TOWN COUNCIL WORK SESSION

Monday, April 2, 2018 @ 6:15pm

Town Hall Council Chambers

1. Board of Zoning Appeals Interviews

TOWN/STAFF RELATED ITEMS

2. Route 522 Corridor Water Upgrade/Reliability – CHA Presentation
3. Revise Electric Power Cost Adjustment – *Director of Finance*
4. Voluntary Settlement Agreement (VSA) Amendment – *Town Attorney*
5. Additional Discussion for Proposed FY18-19 Budget – *Director of Finance/Town Manager*

COUNCIL/MAYOR RELATED ITEMS:

6. VML Policy Committee Nominations
7. Council Discussion/Goals *(time permitting)*

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Work Session

Work Session Agenda Form

Item # 1

DATE: April 2, 2018

AGENDA ITEM: Board of Zoning Appeals Interviews

SUMMARY: On April 27, 2015 Robert Helms was recommended by Council 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, 2020. On January 9, 2018, Staff received Mr. Helms' resignation effective January 31, 2018 as he was moving out of Front Royal.

Council is requested to interview two candidates and to select one (if so desired) to fill the vacancy left by Mr. Helms. Council will then officially recommend an individual to the Judge of the Circuit Court at an upcoming Regular Town Council Meeting to fill an unexpired term ending May 1, 2020.

BZA candidates are recommended by Town Council and considered by the Judge of the Warren County Circuit Court for appointment. Due to this being a recommendation to the Judge of the Warren County Circuit Court and not an appointment by Council, Council will interview for the recommendation in open session.

BUDGET/FUNDING: None

STAFF RECOMMENDATION: Council takes desired action.

APPLICATION TO SERVE ON BOARD/COMMISSION

Name: Kenneth O. Dameron

Address: 715 Stockton Road, Front Royal, VA 22630

Daytime Telephone Number: 540-660-1304

Evening Telephone Number: 540-660-1304

Email Address: OINKJOHNSON2@aol.com

Indicate which Board/Commission you are interested in serving on:
(You may check more than one)

- ☐ Front Royal Planning Commission
- ☐ Front Royal Board of Architectural Review (BAR)
- ☑ Front Royal Board of Zoning Appeals (BZA)
- ☐ Urban Forestry Advisory Commission (UFAC)

What skills, interest and/or knowledge do you possess that you feel would be beneficial to this Board/Commission? (If you need additional space, please feel free to attach sheets to this page.)

o Grew up in Front Royal (1945-1958)

o Attended Warren County Public Schools, graduated from Warren County High School in 1956; won 2 small scholarships (one from the PTA)

o Earned B.S. in Accounting from University College, University of Maryland in 1991; licensed as CPA in Maryland in 1992 (inactive after 1995)

o More than 35 years experience in Accounting, from Junior Accountant to Controller/CFO
Considerable overlapping of Contract Administration in later years

Please Mail to:
Mayor and Town Council
P.O. Box 1560
Front Royal, Virginia 22630

Attention: Clerk of Council

Applications can be emailed to: jberry@frontroyalva.com

APPLICATION TO SERVE ON BOARD/COMMISSION

Name: John Edwin Hensley

Address: 810 Virginia Ave. Front Royal, VA 22630

Daytime Telephone Number: 540-671-9370

Evening Telephone Number: 540-671-9370

Email Address: ehensley@habitat.org

Indicate which Board/Commission you are interested in serving on:
(You may check more than one)

- ☐ Front Royal Planning Commission
- ☐ Front Royal Board of Architectural Review (BAR)
- ☑ Front Royal Board of Zoning Appeals (BZA)
- ☐ Urban Forestry Advisory Commission (UFAC)

What skills, interest and/or knowledge do you possess that you feel would be beneficial to this Board/Commission? (If you need additional space, please feel free to attach sheets to this page.)

October 2012 – June 2014 PEG, LLC. Fairfax, VA
Field Engineer
I worked as a RESNET HERS Rater and NGBS Green Verifier covering 200+ Square Miles, 80+ communities in 4 states, and conducted over 700 Ratings. I travelled over 1200 miles a week, and went on many different trips out of state for over a week at a time. I trained new Raters and RFIs on how to conduct inspections and the requirements of different certification programs. I conducted trainings for large production builders on how to build sustainable housing and meet the strict requirements of the certification programs they were seeking. Some trainings were groups larger than 50 people and as small as 5 people. I also worked closely with management to come up with innovative methods to increase productivity and decrease over head.

