



## **TOWN COUNCIL WORK SESSION**

**Monday, May 1, 2017 @ 7:00pm**  
**Town Hall Conference Room**

### **Town/Staff Related Issues:**

1. Proposed Ordinance Amendment to Chapter 156 – Motor Vehicular Laws – *Town Attorney*
2. Proposed Ordinance Amendment to Chapter 12 - Fees – *Interim Town Manager*
3. Proposed Ordinance Amendment to Chapter 70 – Electric Rates – *Interim Town Manager/Finance Director*
4. Proposed MOU for New Market Tax Credit – *Town Attorney*
5. Continued Discussion of the Proposed FY18 Budget – *Interim Town Manager/Director of Finance*

### **Council/Mayor Related Items**

6. Liaison Committee Meeting Items
7. VML Policy Committee Nominations for 2017
8. Council Discussion/Goals *(time permitting)*

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## Town of Front Royal, Virginia Work Session Agenda Form

Date: May 1, 2017

**Agenda Item:** ORDINANCE AMENDMENT TO SECTION 158-6 OF FRONT ROYAL TOWN CODE PERTAINING 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 keep 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:** A very positive budgetary impact to the Town by re-adopting this Ordinance.

**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, 2017**, 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, mutatis mutandis, 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, 2017**.

APPROVED:

\_\_\_\_\_  
Hollis L. Tharpe, Mayor

ATTEST:

\_\_\_\_\_  
Jennifer E. Berry, Clerk of Council

THIS ORDINANCE was approved at the Regular Meeting of the Town of Front Royal, Virginia on its second reading, conducted \_\_\_\_\_ 2017, upon the following recorded vote:

|                  |        |                         |        |
|------------------|--------|-------------------------|--------|
| Eugene R. Tewalt | Yes/No | Jacob L. Meza           | Yes/No |
| Bébhinn C. Egger | Yes/No | William A. Sealock      | Yes/No |
| John P. Connolly | Yes/No | Christopher S. Morrison | Yes/No |

\_\_\_\_\_  
A public hearing on the above was held on \_\_\_\_\_, 2017, having been advertised in the Northern Virginia Daily on \_\_\_\_\_, 2016, and \_\_\_\_\_, 2017. The Ordinance was enacted at the Regular Meeting of the Town Council held \_\_\_\_\_ 2017, to become effective immediately.

\_\_\_\_\_  
Approved as to form and legality:

\_\_\_\_\_  
Douglas W. Napier, Town Attorney

Date: \_\_\_\_/\_\_\_\_/\_\_\_\_

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## Town of Front Royal, Virginia Work Session Agenda Form

Date: May 1, 2017

**Agenda Item:** Proposed Ordinance Amendment to Chapter 12 - Fees

**Summary:** Town Staff has reviewed the various fees in the Town Code and has made the suggested amendments:

**12-2 Environmental Services Fees**

- After Hours Shut-Off Calls (water) from \$25.00 to \$30.00
- Tires without rim, not to exceed 16.5 inches from \$1.50 to \$2.00 per tire
- Tires on rim, not to exceed 16.5 inches from \$2.50 to \$4.00 per tire
- Tires over 16.5 inches with or without rim from \$3.00 to \$5.00 per tire

**12-5 Police Department Fees** is to be completely removed as no fees are collected at the Police Department

**12-6 Miscellaneous Fees**

- Update Town Code, hardcopy is to be completely removed as no hardcopy updates are printed anymore. All updates are placed online almost immediately after Council approval.

All amendments will go into effect July 1, 2017.

**Council Discussion:** After discussion the ordinance amendments will be advertised for a public hearing

**Staff Evaluation:** Staff will be available.

**Budget/Funding:** None

**Legal Evaluation:** The Town Attorney will be available.

**Staff Recommendations:** Advertise for Public Hearing as proposed

**Town Manager Recommendation:** Town Manager will be available.

**Council Recommendation:**

☐ Additional Work Session    ☐ Regular Meeting    ☐ No Action  
Consensus Poll on Action: \_\_\_\_ (Aye) \_\_\_\_ (Nay)

**AN ORDINANCE TO AMEND AND RE-ENACT FRONT ROYAL TOWN CODE  
CHAPTER 12-1 PERTAINING TO FEES**

**WHEREAS**, after Town Staff reviewed various fees in the Town Code, they presented their revision to Town Council during a Work Session held May 1, 2017; and,

**NOW THEREFORE, BE IT ENACTED**, by the Town Council of the Town of Front Royal, Virginia, that Chapter 12 of the Front Royal Town Code is hereby amended and re-enacted as follows:

**12-2 ENVIRONMENTAL SERVICES FEES**

|                                                                                    |                                                           |
|------------------------------------------------------------------------------------|-----------------------------------------------------------|
| After hours shut-off calls (water)                                                 | \$25.00 <b>\$30.00</b>                                    |
| Construction Specifications                                                        | \$15.00                                                   |
| Excavation for Sewer Clean Out Installation                                        | \$150.00 per hour                                         |
| Freon Removal<br>(white goods commercial or residential)                           | \$15.00                                                   |
| Grease Trap Inspection (3 <sup>rd</sup> and all subsequent)                        | \$50.00 per inspection                                    |
| On-Call Refuse Collection                                                          | Can be found in §85-3(E) of the Town Code                 |
| Recreational Vehicle Septic Tank Dump                                              | \$17.50 each                                              |
| Right-of-Way Utilization Fee                                                       | \$25.00 plus bond and insurance                           |
| Septic Tank Waste                                                                  | \$50.00 per 1,000 gallons                                 |
| Temporary Hydrant Meter Deposit<br>(agreement for reading of water must be signed) | \$400.00 5/8" and smaller<br>\$2,350.00 greater than 5/8" |
| Tires without Rim, not to exceed 16.5 inches                                       | \$1.50 <b>\$2.00</b> per tire                             |
| Tires on Rim, not to exceed 16.5 inches                                            | \$2.50 <b>\$4.00</b> per tire                             |
| Tires over 16.5 inches with or without Rim                                         | \$3.00 <b>\$5.00</b> per tire                             |
| Water Meter Test (2 <sup>nd</sup> or subsequent test)                              | \$25.00 each                                              |
| White Goods Disposal, Commercial                                                   | \$15.00 per item plus \$15.00 per Freon item              |
| White Goods Disposal, Residential                                                  | No Charge plus \$15.00 per Freon item                     |
| Yard Waste Disposal, Commercial, Lg. Truck                                         | \$50.00                                                   |
| Yard Waste Disposal, Commercial, Pickup Tk                                         | \$25.00                                                   |
| Yard Waste Disposal, Residential (Town Decal)                                      | No Charge                                                 |

