

AGENDA--CITY COUNCIL
CITY OF MARTINSVILLE, VIRGINIA

Council Chambers – Municipal Building
6:30pm Closed Session 7:00pm Regular Session
Tuesday July 12, 2022

6:30 pm - Closed Session

Items to be considered in Closed Session, in accordance with the Code of Virginia, Title 2.2, Chapter 37—Freedom of Information Act, Section 2.2-3711(A)—Closed Meetings, the following:

A. Appointments to boards and commissions, as authorized by Subsection 1.

7:00 pm - Regular Session

Pledge to the American Flag and Invocation by Mayor Lawson.

1. Approve minutes from the June 27, 2022 Northside Neighborhood Meeting and the June 28, 2022 Council Meeting. (5 mins)
2. Recognize City Employees who are eligible for Service Awards for the period April 1 – June 30, 2022. (5 mins)
3. Consider a request from Henry County to fund a portion of one-time stipends for 911 and DSS employees. (10 mins)
4. Hear information from the Public Works Department regarding paving of City streets. (20 mins)
5. Hear an update on the solar energy project for the City of Martinsville. (20 mins)

6. Business from the Floor -

The public comment portion of the Council meeting provides citizens the opportunity to discuss matters relevant to the operation of the City, which are not listed on the printed agenda.

Citizens who wish to participate in a meeting's public comment period may do so by emailing their comments to Karen Roberts, Clerk of Council, at kroberts@ci.martinsville.va.us, calling in their comments to 276-403-5182, faxing comments to 276-403-5280, or mailing comments to City of Martinsville, attn.: Karen Roberts, P.O. Drawer 1112, Martinsville, VA 24114. *Comments must be received by 12:00noon Monday July 11.* Citizens may also request to speak at the Council meeting in the same manner. Comments, or a request to speak, must be received by noon the day before a Council meeting for consideration by Council at the meeting.

Any person submitting comments or requesting to speak must identify themselves by name and address, including zip code, limit their remarks to 3 minutes or less (as read aloud), address a topic of City business, and refrain from making any personal references or accusations of a factually false and/or malicious nature. Priority for comments is given to City residents, taxpayers, and business owners. Speakers may not yield time. Groups of speakers on the same topic must designate a single representative. Comments violating these rules may not be presented at the Council meeting. Any speaker violating these rules may be removed from the podium or from the Council chamber.

This policy does not apply to public hearings, at which any citizen of Martinsville may appear and speak on the subject of the public hearing.

7. Comments by members of City Council. (5 mins)
8. Comments by City Manager and City Attorney. (5 mins)

Meeting Date: July 12, 2022

Item No: 1.

Department: Clerk of Council

Issue: Consider approval of minutes

Summary: None

Attachments: June 27, 2022 Northside Neighborhood Meeting
June 28, 2022 Council Meeting

Recommendations: Motion to approve minutes as presented.

Meeting Date: July 12, 2022

Item No: 2.

Department: Human Resources

Issue: Recognize City Employees who are eligible for Service Awards for the period April 1 – June 30, 2022.

Summary: The Service Award Program is designed to build individual morale and show appreciation to the long-service employee for their faithful service to the City of Martinsville.

**SERVICE AWARD RECIPIENTS
SECOND QUARTER - FISCAL YEAR 21-22
FOR THE PERIOD OF APRIL 1 – JUNE 30, 2022**

First Name	Last Name	Location	YOS
GARRETTE	MARTIN	PUBLIC WORKS	5
MICAH	LACKEY	FIRE DEPARTMENT	5
CODY	MOORE	SHERIFF DEPT.	5
HARLEY	DURHAM	POLICE DEPT	10
DWAYNE	ROBERTSON	FIRE DEPARTMENT	10
DWAYNE	SPENCER	PUBLIC WORKS	10
JIMMY	RIGNEY	ELECTRIC DEPT.	15
MICHAEL	LAW	SHERIFF DEPT.	15
MARK	PETERS	POLICE DEPT	15
LAWRENCE	CLARK	SHERIFF DEPT.	15
MICHAEL	CLARK	POLICE DEPT	15
JEFFREY	CORCORAN	SHERIFF DEPT.	20
DALLAS	HAIRSTON	COMMISSIONER OF REVENUE	20
CHRISTOPHER	OWEN	FIRE DEPARTMENT	20
CONNIE	CANNADAY	SHERIFF DEPT.	25
KEVIN	TURNER	SHERIFF DEPT.	25

Attachment: None

Recommendation: The Mayor will read the list.

Meeting Date: July 12, 2022

Item 3.

Department: City Manager/Finance

Issue: Consider a request from Henry County to fund a portion of one-time stipends for 911 and DSS employees.

Summary: The City has received information from Henry County that one-time stipends of \$1,200 for full-time County employees has been approved, and the intent is to also provide the County's share of the stipends to employees of both the 911 Center and the Department of Social Services. A request has been made of the City to likewise consider funding its share of the stipends for 911 and DSS, in order to provide the full \$1,200 amount.

The City and County currently jointly budget for costs of both 911 and DSS at a calculated ratio of approximately 1/3 City and 2/3 County. The City's estimated share of the stipends will be \$8,300 for 911 employees and \$36,353 for DSS employees; a total of \$44,653. During City budget discussions regarding outside agencies and specifically 911, it was noted that jointly-funded outside agencies are sometimes left out of discussions and consideration for salary and cost of living adjustments.

