



**TELLICO VILLAGE  
PROPERTY OWNERS' ASSOCIATION  
BOARD MEETING AGENDA**

**Wednesday, April 17, 2024 – 1:30 pm  
Tellico Village Yacht Club**

<b><u>Topic</u></b>	<b><u>Purpose/Outcome</u></b>	<b><u>Presenter</u></b>	<b><u>Time Frame</u></b>
Call Session to Order		Bob Brunetti	1:30 - 1:35
Confirm a quorum is present		Bob Brunetti	1:35 - 1:40
Minutes (March 20 <sup>th</sup> )	Approve	Bob Brunetti	1:40 - 1:45
CEO Report *Trash Service *Tanasi Rebuild	Update	Chet Pillsbury	1:45 - 2:15
Food Service	Update	Tom McPhee	2:15 - 2:30
March Finance Report	Update	Judy Bedford	2:30 - 2:45
Capital Funding Requests	Approve	Judy Bedford	2:45 - 3:00
Other			
Adjourn			



# Minutes



# CEO Update

FOOD SERVICE UPDATE  
BOARD MEETING  
4-17-24



# Discussion Topics

Business Plan Review

KPI Trend Report

KPI Sheet

Menu Changes- Spring Menu- Brunch Menu

Grab N Go Menu items- Breakfast

Aloha Update

Allocation of Labor Dollars to Activity Center

Open Committee Position

April Concert @ YC – Update

Other Items

Adjourn



# Tellico Food Service LLC Business Plan

## Vision Statement

Our vision is to provide the highest quality of food and service possible while ensuring a positive dining experience for Tellico Village.

## Mission Statement

To provide an amenity for the food service experience to all Tellico Village residents within a financially responsible manner.

## Target Audience

- Primary: Tellico Village Residents, TV friends and family of residents
- Secondary: Surrounding community, wedding parties and celebratory events.

## 2024 Objectives

- Maintain employee turnover 10% less than industry average by providing a safe, appreciated, & rewarding work environment.
- Providing a second to none service to customers.
- Providing a high-quality menu including healthy and seasonal items at a good value.

## Marketing Strategies

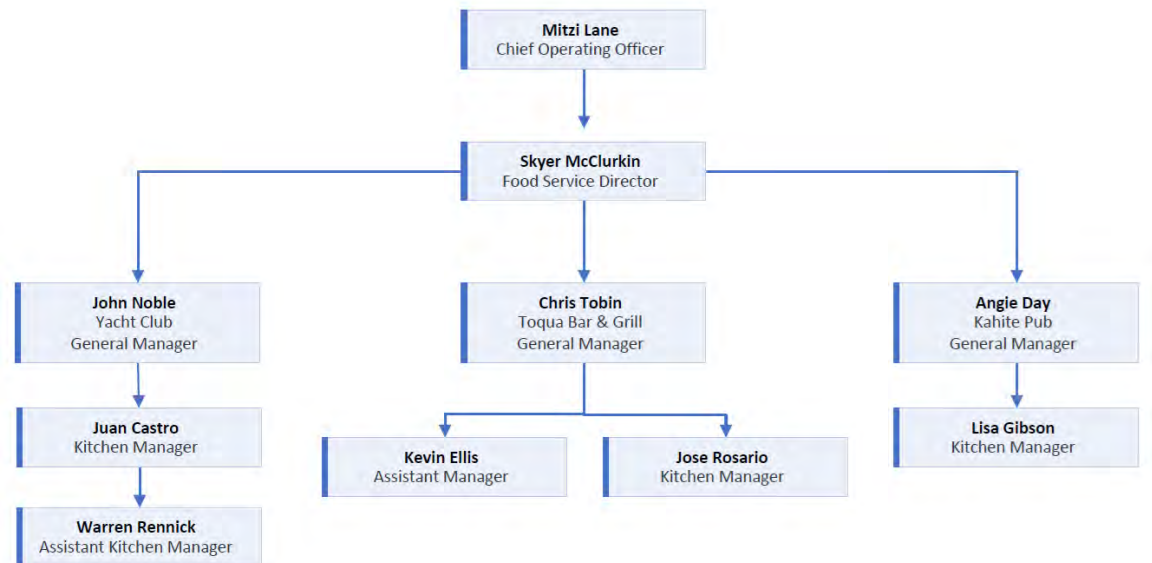
- To participate in wedding magazines, trades shows and food shows that have proven most effective in the restaurant industry.
- To utilize internal and external advertising to capitalize on creating awareness of Tellico Village
- Social Media- Facebook/Instagram
- TVPOA Website/Tell-E-Gram/Loyalty Program- text alerts to promote specials.
- Embrace technology and digital tools.

## Market Analysis

The Tellico Food Service LLC is currently determining what customers want and will work to effectively provide the highest quality of food service to match market demands.

## Organization and Structure

The Tellico Village Food Service LLC team reports directly to the Director of Food Service.



## 2024 Financial Objectives

- First year break-even to last year's subsidy of \$(630K) while providing a better service.
- 5-year plan to move towards a break-even amenity but not at the expense of customer convenience or value.
- Revenue growth of at least 10% > 2023 (\*AWE numbers/ not audited by<sup>6</sup> POA)

## Tellico Food Service LLC Subsidy

- 2023 Actual (\$630K)
- 2024 Budget (\$319.6K) 200% improvement- Stretch GOAL
- 2024 5% improvement
- 2025 5% improvement
- 2026 5% improvement
- 2027 5% improvement

## KPI's

<b><i>Food Services KPI's March &amp; YTD</i></b>						
<b>KPI</b>	<b>How Measured</b>	<b>Goal</b>	<b>This Month</b>	<b>Prior Year</b>	<b>YTD</b>	<b>Explanation</b>
Sales	Net Sales	Performance to budget				Sales for the month \$412K 36% better than Budget & March 2023. YTD Sales are up 6% over prior year and even with Budget despite 3 weeks down in January and not budgeted
Variable Labor	% of net sales	25% of net sales				
Food Margins	Food cost as a % of Food Sales	40%				
Beverage Margins	Beverage cost as a % of Beverage costs	30%				
Gross Profit as a % of Sales	% of sales	60%				72% v/s Budget
Other Expenses as a % of Sales	% of sales	36%				Expenses running for the month at 11.6% March & YTD 18.1% both better than budget and 2023
Staff Retention	As compared to restaurant industry average.	10% better than Restaurant industry average				No explanation needed thanks to Skyler & his team as well as HR.
Financial Performance to Budget	Performance to Budget	Surplus / Subsidy Budgeted at 200% improvement to last year				Budget did not forecast training & snow days which resulted in higher labor & less sales.



# **Food Services KPI's March & YTD**

<u>KPI</u>	<u>How Measured</u>	<u>Goal</u>	<b>This Month</b>	<b>Prior Year</b>	<b>YTD</b>	<b>Explanation</b>
<b>Sales</b>	<b>Net Sales</b>	<b>Performance to budget</b>				<b>Sales for the month \$412K 36% better than Budget &amp; March 2023. YTD Sales are up 6% over prior year and even with Budget despite 3 weeks down in January and not budgeted</b>
<b>Variable Labor</b>	<b>% of net sales</b>	<b>25% of net sales</b>				
<b>Food Margins</b>	<b>Food cost as a % of Food Sales</b>	<b>40%</b>				
<b>Beverage Margins</b>	<b>Beverage cost as a % of Beverage costs</b>	<b>30%</b>				
<b>Gross Profit as a % of Sales</b>	<b>% of sales</b>	<b>60%</b>				<b>72% v/s Budget</b>
<b>Other Expenses as a % of Sales</b>	<b>% of sales</b>	<b>36%</b>				<b>Expenses running for the month at 11.6% March &amp; YTD 18.1% both better than budget and 2023</b>
<b>Staff Retention</b>	<b>As compared to restaurant industry average.</b>	<b>10% better than Restaurant industry average</b>				<b>No explanation needed thanks to Skyler &amp; his team as well as HR.</b>
<b>Financial Performance to Budget</b>	<b>Performance to Budget</b>	<b>Surplus / Subsidy Budgeted at 200% improvement to last year</b>				<b>Budget did not forcast training &amp; snow days which resulted in higher labor &amp; less sales.</b>

