



**TOWN COUNCIL
WORK SESSION MINUTES
Monday, March 18, 2019 @ 7:00 p.m.
Town Hall Council Chambers**

Vice Mayor Sealock moved, seconded by Councilman Gillispie, that Council remove Closed Item #2 (Afton Inn, Legal Counsel) from the meeting.

Vote: Yes – Gillispie, Holloway, Meza, Sealock, Tewalt and Thompson
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)

1. Request to Assist in Funding the Independence Day Celebration - 4-H Center – Town

Manager The Town has received a request from the Northern Virginia 4-H Educational and Conference Center to provide assistance for their 2019 Front Royal/Warren County Independence Day Celebration to be held on July 5, 2019 at the 4-H Center. The amount of their request is \$1,500.

Letter from 4-H Director, Jeremy Stanford:

The NOVA 4-H Center is pleased to again host the 2019 Front Royal/Warren County Independence Day Celebration. The 2019 event this year will be on July 5th at the 4-H Educational Center. For the past several months, we have been working with local officials to ensure the event is well-planned and will be done in a professional manner. Our goal is to have family entertainment, including live music, food vendors, and fun activities with the capstone being a first-class, professional fireworks display with shells reaching heights of 500'!

Our budget for the event is \$10,000, which includes the fireworks vendor, parking assistance, family activities, and post-event clean-up. Our goal is to fund the event through donations, food vendor fees, and business sponsorships. We will be asking for a \$5 per vehicle voluntary donation at the entrance. The funding strategy is to share the expenses.

To this end, I respectfully request the Town of Front Royal to provide \$1,500 to assist with meeting the budgeted expenses. We are asking the County of Warren for the same amount. Thank you so much for the assistance. We want this to be a patriotic community event that will appropriately honor our country and its citizens.

Council Discussion:

Mr. Stanford, noted that some of the themes he has heard include that there are going to be fireworks and the pool is going to be open this year. They have received pledges from some donors

and they are ongoing with various aspects with fundraising events with their new board and their new Board. Mr. Stanford stated they

Town and County were assumed to have dropped the ball and his hope is that this is a multi-stake venture of the Town and County of Warren.

He noted that anticipate an annual request to the Town.

Councilman Tewalt stated that it is more of a County request
If they begin to put forth matters

Meza – and Thompson voiced their support of the matter
Holloway noted that he was unsure of the project support, with tax increase

Gillispie asked where the funding would come from
Sealock – no comment

Next Monday official vote

2. Ordinance Amendment to Chapter 12 FEES and Chapter 175-137 FEES, CHARGES, EXPENSES – *Town Manager*

Town Staff has determined that Fees in Chapter 12 and Chapter 175-137 shall be revised as follows:

Chapter 12 FEES. (12-2) The Town now has ability to pull data logs from radio water meters that have been installed. Data logs are a useful tool for our citizens to help figure out periods of high-water consumption and locating possible leaks. Meter readers must go to the water meter, initialize connection, and wait for the log to download each time a data log is requested. The Department of Finance is requesting to implement a fee of \$25.00 to help recover costs for the third and subsequent data logs. There are two other revisions to 12-2

- Changing “Environmental Services” to “Public Works” throughout
- Adding the words “or County” and “required” to Yard Waste Disposal, Residential under 12-2 Chapter 175-137, includes a \$25.00 application fee for all fence permit applications. This will reduce the application fee for commercial and industrial uses from \$100 to \$25, and not change the application fee for residential uses. Ultimately this would result in all uses paying the same fee for fence permit applications. Staff recommends this change because the amount of time on fence permit applications is equal regardless of the use.

Council Discussion:

Mayor Tharpe noted that permits should be in place for those replacing fences should be reminded to obtain a permit. Place the matter on the next meeting, per Mayor Tharpe.

