

DRAFT MINUTES

**Regular Meeting
Commission on Local Government
10:00 a.m., May 11, 2009
First Floor Board Room
The Jackson Center
501 North Second Street
Richmond, Virginia**

Members Present

Vola T. Lawson, Chairman
Elmer C. Hodge, Jr., Vice Chairman
Harold H. Bannister, Jr.
Frances M. Parsons
Kathleen K. Seefeldt

Members Absent

Staff Present

Susan Williams, Local Government Policy Manager
Steve Ziony, Principal Economist
Matthew Bolster, Senior Policy Analyst
Barbara Johnson, Administrative Assistant

Call to Order

Commission Chairman Vola T. Lawson called the meeting to order at 10:07 a.m. on May 11, 2009 in the Board Room of the Department of Housing and Community Development (DHCD) at the Jackson Center in Richmond, Virginia. Mrs. Lawson explained that Ms. Williams has laryngitis, and, consequently, Mr. Bolster will be presenting the financial statement, policy manager's report and General Assembly update on her behalf.

I. Administration

A. Approval of Minutes of Regular Meeting of March 9, 2009

Mr. Hodge made a motion that the minutes of the Commission's regular meeting

of March 9, 2009 be approved, such motion was seconded by Mrs. Seefeldt, and the Commission unanimously approved the minutes without amendment.

B. Public Comment Period

The Chairman opened the floor to receive comments from the public. No person appeared to testify before the Commission during the public comment period.

C. Presentation of Financial Statement for April 2009

Referencing an internally produced financial statement that encompassed expenditures through the end of April 2009, Mr. Bolster stated that the financial report covered 83.33% of Fiscal Year 2009 (FY09) and that Commission non-personnel expenditures for that eight-month period represented 50.26% of the total amount budgeted for that purpose for the fiscal year. Mr. Bolster noted that a transfer of approximately \$20,000 to the Commission's budgeted amount for personnel expenditures for FY09 is forthcoming. The members accepted the report for filing.

D. Local Government Policy Manager's Report

1. Agency Move

Mr. Bolster announced that the agency will be moving to Main Street Centre (600 East Main Street, Suite 300) on July 11-13. He confirmed that the next regular Commission meeting, which will take place on July 13, will therefore be held at VHDA's Housing Center at Innsbrook. Mr. Bolster called attention to the directions distributed.

2. State Budget

Mr. Bolster reminded the members that, effective July 1, they will no longer receive per diem payments. He also stated that the Department of Planning and Budget

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will transfer out an amount equal to the Commission's expenditures for such payments in FY 2008, which was approximately \$3,000. He reminded the members that, per their request, Ms. Williams had provided a list of the other boards and commissions that will be impacted by this provision in the state budget.

3. Staff Activities

Mr. Bolster announced that, last week, the Commission staff won the DHCD Special Project Award in recognition of staff's exceptional contributions in connection with the Commission's review of the County of Montgomery – Town of Christiansburg Proposed Revenue and Economic Growth-Sharing Agreement.

Mr. Bolster updated members regarding the progress of the Subcommittee studying development and land use tools in Virginia. He indicated that the Subcommittee meeting scheduled for May 21 was cancelled. Mr. Bolster stated that the Subcommittee will instead meet on Thursday, June 18, 2009 and on Wednesday August 19, 2009 in Richmond. Mr. Bolster reminded members that Ms. Williams e-mailed the Subcommittee membership list they requested at their last meeting.

Mr. Bolster called members' attention to two handouts - Separate But Equal? Virginia's "Independent" Cities and the Purported Virtues of Voluntary Interlocal Agreements, which will be published in the *Virginia Law Review* as well as an updated listing of Virginia's Authorities and Special Districts, which was developed and is maintained by Mr. McCormack.

Mr. Bolster indicated that, with respect to DHCD's performance measure on Intergovernmental Relations, for the quarter beginning January 1, 2009 and ending

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March 31, 2009, Commission staff responded to 37 requests for technical assistance / information.

