CITY COUNCIL

MINUTES

Tuesday, November 12, 2024 at 6:30 PM
Work Session, 5:45 PM
Council Chambers Conference Room, City Hall, 114 North Broad Street, Salem, Virginia 24153
Regular Session, 6:30 PM, City Hall, 114 North Broad Street, Salem, Virginia 24153

WORK SESSION

1. Call to Order

A work session of the Council of the City of Salem, Virginia, was held in the Council Chambers Conference Room, City Hall, 114 N. Broad Street, Salem, Virginia, on October 12, 2024, at 5:45 p.m., there being present the following members of said Council to wit: Renée Ferris Turk, Mayor; James W. Wallace, III, Vice-Mayor; Council members; Byron Randolph Foley, William D. Jones, and H. Hunter Holliday; with Renée Ferris Turk, Mayor, presiding; together with Chris Dorsey, City Manager; Rob Light, Assistant City Manager and Clerk of Council; Rosemarie B. Jordan, Director of Finance; A. K. Briele, Director of Electric Department; Kevin Divers, Electrical Engineer; Chuck Van Allman, Director of Community Development; Mary Ellen Wines, Planning and Zoning Administrator; Troy Loving, Building Official; Max Dillon, City Planner; Crystal Williams, Assistant to the City Manager; Laura Lea Harris, Deputy Clerk of Council; and A. J. Allen, with Davenport & Company, LLC; and the following business was transacted;

Mayor Turk reported that this date, place, and time had been set in order for the Council to hold a work session; and

2. New Business

A. Discussion Items

1) Update on borrowing results for Water/Sewer Department Projects -

Rosemarie Jordan, Director of Finance
2) Follow-up on Potential Code Changes - Mary Ellen Wines, Planning and Zoning Administrator

A. J. Allen, Associate Vice President of Davenport & Company, LLC, presented the borrowing results for the Water/Sewer Department projects. A report of the process and results were shared with Council for their review. He shared the background on this borrowing and he and Ms. Jordan shared a summary of the process that was followed, leading to a recommendation that the City accept a 20-year bond with a 4.38% fixed interest rate through Webster Bank upon completion of the Request for Proposal (RFP) process.

Vice Mayor Wallace noted that the City may want to consider loaning money internally through the Enterprise Fund in the future. Staff will go back and review the Reserves guidelines to ensure that nothing would preclude this and take this into consideration for future borrowings.

Mary Ellen Wines, Planning and Zoning Administrator, shared an update with changes that have been made to the proposed Code Changes regarding Spot Blight Abatement, Exterior Maintenance, the Vacant Building Registry, and storage containers. Questions were asked and responded to. Discussion was held.

3. Adjournment

There being no further business, Mayor Turk adjourned the meeting at 6:30 p.m.

REGULAR SESSION

1. Call to Order

A regular meeting of the Council of the City of Salem, Virginia, was called to order at 6:30 p.m., there being present the following members to wit: Renée Ferris Turk, Mayor; James W. Wallace, III, Vice-Mayor; Councilmembers: Byron Randolph Foley, William D. Jones, and H. Hunter Holliday; with Renée Ferris Turk, Mayor, presiding together with Chris Dorsey, City Manager; Rob Light, Assistant City Manager and Clerk of Council; Rosemarie B. Jordan, Director of Finance; Chuck Van Allman, Director of Community Development; Mike Stevens, Director of Communications; and Jim Guynn, City Attorney.

2. Pledge of Allegiance

3. Bid Opening, Awards, Recognitions

There were none this evening.

4. Consent Agenda

A. **Citizen Comments**

Comments from the public, limited to five minutes, not already having a public hearing at the same meeting.

Nancy Reynolds, 925 Saddle Drive, was the first citizen to address Council. She expressed concerns about unknown factors in relation to the potential HopeTree PUD. She expressed that she felt the timeline was too fast and requested more time for the Planning Commission and Council to study this application.

