

TOWN COUNCIL WORK SESSION

Monday, April 20, 2020 at 7:00 P.M.

Online via WebEx

1. **Options for Local Economic Recovery** – Due to current COVID-19 Pandemic circumstances, and at the request of Council, Town Staff presented possible options for a local economic recovery plan for small businesses and unemployed citizens. Staff began by outlining the assistance and relief efforts that have already been put in place. This includes the absorption of credit card fees, utility bill late fees, the temporary suspension of utility disconnects for non-payment and the 90-day postponement of real estate and personal property tax late fees and penalties. Town Staff recommended delaying the 2% water rate increase for a period of one year and reducing the water/sewer connection fees effective July 1st. Additionally, Staff recommended Council distribute up to \$1.5 million from the Town's General Unrestricted Fund to local businesses and citizens that are experiencing financial hardship.

Councilman Meza noted that while credit card fees represent a real cost to the town, late fees and reconnect fees do not. Town Finance Director Wilson clarified that late fees still represent a lack of budgeted revenue. Councilman Gillispie asked if the Town has been in contact with the State about relief for municipalities facing significant budget shortfalls. Interim Town Manager Tederick explained that there is some relief for expenses directly related to COVID-19, however, there have not yet been any funds allocated to localities.

Mr. Tederick stated that the primary discussion about the local Economic Recovery Plan has been to develop a criterion to target those with the greatest needs. He cited a report from the Brookings Institute that stated 30% of small businesses may not make it through the COVID-19 Pandemic. He went on to say that "government is not intended to be a charity, rather to collect fees and taxes from citizens" – however, Town Staff has determined a legal way in which to implement an economic recovery plan. He explained that many other localities are using their Economic Development Authority (EDA) to roll out similar programs, which could be an option since the Town has been approved to start an EDA at the beginning of the new fiscal year.

Mr. Tederick noted that the timing of the relief plan is also important. He questioned whether Council would prefer to roll it out as soon as possible or wait until there is less federal assistance. Councilman Holloway stated the importance of starting to provide relief as soon as possible. He explained that if the Town waits until businesses can open back up, it will be too late for some.

Mr. Tederick outlined a possible plan to separate businesses into tiers based on gross income and overall impact of Executive Order 53. He explained that the Town's business licensing process provides Town Staff with gross receipt figures and could assist in creating a formula that targets those businesses that have been most affected.

Councilman Cockrell asked if Warren County is working on an Economic Recovery Plan. Mr. Tederick explained that while he had no indication from Warren County of their plans, his hope was to see them match the relief given by the Town.

Councilman Meza questioned how the Town plans to allocate the \$1.5 million. Mr. Tederick suggested using \$1 Million for small businesses and \$500,000 for unemployed citizens. He

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proposed rolling the funds out in \$250,000 increments, explaining that Town Staff will continue to work on the logistics of the relief program and "fine tune" it as they go. Mayor Tewalt requested that Mr. Tederick finalize recommendations from staff and add the relief program to an upcoming agenda.

2. **Continued Discussion of Setting Fiscal Year 2020-2021 Tax Rates** – Mr. Tederick noted that contrary to previous discussions about possibly lowering real estate and personal property taxes further, Town Staff recommends Council keep taxes at the advertised rate. He explained that per the Commissioner of Revenues Office, Council would need to vote on tax rates by Wednesday, April 22nd.

Councilman Thompson inquired about Tourism. Mr. Tederick noted that Tourism has ultimately stopped due to the current business closings, however, the Tourism Committee would be meeting the following week. He explained that Town Staff has not looked significantly at the Tourism budget, other than current year budget reductions that were recommended by the Town's Manager of Tourism, Tim Smith.

Councilman Meza asked for clarification on whether tax rates would be reduced further. He stated that Council's original ceiling for real estate taxes was a \$.13 per \$100 assessed value rate. Mr. Tederick verified that the recommendation was to keep rates as they were previously advertised. He explained that Town Staff is estimating a significant loss of revenue for the next fiscal year and lowering tax rates further would require more budget cuts. He reiterated that Town Staff recommends an Economic Recovery Plan come from the General Unrestricted Fund rather than in the form of lowered taxes.

3. **FY 2020-2021 Budget Discussion** – Mr. Wilson began by explaining that many surrounding localities are decreasing their proposed budgets by 5%-10%. He also noted that during the 2006-2010 recession there was a 6% reduction in incoming revenues. Town Staff identified a list of budget cuts for the FY 2020-2021 budget for Council to review which represented a 6% revenue shortfall, or \$3.1 million. Mr. Tederick suggested either reducing revenue projections and making appropriate budget cuts now or continuing to monitor revenues and make cuts later.

