

Narrows Town Council Meeting

May 11, 2026

Mayor Tom Spangler called the meeting to order.

Council members present were John Hale, Sara Bowles, and Alicia Lane. Councilman Mills and Councilman Creger were absent.

Staff members present included John Davis, Terry Nicholson, Roger Shepherd, and Debbie Thomas.

Attorney Mike Bedsaul was present.

Mayor Spangler gave the invocation.

Council and audience recited the Pledge of Allegiance.

Approval of April 13th Meeting Minutes

Mayor Spangler called for a motion to approve the minutes from the April 13th meeting.

Councilman Hale made a motion to approve the April 13th meeting minutes with one amendment: correcting a reference to a date under the flowerpot/decoration item from April 27th to May 27th. Councilmember Bowles seconded the motion.

Ayes: Hale, Bowles, and Lane

Nays: None

Motion Carried 3-0

Approval of April 23rd Meeting Minutes

Mayor Spangler called for a motion to approve the minutes from the April 23rd meeting.

Councilman Hale made a motion to approve the April 23rd meeting minutes. Councilmember Lane seconded the motion.

Ayes: Hale, Bowles, and Lane

Nays: None

Motion Carried 3-0

Consent Agenda

Library Report

Council reviewed the library report. A scholarship received by Cindy Laws to attend a professional conference was noted favorably. No further discussion was held.

Parks & Recreation Report

Council thanked Parks & Recreation Director Roger Shepherd and his staff for their work, particularly in preparation for the upcoming park opening event. Roger acknowledged Jenny Wheeler and Jennifer Clark who lead the Opening Day event.

Discussion was held regarding trash blowing from the PSA dump site area onto the ball fields. Council discussed potential remedies including fencing improvements, landscaping buffers, and tree planting. Leyland cypress trees were suggested as a fast-growing screening option. It was noted that as the final location of the PSA site remains uncertain, the PSA may be reluctant to

invest in screening measures. Terry Nicholson indicated he would raise the trash issue at the upcoming PSA meeting. The possibility of engaging the New River Conservancy for tree planting assistance was also discussed.

Council recognized the students from Miss Gwaltney's class who assisted Public Works staff with cleanup ahead of Kids Fishing Day.

A question was raised about a piece of play equipment (a rocking/swinging platform) that appears to have been removed. Staff indicated they would investigate and report back.

Council noted that Kids Fishing Day was well attended and appeared successful despite competing events in other localities.

Farmers Market Report

Council reviewed the farmers market report. Councilmember Lane reported attending the first Locals Night on Saturday, describing it as successful, with a good variety of vendors, fresh produce, eggs, flowers, and other goods available. She commended Savannah Horney for organizing the event for the first time.

Police Report

Council reviewed the police report and thanked Police Chief Ratcliffe and the department for their service.

Financial Report

Council reviewed the financial report. No additional discussion was held.

Town Manager's Report

Council thanked Terry Nicholson for resolving the matter involving the New River Conservancy tree planting project discussed at the prior meeting.

Public Works Report

Council reviewed the public works report. No additional discussion was held.

Councilman Hale made a motion to approve the consent agenda. Councilmember Lane seconded the motion.

Ayes: Hale, Bowles, and Lane

Nays: None

Motion Carried 3-0

Communications, Concerns, and Requests from the Public

Eldon Justice

Mr. Justice was unable to attend. His item was carried over to the next meeting.

Billy Fenne -- Eagle Scout Project at Camp Success

Billy Fenne, a member of Boy Scout Troop 68, addressed council to request permission to complete his Eagle Scout community service project at Camp Success. His proposed project is to build two to three picnic tables at the campground.

Council expressed unanimous support for the project. Discussion was held regarding whether the tables should be permanently anchored in concrete or left movable. Council and staff noted the risk of flood damage to fixed tables and suggested that movable tables would allow them to be relocated ahead of flood events.

Will Fenne noted that Billy Fenne's anchoring concept involved a chain attached to a ground anchor rather than the tables being set in concrete, which may allow for easier relocation.

Chief Ratcliffe offered suggestions on optimal placement to minimize vandalism risk, recommending the area near the existing kayak storage locker (a prior Eagle Scout project) for one table, and the campsite near the boat ramp for a second.

No formal motion was required. Council agreed by consensus and directed Mr. Fenne to coordinate any particulars with Terry Nicholson.

Council also congratulated Mr. Fenne on being selected as Senior Patrol Leader to lead the regional troop contingent to the National Jamboree in July, representing a multi-state area including Virginia, Ohio, Kentucky, and part of Tennessee.