Attachments: None

Recommendation: Staff recommends approval of the request. Information will be presented at the meeting regarding possible funding sources.

Date: July 12, 2022

Item No: 4.

Department: Public Works

Issue: Hear information from the Public Works Department regarding paving of City streets.

Summary: Public Works Director Jeff Gauldin will present information regarding paving City streets, funding, and criteria used in determining the paving schedule.

Attachments: Presentation materials

Recommendations: Presented for information purposes. No Council action needed.

City of Martinsville Street Paving & Resurfacing

Martinsville City Council Meeting
Tuesday, July 12, 2022 7 pm

Street Maintenance Operations

- Lane Miles: Arterial 66.11 miles, Local or Collector roads 157.63
- Annual street maintenance funding is calculated at a rate established by the state, per lane mile. FY23 for Martinsville is \$3,809,745.90
- Local Street Services:
 - Street Maintenance
 - Street Marking and Signs
 - Traffic Signals
 - Street Cleaning
- After the fixed costs for these functions are accounted for, costs for overhead, paving, and equipment rental from Street Construction are used to balance.

Street Construction

- Street Construction is a separate City-funded function that is a companion budget to street maintenance.
- For capital and new projects that fall outside of maintenance
- Street Construction “owns” the equipment used in street maintenance operations and that equipment is rented or leased to street maintenance, resulting in equipment rental fees coming back to the City’s General Fund as revenue.

SGR vs Locally Funded Paving

- SGR (State of Good repair) is a separate VDOT-funded program outside of normal street maintenance funding.
- SGR projects are main arterial roads
- Paving projects are selected based on VDOT rating criteria
- Higher priority is given to localities that spend %25 or more of lane miles funding on paving
- City has successfully implemented a number of SGR projects including sections of Memorial Boulevard and Starling Avenue.

Paving Determinations

- The need for paving City streets is evaluated by several main criteria;
- Condition of the road – Pavement appearance, alligator cracking, raveling, potholes, patches and utility cuts
- Road traffic – amount and type (trucks vs residential traffic)
- Staff and customer input
- City streets are prioritized based on the criteria and a paving list is created. Efforts are made to cover all areas of the City. Available funding determines how many of the listed projects are done, with projects not funded serving as the basis for the following year's list.

Paving Determinations

- Due to the frequent need to mill existing streets before repaving, the added cost reduces the amount of paving work that can be done.
- Several paving options exist including mill & pave, pave only, slurry seal, and tar & gravel (chip seal). More slurry work will likely occur in future, primarily in residential area where streets are structurally in good condition.

If questions or for additional information
contact the City's Public Works Department at
276-403-5154

Date: July 12, 2022

Item No: 5.

Department: Electric

Issue: Hear an update on the solar energy project for the City of Martinsville.

Summary: In July, 2020, staff presented information to Council regarding a solar energy project for the City of Martinsville utilizing the former Lynwood golf course site on Dupont Road. The financials of the project as presented were very beneficial for the City and after discussion, Council authorized staff to proceed with execution of documents related to the project.

Since that time, a delay in the project implementation schedule has occurred due to impacts of the Covid pandemic as well as supply-chain issues regarding acquisition of solar panels. The original project schedule and costs have been impacted resulting in the need for a revised power purchase agreement.

This matter will be presented again at Council's July 26 meeting, but is being presented at the July 12 meeting to provide Council with additional time to review materials and ask questions.

Attachments: Presentation materials

Recommendations: No action required by Council at this meeting.