**~~12-5 POLICE DEPARTMENT FEES RESERVED~~**

|                                   |                   |
|-----------------------------------|-------------------|
| <del>Minor Accident Reports</del> | <del>\$5.00</del> |
|-----------------------------------|-------------------|

~~Minor Accident Reports shall be accidents where damage is \$1,500.00 or less and no personal injury is involved. Minor Accident Reports shall be five (5) pages or less. Any additional pages shall incur a cost of \$0.15 per page. Accident Reports that are not minor shall be obtained from the Commonwealth of Virginia Department of Motor Vehicles.~~

## 12-6 MISCELLANEOUS FEES

|                                        |                             |
|----------------------------------------|-----------------------------|
| Town Code, hardcopy                    | \$100.00                    |
| <del>Update Town Code, hardcopy</del>  | <del>\$40.00 per year</del> |
| Town Right-of-Way Vacation Application | \$100.00                    |

Freedom of Information Act (FOIA) requests for available information shall be submitted to the appropriate department that maintains the records sought for processing. Any request for records or documents from the Town is considered a FOIA request. All FOIA requests shall be communicated by the Department of the Town Manager and Town Attorney. FOIA regulations allow the Town to assess a reasonable charge for the costs to access, search, duplicate, and supply the requested materials if they exist. The Town shall not assess fees if staff time is less than thirty (30) minutes and ten pages of 8 ½ x 11 paper. An individual requesting materials through a FOIA request will be notified as soon as practicably possible. The Town shall conform to all FOIA regulations established by the Commonwealth of Virginia to ensure access to all available Town documents.

**This ordinance shall become effective July 1, 2017.**

APPROVED:

\_\_\_\_\_  
Hollis L. Tharpe, Mayor

ATTEST:

\_\_\_\_\_  
Jennifer E. Berry, Clerk of Council

William A. Sealock    Yes/No

Bébhinn C. Egger    Yes/No

Eugene R. Tewalt    Yes/No

Jacob L. Meza    Yes/No

John P. Connolly    Yes/No

Christopher S. Morrison    Yes/No

A public hearing on the above was held on \_\_\_\_\_, 2017 having been advertised in the Northern Virginia Daily on \_\_\_\_\_, 2017 and \_\_\_\_\_, 2017. The Ordinance was enacted at the Regular Meeting of the Town Council held \_\_\_\_\_ 2017.

\_\_\_\_\_  
Approved as to form and legality:

\_\_\_\_\_  
Douglas W. Napier, Town Attorney

Date: \_\_\_\_/\_\_\_\_/\_\_\_\_

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## Town of Front Royal, Virginia Work Session Agenda Form

Date: May 1, 2017

**Agenda Item:** Electric Rates for FY17-18

**Summary:** In 2016, the Town hired Burton's & Associates/Stantec to perform a cost of service rate study for the Energy Services department. A cost of service study is one of the most effective analytic tools that a utility can rely on for designing rates that equitably assign cost responsibility to each customer rate class, to the mutual benefit of both the Town and its customers. Stantec presented to Council on February 21, 2017 on the findings from the cost of the service study with recommendations.

**Council Discussion:** Council is requested to consider recommendations on rate adjustments from the results of Cost of Service study for the FY17-18 budget year.

**Staff Evaluation:** The Town has been working with Stantec over the past six months to accomplish the primary objective of a cost of service analysis to identify the cost of providing service to each rate class as a function of load and service characteristics.

**Budget/Funding:** Rate adjustments will be required for the upcoming budget year to achieve a balanced budget in the Energy Services department.

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

**Staff Recommendations:** Staff concurs with recommendations from Stantec on the results of the Cost of Service Study

**Town Manager Recommendation:** Town Manager supports results and recommendations from the cost of service study performed by Stantec.

**Council Recommendation:**

☐ Additional Work Session    ☐ Regular Meeting    ☐ No Action

Consensus Poll on Action: \_\_\_\_ (Aye) \_\_\_\_ (Nay)

**AN ORDINANCE TO AMEND FRONT ROYAL TOWN CODE §70-23 (A) AND (B) TO INCREASE EXISTING ELECTRIC UTILITY BASE RATES FOR RESIDENTIAL AND COMMERCIAL CUSTOMERS; AND TO AMEND §70-23 (C) POWER COST ADJUSTMENT (PCA) CHARGE**

**WHEREAS**, Section 15.2-2109 of the Code of Virginia (1950), as amended, and Section 18(17) of the Town Charter authorize the Town to own and operate an electric utility, including the periodic setting and establishment of electric rates; and,

**WHEREAS**, the Town does not generate its own electric power, but purchases it from electric generating companies, transmitted through one or more regional transmission entities, as provided for under electric power deregulation laws; and,

**NOW, THEREFORE, BE IT ORDAINED** by the Town Council of the Town of Front Royal, Virginia, pursuant to Section 15.2-2109 of the Code of Virginia (1950), as amended, and Section 18(17) of the Charter of the Town of Front Royal, that Section 70-23 of the Front Royal Town Code is hereby amended as follows:

**70-23 ELECTRIC CHARGES**

A. The base rates for electric service for residential customers shall be as follows, effective for the electric meters read on or after July 1, 2007, and continuing as stated herein:

1. Effective from July 1, 2007, ~~2017~~ facilities charge per billing cycle, as established by the Town: ~~six dollars and twenty-four cents (\$6.24)~~ **seven dollars and zero cents (\$7.00).**
2. Effective from July 1, 2007, charges for all kilowatt hours per billing cycle, as established by the Town: \$0.0849 per kilowatt hour.

