ensure self-sufficiency
Affordability	Ability of customers to pay water/sewer bill

*Combination of rating agency and Local Government Commission criteria

SUFFICIENCY OF EXISTING RATES



Overall Water Rate Adjustments Needed

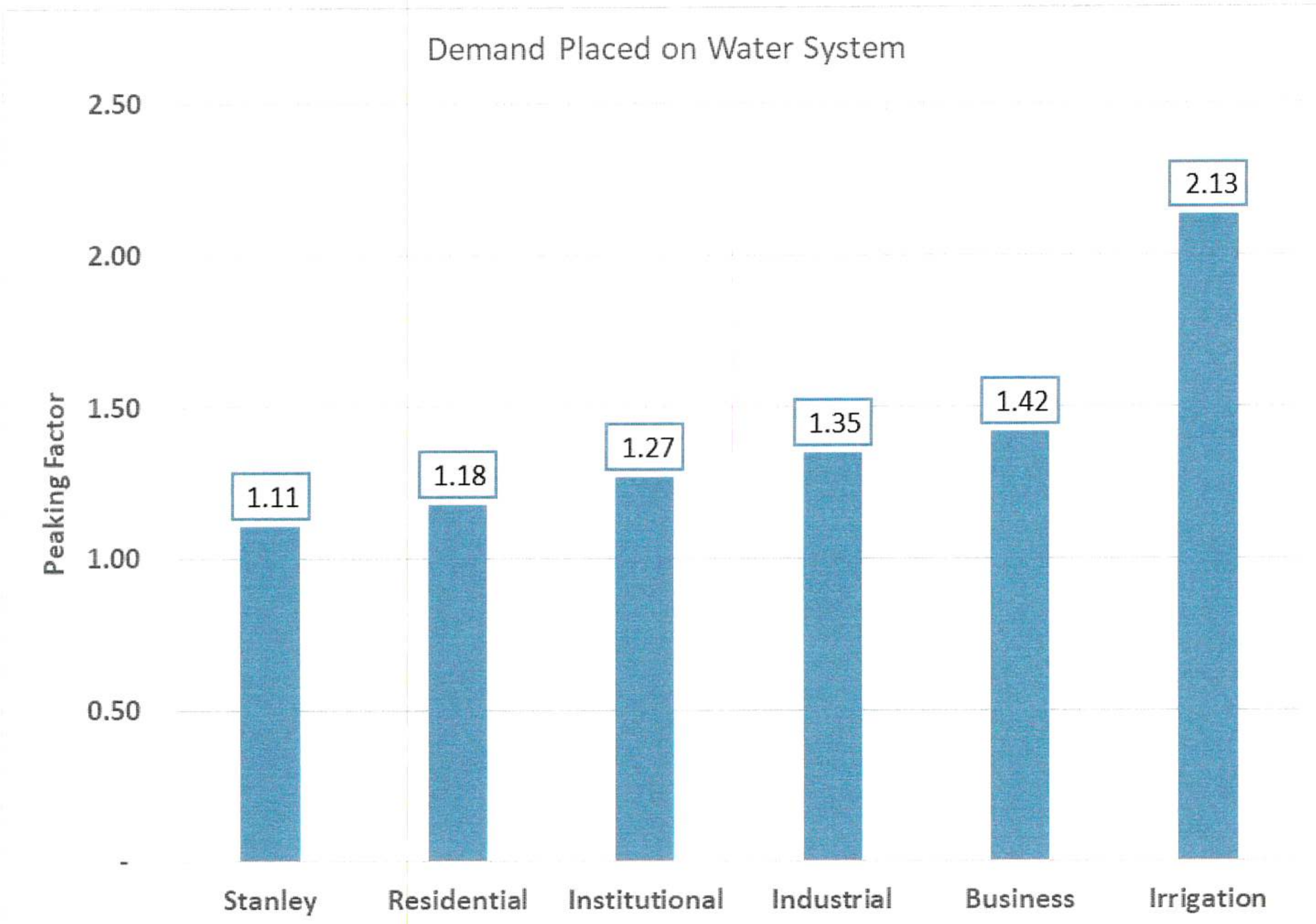
City of Mt. Holly
Water and Sewer Rate and Financial Planning Model
Revenue Sufficiency

