



Minutes of Council Meeting
Work Session
Buchanan, VA

January 6, 2022

Present: Mayor Craig Bryant
Vice-Mayor Chris Witt
Councilmember James Manspile
Councilmember Chris Petty
Councilmember Marlon Rickman

Mayor Craig Bryant opened the Thursday, January 6, 2022 Council work session at 7:00 p.m. Town Manager Susan McCulloch took role call and established a quorum. One of the speakers, Mr. Chris Vail, was on the phone.

First on the agenda was the Discussion of proposed zoning text amendment, zoning district change, zoning map change, and rezoning prior to January 10, 2022 Public Hearing. Town Manager McCulloch stated that Planning Commission had met on Tuesday, January 4, 2021, to hold a Public Hearing to consider zoning ordinance amendments to add the mixed-use definition to the trade district, to add ATM by special use permit, and to rezone 19318 Main Street, 2 parcels 65A-66 and 65A-68, the old Groendyk properties. Town Manager McCulloch stated that Mr. Vail would explain why the changes need to be made. Mr. Vail thanked Town Manager McCulloch and Council for letting him join the meeting via phone this evening. Mr. Vail stated that the goal for his company, Sycamore Development Co., is to redevelop the existing main building of the Groendyk facility into 22 market rate apartments, 11 1-bedroom and 11 2-bedroom apartments. The smaller 4000 square foot building and redevelop that. There is a tenant lined up to install a craft brewery / brew pub into that location. Mr. Vail stated that they need the rezoning to take place in order to file for a special use permit. Mr. Vail and his company look forward to redeveloping the buildings to add value and street presence to the Town of Buchanan. Town Manager McCulloch stated that the definition for the mixed-use development is a tract of land or structure developed to include two or more different uses, such as, but not limited to, residential, office, institution, public, or entertainment. Such uses are functionally integrated into your vehicular use areas, ingress, egress, and pedestrian access. Mixed use may describe uses occupying separate structures on the same site, or uses combine within a single structure. Town Manager McCulloch stated that in the Town Comprehensive Plan it is mentioned that mixed usage would be a potential great future for the Groendyk building would be a mixed-use development along with other

structures in Town in the trade district. However, that use is not currently defined and therefore is not allowed. In order to allow the use, Town has to define it and add it to the Town Zoning Ordinance. Currently, the 2 Groendyk buildings are zoned manufacturing. In this case, it would be zoned as trade. Town Manager McCulloch stated that there are many mixed-use developments in downtown and business district. It made sense to change the Zoning Ordinance. There are more buildings that could be mixed use in our business district. Town Manager McCulloch stated that there is an interested party who wants to add an ATM drive up and walk up in that space. It would be allowed by special use permit process if agreed on by Council. That whole process will have to be followed should this be allowed in Town's Zoning Ordinance. Town Manager McCulloch stated that the Planning Commission Public Hearing was January 4, 2022, Council's Public Hearing is duly advertised and will be on January 10, 2022. Town Manager McCulloch stated that these items were added to the work session agenda so that Council could ask questions and hash things out. However, there will be a separate process for the special use permit that Mr. Vail and Sycamore Development is proposing to do. There were two guests at the Planning Commission Public Hearing. Mr. Mallory and Dr. Robinson are adjacent property owners. Mr. Mallory asked questions specific to the development versus the use of the property. Mr. Mallory asked special use permit questions such as what kind of lighting plan there would be, the capacity for water and sewer, and how the development would affect Williams Lane. Mr. Vail can address these questions now, however, this will be further addressed in the special permit process. The Planning Commission did vote unanimously, 4-0 with one absent, to recommend Council consider the request and send it to Public Hearing. Mayor Bryant asked Town Manager McCulloch to repeat how the Planning Commission voted. Town Manager McCulloch stated the Planning Commission voted 4 – 0 with one member absent. Vice Mayor Witt stated that the only thing not addressed by Town Manager McCulloch or Mr. Vail was that Mr. Mallory was concerned that Sycamore Development would develop the 2-acre lot between Mr. Mallory's house and the Groendyk buildings. Mr. Vail stated that as of right now, it would be used minimally for some special events. That answered one of Mr. Mallory's concerns, that the property would be developed up to the property line. Town Manager McCulloch stated that could be addressed in the special permit process. Planning Commission and Council can request that Sycamore properties plant trees as a visual buffer among other things the Town can request. Mr. Vail reiterated that Sycamore Properties does not have any plan or foreseeable timetable for that parcel to be developed. Mr. Vail spoke with the owners of Twin River Outfitters about having a season kickoff type get together where people could spill over into that field if needed. The parking lot will be in front of the main building. There will be no lights shining there. There is already a hedge separating the neighboring property, and if needed, we will add additional landscaping. Mr. Vail stated that he will be meeting with the homeowner to discuss any concerns the homeowner has. Mayor Bryant stated that he has a few questions. Mayor Bryant asked if we are under the definitions, it makes reference to institutional, but institutional is listed under trade districts. What is institutional? Town Manager McCulloch stated that as with many definitions, this is borrowed. There were school structures in the mixed use from the place this was borrowed. This depends on the way it is interpreted. It could be educational, artisan or craft type use. Town Manager McCulloch stated that part can be removed. Town Manager McCulloch stated that schools may not be allowed in trade. Financial institutions are allowed. Vice Mayor Witt asked if, with the definition of mixed use, this wasn't discussed in Planning and Zoning, can we make it a requisite that mixed-use is only issued out by special permit? Town Manager McCulloch stated that it is and it would be fully vetted should it be allowed. Vice Mayor Witt asked that it can't just be rezoned it needs to go through special use permit? Town Manager McCulloch

