



Mayor: Gary L. Heninger
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TOWN OF CHILHOWIE

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Town Manager: John E. B. Clark, Jr.
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Police Chief: Andrew K. Moss
Director-Public Works: Jay Keen
Fire Chief: C. David Haynes
Building Official: Randy Sturgill
Director-Recreation/Special Events: Jeff Smarr
Legal: Cassell & Crewe. P.C.

Town Manager's Report to Mayor and Town Council May 12, 2022

Public Hearing on 2022-2023 Budget

You have in your agenda packet an advertisement of the 2022-2023 budget synopsis. The synopsis was advertised in the Smyth County News on April 27 and May 4.

After weeks of preparation by staff, the budget letter and budget materials were presented to Council at its Continued Meeting on April 14 at a two-and-a-half-hour meeting. After evaluation and changes, Council authorized the budget to be advertised for Public Hearing at its regular meeting on May 12.

Following the Public Hearing Council could make changes, set up another Continued Meeting, or leave the budget as-is. The budget cannot be adopted until at least seven days have expired from the date of the Public Hearing. Unless some unforeseen contingency comes up, the budget for 2022-2023 could be adopted at Council's regular meeting on June 9.

Update on Sewer System Infiltration and Inflow (I&I) Project and Contract with Hurt and Proffitt (H&P)

On April 14 we had a Zoom Call with Allen Cornett of the Virginia Department of Environmental Quality (DEQ), Clerk/Treasurer Marlene Henderson and Dennis Amos of (H&P). The question at hand was if another \$1,000,000 was appropriated on top of the promised \$2,000,000 (half grant, half 30 year 0% loan) would the additional money be offered in the same terms?

Allen said the additional \$1,000,000 money would be offered in the same terms, namely \$500,000 grant and \$500,000 30 year 0% loan, which is excellent news. The existing \$2,000,000 can be used on the area within the corporate limits and immediate area, and the additional \$1,000,000 will be used to address the areas east of Chilhowie and into the Seven Mile Ford Service area. According to Dennis Amos there still may be an additional shortfall of

around \$300,000, according to his budget numbers, but we can deal with that as the project moves forward.

The \$3,000,000 should address virtually all our I&I problems when the project is complete, and make the system whole for the next generation to come. As stated many times before, I&I that includes ground water and surface water getting into the sewer system, runs up electrical costs, taxes equipment and processes by treating water and new sewer, and can be an environmental hazard by the system being overloaded and not getting a sufficient “kill” or disinfection of waste water going back into the river.

We have already gotten a commitment letter from DEQ on the \$2,000,000 on December 21, 2021, and Mr. Cornett advises we will be getting another letter from DEQ on the additional \$1,000,000. In rough numbers the \$1,000,000 30 year no interest loan will be \$30,333 a year or \$2,525 a month. Another \$500,000 in loan will increase that number to \$50,000 yearly or \$4,167 per month.

Dennis Amos will be appearing before Council to present a contract for the preliminary design, final design, approvals and bidding for the project. As you can see on his attached schedule, after design and DEQ approvals, the project is slated to be bid in January, 2023 and construction to start in the Spring of that year.

Update on East Lee Highway II Pedestrian Project

You have in your agenda packet a cost estimate on the Project dated April 26, 2022. The revised estimate was put together by Tim Mullins of Thompson and Litton. The estimate shows total construction cost at \$455,217. The previous estimate in 2021 was \$400,445. The new estimate is 13.7% higher. The Virginia Department of Transportation (VDOT) required this new estimate as one of the final steps to bid the project out. The Town’s 20% of this estimated construction cost is \$91,043.

I also signed off several other documents provided by Tim Mullins, including A Due Diligence form regarding natural resources and other environmental forms. All this documentation has been sent to VDOT and hopefully they will authorize the project to be bid in the very near future.

Mt. Rogers Cigarette Board Tax Update

You have in your agenda packet a breakdown of the cigarette tax allocation to the ten (10) participating localities that comprise the Board for the first quarter of 2022 from January 1, 2022 to March 31, 2022. As you can see the tax generated a total of \$638,456.88. The high was Pulaski County at \$142,293.10 and the low was \$20,005.51 for Saltville. Chilhowie’s sales were sixth of the 10 at \$40,341.71. All ten localities comprising the Board charge a uniform tax of 0.40 cents and carry a uniform stamp. You also have attached a March sheet showing the tax collected that month, as well as a listing of all vendors.

Chilhowie’s monthly average for the first quarter of \$13,918. If this amount holds up through fiscal year 2021-2022 for the second quarter, the tax will generate approximately \$105,000 of the

projected \$100,000 budgeted. If the same money is generated in fiscal year 2022-2023, it will exceed that \$130,000 budgeted by generating \$161,367.

It should be noted, however, that the first quarter of this year is when all the new stamps were made available to vendors and distributed to retailers. That quarter might well provide a spike over following quarters because the vendors may well be stocking up.

Youth Government Day

You have in your agenda packet an itinerary and breakdown of Youth Government Day held on April 28, 2022. We had nine students and gave them a tour of Town facilities, with the exception of the Mill Creek Regional Water Treatment Plant (we had always included that in the past but the time for the annual event was shortened this year). We concluded the program by buying the students lunch at the Riverfront and giving them free tee shirts. Our efforts seemed to be well received by the students and they seemed to enjoy it.

Will Walker Farmers Market Opening May 6

The Farmers Market opened on May 6. We had a turnout of ten vendors. Those vendors were selling a variety of goods including crafts, kettle corn, and assortment of plants, flowers, eggs and assorted meats. Market Managers Jeff Smarr and assistant Jo Greer did a very good job of promoting the opening through meetings, word-of-mouth and social media. I also spoke at the Saltville-Rich Valley Lions Club meeting on Monday, May 2 and promoted the market and its opening date.

The opening day number of customers was also impressive, and was much more than last year's. The market opened up about three or four weeks after last year's opening in April and seemed to be much better received.

Applications to Virginia Department of Health Funding

As we discussed earlier this year, with Engineer Dennis Amos of Hurt and Proffitt (H&P), the Virginia Department of Health is getting around \$85 million dollars each year for the near future for water projects, in addition to their normal \$20 million. This is a result of the Bipartisan Infrastructure Act passed by Congress. The applications, prepared by H&P with much of the information provided by the Town staff, was signed by me on May 5 before the deadline May 6.

The applications were to replace all meters in the system for \$750,000, and to replace a transite lines and lead service connections, particularly from the corporate limits to the Seven Mile Ford area, for \$6,160,000. As I understand, the money is going to be at least 50% principal forgiveness (grant).

Since this project is so comprehensive in its scope and involves a significant amount of money, I am going to ask for a Continued Council Meeting in near future to go over the total scope of the project including its financial, geographical and beneficial aspects, in the near future.

Respectfully Submitted,

John E.B. Clark, Jr.
Town Manager