

Town Manager's Report to Mayor and Town Council
July 20, 2009

Meeting With the Department of Housing and Community Development (DHCD) on Old School Buidling Project

On July 10, 2009 we had a meeting with various agencies concerning the Old School Project. At the meeting were representatives from Mt. Rogers Planning District Commission, Smyth County, the Appalachian School of Music, Spectrum Design, DHCD and the Town. Representing DHCD at the meeting were Todd Christensen and Jimmy Wallace. Representing the town were Mark Warren, Ken Heath and me.

Mr. Christensen announced that the town would be receiving the \$1,000,000 grant. He said the only proviso on that if the Federal Department of Housing and Urban Development (HUD) kicked it out, which he said would not happen. He said that the project could be justified by one of HUD's national objectives which is the elimination of slum and blights. If HUD presses further he said that the project could be justified by job creation for low and moderate income (LMI) individuals both during the construction and sustaining jobs from the Appalachian School of music, and for other businesses that were rehabilitated.

He further reiterated that the project had to be under construction by December of 2009. The biggest item of note during the meeting concerned a statement from Mr. Christensen concerning the parking garage. Although he stated that the parking garage was not a direct part of the slum and blight project, he wanted a timetable on the construction of that parking garage. He stated that he wanted the project started within two years of the town signing a contract with DHCD. To that end, Town Attorney Mark Fenyk and Count Attorney John Tate added a section in the contract stating the two year provision.

As a side note the town signed an agreement on the old school and I presented it to County Administrator Mike Carter around the middle / end of June. John Tate made a few perfunctory changes in it and Mark Fenyk presented it to me just before the DHCD meeting on July 10. That contract became moot after the two year provision Todd Christensen added on the parking deck. The contract you have in your packet is the final product and inclues the two year construction provision. It is my understanding that the county approved this agreement on July 14. If the Council approves this agreement, and it appears to me the only major change from the pervious contract is the two year addendum, then the DHCD requirment will be met.

This whole process is being fast tracked in a major way by DHCD. This is because the project was a special allocation through the American Reinvestment and Recovery Act (a.k.a. the

Stimulus Package) . I assume that the July 10 meeting served to lay out items and negotiate

terms that will be included in a proposed contract between DHCD and the Town of Marion. One of the items mentioned above will be the two year provision on building the parking garage. The other provisions I anticipate in the contract will be the number of buildings other than the school addressed for facade work, street scape timetables, etc. The contract will not contain provisions, as I had hoped it would not, on timetables dealing with the Appalachian School of Music and its potential relationships.

I anticipate receiving the proposed contract in September. We were one of five localities funded in the state out of about 30 applications. The Town of Fries was another recipient. DHCD received approximately \$5,000,000 in this special allocation. Special thanks is offered to Deputy Director Michael Armbrister of Mt. Rogers Planning District Commission for spear heading efforts in submitting the grant to DHCD.

Notice of Award for the Pearl Ave. / Buchanan St. Community Development Block Grant (CDBG) Project

More good news on the grant front. We received news on July 7 that we had been awarded the Pearl Avenue / Buchanan Street CDBG project that we had been eagerly anticipating!

As you can see by the attached press release from Governor Tim Kaine's office, we were one of 22 localities awarded a total of \$14,134,490 for various projects throughout the Commonwealth. The project will address at least 22 owner occupied and renter occupied houses in the area bringing them to safe, decent and sanitary conditions. It will also demolish at least two vacant structures. We will be receiving about \$715,190 of federal assistance, of which we will be matching \$36,000 over a three year period.

As you know, this is the second year we had applied for this grant. We were turned down last year. The main reason we were given for this denial last year was that the area was largely renter occupied as opposed to owner occupied. We replied that this area had been identified as the most needy section of town for a substantial rehabilitation project. After the denial last year, we worked with Mt. Rogers PDC in narrowing the project area and coming up with innovative ways to gain funding considering the demographics of the project area.

