

Historic VALDESE

Lakeside Park – Financial Review

MAY 1, 2018

Utility System Sustainability

- Issues: Aging infrastructure / costly emergency repairs / inefficient spending of resources / dramatic drop in sale volume
- Developed a 10-year capital improvement plan: First time we developed an in-depth understanding of the current and future needs of the entire utility system. Plan addresses the problem by first understanding current and future expected expenses then developing a spending plan that balances cash reserves, debt and revenue adjustments. The plan is updated annually.

Utility System Sustainability

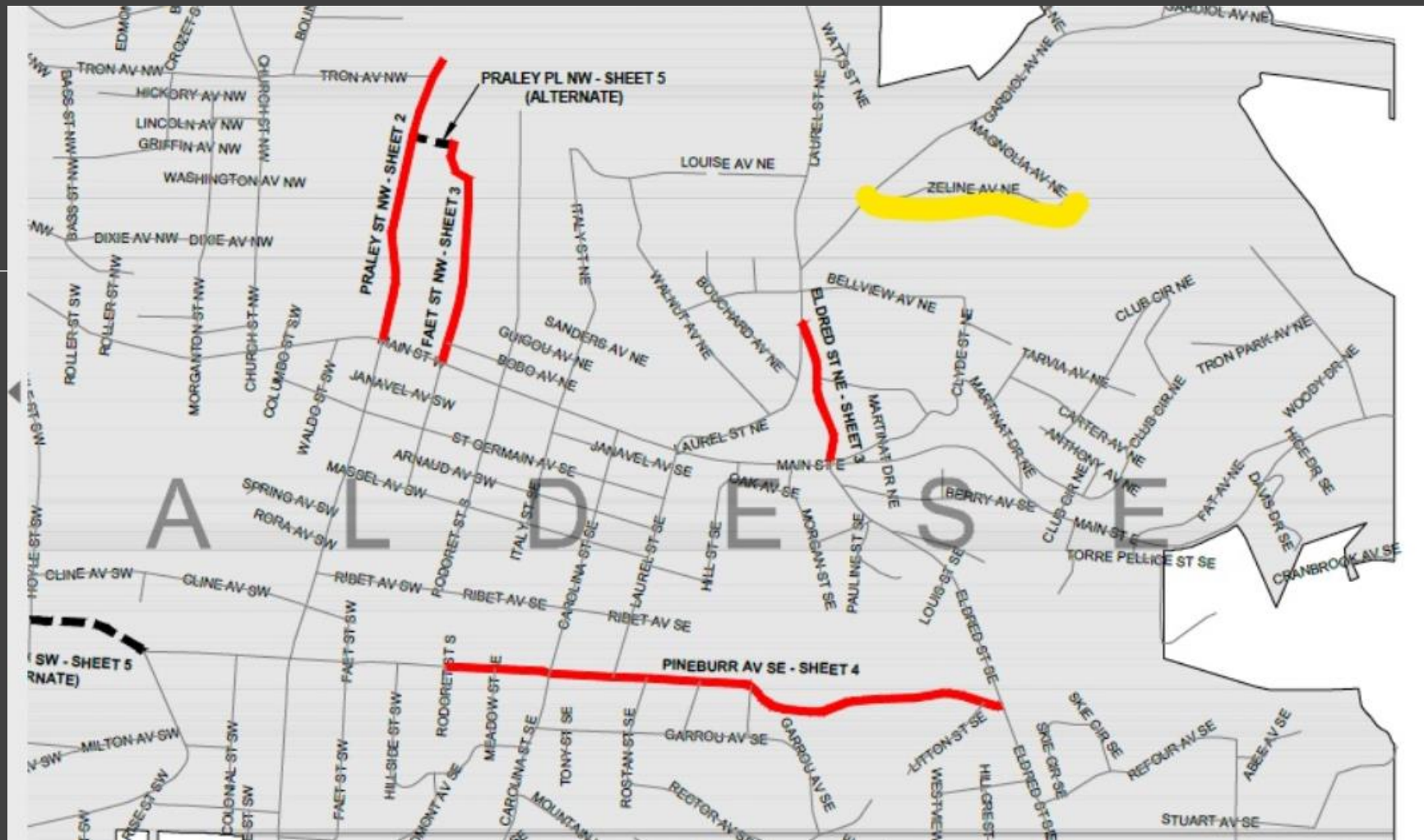
Table 4

**Town of Valdese Water and Sewer Utility Fund
Funding Awards Summary**

<u>Project Name</u>	<u>Total Project Cost (\$)</u>	<u>Grant/Principal Forgiveness Amount (\$)</u>	<u>Loan Amount (\$)</u>	<u>Loan Rate (%)</u>
WTP Generator Addition	\$ 1,000,000	\$ 1,000,000	\$ -	-
24" Transmission Main Valve Replacement	\$ 61,000	\$ 61,000	\$ -	-
WWTP Grit System Replacement	\$ 1,082,300	\$ 725,141	\$ 357,159	-
AMI Meter Replacement	\$ 2,265,386	\$ 566,347	\$ 1,699,039	0.00%
St. Germain Water Line Replacement	\$ 313,656	\$ 156,828	\$ 156,828	0.00%
WTP MCC Replacements	\$ 842,770	\$ 210,692	\$ 632,078	0.00%
Water System Line Replacements	\$ 1,181,700	\$ 500,000	\$ 681,700	0.00%
WWTP Centrifuge Drives & Controls	\$ 317,265	\$ -	\$ 317,265	1.91%
Main Street Water Line	\$ 2,417,500			
Conversion to Sodium Hypochlorite	\$ 653,100			
<u>Totals</u>	<u>\$ 10,134,677</u>	<u>\$ 3,220,008</u>	<u>\$ 3,844,069</u>	

General Fund Investments

- Public Works CIP – Developed nine year plan (three year cycles) to replace aging equipment in public works. (backhoe, brush truck, service vehicles etc.)
- Pavement Condition Study – Rated each street based on condition. Prioritized future paving projects factoring in need, vehicle count, geographic location and project cost.
- Street Resurfacing – Sealed every town maintained street as well as resurfaced streets for the first time in over a decade.



