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June 13, 2019

2019-20 Budget Formulation and Continued Adoption Process

As you can see in agenda packet, the advertisement for Public Hearing for the proposed 2019-20 is attached. The advertisement is required only once but we adverted twice in the Smyth County News on June 1 and will again on June 8.

The Finance and Personnel Committee met on June 3 after additional salary issues were referred to it on from the regular meeting on May 9. As you recall Council voted to increase the "line officer" police positions of Police Officer I and II by three steps, or 7.5%, plus the scheduled cost of living adjustment (COLA) of 1.75%. The budget had approximately a \$20,201 surplus. With the three officer police raise mentioned above that lessen to surplus to approximately \$6,500.

As you can see by the attached Committee agenda, the committee was presented with two options to consider benefiting employees utilizing the surplus. The first scenario had the 1.75% COLA increased by .25 increase to all the way 1.0%. As you may recall the 1.75% increase will be eaten into when the employee's share of the health insurance goes from 17% to 20%. Any increase here will benefit all employees including full time, contractual, permanent part time and part time. The second option was to put the employee responsibility on health insurance back to 17% from 20%. That option would benefit only full time employees.

The committee will recommend adding an additional 1.0% to the COLA to make it 2.75%. Although cost of will exceed the surplus by approximately \$3,300, the \$4,782,040 budget can absorb it without any other changes and stand as written. That motion will be presented at the regular June Council meeting and at a date at least a week after the Public Hearing when the budget is adopted, between June 20 and June 30.

Farmer's Market Project

Following Council's approval at the May 16 Continued meeting, I signed the Notice of Award that allowed the Taylor Construction to begin getting his performance, payment bond(s) together. The contractor could not do that until that document was signed. He got his bond from a local insurance agency. I believe that bond costs are typically for five percent (5%) of the project, then partially reimbursed if not executed.

The bond was delivered but it had an error. It was issued with "City of Chilhowie" named not the "Town of Chilhowie". Attorney Paul Cassell caught this as a defect even though the word "City" was crossed out and "Town" written over it. The insurance agent said they filed "Town" and it was the bond Company's mistake. I spoke to the agent on June 4 and he said the new bond had been issued and the contractor was going to come by and sign. He did on June 6.

Paul approved the agreement and bonds by letter on June 7. I signed the contract on behalf of the Town and forward it to RD for their final concurrence on June 10. When that is done HP will issue the Notice to Proceed and the 90 time will begin to accrue for the project reaching Substantial Completion. I would hope the Notice to Proceed can be issued by the end of this month.

On June 3 I received an email from the Richmond office of RD wanting a couple more revised forms filled out from my request on April 19 for \$33,370 in additional funding. I sent that information off on June 4. I am under the impression that they will act on that request the week of June 10 and get final verification then.

Smyth County Budget Proposal on Fire and Emergency Medical Services (EMS)

We received some tentative good news on our budget request to Smyth County. On May 20 Administrative Assistant Ms. Kelly Woods sent me Smyth County tentative 2019-20 budget. We had asked for \$100,000 in funding from the Board of Supervisors.

For this fiscal year 2018-2019 we received \$66,040 in funding from the Board. The last couple of fiscal year before that we had been getting in the \$50,000 range. My letter to County Administrator Michael Carter in February asked for \$100,000 in funding. The letter stated that approximately 64.7% of calls occurred outside of the corporate limits and the amount the County was currently giving did not proportionally match the Department's total expenditures of \$626,858.

Kelly sent me the entire County proposed budget. It shows an increase from the County's contribution from this year's aforementioned \$66,040 to \$93,777 for fiscal year 2019-20. We budgeted \$78,000 so this will give us a surplus of \$15,777 in that category which is good news. Although this amount does not cover the County's exposure to us providing Fire and EMS services, this is a step in the right direction by the County increasing its contribution by approximately 41.1%. If the county continues to increase its funding by 41.1% in future years it will take about four or five years for them to reach a number where they are covering the cost for the 60-70% calls the Town Fire and EMS makes into the County.

By the same information Kelly sent me it appears the Towns of Marion and Saltville, non-municipal fire departments and EMSs have received the same percentage increase over this year. It should be noted that the County's budget, like ours, is not final until after the Public Hearing and adoption.

