

Town of Thompson's Station
Utility Advisory Board
Special Session Meeting Agenda
February 3, 2021

Call Meeting To Order

1. Approval To Conduct This Meeting By Electronic Means Which Is Necessary To Protect The Public Health Safety And Welfare Of Tennesseans In Light Of The COVID-19 Outbreak (Pursuant To Executive Order No. 71).

Documents:

[ITEM 1 - INTRODUCTION STATEMENT FOR TS UB SPECIAL CALLED MTG 2_3_2021.PDF](#)

2. Removal Of The Cap On User Rates – Per The MTAS Recommendation/Report.

Documents:

[ITEM 2 A - MTAS - THOMPSON STATION REVIEW JANUARY 27 2020 SECOND REVISION.PDF](#)

3. Increasing Of User Rates Per Recommendation Of The MTAS Recommendation/Report.

Documents:

[ITEM 3 A - ORDINANCE 2007-016 MAXIMUM SETTING MAXIMUM USER RATES.PDF](#)
[ITEM 3 B - TS MUNICIPAL CODE 18.201 TO 18.205 - WASTEWATER SYSTEM USER RATES.PDF](#)

4. Adjourn

Information Only:

TDEC-Clean Water State Revolving Fund Loan Program Potential Funding Notification
Wastewater Rate Comparisons
TDEC SRFL Application
TDEC/Barge Letter

Documents:

[THOMPSONSTATION_PRLNOTIFICATIONLTR_FY2020.PDF](#)
[WASTEWATER RATE COMPARISONS.PDF](#)
[TDEC SRFL APPLICATION.PDF](#)
[TDEC LETTER_BARGE_EDITS_012621.PDF](#)

This meeting will be held at 6:00 p.m. remotely by electronic means due to the COVID-19 Public Health Emergency. The meeting will be live-streamed on the Town website www.thompsons-station.com.

STATEMENT FOR THE RECORD AT START OF MEETING
Thompson's Station Utility Board

Hello and welcome to this February 3, 2021, Special Called Utility Board meeting for the Town of Thompson's Station.

Pursuant to the Guidance from the Office of the Comptroller for the State of Tennessee and in accordance with Governor Lee's Executive Order # 71 (which was previously extended by Executive Order # 16, 34, 51, 60 and 65): due to the treatment and containment of COVID-19.

This Town of Thompson's Station Utility Board meeting, with notice, is being held virtually and being recorded to protect the public health, safety, and welfare of the Citizens of Thompson's Station in light of the coronavirus and to continue to allow the Town to function and operate.

Further, it is the desire of the Utility Board to include this determination in the minutes for this meeting.

We understand that we, the Thompson's Station Utility Board, serves the Town of Thompson's Station, which is why we are currently recording this virtual meeting, broadcasting it live for public viewing, and uploading and preserving it for future viewing.



Town of Thompson's Station

Financial Analysis for Proposed Membrane Reactor Wastewater Facility

Steve Wyatt, Utility Operations Consultant

January 27, 2021 (revised)



Municipal Technical Advisory Service
INSTITUTE *for* PUBLIC SERVICE

Table of Contents:

1. Description of proposed capital projects
2. MTAS concerns
3. MTAS conclusion and suggestions
4. MBR Cash Flow Projection discussion
5. MTAS Example A discussion (basically same data as MBR Cash Flow)
6. MTAS Example B discussion
7. MTAS C rate structures

Attachments:

1. MBR Cash Flow Projection (Electronic Copy)
2. MTAS Example A
3. MTAS Example B
4. MTAS C
5. Excerpt from Governmental Accounting, Auditing, and Financial Reporting
6. MTAS legal opinion concerning Utility billing cap

Description of proposed capital projects:

Thompson's Station is in the initial phases of building a Membrane Reactor Wastewater Treatment Facility. The Town contracted with the Municipal Technical Advisory Service for a review of the rates necessary to fund the proposed capital projects.

The Membrane Reactor (MBR) will replace the current wastewater lagoons utilized by the Town . The estimated cost of the MBR is \$15,400,000. The Town will utilize a loan to finance the project. The project is tentatively scheduled to be in service by FY 2023/24.

The capital project will increase operational expenses. Below is a conservative estimate of the new expenses. MTAS believes that actual annual expenses may be greater.

MBR estimated expenses:

MBR interest expense	154,000
MBR depreciation	205,000
Payroll additional staff	85,235
FICA	2,983
Medicare	682
MBR maintenance	150,000
Total	597,900

MTAS Concerns:

MTAS has five specific concerns with the Thompson’s Station Cash Flow Plan:

1. The rates proposed in the plan has a cap for residential bills which is contrary to State law. A second issue with the rates is that commercial customers do not have a cap and are subject to a inclining rate volume charge per 1,000 gallons.

Attachment #6 is an MTAS legal opinion concerning the cap issue.

2. The plan relies heavily upon fees charged to new customers (Wastewater Impact Fee of \$9,757.08 due upon preliminary plat and Effluent Disposal Fee due upon building permit) to fund the utility. These fees are considered contributed capital. A portion of the Effluent Disposal Fee may be used in operational revenue when the physical tap is made, but only the actual amount that is collected of the expenses incurred used to make the tap. On the revised data sent to MTAS, Thompson’s Station has projected that \$423,750 per year will be the Tap portion of the Effluent Disposal Fee. The balance of the fee is still a capital contribution. **MTAS did not use this “tentative” operational revenue in the projection.**

Thompson’s Station passed Ordinance #2020-005 establishing these fees. A whereas clause in the ordinance specified that the Effluent Disposal Fee would be used as operational revenue. As stated above only a portion of this fee can be used

in operational revenue. Per G.A.A. P. (*Generally Accepted Accounting Principles*)

Below is an email from an MTAS attorney concerning the Effluent Disposal Fee as stated in the ordinance:

“While the Town can adopt any language in an ordinance that it desires, the language as well as the application of the language should comport with State and Federal law and in this case, also comport with acceptable auditing standards. Failure to do so will likely result in an audit finding. Based upon the comments from the finance consultants, the selection from the Blue Book that Kay provided, and a conversation that I just had with colleagues in the Comptroller’s office, I do not believe that the Town can count the entirety of the second fee collected as operating revenue, if the fee exceeds the Town’s costs. While I did not mention the Town by name, I explained the issue and Comptroller staff concur with our analysis. Additionally, I was told that what the Town is proposing will not help with regard to change in net position, which is consistent with what you have already told the Town. Apparently, this is a hot issue that the Comptroller’s office is looking at closely and they are asking questions when something looks off.”

