



TOWN COUNCIL WORK SESSION
Thursday, February 4, 2021 @ 7:00PM
Town Hall Conference Room

Due to Executive Order #72 and Order of Public Health Emergency Nine, Common Senses Surge Restrictions, Certain Temporary Restrictions due to COVID-19, from Governor Northam, seating inside the conference room is reserved for Town Council and specific members of staff. This meeting may be viewed live via the Town's website www.frontroyalva.com. For those who wish to attend, a monitor streaming the meeting live is placed in the hallway outside the conference room. There is no public comment at work sessions.

1. CLOSED MEETING: Disposition of Publicly Held Property, Consultation with Legal Counsel, Actual Litigation, Personnel Matters
2. Fiscal Year 2021-2022 Proposed Budget Presentation — *Alisa Scott, BJ Wilson, Steven Hicks*
3. FY21 Budget Amendment/Intra Fund for Purchase of Refuse Truck — *Purchasing Manager Alisa Scott*
4. Matrix for the change in meeting times — *Town Manager Steven W. Hicks*
5. Open Discussion



Work Session Agenda Statement

Item # 1

Meeting Date: February 4, 2021

CLOSED MEETING

I move that Town Council go into Closed Meeting pursuant to Va. Code Sections 2.2- 3711., in the following subsections indicated of that Code Section, to discuss the following matters:

- (1) The disposition of publicly held real property, specifically the Afton Inn property, where discussion in an open meeting would adversely affect the bargaining position or negotiating strategy of the public body; and consultation with legal counsel employed or retained by a public body regarding specific legal matters requiring the provision of legal advice by such counsel. (A.3., A.8.)
- (2) Consultation with legal counsel employed or retained by a public body regarding specific legal matters; and the possible taxation of certain portions of hospital real and personal properties located in the Town of Front Royal; pursuant to Va. Code § 58.1-3606. A. 5. of the Code of Virginia.(A.8.)
- (3) Consultation with legal counsel and briefings by staff members or consultants pertaining to actual litigation, specifically, a lawsuit brought by a former Town staff member against the Town, where such consultation or briefing in Open Meeting would adversely affect the negotiating or litigating posture of the public body.(A.7.)
- (4) Consultation with legal counsel and briefings by staff members or consultants pertaining to actual litigation, specifically, a lawsuit brought by the Town against the Warren County EDA and Jennifer McDonald, as well as a bankruptcy petition filed by Jennifer McDonald in an attempt to divest herself of debts she owes the Town. (A. 7.)
- (5) the purpose of assignment, appointment, promotion, performance, demotion, salaries, discipling, or resignation of specific, public officers, appointees or employees of a public body, pursuant to Section 2.2.3711.A.1. of the Code of Virginia

Motion to Certify Closed Meeting at its Conclusion (*reconvene in open meeting*)

I move 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 Act 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.



Work Session Agenda Statement

Item # 2

Meeting Date: February 4, 2021

Agenda Item: Fiscal Year 2021-2022 Proposed Budget Presentation

Summary: Staff will review highlights of the FY21-22 Proposed Budget with Town Council.

Budget/Funding: N/A

Staff Recommendation: Staff recommends for council to discuss any items included in the FY22 to be further reviewed and allow staff to gather information to provide during a future work session.

Steven W. Hicks
Town Manager
Proposed FY 2021-2022 Budget
Work Session

February 4, 2021
Town Hall
7:00 PM



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Goals

Goal 1: Economic Development & Marketing

Goal 2: Infrastructure

Goal 3: Appearance

Goal 4: Communication

Goal 5: Our Employees



Goal 1: Economic Development & Marketing

- Town's Economic Development Authority (FREDA)
- Marketing and quality recruitment – restaurants and businesses
- Joint Tourism Committee (JTC)
- Grey economy – redevelopment
- Retain and identify key industries and employers
- Streamline permit and code inspection process
- Pro-Business reputation
- Arts, Culture and Sustainable Community
- Night-life



Goal 2: Infrastructure

- Inflow & Infiltration Abatement
- Water and Sewer replacements and expansion
- Pothole and paving overlay
- Smart water meters – AMR
- LED Lights for Town Hall
- 5-Year Capital Improvement Program Estimates & Modeling



