



**Town Council  
Regular Council Meeting Minutes  
April 14, 2020**

The Town Council of the Town of Bedford, Virginia, held a regularly scheduled meeting on Tuesday, April 14, 2020 at 7:00 p.m. in the Council Chambers of the Town Municipal Building at 215 East Main Street, Bedford, Virginia.

**Town Council members present:**

Mayor Steve Rush, Vice Mayor Tim Black, Councilman Stacey Hailey, Councilman Bruce Johannessen, Councilman Bryan Schley, Councilman Darren Shoen, and Councilman C. G. Stanley

**Town Council members absent:**

None.

**Town Staff present:**

Town Manager Barrett Warner; Assistant Town Manager Sonia Jammes; Town Attorney William W. Berry, IV; Director of the Electric Department John Wagner; Clerk of Council Debra B. Anderson, and Recording Secretary Julia Peters

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Mayor Rush opened the meeting and led all present in saying the Pledge of Allegiance to the Flag.

**APPROVAL OF MINUTES:**

Mayor Rush declared that the minutes of the Regular Council Meeting held on March 10, 2020, minutes of the March 10 Budget Work Session, and minutes of the Emergency Called Council Meeting of April 2, 2020 were approved as distributed.

**REPORT OF TOWN MANAGER:**

Mr. Warner said he would speak to the Council about the operational issues in conjunction with the existing COVID19 crisis. There are some changes in operation including the functional format of the Municipal Building. All are looking forward to getting back to normal once the

Governor gives that direction. In the meantime, staff are doing their best to provide the essential services to citizens. He complimented his colleagues on how the townspeople have not noticed a great difference in the level of service provided and this is a testimony to the team currently in place. Public Works in particular is still moving along. They have collected 90 tons of material in conjunction with Spring Cleanup, and the street resurfacing and pavement activity will commence on April 20. Fortunately, to date there have not been any employees testing positive for the coronavirus. There are four colleagues impacted by the stay-at-home orders; one in Public Works, one with the Fire Company, and two in the Electric Department, who were directed to self-quarantine and at this date have completed it without incident. In response to a question about possible layoffs, Mr. Warner said there are no employees on furlough and there is no intention to do so at this point. Some schedules have been juggled, some crews are mustering from home and reporting directly to their worksites, and shifts have been staggered in the Treasurer's Office. Everyone here is essential, the garbage still needs to be picked up, public safety must be provided, electric must continue running and outages must be corrected. Town bills continue to be paid and late fees have been waived for customers' electric bills but they are still obligated to pay those bills since they are billed for power already used and purchased on their behalf.

**APPEARANCE BEFORE COUNCIL:**

None.

**COUNCIL COMMENTS:**

Councilman Hailey thanked Mr. Warner for keeping things running smoothly and thanked all staff for their efforts in keeping everything going.

Vice Mayor Black wished a happy birthday to Councilman Stanley.

Mayor Rush noted that summer attire can be worn at future Council Meetings beginning April 28, 2020. He also noticed that the drainage problem at the Bridge Street lot has been addressed and new sidewalks are being constructed on Otey Street.

Councilman Stanley said that hats are off to all the Town Departments for doing such a great job in accomplishing their normal duties safely. He also mentioned that the electrical outage yesterday was brief and quickly restored due to the dedicated staff's work.

**REPORT OF COUNCIL COMMITTEES:**

None.

**REVISIONS TO AGENDA:**

None.

**PUBLIC HEARINGS:**

Mr. Warner said that notice was given and a synopsis of the proposed budget for fiscal year commencing July 1, 2020 to June 30, 2021 has been published and circulated. As part of the Public Hearing Notice, the Town requested that citizens provide comments via email which was authorized by the Continuity of Government Ordinance No. 20-3 that was passed on April 2, 2020. He did not believe any responses were received by email regarding the proposed budget and would stand corrected if wrong. The Public Hearing could effectively be opened but there would be no one physically present to speak.

Mayor Rush noted that due to present circumstances, the meeting is being livestreamed on the internet and he opened and closed the Public Hearing at 7:07 p.m. He also said they have a proposed budget but it will probably be June before they can go in-depth into the budget because Council needs to see what revenues will look like.

**CONSENT AGENDA:**

None.

**OLD BUSINESS:**

None.

**NEW BUSINESS:**

**Ordinance – Establishing Real Estate Tax Rate - Fiscal Year 2020-2021**

Section 58.1-3005 of the Code of Virginia of 1950, as amended, requires that Council annually levy a tax on all real estate located within the Town. The attached ordinance establishes a tax rate for Fiscal Year 2020-2021 of \$0.31 per one hundred dollars of assessed valuation. The ordinance has been posted in accordance with § 2-54 of the Town Code.

