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Council: Billy L. Clear
Shannon Donnelly
J. Brent Foster
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Clerk/Treasurer: Felicia C. Eller
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

December 14, 2023

Report and Recommendations of the Personnel and Finance Committee Meeting on December 5

You have in your agenda packet several documents relating to the planning of spending the American Rescue Plan Act (ARPA), the remaining ARPA contract obligations, unbudgeted revenues and expenditures, etc. In particular the payment options of the sewer vactor truck was discussed. Also included in the packet is a possible refinancing of seven year debt of $2,469,000, with a beginning payment of $402,433.12 due to Bank of Marion on January 15, 2024. The committee and staff will report on actions needed to meet these obligations.

Also discussed was the financing of a Sewer Vactor truck at $276,869. That truck was ordered about 18 months ago and delivery is expected on or about December 22. You have in your agenda a bid financing packet on that truck for a one year financing. Those bids will be presented to Council on its December 14 meeting.

Mr. RT Taylor of Davenport Public Finance presented a packet to the Committee and it is attached in the agenda. Davenport assists clients throughout the Commonwealth and the mid Atlantic Region. As you may recall they financed back in 2022 they refinanced two existing debts mentioned above at 1.35% and saved the Town about $15,000 a year over a seven year period. Davenport also bid and financed the two fire trucks at $2,200,000 over a 20 year period at 1.99% over a 20 year period at approximately $140,000 a year.

Mr. Taylor scenario is attached, which the Committee will recommend, to do a comprehensive study of the Town's entire debt, an analysis of assets and possible transfers, budget implications for the future, etc. A proposal for that service will be provided at the meeting.

Also discussed were personnel additions and changes in the Fire and EMS Department and the vacancy in the Specials Events / Recreation Coordinator position.

Steps Required to Achieve "Parity" on the Approximately $1.2 million Loan Portion of $3.2 Million Infiltration and Inflow Study (I&I)

Another issue pending is achieving "Parity" on the existing Rural Development Bond (approximately $1.7 million on the Regional Water Treatment Plant) in relation to the $3.2 million sewer I&I project. As I understand it the Virginia Resources Authority (VRA) requires this action because our sewer revenues do not exceed 115% of sewer expenses. As a result, we have to make this new $1.2 million bond a General Obligation Bond from a Revenue Sewer Bond. In order to do this Rural Development has to evaluate and do a "Parity" evaluation that determines that one bond holder has equal rights with the other. In this case it would be Rural Development to VRA (through the Department of Environmental Quality).

Attached in your packet is a 12 item list of items needed for Rural Development (RD)to grant "Parity" on the new sewer bond. These are shown in Area Specialist Robert Hilt's November 15 letter. As I told the Committee on December 5 that while we could do much of this work, we are dependent on our Auditor Greg Tucker of Bostic and Tucker to draw much of this information out of the 2021-22 audit, particularly since our present finance staff is inexperienced in these matters. Hurt and Proffitt also has responsibilities. Robert Hilt has indicated to me that the parity determination is now made on the Federal level, since the State Director has retired and not been replaced, and it will take an undetermined amount of time for them to do the review. As a result of that I asked that all these action steps be completed by December 15 and sent to Robert Hilt. We have to be Closed on this project by March 31, 2024 to move forward.

Bidding of $3.2 Million I&I Sewer Project and Related Issues

You have in your agenda packet the roster of a Prebid Conference for the project held on November 29. While there were only two contractors there at the Prebid Conference it was non mandatory and anyone can bid on the project. Dennis Amos provided an agenda that is also attached. It included a short scope of work, bid schedule, etc. Also, the requirements of the Department of Environmental Quality were discussed including minority and women business enterprise required actions, American Iron and Steel requirements, Davis – Bacon wage requirements, etc.

The project was bid in the Bristol Herald Courier and Roanoke Times on November 19. As stated above the Prebid was held on November 29 and the bid opening is at 2:00 on December 21.

Public Hearing on Issuing General Obligation Bonds relating to the $3.2 million Sewer I & I Project

You have in your agenda packet a Public Hearing Notice on resolutions regarding financing the $3.2 million dollar sewer I&I Project. The Public Hearing was advertised in the Bristol Herlad Courier on November 30 and December 7. The notices were put together by our Bond Council Spillman, Battle and Thomas of Roanoke.

After the Public Hearing Council will be asked to pass and certify two resolutions. The first is a "Resolution Authorizing the Issuance and Sale of a General Obligation and Water and Sewer Revenue Bond of the Town of Chilhowie, In an amount not to Exceed $1,266,612,……". The second is a Resolution of an Amended and Restated Financing Agreement Between the Town of Chilhowie and Virginia Resources Authority, as Administrator of the Virginia Water facilities Revolving Fund,……." These resolutions are required as part of the process to close on the sewer project.

Pay Request Number 4 Mill Creek Regional Water Treatment Plant Chlorine Contact Tanks

You have in your agenda packet Pay Request Number 4 on the Chlorine Contact Tanks at the Mill Creek Regional Water Treatment Plant (WTP). The Total pay request is $237,120.16 with the Town's

share $60,969.42. As you can see Rural Development had some grant money involved and the balance was split with the Washington County Service Authority (WCSA) at 45% Town and 55% WCSA.

As you can see on the third page of the packet there is $457,831.99 is remaining on the contract. I would expect that would be disbursed in two or three payments including retainage over the next several months starting in February (anticipating a January shut down or slow down). The Town's 45% share would be $206,024.40.

Notice of $100,000 Grant Funding from Mt. Rogers Planning District Commission (PDC)

As I reported last month, I applied for $100,000 from the Mt. Rogers PDC Waster and Wastewater Fund for $100,000 for the design of the Sewer I &I Project. We had paid Hurt and Profitt by agreement $150,000 on the $235,620 design contract, which was completed earlier this year. We cannot be reimbursed until the project is closed, which we hope will be no later than March 31, 2024, as explained above.

This money has been available for year, with certain yearly exceptions. I believe much or all of it comes from the General Assembly. I have applied every year for the money matching the project need and cost against the available funding. Some times the cost of the project was less than available funding and sometimes the project was more than available funds. But every year I applied when the money was available and the Town was funded each time.

I did some quick calculations and found eight applications that were awarded since around 2015 and found the Town won total funding of $413,656, including the aforementioned $100,00 just awarded (which we are scheduled to receive the middle of this month). Of that total amount $209,750 was awarded for water projects and $203,906 for sewer projects.

Merry Christmas to you and yours.

Respectfully Submitted,

John E. B. Clark, Jr.

Town Manager