Goal 3: Appearance

- Dilapidated Buildings
- Property code enforcement
- Community Beautification
- Focus on weed control and mowing
- Increase street sweeping frequency



Goal 4: Communication

- Video streaming for public meetings
- Radio Ads (95.3FM)
- Video spotlight
- Podcasts
- Timely and accurate news releases
- Social media targeting
- Town's Quarterly Newsletter
- Enhance website notification process
- Financial software system upgrade study



Goal 5: Our Employees

- Wellness Program
- Workforce and organizational development
- Employee appreciation
- Succession planning
- Cross training
- Team leaders
- Coaching and Annual Performance Reviews
- Core training – all employees
- Council and staff retreats
- Diversity and inclusion



Snapshot - Total Budget

- \$47 million
- 3.15% decrease of \$1.5 million
- \$13.4 million personnel
- 168 employees



Total Budget \$47 million (-3.15%)

General Fund and Special Projects: \$12M (-4.8% reduction)

Streets: \$2.7M (-0.65% reduction)

Electric: \$ 19.5M (-2.3% reduction)

Water: \$5.2M (-4.0% reduction)

Sewer: \$6.5M (-3.0% reduction)

Solid Waste: \$1M (-2.4% reduction)



BJ Wilson
Director of Finance

FY 2021-2022 Budget
Proposed Revenues



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FY22 Revenue Forecasting

- Forecasting is not a precise science
 - Commonwealth of Virginia revises revenues multiple times throughout year
- Data used in forecasting is collected from many different internal and external sources deemed reliable and appropriate at the time
 - AMP Ohio
 - Virginia Municipal League Finance Committee & Senate Finance Committee
 - Virginia Department of Transportation
 - Historic trends/institutional knowledge
 - Town businesses/citizens
 - Internal departments
- Even with most reliable data there continues to be a level of uncertainty in forecasting due to COVID-19 impacts



FY 21-22 Revenues

<u>Fund</u>	<u>FY22 Proposed</u>	<u>FY21 Adopted</u>	<u>Difference</u>	
General & Special Projects	\$ 12,069,545	\$ 12,672,215	\$ (602,670)	-4.76%
Street Fund	\$ 2,688,580	\$ 2,706,305	\$ (17,725)	-0.65%
Electric	\$ 19,477,650	\$ 19,932,900	\$ (455,250)	-2.28%
Water	\$ 5,257,520	\$ 5,482,615	\$ (225,095)	-4.11%
Sewer	\$ 6,507,715	\$ 6,711,570	\$ (203,855)	-3.04%
Solid Waste	\$ 1,071,960	\$ 1,098,735	\$ (26,775)	-2.44%
Total	\$ 47,072,970	\$ 48,604,340	\$ (1,531,370)	-3.15%



Changes Related to COVID-19

- Restrictions on capacity for businesses
- Closures and/or decrease in business hours
- Decrease in travel
- Decrease in business gross profits
- Workers & students spending more time at home for tele-working and virtual learning
- Schools not at normal capacity or operations, changes in after school activities



Potential COVID-19 Impacts to Revenues

- Lower gross sales = Lower BPOL Revenue & Lower Bank Stock Tax
- Decrease in travel/tourism = Decrease Lodging Tax & Rental Tax
- Increase Online Sales = Increase Sales Tax Revenue
- Schools closed or virtual learning/decreased business hours = Less Commercial Utility Usage
- Teleworking/Virtual Learning = Increase in Residential Utility Usage