**ACTION REQUESTED:**

Town Council is requested to adopt the ordinance establishing the real estate tax rate for Fiscal Year 2020-2021 at \$0.31 per one hundred dollars of assessed valuation which is no change to the current rate.

On a motion by Councilman Schley, seconded by Councilman Hailey, to approve the ordinance establishing the real estate tax rate for Fiscal Year 2020-2021, one question arose:

Mr. Black verified with Mr. Warner that no public hearing was required in adopting this ordinance because there was no change in the tax rate from the current rate.

Voted upon and carried by a roll call vote. Roll call as follows:

Councilman Hailey	aye
Councilman Johannessen	aye
Councilman Schley	aye
Councilman Shoen	aye
Councilman Stanley	aye
Vice Mayor Black	aye
Mayor Rush	aye

The motion carried with seven members voting aye.

The ordinance is as follows:

#### **Ordinance No. 20-4**

### **AN ORDINANCE LEVYING TAX UPON REAL ESTATE AND CERTAIN TANGIBLE PERSONAL PROPERTY OF PUBLIC SERVICE CORPORATIONS AND ESTABLISHING THE TAX RATE THEREON FOR THE FISCAL YEAR BEGINNING JULY 1, 2020**

**BE IT ORDAINED** by the Town Council of the Town of Bedford, Virginia, that there be, and is hereby levied for the Fiscal Year 2020-2021, a tax rate of \$0.31 per one hundred dollars of assessed valuation on all taxable real estate located in the Town, the respective levy hereby ordered being also applicable to the real estate and tangible personal property of public service corporations within the limitations specified by Section 58.1-2606 of the Code of Virginia of 1950, as amended, based upon the assessment thereof fixed by the State Corporation Commission and duly certified.

#### **Ordinance – Establishing Personal Property Tax Rate - Calendar Year 2020**

Section 58.1-3005 of the Code of Virginia of 1950, as amended, requires that Council annually levy a tax on tangible personal property located within the Town. The attached ordinance establishes a tax rate for calendar year 2020 of \$1.06 per one hundred dollars of one hundred per centum (100%) of assessed value on all taxable tangible personal property, with the exception of certain goods and personal effects as classified in the State Code. In addition, all tangible personal property employed in a trade or business other than that described is taxed at a rate of \$0.000001 per one hundred dollars of one hundred per centum (100%) of the assessed valuation.

#### **ACTION REQUESTED:**

Town Council is requested to adopt the ordinance establishing the personal property tax rate for calendar year 2020 which has no increase over the existing rate.

On a motion by Councilman Hailey, seconded by Councilman Stanley, to approve the ordinance establishing the personal property tax rate for Calendar Year 2020, discussion followed:

In response to a question from Mr. Schley about whether the State or the Town sets the rate under a certain amount, Ms. Jammes said it is set by Council who did not want to levy a tax that would be overburdening the townspeople who are now a part of the county as a result of the reversion agreement. The Town has to tax some to bring down the State amount but does not want to overburden the taxpayer.

In response to a question from Mayor Rush regarding what the set value of property is when there is no tax levied, Ms. Jammes responded saying it is \$20,000.

Voted upon and carried by a roll call vote. Roll call as follows:

Councilman Johannessen	aye
Councilman Schley	aye
Councilman Shoen	aye
Councilman Stanley	aye
Vice Mayor Black	aye
Councilman Hailey	aye
Mayor Rush	aye

The motion carried with seven members voting aye.

The ordinance is as follows:

#### **Ordinance No. 20-5**

### **AN ORDINANCE LEVYING TAX UPON TANGIBLE PERSONAL PROPERTY AND ESTABLISHING THE TAX RATES THEREON FOR THE CALENDAR YEAR BEGINNING JANUARY 1, 2020**

**BE IT ORDAINED** by the Town Council of the Town of Bedford, Virginia, that there be, and is hereby levied, for the calendar year 2020, a tax rate of \$1.06 per one hundred dollars of one hundred per centum (100%) of assessed value on all taxable tangible personal property, including property separately classified in Section 58.1-3503 of the Code of Virginia, 1950, as amended, unless exempted from taxation or subject to a different rate under this ordinance. All tangible personal property employed in a trade or business other than that described in subdivision 1 through 18 of Section 58.1-3503 is taxed at a levy of \$0.000001 per one hundred dollars of one hundred per centum (100%) of the assessed valuation. Household goods and personal effects as classified in Section 58.1-3504 and horses, mules and other kindred animals, hogs, poultry, grains and other feeds used for the nurture of farm animals, grain and tobacco; cattle, sheep and goats, farm machinery and farm implements as such items are classified in Section 58.1-3505 are exempted in whole from tangible personal property taxation. The

