August 2, 2022

A Regular Work Session of the Danville City Council convened on August 2, 2022, at 7:58 p.m. in the Conference Room located on the Fourth Floor of the Municipal Building. Council Members present were: James B. Buckner, L.G. "Larry" Campbell Jr., Bryant Hood, Mayor Alonzo Jones, Barry P. Mayo, Vice Mayor Gary P. Miller, Sherman M. Saunders, J. Lee Vogler, Jr., and Madison J.R. Whittle (9).

Staff Members present were: City Manager Ken Larking, Deputy City Manager Earl B. Reynolds, Jr., City Attorney W. Clarke Whitfield Jr., and City Clerk Susan M. DeMasi.

Mayor Jones presided.

MINUTES

Upon **Motion** by Council Member Buckner and **second** by Council Member Campbell, Minutes of the Regular Work Session held on July 5, 2022 were approved as presented. Draft copies were distributed to Council Members prior to the Meeting.

WORK SESSION ITEMS

CONSIDERATION OF AUTHORIZING THE EXECUTION OF A PERMANENT UTILITY EASEMENT IN PITTSYLVANIA COUNTY

Council had no questions or comments and agreed to put this item on an upcoming business meeting agenda.

CONSIDERATION OF APPROVING AND AUTHORIZING THE CITY MANAGER TO ENTER INTO A PURCHASE POWER AGREEMENT FOR TWENTY MEGAWATTS OF SOLAR ENERGY

Council had no questions or comments and agreed to put this item on an upcoming business meeting agenda.

CONSIDERATION OF APPROVING THE PURCHASE AND ACQUISITION OF THE PAGE ROAD PUMPING STATION FROM PITTSYLVANIA COUNTY

Council Member Saunders questioned this item and Director of Utilities, Jason Grey, explained this was a County owned pumping station beside the City owned water tank. The City needs to purchase it in order to be able to pump water to the Berry Hill site, to have water on the north side. Mr. Saunders questioned if the Pittsylvania County Service Authority was inactive now, and Mr. Grey explained it was a department under Pittsylvania County, it was not a separate authority.

APPOINTMENTS

Vice Mayor Miller noted the Committee on Appointments met earlier this evening and make the following recommendations:

Commission of Architectural Review:	Reappoint:	Jackson Weller
		Sonja Ingram
		Robert Weir
	Appoint:	Karl Almquist

Community Improvement Council Reappoint: Tyrell Payne

Council agreed to put this on an upcoming Business Agenda.

PROGRAM UPDATES

Presentation: City of Danville Utilities
Presented by: Jason Grey, Director of Utilities.

Mr. Grey reviewed his PowerPoint presentation *Utilities Update*, explaining the City receives power from a few sources. Prairie State was a coal plant with its own coal mine next to the coal fire generation plant; most of the City's power comes from that facility. There were some carbon legislation goals that it has to meet by 2037 to continue operations. AFEC was a natural gas plant that only dispatches based on economics; if the price of natural gas was not advantageous, it did not operate. The City also has renewables, hydro and solar. Dr. Miller questioned that at one time the state of Illinois was going to try and close that plant, did that legislation fail and Mr. Grey noted it passed. They have to meet a 50% reduction in carbon emissions at Prairie State by 2037; there were some projects that they were working on to meet those goals. Mr. Grey noted looking to 2024, the City was growing and bringing new industry into the community. That Market exposure was growing from 11% to 17%, almost 18% and the City's needs were growing as far as making purchases for power supply. The AMP project that City Council reviewed for 20 megawatts, that will reduce that exposure by 5%; it was a great benefit having another renewable source in their portfolio.

Mr. Grey explained the City's energy totals track by month and he believes it will grow by approximately 10% in the next few years with the new industries; it will be over 1M megawatt hours every year. With regard to the price of electricity, between 2011 and 2021, the City had a period of very low cost of power; the market prices were in the $30 to $40 range, but over the past six months, they have increased. The City wants to be able to hedge their risk going forward, because the market prices have been creeping up. Another concern was the increase in transmission rates; in 2014 the City was paying $2.50 per KW, which equals about $6M a year; this year, the City was paying over $10 per KW, or $24M per year.

Mr. Vogler stated he knew everything was going up, but what was causing the increase in transmission rates, especially from 2019 to the present. Mr. Grey explained that increase was from the tax reform bill that was passed in 2019 where private companies had to pay back some of their benefits from their lower tax percentage bracket. It was also going up because of grid reliability, more investments going into transmission and grid reliability. Back in 2003 there was a massive blackout in the northeast, in New York City, they don't want to see those events again. Dr. Miller asked what has Appalachian Power done to make sure it doesn't happen again and Mr. Grey stated they have added additional layers of contingencies in order to prevent failures. This comes with a cost, that cost continues to go up and has to be passed on to the consumer. Mr. Grey noted it does look like that trend was slowing down slightly.

