



AGENDA  
MAYODAN TOWN COUNCIL  
January 12, 2026  
6:00 p.m.  
James A. Collins Municipal Building

**CALL TO ORDER**

**PRAYER:**

Invocation by Randy Jessup.

**PLEDGE OF ALLEGIANCE:**

Pledge of Allegiance led by Mayor Dwight Lake and Town Council members

**PUBLIC COMMENTS**

**RECOGNITION:**

1. Introduction to Newest Streets Employee – Bobby Martin, Jr
2. Recognition of Tyler Priddy for Successfully Earning his CDL License
3. Advanced Certificate Recognition Lieutenant Landon Fellows, Sergeant Jonathon Bowman, and Officer Patrick Wilson

**CONSENT AGENDA:**

- A. Approval of Minutes
  - a. Agenda Meeting Minutes of December 4, 2025
  - b. Regular Meeting Minutes of December 15, 2025
- B. Budget Amendments
- C. Amended Capital Project Ordinance Town Hall Conversion and Police Department Expansion

**NEW BUSINESS:**

- A. Town Hall Design
- B. Water & Sewer Rate Study

**MANAGER COMMENTS/ANNOUNCEMENTS:**

**DEPARTMENT HEAD COMMENTS/ANNOUNCEMENTS**

**COUNCIL COMMENTS/ANNOUNCEMENTS**

**ADJOURN**

## AGENDA ITEM COVER

<b>Item for Agenda:</b>	Advanced Certificate Recognition
<b>Placement on Agenda:</b>	
<b>Presenter:</b>	Chief Knight
<b>Description of Agenda Item or Other Pertinent Information for Council:</b>	<p>Lieutenant Landon Fellows, Sergeant Jonathon Bowman, and Officer Patrick Wilson will be presented with their Advanced Law Enforcement Certificate. This certificate represents a combination of service years, formal education, and job specific certifications. This certificate is the highest professional certificate issued to police officers by the North Carolina Criminal Justice Education and Training Standards Commission.</p>



AGENDA **MINUTES**  
MAYODAN TOWN COUNCIL  
December 4, 2025  
6:00 p.m.  
James A. Collins Municipal Building

**MAYOR AND COUNCIL PRESENT:**

Mayor Dwight Lake  
Mayor Pro Tem Buck Shelton  
Doug Cardwell  
Letitia Goard  
John Miller

**ABSENT:**

Melanie Barnes

**STAFF PRESENT:**

Town Attorney Eugene Russell  
Town Manager Melody Shuler  
Town Clerk Sarah Hopper

The Mayodan Town Council met at 6:00 p.m. on Thursday, December 4, 2025, in the Council Chambers of the James A. Collins Municipal Building, and with a quorum present, Mayor Dwight Lake called the meeting to order. Mayor Lake went over the agenda items for the regular meeting scheduled for Monday, December 15, 2025.

**Motion** by Councilmember Miller, seconded by Councilmember Goard, to enter into closed session to discuss personnel-related matter N.C.G.S. 143-318.11(a)(6)].

Ayes: Councilmembers Cardwell, Goard, Miller, and Shelton.

Nays: None

Motion Carried.

Council entered closed session at 8:00 p.m.

**Motion** by Councilmember Goard, seconded by Councilmember Miller, to return to open session.

Ayes: Councilmembers Cardwell, Goard, Miller, and Shelton

Nays: None.

Motion carried unanimously.

Council returned to open session at 8:42 p.m.

**Motion** by Councilmember Goard, seconded by Councilmember Miller, to adjourn meeting.

Ayes: Councilmembers Cardwell, Goard, Miller and Shelton

Nays: None.

**Motion:** carried unanimously

Meeting adjourned at 8:42 p.m.

**ATTEST:**

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Sarah Hopper, Town Clerk

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E. Dwight Lake, Mayor



**REGULAR  
MEETING *MINUTES*  
MAYODAN TOWN COUNCIL  
December 15, 2025  
6:00 p.m.  
James A. Collins Municipal Building**

**MAYOR AND COUNCIL PRESENT:**

Mayor Dwight Lake  
Melanie Barnes  
Doug Cardwell  
Letitia Goard  
John Miller  
Buck Shelton

**STAFF PRESENT:**

Town Attorney Eugene Russell  
Town Manager Melody Shuler  
Town Clerk Sarah Hopper

The Mayodan Town Council met at 6:00 pm on December 15, 2025, in the Council room of the James A. Collins Municipal Building, and with a quorum present, Mayor Lake called the meeting to order.

**INVOCATION:**

Invocation by Pastor Torrey Easler with Mayodan First Baptist Church.

**PLEDGE OF ALLEGIANCE:**

The Pledge of Allegiance was led by Mayor and Town Council members.

**RECOGNITION:**

The Mayodan Tourism Video was presented to the Town Council for review.

**Oaths of Office:**

Oaths of Office were administered by Clerk of Superior Court, Abner Bullins to Councilwoman Letitia T. Goard,

Oaths of Office was administered by Representative A. Reece Pyrtle, Jr. to Mayor E. Dwight Lake and Councilman John D. Miller.

**Motion** by Councilmember Shelton, seconded by Councilmember Goard, to nominate Councilmember Miller for Mayor Protem.

Ayes: Councilmembers Barnes, Cardwell, Goard, Miller, and Shelton

Nays: None

Motion carried unanimously

Oath of Office was administered by Representative A. Reece Pyrtle, Jr. to Councilmember Miller for Mayor Protem.

Mayor Lake recessed meeting at 6:08pm

Mayor opened the meeting at 6:25pm

## **PUBLIC COMMENTS:**

Gini Cardwell, newly elected Alderman with the Town of Madison, expressed her appreciation to the Councilmembers for the time spent together on Election Day, the encouragement shown, and the spirit of support between the two towns. She noted how meaningful it was to see both boards present, including those Councilmembers who had already been re-elected and returned to offer support while awaiting additional results. Ms. Cardwell stated that this demonstrated the strong commitment and mutual encouragement between the Town of Madison and the Town of Mayodan. She shared that the support shown meant a great deal to her, which is why she wanted to attend the meeting to personally say thank you, and expressed her excitement about continuing collaboration and where this partnership may lead.

## **APPROVAL OF CONSENT ITEMS:**

### **A. Approval of Minutes**

- a. Agenda Meeting Minutes of November 6, 2025**
- b. Regular Meeting Minutes of November 10, 2025**
- c. Special Meeting Minutes of November 3, 2025**

### **B. Budget Amendments #2, #3, #4, #5, #6, #7, #8, and #9**

### **C. Policy for Placement of Monuments, Memorials, and Artwork**

### **D. Rockingham County Amended Agreement for Sewer Capacity**

### **E. Ratification of NCDOT Encroachment Agreement for Downtown Sidewalk Improvement Project**

### **F. First Amendment to PCB Remediation Agreement with Duke Energy Carolinas**

### **G. NCDEQ WRDG Grant Agreement for Washington Mills Park Phase I**

### **H. Addendums to Personnel Policy**

**Motion** by Councilmember Goard, seconded by Councilmember Miller, to approve the consent Agenda, as presented.

Ayes: Councilmembers Barnes, Goard, Miller, and Shelton

Nays: Cardwell

Motion carried 4-1

## **OLD BUSINESS:**

There was no old business.

## **NEW BUSINESS:**

### **A. Washington Mills Park Design**

Town Manager Melody Shuler stated that over the past several months, Destination by Design (DbD) has been evaluating the preliminary Washington Mills Park design originally developed by NC State. As part of this effort, DbD has prepared several updated design and layout options for the Town Council's consideration. The primary objective of this work has been to reduce overall project costs by condensing and optimizing the park's footprint while preserving the core program elements envisioned for the site. In addition, as part of their contracted scope, DbD has assessed the condition of the existing building on the property to determine feasible next steps and to understand how any building-related issues may impact the overall project layout and cost. The project team is exploring all potential options, including renovation and demolition. During the meeting, DbD will present multiple scenarios, outline the pros and cons of each, and explain how site limitations—particularly the condition of the existing structure—affect long-term feasibility, cost, and functionality.

Eric Woolridge with Destination by Design and Ed McLean presented two different design options as part of the proposed scope of work. Design Option 1 incorporates the existing building into the overall project layout, while Design Option 2 does not include the existing building. Both options were presented for Council's consideration as potential pathways forward for the project.

Following discussion, the Town Council provided direction to proceed with Concept #1 of the site plan, with revisions to include relocating the bathrooms into an open building, removing the playground, and incorporating a gravel parking lot. Destination by Design will revise the site plan accordingly and return with the updated design for Council's consideration at the January meeting.

#### **B. PCB Remediation Update**

Town Manager Shuler stated the Town has completed Phase I of PCB remediation at the Washington Mills site. This phase focused on the excavation and removal of PCB-impacted soils in targeted areas, followed by verification sampling to confirm cleanup results. Hart & Hickman prepared detailed drawings documenting where soil testing and excavation occurred. These drawings illustrate the locations of soil borings and verification samples, areas excavated and corresponding depths, color coding to represent excavation depths, and symbols identifying sample results in relation to applicable PCB regulatory thresholds. Together, these materials document the remediation work completed to date and identify remaining areas where PCB concentrations remain above regulatory limits.

To assist Council in reviewing the materials, members are encouraged to begin with the notes document, which provides a plain-language explanation of how to interpret the drawings, including symbols, colors, sample points, and excavation limits. Council should then review Figure 6 (Sample Plan), which shows where testing occurred and how excavation areas were delineated around the former transformer locations. Particular attention should be given to highlighted and marked areas that indicate remaining PCB concentrations and locations where additional action may be required.

