

The regular meeting of the Town Council of the Town of Front Royal, Virginia was held on September 23, 2019, in the Warren County Government Center's Board Meeting Room. Mayor Tederick asked **Boy Scout Troop #52** to lead Council and those attending in the Pledge of Allegiance to the flag and a Moment of Silence. The roll was called at 7:00 p.m.

PRESENT: Mayor Matthew A. Tederick
Councilman Gary L. Gillispie
Councilman Chris W. Holloway
Councilman Jacob L. Meza
Vice Mayor William A. Sealock
Councilman Eugene R. Tewalt
Councilman Letasha T. Thompson
Asst. Town Attorney George M. Sonnett
Town Manager Joseph E. Waltz
Clerk of Council Jennifer E. Berry, MMC

ABSENT: Town Attorney Douglas W. Napier

(The above listed members represent the full body of Council as authorized in the Town Charter.)

Councilman Gillispie moved, seconded by Councilman Thompson that Council approve the Regular Council Meeting minutes of September 9, 2019 as presented.

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

No – N/A

Abstain – N/A

Absent – N/A

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

RECEIPT OF PETITIONS OR CORRESPONDENCE FROM THE PUBLIC

Gary Kushner, of 1106 Fetchett Road, noted his concern with dense development, and he stated that he could not support the Crooked Run housing development as presented. He explained that thousands of daily vehicle trips are taken at the intersection currently and adding homes would make it even more dangerous, and more pedestrians would increase injuries at the site too. Mr. Kushner added that the increased traffic would choke other roads in the area and millions of dollars of additional revenue would be required for updates in the system. He referenced reports from the school superintendent that more would be needed for the education system and a new electrical substation would be required

Mr. Kushner stated that an urban development plan provides that growth should be within the Town boundaries and the Town Planning Commission has recommended against the Crooked Run housing development. He noted that the Town's Wastewater Treatment Plant would be further strained and he reminded Council that the area citizens do not want the increased housing. Mr. Kushner showed Council a petition against the development that over 500 people had signed.

Bonnie Gabbert, of Valley View Drive, expressed her agreement with Mr. Kushner, noting that the area should stay commercial. She noted that she is also concerned about the tap fees on the

agenda. She opined that lowering the water and sewer tap fees was a terrible idea, stating that the tap fees had already been budgeted. Mrs. Gabbert noted that one Council member stated that perhaps more builders would build, though she stated that more building is not guaranteed. She stated that area citizens cannot have another increase to make up the difference in what would be lost in the tap fees and she does not understand why the tap fee reduction is being pushed so quickly. She expressed hope in the tap fee/water study as suggested by the Town Manager, adding that the study takes about three months. Mrs. Gabbert noted that some members of Council did not wish to wait for the study, though others felt it was very important. She voiced that it was very important for Town Staff to have time to make informed decisions and rushing things is a poor choice.

Mrs. Gabbert stated that while the Town wants to lower tap fees, they are quite unsure of the Police Department financing options, though they may choose to vote to send water outside of the Town limits. She stated that the house is burning down, and the Town should focus on what is happening right before them at the moment, not bring other matters into the mix. Mrs. Gabbert stated that it wonderful that Council is not going into closed session at this meeting, and she voiced that anytime Council discusses the amount that is owed on the Police Department, that discussion should be held in open session.

Mayor Tederick stated that when Council goes into closed session regarding the Police Department cost at this time, it was to discuss the legal strategy related to the matter.

Paul Gabbert, of Valley View Drive, expressed concern with a Councilman that wishes to build homes and receives Town land via special treatment. He noted that it was citizen owned land, and Council should be aware of the illusion that is being presented to residents, and asked Council to look closely at how the citizens are viewing the land vacation matter.

Mr. Gabbert stated that pertaining to tap fees, the cost is passed on and the builder cost does not matter. He stated that relating to Crooked Run, the developer was deemed commercial and now the developer is requesting residential as he did not perform his due diligence. Mr. Gabbert noted that there are wins and loses with commercial leases and that is normal in the cycle. He stated that every pad in the Crooked Run area has been built since the original development, so losing with regard to commercial growth is a ridiculous argument. He voiced hope that the area would stay commercial and not switch to residential.

Fern Vasquez, of 120 Gloucester Road, presented the following to Council:

Estimated total monthly water always brought to surface when residential development decisions are in play. They are in fact the engine driving the discussions, disagreements and policies of development within the town and county. Although the Council's upcoming vote on the Crooked Run West development is paramount on our minds this evening, make no mistake in assuming it is a one-time stand-alone vote – I believe it is in fact marking a course direction. Obviously, this isn't the first time the County has asked the Town for water and sewer services.

Let's review past protocol. The town code states that the County would formally request the Town to provide water and sewer services to an area outside the town limits. The Town Council must decide if the Town would annex or boundary adjust this area into the Town. Studies are done before the decision can be made based on the availability of water and the cost of extending the service to the County's proposed area.