Mr. Vogler noted he was glad Mr. Grey mentioned the infrastructure improvements that were being made but also legislation outside of anything the City does, that was having a significant impact on what citizens were having to deal with. It was important for the consumers to know that sometimes a large portion of this was out of the City's hands; it was exterior factors that cause it and the City was just doing the best they could to minimize that impact on the customers. Mr. Grey noted that was correct and they do have representation in the State and Washington; this was a FERC issue, a federal issue. In response to Reverend Campbell, Mr. Grey explained the battery storage facility would help save costs to citizens during peak times; if they can reduce their transmission peak in the City, it will save the amount the battery provides. Mr. Vogler questioned what can the City do to lower their projected increase in reliance on the market, to lower that percentage and Mr. Grey noted the AMP Solar Project which was reviewed by Council this evening, will lower that 17% by 5%. In addition to that, the City can purchase energy blocks for the winter and summer months to hedge their risk. Mr. Larking stated the cost of the solar power was much lower than the market rate; for the customer, that means lower costs to them because the City passes along what they pay, to the customers. Not only was it a renewable source of energy, it was also a cost effective strategy for the customers.

Mr. Grey explained they can also look at strategizing making hedges further out. Energy prices going out to 2024 and further were more normal; they were not affected by the current situations where prices were higher because of the transition from fossil fuels to renewables, and the events in Europe. There was a lot of natural gas going to Europe which was raising the energy prices in the US. Looking out three to five years, the City can make purchases which will benefit their customers. Staff was looking at a September 14th ribbon cutting for the battery project; it was 90% complete, they were just waiting for the batteries to come from China. Mr. Grey noted they were looking at future battery projects; with the energy bill going through Congress, there may be some more energy investment tax credits associated with battery storage.

On the consumer side, they were looking at a Smart Thermostat program where the City incentivizes the customer to join the program, getting a one-time incentive if they have a smart thermostat that would pre-cool the house before the peak and then raise the temperature during peak. The City also has time of use rates that would go into effect this month, that were optional for residential customers. Approximately 19% of the total hours were on peak and 81% were off peak, and they do not include weekends or holidays; they were considered off peak.

Mr. Grey noted on the Water side, they were looking to replace about 150 miles of cast iron water mains utilizing the Virginia Department of Health's revolving grant program. Staff has submitted an application for this year for six miles; hopefully they will hear back in September or October. Mr. Saunders questioned the gas lines and understood they were replacing those as well, what else does the City have underground that citizens needs to be concerned about and Mr. Grey noted sewers would be the only thing that came to mind other than the water and gas lines. Mr. Saunders questioned the 50/50 VDH grants, how much money was involved and Mr. Grey noted they applied for $6M, so $3M of the City's Utility Funds and $3M grant funds; that was in this year's budget.

Staff wanted to tie the Schoolfield Reservoir Project on Park Avenue into the Water Plant; they have reviewed three different options, and likely the preferred option was Option #3, going alongside Ballou Park, to bring water down to the Water Plant. It was a three day storage reservoir, that if the City ever had anything happen on the Dan River, they could go to the reservoir, pull water and be fine for three days, plus whatever the City had in its treated system. Staff also applied through the VDH program for grant funding, it would be eligible for the 50/50 grant funds. Mr. Grey noted on the Gas System Expansion for Economic Development, the City has some fifty year old iron gas mains on Goodyear Boulevard and Gypsum Road, some of the City's biggest gas customers. Staff was finalizing a grant application that was due on Monday for a 100% grant which was part of the Federal Infrastructure Program; it was a $10M project. It would be a three phase project to change to steel pipelines and also gives the capacity needed for the Coleman Property for Economic Development.