MARTINSVILLE SOLAR PROJECT UPDATE

Martinsville City Council Meeting
Tuesday, July 12, 2022 7 pm

Martinsville Council Meeting – Generation Projects

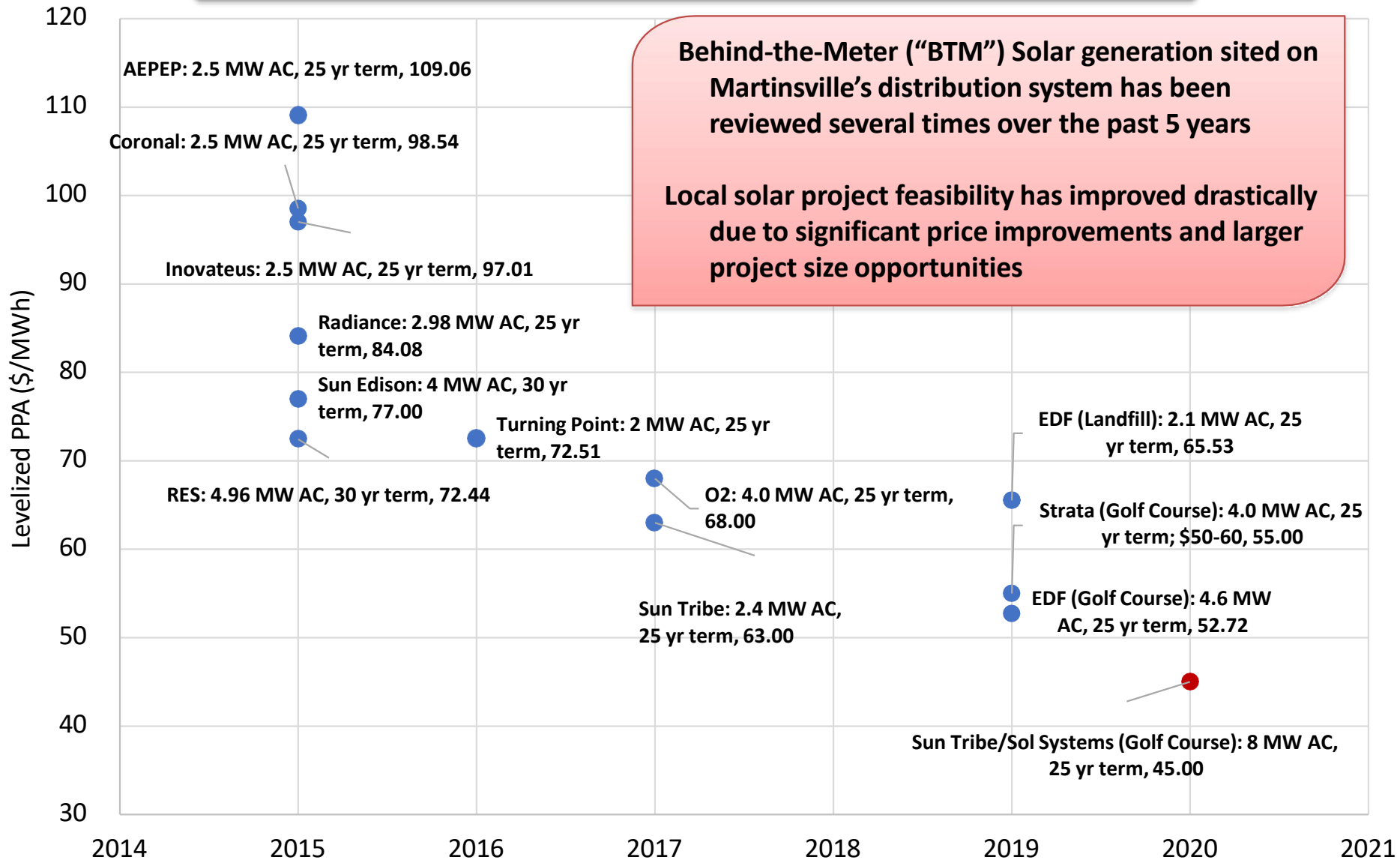
July 2020



SUN TRIBE / SOL SYSTEMS SOLAR PROJECT

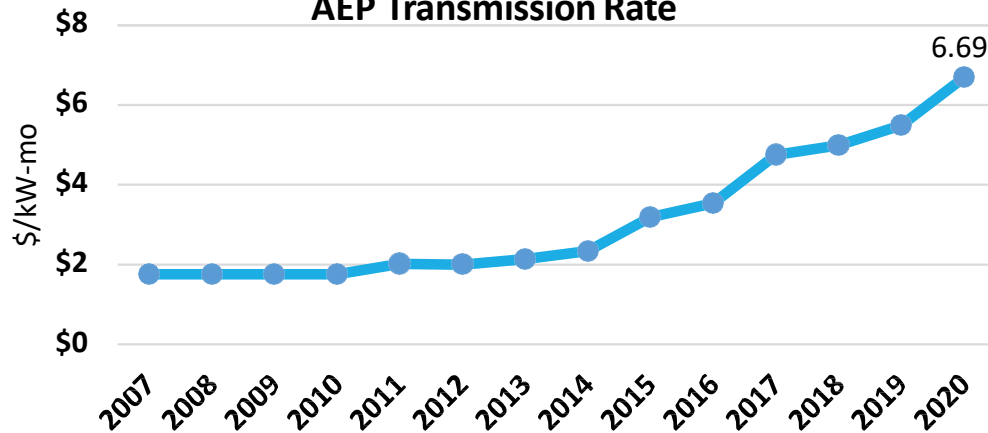
Historic Martinsville Solar Opportunities

Levelized Solar PPA Comparison



What Are the Benefits of Distributed Generation in the PJM Market?

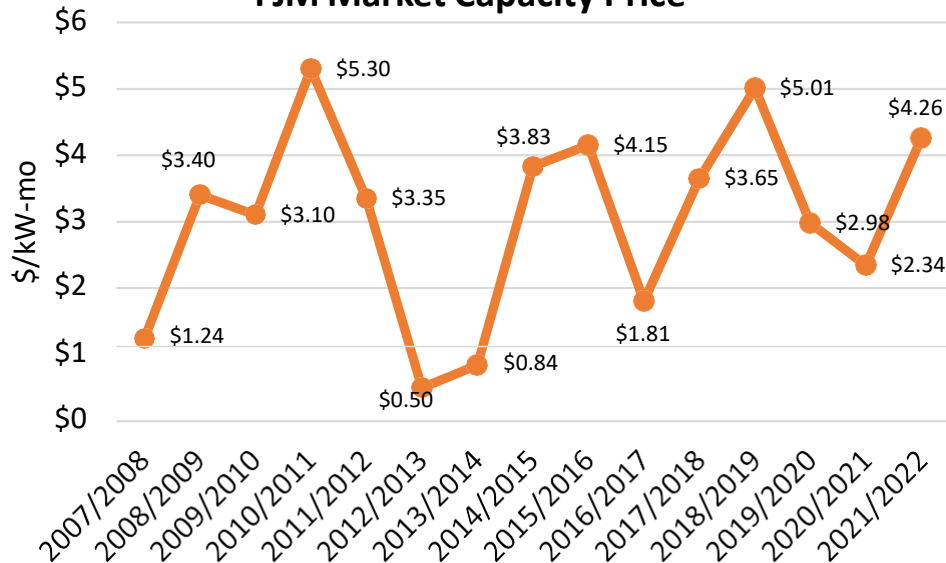
AEP Transmission Rate



Capacity & Transmission Cost Offsets

- Peak shaving with distribution level generation reduces the peak billing determinants for the following year and associated costs
 - Transmission peaks are based on only **1 hour** occurring in either Winter or Summer
 - Capacity peaks are based on **5 hours**, all occurring during Summer