The Council's decision will be based on the cost to the town to bring the services. It has never been cost efficient for the Town to provide these services to high density residential areas outside the town limits without annexation. The guiding principal was that the Town is designed to service the high population density areas, while the County is designed to remain open and protect its green spaces while pushing growth into the town areas. If you want elbow room and acreage, the County is the place for you. If you want town services and sidewalks, move to the Town. Depletion of Town resources to advance County high density development does not seem to be a win/win for the town or county.

Linda Allen, of 15 Massie Street, presented the following to Council:

The focus is a proposal made to slash costs of water and sewer connection fees to houses under construction. See page 2 for our Town Code, Chapter 134, the cost to connect water to a new home with the ¾" pipe is \$4,340 for in-town rate. The builder has that slashed by \$5,000. In effect, the town bears the cost and the builder pays zero dollars.

Reality is that costs rise every year. Surrounding areas surveyed by our consultant, Burton & Associates, page 3, shows that these areas consider an increase to cover riding costs.

To slash the connection fees (1) increases the builder's profit; (2) imposes a hidden tax on the residents of the town increasing their monthly bill to subsidize the builder; and, (3) the monetary loss must be made up in the water company budget.

The cuts have a rationale floating around of "cut the price, then more builders will build more houses". When you look at how difficult it is to project the number of new houses, then you recognize that building more because of a slashed price is a pipe dream. And, it creates an old kickback type of deal used by politicians who need contributions to run their election campaigns. That is, look, Mr. Land Developer, what was done for you, now fork over a contribution to this election campaign and we will be best friends forever. Not the water we do business here.

It turns out that the issues with water are numerous and each is expensive, see page 4. Look at what the Department of Environmental Quality can do to us is we do not address the inflow and infiltration (I&I) issues. There won't be any new connections if DEQ says so. Or, they can fine us \$30,000 a day. Or they can force us to raise the costs of services in order to have enough money to repair the sewers.

The water company must figure out how to get these jobs done over time. The way we calculate the costs and fees that are given to customers is by evidence of need for particular prices. Studies exist and at the Public Hearing, I will pull pages from your studies to illustrate the problems found that generate increased prices.

These issues truly should have a public education component – perhaps four sessions in different geographic locations with handouts. I would volunteer to help set up this project. It isn't for or against the county or the town to discuss this. We could possibly double the current population and be okay – not that it will any time soon. One of the reasons for its need is the conduct of Council members at the September 16 worksession. One Council member for a vote on this subject which is a violation of procedures for worksessions. There is a question about what Council members understand on water issues and recognition that the complexity of governance and its issues and how we do business here. We have a staff here that is quite an asset to Town Council for assistance in an educational effort. It could make the most accurate information available on this topic and many others. Positive impacts and respect for Town Council are desirable objectives, too.

Chapter 134 TOWN OF FRONT ROYAL MUNICIPAL CODE Water & Sewer Connection Fees

<u>Tap Size</u>	<u>Sewer Connection Fees</u>	<u>Water Connection Fees</u>
¾"	\$9,750.00	\$4,340.00
1"	\$21,938.00	\$8,816.00
1 ½"	\$50,700.00	\$20,100.00
2"	\$79,950.00	\$31,154.00
3"	\$157,950.00	\$60,634.00
4"	\$245,700.00	\$93,798.00
6"	\$489,450.00	\$185,922.00
8"	\$781,950.00	\$296,469.00
10"	\$1,123,200.00	\$425,442.00
12"	\$1,464,450.00	\$554,415.00

The above standard fee schedule charges shall apply to apartments, houses, condominiums, commercial buildings and hostels.

All connection fees for water and sewer services furnished outside of the limits of the Town of Front Royal will be one hundred percent (100%) more than the in-town rates.

For purposes of this fee schedule, the following terms shall have the meanings indicated:

APARTMENT UNIT - A single-dwelling unit in a multiple-unit structure which is occupied on a rental basis.

CONDOMINIUM - A single-dwelling unit in a multiple-unit structure which is occupied on an ownership basis.

UNIT - Any single place of residence, any single place of business or any single hostelry room.

The charges for apartments, condominium units and trailers will be (\$2,304.00) for sewer service for each unit after the first unit.