following items are taxed at a rate of \$0.000001 per one hundred dollars of one hundred per centum (100%) of the assessed valuation: (a) machinery and tools separately classified in Section 58.1-3507; and (b) motor carriers as separately classified in Section 58.1-3506; (c) one vehicle owned by disabled veterans, of the Code of Virginia, 1950, as amended, as separately classified in Section 58.1-3506(a)(19); and (d) motor vehicles with a seating capacity of not less than 30 persons, including the driver, as separately classified in Section 58.1-3506 (a) (39).

**Resolution - Setting Percentage Tax Relief to Exhaust PPTRA Relief Funds**

The Virginia General Assembly in 1998 passed the Personal Property Tax Relief Act with the philosophy that relief would be gradually implemented to eliminate personal property tax on personal use motor vehicles. By 2004, the Virginia General Assembly had revised its philosophy and capped the contribution from the Commonwealth to localities for reimbursement for personal property taxes.

As a result, the then City Council, on November 22, 2005, adopted an ordinance which provided that the funds to be reimbursed to the community would be allocated in such a manner as to eliminate personal property tax on each qualifying vehicle with an assessed value of \$1,000 or less and that the Council would set, annually by resolution, a percentage of relief in respect to assessed values of more than \$1,000 as applied to the first \$20,000 in value of each such qualifying vehicle so as to exhaust fully the PPTRA funds provided to the community by the Commonwealth.

The Finance Director has been advised that the State has allocated **\$280,647** toward personal property tax relief in the Town of Bedford for fiscal year 2020-2021. Based upon projected personal property tax valuations, staff recommends that Council resolve to provide that the state relief funds be allocated in the following ways for fiscal year 2020-2021: (a) personal property taxation upon qualifying vehicles with an assessed value no more than \$20,000 will have 100% of the applicable tax relieved, and (b) the applicable tax rate shall apply to all assessed values over \$20,000 and to all non-qualifying vehicles.

**ACTION REQUESTED:**

Town Council is requested to adopt the resolution as recommended by staff.

Mr. Johannessen moved, seconded by Mr. Stanley to approve the resolution. Staff answered a few clarifying questions.

Voted upon and carried by a roll call vote. Roll call as follows:

Councilman Schley	aye
Councilman Shoen	aye
Councilman Stanley	aye
Vice Mayor Black	aye
Councilman Hailey	aye

Councilman Johannessen            aye  
Mayor Rush                            aye

The motion carried with seven members voting aye.

The resolution is as follows:

**A RESOLUTION ESTABLISHING A PERCENTAGE TAX RELIEF RATE PURSUANT TO THE VIRGINIA PERSONAL PROPERTY TAX RELIEF ACT**

**WHEREAS**, the Virginia General Assembly in 1998 passed the Personal Property Relief Act based upon a philosophy that in passing the Act the personal property tax on personal motor vehicles would be eliminated; and

**WHEREAS**, in 2001, the Virginia General Assembly set the reimbursement rate to localities for personal property taxes for personal vehicles at seventy percent (70%) of the personal property tax amount; and

**WHEREAS**, in 2004, the Virginia General Assembly enacted statutes which drastically changed the philosophy of the Act and capped the contribution of the Commonwealth to localities for reimbursement for personal property taxes; and

**WHEREAS**, on November 22, 2005, the City Council of the City of Bedford passed an ordinance (Ordinance No. 05-24) which provided, among other things, that the allocation of personal property tax relief be allocated in such a manner as to eliminate personal property taxation on each qualifying vehicle with an assessed value of \$1,000 or less and that with respect to qualifying vehicles with assessed values of more than \$1,000 the City Council, by resolution, would set annually a percentage to be applied to the first \$20,000 in value of each such qualifying vehicle that based upon estimates of assessments would use up all remaining available state personal property tax relief; and

**NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE TOWN OF BEDFORD AS FOLLOWS:**

Section 1. In accordance with the requirements set forth in Section 58.1-3524(C) (2) and Section 58.1-3912(E) of the Code of Virginia, as amended by Chapter 1 of the Acts of Assembly (2004 Special Session 1) and as set forth in item 503.E (Personal Property Tax Relief Program) of Chapter 951 of the 2005 Acts of Assembly any qualifying vehicle having a situs within the Town commencing January 1, 2020, shall receive personal property tax relief in the following manner:

- Personal use vehicles valued up to \$20,000 will be eligible for 100% tax relief;
- Personal use vehicles valued at \$20,001 or more shall only receive 100% tax relief on the first \$20,000 of value with the applicable tax

rate applied to the value over \$20,000; and

- All other vehicles which do not meet the definition of “qualifying” (business use vehicles, farm use vehicles, motor home, etc.) will not be eligible for any form of tax relief under this program.

