TOWN COUNCIL WORK SESSION MINUTES

Monday, February 3, 2014 @ 7:00p.m.
Front Royal Administration Building

1. Happy Creek Walking Trail Benches – *Director of Environmental Services*

Summary: The Department of Environmental Services has researched prices for in-house construction of park benches and already fabricated benches to install along the Happy Creek Walking Trail. Please be advised that the additional requested information pertaining to the location maps, as requested.

Council is requested to review the information submitted by the Department of ES regarding the cost and placement of park benches.

Council Discussion:
Councilman Hrbek suggested that the Town absorb the labor cost and Councilman Funk expressed his agreement. Vice Mayor Parker noted that $355 would be the cost of the benches, and that would not be charging the labor expense.

Vice Mayor Parker pointed out the cost discrepancy in the presented documents to Council. Mr. Burke noted that he would check the adjustment in the cost difference, noting that he believes that the $250 cost was correct.

Councilman Tewalt suggested that the bench expense be $300 for a bench dedication. Vice Mayor Parker asked about the cost of the plaque. Mr. Burke noted that he thought it was included as shown.

Mr. Napier noted that the Town would obtain a letter from Mr. Boisseau regarding permission. Councilman Hrbek asked about any programs currently in place for trees or bushes; Mr. Burke stated that the Town has a service through the Beautification Committee. Mr. Burke stated that a long term goal included some landscaping efforts along the trail area to be considered, such as bike racks, trash cans, and additional picnic tables.

Councilman Hrbek requested a master list of dedication/memorialization list on the website for those memorialized/honored.

2. Audit Committee Review – *Director of Finance*

Summary: Jeff Mitchell, with Mitchell & Co, PC, the Town's auditors, conducted an overview in December for the Audit Committee, attached you will find a copy of that presentation and the worksheets associated with the presentation.

Council Discussion: Mrs. Breeden noted that it was a condensed version of the CAFR report for the Town. She stated that the General Assets was $63 million noted includes all assets and every cash fund, land, roads, etc., that the Town owns. She stated that the number has fluctuated over the years due to depreciation. Mrs. Breeden explained that the auditors compared items from 2009-forward and the operating revenues have been very steady and in 2013 they peaked higher than any other year, much due to sales tax from the State and Dominion's impact in the Town and the County of Warren.

Mrs. Breeden stated that she will not use the 2013 numbers to base the 2015 numbers due to the Dominion factor, though the revenue numbers are continuing to increase slightly each year. She noted that the graphs for meals and lodging projections show slight increases, even prior to the influx with the Dominion change.

Mrs. Breeden stated that the surplus Fund Balance peaked in 2007 and in 2008-2009 they steadily decreased due to the economy, and in 2010-2012 they increased just slightly due to the revenue projections.

Mrs. Breeden stated that the Town's Budget Numbers are projections, while the Actual Numbers shown are the ones that are

Mrs. Breeden noted that there were many internal controls within the auditing process and the Town needed to be accountable for the money shown on the books. She stated that there was $40 million that went through the hands of Staff and they took that responsibility very serious. Mrs. Breeden noted that the auditor's for the Town were *audited* this year and the Town was one of the localities that was selected for review. She explained the stringent degrees the auditors went through in order to provide a complete in depth account of the Town's accounting system.

Mrs. Breeden noted one comment this year from the GFOA concerned journal entries and the Town needed to do more of their own journal entries, or hire a third party in order to complete the journal entries. She stated that it was very pleasing to the auditor to have the Town do their own entries accomplish this without hiring a third party to complete the journal entries.

Mrs. Breeden stated that through the Town's investment portfolio and would be returning later, perhaps in April, to present to Council regarding their funds and investments.

Mrs. Breeden noted that the Town's accounts receivables had been high in recent years, though the Town had adjusted that with their change in November of 2013 with Council's change in the write offs.

Mrs. Breeden encouraged Council to contact her with questions. Mr. Tewalt asked about the CRS sick leave issue. She noted that the Town must carry on their balance sheet related to retirement age and accrued vacation and sick leave. Mrs. Breeden explained that there must be a number carried on the Town's books in order to pay out a retirement for an employee's retirement, and it is currently at over $2 million. She noted that it was that was there for all the other VRS localities as well.