Commercial and industrial buildings; hotels, motels, inns and other lodging facilities; dormitories; and nursing care facilities with central dining areas will be charged according to the

(two attachments from Ms. Allen)

Water issues to include in the budget planning over time:

1. **\$11 million** projected cost of a redundant water line out to the corridor (to create a no-fail system;
2. **\$ 1.4 million** for an Engineering study for the redundant water line This is the first required step. This can be paid from the reserve fund because the fund has \$5.2 million in it, more than required by policy.
3. **\$ 6 to \$8 million** for a redundant loop for Dominion Power. Dominion will pay \$3.5 million of the cost.
4. **\$20 million** projected estimate to repair our sanitary sewers from the influx of rain/storm water washing off the road. [I and I issue and under Consent Decrees from Department of Environmental Quality (DEQ)]. DEQ monitors the situation and can do the following about our situation: refuse to allow us to make new wastewater connections; cause us to raise the rates for these services; fine us \$30,000 per day.

\$ 3 million will be paid this year for Sector 5, now being repaired. There are several other sectors in need of repair.
5. **New proposals to reduce the Commercial tap fee by \$5000 and cap the expense for the builder at \$10,000; and, have the town absorb the cost of installing residential hook ups have been proposed.** Note that if these become accepted, there can be geological conditions that increase the cost of installation, e.g., running into intervening rock. Think about Rockland.

The proposal delivers a double whammy by decreasing revenue in the budget for tap fees and installation fees, thus not building funds for developing the infrastructure needed by the community in its growth. In town tap fee would be zero. Please see chart from the Town Code on the following page. The chart lists the in-town and out-of-town fees.
6. **\$ 2 million pay out as Debt service on the wastewater plant which is at 0% interest rate;**
7. Constant awareness of water and wastewater projects on the question of having sufficient rate structure to cover the many variables that affect calculating the rates for water and sewer.

Mayor Tederick noted that Ms. Allen mentioned that the change in tap fees creates an environment for kickbacks; he pointed out that kickbacks are illegal and it violates procedures for worksessions to vote. Mayor Tederick reminded Ms. Allen that Council did not take a vote on the matter.

Cheryl Cullers, of 1605 Rocky Hollow Road, stated that she lives parallel to the Shenandoah River and the water level has dropped dramatically recently. She noted that the area has dried up throughout the region and her concern is that the river cannot speak for itself. Mrs. Cullers stated that in the early nineties a drought took place and wells dried up throughout the community and if more homes are built, then there could be issues. She noted that Front Royal is the Canoe Capital of Virginia, though they will not be known as that title if the river goes dry. Mrs. Cullers reminded Council of the millions of dollars brought to the community due to the

river tourism, noting that there are two canoe rental companies, the State park, and the area campgrounds nearby; she opined that without the river the tourism would suffer. Mrs. Cullers stated that she was unsure why the rush for the development, noting that the community needed to get their house in order before inviting others in. She asked Council to put their citizens first before inviting in future citizens.

Steve Cullers, of 1605 Rocky Hollow Road, noted that his family has enjoyed the river for many years and the river has dropped excessively. He stated that his family has lived on their farm for over 100 years and what goes into the creek in Bentonville – this Town drinks. Mr. Cullers noted that wells are being drilled throughout the community and the drillers are coming from Northern Virginia even, which concerns him. He expressed concern with the water levels and the expansion throughout the area and he stated that he would like the area to remain like Warren County not Northern Virginia.

Fritz Schwartz, of 959 Blue Mountain Road, stated that the citizens are in charge of the Town and the weather service said that there would no significant precipitation until after the first of the year and the mandatory water efforts would begin to occur. Mr. Schwartz stated that the Fire Chief has noted that he does not support the expansion as another fire house would need to be in place. He added that the new homes would not help the tax base because more taxes would be expended to provide services for the residents in said location.

Melanie Salins, of 95 Murrays Drive, noted that she waited for the water study throughout the week so she could come to the meeting prepared and ready to respond, though she will see the report at the meeting in just a few minutes along with everyone else. She respectfully asked that Council amend the agenda to allow for a question and answer period after the water report is given to allow for citizen input. Mrs. Salins noted that the Town's Water Policy should not change with a simple Council vote, and it should be a community vote. She asked that the Water Policy change should only be by referendum vote.

David Means, of 210 W. 1st Street, stated that about ten years ago he spoke to Council about water and the infrastructure cost to the Town. He noted that the Town is now faced with a third more in population and the Town has Dominion Power cooling towers that require a lot of water each day. Mr. Means stated that new subdivisions are coming online eventually and those developments will also need water. He noted that commercial development and industrial development assist the tax base, while residential development does not. He noted that some on Council have indirect ties to making sure the Crooked Run development takes place. He added that Councilman Holloway also has a Town development in the works, and Councilman Meza would see more patrons at the hospital. Mr. Means added that Mayor Tederick has gone on record as being a consultant to developers. He asked Council to reconsider what was occurring throughout the community.

Thomas Mercuro, of PO Box 130, Maryland, noted that he was the majority owner of Crooked Run West. He stated that he has concerns that many may not have all of the information on the table. Mr. Mercuro stated that Crooked Run West is a fluid development and he would be available after the meeting to speak with anyone who may have questions.

