



TOWN COUNCIL WORK SESSION

Monday, April 16, 2018 @ 7:00pm

Town Hall Council Chambers

1. Request to Use Stone from McKay Property for Blue Ridge Heritage Project – *Darryl Merchant*

SUMMARY: Council has received a request from Darryl Merchant, Chairman of the Front Royal-Warren County Blue Ridge Heritage Project seeking approval of using foundation stones from the remains of the Robert McKay house (currently owned jointly by the Town of Front Royal and the County of Warren) for construction of a memorial chimney to be constructed as part of memorializing those families displaced by the creation of the Shenandoah National Park known at the Blue Ridge Heritage Project. Council approved a Resolution that approved the memorial site on Town-owned property for the Blue Ridge Heritage Project on October 23, 2017. The Board of Supervisors approved the request for the use of stone from the McKay house at their April 3, 2018 meeting.

Council Discussion: Mr. Merchant thanked the press for their coverage of the program and thanked Council for their consideration. In response to Council's questions, he noted that fundraising was slow.

2. CDBG Update – *Director of Planning/Zoning* (15 minutes)

SUMMARY: Staff will provide Town Council with an update on the CDBG process, including review of the revised budget, needed resolutions from Town Council, advertisements, and a general timeline moving forward towards signing a contract with the Virginia Department of Housing and Community Development for the \$700,000 in funds awarded to the Town.

STAFF RECOMMENDATION: This agenda item is for information purposes only. Staff does recommend that the necessary resolutions be scheduled for the next available Town Council Meeting following the work session.

BUDGET LINE ITEM	TOTAL BUDGET	CDBG BUDGET (1MIL)	CDBG BUDGET (700K) DRAFT	TOWN BUDGET
ADMINISTRATION				
Execution of DHCD Contract	10,000.00	8,400.00	7,500.00	2,500.00
Execution of Project Contracts	10,000.00	12,400.00	10,000.00	0.00
Execution of Project Contract (Public Improvements)	3,000.00	4,000.00	3,000.00	0.00
Contract Monitoring (Mtg & Financial Tracking for 24 Mos)	21,000.00	24,000.00	21,000.00	0.00
Construction Completion	10,500.00	12,400.00	10,500.00	0.00
Construction Completion (Public Improvements)	3,500.00	4,000.00	3,500.00	0.00
Achievement of Benefits (Monthly Reporting) (24 Mos @ \$75 each)	1,700.00	1,800.00	1,700.00	0.00
Achievement of Benefits (Annual Reporting) (2 @ \$400 each)	800.00	800.00	800.00	0.00
Satisfactory Compliance Reviews (2 @ 2,000 each)	4,000.00	4,000.00	4,000.00	0.00
Administrative Project Closeout	2,000.00	2,000.00	2,000.00	0.00
Labor Compliance	6,000.00	6,000.00	6,000.00	0.00
Workshops	1,500.00	0.00	0.00	1,500.00
Avertising	1,250.00	0.00	0.00	1,250.00
Legal	1,400.00	0.00	0.00	1,400.00
Deed of Trust Recordations	1,500.00	0.00	0.00	1,500.00
SUBTOTAL	78,150.00	79,800.00	70,000.00	8,150.00
ADMINISTRATION TOTAL	78,150.00	79,800.00	70,000.00	8,150.00
FAÇADE IMPROVEMENTS				
Architect/ Engineer/ Design	35,000.00	35,000.00	35,000.00	0.00
Inspection	0.00	0.00	0.00	0.00
Construction/Improvements	630,000.00	350,000.00	315,000.00	315,000.00
SUBTOTAL	665,000.00	385,000.00	350,000.00	315,000.00
FAÇADE IMPROVEMENT PROGRAM TOTAL	665,000.00	385,000.00	350,000.00	315,000.00