3. Continued Budget Discussion – *Town Manager*

SUMMARY: Staff presented and reviewed the FY20 Proposed Budget revenues and general fund expenditures on February 4th, 2019. The FY20 Proposed Budget Enterprise Fund expenditures were presented and reviewed on February 19th, 2019.

During the previous presentations Town Council requested to further review historic/current medical insurance expenses. Staff provided the most current and available information relating to insurance at the work session on March 4, 2019.

Staff has provided an updated sheet on healthcare costs with the two options discussed at the last work session. We have also provided a work sheet on the performance-based employee evaluation with cost estimates.

STAFF RECOMMENDATION: Staff recommends discussing any questions or concerns regarding the FY20 budget and discuss any additional information council would like to be provided prior to voting for adoption of a FY20 budget that is currently scheduled for April 22, 2019.

TOWN MANAGER RECOMMENDATION: The Town Manager recommends option 1 on healthcare insurance options through The Local Choice (TLC) for this budget cycle. Town Manager also requests a re-evaluation on the performance-based evaluation system due to cost constraints in this budget cycle.

Town of Front Royal Health Insurance Options through The Local Choice										
FY20 @ Current Contributions			Current Annual Costs			Monthly Cost Comparison		EE Impact	Monthly Premium	*As of 1/15/19 170 Eligible 87.06% Participation
	Annual Premium	Participation	Total	Town	Employee	Town Monthly	EE Monthly	EE Monthly		
Key Advantage 250 (ER/EE%)										
Employee (95/5)	\$9,576	64	\$612,864	\$582,221	\$30,643	\$758	\$40	\$6.00	\$798	
Employee + 1 (71/29)	\$17,712	27	\$478,224	\$339,539	\$138,685	\$1,048	\$428	\$57.00	\$1,476	
Employee + Family (71/29)	\$25,860	52	\$1,344,720	\$954,751	\$389,969	\$1,530	\$625	\$83.00	\$2,155	
Key Advantage 500 (ER/EE%)										
Employee (100/0)	\$8,556	2	\$17,112	\$17,112	\$0	\$713	\$0	\$0.00	\$713	
Employee + 1 (71/29)	\$15,828	0	\$0	\$0	\$0	\$936	\$383	\$40.00	\$1,319	
Employee + Family (71/29)	\$23,100	2	\$46,200	\$32,802	\$13,398	\$1,367	\$558	\$57.00	\$1,925	
High Deductible (ER/EE%)										
Employee (100/0)	\$6,972	0	\$0	\$0	\$0	\$581	\$0	\$0.00	\$581	
Employee + 1 (71/29)	\$12,900	1	\$12,900	\$9,159	\$3,741	\$763	\$312	\$44.00	\$1,075	
Employee + Family (71/29)	\$18,828	0	\$0	\$0	\$0	\$1,114	\$455	\$64.00	\$1,569	
TOTAL		148	\$2,512,020	\$1,935,504	\$576,436					
			FY20 INCREASE \$253,446 (15.1%)							
FY20 - Option 1 Town Mgr Recommendation			Current Annual Costs			Monthly Cost Comparison		EE Impact	Monthly Premium	
	Annual Premium	Participation	Total	Town	Employee	Town Monthly	EE Monthly	EE Monthly		
Key Advantage 250 (ER/EE%)										
Employee (90/10)	\$9,576	33	\$316,008	\$284,407	\$31,601	\$718	\$80	\$46.00	\$798	
Employee + 1 (68/32)	\$17,712	13	\$230,256	\$156,574	\$73,682	\$1,004	\$472	\$101.00	\$1,476	
Employee + Family (68/32)	\$25,860	27	\$698,220	\$474,790	\$223,430	\$1,465	\$690	\$148.00	\$2,155	
Key Advantage 500 (ER/EE%)										
Employee (95/5)	\$8,556	33	\$282,348	\$268,231	\$14,117	\$677	\$36	\$36.00	\$713	
Employee + 1 (71/29)	\$15,828	14	\$221,592	\$157,330	\$64,262	\$936	\$383	\$40.00	\$1,319	
Employee + Family (71/29)	\$23,100	27	\$623,700	\$442,827	\$180,873	\$1,367	\$558	\$57.00	\$1,925	
High Deductible (ER/EE%)										
Employee (100/0)	\$6,972	0	\$0	\$0	\$0	\$581	\$0	\$0.00	\$581	
Employee + 1 (75/25)	\$12,900	1	\$12,900	\$9,675	\$3,225	\$806	\$269	\$1.00	\$1,075	
Employee + Family (75/25)	\$18,828	0	\$0	\$0	\$0	\$1,177	\$392	\$1.00	\$1,569	
TOTAL		148	\$2,385,024	\$1,793,834	\$591,190					
Savings to Town \$141,750	(Dependent on Participation)		FY20 INCREASE \$111,696 (6.5%)							
FY20 - Option 2 Similar to Warren County			Current Annual Costs			Monthly Cost Comparison		EE Impact	Monthly Premium	
	Annual Premium	Participation	Total	Town	Employee	Town Monthly	EE Monthly	EE Monthly		
Key Advantage 250 (ER/EE%)										
Employee (85/15)	\$9,576	33	\$316,008	\$268,607	\$47,401	\$678	\$120	\$86.00	\$798	
Employee + 1 (72/28)	\$17,712	13	\$230,256	\$165,784	\$64,472	\$1,063	\$413	\$42.00	\$1,476	
Employee + Family (57/43)	\$25,860	3	\$77,580	\$44,221	\$33,359	\$1,228	\$927	\$385.00	\$2,155	
Key Advantage 500 (ER/EE%)										
Employee (98/2)	\$8,556	33	\$282,348	\$276,701	\$5,647	\$699	\$14	\$14.00	\$713	
Employee + 1 (83/17)	\$15,828	14	\$221,592	\$183,921	\$37,671	\$1,095	\$224	(\$119.00)	\$1,319	
Employee + Family (65/35)	\$23,100	51	\$1,178,100	\$765,765	\$412,335	\$1,251	\$674	\$173.00	\$1,925	
High Deductible (ER/EE%)										
Employee (100/0)	\$6,972	0	\$0	\$0	\$0	\$581	\$0	\$0.00	\$581	
Employee + 1 (85/15)	\$12,900	1	\$12,900	\$10,965	\$1,935	\$914	\$161	(\$107.00)	\$1,075	
Employee + Family (75/25)	\$18,828	0	\$0	\$0	\$0	\$1,177	\$392	\$1.00	\$1,569	
TOTAL		148	\$2,318,784	\$1,715,964	\$602,820					
Savings to Town \$219,620	(Dependent on Participation)		FY20 INCREASE \$33,826 (2%)							

