



**TOWN COUNCIL
WORK SESSION MINUTES
TUESDAY, September 3, 2019 @ 7:00 p.m.
Town Hall Council Chambers**

1. Overview on Cyber Security/Phishing – Director of IT

SUMMARY: IT has been training Town Staff about phishing campaigns taking place and how to identify legitimate emails from fake emails. It's an ongoing problem where IT staff has identified attempts to access town systems. Staff will brief Council on this ongoing problem and plans to help mitigate the problem.

Todd Jones, the Town's IT Director, presented the following to the Town Council:

► **PHISHING DEFINED**

Phishing is the fraudulent attempt to obtain sensitive information such as usernames, passwords and credit card details by disguising oneself as a trustworthy entity in an electronic communication.

- Online phishing attacks have increased 297% from 2017 to 2018.
- The Commonwealth of Virginia experienced 76 million cyber-attacks in 2016
- Public sector agencies experienced 137% more cyber-attacks over the last few years.
- 91% of successful data breaches start with a phishing attack
- 30% of data breaches are caused by repeat offenders from within the organization.
- 75% of companies infected with ransomware are running up-to-date endpoint protection.
- Business email compromise increased 136% in identified global exposed losses between Dec. 2016 and May 2018.

TOWN PHISHING:

- Town began training staff in 2016.
- Our exposure during initial testing was 19.3%
- Our most recent testing is down to 15%
- The national average in local government with less than 250 employees is 34.7%

PLANS PRESENTED BY IT:

- Take appropriate training from the Town IT Office
- Watch carefully to identify bogus emails
- If you have a question...ask.

Council Discussion:

Councilman Gillispie noted that he had read a lot about the ransomware in the news. He stated that where he is employed they are locked out annually if they do not retrain.

Mayor Tederick asked about the digital transformation of the Town. Mr. Jones noted that most things are in house, though some items are cloud based. He stated that many servers are in the building and there are multiple firewalls and systems in place to protect the Town's data.

Mr. Jones stated that he and Mr. Autry are not the best in cyber security and they are looking to get additional training. He noted that they are looking at additional options whenever available. He added that he would send the training link to Council in the coming week.

2. Potential Left Turn Lane on John Marshall Highway at Walker Avenue– Town Engineer

SUMMARY: Traffic delays have been observed during peak times at the intersection of John Marshall Highway and Walker Avenue due to the stacking of cars waiting to turn left onto Walker. Town staff has begun the process of evaluating the feasibility of adding a left turn lane on John Marshall at the intersection.

BUDGET/FUNDING: Scoping-level cost estimate is approximately \$470,000 for engineering and construction.

Council Discussion:

Council voiced their concern with the engineering costs of the project. Mr. Brown noted that there were many unknowns with the cost of the project and what was presented was only an estimate. He stated that the question to Council would be whether there would be an appetite to pursue the project at this point. Mr. Waltz noted that last spring there were concerns with drivers using Walker Avenue as a “go around” during the school hours. Mr. Sealock noted that he brought the matter forward last year, and the school in the area was backing up traffic. He asked if it was illegal to cross over into the white marked area as the road currently is laid out. Councilman Tewalt stated that as long as the shoulder is in that area then the cars would use the road that was there. Mr. Sealock stated that he did not see the reason for going outside for the engineering when there was a Town Engineer on Staff. Mr. Tewalt noted that the Town did not need to follow the VDOT standards.

Mr. Waltz noted that he was unsure when the Town’s Engineer would be able to do the project in house, as he was unsure what Mr. Brown’s schedule was. He voiced concern differentiating from VDOT standards, stressing that he would not recommend straying from their standards. Mr. Waltz asked for a few weeks to determine a timeframe and in-house details for the project. Mr. Tewalt noted that there was not any funding for the project. Mr. Holloway noted that doing the project in-house would save a large sum of money; Mr. Tewalt noted that there was no reason it could not be done in-house. Mr. Waltz stated that it could be done in-house though he would need more time to determine cost and timeframe.

3. Write Off for Bad Debt & Update Policy – Director of Finance

SUMMARY: Town Council approved a revision to the Bad Debt Policy in March 2019 and requested to review/approve write-off of bad debt quarterly. Town Council is requested to approve the removal of 5 years or older of outstanding accounts receivable (bad debts) on the Town’s ledger for the third quarter of 2019 totaling \$15,915.71 which is comprised of 46 utility accounts. All possible recourse of attempting to collect these amounts has been completed and the accounts have no activity for at least 5 years.

