

## **Council Meeting Minutes**

**August 15, 2023**

The Tazewell Town Council & IEDA met in a special called session at 7:30 p.m. in the Town Hall Council Chambers.

Present:

Absent:

Mayor Michael Hoops

Vice Mayor Glenn Catron

Councilmember Jonathan Hankins

Councilmember Zach Cline

Councilmember David Fox

Councilmember Joe Beasley

Councilmember Emily Davis

IEDA Chair Nancy Brooks

IEDA Member Susan Whittaker

IEDA Member Cara Spivey

IEDA Member Justin Takach

IEDA Member Steve Lutz

Staff present were: Town Manager, Todd Day; Town Attorney, Robin Brewster; Clerk/Treasurer, Leanne Regon.

### **WASTEWATER TREATMENT PLANT UPGRADE**

Manager Day stated that he wanted to begin with a financial status report for the WWTP upgrade project. He stated that we have been awarded principal forgiveness of \$3.1 million. PSA pays 40% of the loan because they own 40% of the plant. At the end of the year the Town and PSA do a True Up. This is to even out the costs at the WWTP and the Water Plant owned by the county. The Town has 60% of the cost and the County has 40% of the cost.

Bond 1 should have never been split. We began the engineering phase and then a letter we received from VRA stopped progress while we had to undergo a financial evaluation. We did not change one thing. We already had the sewer rate increases in place. VMLVACO did the analysis. We received above an A+ rating. He told them about a program we came up with to do rates and

use actual water consumptions to see how much money we would generate at that particular rate. VRA chose for us to do the bond for engineering. We did a \$3.00 rate hike over a period of three years. Last bids were done last year. They increased over \$7 million from the original bid.

Discussed possible new rate hikes. In town would be an \$2.32 increase. If we want to do the hike for the inflation. Also, we would have to do \$2.32 for each 1,000 additional gallons. Out of town would be \$3.49 and \$4.07 for each 1,000 additional gallons. This would be done over a period of three years. He stated they used ratios to get the rates.

Rich Chitwood from Thompson and Litton stated that he had a meeting with Richlands today and they are having the same problems we are. Once we send Richmond our new rate plan they will start the process and recommend to DEQ that Town of Tazewell can afford this much of a loan and then we will get this much of principal forgiveness. He agrees with Manager Day, prepare now and prepare for the worst. VRA will require cover, we have to be able to afford the project plus a little more. VRA would like us to have a slush fund. We have a little bit built up but not as much as they would like. We are going to have to do this project in the next two or three years. It had been previously asked if we could do this in phases and Mr. Chitwood asked and they said no because we have an approved set of plans. Manager Day recommends giving Thompson and Litton permission to communicate with DEQ and VRA to send updated plans for rates etc. to see if this project if even possible.

#### **RT 460 WATERLINE REPLACEMENT PROJECT**

Manager Day began by discussing the water tank in the county. The PSA has the loan on this but the Town makes a payment to the PSA for our portion of the project.

Rt 460- The Town raised water rates to prepare for this project. The PSA pays 50% and the Town pays 50%. The project was originally \$5.8 million with \$1.2 million principal forgiveness. This is running new line from the water plant toward Happy Mart. This is a phased project and the Health Department has approved all three phases. Rick Chitwood thinks even if we did part of this project, it will help tremendously. This project will install a 12-inch water line and will help fire flow and hydraulics. Our guys will be doing the work and PSA will supply manpower as well. The cost will be for material.

#### **VDOT RECREATIONAL ACCESS GRANT**

Manager Day stated that discussion for this project began eight years ago. We had a 50/50 match grant and the Town would be responsible for \$100,000. There was \$250,000 in free money. There may be about \$10,000 in engineering fees still outstanding. If we decide to follow through with this project, the Town would be paying \$497,769. IEDA Member Takach asked if this was to improve the roadway at the Little League. Manger Day answered yes, it would improve the entrance and connect the front and back. When this project frost started it would have cost about \$250,000. If we don't do this project, it would cost just under \$100,000. It was discussed that even if we don't do this project, we would find a way to save the utilities there. Manager Day stated that once before on another project he approached VDOT to see if they would forgive out payback. He can ask them if they would do the same for this project. Mayor Hoops stated that it was a half a million-dollar project and had no economic value. Manager Day asked for council direction. It was decided to not move forward with this project.