stated yes, conditional of special uses, the definition, in the proposal, is to allow by special use permit which would require public and Council vetting, a large public process would be that mixed use and ATM. Town Manager McCulloch stated that we can remove institutional out because it is hard to say what institutional means. Mayor Bryant stated that from his viewpoint, institutional is very broad, and he is not sure how applicable that is to the current Town vision. Institutional is something that Mayor Bryant proposes to strike from the definition. Mayor Bryant asked under the trade district, for under uses permitted, section 207 is this just examples? Town Manager McCulloch stated that this is the current ordinance for trade district. It talks about intent, and permitted uses, then section c is conditional uses. What is in red is what is proposed to be added. Councilmember Manspile stated that it has been updated over the years to include what Town had, is what was put in the ordinance. Mayor Bryant asked, for clarification, going back to the Trade District, number six second story and fraternal clubs, that wasn't part of the public hearing to discuss that. Town Manager McCulloch stated that is in our current zoning, and is allowed as is because of the Mason Club that is down the Street. When this clause was added, there were a lot of clubs like Mason's that met on the second floor. Councilmember Manspile stated they met on the second floor of what used to be Ralph and Karl's. Town Manager McCulloch stated that is why that clause is in our current zoning ordinance. Mayor Bryant asked about a section under Brew Pub Standards, it talks about the use of tractor trailers or similarly sized vehicles is prohibited for any type of delivery or brew related goods produced on site for off-site sales or consumption. Councilmember Manspile stated that it sounds counter-productive to having a brewery. Vice Mayor Witt stated that this is the old version of the ordinance. This has been rewritten by the Planning Commission and has not been updated. Mayor Bryant stated that Council should make sure the updates are implemented and updated as we move forward with new possibilities. Town is being restrictive if Town is trying to develop a property and they can't bring in what they need. Vice Mayor Witt stated that as of right now, it will not be a brew-pub, it would be a brewery. Town Manager McCulloch stated that Town does not have a definition of brewery, brew-pub is the closest definition we have. It is good that all these things are being brought up so that these changes can be implemented. Councilmember Manspile stated that today is Thursday. The Public Hearing is Monday. Whatever corrections Planning Commission makes need to be given to Council before the Public Hearing so that Council has the correct paper work. Council needs to be prepared for the Hearing so that we are not digging through the paperwork like we are now. Town Manager McCulloch stated that the only things that Council needs to consider are the red lined items, the current items that are not red are already there. Vice Mayor Witt stated that the big thing is they are getting zoned as trade right now. Town does not have a definition of mixed use in the zoning ordinance. Planning Commission wants mixed use added to the zoning Ordinance. Once mixed use is added, as they start developing, they will apply for a special use permit to rezone themselves from trade to mixed use. Town Manager McCulloch stated that this is the first step in the process that Town is requesting. Town is asking for re-zoning to occur, the new definitions to occur, and it to be added to trade. Then, the special use permit or conditional use permit would come should this be approved by Council. It is being brought to Council during the Work Session so that any questions or issues can be discussed before the Public Hearing. Councilmember Manspile asked what came out of Planning Commission in part E section 207-10 talking about Brew-Pub what was there? Town Manager McCulloch stated that section is already part of the Zoning Ordinance that was approved in 2018 or 2019. It was vetted and approved by Planning Commission and Council at the time. Vice Mayor Witt stated that all the changes that Planning Commission has requested be made have not been added to the zoning ordinance, just the stuff in red for this particular case is the