This issue was addressed previously by the Towns auditor for the June 30, 2018, audit report:

NOTE 9 - PREPAID TAP FEES - In 2018, the Town purchased two parcels of land for \$480,000 (Hill property) and \$2,625,000 (Alexander property), respectively. As part of the agreement, the Town accepted \$1,116,000 from the seller for system development and tap fees for 310 taps related to the Hill Property and one other development. The Town also financed \$1,550,000 through a General Obligation Capital Outlay Note (See Note 8) for the Alexander property, approved for parks, open spaces and general infrastructure purposes. The Town anticipates using the property for drip fields. The remaining \$480,000 was paid through cash from the Wastewater Fund.

The Alexander property and related General Obligation Capital Outlay Note are recorded in the governmental activities due to the approved use of the property and related debt. The Hill property and related prepaid tap fees are recorded in capital

assets and deferred inflows of resources in the Wastewater Fund. The residential units and drip fields planned for the property are not expected to begin development for another two to three years, at which time the Town will be able to recognize the prepaid tap fees as revenue.

For further clarification on this issue the Town should contact the Comptroller's Office. *(The Blue Book attachment #5 also illustrates this point.)*

3. The amount of growth may be over-estimated for the 10-year period used in the plan.

4. The operational expenses for the MBR may be underestimated.

5. The plan does not produce a positive change in net position prior to capital contributions. The Thompson's Station plan appears to conflict with the current policy of the Water and Wastewater Financing Board.

The TCA defines, a "change in net position" to mean total revenues less all grants, capital contributions, and expenses. This means that the WWFB will no longer consider grant dollars and other capital contributions as revenue for the year but without reduction for any excluded non-cash items. Non-cash items are defined as changes to or implementation of pension and post-employment benefit standards required by the governmental accounting standards board.

There will probably be operational revenue generated from the Effluent Disposal Fee as taps are installed to structures, but MTAS cannot predict the revenue that will be generated each year from this source.

MTAS Conclusion:

Thompson's Station is aware that the rates charged to customers for sewer service must increase to finance the proposed capital projects and operations. The Town has outlined a plan and MTAS has provided an alternative plan to accomplish these goals.

MTAS Suggestions:

- Remove the cap on Residential Rates.

- Adopt a rate structure that produces a positive change in net position prior to capital contributions.
- Eliminate the inclining block rate structure for commercial accounts
- Adopt a uniform cost per 1,000 gallons for all customers.
- Adopt a small annual increase in rates. This annual increase can be either a percentage from the Consumer Price Index for the previous 12 months as determined by the U.S. Department of Labor or a fixed percentage (*MTAS used 3% in the example*).
- Use the funds generated by the Wastewater Impact Fee and Effluent Disposal Fee to reduce debt.

Discussion sections

New MBR System Cash Flow Projections is Attachment 1 in Electronic form

Thompson's Station provided MTAS an Excel spreadsheet labeled "New MBR System Cash Flow Projections". On January 25, Thompson's Station sent MTAS a revised spreadsheet.

The spreadsheet shows a positive change in net position after capital contributions through FY2031 along with a slow increase in cash.

MTAS Example A

This analysis uses information provided in "**New MBR System Cash Flow Projections**" along with some more detailed information provided by Thompson's Station. The example is in the format of the Statement of Revenue, Expenses and Net Position as shown in audits. The purpose is to give a more direct comparison of the Cash Flow Plan and the MTAS suggestion.

The example shows a negative change in net position without capital contribution in the 2023 projection. The negative change continues through 2025. When the fees for new lots are added, (i.e. Capital Contribution) the change in net position becomes positive.

MTAS Example B

This analysis has the same expenses as Example A with a new rate structure. The new rate structure is effective July 1, 2022. MTAS's proposal produces a positive change in net position prior to capital contributions.

The new rate structure does not have a cap on residential bills. The monthly base becomes \$29.00. The current declining fee structure is eliminated and replaced with a uniform cost per 1,000 gallons of sewer set at \$8.10. There are annual 3% increases in all rates starting July 1, 2023.

MTAS used these assumptions:

- The number of sewer customers starting on July 1, 2022 would be 2,200.
- The volume of sewer sold per year starting July 1, 2022 would be 147,745,000 gallons.
- Growth of the system would be at least 5%.

MTAS Example C

This analysis compares current rates to the proposed MTAS rates. The rates as shown in this example should be implemented no later than July 1, 2022.



Municipal Technical Advisory Service
INSTITUTE *for* PUBLIC SERVICE

mtas.tennessee.edu

Town of Thompson's Station

Wastewater Review 2021 (revised Jan 27, 2021)