June 2014 – Present Building Performance Solutions, LLC. Vienna, VA
Senior Field Manager
I manage all field staff and field production, including scheduling. I conduct inspections as a RESNET HERS Rater and NGBS Verifier, all along the east coast. My duties also include; invoicing, marketing, sales support, customer service, training (Employee, and Client), and operations management. BPS uses me to provide Operation Management services remotely for companies across the Mid-Atlantic and Mid-west. I provide all of the above services to the clients as I do BPS. Training – I train Raters and RFI's, on how to conduct a proper inspection and building science practices. Training for BPS Clients consists of in field and classroom training on building science, ENERGY STAR Certified New Homes, National Green Building Standards, sustainability practices, and how to market a High Performance Home.

September 2015 – Present Habitat for Humanity International Atlanta, GA
Northeast US - Sustainable Building Specialist
I serve as a liaison between HFHI and affiliates, as the Sustainable Building Specialist I am able to provide the training and technical assistance necessary to provide the best sustainable/energy efficient housing solutions possible to partner families. I direct affiliates to the resources and partnerships available through HFHI, which not only more fully utilizes those resources but also strengthens the relationship between HFHI and affiliates. I provide support internally to HFHI staff who are working with affiliates, sponsors and donors with questions about or an interest in sustainable building. As a RESNET HERS Rater and NGBS verifier I am able to provide those services to affiliates if there are no local resources.

EDUCATION
Advanced High School diploma from Warren County High School Graduated 2009
Lord Fairfax Community College 2009-2012 (General Studies & Engineering)
Art Institute of Washington (Graphic Design Course) - Summer 2008
Auto CAD certified from the Blue Ridge Technical Center
Cash register certified employee, and electronics sales certified from Target of Front Royal.
Certified account specialist from Navy Federal Credit Union.
RESNET HERS Rater (PEG, LLC.)
NGBS Verifier (Home Innovation Research Lab) (PEG, LLC.)

Please Mail to:
Mayor and Town Council
P.O. Box 1560
Front Royal, Virginia 22630

Attention: Clerk of Council

Applications can be emailed to: jberry@frontroyalva.com

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Work Session

Work Session Agenda Form

Item # 2

DATE: April 2, 2018

AGENDA ITEM: 522 Corridor Water System Upgrade/Reliability

SUMMARY: Information will be provided at the work session.
CHA will be presenting.

BUDGET/FUNDING: N/A

STAFF RECOMMENDATION: Staff will be available

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Work Session Agenda Form

<u>Item # 3</u>

DATE: April 2, 2018

Work Session

AGENDA ITEM: Revise Electric Power Cost Adjustment

SUMMARY: Hawksley & Associates, the firm that performed the Town's electric rate analysis in 2017, recommended that the Town periodically review the Town's power cost adjustment (P.C.A.) and increase/decrease accordingly. The Town's purchases of electric and congestion charges are currently higher than anticipated for FY18 due to the changes in weather.

The Town's current P.C.A. rate is currently $0.01091 per kilowatt hour as recommended by Hawksley & Associates formula, but is allowed up to $0.01903 per kilowatt hour based on Town of Front Royal Municipal Code 70-23 Electric Charges Section C.

The formula recommended by Hawksley & Associates shows the Town's recommended P.C.A. should be adjusted to $0.01526 per kilowatt hour for FY19. Town staff plans to implement the recommended FY19 P.C.A. rate of $0.01526 per kilowatt hour in April 2018 to help recover some of the additional expense incurred from the increased expense of purchased power and congestion charges during FY18.

The $0.01526 per kilowatt hour represents an increase of $0.00435 per kilowatt when compared to the current P.C.A.. A monthly residential electric bill of 1,000 kilowatt hours will see an increase of $4.35.

BUDGET/FUNDING: Increase Electric Sales Revenue from April 2018-June 2018
Estimated Revenue Increase = $170,000

STAFF RECOMMENDATION: This is being presented for informational purposes. Council is not required to take action at this time. Town of Front Royal Municipal Code allows staff the ability to adjust the P.C.A. accordingly. (*…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, then the Town may modify the PCA (up or down), above, to recover the applicable power cost more accurately.)* [Town Code § 70-23]

	FY 2017	FY 2018	FY 2019
Effective Date:	7/1/2016	7/1/2017	7/1/2018
Projected Purchased Power Cost:	$ 13,746,686	$ 14,880,900	$ 15,637,649
Incremental Change:		1,134,214	756,749
% Change:		8%	5%
% Change in PCA Revenue Needed:		164%	40%
PCA Recommended:	$ 0.00428	$ 0.01091	$ 0.01526
kWh Sales Projections:	161,126,498	173,954,642	174,233,007
PCA Revenue Projections:	$ 689,621	$ 1,897,845	$ 2,658,842
Purchased Power Recovered in Distribution Charges:	$ 10,716,523	$ 11,569,723	$ 11,588,237
PCA Max Revenue Recovery Per Ordinance:	$ 3,030,163	$ 3,311,177	$ 4,049,412
PCA Max:	$ 0.01881	$ 0.01903	$ 0.02324

