



TOWN COUNCIL WORK SESSION MINUTES

Monday, July 1, 2013 @ 7:00pm
Front Royal Administration Building Conference Room

1. Building Inspection and Planning Software Presentation – EnerGov Software

David Beahm, Warren County Building Inspector, noted that EnerGov was selected from 10 other firms. He stated that the County of Franklin had been with EnerGov for some time and area representatives had visited Gaithersburg City, Maryland and were very impressed with the software presentation. Mr. Beahm noted that they had thoroughly examined other companies, though their presentations did not suit what the the Town and County were looking for.

Chris Harpenau, Account Eceutive, of EnerGov Software gave a demonstration of the software.

Councilman Hrbek asked about hosting

Mr. Harpenau noted that it could be hosted by Town or County, or they could host it in the Cloud.

Mr. Harpenau stated that they had a smart phone application as well.

Darr asked about the building inspections and high weeds for example – being separate – being one for County and one for Town (code enforcement and inspections) very separate entities for the Town and County and can be split quite well, Mr. Harpenau noted that they would be split within the software

Mr. Harpenau stated that they can easily set up automated reports to be emailed, printed, etc.

Mr. Harpenau gave presentation of the ipad software application of the software

Darr asked about rental inspections/property maintenance – Mr. Harpenau noted that they had a component that addressed that issue

Mr. Beahm stated that currently if a Zoning Application is approved with the Town, there is no notification sent to the County; though with this software an email is automatically generated by the system.

2. Financing for Engineering Phase of Leach Run Parkway – Davenport/Jennifer McDonald

Ted Cole with Davenport gave a detailed overview of the following memorandum which they have previously submitted to the County Board of Supervisors and the EDA, and he noted that their recommendation was to go with Suntrust. He stated that the resolution would be available for the Town Council to adopt this coming Monday.

MEMORANDUM insert from Davenport to Council dated July 1, 2013:

Davenport & Company LLC (“Davenport”), acting in its capacity as Financial Advisor to Warren County (the “County”), issued a Request for Proposals (“RFP”) on behalf of the County and the Industrial Development Authority of the Town of Front Royal and the County of Warren, VA (the “EDA”) to solicit bids to provide Tax-Exempt, Bank-Qualified funding for the EDA. Working with County and EDA officials, we identified two short-term financing needs as well as a potential refinancing/restructuring opportunity.

The Financing Needs requested in the RFP together total \$10 million and are as follows:

1. **Leach Run Engineering Costs:** **\$1,000,000** (*Short-term Bond Anticipation Note*)
2. **New Middle School A&E Costs:** **\$1,500,000** (*Short-term Bond Anticipation Note*)
3. **2010 Note Refinancing:** **\$7,500,000** (*Short-term Literary Loan Anticipation Note or Long-Term Fixed Rate Financing*)

Several different repayment terms / options were requested in the RFP, including:

1. **Short Term Note** for up to \$10 million:
 - a. 12/15/2014 Maturity (1.5 years)
 - b. 12/15/2015 Maturity (2.5 years)
 - c. 12/15/2016 Maturity (3.5 years)
2. **Long Term Financing** for up to \$7.5 million:
 - a. 15-Year Term
 - b. 20-Year Term

RFP Responses

The RFP was distributed to over 35 local, regional and national financing institutions. After the initial distribution, Davenport contacted each of the potential bidders to assess their interest in the financing and address any questions. Through this process the County and EDA were able to secure six bids:

- BB&T Bank (“BB&T”)
- First Bank
- SunTrust Institutional and Governmental, Inc. (“SunTrust”)
- Union First Market Bank
- United Bank
- Wells Fargo Bank

BB&T and SunTrust consistently provided the most competitive fixed rates across the different options requested; a summary of the interest rates bid are shown in the following table:

	1.5 Years	2.5 Years	3.5 Years	15-Year	20-Year
BB&T	0.96%	1.16%	1.38%	2.82%	3.57%
Sun Trust	1.17%	1.55%	1.77%	2.58% ⁽³⁾	
First Bank	1.70%	1.87%	2.05%	n/a	n/a
Union First Market Bank ⁽¹⁾	1.53%	1.64%	1.74%	3.28%	n/a
United Bank	1.84%	2.14%	2.29%	3.64% ⁽⁵⁾	3.64% ⁽⁵⁾
Wells Fargo	0.74% ⁽²⁾	1.02% ⁽²⁾	1.53% ⁽²⁾	n/a	n/a

(1) Rates shown correspond to a \$10 million borrowing; rates higher for a \$2.5 million borrowing.