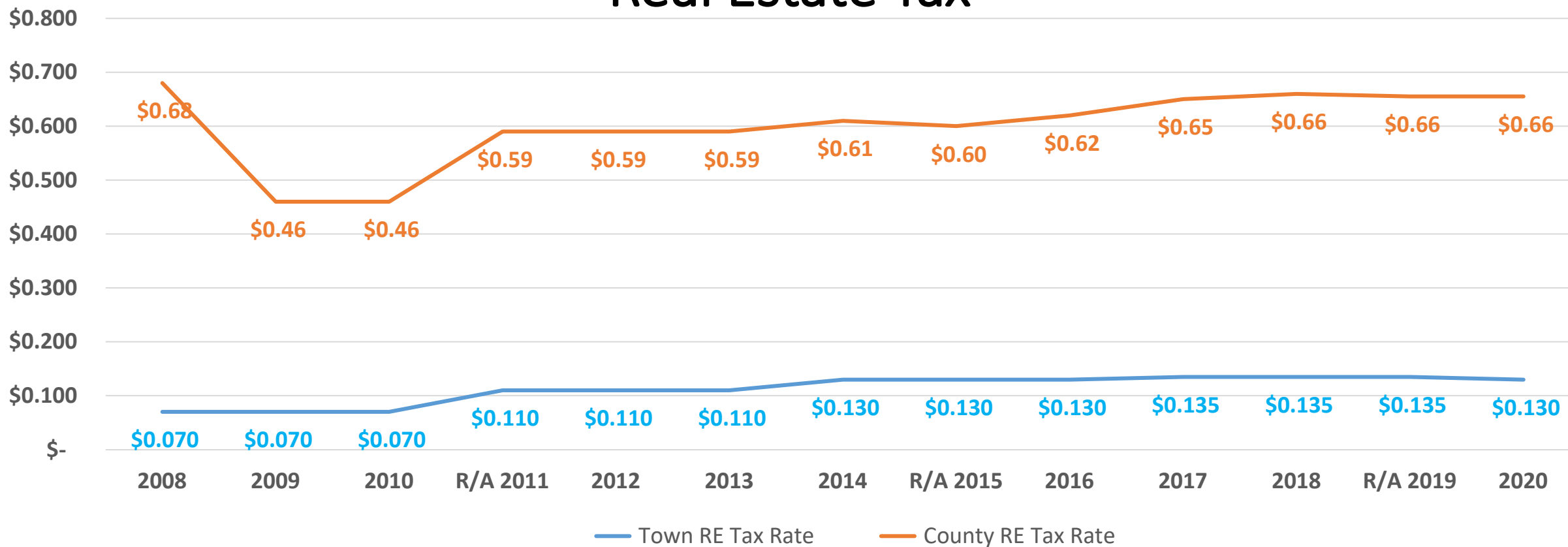
General Fund Revenue Highlights

	<u>FY22 Proposed</u>	<u>FY21 Adopted</u>	<u>Difference</u>	<u>%</u>
Meals Tax	1,855,845	1,994,000	\$ (138,155)	-7%
Fines & Forfeitures	100,000	187,000	\$ (87,000)	-47%
BPOL	685,890	762,100	\$ (76,210)	-10%
Lodging Tax	255,540	316,000	\$ (60,460)	-19%
Bank Stock Tax	243,935	292,900	\$ (48,965)	-17%
Rental Tax Vehicles	61,645	99,000	\$ (37,355)	-38%
Transfers from Enterprise Funds	3,060,900	3,222,000	\$ (161,100)	-5%