**Budget Summary:** The PCB cleanup effort is funded through a combination of grant and partnership sources, including \$120,000 in RLF sub-grant funding, \$60,000 through a Duke Energy agreement, and \$79,663.93 covered by the Piedmont Triad Regional Council (PTRC) through its consulting line item to pay Hart & Hickman. The total estimated cost to remediate the site to EPA standards is \$219,659.44.

PTRC has confirmed that its consulting line item is expected to cover most of Hart & Hickman's testing and consulting costs. As a result, the Town's direct costs are primarily associated with Buckeye Elm's excavation and disposal work, which is being funded through the RLF grant and Duke Energy agreement. At this time, approximately \$40,004.49 will be available after the projected Phase 2 is complete, assuming no unforeseen conditions are encountered during additional remediation work.

The Town is approaching the maximum available budget for PCB cleanup to EPA standards. The original direction from the Town Council was to remediate the site to meet the State's required threshold so that ongoing monitoring would no longer be necessary.

**Alternative Option:** One alternative is to remediate the site to EPA standards, defined as PCB concentrations below one part per million. Under this option, the site would be regulated through the North Carolina Brownfields Program. A minimum of two feet of clean, tested fill would be placed over the impacted PCB areas, and those areas would be required to remain undisturbed. The Town would enter into a Brownfields Agreement with the State and complete annual reporting to certify that the impacted areas have not been disturbed. The affected areas are located in portions of the site that can reasonably remain undisturbed over the long term.

This item will be tabled until all remaining testing has been completed.

#### **C. Appointment of Boards and Commission Members**

**Motion** by Councilmember Shelton, seconded by Councilmember Barnes to reappoint John S. Martin and Charles Menard as inside members and Ed Shelton as outside member of the Planning and Zoning Board/Board of Adjustments for a three-year-term.

Ayes: Councilmembers Barnes, Cardwell, Goard, Miller, and Shelton.

Nays: None  
Motion carried unanimously.

Councilmember Shelton is nominated to replace Mayor Lake on the M-M Recreation Board Commission for a three-year term staggered.

**Motion** by Councilmember Goard, seconded by Councilmember Miller, to appoint Councilmember Shelton to the M-M Recreation Board Commission for a three-year term staggered.

Ayes: Councilmembers Bahrens, Cardwell, Goard, Miller, and Shelton.

Nays: None  
Motion carried unanimously.

**Motion** by Councilmember Goard seconded by Councilmember Shelton to reappoint Tom Barksdale, Rita Wray, Councilmember Doug Cardwell, Councilmember John Miller, and Melody Shuler to the Farris Memorial Park Commission for a one-year term.

Ayes: Councilmembers Barnes, Cardwell, Goard, Miller and Shelton

Nays: None.

Motion carried unanimously.

**Motion** by Councilmember Barnes, seconded by Councilmember Shelton, to reappoint Councilmember Goard and Councilmember Cardwell to the Firemen's Relief Fund for a one-year term.

Ayes: Councilmembers Barnes, Cardwell, Goard, Miller and Shelton.

Nays: None.

Motion carried unanimously.

Councilmember Goard nominated Councilmember Barnes to the Fire Department Appeals Board.

**Motion** by Councilmember Goard, seconded by Councilmember Shelton, to appoint Councilmember Barnes to the Fire Department Appeals Board for a one-year term.

Ayes: Councilmembers Barnes, Cardwell, Goard, Miller and Shelton.

Nays: None.

Motion carried unanimously.

**Motion** by Councilmember Miller, seconded by Councilmember Goard, to appoint Donnie Carter to the Fire Department Appeals Board.

Ayes: Councilmembers Barnes, Cardwell, Goard, Miller and Shelton.

Nays: None.

Motion carried unanimously.

Mayor Lake appointed Donnie Carter to the Fire Department Appeals Board for a one-year term.

**Motion** by Councilmember Shelton, seconded by Councilmember Goard, to reappoint Mayor Lake to the Piedmont Triad Regional Council of Governments for a one-year term.

Ayes: Councilmembers Barnes, Cardwell, Goard, Miller and Shelton.

Nays: None.

Motion carried unanimously.

#### **D. Archaeological Agreement Amendment**

Town Manager Shuler stated as part of the Washington Mills Park project, the Town entered into a contract with Cultural Heritage Resource Impact Solutions, Inc. (CHRIS) to complete a Phase I archaeological survey for two identified areas on the site totaling approximately 4.5 acres, including the McClellan's Mill area. This survey was required to satisfy review requirements from the State Historic

Preservation Office (SHPO) and the Office of State Archaeology (OSA) prior to any ground disturbance. During a recent coordination meeting between CHRIS and the Office of State Archaeology, reviewers clarified that the entire 13-acre Washington Mills parcel must be surveyed, rather than only the previously identified areas. This expanded scope is now a State requirement and is necessary for the project to proceed. The Town's current contract does not include the remaining acreage; however, CHRIS has submitted a proposal to expand the survey to the full site for an additional cost of \$3,900, which is significantly less than the cost originally proposed for the smaller survey area. The expanded survey is anticipated to add approximately one additional week to the project timeline, depending on weather conditions. After reviewing the existing contract, original proposals, and the expanded quote, staff believes that CHRIS remains the most cost-effective and appropriate firm to complete this work. Expanding the scope at this time will ensure compliance with State requirements and help prevent future delays to the Washington Mills Park project.

**Motion** by Councilmember Goard seconded by Councilmember Cardwell to approve an amendment to the existing contract with Cultural Heritage Resource Impact Solutions, Inc. (CHRIS) to expand the Phase I archaeological survey to include the full 13-acre Washington Mills site, and to approve funding in the amount of \$3,900 from the Washington Mills Park Fund (Engineering & Surveying line item).

Ayes: Councilmembers Barnes, Cardwell, Goard, Miller, and Shelton.

Nays: None.

Motion carried unanimously.

#### **MANAGER/ COUNCIL COMMENTS/ANNOUNCEMENTS:**

Councilmember Shelton congratulated the newly elected Councilmembers and the Fireman's Club on hosting a successful parade.

Councilmember Miller expressed appreciation for the 46 years of the parade, noting that it began in 1979, and remarked that when searching for the longest parade, the Madison-Mayodan parade is recognized.

Councilmember Cardwell also congratulated the newly elected members and commented that the parade was a great success.

Town Manager Shuler congratulated the newly elected members, stated that the Town has made significant progress over the past year, and expressed that she is looking forward to continuing to work together.

Councilmember Goard shared an update with the Council regarding the Reidsville Area Foundation's partnership with the Harwood Institute on the Initiative to Catalyze Community-Led Change. She explained that the initiative focuses on strengthening community engagement, building local leadership, and supporting long-term, sustainable solutions driven by residents. Councilmember Goard noted that the partnership aims to help communities better understand local challenges, foster collaboration, and take meaningful action to improve quality of life through a community-led approach.

**Motion** by Councilmember Cardwell, seconded by Councilmember Shelton, to cancel the May 7, 2026 agenda meeting.

Ayes: Councilmembers Barnes, Cardwell, Goard, Miller, and Shelton

Nays: None.

Motion carried unanimously.

**Motion** by Councilmember Cardwell, seconded by Councilmember Barnes, to adjourn the meeting.

Ayes: Councilmembers Barnes, Cardwell, Goard, Miller, and Shelton

Nays: None.

Motion carried unanimously.

Meeting adjourned at 7:59 p.m.

**ATTEST:**

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Sarah Hopper, Town Clerk

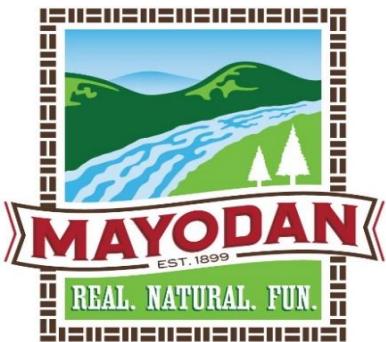
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E. Dwight Lake, Mayor



## AGENDA ITEM COVER

<b>Item for Agenda:</b>	Budget Amendments
<b>Placement on Agenda:</b>	Consent Agenda
<b>Presenter:</b>	Brianna Cardwell, Finance Director
<b>Description of Agenda Item or Other Pertinent Information for Council:</b>	Budget Amendment #10 to recognize Insurance proceeds and allocate funding to equipment repair for the Water Treatment Plant.