Stella Reinhard, 213 N. Broad Street, expressed concerns about the process that was followed for the HopeTree application. She expressed concern that other locations were more appropriate for this project and that the proposal lacked definitive language.

Ron Hunt, 922 Red Lane, was the last citizen to address Council. He expressed concerns about traffic with the potential HopeTree rezoning and asked that Council vote against this rezoning application.

B. **Minutes**

Consider acceptance of the October 24, 2024, Special Joint Work Session with the Salem City School Board and the October 28, 2024, Regular Meeting minutes.

Vice Mayor Wallace requested to have the discussion about truancy from the Joint meeting with the School Board reflected in the minutes from the October 24, 2024, Special Joint Work Session with the Salem City School Board minutes.

Mayor Turk asked to clarify if there was a record of this discussion. Mr. Light replied affirmatively that this discussion could be summarized in the minutes.

The minutes were accepted with the changes stated.

5. Old Business

6. New Business

A. **Resolution for Energy Contracts**

Resolution 1486 authorizing the City Manager to finalize and execute EEI Master Service Agreements with multiple counterparties and a subsequent single Confirmation Agreement in forms acceptable to the City Attorney with the least-cost supplier for the purchase of a fixed load-shape energy product for the term of June 1, 2026, through December 31, 2028.

Mayor Turk asked Mr. A. K. Briele, Director of the Electric Department, and Ms. Rosemarie Jordan, Director of Finance, to comment on this item.

Mr. Briele noted that the current contract with AEP was a 20-year contract signed in 2006, which will expire at the end of May 2026. The City is a member of the Blue Ridge Power Agency. They and its consultant, GDS Associates, Inc. issued a Request for Proposals (RFP) on behalf of the City to select the most advantageous electric power supply option. He shared that the recommendation was to do the fixed load shape because that was going to be the best option for the City. He added that during this process, they would negotiate Edison Electric Institute (EEI) agreements, which are standard in the utility industry, with five counterparties. The term would be for June 21, 2026, through December 2028.

Ms. Jordan added that, after the negotiations, they found that these were the five vendors they felt were qualified to provide the power that the City needed. The standard process in the electric industry is such that the Edison Electric Institute Master Agreements are typically agreed to in form. The live pricing subsequently occurs, and then only one of them, an agreement with the lowest cost supplier, is executed through that counterparty agreement. Staff is not requesting to approve five purchases. They are requesting approval for the City Manager to approve these five, subject to that when the live pricing occurs, then the City Manager is also authorized to sign a contract with the least-cost vendor through that counterparty agreement.

Mayor Turk added for the public's knowledge, that this is something that the Director of the Electric Department and the Finance Director have been working on for almost two years and that Council has been involved in these meetings to keep them informed as there will be a period of time when the City will no longer have a contract with AEP.

Councilman Foley asked to clarify if the EEI agreement with one vendor will be applicable to all of the Blue Ridge Power participants.

Mr. Briele shared that this was done as a group in an attempt to get better pricing but that this agreement would be specific to Salem.

Vice-Mayor Wallace noted that this will be the single largest contract that Salem has ever signed and executed.

Randy Foley motioned to adopt Resolution 1486 authorizing the City Manager to finalize and execute an EEI Master Service Agreement to obtain the best pricing possible to continue to deliver electricity to the Salem citizens.

Mr. Light asked if Councilman Foley would be willing to amend his motion to add "to execute a single contract with the lowest cost supplier".

Randy Foley amended the motion to finalize and execute EEI Master Service Agreements with multiple counterparties and a subsequent single Confirmation Agreement in forms acceptable to the City Attorney with the least-cost supplier for the purchase of a fixed load shape energy product for the term of June 1, 2026, through December 31, 2028. William Jones seconded the motion.

Ayes: Hunter Holliday, William Jones, Randy Foley, James Wallace, Renée Turk

B. **Resolution for Battery Storage**

Resolution 1487 authorizing the City Manager to execute a Battery Energy Storage Services (BESS) agreement and other associated documents between Delorean Power, LLC dba Lightshift Energy and the City of Salem, in a form acceptable to the City Attorney.