On the Electric Side, the City has replaced five substations in the past three years, updated the equipment, the relays, and the breakers. They have two under construction currently, the Southside Substation near DCC and Westover, in the Westover Community. Those projects should be done in September; following that they will go to the Ballou Substation located by the Caesars project, a fourth delivery point with AEP at the Brosville location, and expanding the Airside Substation on the east side for additional capacity due to growth in that area. Mayor Jones noted the citizens' concerns with regard to power outages, will this help with that. Mr. Grey explained because the transformers were thirty years or younger, that will improve reliability. Most of the outages were for one of three reasons: car accidents, trees and animals. Mr. Larking stated as a Utility, they were balancing reliability and cost for the customer; the more reliable the system was, the more the City had to invest in items like substations, right of way maintenance and other upkeep of the equipment. The more redundancy in the system, the more has to be invested in the reliability, the higher the cost. Mr. Saunders questioned the lifespan of this equipment, how do they forecast and Mr. Grey noted a substation transformer was 35-40 years, a water main was 50-60 years, that can be pushed a little bit further with the right conditions, and gas mains were similar. Electrical infrastructure seems to have more turnover than water and gas.

Mr. Grey noted the last projects he wanted to mention were various reliability projects. The City has contractors that do infrared scanning to look for hot spots so the City can tackle problems before they happen. One project they have underway was looking at various areas where they have had reliability issues; one section they put underground eliminated a four span overhead section that had a lot of reliability issues. Mr. Vogler asked if they were looking at potentially more spots that they could put wires underground, places where trees were constantly falling and Mr. Grey noted they were, where they have had known problems. Mr. Grey stated the cost of underground lines was about three times the cost of overhead lines, but there were not reoccurring maintenance costs of right of way trimming and inspections.

Mr. Grey noted he wanted to pass along a message; their employees were proud of the work they have done and wanted to thank Council for the support Council has given them. Mr. Larking questioned Mr. Grey about some of the American Rescue Plan Act funds that were designated to help improve the energy efficiency of some homeowner occupied properties throughout the City. Mr. Grey explained they designated some money from the ARP to help low income household owners replace HVAC equipment where they wouldn't have the means to do so, as well as insulation. This will help their utility costs by not using as much energy as they have in the past, and their energy costs will go down significantly. It was a great program, unfortunately, the supply chain issues have caught up with the City but they were trying to get through that. They were working with DRHA, as well as Social Services and Community Development.

CLOSED MEETING

At 8:32 p.m., Vice Mayor Miller **moved** that this meeting of the City Council of the City of Danville, Virginia be recessed and that Council immediately reconvene in a Closed Meeting for the following purposes: discussion or consideration of the acquisition and/or disposition of real property for a public purpose where discussion in an open meeting would adversely impact the bargaining position of the City as permitted by Subsection A(3) of Section 2.2-3711 of the Code of Virginia, 1950 as amended, and more specifically to consider a discussion regarding the sale and/or potential purchase of a specific parcel of property for use by prospective industrial, commercial, and mixed use projects looking to locate in the City; and an Economic Development discussion and update concerning a prospective business or industry where no previous announcement has been made and/or the expansion of an existing business or industry where no previous announcement has been made as permitted by Subsection (A)(5) of Section 2.2-3711 of the Code of Virginia, 1950, as amended and more specifically to consider: an update on multiple prospective commercial, mixed use, hospitality, and industrial projects considering locating within the City and/or locating within the region in cooperation with the City's regional partners.

The Motion was **seconded** by Council Member Buckner and carried by the following vote:

VOTE: 9-0
AYE: Buckner, Campbell, Hood, Jones, Mayo, Miller, Saunders, Vogler and Whittle (9)
NAY: None

Upon unanimous vote at 9:14 p.m., Council reconvened in open session and Vice Mayor Miller **moved** for adoption of the following Resolution:

CERTIFICATE OF CLOSED MEETING

WHEREAS, the Council convened in Closed Meeting on this date pursuant to an affirmative recorded vote and in accordance with the provisions of the Freedom of Information Act; and

WHEREAS, Section 2.1-344.1 of the Code of Virginia, 1950, as amended, requires a Certification by the Council that such Closed Meeting was conducted in conformity with Virginia Law;

NOW, THEREFORE, BE IT RESOLVED that the Council hereby certifies that, to the best of each Member's knowledge, (i) only public business matters lawfully exempted from open meeting requirements of Virginia Law under Section 2.2-3711 were heard, discussed or considered, and (ii) only such public business matters as were identified in the Motion by which the Closed Meeting was convened were heard, discussed or considered by the Committee.

The Motion was **seconded** by Council Member Mayo and carried by the following vote:

VOTE: 9-0
AYE: Buckner, Campbell, Hood, Jones, Mayo, Miller, Saunders, Vogler and Whittle (9)
NAY: None

MEETING ADJOURNED AT 9:15 P.M.

APPROVED:

s/Alonzo L. Jones
MAYOR

ATTEST:

s/Susan M. DeMasi, CMC
CITY CLERK