TOWN COUNCIL WORK SESSION
Monday, May 19, 2014 @ 7:00pm
Front Royal Administration Building

Town/Staff Related Issues:

1. REC Interconnection Agreement – *Director of Energy Services*
2. Stranded costs Associated with the AMPGS Project – *Director of Energy Services*
3. Bid for Yard Crawler for Energy Services – *Director of Energy Services*
4. Expenditure of Asset Forfeiture Funds – *Chief of Police*
5. Warren Heritage Society – Street Light Donation – *Town Manager*
6. Disposition of 225th Anniversary Banners – *Town Manager*
7. VRS Employer Contribution Rate Election Resolution – *Town Manager*
8. Ordinance Amendment Pertaining to Motor Vehicular Laws –*Town Attorney*

Council/Mayor Related Issues:

9. Council Appointments
    a. Vice Mayor
    b. NSVRC Alternate Representative
    c. NSVRC Non-Elected Representative
    d. Library Board Ex-Officio Member
    e. Royal Phoenix Easement Committee
10. Working with the County of Warren and Citizens in the Chimney Fields Park area – *Mayor Darr*
11. Council Discussion/Goals *(time permitting)*
12. CLOSED MEETING –Personnel Matter

Motions to Go Into Closed Meeting

I move 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, pursuant to Section 2.2 3711. A. 1. of the Code of Virginia.

Motion to Certify Closed Meeting at its Conclusion *[At the conclusion of the Closed Meeting, immediately re-convene in open meeting and take a roll call vote on the following:]*

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 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.

Item No. 1

Town of Front Royal, Virginia
Work Session Agenda Form

Date: May 19, 2014

Work Session

Agenda Item: REC Interconnection Agreement

Summary: In July 2010, Rappahannock Electric Cooperative (REC) took over ownership of the northern part of the Alleghany power system in Virginia. Since the change of ownership, the existing document we had for the interconnection agreement with PJM does not apply because REC is not a transmission owner in the PJM network. The interconnection agreement is the instrument used to govern and operate the interconnection points between the Town and REC.

Council Discussion:

Staff Evaluation: The Town has been working over the past several years with REC on establishing an interconnection agreement. The Town has utilized American Municipal Power (AMP) legal staff to review the agreement with their outside FERC council.

Budget/Funding: N/A

Legal Evaluation:

Staff Recommendations: Recommend approval of interconnection agreement

Town Manager Recommendation:

Council Recommendation:

□ Additional Work Session □ Regular Meeting □ No Action

Consensus Poll on Action: ___(Aye) ___(Nay)

INTERCONNECTION AGREEMENT

Between

TOWN OF FRONT ROYAL, VIRGINIA

and

RAPPAHANNOCK ELECTRIC COOPERATIVE

_______________, 2014

4575445v1(59265.13)

TABLE OF CONTENTS

APPENDICES

Formatted: Strikethrough

INTERCONNECTION AGREEMENT

THIS INTERCONNECTION AGREEMENT (the "Agreement") is made and entered into as of this ______ day of __________, 2014, by and between Town of Front Royal, Virginia ("Town"), and Rappahannock Electric Cooperative, a Virginia public utility cooperative ("REC"). The Town and REC may be referred to herein individually as a "Party" or collectively as the "Parties". For the avoidance of doubt, the terms "Party" or "Parties" as used herein shall not include PJM Interconnection, L.L.C. ("PJM"), or any successor regional transmission organization ("RTO").

WITNESSETH:

1. WHEREAS, the Town of Front Royal is a Virginia municipality, owning and operating electric facilities for the distribution of electric power and energy to its customers;

2. WHEREAS, REC is a Virginia electric distribution cooperative, owning and operating electric facilities for the distribution of electric power and energy within its jurisdictional boundaries in the Commonwealth of Virginia;

3. WHEREAS, REC is electrically interconnected with the transmission system of First Energy, d/b/a Potomac Edison ("FE"), that interconnection being subject to the Interconnection Agreement between Old Dominion Electric Cooperative ("ODEC") and Potomac Edison Company d/b/a Allegheny Power ("PE") dated July 1, 2010 ("PE-ODEC Agreement"); and

4. WHEREAS, ODEC is responsible for keeping PJM fully apprised of the matters addressed in the PE-ODEC Agreement, including reliability and planning responsibilities including those obligations, the performance of which requires information and/or data input from as well as operational tasks by REC at the direction of ODEC; and

5. WHEREAS, the REC sub-transmission system is interconnected with the distribution system of the Town at certain points (the "Interconnection Points"), and such systems are operated in parallel;

6. WHEREAS, through the interconnection of REC's sub-transmission system and the Town's distribution system, REC's facilities serve as the only means for the Town to receive electric power from the transmission system of FE;

7. WHEREAS, REC is willing and able to provide to the Town, consistent with the PE-ODEC Agreement, the interconnection, transmission and other services (collectively, "Interconnection Services") that are required for the Town to furnish safe, reliable and continuous electric service to its customers, and REC recognizes the necessity of the Interconnection Services to the Town for such purposes; and

8. WHEREAS, the Town enters into this Agreement for the purpose of receiving Interconnection Services and REC enters into this Agreement for the purpose of providing Interconnection Services, all subject to the terms and conditions set forth below.

NOW, THEREFORE, in consideration of the premises and mutual covenants herein set forth and other valuable consideration, the sufficiency and receipt of which are hereby acknowledged, the Parties agree as follows:

ARTICLE 1 - INTERCONNECTION POINTS

1.1. Identification of Interconnection Points. REC's sub-transmission system shall be interconnected to the distribution system of the Town at the interconnection points specified in Appendix I ("Front Royal Interconnection Points"), as it may be ~~amended~~ adjusted from time to time by REC to reflect the addition, termination and modification of Interconnection Points in accordance with Article 4 hereof.

1.2. Obligation to Keep Facilities in Service. Each Party shall pay for, own and have the responsibility to maintain the facilities on its side of an Interconnection Point. Subject to any agreement the Parties may reach pursuant to Article 4 concerning the termination of any Interconnection Point, REC shall keep in service throughout the term of this Agreement ~~those of~~ only its facilities ~~as~~that are required for the provision of continuous Interconnection Service to the Town. Such facilities include REC's 138/34.5 kV substation step-down transformers, 34.5 kV sub-transmission lines, and conductors, switches, relays and meters located at the Interconnection Points, all as illustrated and described in Appendix I to this Agreement, which appendix is made a material part hereof by this reference.

ARTICLE 2 - SERVICES AND SERVICE CONDITIONS

2.1. Services Provided. During the term of this Agreement, REC shall furnish Interconnection Service to the Town in accordance with this Agreement. Such Interconnection Service shall encompass those services reasonably required by the Town in order to furnish safe, reliable and continuous electric service to its customers, including interconnection service, which is defined as ~~(~~the establishment and maintenance of electrical interconnections between REC and the Town~~)~~ and sub-transmission service, which is defined as ~~(~~the receipt by REC of electrical energy into its system, and the ~~transmission and~~ delivery of such electrical energy to the Town at the Interconnection Points~~)~~.

2.2. Characteristics of Delivered Energy. All electric energy delivered by REC to the Town at the Interconnection Points shall be of the character commonly known as three-phase, 60 Hz energy and shall be delivered at the Interconnection Points at a nominal voltage of approximately 34,500 volts (34.5 kV), unless otherwise agreed by the Parties.

2.3. Avoidance of Unauthorized Use and Control of System Disturbances

(A) Each Party shall have facilities or contractual power supply arrangements adequate to serve its own load and shall exercise reasonable care to design, construct, maintain, and operate its facilities in accordance with Good Utility Practice (as defined below) and in such manner as to avoid the unauthorized utilization of the ~~generation, transmission,~~ sub-transmission or distribution facilities of the other Party (hereinafter referred to as "Unauthorized Use"). Either Party may install and operate on its system such relays, disconnecting devices, and other protection equipment, as it may deem reasonably appropriate for the protection of its system or prevention of Unauthorized Use.

(B) Except as may be otherwise expressly agreed, REC shall install, own, operate, maintain and (as necessary) refurbish or replace facilities on its side of each Interconnection Point, and the Town shall install, own, operate, maintain and (as necessary) refurbish or replace facilities on its side of each Interconnection Point.

(C) Each Party shall maintain and operate its system so as to minimize, in accordance with Good Utility Practice, the likelihood that an electrical disturbance originating on its system might impair the service of the other Party or of any system interconnected with the system of the other Party.

~~(D) Certain provisions of REC's standard "Terms and Conditions for Providing Electric Service," as such may be amended from time to time, shall be deemed to apply to the Interconnection Services provided by REC under this Agreement. The provisions deemed applicable for this purpose are listed in Appendix III and are incorporated herein by reference.~~

Formatted: Indent: Left: 0", Hanging: 0.4", Right: 0.05", Space Before: 13.35 pt, Line spacing: Exactly 13.45 pt, Numbered + Level: 1 + Numbering Style: 1, 2, 3, ... + Start at: 1 + Alignment: Left + Aligned at: 2.13" + Indent at: 2.38", Keep with next, Tab stops: 0.38", Left

2.4. Interruptions or Reductions of Interconnection Service

(A) The Interconnection Services provided under this Agreement may be interrupted or reduced only under the following conditions:

(i) as the result of the automatic or manual operation, or during system emergency conditions, ~~of~~ or during the installation of equipment ~~installed~~ for power system protection or sectionalizing;

(ii) when a Party undertakes the installation, maintenance, inspection, repair or replacement of equipment on its system, and the interruption or reduction of service that is necessary to accommodate such activity cannot, consistent with Good Utility Practice, be avoided; ~~and~~

(iii) when the Party that interrupts or reduces service determines in good faith that such action is necessary to avoid damage to equipment or injury to personnel, or to prevent or limit any instability on its system that otherwise would result in a more widespread interruption of service~~.~~; and

~~(iii)~~(iv) for any other purpose that is reasonably required and in accordance with Good Utility Practice.