B. The base rates for electric service for commercial customers shall be as follows, effective for the electric meters read on or after July 1, ~~2007~~ **2017**, and continuing as stated herein:

1. Effective from July 1, 2007, ~~2017~~ facilities charge per billing cycle, as established by the Town: ~~six dollars and forty cents (\$6.40)~~ **seven dollars and sixteen cents (\$7.16).**
2. Effective from July 1, 2007, charges for the first 700 kilowatt hours per billing cycle, as established by the Town: \$0.1151 per kilowatt hour.
3. Effective from July 1, 2007, charges for all kilowatt hours over 700 per billing cycle, as established by the Town: \$0.0756 per kilowatt hour.

~~When a commercial customer requires capacity over 7.5 kilowatts, the first energy block shall be increased by 53 kilowatt hours for each 1/2 kilowatt required in excess of 7.5 kilowatts. The second energy block shall then include all kilowatt hours in excess of the first energy block as adjusted for such additional energy.~~ **Effective from July 1, 2017 charges for electric demand, as established by the Town: \$3.00 per kilowatt**

C. Effective ~~November 1, 2008~~ **July 1, 2017**, all customers billed on the rates described in subsections A and B, above, shall, in addition to the rates therein described, be subject to a Power Cost Adjustment (PCA) charge. The **maximum Power Cost Adjustment** amount charged for each kilowatt hour of energy sold by the Town may be ~~increased~~ **adjusted** according to the following formula:

$$\text{Max (PCA)} = C - (B \times P \times S)$$

C = The estimated cost of **delivered purchased** power in dollars ~~to be purchased~~ by the Town for the twelve-month period.

~~P = The estimated total kilowatt hours to be purchased by the Town for the twelve-month period.~~

S = The estimated total kilowatt hours to be sold by the Town for the twelve-month period.

B = The average cost of ~~wholesale~~ **delivered purchased** power per kilowatt hour purchased by the Town which is recovered in the Town's retail rate schedules, ~~currently \$0.06651.~~

The **maximum** Power Cost Adjustment (PCA) will be computed according to the above formula for a twelve-month period beginning July 1st of each year, **but the Town may choose to charge less than the maximum PCA calculated by this formula.** Should it appear at any time during the twelve-month period that continued use of the PCA then in effect for the remainder of the twelve-month period will result in a substantial under/**over** recovery of the **delivered** cost of power purchased by the Town ~~at wholesale~~, then the town may modify the PCA **(up or down)**, especially ~~factor B,~~ above, to recover the applicable power cost more accurately. ~~The PCA will not be less than zero.~~

**This ordinance shall become effective July 1, 2017.**

APPROVED:

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Hollis L. Tharpe, Mayor

ATTEST:

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Jennifer E. Berry, Clerk of Council

THIS ORDINANCE was approved at the Regular Meeting of the Town of Front Royal, Virginia on its second reading, conducted \_\_\_\_\_ 2017, upon the following recorded vote:

|                  |        |                         |        |
|------------------|--------|-------------------------|--------|
| Eugene R. Tewalt | Yes/No | Jacob L. Meza           | Yes/No |
| Bébhinn C. Egger | Yes/No | William A. Sealock      | Yes/No |
| John P. Connolly | Yes/No | Christopher S. Morrison | Yes/No |

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A public hearing on the above was held on \_\_\_\_\_, 2017, having been advertised in the Northern Virginia Daily on \_\_\_\_\_, 2016, and \_\_\_\_\_, 2017. The Ordinance was enacted at the Regular Meeting of the Town Council held \_\_\_\_\_ 2017, to become effective immediately.

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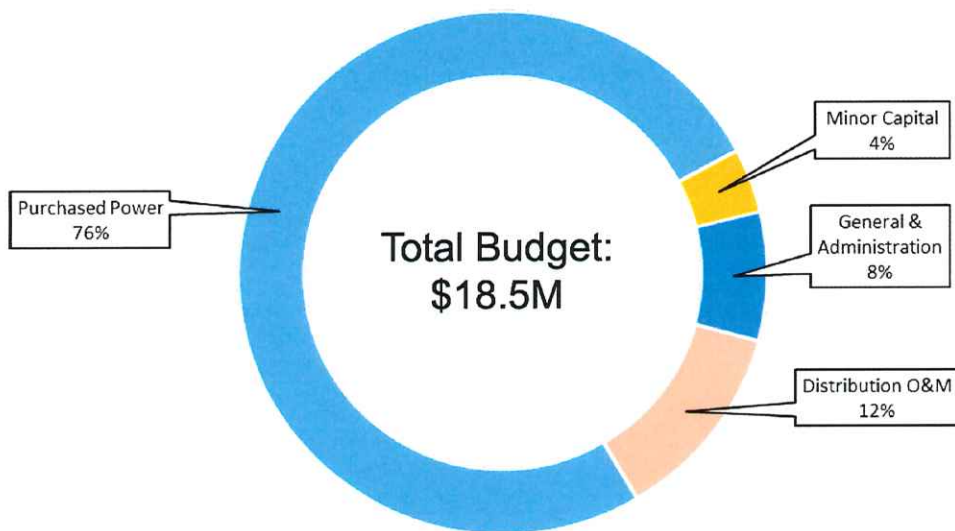
Approved as to form and legality:

