

The regular meeting of the Town Council of the Town of Front Royal, Virginia was held on May 27, 2014, in the Warren County Government Center’s Board Meeting Room. Mayor Darr led 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 Timothy W. Darr
Vice Mayor N. Shae Parker
Councilman Daryl L. Funk
Councilman Bret W. Hrbek
Councilman Thomas H. Sayre
Councilman Eugene R. Tewalt
Councilman Hollis L. Tharpe
Town Manager Steven M. Burke, P.E.
Town Attorney Douglas W. Napier
Clerk of Council Jennifer E. Berry, CMC

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

Vice Mayor Parker moved, seconded by Councilman Tewalt, that Council approve the Regular Council Meeting minutes of May 12, 2014 as presented.

Vote: Yes – Funk, Hrbek, Parker, Tewalt, Tharpe and Sayre
No – N/A
Abstain – N/A
Absent – N/A
(Mayor Darr did not vote as there was no tie to require his vote)

RECEIPT OF PETITIONS OR CORRESPONDENCE FROM THE PUBLIC

James Rogers, of 371 W. 10th Street, noted that he wanted to follow up on his comments from the previous meeting. He stated that the Town Police Department is doing a great job though he has encountered times where his family could have benefited from better community safety efforts. Mr. Rogers noted that the main reason that the Town only has sobriety checks a couple times annually was due to the inadequate manpower. He voiced support of having them every month. He stated that he was reminded of an article that that reference that due to an aggressive approach in Winchester their rates dropped by 92% and he asked that more be done in Front Royal. Mr. Rogers asked that the Council give the Police Department more manpower and appropriate funding. He noted that common sense puts the fear of the law in people.

Jane Elliot submitted a letter and spoke to Council at the meeting, her letter stated:
I have read about the intended repeal of Municipal Code 110-17, which would legalize palm reading/tarot card reading, etc., in Front Royal. As I understand it, the tarot card reader is challenging the law because it infringes on her "source of income." Well, then, I guess the next in line to challenge similar statutes would be prostitutes and drug dealers because laws exist that certainly threaten their "sources of income" as well. And let's not forget equal time and recognition for bank robbers. What a calamitous door is threatening to be opened!

I urge you, members of the Town Council of Front Royal, to consider carefully the repeal of this code and the harm its repeal would do to our fair

town. Last year I had to inform a Town Council member of what I witnessed at the 2013 Wine and Craft festival, which had tarot card readers as "vendors"--is that what is meant by "Craft" in Wine and *Craft*? Lewdness in speech and action, as well as public drunkenness displayed for all to see up and down Main Street at noon on a Saturday afternoon. Certainly, that was not a family-friendly atmosphere. In fact, I have been told by several families that for years, they refuse to frequent that festival. The word is out among the residents of Front Royal and Warren County. Anything for the immediate buck, I guess, regardless of the long-term damage.

Do we, as residents of Front Royal, want to further the attracting of this type of clientele and behavior by removing a wise, time-honored law, thereby sanctioning approval of a licensed spiritualist? Is this what the members of the Council consider "forward thinking"? Rather, this seems to be moving Front Royal backwards: into a bygone era of ignorant superstition. Do the members of the Council want this locality once again to be called Hell Town? A moniker this town has worked very hard to overcome? What a great label for Front Royal: already identified as the land of used car lots, banks, and tattoo parlors.

Where does our local government wish to take our town? Another noteworthy point: the tarot card reader argues that she provides spiritual counseling--for a fee, of course. Does she place herself in the same category as legitimate priests and ministers? I've never heard of them charging for their services. Never. Voodoo practice is one tiny step away from tarot cards, which is one small step from satanism. Should we want to recognize Front Royal as an up-and-coming center for the Black Arts? What forward thinking.

What are next in the plans of the Town Council? Sanctioning Satanists to be free to conduct animal and human sacrifices at the local cemeteries? If you research areas where these practices are commonplace you will find the close connection to tarot card readings.

Council members should be forward-thinking enough to anticipate the expected violent crimes and the costs of added law enforcement personnel, and what this will do to the town budget and taxes.

Manuel Vincente, of 1320 Commonwealth Avenue, noted that the Town ancestors were wise with the Town Code, though it may not be so in today's world. He stated that the Code was well thought out years ago. He noted that the citizens wish to be law abiding and raise their children in a good community where it can be favorable. Mr. Vicente opined that it was illegal and witchcraft was not favorable. He challenged Council stand for what was right and would benefit the Town in the future.