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Real Estate Tax

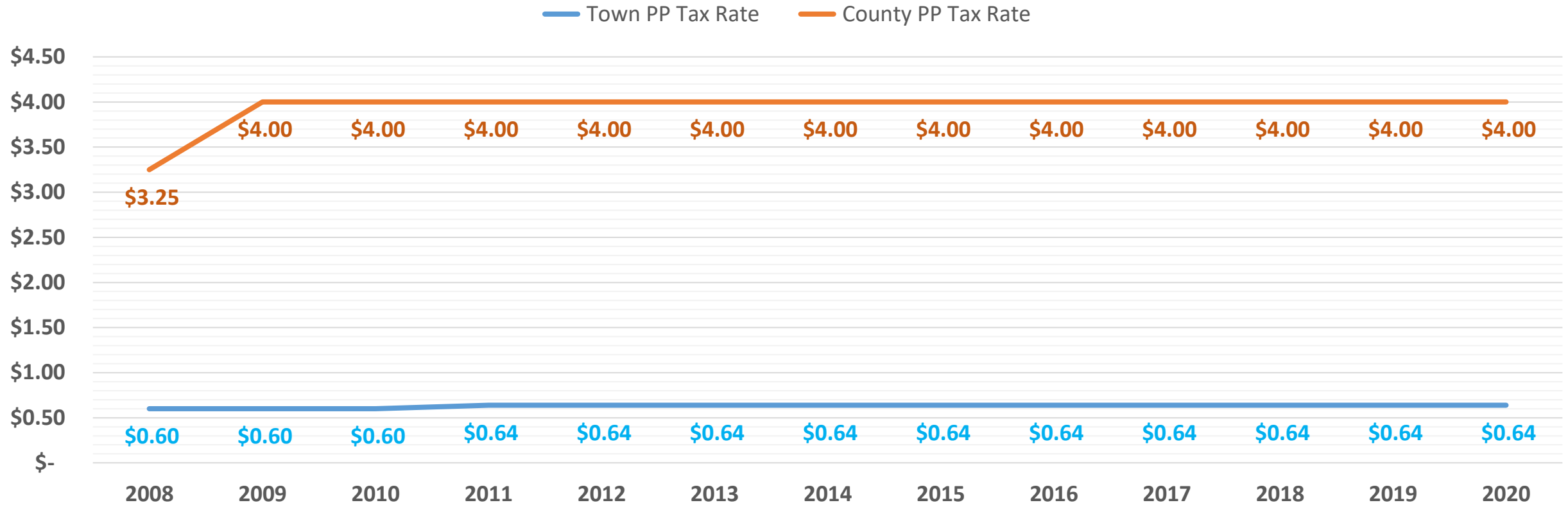


- Real Estate Tax rate proposed to remain at \$0.13 per \$100
 - Based on 2020 Real Estate Value \$0.01 of RE Tax Rate = \$131,425 in revenue



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Personal Property Tax



- Personal Property Tax rate proposed to remain at \$0.64 per \$100
 - Based on 2020 Personal Property Values \$0.01 of PP Tax Rate = \$10,480 in revenue



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Enterprise Fund Sales of Service

	<u>FY22 Proposed</u>	<u>FY21 Adopted</u>	<u>Difference</u>	<u>%</u>
Electric Sales	18,752,550	19,154,800	\$ (402,250)	-2%
Water Sales	4,997,630	5,064,250	\$ (66,620)	-1%
Sewer Sales	6,033,095	6,057,430	\$ (24,335)	0%
Solid Waste Sales	1,003,730	1,020,935	\$ (17,205)	-2%



Revenue Impacts for Enterprise Funds

- COVID-19
- Weather
- Major water/sewer industrial user discontinued service in 2020
- Scheduled rate increases incorporated into FY22 Proposed Budget