(B) Except in the event of emergency situations, ~~T~~the Interconnection Services provided under this Agreement may not be interrupted or reduced unless the Party that seeks to interrupt or reduce service has first:

(i) determined that other operating actions that would not require the interruption or reduction of Interconnection Service are not practicable under the circumstances;

(ii) identified and taken reasonable steps to minimize the extent of the disruption to the other Party's operations that is expected to result from the interruption or reduction of Interconnection Service; and

(iii) given commercially reasonable advance notice of the interruption or reduction of Interconnection Service to the other Party, unless notice is precluded due to emergency circumstances, in which case such notice is to be provided as soon as practicable thereafter.

(C) In implementing any interruption or reduction of Interconnection Services to any of the Interconnection Points, REC shall not accord the Town a lower priority of service than REC accords other sub-transmission and distribution circuits affected by the subject interruption or reduction.

(D) With respect to any load curtailment directive received by REC or the Town:

(i) REC shall be solely responsible for any responding to any emergency load curtailment directives given to REC by PJM, ODEC or any other entity.

(ii) The Town shall be solely responsible for ~~any~~ responding to any emergency load curtailment directives given to the Town by PJM or any other entity.

(iii) In responding to any emergency load curtailment directive given to REC by PJM, ODEC or any other entity, REC shall curtail only its own customer load and shall neither (1) intentionally reduce the amount of power delivered to the Town at the Interconnection Points in order to comply with the directive, nor (2) perform any operations that would affect the amount of power flowing through the Interconnection Points to serve the Town, except as otherwise provided in this Agreement.

2.5. Restoration of Interconnection Service Following Interruption or Reduction

(A) The Party that interrupts or reduces the Interconnection Services provided under this Agreement shall:

(i) as promptly as practicable, provide the other Party with a good-faith estimate of when the service will be fully restored;

(ii) restore such service at the earliest time possible after system conditions permit; and

(iii) take no actions that might intentionally impair the quality or reliability of Interconnection Services following the restoration of service, or fail to take actions, to the extent subject to REC's control, when such failure might intentionally impair the quality or reliability of Interconnection Services following restoration of service.

(B) In restoring any interruption or reduction of Interconnection Services to any of the Interconnection Points, REC shall treat the Town in the same manner and with the same priority of service restoration as REC treats its other sub-transmission and distribution circuits affected by the subject interruption or reduction.

2.6. Operating Responsibilities

(A) REC will receive power from its interconnections with FE and deliver it to the Town at the Interconnection Points while expending efforts no less rigorous in regard to reliability than it expends in serving its own customers and in accordance with REC's standard "Terms and Conditions for Providing Electric Service.

(B) Each Party shall at all times operate and maintain its equipment in a manner consistent with Good Utility Practice and the National Electrical Safety Code ("NESC") in order to permit such Party to operate those facilities in accordance with this Agreement.

(C) The Parties shall coordinate such operating arrangements as may be necessary for each of them to inspect, maintain, upgrade, refurbish or replace facilities on its side of an Interconnection Point. Such coordination shall be implemented in a timely manner taking into account the nature and scope of the activities contemplated, and shall take place between operating personnel of REC's ~~control~~ dispatch center and the Town's Director of Energy Services (or equivalent head of the Town's electric system) or the Manager of Operations (or equivalent head of the Town's construction/operations/maintenance personnel).

(D) It is intended that the electrical systems of the Parties normally shall be operated consistent with and in compliance with the applicable mandatory reliability standards issued by the North American Electric Reliability Corporation and approved by the Federal Energy Regulatory Commission, as those standards may be amended from time to time. Each Party shall be independently and solely responsible for achieving and maintaining compliance with any such standards as may be applicable to its facilities and for bearing any penalties or costs arising from such Party's non-compliance.

2.7. Access to Interconnection Points. Each Party shall have a non-transferable, non-assignable right to access ~~the premises,~~ structures, and facilities of the other Party for the purpose of installing, inspecting, operating, maintaining and (as necessary) refurbishing or replacing facilities and equipment at the Interconnection Points. Any exercise of such access right shall conform to the prior notice and other requirements of each Party's applicable operating procedures, rules and regulations (if any). Each Party shall provide reasonable prior notice prior to undertaking any action for purposes of this Section 2.7.

2.8. Good Utility Practice. The term "Good Utility Practice" as used herein shall mean any of the applicable practices, methods and acts: (a) otherwise engaged in or approved by a significant portion of the electric utility industry during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in the light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good business practice, reliability, safety and expedition and (b) required by applicable law or regulation. Good Utility Practice is not intended to be limited to the optimum practice, method or act to the exclusion of all others, but rather is intended to include acceptable practices, methods, or acts generally accepted in the electric utility industry.

ARTICLE 3 - CHARGES AND BILLING

3.1. Charges for Service. Each month during the term of this Agreement, REC shall invoice the Town for the costs of providing Interconnection Service as specified in Appendix II. The REC costs subsumed within the monthly charges ~~are as follows:~~ include the Town's allocable share of facilities costs, line extension costs, metering costs/credits, and electricity charges for telemetering equipment.

Formatted: Strikethrough, Not Highlight

Formatted: Strikethrough, Not Highlight

~~(A) Facilities Costs: an allocable share of the costs of REC facilities, identified in Appendix I, that are used in providing Interconnection Service to the Town (see Appendix II, footnote 1).~~

~~(B) Line Extension Costs: capital contribution and maintenance charge paid by the Town for an agreed-upon line extension to the Town's Happy Creek substation (see Appendix II, footnotes 2 and 3).~~

~~(C) Metering Costs: costs to REC of owning and maintaining meters used to measure service provided to the Town, except to the extent the costs of particular meters may be included in other charges pursuant to Appendix II, and less any credits for meter removal (see Appendix II, footnotes 4, 5 and 6).~~

~~(D) Telemetering Power Costs: costs of electricity provided by REC to serve telemetering equipment owned by the Town or by a third party owner for the Town's benefit (see Appendix II, footnote 7).~~

3.2. Continuation of Charges. The charges identified in Section 3.1 and in Appendix II will continue for as long as the facilities are needed for providing Interconnection Service to the Town.

3.3. Delinquent Charges. REC's monthly invoice shall be considered presented when mailed or when otherwise delivered by REC to the Town. Any amount not paid by the date on which the next following monthly invoice is issued shall be considered delinquent, and a Late Payment Charge (calculated as specified in REC's then-current Schedule of Fees and Charges, Schedule F) will be applied to the unpaid amount.

3.4. Disputed Bills. If the Town disputes any portion of a monthly invoice rendered by REC hereunder, it shall notify REC in writing of the nature of the dispute and the amount of the monthly invoice affected by the dispute. The existence of a dispute shall not entitle the Town to withhold timely payment of the disputed portion of REC's monthly invoice. Any dispute will be submitted in writing to the Coordinating Committee (as defined below) for resolution in accordance with Article 6. If the Coordinating Committee does not resolve the dispute within ninety (90) days after the written submission of the dispute, the dispute thereafter shall be subject to the dispute resolution procedures specified in Article 8.

ARTICLE 4 – ADDITIONS AND MODIFICATIONS TO, AND TERMINATION OF, INTERCONNECTION POINTS

4.1. Additions or Changes to, or Termination of, Facilities Comprising the Interconnection Points. The Parties acknowledge that, from time to time during the term of this Agreement, it may be necessary or desirable to add one or more new Interconnection Points or to modify or terminate one of more of the existing Interconnection Points identified in Appendix I. The Parties by written amendment to this Agreement may add, modify, remove, relocate or terminate facilities comprising the Interconnection Points, and any such additional, modified, removed, relocated or terminated facilities shall be reflected in a revised Appendix I and II as appropriate. The Parties shall work in good faith to reach agreement on arrangements for the addition of new Interconnection Points and the modification, removal, relocation or termination of existing Interconnection Points, including charges for service provided through any additional or modified facilities or Interconnection Points required in the future.

4.2. Allocation of Costs Associated with Changes to Interconnection Points.

(A) Each Party shall pay for, own and have the responsibility to maintain the facilities on its side of the Interconnection Point. If a Party desires to add a new Interconnection Point or to modify, remove, relocate, or terminate an existing Interconnection Point, and if such change shall require investment in and/or would require modification of the other Party's facilities, the Party desiring the change shall notify the other Party in writing of the desired change. Such notification shall be provided in a timely manner taking into account the scope and nature of the efforts necessary to implement the desired change. The Parties thereafter shall negotiate in good faith to reach agreement on a reasonable allocation of the costs that would be incurred by each Party to implement the desired change, taking into account the benefits each would realize from the proposed addition to, or modification of, existing facilities. Unless the Parties mutually agree otherwise, the Party requesting such modification, relocation, discontinuance, or addition shall be fully responsible for all costs incurred as a result of modifying the Facilities at an Interconnection Point or relocating, discontinuing, or adding such Interconnection Point.