Utilizing data from New MBR System Cash Flow, Jan 2021 revision

Example A

	Audit 2018	Audit 2019	<i>revised</i> Audit 2020	Budget 2021	Projected 2022	Projected 2023	Projected 2024	Projected 2025
<i>year ending June 30,</i>								
Revenues								
Charges to customers - wastewater	957,749	1,104,491	1,230,406	1,288,366				
Residential wastewater fee from cash flow projection					1,267,200	1,353,600	1,440,000	1,526,400
commercial wastewater fee from cash flow projection					257,673	257,673	257,673	257,673
other					24,950	24,950	24,950	24,950
Penalties	14,972	35,509	19,435	15,000				
septage disposal fee				9,600				
returned check								
misc.			21,811	350				
Total Revenues	972,721	1,140,000	1,271,652	1,313,316	1,549,823	1,636,223	1,722,623	1,809,023
Operating Expenses								
Salaries	115,663	123,502	223,961					
Payroll taxes and benefits	14,855	15,013	15,456					
Repair and maintenance	63,565	62,413	45,032					
Permits and licenses	4,021	4,828	4,947					
Supplies	2,448	1,680	12,571					
Testing	2,150	3,255	3,187					
Utilities	84,327	79,315	92,111					
Insurance	26,154	9,211	37,978					
Professional and consulting fees	251,305	121,826	151,534					
Other	18,625	25,643	20,041					
Total supply and operations	583,113	446,686	606,818					
Depreciation	405,050	451,588	446,368					

Town of Thompson's Station

Wastewater Review 2021 (revised Jan 25, 2021)

Example A continued

	Audit 2018	Audit 2019	Audit 2020	Budget 2021	Projected 2022	Projected 2023	Projected 2024	Projected 2025
Payroll				242,150	250,625	259,397	268,476	277,873
Payroll Taxes FICA				15,013	15,538	16,082	16,645	17,228
Payroll Taxes Medicare				3,269	3,383	3,502	3,624	3,751
Payroll Taxes SUTA				630	652	675	698	723
Insurance Employee Medical				18,000	18,630	19,282	19,957	20,655
Employee Retirement				6,182	6,398	6,622	6,854	7,094
Staff PTO Balance				10,000	10,350	10,712	11,087	11,475
Permits and Fees				6,000	6,210	6,427	6,652	6,885
Laboratory Testing				4,000	4,140	4,285	4,435	4,590
Supplies				5,000	5,175	5,356	5,544	5,738
Repair and maintenance				75,000	77,625	80,342	83,154	86,064
Postage and freight				9,000	9,315	9,641	9,978	10,328
Billing				8,000	8,280	8,570	8,870	9,180
Utilities Electric				85,000	87,975	91,054	94,241	97,539
Utilities Water				6,000	6,210	6,427	6,652	6,885
Telecommunications				3,600	3,726	3,856	3,991	4,131
Insurance				20,000	20,700	21,425	22,174	22,950
Professional Legal				30,000	31,050	32,137	33,262	34,426
Professional consulting engineers				100,000	103,500	50,000	51,750	53,561
Professional Auditor				2,500	2,588	2,678	2,772	2,869
Professional Other				40,000	41,400	42,849	44,349	45,901
Bank Charges				250	259	268	277	287
Other expenses				1,000	1,035	1,071	1,109	1,148
Depreciation				530,000	530,000	915,000	915,000	915,000
<i>Payroll Additional staff for new MBR</i>						85,235	88,218	91,306
<i>Payroll Taxes FICA for new MBR</i>						2,983	3,087	3,195
<i>Payroll Taxes Medicare for new MBR</i>						682	706	731
<i>maintenance (engineering firm estimate of new expenses for MBR)</i>						150,000	155,250	160,684
Total operating expenses	988,163	898,274	1,053,186	1,220,594	1,244,765	1,836,559	1,868,814	1,902,197
Operating gain (loss)	(15,442)	241,726	218,466	92,722	305,058	(200,336)	(146,190)	(93,174)
Non-Operating Income (Expenses)								
Interest expense page 35 of 2019 audit	(15,042)	(12,310)	(9,572)	(6,692)	(3,970)	(1,248)		
<i>MBR interest expense (revised Jan 2021)</i>						(154,000)	(149,573)	(145,101)
Interest income	11,136	18,420	19,807	15,000	15,000	15,000	15,000	15,000
Other income	26,032							
Total Non-Operating Income (Expenses) without Capital Contributions	22,126	6,110	10,235	8,308	11,030	(140,248)	(134,573)	(130,101)
Change in Net Position without Capital Contributions	6,684	247,836	228,701	101,030	316,088	(340,584)	(280,763)	(223,275)
Capital Contributions								
Capital Contributions	1,861,468							
Tap fees	531,514	502,500	743,400	312,500				
New building "Effluent Fee"				847,500	847,500	847,500	847,500	847,500
Tap fee new development				2,408,800				3,414,950
Change in Net Position with Capital Contributions	2,399,666	750,336	972,101	3,669,830	1,163,588	506,916	566,737	4,039,175

Town of Thompson's Station

Example B

Wastewater Review 2021 (revised Jan 27, 2021)

no max on residential bill

	Audit 2018	Audit 2019	<i>revised</i> Audit 2020	Budget 2021	Projected 2022	Projected 2023	Projected 2024	Projected 2025
<i>year ending June 30,</i>								
Revenues								
Charges to customers - wastewater	957,749	1,104,491	1,230,406	1,288,366	1,267,200			
<i>Base fee of \$29.00 per month for 2200 customers effective July 1, 2022</i>						765,600	803,880	844,074
<i>Cost of living increase July 1, 2023 of 3%</i>							24,116	25,322
<i>Cost of living increase July 1, 2024 of 3%</i>								26,082
<i>Volume charge for \$8.10 per 1,000 gallons effective July 1, 2022</i>						1,196,733	1,256,570	1,319,398
<i>Cost of living increase July 1, 2023 of 3%</i>							37,697	39,582
<i>Cost of living increase July 1, 2024 of 3%</i>								40,769
Penalties	14,972	35,509	19,435	15,000	257,673	15,000	15,000	15,000
septage disposal fee				9,600	24,950	9,600	9,600	9,600
returned check								
misc.			21,811	350				
Total Revenues	972,721	1,140,000	1,271,652	1,313,316	1,549,823	1,986,933	2,146,863	2,319,827
Operating Expenses								
Salaries	115,663	123,502	223,961					
Payroll taxes and benefits	14,855	15,013	15,456					
Repair and maintenance	63,565	62,413	45,032					
Permits and licenses	4,021	4,828	4,947					
Supplies	2,448	1,680	12,571					
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Professional and consulting fees	251,305	121,826	151,534					
Other	18,625	25,643	20,041					
Total supply and operations	583,113	446,686	606,818					
Depreciation	405,050	451,588	446,368					

