



PLANNING COMMISSION INTERVIEWS – 6:30PM
TOWN COUNCIL WORK SESSION

March 7, 2016 @ 7:00pm in the Front Royal Administration Building

1. CLOSED MEETING – Interviews for Planning Commission

Motion to Go Into Closed Meeting

Pursuant to Va. Code Section 2.2-3711. A .1. of the Freedom of Information Act, Councilman Connolly moved, seconded by Councilman Egger that Town Council go into closed meeting to discuss, consider, and interview prospective candidates for appointment to the position of Planning Commission of the Town of Front Royal.

Vote: Yes – Connolly, Egger, Hrbek, Tewalt and Tharpe

No – N/A

Abstain – N/A

Absent – Meza

(Mayor Darr did not vote as there was no tie to require his vote)

Councilman Meza arrived at 6:58 p.m.

Motion to Certify Closed Meeting at its Conclusion

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

Vote: Yes – Connolly, Darr, Egger, Hrbek, Tewalt and Tharpe

No – N/A

Abstain – Meza

Absent – N/A

(By Roll Call)

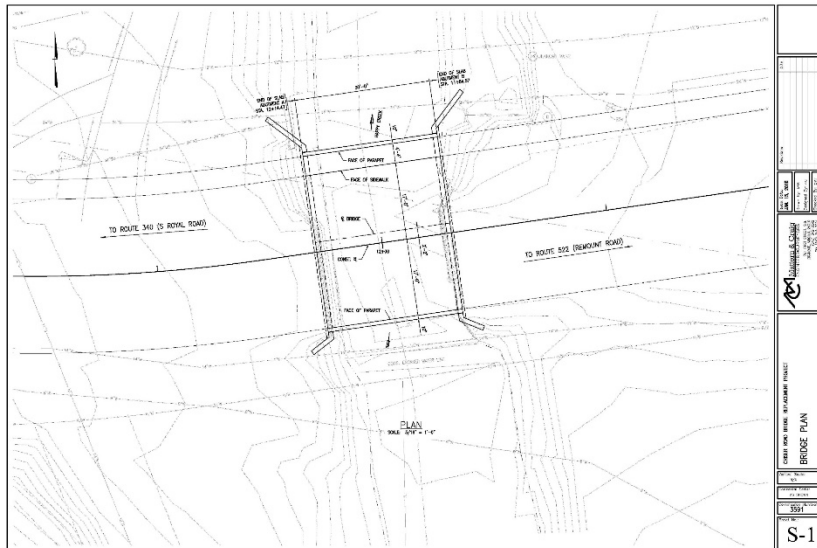
2. Criser Road Bridge Project

Summary: The Town's consultant for the design, Mattern & Craig, has completed the Preliminary Engineering Report to determine the design requirements and develop construction options and costs. Council is requested to receive and review the Preliminary Engineering Report findings.

Staff Evaluation: Staff have reviewed the PER findings and recommendation.

Staff Recommendations: Staff recommend proceeding with the recommendation from Mattern & Craig for the design of the replacement bridge at Criser Road.

Town Manager Recommendation: The Town Manager recommends proceeding with the recommendation from Mattern & Craig for the design of the replacement bridge at Criser Road.



Council Discussion:

Mr. Burke noted that Staff agreed that the longer agreed with the longer bridge and the good news was that funding was available from the South Fork Bridge project to cover said cost. In response to Council Tewalt's questions, Mattern & Craig representative, Mr. Thomas, stated that the actual cost for construction of the roadway alone may be about \$120,000, and that did not include the bridge. Mr. Thomas added that the bridge would be wider and slighter higher, though it would not be raised by much, as it would keep the costs much lower. Mr. Thomas stated that their recommendation would be pre-stressed voided slab beams, as they were very shallow that weighed less. To answer Councilman Tewalt's questions, he explained that they would probably do some improvements to the upstream channel, adding that the water surface elevation went up right before the bridge and then dropped after the bridge.

3. VCA - Local Government Challenge Grant Request

Summary: The Virginia Commission for the Arts is requesting applications for the Local Government Challenge Grant, a program where the State will match up to \$5,000 of match funding for arts organizations. The Blue Ridge Arts Council has requested \$4,500 (\$9,000 w/ Town match) and the Front Royal Oratorio Society has requested \$500 (\$1,000 w/ Town match) for the FY16-17 program.

Council is requested to consider approval for the Town to submit the Grant application. The Town's matching funds will be included in the recommended FY16-17 Budget.

