

Tell-E-Gram Text Only Version, Nov. 26, 2013

POA Meetings and Events:

- **POA Offices closed Thursday and Friday, Nov. 28 and 29**
- **POA Board Workshop, 10 a.m. Tuesday, Dec. 3, POA Office**
- **Architectural Control Committee, 9 a.m. Thursday, Dec. 5, Yacht Club (irregular)**
- **Recreation Advisory Committee, 9 a.m. Thursday, Dec. 5, Wellness Center**

General Manager's Report for November 2013

By Winston Blazer, General Manager

GM Recaps Budget Highlights

This has been a challenging budget planning year for the Tellico Village Property Owners Association. We have had many changes as we developed and finalized the budget for 2014. We always strive to have a workable and realistic budget presented and approved at a Board meeting in the fall, and this year we got it done in November.

The Board has adopted an exciting and forward-thinking capital plan totaling \$1,726k for 2014. Two major amenity improvements which have been talked about for years will come to fruition next year: the Toqua pavilion and an eight-court pickleball complex.

The Toqua pavilion project is a 150-seat outdoor, all weather pavilion designed to support large groups for tournaments and outings. It includes cooking facilities and rest rooms to help take the pressure off of the Toqua restaurant as golfers make the turn during busy times. This project is budgeted for \$413,600.

The eight-court pickleball complex will feature lighted, outdoor courts. It will be located directly across the parking lot from the Wellness Center. This project is budgeted for \$311,250.

Stay tuned to our usual communication channels for specific details about each of these exciting projects.

To help support both of these projects and other important capital investments in the 2014 budget, the monthly assessment approved for 2014 reflects an increase of five dollars per month to \$106.75, or a 4.91% increase. Assessment increases also cover items such as inflation and rising prices for goods and services. Maintenance of Village resources and infrastructure are always important and are a high priority in any budget.

Another important increase in this year's budget is a ten percent rise in water rates and the same increase in sewer rates. Parker Owen, Finance Director, has a detailed article on the purposes and uses for the funds from these increases in this issue of the *Tell-E-Gram*. A detailed summary of all the fees and budgetary items is being prepared for mailing to all property owners.

Other items of interest:

- Golf greens fees will remain flat while there will be slight increases in cart fees, unlimited play annual fees, and range fees
- Recreation rates will increase slightly for 2014
- Dock and RV storage rates will remain flat for 2014
- The 2014 budget is balanced to yield a slightly positive Net Income of \$32k
- There is no new debt financing, and our planned, regular payments will reduce our debt by \$389k.

We will continue to keep a keen eye on controlling expenses as we go into the 2014 budget in January. As the economy continues to struggle along, the TVPOA Board and staff are committed to ensuring the high level of service Villagers deserve while watching out for areas to improve and streamline our processes.

Property owners should keep an eye on their mailbox as they will receive the 2014 assessment coupons and information regarding the details of the 2014 budget.

POA aware of Post Office issue

I want to let property owners know that we are keenly aware of the situation at More Than Mail and the potential loss of postal services in Tellico Village. More Than Mail has been trying to work with the USPS on keeping the services at their business, but the USPS is apparently moving to end those services.

Your Association leadership is engaged on this topic, and we are hoping our efforts, those of your elected state and county officials, and the efforts of dozens of other Villagers will help retain those postal services in Tellico Village.

For those who may not have heard what it happening: More Than Mail was informed their contract with the USPS would not be renewed, and those services will be terminated in December.

We will try to keep the community informed of any developments in this area.

Tellico Facebook leads the industry

The Facebook page for Tellico Village is now number one in the industry. Our page has more fans than any other active adult community in the nation.

Early in November our page passed Del Webb Communities' page in the number of "likes." Del Webb is now at 1,839 while the Tellico Village page is at 2,067.

The number of likes has blossomed over the last two months. At the beginning of September, we were at 690. A concerted effort by our marketing team has pulled in the additional fans, and the result is significant.

What does this mean for us? It means we can reach a lot more people to tell them about our community. For every person who likes our page, there are several hundred more who are friends with each one of them. Thousands of Facebook fans will learn about how much better it is at Tellico Village.

If you haven't liked our page yet, please do so. It will help us keep growing.

Survey highlights

The survey that ran for the last five weeks is now closed. More than 650 Villagers weighed in with their opinion on a myriad of subjects. Within a couple of months, the Communications and Marketing Advisory Committee will report the results to the Board at a meeting, and we will in turn report those results to the community via one or more of our communications channels.

About eight percent of the respondents were non-resident property owners. About seven percent of the residents who responded are fairly new here with less than nine months in the Village.