**TOWN OF MAYODAN**  
**OFFICE OF THE FINANCE DIRECTOR**

210 W. MAIN STREET • MAYODAN, N.C. 27027  
(336) 427-0241  
FAX (336) 427-7592  
[bcardwell@mayodannc.org](mailto:bcardwell@mayodannc.org)

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**DATE:** January 8, 2026

**FROM:** Brianna Cardwell CPA, Finance Director

**TO:** Mayodan Town Council

**RE:** Town Council Budget Amendment to recognize insurance proceeds  
related to WTP Lightning Strike damage

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**Town Council Budget Amendment #10**

<u>REVENUE:</u>	<u>Decrease</u>	<u>Increase</u>
51-4740 Insurance Recovery		\$40,083
<u>EXPENDITURE:</u>	<u>Increase</u>	<u>Decrease</u>
51-5840-523 Maintenance & Repair-Equipment	\$40,083	
	\$ 40,083.00	\$ 40,083.00

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Signature

Date

## AGENDA ITEM COVER

<b>Item for Agenda:</b>	Amended Capital Project Ordinance for Town Hall Conversion and Police Department Expansion
<b>Placement on Agenda:</b>	Consent Agenda
<b>Presenter:</b>	Brianna Cardwell, Finance Director
<b>Description of Agenda Item or Other Pertinent Information for Council:</b>	<p>Amended Capital Project Ordinance for Town Hall Conversion and Police Department expansion to show Fund transfers in accordance to prorated fund ratio split based on attached spreadsheet detailing employee positions and square footage of Town Hall.</p> <p>Fund Transfer Ratios calculate as follows:</p> <ul style="list-style-type: none"><li>• General Fund 54%</li><li>• Water Fund 46%</li></ul> <p>Amended Ordinance allocates approved \$400,000 Town Hall funding based on percentages above. Amended Ordinance also includes Police Department expansion in the approved project for future funding.</p>



**TOWN OF MAYODAN, NORTH CAROLINA**  
**AMENDED CAPITAL PROJECT FUND ORDINANCE**  
**FOR THE TOWN HALL LIBRARY CONVERSION AND POLICE DEPARTMENT**  
**EXPANSION PROJECT**

**WHEREAS**, The North Carolina General Statutes, Chapter 159: Local Government Finance, Article 3, established the “The Local Government Budget and Fiscal Control Act”;

**WHEREAS**, The Local Government Budget and Fiscal Control Act provides alternative budget methods to account for capital or grant projects. A local government may, in its discretion, authorize and budget for a capital project or a grant project in a project ordinance adopted pursuant to G.S. 159-13.2. A project ordinance authorizes all appropriations necessary for the completion of the project;

**BE IT ORDAINED** by the Town Council of the Town of Mayodan, North Carolina, that, pursuant to Section 13.2 of Chapter 159 of the General Statutes of North Carolina, the following capital project ordinance is hereby adopted.

Section 1. The Project authorized is the Library Conversion to Town Hall and Police Department Expansion.

Section 2. The officers of this unit are hereby directed to proceed with the project within the terms of the budget contained herein.

Section 3. The following revenues are anticipated to be available to complete this project:

NC Dept of Commerce Rural Transformation Grant	\$45,000.00
General Fund Transfer	\$216,000.00
Water Fund Transfer	\$184,000.00
<b>Total Revenues</b>	<b>\$445,000.00</b>

Section 4. The following amounts are appropriated for the project:

Engineering and Design (Town Hall)	\$45,000.00
Construction (Town Hall)	\$400,000.00
<b>Total Appropriations</b>	<b>\$445,000.00</b>

Section 5. The finance officer is hereby directed to maintain within the fund sufficient specific detailed accounting records for the project.

Section 6. Funds may be advanced from the General Funds for the purpose of making payments as due.

Section 7. The finance officer is directed to report annually on the financial status of the project.

Section 8. The budget officer is directed to include a detailed analysis of past and future costs and revenues on this project in every budget submission made to this Board.

Section 9. Copies of this project ordinance shall be made available to the budget officer and the finance officer for direction in carrying out this project.

Adopted this the \_\_\_\_\_ day of \_\_\_\_\_, 2026.

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E. Dwight Lake, Mayor

ATTEST:

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Sarah Hopper, Town Clerk



# MAYODAN LIBRARY TO TOWN HALL RENOVATION PROJECT

## Fund Balance Allocation

### Based on Employees 2025-2026

GF	WF	
0.5 *	0.5 *	Town Manager Split 50/50 between funds
0.5 *	0.5 *	Clerk Split 50/50 between funds based on duties at Town Hall
0.5 *	0.5 *	Finance Director split 50/50 between funds
15 PD	6 WTP	
1 FD	5 WD	
2 Streets	4 SW	
2 Parks		
21.5	16.5	
<b>38 Total Employees</b>		
<b>57% GF</b>		
<b>43% WF</b>		

Averages of Allocations	
General Fund	54%
Water Fund	46%
	100%

### Based on Square Footage of Proposed Town Hall Drawings

	Total Sq Ft	GF	WF
Billing Clerk	140	-	140
Cust Serv Rep	181	-	181
Clerk	120	60	60
Finance	120	60	60
Mayor	120	120	0
Manager	240	120	120
Storage	175	87.5	87.5
Conf Room	368	184	184
Chambers	1323	794	529 Split 60/40
Work Room	305	152.5	152.5
	<b>3092</b>	<b>1578</b>	<b>1514</b>
	<b>51.03%</b>		<b>48.97%</b>

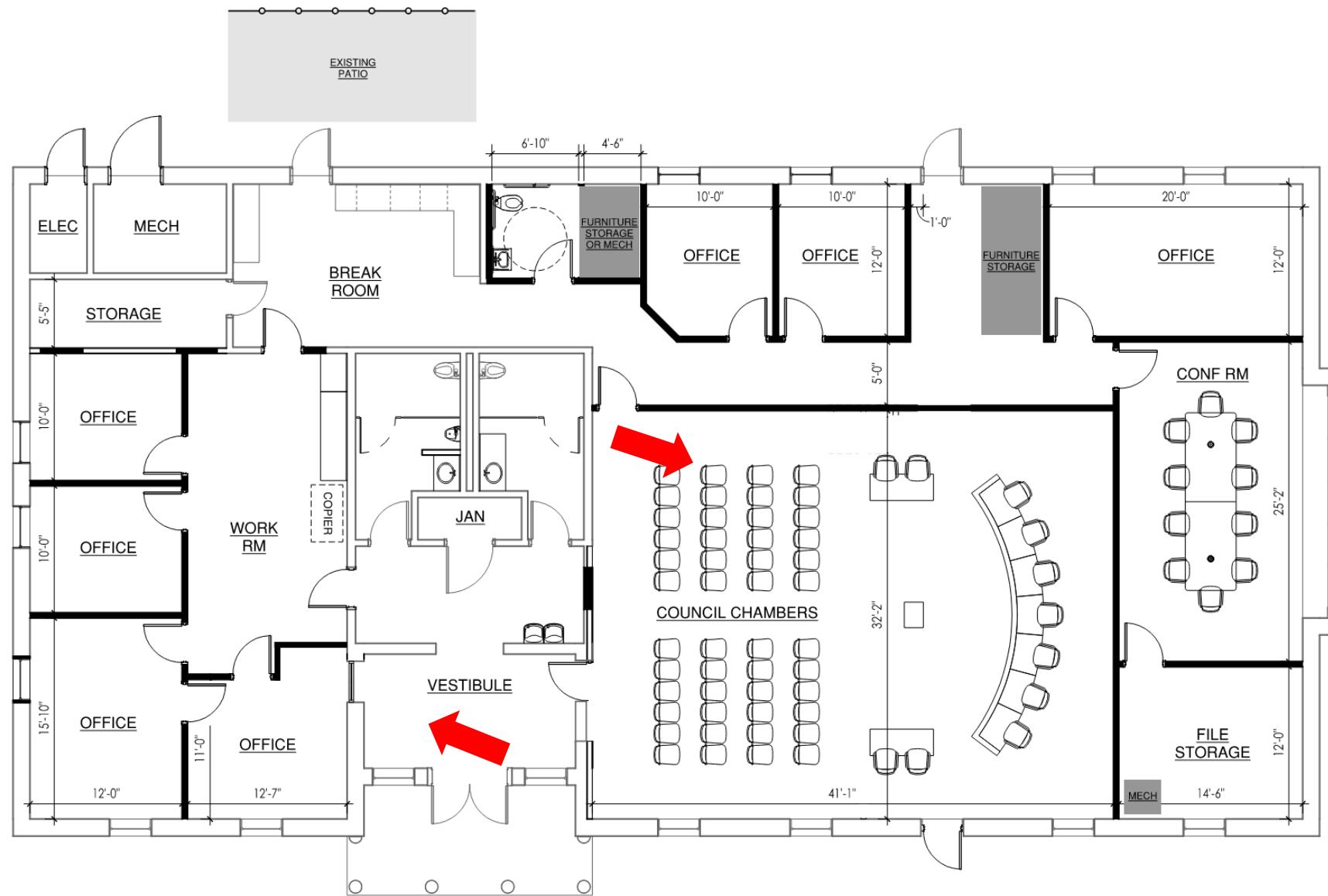
## AGENDA ITEM COVER

<b>Item for Agenda:</b>	Town Hall Design
<b>Placement on Agenda:</b>	New Business
<b>Presenter:</b>	Tod Dalton, CPL
<b>Description of Agenda Item or Other Pertinent Information for Council:</b>	<p>CPL Architecture, Engineering &amp; Planning has prepared the draft design for the renovation of the former Mayodan Library into the new Town Hall. This design reflects prior programming discussions, space needs, and conceptual layout direction previously reviewed with staff and Council.</p> <p>The purpose of this agenda item is for CPL to present a virtual walkthrough of the design to the Town Council, receive feedback, and identify any adjustments needed.</p> <p><b>Requested Action</b> Provide feedback and approve the design with changes (if necessary).</p>



# Mayodan Town Hall

Council Presentation – January 12, 2026



Reference Floor Plan for Renderings





CPL  
ARCHITECTURE  
ENGINEERING  
PLANNING  
CPLteam.com





**Logo Paint Family**  
SW 9058 Secret Cove



**Field Paint**  
SW 7005 Pure White



**Accent Paint**  
SW 7668 March Wind



**LVT**  
Mannington  
Stride Misty Mountain



**Existing Brick from Washington Mills**  
Accent Walls



**Door Stain**  
Sherwin-Williams Birchbark



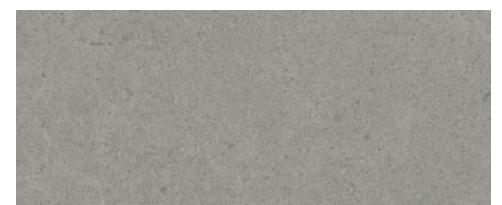
**Restroom Accent Wall Tile**  
Best Tile  
Wellfleet Cerulean 2x6.5