(2) Rates shown are indications only and will float with market until closing date. Rates also subject to adjustment over time to compensate for any potential losses to the bank due to tax rate changes, legislation, or increased costs. (3) Rate subject to yield maintenance in the event of a change in the marginal maximum corporate tax rate.

Any potential future increases are capped at 2.84%.

(4) Subject to a 10-year Put Option with optional rate-reset. (5) Subject to 10-year and 15-year rate resets.

Recommendation

After consultation with County Staff and Sands Anderson P.C., Davenport recommends selecting the following options from SunTrust Bank:

1. A \$7.5 million 15-year Long Term Fixed Rate Financing to Refinance the 2010 Note
2. A \$2.5 million 2.5-year short term option to pay engineering costs for Leach Run and the New Middle School.

We feel the combination of these options provide the County with the optimal combination of:

- *Long Term Interest rate savings.* The 15-year long term fixed rate is lower than the County's potential 3% Literary Loan. When comparing the interest paid on the proposed SunTrust loan vs. a Literary Loan, the County has the potential to save over \$630,000 in interest cost. *(Note: should there be a change in marginal corporate tax rates, SunTrust has reserved the right to increase the rate up to 2.84%; any increase in rate would decrease the total interest cost savings).*
- *Long Term Flexibility.* SunTrust has offered the ability to pre-pay their 15-year financing in whole or in part at anytime without prepayment penalty. This prepayment flexibility will allow the County and the EDA to lock in long-term rates while preserving the ability to refinance or restructure at a later date. BB&T offered a prepayment with a 1% of penalty on the long-term option.
- *Short Term Flexibility.* The 2.5 year Short Term Note from SunTrust offers the County and EDA a final maturity that is beyond the timeframe anticipated for the long-term financing of the project. The term provides a cushion should an unexpected delay in the timing of the long-term financing occur. While the 2.5 year rate is higher than the 1.5 year rate, the additional interest cost is minimal at approximately \$8,800 per year. *(Note: While BB&T offered lower short-term interest rates, they would not offer these rates unless they were chosen for the full \$10 million borrowing).*

Next Steps

<u>Date</u>	<u>Action</u>
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June 18	County Board of Supervisors approved 2013 Financing and adopted resolution.
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June 28	EDA Board approved 2013 Financing and adopted resolution.
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July 8	Town Council Meeting: Davenport to present RFP results to Town of Front Royal Council for consideration/approval, if necessary. Adoption of necessary Resolution(s).
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Council Discussion:

In response to Mr. Tewalt's question, Mrs. McDonald stated that the Town's portion was 34% and would be broken down and shown in full.

In response to Mayor Darr's question, Mr. Cole and Mr. Burke clarified that the Town was not legally responsible to the bank, but rather it was the County. Mr. Tewalt clarified that the Town was not signing any documents or approving any financing.

In response to Council's question, Mrs. Breeden noted that she was comfortable for the matter as presented. She stated that the way the resolution reads and knowing it was short term and knowing we do not provide a signature at all.

Mr. Burke noted that Leach's Run Parkway would become a Town road and it would most likely have State funds reimbursed.

3. Continued Discussion of Building Inspections Office – *Planning/Zoning Director*

Summary: During Town Council's last discussion of the above-referenced topic, Town Council requested staff to review the finances of other localities with a building inspections program. The City of Winchester and Town of Culpeper were specifically mentioned. The purpose of this memo is to summarize the information obtained by Staff, as requested.