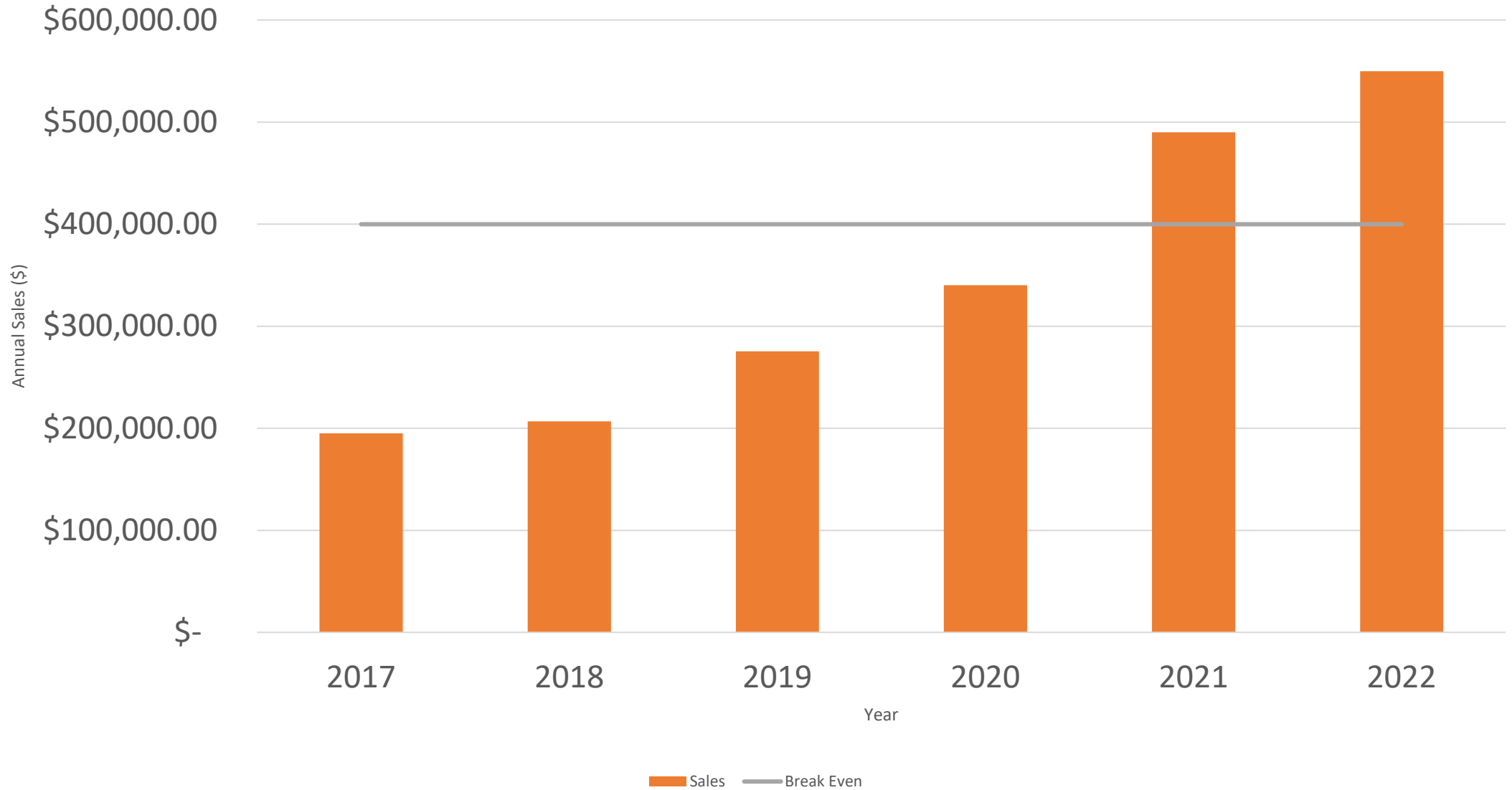


# TV Food Service

An amenity managed by TVPOA for TV Residents in a financially responsible manner that provides great value & service.



## Kahite Pub & Grill Sales History





April Concert – Yacht Club





April Concert – Yacht Club







Thank you.

As a reminder....

Every dollar you  
spend goes directly  
back to your POA!!

**Tellico  
Village**

**FOOD  
SERVICE**

# March Finance Report

## Capital Funding Requests

# TVPOA Financial Goals

Maintain our excellent  
financial condition

Control Spending / Reduce  
Subsidies

Contribute  
\$8M-\$10M to Reserves



# Financial Calendar and Information

2024 Budget Book is available on the website under the finance department tab:

- <https://www.tellicovillagepoa.org/wp-content/uploads/Budget-Book-2024.pdf>

2023 Audit is underway

- Goal: June 2024 Completion /results presented during June 19, 2024 board meeting

2023 Tax Return preparation to follow audit completion (Forms 990 and 990T)

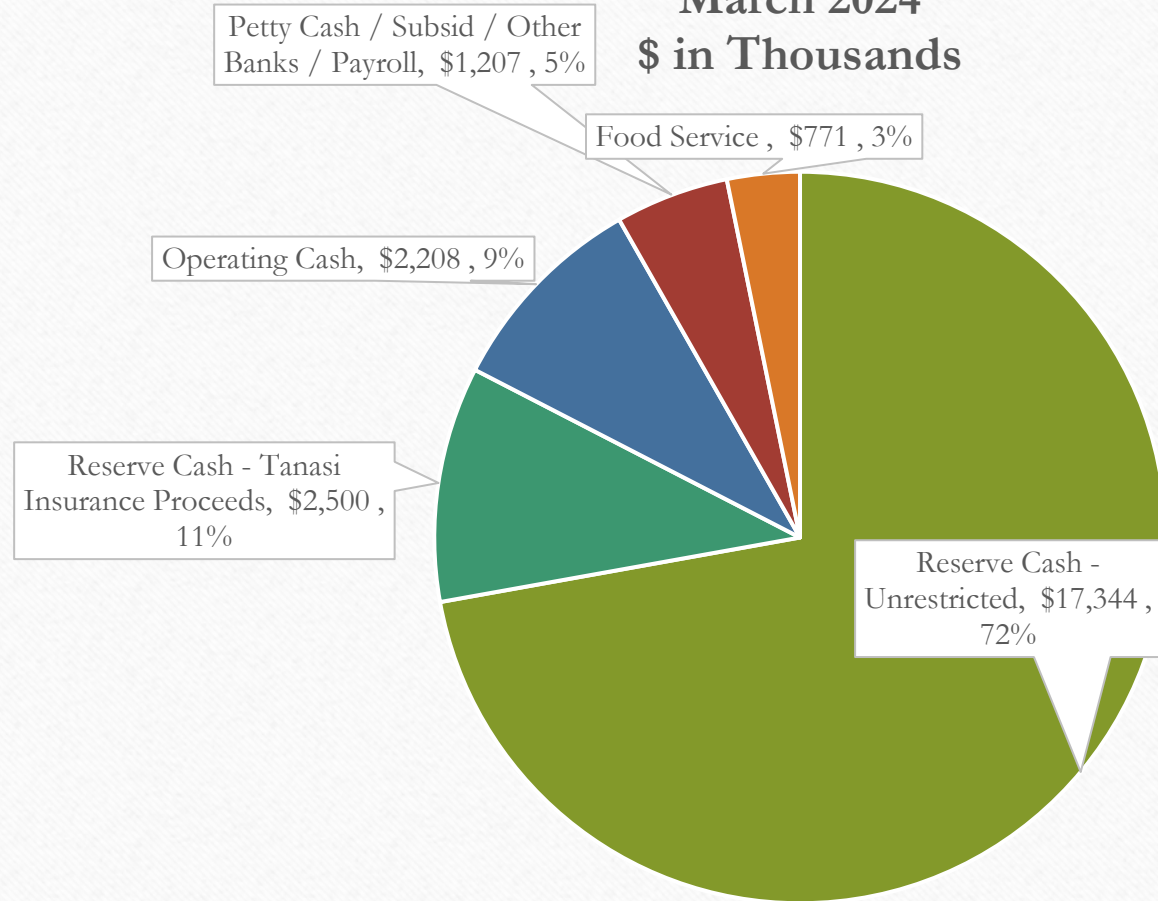
- Goal: August 2024 Completion

# Balance Sheet and Cashflow Highlights

\$ in Thousands

Balance Sheet	24-Mar	23-Dec	Other Balance Sheet Highlights	24-Mar	23-Dec
Operating Cash (ROI 4.75% Main Ops)	\$ 4,186	\$ 2,684	Accounts Receivable	\$ 1,906	\$ 1,650
Reserve Cash (Wgt Avg Effect ROI 4.6%) (includes Tanasi Insur Proceeds 2.5M)	\$ 19,844	\$ 18,615	Allowance for Doubtful Accounts ***	\$ (986)	\$ (975)
Total Cash	\$ 24,030	\$ 21,300		-52%	-59%
Total Assets	\$ 60,960	\$ 58,238			
ST Portion of LT Debt	\$ 683	\$ 657			
Total LT Debt (incl Leases)	\$ 8,952	\$ 9,154	Unearned Revenue	\$ 6,977	\$ 4,988
Total Liabilities	\$ 16,996	\$ 15,072			
Equity **	\$ 43,964	\$ 43,166			
Debt to Equity Ratio	22%	23%			
			<b>Selected Uses of Cash</b>	<b>24-Mar</b>	
<b>Selected Debt Measures</b>	<b>24-Mar</b>	<b>23-Dec</b>			
UCB - Summit Medical Bldg (7/27)	\$ 414	\$ 444	Reserve Fund - Capital	\$ 596	
UCB - CCI Acq (12/26 Balloon \$2.9M)	\$ 3,499	\$ 3,553	Reserve Fund - Maint	\$ 24	
Operating Lease - Golf Cart (9/26)	\$ 489	\$ 539			
Capitalized Lease - TRDA (12/44)	\$ 5,233	\$ 5,274			
ST Portion of LT Debt	\$ (683)	\$ (657)			
* Adding back depreciation / amortization					
**Equity = Retained Earnings, Contributed Capital, Current Earnings					
*** Unimproved Properties Delinquent =92 ; Homes Delinquent = 34					

## Cash Position March 2024 \$ in Thousands







## VARIANCES TO BUDGET

Net Surplus / (Subsidy)