**Countertops**  
Corian Artista Canvas



**Millwork Laminate**  
Wilsonart White Oak PB Natural



**Restroom Floor Tile**  
Crossville  
Argent 2.0 Grey Tabby



**Inspiration Image for Brick Background**

# Finish Palette



**Cerno**  
Plura Pendant  
Dark walnut wood accent, frosted polymer shade



**Example Installation at Thomasville Council Chambers**

## Lighting – Pendant Fixtures for Council Chambers

## AGENDA ITEM COVER

<b>Item for Agenda:</b>	Water & Sewer Rate Study
<b>Placement on Agenda:</b>	New Business
<b>Presenter:</b>	Hope Thomson, School of Government Environmental Finance Center
<b>Description of Agenda Item or Other Pertinent Information for Council:</b>	<p><b>Background</b></p> <p>Water and sewer rates play a critical role in ensuring the Town's ability to operate, maintain, and reinvest in its utility systems. As infrastructure ages and regulatory requirements evolve, periodic evaluation of rate structures is considered a best practice to support long-term financial sustainability.</p> <p>In Spring 2025, the Town Council directed staff to proceed with a comprehensive water and sewer rate study. Since that time, Town staff has been working with the <b>UNC School of Government Environmental Finance Center</b> to evaluate the Town's existing rate structure and long-term utility financial needs through a data-driven analysis.</p> <p>Data collected and reviewed as part of this effort included, but was not limited to:</p> <ul style="list-style-type: none"><li>• Historical rate structures and revenue trends</li><li>• Operating and maintenance expenses</li><li>• Capital improvement needs</li><li>• Debt service and reserve considerations</li><li>• Usage patterns and customer classifications</li></ul>

The purpose of this agenda item is to present the findings of the rate study, highlight trends identified through the analysis, and discuss how those findings may inform future policy decisions related to water and sewer rates. Council feedback and guidance is requested on a path forward.

**Requested Action**

Council is requested to provide feedback and guidance on a potential path forward, including whether to proceed with development of rate adjustment options for future consideration.



SCHOOL OF GOVERNMENT  
Environmental Finance Center

# Rate Setting for Water and Wastewater Service in Mayodan, North Carolina

Hope Thomson, Senior Project Director  
Monday, January 12<sup>th</sup>, 2026

# School of Government



- The mission of the School of Government is to improve the lives of North Carolinians by engaging in practical scholarship that helps public officials and citizens understand and improve state and local government.
- Nonpartisan
- Policy-neutral
- Responsive

# SOG Environmental Finance Center

- The School of Government Environmental Finance Center (SOG EFC) supports North Carolina governments in providing financially sustainable water, wastewater, and stormwater utilities.
- We equip state and local leaders to make data-driven decisions through applied research, tools, teaching, and technical assistance.



# Hi! I'm Hope.

- Work with North Carolina utilities to assess financial condition, consider rate changes, evaluate funding options and more
- Background in chemistry, public health, environmental financial risk, and science policy and communication



# Agenda

- **10 minutes** Introductions and Agenda: Who am I and what am I here to talk about?
- **10 minutes** Level setting: What language and background do we all need to have in common?
- **10 minutes** Rate setting principles for utilities: What ideas and strategies are underneath this complicated process?
- **15 minutes** Mayodan Analysis Update: What is happening in Mayodan? What work have we done and what is remaining to do?
- **15 minutes** Questions and discussion; further needs and next steps

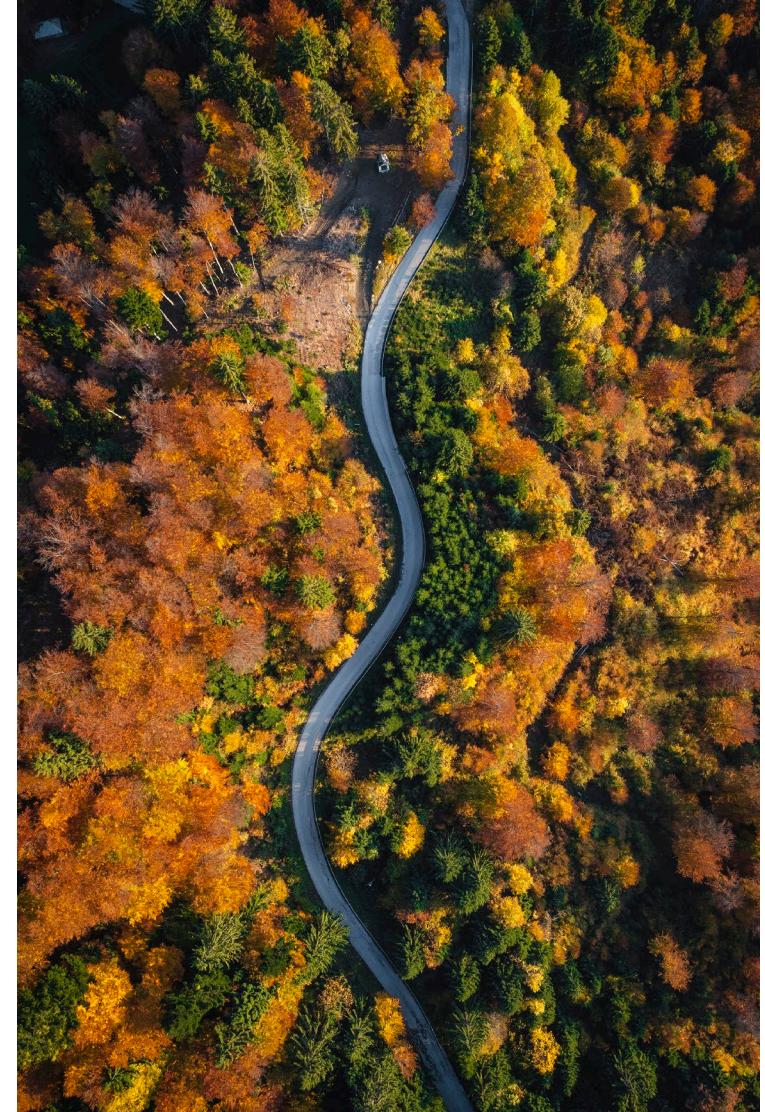
Goals & Practices of

# Water & Wastewater Systems

THE ROAD TO

# Achieving Full Cost Recovery

- Defining the long-term needs of the utility
- Connecting those needs to \$\$\$
- Assessing progress towards meeting those needs
- Considering changes to policies, procedures, etc.
- Implementing change
- Decision making under uncertain conditions

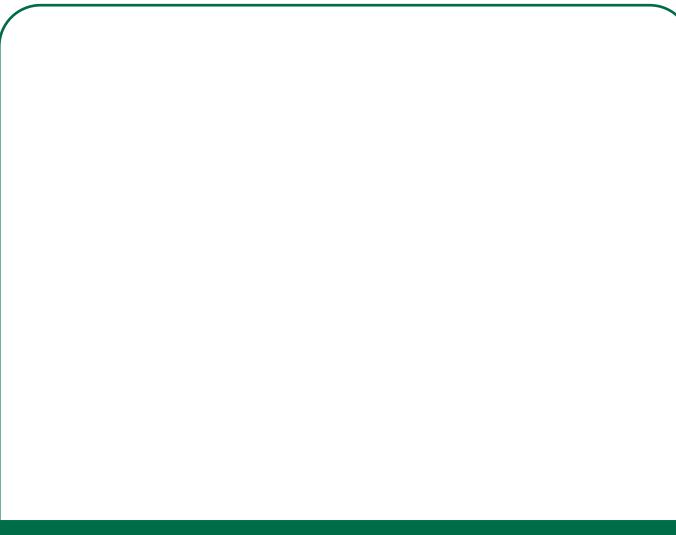


# Water systems serve multiple purposes

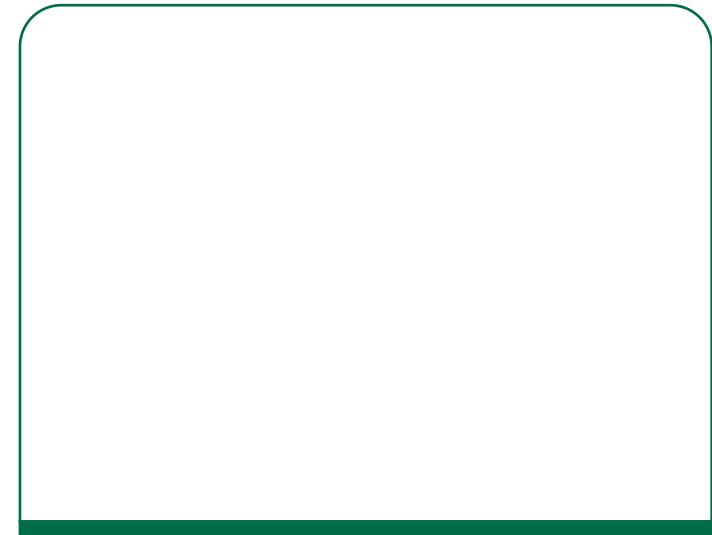
System serves an important **environmental and health purpose** -- protecting community's water resources and supplying community with highest quality drinking water.

Environmental  
Health

1



2



3

# Water systems serve multiple purposes

System serves an important **environmental and health purpose** -- protecting community's water resources and supplying community with highest quality drinking water.

Environmental Health

1

System serves an important **public service** – providing community with basic services that everyone in the community can afford.

Public Service

2

3

# Water systems serve multiple purposes

System serves an important **environmental and health purpose** -- protecting community's water resources and supplying community with highest quality drinking water.