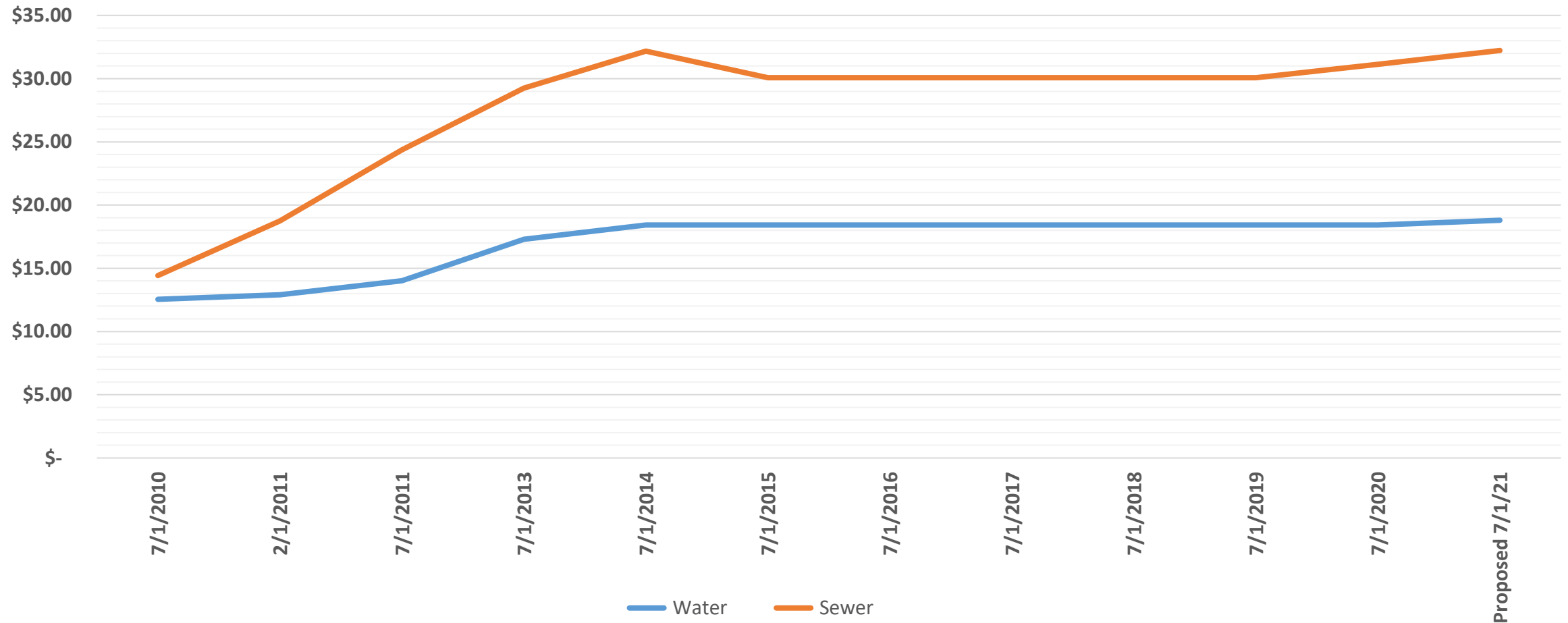
Water/Sewer Recommended Rate Increases

	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Water	0.0%	2.0%	2.0%	2.0%	2.0%
Sewer	3.5%	3.5%	3.5%	3.5%	3.5%

- Water/Sewer rate study was completed in May 2020 by Stantec
- Sewer rates were increased July 1, 2020 by 3.5%
- Water rate increase was deferred from FY2021 to FY2022 due to COVID-19



Water & Sewer Charges for 4,000 gallons (In-Town Standard Rates)



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Proposed Revenues vs Actual Revenues

- Revenues included in the FY21-22 Proposed Budget have been projected conservatively
- Staff may request Town Council to approve budget amendments if revenues appear to be tracking significantly different than budgeted amounts