## **SPORTS COMPLEX**

Manager Day introduced John Wack. He stated that the Town has an agreement with him and it is on hold right now. SWVA has a declining economy and he has looked at how we could intervene in the private sector realm. A sports arena is a driving force. Kids want to play, parents go, grandparents go, etc. An indoor complex can be used 365 days a year. Mr. Wack stated that Eastern Sports Management will provide the man power and run it. ESM has said they would back our loan payment if they had to if we couldn't make it. Manager Day stated that if we decide to move forward with this project, we will get an attorney out of the area, who is unbiased to the project, to create an agreement that says such between the Town of Tazewell and Eastern Sports Management. It was originally going to be a \$5-\$5.5-million-dollar loan. The yearly debt payment would be \$363,000 for 40 years. Manager Day said he don't know how much better it could get. We have a loan and we have a backer (ESM) that will step in to pay if we can't. Also, Rural Development has said they will back the bond as well.

It was discussed that the IEDA will still own the building and ESM will run and operate it. Manager Day stated that if the project moves forward, he will go to Richmond and lobby for this project and get their support.

John Wack stated that it was good to be back. He discussed the pro forma with council and IEDA. He stated that he has seen sports complex's increase tourism and revenues in other areas. He stated that the Town had two studies done and the ESM did one. There were differences but it was due to methodology. He stated that ESM included inflation in their and he feels good about where the costs are, even today. He stated that the pro forma is a predictive tool of how the market will react. He has confidence in this project that there will be funds left over to be able to make the debt service payment if needed.

Manager Day stated that Mercer County has plans for an outdoor complex. It is a quarter of a billion dollar project. It is probably 15-20 years out. We would be a hub for our region. We would be a destination. We can capitalize on grants out there that the public can't do.

IEDA Member Takach stated that he is with the Back of the Dragon and the stated backs the BOTD road. They opened during Covid and they did not have the numbers they expected. They are gaining traction each year. He also stated he was concerned about competing with the YMCA.

Councilmember Cline asked what marketing tools they (ESM) use. Mr. Wack answered social media is how you reach kids. You have to meet them where they are. He is very confident that their company will have the tools to reach the people. It will be important to find a passionate partner in the community.

Manager Day stated that the Town and ESM already have a contract of \$707,000 and we have already spent a portion of that. They moved the discussion to lease hold taxes, meals tax, admission tax, rent, etc.

Councilmember Hankins asked where the closest complex was. It was answered Roanoke. IEDA Member Takach asked how with our compare to that one. It was answered our will have eight basketball courts and able to have 24 pickleball courts. Mr. Wack stated that the eight courts will bring people there then they will buy food and drinks and extras in the building. When these things happen, your hotels will come, your restaurants will come.

Manager Day stated that it didn't matter what they decided to do, everyone has to be on board and be excited about the project. The excitement will bleed over. Councilmember Beasley stated that he was comfortable moving forward, he wants to make sure that businesses are growing with it. He also suggested that we communicate with hotels and let them know what our plans are. Rick Chitwood asked how long would it take to get a hotel. Mr. Wack stated he has seen with other projects, usually within two – three years there would be hotels built.

Manager Day stated that unless he heard otherwise, he would be reactivating the sports complex project. He would send out a letter tomorrow. He would like everyone to be a team player. When you talk about it, talk good about it. If you have questions, that's ok, if people you talk to have questions, that's ok, send them his way. We can have an open door, public meeting to answer questions if they want to.

Councilmember Cline stated that he is willing to go two funding cycles on this project. If it doesn't go anywhere, we have funds in the LGIP that we can put toward other capital improvement projects.

Council thanked Mr. Wack for coming.

## **ADJOURNMENT**

Mayor Hoops adjourned the meeting adjourned at 10:18pm.