Staff Evaluation: Staff believes that funding is available for the Town's match in the FY16-17 Budget.

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

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

Staff Recommendations: Staff recommend submitting the application for \$5,000 in requested grants from the VCA - Local Government Challenge Grant to support the Front Royal Oratorio Society and the Blue Ridge Arts Council.

Town Manager Recommendation: The Town Manager recommends submitting the application for \$5,000 in requested grants from the VCA - Local Government Challenge Grant to support the Front Royal Oratorio Society and the Blue Ridge Arts Council.

Council Discussion:

In response to Council's question, Mr. Burke noted that it was the same request as last year. Mayor Darr noted that it would go on the consent agenda.

4. AMP Solar Phase II project - Update

Summary: American Municipal Power, Inc. (AMP) has announced the execution of a joint development agreement with DG AMP Solar, LCC, a wholly owned subsidiary of NextEra Energy Resources, LLC. The joint development agreement provides the framework for the development, construction and operation of 80 megawatts (MW) or more of new solar generation facilities.

Staff Evaluation: The NextEra Energy Resources affiliate will develop, construct, own and operate the solar facilities and sell the energy to AMP for resale to its members under long-term purchase power agreements. The solar facilities will be installed behind-the-meter of AMP members providing local peaking generation for added system reliability. To date, AMP has identified 28 potential projects in 26 member communities in which Front Royal is include in the first tier for construction.

Staff Recommendations: Staff recommends passing the new resolution to proceed with the development and construction of the Solar project with AMP and NextEra to include the lease and interconnection agreement. The project will further strengthen and diversify our power supply portfolio while providing a cost-effective, safe, environmentally friendly, asset based alternative to the wholesale market. In addition, the arrangement in the project structure removes any construction risk and our price risk is minimal.

Council Discussion:

Pam Sullivan of AMP stated that they have been working on a structure to allow members to take advantage of the Federal Tax Credit. She presented the following to Council:

Sites

- Tier I Sites
 - Bowling Green – 20 MW
 - Front Royal, VA – 2.5 MW
 - Coldwater, MI – 1.2 MW
 - Smyrna, DE – 1.1 MW
 - Marshallville, OH – 0.7 MW

- Prospect, OH – 0.2 MW
- TOTAL = 25.7 MW
- Due diligence (permitting, detailed engineering, etc.) well underway
- Commercial operation date scheduled by end of 2016

FRONT ROYAL SITE STATUS

Site Investigation and Environmental Studies

- Phase 1 ESA's and cultural resources were completed:
 - Recommended an archeological survey and cultural resource evaluation.
 - 6 test pits were dug on March 2nd. No significant findings, no delay in construction schedule. A plan will be written for contractors to follow if something is found during construction.
- No wetland or stream features found on site.
- No concerns with site providing habitat for endangered species.
- Geotechnical Investigation performed by Black and Veatch ("B&V"):
 - Varying levels of bedrock depths and potential for karst, cavernous formations in the subgrade are potential concerns.

Zoning and Permits

- Storm Water Pollution Prevention Plan ("SWPPP") and Erosion and Sediment Control Plan ("E&SC Plan") completed by B&V.
- NextEra working on E&SC Plan submittal and Land Disturbance Permit Application both to Warren County.
- SWPPP and E&SC Plan need submitted to VADEQ to receive Virginia Pollution Discharge Elimination System Construction Storm Water Permit.
- Site plan submittal being put together by NextEra for submittal to Front Royal's Zoning Department:
 - E&SC Plan approval needed prior to Site Plan's approval.
- Zoning Permit will follow Site Plan approval followed by Building Permit after Zoning Permit approval.

Lease and Interconnection

- Lease Agreement sent for Town of Front Royal's review on February 23rd.
- Interconnection Agreement sent for Town's review on February 22nd.
- Consulting Agreement in process for Southeastern Consulting to perform the engineering and design of the interconnection tie and associated interconnection equipment from the solar site to the FR electrical system.

Engineering and Design

- B&V retained to do the engineering and design.
- 90% design is complete and has been reviewed by AMP and NextEra.
- Comments to civil drawings have been submitted to B&V and incorporated into the final design.

- Comments to electrical drawings need resolved.
 - All engineering is on hold until PPA with NextEra is signed.
 - Major Equipment:
 - 330W Hanwha Modules will be used (spot in the que already reserved)
 - SMA Sunny Central 2.5 MW AC inverter has been identified.
 - B&V has developed a spec for the racking. Areas of concerns are the varying depths of bedrock and steep slopes on the hillside.
- Finding a manufacturer should not be an issue, the amount of bidders may just be limited.