Councilman Meza noted that he resents the earlier comment regarding any member of Council having a special interest in the development due to their employer, as it was disingenuous to suggest that due to an increase in the population they would benefit in any way. Mr. Meza stated that everyone on the Town Council is in the exact same position and it was a disingenuous argument to suggest that Council members would be benefiting from kickbacks regarding this or any development. Councilman Meza stated that he does not receive kickbacks, adding that he is living in and he cares greatly for this community. He added that he appreciates the comments this evening, noting that Council will move forward and perform their due diligence.

Councilman Tewalt thanked those that came forward with their comments related to the Crooked Run West development. He opined that the development would hurt the Town of Front Royal, it would hurt the County, and would hurt the tax base and he would not be voting for the project.

Councilman Holloway noted that he would not be voting for the Crooked Run West project. He added that the County Board of Supervisors had their chance to properly handle the parcels at the site and they shot the area down.

Mayor Tederick asked if the request from the County has been made; Mr. Waltz noted that it had. Mayor Tederick commended the comments of the speakers that were made at the meeting. He stated that potential developers are to be given the right to present their ideas and proposals to Town Council. He noted that the Town Council just received the report today regarding the water and sewer system. Mayor Tederick stated that later in the meeting the public and Council will hear the impact on water and sewer system and eventually the revenue that could be generated. He added that many studies have shown that residential services are not as favorable with development as commercial and industrial services. He stated that it was Council's job to make a determination as to whether to provide water in/outside of the Town limits.

Mayor Tederick noted that the Town analyzes the impacts of the water and sewer system, and many of the points brought up during the public comment portion of the meeting applied to the Warren County review process, rather than the Town. He added that the Town made a mistake by not having the Corridor as part of the Town. Mayor Tederick encouraged residents to continue to come out and let their voices be heard, adding that the developer has not brought forward their latest request to the Town.

Councilman Gillispie noted that the request was handled poorly to begin with, as the proposal should have been brought to Town Council originally. He stated that the water and sewer report given to Town Council is not good news, as the Town has ongoing inflow and infiltration (I&I) problems. Mr. Gillispie announced that he was not in favor of the development at Crooked Run West.

The Star of the Month Award for August was presented to Police Officer, Brad Pennington, as he goes beyond the highest standards of service to serve the community. Town Manager Waltz and Mayor Tederick recognized Officer Pennington's dedication to the community, his professionalism, and his willingness to go the extra mile for those he serves. Mayor Tederick

and Council thanked Officer Pennington for his selfless service, noting that he worked with integrity to protect the citizenry of Front Royal.

Todd Jones, Director of IT, gave a presentation of the Town's mobile app, noting that it was fully updated and available for download.

Robbie Boyer, Director of Public Works, gave a presentation to Council on the water and sewer capacity of the area.

Wastewater Treatment & Collection-Capacity Update 9/23/19									
	Design/ Proposed (MGD)	4 Year Average (MGD)	2018/2019 Average (MGD)	2018/2019 Peak Month Average Daily Flow (MGD)	Available Capacity at Average Daily Flow (MGD)	Available Capacity at Average Daily Flow and Dominion Energy Permitted Flow (MGD)	Available WWTP Capacity at Average Daily Flow and Peak Dominion Energy Flow and Proposed In-Town Development (MGD)	Available WWTP Capacity at Average Daily Flow After Development (MGD)	Notes
WWTP Treatment	5.3	4.6	5.83	7.9	0.7				2017 WWTP Average Flow was 4.17 MGD 2018-19 highest rain flow year
Dominion Energy Usage	0.295		0.057	0.121		0.462			
Proposed Development In-Town Included (1900 homes)	0.45						0.012		12,000 gallons
Rt. 522 Corridor Area									
Crooked Run Pump Station	1.7		0.40		1.3	1.09			
Riverton Pump Station	2.7		1.33		1.4	1.16			
Proposed Corridor Development - Developer's estimates (750 units and 14 acres)	0.12							-0.108	During dry weather conditions
Proposed Corridor Development - Town's estimates* (750 units and 14 acres)	0.23							-0.218	During dry weather conditions
Infrastructure Issues - Collection System									
Sewer Bypasses in 2018									28 Bypass Events/35 MG
Sewer Bypasses in 2017									10 Bypass Events/12 MG

*Flow estimates based on U.S. Census data of 2.58 persons per household.
1 person per assisted living unit
100 gallons per person per day, per VDH/DEQ guidance documents

14 acres of commercial development flow estimates based on 300 gallons per SF of building area, assuming 32% of land covered by buildings.