Section 2. Any amount of Personal Property Tax Relief Act relief not used within and the Town’s fiscal year shall be carried forward and used to increase the funds available for personal property tax relief in the following fiscal year.

Section 3. This Resolution shall take effect on July 1, 2020.

### **Authorization to Renegotiate Purchase Power Contracts**

Mr. Warner said that this was good news for the Town and customers. Current contracts for purchase of electrical power are set to expire at the end of the current calendar year. The terms of the expiring contracts were \$48.75 per megawatt hour for the duration of four years. Since the time those agreements were executed, the price of electricity has dropped significantly.

In order to reduce both the duration and the cost of our liability for the expense of purchasing power, staff is restructuring the portfolio to purchase power both at a reduced price as well as a reduced timeframe. Staff is looking at incremental purchases for the power load based on shorter terms. American Municipal Power (AMP) has advised that power can now be purchased at a cost of approximately \$36 per megawatt hour as opposed to the \$48.75. This represents an immediate savings of over 25% from the current costs and also represents what is projected to be a “worst case scenario” related to those costs. Estimates indicate that additional savings will be seen for purchases within the portfolio later in the calendar year, but the Town Manager will need to act quickly to lock in those prices once they are available.

The ability to reduce or stabilize prices will benefit both the Town and its customers directly and these savings will be reflected as a variable in the Price Cost Adjustment (PCA) formula. To secure the ability to accomplish these goals, staff is seeking Council’s authorization to proceed with negotiations on purchase power agreements that would be beneficial to the Town and its customers.

### **ACTION REQUESTED:**

Town Council is requested to authorize the Town Manager to execute these purchase power agreements which would be applicable during the 2021 calendar year at a price not to exceed \$36 per megawatt hour.

The Director of the Electric Department, John Wagner, was available to answer questions and give further information to Council members.



In response to a question from Mayor Rush regarding how many current contracts does the Town now have, Mr. Wagner said the main contract they are referring to is the “Remaining Requirements Contract” with AEP which covers the position 100% up to 26 megawatts which is the Town’s peak energy consumption. This is the main contract that will expire at the end of the year. There are long-term commitments for physical resources such as Prairie State and Freemont which will go on until 2046. There is one small contract that will also expire at the end of the year. Mr. Black asked about the contract where the base load is bought but Mr. Wagner said that is a different contract which is a physical purchase of Prairie State. He also noted that on January 1, 2021, the diesel plant and a solar facility will come back into the portfolio. Therefore, purchases will decline as the portfolio will increase with our own resources. Mayor Rush said he received a letter from AEP where there was an increase of 5%. Mr. Wagner said that does not apply to the Town and the AEP contract expires at the end of the year. There are other agreements with AEP for transmission facilities but that is a different issue. The energy is purchased from AEP. Essentially, the Town will be price hedging against the market. Prices will be stable or decline in the future so what staff has proposed to do is buy some contracts that will hedge the Town against market prices but in small increments. Then the Town will not be stuck like the past ten years with a contract that is out of the money. Prairie State, Freemont, and all the Town resources will cover about 70% of the energy. What the staff are proposing for the last 30% is to buy about 70-75% of the last 30% needed and the remaining portion will be purchased at the market prices. With AMP as the broker, they will get bids from many resources and present the most favorable terms attained. Then it will be discussed with the Town Manager to see if a purchase will be made. Mr. Wagner projects that the Town will save about \$1.5 million next year with this process. He suggests that the contracts run about two or three years for the winter peak, one year for the summer purchase and also make a small purchase in December. If there is a continuing decline in market prices, the Town would be able to take advantage of it going forward. The savings would flow through the PCA but it would lag six months, so the cost savings would first appear after May.

Councilman Schley moved, seconded by Councilman Hailey to authorize the Town Manager to execute purchase power agreements which would be applicable during the 2021 calendar year at a price not to exceed \$36 per megawatt hour.

Voted upon and carried by a roll call vote. Roll call as follows:

Councilman Shoen	aye
Councilman Stanley	aye
Vice Mayor Black	aye
Councilman Hailey	aye
Councilman Johannessen	aye
Councilman Schley	aye
Mayor Rush	aye

The motion carried with seven members voting aye.