immediate changes that are being requested. Mayor Bryant asked if just because mixed use development is in the zoning ordinance, is it still restricted by or controlled by uses permitted. Town Manager McCulloch stated that it is. If it was by right, there wouldn't be any other meetings. Because it is a special permit process, there is public input, we notify the adjacent property owners, the plan is, should this all move forward, to ask Planning Commission and Council to hold a joint Public Hearing in February. Town Manager McCulloch stated there is plenty of time for Council to look over everything and Mr. Vail plans to come to the work session, or we can schedule a Special Work Session to go over everything that Sycamore Development is proposing to do for the special use permit. It is really good Council is talking about the existing zoning ordinance because we have time to get ahead of it if there is an issue. Mayor Bryant asked again if Town is doing something where it looks like it can be done on paper, but, when you read it, there are still restrictions. In this case, we allow mixed-use development in the trade district, so whatever I am doing falls within mixed-use development, but my business is dependent upon deliveries by an 18-wheeler. As it stands, can I do that now? Town Manager McCulloch stated that no, that is why it is good that you pointed it out, the zoning ordinance has to be modified. In this case, it works with Mr. Vail's timeline, but we have to look at things like that. Councilmember Manspile stated that any time Council finds an issue, like this, Council needs to rectify the issues at one time so that somewhere down the road, it does not have to be revisited. I have no reservations about what is happening now, but I have learned this since being on Council since 2017, the answer to everything is that special use permit. Why not change it where some things are very out front. You apply for what you need. You don't have to go through all the hoops for a special use permit. If the property is sold, the special use permit is revoked. Can it be simplified. Mayor Bryant stated that Council is trying to set the Town up so that it is friendlier for people to have a business here without having so many restrictions. Vice Mayor Witt stated when you see the official rough draft of the changes from Planning Commission, everything you are discussing has been taken into consideration when it was re-written. Again, what you have before you tonight, has been approved by Planning Commission. It cannot be presented at the next Council meeting because once it is typed up, Planning Commission has to look it over and approve it. Then it has to go to Council for approval, then it has to go to Public Hearings, then Council has to approve the changes. Councilmember Rickman stated that he is glad that someone wants to do something with the old Groendyk property. It is an eyesore coming into Town. Mr. Vail stated that they look forward to turning it around and being part of the Town. We think it will be a great project. Mayor Bryant stated that he doesn't want anything to hold up the Sycamore Development Project, but he would like to update the Zoning Ordinance appropriately in order to reduce the burden on people who want to bring business to this Town. Town Manager McCulloch asked if Mayor Bryant is talking about the brewery section, or the brew-pub section. Mayor Bryant stated that if Vice Mayor Witt has something to assure us, let's go ahead and get this added. But, in my opinion, at the next meeting, let's have the trade section updated if possible. Vice Mayor Witt stated that the Planning Commission is done with the revisions. We are waiting for the revisions to be typed up. Town Manager McCulloch stated that the point Mayor Bryant brought up has not been changed, but it can be. Mayor Bryant stated that Town is offering grants and money to businesses. We should not be projecting something and not have the structure established to back it up. Vice Mayor Witt asked with this project in particular, they have to file for a special use permit to get mixed use development, correct? Town Manager McCulloch stated that because of the traffic impact, density, size, and we want to make sure we have adequate water and sewer. Something like 22 apartments would have to be vetted more thoroughly by the locality. That is why this was suggested to be under

the special use permit. Vice Mayor Witt stated that in the midst of applying for the special use permit, they put anything they need for the project in the special use permit, such as needing tractor-trailer access, if that is what they need. Anything that is against what our code is currently for Zoning Ordinances, have them put it in the special use permit so that it is all encompassing. It is no different than when Vice Mayor Witt got a special use permit for a mural and went through the processes. Town still does not allow murals in Town, but there is one on his business because he went through the special use process. Vice Mayor Witt stated that there are certain things in the Zoning Ordinance that either previous Planning Commissions or Councils have tied the Town's hands for whatever reason. The special use permit is a headache, but it allows the Planning Commissions, Councils, and committees to have checks and balances as opposed to a free-for-all. Vice Mayor Witt stated that he is all for economic growth and development, but somewhere you need to have the checks in there. Town Manager McCulloch stated that with the special use permit, as long as the use continues for a year uninterrupted, if it is sold, the next buyer can continue the special use permit as long as it is followed. Mayor Bryant stated that he didn't have any other questions, but the section about institutions needs to be removed as long as everyone is in agreement. Councilmember Manspile stated that he doesn't have any problem with doing what needs to be done for this project, but, at some point and time, someone with Town needs to have a conversation with Mr. Vail to get a pretty close timeline for this project. There are things that Town needs to accomplish utility wise. This is the beginning to get things happening. Will this project take off quickly, or will there be time for Town to do what it needs to for this project? Vice Mayor Witt stated that Mr. Vail was available now, ask him. Councilmember Manspile stated that was for the Town Manager to do. Town Manager McCulloch stated that she had mentioned at Planning Commission that she was planning to meet on project site with water and sewer. Councilmember Manspile stated that he can tell Mr. Vail now, what he has seen up to this point, where the lot for the ATM is located, there are utilities located underground there that does not need the traffic. The utilities involved are vital to the Sycamore Development as well as Town operations. Town Manager McCulloch stated that came directly from him and there have been conversations about it. Mr. Vail stated that the ATM is a secondary request in his opinion. The bank approached them after Sycamore Development bought the property. They are trying to help the bank, but he agrees with Councilmember Manspile, that corner is not perfect. Ultimately Sycamore Development would like to have the option of putting a drive-up ATM on the site somewhere, but it is not the main importance of this project and can be revoked at any point. Councilmember Manspile stated that at an appropriate time, Council needs to have a face-to-face meeting with Mr. Vail. The Town Manager is new here and there are newer Council members, Councilmember Manspile is the oldest sitting Councilmember, there have been problems with an adjoining property owner in the past. Councilmember Manspile would like to prepare Mr. Vail, as best we can, because no matter what you do there will be complaints about something all the time. Mayor Bryant asked if there was anything else to discuss and thanked Mr. Vail for his insights and support. Town Manager McCulloch stated that there is one other thing to discuss. There is a resolution that Sycamore Properties wants to work with VHDA to obtain funding for design and some construction. In order to do that, the property has to be in an enterprise zone, or opportunity zone, which it is not, or the property has to be designated as a revitalization area by the locality. So, this resolution would be brought to Council on January 10, 2022. Town Manager McCulloch asked Mr. Vail to further elaborate. Mr. Vail stated that there are 3 ways in which Sycamore Development can obtain an early-stage development financing program from Virginia Housing. First is being located in an enterprise zone, which it is not. Second is being located in a qualified opportunity zone, which it is not. Third is if the