(B) Upon request, each Party shall provide the other Party with a written preliminary, non-binding estimate of the costs it would incur to implement any proposed addition to, or modification of, existing facilities. Such estimate shall include, at a minimum, a breakdown by labor~~,~~ and materials~~, vehicle costs, outside services and overhead costs~~ to perform such work.

~~(B)~~(C) If the Parties are unable to reach agreement on the allocation of the costs each would incur to implement any proposed addition to, or modification of, existing facilities, the matter shall be referred in writing to the Coordinating Committee for resolution.

~~(C) Upon request, each Party shall provide to the other Party data and other information that would facilitate an evaluation of the benefits each Party would realize from the proposed addition to, or modification of, existing facilities. Such~~

~~data and other information may be exchanged pursuant to suitable confidentiality arrangements, if requested by either Party.~~

~~(D) If the Parties are unable to reach agreement on the allocation of the costs each would incur to implement any proposed addition to, or modification of, existing facilities, the matter shall be referred in writing to the Coordinating Committee for resolution. If the Coordinating Committee does not resolve the allocation of costs within ninety (90) days after the written submission of the matter, the allocation of costs thereafter shall be subject to the dispute resolution procedures specified in Article 8.~~

Formatted: Indent: Left: 0", Hanging: 0.4", Right: 0.05", Space Before: 13.35 pt, Line spacing: Exactly 13.45 pt, Numbered + Level: 1 + Numbering Style: 1, 2, 3, ... + Start at: 1 + Alignment: Left + Aligned at: 0.25" + Indent at: 0.5"

4.3. No Limitation on Construction of New Interconnection Points.

(A) Nothing in this Article 4 shall be interpreted or construed to limit a Party's right to construct a new Interconnection Point even though the circumstances giving rise to the need for a new Interconnection Point might be addressed in accordance with Good Utility Practice by modifying and/or upgrading such Party's existing facilities.

(B) Notwithstanding the provisions of Section 4.3A, if the addition of a new Interconnection Point would materially adversely affect the reliability or safety of the other Party's facilities or system, the Party desiring the new Interconnection Point shall be required to prepare and submit a plan for mitigating the adverse impact and may not proceed with implementing the new Interconnection Point until any disagreement on such mitigation is resolved.

(C) If the Parties are unable to reach agreement on the mitigation of any adverse impact resulting from a proposed new Interconnection Point, the matter shall be referred in writing to the Coordinating Committee for resolution. If the Coordinating Committee does not resolve the mitigation of adverse impact within ninety (90) days after the written submission of the matter, the mitigation of adverse impact thereafter shall be subject to the dispute resolution procedures specified in Article 8.

ARTICLE 5 – METERING AND METER MAINTENANCE AND TESTING

5.1. Type of Meters Required. REC's meters at the Interconnection Points shall be billing quality demand and energy interval meters.

5.2. Meter Inspection and Testing. Each of REC's meters at/near the Interconnection Points shall be inspected and tested in accordance with the latest ANSI Standards and at least once every five (5) years, or at any other mutually agreed interval thereafter. More frequent meter testing may be performed at the reasonable request of the Town, and will be performed at the Town's expense if the meter is found to be within the established ANSI tolerances. REC shall inform the Town in advance of impending meter testing, and will coordinate with the Town to have a Town representative attend and witness the tests.

5.3. Required Accuracy of Meters. The accuracy of the revenue meter shall be maintained at two-tenths of one percent (0.2%) accuracy or better, and the revenue meter test shall require a meter standard with accuracy traceable to the National Institute of Standards and Technology ("NIST").

REC shall repair or replace, at its own expense, a revenue meter that has a percent accuracy error that is found to be more than ±0.2%.

5.4. Metering Records. REC shall maintain necessary records that demonstrate compliance with all meter tests and maintenance conducted in accordance with Good Utility Practice for the life of each Interconnection Point. The Town shall have reasonable access to such records, subject to applicable law and any confidentiality requirements. Test results for each meter will be provided to the Town upon request and, except for testing performed at the request of the Town, where the meter is found to be within the established ANSI tolerance, at no cost to the Town.

5.5. Availability of Metered Data. If the Town or any other entity is obligated to provide to PJM information regarding the Town's demand or energy use, REC shall provide or make available to the entity so obligated the demand and energy values recorded by REC's meters at the Interconnection Points. Such readings shall be provided or made available no less often than is required for the obligated entity to comply with applicable data reporting requirements of the PJM Open Access Transmission Tariff, the PJM Operating Agreement, the PJM Reliability Assurance Agreement or other relevant PJM documents.

5.6. Meter Failure. If REC-owned metering equipment at an Interconnection Point fails to register at any time, the Parties shall cooperate in estimating the energy delivered through the failed meter using the best available data and load estimation techniques.

ARTICLE 6 – COORDINATING COMMITTEE

Formatted: No underline

6.1. Establishment of Coordinating Committee. A Coordinating Committee shall be established as provided for in this Agreement. REC and the Town shall each appoint appropriate members to the Coordinating Committee and designate, in writing, said appointments to the other Party. Such representatives and alternates shall be persons familiar with the sub-transmission, distribution and substation facilities of the Parties they represent and shall be fully authorized to perform the principal duties listed below.

6.2. Duties of the Coordinating Committee. The principal duties of the Coordinating Committee shall be as follows:

(A) to establish mutually beneficial operating and control procedures;

(B) to establish accounting and billing procedures;

(C) to coordinate maintenance schedules to an extent agreed to by the Parties; to consider changes to existing Interconnection Points, including any changes to a Party's interconnection facilities at any such Interconnection Point where such change will affect the proper coordination of protective devices, and to consider new Interconnection Points pursuant to the terms of this Agreement;

(D) to coordinate planning for joint operations and construction of interconnection facilities in accordance with Good Utility Practice, to keep the other Party informed of a Party's future needs and plans, and to consider the joint study and development of additions to, or alterations of existing interconnection facilities, and to address any changes necessitated by altered needs and plans of a Party with the goal of producing the greatest aggregate benefits to REC and the Town; and

(E) to perform those other duties that this Agreement requires to be done by the Coordinating Committee.

6.3. Frequency of Coordinating Committee Meetings. The Coordinating Committee shall meet no less often than once each calendar year at a mutually agreeable time, date and place to take such actions as may be required to meet its responsibilities as described above.

6.4. Limitations on Coordinating Committee Duties. The Coordinating Committee shall not be authorized to amend or modify any of the terms or conditions of this Agreement. Any such amendment or modification shall require a written contractual amendment and formal approval by the governing body of each Party.

6.5. Disputes. Any issue, question or dispute not resolved by the Coordinating Committee shall be subject to the dispute resolution procedures set forth in Article 8.

ARTICLE 7 – HOLD HARMLESS

7.1. Hold Harmless by REC. To the maximum extent permitted by law, REC shall hold harmless and defend the Town from and against any losses, liabilities, costs, expenses, suits, actions, claims and other obligations: (a) arising out of injuries or death to persons (including employees of REC) or damage to property caused by or in any way attributable to the ownership or operation of the REC system; or (b) resulting from the breach of this Agreement by REC, except that REC's obligation to hold the Town harmless shall not apply to the extent of any liabilities arising from the negligence, gross negligence or intentional misconduct of the Town or by its employees, officers, and contractors or the breach of this Agreement by the Town.

7.2. Hold Harmless by the Town. To the maximum extent permitted by law, the Town shall hold harmless and defend REC from and against any losses, liabilities, costs, expenses, suits, actions, claims and other obligations: (a) arising out of injuries or death to persons (including employees of the Town) or damage to property caused by or in any way attributable to the ownership or operation of the Town's system; or (b) resulting from the breach of this Agreement by the Town, except that the Town's obligation to hold REC harmless shall not apply to the extent of any liabilities arising from the negligence, gross negligence or intentional misconduct of REC or by its employees, officers, and contractors or the breach of this Agreement by REC.

ARTICLE 8 – DISPUTE RESOLUTION

8.1. Reservation of Rights. Notwithstanding the availability of the option for the Parties to engage in Voluntary Arbitration (as defined below) by mutual agreement, each Party reserves the right to enforce the terms of this Agreement at any time before any judicial or administrative tribunal having lawful jurisdiction over the controversy and in doing so to pursue any and all remedies as may be available at law, in equity or by contract.

8.2. Voluntary Arbitration

(A) Matters Subject to Arbitration. In the event of disagreement between the Parties with respect to (1) any matter herein specifically made subject to arbitration, (2) any question of operating practice involved in performance of this Agreement, (3) any question of fact involved in the application of provisions of this Agreement, or (4) the interpretation of any provision of this Agreement, the matter involved in the disagreement may, if both Parties mutually agree in writing, be submitted to arbitration in the manner hereinafter provided.

