

December 12, 2022

To: Mayor Charlie Seller [mayor@townofblowingrocknc.gov](mailto:mayor@townofblowingrocknc.gov),  
Mayor Pro-Tem Doug Matheson [dmatheson@toibr.us](mailto:dmatheson@toibr.us)  
Councilman Albert Yount [ayount@toibr.us](mailto:ayount@toibr.us)  
Councilman David Harwood [ddharwood@toibr.us](mailto:ddharwood@toibr.us)  
Councilwoman Melissa Pickett [mpickett@toibr.us](mailto:mpickett@toibr.us)  
Councilman "Pier" Pete Gherini [pgherini@toibr.us](mailto:pgherini@toibr.us)

cc: Shane Fox, Town Manager; Bunky Davant, Barry Buxton, Hunt Broyhill, Tim Gupton, George and Betsy Wilcox, Janie Sellers, John Gentile

From: Hunt Shuford, Blowing Rock Homeowner (1196 Green Hill Road)

Re: Proposal to bury above ground power lines in downtown Blowing Rock

Background:

My understanding is that this proposed project has been on and off the Town Council agenda for a number of years and that it now appears to have the support of 3 of our 5 Council members as well as the Blowing Rock Chamber of Commerce.

Position:

As a Blowing Rock homeowner and taxpayer with considerable commercial and industrial real estate development experience, I have very serious concerns about this proposed project.

**1. We have more pressing infrastructure needs.**

- a. We have lived through two serious water main breaks in the past 12 months, 27 in the past 10 years.
  - i. Without a comprehensive approach to repairs and upgrades to our aging water/sewer system, these breaks and loss of service will continue. The downtown water/sewer lines are only one piece of the puzzle. The work to be done in Mayview is another piece. There are more pieces.
  - ii. At some point, insurance carriers are going to take notice of our water system failures. The risk is huge. File a claim for wind damage and the underwriters can tell you how hard the wind was blowing when the damage occurred. They will figure this out and at some point underwrite accordingly.
- b. We have endless issues with storm water drainage and culverts that need a permanent fix vs. repair crews being dispatched over and over to clean out problem spots and repair road damage caused by drainage and culvert failures.
- c. We have a dire need for better ambulance service which we will probably end up paying for on an incremental basis for at least a short period of time.

**2. Based on my experience as a real estate developer, I do not believe that the initial budget numbers presented for this project are realistic.** I developed the Graystone Eye/Fresenius Kidney Care project on Hwy. 105 in Boone so my experience includes working in the High Country. It is an understatement to say that geology and stormwater issues were challenging. I knew what I was getting into and had I not protected this project with very well-structured

leases which shifted this risk to the tenants, this project would have been a disaster. **Blowing Rock will enjoy no such protection if this project proceeds. Blowing Rock will in effect be the tenant and on the hook for a project whose cost cannot be accurately quantified on the front end.**

- a. The total cost estimate for the proposed power line project as provided to the Town Council is \$3.941 million which includes “synergies” by doing the work in conjunction with the Main Street water/sewer project of an estimated \$3 million. I am guessing that this might be the cost of a common trench. We all need to better understand the synergies. **Synergies are often oversold and disappointing at the end of the day.**
  - b. Burying power lines in the same trench as water/sewer lines is not as simple as it sounds. Significant separation either horizontally or vertically is required. There is a lot more latitude in shifting water/sewer lines as needed than there is with high voltage underground power lines.
  - c. There is a significant lack of contingency dollars for adverse soil conditions, ie rock shown in the cost estimates I have seen. The Town Council has already spent \$117,000 on a feasibility study. It did not include any geotechnical work that I am aware of. The above referenced budget included a contingency of \$52,500 for rock removal. It was a guess at best and somewhere between woefully light and wishful thinking given the geology of where we live. I think this contingency amount should probably be closer to \$1 million.
  - d. **No bid for this work is going to include a firm up front (ie, guaranteed not to exceed) number for this cost and there will be a cost.** This project will require a 3 foot wide by 6-8 foot deep trench in Blowing Rock and separation from anything else in the trench by 3 feet of flowable fill, ie concrete. We will get into this project and the cost will be a lot more open ended than some will want to believe and Blowing Rock taxpayers will be on the hook.
  - e. **Finally, there is no guarantee that this project is even doable from an engineering standpoint. We really have no idea what it will cost.**
3. Funding is an issue.
- a. There is talk of using some of the financial reserves that the Town of Blowing Rock has correctly created to fund at least part of this project.
    - i. This appears to me to be a very poor and unintended use of these funds given that they are needed for the aforementioned endless repairs to our infrastructure. Underground power lines will do nothing to reduce these ongoing costs.
    - ii. Tapping reserves for unintended purposes and pet projects is a very slippery slope. My suspicion is that the total “reserves” amount to a fairly small number at the end of the day.
    - iii. Reserves probably bulge in December when most property taxes are paid. They look ok when the fiscal year ends (end of June). They are probably downright skinny at the end of October. Town expenses are steady, the cash coming is predictable in terms of amount but it is extremely seasonal.
  - b. We have been living in a world that generally requires secured financing, ie hard collateral. Underground utilities will be a tough sell as collateral.