On a very encouraging note, 97 percent of respondents are satisfied with their decision to invest in Tellico Village, and about the same number would recommend the Village to others.

I look forward to passing along a lot more details about what we learned from the survey in the next several weeks.

POA holiday hours

The POA administrative offices will be closed Thursday, Nov. 28 and Friday, Nov. 29 for Thanks-

giving. We will reopen at 8 a.m., Monday, Dec. 2.

The POA administrative offices will be closed on Tuesday, Dec. 24 and Wednesday, Dec. 25 for Christmas. We will also be closed Wednesday, Jan. 1 for New Year's.

The golf courses will be closed Wednesday, Dec. 25 for Christmas and Wednesday, Jan. 1 for New Year's.

Recreation Hours:

- **Christmas- Wellness Center**
 - Tuesday, Dec. 24, 6 a.m. – noon
 - Wednesday, Dec. 25, **CLOSED**
 - Thursday, Dec. 26, 6 a.m. - 5 p.m.
- **Christmas- Chota**
 - Tuesday, Dec. 24, **CLOSED**
 - Wednesday, Dec. 25, **CLOSED**
 - Thursday, Dec. 26, 8 a.m. - 5 p.m.
- **New Year's- Wellness Center**
 - Tuesday, Dec. 31, 6 a.m.- 5 p.m.
 - Wednesday, Jan. 1, **CLOSED**
- **New Year's- Chota**
 - Tuesday, Dec. 31, 8 a.m.- 5 p.m.
 - Wednesday, Jan. 1, **CLOSED**

October 2013 Financial Report

By Parker Owen, Director of Finance

Last month I described the 2014 Budget as a moderate expansionary budget due to the inclusion of two major new amenities. The 2014 Budget, as approved by the TVPOA Board of Directors at their November meeting, calls for \$1,726,000 of capital expenditures. Included in that total are \$414,000 for a new open air pavilion and additional parking at Toqua Golf Club and \$311,000 for eight lighted, uncovered Pickleball courts at the Wellness Center.

The 2014 Budget is balanced to yield positive Net Income of \$32,000. The budget does not include any additional debt and in fact projects reductions in existing debt of \$389,000. The 2014 monthly assessment is set at \$106.75, up \$5.00 per month from 2013, which is a 4.91% increase.

Because our capital spending exceeds our projected Net Income plus Depreciation for 2014, we expect to pay for a portion of this capital by drawing down our Amenity Reserve Fund. Some years we have net additions to our reserve funds, while other years we draw down some of our reserves. In the case of the two new planned amenities, we have “saved up” for their funding over several budget cycles, and we now have the capital to pay for them. Routine capital replacements will be budgeted out of 2014 operating cash flows.

The 2014 Budget addresses the long term funding of water and sewer. Several factors are being addressed with this budget, including increasing maintenance costs for an aging water and sewer system, cost increases for portions of our purchased water and sewer services, and the inadequacy of our current funding stream to replenish our Water and Sewer reserve fund.

TVPOA’s rates that we charge our water and sewer customers have not been adequate to cover our costs, with losses incurred in five of the last six years. Significant maintenance costs are budgeted for 2014 and beyond, and a rate increase will be required to return our water and sewer operations to positive net income. In addition, the Water and Sewer Reserve Fund will require a new source of funding to maintain adequate reserve balances. Up to now the Water and Sewer Reserve has relied solely upon connection fees from new construction as its funding source. However, this source is no longer adequate to replenish our reserve fund and needs to be supplemented by a portion of the user fees.

The Reserves and Investment Policy, adopted by the Board of Directors on September 18, 2013, states the following: “Recognizing that this funding stream will diminish over time as the Village builds out and fewer tanks are installed, with Board approval this funding may be augmented by a portion of the water and sewer user fees. This funding, if and when required, will be determined during the budget process and approved by the Board as part of the Annual Budget and 5 Year Plan.” It was determined during the budget process that an increase in fees is needed to return the water and sewer operation to a healthy level of positive net income and to stabilize the Water and Sewer Reserve Fund. A 10% increase in both water and sewer rates was proposed by staff and adopted by the Board as part of the budget. Of this 10% increase, one-half is designated as funding for the water and sewer reserve. The standard connection fees on new tanks will be retained as a funding source for the reserve.

Each month I discuss our 2013 budget goal of cash self-sufficiency and report on our position relative to this goal. Through the end of October operations we had unfavorable variances to budget for revenues, offset by favorable variances to budget for expenses. Also, including all capital projects approved through the end of October, we are 95% through our 2013 Capital Plan and are coming in about \$51,000, or 4%, under budget for all capital projects approved to date. Considering some remaining capital projects that will be deferred until 2014, we expect to under run the 2013 Capital Plan by at least \$91,000.