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Work Session Agenda Form

Item # 4

DATE: April 2, 2018

AGENDA ITEM: CONSIDERATION/APPROVAL/DISAPPROVAL of Amendment to Voluntary Settlement Agreement

SUMMARY: By Final Order Validating and Affirming the Voluntary Settlement Agreement between the Town of Front Royal and the County of Warren, entered by a Special Court sitting in the Circuit Court of the County of Warren, Virginia, on December 13, 1999; the said Special Court affirmed and validated a Voluntary Settlement Agreement executed by the Town and the County as of January 27, 1998, amended on October 6, 1998, and further amended on August 9, 1999 (hereinafter the "Voluntary Settlement Agreement"). The County and Town entered into the Voluntary Settlement Agreement to facilitate development in the County so that the County could generate revenue to improve the County's Public School System. Commercial and industrial development of the North US Route 340/522 Corridor (defined as the "Corridor" in the Voluntary Settlement Agreement) (hereinafter the "Corridor") enabled the County to develop the tax base necessary to fund construction of new public high schools. Extension of municipal utilities into the Corridor prompted concern on the part of the Town that development in the Corridor would place businesses within the Town limits at a competitive disadvantage with businesses located in the Corridor, as businesses located in the Corridor would not have to pay Town taxes. The County acknowledged this concern and together with the Town jointly lobbied the General Assembly to approve special legislation in Virginia Code §15.2-2119.J and §15.2-2143, which thereby authorized the Town to provide public water and sewer utility services to industrial and commercial users outside the Town's boundaries and collect such compensation therefor as may be contracted for between the Town and such users. The Town implemented public utility contracts that included Payment In-Lieu of Taxes ("PILOT") fees from commercial public utility customers in the Corridor, with the intent of causing all businesses both inside and outside of the Town limits paying as closely to the same amounts towards their municipal water and sewer utility payments, as well as the equivalent of the total taxes commercial public utility customers would pay, as if they were located within the Town boundaries. The Voluntary Settlement Agreement documented the basic responsibilities for municipal water and sewer utility provisions in the Corridor. Following the outcome of the 2009 *Applebee's, et als. v. Town of Front Royal* litigation between the Town and certain restaurants located in the Corridor, the Town suspended the collection of the food and beverage taxes of ("Meals") tax, transient room rentals tax and transient occupancy ("Lodging") taxes, also referred to as "Meals and Lodging taxes" components, of the PILOT fees which had been included in the Town's public utility contracts with businesses in the Corridor. Subsequent to this suspension of collection, the Town and County have attempted to "level the playing field" between restaurants and hotels within the Town and those located in the Corridor, such that all such businesses are paying a substantially equal amount of taxes and no businesses are realizing a competitive advantage or disadvantage based solely on which side of the Town's corporate limits they are placed. In 2015 the Town and County decided to enter into a revenue-sharing agreement, memorialized by a Memorandum of Agreement ("MOA"), whereby the Town agreed to not initiate annexation proceedings of the Corridor and to continue to not collect Meals and Lodging taxes in the Corridor, in return for which the County would remit to the Town 30% of the County's Meals Taxes collected and 5% of the County's Lodging Taxes collected. Normally, Virginia statute requires that such an inter-jurisdictional revenue-sharing agreement requires ratification by the Commission on Local Government and by Order of a three Judge Special Court appointed by the

Supreme Court of Virginia. At the time the MOA was executed, however, Town Council and the Board of Supervisors made an informed decision to not follow the formal statutory steps, as it would require too much time (approximately a year) and staff effort. However, in late 2017 Chick-fil-A decided to locate in the Corridor, and Chick-fil-A was not satisfied with the informality of the MOA, since either the Town or the County could easily withdraw at any time from the MOA, and the Town could reimpose its Meals Tax collections. This prompted the Town and County to decide to amend the 1998-1999 Voluntary Settlement Agreement. The 1999 Amendment to the Voluntary Settlement Agreement had been allowed to be amended without the need to obtain ratification by the Commission on Local Government and Order of a three Judge Special Court appointed by the Supreme Court of Virginia, due to the specific wording of the original 1998 Court Order. The County Attorney in March 2018, confirmed with the Commission on Local Government, who in turn obtained confirmation with the Office of the Attorney General, that the original 1998 Court Order, will suffice to obviate the need for the Town and County to obtain the need for ratification by the Commission on Local Government and Order of a three Judge Special Court appointed by the Supreme Court of Virginia, in order to Amend the Voluntary Settlement Agreement to formalize the MOA. The proposed Amended Voluntary Settlement Agreement would, if agreed to, impose a moratorium upon annexation proceedings by the Town upon the Corridor for 25 years. The Corridor area would also be expanded to include property located on the west side of Crooked Run, which includes tax map parcel numbers 12 M 2 9 (11.22ac), 12 M 2 10 (2.33ac), 12 M 2 11 (53.93 ac), 12 M 2 12 (20.00 ac), 12 M 2 13 (30.43 ac), and 12 M 2 14 (29.94 ac), in total containing 147.85 acres (hereinafter referred to as "Crooked Run West").