Environmental Health

1

System serves an important **public service** – providing community with basic services that everyone in the community can afford.

Public Service

2

System serves as a well managed **public enterprise** – putting into practice forward-thinking sustainable business practices.

Public Enterprise

3

# Water utilities function as public enterprises

Self-sufficient



Avoid or minimize transfers



Revenues collected =  
costs expended

# 3 Types of Costs

**Operating Costs**—what you need to run the system day in and day out

**Capital Costs**—rehabilitation and replacement of existing infrastructure and new infrastructure

**Debt Service**—what you owe on loans and bonds

## 3 Types of Costs

**Operating Costs**—what you need to run the system day in and day out

**Capital Costs**—rehabilitation and replacement of existing infrastructure and new infrastructure

**Debt Service**—what you owe on loans and bonds

## 2 Types of Revenues

**System Income**—Money from rates, tap fees, system development charges, grants, penalties, other sources

- Note: To be a pure enterprise fund, not taxes (unless explicitly permitted).

**Debt**—Money from bonds and loans

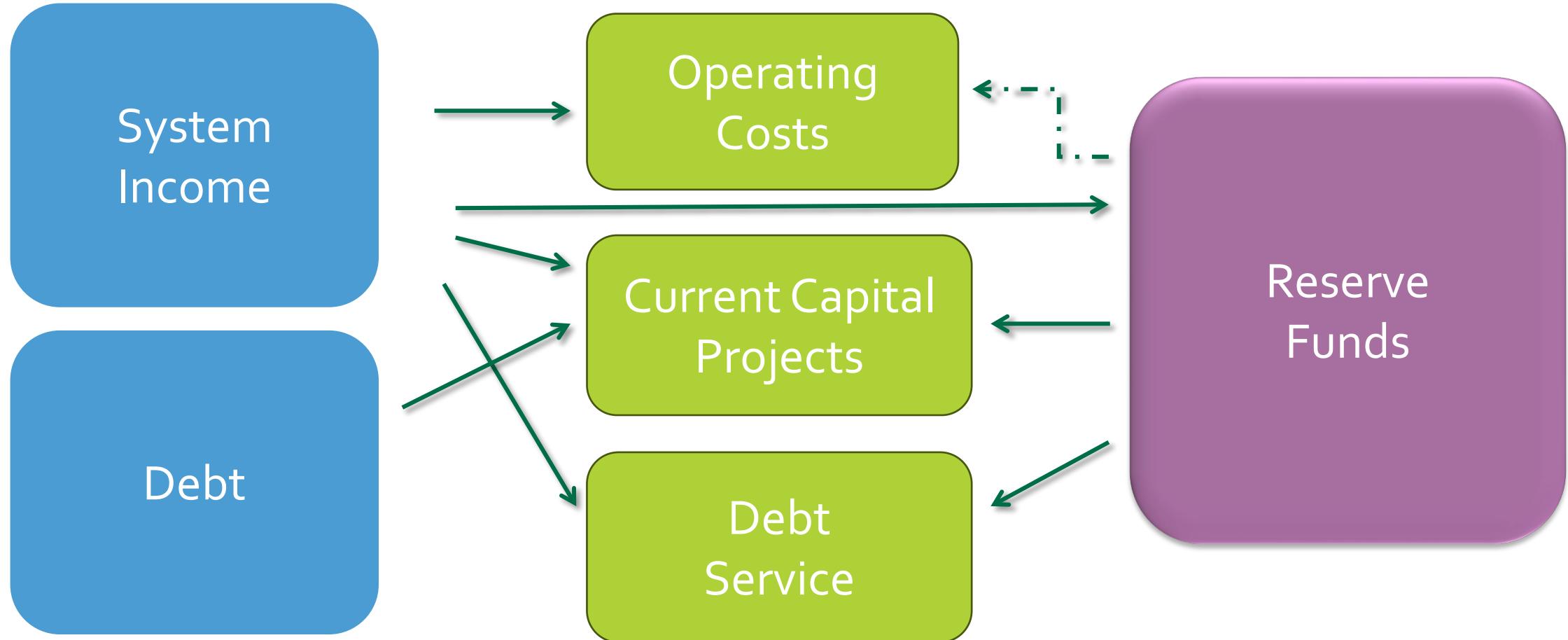
# Many Types of Reserve Funds

- **Capital Reserve Fund**—Infrastructure rehabilitation and replacement
- **Repair Fund**—Known, ongoing maintenance issues
- **Emergency Fund**—Unknown, unanticipated maintenance issues
- **Rainy Day Fund**—Unexpected revenue shortfalls

Beyond covering your debt service

## How Much Do You Need in Reserves?

- Enough to pay for your most expensive piece of equipment?
- Enough to cover your costs if you had no revenue for two months? Six months?
- Enough to cover the projects in your capital improvement plan?



# Setting a Revenue Target

# Setting a revenue target

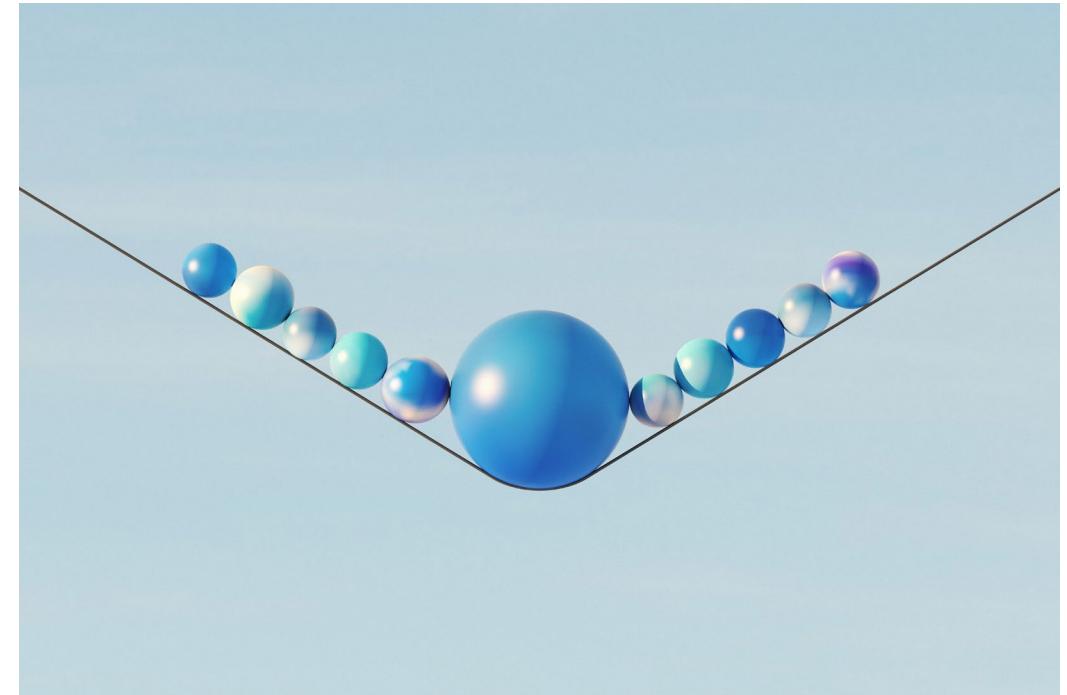
- What revenues will help achieve the utility's goals for service provision?
- Potential goals
  - Minimize service disruptions
  - Reduce consumption
  - Maintain personnel
  - Avoid violations
  - Save for revenue shocks, or "rainy days"
  - Prepare for grants/loans/capital projects



Fully funding

# Operations & Maintenance

- Look at trends – how are line items changing, and is it consistent?
- Consider the future – staffing (raises, training), operational changes, etc.
- Purchased treatment & interlocal agreements



## Fully Funding

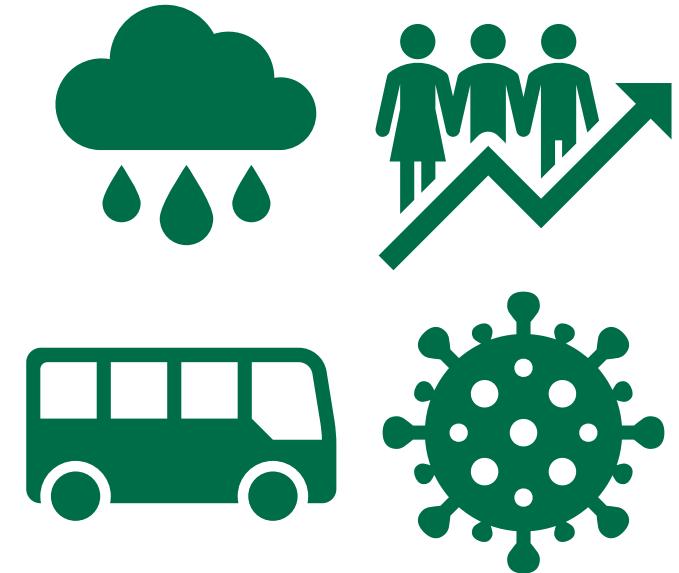
# Capital Improvements

- Develop a capital improvement plan – and use it!
- Include *how* will projects be funded
  - Cash, i.e. fund balance or capital reserve
  - Debt-finance
  - Grants – do they cover all the costs?
- Requirements of bond covenants – can you meet them?