\_\_\_\_\_  
Douglas W. Napier, Town Attorney

Date: \_\_\_\_/\_\_\_\_/\_\_\_\_

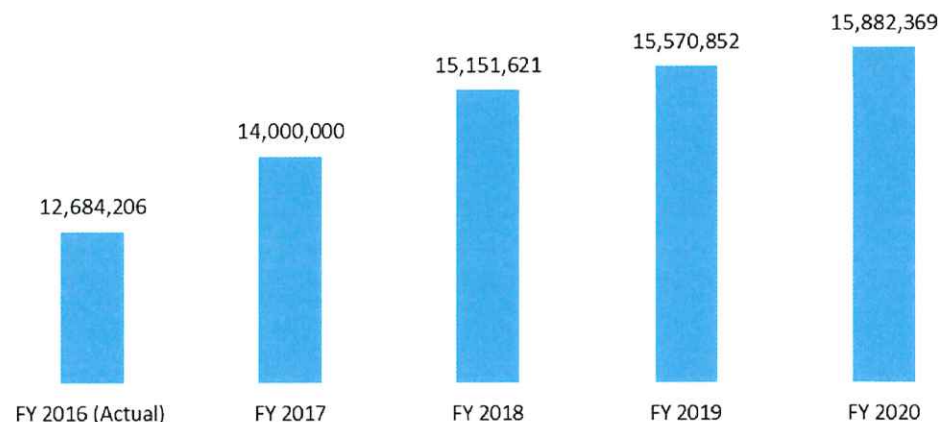
# Summary of Key Challenges

FY 2017 Budget

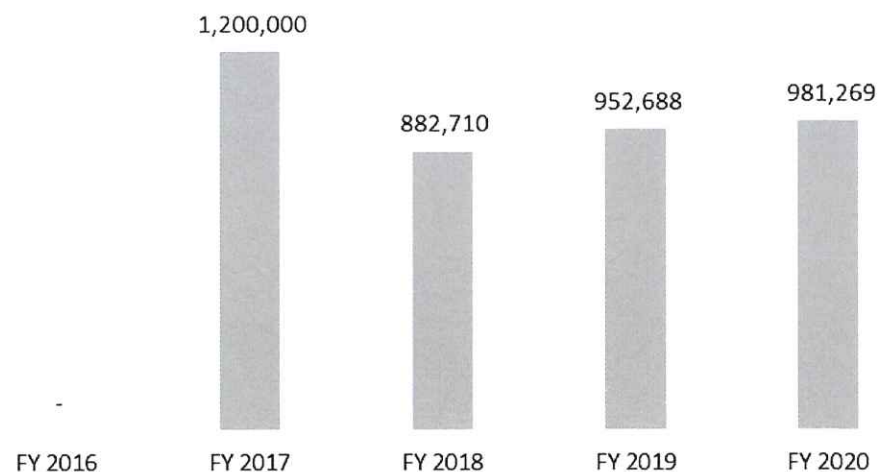


- ▶ Annual purchased power expected to increase by \$3.2M or 25%
- ▶ Annual CIP spending of \$1M over the next 5-years
- ▶ FY 2017 revenues equal \$17.5M
- ▶ Last PCA and Energy rate adjustments in 2012 & 2007 respectively

AMP Purchased Power Cost Forecast



CIP Spending



# COS Customer Charge Analysis (UFS)

| Customer Class          | COS Customer Charge | Current Customer Charge |
|-------------------------|---------------------|-------------------------|
| Residential             | \$ 10.21            | \$ 6.24                 |
| Temporary               | \$ 18.36            | \$ 6.24                 |
| Town                    | \$ 14.46            | \$ -                    |
| Commercial (Non-Demand) | \$ 14.46            | \$ 6.40                 |
| Commercial (Demand)     | \$ 36.35            | \$ 6.40                 |

# Current VA Residential Rate Structures

(Rates as of 2/10/2016 and Includes PCA )

|               | Mo. Charge | Season | 800KWH    | 900KWH    | 2,500KWH  | 50,00KWH  |
|---------------|------------|--------|-----------|-----------|-----------|-----------|
| Front Royal   | \$ 6.24    |        | \$0.08918 |           |           |           |
| Danville      | \$ 9.00    |        | \$0.12360 |           |           |           |
| Manassas      | \$ 13.59   |        | \$0.08300 |           |           |           |
| Salem         | \$ 8.25    |        | \$0.10750 |           |           |           |
| Richlands     | \$ 9.25    |        | \$0.09697 |           |           |           |
| Virginia Tech | \$ 8.35    |        | \$0.10560 |           |           |           |
| Franklin      | \$ 7.98    |        | \$0.11076 |           |           |           |
| Bristol       | \$ 10.60   | S      | \$0.10829 |           |           |           |
|               |            | W      | \$0.10513 |           |           |           |
|               |            | T      | \$0.10318 |           |           |           |
| Culpeper      | \$ 11.00   |        | \$0.10612 | \$0.11785 |           |           |
| Elkton        | \$ 5.50    |        | \$0.09289 | \$0.07435 |           |           |
| Harrisonburg  | \$ 9.50    | S      | \$0.08705 | \$0.09705 |           |           |
|               |            | W      | \$0.08705 | \$0.07155 |           |           |
| Martinsville  | \$ 10.00   |        | \$0.11168 | \$0.09428 |           |           |
| Bedford       | \$ 20.00   |        | \$0.09458 | \$0.07843 |           |           |
| Radford       | \$ 10.02   |        | \$0.10058 | \$0.08608 |           |           |
| Blackstone    | \$ 11.55   |        | \$0.10044 | \$0.11149 | \$0.11224 | \$0.11258 |

# Proposed Rate Structure Modification

- ▶ Update fixed monthly charges over 3 years to more closely align with the Cost of Service and enhance the fixed cost recovery of the system/ stabilize revenue stream
- ▶ Update demand charge (KW) mechanism to better align with industry best practices and enhance the ease of customer understanding and billing process
- ▶ Convert Town accounts from separate class to commercial non-demand