BUDGET/FUNDING: There are no adverse budget or funding constraints imposed upon the Town by this Amendment to the Voluntary Settlement Agreement on balance, rather, in the long run it should lead to financial and political stability to both the Town and County that should result in economic benefits to both jurisdictions.

STAFF RECOMMENDATION: Given that an Amendment to the Voluntary Settlement Agreement formalizes the MOA which the Town and County have already entered into, and given that the Voluntary Settlement Agreement will help bring in Chick-fil-A into the Corridor, which will be financially beneficial to both the County and the Town, staff recommends this Amendment to the Voluntary Settlement Agreement.

AMENDMENT TO VOLUNTARY SETTLEMENT AGREEMENT BETWEEN THE COUNTY OF WARREN, VIRGINIA, AND THE TOWN OF FRONT ROYAL, VIRGINIA, REGARDING THE COMPROMISE FOR PILOT MEALS AND LODGING TAXES

This Amendment to the Voluntary Settlement Agreement (hereinafter the "Amendment"), entered into pursuant to the authority granted by Sections 15.2-1300 and 15.2-3400 of the Code of Virginia, 1950, as amended, by and between the **County of Warren, Virginia**, a political subdivision of the Commonwealth of Virginia, by and through its Board of Supervisors (hereinafter the "County") and the **Town of Front Royal, Virginia**, a Virginia municipal corporation, by and through its Town Council (hereinafter the "Town").

WITNESSETH:

RECITALS:

A. By Final Order Validating and Affirming the Voluntary Settlement Agreement between the Town of Front Royal and the County of Warren, entered by a Special Court sitting in the Circuit Court of the County of Warren, Virginia, on December 13, 1999; the said Special Court affirmed and validated a Voluntary Settlement Agreement executed by the Town and the County as of January 27, 1998, amended on October 6, 1998, and further amended on August 9, 1999 (hereinafter the "Voluntary Settlement Agreement").

B. The County and Town entered into the Voluntary Settlement Agreement to facilitate development in the County so that the County could generate revenue to improve the County's Public School System. Commercial and industrial development of the North US Route 340/522 Corridor (defined as the "Corridor" in the Voluntary Settlement Agreement) (hereinafter the "Corridor") enabled the County to develop the tax base necessary to fund construction of new public high schools and middle schools.

C. Extension of municipal utilities into the Corridor prompted concern on the part of the Town that development in the Corridor would place businesses within the Town limits at a competitive disadvantage with businesses located in the Corridor, as businesses located in the Corridor would not have to pay Town taxes.

D. The County acknowledged this concern and together with the Town jointly lobbied the General Assembly to approve special legislation in Virginia Code §15.2-2119.J and §15.2-2143, which thereby authorized the Town to provide public water and sewer utility services to industrial and commercial users outside the Town's boundaries and collect such compensation therefor as may be contracted for between the Town and such users. The Town implemented public utility contracts that included Payment In-Lieu of Taxes ("PILOT") fees from commercial public utility customers in the Corridor, with the intent of causing all businesses both inside and outside of the Town limits paying as closely to the same amounts towards their municipal water and sewer utility payments, as well as the equivalent of the total taxes commercial public utility customers would pay, as if they were located within the Town boundaries.

E. The Voluntary Settlement Agreement documented the basic responsibilities for municipal water and sewer utility provisions in the Corridor.

F. Following the outcome of 2009 litigation between the Town and certain restaurants located in the Corridor, the Town suspended the collection of the food and beverage taxes or meals tax, transient room rentals tax and transient occupancy or lodging taxes, also referred to as "Meals and Lodging" taxes" components, of the PILOT fees which had been included in the Town's public utility contracts with businesses in the Corridor.

G. Subsequent to this suspension of collection, the Town and County have attempted to "level the playing field" between restaurants and hotels within the Town and those located in the Corridor, such that all such businesses are paying a substantially equal amount of taxes and no businesses are realizing a competitive advantage or disadvantage based solely on which side of the Town's corporate limits they are placed.

H. In addition, the Town and County both desire to expand the Corridor area to include property located on the west side of Crooked Run, which includes tax map parcel numbers 12 M 2 9 (11.22ac), 12 M 2 10 (2.33ac), 12 M 2 11 (53.93 ac), 12 M 2 12 (20.00 ac), 12 M 2 13 (30.43 ac), and 12 M 2 14 (29.94 ac), in total containing 147.85 acres (hereinafter referred to as "Crooked Run West").

I. The County and the Town have recognized that amending the Voluntary Settlement Agreement as set forth herein will be beneficial to the orderly growth and continued viability of both localities.