Town of Thompson's Station

Wastewater Review 2021 (revised Jan 25, 2021)

Example B continued

	Audit 2018	Audit 2019	Audit 2020	Budget 2021	Projected 2022	Projected 2023	Projected 2024	Projected 2025
Payroll				242,150	250,625	259,397	268,476	277,873
Payroll Taxes FICA				15,013	15,538	16,082	16,645	17,228
Payroll Taxes Medicare				3,269	3,383	3,502	3,624	3,751
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Laboratory Testing				4,000	4,140	4,285	4,435	4,590
Supplies				5,000	5,175	5,356	5,544	5,738
Repair and maintenance				75,000	77,625	80,342	83,154	86,064
Postage and freight				9,000	9,315	9,641	9,978	10,328
Billing				8,000	8,280	8,570	8,870	9,180
Utilities Electric				85,000	87,975	91,054	94,241	97,539
Utilities Water				6,000	6,210	6,427	6,652	6,885
Telecommunications				3,600	3,726	3,856	3,991	4,131
Insurance				20,000	20,700	21,425	22,174	22,950
Professional Legal				30,000	31,050	32,137	33,262	34,426
Professional consulting engineers				100,000	103,500	50,000	51,750	53,561
Professional Auditor				2,500	2,588	2,678	2,772	2,869
Professional Other				40,000	41,400	42,849	44,349	45,901
Bank Charges				250	259	268	277	287
Other expenses				1,000	1,035	1,071	1,109	1,148
Depreciation				530,000	530,000	915,000	915,000	915,000
Payroll Additional staff						85,235	88,218	91,306
Payroll Taxes FICA						2,983	3,087	3,195
Payroll Taxes Medicare						682	706	731
maintenance (engineering firm estimate of new expenses for MBR)						150,000	155,250	160,684
Total operating expenses	988,163	898,274	1,053,186	1,220,594	1,244,765	1,836,559	1,868,814	1,902,197
Operating gain (loss)	(15,442)	241,726	218,466	92,722	305,058	150,374	278,049	417,630
Non-Operating Income (Expenses)								
Interest expense page 35 of 2019 audit	(15,042)	(12,310)	(9,572)	(6,692)	(3,970)	(1,248)		
<i>MBR interest expense (revised Jan 2021)</i>						(154,000)	(149,573)	(145,101)
Interest income	11,136	18,420	19,807	15,000	15,000	15,000	15,000	15,000
Other income	26,032							
Total Non-Operating Income (Expenses) without Capital Contributions	22,126	6,110	10,235	8,308	11,030	(140,248)	(134,573)	(130,101)
Change in Net Position without Capital Contributions	6,684	247,836	228,701	101,030	316,088	10,126	143,476	287,529
Capital Contributions								
Capital Contributions	1,861,468							
Tap fees	531,514	502,500	743,400	312,500				
New building "Effluent Fee"				847,500	847,500	847,500	847,500	847,500
Tap fee new development				2,408,800				3,414,950
Change in Net Position with Capital Contributions	2,399,666	750,336	972,101	3,669,830	1,163,588	857,626	990,976	4,549,979

Town of Thompson's Station

Wastewater Review 2021 (revised Jan 27, 2021)

Example C

	Current Rates	Rates effective July 1, 2022	Rates effective July 1, 2023	Rates effective July 1, 2024
Minimum bill	\$17.20	\$29.00	\$29.87	\$30.77
Uniform cost per 1,000 gallons		\$8.10	\$8.34	\$8.59
0-8,000 gallons (per 1,000 gallons)	\$7.47			
8,001 to 20,000 gallons (per 1,000 gallons)	\$9.46			
20,001 gallons or greater (per 1,000 gallons)	\$11.83			

NOTE:

Residential accounts are limited to a maximum of \$55.00 per month

Non-residential accounts have no maximum limit

There is no cap in the MTAS proposed rates

Connection fees

When new customers wish to join an existing utility system, they normally must pay a *connection fee*, also commonly known as a *system development fee* or *tap fee*. Typically, a portion of that fee is designed to recover the cost initially incurred to provide the new customer access to the existing system ("hook up"). The balance of the fee normally is intended to recover the incremental cost of expanding existing service capacity to meet the needs of new customers.

The two portions of a connection fee just described are treated differently for accounting and financial reporting purposes. Costs associated with "hooking up" a new customer are reported as an *operating expense* of the period; therefore, the portion of a connection fee designed to recover those costs is properly classified as *operating revenue*. Conversely, the balance of the fee is properly classified either as a *capital contribution* or as a *nonoperating revenue*.²⁸

Impact/developer fees

Private-sector development (new subdivisions and office parks) may result in a government having to incur substantial additional capital costs (new infrastructure and parks). Sometimes governments are able to recover a portion of this additional cost from developers in the form of *impact fees* (or *developer fees*). An impact fee meets the definition of an imposed nonexchange revenue,²⁹ meaning that a receivable should be recognized as soon as an enforceable legal claim has been established. Developers frequently are required to deposit fees in advance. If so, revenue is recognized only at the point the fees become nonrefundable (essentially the point at which the government establishes its enforceable legal claim).

October 29, 2020

Legality of utility rate caps: Is it legal for a city governing body to place a cap on sewer or water charges that may be billed to users of the municipal sewer or water system?