Town Staff received several written surveys and conducted phone interviews with 9 localities. Two of these localities currently use their respective County government to administer building inspections. This is similar to the current procedures in place presently with the Town of Front Royal. Of the other seven localities, each had their own independently operated building inspections program. Revenue varies from almost 100% to as little as 10%.

COMPARISON OF BUILDING INSPECTION PROGRAMS							
LOCALITY	POP.	BUDGET	COST RECOVERY	STAFF	PLAN REVIEW	INSPECTIONS	PER CAPITA
City of Winchester	26,203	\$489,700	56%	6.5	YES	YES	\$18.69
Town of Warrenton	9,611	\$255,380	--	3.5	YES	YES	\$26.57
Warren County	37,575	\$443,191	56%	5	YES	YES	\$11.80
Town of Blacksburg	42,620	\$392,000	99%	6	YES	YES	\$9.20
Town of Wytheville	8,211	\$76,000	63%	1	NO	YES	\$9.26
Town of Herndon	23,292	\$516,560	57%	5.5	YES	YES	\$22.18
Town of West Point	3,306	\$82,000	10%	3	YES	YES	\$24.80
Town of Leesburg	42,616	<i>n/a</i>	--	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>
Town of Culpeper	16,379	<i>n/a</i>	--	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>	<i>n/a</i>

A preliminary estimate of the cost associated with starting a building inspection program is \$133,000 the first year, and \$100,000 thereafter. This does not account for Property Maintenance and assumes the hiring of one FT and one PT position for the majority of plan review and inspection services. While none of the jurisdictions above contract the majority of plan review and inspection services out, Staff did speak with some localities outside of the immediate area that do this. Each of these localities kept a regular administrative staff but contracted out plan review and inspection services. If the Town were to pursue this route, the hiring of one FT administrative professional would be recommended. In contracting services the cost to the Town would be lower during slow periods and more during busier periods, depending on the contract terms. Some of the jurisdictions shown above include property maintenance, such as the City of Winchester, which has 5 inspectors devoted towards property maintenance inspections.

Budget/Funding: Additional funding would need to be obtained if Town Council determines that it is in the Town's best interest to establish its own Building Inspections Program.

Council Discussion:

Council asked about companies that

Parker asked how the numbers would be adjusted to perhaps reinstating a property maintenance Code – Camp stated that they should look at the City of Winchester’s numbers as an example, noting that it would have at least one additional full-time person. Mr. Burke noted that it would be very difficult to recover costs.

Tewalt noted that you would not recover any costs with property maintenance

Hrbek asked about doubling up duties if possible; Camp stated that they would always cross train as they were a small department

He added that it would still be a full time position with property maintenance with constant inspection

Parker noted that it needed to be pursued, he added that we had a 7-% rental rate and we owed it to the citizens

Hrbek stated that he would be in favor of moving it forward

Darr voiced support of the rental inspection matter, adding that the software component would assist

Tharpe stated that there were issues with the old program that he did not wish to take part in

Burke noted that the old program was a good guide though it would not be allowed by the State

Tewalt stated that a budget was just passed with three men voting against a the raising of water and sewer rates and the only way to make this take place is raise taxes – the money has to come from somewhere

Hrbek – we have to take control of our future

Darr – perhaps we could begin small and build on the program

Sayre – asked about a joint Town/County inspection program

Burke – we defer to the County to handle the inspection matter because we are part of the County and we do not have our own department

Hrbek – perhaps we could have a slowly growing 1-5 year plan for growing an inspection program

Funk – see no way to vote for the building inspection program, would rather have Staff focusing on rental property management

Darr – Planning will look at options and perhaps try to phase in programs

4. Continued Discussion of Proposed Rainwater Ordinance – *Town Attorney*

Summary: The agreement the Town has with the RSW Regional Jail provides that “[i]n the event that Town Council does not pass an ordinance allowing the receipt of rainwater from the Regional Jail into the Town’s sanitary sewer system in a manner consistent with this Section within one hundred twenty (120) days from the date of this Agreement, the Authority shall have the right to terminate this Agreement with no obligation being owed to the Town.”