(B) Appointment of Arbitrators. The Party calling for arbitration shall serve notice in writing upon the other Party, setting forth in detail the subject or subjects to be arbitrated. Within a period of fifteen (15) days from the receipt of the original notice, the Party calling for the arbitration shall, by written notice to the other Party, call for appointment of a board of arbitrators skilled with respect to matters of the character involved in the disagreement, naming one arbitrator in such notice. The other Party shall, within ten (10) days after the receipt of such call, appoint a second arbitrator, and the two so appointed shall choose and appoint a third. In case such other Party fails to appoint an arbitrator within said ten (10) days, or in case the two so appointed fail for ten (10) days to agree upon and appoint a third, the Party calling for the arbitration, upon five (5) days' written notice delivered to the other Party, shall apply to the person who at the time shall be the most senior Judge of the United States District Court for the Eastern District of Virginia for appointment of the second or third arbitrator, as the case may be. In no event shall arbitration be unreasonably delayed, and the Parties agree to complete arbitration in an efficient and reasonable manner, time being of the essence.

(C) Arbitration Procedure. The arbitration proceeding shall be conducted ~~in~~at a mutually agreeable location convenient to both parties ~~Front Royal, Virginia unless the Parties shall agree on a different location~~. The board of arbitrators shall afford adequate opportunity to the Parties to present information with respect to the question or questions submitted for arbitration and may request further information from either or both Parties. The findings and award of the majority of the board of arbitrators shall be final and conclusive with respect to the question or questions submitted for arbitration and shall be binding upon the Parties; provided, however, that any such findings and award may not in any way vary the expressed terms of this Agreement or in any way extend the expressed scope and intent hereof. The decision of the board of arbitrators may be entered in any court of competent jurisdiction. All costs incurred in connection with the arbitration shall be paid in equal parts by the Parties hereto, unless the award shall specify a different division of the costs. The Parties shall continue to perform under this Agreement during the pendency of any dispute or disagreement hereunder.

Comment [WU1]: Please verify place of arbitration.

8.3. Effect on Performance. Unless directed otherwise by a court or governmental agency of competent jurisdiction, no Party shall cease or delay performance of its obligations under this Agreement during the existence of any dispute or the pendency of any proceeding to resolve it, and the Parties shall pay to each other all amounts owing and not subject to dispute or offset.

ARTICLE 9 –TERM AND TERMINATION OF AGREEMENT

This Agreement shall be effective as of the date of execution by both Parties and shall remain in effect for a term of ten (10) years thereafter. Following expiration of the initial ten (10) year term, this Agreement shall continue in effect from year-to-year thereafter unless terminated by either Party upon not less than one (1) year's prior written notice to the other Party.

ARTICLE 10 – REGULATORY AUTHORITIES

This Agreement is made subject to the jurisdiction of any governmental authority or authorities having jurisdiction over this Agreement.

ARTICLE 11–FORCE MAJEURE

11.1 Excuse of Performance. Notwithstanding anything to the contrary under this Agreement, ~~N~~neither Party shall be in default of any obligation hereunder if and to the extent such Party's performance is prevented by an event of Force Majeure.

11.2 Definition. Force Majeure shall mean any event that prevents or delays a Party's performance hereunder, which event could not have been reasonably avoided by the due diligence of the Party claiming Force Majeure. Such events include, but are not defined by or limited to, acts of God, strikes, lockouts, labor disputes, acts of a public enemy, acts of sabotage, acts of terrorism, wars, blockades, insurrections, riots, epidemics, landslides, earthquakes, fires, hurricanes, storms, tornadoes, floods, washouts, civil disturbances, explosions, accidents, or the binding order of any court, legislative body, or governmental authority which has been resisted in good faith by all reasonable legal means. Failure to prevent or settle any strike or strikes shall not be considered to be a matter within the control of the Party claiming suspension.

11.3 Obligations of Party Claiming Force Majeure. A Party unable to fulfill any obligation by reason of any causes beyond its control shall use diligence to remove such disability with appropriate dispatch. Each Party shall (i) provide prompt written notice of such Force Majeure event to the other Party which notice shall include a~~m~~n estimate of the expected duration of such event, and (ii) attempt to exercise all reasonable efforts to continue to perform its obligations under this Agreement.

ARTICLE 12 – ASSIGNMENT

This Agreement shall inure to the benefit of and be binding upon the successors and assigns of the Parties. This Agreement may not be assigned by either Party without the written consent of the other Party, which consent shall not be unreasonably withheld. Notwithstanding the foregoing, this Agreement may be assigned by a Party without the other Party's consent (i) to a successor to which substantially all of the business and assets of such Party shall be transferred, (ii) to an affiliate of the assigning Party for the purposes of a corporate restructuring, or (iii) to a Party's lenders in connection with any secured financing or refinancing.

ARTICLE 13 – MISCELLANEOUS PROVISIONS

13.1 Waivers. Any waiver at any time by either Party of its rights with respect to default under this Agreement, or with respect to any other matter arising in connection with this Agreement, shall not be deemed a waiver with respect to any subsequent default or matter. Any delay, short of the statutory period of limitation, in asserting or enforcing any right under this Agreement, shall not be deemed a waiver of such right.

13.2 Written Notices. Notices and communication made pursuant to the Agreement shall be deemed to be properly given if delivered in writing, postage paid to the following:

If to REC:	Ron Harris, Manager of Engineering & Power Supply Rappahannock Electric Cooperative 247 Industrial Court Fredericksburg, VA 22408
If to the Town:	Mr. Steven M. Burke, P.E., Town Manager Town of Front Royal 102 E. Main Street Front Royal, VA 22630

13.3 Applicable Law. The validity and meaning of this Agreement shall be governed by the laws of the Commonwealth of Virginia.

13.4 No Partnership or Joint Venture. This Agreement is not intended, and shall not be construed, interpreted or applied, to create a partnership or joint venture, nor to create a lease or other similar arrangement. It is intended that each Party shall continue to be the legal and equitable owner of its assets.

13.5 No Passage of Title to Electricity. Title to electricity received by REC for delivery to the Town shall not pass to REC. The Town shall retain title to all electricity received by REC for delivery to the Town pursuant to this Agreement.

13.6 Execution in Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument.

13.7 Complete Agreement. This Agreement constitutes the complete agreement among the Parties pertaining to the matters set forth herein notwithstanding any written or oral statements made prior to the date hereof. This Agreement shall not be amended except by a written instrument executed by each Party hereto and formally approved by an authorizesd representative or ~~each Party's~~ governing body, as may be applicable~~.~~

Comment [WU2]: Ron Harris usually approves these types of agreements as REC's authorized representative.

13.8 No Third-Party Beneficiaries. This Agreement is made solely for the benefit of the Parties, and shall not be construed as made for the benefit of any person not a Party hereto.

13.9 Effect of Section Headings. Section headings or section titles appearing in this Agreement are inserted for convenience only and shall not be construed as interpretations of the text.

13.10 Severability. In the event any provision of this Agreement is held invalid by a court having competent jurisdiction, such provision shall be deleted from the Agreement and shall not affect the validity of any other provision hereunder.

13.11 Non-waiver. The failure of either Party to require strict performance of any provisions of this Agreement by the other Party or the forbearance to exercise any right or remedy shall not be construed as a waiver by such Party of the right to require strict performance of any such provision or as the relinquishment by such Party of any such right or remedy it might have with respect to any subsequent breach of such provision.

~~13.11~~13.12 REC Terms & Conditions Agreement. Notwithstanding anything to the contrary under this Agreement, the provisions of REC's standard "Terms and Conditions for Providing Electric Service" (a copy of which is attached hereto), as such may be amended from time to time, are incorporated herein and shall apply to the Interconnection Services provided by REC under this Agreement.

Formatted: Underline, Not Highlight

Formatted: Not Highlight

Formatted: Not Highlight

~~13.12~~13.13 Items Incorporated by Reference.

(A) Appendices. The following appendixes, including all pages thereof, are hereby incorporated into this Agreement by this reference as material and enforceable terms and conditions hereof:

Appendix I: "Front Royal Interconnection Points"
Appendix II: "Calculation of ~~Facilities~~Monthly Charges"

Formatted: Strikethrough

(B) The Recitals to this Agreement are incorporated into this Agreement by this reference as material and enforceable terms and conditions hereof.

IN WITNESS WHEREOF, the Parties have caused two (2) copies of this Agreement, each to be considered an original, to be signed by their lawfully authorized representatives as of the day and year first above written.