Scott Boothe of Mt. Rogers came up with a plan to help the project get funded. He narrowed the project area slightly in order to capture more owner occupied units and came up with a plan of funding for renter occupied units. He devised or obtained an agreement for renter occupied units that had the landlord agreeing to spend up to \$25,000 on their houses at 0% interest over a term of 10 years. They also had to agree to rent to LMI persons for a set amount of years. Almost all of the landlords in the project area signed this agreement and that agreement was included in the CDBG application that was submitted in April.

More good news on this front. We may be getting more funding for this project from Rural Development. They have funding in the form of a Housing Preservation Grant that may be associated with a stimulus package, or was enhanced by a stimulus package. Scott Boothe applied for \$113,305 for this program and it can be used to further expand housing rehabilitation

opportunities in the project area, or assist with any cost overages in the project area (DHCD allows for approximately \$25,000 per house and we had several cost overages for the Gilman Street / East Chilhowie Street project that the town bore). Scott says that we will most likely receive this additional funding since it was leveraged with receiving the DHCD grant. Special thanks is extended to Scott Boothe for all his efforts in getting this project funded.

Leak Detection Study Entering Final Stages

As you are aware, we were awarded a \$50,000 Health Department grant last year to do a leak detection study. Anderson and Associates is our engineer on the project. According to our statistics we are currently losing about 50% of our water or around 30,000,000 gallons per month. While this number is high, and we consider it as such and much too large, it is about normal for a water system in Southwest Virginia.

The study is done by basically taking sections of the system, mostly in the corporate limits and west because of funding limitation, identifying areas served by different lines and devising a system to valve them off and isolating them. A six inch meter and vault was installed on the McIntyre Tank off Euclid Avenue to measure flows. Then the process goes like this: each identified section in the project area was valved off and the meter at McIntyre observed. If say the meter was running 100 gallons per minute and then dropped to 80 gallons a minutes a time after the valves were closed and isolating the selected area, you can extrapolate a loss of approximately 20 gallons a minute in that area. After all the sections in the area are tested as described above, you can gain a pretty good idea where the major loss areas are. After the major loss areas have been identified, a subcontractor of Anderson's, Atlantic Instruments, will use a pitometer to go into the selected areas and identify within a few fee (hopefully) where the leaks are.

At this writing we are two nights through with sectioning off the project area. Led by Director of Water and Wastewater Operations Director Donnie Coley and Engineer Cecil Hicks, they devised a team of two public works employees and two water treatment plant employees working from 11:00 pm to 7:00 am. We selected these hours because water usage is at its absolute minimum and the programmed outages would cause the least disruption. They worked the nights/ mornings of July 13 and 14 and are scheduled for July 15 and perhaps 16 when the valving off and meter reading phase is completed.

After that valving phase is completed, Atlantic Instruments will start identifying the leaks the week of July 20. They will put their findings in a report and the public works crew will immediately begin repairing the leaks (as a side note preliminary findings show significant water loss in the South Main Street area from Jones Street west, an area that we will be impacting this Fall by replacing 2300 feet of line through our Stimulus Grant). I will have Anderson make a full report to Council in August or September.

Utilization of Street Sweeper

We starting using the street sweeper on July 8. We have sectioned the town off in five areas and are sweeping every day.

We have two members of the Public Works Crew that are operating the machine and only two. They have been instructed in the care of the machine. On Mondays and Wednesdays the crew is coming in at 5:00 a.m. to sweep sections of Main Street in order to cause a minimum of disruption, the rest of the time they are coming on regular hours. A factory defect caused a seal to blow out on the sweeper on July 9th on Country Club Road spilling a significant amount of hydraulic fluid. A technician came from the dealership in Charlotte where we bought the machine and fixed it on July 10.

First Fruits Water Project

Construction on the First Fruits project started earlier this month. We received the signed agreement with them where they agreed to reimburse the town one half of the estimated \$33,804 cost if they did not use at 12,000,000 gallons over a twelve month period.

During construction, which is being done by Teaters Trucking, we found that all of the existing line was six inch. Part of the estimated cost mentioned above was for 240 feet of new six inch line at \$9,600. I spoke with Mr. Roger Catarino of First Fruits and agreed to deduct that amount from the total cost and initial the contract. Hopefully, that contingency will not come to fruition.

Resentfully Submitted,

John E. B. Clark, Jr.
Town Manager