Grade % EE's in Grade	Starting Hourly Rate	Who?	Average Net Pay Monthly	Net Pay w/ Family Plan OPTION 1	Percent of Pay	Net Pay w/ Family Plan OPTION 2	Percent of Pay
G01 [13.07%]	\$11.78	Solid Waste Workers Finance Cust. Service Operator Trainee (both plants)	\$1,382.54	KA250 692.54 KA500 824.54 HDHP 990.54	49.91% 40.36% 28.35%	455.54 708.54 990.54	67.05% 48.75% 28.35%
G02 [6.82%]	\$12.66	Maint. Workers (Streets, Horticulture) Meter Readers	\$1,487.56	KA250 797.56 KA500 929.56 HDHP 1095.56	46.38% 37.51% 26.35%	560.56 813.56 1095.56	62.32% 45.31% 26.35%
G03 [6.82%]	\$13.61	Communications Trainee	\$1,600.94	KA250 910.94 KA500 1042.94 HDHP 1208.94	43.10% 34.85% 24.49%	673.94 926.94 1208.94	57.90% 42.10% 24.49%
G04 [5.68%]	\$14.63	Water/Sewer Automotive Elec. Lineman Trainee	\$1,722.72	KA250 1032.72 KA500 1164.72 HDHP 1330.72	40.05% 32.39% 22.75%	795.72 1048.72 1330.72	53.81% 39.12% 22.75%
G05 [12.5 %]	\$15.73	Admin. Asst. Electric Equip. Operators	\$1,854.00	KA250 1164.00 KA500 1296.00 HDHP 1462.00	37.22% 30.10% 21.14%	927.00 1180.00 1462.00	50.00% 36.35% 21.14%
Represents 45% of workforce							