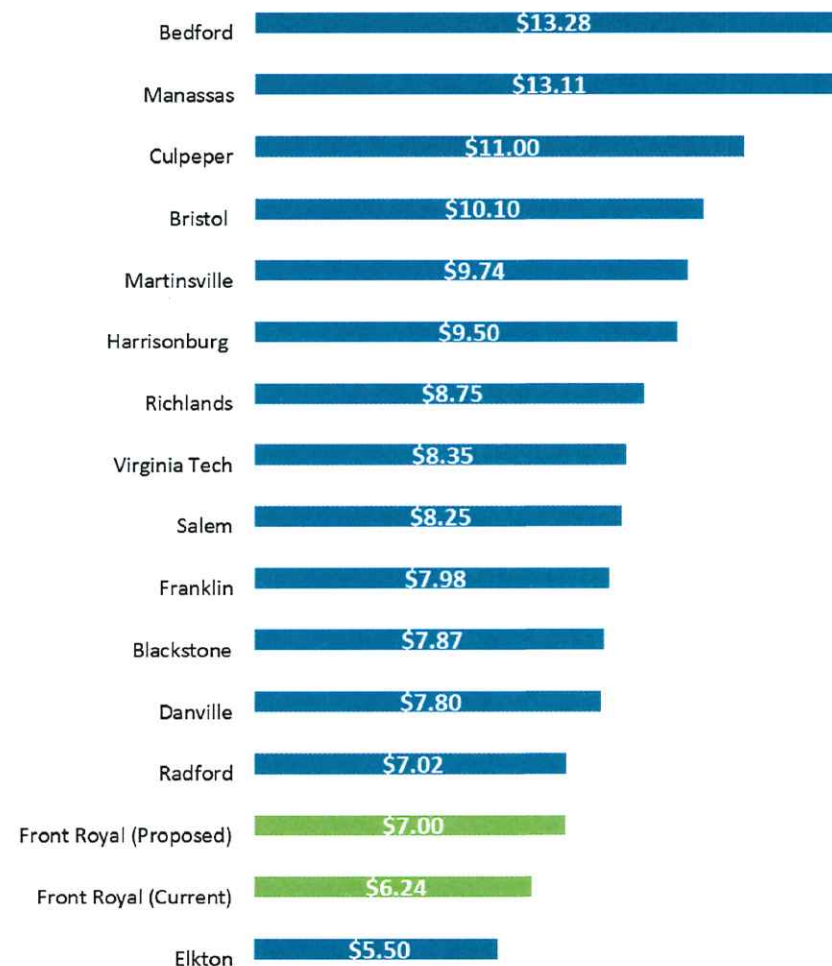
# Customer Charge Update

| Customer Class          | COS Customer Charge | Current Customer Charge |
|-------------------------|---------------------|-------------------------|
| Residential             | \$ 10.21            | \$ 6.24                 |
| Temporary               | \$ 18.36            | \$ 6.24                 |
| Town                    | \$ 14.46            | \$ -                    |
| Commercial (Non-Demand) | \$ 14.46            | \$ 6.40                 |
| Commercial (Demand)     | \$ 36.35            | \$ 6.40                 |

## Phasing of Customer Charges

|             | Current | 7/1/2017 | 7/1/2018 | 7/1/2019 |
|-------------|---------|----------|----------|----------|
| RESIDENTIAL | \$ 6.24 | \$ 7.00  | \$ 8.61  | \$ 10.21 |
| COMMERCIAL  | \$ 6.40 | \$ 7.16  | \$ 10.81 | \$ 14.46 |
| DEMAND      | \$ 6.40 | \$ 7.16  | \$ 21.76 | \$ 36.35 |
| TEMPORARY   | \$ 6.40 | \$ 7.16  | \$ 12.73 | \$ 18.30 |
| TOWN        | \$ -    | \$ 7.16  | \$ 10.73 | \$ 14.29 |

## Local Area Survey



# Current and Proposed Rate Schedules

## FY 2017 Current Rate (Effective to 6/30/2017)

|                                    | Residential | Commercial | Demand     | Temporary  | Town       |
|------------------------------------|-------------|------------|------------|------------|------------|
| Monthly Customer Charges           | \$ 6.24     | \$ 6.40    | \$ 6.40    | \$ 6.40    | \$ -       |
| kWh Charges                        |             |            |            |            |            |
| PCA                                | \$ 0.00428  | \$ 0.00428 | \$ 0.00428 | \$ 0.00428 | \$ 0.00428 |
| All Use                            | \$ 0.08490  |            |            |            | \$ 0.07795 |
| 0-700                              |             | \$ 0.11510 | \$ 0.11510 | \$ 0.11510 |            |
| >700                               |             | \$ 0.07560 | \$ 0.07560 | \$ 0.07560 |            |
| Imputed kWh per recorded KW demand |             |            | \$ 0.03950 |            |            |

## FY 2018 (Effective 7/1/2017)

|                          | Residential | Commercial | Demand     | Temporary  | Town       |
|--------------------------|-------------|------------|------------|------------|------------|
| Monthly Customer Charges | \$ 7.00     | \$ 7.16    | \$ 7.16    | \$ 7.16    | \$ 7.16    |
| kWh Charges              |             |            |            |            |            |
| PCA                      | \$ 0.01091  | \$ 0.01091 | \$ 0.01091 | \$ 0.01091 | \$ 0.01091 |
| All Use                  | \$ 0.08490  |            |            |            |            |
| 0-700                    |             | \$ 0.11510 | \$ 0.11510 | \$ 0.11510 | \$ 0.11510 |
| >700                     |             | \$ 0.07560 | \$ 0.07560 | \$ 0.07560 | \$ 0.07560 |
| Monthly KW Charge        |             |            | \$ 3.00    |            |            |

# Residential Customer Impacts

| Residential Meter |        |          |          |         |        |
|-------------------|--------|----------|----------|---------|--------|
| Monthly Use (KWH) | Agg. % | Current  | Proposed | \$ Chg. | % Chg. |
| 0                 | 5.4%   | \$6.24   | \$7.00   | \$0.76  | 12.2%  |
| 250               | 13.7%  | \$28.54  | \$30.95  | \$2.42  | 8.5%   |
| 500               | 24.6%  | \$50.83  | \$54.91  | \$4.08  | 8.0%   |
| 750               | 38.7%  | \$73.13  | \$78.86  | \$5.73  | 7.8%   |
| 1,000             | 52.6%  | \$95.42  | \$102.81 | \$7.39  | 7.7%   |
| 1,250             | 64.2%  | \$117.72 | \$126.76 | \$9.05  | 7.7%   |
| 1,750             | 80.4%  | \$162.31 | \$174.67 | \$12.36 | 7.6%   |
| 2,000             | 85.5%  | \$184.60 | \$198.62 | \$14.02 | 7.6%   |
| 3,000             | 95.6%  | \$273.78 | \$294.43 | \$20.65 | 7.5%   |
| 4,000             | 98.6%  | \$362.96 | \$390.24 | \$27.28 | 7.5%   |
| 5,000             | 99.5%  | \$452.14 | \$486.05 | \$33.91 | 7.5%   |