locality would take their public body (Town Council) and sign or state in a document, it does not have to be recorded, that the property is blighted and without private development it will be torn down or lesser use. This opens the door for Sycamore Development to obtain a \$100,000.00 interest free loan. Mr. Vail stated that would help the development company with the initial architectural, engineering, surveying soft costs that the development company is currently undergoing right now. The architectural process has already begun. The roofing underlayment has already been ordered to start replacing the roof as soon as the Department of resources approves our plan. Of course, all of this cost money, and this just helps a little bit with that process until we go to our bank for the construction financing. Mr. Vail stated there is a reference in there to affordable housing. Mr. Vail wanted to make clear what that means and what Sycamore Developments intentions are with this project. Mr. Vail stated that affordable housing gets thrown out in Southwest Virginia with a lot of different connotations. In reality, Virginia housing looks at it based on the area median income. In the Town of Buchanan, the median income is based on the Roanoke median income. That means that a couple of the units, two or three one-bedroom units, will be rented to people with an income lower than \$40,000.00. Which based on Mr. Vail's review of the market study, fits with the demographic of what we will be charging. It does not change Sycamore Development's rental rates or anything to do with the fact that they will be offering market rate apartments. This is a line item that is written in there that some people may think that this is a section 8 housing project, it is not the case. Mayor Bryant thanked Mr. Vail and asked Council if they had any questions. Mayor Bryant stated that there was a consensus to bring this to the regular Council Meeting. Councilmember Manspile stated that if that property is not a revitalization property, he didn't know what one is. Mr. Vail thanked Council for letting him join the meeting via phone, and he looks forward to meeting everyone.

Next was the Discussion of Wastewater Facilities PER – Use of ARPA funds for Wastewater, and Conversation regarding Utilities and Possible Extension of Services. Town Manager McCulloch stated that there were several questions asked at an earlier work session about ARPA funds for water/wastewater, financial information about our utilities, and the possibility of extending water and sewer services to Exit 162 or Exit 168. Town Manager McCulloch spoke to the Town's auditor and they could not answer these questions. Mr. Doug Hudgins of CHA, who has worked on the Town's PER, has come back to try and answer these questions. Mr. Hudgins stated that he had some slides to help go over things. The first topic Mr. Vail wanted to discuss was extending water/wastewater services to the Interstate exits 162 and 168. Mr. Vail had come to the area recently to drive around and check the areas in question along with looking at topographic and arial information. Looking at exit 162 and 168, these would both be expensive projects. Water is a little easier to provide because you don't have to worry about grade if you are trying to get most long term by gravity. In most cases, sewer is three times more expensive than water due to laying pipe deeper, manholes, grade, and gravity. There are usually more water lines ran than sewer lines in less densely populated areas. The first thing that would have to be done is a feasibility study or preliminary engineering report (PER) that is required by the Virginia Department of Health for drinking water. The sewage collection and treatment regulations require a PER as well. There would have to be a PER for each exit. The challenges at Exit 168 are the major interstate crossings. They are very expensive, and VDOT is getting stricter. The PER would include development to meet the requirements of the Department of Health and the Sewage Collection and Treatment Regulations, how many new connections would be added based on existing and projected zoning and planning with added revenue, evaluate multiple options, number of easements, right of way approval from VDOT, a cost estimate, and a schedule. It is in the \$20,000.00 range to do the combined

PER for each exit. Mr. Hudgins stated that after looking at both exits, exit 162 would be cheaper than Exit 168. They would both be pretty expensive projects. Water would be at least \$1,000,000.00 to get to exit 162. Using the 3-to-1 ratio, sewer would be \$3,000,000.00. That is an estimate with no studies to back it up. The PER can be done in 3 to 4 months. Virginia Department of Health is backed up, it would probably take 6 months for approval. The project design would probably take a year. Mr. Hudgins stated that the design would probably take 6 months, but getting the easements and permits, and negotiating with property owners takes time. Then publicly bidding the project out takes 3 to 4 months. Building the project would probably take 1 ½ years. Mr. Hudgins estimated total time for the project from start to finish would be 3 to 4 years. Mayor Bryant stated there is at least 1 interstate crossing for 162. There are 2 interstate crossings for 168. Mr. Hudgins stated that was correct. Councilmember Manspile stated that the way it is set up right now, it has been discussed that in future, if there ever is a Well 5 and brought water over the Hardbarger Rd. tank, somewhere there you would have to bore to bring it. You would have to sleeve them under the interstate, and you have that wide right-of-way. You may luck up if you run water first, you may get by at 162 with trench cutting under the bridges with both water and sewer. Really, once you come around the curve at the four lanes at North Star, the water and sewer would separate. Sewer will run downhill. Water will run with elevated tanks you can push without elevation. Councilmember Manspile stated that this has been talked about more and more since he has been on Council, more about 162 than 168. In his opinion, the viability of 168 is not there. The only offshoot you might get is a development at the start of Greyledge. That would be a branch line. Past the interstate, not so much. The other issue at 168 is that VDOT has a wide right of way. You can not get out of the VDOT easement at exit 168 it is so wide. Exit 162 would open for development. There is just as much need to get sewer out there too. Councilmember Manspile stated that running back around under Route 11 you open up the possibility for a line around Pico and all through Lithia. In theory, water no, but sewer, down the road, if there were development up Route 11, you could flush a toilet at the cemetery in Troutville and it be treated at Town wastewater treatment plant. Councilmember Manspile stated that now that the County seems to be pushing Exit 162. See what the County wants to put in it. Town can not afford to put it up there, and it is not in Town limits to put it up there. Councilmember Manspile stated that because of citizen disapproval, annexing anything else would not be prudent. The last time Town annexed was in the 90's around Pico Rd. around by the Elementary School got water because of Virginia Forge. There has been nothing done for what was annexed in the 90's. Councilmember Manspile stated that he can not see annexing anything else for what is annexed. But, if we are going to set it up for the County, the County has gotten out of water and wastewater. The possibility there is if we are pushed, if we can use the ARPA money to do the PER for Exit 162 that would be money well spent. That would be the extent of what Town can do in Councilmember Manspile's opinion. Mayor Bryant asked if the ARPA funds can be used to do the PER for the Exit 162 project. Town Manager McCulloch and Mr. Hudgins stated that they were not sure and would check on it. Town Manager McCulloch stated that she thought it was more project, tools, and equipment not planning and design. Mr. Hudgins stated that in his professional opinion, in most places where they work, where it is not in Town, the other entity would build it and Town would put a master meter at the boundary. Most communities charge twice as much for the utilities. That way Town does not have to maintain the system. Town just collects revenue for water. The same could be done for sewer. That would lessen the risk for the Town. Mr. Hudgins stated that this is at least a \$4,000,000.00 project. Unless you could get someone else to pay for it, there is no way Town could support the debt service from day 1. If you can get someone else to build it and collect revenue from providing the water