Elizabeth Poel, of 945 S. Marshall Street, submitted a letter and spoke to Council at the meeting, her letter stated:

I have heard and read about the Town Council considering the repeal of the Municipal Code 110-17, which disallows the business of fortune-tellers, Tarot card-readers and the like in this town. A Tarot reader was conducting business of "readings" and spiritual counseling

at the establishment at 113 E. Main Street, the Center for Workforce Development, in the shop called "Brooklyn's Marketplace" at the same address. Why are you town officials so eager to change a just and reasonable law for one person? Why are you not, rather, enforcing this law, and let well-enough alone?

I urge you to be very careful on this slippery slope, and vigorously decline to open this Pandora's Box. That, and other similar "businesses" which will surely follow, will change the good character of this good town. Maya Sparks White claims that the current law interferes with her earning her livelihood in divining "fortunes" and spiritual counseling. She takes MONEY for reading cards? As to the latter, since she engages in counseling, why is she charging fees? Priests and ministers never charge fees for their spiritual guidance; psychological counselors do. Perhaps she should first acquire professional credentials before counseling. Or perhaps she should just get a real job?

When I moved here sixteen years ago, I was told about the former name applied to Front Royal: "Hell Town." Do you really intend to revert to that name and time? Or perhaps worse? Are you prepared to designate which town alley will be the red light district? Which storefronts will be drug dens? Bathhouses? Hold regular séances with the dead? It is widely known that the Shenandoah Valley is host to many covens of witches and warlocks. The challenger to the current town law can surely find many such venues to ply her crafts, rather than in this town. I used to attend the annual Wine and Mushroom (now Craft) Festivals, but stopped because of the nature of the festivals in recent years. There is much lewd, disgusting behavior at the festivals, and I cannot subject my grandchildren to the possible and probable physical, mental, and spiritual dangers therein. What indeed is this town coming to? Do you town officials truly want to have your hands in additional destruction?

I urge you to sustain Code 110-17 as it currently exists, firmly enforce it, and if anything, to make it stronger.

Others that submitted letters into the record, prior to the meeting commencing:

John Puglisi

As a concerned father of a young family and someone who moved to Front Royal for its family-friendly atmosphere, I am opposed to the repeal of Municipal Code 110-17. Allowing tarot card readers to legitimately practice simply will not do anything of benefit for the character of Front Royal. I urge you to let this law stay on the books. If it ain't broke don't fix it. And regardless of what some may say, rules are not made to be broken.

Michele (Mickey) Krebs

I am sending my protest that the law should not be changed regarding fortune telling being prohibited in this town. Main Street should not be degraded to those types of streets that are characteristically part of the dearth of humanity in big cities.

Dr. Eleanor Kelly

Please do not change the code which prevents fortune telling. Thank you for considering my request.

Michael Randolph

As recent events indicate, the town ordinance against fortunetelling and practicing magic art remains relevant today as when first established. There should be no place in our town where such fraudulent activity as fortunetelling or practice of "magic art" for remuneration should be tolerated. Such practices encourage exploitation of the gullible and undermine the reputations of our Town and honest businesses that operate here. Thank you.

Laura Randolph

The town code preventing fortune tellers should remain. Fortune tellers exploit the ignorant and drive away the educated and cultivated. Only the poorest and most degraded areas allow adult book stores, massage parlors and fortune tellers. We want better things for Front Royal.

Sandra O’Gorman

This is written in opposition to the proposition that you revisit and revise Municipal Code 110-17, which now prohibits palm reading/tarot card reading as legitimate occupations in our Town. I am firmly opposed to such a change. The repercussions would certainly be far reaching and, I think, devastating to our community.

First & foremost, it is ungodly ... a sin against the 1st Commandment: I Am the Lord your God, you shall not have strange gods before Me. You would be calling down the wrath of God upon yourselves and our community by positively permitting this activity. Secondly, such activities are easy forms of manipulation of gullible people. As G.K. Chesterton, a 20th century English writer, has stated ... “When men choose not to believe in God, they do not thereafter believe in nothing, they then become capable of believing in anything.” Advice received from soothsayers could rule and, perhaps, destroy many people’s lives. There are countless examples of crimes, including murders, bogus investments, etc. committed by those under the influence of charlatans and fortunetellers.

