

TOWN COUNCIL WORK SESSION

TUESDAY, January 2, 2018 @ 7:00pm

Town Hall Council Chambers

1. Presentation from People Inc. on New Market Tax Credit (30 minutes)

- Continued Discussion of Fixed Term Financing Option for new Police Department

SUMMARY: The Warren County Economic Development Authority (EDA) and People's Inc will be present to answer questions related to the New Market Tax Credit (N.M.T.C.) If the Town proceeds with the N.M.T.C. program the Town will be required to refinance the remaining balance after paying interest only for a period of (7) seven years after the project has been completed. If the Town is able to obtain the 30% credit from the N.M.T.C. program and the fixed term interest rate remains under 4.8% for 30 years the N.M.T.C. would be beneficial to the Town when compared to the current option of 2.65% for 30 years. Some of the variables involved in the N.M.T.C. program are the terms that will be available for financing in 7+ years and the future of the program.

The Town is also being offered a 30-year fixed term loan with an interest rate of 2.65%. Information is attached for several funding scenarios for the New Market Tax Credit Program and the 30-year fixed term financing. Council is requested to provide staff with direction on proceeding with the New Market Tax Credit Program and/or the 30-year fixed term loan. Council's previous discussions

Mrs. McDonald of the EDA was not present for said meeting.

Brian Phipps, of People, Inc. noted that he met with Mr. Waltz and Mr. Wilson as well as Mrs. McDonald about the Federal Tax Program and he has worked with New Market Tax Credit Program for about seven years and he would be available for to answer questions about their organization as it is focused on helping the areas 17 cities and counties through the State of Virginia.

Mr. Phipps noted that the localities can take a direct write off of their taxes and New Market Tax Program is specifically designed to obtain loans that are not available at the local banks. He stated that the projects feature a seven year interest only loan, and they cannot receive any principal back and they are purposefully trying to offer terms and conditions that cannot be offered elsewhere through their program. He noted that the economic driver is the tax credits themselves – they want the credits period. Mr. Phipps added that at the end of seven years, it does not have to be paid as the economic benefit at the investor has already received their benefit from the tax credit. Mr. Phipps added that it is a lot of information to absorb and he was available to answer all questions possible.

Mr. Phipps stated that the program cannot be eliminated through 2021, as it has been fully authorized and it would not affect any matters currently applied for, and he was confident that the application currently submitted would be safe. To answer Council questions, Mr. Phipps noted that at the end of the seven years, New Market Tax Credit exits the transaction. To continue to answer questions, Mr. Phipps noted that they go through another financial institution at the end of seven years. Councilman Tewalt noted that the Town and County asked for \$80 million through the New Market program, and that could disappear, as the Captain's Trade program did years ago. Mr. Phipps stated that he was unable to foresee that answer, as recently they received \$65 million from the Federal Government, and he noted that they currently have tax credits though there is no guarantee that the amount is available until the paperwork is intact.

After much Council discussion with Mr. Phipps, Mr. Waltz and Mr. Wilson noted that if the gap can be closed as described, then they recommend proceeding. Council discussed that they will know whether the balloon loan would be present right at the beginning or not; and whether they would want to secure their own loan amount for the \$7 million. Mr. Wilson asked about risk for financing thinking that the 30% will not be absorbed. Council expressed concern that they had not already been in the New Market Tax Credit system, noting the different information that the EDA had presented to Council. Councilman Tewalt expressed concern with the program, noting that the closing costs can run upwards of \$1 million. He noted that he would prefer a straight loan rather than an unknown project. Councilman Tewalt asked Leach Run Parkway and the sidewalks. He noted that the goods sold to Council were not factual and he expressed concern. Councilman Sealock expressed his agreement with Mr. Tewalt. Councilman Sealock noted that the information should have been more forthcoming. Councilman Meza noted that they should make application for the program. Mr. Sealock noted that they should at least make application; he agreed with Mr. Meza. Councilman Connolly stated that they should move forward and move forward quickly.

2. Continued Discussion of FRLP Proffer Revision Request (15 minutes) – Director of Planning/ Zoning

SUMMARY: Front Royal Limited Partnership (FRLP) has submitted a request to amend the 2010 proffers associated with the conditional rezoning of approximately 149 acres to the R1-A District. A staff report, presentation, and other documents were reviewed with Town Council during the December 4th Work Session. At that time, Town Council scheduled a follow-up work session for January 2, 2017 after Town Council had more time to review the information and discuss any concerns they may have. Below is an abbreviated summary list of the proposed proffer changes.