Water Treatment & Distribution - Capacity Update 9/23/19								
	Permitted/Design (MGD)	2018/2019 Average (MGD)	2018/2019 Peak Month Demand (MGD)	Available Capacity at Peak Month Demand (MGD)	Available Capacity at Peak Month and Peak Dominion Energy Demand (MGD)	Available Capacity at Peak Month and Peak Dominion Energy and Proposed In-Town Development (MGD)	Available Corridor Capacity at Peak Month After Proposed Developments (MGD)	Notes
Water Treatment Plant (WTP)	4	1.94	2.30	1.70				
Dominion Energy Usage	0.65	0.13	0.27		1.32			
Proposed In-Town Development Included 1900 proposed homes	0.45					0.87		870,000 gallons-Capacity after 1900 proposed homes
Rt. 522 Corridor Area								
Guard Hill Pump Station	1.34	0.42	0.57	0.77	0.39			PS upgrade required to get designed capacity of 1.72 MGD (\$80,000)
Proposed Corridor Development Included (Developer Flow Estimate) for daily usage for 750 units and 14 acres	0.09						0.30	
Proposed Corridor Development Included (Town Flow Estimate*) For daily usage for 750 units and 14 acres	0.23						0.16	160,000 gallons capacity in Corridor under current limitations at Guard Hill Pump Station
VDH Waterworks regulations require that you develop a plan of action when the water demands reach 80% of the WTP design/VDH approved capacity.								

*Flow estimates based on U.S. Census data of 2.58 persons per household.
1 person per assisted living unit
100 gallons per person per day, per VDH/DEQ guidance documents

14 acres of commercial development flow estimates based on 300 gallons per SF of building area, assuming 32% of land covered by buildings.
Revision 2: 9/23/2019

Councilman Tewalt stated that the peak month average overflows are from the high rain events. He noted that the Town is mandated by the DEQ for the inflow and infiltration (I&I) matters, adding that it is something to address throughout the Commonwealth.

Councilman Meza asked about the available sewer capacity if the Town removed the proposed Corridor developments. Mr. Boyer stated that it was at 462,000 available capacity. Mr. Meza stated that it is important to realize that the Town would never build out the total number listed without building out the infrastructure to support the homes with the water and sewer systems. He thanked Mr. Boyer for the information, noting that it is precisely the information that he has been wanting to review. Mr. Meza asked about the 4mgd withdraw. Mr. Boyer stated that it is through Virginia Department of Health, and once the amount is at 80% then it would be re-evaluated and they would review the demands of the Town. Mr. Tewalt stated that it took ten years to go from 2-4mgd and to pull water from the river now, the water pull permits are extremely difficult to adjust at this point.

Vice Mayor Sealock stated that many spoke about the river level this evening and that river information is missing in the chart presented by Staff. He asked about the number; Messrs. Boyer and Waltz noted that the Staff reviews the 14-day rolling average each day.

Mayor Tederick noted that he previously did not realize the magnitude of the problem regarding the Town's I&I. He stated that he was not aware of a larger issue that the Town faced than I&I. He stated that from a cost perspective, he hopes that future Councils consider the I&I issue, and that it will be heavily evaluated. Mr. Waltz noted that the Town will spend about \$3 million this year alone for I&I issues and that they will continue to focus on the matter for the community.

Councilman Tewalt noted that there were many regulations for the Wastewater Treatment Plant and it was about \$50 million for expansion. He added that if more upgrades are required then it would be an additional \$50 million or more with DEQ requirements.

Councilman Thompson stated that Councilman Holloway did not receive special treatment in reference to the land vacation; adding that he was treated as every other citizen would be. She noted that she would not be supporting the Crooked Run development. Councilman Thompson stated that the tap fee matter should return to a worksession for further review and discussion.

Councilman Meza asked if the water study would be brought back to a worksession. He noted that the Town should have a plan for even in-town development and the Town should be viewing the river as a finite resource. He added that the Town needs to understand the capacity or growth available, and he noted that he greatly appreciates the Town Staff's work and what they have brought forward for review.

Mayor Tederick asked if there were any proposals for additions or deletions to the agenda.

7. CONSENT AGENDA ITEMS – (ROLL CALL VOTE REQUIRED)

A. COUNCIL APPROVAL - Liaison Committee Meeting Items

B. COUNCIL APPROVAL - FY20 DMV Speed and Alcohol Enforcement Grants

C. COUNCIL APPROVAL – Resolution for VDOT Revenue Sharing Projects

Councilman Gillispie moved, seconded by Councilman Tewalt that Council approve the consent agenda as presented.

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

No – N/A

Abstain – N/A

Absent – N/A

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

BY ROLL CALL

COUNCIL APPROVAL – FY20 Budget Amendment to Accept Funds for the Community Development Block Grant (CDBG) Façade Improvement Program from Edward Greco at 109 E Main Street

Summary: Council is requested to approve a FY20 Budget Amendment in the amount of \$2,823.09 to accept funds from Edward Greco for the Community Development Block Grant (CDBG) Façade Improvement Program related to 109 E. Main Street. The funds will be used to pay the contractor for the improvements.