and treating the wastewater at a higher out of Town rate. Mr. Hudgins asked if there are customers now who pay a higher out of Town rate. Councilmember Manspile stated that people that are outside Town limits that are on Town services pay a higher rate. Mayor Bryant stated that something is going to happen at Exit 162 whether Town wants it to happen or not. For Council to be visionary here, Council needs to talk about how can Town be part of that. Or, should Town be part of that. It will affect the Town either positively or negatively. Councilmember Manspile stated that could be the start of our goodwill. It plays into our future growth. Town does not have any utilities or anything else in place for future expansion and growth. At least do the PER so that when County pushes for something at Exit 162, we know what has to be done. Mayor Bryant stated that the only thing that he has issues with is whether you can use ARPA for anything outside of Town limits, or ARPA funds can be used at all. Councilmember Manspile stated that Town has a lot happening at once: the Groendyk project, Exit 162, the wastewater treatment plant issues, and the Water Street lift station. Councilmember Manspile stated the reason he asked for the time line for the Groendyk project is that if Sycamore Development puts a time line of signing tenants up by 2024, Town will be hard pressed to have sewer infrastructure there by 2024. What needs to be done at Groendyk will be integrated with an upgrade that would help the Town from Route 11 to the river. Town would get a two-fold deal there, but that is something Town will have to get started. Mayor Bryant asked the other Councilmembers for their thoughts about the Exit 162 or Exit 168 issue. Councilmember Petty stated that he liked the idea of putting a meter on it. Let the County pay for it. Let Town benefit from water and wastewater usage. Councilmember Manspile stated that a master meter could be added at Town limits right at Loony Creek at Town limits. Mayor Bryant stated that Town would still need to expand sewer out to that area. Councilmember Manspile stated that sewer could be metered at Loony Creek bridge. Whatever comes through the meter they would be billed for using. Mr. Hudgins stated the only thing that he would be worried about is the amount of flow coming from there initially would be very low. Sewer usually has to have an open flow. There are usually issues with a really low flow. There may have to be an insertion meter that would have to be checked periodically initially, or bill based on metered water use. Mayor Bryant asked what Council would like done. What is step 1. Councilmember Manspile stated that seeing if anything is available to Town to see if financially Town can do the PER. Mr. Hudgins stated that he can talk to Stevie about getting grant dollars for this project. Vice Mayor Witt stated that everyone knows his current stance on water and sewer. If Town is going to spend \$20,000.00 for the PER, then the project needs to be done. If Town is retaining water and sewage and run it out there, it will be beneficial to us. If we came to an agreement to potentially sell the water and sewage, does having that feasibility report add to the portfolio appeal to a potential buyer. Obviously if you have lines in the ground yes, but would a company coming in have to do their own feasibility study, or could they use the one we do. If Town were to sell it, and it doesn't help, Town has spent \$20,000.00 that could have been used elsewhere. Vice Mayor Witt stated that he is all about development. He wants to see things coming to the area. Councilmember Manspile stated that whatever goes on at 162 you need to be conscious of, if the County and Western Virginia Water Authority goes up there and drills a big well, what will it do to the Town's wells. If DEQ or VDH get involved, they will look at what it will take to build a plant up there and permit it on that low flow creek versus piping it down here to the plant that has an approved outlet to the river and mixing it with the flow here. Councilmember Manspile stated there is no denying that something is going to happen at Exit 162. The Board of Supervisors has already had discussions about it. It is not in Town limits. There is only so much Town can do. Councilmember Manspile stated that he should like for Town to be proactive instead of reactive about this issue. Mayor Bryant stated that the