PJM Market Capacity Price



Other Benefits

- **Congestion Cost Offsets:** Distribution level generation is already delivered behind the substation meter, so there is no potential to incur hefty congestion premiums as there would be with hedges at various delivery locations
- **PJM Admin/Ancillary Service Offsets:** Distribution level generation avoids PJM admin and ancillary service fees
- **Local Presence:** Distribution level generation is local, which can provide social benefits in the form of positive publicity and customer approval

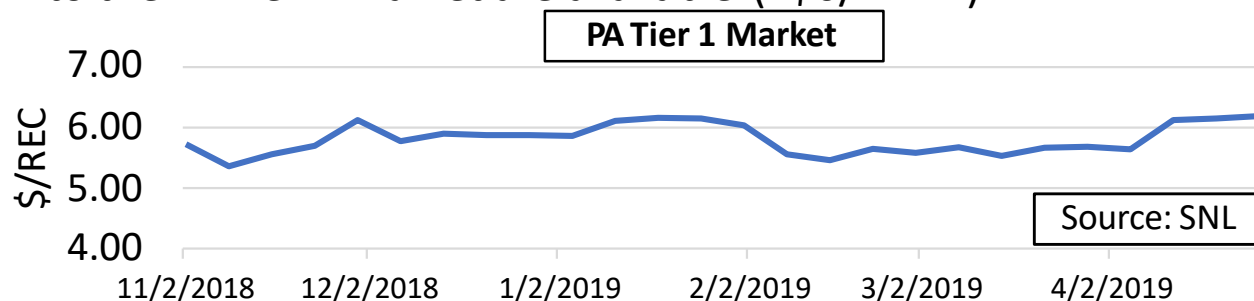
Behind-The-Meter Generation Benefits

- Solar sited Behind-The-Meter (“BTM”) on Martinsville’s distribution system includes benefits in the value of avoided capacity, transmission and ancillary services costs as well as Solar Renewable Energy Credits (“SRECs”)

Levelized Behind-the-Meter Offset (Estimated)

Avoided Cost*	Golf Course
Capacity	\$14.58
Transmission	\$25.69
Ancillary	\$0.50
SREC	\$4.00
Total (\$/MWh)	\$44.77

- SREC sales into the PA Tier 1 market are available (~\$6/MWh)