Scenario 1

PERFORMANCE BASED INCREASES					
	Employee	34%	39%	17%	10%
Ratings	%	Level 1	Level 2	Level 3	Level 4
5	15%	5	4	3	2
4	40%	4	3	2	1
3	35%	3	2.5	2	1.5
2	10%	2	1	0.5	0
1	0%	0	0	0	0

COST ESTIMATE FOR PERFORMANCE BASED INCREASES						
	Employee	34%	39%	17%	10%	
Ratings	%	Level 1	Level 2	Level 3	Level 4	Total
5	15%	0.255	0.234	0.0765	0.03	0.5955
4	40%	0.544	0.468	0.136	0.04	1.188
3	35%	0.357	0.34125	0.119	0.0525	0.86975
2	10%	0.068	0.039	0.0085	0	0.1155
1	0%	0	0	0	0	0
Overall Merit Increase (%)						2.8

Scenario 2

PERFORMANCE BASED INCREASES					
	Employee	34%	39%	17%	10%
Ratings	%	Level 1	Level 2	Level 3	Level 4
5	15%	4	3.5	3	2.5
4	40%	3.5	3	2.5	2
3	35%	3	2.5	2	1.5
2	10%	2.5	2	1	0
1	0%	0	0	0	0

COST ESTIMATE FOR PERFORMANCE BASED INCREASES						
	Employee	34%	39%	17%	10%	
Ratings	%	Level 1	Level 2	Level 3	Level 4	Total
5	15%	0.204	0.20475	0.0765	0.0375	0.52275
4	40%	0.476	0.468	0.17	0.08	1.194
3	35%	0.357	0.34125	0.119	0.0525	0.86975
2	10%	0.085	0.078	0.017	0	0.18
1	0%	0	0	0	0	0
Overall Merit Increase (%)						2.8

SITUATION:

The FY20 Budget included a 2% merit increase to establish a performance based employee evaluation system. As you review the two scenario's, we will need another 1% to fully fund this type of program.

Council Discussion:

Councilman Meza noted that Option 2 would bring an increase of \$33,826 to the budget. Mr. Tewalt noted that he could not go with a 15% increase at this time, and he would prefer the Option 1 at this time as recommended; Councilmen Thompson, Holloway and Gillispie expressed their agreement with Option 1. Mr. Gillispie noted that he was concerned with losing employees. He stated that the monthly net bring home pay with a family plan, it was almost half the pay would be going to insurance. Mr. Meza stated that he did not feel that was correct; Ms. Scholtz noted that actually it was half the paycheck was for the lower paid employees.

Vice Mayor Sealock stated that Staff was responsible for rates going up and he was unsure if the town should spend so much on health insurance, and he was for the best option to assist the Town employees. Mr. Meza noted that the Town could adjust the percentages so lower paid employees were charged less for health insurance in percentages. He added that he would like the Town Manager to address the Town's health insurance each year rather than have Council discuss the health insurance at the budget table. Mr. Tewalt expressed his agreement with Mr. Meza. Mr.

Sealock stated that plan discussions should not be before Council for discussion. He noted that the Staff should realize that they influence their rates by choosing Urgent Care over the Emergency Room.

Mr. Waltz presented a proposed sheet with scenarios that could determine employee evaluations to reward Staff for their hard work. Mr. Meza noted that he was in favor of the scenarios as presented and he would like to see the format integrated.