consensus for the first step is how can Town pull off step 1. Not doing it yet, but if we can do it. That is \$20,000.00 right off the get go. How do we pay for that without any grants or financial assistance? Mayor Bryant asked if Town can even do that. Councilmember Rickman asked Mr. Hudgins if he thought he could get the Town a grant. Mr. Hudgins stated that SERCAP would be the easiest route. Mayor Bryant stated that there is also the ARPA fund to extend sewer to that part of Town. Councilmember Manspile stated that there is a need to extend sewer to that part of Town. Mayor Bryant asked if the ARPA funds could be used for any part of that. Town Manager McCulloch stated that ARPA could be used for construction but probably not for planning. Councilmember Manspile stated that would do part of the project because there is sewer need there. Town would have to find out if the citizens that are not connected to Town sewer would be willing to participate and connect to the sewage system. Mr. Hudgins stated that if there is something documented at the Health Department that would increase your opportunity for a grant. Councilmember Manspile stated that there is one big failing at the health department. Vice Mayor Witt asked if there could be something worked out with the County to use some of their ARPA funds, if the County received ARPA funds, since this would be carrying the services out of Town limits. The County wants this more than Town does. Councilmember Manspile stated that the problem is the County has gotten out of water and sewer. Vice Mayor Witt stated that is fine, but if they have the money, and want water and sewer at exit 162, it is tax dollars that go in their pocket by what will potentially go there. The amount of water and sewer lines that Town has go from Virginia Forge to half a mile down the road from there. Then you look at punching another 4 to 5 miles of water and sewer outside of Town limits to get to Exit 162. An interstate crossing which is the big-ticket item. If that is the case, the most expensive part of the project is in the County. Why not make this a joint adventure and let them eat an appropriate percentage of what it will cost? Councilmember Petty stated that is why he likes putting a meter at the Town limits. Let the County fund the rest. Vice Mayor Witt stated that the County should pay a percentage of the Preliminary Engineering report and all expenses considering 70% of this project is in the County. Unless Town annexes to Exit 162, which Vice Mayor Witt would like to see in future, and that is not going to happen any time soon. Reach out to the County. Mayor Bryant stated that all the questions or possibilities Council has raised need to be answered to find out if the Preliminary Engineering report can be done. Councilmember Rickman stated that the County has realized how much they lost when they shut down the truck stop at exit 150. Vice Mayor Witt stated that County already has numbers of taxes they have lost because it is not in the County anymore. If the County wants that money back, and water and sewage is required in that area, or just water because they were talking about doing their own sewage field for that one project, Vice Mayor Witt stated he did not see why the County would not be willing to talk about it. Mr. Hudgins stated his next action item will be to talk to VDHDEQ and SERCAP. Town Manager McCulloch stated that she would check ARPA and other sources for funds. Mr. Hudgins stated that he would revisit the PER discussion for the sewage treatment plant and pump stations. This is a huge \$5,500,000.00 project if you do the whole project. If you reduce the scope of the project and do the bare minimum, mostly piping work and new blowers, some upgrades at the route 43 pump station, and the Water Street lift station and force main replacement would be around \$2,100,000.00. Mr. Hudgins stated that he had talked about the grant availability and the fact that Rural Development is still using 2010 MHI. At some point they will update that. When they do, I am worried that the MHI in Buchanan will have gone up so much that Town will not qualify for the grant. Mr. Hudgins asked if Town wants to move forward on the comprehensive project seeing if we can get the maximum amount of grant dollars (75%)? Mr. Hudgins stated that is usually hard to get, but Town would get some grant dollars. Depending on the grant