J. Virginia Code Section 15.2-3400 allows localities to voluntarily enter into agreements with other localities to settle and resolve matters beneficial to the orderly growth and continued viability of such localities.

K. The parties hereto have been advised by officials of the Commission on Local Government and the Office of the Attorney General that the Court Orders contained in the said Voluntary Settlement Agreement provide for an Amendment to the Voluntary Settlement Agreement without the necessity of the Amendment being additionally submitted to the Commission on Local Government and then being further ratified by a Special Court appointed by the Supreme Court of Virginia.

NOW, THEREFORE WITNESSETH, that for and in consideration of the premises, and the mutual benefits flowing to all residents of the County, whether living within or without the Town's corporates limits, the parties hereto agree as follows:

1. The parties agree to amend the Voluntary Settlement Agreement as provided for herein, and to accomplish all steps reasonable and necessary to have the proper approvals to effectuate this Amendment.

2. The Corridor area, as defined in the Voluntary Settlement Agreement, is expanded to include Crooked Run West which contains tax map parcel numbers 12 M 2 9 (11.22ac), 12 M 2 10 (2.33ac), 12 M 2 11 (53.93 ac), 12 M 2 12 (20.00 ac), 12 M 2 13 (30.43 ac), and 12 M 2 14 (29.94 ac), in total containing 147.85 acres (the map of the Corridor and Crooked Run West is attached hereto as Exhibit A). The area known as Crooked Run West is planned to be developed in the future with restaurants, retail stores and financial institutions similar to those in the Corridor, plus one or more hotels, with all of Crooked Run West anticipated to require an average of not more than 40,000 gallons per day of water usage and sewer discharge at full build-out. The Corridor, as established in the Voluntary Settlement Agreement, is hereby expanded and amended to include Crooked Run West, provided that Crooked Run West is developed as herein described and its total public utility water/sewer needs do not exceed an average of 40,000 gallons per day, unless any usage in excess of that estimate is specifically approved by the Town Council.

3. For the duration of the Amendment, the Town will not resume collection of Meals and Lodging taxes components of the PILOT fees from commercial businesses located within the Corridor or Crooked Run West.

4. The Town will continue to maintain and establish municipal water and sewer utility contracts with commercial businesses in the Corridor and Crooked Run West requiring municipal water and sewer utility services, including in-town rates for tap (connection) fees, and the Town will continue to collect PILOT fees from those customers, excluding the Meals and Lodging Tax components.

5. For all existing and future commercial municipal water and sewer utility customers operating under any Town PILOT fee agreement in the Corridor and Crooked Run West, the County will appropriate and provide funding to the Town through the County's General Fund Revenues for a) the equivalent of thirty percent (30%) of the Meals Tax collected in the Corridor and Crooked Run West by the County, and b) the equivalent of five per cent (5%) of the Lodging Tax collected in the Corridor and Crooked Run West by the County during the previous fiscal year, said appropriations to be remitted to the Town in equal, bi-annual payments to be made not later than each December 31 and June 30 annually, beginning December, 2016. The County shall provide a certified statement from its auditor verifying the County's General Fund Revenues to include Meals and Lodging Tax revenues in both the Corridor and Crooked Run West to the Town with the December payment.

6. Should the County Board of Supervisors determine that appropriations for payment prescribed in this Amendment will not be incorporated into its annual appropriations in any given year, the County shall provide the Town with written notice at least one hundred-twenty (120) days in advance of the next bi-annual payment date.

7. Should the County Board of Supervisors fail to appropriate funding in compliance with this Amendment in any given year, this Amendment shall terminate.

8. All PILOT fee agreements with the municipal water and sewer utility customers of the Town will continue as written unless invalidated by a court of competent jurisdiction. In the event any such PILOT fee agreements as currently written are so invalidated, the Town reserves the right to amend the PILOT fee agreements so long as such PILOT fee agreements do not increase the payments required of commercial businesses beyond the payment rates charged to commercial businesses of the same category or class located within the Town limits, excluding

meals and lodging taxes. The Out-of-Town utility rate, which is currently twice the In-Town rate, will continue to apply to industrial customers, unless negotiated otherwise by the Town with such customers.

9. Recognizing that future establishments of dining and lodging located in the Corridor and Crooked Run West should be operated as fairly and competitively as possible with similar establishments located within the Town limits, the Town and the County agree to use all due diligence in working with future businesses to consider their rezoning/conditional use permit applications, subdivision plats, site plans and utility applications as expeditiously as practical and appropriate.

10. Requests for future municipal water and sewer utility services within the Corridor and Crooked Run West shall continue to be considered as provided in the Voluntary Settlement Agreement and shall not require the County or the property owner/occupant to request a boundary adjustment to include the involved property/use within the boundary of the Town. Additionally, the Town will continue to be invited to provide input and due consideration of all rezoning requests in the Corridor and Crooked Run West.