- c. Interest rates are not helping and probably won't for a very long time. Tim Gupton created a relatively simple excel spreadsheet model that paints the picture well – I encourage you to plug in a more current interest rate into the model. I ran it at 6-7%. It is not a pretty picture. Furthermore, financing is not a layup. My guess is that this could end up as a multi-bank deal. Experience tells me that if we need relief at some point, a group of lenders is going to be more difficult to deal with than a single lender.
- d. It is clear that Blue Ridge Electric has no interest in spending its own money on this project. I don't want to spend mine either. In my experience, utility providers actually prefer above ground power as repairs are easier, quicker, less disruptive, and indeed cheaper.
- e. The next revenue stop is simply higher property taxes. It is really the only option.
- f. **I do not see a payback on taxpayer dollars that would be spent on this project.**

#### 4. Other Considerations/Timeline

- a. Power poles and transformers will have to be replaced with green boxes that will either be placed above ground or buried. These will be very expensive. They are cheaper to set above ground but aesthetically I think they may prove to be only marginally more appealing than power poles and transformers.
- b. Above ground green boxes (in a likelihood protected in many instances by equally attractive yellow pipe bollards) will reduce already scarce parking spaces. Easements will be required for many of these boxes.
- c. Who is going to pay for these boxes and bollards – our downtown businesses that will be required to reconnect? There appears to be some money in the current cost estimate that addresses this significant issue. I am guessing that paying for them will fall to Blowing Rock homeowners.
- d. Power poles are generally shared, ie they started out as power poles. Telephone lines were added way back in the day. More recently cable and fiber have been added.
  - i. To take a pole down requires all parties using the pole to agree to do it. In (my personal) experience, the electric utility providers have moved much more quickly than the other pole users.
  - ii. **There are poles downtown that are shared by up to six service providers.** You have to have them all on board – so more buried lines...somewhere. They can be buried much shallower but they can't share a trench, that much I am certain of. The preliminary cost estimate allows for some of this.
  - iii. The question again is who pays for it. In fairness to Blue Ridge, this is not in their scope of work. I have doubts that the service providers will jump at the opportunity to pay for this. So we are back to the customers (businesses) and taxpayers.
- e. **At least some of the traffic lights will probably require mast arms vs. street corner pedestals.**
  - i. NCDOT paid for mast arms as well as a lot of other good work on aesthetics going through Blowing Rock as part of the widening of 321 so the cost was pretty much invisible. It is hard to argue that they don't look great.
  - ii. NCDOT will weigh in on where lights need to be centered (ie in the line of traffic and overhead) vs pedestaled on corners. It is a safety issue (the likelihood of

someone not familiar with the area a running red light that is on a corner pedestal is much higher than the chances of running an overhead centered light).

- iii. I fought the mast arm vs. pole and wire battle when I built a few roads to open property up for industrial/commercial development in Hickory. They are stunningly expensive.
  - iv. It never ceased to amaze me the number of folks that showed up at the table just in time to try to help me spend my money. I received stacks of unsolicited “eye candy” that reminded me of the presentation that was made to the Town Council. Lots of candy, no money for the vending machine.
5. Finally, with regard to the Power Point presentation presented for this proposed project I make the following observations:
- a. It strikes me as an oversimplification across the board.
  - b. It is an “apples to orange” comparison when viewed with pictures from other towns. I encourage you to look past the “eye candy”.
  - c. **I cannot speak to all of the downtowns pictured, but being from Hickory and Catawba County, I can speak to Conover.**
    - i. Conover is much larger than Blowing Rock.
    - ii. Conover’s tax base includes a significant amount of industry.
    - iii. Conover has an excellent working relationship with our County.
    - iv. Conover has an excellent water/sewer system. Like Hickory, Conover invested in critical infrastructure before burying power lines. Hickory did the same thing and took it to another level, including building a sewer system that sells its services into southern Caldwell County and all the way to Mooresville on the other side. For Hickory it is actually a money maker. **The current state of Blowing Rock’s water/sewer system is an immediate known risk to our collective futures.**
    - v. Critically important is that “wants vs. needs” projects such as burying power lines were done in Conover and Hickory in the correct sequence and as result, property taxes were not affected.

**In conclusion, as stewards of our great town and tax dollars, I respectfully encourage all of you to address the major issues we have by starting with the ones that are most pressing and offer quantifiable paybacks. Needs vs. Wants. The power line project needs to wait.**