Mrs. Breeden explained the asset and liability issues with sick and vacation matters that must remain on the book. Mr. Burke stated that ultimately the Town will pay the amount out

~~3. Investment Portfolio Review – *Director of Finance*~~ REMOVED

4. Budget Discussion

a. Local Government Challenge Grant for the Front Royal Oratorio Society – *Town Manager*

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Council Discussion:
Hrbek stated that we should entertain it
He would vote against it, though we should hear the request
He suggested that it needed to be funds obtained publicly and put through the conduit of the Town's checking account

Hrbek Historically we have had two votes – apply for the grant and appropriate the money

Tewalt at least entertain the

Funk entertain it, added that perhaps give $500 on top of the amount we give $5,000 we give to BRAC

Parker noted that he did not think BRAC should be penalized

Sayre - Tourism portion?
Oratorio society do tourism related?
Hrbek – two local concerts
Great caliber of cultural music to the area
Parker – grant is not based on Tourism

Tewalt – asked about the Oratorical Society entertaining beginning now solicit funding for the additional $500
Mr. Freese noted that they could begin working towards the $500 funding solicitation.

Funk noted that it seemed like there was support to

Hrbek – does the BRAC Challenge Grant require funds and allow the Town conduit of the funds
Return for one more worksession

b. Cogeneration and other Options for Waste to Energy – *Dirs of Environmental Services &Energy Svcs.*

Staff has reviewed both proposals from GHD and CHA relating to self-generation for the Town. Both proposals list energy opportunities in wind and solar technologies. IN regards to these proposals, a study at this point has no impact on either treatment plant. There technologies at the present time are not cost effective for the Town to pursue.

Staff's evaluation focused on the two items that GHD proposed for alternative electrical power generation at the wastewater treatment plant. The first item proposed evaluation the feasibility of installing hydroelectric power at the plant's effluent and the second item evaluations anaerobic digestion and con-generation of energy.

Staff investigation both alternative energy generations at the WWTP in the proposal from GHD. The main issue with both alternatives is the design of the new WWTP is 90% complete and will cause changes to the design of the plant as well as possible delays. The major issue is with anaerobic digestion system. If the Town decides to pursue a change in operation systems from aerobic to anaerobic, expect major delays in the design due to the change in a major process.

Council Discussion: Mr. Waltz noted that the Town would need to bring in more fats and oils in order to create more methane. He added that he would be interested in knowing about the matters relating to the turbine effluent, and it would cost about $8,000 for GHD to study the matter and his Department was willing to fund that study. Mr. Waltz stated that he was reluctant to go towards the methane option since the Town was a smaller operation. He noted that he was unable to locate localities using the turbine effluent measure and it was hard to find articles on the matter.

Mr. Hrbek noted that it made a statement that the Town would be setting an example of stepping outside of the box and showcasing the Town as being a forward thinking community on the turbine matter.

Mr. Burke stated that if they chose to do the $8,000 would be a budget amendment as it was not a budgeted item. Mr. Waltz stated that they have a line item from for investigating alternative measures.

Councilman Funk stated that he would be concerned with any more delay with measures related to the Wastewater Treatment Plant. He noted that he understand the rest of Council's position. Mr. Tewalt stated that the Town was spending $200,000+ to take sludge to West Virginia and if the Town spent the $78,000 for the other items offered by GHD then

Parker - Proceed with option 1, unless it delays the project is what he is hearing

Fristoe – we were spending $480,000 for land application
Current measure of sending it to West Virginia is most suitable at this point

c. **Tourism Zone and Other Tax Incentives** – *Directors of Planning/Zoning & Finance*

Summary: As directed by members of Town Council, Staff has developed some strategies to help attract new business in the Town through tax incentives. The following strategies are recommended by Staff, which includes the creation of a new tourism zone, as well as other recommendations:

- Identify specific geographical areas for new tourism growth
- To create a TOURISM ZONE that promotes tourism and offer tax incentives
- To better promote existing incentives (Historic District/Tech Zone)

- To implement the overall land use goals of the Comprehensive Plan
- To adhere to the requirements of the Virginia Code
- Group ordinances for the Historic District Tax Exemption, Technology Zone, & Tourism Zone together in the town Code for simplicity

Upon consensus by Council schedule this on an upcoming Council agenda and recommend that Staff pursue the recommended strategies and forward this to the Planning Commission for their general recommendations, if any, and specific recommendations for a Tourism Zone boundary(ies).

Council Discussion:
Hrbek thanked Mr. Camp for his great work thus far on the project.
Hrbek asked Napier about State Code. Napier noted that generally there was a description f what tourism was according to State Code.
Hrbek noted that STEM degrees that could be included in these areas for the locations
Look forward to

Funk stated that he attended the VML roundtable on tourism zones and the Town would be in an elite group
Have we examined a any fiscal impact for
Breeden – we will be offering it to any new businessed coming in and it would strive them to come into the area and the Town would get more in the long run by obtaining something over the course of, say four years, by having the business come, rather than not having them come to the area to begin with
She added that they were not losing money as they never had it to start with

Tewalt not that they needed the area expanded
Eliminate streets and instead have it be C-1, and so on
He stated that the Staff did a great job and they should be proud of the work they did

Funk stated that it should be narrowed to some degree
Tewalt noted that it should not be pigeon holed rather than certain streets

Parker agreed with Mr. Funk that there were limitations that it had to be only certain areas on Town
He asked if other localities could be looked at to see how it could see how they administered their areas

Parker – forward it to the PC and as they develop the Council will review it as it goes along

d. Resolution – First Day Introduction Requirement for Bills with Local Fiscal Impacts – *Town Manager*

Summary: The Chair of the Governor's Task Force for Local Government Mandate Review has identified that reinstatement of the first day introduction requirement for all bills with a local fiscal impact its primary recommendation to the General Assembly this year. The Task Force has requested that each locality consider adopting a resolution in favor of this change.

