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Council: Billy L. Clear
Shannon Donnelly
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Clerk/Treasurer: Marlene L. Henderson
Police Chief: Andrew K. Moss
Director-Public Works: Jay Keen
Fire Chief: C. David Haynes
Building Official: C. David Haynes
Director-Recreation/Special Events: Jeff Smarr
Legal: Cassell & Crewe. P.C.

Town Manager's Report to Mayor and Town Council

February 9, 2022

Second Funding Package in the amount of $1,248,531 for the Sewer Infiltration and Inflow (I&I) Project Through the Department of Environmental Quality (DEQ) and Virginia Resource Authority (VRA)

You have in your agenda packet a January 13 letter from Shawn B. Crumlish of the VRA offering the Town a 30 Year 0% loan of $1,248,531 for the second phase of the I&I project. This second phase of the project will deal with the part of the system east of Chilhowie and into Seven Mile Ford. As you recall in January Council accepted the first funding package of $2,069,974 with 75% of that package being principal forgiveness (grant).

Clerk Treasurer Marlene Henderson and I had a conference call on the this second phase of the project on Monday, January 23 with DEQ personnel. While the current funding has no principal forgiveness on the $1,248,531 package, the DEQ personnel seemed very optimistic that we could receive up to 50% in principal forgiveness. We emphasized that if we did up to that amount it would make the second phase much more palpable for us as a staff to recommend to Council for its adoption.

Assuming we receive 50% principal forgiveness on second package, and taking into account the known 75% on the first package, of the $3,318,505 total allocation $2,176,746 will be principal forgiveness or 65.6%. The remaining $1,141,757 over the 30 year term would only be $38,058.63 per year. I have attached a December 1, 2022 letter from DEQ including notes showing those figures. Using figures for this fiscal year that would entail only about a 3.6% increase in the rates.

We will recommend Council to approve this package at this stage. As you can see in Andrea Pearson's email of the VRA on January 13, Council adoption now will not forgo any possible principal forgiveness in the future. If we do not receive any principal forgiveness on the project we will revisit acceptance of the second phase.

Update on Scheduled Work and Preparation at Mill Creek Regional Water Treatment Plant (WTP)

Begining the week of January 23 and through January 27 we began operating solely on Washington County Service Authority (WCSA) water and the WCSA did the same without using the Mill Creek Regional WTP. This is being done in preparation for taking the Mill Creek WTP off line when the two chlorine contract tanks are taken down and replaced. The project will begin on or about February 22.

To refresh Council and reintroduction to our newer Council members, the two chlorine contacts are to be replaced with me signing the Notice to Proceed on August 1, 2022, which is attached. These replacements were not part of the $3.2 million upgrade that was completed a couple of years ago, but in time it became clear that this project needed to be undertaken. The delay in the beginning of the project has been because of delay in receiving materials and the onset of cold weather.

You have in your agenda packet a document dated January 26, 2022 with the cost breakdowns and funding scenarios. As you can see the estimated cost of the construction is $1,346,707 through Mid Atlantic Storage system. Taking off the $653,510 remaining grant money from the aforementioned upgrade, and $100,000 from the Mt. Rogers Water and Wastewater grant the WCSA received, $603,199 is the funding shortfall. Using the joint agreement between the Town and the WCSA, the town's 45% share will be $271,439.55. Council has previously voted to take this amount out of its American Rescue Plan Act (ARPA) funding.

Preliminarily the test went well for us using only WCSA water from their Abingdon location. We were able to adjust our system to make up for the loss of water supply and the tanks held up well. Works Director Jay Keen indicated the WCSA had more issue than the Town did interesting enough with some tanks on the eastern end of Washington County. Although the cost of the WCSA water from Abingdon is more than the Mill Creek plant, the WCSA personnel have indicated to us that that cost will be written off as part of the project cost.

Proposed Water Contract with Smyth County

You have in your agenda a whole water contract selling water to Smyth County. The old five-year contract expired on June 30, 2022.

Our staff and the Smyth County staff have reviewed the document and are now presenting it to our respective bodies for adoption. The document is basically the same as the last one, with the price of the water adjusted to reflect what is being charged and revised distribution points. The new contract has two distribution points taken off (Vance Drive and Pioneer Lane) that are not applicable now, and may not have been on the old contract. The total amount of the allocation is a maximum 256,000 gallons per day, the same as the old contract.

For the December billing the county paid $17,819.78, which was about 13.1% of the total monthly billing of $135,657.81. The four distribution are points at Apple Valley Road, St. Clair's Creek Road, St. John's Crossing and Fox Valley Road where each have a master meter. Almost all of the wholesale water is sold

at the Apple Valley Road point to the County. From there the County serves and covers a wide area basically north of Seven Mile Ford to Walker's Mountain between Chilhowie, and Marion and Hungry Mother Park. This area includes all or part of Cleghorne Valley, Wassum Valley, Walker's Creek, Ebenezer, Greenwood, etc. communities. On the eastern end of this system the County interconnects with the Town of Marion, at an area known as White Kitchen, where Marion sells water to the County.

Smyth County does not have a water source in any area it serves throughout the county. They depend on buying water from the Towns of Marion, Chilhowie, Saltville. They also buy water from the Thomas Bridge Water Corporation. I believe.

Letter From Senator Tim Kaine Responding to Complaint on Postal Delays for December

Utility Billings

You have in your agenda packet a January 17 letter from Senator Tim Kaine containing a January 11 letter from Mr. Scott R. Slusher, Director of Government Liaison of the United States Postal Service. As you can see by Mr. Slusher's letter, they acknowledge the delay but can give no firm reason for it. Perhaps by our complaint and the Postal Service's reply it will help avoid situations like that in the future.

Respectfully Submitted,

John E. B. Clark, Jr.

Town Manager