The Town's current ordinances prohibit discharge of rainwater into its sanitary sewer system. The draft amendments to the Town Code would allow discharge of rainwater from commercial, business, governmental, and industrial properties into the Town's sanitary sewer system provided, among other things, it is approved by the Town Manager as being in conformance with the Leadership in Energy and Environmental Design ("LEED") initiative, and provided it is approved as meeting or exceeding the Pre-Treatment protocols and standards set forth in the Virginia Department of Health's "Virginia Rainwater Harvesting & Use Guidelines."

Council should decide if it wants 1) a rainwater harvesting policy designed to objectively designed modern environmental standards; and 2) to comply with the condition in the agreement the Town has with the Regional Jail to have a rainwater harvesting ordinance in place within 120 days from the April 8, 2013 approval date of the agreement with the Regional Jail.

Staff Evaluation: The engineer, Ron Mislowsky, for the Regional jail, has stated in an e-mail, attached, to our Town Manager that the Regional Jail's rainwater reuse system will meet and exceed the Virginia Department of Health Standards.

The Virginia Department of Health's "Virginia Rainwater Harvesting & Use Guidelines" are attached.

Budget/Funding: The major portion of the expense will be on the user, here, the Regional Jail.

Staff & Town Manager Recommendation: Staff recommends that if a rainwater harvesting ordinance is adopted, that adopting standards in accordance with recommended guidelines of the Virginia Department of Health appears a reasonable approach, especially since the Regional Jail's rainwater reuse system is designed to meet those standards.

Council Discussion:

Tewalt stated that what is presented was not clear and was not easy to read. He noted that he was only interested in protecting the Town from others that may wish to come forward and connect and insert their rainwater

Parker – has issue with only having LEED certified people – but rather leave it open to others that are certified

Tewalt – shut the door while we can; Funk agreed limit to governmental type facilities similar to the regional jail

Parker – yes we were backed into a facility; but if we allow the government, we need to allow the citizens as well and allow other options, not just LEED

Tewalt – anytime it is allowed to receive that water – we have to treat it; if we open to allow others with the rainwater – we have to treat it and it is more that we have to treat it through our \$40+ million treatment facility

Hrbek – would vote against it was because – if we were not going to open it up to everyone then it does not make sense to have the program

Tewalt stressed that we keep it limited to just the jail at this point

Darr noted that we need to fulfill the commitment to the Regional Jail – and if we need to adjust the

Hrbek asked about breaching the contract to get out

Darr and Tewalt noted that they intended to keep their list

Darr – will be on the worksession after next meeting

Napier will email out items tomorrow

5. Department of Alcoholic Beverage Control Out-of-Town Agreement Renewal - *Town Attorney*

Summary: An ABC store intends to locate in Crooked Run Shopping Center, and has applied to be serviced with Town water and sewer. This ABC store will not be subject to payment of PILOT fees: An ABC store is owned by the Commonwealth of Virginia, and is exempt from payment of both personal property taxes, and business and professional occupational license (BPOL) taxes. The ABC store also pays no real estate taxes, as it is leasing its building. The Route 522 Corridor Agreement with the County also applies to only “commercial” entities, and, being a governmentally-owned store as noted, the ABC store would not be classified as a commercial entity. Thus, the ABC store would not qualify for a typical PILOT water and sewer agreement with the Town so as to pay in-town rates plus a PILOT fee.

Staff is requesting direction of Town Council as to how to treat the ABC store for purposes of an agreement to provide Town water and sewer utility service to the store.