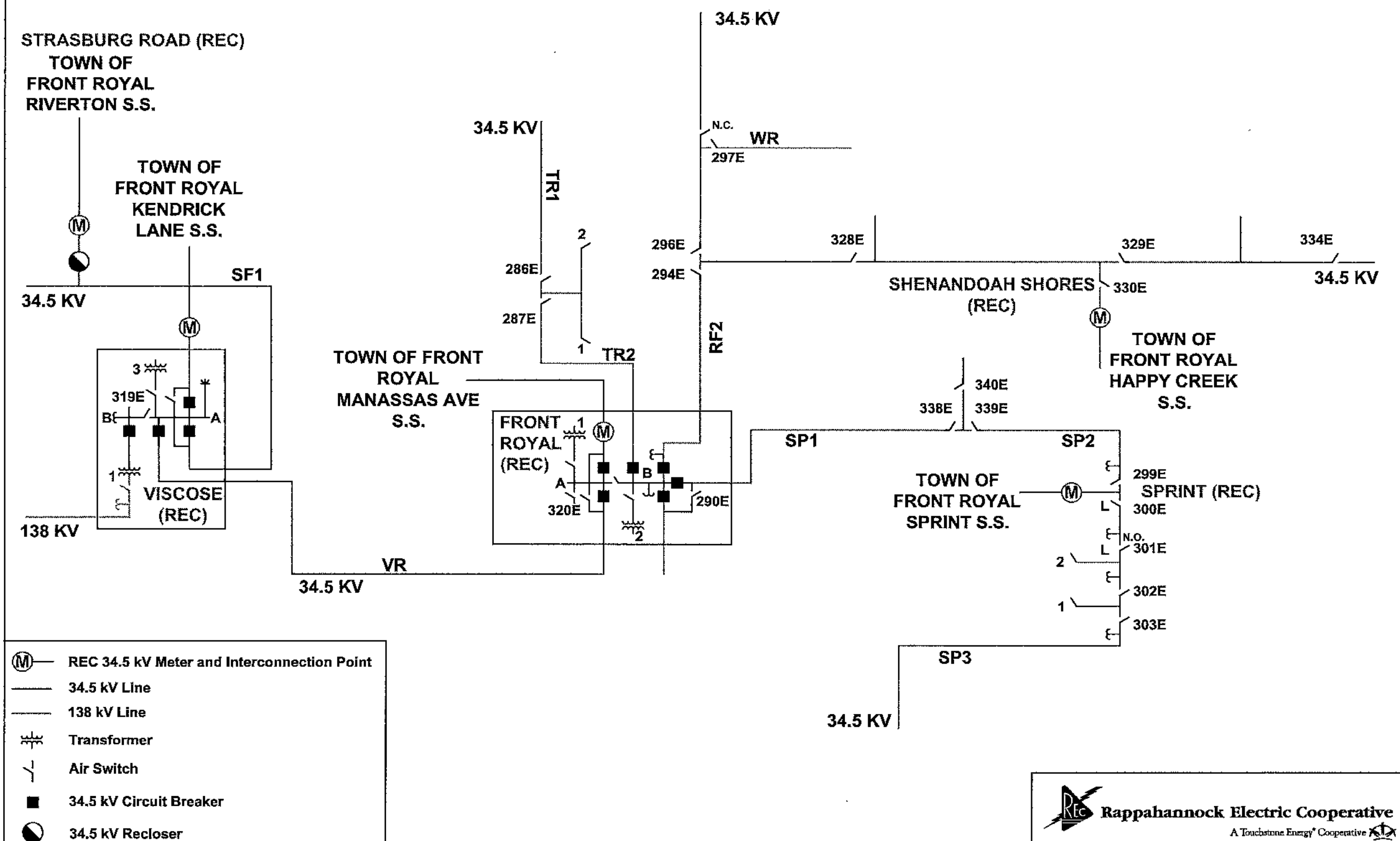
Town of Front Royal

By: ___________________________
Printed Name: Steven M. Burke, P.E.
Title: Town Manager

Rappahannock Electric Cooperative

By: ___________________________
Printed Name: Ronald Harris
Title: Manager of Engineering and Technical Services

APPENDIX I - FRONT ROYAL INTERCONNECTION POINTS



Rappahannock Electric Cooperative
A Touchstone Energy® Cooperative

DR. BY:	JL	JL	JL	JL
DATE:	4/26/12	8/20/12	8/23/13	11/27/13

APPENDIX I – FRONT ROYAL INTERCONNECTION POINTS

The systems of the Parties shall be interconnected at the Interconnection Points described below. Electric power and energy delivered at the Interconnection Points shall be measured by suitable metering equipment provided by REC (REC designation with Town's designation in parentheses).

1.1 **Front Royal – 6TH St (Manassas Ave)** – The point hereby designated and hereinafter called the "Front Royal – 6TH St Interconnection Point." The point of interconnection is that point where REC's installed 34.5 kV sub-transmission attaches to the Town's dead-end insulators on the Town's steel structure in their Manassas Ave Substation.

1.2 **Viscose (Kendrick Lane)** – The point hereby designated and hereinafter called the "Viscose Interconnection Point." The point of interconnection is that point where REC's installed 34.5 kV sub-transmission line attaches to the stirrups feeding REC'S lightning arresters on REC's 34.5 kV meter pole VA2120 just outside REC's Viscose Substation.

1.3 **Sprint (Sprint)** – The point hereby designated and hereinafter called the "Sprint Interconnection Point." The point of interconnection is that point where REC's installed 34.5 kV sub-transmission line attaches to the Town's dead-end insulators one pole past REC's primary meter pole VA2929.

1.4 **Shenandoah Shores (Happy Creek)** – The point hereby designated and hereinafter called the "Shenandoah Shores Interconnection Point." The point of interconnection is that point where REC's dead-end insulators on pole AP1270660 attach to the Town's 34.5 kV line feeding their Happy Creek Substation.

1.5 **Strasburg Road (Riverton)** – The point hereby designated and hereinafter called the "Strasburg Road Interconnection Point." The point of interconnection is that point where REC's dead-end insulators on REC's primary meter pole (location number 36654004055) attach to the Town's 34.5 kV line feeding their Riverton Substation.

APPENDIX II

TOWN OF FRONT ROYAL
CALCULATION OF MONTHLY CHARGES

	Existing Charges (7/1/03 NITSA) Front Royal - 6th St (Manassas Ave) / Viscose (Kendrick Lane)	Sprint	Newer Charges Shenandoah Shores (Happy Creek)	Newest Charge Strasburg Road (Riverton) (7)	Subtotal	Old Meters Removal Credit 7/15/11 (5)	New ION Meters Charge 7/15/11 (6)	Total Charges
34.5 kV Facilities (excluding meters) (9)								
Monthly Distribution Charge (1)	$16,195.50				**$16,195.50**			$16,195.50
Annual Distribution Charges (1)	$194,346.00				**$194,346.00**			**$194,346.00**
Town Contribution of Capital Funds (2)			$77,567.99					
Monthly maintenance-only Charge Rate (3)			0.56%					
Monthly Distribution Charges		$319.02	$430.50		**$749.52**			**$749.52**
Annual Distribution Charges		$3,828.24	$5,166.03		**$8,994.27**			**$8,994.27**
Metering								
Monthly Distribution Charge (4)	$559.00	$182.50			**$741.50**			**$741.50**
Annual Distribution Charges	$6,708.00	$2,190.00			**$8,898.00**			**$8,898.00**
Billing								
Monthly Billing Charge	$165.00	$70.00	$73.17		**$308.17**			**$308.17**
Annual Billing Charge	$1,980.00	$840.00	$878.04		**$3,698.04**			**$3,698.04**
Total Monthly Distribution Charges	**$16,919.50**	**$571.52**	**$503.67**	**$797.17**	**$18,791.86**	**$86.89**	**$149.13**	**$18,854.10**
Total Annual Distribution Charges	**$203,034.00**	**$6,858.24**	**$6,044.07**	**$9,566.04**	**$215,936.31**	**$1,042.68**	**$1,789.56**	**$226,249.23**

Notes:
(1) See Appendix A of December 11, 1998 Stipulation and Agreement in Docket No. ER98-2048.
(2) Funds (excluding tax adder) paid by the Town for 34.5 kV line extension (including metering) to the Town's Happy Creek substation (WR# 1263267).
(3) Monthly charge rate for Shenandoah Shores based on Potomac Edison 2006 Low Voltage Revenue Requirement.
(4) Meter charges for Shenandoah Shores are included in the Town Contribution of Capital Funds figure.
(5) Old meters removal credit for 4 metering points = (0.56%)($1,758.90)(Shen Shores) + (1.46%)($5,276.70)(Front Royal/Viscose/Sprint) = $86.69.
(6) Ion Meter Charge for 4 metering points = (1.11%)($13,434.82) = $149.13.
(7) Strasburg Road monthly charge = (52,308.14--non-metering costs)(1.37%) + (3,628.35--metering costs)(2.22%) = $797.17.
(8) Substation names in the column headings are those of REC and, in parentheses, the Town's names for those substations.
(9) Electricity used by the Town's or 3rd-party tele-metering equipment shall be billed monthly per the applicable REC rate schedule based on the estimated usage (presently 438 kwhs/month/location).
(10) All Facilities installed after June 1, 2010 shall be constructed for and the costs charged to the Town according to the most recent REC Rate Schedule EF.

Item No. 2

Work Session

Town of Front Royal, Virginia
Work Session Agenda Form

Date: May 19, 2014

Agenda Item: AMPGS Stranded Cost Payment Options

Summary: Following the cancellation of the AMPGS project as a coal fired project in November 2009, AMP engage in legal council for its participants in prosecuting or depending any claims resulting from the cancellation. The stranded cost for this project was approximately 145M.

AMP and its participants were able to settle two primary claims made from Hitachi and Powerspan. In February 2011, AMP filed a complaint in the United States District Court against Bechtel seeking to recover its sunk cost resulting from the cancellation of the project. As the legal process continues, participants decided in April that it was time for members to start the process of re-payment of the net AMPGS standard liability cost which for the Town of Front Royal is $500,270.00

Council Discussion: Council is requested to discuss our payment options for the liability cost: lump sum, monthly for 15 years, or annually for 15 years.