\$ in Thousands

Department	Amount	%	Department	Amount	%
Better Than Budget			Worse Than Budget		
ACC	\$ 153	620%	Golf Pro Shops	\$ (165)	-44%
Acct / IT / HR	\$ 114	22%	Food Services	\$ (153)	-108%
Parks & Recreation	\$ 44	34%	Docks	\$ (71)	-112%
Public Works- Maintenance	\$ 37	10%	Marketing	\$ (46)	-37%
Utility Dept (Water / Sewer / Installs)	\$ 27	6%	Central Administration	\$ (32)	-1%
Golf Maintenance	\$ 15	1%	Public Works - Roads	\$ (30)	-5%
Public Safety	\$ 1	1%	Commercial	\$ (2)	-2%

## SUMMARY Variances to Budget

Gross Profit (Revenue Less Cost of Sales)	\$ (322)	-4%
Expenses (All except Cost of Sales)	\$ 69	1%
Net Income	\$ (99)	-11%
Net Surplus (Adding back Depreciation)	\$ (106)	-7%

NOTE: More Detailed Financial Information can be obtained by attending the FAC meetings the Friday before the board meeting or by contacting the POA

# TVPOA P&L Highlights

\$ in Thousands  
Through March 2024

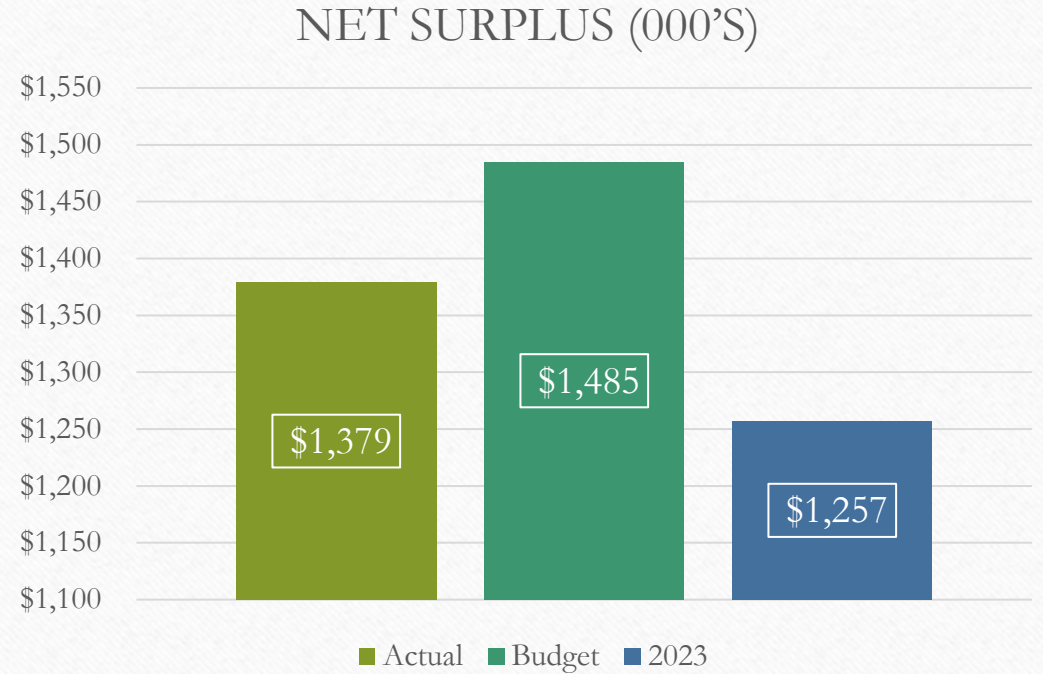
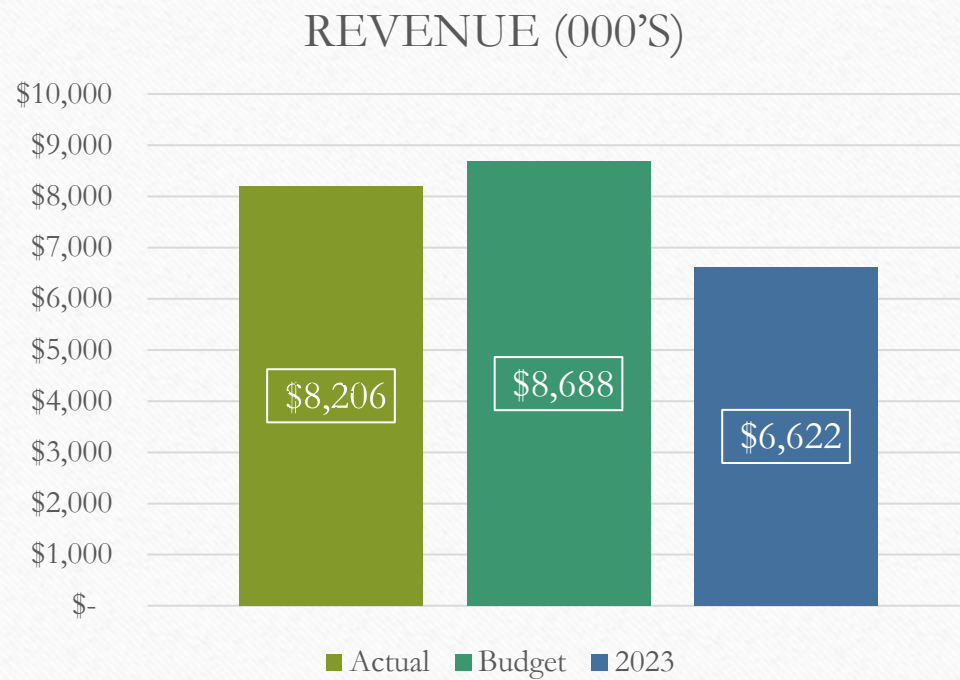
Operating P&L Highlights \$ **	2024A	2024B	2023A	Act-Bud	%	Act-PY	%
Revenue	\$ 8,206	\$ 8,688	\$ 6,622	\$ (482)	-6%	\$ 1,585	24%
Cost of Sales (COS)	\$ (1,259) -15%	\$ (1,419) -16%	\$ (908) -14%	\$ 160	-11%	\$ (351)	39%
T. Expense (Excludes COS)	\$ (5,794) -71%	\$ (5,863) -67%	\$ (4,517) -68%	\$ 69	-1%	\$ (1,277)	28%
Depreciation	\$ (569)	\$ (576)	\$ (555)	\$ 7	-1%	\$ (14)	3%
Reserve Maintenance Expenses	\$ (9) 0%	\$ - 0%	\$ - 0%	\$ (9)		\$ (9)	
Other Income (Expenses)***	\$ 235 3%	\$ 78 1%	\$ 61 1%	\$ 157	201%	\$ 174	285%
Net Income	\$ 810 10%	\$ 909 10%	\$ 702 11%	\$ (99)	-11%	\$ 108	15%
Net Surplus (Subsidy)*	\$ 1,379 17%	\$ 1,485 17%	\$ 1,257 19%	\$ (106)	-7%	\$ 122	10%

\* Adding back depreciation / amortization

\*\* Highlights are % of Total Revenue

\*\*\* Includes Gain (Loss) on Sale of Assets, Interest Income & Interest Expense

