

Town of Signal Mountain

Evaluation of Proposals

Town Council Meeting

March 12, 2018

THE EVALUATION COMMITTEE

- Met on February 26 and 27
- Consisted of Fire Chief Eric Mitchell, Finance Director Carol White, Public Works Director Loretta Hopper, and Special Projects Manager Sam Guin as well as two citizen users of the System, former Mayor Bill Lusk as well as Tommy Crangle of the Sunset area which is part of the Town Water system
- Picked by the Town Manager
- **It was not the job of the Committee to make a recommendation, but rather to evaluate the Proposals and make a report of the facts**

THE PROPOSERS

- Tennessee American Water
 - Has made a proposal for Acquisition of the Town's Water System
 - Walden's Ridge Utility District
 - Has made proposals for both Acquisition of the Town's Water System as well as Operation and Maintenance of the Town's Water System
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TENNESSEE AMERICAN WATER – PROPOSAL FOR ACQUISITION

- Submitted a Proposal to purchase the Town's Water System for \$3.4 million.
 - This includes all associated water department properties including the 2 separate sites on James Blvd. where the water tanks stand as well as the property where the pump station and water tanks stand at the foot of the mountain; it does not include the property directly behind Town Hall where the Water Department Shop currently sits
 - This offer frees up all money and investments currently in the Signal Mountain Water Fund which is currently restricted and makes it available for the Town to use
 - Plan to make \$1.25 million in capital improvements in the first 5 years of ownership
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TENNESSEE AMERICAN WATER – PROPOSAL FOR ACQUISITION

- Will offer employment to all qualified existing Signal Mountain water department employees
 - Also plan to create a Signal Mountain Water Advisory Board
 - TNAW will limit rate increases by adopting Signal Mountain's existing rates for the first 5 years, subject to TPUC approval; TNAW does add annual capital riders which would amount to approximately \$0.71 per month for the average residential customer
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WALDEN'S RIDGE UTILITY DISTRICT – PROPOSAL FOR ACQUISITION

- Submitted a Proposal to purchase the Town's Water System for \$3.6 million.
 - This includes all associated water department properties including the 2 separate sites on James Blvd. where the water tanks stand as well as the property where the pump station and water tanks stand at the foot of the mountain; it does not include the property directly behind Town Hall where the Water Department Shop currently sits
 - This proposal offers to purchase the Signal Mountain Water Fund cash and investments which they estimate to be roughly \$3 million
 - Ultimate goal would be to eventually switch water supply exclusively to Hixson Utility District instead of Tennessee American
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WALDEN'S RIDGE UTILITY DISTRICT – PROPOSAL FOR ACQUISITION

- Will offer employment to all qualified existing Signal Mountain water department employees
 - The Town will be granted a seat on the District's Board of Commissioners
 - Proposed capital investments of \$2.6 million in the first 5 years of ownership
 - The Board of Commissioners has total discretion in deciding the rates that will be charged to the Town's customers in the future
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WALDEN'S RIDGE UTILITY DISTRICT – OPERATION AND MAINTENANCE PROPOSAL

- The District offers the Town a monthly fee of \$20.00 per customer per month to manage, operate, and maintain the Water System; this equates to nearly \$900,000 per year
 - All capital investments shall remain the Town's responsibility
 - The Town shall pay the expenses of all utilities, communications, water purchased, and all other fees to the extent they are used for the needs of the System
 - The initial term shall be for 2 years and then will renew annually for the next 8 years
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WALDEN'S RIDGE UTILITY DISTRICT – OPERATION AND MAINTENANCE PROPOSAL

Item	WRUD Guaranteed Max	Town Actual Expense (2016-2017)
Water Purchase	\$924,678	\$462,238
Labor for Normal Operations	\$900,000	\$343,622
Total Expenses Including Utilities, Operating Supplies, Communications, etc.	\$2,618,198	\$1,433,953

PROPOSED SCHEDULE MOVING FORWARD

Date	Action
March 12, 2018	Initial report presented to Town Council – Council Gives Direction
March 14 – April 4, 2018	Public meetings
April 5, 2018	Planning Commission to give recommendation
April 9, 2018	Town Council vote on recommendation and selected firm (Preliminary Closing Date)
To Be Determined	Final contract negotiation and execution by Town Manager (Final Closing Date)
July 1, 2018 (or as agreed)	Possible Transition date