Martinsville Solar RFP

Timeline

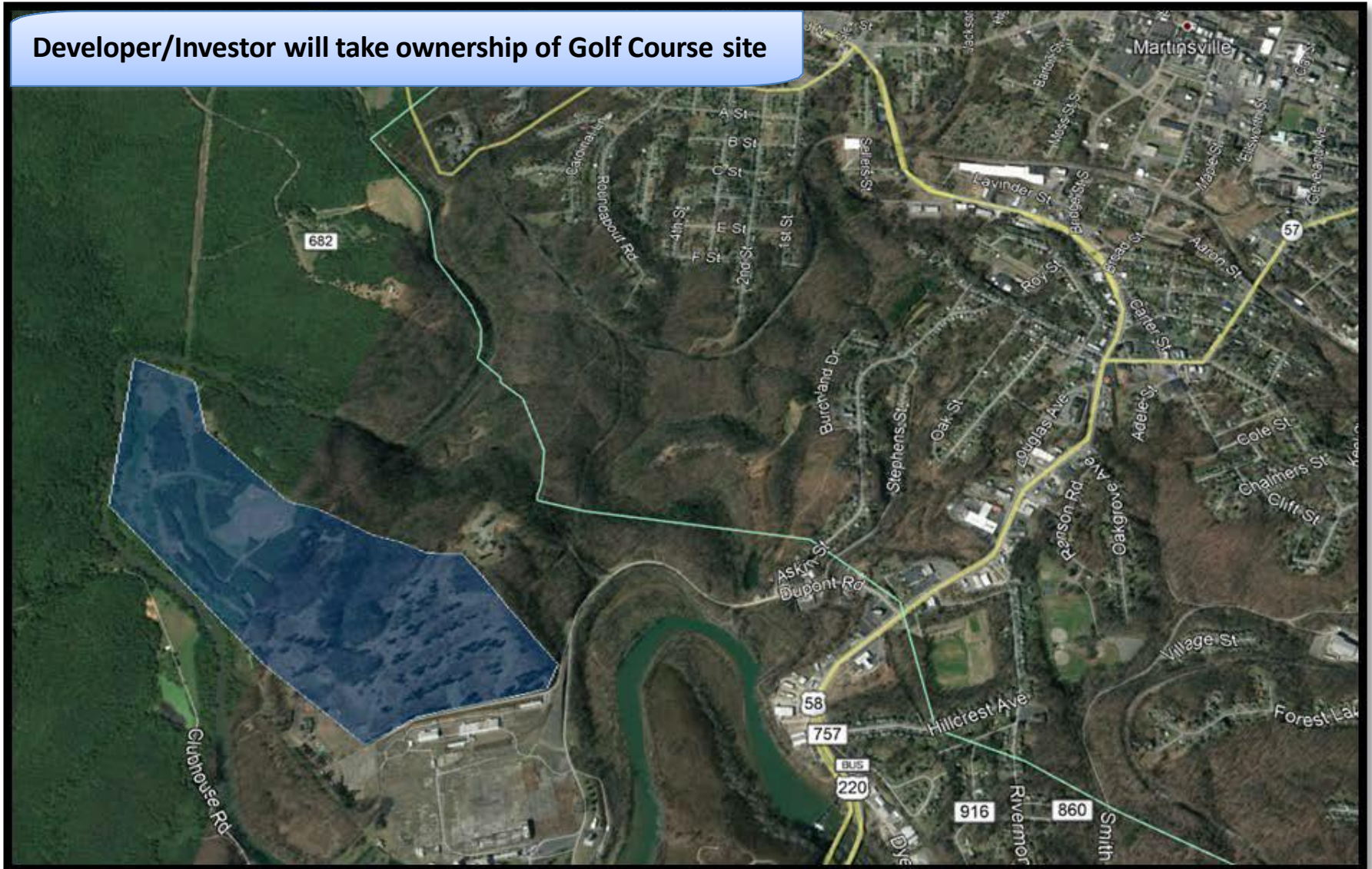
- **May 2019** – RFP issued on behalf of Martinsville and Central Virginia Electric Cooperative (“CVEC”) as part of Blue Ridge Power Agency (“BRPA”) joint involvement.
 - Solar Use Case: Provide renewable energy, while avoiding AEP transmission and PJM market capacity
- **Jul 2019** – Received indicative bids from 26 developers for Stand-Alone Solar for supplier-selected sites
- **Aug 2019** – Narrowed developer list to 14 preferred and experienced developers based on favorable pricing, experience, and high-level review of proposal and competency
- **Oct-Dec 2019** – Declared short-listed of 6 developers based on qualitative and quantitative review, offered site visits, and received refreshed pricing
- **Jan-Feb 2020** – Declared top 3 developers based on refreshed proposal and qualitative review, requested refreshed pricing based on technology specifications and key PPA contract terms
- **Jun 2020** – Selection and Negotiation of PPA with Sun Tribe (Developer) / Sol Systems (Investor)

