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Council: Donna S. Blevins
Billy L. Clear
Brent Foster
Lewis Shortt
Julie Sturgill
P.J. Wolfe

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Clerk/Treasurer: Marlene L. Henderson
Acting Police Chief: Aaron Smith
Director-Public Works: Jay Keen
Fire Chief: C. David Haynes
Building Official: C. David Haynes
Director-Recreation/Special Events: Ron Cahill

Town Manager's Report to Mayor and Town Council
August 11, 2022

Settlement of Dispute Between the Town of Chilhowie, the Washington County Service Authority (WCSA) and Frizzell Construction Company on the Mill Creek Regional Water Treatment Plant Project

After many months, and even years, the dispute between the Town, WCSA and Frizzell has been settled, to briefly recap, the project was substantially complete in 2019 but the Town and WCSA continued to have issues with the equipment at the new plant including pumps, valves and drives. The Town held the last pay request of $188,950.69 for retainage until those problems were corrected, and also alleged liquidated damage of $270,860 for the project since the project was several months late in completion. The liquidated damages were $580 per day. All performances and payment bods were held and not released until the dispute was settled.

The Town and WCSA hired Arnie Mason of Williams Mullen to represent us in the dispute. The firm is located in Northern Virginia and the WCSA had hired them in previous project disputes. Frizzell hired Brett Marston of Gentry Locke in Roanoke to represent them. Our attorney Paul Cassell and the WCSA's attorney Thomas Dene of Dene and Dene assisted Mr. Mason throughout the negotiations.

While I cannot go into details of the settlement in this writing because of the confidentiality clause in the agreement, Paul Cassell will brief you and present the settlement agreement in Closed Session. I think it is safe to say that the agreement gives the Town and WCSA the necessary warranties and assurances to protect the plant well into the future. It also ensures that the public money invested in the new plant is money well spent. Additionally, if this case had not gone to court, if an agreement was not reached, Mr. Mason advised that the expenses would have easily exceeded the benefits, assuming the Town and the WCSA won the case.

Chlorine Contact Tank Project at the Mill Creek Regional Water Treatment Plant (Plant)

To refresh Council memory, way back in December of 2021 the WCSA bid out the replacement of the finished water tanks at the plant and Mid Atlantic Storage of Richmond had the low bid of $1,282,580. Council approved the bid late Winter. As you may further recall a video of the existing tanks was presented to you around those times showing the deterioration of the tanks' inside supporting structures and their poor conditions.

Works Superintendent Jay Keen, Water Operator Don Cole and me met with WCSA, Rural Development personnel and personnel with Mid Atlantic Storage for a Pre-Construction Conference on July 28. I copied the first Pre-Construction Agenda for your information. The Notice to Proceed was issued August 1.

Also attached is a January 26, 2022 document entitled in yellow high light "Mill Creek Contact Project". The document gives the bid tabulation and breakdown of funding. In blue ink I revised the funding breakdown because $9,878.80 in additional funding was available from the original project in Construction Administration that was unspent. As you can further see the Town's 45% responsibility is $266,994.09. (Before the adoption of the new agreement with WCSA the Town would have had a 56% responsibility). Council voted to use the American Rescue Plan Act money to fund this project.

Situation with Building at Town Shop that was Destroyed During the May 6 Storm

As reported in May a wooden frame building at the town shop and sewer treatment plant was virtually destroyed during the storm of May 6. Fortunately, very little damage occurred to the contents including the slat spreader. The Virginia Risk Sharing Association (VRSA) was contacted and had a contractor to come in and do an estimated.

The estimate was $139,966.24. The Town has a $5,000 deductible. Not included in the estimate is the shelving, demolition and shelving. VRSA will hold $20,000 until the building is completed. On thing that was not considered in the estimate is that the building was in the flood plain. It may have to be raised which would increase costs. We will be in contact with VRSA about this.

The Town got two estimates on the building. It will be a masonry and wooden building with a metal roof. Both estimates are within the VRSA estimate.