11. The County can terminate the appropriations and payment of funding described in this Amendment in the event the Town Council votes and approves the collection of the Meals and Lodging Tax components of the PILOT fees for commercial businesses in the Corridor or Crooked Run West as established by this Amendment.

12. The Town will not initiate an annexation action in the Annexation Immunity Area, as defined in the Voluntary Settlement Agreement and shown on the attached Exhibit B, for twenty-five (25) years from the date of execution of this Amendment (hereinafter the "Annexation Immunity Area"). The County can terminate the appropriations and payment of funding described

in this Amendment in the event the Town commences annexation legal filings or proceedings within the Annexation Immunity Area within such time period above, unless requested by the County. Annexation or Boundary Adjustment of any other area of the County or property owner initiated requests outside the Annexation Immunity Area will not give cause to terminate appropriations ~~or~~ of payments.

13. The Town may terminate further extension of municipal water and sewer utility services to any new commercial or industrial customers in the Corridor or Crooked Run West if the Town determines in good faith that it does not have the utility capacity to serve such new customers without being able to serve the Town's existing municipal utility customers in accordance with the Town's contractual and legal obligations with such existing municipal utility customers.

14. The parties agree to present the Amendment to the Commission on Local Government, if required, as a proposed settlement pursuant Virginia Code Section 15.2-3400.

15. The parties agree that should a recommendation of the Commission on Local Government not be needed on the Amendment, then the Town Council and Board of Supervisors will pass respective Town and County resolutions to adopt either this Amendment or a modified amendment to the Voluntary Settlement Agreement acceptable to all parties.

16. This Amendment may be amended by mutual written agreement of both the County of Warren and Town of Front Royal.

Witness the following signatures on the dates indicated.

COUNTY OF WARREN, VIRGINIA

By: ________________________________
Tony F. Carter, Chairman,
Warren County Board of Supervisors

Attest:

____
Douglas P. Stanley,
Clerk to the Board of Supervisors

Approved as to form:

____
Dan N. Whitten,
County Attorney

TOWN OF FRONT ROYAL, VIRGINIA

By: ________________________________
Hollis L. Tharpe, Mayor

Attest:

____
Jennifer E. Berry,
Clerk to Town Council

Approved as to form:

____
Douglas W. Napier
Town Attorney

MEMORANDUM OF AGREEMENT
COMPROMISE FOR PILOT
MEALS & LODGING FEES

This **Memorandum of Agreement to Compromise for PILOT Meals & Lodging Fees** is hereby executed this 26th day of August, 2015 by the **Town of Front Royal, Virginia,** a Virginia municipal corporation (hereinafter "the Town") and the **County of Warren, Virginia,** a political subdivision of the Commonwealth of Virginia (hereinafter "the County") to arrive at a resolution of the ongoing issue concerning the Town's PILOT revenue from commercial businesses in the Route 522 Corridor (hereinafter "the Corridor") served by the Town's municipal utility system and to provide for continued development in the Corridor to the benefit of all residents of the Town and the County.

WITNESSETH:

RECITALS:

A. In the late 1980's and early 1990's, the Town extended municipal water and sewer utility service into the Corridor (defined herein as that area called the "Annexation Immunity Area" in that Voluntary Settlement Agreement entered into between the Town and the County, dated January 27, 1998, amended October 6, 1998, further amended August 9, 1999, and affirmed by the Circuit Court of Warren County, Virginia by Final Order Validating and Affirming Voluntary Settlement Agreement Between the Town of Front Royal and the County of Warren entered December 13, 1999 (the "Voluntary Settlement Agreement", together with that area referred to as "Crooked Run West" as set forth in Paragraph No. 10 of this Memorandum of Understanding ("MOA"), all of which will be hereinafter referred to as the "Annexation Immunity Area" or "Corridor" for purposes of this MOA), to facilitate development in the County so that the County would be able to improve the County's Public School System. Commercial and industrial development of the Corridor enabled the County to develop the tax base necessary to fund construction of new high schools and middle schools.

B. Extension of municipal utilities into the Corridor prompted concern on the part of the Town that development in the Corridor would place businesses within the Town limits at a competitive disadvantage with businesses located in the Corridor, as businesses located in the Corridor would not have to pay Town taxes.

C. The County acknowledged this concern and together with the Town jointly lobbied the General Assembly to approve special legislation in Virginia Code §15.2-2119.J and §15.2-2143, which thereby authorized the Town to provide water and sewer utility services to industrial and commercial users outside the Town's boundaries and collect such compensation therefor as may be contracted for between the Town and such users. The Town implemented utility contracts that included Payment In-Lieu of Taxes ("PILOT") fees from commercial utility customers in the Corridor, with the intent of causing all businesses both inside and outside of the Town limits paying as closely to the same amounts towards their municipal water and sewer utility payments, as well as the equivalent of the total taxes commercial utility customers would pay, as if they were located within the Town boundaries.