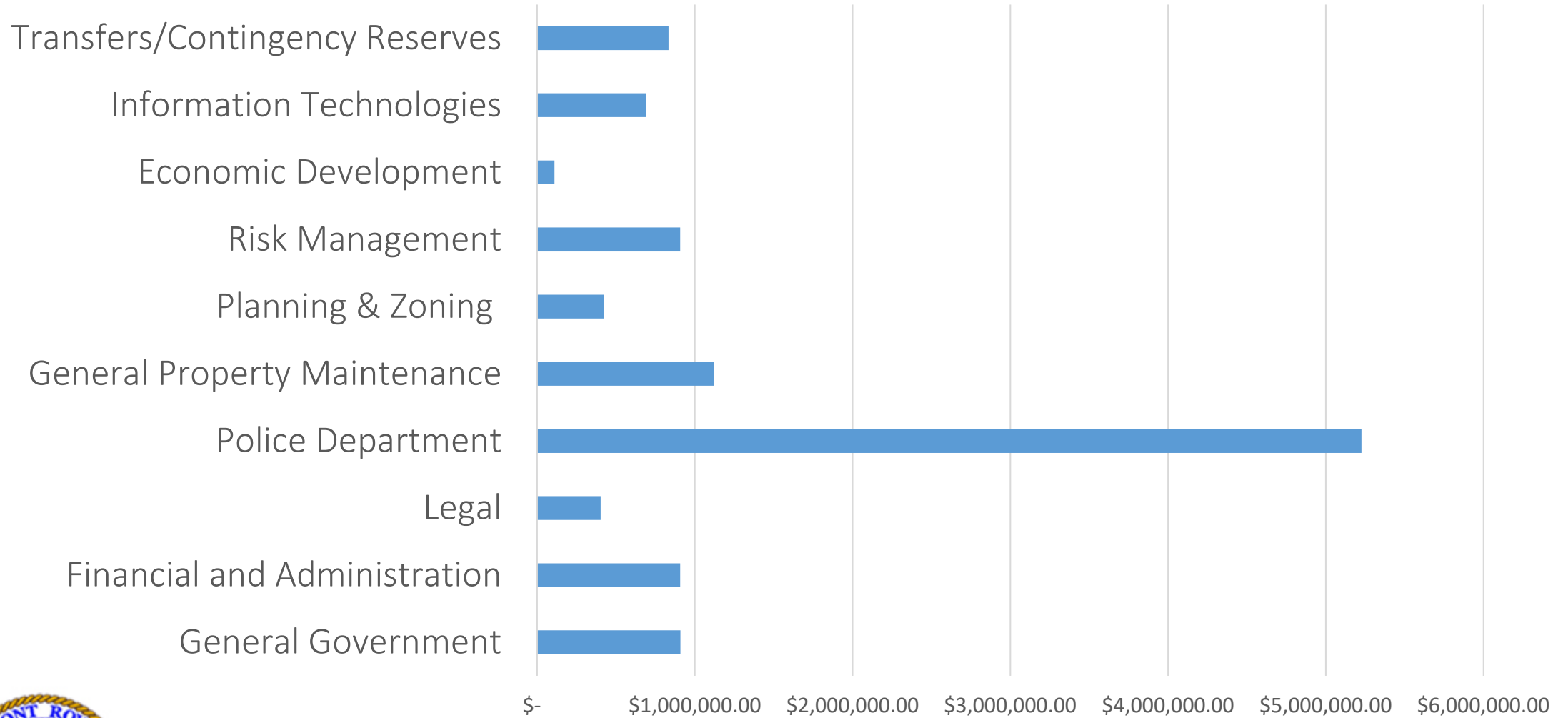
Alisa Scott
Manager of Purchasing

FY 2021-2022 Budget
Proposed Expenses



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General Fund Expenditures



Goal 1: Economic Development & Marketing

- \$100K – Town's EDA
- \$225K – Joint Tourism Committee
- \$10K – Cultural Activities (50% supplied by grant funding)



Goal 2: Infrastructure

- \$195K – Primary Paving Plan
- \$950K – Secondary Paving Plan
- \$615K – Waterline Upgrades in conjunction w/ Paving Plan
- \$468K – Debt Service \$10.5 Million I&I Abatement
- \$464K – Debt Service \$11.3 Million Redundant Waterline



Goal 3: Appearance

- \$79K – Property Code enforcement carried forward
- \$8,800K – Weed Control - \$1,800 more than FY21



Goal 4: Communication

- \$6K – Radio Ads
- \$5K – Town's Quarterly Newsletter
- \$30K– Financial software system upgrade study



Goal 5: Our Employees

- \$5K – Wellness Program
- \$310K – Performance Based Merit increase
- \$43K – Medical Insurance Increase 3%
- \$150K – Training & Retreats



NEXT STEPS

- February 16, 2021 – Work session discuss tax rates to advertise
- February 17, 2021 – Submit advertisement for annual tax rates
- March 1, 2021 - - Work session discuss budget
- March 2, 2021 – Submit advertisement for appropriations
- March 8, 2021 – Public Hearing & First Reading of Town Tax rates
- March 22, 2021 – Second Reading of Town Tax Rates
- March 22, 2021 - Public Hearing of FY21-22 Budget
- April 12, 2021 – Second Reading of FY21-22 Budget
- The Town must provide the Warren County Commissioner of Revenue's Office with the approved *tax rates in April* to avoid delays in mailing of tax bills to citizens.