Budget/Funding: 9130-3410209 Community Development – Reimbursement
9130-47983 Community Development – CDBG Façade Improvement

Councilman Tewalt moved, seconded by Councilman Thompson that Council approve a FY20 Budget Amendment in the amount of \$2,823.09 to accept funds from Edward Greco for the Community Development Block Grant (CDBG) Façade Improvement Program related to 109 E. Main Street.

Councilman Holloway asked if the maximum amount noted of \$20,000 was for façades only; Staff indicated that was correct. Mr. Waltz added that there were 12 applicants in the first round and they hope to have over 20.

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

No – N/A

Abstain – N/A

Absent – N/A

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

COUNCIL APPROVAL – Bid for Community Development Block Grant (CDBG) Façade Improvement Program for Building 3 - 109 E Main Street

Summary: Council is requested to approve a bid from Dink's Construction, Inc. in the amount of \$13,395.00 for façade improvements as part of the Community Development Block Grant (CDBG) on Building 3 located at 109 E Main Street

Budget/Funding: Funding from CDBG Funds: \$10,571.91 and owner's cash match of \$2,823.09. No local funds will be used to complete this project.

Councilman Tewalt moved, seconded by Councilman Gillispie, that Council that Council approve a bid from Dink's Construction, Inc. in the amount of \$13,395 for façade improvements as part of the Community Development Block Grant (CDBG) on Building 3 located at 109 E Main Street.

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

No – N/A

Abstain – N/A

Absent – N/A

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

COUNCIL APPROVAL – Advertise for a public hearing on changing the tap fees and installation cost in Town Code Chapter 134 Connection fees

Summary: Council is requested to advertise for a public hearing for changes in Town code Chapter 134 Connection fees for residential premises, up to and including one inch, the total of water and sewer tap fees is \$10,000 combined, including installation. Above one inch for residential, the tap fees are the same for residential as for non-residential, and the installation is the same for both.

Councilman Holloway moved, seconded by Councilman Gillispie, that Council authorize staff to advertise for a public hearing to change tap fees and installation in Town Code Section 134 Connection Fees as presented.

Councilman Holloway spoke about the amount regarding to the proposed tap fees. He noted that the fees are not passed onto the homebuyers if you are a contractor, as it can be upwards of 13%.

Councilman Holloway read the following disclosure into the record:

STATEMENT OF DISCLOSURE

This declaration is made pursuant to Virginia Code Sections 2.2-3112. A. 2. and 2.2-3115. H.

The Virginia State and Local Government Conflict of Interests Act states that the following is a transaction in which I, as a Member of Town Council, may participate because I am a member of a business, profession, occupation or group of three or more persons the members of which are affected by the transaction, so long as I comply with the disclosure requirements of subsection H of Virginia Code Section 2.2-3115. Therefore, I made the following disclosure:

1. The transaction involved is Town Council's consideration of and voting on the issue of amending Town Code Chapter 134 Connection (tap) fees and installation costs in residential premises in the Town of Front Royal for water and sewer utilities provided by the Town, including the reduction thereof for utility lines served by lines of one-inch or smaller.
2. I am self-employed in Front Royal and Warren County and surrounding localities as a residential home and home-improvement contractor and builder known as Chris Holloway Construction. There are many residential home and home improvement contractors and builders performing the same type of work that I am performing in the same geographic area that I am located and working in and who are my direct competitors.
3. I have consulted with the Town Attorney for the Town of Front Royal. He advises me that according to the Virginia State and Local Government Conflict of Interests Act, Va. Code Section 2.2- 3112. B., this Town Code amendment issue is a transaction in which I, as a Member of Town Council, may participate because it affects the public generally, even though my personal interest, as a

member of the public, may also be affected by that transaction, and because I am a member of a business, profession, occupation or group of three or more persons the members of which are affected by the transaction, so long as I comply with the disclosure requirements of subsection H of Virginia Code Section 2.2-3115. The public is affected by this transaction because it will affect the cost of building their homes or improvements to their homes. Similarly, contractors and home builders who are my direct competitors will receive the same benefit or detriment from any of these Code amendments, if they are enacted into the Town Code, as will I.

4. My personal interest is that I a member of a group of three or more persons which are affected by this transaction.
5. I affirmatively state that, notwithstanding my personal interest, and the effect it might have on the aforementioned groups, I am able to participate in the transaction fairly, objectively, and in the public interest.
6. I shall make my declaration orally to be recorded in written minutes of the Town Council and file a signed written declaration with the Clerk of the Town Council.

