

Public Utilities Committee

May 21, 2026 at 6:00 pm

Committee Members:

Tyler Hughes – Chairman
Kent Gilley
Adam Harris

Also Attending:

Stephen Lawson – Town Manager
Amanda Hawkins – Town Clerk/Treasurer

Absent Members:

None

Chairman Tyler Hughes called the meeting to order.

The purpose of the meeting was to discuss the proposed utility rate increase for the FY2026-2027 budget.

Clerk/Treasurer Amanda Hawkins told the Committee that the proposed budget had a water rate increase of \$1.00 to the minimum and \$1.00 to the over 1,500 gallons rate for both in-town and out-of-town customers. Hawkins said the Town added a loan payment obligation of \$60,100 annually with the most recent water project just completed this spring. The previous loan agreements with Virginia Resource Authority and others dictate a 115% Debt Coverage Ratio. Even after eliminating one full-time and one part-time budgeted position at the Water Treatment Plant the rate increase was necessary to meet the coverage ratio requirement. With the increase in payroll due to the state mandated minimum wage increase and a 7% increase in group health insurance premiums a rate increase was expected, but the additional debt and current inflation pushed the needed increase higher than normal.

Clerk/Treasurer Amanda Hawkins told the Committee that the Sewer Fund had fared a little better than the Water Fund. The Sewer Fund must also meet the 115% Debt Coverage Ratio for lenders such as Virginia Resource Authority. Due to paying off a debt in September 2025 with an annual obligation of \$40,000 no increase to the sewer rates was required. However, Hawkins cautioned the Committee about the Hospital Watershed Sewer project that will be underway soon which would add a debt obligation of approximately \$38,000 annually to the FY2027-2028 budget. A recommendation to do a small increase this year and hopefully allow for another small increase in FY2027-2028 when the new debt would be included may be easier on customers than no increase now and a large increase next year. Hawkins also pointed out that one of the largest water/sewer customers in town, Wallens Ridge State Prison, had seen a reduction of 700,000 gallons per month in usage therefore dropping their High-Volume User rate by almost \$1,000 per month. With the increase in payroll due to the state mandated minimum wage increase and a 7% increase in group health insurance premiums a small rate increase was recommended.

Town Manager Stephen Lawson said the proposed rate increases were needed to meet debt coverage agreements with our lenders for utility debts.

Clerk/Treasurer Amanda Hawkins stated that the proposed increase would:

- raise the minimum in-town water rate by \$1.00, and the over 1,500-gallon rate by \$1.00
- raise the minimum out-of-town water rate by \$1.00, and the over 1,500-gallon rate by \$1.00
- raise the minimum in-town sewer rate by \$0.21, and the over 1,000-gallon rate by \$0.08
- raise the minimum out-of-town sewer rate by \$0.36, and the over 1,000-gallon rate by \$0.12

Hawkins explained that overall, an in-town customer's minimum bill would increase by \$1.21, and an out-of-town customer's minimum bill would increase by \$1.36. If you consider a family who uses 3,000 gallons of water per month their bill would increase by \$2.86 for in-town customers, and by \$3.10 for out-of-town customers.

Member Adam Harris asked if the dumpsters rate meant store dumpsters and does the Town charge \$22.00 for each dump. Mr. Lawson said yes, but that was per pickup. So, if a business has 2 pickups a week then it was \$44 per week. Ms. Hawkins added that it is \$11.00 per month for in-town garbage pickup once a week and this cost cannot be waived it is mandatory for everyone that lives in town limits.

The Committee agreed to recommend the utility rate increases to Council. Chairman Hughes adjourned the meeting at 6:32 pm.

RECOMMENDATION: The Public Utilities Committee unanimously recommends to Council (1) a water rate increase of \$1.00 to the minimum and \$1.00 to the over 1,500 gallons rate for both in-town and out-of-town customers and (2) a sewer rate increase of 1% for both in-town and out-of-town customers as part of the FY2026-2027 Budget to be included in the public hearing advertisement for Ordinance 14-2026.