	FY 2019 *Projected*	FY 2020 *Projected*	FY 2021 *Projected*	FY 2022 *Projected*	FY 2023 *Projected*	FY 2024 *Projected*	FY 2025 *Projected*
Water							
Revenues Requirements							
O&M (less capital outlay)	2,604,336	2,604,336	2,682,466	2,762,940	2,845,828	2,931,203	3,019,139
Capital Outlay	200,000	200,000	206,000	212,180	218,545	225,102	231,855
Existing Debt	459,200	454,615	450,280	445,945	441,360	437,025	432,690
Proposed Debt	-	-	647,338	647,338	647,338	1,209,245	1,209,245
Rate Funded CIP							
Subtotal:	$ 3,263,536	$ 3,258,951	$ 3,986,084	$ 4,068,403	$ 4,153,072	$ 4,802,575	$ 4,892,929
		-0.1%	*22.3%*	*2.1%*	*2.1%*	*15.6%*	*1.9%*
Revenues							
Revenues from Rates and Charges							
Residential	1,348,210	1,351,002	1,353,806	1,356,621	1,359,447	1,362,285	1,365,134
Industrial	390,293	390,293	390,293	390,293	390,293	390,293	390,293
Town of Stanley	773,386	773,386	773,386	773,386	773,386	773,386	773,386
Institutional	75,371	75,371	75,371	75,371	75,371	75,371	75,371
Business	136,020	136,020	136,020	136,020	136,020	136,020	136,020
Raw Water	33,614	33,614	33,614	33,614	33,614	33,614	33,614
Irrigation	96,437	96,437	96,437	96,437	96,437	96,437	96,437
Subtotal:	$ 2,853,330	$ 2,856,123	$ 2,858,926	$ 2,861,741	$ 2,864,568	$ 2,867,405	$ 2,870,254
Other Revenues							
Offsets (Op)	494,347	494,347	319,675	319,675	319,675	319,675	319,675
Offsets (Non-Op)	132,368	132,368	132,368	132,368	132,368	132,368	132,368
Subtotal:	$ 626,714	$ 626,714	$ 452,042	$ 452,042	$ 452,042	$ 452,042	$ 452,042
Water Surplus / Deficit	**$ 216,508**	**$ 223,886**	**$ (675,116)**	**$ (754,620)**	**$ (836,462)**	**$ (1,483,128)**	**$ (1,570,633)**
Increase Needed							**54%**

Overall Sewer Rate Adjustments Needed

City of Mt. Holly Water and Sewer Rate and Financial Planning Model Revenue Sufficiency	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
	Projected	*Projected*	*Projected*	*Projected*	*Projected*	*Projected*	*Projected*
Sewer							
Revenues Requirements							
O&M (less capital outlay)	2,528,211	2,528,211	2,604,057	2,682,179	2,762,644	2,409,297	2,498,097
Capital Outlay	120,000	120,000	123,600	127,308	131,127	135,061	139,113
Existing Debt	240,881	242,881	245,131	247,381	249,381	251,631	253,881
Proposed Debt	-	-	1,452,335	1,452,335	2,308,529	2,697,924	2,697,924
Rate Funded CIP							
Subtotal:	$ 2,889,092	$ 2,891,092	$ 4,425,123	$ 4,509,203	$ 5,451,681	$ 5,493,912	$ 5,589,014
		0.1%	*53.1%*	*1.9%*	*20.9%*	*0.8%*	*1.7%*
Revenues							
Revenues from Rates and Charges							
Residential	1,071,480	1,071,480	1,071,480	1,071,480	1,071,480	1,071,480	1,071,480
Industrial	143,422	143,422	143,422	143,422	143,422	143,422	143,422
Institutional	55,098	55,098	55,098	55,098	55,098	55,098	55,098
Business	148,856	148,856	148,856	148,856	148,856	148,856	148,856
A&E S - S	577,020	577,020	577,020	577,020	577,020	577,020	577,020
Subtotal:	$ 1,995,877	$ 1,995,877	$ 1,995,877	$ 1,995,877	$ 1,995,877	$ 1,995,877	$ 1,995,877
Other Revenues							
Offsets (Op)	494,347	494,347	319,675	319,675	319,675	319,675	319,675
Offsets (Non-Op)	41,729	41,729	41,729	41,729	41,729	41,729	41,729
Subtotal:	$ 536,075	$ 536,075	$ 361,403	$ 361,403	$ 361,403	$ 361,403	$ 361,403
Sewer Surplus / Deficit	$ (357,139)	$ (359,139)	$ (2,067,842)	$ (2,151,922)	$ (3,094,401)	$ (3,136,632)	$ (3,231,733)
Increase Needed							**162%**

