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Town Manager's Report to Mayor and Town Council September 12, 2019

Update on Mill Creek Regional Water Treatment Plant Project

We had a very productive meeting with Frizzell Construction on the Project on August 15. At that meeting were representatives of Frizzell, the Washington County Service Authority (WCSA), the Town and The Lane Group.

As you recall the WCSA, staffs and attorneys of the Town and WCSA put together a letter to Frizzell on August 9 basically giving Frizzell a final opportunity to finish the project, as copy which is again attached. In that letter that describes the water cost the Town and WCSA have incurred because of the Project time overrun at approximately \$321,000 and the additional engineering being around \$112,000. It basically gave Frizzell the option to complete the project in its entirety by August 16, 2019 or allow the Town and WCSA to change order the major remaining part of the Project involving controls at the Plant. I asked Bobby Lane to set up a meeting with all parties which he did on August 15 as mentioned above.

As Mark Jackson of Frizzell had indicated in a couple emails after the letter on August 9 was sent out, the project was complete with the exception of the controls. The owners basically agreed leaving only the controls. A change order will be developed by The Lane Group relieving Frizzell of that responsibility and cost. The WCSA will be soliciting proposals and contracting with another firm to perform finishing up the controls. The line item for this task is in the \$40,000 range.

Concerning the additional engineering reference above due to the overage referenced above, the WCSA will be paying that amount in the interest of retaining professional services until the project is completed. The Town will pay its proportional share at 56% and we should get reimbursed by Rural Development after the project is finally completed.

Regarding the contract with Frizzell this leaves only the liquated damages issues unresolved. The penalty was \$580 per day and Substantial Completion was not achieved until February of 2019 from the scheduled date in June of 2018. This has resulted in damages in the \$150,000 range. By the above mentioned August 9 letter we offered relief for 60 days (\$34,800) "in the spirit of bringing the Project to

Final Completion, no other reason..." We decided not to discuss that issue at the meeting. We reiterated that the letter of August 9 was the Owners position and if Frizzell protested that could put that in writing. The final pay request from Frizzell would take the liquidated damages in account. While there is no doubt that the Town and WCSA have incurred damages, I think all parties agree in the hope this can be settled out of court.

LOVE Sign at the H.L. Bonham Tourism Center

You have in your agenda packet two pictures of the new billboard and LOVE sign that is being placed outside the Tourism Center supplied by Council Member Donna Blevins, who is one of four members on the Tourism Board. The sign is being funded by the Virginia Tourism Corporation (VTC) The LOVE signage is a result of a marketing campaign statewide. You may have seen them at other locations and at statewide welcome centers. I think the sign was designed by volunteers at the Center along with students, and built by a restoration company out of Bristol.

I have talked to Tourism Director Ron Thomason several times about the new signage. The Town crew is moving an old sign in the front yard to the northeast corner of the lot, in order for the new signage not being blocked. I understand Ron will be appearing before Council in September to talk about the project and a grand unveiling on September 11.

Explanation of usage of \$2 Surcharge on Town Water and Sewer Bills

At last month's Council meeting of August 8, a citizen complained about the new \$1 per utility bill for fire hydrant replacement. As you recall that fee was approved by Council after recommendation from the Fire Chief.

The citizen who complained about the new fire fee also complained about the \$2 capital outlay fee at the August 8 meeting (I understand he appeared before Council and complained about that fee when it was instituted in 2011, too) and wanted to know where that money had gone. We replied it had gone to cover the water cost of purchasing water from the Washington County Service Authority (WCSA) while our plant was down and / or under new construction. He further complained about that usage of the money resulting from the \$2 fee. Those comments lead Clerk / Treasurer Marlene Henderson to do some research on that money and usage thereof.

Marlene prepared a spread sheet on the use of this money since its inception. As you can see on the revenue the fund produced from the inception date to April of 2016 was \$257,881. As you may recall in March of 2015 the Mill Creek Regional Water Treatment Plant completed failed with the Koch membranes basically clogging up after an event (which many speculate was a deep sub terrain earthquake). From March of that year until September of 2015 the Town was completely dependent on water from the WCSA at three times the cost (had the Town and WCSA not been interconnected and the had not the WCSA had the extra capacity after another new plant had gone on line in 2014, the whole system would have been on a boil water notice, but that is another story). In order to make up that extra cost the staff recommended and Council unanimously approved the use of that money for the extra water cost. As you can see on Marlene's spread sheet that cost took almost all the fund, or at least \$242,383.59 of it.

Meeting with Republic Waste Management on Solid Waste Issues

On August 11 we had a meeting with Republic Services, our solid waste provider. We had the meeting at the Saltville Town Hall with Town of Saltville officials also. At the meeting were Marlene Henderson, Jay Keen and me. Republic was represented by two individuals that represent this area.

We had a couple of issues that were of joint interest to both towns. First there was a count for the number of cans. For the Town of Chilhowie we were showing 841 and Republic 1,019. It is my understanding that the count is going to be revised to 908 beginning this month. Saltville had an issue with the count as they did with business garbage. They thought that both they and the business were being charged resulting in a double bill. Republic stated they would be getting back with Saltville.

Another issue was where Republic was dumping the trash from the two towns. County Administrator Michael Carter had alerted Marlene and me that there was no trash dumped in June from either town, thus eliminating that monthly revenue stream to the county. Although not stated by Michael, we researched the issue and that nonuse of the home county's landfill could have impacted the Towns collection of consumer utility tax, which is approximately \$100,000 per year. We brought that issue up to Republic and told them of the potential repercussions. They stated that had starting reusing Smyth County's landfill although the \$56 per ton they were being charged was more than they were charged at a landfill in the Tri Cities area. They also stated that our contract with them said they had to use Smyth County's landfill.

Noting the contract, we are unable to find an original copy of the three year contract that was approved in 2018. We think we gave the two signed copies to an employee of Republic, and asked for a signed original back, who has since retired. The Republic personnel at the meeting said they would try and find the contract and send to us.

Bids on Downtown Facades

After formally bidding the facades project twice and getting proposal once with no bidders in the past months, we were finally able to get bidders on the Downtown Facades Project. The Bids were opened on August 27 with Walberg Construction of Glade Spring having the low bid at \$78,575.

We solicited many contractors about the job and got Walberg's and Erp Construction's bid out of Princeton, West Virginia. The Walberg bid appears to be within budget and is for buildings on the north side of Main Street. It is my understanding the Walberg will begin construction this Fall on the facades. I will learn more details in the future including project duration, order of buildings to be done, etc.

Respectfully Submitted,

John E. B. Clark, Jr.
Town Manager