Councilman Meza expressed his belief that a 6% reduction in revenue projections was optimistic. Mr. Wilson explained that the 2006-2010 recession was the closest available comparison, but that Town Staff would continue to monitor revenues and make adjustments. He explained that the suggested budget items could be moved into a contingency fund, which could be increased or decreased depending on the severity of revenue shortfalls. Councilman Sealock suggested Council review the budget on a monthly basis in order to help direct Town Staff.

Councilman Meza inquired about the plan for overages and shortages in each fund balance. Mr. Wilson stated that the budget presentation represents "bare bone" without having to resort to staffing changes.

Councilman Meza asked if furloughs were being considered. Mr. Tederick clarified that if revenue shortfalls are as high as 10%, the next significant level of budget cuts would have to be personnel. Councilman Thompson expressed concern for employees that would learn of potential furloughs from a Work Session. Councilman Meza noted his understanding of Councilman Thompson's

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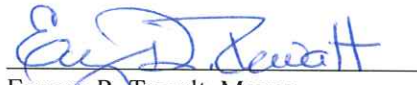
concern, but explained that everyone is currently affected, not just the Town's government. He stated his belief that the Town should not take a stance that furloughs are not an option. Councilman Sealock pointed out several open positions that will not be filled right away. Mr. Tederick explained that all open positions are included in the proposed budget. He met with Town Staff to identify critical hires, but the other vacant positions could remain unfilled to help reduce the staffing budget.

Mr. Tederick suggested taking another 2 to 3 work sessions to discuss options before officially adopting a FY 2020-2021 budget. Mr. Wilson asked Council what budget number they felt should be projected. He explained that he will have a better idea of what revenue shortfalls will look like as he monitors them over the next few weeks. Mr. Tederick added that if Council chooses to forecast a 6% revenue reduction, they will need to have budget cuts in place before the budget is adopted. He also suggested possibly adopting the budget "as is" and making modifications on a monthly basis. Mayor Tewalt commended Town Staff and stated they are "off to a good start."

Mayor adjourned the work session at 8:15 P.M. and Council began their Special Meeting.

PRESENT: Mayor Tewalt, Vice Mayor Sealock, Councilman Cockrell, Councilman Gillispie, Councilman Holloway, Councilman Meza, Councilman Thompson, Interim Town Manager Tederick, Town Attorney Napier, Deputy Clerk of Council Lynn, Director of Finance Wilson, and those members of the public and press who were listening online.

APPROVED:


Eugene R. Tewalt, Mayor

ATTEST:


Tina L. Presley Clerk of Council
Minutes Written by Mary Ellen Lynn Deputy Clerk of Council

Councilman Meza moved, seconded by Councilman Sealock approved the Work Session Meeting minutes of April 20, 2020 on May 11, 2020.

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TOWN COUNCIL SPECIAL MEETING

Monday, April 20, 2020

Online via WebEx

ROLL CALL for MAYOR/TOWN COUNCIL

PRESENT: Mayor Eugene R. Tewalt
Vice Mayor William A. Sealock
Councilman Lori A. Cockrell
Councilman Gary L. Gillispie
Councilman Chris W. Holloway
Councilman Jacob L. Meza
Councilman Letasha T. Thompson
Interim Town Manager Matthew A. Tederick
Town Attorney Douglas W. Napier
Deputy Clerk of Council Mary E. Lynn

(the above represents municipal officers of the Town of Front Royal as stated in Town Charter Section 4)

Councilman Gillispie moved, seconded by Councilman Meza to add the approval/authorization of an Emergency Temporary Shower for Warren County's Health and Human Services to the Special Meeting Agenda.

Vote: Yes – Councilmen Sealock, Cockrell, Gillispie Holloway, Meza and Thompson
No – N/A
Abstain – N/A
Absent – N/A

ROLL CALL

COUNCIL APPROVAL – Setting Fiscal Year 2020-2021 Tax Rate/Amend Chapter 75-44

Councilman Meza moved, seconded by Vice Mayor Sealock, that Council adopt a real property tax rate at \$0.13 per \$100 assessed value which represents a decrease of \$0.0005 from the current year's tax rate and the personal property tax rate at \$0.64 per \$100 assessed value, which represents no increase over the current year's rates; and to decrease the personal property tax relief rate (PPTR) from 56% to 53% of value on the first \$20,000 of assessed value for qualifying vehicles with an assessed value greater than \$1,000; and a personal property tax relief rate of 100% for qualifying vehicles with an assessed value of \$1,000 or less, pursuant to Virginia Code §58.1-3524. I further move that Council adopt on its second and final reading an ordinance amendment to Chapter 75-44.C. to reflect the adopted real and personal property tax rates, as presented.

Councilman Meza expressed how impressed he was that Council decided to lower real estate taxes prior to the COVID-19 outbreak. He noted that raising tax rates during this time would be a "bad decision" and put an additional financial burden on citizens.