Key Project Details

	Solar
Size	8 MW
Term	25 Year
Site	Golf Course
COD	Q2 2021

Project Site Golf Course

Developer/Investor will take ownership of Golf Course site



Sun Tribe/Sol Systems - Golf Course Solar Project

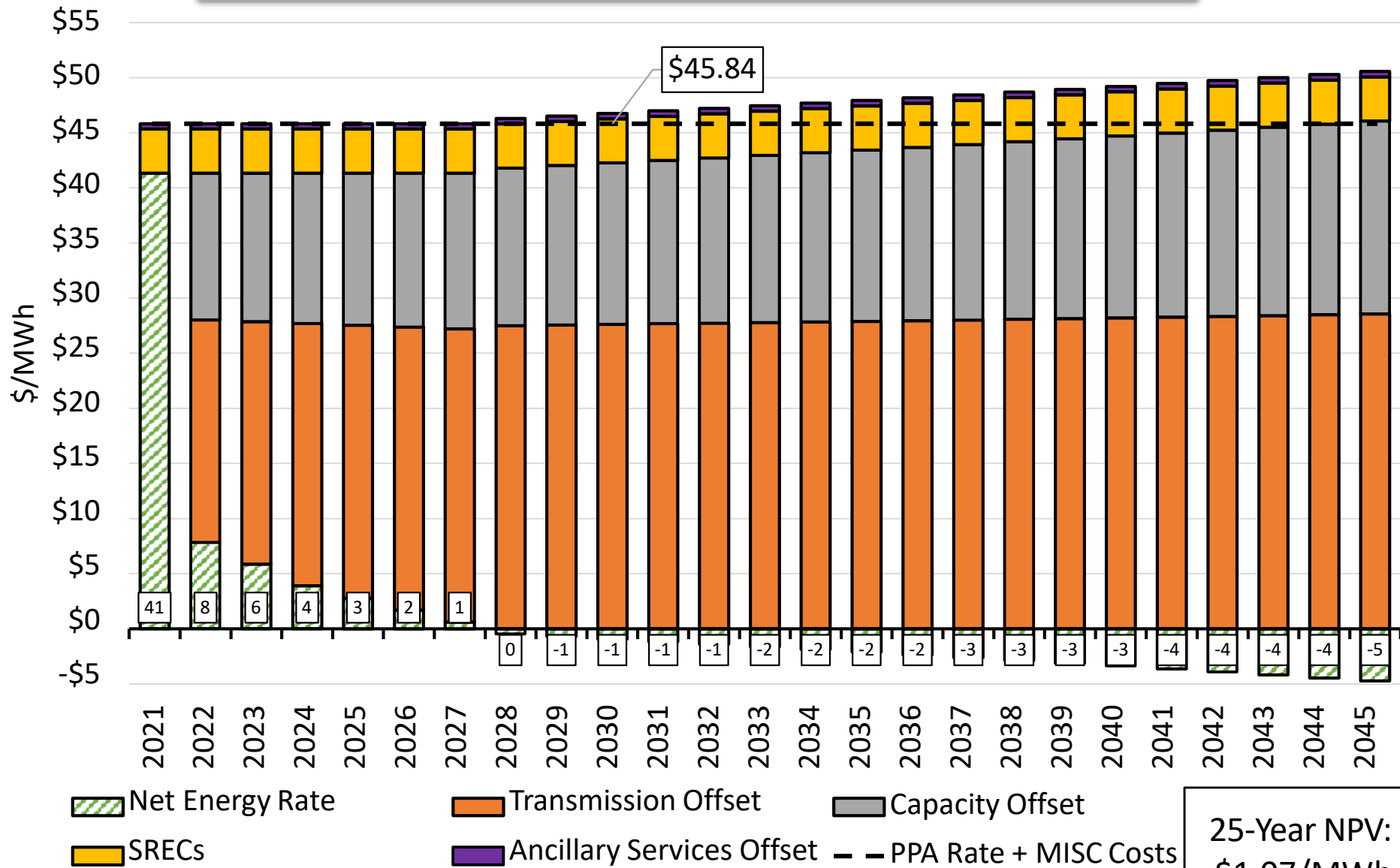
PROJECT DETAILS

- **Project Size:** 8.0 MW
- **Proposed Year-One Gen:** 17,680 MWh
- **Proposed Capacity Factor:** 25%
- **Term:** 25 Years
- **Annual Energy Hedge:** 10% of Martinsville's annual load requirements
- **COD:** Guaranteed Q2, 2022
- **Site Ownership:** Developer-owned
- **Technology:** Bi-facial, single-axis
- **SRECs:** City retains all environmental attributes
- **Pricing:** \$45.00/MWh flat rate PPA with no annual escalation



Sun Tribe/Sol Systems Solar Project Economics

Base Case Solar



\$45.84

25-Year NPV:
\$1.07/MWh

MISC Costs include interconnection and potential land costs

Regulatory Considerations: Behind-the-Meter Generation Limits

- PJM is reviewing the process and procedures for enforcing current Non-Retail Behind-the-Meter Generation (“NRBTMG”) limits and thresholds.
- NRBTMG thresholds have been in place for years, however, there has been limited enforcement and reporting requirements
- In order to ensure NRBTMG benefits, behind-the-meter capacity should be installed and reported to PJM before the thresholds are reached

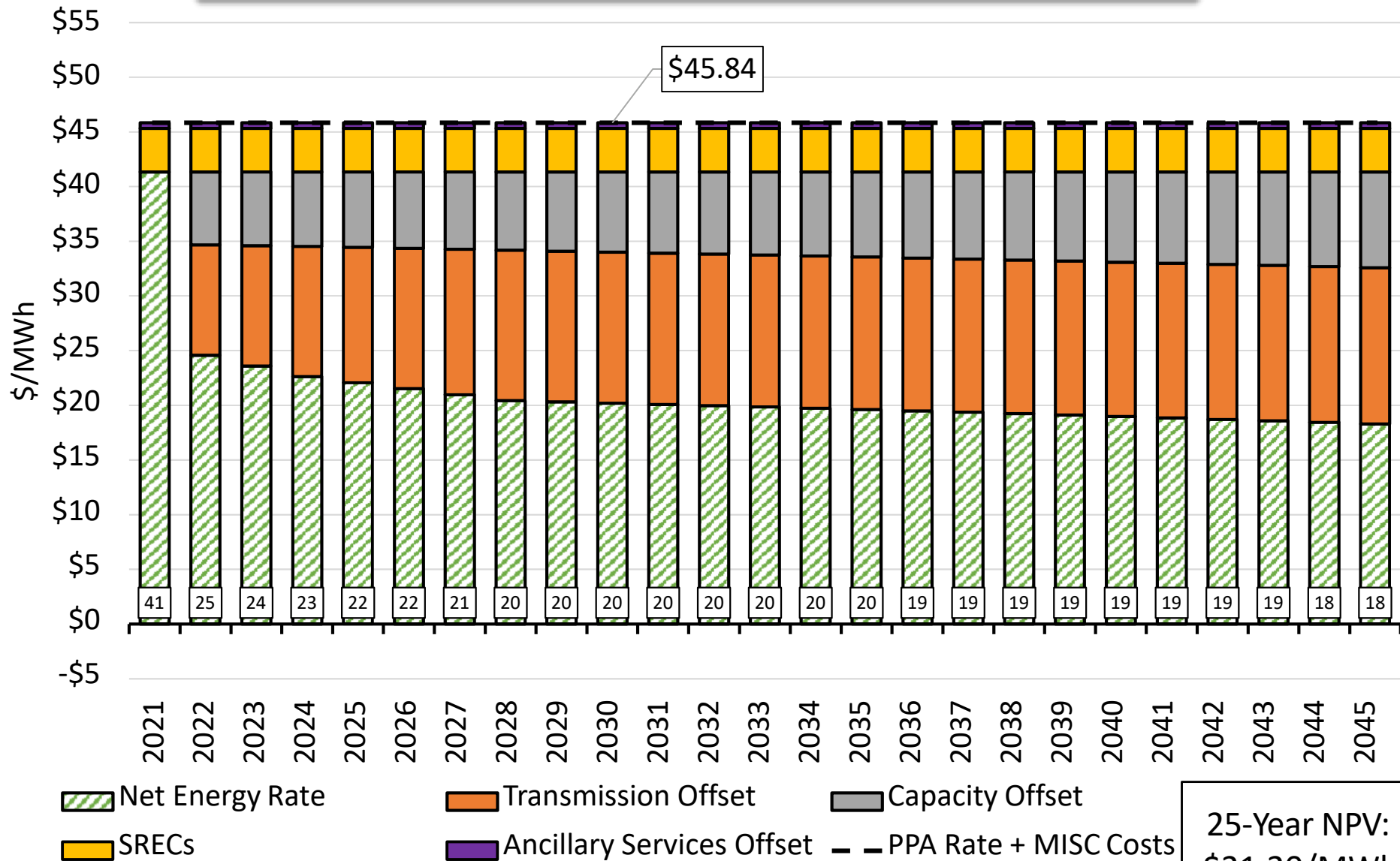
NRBTMG Statistics	
Current NRBTMG*	1,171 MW
Annual Threshold	2,051 MW
Total Cap	3,000 MW