Mr. Meza presented information to Council relating to the new Police Department and the Connector Road in the new Royal Phoenix site. He suggested redirecting the funds to the new Police Department rather than the Avtex site. Mayor Tharpe noted that the improvements do not have to with ITFederal, but for future use. He stated that the improvements have to be installed there for future development, whether ITFederal comes or not. Mr. Meza noted that the EDA requested the pump station for ITFederal; because they were coming. Mr. Meza asked the cost to finish the site at this time; it was noted that it was in the millions.

Mr. Wilson stated that the EDA and the State brought forward was over \$650,000 and it was \$1.3 million for the road, and the Town came up with the rest, in response to Mr. Tewalt's questions. Mr. Tewalt noted that he would not be in favor of Mr. Meza's suggestion, but rather obtain the 20 year loan, and save millions with the pooled financing. Mr. Meza asked that Council consider how to pay for the Police Department before they vote on the budget. Mr. Tewalt stated that going with 14.5 cents may be the best bet; he asked Mr. Wilson for more details on the matter prior to the meeting. Mr. Sealock expressed concern with the direction that the Town is going. Mr. Meza noted that the Town is short and could not lock into the 20 year loan while they are short.

R/E Tax Allocations Associated with Police Department

FY2012 (2011 Calendar Year) - allocated \$0.02 per \$100 of Real Estate Tax to 3 projects:

FY2015 (2014 Calendar Year) - allocated \$.01 to Police Department

FY2018 (2017 Calendar Year) - allocated additional \$0.005 per \$100 of Real Estate Tax to Police Department

Budget Allocations to Police Dept, W Main Connector, & Leach Run Parkway

Project		FY2012 Budget	FY2013 Budget	FY2014 Budget	FY2015 Budget	FY2016 Budget	FY2017 Budget	FY2018 Budget	FY2019 Budget	Total Previously Budgeted	Total Expensed & Encumbered	Remaining Carryover Balance
Police Dept	\$	75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 187,500	\$ 187,500	\$ 242,500	\$ 242,500	\$ 1,160,000	\$ 761,790	\$ 398,210
W Main Connector	\$	75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 600,000	\$ 632,695	\$ -
Leach Run Parkway	\$	75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 187,500	\$ 182,660	\$ 203,420	\$ 254,625	\$ 1,128,205	\$ 1,050,275	\$ 77,930

Proposed FY20 including R/E Rate Increase from \$0.0135 to \$0.014 per \$100 & Reassessment Increase	
Project	
Police Dept	\$ 493,000
W Main Connector	\$ 90,000
Leach Run Parkway	\$ 253,475

FY20 Proposed Police Dept Budget Line Item Breakdown

Previous Allocation for Police Dept	\$	242,500.00
Estimated Revenue from Reassessment	\$	183,000.00
Additional \$0.005 R/E Tax Increase	\$	67,500.00
FY20 Proposed Police Dept Funds	\$	493,000.00
Possible Reallocation of W Main Connector	\$	90,000.00
Total including Possible Reallocation	\$	583,000.00

Estimated Annual Debt Payment for \$10,000,000 Loan

30 Year Term @4.03% VRA Pooled Financing	\$	564,000.00
30 Year Term @4.5% VRA Pooled Financing	\$	598,000.00
20 Year Term @3.92% Private Lender	\$	692,000.00
20 Year Term @4.25% Private Lender	\$	721,000.00

Associated Expenses with Royal Phoenix Site

<u>Project</u>	<u>Industrial</u>		<u>Total</u>
	<u>Town Funds</u>	<u>Access Grant</u>	
W Main Connector	\$ 632,694.86	\$ 650,000.00	\$ 1,282,694.86
Sewer Pumping Station	\$ 469,381.92	\$ -	\$ 469,381.92
Total	\$ 1,102,076.78	\$ 650,000.00	\$ 1,752,076.78

4. BZA Term Expires

SUMMARY: David Gedney's term on the Board of Zoning Appeals (BZA) expires on May 1, 2019. Mr. Gedney has been contacted and would like to be considered for recommendation for appointment to the BZA. Since the Judge of the Warren County Circuit Court appoints members to the (BZA) Council would only give their recommendation. BZA terms are for five years. Mr. Gedney was first appointed in 2009.