Communications from the Mayor, Council, and Staff

PSA Report

Terry Nicholson reported that a PSA meeting is scheduled for Thursday. He indicated he would raise the trash accumulation issue at the ball fields at that meeting.

Water Infrastructure Update -- Mayor Spangler

Mayor Spangler shared data he had reviewed regarding the town's water line infrastructure, noting that community members sometimes complain about water rate increases without awareness of the underlying need. Key data points include:

- The town has approximately 130,000 linear feet of water line with approximately 220 lines of varying lengths
- Water lines have an approximate 50-year lifespan
- 51 lines have approximately 27 years remaining on their lifespan
- 30 lines have been in the ground for 53 years (3 years beyond their lifespan)
- 139 lines have been in the ground for 83 years (33 years beyond their lifespan)
- Lines range from 1 inch to 10 inches in diameter. Sixty are galvanized lines, which create the most significant problems and are the current focus of replacement efforts

Mayor Spangler emphasized that the 10% rate increases over the past three years have directly funded line replacement efforts that have dramatically reduced water system loss.

Run for the Wall -- May 21st

Mayor Spangler shared that the Run for the Wall, a veterans motorcycle event traditionally organized by Kyle Petty, has included the Veterans Memorial Park in Narrows on its route this year, with a scheduled stop on May 21st at approximately 8:00 a.m. The contingent is expected to consist of approximately 20 motorcycles. Mayor Spangler and Terry Nicholson discussed providing a small gesture of hospitality such as coffee, donuts, or juice, and expressed hope that the town would continue to be included in future years.

Wastewater Treatment Plant -- Primary Clarifier Project Update

Terry Nicholson reported on the status of the primary clarifier replacement at the wastewater treatment plant. Thompson & Litton has prepared the bid package for this project, which is funded through outstanding FEMA reimbursements.

After consultation with the town's financial advisor (Davenport & Company), staff decided to defer the bid process until the beginning of fiscal year 2027 (July). The current cash flow situation makes it inadvisable to expend \$72,000 now to recover approximately \$128,000 in FEMA reimbursements, given the net gain of approximately \$56,000 in the context of current cash reserves. FEMA has been notified of the delay.

New Business

None.

Unfinished Business

Town Charter Amendment -- Town Manager Residency Requirement

Attorney Mike Bedsaul presented a proposed resolution to initiate the public hearing process for a charter amendment that would allow the Town Manager to reside either within or outside town limits. This follows direction from council at the April meeting.

Attorney Bedsaul explained the procedural requirements:

- The resolution schedules a public hearing; it does not approve the amendment or request General Assembly action
- The public hearing must be advertised twice within a 28-day window, with the second advertisement no fewer than seven days before the hearing
- Following the public hearing, the proposed amendment must be submitted to the General Assembly for enactment. If the General Assembly does not approve it at the first legislative session after the public hearing, the process must restart
- To meet the January legislative session timeline, Attorney Bedsaul recommended transmitting the proposed resolution and amendment to Delegate Ballard and Senator Hackworth by late summer or early fall, even before the public hearing, to allow time for bill preparation

The proposed amendment language would specifically provide that the Town Manager may reside within or without the town limits.

Council discussed timing and consensus favored holding the public hearing at the June regular meeting.

Councilman Hale made a motion to approve the resolution to schedule a public hearing regarding the proposed charter amendment at the June 8th council meeting.

Councilmember Bowles seconded the motion. Council members expressed support for moving the process forward so that citizens could weigh in.

Ayes: Hale, Bowles, and Lane

Nays: None

Motion Carried 3-0

Presentation -- Water & Sewer Rate Study and Financial Overview (Davenport & Company)

Austin Sacks of Davenport & Company, the town's financial advisor, presented a two-part financial overview covering the general fund and the water and sewer utility enterprise fund.

General Fund Overview

Mr. Sacks reviewed general fund revenues and expenditures over the past seven fiscal years. Key observations:

- Revenues and expenditures have generally trended upward. Fiscal year 2025 saw a decrease in revenues and an increase in expenditures, resulting in a draw on fund balance -- the first such draw after three consecutive surplus years
- The town's unassigned fund balance (savings account) grew through fiscal years 2022-2024 to approximately \$280,000, and decreased to approximately \$180,000 following the FY2025 draw
- Cash on hand has been in a steady decline over the past four to five fiscal years. The revenue anticipation note issued in November 2025 (\$500,000) was necessitated by insufficient cash reserves to cover payroll and operating costs between fiscal year start and the receipt of annual real estate tax revenue in March. That note is due June 30th and the plan is to pay it off and reissue it at the start of FY2027
- FY2027 is a reassessment year and an opportunity to recalibrate tax rates to ensure recurring revenues cover recurring expenditures
- The concept of transitioning to twice-yearly property tax collection was briefly noted as a future lever to more evenly distribute revenues across the fiscal year