2018 Paving Projects

- St. Germain
- Main Street

General Fund Investments

- Replaced 32 year old fire truck
- Added part-time firefighters
- Maintained great ISO rating - Helped keep insurance costs down for residents and businesses.



Parks and Recreation Improvements

- Recreation Center Improvements: New roof, remodeled fitness room, pool heater and bubble repairs.
- Bowling Partnership: Hired Mimosa Lanes bowling pro, upgraded equipment, tripled usage and tripled revenue. Plus a significant increase in concession sells.
- Gristmill waterwheel replacement (Rostans & HFV)



- Valdese Family Splash Park

(During the peak season approximately 20 to 40 families visit the splash park daily, not including daycares and school groups)

Children's Park & McGalliard Falls Park Improvements



- Resurfaced and Restriped Parking Lots
- New Picnic Tables & Trash Cans
- New Signage
- Building Repairs
- Storm Water Drainage Repairs
- Replaced Fencing
- Removed Old Tennis Courts at McGalliard Falls Park
- Removed Select Dead Trees
- Repaired Batting Cage
- Electrical and Plumbing Upgrades

What is there left to do at our older parks and how much does it cost?

- **Children's Park** – New borders and mulch placed around equipment and grass for areas not enclosed without borders. – Project is being funded by Bimbo Bakeries in June.
- Sign needs to be painted – minimal cost, scheduled for late spring, early summer
- Three doors need to be replaced on building – could be a few thousand dollars.
- Playground equipment has been inspected by professional group, and it's safe. We will remove a little surface rust on equipment this year.
- **McGalliard Falls Park** – Sand Volleyball court needs permanent standards and a new net. Volunteer group will install this spring at no charge.
- New scorekeeper's tables installed for both ball fields. Eagle Scout project. No charge. Will be completed early summer.

How Do We Take Care of Our Parks Now?