No. State law requires that users of public utilities pay for the cost of the service received. Sewer and water rates are addressed in this language:

(a) The governing body of any city or town acquiring and operating a waterworks or sewerage system under this part has the power, and it is the governing body's duty, by ordinance, to establish and maintain *just and equitable rates* and charges for the use of and the service rendered by the waterworks or sewerage system, *to be paid by the beneficiary of the service*. The rates and charges shall be adjusted so as to provide funds sufficient to pay all reasonable expenses of operation, repair, and maintenance, provide for a sinking fund for payment of principal and interest of bonds when due, and maintain an adequate depreciation account, and the rates and charges may be readjusted as necessary from time to time by amendment to the ordinance establishing the rates then in force. Any upward adjustment of rates and charges for sewage services shall not be granted solely on the basis of increases of rates and charges for water services, but shall be made only after a finding by the governing body that such an adjustment is reasonable and justified; provided, that this restriction on any upward adjustment of rates and charges for water services shall not apply to counties with a metropolitan form of government. A copy of the schedule of the rates and charges so established shall be kept on file in the office of the board having charge of the operation of such works, and also in the office of the city or town clerk, and shall be open to inspection by all interested parties.

T. C. A. § 7-35-414 (emphasis added)

Municipal utility governing bodies only have authority to place a cap on the minimum base rate charge for sewer service, which is billed to all users and also charged to persons who refuse to hook up to the sewer system (known as the “ready to serve” fee):

(b) If any municipality in Tennessee adopts a sewer fee ordinance which includes a minimum base rate charge payable by all sewer users, it is declared the public policy of the state that such minimum base rate charge shall be considered to be a local tax upon sewer users in the same manner that local property taxes are so considered. However, user fees paid in excess of the minimum base rate charge that are related to the volume or strength of sewage discharged shall be considered as user fees in the same manner in which electrical, gas, or water consumption is related to actual use.

T. C. A. § 7-35-414 (emphasis added)

Note the highlighted language above, requiring that any charges in excess of the minimum base rate be treated as user fees and billed accordingly. This provision is mandatory. Any cap placed on sewer bills violates this law.

In addition, the law requires all municipal utilities to recover the cost of services through levying reasonable rates for users:

(a)(1) Notwithstanding any other law to the contrary, as a matter of public policy, municipal utility systems shall be operated on sound business principles as self-sufficient entities. **User charges, rates and fees shall reflect the actual cost of providing the services rendered.** No public works shall operate for gain or profit or as a source of revenue to a governmental entity, but shall operate for the use and benefit of the consumers served by such public works and for the improvement of the health and safety of the inhabitants of the area served.....

T.C.A. § 7-34-115 (emphasis added)

Due to such state law requirements, cities lack the authority to place a cap on any utility bill or utility user rates and are prohibited from doing such. The Tennessee Attorney General opined that cities may not give utility discounts to nonprofit or charitable entities. Tenn. Atty. Gen. Op. 97-127. In the leading state court opinion on the matter, the Tennessee Court of Appeals ruled:

the City has the duty to establish and maintain just and equitable rates, and it is specifically provided that such rates and charges shall be adjusted so as to provide funds sufficient to pay all reasonable expenses of operation, repair and maintenance, provide for a sinking fund for payment of principal and interest of bonds when due, and maintain an adequate depreciation account. It is further provided that such rates may be readjusted as necessary from time to time. Therefore, **the City had no power to bind itself to a rate for forty-five years which was not subject to increase to reflect the costs of increased capitalization of the system. The legislature imposed upon the City a continuing duty to revise rates to enable the system to be financially self-sufficient while maintaining an equitable rate structure.** City of Parsons v. Perryville Util. Dist., 594 S.W.2d 401, 407 (Tenn. Ct. App. 1979)(emphasis added)

City utility governing bodies have no authority to place caps on utility bills or utility rates, and such actions violate state laws that require city utilities to remain self-sufficient.

ORDINANCE NO. 07-016

AN ORDINANCE OF THE TOWN OF THOMPSON'S STATION TO ESTABLISH A CAP FOR RESIDENTIAL WASTEWATER CHARGES, TO PROVIDE FOR THE ADJUSTMENT OF WASTEWATER USER CHARGES UNDER CERTAIN CIRCUMSTANCES AND TO PROVIDE THAT USER RATES FOR WASTEWATER TREATMENT SERVICES SHALL BE ESTABLISHED BY RESOLUTION OF THE BOARD OF MAYOR AND ALDERMEN.

WHEREAS, the Town of Thompson's Station, Tennessee has previously established sewer user rates to provide for a self-sustaining wastewater treatment facility; and

WHEREAS, the Board of Mayor and Aldermen has decided that it is in the best interest of the Town to cap residential wastewater charges and to provide for the adjustment of wastewater user charges under certain circumstances and to provide that the user rates for wastewater treatment shall be established by resolution of the Board of Mayor and Aldermen.

NOW, THEREFORE BE IT ORDAINED BY THE BOARD OF MAYOR AND ALDERMEN OF THE TOWN OF THOMPSON'S STATION, TENNESSEE AS FOLLOWS:

Section 1. Prior ordinances. Upon the effective date of this ordinance, all prior ordinances and resolutions shall be repealed to the extent they are in conflict with this Ordinance.

Section 2. Vacant or un-built lots. There shall be no minimum monthly rates charged for vacant or un-built lots. Monthly rates shall begin to be assessed upon issuance of a building permit and connection to the public water system, regardless of whether the structure is occupied.

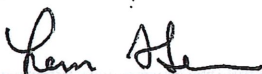
Section 3. Maximum residential fee. The maximum monthly sewer fee that will be assessed against one residential structure shall be \$55.00. This maximum fee shall not apply to multi-unit structures, multi-family residences, multiple structures on the same property or any other circumstances where the residential structure represents more than one residential unit.

Section 4. Adjustment of fees. The Town Administrator shall have the authority to make adjustments to sewer bills upon application of a customer and upon a showing that the calculation based upon water use is inaccurate for that billing period. Such adjustments shall be limited to one time per 12 month period per customer.