PHYSICAL IMPROVEMENTS				
Public Restroom & Drinking Fountain				
Engineering and Inspections	0.00	12,500.00	0.00	0.00
Labor	0.00	37,500.00	0.00	0.00
Material	0.00	75,000.00	0.00	0.00
Maintenance/Sustainability	0.00	0.00	0.00	0.00
Permitting	0.00	0.00	0.00	0.00
SUBTOTAL	0.00	125,000.00	0.00	0.00
Multi-Purpose Open Air Gathering Space				
Engineering and Inspections	0.00	35,000.00	0.00	0.00
Labor	0.00	37,500.00	0.00	0.00
Material	0.00	75,000.00	0.00	0.00
Maintenance/Sustainability	0.00	0.00	0.00	0.00
Permitting	0.00	0.00	0.00	0.00
SUBTOTAL	0.00	137,500.00	0.00	0.00
Town Plaza				
Engineering and Inspections	15,000.00	0.00	0.00	15,000.00
Labor	69,000.00	45,000.00	0.00	24,000.00
Material	109,500.00	85,000.00	0.00	24,500.00
Maintenance/Sustainability	5,000.00	0.00	0.00	5,000.00
Permitting	21,180.00	0.00	0.00	21,180.00
SUBTOTAL	219,680.00	130,000.00	0.00	89,680.00
Streetscape Improvement Planning & Design				
Engineering and Inspections	20,000.00	25,000.00	0.00	20,000.00
Labor (crosswalks, trash cans, benches - refurbish)	5,100.00	0.00	0.00	5,100.00
Material (crosswalks, trash cans, benches - refurbish)	3,400.00	0.00	0.00	3,400.00
Permitting	0.00	0.00	0.00	0.00
SUBTOTAL	28,500.00	25,000.00	0.00	28,500.00
Parking & Alley Improvements				
Engineering and Inspections	50,000.00	40,000.00	0.00	50,000.00
Labor	2,100.00	0.00	0.00	2,100.00
Murals	3,000.00	0.00	0.00	3,000.00
Material	1,400.00	0.00	0.00	1,400.00
SUBTOTAL	56,500.00	40,000.00	0.00	56,500.00
Royal Shenandoah Greenway - Criser Road Trail Link				
Engineering and Inspections	40,000.00	0.00	0.00	40,000.00
Labor	120,000.00	0.00	0.00	120,000.00
Material	230,000.00	0.00	0.00	230,000.00
Permitting	10,000.00	0.00	0.00	10,000.00
SUBTOTAL	400,000.00	0.00	0.00	400,000.00
PUBLIC IMPROVEMENTS TOTAL	704,680.00	327,500.00	130,000.00	574,680.00
SIGNAGE				
Engineering/ Design and Inspections	21,500.00	18,500.00	15,000.00	6,500.00
Labor	15,000.00	0.00	0.00	15,000.00
Material	132,000.00	137,500.00	120,000.00	12,000.00
Permitting	1,000.00	0.00	0.00	1,000.00
SUBTOTAL	169,500.00	156,000.00	135,000.00	34,500.00
SIGNAGE TOTAL	169,500.00	156,000.00	135,000.00	34,500.00
BRANDING & MARKETING				
Social Media & Digital Advertisements	4,000.00	15,000.00	4,000.00	0.00
Marketing Documents & Brochures	10,500.00	0.00	0.00	10,500.00
Website Strategy	11,000.00	0.00	11,000.00	0.00
Refurbish Brochure Racks	2,200.00	0.00	0.00	2,200.00
Visitor Center Update	16,700.00	16,700.00	0.00	16,700.00
Branded Campaigns	0.00	20,000.00	0.00	0.00
SUBTOTAL	44,400.00	51,700.00	15,000.00	29,400.00
BRANDING AND MARKETING TOTAL	44,400.00	51,700.00	15,000.00	29,400.00
TOTAL	1,661,730.00	1,000,000.00	700,000.00	961,730.00

Mr. Camp presented the following report to Council:

CDBG Pre-Contract Activities Update

TIMELINE:

- January 2018: Governor Awarded the Town with \$700,000 in CDBG funds.
- February 2018: Pre-Contract Negotiation Meeting.
- March 2018: CPP selected by the Town for project management consulting services.
- April 2018: Public Notices, Resolutions, submission of Programmatic Agreement to DHR, Facilitated Management Meeting with VDHCD.
- May 2018: Completion of other required documents.
- June/July 2018: Contract with VDHCD.
- 2018 - 2020: Contract Implementation.

RESOLUTIONS

- Local (Section 3) Business & Employment Plan

- Non-Discrimination Policy.
- Anti-Displacement Plan.
- Fair Housing Certification.
- Section 504 Policy & Self Assessment.

PUBLIC NOTICES

- Early floodplain notice
- Non-discrimination on the basis of handicap notice
- Solicitation of local employment notice
- Solicitation for female, minority and local employees.