Please do a little research and perhaps you will understand why our forefathers found these activities undesirable and contrary to the fostering of a wholesome society. As the degraded American pop

culture ... expertly manipulated by the media and public "education" ... wrings the last vestiges of belief in the One True God out of American society, we need only look on our streets to see the sad state of people who are bereft of self respect ... but full to the brim of self esteem!

The Town Council is at a crossroads in which it needs to decide what sort of town it wishes to foster. Are you willing and prepared to take Front Royal down another notch?

Mayor Darr noted that there were two conflicting Codes on the books and Council has not discussed the matter formally or in a worksession.

REPORT OF THE MAYOR, COUNCIL & STAFF

Town Manager Steve Burke:

- Commended Staff for their response to the flooding matters last week;
- Noted the public that the Criser Road bridge remains closed, though they are working to replace the asphalt and the guard rail on site;
- Announced that Town taxes are due June 5th; and
- Reminded citizens that the high schools are graduating, wished the graduates the very best.

Councilman Sayre asked if the Criser Road bridge could be replaced completely perhaps, instead of just repaired. Mr. Burke stated that if there had been significant substructure damage then they would have replaced it. Mr. Sayre questioned the cost of full replacement. Mr. Burke noted that it was near \$500,000, versus the repair amount of \$4,000.

Councilman Sayre noted that he appreciates those that came to speak this evening during the public speaking time. He stated that he knows it takes time away from other commitments.

Mayor Darr stated that he had the privilege of attended Randolph Macon Academy's graduation celebration, which was a great event. He noted that the War Dog event at the Town Gazebo was well put on and he thanked Malcolm Barr for the ceremony.

Mayor Darr noted that speaking with the graduating seniors at the area high schools was a highlight of his recent week and he enjoyed the time he spent with them. He stated that their questions always enlightened him.

Mayor Darr announced that this Saturday would be the community's Relay for Life and encouraged all that could to attend and participate.

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

Councilman Hrbek moved, seconded by Councilman Tharpe, that Council remove the Warren Heritage Utility Service Reimbursement and discuss the item June 9th.

- Vote: Yes – Funk, Hrbek, Parker, Tewalt, Tharpe and Sayre
No – N/A
Abstain – N/A
Absent – N/A

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

CONSENT AGENDA ITEMS

- A. COUNCIL APPROVAL – Proclamation “Parents Who Host Lose the Most”
- B. COUNCIL APPROVAL – Resolution – VRS Employer Contribution Rate Election
- C. COUNCIL APPROVAL – Budget Amendment to Purchase Police Equipment with Asset Forfeiture Funds
- D. COUNCIL APPROVAL – Donation of Street Lights to Warren Heritage Society
- E. COUNCIL APPROVAL – Disposition of 225th Anniversary Banners
- F. COUNCIL APPROVAL - REC Interconnection Agreement
- G. COUNCIL APPROVAL - Extension of Terms of Current Council Members to Appointments
 - Vice Mayor - N. Shae Parker
 - Northern Shenandoah Valley Regional Commission (NSVRC) Alternate Representative - Vice Mayor N. Shae Parker
 - Library Board Ex-officio Member - Vice Mayor N. Shae Parker
 - Royal Phoenix Easement Committee - Councilman Sayre
- H. COUNCIL APPROVAL - Northern Shenandoah Valley Regional Commission (NSVRC) Non-Elected Representative

Councilman Tewalt moved, seconded by Councilman Sayre, that Council approve the Consent Agenda as presented.

Vote: Yes – Funk, Hrbek, Parker, Tewalt, Tharpe and Sayre
 No – N/A
 Abstain – N/A
 Absent – N/A
 (Mayor Darr did not vote as there was no tie to require his vote)

To answer Councilman Tewalt’s question, Mayor Darr noted that the Town purchased banners that were placed on the Town utility poles and they would now be selling them now at the Visitor’s Center, as the 225th Anniversary of the Town has ceased.