- Bill Calculations include PCA
- 86% of the Town's customers are Residential

# Current VA Typical Residential Bill Comparison

## Monthly Bill at 1,000 kWh



\*Rate survey as of 2/10/2017, includes PCA and winter rates when applicable

# Residential Multi-Year Impact

|                 | <b>FY 2017</b>  | <b>FY 2018</b>   | <b>FY 2019</b>   | <b>FY 2020</b>   |
|-----------------|-----------------|------------------|------------------|------------------|
| Customer Charge | \$ 6.24         | \$ 7.00          | \$ 8.61          | \$ 10.21         |
| Per 1,000 kWh   | \$ 84.90        | \$ 84.90         | \$ 87.87         | \$ 91.83         |
| 1,000 kwh PCA*  | \$ 4.28         | \$ 10.91         | \$ 13.32         | \$ 15.11         |
| <b>Total:</b>   | <b>\$ 95.42</b> | <b>\$ 102.81</b> | <b>\$ 109.80</b> | <b>\$ 117.14</b> |
| <b>Change:</b>  |                 | \$ 7.39          | \$ 6.99          | \$ 7.35          |
| <b>Percent:</b> |                 | 7.75%            | 6.80%            | 6.69%            |

- ▶ Customer Charge reflects 3 year phase in to cost of service
- ▶ Energy charges reflect adjustments in FY 2018, FY 2019, and FY 2020, no adjustments are foreseen thereafter
- ▶ PCA forecasted based on AMP Forecast, (\*)actual expenses may vary
- ▶ Current projections do not indicate additional increases for energy or customer charges beyond FY 2020

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## Town of Front Royal, Virginia Work Session Agenda Form

Date: May 1, 2017

### Agenda Item: NEW MARKET TAX CREDIT PROGRAM MEMORADUM OF AGREEMENT

**Summary:** On August 8, 2016, Town Council passed the attached Resolution of Support and Participation in the New Market Tax Credit Program with the EDA. The purpose of this tax credit program (which is a federal tax credit program used by wealthy investors to benefit certain economically-challenged locations), is in this case to fund major capital improvement projects that are important to enhancing the economic vitality of the Town, including 1) the design and construction of the Police Headquarters; 2) extension of West Main Street through the Avtex property; 3) sidewalk extensions along West Main Street and Kendrick Lane; 4) development of Leach Run Parkway; and 5) development of Phase II of Happy Creek Road. In order to carry out the intent of the Resolution, the Town and the EDA will need to enter into a Memorandum of Agreement (“MOA”) to set forth the respective rights and responsibilities of the parties going forward. The MOA will be to authorize and support the EDA in obtaining, to the extent legally permissible, in moving forward with the Program in obtaining loan funds to finance these Town projects and in the following approximate amounts: a) Police Department headquarters on Kendrick Lane- \$9,000,000; b) Leach Run Parkway- \$10,000,000; c) extension of West Main Street through the Avtex Property in the \$2,500,000; d) Phase II of Happy Creek Road- \$2,500,000; and e) extensions of sidewalks along West Main Street and Kendrick Lane - \$350,000. It is anticipated that the loan funding would be acquired by the EDA from the Program at one and one-half percent interest (1 ½%) interest annually for the first seven (7) years of financing, at which time the Town will have to secure refinancing for the unpaid outstanding principal balance on the Town projects from another source.

**Council Discussion:** Town Council is requested to adopt the MOA.

**Staff Evaluation:** While the EDA will be borrowing the money, ultimately it will be the responsibility of the Town to pay to the EDA the EDA’s debt service for these projects, to the extent legally permissible, that is, through annual appropriations and expenditures from the Town’s adopted budgets.

**Budget/Funding:** See the **Summary** and **Staff Evaluation** above.

**Legal Evaluation:** See the **Summary** and **Staff Evaluation** above.

**Staff Recommendations:** This funding approach appears to be the best funding “bang for the Town’s buck” that the Town is likely to be able to find.

**Town Manager Recommendation:** The Town Manager concurs with Staff’s recommendations.

**Council Recommendation:**

☐ Additional Work Session    ☐ Regular Meeting    ☐ No Action

Consensus Poll on Action: \_\_\_\_ (Aye) \_\_\_\_ (Nay)

Work Session

**MEMORANDUM OF AGREEMENT FOR  
NEW MARKET TAX CREDIT PROGRAM**

THIS MEMORANDUM OF AGREEMENT FOR NEW MARKET TAX CREDIT for several stated major capital improvement projects, dated this \_\_\_\_ day of \_\_\_\_\_, 201~~7~~<sup>6</sup>, by and between the **THE TOWN OF FRONT ROYAL, VIRGINIA**, a Virginia municipal corporation (hereinafter the "Town"), and **THE INDUSTRIAL DEVELOPMENT AUTHORITY OF THE TOWN OF FRONT ROYAL, VIRGINIA AND THE COUNTY OF WARREN, VIRGINIA, AKA THE ECONOMIC DEVELOPMENT AUTHORITY**, a political subdivision of the Commonwealth of Virginia (hereinafter the "EDA").

**WITNESSETH:**

**RECITALS:**

A. The Town of Front Royal has several major capital improvement projects that are necessary to promote the future of the Town, the redevelopment of the former Avtex Site, and enhance the economic vitality of Front Royal which include the design and construction of the 1) Police Headquarters; 2) Leach Run Parkway; 3) extension of West Main Street through the former Avtex property; 4) Phase II of Happy Creek Road; and 5) sidewalk extensions along West Main Street and Kendrick Lane; and,

B. The Town has worked with the EDA to identify funding options to advance these projects; and,

C. The EDA has developed a creative financing program with People, Inc. that allows communities to complete these projects; and,

D. The Town will work with the EDA to fund a number of capital projects in our community through the New Market Tax Credit Program (the "Program").