dollars, if you went with the full project, the amount of annual debt service, rates would have to be increased. If you want to get any grant dollars, the sewer rate would have to be increased to what the water rate is now. Mr. Hudgins stated that if Town wanted to start the bare minimum now with the ARPA funding, that would be the Water Street pump station and the forced main. Those are the most imminent problems. If you allocate \$500,000.00 of the ARPA, you still have to come up with around \$900,000.00 to fund that. That could be received from Rural Development with annual debt services. Mayor Bryant asked if Council could agree at the next Council meeting, have something on the agenda to either buy a new camera or put an LED screen up in Town Hall. Town Manager McCulloch stated that sounds great. Councilmember Manspile stated that he would like to put one in the ceiling. Mayor Bryant stated that he doesn't care, the bulbs for the camera are the bulbs are expensive. A big flat LED screen would last longer and have a big flat screen. Vice Mayor Witt stated that Sam's has a good deal. Mayor Bryant stated that you have to have power, and apologized for the interruption. Mayor Bryant asked if we say raising the rates, we would only be raising the sewer rates, correct? Mr. Hudgins stated that the water rates are already at 1 ½% for debt services and would not be changed. They were raised when Town did the membrane job several years ago. Mr. Hudgins stated that the recommendations for the next steps have been changed a little since he talked to DEQ. DEQ actually has a new infrastructure bill that has passed. 51% of those billions of dollars throughout the state will be given out in grants, 49% will be in low interest loans. They are still working out details for that. All the funding for sewer is going to come from DEQ. Mr., Hudgins suggestion to Council is to finish the PER, submit it to rural development for the comprehensive project. Just because you submit it doesn't mean you have to do it. Once it is approved, then you have to fill out a funding application which Mr. Hudgins will help Town Manager McCulloch fill out. Then DEQ will come back with a letter of conditions with about 42 items you have to do to get the grant/loan. One of the things will be to raise the sewage rate. Mr. Hudgins stated that he thinks this can be done by spring and have an offer in hand from Rural Development. Council may decide they do not like the offer and scale back the project. But, DEQ is still working through this infrastructure bill money that has to be given out in 5 years. Mr. Hudgins feels that Town will get at least 51% grant from them. They do not require the 1 ½% requirement. Town has to demonstrate that the sewer rate can pay the loan back. The Town could actually do a GO (general obligation) loan instead of sewer revenue loan. Mr. Hudgins stated that most Town's and Municipalities do a GO Bond. It may be possible to blend a DEQ and Rural Development grant in Bland County for a \$12,000,000.00 project. But first, we need to get the PER done and submitted. Then we will have another work session to decide what is best for Town. The issue is going to be the longer we wait, the harder it will be to find contractors to do the work. Councilmember Manspile stated that 51% of this project would be \$2,800,000.00. That is over half of the project. He has learned in union contract negotiations, always ask for more and see what you get. Mr. Hudgins stated that if we still can't make the money work, the project can be scaled back. Mayor Bryant stated that the ask is to pursue the application process. Mr. Hudgins stated that the PER should be submitted to Rural Development. Once it is approved, we apply for the grant from Rural Development. Then in July do the same thing for DEQ. Councilmember Manspile stated that a Resolution needs to be made for this. Mayor Bryant asked if there is any other discussion. Mr. Hudgins stated there will have to be a Resolution for the Rural Development requirements that Town will have to approve. Mayor Bryant asked if there needs to be a Resolution, or just a verbal agreement? Councilmember Manspile stated that a verbal agreement to move forward at the Council Meeting. Mayor Bryant asked Town Manager McCulloch if that would be okay. Town Manager McCulloch stated that would be all that is needed to submit the PER to Rural

Development. Mayor Bryant asked for any further discussion. Mr. Hudgins stated that the only other thought he had on the smaller project, would be to start design on the smaller project as soon as possible. That money can be reimbursed through these programs. Either that or wait until you get the Rural Development funding, and won't get the funding from DEQ until fall. If we don't start the design on anything, we are stuck in a holding pattern. Mayor Bryant asked what the cost for the Water Street lift station. Mr. Hudgins stated that portion of the project was estimated at \$1,400,000.00. Since Council is planning to use \$500,000.00 of the ARPA funds for this project, can they be used to pay upfront engineering costs. Mayor Bryant stated that his concern with the ARPA funds is that ARPA funds need to be used for the entire Town. Our ARPA funding is very heavily weighted on a specific service in our Town that not everyone benefits from it. Mayor Bryant stated that over half of the ARPA funds is being used for sewer. Are we equitably distributing ARPA funds for the entire Town, not just one customer base? Councilmember Manspile stated that if we spend \$500,000.00 on Water Street, it may be just the people who live on that side of Town that benefits, but you are possibly preventing everyone's sewer rates from going up. Vice Mayor Witt asked if this would coincide with the Bridge work for VDOT. Town Manager McCulloch stated that no, we tried to piggyback them, but could not. This will be a separate project. Mr. Hudgins stated that there was a question about how the water and sewer operating expenses compare to the revenue that they generate. Town Manager McCulloch sent Mr. Hudgins the past three years of approved audits. The one thing that is funny in an audit is the depreciation calculation. Ideally, when depreciation is listed of an asset, it is something that is losing value and has to be renewed at some point. Most auditors will say that you should put the depreciation in a renewal account. Mr. Hudgins stated that every community that he has worked for doesn't do that. That is why after 30 years, when everything is deteriorating, they have to go ask Rural Development for a 75% grant. That is just how it works because every community is trying to keep the water and sewer rates as affordable as possible. Excluding the depreciation, the water is running a little in the black, but Town is not setting anything aside to renew those assets in the future. The debt services on the current loan are included in the operating expenses. Mr. Hudgins stated that he would recommend taking \$30,000.00 a year and putting it in a CIP every year if it is available. The sewer side is similar other than there are no loans on the sewer side. It is truly operating expenses. It appears that there has been quite a bit of expense for maintenance and repairs in 2018, 2019, and 2020 because the system is 30 years old. Mr. Hudgins stated Town must have fixed all the issues in 2021. Councilmember Manspile stated there was carryover on some rehab work on the sewage treatment plant. Mr. Hudgins stated that if you look at 2021, without all the maintenance and repairs, there is the opportunity to take on more debt in the range of \$195,000.00. The reason he is showing this is there has been some discussion or questions about selling the utilities versus keeping the utilities. Mr. Hudgins stated that right now, sewer is going to be around \$95,000.00 in the black. Councilmember Manspile stated that when he came to Council, both the water and sewer were running in the red. He changed that with the help of Council. Mr. Hudgins stated that if it is possible, set aside whatever surplus you have to a dedicated CIP for purchasing. Mr. Hudgins stated that he would recommend bumping the rates up a little bit every year rather than waiting and having to bump the rate 20% at one time. Councilmember Manspile stated that Council has been bumping up trash for the last couple years. Mayor Bryant asked if water and sewer had been increased in the last few years. Vice Mayor Witt and Councilmember Manspile stated that trash has been increased, not water and sewer. Mayor Bryant stated that he thought something else had been increased as well. Councilmember Manspile stated that it had been talked about, but not done. Councilmember Petty stated asked if water went up when the well house was installed.