Sites

- Tier II Sites
 - 24 additional sites currently in Ohio, Virginia, Pennsylvania, Delaware
 - Desktop analysis completed
 - NextEra proceeding with due diligence on Tier II sites
 - Additional sites to be constructed based on subscription amount
 - Any site additions resulting in an increase in the Power Sales Contract rate would require Participant approval

Project Overview

- NextEra will build, own and operate all solar sites
- AMP will purchase output from the solar generation
- AMP will prepay NextEra for a portion of the output (similar to J. Aron prepay)
- AMP and NextEra will remotely monitor sites

NextEra

- One of the largest generators of U.S. solar energy
- Operates approximately 785 megawatts
- \$45 billion market capitalization, Baa1/ A-/A credit rating
- AMP entered into Joint Development Agreement with NextEra on Feb 22, 2016 for the development of initially 30 sites (~75 MW)
- AMP and NextEra in final negotiations of Power Purchase Agreement (PPA)

Solar Rate

- Based on Initial Estimates and Interconnection Costs for all Tier I and II sites
 - AMP will prepay for a portion of the energy
 - Assumed 25 year term at 4.0% interest
 - AMP will pay NextEra fixed Take and Pay capacity and attribute charge for initial 25 year term
 - **Effective levelized (flat) rate of approx.. \$85/MWh for 25 year term**
- Project/Participants keeps 50% of SRECs and 100% of Transmission and Capacity credits

Solar Project Summary

- AMP has security lien on project

- Participants, through AMP, have the option to purchase the Project at the end of the agreement
- Multiple sites provide diversity to participants in SREC, transmission and capacity prices.

Solar Project Peaking Benefits

Provides energy during the highest priced hours of the day

Solar provides peaking capacity and transmission savings

- Multiple sites diversifies benefits
- Future battery storage option if cost effective and approved by Participants

Behind the Meter Generation

- Solar typically generates during the transmission & capacity peak billing hrs
 - This lowers the meter between PJM and the Municipality
- The savings from the lowered meter is then passed back to the Participants of the project
 - Project Participants receive share of peak shaving savings from all sites

Coincident Peaks (CP)

1 CP = Transmission Zone's System Peak for year

- Used for Transmission Billing
- Transmission costs split to users based on their meter at the hour of the 1CP
- Based on Costs of Local IOU Transmission System
- FERC approved Rate Formula determines annual rate 5 CP = PJM's 5 highest hours for year
 - Used for Capacity Billing in PJM
 - Installed capacity costs split to users based on their meter at the time of the 5CPs
 - Based on results of PJM RPM Auction

Solar Annual Output

- Over the year, solar energy output is typically expected to be at a 20% capacity factor.
 - i.e. *on average* will generate 20% of maximum
- For 1 MW (1,000 kW) solar facility, energy production will be:
 - $1 \text{ MW} \times 8,760 \text{ hours} \times 20\% = 1,752 \text{ MWh per year}$
 - 1,752,000 kWh per year
 - Note that all production will be during daytime hours
- Could be improved with future battery storage option, if cost effective