- Parks are maintained by a combination of public works and parks and recreation staff
- Mowing performed weekly
- Litter pickup and trash removal daily
- Restrooms cleaned daily
- Mulching performed periodically
- Beautification efforts coordinated throughout the year with volunteers (ex: bird houses, plantings at Splash Park/McGalliard Falls, etc.)
- Police presence daily at all parks (restrooms unlocked and inspected by police)
- Routine maintenance as needed

Issues Facing Valdese

- Net decrease of 22.5 percent in population of people aged 25 to 34 years old (2010 – 2015)
- Aging population
- Poor health area-wide
- Slow economic growth

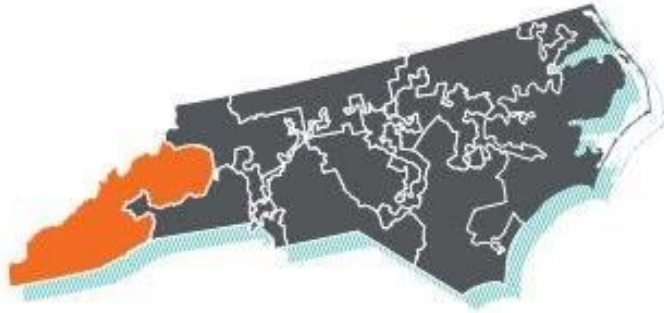
Benefits of Lakeside Park

Let's go from good to great!

- Help with the recruitment and retention of talent for local industry
- Incentivize families and young professionals to buy their next home in Valdese
- Promote active and healthy lifestyles (with an emphasis on amenities for seniors)
- Attract a diverse group of businesses to downtown
- Bring more customers to Valdese businesses
- Improve property values
- Become more recession resistant

Why is Lakeside Park different than Catawba Meadows

- Amenities (mountain bike trails, pump track, championship level disc golf course)
- Views (Lake viewshed, more wildlife, Table Rock, elevation changes)
- Water Quality (high fish population, recently removed from impaired lake status)



56%

of North Carolina residents participate in outdoor recreation each year

Approximately

30%

of outdoor recreation trips in North Carolina are close to home (taking place within 30 minutes of the participant's home)

Spending by state residents represents

73%

of outdoor recreation spending in North Carolina

Out-of-state visitors to North Carolina spend

\$7.66 BILLION

on outdoor recreation

RESIDENTS OF
NORTH CAROLINA'S
11TH CONGRESSIONAL
DISTRICT SPEND



**\$1.64
BILLION**

ON OUTDOOR RECREATION
EACH YEAR¹

NORTH CAROLINA'S 11TH
CONGRESSIONAL DISTRICT
IS HOME TO AT LEAST

**80 OUTDOOR
COMPANIES**



**FISHING,
WATER SPORTS
AND CAMPING**

ARE THE MOST POPULAR OUTDOOR
ACTIVITIES IN NORTH CAROLINA'S
11TH CONGRESSIONAL DISTRICT



Economic Impact Assumptions and Estimate

Assumptions

- Market = 33% of 60 mile radius
- Market Total = 743,334
- Spending = \$30

3% penetration rate estimate

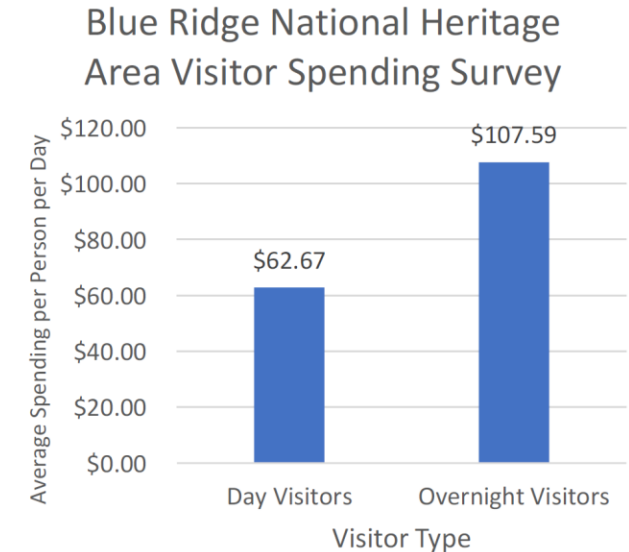
- $22,300 \times \$30 = \$670,000$ Annual Impact

5% penetration rate

- $37,166 = \$1.11$ Million Annual Impact

Disc Golf

- $10,000 \times \$30 = \$300,000$ Annually



Economic Impact Estimate

\$970,000

\$1.41 Million



Conservative Annual Economic Impact

Other Factors:

- Health Benefits
- Quality of Life
- Job Retention/ Attraction

Destination by Design

3.10.18

Paying for the Park

USDA Loan	\$2,550,000 (40 years at 3.5% fixed interest rate)
PARTF Grant	\$400,000
Other Grants and Donations	<u>\$229,000</u>
Total	\$3,179,509

Note: Any additional grants and donations we receive during the course of the project will be subtracted from the total amount the Town will need to borrow from USDA.