HISTORY: The Town of Front Royal had a large dollar value of uncollectible “bad debt” recorded yearly on the Town’s ledger, due to non-payment of utility bills which had not been addressed for over 30 years until 2012. The Town’s auditing firm, Mitchell & Company, requested that Town Council approve a policy that would allow the Department of Finance to review outstanding uncollectable debt annually, and abate the bad debt from ledgers after all avenues for collection had been exhausted. Town Council adopted a bad debt policy on November 13, 2012 that deemed an uncollectible account as having no activity for a period of 7 years. Town Council adopted a revision to the bad debt policy on March 11, 2019 that deemed an uncollectible account as having no activity for a period of 5 years to coincide with the Code of Virginia. Code of Virginia § 8.01-246 allows action to be taken to collect on written contracts for

a period of 5 (five) years. Written agreements are used for Town of Front Royal Utility Accounts. Based on the Code of Virginia, a Town of Front Royal Utility Account would be deemed uncollectible after there has been no activity from the account holder for a period of 5 (five) consecutive years.

Based on the utilities billed & bad debt written off during FY2018, the Town of Front Royal Department of Finance collected approximately 99% of the amounts billed annually before accounts were deemed uncollectible and written off.

BUDGET/FUNDING: No funding is required; journal entry will be done affecting balance sheet only.

STAFF RECOMMENDATION:

Staff has determined that the accounts presented meet the criteria for uncollectible as determined by the Town's bad debt write off policy:

- 1) No activity on closed account for at least 5 years
- 2) All other methods of collection have been exhausted

The amount of bad debt approved to be removed by Council is as follows:

Dec 2013 - \$848,191 – approved for removal

Dec 2014 - \$144,049 – approved for removal

Feb 2016 - \$225,318 – approved for removal

Feb 2017 - \$203,808 – approved for removal

Nov 2017 - \$175,999 – approved for removal

Oct 2018 - \$166,191- approved for removal

Mar 2019 - \$277,974.34 – approved for removal along with revision to policy

June 2019 - \$27,755.98 – approved for removal

Sept 2019 - \$15,915.71 - -

The FY20 budgeted revenue for the sales of electric, water, sewer, & refuse totals approximately \$31.2 million. The amount of \$15,915.71 represents approximately 0.05% of the budgeted sales.

Staff recommends approving the removal of bad debt as presented.

Council Discussion:

Council noted that the matter must move forward to the next agenda.

4. Continued Discussion of Goal Setting with the following: property maintenance; Valley Health PILOT; ~~reduce Town government expenses; public relations~~

Councilman Thompson asked about workforce housing.

- **Derelict Structures:** Mr. Camp noted that the County was not interested in doing the inspections, though if the Town was interested in doing a joint Board of Zoning Appeals the County would consider it. Mr. Waltz noted that blighted structures is the goal and the Town did obtain the same power of cities throughout the Commonwealth. Mr. Tewalt voiced support of taking the list of dilapidated structures and choose one, and then move forward

on what can be completed on that site. Mayor Tederick noted that many blighted structures were in place because there was no financial incentive for owners or investors and the Town needed to find incentives. Mr. Gillispie noted that the State Code speaks of tax abatement programs, and the Town will have to set up such a program. He stated that structures that are boarded up with no electricity means they are derelict.

Mrs. Thompson stated that buildings falling down are problems throughout town. Mr. Gillispie noted that much of the Historical District is off limits. Mr. Tewalt noted that the Town Attorney should test the waters with one building and move forward. He stated that incentives may come into play, eventually. Mayor Tederick stated that property maintenance gives the wrong connotation perhaps, and maybe it should be a “Blighted Building Policy”. He noted that the Council and the Town residents want to take care of the empty structures that are boarded up. Mrs. Thompson stated that other areas need to be addressed eventually as well, the ratty apartments.

GOAL: Develop Derelict Building Policy
What State/Federal Programs are Available
90 days; Thompson, Gillispie

- **Valley Health Pilot:** Mr. Napier stated that he awaits what Warren Memorial Hospital will do in their new location on Leach Run Parkway. He noted that the PILOT program regarding hospitals for the Town of Front Royal began with matters brought forward from Councilman Thompson and resident, Melanie Salins. He explained that he met with the Winchester City Commissioner of Revenue, and they discussed the state sanctioned PILOT agreement program. Mr. Napier stated that if a hospital is engaged in strictly healthcare provisions the PILOT does not apply, BUT if they engage in activities that are profit making, then a locality can obtain revenue from them (PILOT fees). He noted that Winchester Medical Center pays \$750,000 annually due to their PILOT agreement from fitness centers, and childcare centers, etc., as those items are not hospital services. Mr. Napier stated that if Warren Memorial Hospital begins such services here with their new site on Leach Run Parkway then the Town may choose to pursue this option for Front Royal. He added that the Winchester City Commissioner of Revenue stated that all of the healthcare facilities of the state have banded together to pull out all the stops.