Mayor Turk requested Mr. Briele and Ms. Jordan to provide information on this agenda item.

Mr. Briele noted that as part of the City's discussion of power supply contract, costs have continued to increase. A number of transmission costs are being passed on to the City. Going onto the market, we will have some other cost exposures, one of which is capacity. In order to offset some of these, the City is looking at doing battery energy storage that would enable us to shave some of the peaks off during certain hours of the year that would affect us the most. He explained this concept. GDS Associates, Inc., the consultant, is looking at a contract with a life of 20 years. The payback is conservatively less than half of the 20-year period, and the City is optimistic this will help mitigate our cost exposure. The project will be located at the Electric Road Substation next to Fire Station 2. There will be an agreement for the storage, a lease or similar agreement, and an interconnection agreement. They are requesting approval for the City Manager to sign these documents.

Ms. Jordan noted that there are potentially three agreements to sign as part of this deal subject to the City Attorney's review and approval that all of these are needed. There is an Electricity Interconnection Agreement, and Access Agreement, and potentially an anticipated Lease to define the area and terms for the battery storage placement for that 20-year term. Once the City Attorney has reviewed all of these, they are attempting to get this approval and get this moving so that the batteries can arrive in the United States prior to December 31, 2025. That is an important date for this. This product will be part of the fixed load shape. She stated that she agreed with Mr. Briele and she explained that a clause is included in the agreement that if they miss the peak, there is a penalty and the price comes down for the City of Salem. This provides a very strong incentive to hit the peak with their projections and save the City of Salem money during the term of the contract.

Hunter Holliday motioned to adopt Resolution 1487 authorizing the City Manager to execute a Battery Energy Storage Services (BESS) agreement and other associated documents between Delorean Power, LLC dba Lightshift Energy and the City of Salem, in a form acceptable to the City Attorney. William Jones seconded the motion.

There was some discussion as to whether an amendment to the motion was required to include verbiage in reference to whether an actual lease vs. other similar agreement would be necessary.

Mr. Light noted that he did not see this as being necessary other than noting that as the City works through this process, as stipulated in the Council report, should a lease agreement be necessary, staff would need to come back to Council for a public hearing and a vote. The City Attorney, Jim Guynn, will determine the appropriate type of document. If a lease document is not required, and there is another document that defines the area and terms, this will not be necessary and would be covered in the authorization that is being requested this evening.

Ayes: Hunter Holliday, William Jones, Randy Foley, James Wallace, Renée Turk
Nays: None
Abstaining: None

C. **Resolution 1488- Performance Bonds**

Consider Resolution 1488 delegating the establishment of amounts and approval of performance bonds upon completion of the site or subdivision plan approval process to Community Development as an administrative function.

Mayor Turk requested that Mr. Van Allman provide clarification on this item.

Mr. Van Allman noted that essentially the Community Development Department is the recipient of site plans, which dictate how development in the City will proceed. The Community Development Department approves these site plans; however, they do not approve the actual amount for performance bonds. The performance bonds take into account anything that may be for the public or is a requirement of those site plans, whether that be landscaping, stormwater management, public roads, curves, storm drains, et cetera. When the Engineer does the site plan, he gives an estimate of the cost. The owner is requested to give the City a bond in that amount that allows the City use the bond to restore the site or complete the development if not done by the developer as specified in the site plan. He noted that it was straightforward to arrive at the amount, and once the City Engineer approves it, the performance bond is brought before Council for approval of the amount. He indicated that this slows the process, and that most localities, including Roanoke County and Roanoke City, administratively approve these performance bonds. They are bringing this to Council to request that administrative responsibility be granted to the Community Development Department for these performance bonds.

Hunter Holliday motioned to adopt Resolution 1488 delegating the establishment of amounts and approval of performance bonds upon completion of the site or subdivision plan approval process to community development as an administrative function. William Jones seconded the motion.