2010 PROFFERS

- ❖ Up to 320 single-family residential dwellings only.
- ❖ At least 30% open space.
- ❖ Energy Star Certified Housing.
- ❖ Neighborhood park.
- ❖ Tap fee credits.
 - House 1 – 99 credit accounting.
- ❖ School proffers up to \$1,760,000 (\$5,500 per dwelling x 320 dwellings).
- ❖ Land dedication credits (ROW) & gifting of Town property.
- ❖ \$225,000 towards a traffic signal at Happy Creek Road/Shenandoah Shores Road.
- ❖ Right-turn lane on Happy Creek Road.
- ❖ Up to \$3.1 million in per unit proffers towards Leach Run Parkway (after likely credits).
- ❖ East/West Connector Road, Phase 1. ➤ OR, Phases 1-4 if Town builds Phase 5 and pays credit for FRLP's cost for Phases 2-4, unless FRLP stops at 199 houses.

2017 PROPOSED CHANGES

- ❖ Up to 320 single-family residential dwellings only.
- ❖ At least 30% open space.
- ~~❖ Energy Star Certified Housing.~~
- ❖ Neighborhood park.
- ~~❖ Tap fee credits.~~
- ~~➤ House 1 – 99 credit accounting.~~
- ❖ School proffers up to \$1,760,000 (\$11,000 per dwelling x last 160 dwellings).
- ~~❖ Land dedication credits (ROW) & gifting of Town property.~~
- ❖ \$225,000 towards a traffic signal at Happy Creek Road/Shenandoah Shores Road or Leach Run Parkway
- ❖ \$225,000 towards a traffic signal at development entrance or Leach Run Parkway.
- ❖ Right-turn lane on Happy Creek Road.
- ❖ Left-Turn lane at E/W Connector and Shenandoah Shores Road.
- ~~❖ Up to \$3.1 million in per unit proffers towards Leach Run Parkway (after likely credits).~~
- ❖ East/West Connector Road, Phase 1.
- ~~➤ OR, Phases 1-4 if Town builds Phase 5 and pays credit for FRLP's cost for Phases 2-4, unless FRLP stops at 199 houses.~~

STAFF RECOMMENDATION: On November 15, 2017, the Planning Commission voted “to forward the proposed revision of the proffers for FRLP’s R1-A property to Town Council with a recommendation of approval. The motion was passed with a vote of 5 – 1.

Staff identified the Pros and Cons with the changes in the Staff Report provided on December 4th. In summary, the most significant Cons include the impacts to law enforcement that are not addressed (nor addressed in the original proffers); and the lower amount of funds offered towards the mitigation of transportation impacts. The most significant Pros include resolution of the legal issues associated with the current proffers, including the various credits (tap fee, land, road construction costs, right-of-way value).

A public hearing/1st Reading and a 2nd Reading are required.

Council Discussion:

Councilman Tewalt asked if this began with the construction on the first home. Mr. Vazzana noted that it would begin with the first home. Council chose to move forward with the matter as presented.

3. Continued Discussion of IT Federal Pumping Station (15 minutes) – *Director of Planning/Zoning*
SUMMARY:

The purpose of this agenda item is to provide an update on IT Federal and Royal Phoenix.

- IT Federal. Site Plans and permits have been issued and utility connection fees where paid in the amount of \$39,638.

- Pump Station. Pennoni Associates is presently working on a pump station plan for the Royal Phoenix project and a design for the initial pump station. Pennoni is looking into options to relocate the first pump station and to determine if a pump station is even needed at all for the first building at IT federal. Town Staff requested that Pennoni Associates complete this work as soon as possible.

- Royal Phoenix. The Planning Commission met in work session with a representative of Pennoni Associates about the Master Land Use Plan and Traffic Study for Royal Phoenix (everything beyond IT Federal). The Planning Commission identified a number of concerns about impacts of the project on the Town. The most significant concern raised by the Planning Commission was: *Who will be paying for the proposed infrastructure?* A follow-up work session was scheduled for January where the EDA would be requested to attend to answer questions.

Council Discussion:

Mr. Misowski presented how they planned to layout the pumps on the site and how they would accommodate the flows if they ended up being less than proposed. He noted that they would only grow if the demand increased. Vice Mayor Tewalt asked about the occupancy amount was about 1,500 – 4,200 he wanted to ensure that the pumping station could accommodate the site and would not need to be redesigned. Mr. Misowski stated that a low flow system could be placed in order to accommodate the site if it was lower flow. Councilman Sealock clarified who was constructing the pump stations and whether a second one would be built. Mr. Misowski noted that they may not need a second pump station at the site. He added that the cost would be available for the Town next week. Mr. Waltz stated that nothing is nothing from Council from at this point. Mr. Wilson noted that ITFederal has already paid their tap fees.