Councilmember Manspile stated that was when it had to go up because of the USDA grant. Town Manager McCulloch stated that is when the water rate had to go up in order to get the loan for the well house. Councilmember Manspile stated that the Town is going to have to look at a rate increase in sewer. With what is built in to trash, and a small rate increase in sewer, Town will be close to where it needs to be on the rate. Mayor Bryant stated that he was not convinced that there has not been an increase in rates on something besides trash. There was an increase when Mr. Elstad was here because we were in the red so much. I would ask that before we commit to an increase, we make sure there hasn't been one recently. Vice Mayor Witt stated that one year there was a \$2.00 increase in water, then there was a \$4.00 increase on water, then we increased trash in the last year. Councilmember Manspile stated that he could not remember an increase in water or sewer, but he may not be correct. Mr. Hudgins asked if there were any comments or questions. Mayor Bryant stated that he would like to see a pie chart showing where the ARPA funds are being allocated and spent. Right off the get go \$570,000.00 is potentially going to sewer. Mayor Bryant stated that he wants to make sure that he is supporting an equitable distribution of the ARPA funding to the entire Town. Vice Mayor Witt stated that the equipment that has been purchased also goes toward the sewer. Mr. Hudgins stated that there are some employees paid from the public works fund that serve other functions in the Town. If you did allocate the time they spend on other things elsewhere, the operating expenses may go down. Councilmember Manspile stated that part of the Clerk's and the Treasurer's pay was taken from the utility fund in the 2021 budget. Town Manager McCulloch stated that \$20,000.00 of the Clerk's and Treasurer's pay and \$7,500.00 of the Town Manager's pay is in the utility fund budget. Councilmember Manspile stated that would be more toward water because there are no meters to read for sewer. Mayor Bryant asked if there were any more questions we can move on to the next issue. Mayor Bryant requested that Town Manager McCulloch find when the last rate increases were done on water and sewer. Councilmember Manspile stated there may have been an increase in sewer, but not on water. Mayor Bryant stated that he thought it was sewer. Mr. Hudgins stated thanked everyone for their time.

Next on the Agenda is a request for a closed session. Mayor Bryant made a motion for Council to go into closed session pursuant to section 2.23711 paragraph A3: in discussion or consideration in the acquisition of real property for public purpose or of the disposition of publicly held real property were the discussion held in an open meeting would adversely affect the bargaining position, or negotiation strategy of the public body. Mayor Bryant stated there is the motions. Councilmember Manspile gave the second for the motion. Mayor Bryant asked for further discussion. With no further discussion the motion passed with a vote of 5 – 0.

Closed Session started at 8:47pm.

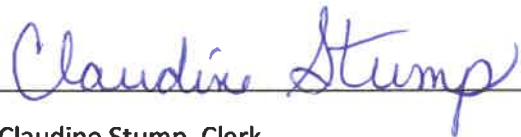
Council returned from closed session at 9: 31pm.

Mayor Bryant moved to certify the closed session stating that Council certifies to the best of their knowledge that only business matters lawfully exempted from an open meeting requirement under this chapter and only such public business matters as were identified in the motion were heard, discussed, or considered in the motion and that was paragraph A3. In addition to this certification, ask that the motion be carried forward and continue the closed session based on some clarifications needed from legal counsel at the next work session. Councilmember Manspile stated that he seconds the motion. Mayor Bryant asked for further discussion. With no further discussion, the motion was carried with a vote of 5 -0.

Mayor Bryant stated Council was back in work session. Mayor Bryant asked if there was anything else. Town Manager McCulloch stated that she had passed out a proposed calendar of events for review. Please review it, there is an event holder, the Civil War reenactment, who wants to promote it. There is some urgency on their part, but she wanted to give Council to review it. We can add it to the February Council Meeting Agenda. Mayor Bryant stated that we are half-way through January. We aren't that far out. Councilmember Manspile stated that it looks good. The only thing is to add Civil War Reenactment to the Buchanan History Weekend. That is what most of the groups look for when setting their schedules. Councilmember Rickman stated there is a house on Culpepper Avenue that is about to collapse, especially the back side. The landowner needs to be notified and it needs to be cleaned up. Town Manager McCulloch stated that she has looked at that property several times due to complaints. At that time, the trampoline had been removed and the dog had been put up, but she did not know the house is ready to fall down. Town can call the Botetourt County's Building Official to look at the house. Councilmember Rickman stated that Town Manager McCulloch should go up there and pull into his mother-in-law's driveway and she will see how bad it is. Town Manager McCulloch stated that if his mother-in-law gave her permission, she would. Councilmember Rickman stated that he gave her permission. Mayor Bryant stated that Town Manager McCulloch needed the right permission for safety's sake. Mayor Bryant asked if there was anything else. Councilmember Manspile made a motion to adjourn. Mayor Bryant seconded the motion. Mayor Bryant asked for further discussion. With no further discussion, the meeting adjourned with a vote of 5 - 0.

Adjournment was at 9:36pm.

Respectfully submitted,



Claudine Stump, Clerk



Craig Bryant, Mayor