Street Sweeping

I called Jeff Jones, area maintenance supervisor of the Virginia Department of Transportation (VDOT), about sweeping Town streets the middle of last month. I didn't think that the streets, particularly the main thoroughfares had been swept since this winter and unsightly gravel had accumulated. As I have stated in the past I have been frustrated about the attention VDOT gives to Town streets in the past, particularly in light of my previous employer where we received VDOT maintenance payments and did all most all the maintenance ourselves.

To Jeff's credit on this, and as most everything we ask, he jumped right on this. He called their assigned contractor for this task and the contractor started within a couple of days of Jeff's call on May 20 (they were going to start on May 17 but rain delayed it to that following Monday). They swept Lee Highway, Route 107 and White Top Road, Main Street and other streets. The sweeper did a very good job. The sweeping took all day on May 20

As an aside the operator of the sweeper truck said that the debris was so easily picked up on the north side of East Lee Highway (due of course to the Town's East Lee Highway Sidewalk / Curb and Gutter Project) that he wanted to know why the south side wasn't done! Both Jeff and I wished it could be done too!

Thanks are extended to Jeff for his quick response. VDOT has been more attentive the last couple of years on maintenance issues on streets in Town (as evidenced by the sidewalk entrance work on the south side of Lee Highway and work on the sidewalk in front of the Middle School, etc.) in part because of the Town's attention and urgings, and VDOT's willingness to help.

Main Street Milling and Paving and Walton Avenue Paving and Future Work

As you know Main Street and Walton Avenue were paved the first of May by VDOT. This was a contribution VDOT made to the Revitalization Project, which we are very much appreciate. Main Street was milled down to get below the grade of the new gutters and then approximately two to four inches of pavement was laid down to bring it to grade. Both Dennis Amos and Director of Public Works Jay Keen certified the work as being done well and correctly. Main Street is starting to look good!

Also Walton Avenue was paved at the same time. As you recall it was badly in need of attention, both paving and drainage. No milling was required. Instead of water ponding up in that area and on Lee Highway the water now sheet flows into a drain at the corner of Walton and Main into a storm drain installed as part of the Revitalization Project. Another definite improvement!

Sometime in the near future VDOT will be installing a cross walk, parking dividers (solid lines not individual) and one-way arrows (I think). We have repeatedly asked VDOT to give us a day or two notice so we can give the owners / renters on Main Street adequate notice before this is done. VDOT has agreed to this.

Mill Creek Regional WTP Project Situation with Lane Group

You have in your agenda packet a couple of letters from the Lane Group (TLG), dated May 23 and May 29 asking payment for Engineering Amendment 6a approved by both the Town Council and Washington County in the amount of approximately \$115,103 for Construction Administration and Inspection Services. The amendment was approved by the both Town Council and the Washington County Service Authority Board (WCSA) in December based on approval by Rural Development (RD).

RD did not approve paying the amendment in early 2019. They deferred the payment until the project achieved final completion. Since the approval was made by the respective bodies several issues have come to light regarding this amendment that the staffs of both bodies thought needed to be further evaluated. Some of that scrutiny is reflected in Robbie Cornett's and my letter of May 29 in response to TLG's letters.

The staffs and WCSA's attorney Thomas Dean and our attorney Paul Cassell have met numerous times on the project generally and this issue specially, including our last meeting on May 3 and 5. Without going into much detail at this writing you have also attached some emails from Robbie Cornett to Matthew Lane of TLG that may have laid the groundwork for a proposed solution. A revised agreement is being formulated by TLG that will be presented to the Town Council and WCSA Board for approval. That revised agreement either will be in your packet or will be given to you before the June meeting.

This project has been extremely problematic from day one, as you are aware. I have not been involved in a more difficult one, and our staff and attorney agree. Hopefully by settling the engineering payment issue, caused by the project being so over due to substantial completion not being achieved (scheduled to have been done in June, 2018 in our opinion), this will better enable Final Completion being successfully achieved by Frizzell Construction the general contractor, and monitored by TLG. We are all hoping and striving for this outcome.

Respectfully Submitted,

John E. B. Clark, Jr.
Town Manager