Vote: Yes – Funk, Hrbek, Parker, Sayre, Tewalt and Tharpe
 No – N/A
 Abstain – N/A
 Absent – N/A
 (Mayor Darr did not vote as there was no tie to require his vote)
 (By Roll Call)

PUBLIC HEARING – Adoption of the Town’s Annual Appropriation Ordinance for FY 2014-2015 Budget *(1st reading)*

Summary: Council is requested to affirm on its first reading, adoption of the Town’s Annual Appropriation Ordinance for fiscal year 2014-2015 proposed budget. Appropriations would be effective July 1, 2014 through June 30, 2015.

Mayor Darr opened the public hearing. As no one came forward to speak, the public hearing was closed.

Vice Mayor Parker moved, seconded by Councilman Hrbek, that Council affirm on its first reading adoption of the Town's Annual Appropriation Ordinance for fiscal year 2014-2015 proposed budget.

Councilman Funk noted that he had planned to vote for the budget originally, though he would be voting against the budget in order to remain consistent with his vote against the tax increase. He stated that as he voted against the tax increase, he could not now vote, in good conscious, to spend the money. Mr. Funk thanked Staff for their efforts for assembling a balanced budget.

CAREER DEVELOPMENT AMENDMENT

Vice Mayor Parker moved, seconded by Councilman Funk, that Council amend the FY14-15 Budget Appropriation to dedicate \$50,000 of the \$114,035 dedicated toward reimbursement of the phone system upgrade repayment in Item 1204-47007 (Pages 49 & 50) towards funding the of various career development paths for positions in the General Funds similar to those established for our Police Officers through the Master Police Officer Program. Funding for establishing the various position levels shall require Council approval following presentation of the new position levels by staff. The \$50,000 funding will be transferred to 9203-42015 (Reserve for Employee Compensation).

Vote: Yes – Funk, Hrbek, Parker, Sayre and Tewalt
No – Tharpe
Abstain – N/A
Absent – N/A
(Mayor Darr did not vote as there was no tie to require his vote)
(By Roll Call)

SEN DISPATCHER PROGRAM AMENDMENT

Vice Mayor Parker moved, seconded by Councilman Hrbek, that Council amend the FY 14-15 Budget Appropriation to include \$15,500 in 3104-41001 to establish the Senior Dispatcher Program to establish a career development path for the Police Dispatchers as presented to Council in Work Session on May 5th. I further move to transfer \$4,500 from 2201-47001 (Laptop for Town Attorney Page 52) to fund this program. He also moved to transfer \$1,000 from 1205-46007 (Excess Arts Grant Request in Tourism Page 54) to fund this program. He further moved to transfer \$10,000 from 1203-47009 (Fleet Building AC Installation Page 83) to fund this program.

Councilman Hrbek asked about the laptop and arts requests and whether these were the included typos. Mr. Burke noted that they were the line item overages and the discussion to extend the air conditioning.

Vote: Yes – Funk, Hrbek, Parker, Sayre, Tewalt and Tharpe
No – N/A
Abstain – N/A
Absent – N/A
(Mayor Darr did not vote as there was no tie to require his vote)
(By Roll Call)

CHIEF DISPATCHER POSITION RECLASSIFICATION AMENDMENT

Vice Mayor Parker moved, seconded by Councilman Hrbek that Council amend the FY 14-15 Budget Appropriation to transfer \$9,000 from 1000-3510110 (General Fund Reserve) to 3104-41001 Regular Salaries to fund the reclassification of the Chief Dispatcher Position to a Pay Grade 24, commensurate with the current responsibilities and duties as discussed at the May 5th Work Session.

Vote: Yes – Funk, Hrbek, Parker, Sayre, Tewalt and Tharpe
No – N/A
Abstain – N/A
Absent – N/A
(Mayor Darr did not vote as there was no tie to require his vote)
(By Roll Call)

REPLACE POLICE SPEED TRAILER AMENDMENT

Vice Mayor Parker moved, seconded by Councilman Tharpe, that Council amend the FY 14-15 Budget Appropriation to transfer \$18,000 from 1000-3510110 (General Fund Reserve) to 3102-47001 (Police Patrol Machinery & Equipment Page 63) to fund the acquisition of a replacement speed trailer with recording capability for the Police Department.

Councilman Tewalt noted that he was against removing money from the General Fund for this purchase, he stated that the funds needed to be set aside for emergencies and he would not support the amendment.