Mayor Rush said a motion was needed to enter into Closed Session pursuant to Section 2.2-3711(a)(29) of the Code of Virginia of 1950, as amended, for discussion of the award of a public contract and the terms or scope of the contract where discussion in an open session would adversely affect the bargaining position or negotiating strategy of the public body.

On a motion by Councilman Hailey, seconded by Councilman Stanley, to enter Closed Session, discussion followed. Mr. Shoen noted that the citizens would benefit from hearing Mr. David McCormack's updates regarding the Bedford Middle School before the Council entered into the Closed Session. There were no objections.

Mr. McCormack thanked the Council for having him at their meeting. He gave an update regarding the Bedford Middle School project. He said they are moving in a good direction and are ready to take the next step which would be selective demolition and begin on the next phase of the project. He wanted to speak to the Council about how to move forward and is hoping to receive the Council's support. He did not want to rush in and do demolition because there is so much more at stake than the one building. The whole campus is very important and how the Department of Historic Resources (DHR) and the National Park Service looks at the campus, if something is done incorrectly to the building, the entire campus could be delisted as a result. There are vast implications if the demolition and construction is done the wrong way. He has been working with the DHR and talking about all the ways the building can be put back together. One of the issues is that the 65,000 foot building was in good condition but was an inefficient building, with only 38% of it being monetized by putting apartments in it. The rest of the space; hallways, staircases, auditorium, basement, and bathrooms were not going to be touched. Now that the fire has happened, the whole structure has to be touched so it would be very expensive to rebuild it as it was, especially to build it back when it was so inefficient. He had shared some numbers with Mr. Warner and what the funding gap looked like relative to what was going to be put back in so it makes financial good sense to think about the alternatives. One of the alternatives would be to bulldoze the whole building which is not what anyone wants and would be a disaster on many levels. His vision is to keep the shell of the building so anyone passing by could recognize it for what it was; replace the roof and cupola, but modify the inside to make it usable, marketable, and financeable. He has a financing commitment in place to do this already. The grants and IRF are in place to get this done. He needs to have some of the engineering work finalized to make the final pitch to the DHR and get their blessing. Then there would be an intact total project. He would add a few more apartments which would make it financeable and take out some of the inefficiencies such as the auditorium. He proposed, with Council's support, to save the façade, put the roof back on, and modify the interior. Everyone involved with this project is still with us and supporting it. As devastating as the fire was, the opportunity to create something special is still available to us but the project will need some modifications in order to do so.

Mayor Rush asked if there would be some cleanup soon. Mr. McCormack said yes, he is ready to move forward with some of the demolition but wants to do it the right way. He would want to gut the entire inside but if he has to put the building back together as it was, it would be a much more labor intensive, selective demolition.

In response to Mr. Shoen's question about when cleanup could begin, Mr. McCormack said he would have to mobilize some crews, but it would be possible within the next couple weeks.

Mayor Rush thanked Mr. McCormack for his information but asked him to remain outside of Council Chambers during Closed Session in case Council members had any further questions.

The motion to enter Closed Session was voted upon and carried by the following roll call vote:

Councilman Stanley	aye
Vice Mayor Black	aye
Councilman Hailey	aye
Councilman Johannessen	aye
Councilman Schley	aye
Councilman Shoen	aye
Mayor Rush	aye

The motion carried with seven members voting aye.

Council adjourned into Closed Session at 7:40 p.m.

Non-Council members present: Town Manager Bart Warner; Assistant Town Manager Sonia Jammes; Town Attorney William W. Berry, IV; Attorney Mike Lockaby; Attorney Ted Craddock via phone. Developer David McCormack was invited back into Council Chambers briefly to answer questions, but was not present during the entire Closed Session.

Council reconvened into Open Session at 8:43 p.m.

The Recording Secretary read aloud the following resolution:

**BE IT RESOLVED** that the Council of the Town of Bedford hereby certifies that (1) only public business matters lawfully exempted from open meeting requirements by Virginia law were discussed in the closed meeting to which this certification Resolution applies, and (2) only such public business matters as were identified in the motion convening the closed meeting were heard, discussed or considered by the Council.

On a motion by Vice Mayor Black, seconded by Councilman Hailey, voted upon and carried by a roll call vote, Council adopted the resolution. Roll call vote follows:

Vice Mayor Black	aye
Councilman Hailey	aye
Councilman Johannessen	aye
Councilman Schley	aye
Councilman Shoen	aye
Councilman Stanley	aye
Mayor Rush	aye

The motion carried with seven members voting aye.

**ADJOURNMENT:**

Mayor Rush adjourned the meeting at 8:45 p.m.

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Steve Rush, Mayor

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Debra Anderson, Clerk of the Council