# TVPOA CONSOLIDATED RESULTS March 2024 YTD



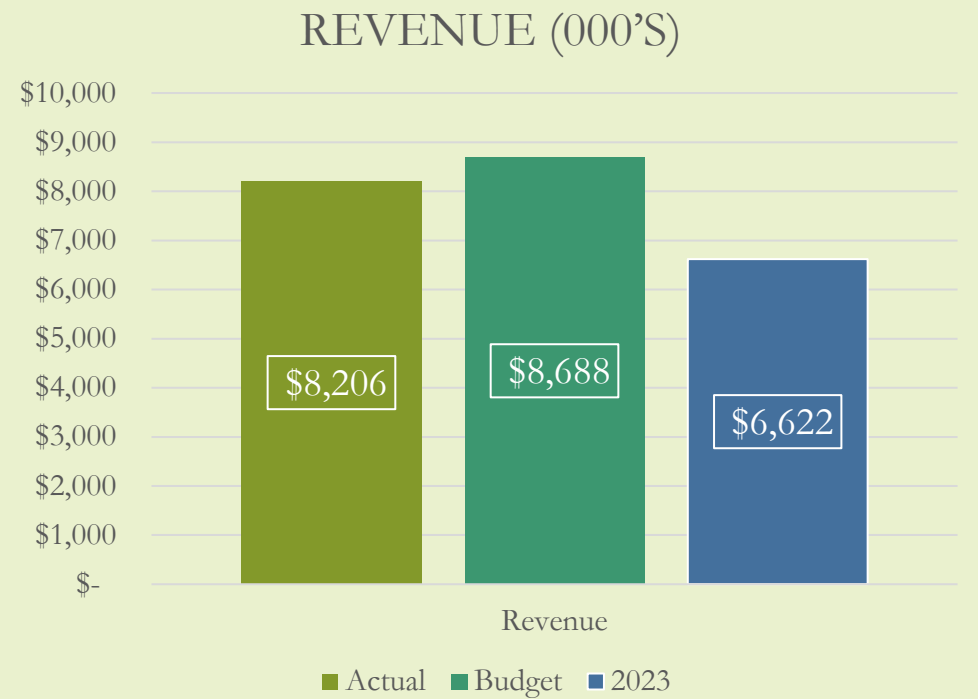


# TVPOA

## March 2024 YTD

### Revenue

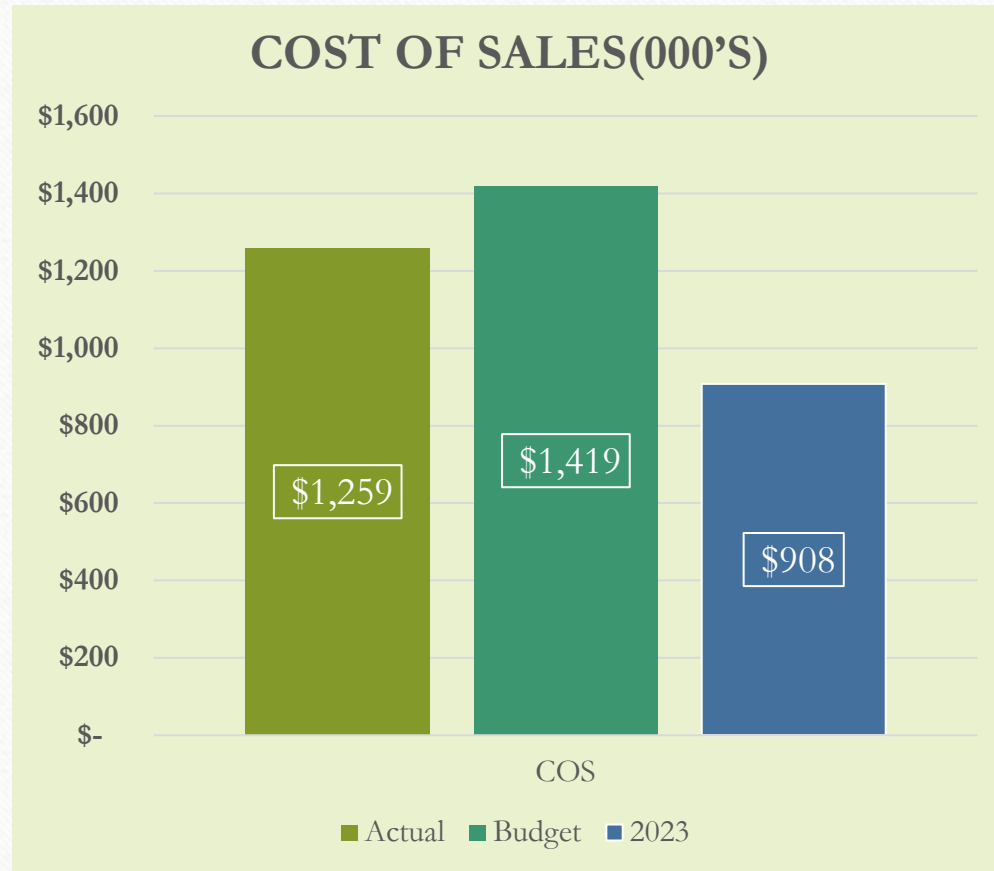
- Overall positive trend in revenue generation year-over-year, despite not meeting budgeted expectations through March.
- Biggest drivers to budget variance in Golf and Utilities Department.
- Noteworthy year-over-year improvements for Food Service & Utilities Department.





# TVPOA

## March 2024 YTD



### COST OF SALES (COS)

#### Actual Results:

- 25% Food Service
- 72% Utility Department
- 3% Other (Golf / Rec / Docks)
- Gross Profit %\*

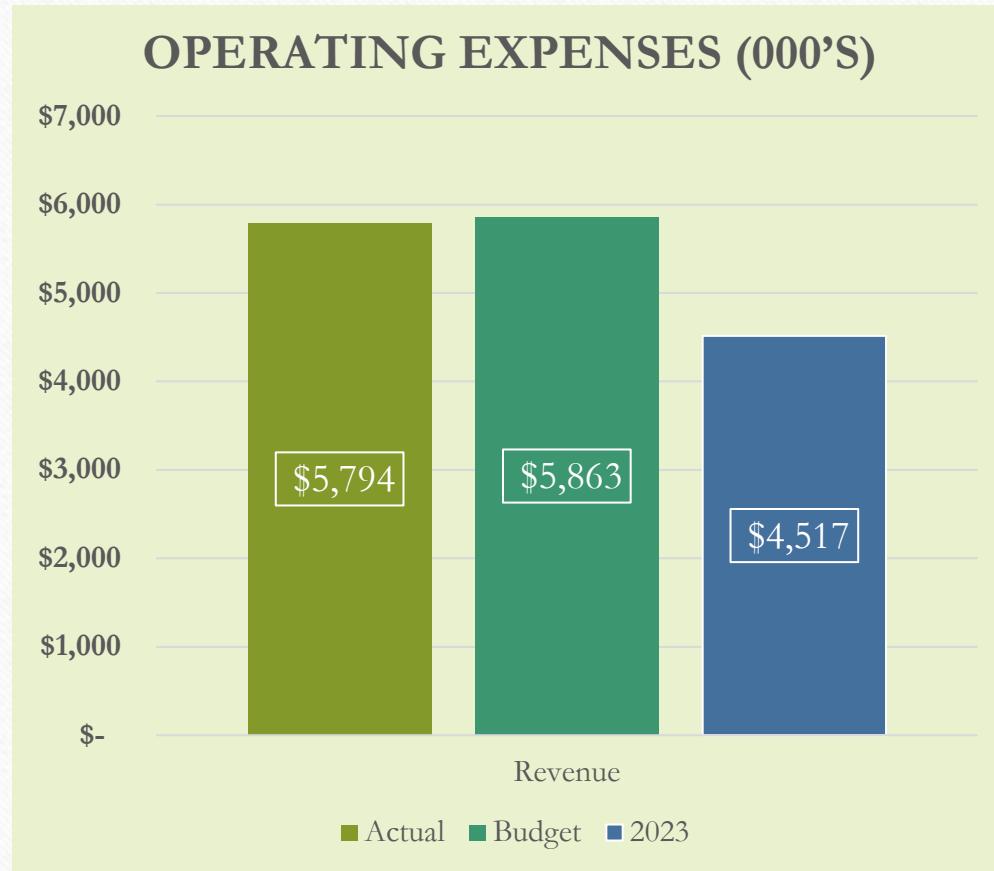
Actual 85% / Budget 84% / PY 86%

\*Gross Profit = Revenue Less COS

Gross Profit % = Gross Profit / Revenue

# TVPOA

## March 2024 YTD

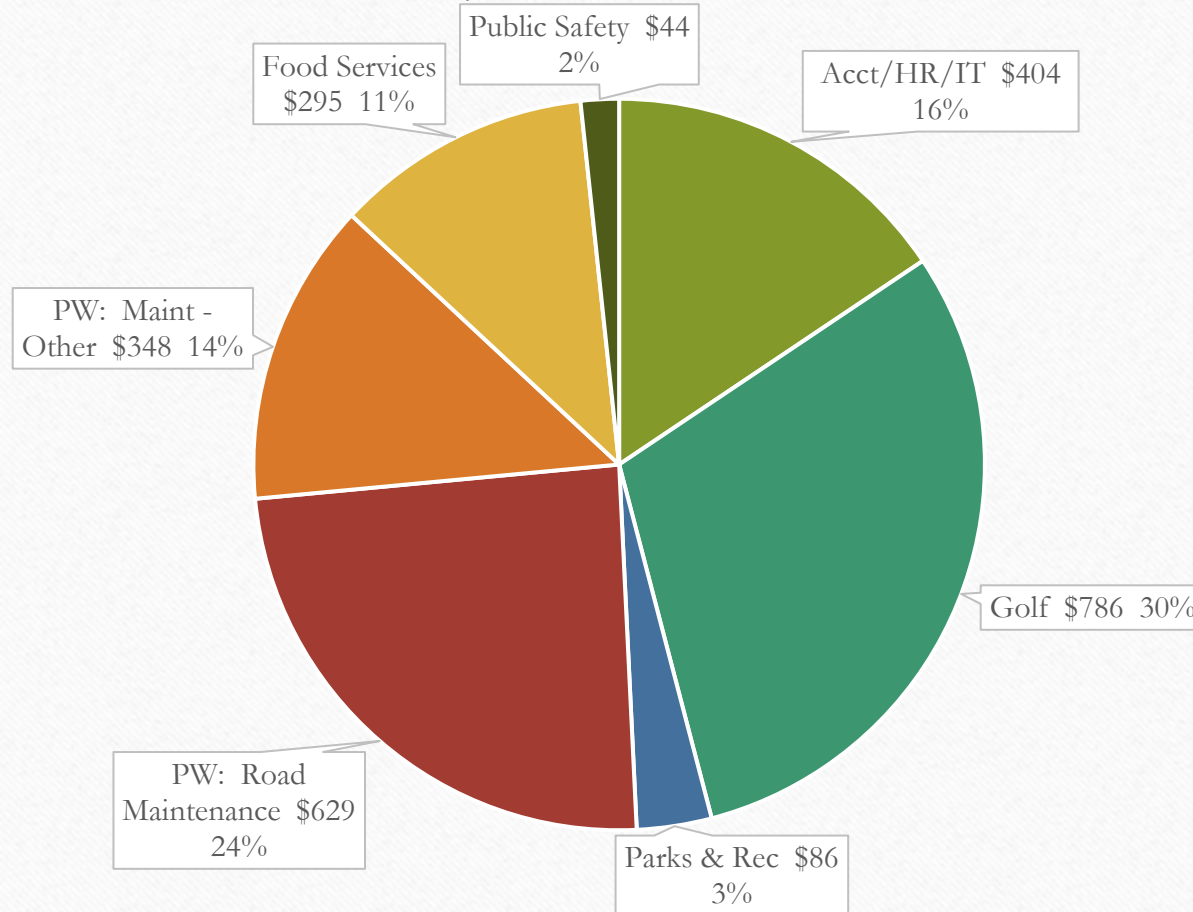


### OPERATING EXPENSES

(Excluding Cost of Sales)