Councilman Tewalt asked for explanation on the proposed ordinance. Mr. Waltz explained that the ¾” sewer tap would be reduced to \$5,000, down from \$9,750; a 1” water tap would go from \$8,816 down to \$5,000, and a sewer tap from \$21,938 down to \$5,000 for example. Mr. Tewalt noted that the Town was looking at a \$10,000 reduction plus the installation fee, of another \$5,000-7,000; Mr. Waltz stated that was correct.

Councilman Tewalt asked how the reduction in tap fees would affect the present budget. Mr. Waltz explained that it would be a loss in revenue of an anticipated the budget amount of at least \$200,000 in the current year, and the cost of installing the taps would be another loss of \$70,000. Mayor Tederick noted that he was unable to follow all of the numbers as presented. Mr. Waltz restated the numbers, noting that the cap of the tap fees as written for residential was \$5,000. Mayor Tederick asked if that is the way Town Attorney Napier wrote the ordinance; Mr. Waltz noted that it was.

Councilman Tewalt stated that Council is attempting to cut \$270,000 from the budget immediately, with no idea where the money is going to come from, other than the “slush fund” as some on Council wish to call it. Mr. Tewalt noted that fund is set aside for major Town projects, such as the Wastewater Treatment Plant and the possible Water Treatment Plant upgrade. He opined that Council would also need to determine where funding would need to come for installation costs for these taps, as that expense would need to be absorbed.

Councilman Tewalt asked the cost of correcting the Town’s I&I problem. Mr. Waltz explained that to correct the I&I problem to satisfy DEQ was an unanswerable question, though the Town is spending \$3 million this year alone toward the issue. He added that that he would estimate at least ten times that amount to address the DEQ consent order.

Councilman Tewalt expressed strong concern with cutting tap fees in order to give contractors relief, which does not reflect back to the homebuyer. He added that the Town would then need to find another \$270,000 within the budget to balance the funds this year and every budget year that the tap fees are reduced.

Councilman Tewalt moved to amend the motion to return the tap fees to worksession for further discussion.

Mayor Tederick noted that the motion was out of order.

Assistant Town Attorney Sonnett agreed with Mayor Tederick

Councilman Holloway stated that the Town installed the taps a few years back so contractors did not have to be hired to install the taps, Town roadwork, and patch work. He noted that there are contractors on Town roads and the Town is unsure if the work is being completed correctly. Mr. Holloway asked Mr. Waltz if that was correct. Mr. Holloway then asked Mr. Chris Ramsey if that was correct; Mr. Ramsey noted that all Town work is bonded and inspected by the Town for accuracy.

Councilman Holloway asked about the amount of money in the “slush fund.” Mayor Tederick noted that he would be addressing the fund amount.

Councilman Meza noted that the current motion would be to advertise for public hearing and Council could discuss the matter at the next worksession to clear up any confusion. Mr. Waltz stated that there would not be a worksession before the next Council meeting. Mayor Tederick noted that it was possible to schedule a worksession before the next regular meeting.

Mayor Tederick asked for clarification on the loss of funding. Mr. Waltz noted that it was \$270,000 in potential loss of new dollars for anticipated connection charges. Councilman Meza asked about a specific number of homes that applied to; Mr. Camp noted that there were 17 homes thus far, and the Town was on pace for 25 homes this year.

Mayor Tederick stated that at the last worksession Council and Staff spoke about the dire need of the Wastewater Treatment Plant and the need to spend funding to repair the Town system. He noted that the “slush fund” is also known to some as the unrestricted fund balance, and once the future encumbrances are removed, as well as the three-month cash reserve, the Town has \$12.1 million in unrestricted funds.

Mayor Tederick noted that the Town is operating at a loss in the sewer fund, partially due to the I&I issues. He stated that the goal is to operate at breakeven point and the users are paying for the use of the system. Mayor Tederick noted that the Town is not at a break-even point, so the Town is taking some of the revenue to balance the accounts. He explained that the total once the encumbrances and three-month reserve are included comes to \$22 million in unrestricted fund balance.

Mayor Tederick argued that some of those funds came from tap fees. He stated that the fees do get passed on to the homebuyer, and those tap fees were put in place and those tap fees were put in place to stop growth in Warren County, as the tap fees are high. He voiced support with using part of the funding for upgrades and reducing the tap fees.

Councilman Tewalt noted that the funding is not unrestricted because if the water is provided to the Corridor it will cost millions. He stated that the Town needs upgrades for DEQ and should not spend all the Town’s savings or they will not have any for emergencies.

Councilman Tewalt noted that the Town does not have a lot of funding and the Town should preserve funds for future Town needs, I&I primarily. He noted that the matter of reducing taps

is really a joke in his opinion, as it will only help the contractor. Mr. Tewalt added that there were 40 new homes built in the Lake Frederick area in Winchester, so the cost has nothing to do with keeping builders from developing or the economy.