D. The said Voluntary Settlement Agreement documented the basic responsibilities for municipal water and sewer utility provisions in the Corridor.

E. Following the outcome of 2009 litigation between the Town and certain restaurants located in the Corridor, the Town suspended the collection of the food and beverage taxes or meals tax, transient room rentals tax or and transient occupancy or lodging taxes, also referred to as "Meals and Lodging" taxes" components, of the PILOT fees which had been included in the Town's utility contracts with businesses in the Corridor.

F. Subsequent to this suspension of collection, the Town and County have attempted to "level the playing field" between restaurants and hotels within the Town and those located in the Corridor, such that all such businesses are paying a substantially equal amount of taxes and none are realizing a competitive advantage or disadvantage based solely on which side of the Town's corporate limits they are placed.

TO THAT END, and for and in consideration of the mutual covenant contained herein, the Town and the County agree as follows:

1. For the duration of this Memorandum of Agreement (hereinafter "MOA"), the Town will not resume collection of Meals and Lodging taxes components of the PILOT fees from commercial businesses located within the "Annexation Immunity Area," as that Area is identified Paragraph A. of the Recitals above.

2. The Town will continue to maintain and establish municipal water and sewer utility contracts with commercial businesses in the said Annexation Immunity Area requiring municipal water and sewer utility services, and the Town will continue to collect PILOT fees from those customers, excluding the Meals and Lodging Tax components.

3. For all existing and future commercial municipal water and sewer utility customers operating under any Town PILOT fee Agreement in the Annexation Immunity Area the County will appropriate and provide funding to the Town through the County's General Fund Revenues for a.) the equivalent of thirty percent (30%) of the Meals Tax collected in the Corridor by the County, and b.) the equivalent of five per cent (5%) of the Lodging Tax collected in the Corridor by the County during the previous fiscal year, said appropriations to be remitted to the Town in equal, bi-annual payments to be made not later than each December 31 and June 30 annually, beginning December, 2016. The County shall provide a certified statement from its

auditor verifying the County's General Fund Revenues to include Meals and Lodging Tax revenues in the Corridor to the Town with the December payment.

4. Should the County Board of Supervisors determine that appropriations for payment prescribed in this MOA will not be incorporated into their annual appropriations in any given year, the County shall provide the Town with written notice at least one hundred-twenty (120) days in advance of the next bi-annual payment date.

5. Should the County Board of Supervisors fail to appropriate funding in compliance with the MOA in any given year, this MOA shall terminate.

6. All PILOT fee agreements with the municipal water and sewer utility customers of the Town will continue as written unless invalidated by a court of competent jurisdiction. In the event any such PILOT fee agreements as currently written are so invalidated, the Town reserves the right to amend the PILOT fee agreements so long as such PILOT fee agreements do not increase the payments required of commercial businesses beyond the payment rates charged to commercial businesses of the same category or class located within the Town limits, excluding meals and lodging taxes. The Out-of-Town utility rate, which is currently twice the In-Town rate, will continue to apply to industrial customers, unless negotiated otherwise by the Town with such customers.

7. Recognizing that future establishments of dining and lodging located in the Annexation Immunity Area should be operated as fairly and competitively as possible with similar establishments located within the Town limits, the Town and the County agree to use all due diligence in working with future businesses to consider their rezoning/conditional use permit applications, subdivision plats, site plans and utility applications as expeditiously as practical and appropriate.

8. Requests for future municipal water and sewer utility services within the Annexation Immunity Area shall continue to be considered as provided in the Voluntary Settlement Agreement and shall not require the County or the property owner/occupant to request a boundary adjustment to include the involved property/use within the boundary of the Town. Additionally, the Town will continue to be invited to provide input and due consideration of all rezoning requests in Annexation Immunity Area, as provided in the Voluntary Settlement Agreement.

9. The parcels identified as parcel numbers 12 M 2 9 (11.22ac), 12 M 2 10 (2.33ac), 12 M 2 11 (53.93 ac), 12 M 2 12 (20.00 ac), 12 M 2 13 (30.43 ac), and 12 M 2 14 (29.94 ac) shall be hereinafter referred to as "Crooked Run West (147.85ac)". The area known as Crooked Run West is planned to be developed in the future with restaurants, retail stores and financial institutions similar to those in the Crooked Run development, plus one or more hotels, with all of Crooked Run West anticipated to require an average of not more than 40,000 gallons per day of water usage and sewer discharge at full build-out. The Annexation Immunity Area as established in the Voluntary Settlement Agreement is hereby expanded and amended to include

Crooked Run West, provided that Crooked Run West is developed as herein described and its total water/sewer needs do not exceed an average of 40,000 gallons per day, unless any usage in excess of that estimate is specifically approved by the Town Council. The Town shall be entitled to execute PILOT fee Agreements with all commercial businesses in Crooked Run West and collect all PILOT fees from these customers, excluding the Meals and Lodging Tax component.