Staff Evaluation: The only other governmental entity in the Route 522 Corridor area the Town currently provides water and sewer utility service to is the RSW Regional Jail. The billing for the Regional Jail is established at:

“Monthly Billing and Payment. Subject to the annual true-up process established in subsection 7.B. below, monthly billing and payment shall be as follows. The Authority will pay to the Town for the first 540,000 gallons of water supplied by the Town and for the first 540,000 gallons of sewage discharged by the Authority per 30 day billing cycle (equivalent to 18,000 gallons per day), each at 1.375 times the in-Town residential water and sewer rates, respectively. The Authority will pay to the Town for water supplied and sewage discharged in excess of 540,000 gallons per 30 day billing cycle at 2.0 times the in-Town water and sewer rates, respectively.”

Staff Recommendations: Staff notes that there are several approaches for out-of-town water and sewer utility customers who are not commercial entities (i.e. governmental and industrial users): 1) to negotiate the rates on a case-by-case basis with approval by Town Council; 2) to have established, consistent, across-the-board policies for each type of user; 3) to have established, consistent policies for most users, but to create exceptions for certain types or sizes of users, in which case the contractual rates would be negotiated and approved on a case-by-case basis by Town Council.

Town Manager Recommendation: The Town Manager recommends out-of-Town utility rates and fees to all customers not qualifying for the PILOT program, so as to

establish consistency, expediency in dealing with customers, and avoid unnecessary potential legal issues.

Council Discussion:

Burke – government venture –

Council – okay with them having double water

6. Discussion pertaining to Fireworks Permit Fee -Town Manager

Summary: Town Code Chapter 80-3 currently requires that a permit be obtained from Town Council to conduct a fireworks display in the Town limits. Warren County has adopted an Ordinance that regulates fireworks displays through the Fire Marshall with approval from the Town Manager. Town Code Chapter 78 regulates blasting through the Building Official. Warren County has adopted an Ordinance that regulates blasting and storage of explosives through the Fire Marshall with approval from the Town Manager.

Council is requested to consider amending Chapter 80-3 to “The Town Council of Front Royal shall have the power to provide for the issuance of permits *through the Town Manager...* under such terms and conditions as the Town Manager ~~Council~~ may prescribe may prescribe and upon payment of an application fee of fifty dollars (\$50). *The Front Royal Volunteer Fire Department’s annual fireworks display shall be exempt from the application fee.*” Council is further requested to consider directing staff to revise Town Code Chapter 78 to reflect regulation of blasting and explosive storage by the Fire Marshall.

Staff Evaluation: The amendment to Chapter 80-3 will allow the Town to work with the Fire Marshall to regulate safe fireworks displays within the Town, and address the annual request from the Front Royal Volunteer Fire Department to waive the fee. Amending Chapter 78 will allow the Town the opportunity to update the Chapter to reflect current regulations.

Staff & Town Manager Recommendation: Staff recommends Council consider the proposed Code Amendment to Chapter 80-3, and recommends Council authorize staff to develop a Code Amendment to Chapter 78.

Council Discussion:

Tewalt asked why the Town needs

Darr – stated that the entire blasting matter needs to go to the Fire Marshall’s Office

Some members of Council voiced their agreement with the Mayor

Burke noted that the permit process would work through the Town

Hrbek – under State Code?

Fire Marshall Maitico explained the explosive use and firework use, noting that they forward the in-Town matters to Mr. Burke and he had a say in the approval process

Council discussed the options for adjusting the Town ordinance

Napier will work on draft revisions and report back to Council

7. CGI Communications Overview – *Town Manager*

Summary: The Town has been approached by CGI Communications to participate in a program developed through the National League of Cities to develop and host short videos about the community to assist in marketing and tourism. Radford, Fairfax, and Culpeper County have participated in this program. CGI recovers cost through local businesses and not-for-profit organizations purchasing advertising on the host site with the Town's videos.

Council is requested to consider developing a video marketing program either through CGI or through local resources.

Staff Evaluation: Video marketing is an avenue that the Town has not pursued to a significant level. that could result in significant benefit for attracting visitors, residents, and businesses. The scope of the videos developed by CGI appear consistent at each participating municipality. Using staff and local resources could result in positive results.

Budget/Funding: Participation with CGI requires no funding beyond staff time. Use of local resources could require additional funding. The Director of Finance will be available to address fiscal issues.