- If total cap is met, all further NRBTMG will not receive BTMG benefits (capacity, transmission, etc.)



Sun Tribe/Sol System Solar Project Economics

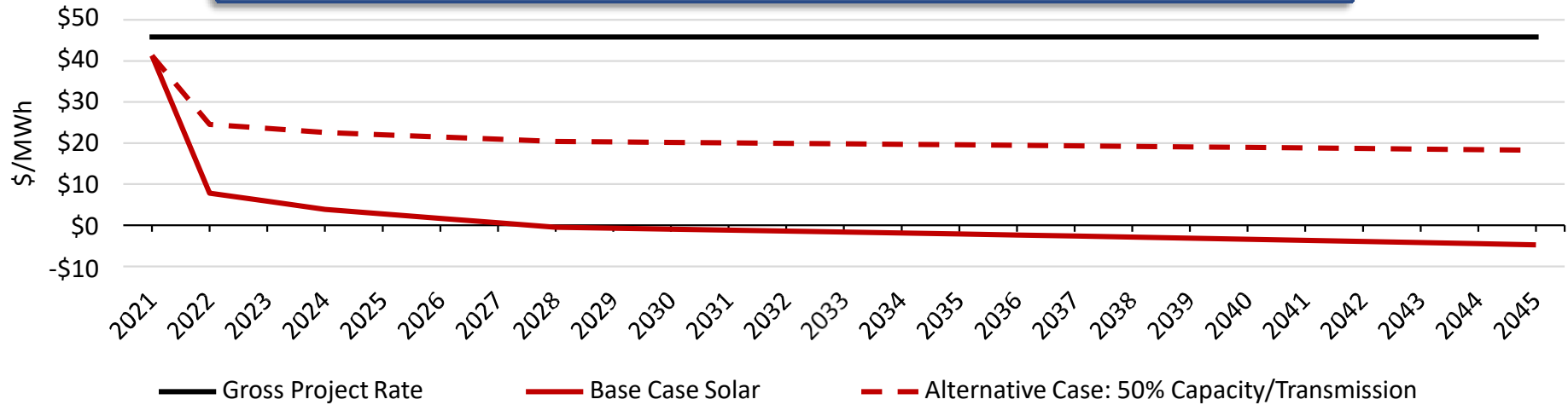
Alternative Case: 50% Capacity/Transmission



25-Year NPV:
\$21.20/MWh

MISC Costs include interconnection and potential land costs

Annual Golf Course Solar Project Costs



Base Case Solar

Average (\$/MWh)	2022	2045
Gross Project Cost [1]	\$45.84	\$45.84
Transmission Credit [2]	(\$20.20)	(\$28.56)
Capacity Credit [3]	(\$13.31)	(\$17.52)
Ancillaries Credit	(\$0.50)	(\$0.50)
SREC Credit	(\$4.00)	(\$4.00)
Net Project Cost	\$7.83	(\$4.74)

1/ Reflects 25-year term proposal incl. land & interconnection costs with 0%/yr. escalation.

2/ Reflects 41% transmission peak offset.

3/ Reflects 56% capacity offset.