4. FY19 Budgetary Items Overview (20 minutes) – *Director of Finance*

SUMMARY: Staff is providing council with a list of FY2019 initial departmental budget requests for capital items, staffing, and other items impacting the budget prior to being incorporated into the FY2019 proposed budget.

The list includes departmental requests that will likely be deferred for the future and are not planned to be included in the FY2019 budget at this time. Staff anticipates that additional items will need to be deferred in order to provide a balanced proposed budget.

BUDGET/FUNDING: These items may potentially be incorporated into the FY2019 proposed budget.

Council Discussion:

Mr. Wilson noted that Council would be over their budget if they went forward with all items listed here. Vice Mayor Tewalt noted that there would be major increases if these items were included. Mr. Waltz stated that the large ticket items that have been discussed were to be presented to Council in order to obtain feedback from Council. Councilman Meza asked about adding Staff to the Town payroll and he asked if the Town had any analytics in order to measure the addition of Staff. Messrs. Waltz and Wilson stated that there was some backup to support the Staff additions and it could be provided to Staff. Mr. Meza noted that Council noted that he reviewed the list and he did not feel Council should nitpick the list as Staff would receive seven different Council opinions.

Mr. Wilson stated that additional backup is available on each item, though he was unsure if Council wanted to get deep into the details. Mr. Meza suggested Council should step back in order to allow Staff to review details on items. Vice Mayor Tewalt stated that income is flat and rate or tax increases is the only way that additional items can be completed or added to the budget. He added that he would like the budget to be as flat as possible. He added that the Town cannot stand to see several percentage points in an increase.

Councilman Sealock noted that he is very concerned with citizen safety and he voiced that the crossing guard and lights are vital. He stated that the crosswalks were done last year and that work must continue. He noted that safety issues have high priority and that must be looked into. Mayor Tharpe expressed his support and confidence in the Town Staff. Councilman Connolly asked about how far off pace the Town was in the list. Mr. Wilson noted that they were about \$1.5 million off the list. Mr. Connolly stated that the Town Council will review the list in full soon. Vice Mayor Tewalt thanked Mr. Waltz for the detailed list of the budget items this early in the year.

5. Board of Zoning Appeals Nomination

SUMMARY: On March 27, 2016, R. Wayne Shipman was recommended to the Judge of the Warren County Circuit Court for re-appointment to the Front Royal Board of Zoning Appeals (BZA) to fill a five-year term ending May 1, 2022. BZA terms are for 5 years. On December 19, 2017, Staff was advised that Mr. Shipman had passed away.

Note: Council only makes a recommendation for the appointment.

6. Liaison Committee Meeting Items for January 18

- Relocation of Virginia Inspection Sticker and Motor Vehicle Decals

SUMMARY: Council is requested to review items for the Liaison Committee Agenda for January 18, 2018. The November 2017 Liaison Committee Agenda is attached. Staff was notified by the County of Warren that the 2019 Virginia Inspection Stickers will be moved to the left

corner of the windshield; therefore, the Town and County local vehicle decals will have to be moved as well. Per the Virginia State Police Media Release the move is “due to the automobile manufactures crash avoidance technology that utilizes the center of the windshield and placement of items in that area including stickers could prevent crash avoidance system from operating properly”. Council is requested to discuss with the County of Warren a course of action for the relocation of the local vehicle decals that may stay in place until December 31, 2018.

A memo from the Director of Finance listing various options is attached as well as the press release from the Virginia State Police and a copy of the Virginia State Code.

BUDGET/FUNDING: The Town has approximately 16,000 permanent vehicle stickers that will need to be printed at an estimated cost of \$20,000 - \$30,000 that is not currently budgeted.