To that end, and for and in consideration of the mutual covenants contained herein, ~~the~~ the Town and the EDA agree as follows:

1. To authorize and support the EDA, to the extent legally permissible, in moving forward with the Program in obtaining loan funds from First Bank and Trust Company to finance the following Town projects and in the following approximate amounts: a) Police Department headquarters on Kendrick Lane- \$9,000,000; b) Leach Run Parkway- \$10,000,000; c) Extension of West Main Street through the Avtex Property in the \$2,500,000; d) Phase II of Happy Creek Road- \$2,500,000; and e) Extensions of sidewalks along West Main Street and Kendrick Lane - \$350,000. It is anticipated that the loan funding would be acquired by the EDA from the -Program at one and one-half percent interest (1 ½%) interest annually for the first seven (7) years of financing, at which time the Town will have to secure refinancing for the unpaid outstanding principal balance on the Town projects from another source.

2. During the said seven (7) year period of the Program, all requests for proposals, requests for Bids, competitive sealed negotiations, and all invoicing for all Town projects, financed during the seven (7) year period of financing pursuant to the Program, shall be submitted and executed in the name of the Town and the EDA, and, to the extent legally permissible, will ultimately be the sole and final responsibility of the Town to pay.

3. The Town will fund, to the extent legally permissible, one hundred percent (100%) of the EDA's debt service through an annual appropriation and expenditure from the Town's adopted budget associated with the a) Police Department headquarters on Kendrick Lane; b) Phase II of Happy Creek Road; and c) Extension of sidewalks along West Main Street and Kendrick Lane; and,

4. The Town will continue to support and fund, to the extent legally permissible, through the Town's continued funding of the debt service of the EDA's capital expense budget, according to the terms of the Town-County Fair Funding Formula whereby the Town currently funds approximately 1/3 (34%) of the EDA debt service through an annual appropriation and expenditure from the Town's adopted budget associated with 1) Leach Run Parkway and 2) West Main Street Extension.

WITNESSETH the following signatures:

***[SIGNATURES AND ATTESTATIONS NEXT PAGE FOLLOWING:]***

For the Town of Front Royal, Virginia

\_\_\_\_\_  
~~Timothy W. Darr~~ Hollis L. Tharpe, Mayor

Date: \_\_\_\_\_

Attest:

\_\_\_\_\_  
~~Steven M. Burke, P.E.~~ Joseph E. Waltz  
Interim Town Manager

Date: \_\_\_\_\_

For the Board of Directors of the Industrial  
Development Authority of the Town of Front  
Royal, Virginia and the County of Warren,  
Virginia (EDA)

\_\_\_\_\_  
Patricia S. Wines, Chairman

Attest:

\_\_\_\_\_  
Jennifer R. McDonald  
Executive Director of the Economic  
Development Authority

Approved as to Form:

\_\_\_\_\_  
Dan N. Whitten, Esq.  
Counsel for the EDA

\_\_\_\_\_  
Douglas W. Napier  
Town Attorney

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Town of Front Royal, Virginia  
**Work session Agenda Form**

Date: 5/1/17

**Agenda Item:** FY18 Budget Discussion

**Summary:** Additional budget discussions as requested by council.

**Council Discussion:** Discussion of possible changes council may request relating to the FY18 proposed budget.

**Staff Evaluation:** N/A

**Budget/Funding:** Changes to the FY18 proposed budget will be discussed.

**Legal Evaluation:** Town Attorney will be available for questions.

**Staff Recommendations:** Staff recommends approving the FY18 budget as presented

**Planning Commission Recommendation:** N/A

**Town Manager Recommendation:** (The Town Manager will provide input on the issue and make his recommendations to council.)

**Council Recommendation:**

☐ Additional Worksession      ☐ Regular Meeting      ☐ No Action



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## Town of Front Royal, Virginia Work Session Agenda Form

Date: May 1, 2017

**Agenda Item:** Liaison Committee Meeting Items for May 18, 2017

**Summary:** The next Liaison Committee Meeting is scheduled for May 18, 2017. The last meeting agenda is attached. Council is requested to add/delete Town items for the agenda.

**Council Discussion:** Council takes desired action

**Staff Evaluation:** None

**Budget/Funding:** None

**Legal Evaluation:** Town Attorney will be available for questions or concerns

**Staff Recommendations:** None

**Town Manager Recommendation:** Town Manager will be available for questions

**Council Recommendation:**

☐ Additional Work Session    ☐ Regular Meeting    ☐ No Action

Consensus Poll on Action: \_\_\_\_ (Aye) \_\_\_\_ (Nay)

Work Session

# Town/County Liaison Committee Meeting

March 16, 2017, 6 p.m.



Town Hall  
102 E. Main Street



- 
- **Call to Order – Mayor Hollis L. Tharpe**
    - 1) Development Review Committee
    - 2) Avtex Property – Main Street Extension
    - 3) Wastewater Treatment Plant/Septage Receiving Facility
    - 4) Electrical Outlets at County Soccer Facilities
    - 5) Consideration of Joint Towing Board
    - 6) McKay Property Update
    - 7) Building Inspections Software
    - 8) Leach Run Parkway
    - 9) Utility Contribution Request from Warren Heritage Society
    - 10) Warren County's In-Town Projects
    - 11) Tethering of Dogs in Extreme Weather
    - 12) Tourism Discussion
  - **Adjournment**

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## Town of Front Royal, Virginia Work Session Agenda Form

Date: May 1, 2016

**Agenda Item:** 2017 Virginia Municipal League (VML) Policy Committee Nominees

**Summary:** Attached is the nomination form and policy committee process for the 2017 Virginia Municipal League (VML) Policy Committees. The nomination form is due to VML May 15, 2017; therefore, Council will vote on the nominations at the next regular meeting. All terms are for May 2017 – December 2017 and no individual may serve on more than one committee. Below are the Policy Committee members voted by Council at the April 11, 2016 Council meeting and whose terms expired December 2016.