Section 5. Rate fee schedule set by Resolution. The Board of Mayor and Aldermen shall establish, and may amend, the sewer use rate fee schedule by resolution. It is the specific intent of this Ordinance to allow for the establishment of all sewer user fees by Resolution; however, all rates previously established by Ordinance No. 06-009 shall remain in effect until amended by a subsequent Resolution passed by the Board so that there shall be no lapse in the application of such fees. All other existing fees including sewer tap fees shall not be affected by this Ordinance.

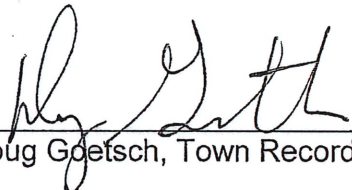
Section 6. Late fees. Any payment not received by the due date shall be assessed a ten percent (10%) penalty on all unpaid fees.

Section 7. Effective date. This ordinance shall take effect upon its passage on final reading by the governing body and upon publication in a newspaper of general circulation, the public welfare requiring.



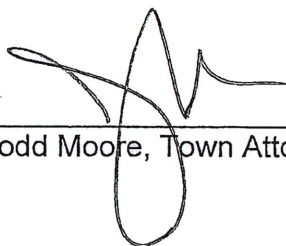
Leon Heron, Mayor

ATTEST:



Doug Goetsch, Town Recorder

APPROVED AS TO FORM AND LEGALITY:



Todd Moore, Town Attorney

Passed first reading: November 13, 2007

Passed second reading: January 8, 2008

CHAPTER 2

WASTEWATER SYSTEM USER RATES

SECTION

- 18-201. Rates and tap fees by governing body.
- 18-202. Vacant or un-built lots.
- 18-203. Maximum residential fee.
- 18-204. Adjustment of bills.
- 18-205. Failure to pay bill when due.

18-201. Rates and tap fees by governing body. User rates and tap fees for the town's wastewater treatment services are set by the board, subject to the limitations in this chapter. A schedule of the current user rates and tap fees shall be maintained in the town recorder's office.

18-202. Vacant or un-built lots. There shall be no minimum monthly rates charged for vacant or un-built lots. Monthly rates shall begin to be assessed upon issuance of a building permit and connection to the public water system, regardless of whether the structure is occupied. (Ord. #07-016, Jan. 2008)

18-203. Maximum residential fee. The maximum monthly sewer fee that will be assessed against one residential structure shall be fifty-five dollars (\$55.00). This maximum fee shall not apply to multi-unit structures, multi-family residences, multiple structures on the same property or any other circumstances where the residential structure represents more than one (1) residential unit. (Ord. #07-016, Jan. 2008)

18-204. Adjustment of bills. The town administrator shall have the authority to make adjustments to sewer bills upon application of a customer and upon a showing that the calculation based upon water use is inaccurate for that billing period. Such adjustments shall be limited to one time per twelve (12) month period per customer. (Ord. #07-016, Jan. 2008)

18-205. Failure to pay bill when due. Any payment not received by the due date shall be assessed a ten percent (10%) penalty on all unpaid fees. (Ord. #07-016, Jan. 2008)



January 22, 2021

Corey Napier, Mayor
Thompson's Station
1550 Thompson's Station Road West
Thompson's Station, TN 37179

RE: Clean Water State Revolving Fund Loan Program Potential Funding
Thompson's Station (Williamson County), Tennessee

Dear Mayor Napier,

The State Revolving Fund Loan Program (SRFLP) is hereby notifying applicants that funding from the FY2020 Priority Ranking List and Capitalization Grant is now available for eligible projects. The following project is eligible for funding:

Description	Amount
GREEN - WWTP Expansion, Secondary Treatment (Expansion of the existing WWTP from 0.47 MGD to 1.0 MGD.)	\$ 15,400,000

Funding priority will be given to those projects that are ready to proceed with construction activities. In order to demonstrate readiness to proceed, applicants must submit the following documents to the SRF's TN Cloud Account:

1. A letter requesting funding for the project listed above;
2. Last three years of audited financial statements submitted to the Tennessee Comptroller of the Treasury, Division of Local Government Audit;
3. Current water/sewer user rate ordinance;
4. Inter-disciplinary Environmental Review (IER) information, which include:
 - a. a clear, concise project description in a (.doc) format
 - b. a 8½" x 11" USGS 7.5-Minute topographic quadrangle color map in a (.jpg or .pdf) format showing the location of the planning area;
 - c. a 8½" x 11" USGS 7.5-Minute topographic quadrangle color map in a (.jpg or .pdf) format showing the location of the proposed project;
5. Facilities Planning Document;
6. Engineering Agreement(s);
7. Plans and Specifications; and
8. Documentation of acquired easements or email/letter certifying ownership of land.

There may be additional documents that are required for submittal to the SRFLP before funding such as: a Fiscal Sustainability Plan Certification, Cost and Effectiveness Analysis Certification, and Plan of Operations. For specific information about these documents and requirements, please contact Ms. Freeman at (615) 253-5134 or Felicia.D.Freeman@tn.gov.

Instructions for submitting these documents can be found on SRFLP's website at:
<https://www.tn.gov/environment/program-areas/wr-water-resources/srfp/srf-home/srf-cloud-document-portal.html>.

Upon receipt of the above documents, the SRFLP will arrange the document packages in order by date received. Projects meeting this requirement will be offered FY2020 Capitalization Grant funding, which may include principal forgiveness, until such funding is exhausted. Projects that do not receive principal forgiveness may receive low interest SRF funds to finance their project(s).

If you would like to schedule a Pre-application Meeting to discuss the Program's requirements, please contact Mr. Richard Thomas at Richard.E.Thomas@tn.gov or (615) 532-0668.

If I may be of assistance, please contact me at (615) 532-0789 or Adeniyi.R.Bakare@tn.gov. We look forward to working with you on your project.