NOVEMBER 2017 AGENDA:

- 1) IT Federal Main Street Project – Joe Waltz
- 2) Route 522 Corridor Water Upgrade Project – Joe Waltz
- 3) Phase II Happy Creek Road Project Update – Joe Waltz
- 4) Town Building Maintenance Code Enforcement Update – Joe Waltz
- 5) Update on Wastewater Treatment Plant – Joe Waltz
- 6) Development Review Committee – Doug Stanley
- 7) Building Inspections Software – Doug Stanley
- 8) Warren County’s In-Town Projects – Doug Stanley
- ~~9) Joint Towing Board – Joe Waltz / Doug Stanley~~
- ~~10) Tethering of Dogs in Extreme Weather – Joe Waltz / Doug Stanley~~

Ms. Berry noted that Vice Mayor Tewalt was the upcoming Liaison Representative for the Town. Mr. Wilson noted that there were options for eliminating the vehicle sticker, mailing the sticker, relocating the sticker, etc. Council discussed whether the sticker would still be needed for the getting into the refuse locations in the Town and County. Mr. Meza noted that the stickers are pointless and he would like to eliminate the stickers. Councilmen Connolly and Gillispie noted that they were in support of eliminating the stickers. Vice Mayor Tharpe noted that there were plenty of localities that do not have stickers.

7. Continued Discussion of Property Maintenance Code Amendments and Establishment of a Rental Inspection District

SUMMARY: Town Council held a public hearing on September 25, 2017 for adoption of a Property Maintenance Code and Establishment of a Rental Inspection District. Council voted to postpone the first reading to discuss in more detail in a work session and vote on the first reading at the next regular meeting held after the work session.

Other Meetings Held

August 28, 2017 - Public hearing to receive public input.

September 25, 2017 – Public Hearing on the first reading of the Ordinance – was postponed

October 16, 2017 – was removed from the work session

November 6, 2017 – agreed to move to the November 13th agenda for first reading vote

November 13, 2107 – was removed from the agenda

November 20, 2017 - Discussed the possibility of separating the two items

A public hearing would have to be re-advertised if the two items were separated since the proposed Property Maintenance Code amendments include references to the Establishment of the Rental Inspection District. The ordinance would have to be revised and advertised to the public as such.

Council Discussion:

Mayor Tharpe and Mr. Napier discussed that it can be voted as one unified ordinance and shall be voted on as one. If it is voted down, it would be re-advertised, and then voted on. Councilman Meza asked for motion clarification. Councilman Morrison stated that he wanted to be ready to go for having it move forward. Mayor Tharpe and Mr. Waltz noted that they would have things ready to go if need be.

Mr. Camp noted that he has been speaking to the Town of Strasburg about cost sharing the Property Maintenance. Council chose to place the matter on a worksession.

8. Council Discussion/Goals

Jan 10th – Elks, 1st Responders dinner, 6:30 with spouse

Jan 20th – Company 1 Dinner, dinner 6 p.m. with spouse

Jan 22 – LFK Great Kindness Challenge, time to be determined, all invited

Jan 25th – Shenandoah Spirits Trail – Backroom Brewery

Jan 27th - Company 10 event

9. CLOSED MEETING – UFAC Vacancy and Compensation Study

Motions to Go Into Closed Meeting

Councilman Sealock moved, seconded by Councilman Gillispie that Town Council go into closed meeting for the following reasons: 1) Discussion, and consideration resignation of a specific public appointees, namely, a member of the Urban Forestry Advisory Council and potentially the appointment or interviews of prospective candidates for appointment to said body, pursuant to Section 2.2-3711.A.1 of the Code of Virginia; and 2) With respect to discussion of a preliminary draft of the Town employee compensation study prepared by the Town's consultants, Paypoint HR, exclusively for viewing by and the discussion with Town Council and certain Town staff in closed meeting with respect to specific Town employees: (A) Discussion and consideration of the assignment, appointment, promotion, or performance of specific appointees or employees of the Town, pursuant to Section 2.2-3711.A.1 of the Code of Virginia; (B) Discussion or consideration of the investment of public funds where competition or bargaining is involved, where, if made public initially, the financial interest of the governmental unit would be adversely affected, pursuant to Section 2.2-3711. A. 6. of the Code of Virginia; (C) Consultation with legal counsel employed or retained by a public body regarding specific legal matters requiring the provision of legal advice by such counsel, pursuant to Section 2.2-3711. A. 8. of the Code of Virginia.

Vote: Yes – Connolly, Gillispie, Meza, Morrison, Sealock and Tewalt

No – N/A

Abstain – N/A

Absent – N/A

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

(By Roll Call)

Motion to Certify Closed Meeting at its Conclusion

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

Vote: Yes – Connolly, Gillispie, Meza, Morrison, Sealock, Tewalt and Tharpe

No – N/A

Abstain – N/A

Absent – N/A

(By Roll Call)