Transmission Rate Savings Calculation

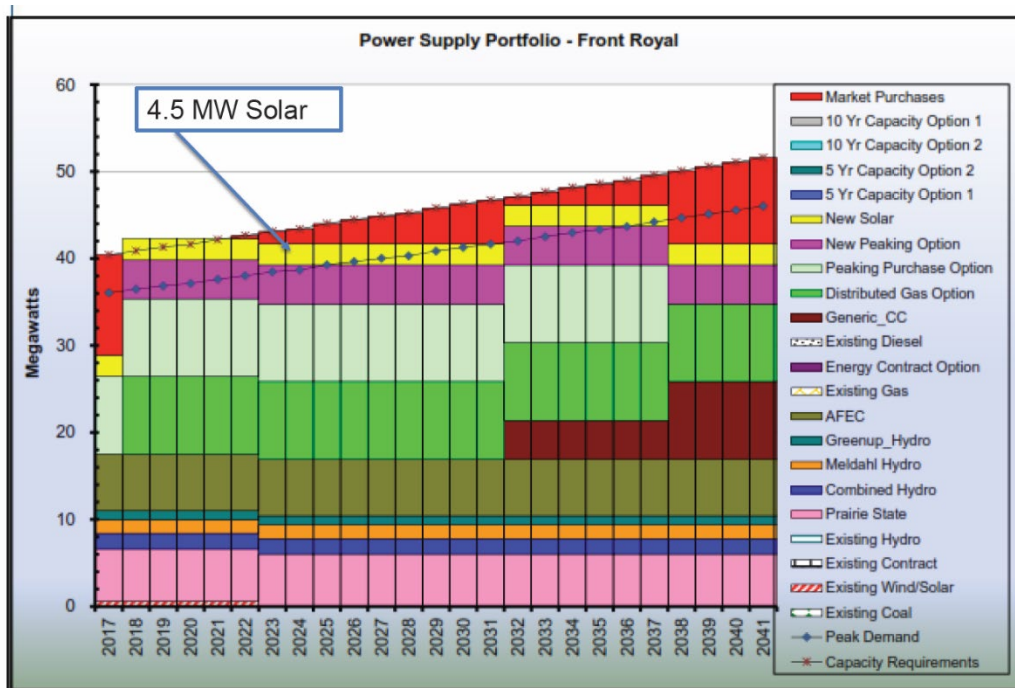
- Weighted transmission rate (including losses) of sites for 2018 is projected at \$4.50 / kW-mo
 - Transmission Savings from a 1 MW solar installation would be
 - $1,000 \text{ kW} \times 55\% \times \$4.50 / \text{kW-mo} \times 12 \text{ mos.} = \$29,700$
 - $\$29,700 / 1,752 \text{ MWh of annual production} = \bullet \$17 / \text{MWh of solar output}$

Capacity Rate Savings Calculation

- Weighted capacity rate of sites for 2018 is projected at \$4.95 / kW-mo
- Capacity Savings from a 1 MW solar installation would be
- $1,000 \text{ kW} \times 55\% \times \$4.94 / \text{kW-mo} \times 12 \text{ mos.} = \$32,670 / \text{yr}$
- Plus PJM 18% reserves = \$38,544 / yr
- $\$38,544 / 1,752 \text{ MWh of annual production} = \$22 / \text{MWh of solar output}$

Estimated Net Cost of Solar Energy

- AMP Solar PSC = \$85 / MWh
- SREC sale = (\$10 / MWh)
- Transmission savings = (\$17 / MWh)
- Capacity savings = (\$22 / MWh)
- Estimated Net Energy Cost of Solar = \$36 / MWh



Business Confidential

American Municipal Power, Inc.



Near-term Next Steps

- Execute final PPA with NextEra – Early March
- Subscription packets to members – Late March
- Including sample Ordinance/Resolution, Power Sales Contract, and Project Feasibility Study
- Current Subscription Deadline – April 29th to have Tier I sites subscribed (27 MW)
- Tier I Site Construction - May – December, 2016
- Total Project Solar Phase II Subscription Deadline prior to COD of Bowling Green site ≈ September/October 2016

Ms. Sullivan noted that AMP would handle mowing of the grounds next year. Mr. Waltz stated that the Council needed to pass another resolution next Monday night in order to move the project forward. He stated that the Town's portfolio is about 50% through AMP. Mr. Waltz noted that there was zero construction risk, as it was through a PPA. He added that it was a win-win for the Town of Front Royal.

5. Main Street Extension

Summary: The EDA's consultant for the design and traffic study for the extension of Main Street have updated the cost estimate for the project to \$2.5 million. The EDA has recommended that the Town submit an application to VDOT to participate in the Economic Development Access Program to assist in funding the project. If approved, \$500,000 in unmatched and up to \$150,000 in matching state funds could be available. The funding would allow the project to be initiated through the middle of Lots 2 and 5 from Kendrick Lane.

Council is requested to consider adoption of the attached Resolution to submit a request for funding through the Economic Development Access Program.

Staff Evaluation: Staff from the Town and EDA are continuing to identify funding sources for the complete extension of Main Street through the Avtex site.

Staff Recommendations: Staff recommend Council consider adoption of the Resolution for the application to the Economic Development Access Program.

Town Manager Recommendation: The Town Manager recommends Council consider adoption of the Resolution for the application to the Economic Development Access Program.

Council Discussion:

Mr. Burke stated that they were looking to work with the EDA for funding for the project. Mayor Darr noted that the resolution would go on the consent agenda.

6. Liaison Committee Items for March 17, 2016 Meeting

Summary: Council is requested to add items to the Liaison Committee Meeting Agenda scheduled for March 17, 2016. Items will be voted on at the regularly scheduled meeting on March 14, 2016. The agenda from the January Committee meeting is attached for your convenience.