Tax Increase

A Tax Increase will be needed to service the debt on a USDA loan

- (1) cent generates \$34,375 in property taxes in Valdese
- (3.5) cent tax increase is needed in order to service the debt on the \$2,550,000 USDA loan
- (3.5) cent tax increase equates to an additional \$35 per year (or \$2.91 per month) in new taxes on a home valued at \$100,000
- (3.5) cents = \$120,312.5 in new revenue per year. The yearly USDA debt service payment is \$119,409.57

Current Valdese Tax Rate: (54.5) cents per \$100 valuation of property

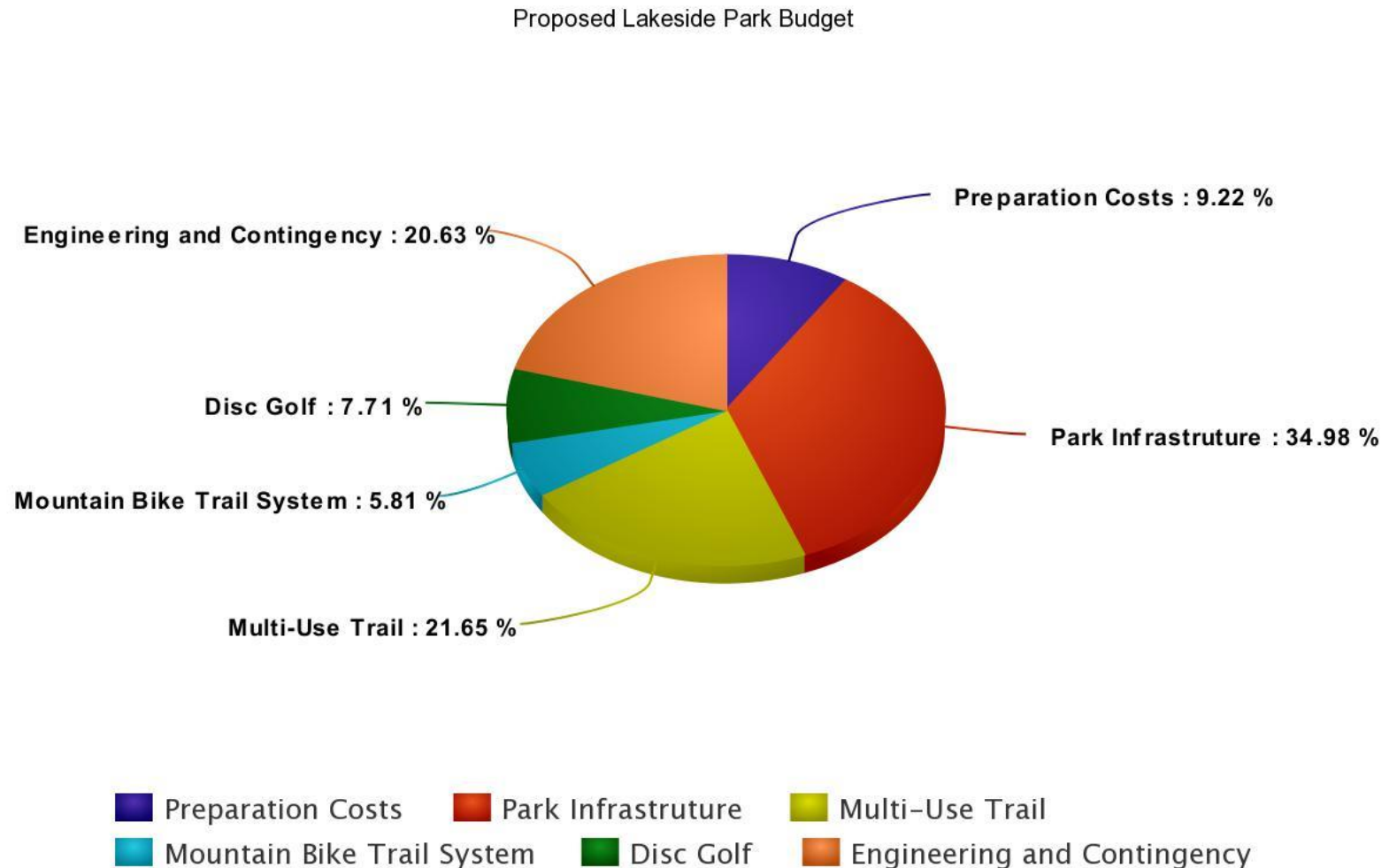
Tax Rate After Increase: (58) cents per \$100 valuation of property