Councilman Tharpe stated that the Police Department needed the trailer in order to serve the community as it was a strong tool. Councilman Tewalt noted that it should have been included in the budget, not under a General Fund request.

Councilman Sayre asked if it could be used under asset forfeiture funds. Chief Shiflett noted that asset forfeiture funds could be used for the trailer purchase. Councilman Funk asked how long the asset funds could take. Chief Shiflett stated that it could be about two months perhaps. Councilman Tewalt stated that he was not against buying the item, though it should not come from the General Fund, but rather it should be budgeted for appropriately.

Councilman Hrbek noted he would be voting against the matter and perhaps using the asset forfeiture funds for the item would be best.

Vote: Yes – Tharpe
No – Funk, Hrbek, Parker, Sayre and Tewalt
Abstain – N/A
Absent – N/A
(Mayor Darr did not vote as there was no tie to require his vote)
(By Roll Call)
(MOTION FAILED)

CELLPHONE FORENSIC SOFTWARE AMENDMENT

Vice Mayor Parker moved, seconded by Councilman Funk, that Council amend the FY 14-15 Budget Appropriation to transfer \$8,585 from 3107-47001 (Drug Task Force Machinery & Equipment Page 66) to

3103-47001 (Police Investigations Machinery & Equipment Page 64) to fund the acquisition of new Cellphone Forensic Software for the Police Department.

Vote: Yes – Funk, Hrbek, Parker, Sayre, Tewalt and Tharpe
No – N/A
Abstain – N/A
Absent – N/A
(Mayor Darr did not vote as there was no tie to require his vote)
(By Roll Call)

FLEET MANAGEMENT AIR CONDITIONING AMENDMENT

Vice Mayor Parker moved, seconded by Councilman Hrbek, that Council amend the FY 14-15 Budget Appropriation to establish 1203-47001 (Fleet Management Machinery & Equipment Page 83) as a two-year funded project with \$10,000 in FY14-15 and direct staff to include \$10,000 in the FY15-16 Budget. I further move staff to include this multiyear project in the Capital Improvements Program as a two-year project.

Councilman Sayre asked for clarification on what the item was. Mayor Darr and Mr. Burke explained in detail what the specifics of the air conditioning unit would cover. Mr. Sayre asked about the large fans that could be used. Mr. Burke stated that they were actually A/C units with misting in his opinion. Councilman Tewalt noted that the Town would be throwing money away by air conditioning a building of that size and he could not support the matter.

Councilman Funk asked if it had been in the budget initially. Mr. Burke noted that it was, as a two year project originally.

Vote: Yes – Funk, Hrbek, Parker and Tharpe
No – Sayre and Tewalt
Abstain – N/A
Absent – N/A
(Mayor Darr did not vote as there was no tie to require his vote)
(By Roll Call)

RATE STUDY & POTENTIAL LITIGATION FUNDING AMENDMENT

Vice Mayor Parker moved, seconded by Councilman Tharpe, that Council amend the FY 14-15 Budget Appropriation to establish the funding for the Water & Sewer Rate Study and for potential litigation identified in 9601-43002 (Water Plant) and 9801-43002 (Wastewater Plant) as contingency funding in 9601-3510110 (Water Plant) and 9801-3510110 (Wastewater Plant) with expenditure of funding for the Water & Sewer Rate Study and/or litigation requiring Council authorization.

Councilman Tewalt asked about the rate study completed four years ago. Mr. Burke stated that they received an eleven million dollar grant for the Wastewater Treatment Plant upgrade and they would like to bring all of the new information and get advisement from the consultant to determine if they could even reduce the rate perhaps. Mr. Burke added that the rate study portion would be about \$20,000.

Councilman Sayre moved, seconded by Councilman Funk to remove the wording “for potential litigation” and “for litigation requiring Council authorization”.

Mr. Burke noted that these were the funds used to obtain Carter Glass. Mr. Hrbek stated that he would oppose the amendment to remove the litigation wording as it was prudent to protect the system and use the monies as needed to identify funding for litigation should it be needed. He asked if the monies would need Council authorization to be spent, even if they were included in the budget. Mr. Napier noted that yes; Council would still need to authorize the funds.