Councilman Gillispie noted that he would vote for the matter at this point, though it needs to go to worksession for discussion. He stated that he rejects the premise that the Town should hold onto the taxpayer's money. He opined that if the funds are sitting there not being used then they should be given back to the citizenry.

Councilman Meza asked about the \$12 million Mayor Tederick referenced, inquiring if that was after the three-month reserve; Mr. Wilson noted that was correct. Mr. Meza noted that perhaps Mr. Tewalt is suggesting that three months is not enough. Mr. Meza also asked about the loop project, asking if his understanding was correct – that the Town would have very little funding that would come out of pocket. Mr. Waltz agreed that Mr. Meza was correct that due to Dominion's tiered rate structure the project would be supported.

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

Councilman Meza moved, seconded by Councilman Gillispie, that Council adjourn the meeting.

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

There being no further business, the Mayor declared the meeting adjourned at 8:54 p.m.

APPROVED:

Jennifer E. Berry
Clerk of Council



TOWN COUNCIL WORK SESSION MINTUES

**Monday, September 23, 2019 after regular meeting
Warren County Government Center**

1. Funding for Engineering Services on Redundant Waterlines

SUMMARY: The Town should identify the source of funding for engineering services related to the redundant water line system in the 522 Corridor; which is estimated to be approximately \$1,313,000. C.H.A. recommended that the Town obtain a loan for the \$1.3 million to cover the engineering of the redundant waterlines.

BUDGET/FUNDING:

9601-3510110 – Water Treatment Plant – Appropriated Funds Forward

STAFF RECOMMENDATION: Staff recommends to identify the source of funding prior to issuing the RFP on the redundant water lines. Furthermore, staff recommends for the Town to use the water fund balance reserves to fund engineering services in the estimated amount of \$1.3 million.

Based on the FY18 CAFR and after deducting the carried forward encumbrances, the water fund's reserve level was \$5,282,036 above the 3-month reserve level. Staff feels that after deducting the \$1.3 million for engineering services that the water fund balance levels will continue to have adequate reserve levels above the 3-month reserve of \$1,325,120.

Staff requests that Town Council to give permission for the intent use water fund balance reserves to fund the engineering services of the redundant water line and to issue the applicable RFP.

Council Discussion: Council voiced support of the matter.

2. Future EDA Structure for the Town

Councilman Meza noted that the EDA seemed to be merging more with the County and moving to be a Department of the County. He asked if the Town would like to begin financially with the EDA the way they previously.

Gillispie voiced concern with assuming any of the debt of the EDA. Mr. Meza noted that Mr. Gillispie is spot on, adding that perhaps in two years the matter may be in a better position on the matter. Messrs. Holloway and Gillispie stated that even when the Town contributed with the EDA the Town played second fiddle on matters.

Councilman Tewalt voiced support of spur of the moment decisions to obtain more information. Councilman Sealock noted that the EDA is managing many Town projects. He stated that he would like to know what the pecking order is on projects. He suggested that the Town needs to be proactive in the EDA.

Councilman Thompson noted that the EDA matter may not be cleared up in 5-10 years, as it may not be possible. She voiced support of the Town being on their own separate from the County.

Tederick stated that the EDA and Town should not be involved during the civil suit and perhaps the legislators could be invited in the future in order to authorize the Town to have their own IDAs. He noted that at times there may be legislation available to have exemptions for the Town to have their own IDA. Mayor Tederick stated that the EDA is insolvent and the County will be paying their monthly debt sooner than later. He noted that they cannot dissolve until their bonds and debts are organized and the Town should pursue their own path.

Councilman Meza noted that he likes having the Town involved with the EDA as without that the entire involvement of the Town, the misdeeds would not have been found. Councilman Tewalt suggested asking for representation on the Board of the EDA.

Mayor Tederick suggested speaking with Mr. Napier regarding the changes to the legislature.

3. Open Discussion

OCTOBER 15th MEETING ---- will be at TOWN HALL or the Community Center on Villa Avenue due to conflict with Board of Supervisors meeting.

4. CLOSED MEETING –EDA Lawsuit

Motions to Go Into Closed Meeting

Councilman Gillispie moved, seconded by Councilman Tewalt for 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, Meza, Sealock, Tewalt and Thompson
No – N/A
Abstain – N/A
Absent – N/A
(Mayor Tederick did not vote as there was no tie to require his vote)

Motion to Certify Closed Meeting at its Conclusion

Councilman Gillispie moved, seconded by Councilman Holloway, 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 Meza, Councilman Holloway, Councilman Thompson, Councilman Gillispie, Vice Mayor Sealock, Town Manager Waltz, Assistant

Town Attorney Sonnett, Clerk of Council Berry, Director of Planning Camp, Director of Finance Wilson, Police Chief Magalis, Director of Environmental Services Boyer, Community Development Director Hart, IT Director Jones, members of the public and members of the press.

ABSENT: Town Attorney Napier