Our approved 2013 budget projected positive net cash flows of \$15,000. Considering our favorable variances to budget for net income and our favorable capital project variances to date, we are currently projecting over \$170,000 positive net cash flow for the year 2013. Of course these projections will change as we go through the year and encounter both positive and negative influences. Still, combining all of these factors, we are well positioned to achieve our goal of cash self sufficiency for 2013.

Following are some key financial measures through October YTD.

Our Total Revenue year to date is \$613,000 worse than Budget. Shortfalls in Golf, Boat Slip

All numbers are in \$1,000s	Actual	Budge	Variance
Revenues	\$12,647	\$13,261	(\$613)
Expenses	12,554	13,264	709
Net Income	\$ 93	(\$3)	\$ 96

rentals, RV space rentals, Water and Sewer, Gas Dock sales and Utility Installation revenue accounted for the unfavorable variance. These were partly offset by revenue from Realtor partici-

pation in the Village Marketing Program and by higher than budgeted Recreation revenue. On the expense side, we had favorable variances totaling \$709,000. The recently announced legal settlement with one of the major lot investors was recorded as a recovery of bad debt expense. At the same time we reevaluated the remaining allowance for doubtful accounts and adjusted them to reflect their current age and likely collectability. We also have favorable expense variances for supplies, salaries and benefits and utilities. Some of these are timing differences and will be partially offset in coming months. But, timing differences aside, we estimate that we had favorable expense control during the first ten months of the year. Through the end of October our year-to-date net income is \$93,000 compared with a budgeted loss of \$3,000, for a favorable variance to budget of \$96,000.

At this point in the year we have completed most of our 2013 Capital Plan, and there were no requests for capital project funding submitted at the November Board meeting. Assessment notifications and coupons will be mailed to property owners the first week in December. As always, we encourage property owners to sign up for automatic bank draft of assessments. Please call the main office at 865-458-5408, extension 0, and ask for assistance in setting up the auto draft.

Water and Sewer Rates Increasing in 2014

Editor's Note: This is the second of a series about different aspects of water and sewer service in Tellico Village.

By Parker Owen, Director of Finance

At their Nov. 20 meeting the Tellico Village Property Owners Association Board of Directors approved the 2014 Budget. As part of that Budget, they also approved a 10% increase in TVPOA water and sewer rates effective with the first billing cycle of 2014. While no one likes to see the price for services increase, this rate adjustment is needed to address several long term funding issues for water and sewer.

The first issue is the long term financial performance of our Water and Sewer Departments. Over the past several years, TVPOA property owners have enjoyed water and sewer rates that are among the lowest in the East Tennessee region. The annual utility rate survey compiled by the East Tennessee Development District reported an average 2013 price for water of \$37 for 5,000 gallons, an increase of 6.6% over 2012. TVPOA's price is \$22.57 for 5,000 gallons, the second lowest of the 29 systems rated. The survey indicated an average cost for sewer of \$46 for 5,000 gallons, an increase of 7.2% over 2012. TVPOA's price is \$28.04 for 5,000 gallons, which is the lowest rate for sewer of the 16 systems rated.

Unfortunately, these low prices have not been adequate to cover our costs, with losses reported in five of the last six years. Significant maintenance costs budgeted for 2014 will result in a substantial loss unless rates are adjusted. Following is a summary of Water and Sewer combined Net Income (\$1,000s) for the most recent five years of history, 2013 pro forma estimate and 2014 budget, without a rate adjustment.

<u>Year</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013PF</u>	<u>2014</u>
Net Income	(117K)	(79K)	(55K)	80K	(73K)	(83K)	(229K)

The second issue is the longer term cost to operate and maintain an aging system. Unlike the other sewer systems in the East Tennessee Development District, our system is a pressurized system, not a gravity system, and requires more maintenance. The water and sewer system is more

than 25 years old, and some of its component parts and equipment are requiring significant maintenance or replacement. The 2014 Budget and 2015–2019 Five-Year Plan include significant capital and maintenance expenses for truck replacements, a sewer by-pass pump, a water system booster pump, meter replacements, tank and lift station repairs, and replacement of the water line at Chota View. Without a rate adjustment, we are projecting a substantial loss in 2014, and more modest losses over the ensuing 5-Year Plan period.

The third issue is long term funding of the Water and Sewer Reserve Fund. Up to now the Water and Sewer Reserve has relied solely upon connection fees from new construction as its funding source. But this source is no longer adequate to replenish our reserve fund, and the fund needs to be supplemented by a portion of the user fees.