Staff Evaluation: Staff has discussed the payment options with AMP. There is a 1% interest rate for payment plans. Staff recommends paying approximately $3,000 per month for 15 years until the Town has completed the rate study to determine the impact of full payment on our fund balance.

Budget/Funding: The Director of Finance will be available to address fiscal issues.

Legal Evaluation: The Town Attorney will be available to address legal issues

Staff Recommendations: Staff recommends paying approximately $3,000 per month for 15 years until the Town has completed the rate study to determine the impact of full payment on our fund balance.

Town Manager Recommendation: The Town Manager recommends paying approximately $3,000 per month for 15 years until the Town has completed the rate study to determine the impact of full payment on our fund balance.

Council Recommendation:

□ Additional Work Session □ Regular Meeting □ No Action

Consensus Poll on Action: ___(Aye) ___(Nay)

AMP
PUBLIC POWER PARTNERS

To: Steven Burke, Town Manager

From: Marc S. Gerken, P.E., President/CEO

Subject: AMPGS Stranded Cost Payment Options

Date: April 16, 2014

The purpose of this memo is to inform you, as a participant in the AMPGS project, the Town of Front Royal's net AMPGS liability for stranded costs currently held on AMP's revolving line of credit facility (LOC) at March 31, 2014, including any payments made by the Town, is $500,270.00 (please see **Attachment A**). Stranded costs are subject to change, including future borrowings costs on the LOC. That amount does not include allocation of the $34,881,074 Plant Held for Future Use potential liability.

Subject to the continued renewal of the LOC, AMP is prepared to assist the Town with a payment plan of your choosing for a payback period of up to 15 years. The Town may choose to include these payments as part of their monthly power invoice from AMP or pay their respective AMPGS liability in one or several lump sum payments. AMP prefers that these amounts would be invoiced to your municipality through the AMP monthly power supply invoices in order for these costs be recovered through your power cost adjustment. Please utilize **Attachment B** to this memo to make your selection, being sure an authorized signatory executes the document and returning **Attachment B** to the attention of Marty Engelman (mengelman@amppartners.org, 614-540-0851) at AMP headquarters, 1111 Schrock Rd, Columbus, OH 43229 by June 1, 2014.

AMP would like to emphasize the expectation that whatever payment option is chosen, the payment option should not cause the Electric Fund to exhibit an annual operating loss at any time during the payment period or cause the municipality to fail any covenants for its own debt service, AMP Joint Venture (JV) debt service if a participant in a JV, or reflect unfavorably on the municipal's AMP project participation.

As you have questions in deciding your payment options or would like assistance in determining the potential effects on your Electric Fund of a particular payment option under consideration, please contact Chris Deeter (cdeeter@amppartners.org, 614-540-0848) at AMP.

	Original Ordinance kW	AFEC Allocation kW	AMPGS Stranded Costs	AMPGS AFEC Credit	AMPGS Plt held future use Credit	Less Municipal Payments	**Net AMPGS Stranded Liability**
Front Royal	8,059	4,930	1,394,525	(529,788)	(364,467)	-	500,270
Plus:							
Potential Plant Held for Future Use Liability							364,467
					Total		864,737

We ask that you please complete this form and return to the attention of Marty Engelman (mengelman@amppartners.org, 614-540-0851) at AMP headquarters, 1111 Schrock Rd, Columbus, OH 43229 by June 1, 2014.

Options for Payment of AMPGS Sunk Costs (More than one option can be selected) also Options (after contacting AMP) may be modified in the future as necessary:

☐ Option A– Single Lump Sum Payment $__________ Month and Year___________

☐ OptionB – Multiple Lump Sum Payments through power supply invoices up to 15 years

-Please include in monthly power supply invoice(s) during year(s) as indicated below:

☐ $________________per Month in Year _______
☐ $________________per Month in Year _______
☐ $________________per Month in Year _______
☐ $________________per Month in Year _______
☐ $________________per Month in Year _______
☐ $________________per Month in Year _______
☐ $________________per Month in Year _______
☐ $________________per Month in Year _______
☐ $________________per Month in Year _______
☐ $________________per Month in Year _______
☐ $________________per Month in Year _______
☐ $________________per Month in Year _______
☐ $________________per Month in Year _______
☐ $________________per Month in Year _______
☐ $________________per Month in Year _______

☐ OptionC – Multiple Lump Sum Payments, separately invoiced up to 15 years

-Please send a separate monthly or annual invoice(s) during year(s) as indicated below:

☐ $____________per Month or Annual ___________ in Year _______
☐ $____________per Month or Annual ___________ in Year _______
☐ $____________per Month or Annual ___________ in Year _______
☐ $____________per Month or Annual ___________ in Year _______
☐ $____________per Month or Annual ___________ in Year _______
☐ $____________per Month or Annual ___________ in Year _______
☐ $____________per Month or Annual ___________ in Year _______
☐ $____________per Month or Annual ___________ in Year _______
☐ $____________per Month or Annual ___________ in Year _______
☐ $____________per Month or Annual ___________ in Year _______
☐ $____________per Month or Annual ___________ in Year _______

☐ $____________per Month or Annual ___________ in Year _______
☐ $____________per Month or Annual ___________ in Year _______
☐ $____________per Month or Annual ___________ in Year _______
☐ $____________per Month or Annual ___________ in Year _______

If there is a desire to pay on your municipality's Plant Held for Future Use potential liability, please contact Chris Deeter (cdeeter@amppartners.org, 614-540-0848) at AMP for assistance and payment arrangements.

If you want to make any other payment arrangements, also please contact Chris Deeter (cdeeter@amppartners.org, 614-540-0848) at AMP for assistance with alternate payment arrangements.

____
Community

____
Authorized Representative Name (Printed)

____
Authorized Representative Signature

____
Date

Item No. 3

Town of Front Royal, Virginia
Work Session Agenda Form

Date: May 12, 2014

Work Session

Agenda Item: Bid for Mini-digger derrick (Yard Crawler) for Energy Services

Summary: The Energy Services department requested RFP's for the yard Crawler that was approved in the capital budget this year for $115,000.00. The Town of Front Royal received two bids with the lowest bid from Altec Industries for a price of $139,592.00.

Council Discussion:

Staff Evaluation: The mini-digger derrick bids prices were higher than budgeted due to increase cost and limited vendors for this product. At the present time, there are only two vendors for this product.

At the present time, the department has $109,379.00 for this purchase due to a purchase of a damaged truck bed for $5,621.00. The remaining funds needed for this purchase is $30,213.00.

Budget/Funding:

Legal Evaluation:

Staff Recommendations: The department still has a need for this equipment and recommends approval with the additional funding coming from the reserve fund.

Town Manager Recommendation:

Council Recommendation:

□ Additional Work Session □ Regular Meeting □ No Action

Consensus Poll on Action: ___(Aye) ___(Nay)

Work Session

Meeting Agenda Item No. 4

Town of Front Royal, Virginia
Work Session Agenda Form

Date: May 19, 2014

Agenda Item: Expenditure of Asset Forfeiture Funds - Purchase of a Firearm Training Simulator (FATS) Machine

Summary: Request is being made to utilize the asset forfeiture account to partially fund the acquisition of a Pre-owned Meggitt Firearms Training Simulator (F.A.T.S.). The simulator would be used to enhance/increase the training and proficiency of police officers in the use of firearms and use-of-force issues. The cost for this simulator when new was $47,600.00. The Police Department can purchase the simulator for $12,500. The Police Foundation will fund $6000.00. I will use $6500.00 from asset forfeiture funds. The simulator is one year old.

Council Discussion:

Staff Evaluation: **The Firearms Training Simulator would greatly improve training for officers in the areas of firearms, use-of-force and decision making abilities under high levels of stress. The simulator provides a means to train and evaluate officers under these conditions while maintaining a high degree of safety for the officer involved. Use of the simulator also meets certain requirements under Virginia Administrative Code pertaining to firearms training as well as various case law decisions in reference to ongoing training pertaining to decision making and the use-of-force.**

Budget/Funding: No budget impact
Use of already existing asset forfeiture funds

Legal Evaluation:

Staff Recommendations: Request approval

Town Manager Recommendation:

Council Recommendation:

□ Additional Work Session □ Regular Meeting □ No Action

Consensus Poll on Action: ___(Aye) ___(Nay)

TOWN OF FRONT ROYAL

POLICE DEPARTMENT
23 E. JACKSON STREET
FRONT ROYAL, VIRGINIA 22630-1560

Norman A. Shiflett
Chief of Police
(540) 635-2111
(540) 635-6160 (Fax)

Date: May 8, 2014

To: Steve Burke; Town Manager

From: Norman Shiflett; Chief of Police NAS

Subject: Expenditure of Asset Forfeiture Funds

The police department has come into a unique and opportune situation for training. Virginia Pistol, located in Linden, has offered to sell their Firearms Training Simulator (F.A.T.S.) to the department at an extremely reasonable price. The entire system, including re-assembly at the department and training to all the firearms instructors, can be obtained for a cost of $12,500.00. This system, if purchased at retail price would cost the department approximately $40,000.00.