Council Discussion: To answer Council's questions, Mr. Camp noted that the bathroom facilities could not be a separate structure. He added that 12% for engineering shown was for the design and it would go out to bid, and it was a conservative number. Mr. Camp stated that it could be more or less than what is shown.

3. Ordinance Amendment to Town Code §134-21.1.C and 134-31.C. for Water and Sewer Rates Charged in Route 522 Corridor – *Town Attorney* (10 minutes)

Summary: Following the statutory procedures set forth in Title 15.2, of the Code of Virginia regarding Voluntary Settlement Agreements, the Town of Front Royal, Virginia, a municipal corporation, (the "Town Council" or the "Town", as the case may be) and the County of Warren, Virginia, a political subdivision, (the "Board of Supervisors", or the "County", as the case may be), first entered into in 1998, and amended and finalized in 1999, entered into a Voluntary Settlement Agreement (the "Voluntary Settlement Agreement"). The purpose of the Voluntary Settlement Agreement was 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.

In order to alleviate concern on the part of the Town Council 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 Town and County jointly obtained approval of the General Assembly to amend the Code of Virginia to allow the Town to provide public water and sanitary 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 thereupon 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. Users of Town water and sewer located in the Corridor therefore pay in-Town water and sewer rates, whereas users of Town water and sewer located outside the Corridor area pay double the in-Town water and sewer rates. These rates are reflected in the contracts for water and sewer services with the Town's out-of-Town utility customers, and these rates have also been reflected in the Corridor revenue sharing agreements the Town and County have reached, as reflected by the 2015 Memorandum of Agreement and in

the Amended Voluntary Settlement Agreement that was just finalized. Unfortunately, for some reason, however, the Town Code was never amended to state the difference between the rates to be paid by Town utility customers located in the Corridor, and those located outside the Corridor. The Town Code currently now simply states: “The rates for sanitary sewer service [water] usage furnished outside of the limits of the Town of Front Royal: one hundred percent (100%) more than the in-town rates as provided above.”

This has had the effect of confusing potential commercial customers looking to locate into the Corridor, and possibly discouraging them from locating there. These amendments into Town Code Section 134-22.1. C., relating to sewer, and 134-31.1. C., relating to water, is intended to rectify that.

Further, because the provision of water and sanitary sewer services are essential public services, they are required to be provided to all customers on a materially equal basis. For this reason, experience has shown that these utility contracts, including the PILOT (“Payment-In-Lieu-Of-Taxes”) contracts, are best included as a model in the Town Code, so all potential customers in the Corridor know up front what to expect when negotiating with the Town and County to locate in the Corridor.

BUDGET/FUNDING: No adverse budget or funding effect upon the Town.

STAFF RECOMMENDATION: Approval of amendments to Town Code Section 134-22.1. C., relating to sanitary sewer service, and 134-31.1. C., relating to water service.

Council Discussion: Council asked if that would be advertised, Mr. Napier noted that was correct. Councilman Meza asked about those outside of Town limits, residential, paying double and how long that would continue. Council noted that that would continue forever for various reasons; the Town was limited on the withdraw of the river and to discourage of the residential growth of subdivisions outside of the Town limits as well.

4. Software Update to Utility Billing Package – *Director of IT* (10 minutes)

SUMMARY: In an effort to prepare for future AMI integration, a software update to our utility billing package is necessary. The update will take 3 to 6 months to fully integrate.

This will also update several software tools that are “end of life” that the finance department uses regularly.

BUDGET/FUNDING: Original cost of the project was \$231,035. After months of negotiations the final project cost is \$137,435.

9417 R47001 Funding set aside in budget for AMI project.

STAFF RECOMMENDATION: Staff recommends purchasing the software update.

Mr. Jones presented the following information on the project:

- Phase 1 upgrade will take 3 to 6 months and will update the existing software package.
- Phase 2 upgrade will take another 3 to 6 months and will build a software bridge that will allow our utility billing software to directly communicate with AMI systems.

- Upgrade includes new software tools the finance department uses for reporting and financial analysis. The current software is no longer supported or receiving security updates.
- Software upgrade MAY offer several enhancements that are currently unavailable.
- Original cost of the project was \$231,035
- Final negotiated cost will be \$137,435
- Moving forward saves the Town \$93,600
- Funding will be from money set aside for the AMI project and no budget adjustments are necessary.