Council is requested to consider a resolution requesting the General Assembly to comply with Section 30-19.03 of the Code of Virginia. The proposed resolution would support the mission and intent of the Governor's Task Force for Local Government Mandate Review. Early introduction will allow the necessary time to evaluate the fiscal impact of new legislation on the Town.

Council Discussion:
Consent Agenda

e. Private Funding Options for Police Headquarters – *Vice Mayor Parker*

Summary: Councilman Parker has requested that Town Council discuss opportunities for private funding of the construction cost for the new Police Headquarters.

Council Discussion:
It was noted that VIPS does not care to pursue the matter Vice Mayor Parker stated that it was not his intent to burden the VIPS organization with the project. He suggested that perhaps if the Town was the first one to build on the FMC site then they may be willing to donate towards the Police Department building.

Mr. Burke noted that he has asked the EDA to check with FMC. Councilman Tewalt asked about grant funding. Mr. Burke noted that Public Safety facilities are not usually available for grant funding. Councilman Sayre suggested a brick naming campaign when the building is constructed.

f. Building Inspection Program – *Councilman Hrbek*

Summary: Councilman Hrbek has requested that the Town include a Building Inspection Program in the FY2014-2015 Budget. Staff has developed cost estimates to establish this program based upon outsourcing of some review and inspection activities. In addition, staff has developed a summary of existing local Building Inspection Programs.

Council is requested to establishing a Building Inspection Program and establish consensus to include in the FY2014-2015 Budget. Funding for the Building Inspection Program can be included as part of theFY2014-2015 Budget. Establishing a Town Building Inspection Program would most likely result in Building Permit and Inspection fees being higher in Town than in the County.

Council Discussion:
Hrbek noted that bringing the matter in house
This is one of the stakes the Town could put down to control the Town's destiny

Parker noted that he would support the matter at this point
He added that he would like the Town to adopt the Property Maintenance Code, because the County would then to have adopt the Code as well

Tharpe noted that we have an adequate system with the County for inspection with double taxation
He stated that he had concerns with people dealing with two offices
He stated that he went through it the first time around, though he would not support it this time

Parker voiced concern that it was not the same that the Town had previously

Tewalt noted that the Council let the program fail because it was a major headache
He stated that the County would not have to adopt the Code either, he disagreed with Mr. Parker

Parker stated that it was a tool given to cities and towns to ensure that their Towns were not falling into disarray
He noted that they could make sure that it kept the Town in a certain type of order

Tewalt noted that the rents went up so high immediately because the fees went up for the landlords and the renters actual paid the cost
He noted that the Town could not afford the program this year either

Funk stated that he would say move it towards a vote rather than debate the matter continuously at a worksession

Sayre noted that there were three or four that did not want to vote on the matter currently

Burke – funding would be a tax based funding matter

Hrbek – Middle School construction would begin in 2014 and their permits would be pulled through the Town correct
Parker voiced that the County would be pulled through their own buildings

Parker - Staff will examine the numbers and it will go the an agenda for a vote

g. Civic Organization Entrance Wall – *Councilman Funk*

Summary: Councilman Funk has inquired about the possible installation of civic organizations signs at the entrances of our Town. Typically, communities install a chain link fence or a masonry wall to attach civic organization signs.

Council is requested to discuss and establish consensus on the installation of an area for civic organization signs and the material to be used for the attachment. Installation of this entrance feature can be accomplished by Town staff at minimal cost. Signs would be provided by the organization. Qualifications for inclusion on this feature would need to be established by Council.

Council Discussion:
Parker noted that the groups sometimes change their location every six months

Funk suggested that a unified display
Larger and Smaller groups through the community and upkeep of the sign should be the expense of the organization

Tewalt noted that he put up the signs in the 1970's and it became an issue in a few years to maintain them because they were not being maintained
He stated that they became eyesores in no time whatsoever

Hrbek noted that he liked entering a community and seeing a community involvement buy-in
And he would be willing to see the expense of a nice masonry wall at the entrance corridors of the Town and have the clubs submit their signs

Funk took him awhile to find the Lions Club and he would like to see the groups step forward to

Parker expressed concern with groups that change their location so often
Hrbek noted that they were making it difficult, and having

Parker suggested that they be on area banners throughout the community
Tewalt stated that they would not be at the area entrance and people wouldn't be able to see it

Council should hand it off to Tourism to check our options

h. Setting Town Tax Rate

Summary: Based upon items discussed for consideration in the FY2014-2015 Budget, Council needs to determine the tax rates to fund the proposed projects.