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Vote: Yes – Councilmen Sealock, Cockrell, Gillispie Holloway and Meza

No – Councilman Thompson

Abstain – N/A

Absent – N/A

ROLL CALL

COUNCIL APPROVAL – Temporary Use of Shower Trailer – Warren County Health and Human Services

Councilman Cockrell moved, seconded by Councilman Holloway, that Town Council finding that the following is necessary and appropriate to respond to a public need for temporary housing and temporary response facilities during a time of public emergencies at local, state, and federal levels due to the COVID-19 pandemic, I move that Town Council approve, authorize, and ratify the temporary use of a stall shower trailer on Warren County's Health and Human Services Complex property located in the Town of Front Royal, for the use of the Thermal Shelter Project, pursuant to Town Code 175-9.4, and pursuant to authorization of the Town Manager to the County of Warren as the Town's Director of Emergency Management. I further move that this temporary use be allowed to continue (A) until October 21, 2020, (B) until such time as the Town Manager determines that a local emergency due to the COVID-19 pandemic no longer exists, or (C) upon a written request from the County Administrator of the County of Warren or, (D) upon the written request of the Warren County Community Liaison or, (E) the Director of the Warren County Department of Social Services, whichever event first occurs.

Interim Town Manager Tederick explained that his office received the emergency request late on Friday afternoon. He stated that the Town Code is written to account for these types of instances and he considered the request to be a reasonable accommodation.

Vote: Yes – Councilmen Sealock, Cockrell, Gillispie Holloway, Meza and Thompson

No – N/A

Abstain – N/A

Absent – N/A

ROLL CALL

CLOSED MEETING – FDR Services, Annexation Issues and Connection/Tap Fees

Councilman Gillispie moved, seconded by Councilman Cockrell that Town Council convene and go into Closed Meeting for the following purposes: 1) Consultation with legal counsel employed or retained by Town Council regarding specific legal matters, specifically, modification or renegotiation of the contractual provisions of FDR Services Corporation of Virginia, Inc., requiring the provision of legal advice by such counsel, pursuant to Section 2.2-3711. A. 8. of the Code of Virginia; 2) To consider a potential amended proposed voluntary economic growth-sharing agreement with the Board of Supervisors of Warren County or potential future annexation issues regarding the area in the vicinity of Route 522 North of the Town of Front Royal, pursuant to the following: a. 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

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Town would be adversely affected, under Va. Code Section 2.2-3711. A. 6 and b. Consultation with legal counsel employed or retained by Town Council regarding specific legal matters requiring the provision of legal advice by such counsel, under Va. Code Section 2.2-3711. A.8; and 3) With respect to a prospective business or industry or the expansion of an existing business or industry where no previous announcement has been made of the business' or industry's interest in locating or expanding its facilities in the community, to consider the Town's legal position and strategy with respect to potential legal issues concerning Town water and sewer service development fees (connection or tap) fees and related expenses, pursuant to Va. Code Section 2.2-3711. A. 8. of the Code of Virginia, as well as discussion concerning, pursuant to Section 2.2-3711. A. 5. of the Code of Virginia

Vote: Yes – Councilmen Sealock, Cockrell, Gillispie Holloway, Meza and Thompson

No – N/A

Abstain – N/A

Absent – N/A

ROLL CALL

Councilman Cockrell moved, seconded by Councilman Holloway that the Mayor/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 the Mayor and Town Council be taken by roll call and recorded and included in the minutes of the meeting of the Mayor and Town Council

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

No – N/A

Abstain – N/A

Absent – N/A

ROLL CALL

COUNCIL APPROVAL – Application for Jeffrey L. LeHew Family LLC V

Town Attorney Doug Napier drafted a motion that that Town Council authorize the Town Manager and himself to draft and sign an agreement on behalf of the Town to approve the application submitted by Jeffrey L. LeHew Family LLC V for Town water and sewer services on the property listed in the application at in-Town rates contingent on the understanding and agreement with the applicant that if a fixed brick and mortar location is erected at the site to use the Town utilities the Town's approval is voided and a new application will have to be submitted

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Vice Mayor Sealock moved, seconded by Councilman Holloway to approve the motion as stated by Mr. Napier

Vote: Yes – Councilmen Sealock, Cockrell, Gillispie Holloway, Meza and Thompson

No – N/A

Abstain – N/A

Absent – N/A

ROLL CALL

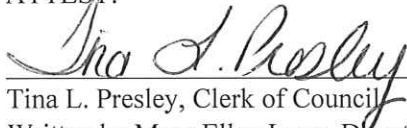
Mayor adjourned the meeting at 9:13 p.m.

APPROVED:



Eugene R. Tewalt, Mayor

ATTEST:



Tina L. Presley, Clerk of Council

Written by Mary Ellen Lynn, Deputy Clerk of Council

Councilman Meza moved, seconded by Councilman Sealock approved the Special Meeting minutes of April 20, 2020 on May 11, 2020.

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