Staff & Town Manager Recommendation: Staff recommends the Town develop a video marketing program either through CGI or through local resources.

Council Discussion:

Parker noted that they want a signed letter of introduction and would like to use Burke and Darr's likeness

Burke noted that we could do this online actually
Not recommending that we go forward with CGI

Hrbek we have a fantastic production company right on Main Street
Rather do it with an RFP and have folks locally explore it
Would love well done video snippets of the Town and the

Council – interested in something similar – though not with CGI

8. Liaison Committee Meeting Agenda Items

Burke rec the following:

Catlett Mtn

Building Inspections Software

Leach Run Parkway RFP

Channel 16

Rt. 340/522 Corridor

FRLP Annexation

WWTP Septage Receiving

South Fork Bridge Lighting

Blue Ridge Shadows Water System
EPA Release – joint letter for EDA Release

Councilman Tharpe – his turn to serve at this July meeting, it will be held at the Warren County Government

9. Police Motor Patrol *(Councilman Tharpe)*

Tharpe asked for \$25,000 motorcycle for the Police Department

Sayre – trade in or sell the old one?

Tharpe – keep this one because it only has 40,000 miles and perhaps

Parker – would support it, though he would like the money used wisely

Harley makes three types of bikes and he would like to see the Town put something out to bid that is appropriate

Hrbek – would the repairs get through to the next budget cycle – Chief – should correct the bike, yes, but the repairs are not guaranteed

Shifflett – training is very extensive

Hrbek – concerned with tapping into the General Fund again

Funk – support Tharpe's request; would rather trade the bike it; though personally it is the Police Department

Sayre – really feel that the Police Department needs another bike

Shifflett would use the old bike as training mostly and as a back up

Tewalt – how many people need to be trained?

Shifflett just have two operators trained; one bike operator has applied or Sergeants position; and is he moves into that position, then a new officer would be trained on the bike

Tewalt – will support this transfer

no more General Fund transfers from this point forward unless it was an emergency

Sayre – if we keep tapping into the reserves then we may not have the funds available to build the Police Department

Shifflett reminded Council that the traffic division was a revenue generator

Breeden Way below in those funds this year

Sayre – will not support it

Darr – will put it on the agenda

Burke – can go forward with a bid for an alternative bid for another bike if need be

Yes per Council

10. Council Discussion/Goals

11. Closed Meeting – Personnel Matter specific to Town Manager Evaluation

Motion to Go Into Closed Meeting

Vice Mayor Parker moved, seconded by Councilman Hrbek that Council convene and go into Closed Meeting for the purpose of assignment, appointment, promotion, performance, demotion, salaries, disciplining or resignation of specific public officers, appointees, or employees of a public body, specific to the evaluation of the Town Manager, pursuant to Section 2.2-3711 A. 1. of the Code of Virginia.

Vote insert here
Vote insert here
Vote insert here
Vote insert here

Motion to Certify Closed Meeting at its Conclusion

===== moved, seconded by -----, that Council certify that to the best of each member's knowledge, as recognized by each Council member's affirmative vote, that only such public business matters lawfully exempted from Open Meeting requirements under the Virginia Freedom of Information Action as were identified in the motion by which the Closed Meeting was convened were heard, discussed or considered in the Closed Meeting by Council, and that the vote of each individual member of Council be taken by roll call and recorded and included in the minutes of the meeting of Town Council.

Vote insert here
Vote insert here
Vote insert here
Vote insert here

Present: Mayor Timothy W. Darr, Vice Mayor N. Shae Parker, Councilman Thomas H. Sayre, Councilman Eugene R. Tewalt, Councilman Bret W. Hrbek, Councilman Daryl L. Funk Councilman Hollis L. Tharpe, Town Manager Steven M. Burke, PE, Town Attorney Douglas Napier, =====

Clerk of Council Jennifer E. Berry, CMC, members of the media and members of the public.

Jennifer E. Berry
Clerk of Council