Application to the Smyth County Community Foundation for the Splash Pad Complex

You have in your Agenda packet an application Recreation / Special Events Coordinator and I sent to the Smyth Community Foundation (Foundation) for funding. We ask for $125,000 from the Foundation. In the application we included letters of support from the Chilhowie Community Apple Festival Committee, the Smyth County (Chilhowie Branch) Library, the Chilhowie Baptist Church, the Chilhowie Family First Committee and the Chilhowie Police Department. Also included in the packet were the minutes of the Chilhowie Town Council from July 14 where the Council put up $125,000 of its own money for the project. We understand that the application will be presented to the Foundation Board on August 16.

We visited Lebanon on July 21 to look at their Splash Pad Complex and were very impressed. Jeff Smarr, Don Cole, Water / Wastewater Operator, and me traveled there. We met Mayor Toni Dodi, Town Manager Andrew "Drew" Shortt and some of his staff. As I understand it there are two systems for the Pads. One is a recirculating model and the other is the used water going straight into a storm drain or drain and no recycled. The Town of Lebanon has a system that the water goes directly into a storm drain and not recycled. They stated that it is easy to maintain. They said the recirculating system requires a much greater installation / capital costs, including large underground tanks, and has to be maintained continually in order to retreat the used water.

Mayor Dodi, he has been impressed with the use of the facility, and mentioned that even school buses have come there from Lee and Dickenson Counties. He also mentioned during the season the splash pad uses up to 1,500,000 gallons per month, or 50,000 gallons per day (.050 MGD). Lebanon has the water set on 15-minute durations once the switch is pushed.

Don Cole also talked to some utility personnel at the Steele Creek Splash Pad in Bristol, Tennessee. He said they had a recirculating system and wished they had gone with a system that put the used water directly into a drain line.

The biggest advantage of a recirculating system is the reduced water intake and discharged water usage. If we decided to go with the system that directs used water out of the facility and into a drain, it will have to go into the sewer. Jay Keen advises we will have to upgrade the sewer line at the Old High School for a distance of about 200 feet. Also, if facility uses .05MGD for four months in the summer, that would put about another approximately 8.3% more flow into the sewer plant at an assumed flow of 600,000 GPD (50,000 GPD divided by 600,000 GPD average flow at plant = 8.3%).

<u>The Town of Pennington Gap Delegation Visiting for an Orientation on our Fire/Emergency Medical Services (EMS) Model</u>

On August 2 Town Manager Keith Harless and Chief Brad Skidmore from the Town of Pennington Gap visited and met with Fire/EMS Chief David Haynes and Assistant Chief

Brandon Moore and I. They wanted to get more information on our EMS model, particularly funding, billing and personnel structure.

I think our visitors came away very impressed by our operation. Every Department and locality are different, but much of how we operate could be copied by Pennington Gap, we believe. Currently Pennington has volunteers running their Fire Department and a service(s) run EMS. They added the Lee County Hospital has recently reopened. They are wanting to keep the two services separate. We told them that model would not work for us but would hopefully work for them in the short term, at least.

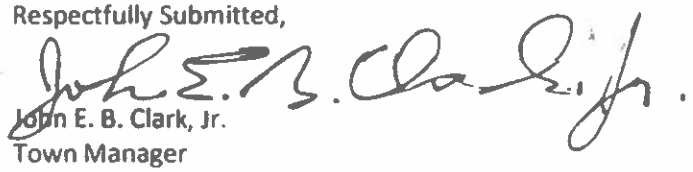
Bidding Schedule on East Lee Phase II Pedestrian Project

In an August 1 email from the Virginia Department of Transportation (VDOT) representative John Dew, John reported that he expected clearance Federal Highway Administration by August 9 to advertise the project. Since most of the funding is from the Feds VDOT has to wait for that authorization.

On August 4 John said we received authorization to bid. The schedule is as follows: Advertisement in the Bristol Herald Courier and Roanoke Times August 14; the Pre-Bid Conference on August 23 at 2:00; and the bid opening on September 6th at 2:00.

The good news is that the project has finally been released to bid, after months of us pushing the process. Even after the bid, VDOT will have to approve it along with the Feds. Tim Mullins, our Project Engineer with Thompson and Litton, stated that the Federal approval could take a couple of days or two months. At this writing I think the best Scenario would be for part of the project to be started and completed this year, perhaps in front of Town Hall and Fire Department, and the rest started in late winter, 2023.

Respectfully Submitted,



John E. B. Clark, Jr.
Town Manager