Councilman Thompson noted that the hospital could choose to reinvest back into the Town in other ways, by recontributing into the community and the Town could also obtain funds from the equipment they have within their buildings as well.

Councilman Tewalt asked if it pertained to all aspects of Valley Health’s buildings; Mr. Napier noted that he did want to be premature. Mr. Waltz noted that the item should be discussed once the hospital opened up per Mr. Napier.

GOAL: Define the State Law; Quantify the possibility From Financial Perspective
January 1st
Thompson

- **Public Relations:** Mrs. Thompson noted that there is a contract for VML called POLCO and Mr. Napier has the contract that he would like for the Town to participate.

Mayor Tederick noted of all items, Council does the worst at public relations. He noted that the Town Police Department does a bit of social media posts and some Council members try to respond to some comments out on social media, though he opined that there needs to be some concerted effort to respond to the chatter in the community. He added that the Clerk of Council does a great job at answering matters and it needs to be addressed overall with a plan. Mrs. Thompson suggested that the Clerk could take classes and answer matters on behalf of the Town for public relations. Mayor Tederick stated that the code changes related to delinquent accounts are one example that the Town took continual hits on, and matters were not handled on social media accounts.

GOAL: Develop Public Relations/Communication Strategy

January 1st

Thompson, Tederick, Waltz

5. Open Discussion

Councilman Sealock noted that a citizen on Steele Street, Ms. Nickens, came to a Council meeting and spoke with her concerns. He noted that there is an open field with no turn around point in the area. He stated that they had to back up around a telephone pole. He added that a storm sewer matter in the area needed to be examined yes, but the turn around in the area needs further review as well. Mr. Walz noted that the water mains needed the water lines would go in around November with paving in the spring. Mr. Sealock noted that it is an ongoing infrastructure problem that needs addressing within the Town budget. He added that it is not always the responsibility of the Town.

Councilman Tewalt asked if there were any revenue sharing available for projects. Mr. Waltz stated that they can look to see what can be obtained.

Councilman Gillispie asked about an update regarding the CDBG grant. Mr. Waltz noted that the Staff could gather information for Council, as the Town may need to request an extension.

6. CLOSED MEETING – Afton Inn, Former Town Hall, Personnel and EDA Lawsuit
Motions to Go Into Closed Meeting

Councilman Gillispie moved, seconded by Councilman Tewalt that Town Council convene and go into Closed Meeting for the following purposes:

A) Regarding the former Afton Inn property and the former Town Hall property:

(1) The 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 Town would be adversely affected, pursuant to Section 2.2-3711. A. 6. of the Code of Virginia.

(2) Consultation with legal counsel employed or retained by Town Council 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.

(3) Discussion of the award of a public contract involving the expenditure of public funds, and discussion of the terms or scope of such contract, where discussion in an Open Meeting would adversely affect the bargaining position or negotiating strategy of Town Council, pursuant to Section 2.2- 3711. A. 29. of the Code of Virginia.

B) Discussion and consideration of performance, demotion, salaries, disciplining, or resignation of specific public officers, appointees, or employees of Town Council, pursuant to Section 2.2-3711. A. 1., of the Code of Virginia:

C) With respect to the Town's lawsuit against the EDA and Jennifer McDonald:

(1) Consultation with legal counsel and briefings by staff members or consultants pertaining to actual or probable litigation, where such consultation or briefing in Open Meeting would adversely affect the negotiating or litigating posture of the public body; "; pursuant to Section 2.2-3711. A. 7. of the Code of Virginia.

Vote: Yes – Gillispie, Holloway, Sealock, Tewalt and Thompson
No – N/A
Abstain – N/A
Absent – Meza
(Mayor Tederick did not vote as there was no tie to require his vote)

Councilman Tewalt moved, seconded by Councilman Thompson, to allow Councilman Meza to attend the closed meeting remotely on grounds that he is unable to attend in person.

Vote: Yes – Gillispie, Holloway, Sealock, Tewalt and Thompson
No – N/A
Abstain – N/A
Absent – Meza
(Mayor Tederick did not vote as there was no tie to require his vote)

Motion to Certify Closed Meeting at its Conclusion

Councilman Holloway moved, seconded by Councilman Gillispie, that Town 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, Tederick, Tewalt and Thompson
No – N/A
Abstain – N/A
Absent – N/A

(By Roll Call)

PRESENT: Mayor Tederick, Councilman Tewalt, Councilman Holloway, Councilman Thompson, Councilman Gillispie, Vice Mayor 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, Director of Environmental Services Boyer, Community Development Director Hart, IT Director Jones, Risk Manager Ms. McIntosh, members of the public and members of the press.

ABSENT: Councilman Meza *(present telephonically for Closed Session)*