Vote: Yes – Funk, Sayre and Tharpe
No – Hrbek, Parker and Tewalt
Abstain – N/A
Absent – N/A
No – Mayor Darr to break the tie
(By Roll Call)
(MOTION FAILED TO AMEND)

Vote: Yes – Funk and Tewalt
No – Hrbek, Parker, Sayre, Tharpe
Abstain – N/A
Absent – N/A
(Mayor Darr did not vote as there was no tie to require his vote)
(By Roll Call)
(MOTION FAILED)

Vote: Yes – Hrbek, Parker, Tewalt and Tharpe
No – Funk and Sayre
Abstain – N/A
Absent – N/A
(Mayor Darr did not vote as there was no tie to require his vote)
(By Roll Call)
(BUDGET MOTION AS AMENDED)

PUBLIC HEARING – Ordinance to Amend & Re-Enact Code Sections to Increase Water and Sewer Rates (*1st Reading*)

Summary: Council is requested to affirm on its first reading an ordinance to amend and re-enact Front Royal Town Code Sections 134-22; 134-22.4; 134-30; 134-31.1 and 134-31.2 to increase rates and large meter fees for both sanitary sewer service and water service. Water rates are proposed to increase 6.5% and sewer rates are proposed to increase 10%. Once approved, increases would be incorporated on utility bills after July 1, 2014 as presented.

Mayor Darr opened the public hearing. As no one came forward to speak, the public hearing was closed.

Councilman Tewalt moved, seconded by Councilman Sayre that Council affirm on its first reading an Ordinance to amend and re-enact Front Royal Town Code Sections 134-22; 134-22.4; 134-30; 134-31.1 and 134-31.2 to increase rates and large meter fees for both sanitary sewer service and water service as presented.

Councilman Sayre noted that he supported upgrading the Wastewater Treatment Plant.

Councilman Hrbek asked for a refresher of how the Town came to the numbers as presented. Mr. Burke noted that the large meter fees were those that accompany monthly fees and the original study had asked for 30% sewer and a water increase of 8.5% though we chose to adjust by the amounts shown. He added that the Town budget was based on the amounts shown, 10% sewer, 6.5% for water.

Mr. Burke explained that the numbers are actually adjusted slightly downward and the Town is not anticipating the debt service of the WWTP to be as high as originally thought, though once the improvements are bid, Staff can move forward with actual numbers.

Mayor Darr added that it appears that should we need to, we can adjust the rates once we have more facts to rely on. Mr. Burke noted that was correct.

Vote: Yes – Funk, Hrbek, Sayre and Tewalt
gNo – Parker and Tharpe
Abstain – N/A
Absent – N/A
(Mayor Darr did not vote as there was no tie to require his vote)
(By Roll Call)

PUBLIC HEARING – Ordinance to Amend & Re-Enact Code Section to Increase Energy Service Fee *(1st Reading)*

Summary: Council is requested to affirm on its first reading an Ordinance to amend and re-enact Front Royal Town Code Section 12-1 Energy Services Fees to increase the fee for the second and additional electric meter inspections from \$25 to \$40; and establish a temporary electric service fee for less than 100 ampere service at \$65.00 as presented. Increase in fees would be effective July 1, 2014.

Mayor Darr opened the public hearing. As no one came forward to speak, the public hearing was closed.

Vice Mayor Parker moved, seconded by Councilman Tharpe, that Council affirm on its first reading an Ordinance to amend and re-enact Front Royal Town Code Section 12-1 Energy Services Fees to increase the fee for the second and additional electric meter inspections from \$25 to \$40; and establish a temporary electric service fee for residential service and for commercial service to incurred costs as presented.

Councilman Tharpe asked if the Town was checking the meter once for free. Mr. Burke noted that was correct. Councilman Funk clarified the number we have on average each year; Mr. Burke noted that less than 5% of residents request checks per year. Mr. Tewalt noted that there was one free per year; Mr. Burke stated that was correct, noting that the change was intended to prevent continual re-reads by Town Staff.

Councilman Tharpe moved, seconded by Councilman Funk, that accounts receive two free re-reads per year and that third readings be listed at \$50.