- **Notable Year-over-Year Influence:**  
POA's transition to managing Food Service Operations in-house.
- **Timing differences (under budget):**  
(Personnel/Marketing/Materials / Operating)
- **Wages/Benefits Over Budget**
- **Maint / Services / Taxes & Insurance / Banking Underbudget**

## Net Subsidies Through March 2024 \$ in Thousands



### Net Subsidies

#### Better than Budget (variance)

- Acct/HR/IT (\$114K)
- Pub Wrks – Maint (\$37K)
- Parks & Rec (\$44K)
- Public Safety (\$1K)

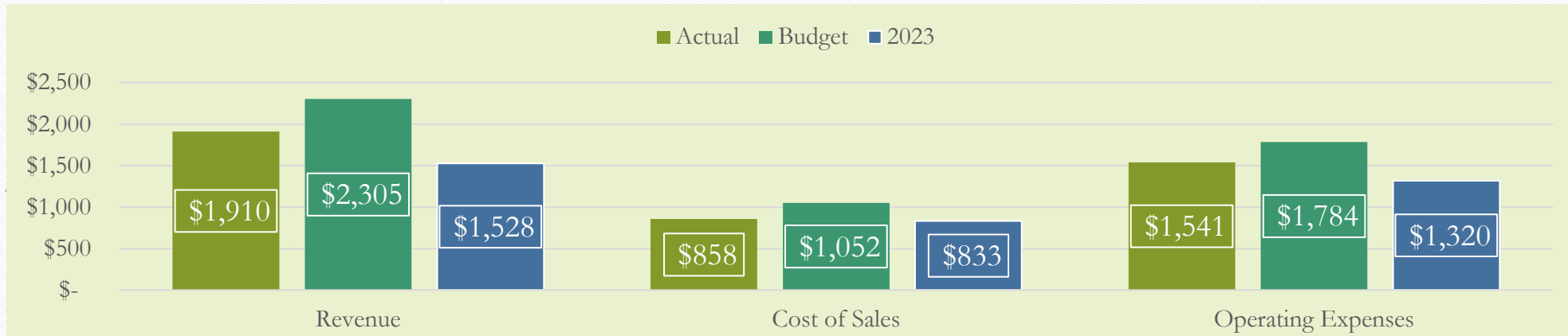
#### Worse than Budget (variance)

- Food Service (\$153K)
- Road Maint (\$30K)
- Golf (\$149K)

**Total Subsidies \$2,592K**



# Utility Department Financial Performance (000's) MTD 2024



- **Biggest Drivers of Variances:**
- Revenue: Timing Differences for Utility Tank Installations (\$302K under budget)
- Cost of Sales: On target relative to reduced revenue results to date (55% GP% overall)
- Water/Sewer only GP%: 63% Actual / 65% Budget / 54% Year-over-Year
- Other Expenses:
- Maintenance and Services are underbudget → Unspent funds for emergency water / sewer repairs;
- Operating Expenses under budget → Supplies, Gas & Diesel underspent
- Materials & Supplies → Unspent budget for software (meters)
- NET SURPLUS: \$480K (6% better than budget / 192% better than year-over-year)

# TVPOA Food Service

## \$ in Thousands Through March 2024

### Food Service Revenue

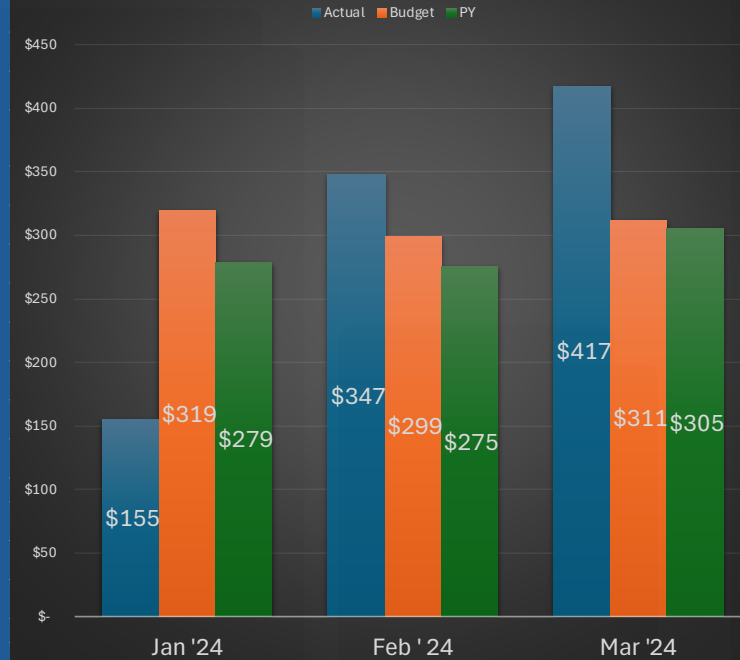
- Support for the Restaurants is visible in revenue surge
- Revenue now only \$10K below budget expectations

#### March 2024 YTD:

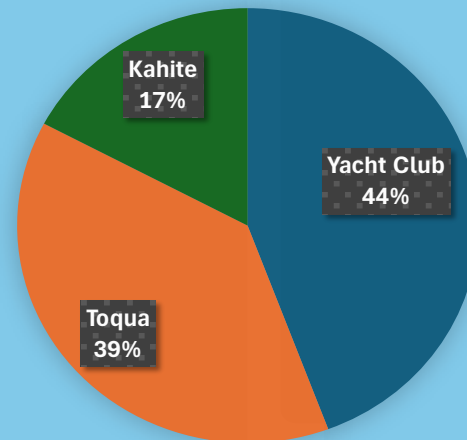
- Food/Beverage Revenue \$900K; Rent to POA \$20K
- A La Carte Food Sales \$556K / 61%
- A La Carte Wine Sales \$106K / 12%
- Beer Sales \$92K / 10%
- A La Carte Mixed Drink Sales \$59K / 7%
- Banquet Food / Drink \$53K / 6%
- Happy Hour Food Sales \$34K / 4%
- Subsidy Actual                     \$   (295)
- Subsidy Budget                    \$   (142)
- Subsidy 2023                      \$   (252)

NOTE: Prior year unaudited AWE Financials for comparison purpose only

### Food Service Revenue (000's)



### Food & Beverage Revenue



■ Yacht Club ■ Toqua ■ Kahite

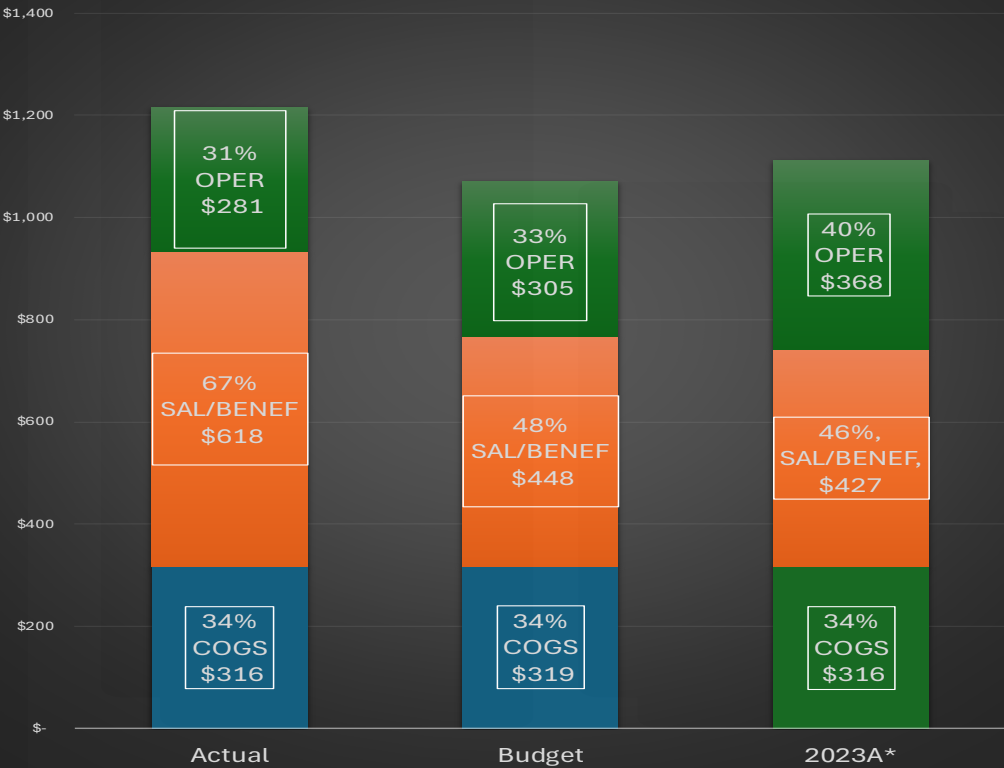
### Revenue

- Yacht Club Revenue \$408K
- Toqua Revenue \$354K
- Kahite Grill Revenue \$159K

# TVPOA FOOD SERVICE

\$ in Thousands  
Through March 2024

**Food Service Expenses (000's)  
Presented as % of Revenue**



## Food Service Expenses

March 2024 YTD

- COGS in line with expectations and year over year (\$ and %)
- Wages \$144K over budget; \$117K greater than prior year  
Driver: Turnover & Overtime
- Benefits over budget: New policy to delay eligibility 90 Days
- Operating Expenses favorable to both Budget and prior year