Questions
Proposed FY 2021-2022 Budget
Work Session

February 4, 2021
Town Hall
7:00 PM



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KEY REVENUE REVIEW

Fund	Account	\$ of FY21 Budget	Actual 2020	12/31/2019 Actual	Actual 12/31/19 vs FY20 Actual	Adopted 2021	12/31/2020 Actual	Actual 12/31/20 vs FY21 Budget	% Actual 2019 vs 2020	Proposed 2022	Adopted FY21 & FY22 Proposed
General	Real Estate Tax	2.1%	\$ 1,691,832	\$ -		\$ 1,694,725	\$ -			\$ 1,705,195	1%
General	Personal Property Tax	0.8%	\$ 319,006	\$ -		\$ 314,350	\$ -			\$ 296,250	-6%
General	Auto Decals	0.8%	\$ 390,014	\$ 5,192		\$ 385,380	\$ 559			\$ 383,515	0%
General	Personal Property Tax Relief	0.6%	\$ 287,000	\$ -		\$ 287,000	\$ -			\$ 287,000	0%
General	B.P.O.L.	1.6%	\$ 804,211	\$ 6,522		\$ 762,100	\$ 30,441			\$ 685,890	-10%
General	PILOT (Warren County)	0.6%	\$ 249,331	\$ 249,331	100%	\$ 268,200	\$ 129,477	48%		\$ 258,955	-3%
General	Bank Stock Tax	0.6%	\$ 251,478	\$ -		\$ 292,900	\$ -			\$ 243,935	-17%
General	State Aid - Police Dept	0.8%	\$ 362,168	\$ 188,148	52%	\$ 376,295	\$ 188,148	50%	0%	\$ 376,295	0%
Streets	Street Construction (V-DOT)	4.1%	\$ 1,971,378	\$ 985,689	50%	\$ 1,971,380	\$ 1,015,042	51%	3%	\$ 1,971,380	0%
General	Sales Tax - Warren County	2.2%	\$ 1,054,716	\$ 516,333	49%	\$ 1,084,340	\$ 611,145	56%	18%	\$ 1,145,910	6%
General	Lodging Tax	0.7%	\$ 270,800	\$ 192,653	71%	\$ 316,000	\$ 127,771	40%	-34%	\$ 255,540	-19%
General	Meals Tax	4.1%	\$ 1,824,235	\$ 992,730	54%	\$ 1,994,000	\$ 966,585	48%	-3%	\$ 1,855,843	-7%
General	PILOT - Utility Bills	1.1%	\$ 504,324	\$ 256,418	51%	\$ 530,480	\$ 294,287	55%	15%	\$ 545,830	3%
General	Communication Tax	0.3%	\$ 140,543	\$ 70,585	50%	\$ 135,890	\$ 66,552	49%	-6%	\$ 128,445	-5%
General	Town Fines	0.4%	\$ 147,928	\$ 87,898	59%	\$ 187,000	\$ 70,429	38%	-20%	\$ 100,000	-47%
Electric	Electric Current Sales	39.4%	\$ 19,298,922	\$ 9,806,789	51%	\$ 19,154,800	\$ 9,295,555	49%	-5%	\$ 18,752,549	-2%
Water	Water Sales	10.4%	\$ 4,486,657	\$ 2,323,384	52%	\$ 5,064,250	\$ 2,498,842	49%	8%	\$ 4,997,630	-1%
Sewer	Sewer Sales	12.5%	\$ 5,381,324	\$ 2,710,267	50%	\$ 6,057,430	\$ 2,756,275	46%	2%	\$ 6,033,095	0%
Refuse	Solid Waste Sale of Service	2.1%	\$ 1,075,433	\$ 503,681	47%	\$ 1,020,935	\$ 504,425	49%	0%	\$ 1,003,728	-2%
	Total	85.0%	\$ 40,511,299	\$ 18,895,620		\$ 41,897,455	\$ 18,555,531			\$ 41,026,985	





Work Session Agenda Statement

Item # 3

Meeting Date: February 4, 2021

Agenda Item: Budget Amendment/Intra-Fund Transfer for Purchase of Refuse Truck

Summary: As a result of the COVID-19 health pandemic the amount of solid waste disposed by Town of Front Royal residents has significantly increased. The increase in solid waste has put a strain on equipment which has resulted in an increase in mechanical failures of refuse trucks; as well as the need for making additional trips to the transfer station and installation of weights. The Town would like to purchase a new refuse truck using General Fund Balance reserves in the amount of \$181,204.00.

Council is requested approve a budget amendment and intra-fund transfer in the amount of \$181,204.00. Furthermore, Council is requested to award the amount of \$181,204.00 to Richmond Machinery for the purchase of a new refuse truck that will replace a truck in the existing fleet.

Budget/Funding: FY21 Budget Amendment

1000-3510110	General Fund Appropriated Funds Forward	\$181,204.00
9790-49019	General Fund Transfer to Refuse Fund	\$181,204.00
4203-3510105	Refuse Fund Transfer from General Fund	\$181,204.00
4203-47005	Refuse Motor Vehicles	\$181,204.00

Staff Recommendation: Staff recommends approval as presented.



