

**MINUTES
RECESSED COUNCIL MEETING
MONDAY, FEBRUARY 3, 2014
TOWN HALL – 6:30 P.M.**

Present:

Kyle Fletcher-Mayor
Kenneth Holbrook
Greg Bailey
Tim Boardwine
Monty Salyer
Jason Kilgore
Harry Kelly

Debbie Baca – Town Clerk/Treasurer
Earl Carter – Public Works Director
John Hicks – WWTP Supervisor
Cody McElroy – Mattern & Craig
Randy Beckner – Mattern & Craig
Julie Hensley – Town Attorney

The recessed meeting of January 23, 2014 was called back into session by Mayor Fletcher.

Randy Beckner reviewed the bid tabulation on the Regional Wastewater Treatment Plant. All bids came in over budget with Frizzell Construction being the apparent low bidder at a base bid of \$6,197,700 and \$6,347,700 with add ons. Mattern & Craig have looked at some valued engineering and reviewed several items with town staff to consider modifying or eliminating them. In negotiating with Frizzell, they have reached an agreed price of \$4,967,600.

After reviewing the project planning factors, the budget is still short \$370,000. Mr. Beckner pointed out the number Council needs to address is the Sludge Removal cost, which came in at \$818,800. At that time, the town council voted to put \$200,000 toward that as maintenance on the plant. The current planning factors include the town paying \$400,000 for removal of the sludge. During the legislative session, the Tobacco Commission representatives seemed very positive that an application for \$370,000 in special project funds would be approved. However, the Tobacco Commission doesn't meet until May and we have no guarantee that the grant application will be approved. Rural Development is pushing for closing on this project, but if the shortfall is not covered with Tobacco Commission money, then the loan payment will increase for St. Paul, CWSA, and Wise Co. PSA. The budget presented includes a \$240,000 contingency and the way the bid has been structured there is not a lot of room for change orders, so some items may be added back with the contingency funds. The main item that was value engineered out is the sludge press, which would be added back if contingency is available at the end of the project.

Ms. Baca explained that the \$200,000 already approved to be paid to Merrell Bros. for sludge removal has been budgeted in the current year. If the council decides to pay the additional \$200,000, they have two options: 1) we could borrow the \$200,000 from the diffuser savings account and pay it back in the next budget year, or 2) leave a \$200,000 balance on the interim financing at loan closing and pay it off in the next budget year. Merrell Bros. has agreed to wait until loan closing for the balance due. Councilman Salyer stated concern about depending on Tobacco Commission money. There was a brief discussion about the importance of following up with Mr. Pfol and members of the Tobacco Commission.

Mayor Fletcher asked Mr. Beckner to review the options if we do not get the Tobacco Commission grant. He advised that the \$370,000 would be reduced as much as possible with the contingency money and the remaining would be financed by all three entities for the remainder

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of the \$370,000. Ms. Baca suggested asking CWSA and Wise County PSA to send letters of support to the Tobacco Commission. Ms. Baca also noted that the interim financing loan doesn't have to be paid back until 2015. She also advised that the diffuser savings is earning about 1% and the interim financing loan is costing 2.95%, so if Council chooses Option #2, it will only cost the amount of interest on \$200,000 at a rate of about 2% for approximately six to nine months. Asked by Councilman Salyer, Ms. Baca said using either option is okay, but she cautioned Council on using money meant for the diffuser. Councilman Salyer moved to approve the additional \$200,000 to Merrell Bros. for sludge removal, and to use the interim financing until it can be paid off during the next budget year. Ms. Baca explained that at the time of closing, payment will be made on the interim loan leaving a balance of \$570,000; \$370,000 awaiting news from the Tobacco Commission and \$200,000 to be paid off by the Town during the 2014-15 budget year. With that explanation, the motion was seconded by Councilman Kelly, and a roll call vote was taken: Kelly-Aye; Kilgore-Aye; Boardwine-Aye; Holbrook-Aye; Bailey-Aye; Salyer-Aye. The motion passed 6-0.

Councilman Salyer asked to discuss Item #4 that was tabled at the meeting on January 23rd. All agreed that this item can be discussed because it was on the agenda. Councilman Salyer noted that the balance of the TVA money is approximately \$84,000, but emphasized that it may need to be used in resolving Oxbow sediment problems. TVA money could be used to purchase an ATV designated to Oxbow, but stated his concern that these funds are dwindling away and will not be there to use for future needs necessary to maintain the Oxbow Lake and its banks. John Hicks added that it cost about eight or nine thousand dollars the last time they had to remove sediment, and it needs to be done again now. Following a brief discussion about sediment removal and uses for an ATV, it was agreed to leave it on the table until the February meeting.

A motion was made by Councilman Holbrook to add to the agenda a closed session to discuss personnel. The motion was seconded by Councilman Boardwine and unanimously approved.

Councilman Holbrook moved to enter into Closed Session to discuss Personnel under VA Code Section 2.2-3711(A)(1). The motion was seconded by Councilman Boardwine and a roll call vote was taken: Kelly-Aye; Kilgore-Aye; Boardwine-Aye; Holbrook-Aye; Bailey-Aye; Salyer-Aye. The motion passed 6-0 and Chief Phillips was asked to stay for the closed session.

Upon return to Open Session, a motion was made by Councilman Holbrook, seconded by Councilman Kilgore, certifying that the only matter discussed in Closed Session was Personnel under VA Code Section 2.2-3711(A)(1). A roll call vote was taken: Kelly-Aye; Kilgore-Aye; Boardwine-Aye; Holbrook-Aye; Bailey-Aye; Salyer-Aye. The motion carried 6-0.

There being no further business, the meeting was adjourned by Mayor Fletcher at 8:10 p.m.

Mayor

Town Clerk