Utility Enterprise Fund Overview

Mr. Sacks reviewed the financial status of the water and sewer fund:

- The fund is intended to be self-supporting, with user charges covering all operating and capital costs. The general fund has not yet been required to subsidize water and sewer operations, but the fund has been drawing on its reserves
- FY2025 saw decreased operating revenues and increased expenditures due in significant part to the impact of the 2024 storm (Helene), including reduced usage while the town's largest user (the campground) was offline for several months and increased capital expenditures
- Revenues are not keeping pace with expenditures on a compound annual basis
- The town entered into a \$250,000 loan with the Virginia Resources Authority (VRA) in 2024, which carries financial covenants including: (a) a minimum of 120 days cash on hand, and (b) debt service coverage ratio of 1.15x. The town fell below both thresholds in FY2025 and is expected to remain below them in FY2026
- At current trajectory, the utility fund is projected to have effectively zero cash reserves at the end of FY2026

Council inquired about the consequences of non-compliance with VRA loan covenants. Mr. Sacks and Attorney Bedsaul noted that while VRA has historically been willing to work with localities demonstrating a credible plan to return to compliance, options available to VRA include declaring an event of default, demanding full repayment, or -- given the general obligation pledge supporting the loan -- seeking court action to compel the town to raise taxes and fees. Council acknowledged the serious nature of the situation.

Capital Planning

Planned capital investments over the next five fiscal years total approximately \$2.9 million, including:

- Rotating biological contactors (RBCs) beginning in FY2028: \$300,000/year for three years
- Water line replacements
- I&I (inflow and infiltration) upgrades with preliminary DEQ approval of approximately \$1.5 million
- Fleet replacement (public works truck, gator, police vehicle)

Approximately \$290,000 is expected to be cash-funded and \$2.6 million debt-funded. These figures do not include any costs associated with the regional wastewater treatment plant concept, which remains under development pending available funding opportunities.

Proposed Rate Increases -- FY2027

The preliminary FY2027 budget includes a 35% increase in water and sewer rates. This increase is proposed to:

- Return the utility fund from near-zero cash reserves to approximately 65 days cash on hand by end of FY2027
- Achieve VRA debt service coverage compliance in FY2027 and beyond
- Reach the 120 days cash on hand VRA requirement by FY2028

Council acknowledged the fiscal necessity of the proposed increase while expressing significant concern about the burden on residents, particularly given that the town's rate base is primarily residential with limited commercial or industrial users. Council requested additional time to review and discuss before taking action.

Budget Preparation -- FY2027 Overview

Terry Nicholson presented the preliminary FY2027 budget. Key data points:

- Total proposed budget: \$5,079,665
- Increase over FY2026: approximately \$334,000 (7%), before carryover items
- Real estate tax rate: proposed reduction from \$0.51 to \$0.49 per \$100 assessed value
- The county's total reassessment increase averaged 64% (corrected from an earlier reference to 58%)

- A \$150,000 home assessed at that rate would see an annual real estate tax increase of approximately \$330 (roughly \$28/month for escrow holders)
- Meals tax: increased from 4% to 5%, generating approximately \$10,000 in additional annual revenue
- Personal property tax rate: unchanged
- Water and sewer rates: proposed 35% increase (see Davenport presentation above)
- Salary increases: 3% cost-of-living adjustment for most employees; higher adjustments for lower-paid employees to align with state minimum wage requirements and remain competitive with neighboring localities. Total salary increase: 6.8%, equating to approximately \$99,000 including fringe benefits
- Health insurance costs increased 10.2%, with the town covering 80%. Staff indicated they would explore alternative vendors for future fiscal years
- Police department: now fully staffed with all full-time officers following the retirement of the department's last part-time officer
- New positions: part-time code enforcement officer (as previously discussed); Town Manager overlap period budgeted
- Fire department allocation: increased from approximately \$14,000 to \$20,000
- Fleet replacement included for a public works truck, gator, and police vehicle
- Capital: funds included to refinish the gym floor; computers decreased due to favorable current inventory
- Primary clarifier replacement: \$72,000 budgeted as grant-funded expenditure (FEMA reimbursement); CDBG generator replacement included as grant-funded item
- Splash pad: revenue projection reduced; operations continue funded by local business donations

Discussion was held regarding water infrastructure investment, water loss reduction, the relationship between galvanized line replacement and water purchase costs, and the operational constraints of running the water and wastewater systems on skeletal three-person crews.