Customer Class Characteristics



Town of Stanley and residential class place less demand on system than other classes.

Existing Water Rate Structure

<u>Water (Inside)</u>				
Residential				
	Basic Tier	< 2,000 per month	$	3.35
	1st Tier	2,0001 - 6,000 per month		3.35
	2nd Tier	6,0001 - 10,000 per month		3.59
	3rd Tier	> 10,000 per month		3.83
Non-Residential				
	Basic Tier	< 2,000 per month	$	4.19
	1st Tier	2,0001 - 6,000 per month		4.19
	2nd Tier	6,0001 - 10,000 per month		4.64
	3rd Tier	10,000 - 9,999,999 per month		5.09
	4th Tier	> 10,000,000 per month		5.70
Town of Stanley		All Usage	$	3.35
Raw Water		All Usage	$	0.35

Outside Customers = 2x Inside Rate

*0 -2,000 is a minimum

Existing Sewer Rate Structure

<u>Sewer (Inside)</u>

Residential				
	Basic Tier	< 2,000 per month	$	3.07
	1st Tier	2,0001 - 6,000 per month		3.07
	2nd Tier	6,0001 - 10,000 per month		3.41
	3rd Tier	> 10,000 per month		3.55
Non-Residential				
	Basic Tier	< 2,000 per month	$	3.83
	1st Tier	2,0001 - 6,000 per month		3.83
	2nd Tier	6,0001 - 10,000 per month		4.28
	3rd Tier	10,000 - 9,999,999 per month		4.74
	4th Tier	> 10,000,000 per month		3.00
Town of Stanley		All Usage	$	3.00
A & E		All Usage	$	3.00

Outside Customers = 2x Inside Rate

*0 -2,000 is a minimum

Rate Structure Alternatives

- **Option 1** – Maintain current rate structure and implement overall rate adjustments

- **Option 2** –
  - ➢ Establish fixed fee by customer class (includes 2,000 gallons of usage for all customers)
  - ➢ Leave volumetric structure unchanged (except for irrigation) but increase to achieve sufficiency
  - ➢ Irrigation rates will be tied to non-residential rates

Option 1

	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Water Rate Increase	15.0%	15.0%	15.0%	5.0%	0.0%
Sewer Rate Increase	30.0%	30.0%	30.0%	17.0%	0.0%

Option 2 – Water Base Charge

Water Base Charge Calculation	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Inside City					
Residential	$ 8.50	$ 9.85	$ 11.30	$ 12.00	$ 12.00
Industrial	$ 40.84	$ 82.60	$ 124.47	$ 141.34	$ 141.34
Institutional	$ 9.17	$ 11.35	$ 13.64	$ 14.67	$ 14.67
Business	$ 9.17	$ 11.35	$ 13.64	$ 14.67	$ 14.67
% Change		*24%*	*20%*	*8%*	*0%*
Outside City					
Residential	$ 14.80	$ 17.50	$ 20.40	$ 21.70	$ 21.70
Industrial	$ 79.47	$ 163.00	$ 246.74	$ 280.37	$ 280.37
Institutional	$ 16.14	$ 20.50	$ 25.07	$ 27.04	$ 27.04
Business	$ 16.14	$ 20.50	$ 25.07	$ 27.04	$ 27.04
Town of Stanley	$ 60.84	$ 127.60	$ 194.47	$ 221.34	$ 221.34
Irrigation					
Insitutional	$ 9.17	$ 11.35	$ 13.64	$ 14.67	$ 14.67
Business	$ 9.17	$ 11.35	$ 13.64	$ 14.67	$ 14.67
Residential	$ 8.50	$ 9.85	$ 11.30	$ 12.00	$ 12.00
Off	$ 8.50	$ 9.85	$ 11.30	$ 12.00	$ 12.00
Raw Water	$ 40.84	$ 82.60	$ 124.47	$ 141.34	$ 141.34