Category 272: Water Treatment Facilities						
	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	Five-Year Total
272-37 WTP Belt Filter Press Replacement	\$1,100,000	\$1,000,000	\$0	\$0	\$0	\$2,100,000
272-49 WTP SCADA Master Plan Recommendations	\$800,000	\$1,000,000	\$700,000	\$500,000	\$500,000	\$3,500,000
272-52 WTP Electrical Distribution Improvements	\$1,000,000	\$6,720,000	\$1,955,000	\$0	\$0	\$9,675,000
272-55 WTP Clearwell Rehab and Flash Mix Rehab	\$25,000	\$0	\$100,000	\$214,000	\$736,000	\$1,075,000
272-59 Finished Water Pump #4 Motor and Pump Replacement	\$325,000	\$0	\$0	\$0	\$0	\$325,000
272-63 PFAS Study, Design, and Treatment	\$800,000	\$3,200,000	\$11,000,000	\$20,000,000	\$15,500,000	\$50,500,000
272-65 Water Supply and Treatment Condition Assessments	\$100,000	\$100,000	\$100,000	\$0	\$0	\$300,000
272 Category Total	\$4,150,000	\$12,020,000	\$13,855,000	\$20,714,000	\$16,736,000	\$67,475,000

# Building up reserves – expect the unexpected

- Have policies for the reserve fund
- Consider revenue sensitivity
- Unanticipated capital needs
  - Critical pieces of equipment
  - Recurring problems
  - Piecemeal repairs/rehabs
  - Bids over budget
- Whatever else needs an extra layer of support – debt payments?  
Operational changes?



# Rate Setting & Pricing Approaches

# The Science of Setting Water and Sewer Rates

- *An increase in mergers and acquisitions*
- *Almost \$8 billion in assets and more than \$1 billion in annual revenues<sup>1</sup>*
- *Changing regulations, affecting the bottom line*
- *A backlog in capital investment needs*
- *Interruptions in supplies that hurt revenues*
- *Loss of major customers*
- *Innovative pricing and customer-relations strategies*
- *Sagging revenues*

typically fall on governing boards that were chosen not as business or technical experts but as representatives of their constituents on a broad range of matters.

The drought of 2002 brought two types of water stories to the headlines: (1) the struggles of many communities to maintain their water supplies and (2) the financial difficulties of many communities due to decreased sales. The response to the first type of circumstance was immediate and significant: an executive order requiring conservation, and statewide initiatives to examine current supplies. The response to the second type of circumstance has been less obvious and less pronounced.

Table 1). These numbers are impressive. However, the projected numbers are staggering. According to a study by the North Carolina Rural Economic Development Center, the state will need more than \$11 billion in investments to meet its capital needs for water and sewer infrastructure over the next twenty years.<sup>2</sup>

In North Carolina, as throughout the country, numerous water and sewer enterprises owned by local governments benefited from the federal government's ambitious construction grants program of the 1970s (for the patterns of federal wastewater funding from 1970 to 2000, see Figure 1). Many local government officials fondly remember those days of

## General Authority Behind User Fees

§ 160A-314. Authority to fix and enforce rates, municipalities

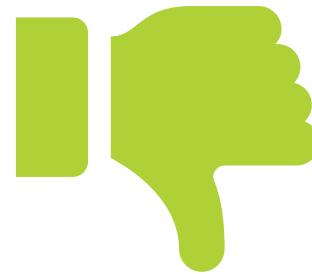
§ 153A-277. Similar authority but more about different areas of the County.

- (a) A city may establish and revise from time to time schedules of rents, rates, fees, charges, and penalties for **the use of or the services furnished or to be furnished by any public enterprise**. Schedules of rents, rates, fees, charges, and penalties **may vary according to classes of service, and different schedules may be adopted for services provided outside the corporate limits of the city**.
- (a) A county may establish and revise from time to time schedules of rents, rates, fees, charges, and penalties for **the use of or the services furnished or to be furnished by a public enterprise**. Schedules of rents, rates, fees, charges, and penalties **may vary for the same class of service in different areas of the county and may vary according to classes of service, and different schedules may be adopted for services provided outside of the county**. A county may include a fee relating to subsurface discharge wastewater management systems and services on the property tax bill for the real property where the system for which the fee is imposed is located.

# Rate Setting Guidelines



- Simple
- Based on expenses
- Cover full costs
- Affordable



- Super-complicated
- Frozen in time
- Based on political desires
- Based upon neighbors

# Elements of Rate Setting

- Many potential paths to the revenue target
  - Customer classes/distinction
  - Billing period
  - Base charge vs. volumetric
  - Consumption allowance (included in base charge)
  - # of blocks, sizes and rate differential
  - Temporal adjustments
  - Frequency of rate changes



# Payment for access

- In its pure form, everyone in the water system pays the same amount for access to the system, regardless of how much water they use (**base charge** or flat fee)
  - Consistent bills for customers
  - No connection between amount used/treated and revenues coming in



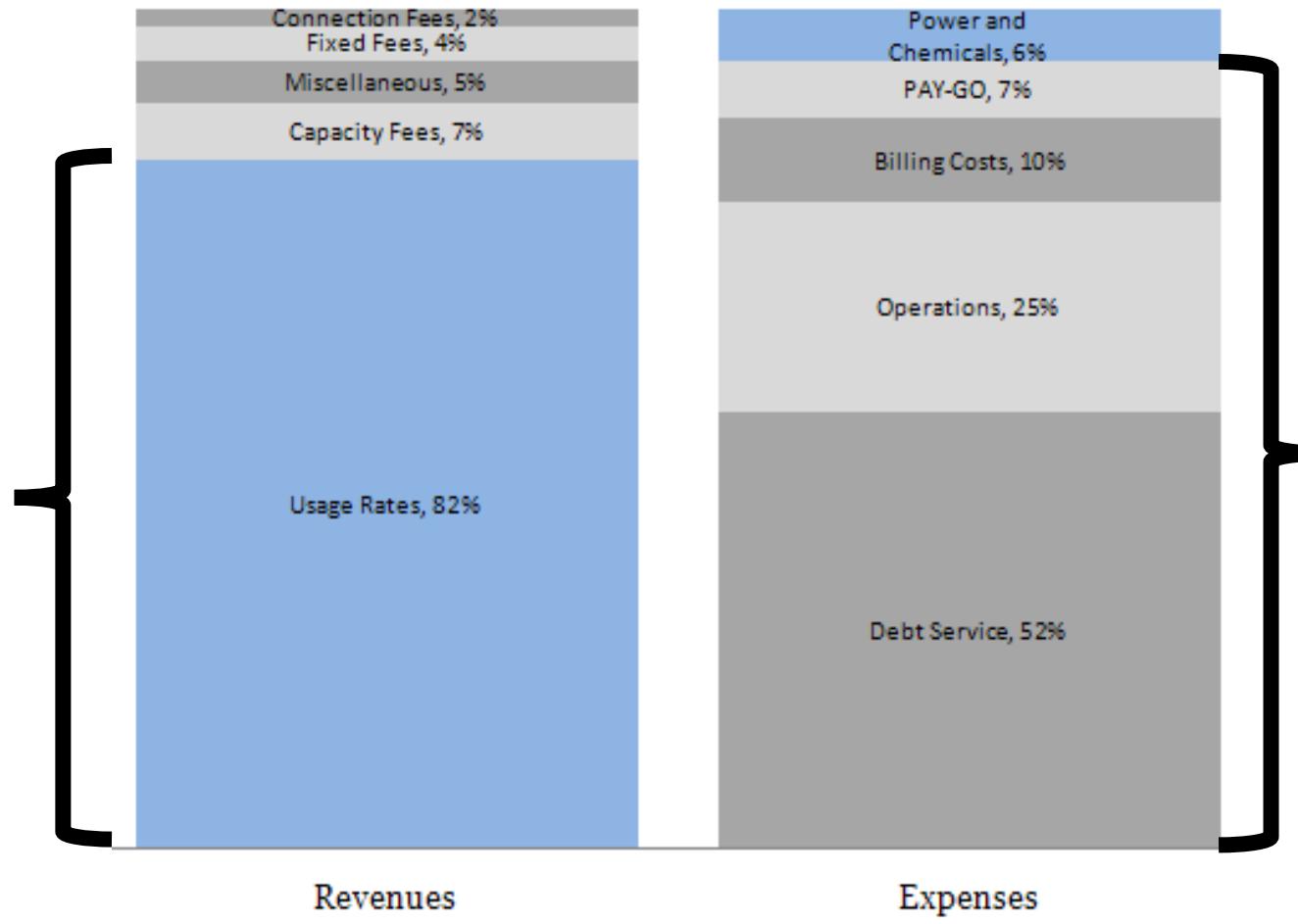
# Payment for volume received

- In its pure form, everyone in the water system pays for the volume of water received and only for the volume of water received (**volumetric rate**)
  - Bills for customers may be highly variable
  - Revenue in the door highly variable