Council members expressed serious concern about the cumulative impact of the proposed real estate tax increase (due to reassessment) and the proposed water and sewer rate increase on residents. While council acknowledged fiscal responsibility requires action, members requested an opportunity for further discussion before committing to the proposed rate levels.

Attorney Bedsaul advised that the town is legally required under the Code of Virginia to adopt a budget prior to July 1 each year. He recommended that council advertise a "not to exceed" rate for both real estate taxes and water and sewer fees, which would preserve flexibility to approve lower rates at the time of final budget adoption, while meeting legal advertising requirements.

Council agreed to schedule a special budget work session on Wednesday, May 20th at 6:00pm. All three council members present confirmed availability.

Matters for Consideration by Council

Fellowship Christian Athletes -- Funding Request

A funding request was received from Fellowship Christian Athletes related to a new regional staff position focused on serving individuals with intellectual disabilities and special needs. The position is being established by the wife of Eric Sheetz, a local FCA (Fellowship of Christian Athletes) leader, who is leaving a hospital position to take on this role. The program is funded entirely by donations and plans to include adaptive sports equipment and activities for individuals in the region, including Giles County.

Council expressed interest in the program and appreciation for its focus on an underserved population. However, given the current spending freeze and ongoing budget discussions, council agreed to table the request until July or August, at which point the applicant would be invited to present directly to council with more specific information on planned activities, number of individuals served, and how funds would be used.

Audit Engagement Letter -- Robinson Farmer Cox & Associates

Council reviewed and considered approval of the audit engagement letter from Robinson Farmer Cox & Associates for the annual audit. The fee is on a not-to-exceed basis of \$19,000, consistent with prior years (FY2026: \$16,000). Staff noted that the firm works closely with the town's pre-audit staff and recommended continuity. Council inquired about whether alternative firms should be solicited; staff indicated that could be considered for future years.

Councilman Hale made a motion to approve the engagement letter for Robinson Farmer Cox & Associates to perform the town's FY26 audit. Councilmember Lane seconded the motion.

Ayes: Hale, Bowles, and Lane

Nays: None

Motion Carried 3-0

Thank-You Letter -- Ralph Family

A thank-you letter was received from the Ralph family, residents of Memorial Boulevard, expressing appreciation for council's responsiveness to their concerns about traffic safety at the Kimberling Street and Memorial Boulevard intersection and noting that the changes that have been implemented appear to be having a positive effect.

Executive Session

Councilman Hale made a motion to enter executive session for the following purposes:

- **Discussion of personnel matters pursuant to Code of Virginia Section 2.2-3711.A.1 (town manager position)**
- **Discussion of potential purchase of real property pursuant to Code of Virginia Section 2.2-3711.A.3 (GHHI Grant)**

Councilmember Lane seconded the motion.

Ayes: Hale, Bowles, and Lane

Nays: None

Motion Carried 3-0

Councilman Hale made a motion to return to open session. Councilmember Bowles seconded the motion.

Ayes: Hale, Bowles, and Lane

Nays: None

Motion Carried 3-0

Certification

WHEREAS, the Town of Narrows has convened an executive meeting on this date pursuant to an affirmative recorded vote and in accordance with the provisions of the Virginia Freedom of Information Act; and

WHEREAS, Section 2.2-3712 of the Code of Virginia requires a certification of the Town Council that such executive meeting was conducted in conformity with Virginia law:

NOW, THEREFORE, BE IT RESOLVED THAT THE Town of Narrows hereby certifies that, to the best of each member's knowledge, (1) only public business matters lawfully exempted from open meeting requirements by Virginia law were discussed in the executive meeting to which this certification resolution applies; and (2) only such public business matters as were identified in the motion convening the executive meeting were heard, discussed or considered by the Town Council.

ATTEST: _____

Councilman Hale made a motion to certify that what was discussed in closed session was limited to personnel matters and real property. Councilmember Bowles seconded the motion.

Ayes: Hale, Bowles, and Lane
Nays: None
Motion Carried 3-0

Adjournment

Councilman Hale made a motion to adjourn. Councilmember Lane seconded the motion.
Ayes: Hale, Bowles, and Lane
Nays: None
Motion Carried 3-0

Clerk, Debbie Thomas

Mayor, Tom Spangler