Phasing Park Project vs. One Project

- Project will be less expensive if constructed at one-time
 - Mobilization expenses
 - Cost of materials and labor continues to increase each year
- Realize maximum economic and demographic benefits if constructed at one-time
- The Town is unable to save each year for future phases of Lakeside Park and continue to implement long-range capital improvement plans and absorb incremental operational increases.
- Significant chance of not being awarded a PARTF grant due to scoring criteria, (the more amenities the higher your score) if project is phased over time.

Phasing Park Project vs. One Project

- Phasing is difficult because the majority of expenses are concentrated in infrastructure, preparation, and engineering costs (totaling more than 64%) as opposed to core amenities. (DG 7.71%, MU-Trail 21.65%, MB-Trail 5.81%)
- Each phase will take approximately two years from approval to complete.



Lakeside Park Maintenance Job Responsibilities

- Cleans and maintains public facilities, and shelters, including restrooms, in park and recreation areas.
- Cleans and removes litter from parking lot, trails, and all public areas in the park.
- Operates and maintains small power equipment and machinery including chain saws, rototillers, edgers, aerators, hedgers, spreaders, and other equipment.
- Operates mowers to keep grass cut in all grassy areas of the park.
- Prunes and trims hedges, bushes, and other shrubbery.
- Weeds, cultivates, plants, fertilizes, and irrigates lawns and flower beds.
- Sprays herbicides in appropriate areas.
- Rakes, sweeps and blows leaves, lawn clippings, etc., using power blower and hand tools.
- Maintains mountain bike trails and disc golf fairways (major work and repairs done with the help of volunteer groups).
- Clears fallen limbs and foliage from park areas.
- Maintains and repairs playground equipment (including safety checks).
- Performs equipment and vehicle inspections.
- Maintains park equipment and facilities.

Lakeside Park Maintenance Job Responsibilities

Notes:

For the first couple of years, this position should have time to do these same basic duties at McGalliard Falls Park and Children's Park in a regular 8 hour day. When the structures, initial clearings and construction improvements in the new Lakeside Park begin to age, this position will require more time to spend maintaining Lakeside Park amenities.

The Town will partner with established volunteer groups (Friends of the Valdese Rec, Disc Golf Clubs and Mountain Bike Clubs) who will help with maintaining and improving trails, litter pickup and organizing events, therefore reducing the Town's maintenance requirements.

Estimated Project Timeline (Two Years)

- Project Approval: June 2018
- Request for Qualifications for Engineering Services: July – September, 2018
- Approval of Contract to help with USDA Loan Application: August, 2018
- Application for USDA Loan: August – October, 2018
- Application for Interim Financing: July – September, 2018
- Award of Contract for Engineering Services: September, 2018
- Design Phase: September, 2018 – January, 2019
- Bid Project – February, 2019 – March, 2019
- Rebid or Approve Bid: April 2019
- Construction: May 2019 – February 2020
- Projected Opening Date: April - May 2020

What's Next?

- First Public Input Meeting: Thursday, May 31st 6:30pm (Community Room - Town Hall)
- Second Public Input Meeting: Tuesday, June 12th 6:30pm (Community Room – Town Hall)

Note: Meetings will include staff presentations and opportunity for Q&A with public

- Other opportunities for citizens to provide feedback for the project: May 7th, June 4th and June 25th Council meetings during Open Forum.
- If a majority of Council wishes to proceed with the project, the project and financing is to be approved at the June 25th Council Meeting.

Questions?