# Fixed vs. Variable Revenues and Expenses

**Revenues  
change with  
the amount of  
water used**



**Expenses stay  
constant**

# Fixed vs Variable Revenues and Expenses

*Base charge covers fixed costs*

*Volumetric charges cover variable costs*

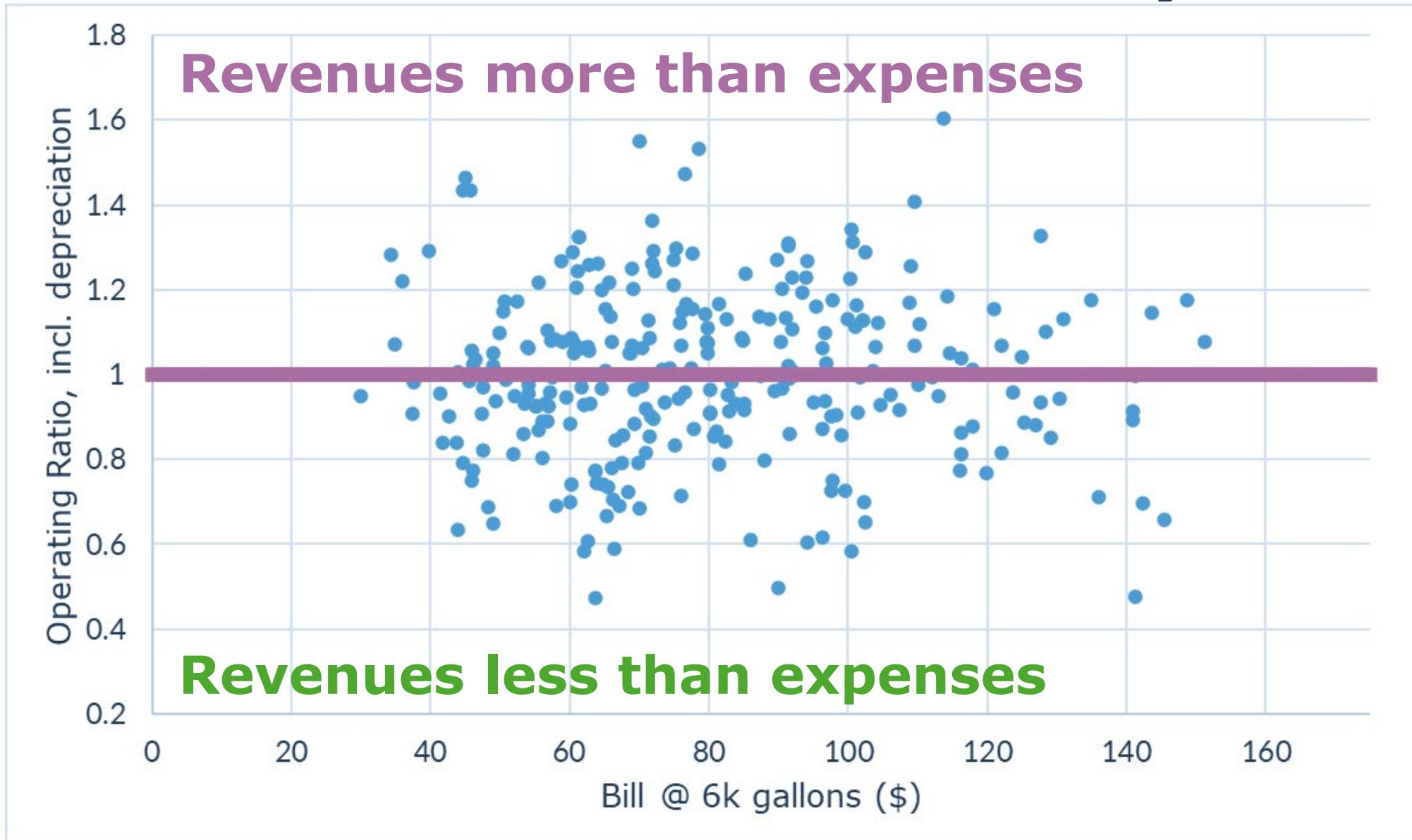
Revenues  
change with  
the amount of  
water used

Operations, 25%

Expenses stay  
constant

- *Discourages high use*
- *Allows for consumption allowance (usage up to a limit included as part of base charge)*
- *Gives customers an opportunity to control their bill if they can manage usage*

# Residential rates vs. cost recovery, FY2024



## General Authority Behind User Fees

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# Differentiating Rates

## Service used vs. Customer Status

Possible options,  
not recommendations

Service 	Status 
Amount of water used, character of service, time of use, etc.	Low-income, seniors, veterans, non-profits, religious or educational orgs
Date of service request	Age of customer
Size of house	Customer income
Irrigation rate	Irrigation rate for farmers

# Analyses for Mayodan

## TOOL OVERVIEW

# Financial Health Check Up Tool

- Retrospective looking at the past 5 years of audited financial data for a utility's proprietary fund
- Calculates *key performance indicators (KPIs)* that allow comparison to other utilities as well as established benchmarks
- Benchmarks determined by industry best practices, but can be informed to an extent by utility priorities

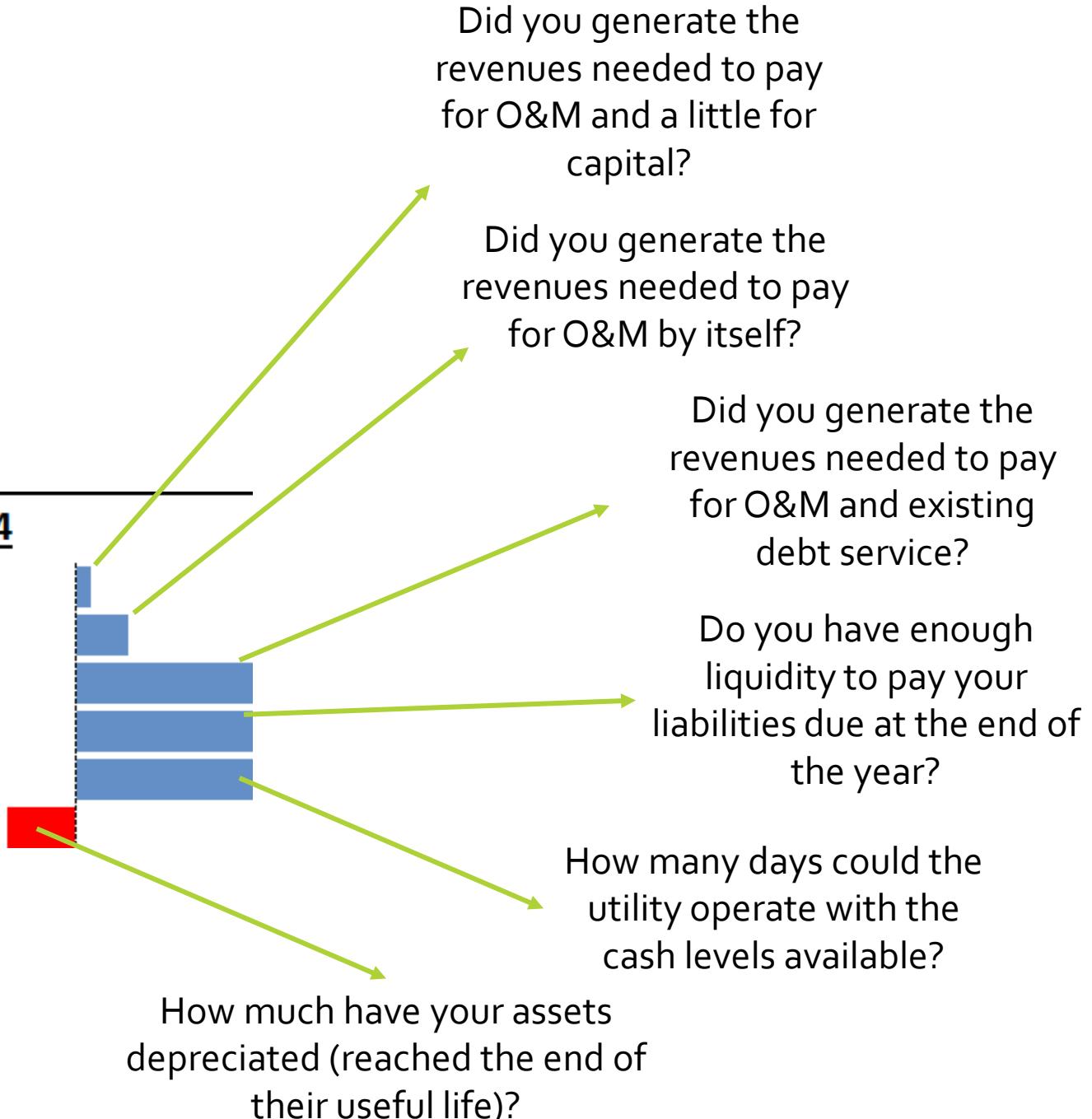
# SUMMARY OF OUTPUTS

# Financial Health

# Check-Up Tool

## Snapshot: Comparison to the targets in FY2024

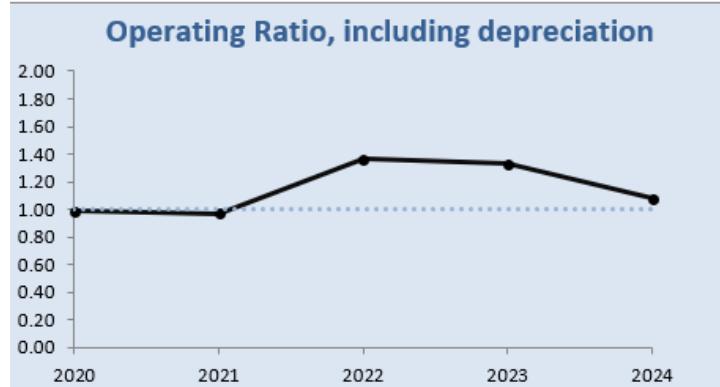
Operating Ratio (including depreciation)  
Operating Ratio (not including depreciation)  
Debt Service Coverage Ratio  
Quick Ratio  
Days Cash on Hand  
Percent of Capital Assets Depreciated



