TOWN OF CHILHOWIE

Mayor: Gary L. Heninger

Council: Billy L. Clear
Shannon Donnelly
J. Brent Foster
Bob Jeter
Julie Sturgill
P.J. Wolfe

325 East Lee Highway
P.O. Box 5012
Chilhowie, VA 24319
Phone (276) 646-3232
Fax (276) 646-3012
www.chilhowie.org

Town Manager: John E. B. Clark, Jr.
Clerk/Treasurer: Felicia Eller
Police Chief: Andrew K. Moss
Director Public Works: Daniel W. Combs
Fire/EMS Chief: C. David Haynes
Building Official: C. David Haynes
Wastewater Operations: Luke A. Lowe
Water Operations: Don Cole, II
Legal: Cassell & Crewe, P.C.

Town Manager's Report to Mayor and Town Council

January 11, 2024

Contract with Davenport Public Finance on Revenue Anticipation Note (RAN) and Related Issues.

As discussed at its Continued meeting on January 4, Davenport solicited bids and received four bids on the RAN note, with the lowest bid being First Citizens at 4.52%. These were presented to Council for their consideration. The total available funds are $1,00,000. Final maturity on the RAN would be January 10, 2025.

The Town will be transferring its long term assets from banks to the Virginia Local Government Investment Pool (LGIP). That fund is guaranteed by the Commonwealth and is currently drawing 5.53%. Those long term investments should draw a minimum of around $31,000, and that does not include other investments. The RAN monies, at lower interest rate of 4.52%, can be drawn down as needed. As mentioned above the $1,000,000, at 5.53% could draw up to $55,300 per year, if no money is drawn out. At this writing I think we will to draw down a significantly lesser amount of that $1,000,000 principal over the next twelve months.

As you can see the contract Davenport Contract, their services for soliciting and implementing the RAN program is a cost not-to-exceed $30,000. If you recall at Council's December 14 meeting there was a second part of the contract containing language relating to a "Comprehensive Financial Review" costing another not-to-exceed $25,000. That was in Davenport's December 14 contract proposal. In that contract, some of those tasks included, assessing Town's overall fiscal health, comparisons to peer localities, evaluating financial polices, capital planning for the future, etc. At this juncture I did not think we needed this analysis at this time, particularly when Staff and Council's has so much on its plate dealing with the RAN project.

As you can saw in the revised signed contract of December 20 at the Continued Meeting of January 4, with my cover letter of December 26, those tasks under "Non-Transactional Related Services" can be accomplished on a per hour basis based on the Town's needs. We will call upon them as needs are encountered.

Special Events Coordinator / Recreation Director Ad

Following the resignation of our former employee in early November we are now advertising for that position. As you can see by the attached copy applications with resumes are due at the Town Hall no later than 4:00, on January 22, 2024. The is a part time position that pays up to 32 hours per week, on a flexible schedule both work hour wise and daily schedules. As in the past, the position will involve special events management, working the farmers market, and coordinating stipend paid Directors by the Town in football, girls and boys basketball, and cheerleading.

The Smyth County Chamber of Commerce approached us and is also going to make proposal on the events side of the job. If the Town selects them to do that responsibility, we would have to coordinate the youth sports through existing staff. Having the duties divided could be problematic. We will await applications to come in before we can evaluate which is the best path to take.

Bid Opening on Sewer Infiltration and Inflow (I&I Project

On December 21 sealed bids were opened up for the I&I Project. The project had been advertised in both the Bristol Herald Courier and Roanoke Times. A pre bid conference was held on November 29.

Two companies submitted bids for the project. They were Portland Utilities Construction and Morgan Contracting Inc. Both companies were from near Knoxville, Tennessee. The two companies that attended the non mandatory pre bid conference did not submit bids. The apparent low bid on the project was Portland Utilities Construction at $3,439,825.88.

The bid was several hundred thousand over the estimate of Hurt and Proffitt (H&P), our engineer on the project. Since the project specs include of about 15,000 linear feet of six, eight, twelve inch gravity mains, 45 manhole repairs, and 24 cleanout repairs, the scope could be reduced. This however, would have to be agreed upon by the contractor. Dennis Amos of H&P is working on that now and should be able to make a report at Council's January or February Meeting. Also in your agenda is Dennis's January 5 letter to the Department of Environmental Quality asking for more Principal Forgiveness funds.

107 Sewer Billing and Sewer Meter at Packing House Road

I have been recently talking with Sewer Treatment Plant Operation Director Luke Lowe about the sewer meter at Packing House Road. Evidently it has been out of service for many years and we have been estimating that flow from a historic low to a historic high during some point in time. This meter tracks flow from the County system in the Greenhill Area and whatever that estimated flow percentage is compared to our total flow, we bill the County that percentage for Operation and Maintenance Cost (O&M). Last month's county flow was 2.65% of the total.

I asked Luke Lowe to get a price on that meter replacement. That cost is only about $7,000. The agreement with the County states that one party can put a new meter in at its cost, and if a new meter shows that the difference is more than five percent then the other party has to pay the total cost. Talking to County Administrator Shawn Utt he and I both agree that we just want to have accurate readings. I suggested that both the Town and County share that cost and he is agreeable. I am almost 100% certain

that the Infiltration and Inflow is not being accurately recorded since the Town bills the County the sewer usage based on the customer's water usage, which would not include infiltration and inflow.

Additionally, since talking about sewer meters for the County I asked where another meter was located that measured the County flow on Route 107 that serves W & L Construction and the Landfill. To my surprise I was told there was none. Upon further research I found the County was billing W & L for the sewer, and we were not being reimbursed. Additionally, the landfill empties into our sewer system. Since there was no meter, we had been treating that sewer for free all these years. It is my understanding the sewer line to W&L was put in circa 2012. The County collected $244.48 in December, or the equivalent of $2,933.76 per year. The landfill has almost no flow and the minimum is $64.45 per month or $773.40 per year. We have made arrangements to collect that revenue starting this month.

Arrival of Sewer Vactor Truck

The long awaited $276,869 sewer truck arrived on December 31 from Infrastructure Solutions Group (ISG) in Richmond. You have a picture in your packet of the truck. The training on the truck will be done on Janury 11 by ISG. After that training, we will pay for the truck.

As you recall we bid out the financing of the truck and the Bank of Marion had the low bid at 5.99% at a five year term. The first payment on the truck will be on August 1, 2024 and the second on February 1, 2025. The next four years will be the same dates, with two payments each fiscal year. You have a payment schedule in your agenda packet.

Respectfully Submitted,

John E. B. Clark, Jr.

Town Manager