Alternative Case: 50% Capacity/Transmission

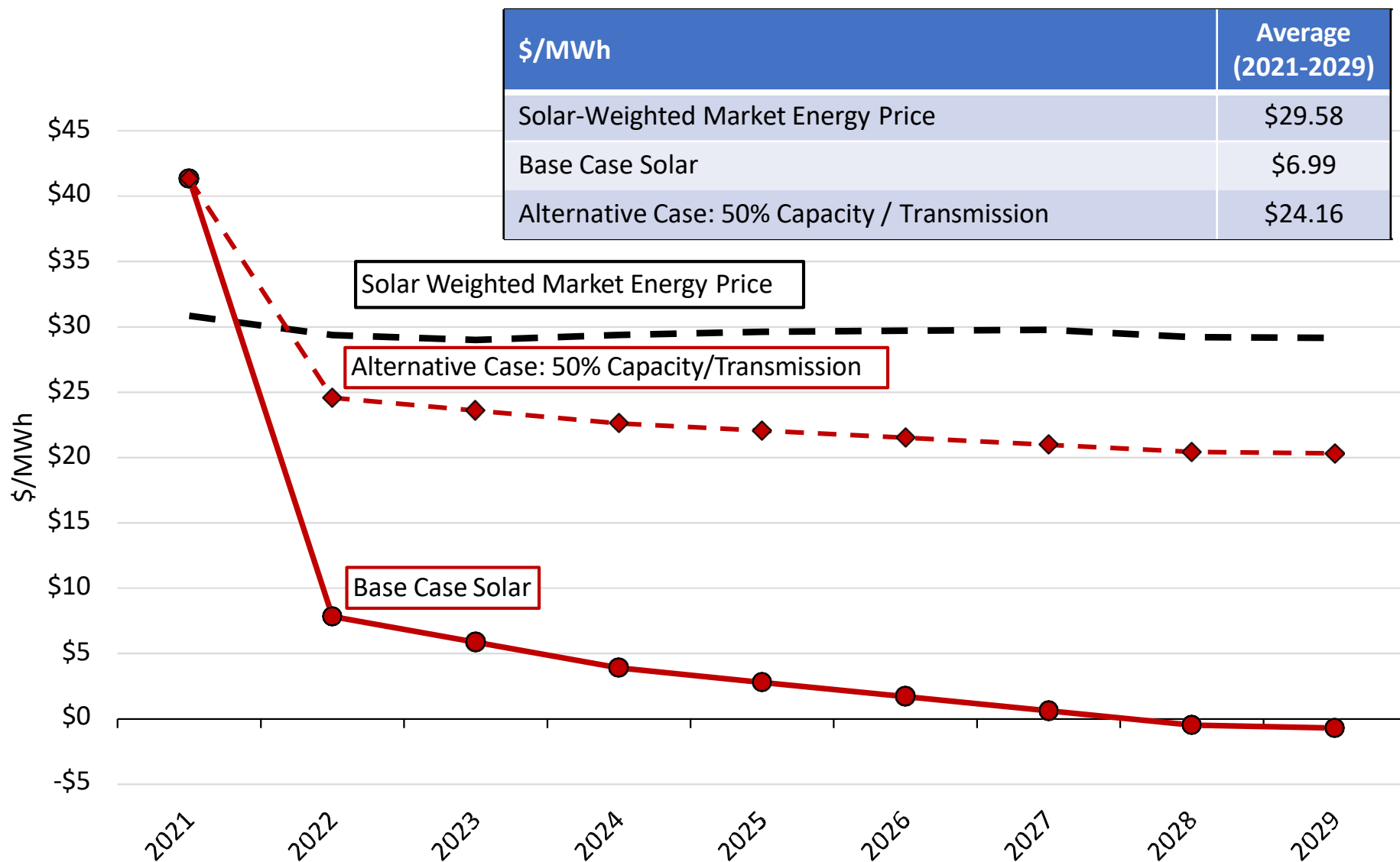
Average (\$/MWh)	2022	2045
Gross Project Cost [1]	\$45.84	\$45.84
Transmission Credit [2]	(\$10.10)	(\$14.28)
Capacity Credit [3]	(\$6.66)	(\$8.76)
Ancillaries Credit	(\$0.50)	(\$0.50)
SREC Credit	(\$4.00)	(\$4.00)
Net Project Cost	\$24.58	\$18.30

1/ Reflects 25-year term proposal incl. land & interconnection costs with 0%/yr. escalation.

2/ Reflects 21% transmission peak offset.

3/ Reflects 28% capacity offset.

Golf Course Solar Project vs Market



Key PPA Terms

- **In-Service Date:** Guaranteed COD by June 2022 (or penalties apply)
- **Seller Security:**
 - **Pre-COD:** \$50,000/MW
 - **Post-COD:** \$30,000/MW
- **Delay Damages:** \$2,000 Per Day (\$250 Per MW-Day)
- **Performance Guaranty:** 90% annual average production, weather-adjusted
- **Underperformance Penalty:** \$40/MWh
- **Option to Extend:** After 25 year term, Martinsville has two 5-year options to extend term at 50% of the PPA price at their sole discretion
- **Land Option:**
 - Although SunTribe /Sol Systems will purchase and own the Golf Course Property, Martinsville will have the right to access the property and build a battery storage/peaking project at a nominal land lease cost, if desired
 - Solar PPA price may adjust upwards by no more than \$0.32/MWh to cover Martinsville's share of cost responsibilities

What's Happened Since July, 2020

- Unanticipated Covid impact and supply chain issues resulted in an inability to acquire solar panels at the schedule and cost as outlined in the original proposal.
- Delays are resulting in price escalation of \$15 to \$20/MWh from the original PPA of \$45/MWh. Details of the Purchase Power Agreement are being finalized and will be presented for Council's consideration at the July 26 meeting.
- Even with the anticipated price escalation, factoring in transmission & capacity savings along with ancillary services costs and SRECs, this will still be a beneficial project for the City of Martinsville and staff will be recommending approval of the PPA at the July 26 meeting.
- City has completed construction of a new electric line from the golf course site with a connection to the City's grid at Memorial Boulevard.