Sincerely,



Adeniyi R. Bakare
SRF Loan Program Manager

ARB/dfd

cc: Mr. Matthew Johnson, P.E., Barge Design Solutions, Nashville, TN (via e-mail)
Ms. Felicia D. Freeman, Environmental Manager, SRF Loan Program (via e-mail)
Ms. Andréa W. Fenwick, Manager, SRF Administrative Section (via e-mail)

Wastewater Rate Comparison

			Sewer	TOTAL	Gallons
Spring Hill (11/19)	based on gallons				
	Base Rate		\$12.07		5000
	per 1000	\$4.52	\$22.60		
			\$34.67	34.67	
Franklin - city	0-1000		\$20.03		5000
	over 1-14	\$6.41	\$25.64		
			\$45.67	45.67	
Franklin - outside	0-1000		\$25.11		5000
	over 1-14	\$9.80	\$39.20		
			\$64.31	64.31	
Nashville 1 inch meter		Sewer			5000 (~6ccf)
	Base		\$46.58		
	per ccf	\$5.85	\$35.10		
			\$81.68	81.68	

	Proposed		Current Rate
		Rate/1000 gal	
Base		\$29.00	\$0.00
Gallons	4200	\$8.10	\$50.02
Calculation	(4200 x 8.10 = sum/1000)		
		Total Fee	\$63.02
		\$63.02	\$50.02
Base		\$29.00	\$0.00
Gallons	7500	\$8.10	\$55.00
Calculation	(7500 x 8.10 = sum/1000)		
		Total Fee	\$89.75
		\$89.75	\$55.00



TENNESSEE DEPARTMENT OF ENVIRONMENT AND CONSERVATION
DIVISION OF WATER RESOURCES
State Revolving Fund Loan Program
 William R. Snodgrass Tower, 312 Rosa L. Parks Avenue, 12th Floor
 Nashville, Tennessee 37243
CLEAN WATER STATE REVOLVING FUND QUESTIONNAIRE

Section 1. Applicant Information (authorized representative responsible for project, signs certification below)

Applicant Name: Town of Thompson's Station		Signatory's Title or Position: Mayor Corey Napier	
Facility Name: Regional Wastewater Treatment Plant		Entity (select from drop down): City	
Mailing Address: 1550 Thompson's Station Road West		City: Thompson's Station	State: TN Zip: 37179
Phone: 615-504-8425		E-mail: cnapier@thompsons-station.com	
DUNS Number: 946744351	Population Served: 6,300	County(ies) Served: Williamson	

Section 2. Contact/Consultant Information (a consultant is not required)

Alternate Contact Name: Matthew Johnson, PE			
Company: Barge Design Solutions		Title or Position: Project Manager	
Mailing Address: 615 3rd Ave. S, #700		City: Nashville	State: TN Zip: 37210
Phone: 615-252-4236		E-mail: matthew.johnson@bargedesign.com	

Section 3. Project Information

Primary Reason for the CW project (select from drop down):		Comments:	
Meet Future Requirements			
Project Location: 4549 Columbia Pike, Thompson's Station, TN 37179	Estimated Number of People who will benefit from this project:	8,500	
MS4 Jurisdiction: Thompson's Station			
Project Type (select from drop down):			
WWTP-Expansion from x MGD to y MGD (new)-Advanced Treatment / II	Cost:	\$ 15,400,000.00	
No additional project component	Cost:	\$ 0.00	
No additional project component	Cost:	\$ 0.00	
No additional project component	Cost:	\$ 0.00	
Total Estimated SRF Project Cost:		\$ 15,400,000.00	
Additional Funding Sources:		Cost:	
Additional Funding Sources:		Cost:	
Additional Funding Sources:		Cost:	
Additional Funding Sources:		Cost:	
Total Estimated Project Cost:		\$ 15,400,000.00	

Detailed Project Description:
 The project includes upgrades to the existing wastewater treatment facility including a new membrane bioreactor (MBR) to increase the capacity of the facility to 1.0 MGD.

Section 4. Project Readiness

Construction Start date: 06/22/2021 Construction Completion date: 01/02/2023 Desired Loan Award Date: 01/01/2021

Will this project be completed in phases? Yes No Detail project phasing and construction time frames:
 Construction on the WWTP project is tentatively scheduled to begin in Feb. 2021 and complete in August 2022.

Section 5. Required Documents for Loan Consideration

	Yes	No
Has a facilities plan or comprehensive planning document been developed for this project?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Have plans and specifications been developed for this project?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Attach a map or maps showing the location or proposed route of construction.	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Have all real property and/or easements required for the project been obtained?	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Has the project been evaluated for possible impediments to the project start such as acquiring real property, easements, moratoriums (including self-imposed), or other permit issues?	<input checked="" type="checkbox"/>	<input type="checkbox"/>

Section 6. Permits and Environmental

Does the proposed project require permits from U. S. Army Corps of Engineers, TVA, TDEC, or other regulatory authority? Yes No

Will there be any stream crossings or wetland impacts? If yes, please provide permit reference numbers.
 Yes No Unnamed Tributary to West Harpeth River (TN05130204013_0600)

State Operating Permit or NPDES permit number (*new or revised*): SOP-04058

Name of Receiving Stream: N/A

8-digit Hydrologic Unit Code: Is the receiving stream on the most current 303(d) list? Yes No

If there are enforcement issues, including Orders or Consent Decrees, please provide the State or Federal reference number and a description of the violation. N/A

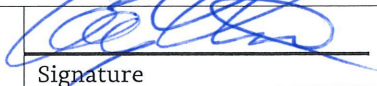
Section 7. Green Project Reserve (GPR) Cost Information

Total Estimated Project Cost(\$):	\$ 15,400,000.00
Green Project Funding (GPR):	
Green Infrastructure(\$):	\$ 15,400,000.00
Energy Efficiency(\$):	
Water Efficiency(\$):	
Environmentally Innovative(\$):	
Total GPR(\$):	\$ 15,400,000.00

Certification and Signature

An application submitted by a corporation must be signed by a principal executive officer; from a partnership or proprietorship, by the partner or proprietor respectively; from a municipal, state, federal or other public agency or facility, the application must be signed by either a principal executive officer, ranking elected official, or other duly authorized employee.