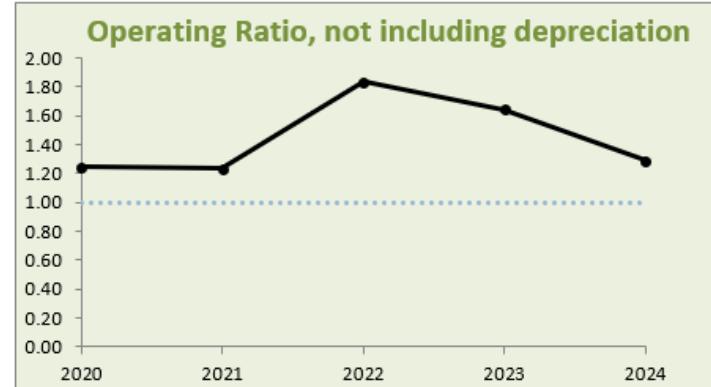
## OUTPUTS

# Financial Health Check Up Tool

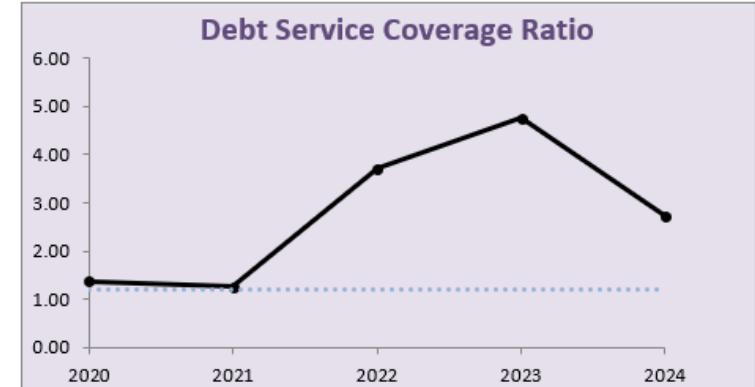
Did you generate the revenues needed to pay for O&M and a little for capital?



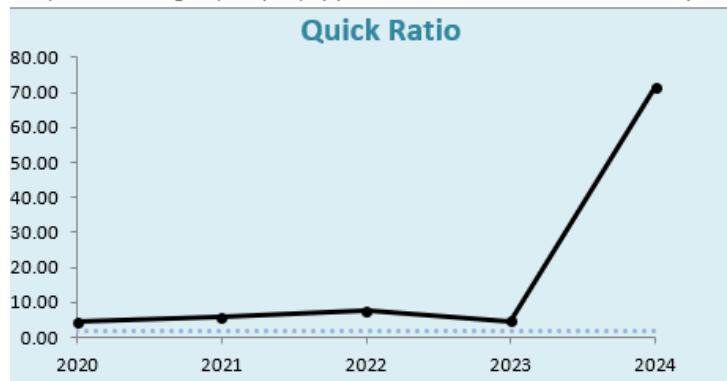
Did you generate the revenues needed to pay for O&M by itself?



Did you generate the revenues needed to pay for O&M and existing debt service?



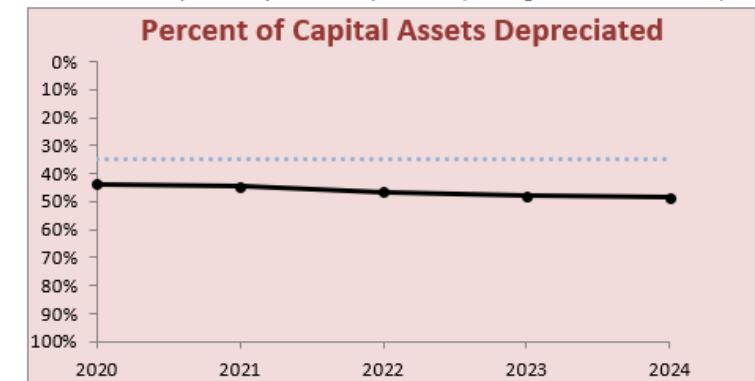
Did you have enough liquidity to pay your current liabilities at the end of the year?



How many days could you continue to operate the utility with the cash levels available?



How much have your utility's assets depreciated (nearing the end of their lives)?



# Reviewing the customer base

- Reviewed individual customer usage data by billing period
- Many data fields to describe billing: route, rate\_code, etc.
- We collapsed to 11 codes that charge the same or very close to the same for service
  - Excluding “bulk” rates to Stoneville and Madison, since those are negotiated differently

- RES-WS-B-O
- RES-WS-B-I
- INS-WS-M-O
- INS-WS-B-O
- INS-WS-B-I
- IND-WS-M-O
- IND-WS-M-I
- COMM-WS-M-O
- COMM-WS-M-I
- COMM-WS-B-O
- COMM-WS-B-I

# How Mayodan Customers are Charged

- Divisions to how customers are charged:
  - Base and volumetric
    - “Minimum bill”
    - No consumption allowance
  - Inside vs. outside
  - Bimonthly vs. monthly

Water / Sewer Rates	
<b>Effective July 1, 2023:</b>	
<b>Inside Rates:</b>	
Water Rates:	\$6.75 per 1,000 gallons
Sewer Rates:	\$6.75 per 1,000 gallons
<b>Outside Rates:</b>	
Water Rates:	\$16.88 per 1,000 gallons
Sewer Rates:	\$16.88 per 1,000 gallons
<b>Inside Minimum Bill:</b>	
3,500 gallons or less = \$47.26 (water & Sewer)	



1. Bimonthly customers have the same minimum bill; effectively paying half the minimum over the course of a year
2. *Not all* bimonthly customers are residential

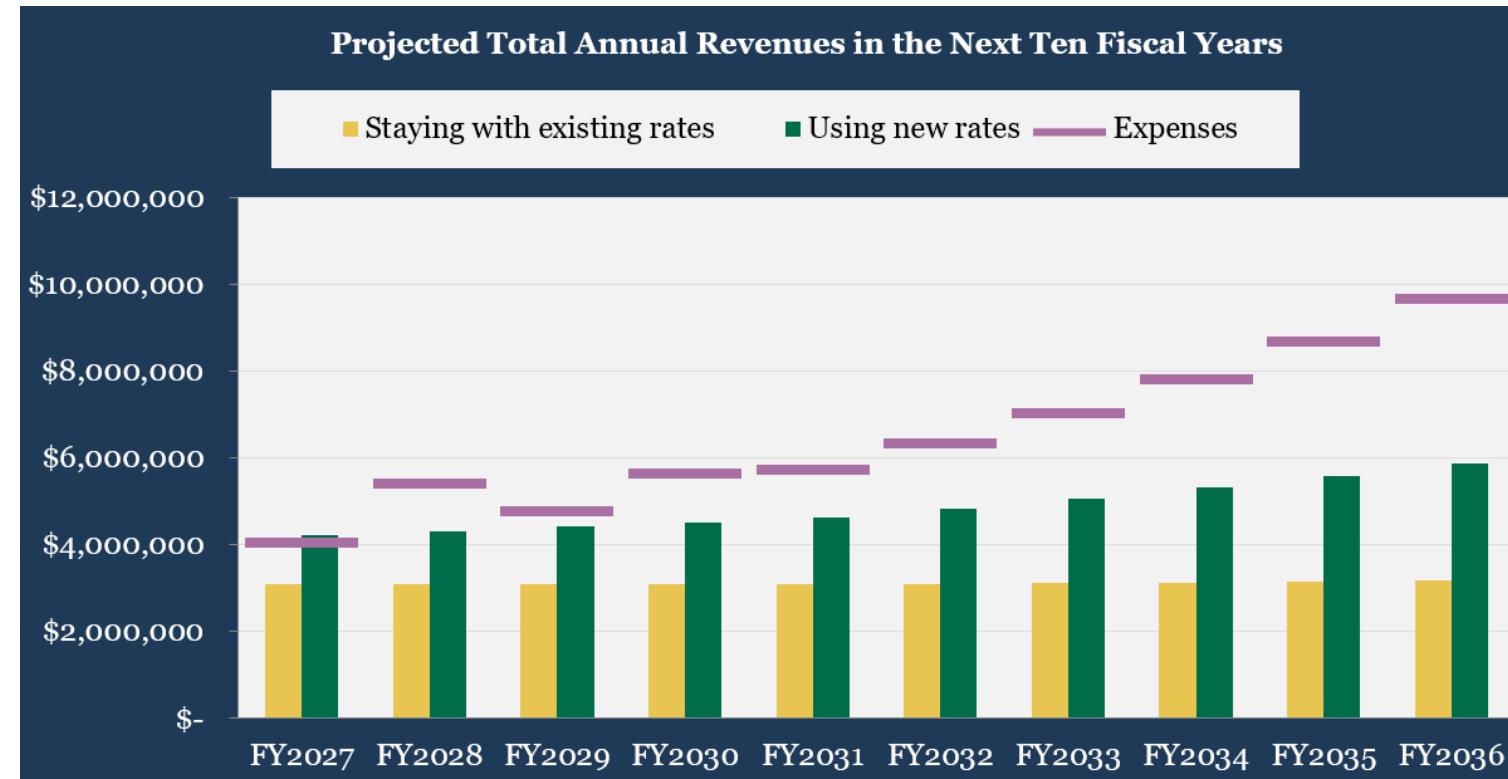
# Rates Analysis Tool

- Uses real utility data within a preset model to estimate revenue generation from usage rates and revenue *needs* from budgets, capital improvement plans, and information from staff
- SOG EFC worked with staff to clean data so that it was usable in the tool
- Use the Status Quo scenario to confirm that underlying data is sufficient and see how revenue generation matches need
- Can work to put together “scenarios” that either toggle the classes, rates, or revenue needs
- We do *not* recommend a rate to set. We model options that you all want to see.

## Mayodan Rates Analysis

# Initial Results

- Prepared a “status quo” analysis to reflect current conditions as closely as possible
  - Modelling within 3% of budgeted FY26 revenues
  - Built in 3%-5% annual increases
- Observing a gap (~\$840K) between revenues and expenses with planned capital improvements in FY27



# Questions & Discussion