- a. Leach Run Parkway
- b. Wastewater Treatment Plant/Septage Receiving Facility
- c. Building Inspections Software
- d. Development Review Committee
- e. McKay Property Update
- f. Warren County's in-Town Projects
- g. Avtex Property - Main Street Extension
- h. Main Street Application

County asked for:

- **Commercial Tipping Fee Structure**
- **Ramsey Boundary Adjustment Request**

Mayor Darr noted that he would like to place on a resolution on local workforce use on an upcoming Council agenda, and perhaps the County would like to make it a joint resolution.

Councilman Egger requested a Corridor funding update from Warren County.

Mrs. Berry noted that the Liaison representative for March 17th is Councilman Meza.

7. Continued Discussion of an Ordinance to Amend Town Code Chapters 98 and 138 pertaining to Food Trucks and Itinerant Merchandising

Vice Mayor Tharpe stated that it is cumbersome to keep track of each localities taxes and/or fees. Mayor Darr noted that it would be BPOL plus meals taxes. Councilman Hrbek asked if festivals would have vendors paying fees paid for said event. Mr. Burke noted that they would go through the organization in charge of the special event, rather than obtaining a permit. Councilman Meza noted that he has been told that the food trucks would go where the fees were lower rather than coming to Front Royal, and \$500 is a high price it seemed to come to Front Royal. Council discussed the economies of scale and the appropriate fee to be assessed to food trucks that may come to the area. Councilman Hrbek noted that it would all depend on what the trucks could make. Mr. Meza noted that the lower amount of \$250 would be the preferred amount in his opinion.

8. Continued Discussion of an Ordinance to Amend Town Code Chapter 167 Pertaining to Adding Urban Archery Hunting to Replace the Deer Management Plan

Mr. Burke noted that Staff commented that the DGIF provided their full recommendation to the ordinance and Staff has incorporated the language with the exception of the Class III misdemeanor suggestion. Mr. Burke noted that Staff recommends staying with the Class I misdemeanor. Council and Staff discussed potential language relating to repeat offenders.

Councilman Tewalt noted that he had a list of 13-14 items he would like to review with Staff offline, as it would be lengthy to review in worksession. Mayor Darr noted that the criteria of “appropriate backstop” to answer Mr. Tewalt’s question, was probably written in DGIF’s definitions somewhere. Councilman Tewalt noted that he had issues with many area of the ordinance. Councilman Connolly noted that he was ready to move forward with the ordinance for the most part.

Councilman Tewalt noted that he was against hunting on Sunday. Councilman Hrbek questioned the need to not allow hunting on Sunday.

Council chose to move forward with the first reading and have Councilman Tewalt to discuss his concerns with Staff in the meantime.

9. Council Discussion/Goals

Councilman Egger and Mayor Darr gave an overview of the Council policy manual and noted that they would send it out electronically to Council.

Councilman Tewalt noted that he would like to review the privatization of refuse and recycling for the Town of Front Royal. Vice Mayor Tharpe expressed his agreement with Councilman Tewalt. Mayor Darr noted that the commercial portion of refuse needed complete review.

Vice Mayor Tharpe noted that he would request that the high grass ordinance would come back for Council review.

Councilman Meza asked about the sidewalks being cleared on the bridges, specifically the gravel.

10. CLOSED MEETING – Personnel Matter

Motion to Go Into Closed Meeting

Councilman Connolly moved seconded by Councilman Egger, 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.

Vote: Yes – Connolly, Egger, Hrbek, Meza, Tewalt and Tharpe

No – N/A

Abstain – N/A

Absent – N/A

(Mayor Darr did not vote as there was no tie to require his vote)

Motion to Certify Closed Meeting at its Conclusion

Councilman Connolly moved, seconded by Councilman Egger 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 in the minutes of this meeting.

Vote: Yes – Connolly, Darr, Egger, Hrbek, Meza, Tewalt and Tharpe

No – N/A

Abstain – N/A

Absent – N/A

(By Roll Call)

Present: Mayor Darr, Vice Mayor Tharpe, Councilman Connolly, Councilman Egger, Councilman Meza, Councilman Hrbek, Councilman Tewalt, Finance Director Breedon, Town Attorney Napier, Clerk of Council Berry, Chief of Police Shiflett, IT Director Jones, Planning & Zoning Director Camp, Energy Service Director Waltz, Environmental Services Supervisor Lewis, members of the media and members of the public.