The Front Royal Police Foundation has agreed to provide $6,000.00 toward the cost of the system. I am requesting to use $6,500.00 of asset forfeiture funds to cover the remaining cost of the system. The F.A.T.S. machine is a high quality training tool used to expose officers to stressful decision making scenarios involving the use of force in a safe, non-hazardous environment. Through obtaining this system, the department will be able to provide an advanced level of training to meet statutory training standards as well as complying with various case law involving firearms and the use-of-force.

My staff have briefed the Director of Finance and ascertained that there are sufficient funds within the asset forfeiture program to cover this cost. I respectfully ask that this item be placed on the Council work session agenda for May 19, 2014.

MEGGITT

Date: 6-Sep-2011

SUBMITTED TO: Contra Costa College
2600 Mission Bell Drive
San Pablo, CA 94806

POC: Richard Ramos
510 235-7800
RRamos@contracosta.edu

PROPOSAL #:

TABLE 1

CATALOG NO.	DESCRIPTION	QTY	UNIT	UNIT PRICE	TOTAL PRICE
VL-SYS-XVT	Virtual Portable XVT Law Enforcement	1	EA	$ 25,462.00	$ 25,462.00
VL-SW-XVT	Virtual Small Arms Trainer Generic XVT Law Enforcement Software Package, 17 Pre-loaded DVD's (275 Scenarios)	1	EA	$ 17,212.00	$ 17,212.00
DVO-ARS-P228	Virtual Air Recoil Conversion Kit for Sig Sauer Model P228	2	EA	$ 2,490.00	$ 4,980.00
	Shotgun Insert	1	EA	$ 1,800.00	$ 1,800.00
SPRAY W-P-D	Wireless push button spray	1	EA	$ 2,200.00	$ 2,200.00
S-TR-2D-CONUS	Installation and Training-2 Days-CONUS	1	EA	INCLUDED	INCLUDED
-	1 Year Factory Warranty	1	EA	INCLUDED	INCLUDED
-	Shipping-CONUS	1	EA	INCLUDED	INCLUDED
			TOTALS		**$ 51,654.00**

*TABLE 1 ** All prices are in US Dollars ($) and do not include any taxes***

OPTIONS

CATALOG NO.	DESCRIPTION	QTY	UNIT	UNIT PRICE	TOTAL PRICE
	One Year Extended Warranty	1	EA	$ 5,834.00	$ 5,834.00
	Two year Extended Warranty	1	EA	$ 13,780.00	$ 13,780.00
	Three Year Extended Warranty	1	EA	$ 17,030.00	$ 17,030.00

SPECIAL NOTES:

NOTE 1:

Note 2: A letter stating purchases are being made using GSA Funding must be furnished in order to receive GSA pricing. If purchasing will not be done with GSA Funds, pricing will be revised accordingly. MTS is not liable to honor GSA pricing when not purchasing using GSA Funds.

Work Session

Meeting Agenda Item No. 5

Town of Front Royal, Virginia
Work Session Agenda Form

Date: May 19, 2014

Agenda Item: Warren Heritage Society - Street Light Donation

Summary: The Town has received a request from Patrick Farris, Executive Director of the Warren Heritage Society, that the Town consider donation of two street lights removed near the South Fork Bridge for preservation and use by the Heritage Society.

Council Discussion: Council is requested to consider donation of two street light assemblies to the Warren Heritage Society. Donation will require action by Town Council at a regular meeting.

Staff Evaluation: Staff removed the street lights as part of the utility relocation work for the new bridge construction and have stored the lights for possible use by the Heritage Society.

Budget/Funding: The Director of Finance will be available to discuss fiscal issues.

Legal Evaluation: The Town Attorney will be available to address legal issues.

Staff Recommendations: Staff recommends approval of the donation of two street light assemblies to the Warren Heritage Society.

Town Manager Recommendation: The Town Manager recommends approval of the donation of two street light assemblies to the Warren Heritage Society.

Council Recommendation:

□ Additional Work Session □ Regular Meeting □ No Action

Consensus Poll on Action: ___(Aye) ___(Nay)

Tina Presley

From:	Steve Burke
Sent:	Friday, April 11, 2014 3:08 PM
To:	Tina Presley
Cc:	Joseph Waltz; Doug Napier; Kim Gilkey-Breeden
Subject:	FW: bridge lamps

Tina,

Please add to the last work session in May.

Thanks,
Steve

Steven Burke, PE
Town Manager
Town of Front Royal
PO Box 1560
102 East Main Street
Front Royal VA 22630
(540) 635-8007 (O)
(540) 636-7475

Www.frontroyalva.com
Www.discoverfrontroyal.com

From: Patrick Farris <whsexecutivedirector@comcast.net>
Date: Friday, April 11, 2014 at 3:05 PM
To: Steve Burke <sburke@frontroyalva.com>
Subject: Re: bridge lamps

Steve Burke
Town Manager
Town of Front Royal

Mr. Burke,

The grounds of the Warren Heritage Society were enriched five years ago by the addition of a piece of the old North Fork Bridge, which has been incorporated into our landscaping and other outdoor artifacts. We are working now to secure a similar section of the South Fork Bridge.

As a result, I would like very much to have the opportunity to expand on this area of our outdoor exhibit space with the addition of two lamp posts with glass domes, all of which were recently removed by the Town from the South Fork Bridge in preparation for ensuing work on the bridge. If it would be acceptable to receive two of these light posts I would be appreciative. Also, if it would be possible to receive two additional glass domes from two of the other light posts that would be very helpful as well, as we can set those aside for replacement should the need ever arise.

I am grateful for your willingness to consider assisting us with this project,

Most sincerely,

Patrick Farris

Work Session

Meeting Agenda Item No. 6

Town of Front Royal, Virginia
Work Session Agenda Form

Date: May 19, 2014

Agenda Item: 225th Anniversary Banner Disposition

Summary: The Town has approximately forty (40) blue and red 225th Anniversary Banners that were displayed on the streets of Front Royal during 2013. The banners were originally purchased for $58 per banner.

Council Discussion: Council is requested to consider authorizing staff to sell the remaining banners at the Tourism Center. Town Council will need to authorize disposition at a regular meeting.

Staff Evaluation: Staff has provided a banner to the designer of the 225th Anniversary logo and will retain two banners for Town records. Staff recommends a price of $25.

Budget/Funding: The Director of Finance will be available to discuss fiscal issues.

Legal Evaluation: The Town Attorney will be available to address legal issues.

Staff Recommendations: Staff recommends Council authorize staff to sell the 225th Anniversary banners at the Tourism Center for a price of $25.

Town Manager Recommendation: The Town Manager recommends Council authorize staff to sell the 225th Anniversary banners at the Tourism Center for a price of $25.

Council Recommendation:

□ Additional Work Session □ Regular Meeting □ No Action

Consensus Poll on Action: ___(Aye) ___(Nay)

Work Session

Meeting Agenda Item No. 7

Town of Front Royal, Virginia
Work Session Agenda Form

Date: May 19, 2014

Agenda Item: VRS Employer Contribution Rate

Summary: The Town has been requested by VRS to determine the Employer Contribution Rate for the defined benefit retirement program. Two options are provided: 1) certified rate of 14.25%, or 2) alternate rate of 12.59%. Election of the alternate rate defers difference of the certified rate until a future budget, will result in a higher calculated contribution rate in the future, and requires the Town to include Net Pension Obligations in all future CAFR reportings.

Council Discussion: Council is requested to consider the two Employer Contribution Rates for VRS. Town Council will need to designate the Employer Contribution Rate at a regular meeting.

Staff Evaluation: Staff has included the certified rate in the FY14-15 proposed budget.

Budget/Funding: The Director of Finance will be available to discuss fiscal issues.

Legal Evaluation: The Town Attorney will be available to address legal issues.

Staff Recommendations: Staff recommends Council execute the resolution for the certified rate of 14.25%.

Town Manager Recommendation: The Town Manager recommends Council execute the resolution for the certified rate of 14.25%.

Council Recommendation:

□ Additional Work Session □ Regular Meeting □ No Action

Consensus Poll on Action: ___(Aye) ___(Nay)

Virginia Retirement System

P.O. Box 2500, Richmond, Virginia 23218-2500
Toll free: 1-888-VARETIR (827-3847)
Web site: www.varetire.org
E-mail: vrs@varetire.org

May 2, 2014

TOWN OF FRONT ROYAL – 55226

Language in the 2013 Appropriations Act, Item 468(H), allowed localities to make an election regarding their employer contribution rate every biennium. You have the opportunity again this year to select which employer contribution rate your locality will pay, beginning July 1, 2014.

Included with this letter is the employer contribution resolution your local governing body will need to pass and then send in to communicate to VRS their election decision.

Employer Retirement Contribution Rate Election

By no later than July 1, 2014, your local governing body must approve one of the following employer contribution rate options for the defined benefit retirement plan in the biennium beginning July 1, 2014:

- 14.25% – the rate certified by the VRS Board of Trustees for the FY 2015-2016 biennium; or
- 12.59% – the alternate rate, which is the higher of the rate certified by the VRS Board for FY 2012 or 80 percent of the VRS Board-certified rate for FY 2015-2016.