### Drivers to Operating Expense Variances:

- No Marketing budget expended to date, \$15K
- Material & Supplies \$12K over budget (Software / Supplies)
- Operating Supplies \$13K over budget (small tools / housekeeping supplies)
- Personnel Expenses over budget \$6K (Uniforms)
- SAVINGS: Taxes \$26K under budget (Liquor Tax)
- Striving to provide a high-quality menu while providing 2nd to none service

\* Prior Year Unaudited AWE Financials for Comparison Purpose Only





**TVPOA  
FOOD SERVICE  
(LLC & POA)  
Through March  
2024  
\$ in Thousands**

<b>Operating P&amp;L Highlights \$ **</b>	<b>2024A</b>	<b>2024B</b>	<b>2023A</b>	<b>Act-Bud</b>	<b>%</b>	<b>Act - PY</b>	<b>%</b>
<b>Revenue</b>	\$ 920	\$ 930	\$ 859	\$ (10)	-1%	\$ 61	7%
<b>Cost of Sales (COS)</b>	\$ (316)	\$ (319)	\$ (316)	\$ 2	-1%	\$ (1)	0%
	-34%	-34%					
<b>T. Expense (Excludes COS)</b>	\$ (899)	\$ (753)	\$ (795)	\$ (146)	19%	\$ (104)	13%
	-98%	-81%					
<b>Depreciation Expense</b>	\$ (87)	\$ (81)	\$ (76)	\$ (6)	7%	\$ (10)	14%
<b>Other Income (Expenses)***</b>	\$ 1	\$ -	\$ -	\$ 1	0%	\$ 1	0%
<b>Net Income</b>	\$ (382)	\$ (223)	\$ (328)	\$ (159)	71%	\$ (53)	16%
	-42%	-24%					
<b>Available for Reserves (Subsidy)*</b>	\$ (295)	\$ (142)	\$ (252)	\$ (153)	108%	\$ (43)	17%
	-32%	-15%					
<b>* Adding back depreciation / amortization</b>							
<b>** Highlights are % of Total Revenue</b>							
<b>*** Include Gain (Loss) on Sale of Assets, Interest Income &amp; Interest Expense, Depreciation, and Reserve Maintenance Expenses</b>							



**Tellico Village POA  
Board Reserve Spending Report  
For the 3 months ending March 2024  
\$ in Thousands**

Division	Budget Carryover from 2023	2024 Budget	Authorized	2023 Paid	2024 Paid	Balance / Excess	% Over / Under Authorized
Admin	\$ -	\$ 30	\$ -	\$ -	\$ -	\$ -	0%
Golf	\$ -	\$ 589	\$ 199	\$ -	\$ 155	\$ 44	10%
Parks	\$ 100	\$ 492	\$ 210	\$ 16	\$ 184	\$ 11	0%
Public Works Maint	\$ -	\$ 155	\$ 16	\$ -	\$ 11	\$ 4	0%
Public Works Roads	\$ -	\$ 1,190	\$ 942	\$ -	\$ -	\$ 942	
Public Works Water	\$ -	\$ 672	\$ 30	\$ -	\$ 71	\$ (41)	47%
Public Works Sewer	\$ -	\$ 975	\$ 498	\$ 81	\$ 96	\$ 321	23%
Food	\$ -	\$ 395	\$ -	\$ -	\$ 13	\$ (13)	0%
Docks	\$ -	\$ 420	\$ -	\$ -	\$ -	\$ -	0%
Strategic	\$ 1,800	\$ 2,800	\$ 220	\$ 198	\$ 50	\$ (27)	90%
<b>Reserve Spending Totals</b>	<b>\$ 1,900</b>	<b>\$ 7,718</b>	<b>\$ 2,115</b>	<b>\$ 295</b>	<b>\$ 580</b>	<b>\$ 1,240</b>	<b>41%</b>

**Tellico Village POA  
Board Reserve Spending Report  
For the 3 months ending March 2024  
\$ in Thousands**

**Spending Details**

Food	Maint	Yacht Club	Bridal Room Ceiling	\$	13
Maint	Maint	Maint	Entrance signs	\$	11
Parks	Capital	Chota Fitness	Sprinkler Fire System	\$	184
Golf	Capital	Tanasi Maint	Golf Maintenance Facility	\$	9
Golf	Capital	Tanasi Maint	Deep Tine Aerator / Fairway Spiker / Fans	\$	50
Golf	Capital	Toqua Maint	Golf Maintenance Facility	\$	25
Golf	Capital	Toqua Maint	Fans	\$	5
Golf	Capital	Kahite Maint	Trim Mower	\$	66
Public Works	Capital	Sewer	Sewer Holding Tank	\$	65
Public Works	Capital	Sewer	Odor control study	\$	18
Public Works	Capital	Sewer	Sewer Pumping Stations Upgrade Eng	\$	13
Public Works	Capital	Water	Wellness Center Pipe (Eng & Construc)	\$	14
Public Works	Capital	Water	Elevated Tank behind Wellness Ctr	\$	56
Strategic	Capital	Tanasi	Tanasi Rebuild	\$	50
				<b>\$</b>	<b>580</b>

**TVPOA**

**Net Surplus / (Subsidy)**

**For the 3 months ending March 2024**

**\$ in Thousands**

<b>Division</b>	<b>Operations Surplus / (Subsidy)</b>	<b>Capital Reserve Spending</b>	<b>Net Surplus / (Subsidy)</b>	<b>Total 2023- 2024 Capital Reserve Budget- Authorized</b>
<b>ADMIN</b>	\$ 2,833		\$ 2,833	
<b>ACC</b>	\$ 178		\$ 178	
<b>GOLF</b>	\$ (786)	\$ 155	\$ (941)	\$ 199
<b>PARKS/REC</b>	\$ (86)	\$ 184	\$ (269)	\$ 210
<b>PUB WRKS</b>	\$ (977)	\$ 11	\$ (988)	\$ 958
<b>WTR/SEWER</b>	\$ 480	\$ 167	\$ 313	\$ 528
<b>PUB SAFETY</b>	\$ (44)		\$ (44)	
<b>FOOD SERV</b>	\$ (295)	\$ 13	\$ (308)	
<b>DOCK / RV</b>	\$ (7)		\$ (7)	
<b>COMM</b>	\$ 82		\$ 82	
<b>STRATEGIC</b>	\$ -	\$ 50	\$ (50)	\$ 220
<b>Total</b>	<b>\$ 1,379</b>	<b>\$ 580</b>	<b>\$ 798</b>	<b>\$ 2,115</b>



Tellico Village POA  
 Reserve Funding Request Summary  
 02/21/24

Division	Project Description	Project ID	Budget	Supplemental	Prior Request	Amount			
						Requested	Variance Under/(Over)	% Variance Under/(Over)	
Public Works	Roadway Crack Sealing	2024-40-92	529,667		338,365	40,000	151,302	28.6%	Second of Three requests from Project 2024-40-92
Public Works	Asphalt Patching Service	2024-40-92	529,667		378,365	97,424	53,878	10.2%	Third of Three requests from Project 2024-40-92
Public Works	Drive by read water meters	2024-40-61	321,700			321,544	156	0.0%	
Parks & Rec	Pool Deck Repair and Resurfacing	2024-30-22	42,000			44,991	(2,991)	-7.1%	
Parks & Rec	Pool Deck Repair and Resurfacing	2024-30-01	35,000			29,828	5,173	14.8%	
			<b>1,458,034</b>	<b>-</b>	<b>716,730</b>	<b>533,786</b>	<b>207,518</b>		

**Tellico Village POA  
Funding Request  
Fact Sheet**

FOA042 Date 1/1/2002 Revised 1/25/2023

Project Number : \_\_\_\_\_

Date: 04/05/20 Department: Public Works Manager: Matt Benoit, Director of Public Works

Budget Amount: \$ 191,302.00 Request Amount: \$ 97,424.00

Equipment or project being requested: Asphalt Patching Services

Is this project classified as Capital or as Maintenance? Maintenance

Purpose & Project Justification: (Describe in adequate detail why we need this, what it does, who uses it. If less than three bids, explain why. If requesting other than the lowest bid, explain why.)

See attached cover memo.

Internal Rate of Return \_\_\_\_\_ % (for projects with direct economic justification) Project Economic Life \_\_\_\_\_ Years

This is  a new item,  a replacement item or  an addition to existing item. (State what will happen to the item this replaces.)