Base charge includes 2,000 gallons of water use for all customers.

Option 2– Water Volumetric Rates

Variable (per 1,000 gallons)		Current Rates	Proposed FY 2020	Proposed FY 2021	Proposed FY 2022	Proposed FY 2023	Proposed FY 2024
Water (Inside)							
Residential							
Basic Tier	< 2,000 per month	$ 3.35					
1st Tier	2,0001 - 6,000 per month	$ 3.35	$ 3.35	$ 3.70	$ 4.09	$ 4.52	$ 4.52
2nd Tier	6,0001 - 10,000 per month	$ 3.59	$ 3.59	$ 3.97	$ 4.38	$ 4.84	$ 4.84
3rd Tier	> 10,000 per month	$ 3.83	$ 3.83	$ 4.23	$ 4.68	$ 5.17	$ 5.17
		% Change		*11%*	*11%*	*11%*	*0%*
Non-Residential							
Basic Tier	< 2,000 per month	$ 4.19	$ 4.19	$ 4.63	$ 5.12	$ 5.65	$ 5.65
1st Tier	2,0001 - 6,000 per month	$ 4.19	$ 4.19	$ 4.63	$ 5.12	$ 5.65	$ 5.65
2nd Tier	6,0001 - 10,000 per month	$ 4.64	$ 4.64	$ 5.13	$ 5.67	$ 6.26	$ 6.26
3rd Tier	10,000 - 9,999,999 per month	$ 5.09	$ 5.09	$ 5.62	$ 6.22	$ 6.87	$ 6.87
4th Tier	> 10,000,000 per month	$ 5.70	$ 5.70	$ 6.30	$ 6.96	$ 7.69	$ 7.69
		% Change		*11%*	*11%*	*11%*	*0%*
Town of Stanley	All Usage	$ 3.35	$ 3.35	$ 3.70	$ 4.09	$ 4.52	$ 4.52
		% Change		*11%*	*11%*	*11%*	*0%*
Raw Water	All Usage	$ 0.35	$ 0.35	$ 0.39	$ 0.43	$ 0.47	$ 0.47
		% Change		*11%*	*11%*	*11%*	*0%*

Outside Customers = 2x Inside Rate

Option 2– Sewer Base Charge

Sewer Base Charge		FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
Inside City						
Residential		$ 9.40	$ 11.70	$ 14.00	$ 16.00	$ 16.00
Industrial		$ 74.07	$ 141.03	$ 214.47	$ 271.43	$ 271.43
Institutional		$ 10.73	$ 14.37	$ 18.13	$ 21.27	$ 21.27
Business		$ 10.73	$ 14.37	$ 18.13	$ 21.27	$ 21.27
	% Change		*24%*	*20%*	*14%*	*0%*
Outside City						
Residential		$ 16.70	$ 21.20	$ 25.80	$ 29.70	$ 30.20
Industrial		$ 146.03	$ 279.87	$ 426.73	$ 540.57	$ 541.07
Institutional		$ 19.37	$ 26.53	$ 34.07	$ 40.23	$ 40.73
Business		$ 19.37	$ 26.53	$ 34.07	$ 40.23	$ 40.73
	% Change		*27%*	*22%*	*15%*	*2%*
A & E		$ 114.07	$ 221.03	$ 338.47	$ 429.43	$ 429.43
	% Change		*37%*	*28%*	*18%*	*1%*

Base charge includes 2,000 gallons of sewer flow for all customers.