**Community & Economic Development Committee** – Councilmen Hrbek and Egger  
**Environmental Quality Committee** – Town Manager Steven Burke  
**Finance Committee** – Councilman Connolly and Interim Finance Director BJ Wilson  
**General Laws Committee** – Councilman Meza and Town Attorney Doug Napier  
**Transportation Committee** – Mayor Darr and Vice Mayor Tharpe

**Council Discussion:** Council takes desired action at the next Regular Meeting

**Staff Evaluation:** None

**Budget/Funding:** None

**Legal Evaluation:** Town Attorney will be available

**Staff Recommendations:** None

**Town Manager Recommendation:** Town Manager will be available

**Council Recommendation:**

☐ Additional Work Session    ☐ Regular Meeting    ☐ No Action  
Consensus Poll on Action: \_\_\_\_ (Aye) \_\_\_\_ (Nay)

## **VML's Legislative and Policy Committee Process**

Each year the Virginia Municipal League develops two separate documents -- a legislative program and a compilation of policy statements -- through a process that involves the Legislative Committee and six separate policy committees. The Legislative Committee is responsible for developing the legislative program, but it may also rely on input from the policy committees to do so. The policy committees develop broad policy statements, in addition to submitting specific legislative recommendations for consideration by the Legislative Committee.

### **Legislative Committee**

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#### **What is the role of the Legislative Committee?**

The Legislative Committee is responsible for considering and developing positions on existing or proposed state and federal legislation or regulations, and urging the enactment or amendment of, or opposition to, such legislation or regulations.

#### **How is the Legislative Committee appointed?**

VML's Constitution spells out the composition of the Legislative Committee. The committee consists of 24 individuals holding local elective or appointed positions, all appointed by VML's President. Of the 24 members, 12 must be representatives of cities and urban counties with populations in excess of 35,000, six must be representatives of cities and urban counties with populations of 35,000 or less, and six must represent towns.

#### **What is included in VML's Legislative Program?**

The legislative program adopted by the Legislative Committee reflects specific legislative objectives that VML hopes to achieve during the upcoming legislative session. It is subject to the approval of VML's membership at the annual conference.

#### **What is the relationship between the legislative committee and VML's policy committees?**

The Legislative Committee meets prior to the policy committees to identify issues that it would like the committees to consider for potential inclusion in the league's legislative program. It meets again after the policy committees have met to consider their recommendations.

### **Policy Committees**

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#### **What is the role of the policy committees?**

Policy committees receive briefings on select statewide issues, consider possible changes to the policy statement, and develop legislative recommendations for the Legislative Committee to consider.

#### **How are policy committees appointed?**

Policy committee membership consists of elected and appointed officials of full-member local governments. Nomination information is sent in the spring to each locality, and each local government determines which of its officials will be nominated for each of the six policy committees. Each local government may nominate up to two people per policy committee, at least one of whom must be an elected official.

**What are the benefits of serving on a policy committee?**

VML policy committees offer members an opportunity to learn about current and emerging statewide issues that affect local governments, to develop through policy statements the broad philosophical framework that guides the league, and to network with local officials with similar policy interests.

**How many policy committees are there?**

There are six policy committees: community and economic development, environmental quality, finance, general laws, human development and education, and transportation.

**What issues does each policy committee cover?**

- **Community & Economic Development:** Authority, administration, and funding of local governments to manage a full range of community and economic development issues, including business development and retention, international competitiveness, infrastructure development and investment, planning, land use and zoning, blight, enterprise zones, housing, workforce development and historic preservation.
- **Environmental Quality:** Natural resources and the authority of local governments to manage the environment, including water resources and quality, solid and hazardous waste management, air quality and the Chesapeake Bay.
- **Finance:** Powers, organization and administration of local government financing, including taxing authority, debt financing, state aid to local governments and federal policies affecting local finance issues.
- **General Laws:** Powers, duties, responsibilities, organization and administration of local governments, including state-local and inter-local relations, conflicts-of-interest, freedom-of-information, information management and personnel, telecommunications, utilities and law enforcement, jails and courts issues.
- **Human Development and Education:** Management and funding of social services, prek-12 education, health, behavioral health, juvenile justice, recreation, rehabilitation and aging.
- **Transportation:** Development, maintenance, and funding of a comprehensive land, sea and air transportation system for the Commonwealth, and federal, state and local roles in the provision and regulation of transportation.

**What is a policy statement?**

Each policy committee develops a policy statement that covers issues in its respective area. The policy statement expresses the agreement of VML's membership on matters of interest to local governments. The statement generally addresses broad, long-term, philosophical positions. The VML membership approves the policy statements at its annual meeting.

**How do policy statements differ from VML's legislative program?**

Policy statements are general in nature. They reflect local governments' positions on a range of issues. The Legislative Program is more specific and immediate. It is limited to legislative positions that VML expects to lobby on during the upcoming legislative session.

## VML 2017 Policy Committee Nominations

Please return this form by **May 15** to Joni Terry at VML, P.O. Box 12164, Richmond, VA 23241; Fax 804/343-3758; email: [jterry@vml.org](mailto:jterry@vml.org)

### ***Community & Economic Development***

Name & Title: \_\_\_\_\_

Name & Title: \_\_\_\_\_

### ***Environmental Quality***

Name & Title: \_\_\_\_\_

Name & Title: \_\_\_\_\_

### ***Finance***

Name & Title: \_\_\_\_\_

Name & Title: \_\_\_\_\_

### ***General Laws***

Name & Title: \_\_\_\_\_

Name & Title: \_\_\_\_\_

### ***Human Development & Education***

Name & Title: \_\_\_\_\_

Name & Title: \_\_\_\_\_

### ***Transportation***

Name & Title: \_\_\_\_\_

Name & Title: \_\_\_\_\_

**Signed:** \_\_\_\_\_ **Locality:** \_\_\_\_\_  
(Mayor/Chair, or Manager/Administrator)

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