Source of Funds: \$ \_\_\_\_\_ Unrestricted Operating Cash; \$ \_\_\_\_\_ Budgeted From 191302 Reserve Fund

\$ \_\_\_\_\_ Bank Loan/LOC; \$ \_\_\_\_\_ Leasing (Describe results of Lease vs. Buy Analysis, if applicable.)

If project varies significantly from budget, explain why. If over budget, describe how you will balance your overall budget.

Approvals: Manager \_\_\_\_\_ Director Matt Benoit Chief Financial Officer [Signature] CEO/COO [Signature]

Has this project been reviewed by FAC? Yes  No  Recommended  Not Recommended

Is this project included in the Long Range Plan? Yes  No

Requested Board Action: Funding Approval of \$ 97,424.00 Funding From Reserve Maintenance

Other Board Action Requested \_\_\_\_\_

Date Placed in Service \_\_\_\_\_ Date Capitalized \_\_\_\_\_

Amount Capitalized: \$ \_\_\_\_\_ POA Asset number \_\_\_\_\_

\*\*\*\*\*Has this project been reviewed by Advisory Committee? Yes  No  Recommend  Not Recommend

X [Signature], VP - PSAC 4/1/24



**Tellico Village POA  
Funding Request  
Fact Sheet**

FOA02 Date 1/1/2012 Revised 12/2/2023

Project Number: \_\_\_\_\_

Date: 04/12/24 Department: Public Works Manager: Kevin Hamil, Utilities Manager

Budget Amount: \$ 321,700.00 Request Amount: \$ 321,544.83

Equipment or project being requested: Drive-by read water meters

Is this project classified as Capital or as Maintenance? Capital

Purpose & Project Justification: (Describe in adequate detail why we need this, what it does, who uses it. If less than three bids, explain why. If requesting other than the lowest bid, explain why.)

See Attached Cover Memo.  
  
1,453 meters (@\$202.56+ tax) = \$321,544.83

Internal Rate of Return \_\_\_\_\_% (for projects with direct economic justification) Project Economic Life \_\_\_\_\_ Years  
This is  a new item,  a replacement item or  an addition to existing item. (State what will happen to the item this replaces.)

Source of Funds: \$ \_\_\_\_\_ Unrestricted Operating Cash; \$ 321,544.83 Budgeted From FY 2024 Capital Reserve Fund  
\$ \_\_\_\_\_ Bank Loan/LOC; \$ \_\_\_\_\_ Leasing (Describe results of Lease vs. Buy Analysis, if applicable.)

If project varies significantly from budget, explain why. If over budget, describe how you will balance your overall budget.

Approvals: Manager Kevin Hamil Director Matt Benoit Chief Financial Officer: Andy Bedford CEO/COO [Signature]

Has this project been reviewed by FAC? Yes  No  Recommended  Not Recommended

Is this project included in the Long Range Plan? Yes  No

Requested Board Action: Funding Approval of \$ \_\_\_\_\_ Funding From \_\_\_\_\_

Other Board Action Requested \_\_\_\_\_

Date Placed in Service \_\_\_\_\_ Date Capitalized \_\_\_\_\_

Amount Capitalized: \$ \_\_\_\_\_ POA Asset number \_\_\_\_\_

\*\*\*\*\*Has this project been reviewed by Advisory Committee? Yes  No  Recommend \_\_\_\_\_ Not Recommend \_\_\_\_\_

PSAC APPROVED  
[Signature] FAC Chairman

\*If bid is not easily ascertainable, show calculation on quote sheet.

**Note: Total Cost should be a turnkey, delivered cost including installation if appropriate and including all sales & use taxes.**

**Bid 1 \$** 294,319.68    **Freight \$** \_\_\_\_\_    **Sales Tax \$** 27,225.15    **Total Cost \$** 321,544.83

**From:** Core & Main

**Bid 2 \$** \_\_\_\_\_    **Freight \$** \_\_\_\_\_    **Sales Tax \$** \_\_\_\_\_    **Total Cost \$** 0.00

**From:** \_\_\_\_\_

**Bid 3 \$** \_\_\_\_\_    **Freight \$** \_\_\_\_\_    **Sales Tax \$** \_\_\_\_\_    **Total Cost \$** 0.00

**From:** \_\_\_\_\_

**Bid 4 \$** \_\_\_\_\_    **Freight \$** \_\_\_\_\_    **Sales Tax \$** \_\_\_\_\_    **Total Cost \$** 0.00

**From:** \_\_\_\_\_

**Bid 5 \$** \_\_\_\_\_    **Freight \$** \_\_\_\_\_    **Sales Tax \$** \_\_\_\_\_    **Total Cost \$** 0.00

**From:** \_\_\_\_\_

**Bid 6 \$** \_\_\_\_\_    **Freight \$** \_\_\_\_\_    **Sales Tax \$** \_\_\_\_\_    **Total Cost \$** 0.00

**From:** \_\_\_\_\_



# FAC & Board Presentation

- Water Meter Purchase
  - Crack Sealing
  - Roadway Patching
-

# Overview of Meter Pilot Program

- A total of 167 meters were installed in 2 different neighborhoods including Chota Hills and Toqua Greens. They are primarily in townhome neighborhoods to ensure a quick, efficient installation.
- Meters were installed in two phases. January 4<sup>th</sup> and 5<sup>th</sup> and January 11<sup>th</sup> and 12<sup>th</sup>.

	Purchase A		
	unit cost	qty.	total
meters	\$ 301.26	167	\$ 50,310.42
hardware/software			\$ 8,611.57
installation support			\$ 7,228.00
sales tax			\$ 5,030.01
refund			\$(71,180.00)
			\$ -

- Value of meters - \$50,310
- These are 20-year meters. Warranty is full for 10 years and prorated for years 11-20.
- Meters are AMR (“drive-by”) and AMI (“radio transmit”) capable.
- These meters come with “leak detection” technology. They have to “learn” their environment before that can be relied upon.

# Overview of Meter Pilot Program

- Since the decision of which households were the recipients of meters for the pilot program was based on efficient installation and ease of training, the meters that were replaced were of different ages:

Year	Qty.
2006	1
2009	4
2010	7
2011	62
2012	28
2013	11
2014	2
2015	6
2016	2
2017	0
2018	6
2019	0
2020	3
2021	16
2022	9
2023	9
	166

123 of the meters are within the replacement window

## Baseline Data (December 2023 consumption) illustrated with January 2024 rates:

- Total w/s revenue for 167 meters totals \$14,223
- 62 (37%) of the meters had less than 2,000 gallons of consumption in 12/2023.
- 44 of the meters (26%) were not of replacement age.
- You can already see that the data does not lend itself well to a strict financial analysis.



# February Analysis No. 1

- February analysis No. 1 compares January 2023 consumption vs. January 2024 consumption (month/year to month/year comparison).
- 
- None of the pilot meters reflect a full month of consumption. Half of them reflect about 75% of the month and half of them reflect about 50% of the month.
    - Total Consumption increased 26,304 (6.9%).
    - 53 of the 167 meters that showed <2,000 gallons of usage in both months have been removed from this analysis because there is no financial comparison to be had (minimum bills).
  - The remaining 114 meters is the place for review:
    - Total consumption increased 23,308 (7%).
    - Total dollars increase on consumption increase (23,308 gallons, 7%)- \$207.88 (1.86%)
      - There's only one meter with a reading in the third tier of water consumption (15,000 gallons @ \$15/1,000).
      - Sewer and sewer maintenance fee is capped at 5,000 gallons of consumption.
    - ROI on the meters we used for pilot program:
      - 114 meters x (unit cost of \$301) is \$34,314/\$207.88 is 165 months or 13.7 years.
      - 167 meters x (unit cost of \$301) is \$50,434/\$207.88 is 241 months or 20 years.
    - ROI on alternate meters (drive-by only with no leak detection monitoring):
      - 114 meters x (unit cost of \$203) is \$23,142/\$207.88 is 111 months or 9.3 years.
      - 167 meters x (unit cost of \$203) is \$ \$ 33,901.00 /\$207.88 is 163 months or 13.6 years.

# February Analysis No. 2

- February analysis No. 2 compares December 2023 consumption vs. January 2024 consumption (consecutive months). None of the pilot meters reflect a full month of consumption.
- Half of them reflect about 75% of the month and half of them reflect about 50% of the month.

---

  - Total consumption decreased – 437,549 to 407,258 (-7.43%).

# March Analysis No. 1

- March Analysis No. 1 compares February 2023 consumption to February 2024 consumption (month/year to month/year comparison).
  - For this data set, only 1 of the 2 meter cycles is available, so the data set is 82 meters. However, pilot meters were in the ground for a full month.
- 
- Total Consumption increased 43,855 gallons (26%).
  - 31 of the 82 meters that showed <2,000 gallons of usage in both months have been removed from this analysis.
  - The remaining 51 meters is the place for review:
    - Total consumption increased 38,698 (27.39%).
    - Total dollars increase on consumption increase \$385.01 (7.8%).
  - ROI on the meters we used for pilot program:
    - 51 meters x (unit cost of \$301) is \$15,351/\$385.01 is 39.9 months or 3.3 years.
    - 81 meters x (unit cost of \$301) is \$24,381/\$385.01 is 63.3 months or 5.3 years.
  - ROI on alternate meters (drive-by only with no leak detection monitoring):
    - 51 meters x (unit cost of \$203) is \$10,353/\$385.01 is 26.9 months or 2.2 years.
    - 81 meters x (unit cost of \$203) is \$16,443/\$385.01 is 42.7 months or 3.6 years.

