

# Laundry utilities lawsuit resolved

By Robert King -- Daily Staff Writer

FRONT ROYAL — The town of Front Royal and a laundry company have reached an agreement that ends years of litigation.

The Town Council voted 4-1 on Monday to approve a settlement with FDR Laundry Services Inc. The settlement puts an end to lawsuits in Warren County Circuit Court, an appeal before the Virginia Supreme Court and a federal lawsuit.

FDR initially acquired the laundry facility, formerly Tartan Textiles, on Kelley Drive in Warren County in June 2005. The company uses the town's water and sewer services.

In August 2005, the town told FDR a 1994 agreement with the previous owner regarding water and sewer rates had expired.

FDR filed a lawsuit in Warren County Circuit Court in June 2006 over a second rate increase. It withdrew the lawsuit in July 2006.

FDR filed another lawsuit in September 2006, which is still pending, regarding the town's denial of FDR's application to discharge well water into the town's sewer system.

A third lawsuit was filed in April 2007 over a mandatory water connection ordinance the town adopted that affected FDR. The company has a pending appeal before the Virginia Supreme Court on a portion of that suit.

FDR also filed a federal lawsuit in August 2007, which is still pending, claiming the town violated the company's rights through a series of utility rate increases.

The agreement ends all remaining litigation.

It calls for FDR will make retroactive payments to the town.

For Aug. 1, 2005, to July 31, 2006, FDR will pay the town \$297,525 for water and sewer services. It will pay the town \$190,672 for the period of Aug. 1, 2006, to Sept. 30, 2007.

The contract also outlines future water and sewer rates for FDR.

The rates fluctuate based the gallons used. FDR will begin paying the new rates retroactively beginning from Oct. 1 of last year, the agreement reads.

"Their rate is capped until the year 2010," said Town Attorney Tom Robinett. "On and after the year 2010, if we do an overall rate increase in the water rates, then their rates will be correspondingly increased."

The agreement also focuses on a dispute in the lawsuit in which FDR claimed the town raised just its rates.

"What we can't do is just raise their [rate]," Robinett said. "If a rate increase is to be applicable to them, it must be applicable to all users in the in-town portion of the system."

The agreement also touches on the discharge of well water into the town's sewer system.

FDR can't discharge well water into the system except during any period when the town can't service FDR, the agreement reads. Even then, FDR needs the town's written permission to discharge the well water.

An FDR official said the agreement is a step toward getting the company's costs under control.

"The biggest thing for us is at least we know where we are going now and we can now start planning like a business needs to plan for what our costs and expenses are," said Michael Peragine, FDR director of government affairs. "We know where we stand."

Councilman Stanley W. "Stan" Brooks Jr. voted against the settlement proposal Monday. He said later the town should have continued to pursue the matter in court.

"I believe the town is right, and I think this is one of those instances where the town would be better served in court where the judge I believe would have ruled in our favor," he said.

Councilman Thomas H. Sayre was absent for Monday's vote.

\* Contact Robert King at [rking@nvdaily.com](mailto:rking@nvdaily.com)