Councilman Foley reiterated that he had suggested that somehow this information be shared with the public. He felt it was important for the public to have an idea of the properties that were being developed and he would like for this information to be out for the public as this Council approval was often where this information was shared with the public.

Mr. Van Allman noted that Community Development planned on being available to meet with the City Manager at any time that they would like to have a staff discussion on any site plan or any subdivision plan.

Councilman Jones added that from the Audit-Finance Committee, the feeling was that this will be a better process.

Councilman Foley noted that in all of the years, Council has not declined one of these requests for the recommended amount and this is more of an administrative function.

Mr. Light noted that the intent, as noted in the Council Report, is to provide a monthly listing of all bonds approved in each monthly Department report to Council for informational purposes so that they would know the locations.

Councilman Foley repeated that he would still like to see this published somehow for the public without divulging too much information.

Mayor Turk asked if there was a way to put this information on the website.

Mr. Van Allman indicated that this information could be released by Community Development based on when the developer gets a land disturbance permit sharing the location and whatever publicly available information is allowed. He indicated that they would like to continue the transparency and requested that Council give him a month or two to make this happen.

Mr. Guynn stated that there would be nothing wrong with taking the list that Council receives and attaching them to the meeting minutes.

Ayes: Hunter Holliday, William Jones, Randy Foley, James Wallace, Renée Turk
Nays: None
Abstaining: None

D. **Public Improvement Bonds**

Hold a public hearing and consider adoption of ordinance authorizing the issuance and sale of general obligation public improvement bonds series 2024 in an aggregate principal amount not to exceed $3,700,000. (As advertised in the October 24 and October 31, 2024 issues of the *Salem Times Register.*)
Audit - Finance Committee

Vice Mayor Wallace noted that this item is for the Water and Sewer Department to be able to do upgrades.

Mayor Turk opened the public hearing.

No one came forward to speak.

Mayor Turk closed the public hearing.

James Wallace motioned to adopt the ordinance as presented authorizing the issuance of general obligation public improvement bonds in an aggregate principal amount not to exceed $3,700,000 for the purpose of acquiring, constructing and equipping capital improvements for the City's water and wastewater system. Projects include new well infrastructure and the replacement of the Franklin Street water tank. William Jones seconded the motion.

Councilman Foley noted for the benefit of the public that Council had just met with the City's Advisor from Davenport, discussing the process that was utilized to find the best rate from an institution and that is what Council is now acting on.

Ayes: Hunter Holliday, William Jones, Randy Foley, James Wallace, Renée Turk
Nays: None
Abstaining: None

E. **General Obligation Public Improvement Bonds**

Consider adoption of Resolution 1485 authorizing the issuance, sale and award of General Obligation Improvement Bonds, Series 2024. Audit - Finance Committee

Vice Mayor Wallace noted that this is a companion action required for the item Council just considered.

James Wallace motioned to adopt Resolution 1485 authorizing the issuance, sale and award of its general obligation public improvement bonds, series 2024. William Jones seconded the motion.

Ayes: Hunter Holliday, William Jones, Randy Foley, James Wallace, Renée Turk
Nays: None
Abstaining: None

F. **Appropriation of Funds**

Consider request to amend the School Operating Fund, School Cafeteria Fund and School Grants Fund budgets as approved by the School Board on October 8, 2024. Audit - Finance Committee

James Wallace motioned to approve the School Board's appropriation changes of $2,299,994 to the School Operating Fund, $178,143 to School Cafeteria Fund and $333,512 to the School Grants Fund, as approved by the School Board at their October 8, 2024, meeting. This action results from the Schools receiving grants in addition to those originally budgeted. Randy Foley seconded the motion.

Ayes: Hunter Holliday, William Jones, Randy Foley, James Wallace, Renée Turk
Nays: None
Abstaining: None

G. **Appropriation of Funds**

Consider request to amend the School Grants Fund, School Capital Projects Fund and School Reserve Fund budgets as approved by the School Board on October 24, 2024. Audit - Finance Committee

James Wallace motioned to approve the School Board's appropriation changes totaling $1,887,777 from the unallocated capital reserve funds. This consists of $108,760 to the School Grants Fund, $368,001 to the School Reserve Fund and $1,411,016 to the School Capital Projects Fund as approved by the School Board at their October 24, 2024, meeting. Additionally, approve the six-year CIP document submitted by the School Board. William Jones seconded the motion.