Council is requested to discuss funding of the proposed major expenses. New revenue sources have not been identified to cover the anticipated costs for these major projects. Timing of the debt service can be adjusted if the construction of the new Police Headquarters is not completed until the FY2015-2016 Budget. The construction of Leach Run Parkway is not anticipated to be completed until the FY 2015-2016 Budget. In addition, Council can dedicate the approximate $75,000 of revenue associated with the previous Real Estate Tax increase for the Local Connector Road.

Council Discussion:

Mr. Burke noted that the County needs it by April 1st in order and the Town needs to advertise in March to set the tax rate. He stated that should Council wish to accelerate construction of the Police Headquarters than they will need a tax increase to cover that.

Councilman Hrbek asked about the average appraised value of Front Royal homes. Mrs. Breeden noted that it was about $220,000 on average. Mr. Burke reviewed the current debt service of the Town, including the EDA item that ended in 2015 of $200,000 each year for the road.

Vice Mayor Parker noted that they had a $200,000 increase about two years ago. Mr. Burke stated that they spent a portion of the funds moving the Police Department, some on the space needs study, some funding on the BKV on site selection and some incurring costs for Leach Run Parkway.

Vice Mayor Parker asked about the Connector Road, noting that the EPA has apparently relaxed their needs on that road and perhaps the funds could be used for other matters. He noted that funds could be re-appropriated.

Councilman Hrbek noted that the new person overseeing the Avtex site is relaxing on matters relating to the land. He stated that the needs of the Connector Road need to be fully known as soon as possible.

Councilman Tewalt stated that having funds being placed in escrow somewhere is pointless if we then raise taxes. He noted that raising taxes may not be needed if we have funds sitting there.

Mr. Burke stated that if the Town does not have the Police Department being constructed and they have the Leach Run Parkway being completed, then the only necessary amount needed would be the funds for the Building Inspection program.

Councilman Tewalt voiced his disagreement, and he proposed a one cent increase for the Police Department and one cent for Leach Run Parkway. He suggested that the Town use small tax increases each year rather than a large increase all at once. Mr. Burke stated that small increments would help, as Mr. Tewalt suggested.

Mr. Burke stated that, to start, it would be $100,000 to build a connector road, and that would not meet the initial VDOT engineering specifications, so perhaps $225,000 would be a better number. Mr. Tewalt noted that it would be $500,000 at least. Councilman Funk noted that the Connector Road has to be in place before the site is released.

Councilman Hrbek asked about the $400,000 listed in debt service. Mr. Burke stated that it noted $100,000 in debt service per year for $4 million to Police Department, to start. Director of Finance Breeden stated that without specifics, they were looking at a ball park number because it will not be financed at 0% interest. Councilman Hrbek asked about a ten year loan; Mrs. Breeden stated that in the large loan pools they are always 20 year loans at least.

Councilman Tewalt stated that the Town needed to look at what they needed this year, and also be looking forward into the future, adding that the Town knows that they need a Police Department and Leach Run Parkway so they can be solid. Councilman Parker replied that he did not want a tax increase for a what IF item, and he needed definite numbers for WHY the Town would need a tax increase. He stated that Council needed more substantiated numbers to help them with deciding before moving forward.

5. Council Discussion/Goals
Parker – PC is currently reviewing the Comprehensive Plan
Recommended that the Commission on Local Government include the FRLP and also Route 522 Corridor because we are providing services

Napier noted that he would look to see if we could see if the PC could look into the Corridor area since they are outside of the

TEWALT - Comcast bill went up over $3
Get a new franchise agreement because the Town is losing money everyday and the Town needs more money from them

Sayre – December VDOT meeting Park & Ride would like to put it there if Council would consider it at that spot

MAYOR DARR ABSENT
Present: Vice Mayor Parker, Councilman Bret Hrbek, Councilman Thomas Sayre, Councilman Eugene Tewalt, Councilman Hollis Tharpe, Councilman Daryl Funk, Town Manager Steven Burke, Clerk of Council Jennifer Berry, Director of Finance Kim Gilkey-Breeden, Chief of Police Shifflett, Director of Planning Jeremy Camp,

Staff: Burke, Berry, Napier, Breeden, Jones, Shifflett, Fristoe, Hannigan, Waltz, Camp