Alternative Sewer Rate Structure

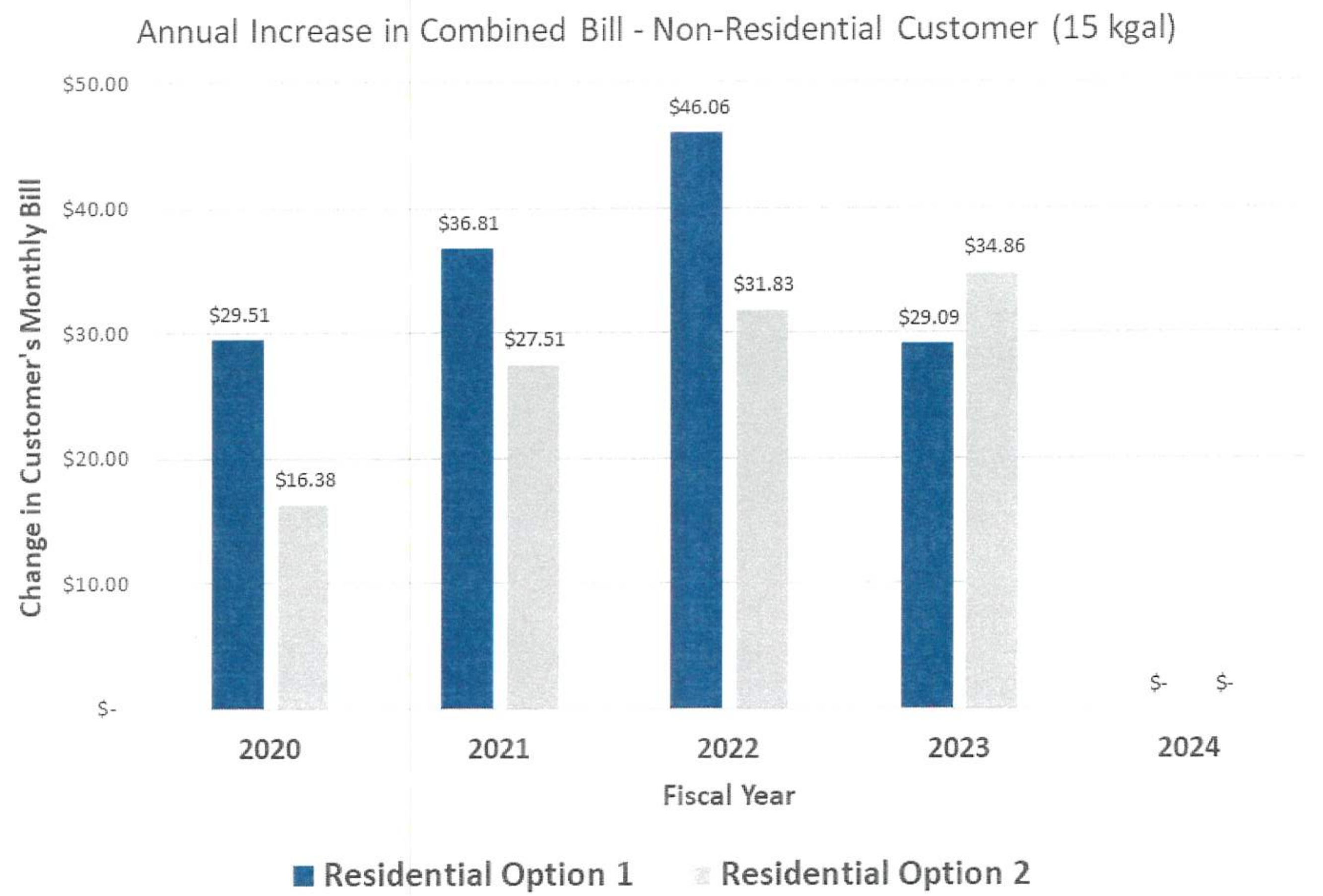
		Current Rates	Proposed FY 2020	Proposed FY 2021	Proposed FY 2022	Proposed FY 2023	Proposed FY 2024
Variable (per 1,000 gallons)							
Sewer (Inside)							
Residential							
Basic Tier	< 2,000 per month	$ 3.07					
1st Tier	2,0001 - 6,000 per month	$ 3.07	$ 3.75	$ 4.59	$ 5.62	$ 6.87	$ 6.87
2nd Tier	6,0001 - 10,000 per month	$ 3.41	$ 4.17	$ 5.10	$ 6.24	$ 7.63	$ 7.63
3rd Tier	> 10,000 per month	$ 3.55	$ 4.34	$ 5.31	$ 6.49	$ 7.94	$ 7.94
		% Change	*22.3%*	*22.3%*	*22.3%*	*22.3%*	*0.0%*
Non-Residential							
Basic Tier	< 2,000 per month	$ 3.83	$ 4.68	$ 5.73	$ 7.01	$ 8.57	$ 8.57
1st Tier	2,0001 - 6,000 per month	$ 3.83	$ 4.68	$ 5.73	$ 7.01	$ 8.57	$ 8.57
2nd Tier	6,0001 - 10,000 per month	$ 4.28	$ 5.23	$ 6.40	$ 7.83	$ 9.58	$ 9.58
3rd Tier	10,000 - 9,999,999 per montl	$ 4.74	$ 5.80	$ 7.09	$ 8.67	$ 10.60	$ 10.60
4th Tier	> 10,000,000 per month	$ 3.00	$ 3.67	$ 4.49	$ 5.49	$ 6.71	$ 6.71
		% Change	*22.3%*	*22.3%*	*22.3%*	*22.3%*	*0.0%*
A & E	All Usage	$ 3.00	$ 3.67	$ 4.49	$ 5.49	$ 6.71	$ 6.71
		% Change	*22.3%*	*22.3%*	*22.3%*	*22.3%*	*0.0%*