10. The County can terminate the appropriations and payment of funding described in this MOA in the event the Town Council votes and approves 1) the collection of the Meals and Lodging Tax components of the PILOT fees for commercial businesses in the Annexation Immunity Area as established by this MOA; or 2) the commencement of annexation legal filings or proceedings within the Annexation Immunity Area as established by this MOA, unless requested by the County. Annexation or Boundary Adjustment of any other area of the County or property owner initiated requests outside the Annexation Immunity Area will not give cause to terminate appropriations or payments.

11. The Town may terminate further extension of municipal water and sewer utility services to any new commercial or industrial customers in the Annexation Immunity Area if the Town determines in good faith that it does not have the utility capacity to serve such new customers without being able to serve the Town's existing municipal utility customers in accordance with the Town's contractual and legal obligations with such existing municipal utility customers.

[*Signatures begin on next following page*]

WITNESSETH the following signatures:

For the Town of Front Royal, Virginia

Timothy W. Darr, Mayor

Date: 08/24/2015

Attest:

Steven M. Burke, Town Manager

Date: 8/24/15

Approved as to Form:

Douglas W. Napier, Esq.
Town Attorney

For the County of Warren, Virginia

Richard H. Traczyk, Chairman

Date: 8/26/15

Attest:

Douglas P. Stanley, County Administrator

Date: 8/26/2015

Approved as to Form:

Blair D. Mitchell, Esq.
County Attorney

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Work Session Agenda Form Item # 5

DATE: 4/2/18

Work Session

AGENDA ITEM: FY19 Proposed Budget – Additional Discussion

SUMMARY: Staff presented the FY19 Proposed Budget during the March 5, 2018 work session. Additional time has been allocated to discuss any questions or concerns regarding the proposed budget. The FY19 proposed budget appropriation will be advertised in coming weeks with the public hearing and first reading of appropriation ordinance scheduled for the May 28, 2018 council agenda.

Council is requested to discuss any questions or concerns regarding the FY19 proposed budget.

BUDGET/FUNDING: N/A

STAFF RECOMMENDATION: Staff recommends adopting the proposed budget as presented.

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Work Session Agenda Form

Item # 6

DATE: April 2, 2018

Work Session

AGENDA ITEM: 2018 VML Policy Committee Nominations

SUMMARY: Attached is the nomination form and policy committee process for the 2018 Virginia Municipal League (VML) Policy Committees. The nomination form is due to VML April 18, 2018; therefore, Council will vote on the nominations at the next regular meeting. All terms are for May 2018 – December 2018. No individual may serve on more than one committee. Below are the Policy Committee members voted by Council at the May 8, 2017 Council meeting and whose terms expired December 2017.

Community & Economic Development Committee – Councilmen Morrison and Sealock
Environmental Quality Committee – Interim Town Manager Waltz and Councilman Morrison
Finance Committee – Interim Finance Director Wilson and Councilman Meza
General Laws Committee – Town Attorney Napier and Councilman Connolly
Transportation Committee – Mayor Tharpe and Vice Mayor Tewalt

BUDGET/FUNDING: None

STAFF RECOMMENDATION: Council takes desired action at the April 9, 2018 Meeting

VML
VIRGINIA MUNICIPAL LEAGUE

P.O. BOX 12164
RICHMOND, VIRGINIA 23241

13 EAST FRANKLIN STREET
RICHMOND, VIRGINIA 23219

804/649-8471
www.vml.org

March 14, 2018

To: VML Full-Member Key Officials; Council and Board Clerks

From: Michelle Gowdy, Executive Director

Subject: 2018 VML Policy Committee Nominations

The Virginia Municipal League welcomes your nominations for the 2018 policy committees. Accompanying this memo is a description of the committee process and a nominations form.

Please return your locality's nominations form by April 18. If your community has a May election, you may submit a revised form after your elections.

Please observe the following guidelines with your nominations:

- Only governing body members and appointed officials (i.e., employees of the local government) are eligible to serve.

- You may nominate two people to a committee; if two are nominated, at least one should be a governing body member.

- Individuals may serve on only one committee a year.

Please return your nominations form by April 18.

Policy committees traditionally meet in late July in the Richmond area; committee meeting dates and times will be forwarded to you once they are confirmed.

Please call or email Janet Areson at VML (804-523-8522; jareson@vml.org) if you have any questions about the appointment process.

Attachments

VML 2018 Policy Committee Nominations

Please return this form by **April 18** to Joni Terry at VML, P.O. Box 12164, Richmond, VA 23241; Fax 804/343-3758; email: 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)

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

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

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.

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