Council Discussion:

Council was in favor of Mr. Gedney continuing to serve.

5. Liaison Committee Meeting Items

The January 17/31, 2019 meeting was cancelled, the items on that agenda are noted below. Ms. Berry stated that it was Councilman Thompson's time to attend the Liaison Meeting.

- 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) Septage Receiving Facility Issues Update 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

Council Discussion:

Councilman Tewalt asked about the building at McKay Spring, as the roof as caved in. Mr. Waltz noted that the Town owns the building and they would look into the structure.

Mayor Tharpe noted that Mr. Meza's request that the Town/County meet together with the EDA.

6. Council Discussion/Goals

Mr. Meza noted that he would like a joint Town/County meeting as well as the EDA, as he felt that it was important. Mayor Tharpe stated that he has requested the Board of Supervisors meet with the Town. Mr. Meza noted that everyone should be on the same page; Mr. Sealock expressed his agreement with Mr. Meza.

Mr. Meza asked for an update for the Façade Grant. Ms. Hart stated that the updates would be given by Mr. Camp at tomorrow's Business Forum.

Mr. Meza stated that when Council reviewed the request for the 170 square feet for the Vibe Properties/Front Royal Brewery discussion on Main Street recently, he was not paying attention to the small amount of property in question. He noted that he was not pleased with the associated costs, recording fees, attorney's fees, etc. He noted that the Barnharts have already invested millions to the Main Street downtown area and he would like to encourage the Town to reconsider the associated costs. He suggested a boundary adjustment. Mr. Tewalt noted that the Town cannot go against the Town's ordinance. Council voiced support of assisting the Barnhart's in every way possible and directed the Town Attorney to do so.

Mr. Meza asked about Leach Run Parkway that block the sidewalk and Mr. Waltz noted that he would take a look at the area and determine the issue at hand.

Mr. Sealock asked about a turning lane on Walker Avenue. Mr. Waltz stated that he would have an updated in about two weeks.

7. CLOSED MEETING – Consultation with Legal Counsel

Motion to Go Into Closed Meeting

*Vice Mayor Sealock moved, seconded by Councilman Gillispie that Council convene and go into Closed Meeting **1)** for the purpose of consultation with legal counsel employed by Town Council regarding specific legal matters, specifically, providing municipal utilities in unincorporated areas of Warren County not currently served by municipal utilities, requiring the provision of legal advice by such counsel, pursuant to Section 2.2-3711. A. 8. of the Code of Virginia and **2)** for the purpose of consultation with legal counsel employed or retained by a public body regarding specific legal matters, specifically, legal mechanisms related to handling potential future debt service related to current and future budget years with respect to the former Afton Inn building, requiring the provision of legal advice by such counsel, pursuant to Section 2.2-3711. A. 8 of the Code of Virginia.*

Vote: Yes – Gillispie, Holloway, Meza, Sealock, Tewalt and Thompson
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

Vice Mayor Sealock moved, seconded by Councilman Tewalt 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 – Gillispie, Holloway, Meza, Sealock, Tharpe, Tewalt and Thompson

No – N/A

Abstain – N/A

Absent – N/A

(By Roll Call)

PRESENT: Mayor Tharpe, Vice Mayor Sealock, Councilman Gillispie, Councilman Holloway, Councilman Meza, Councilman Thompson, Councilman Tewalt, 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, Director of Environmental Services Boyer, Human Resources Director Bush, Risk Manager Scholtz, Community Development Director Hart, IT Director Jones, members of the public and members of the press.