Outside Customers = 2x Inside Rate

Customer Impacts Average Residential Customer

Option 1	Current	2020	2021	2022	2023	2024	TOTAL	Avg/year
4,000 gal	$ 25.68	$ 31.37	$ 38.47	$ 47.36	$ 52.96	$ 52.96		
$ Change		$ 5.69	$ 7.10	$ 8.88	$ 5.61	$ -	$ 27.28	$ 5.46
Option 2		2020	2021	2022	2023	2024		
4,000 gal	$ 25.68	$ 32.11	$ 38.14	$ 44.71	$ 50.78	$ 50.78		
$ Change		$ 6.43	$ 6.03	$ 6.58	$ 6.06	$ -	$ 25.10	$ 5.02

Customer Impacts Non-Residential Customer



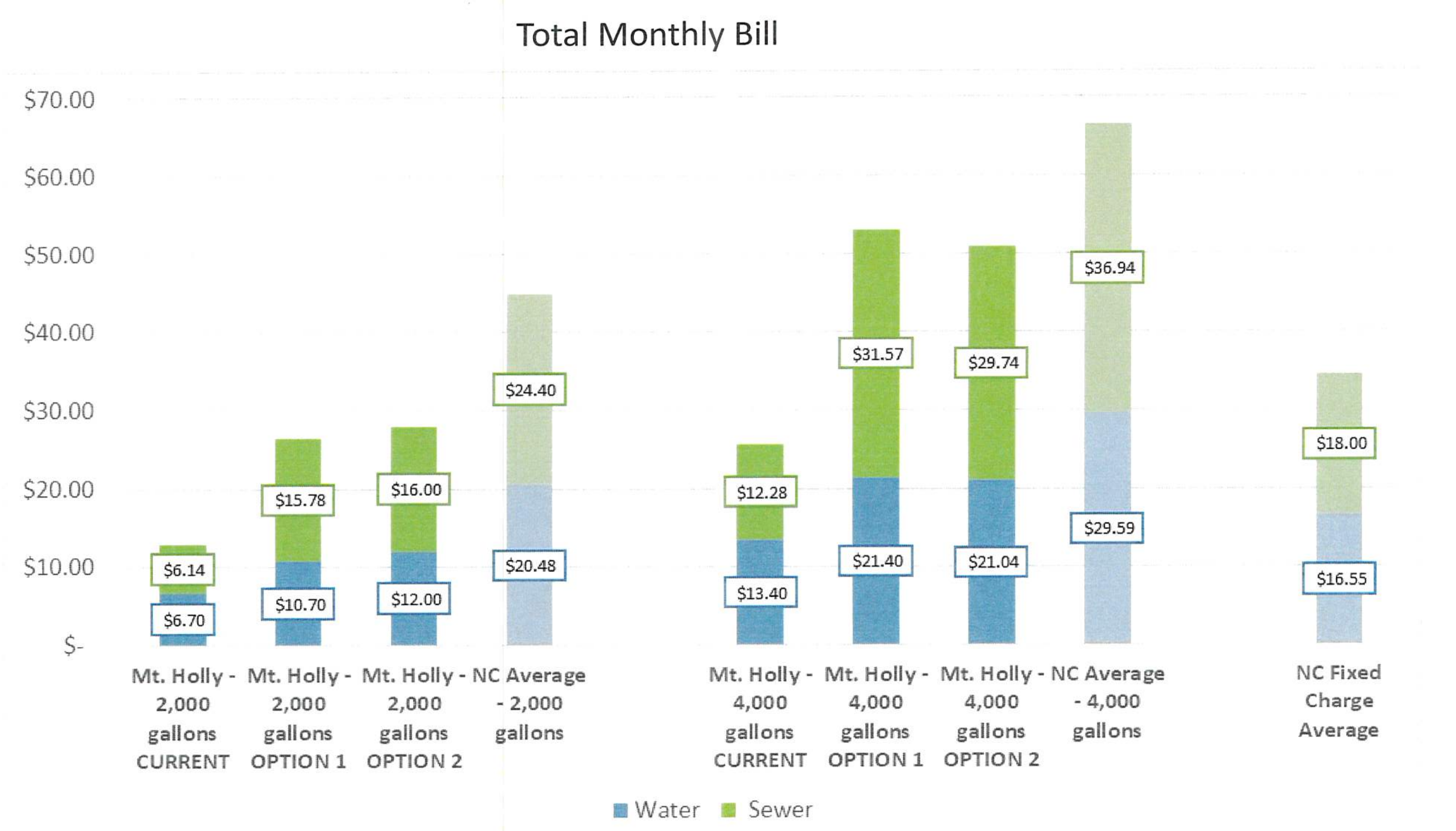
Option 1	Current	2020	2021	2022	2023	2024	TOTAL	Avg/year
15,000 gal	**$ 132.95**	$ 162.46	$ 199.27	$ 245.34	$ 274.42	$ 274.42		
$ Change		**$ 29.51**	**$ 36.81**	**$ 46.06**	**$ 29.09**	**$ -**	**$ 141.47**	**$ 28.29**
Option 2		2020	2021	2022	2023	2024		
15,000 gal	**$ 132.95**	$ 149.33	$ 176.84	$ 208.67	$ 243.53	$ 243.53		
$ Change		**$ 16.38**	**$ 27.51**	**$ 31.83**	**$ 34.86**	**$ -**	**$ 110.58**	**$ 22.12**

Customer Impacts – Town of Stanley

Option 1	Current	2020	2021	2022	2023	2024
	$ 64,449	$ 74,116	$ 85,234	$ 98,019	$ 102,920	$ 102,920
% Change		15.0%	15.0%	15.0%	5.0%	0.0%
Option 2		2020	2021	2022	2023	2024
	$ 64,449	$ 64,570	$ 71,471	$ 79,083	$ 87,399	$ 87,399
% Change		0.2%	10.7%	10.6%	10.5%	0.0%

Town of Stanley represents 28% of current revenues.

Comparison of Water/Sewer Bill for Residential Customer



Thank you!

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