The Reserves and Investment Policy, adopted by the Board of Directors on Sept. 18 states the following: “Recognizing that this funding stream will diminish over time as the Village builds out and fewer tanks are installed, with Board approval this funding may be augmented by a portion of the water and sewer user fees. This funding, if and when required, will be determined during the budget process and approved by the Board as part of the Annual Budget and 5 Year Plan.”

It was determined during the budget process that an increase in fees is needed to return the water and sewer operation to a healthy level of positive net income and to stabilize the Water and Sewer Reserve Fund. Without a rate adjustment and a supplement to the Water and Sewer Reserve funding, our reserves would be projected to decrease by over \$1 million over the course of the budget and 5-year planning period. A 10% increase in both water and sewer rates was proposed by staff and approved by the Board as part of the budget. Of this 10% increase, one-half is designated as funding for the Water and Sewer Reserve. The standard connection fees on new tanks will be retained as a funding source for the reserve. Following is a summary of projected ending reserve balances and net income, with and without the rate increase:

Projected Ending Balances and Net Income with No Rate Increase and No Increase in Reserve Funding

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<u>2019</u>						
W&S Reserve Ending Balance	1325K	946K	816K	616K	499K	
389K 277K						
Net Income	(83K)	(229K)	(4K)	(68K)	13K	21K
(22K)						

With no rate increase and no increase in reserve funding, the Water & Sewer Reserve Fund declines by more than \$1,000K over this time period, and the system continues to suffer losses in most years.

Projected Ending Balances and Net Income with 10% Rate Increase, Half of the Increase Designated to Reserve Funding

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<u>2019</u>						
W&S Reserve Ending Balance	1,325K	1,053K	1,034K	952K	955K	
967K 981K						

Net Income (83K) (16K) 218K 163K 248K 260K
222K

A 10% increase in water and sewer rates is approximately \$213K per year. This increase is needed to put our water and sewer operations back into positive net income, and to stabilize our Water and Sewer Reserve Fund.

Waste Connections Recycling Explained

What can I put in my Single Sort Recycling Bin?

- Cardboard (flatten and place beside you Bin)
- Glass bottles and jars: clear, green, amber (rinse and discard lids)
- Junk mail, magazines, catalogs and phone books
- Metal cans: aluminum, steel
- Office and school paper
- Newspaper
- Plastics #1 through #7

What does NOT go into my Single Sort Recycling Bin?

- Batteries of any kind
- Bubble wrap
- Chemicals
- Diapers
- Food-soiled paper products (such as pizza boxes)
- Hardback books
- Household hazardous waste
- Kitchen waste
- Oil
- Paint
- Plastic Bags
- Plastic takeout containers and utensils
- Styrofoam
- Tires
- Trash
- Waxed cartons
- Yard Waste

For more information, contact Waste Connections, 865-458-6217.

Reminder: Waste Connections Holiday Schedule

Waste Connections picks up a day late after a holiday. Observed holidays are New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving, and Christmas. Saturdays will be used as a make-up day during holiday weeks. The reasons cited are landfills and other operational needs are not available on holidays.

For instance, Labor Day, Sept. 2, falls on a Monday; if your usual refuse removal day is Thursday, then Friday will be your pick-up day that week. If Friday is your usual day, pick-up will be done Saturday.

For more information, call Waste Connections, 865-522-8161.

Spread the Holiday Cheer

Chapter AX-P.E.O. (a non-profit organization that supports women's education) would like to decorate your Tellico Village mailbox with FRESH greenery and berries for the holidays. Even if you have a mail box cover, this will be an added compliment. Arrangements make the perfect gift for a friend or neighbor. Your \$10 includes delivery, installation, and gift card.

Place your orders by Dec. 5. We will be filling your orders on Dec. 13 or 14 with arrangements lasting well into the New Year. Please include the name, address, neighborhood of the recipient, and note on the gift card when placing your order. Make your check payable to Chapter AX P.E.O.

Mail to: Betty Wells
402 Oneida Trace
Loudon, TN 37774

Notice of a commercial permit application for Tellico Village

Dollar General is proposing to build a new store at the intersection of Route 444 and Mialaquo Road.

The application will be presented to the Architectural Control Committee at the Dec. 5 meeting. The meeting will be held in the Yacht Club, top floor, beginning at 9 a.m.

Contact Clayton Taylor, 865-458-4522 or ctaylor@tvpoa.org, with any questions or comments. Residents are encouraged to come to the ACC office to see renderings of the proposed building.