"I am an authorized representative of the applicant and I certify that the information provided above is true and accurate to the best of my knowledge and that all warranted and necessary inquires to employees, officers, and records of the applicant were made in good faith to provide the State Revolving Fund Loan Program with the most current and honest answers to each of the above questions."

Corey Napier	Mayor		12/8/2020
Printed Name	Official Title	Signature	Date

CLEAN WATER SRF QUESTIONNAIRE INSTRUCTIONS

Describe the project as completely as possible. Attach additional pages as needed.

- Section 1:** Applicant Information. Provide the applicant's name, company, signatory's title or position, mailing address, city-state, zip code, phone number, email address, Data Universal Numbering System (DUNS) number, population served, and county(ies) served.
- Section 2:** Alternate Contact/Consultant Information. Provide the alternate's name, company, title or position, mailing address, city, state, zip code, phone number, and email address.
- Section 3:** Project Information. Select the primary reason for the purpose and need for the CW project from the drop-down box in the questionnaire, and provide an explanation for the selection in the space provided (this should be a brief explanation of any existing problems, inefficient designs, component failures, safety concerns, etc. - attach additional pages only if needed). The project location should be a description of the location/route(s) for the sewer line or site(s) of the proposed facilities to be constructed. Estimate the number of people in residential, industrial, commercial, and educational communities who will benefit from this project; and provide the MS4 Jurisdiction. Select the project type from the drop-down and type the estimated SRF project cost associated with the selection in the appropriate box. The total estimated SRF project cost will auto-populate when all estimated SRF project costs are added. Provide any additional funding sources and funding amounts. The total estimated project cost will auto-populate after the additional funding sources (if applicable) are added. In the space provided, give a detailed description of the proposed project(s) to include major system components to be constructed, renovated, rehabilitated, expanded, or removed from service; installation of new facilities, etc. Include any discussions of water and energy efficiency, green infrastructure, and resiliency or sustainability considerations, if applicable. (Attach additional pages as needed).
- Section 4:** Project Readiness. Indicate the estimated construction start date and end date. Provide an estimated desired loan award date (Minimum date accepted will be three months after the June IUP meeting). Select "yes" or "no" if any portion of the proposed project is completed now. Provide detailed project phasing and construction time frames in the space provided (attach additional pages as needed).
- Section 5:** Required Documents for Loan Consideration: Select "yes" or "no" to the questions in this section.
- Section 6:** Permits and Environmental: Does the proposed project require permits from U.S. Army Corps of Engineers, Tennessee Valley Authority, TDEC or other regulatory authority? Select "yes" or "no." Provide the State Operating Permit or NPDES permit number (new or revised) in the space provided. Provide the name of the receiving stream and the 8-digit Hydrologic Unit Code in the space provided. Is the receiving stream on the most current 303(d) list? Check "yes" or "no." Are there enforcement issues, including Orders or Consent Decrees? If so, provide the State or Federal reference number and a description of the violation in the space provided (attach additional pages if needed).
- Section 7:** Green Project Reserve (GPR) Cost Information. Complete this section if your project qualifies as a GPR (eligible activities can be found on the EPA SRF website). The Green component cost must comprise of at least 20% of the overall total project cost. Type the estimated green component cost(s) associated with each selection into the appropriate box. The total GPR will auto-populate as the estimated costs for the green components are entered. The costs for the green components should be included within the total estimated project costs

Certification and Signature:

Please print your name and title, and sign and date the form. Digital signatures are acceptable.

Follow the directions for submission that can be found on the SRF Website:

<https://www.tn.gov/environment/program-areas/wr-water-resources/srfp/srf-home/i-need-funding/funding-cw-projects.html>.



**Town of Thompson's Station
1550 Thompson's Station Road, West
Thompson's Station, TN 37179
615-794-4333**

January 27, 2021

Mr. Adeniyi Bakare
Via SRF TN Cloud
State Revolving Fund Loan Program Manager
William R. Snodgrass-Tennessee Tower
312 Rosa L. Parks Avenue-12th Floor
Nashville, TN 37243

RE: Letter of Request to Fund this Project with a Clean Water State Revolving Fund Loan

Dear Mr. Bakare:

The Town of Thompson's Station requests that the following project be funded with a **\$15,400,000.00, 30-year** Clean Water State Revolving Fund loan. Please send us the necessary loan application documents.

This project will consist of upgrading the existing wastewater treatment plant (WWTP) to accommodate future growth and to provide a higher level of treatment for future potential changes in effluent disposal permit limits. The new WWTP will convert the existing lagoon system to membrane technology. The proposed improvements include upgraded influent pumping, new headworks screening, new aeration basins and membrane bioreactor (MBR) treatment, ultra-violet (UV) disinfection, effluent equalization storage, aerobic digestion, and solids dewatering. The project will provide a higher level of treatment, reduced nutrient loading to the drip fields, and improved solids handling for the system. Additional information about the project is provided below.

- Need for the project – **To maintain compliance and meet future treatment capacity requirements**
- NPDES or State Operating Permit Number – **SOP - 04058**
- Description and dates of any Orders **N/A**
- Location of the project - **4549 Columbia Pike, Thompson's Station, TN 37179**



**Town of Thompson's Station
1550 Thompson's Station Road, West
Thompson's Station, TN 37179
615-794-4333**

- Estimated total project cost - **\$15,400,000.00**
- SRF loan amount - **\$15,400,000.00**
- Other funding sources and amounts - **None**
- Estimated construction start and end dates – **6/22/2021 through 1/2/2023**

Please contact me or Matthew Johnson, Barge Design Solutions, at 615-252-4236 or matthew.johnson@bargedesign.com, if you have any questions.

Sincerely,

Corey Napier
Mayor

cc:
Ken McLawhon – Town Administrator, Town of Thompson's Station
Matthew Johnson – Project Manager, Barge Design Solutions
Kirk Vandivort - RPRV Law
Andrew Mills - RPRV Law