Considerations in Electing Your Contribution Rate

The intent of the language in the 2013 Appropriation Act, Item 468(H) was to offer localities and schools some budget relief for the coming fiscal year with respect to the amount of their retirement contributions. However, this does not change the Board-certified rate or the recommended employer contribution rate. Therefore, if you are considering using the Alternate Rate, please be aware that doing so will:

- Reduce contributions to your employer account and the investment earnings they would have generated, which will mean there will be fewer assets available for benefits.

- Result in a lower funded ratio when the next Actuarial Valuation is performed and, thus, a higher calculated contribution rate at that time.

- Require that you include the Net Pension Obligation (NPO) under the Governmental Accounting Standards Board (GASB) Standards in your financial statements.

Deadline for Resolutions

VRS must receive your formal signed resolution for the employer retirement contribution rate election **by no later than July 10, 2014.** Please send all resolutions to Ms. ZaeAnne Sferra, Employer Coverage Coordinator at P.O. Box 2500, Richmond, VA 23218-2500.

If you have any questions about the information in this packet, please contact Ms. ZaeAnne Sferra, Employer Coverage Coordinator, at zsferra@varetire.org or (804) 775-3514.

Best regards.

Sincerely,

Robert P. Schultze
Director

Employer Contribution Rates for Counties, Cities, Towns, School Divisions and Other Political Subdivisions
(In accordance with the 2014 Appropriation Act Item 468(H))

Resolution

BE IT RESOLVED, that the [Locality, School Division, or Other Political Subdivision Name] [employer code] does hereby acknowledge that its contribution rates effective July 1, 2014 shall be based on the higher of a) the contribution rate in effect for FY 2014, or b) eighty percent of the results of the June 30, 2013 actuarial valuation of assets and liabilities as approved by the Virginia Retirement System Board of Trustees for the 2014-16 biennium (the "Alternate Rate") provided that, at its option, the contribution rate may be based on the employer contribution rates certified by the Virginia Retirement System Board of Trustees pursuant to Virginia Code § 51.1-145(I) resulting from the June 30, 2013 actuarial value of assets and liabilities (the "Certified Rate"); and

BE IT ALSO RESOLVED, that the [Locality, School Division, or Other Political Subdivision Name] [employer code] does hereby certify to the Virginia Retirement System Board of Trustees that it elects to pay the following contribution rate effective July 1, 2014:

(Check only one box)

☐ The Certified Rate of _____% ☐ The Alternate Rate of _____%; and

BE IT ALSO RESOLVED, that the [Locality, School Division, or Other Political Subdivision Name] [employer code] does hereby certify to the Virginia Retirement System Board of Trustees that it has reviewed and understands the information provided by the Virginia Retirement System outlining the potential future fiscal implications of any election made under the provisions of this resolution; and

NOW, THEREFORE, the officers of [Locality, School Division, or Other Political Subdivision Name] [employer code] are hereby authorized and directed in the name of the [Locality Name or School Division Name or both] to carry out the provisions of this resolution, and said officers of the [Locality, School Division, or Other Political Subdivision Name] are authorized and directed to pay over to the Treasurer of Virginia from time to time such sums as are due to be paid by the [Locality, School Division, or Other Political Subdivision Name] for this purpose.

____
Governing Body/School Division Chairman

CERTIFICATE

I, ______________________________, Clerk of the [Locality, School Division, or Other Political Subdivision Name], certify that the foregoing is a true and correct copy of a resolution passed at a lawfully organized meeting of the [Locality, School Division, or Other Political Subdivision Name] held at ______________, Virginia at __________ o'clock on ____________________, 2014. Given under my hand and seal of the [Locality, School Division, or Other Political Subdivision Name] this _____ day of ______________, 2014.

____
Clerk

This resolution must be passed prior to July 1, 2014 and received by VRS no later than July 10, 2014.

Agenda Item 8

Town of Front Royal, Virginia
Work Session Agenda Form

Date: May 19, 2014

Agenda Item: ORDINANCE AMENDMENT TO SECTION 158-6 OF FRONT ROYAL TOWN CODE PERTAININT TO ADOPTION BY REFERENCE OF STATE MOTOR VEHICLE LAWS.

Summary: Va. Code § 46.2-1313 states that "[o]rdinances enacted by local authorities pursuant to this chapter may incorporate appropriate provisions of... [the State Code pertaining to motor vehicle laws]. ...Nothing contained in this title shall require the readoption of ordinances heretofore validly adopted. Local authorities may adopt ordinances incorporating by reference the appropriate provisions of state law before the effective date of such state law; provided that such local ordinances do not become effective before the effective date of the state law. The provisions of this section are declaratory of existing law."

This has several benefits to localities: it allows localities to write traffic tickets on local summons, and retain the fines generated therefrom, thus helping pay for local law enforcement, keeping localities safer; it helps localities not have to constantly amend its local code of ordinances pertaining to traffic laws to keep in conformity with minor tweaks in the State Code pertaining to traffic laws; and it helps keeps local codes of ordinances shorter.

Council Discussion: Council is requested to re-adopt Town Code Section 158-6, which incorporates the State Code traffic laws by reference.

Staff Evaluation: An Opinion of the Attorney General, 81-82 Va. AG, 272 held "local governing bodies may adopt statutes by reference and may also adopt statutory amendments by reference, provided the amendments to them are adopted subsequent to the statutory amendments." This means that annually, the Town must readopt Section 158-6 of the Town Code, which legally allows the Town to incorporate all the changes to the State Code traffic laws that have been made during the year.

Budget/Funding: No budget impact.

Legal Evaluation: The Town Attorney will be available to answer additional questions.

Staff Recommendations: Staff recommends re-adoption of Town Code Section 158-6.

Town Manager Recommendation: The Town Manager concurs with staff recommendation.

Council Recommendation:

□ Additional Work Session □ Regular Meeting □ No Action

AN ORDINANCE TO AMEND SECTION 158-6 OF THE FRONT ROYAL TOWN CODE PERTAINING TO ADOPTION BY REFERENCE OF THE STATE MOTOR VEHICULAR LAWS

BE IT ENACTED by the Town Council of the Town of Front Royal, Virginia, that Section 158-6 of the Front Royal Town Code is hereby amended and enacted as follows:

Pursuant to the authority of Section 46.2-1313, Code of Virginia, 1950, as amended, all of the provisions and requirements of the laws of the State as of July 1, 2014, contained in Title 46.2, Code of Virginia, 1950, as amended, and Article 2 of Chapter 7 of Title 18.2, Code of Virginia, 1950, as amended, except those provisions and requirements the violation of which constitutes a felony and except those provisions and requirements which, by their very nature, can have no application to or within the Town, are adopted and incorporated by reference and made applicable within the Town. References to "highways of the state" contained in such provisions and requirements hereby adopted shall be deemed to refer to the highways and other public ways within the Town. Such provisions and requirements are hereby adopted, <u>mutatis</u> <u>mutandis</u>, and made part of this chapter as fully as those set forth at length herein; and it shall be unlawful for any person within the Town to violate or fail, neglect or refuse to comply with any provision of Title 46.2, Code of Virginia, and Article 2 of Chapter 7 of Title 18.2, Code of Virginia, which is adopted by this section, provided that in no event shall the penalty imposed for the violation of any provision or requirement adopted exceed the penalty imposed for a similar offense under Title 46.2, Code of Virginia, and Article 2 of Chapter 7 of Title 18.2, Code of Virginia.

For purposes of § 4-4 (E) of the Town Code, this Ordinance is deemed routine, and is effective on **July 1, 2014.**

APPROVE:

____
Hon. Timothy W. Darr, Mayor

ATTEST:

____
Jennifer E. Berry, Clerk of Council

A public hearing on the above ordinance was held on ______________, 2014, having been advertised in the ______________ on ______________ and on ______________, 2014. The ordinance was enacted at the regular meeting of the Town Council held on ______________, 2014.

This ordinance has been approved as to form and legality.

____
Douglas W. Napier, Town Attorney

DATE: ____/____/_____

Item No. 9

Town of Front Royal, Virginia
Work Session Agenda Form

Date: May 19, 2014

Work Session

Agenda Item: Council Appointments

Summary: Below is a list that requires Council's attention, as **all terms expire June 30, 2014.**

- Vice Mayor (currently N. Shae Parker)
- Northern Shenandoah Valley Regional Commission (NSVRC) Alternate Representative – an alternate must be an elected representative, said term to expire when elected representative's term expires (currently Vice Mayor Parker)
- Northern Shenandoah Valley Regional Commission (NSVRC) Non-Elected Representative – a non-elected representative to serve a 3-year term beginning July 1, 2014. (currently Planning/Zoning Director Jeremy Camp)
- Library Board – ex-officio member, said term to expire when councilmember's term expires (currently Vice Mayor Parker)
- Royal Phoenix Easement Committee - the committee is a workgroup that plans to modify easements at the Royal Phoenix Site, said term expires when councilmember term expires (currently Councilman Sayre)

Council Discussion: Council takes desired action at the Regular Council Meeting on May 27, 2014

Staff Evaluation: N/A

Budget/Funding: N/A

Legal Evaluation: N/A

Staff Recommendations: N/A

Town Manager Recommendation: N/A

Council Recommendation:

□ Additional Work Session □ Regular Meeting □ No Action

Consensus Poll on Action: ___(Aye) ___(Nay)