Town of Front Royal, Virginia

Purchasing, Department of Finance

MEMORANDUM

Date: January 12, 2021
To: Tina Presley, Senior Executive Assistant
From: Alisa Scott, Purchasing Manager
RE: Request to add Consent Agenda item to Town Council's Regular Meeting

Purchasing received a request from Fleet Maintenance to procure a 25 cubic yard rear load refuse collection truck. The procurement method used was competitive sealed bidding pursuant to the Virginia Public Procurement Act (VPPA). On Tuesday, January 5th, 2021, I held a bid opening and received three (3) bids.

Richmond Machinery is the lowest responsive and responsible bidder in accordance with the VPPA. Attached to this memo, is a memo from Don McPaters, Fleet Maintenance Director recommending the award to Richmond Machinery, as well as the bid tabulation.

Staff recommends that Council review and award \$181,204.00 to Richmond Machinery upon the successful delivery of the refuse truck.

Please add this consent agenda item to the next available Regular Town Council agenda.

Funding for this project will come from the following line items: 4203-47005.

Purchasing, Department of Finance
102 E Main Street
Front Royal, VA 22630
Website: www.frontroyalva.com
Phone 540-636-6889

RICHMOND MACHINERY & EQUIPMENT CO INC		Equipment Works Inc	Mid-Atlantic Waste Systems	Mid-Atlantic Waste Systems
Lot 1 : Lot 1				
1 - 25 CUBIC YARD REAR LOAD REFUSE COLLECTION TRUCK				
	\$181,204.00	\$201,747.00	\$216,100.00	\$218,600.00
Total For Lot 1 : Lot 1	\$181,204.00	\$201,747.00	\$216,100.00	\$218,600.00
Total Bid	\$181,204.00	\$201,747.00	\$216,100.00	\$218,600.00



Work Session Agenda Statement

Item # 4

Meeting Date: February 4, 2021

Agenda Item: Matrix for the Change in Meeting Times

Summary: Council has proposed amending Town Code Chapter 4 to allow for two meetings a month instead of four. The public hearing for this amendment is scheduled for February 8, 2021. Tonight, the Town Manager is proposing a draft matrix that shows the meeting dates for the rest of 2021, the deadline for when items are to be placed on the agendas, the review of the agenda and then the distribution to Council.

Budget/Funding: N/A

Staff Recommendation: Staff recommends approval of the matrix as presented contingent upon Town Code Amendments to Chapter 4 be approved as proposed.

2021 TOWN COUNCIL MEETING SCHEDULE

Dates are subject to change due to unforeseen circumstances.

COUNCIL MEETINGS ----- WORK SESSIONS	DEADLINE FOR AGENDA ITEMS by 3:00PM	REVIEW BY MAYOR TOWN MANAGER	THURSDAYS BY 1:00PM DISTRIBUTION TO COUNCIL
3/8/21	2/26/21	3/2/21	3/4/21
3/22/21	3/12/21	3/16/21	3/18/21
4/12/21	4/2/21	4/6/21	4/8/21
4/26/21	4/16/21	4/20/21	4/22/21
5/10/21	4/30/21	5/4/21	5/6/21
5/24/21	5/14/21	5/18/21	5/20/21
6/14/21	6/4/21	6/8/21	6/10/21
6/28/21	6/18/21	6/22/21	6/24/21
7/12/21	7/2/21	7/6/21	7/8/21
7/26/21	7/16/21	7/20/21	7/22/21
8/9/21	7/30/21	8/3/21	8/5/21
8/23/21	8/13/21	8/17/21	8/19/21
9/13/21	9/3/21	9/7/21	9/9/21
9/27/21	9/17/21	9/21/21	9/23/21
10/12/21 (Tues)	10/1/21	10/5/21	10/7/21
10/25/21	10/15/21	10/19/21	10/21/21
11/8/21	10/29/21	11/2/21	11/4/21
11/22/21	11/12/21	11/16/22	11/18/21
12/6/21	11/23/21	11/30/21	12/2/21
12/13/21	12/3/21	12/7/21	12/9/21