Ayes: Hunter Holliday, William Jones, Randy Foley, James Wallace, Renée Turk
Nays: None
Abstaining: None

H. **Appropriation of Funds**

Request to Appropriate Fund Balance for Software Purchase. Audit - Finance Committee

Mr. Wallace noted that this item caused discussion among the Audit-Finance Committee.

James Wallace motioned to appropriate $101,000 to the Designation of Beginning Fund Balance account and increase the budget by $101,000 in the Software account in the Commissioner of Revenue's budget. The additional funding is needed because of a higher cost for tax billing and collection software to be used by the Commissioner of the Revenue and Treasurer since the original budget estimate was submitted. William Jones seconded the motion.

Councilman Foley noted that he understood that this had changed some procedures internally going forward so that this did not happen again.

Mr. Dorsey confirmed this statement.

Vice Mayor Wallace noted that he and Mr. Jones felt there should be some accountability for this happenstance and that they would leave that to Mr. Dorsey to determine.

Mayor Turk noted that he was implementing something.

Ayes: Hunter Holliday, William Jones, Randy Foley, James Wallace, Renée Turk
Nays: None

Abstaining: None

I. **New Metal Building - 744 Electric Road**

Consider setting bond for erosion and sediment control and landscaping for New Metal Building - 744 Electric Road. Audit - Finance Committee

Vice Mayor Wallace noted that this would be the last presentation by Council of a bond erosion motion.

James Wallace motioned to bond erosion and sediment control and landscaping for a new metal building located at 744 Electric Road in the amount of $20,513.00 with a time frame for completion set at twelve (12) months. William Jones seconded the motion.

Councilman Foley asked to clarify this location.

Mr. Van Allman clarified that this is on Electric Road off of St. John Road. This is next to the Phoenix building and the old GE building.

Ayes: Hunter Holliday, William Jones, Randy Foley, James Wallace, Renée Turk
Nays: None
Abstaining: None

J. **School Board Appointment**

Consider the appointment of two School Board positions for three-year terms ending December 31, 2027.

Hunter Holliday motioned to appoint the two new school board members, Chris King, to the board and Teresa Sizemore Hernandez, to the board on which she is currently serving. William Jones seconded the motion.

Councilman Foley noted that a correction needed to be made to Ms. Sizemore's name as she is currently going by Ms. Teresa Sizemore.

Randy Foley motioned to amend the original motion to correct Ms. Sizemore's name to Teresa Sizemore. William Jones seconded the motion.

Ayes: Hunter Holliday, William Jones, Randy Foley, James Wallace, Renée Turk
Nays: None
Abstaining: None

K. **Boards and Commissions**

Consider vacancies to various boards and commissions.

Randy Foley motioned to appoint Wendel Ingram and Kathy Fitzgerald for Circuit Court reappointment for three-year terms ending November 30, 2027, to the Board of Equalization of Real Estate Assessments. Also, upon CPMT approval, appoint Casey

Mabery as an additional alternate for the private provider, Gift of Hope, to the Community Policy Management Team (CPMT). In addition, to reappoint Sean B. Kosmann and Joe Curran for four-year terms ending December 14, 2028, to the Economic Development Authority; and to reappoint Garry Lautenschlager for a two-year term ending November 23, 2026, to the Personnel Board. Hunter Holliday seconded the motion.

Ayes: Hunter Holliday, William Jones, Randy Foley, James Wallace, Renée Turk
Nays: None
Abstaining: None

7. Adjournment

Mayor Turk encouraged the citizens to support local businesses as we move into the holiday season. She also noted that the CIAA tournament will be played at the stadium this Saturday. She shared that they would be doing community service on Friday.

The meeting was adjourned at 7:17 p.m.