Council Discussion: Council voiced their support, though they asked that it be on the regular agenda. Mr. Jones noted that it will be what resolves the AMI portion to bridge the software matter.

5. Criser Road Bridge Replacement Funding – *Director of Finance/Town Engineer* (10 minutes)

SUMMARY: The Town held a bid opening on Tuesday, April 10, 2018 for the Criser Road Bridge Replacement Project. The Town posted the bid on the Town's website and the Commonwealth of Virginia's purchasing website, as well as mailed out four invitations for bid. The Town received back responses with the lowest being \$986,075.00 from Archer Western Construction LLC.

There are currently \$561,491.65 of Town funds budgeted for the project that have been carried over from previous years and \$225,000.00 approved from V-DOT revenue sharing. Town Council will need to provide staff direction regarding additional funding in the amount of \$199,583.35 and approval to award the bid before staff can move forward with the project.

BUDGET/FUNDING:

4500 – R47962	Highway Maintenance Bridge Repairs	\$292,552.65
PO#28489		

4500 – R47926	Highway Maintenance Criser Road Bridge	\$268,939.00
PO#28283		

Total Carried Over Town Funding - \$561,491.65

V-DOT Revenue Sharing - \$225,000.00

Total Available Funding - \$786,491.65

Additional Funding Required - \$199,583.35

STAFF RECOMMENDATION: Staff recommends for Town Council to approve a budget amendment to withdraw \$ 199,583.35 from general fund balance and transfer to the street fund to fund this project. The general fund has approximately \$1.5 million in fund balance that exceeds the three-month reserves. If the additional funds were to be funded from general fund balance the remaining general fund balance exceeding the three-month reserve level would be approximately \$ 1.3 million

Council Discussion: Mr. Sealock noted that he has concerns with the \$200,000 shortfall coming from General Fund Balance. He stated that he has various concerns with approving projects without earmarking for budgeting.

He voiced his wish for a pet project for a major crosswalk and lighting project that he would like to request funding for, though he was fearful of requesting any funding at this point.

Mr. Waltz stated that rent has been paid, to answer Mr. Sealock, he is correct that it has been used for providing that for rent for the current Jackson Street site.

Vice Mayor Tewalt suggested using funding from the sale of the Police Department's old building. Mr. Wilson noted that he is unsure if there is enough from the Police building, though the sale of the old Electric Department went back into the General Fund. Mr. Tewalt stated that he did not wish that the any funds be removed from the Town savings.

Council noted their support of moving forward and the project taking place when the school is not in session.

6. Royal Phoenix Northern Pump Station – *Director of Finance/Town Engineer* (15 minutes)

SUMMARY: The Town held a bid opening on Tuesday, April 3, 2018 for the Royal Phoenix Northern Sewer Pump Station. The Town posted the bid on the Town's website and the Commonwealth of Virginia's purchasing website, as well as mailed out 33 invitations for bid. The Town received back four responses with the lowest being \$469,381.92 from G B Foltz Contracting Inc. There are currently no funds budgeted for the project. Town Council will need to approve funding and approve to award the bid before staff can move forward with the project.

BUDGET/FUNDING:

9801-3888888 Waste Water Treatment Plant Appropriated Funds Forward
\$469,381.92 9801-47009

Waste Water Treatment Plant Building & Structures
\$469,381.92

STAFF RECOMMENDATION:

Staff recommends for Town Council to approve a budget amendment to withdraw \$469,381.92 from sewer fund balance to fund this project. The sewer fund has approximately \$1.2 million in fund balance that exceeds the three-month reserves.

If the project were to be funded from sewer fund balance the remaining sewer fund balance exceeding the three-month reserve level would be approximately \$730,000.

Council Discussion: Council voiced their support of the matter as presented.

7. Council Discussion/Goals

- none -

PRESENT: Mayor Tharpe, Vice Mayor Tewalt, Councilman Connolly, Councilman Gillispie, Councilman Meza, Councilman Sealock, Town Manager Waltz, Town Attorney Napier, Clerk of Council Berry, Director of Planning Camp, Director of Finance Wilson, Director of Energy Services Jenkins, Police Chief Magalis, Town Engineer Brown, Community Development Director Hart, IT Director Jones, GIS Coordinator Merchant, members of the public and members of the press.

Absent: Councilman Morrison