# March Analysis No. 2

- March Analysis No. 2 compares February 2024 consumption to January 2023 consumption..
  - For this data set, only 1 of 2 meter cycles is available, so the data set is 82 meters. However, pilot meters were in the ground for a full month.
- 
- Total Consumption increased 23,580 gallons (12.5%).
  - 19 of the 82 meters that showed <2,000 gallons of usage in both months have been removed from this analysis.
  - The remaining 63 meters is the place for review:
    - Total consumption increased 21,460 (12.3%).
    - Total dollars increase on consumption increase \$164.27 (2.72%).
  - ROI on the meters we used for pilot program:
    - 63 meters x (unit cost of \$301) is \$ \$18,963/\$164.27 is 115 months or 9.6 years.
    - 81 meters x (unit cost of \$301) is \$24,381/\$164.27 is 148 months or 12.3 years.
  - ROI on alternate meters (drive-by only with no leak detection monitoring):
    - 63 meters x (unit cost of \$203) is \$12,789/\$164.27 is 77.8 months or 6.5 years.
    - 81 meters x (unit cost of \$203) is \$16,443/\$164.27 is 100 months or 8.3 years.



# Conclusions/Recommendations

- The less expensive meter (“drive-by” or AMR – only) is the better route. “Radio-read” or AMI is a difficult one to sell in Tellico Village. Unit cost savings per meter is just under \$100/each.
- Considering they are a 20-year meter, the ROI is there. It should (based on a fairly limited data set) range from 2-9 years (if <2,000 gallon consumption is excluded) or 3-13 years (if all meters are considered).
- The main part of Tellico Village currently has 2,100 manual-read meters in the ground. For each meter cycle, it takes about 8 to 10 business days to read those meters and conduct re-reads (in good weather). Switching to AMR will reduce that to about 2 or 3 days/month.
- The accuracy level will go way up and we’ll improve to a very consistent 30-day cycle.
- A total of \$321,700 is budgeted in FY 2024. At this amount, TVPOA is able to purchase 1,453 meters, allowing the replacement of almost 70% of the manual-read meters in the main section of the Village.

# Crack Sealing

---

- The award of the PMM contract last month obligates ensuring the approximate 220,000 square yards of roadway have sealed cracks in advance of PMM application (tentatively slated to start around June 1).
- In 2023, the crack sealing preparation was conducted by TVPOA Public Works staff.
  - Approximately 190,000 square yards of crack sealing was accomplished in approximately 10 weeks.
  - Public Works staff have walk-behind sealing machines wherein the tar material is heated and applied.
  - Approximately 6,000 lbs. of hot, rubberized crack filler was applied, bringing the total cost (including labor) to an estimated \$8,250 or approximately \$1.40/lb.
- To address the timing of this issue, TVPOA staff and members of PSAC met with Performance Striping Group (the selected PMM contractor) to discuss outsourcing of the crack sealing effort.
  - PSG has access to significantly more efficient and effective equipment.
  - It is estimated (not verified) that PSG can complete the crack sealing effort (more effectively) in approximately 2 weeks, compared to the estimated 12 weeks it will require TVPOA staff to complete.

# Crack Sealing (cont.)

---

- PSG has offered a quote of \$5/lb. to complete this work.
- The Tennessee Department of Transportation contracted for these services in 2023 illustrating \$2.20 to \$3.20/lb. Keep in mind, this contract was let by TDOT for an estimated 495,000 lbs. on various state routes in 13 different counties.
- Considering the volume increase of the TDOT bid letting is almost 62x more than this proposal, \$5/lb. is a reasonable price for the work.
- Based upon the estimated material used in 2023 (est. 6,000 lbs.), the proportionate material use for 220,000 square yards is 7,000 lbs. For estimating purposes, this recommendation allows 15% contingency for a total of 8,000 lbs. at an estimated cost of \$40,000. However, the payment terms will be based on actual lbs. used/applied by PSG based upon weekly reviews with TVPOA staff.



# Crack Sealing (cont.)

---

- PSAC members will recall that at the March 4, 2024 meeting, PSAC recommended (as did FAC) a total of \$338,365 for the PMM project against a budgeted amount of \$529,667, leaving a surplus of \$191,302.
- This request takes the form of “an amount not to exceed” basis of contracting. At the estimated amount of \$40,000, the TVPOA CEO can sign this agreement. It will be provided to the FAC for advisory purposes at their April 12 meeting.
- A draft motion to the CEO for consideration is as follows: ***Motion to recommend Performance Striping Group provide crack sealing services at contracted rate of \$5/lb. for an amount not to exceed \$40,000 funded through the surplus of funds in the Reserve Maintenance originally budgeted for PMM in FY 2024.***

# Patching

---

- Same issue as crack sealing, asphalt patching must be completed for 220,000 square yards of surface area that will be the recipient of PMM.
- The general process for asphalt patching involves TVPOA Public Works staff saw-cutting and removing the asphalt ahead of a contractor who repairs the patch with new asphalt.
- In previous years, A&A Asphalt (Madisonville, TN) has completed the work. For the work in 2023, A&A did not bid the work and simply invoiced TVPOA for work completed.
- For 2024, TVPOA Public Works staff endeavors to at least contract for the work based on unit costs and provide comparisons for similar work that is publicly available.

# Patching (cont.)

---

- The process of removing asphalt in advance of patching doesn't always result in consistent units of asphalt replacement. In some cases, the asphalt depth varies.
- The depth of the patch can vary from between 2" and 12".
- The quote offered by A&A provides for a base cost/square foot (consisting of material, labor, mobilization, profit and overhead) including the first 2" of patching depth. Thereafter, each additional 2" is priced only as material.
- TVPOA Public Works staff will assess square feet and patch depth after excavation.
- For 2024, TVPOA Public Works staff has identified a total of 6,377 square feet of asphalt patching. At this date, Public Works staff is still field-verifying locations and square feet, so this request includes an additional 10% for a total of 7,015 square feet.



# Patching (cont.)

---

- The quote submitted by A&A Asphalt (Attachment 1) provides the base patch (consisting of material, labor, mobilization, profit and overhead) including the first 2" of patching depth at \$7.57/square foot for a total of \$53,103.55.
- Each additional 2" of depth is priced at \$3.51/square foot. The chart below attempts to illustrate a hypothetical dispersion of asphalt depths to target a realistic cost for the work.

<u>Asphalt Depth</u>	<u>% of Square Feet Assigned</u>	<u>Base Cost</u>	<u>Additional Depth Cost</u>	<u>Cost</u>	
2"	2104.5	7.57	0	\$ 15,931.07	(30%)
> 2" - 4"	1403	7.57	3.51	\$ 15,545.24	(20%)
> 4" - 6"	1403	7.57	7.02	\$ 20,469.77	(20%)
> 6" - 8"	701.5	7.57	10.53	\$ 12,697.15	(10%)
> 8" - 10"	701.5	7.57	14.04	\$ 15,159.42	(10%)
> 10" - 12"	701.5	7.57	17.55	\$ 17,621.68	(10%)
	7,015.00			\$ 97,424.32	

# Patching (cont.)

- For comparison sake, the chart below illustrates publicly available bid tabulations for what is believed to be same or similar work.

2023 Clark County (Springfield, OH)							
Est. Quantity (Square Yards)	Square Foot Conversion	Engineer's Estimate Unit Price	Square Foot Conversion	Bidder 1 Unit Price	Square Foot Conversion	Bidder 2 Unit Price	Square Foot Conversion
650	5850	\$ 45.00	5.00	\$ 41.41	4.60	\$ 50.00	5.56
* The depth of repair isn't specified in the publicly available bid tabulations.							
Hamburg Township (Livingston County, MI)							
	Bidder 1	Bidder 2	Bidder 3				
	\$ 7.00	\$ 12.00	\$ 8.00				
2022 Southlake Tahoe PUD							
	Bidder 1	Bidder 2	Bidder 3	Bidder 4	Bidder 5	Bidder 6	
3" thick asphalt 1-40 square feet	\$ 11.00	\$ 10.00	\$ 18.50	\$ 18.00	\$ 27.00	\$ 41.00	
3" thick asphalt 40-100 square feet	\$ 10.00	\$ 10.00	\$ 12.00	\$ 17.00	\$ 26.00	\$ 41.00	
3" thick asphalt 101-200 square feet	\$ 9.00	\$ 15.00	\$ 10.00	\$ 15.00	\$ 12.00	\$ 12.00	
3" thick asphalt 200-500 square feet	\$ 8.00	\$ 10.65	\$ 9.00	\$ 12.00	\$ 11.50	\$ 7.60	

# Patching (cont.)

---

A draft motion to the TVPOA Board for consideration is as follows: ***Motion to recommend A&A Asphalt provide asphalt patching services at a contracted rate of \$7.57/square foot for the first 2" of asphalt depth and \$3.51/square foot for each additional 2" increments for an amount not to exceed \$97,424 to be funded through the surplus of funds in the Reserve Maintenance originally budgeted for PMM in FY 2024.***