Vote: Yes – Funk, Hrbek, Tewalt and Tharpe
No – Parker and Sayre
Abstain – N/A
Absent – N/A
(Mayor Darr did not vote as there was no tie to require his vote)
(By Roll Call)

Vote: Yes – Funk, Hrbek, Parker, Sayre, Tewalt and Tharpe
No – N/A
Abstain – N/A
Absent – N/A
(Mayor Darr did not vote as there was no tie to require his vote)
(By Roll Call)

PUBLIC HEARING – Ordinance to Enact Code Section to Establish a Temporary Electric Service Fee *(1st Reading)*

Summary: Council is requested to affirm on its first reading an Ordinance to enact Front Royal Town Code Section 70-23.F ELECTRIC CHARGES to establish a temporary electric service fee for residential service to incurred costs as presented.

Mayor Darr opened the public hearing. As no one came forward to speak, the public hearing was closed.

Vice Mayor Parker moved, seconded by Councilman Tharpe, that Council affirm on its first reading an ordinance to enact Front Royal Town Code Section 70-23 ELECTRIC CHARGES to establish a temporary electric service fee for residential service greater than 100 ampere service and for commercial service to incurred costs as presented.

Councilman Tharpe asked about gathering more clarification from other localities. Mr. Burke stated that they could gather said materials. He added that this motion would codify the cost for residences and the commercial expense.

Vote: Yes – Funk, Hrbek, Parker, Sayre, Tewalt and Tharpe
No – N/A
Abstain – N/A
Absent – N/A
(Mayor Darr did not vote as there was no tie to require his vote)
(By Roll Call)

COUNCIL APPROVAL – AMPGS Stranded Cost Payment Options

Summary: Following the cancellation of the AMPGS Project as a coal-fired project in November 2009, American Municipal Power (AMP) engaged in legal counsel for its participants in prosecuting or defending any claims resulting from the cancellation. The stranded cost for this project was approximately \$145 million. As the legal process continues, participants decided in April that it

was time for members to start the process of re-payment of the net AMPGS standard liability cost which for the Town of Front Royal is \$500,270.00. Staff has discussed payment options with AMP and there is a 1% interest rate for payment plans. Staff recommends paying approximately \$3,000.00 per month for 15 years to AMP until the Town has completed the rate study to determine the impact of full payment on the Town's fund balance. Council is requested to approve a payment option for the liability cost.

Councilman Hrbek moved, seconded by Vice Mayor Parker, that Council approve a payment of \$3,000.00 per month for fifteen (15) years at an interest rate of 1% to American Municipal Power (AMP) for the re-payment of the net AMPGS standard liability cost, until the Town has completed a rate study to determine the impact of full payment on the Town's Fund Balance.

Vice Mayor Parker noted that he fielded some calls on the matter over the weekend. He noted that before the news media wrote a story on a topic they should at least be in attendance to hear the discussion among Council.

Mr. Burke explained that AMP presented the matter for a coal fired plant that the Town could participate in. He noted that it seemed that the Town could benefit from the project and they chose to participate. Mr. Burke stated that Front Royal was a small player in the project overall. He stated that as AMP approached final design, they acquired equipment for future facility use and incurred engineering and design costs. He added that the costs jumped up to over 30% of initial planned costs and AMP chose to terminate the project. Mr. Burke explained that, rather than have participants pay their costs, AMP chose to litigate against the designer and at this time, litigation has fallen in favor of the designer thus far.

Mayor Darr stated that the Town had an agreement years ago with Allegheny and then the Town chose to do a portfolio management option for electric power, which has allowed Front Royal to build a very strong electric portfolio. He added that has benefited Town customers immensely and the Town has the lowest municipal electric rates in the Commonwealth. He noted that the portfolio funds can cover this type of situation and the portfolio risk has far outweighed the loss from this type of project. Mayor Darr stated that the Town has saved millions on other projects, though on this one matter this one was a loss. He added that the Town's electric portfolio is very, very strong.

Councilman Hrbek stated that the electric department utility income is covering this amount, and it would not come from the Town's general tax revenue account.

Councilman Sayre noted that based on Mr. Waltz's work and the efforts of the Town, the portfolio has worked to the benefit of the Town for many years and having a diversified system for the electric purchases has given the Town a great benefit.

Vote: Yes – Funk, Hrbek, Parker, Sayre, Tewalt and Tharpe
No – N/A
Abstain – N/A
Absent – N/A
(Mayor Darr did not vote as there was no tie to require his vote)
(By Roll Call)

There being no further business, the Mayor declared the meeting adjourned at 8:35 p.m.

APPROVED:

Jennifer E. Berry
Clerk of Council