Mr. Bolster indicated that other staff activities include updating the Commission's technical assistance documents and editing the relevant portion of the script for a "what is DHCD" video for the agency's YouTube site. In addition, Mr. Bolster – at his own expense – attended the 2009 Annual Conference of the Virginia Chapter of the American Planning Association, and Ms. Williams attended the VML/VACo legislative liaisons' meeting on April 8. Also, expressions of gratitude were sent to all the local government representatives who participated in the fiscal impact analysis process and performance scorecards were forwarded to VACo and VML.

4. Potential Interlocal Issues

Mr. Bolster highlighted various requests for information received and responded to by Commission staff since the March meeting, including (1) an updated list of mediators available to mediate interlocal issues; (2) the advisory reports on all Commission reviews of consolidation actions to date; (3) documentation submitted in connection with the Commission's review of numerous specified voluntary settlement agreements; and (4) documentation submitted in connection with the Commission's 1995 review of the Town of Ashland – County of Hanover Voluntary Settlement Agreement. Mr. Bolster noted that, with respect to the last two items, the requested documents had been archived to the Library of Virginia.

Next, Mr. Bolster called members' attention to several recent articles that were distributed, which concern the following issues: Massanutten exploring town

incorporation; the possibility of the Town of Culpeper joining a regional water and sewer authority in exchange for a boundary adjustment; a boundary adjustment between Christiansburg and Montgomery County which would add an additional 153 acres to the town limits; Chincoteague's new draft comprehensive plan, which includes a goal to annex nearly 170,000 acres of land; and local government consolidations, including the potential consolidation of Alleghany County – City of Covington.

5. Meeting Per Diem

Mr. Bolster stated that, in accordance with the Commission's policy on compensation and reimbursement, per diem will be paid to Mrs. Parsons for May 10 and per diem will be paid to all members present for their service to the Commonwealth on May 11, 2009.

II. Assessment of State and Federal Mandates on Local Government

Mr. Bolster provided the members with the final mandate assessment schedule for FY 2009-10, which had been published in the Virginia Register after approval by the Commission, the Secretary of Commerce and Trade, and the Governor. The new mandate assessment cycle will begin on July 1, 2009. Mr. Bolster indicated that he plans to still use the secure, interactive website to collect comments from localities, although he will also accept e-mailed comments from local personnel who would prefer not to use the website. Some local personnel had difficulty with the website due to unfamiliarity with the software or mistakes entering passwords. Therefore, some flexibility is needed to make the process more user-friendly to local governments.

Mr. Bolster directed the members' attention to two comment forms that will be posted on the website or provided by e-mail. One form is for reporting the expenditure impact of mandates and the other is for reporting revenue reduction impacts. The purpose of the forms is to solicit precise, useful information on the fiscal impact of mandates. Most respondents will only need to use the expenditure form, but it is also possible for a mandate to restrict the ability of a locality to raise revenues. For example, there have been proposals in the past to limit the annual percentage increase in real estate assessments. If such a proposal became law, it could have a revenue reduction impact on some localities. Ms. Seefeldt pointed out that the car tax relief law is another example.

Mr. Bolster noted that although the Commission facilitates local comment on mandates, it is actually the responsibility of the state agencies preparing the assessments to obtain impact data from localities. Mr. Bannister asked whether budget cuts had left the Commission sufficiently staffed to handle mandate assessment duties, and whether state agencies that were not sufficiently staffed could share the burden with the Commission staff. Mr. Bolster and Ms. Williams responded that the current burden is manageable for the Commission staff, and the other agencies were required to undertake the assessments on their own, even if they have experienced budget cuts.

III. 2009 Survey of Cash Proffers

Mr. Bolster directed the members' attention to the survey form for the 2009 Survey of Cash Proffers. The forms will be mailed out in early July, with a due date of September 30, 2009. The form is the same as used in prior surveys, although the return address will be different due to the impending relocation of the agency. The form

changes little from year to year because the Commission is only authorized by statute to collect certain specific information. He asked if the members would approve the survey form.

On a motion by Mrs. Parsons seconded by Mr. Bannister and passed unanimously, the members approved the survey form for the 2009 Survey of Cash Proffers.

IV. Annual Report on Municipal Boundary Changes

Mr. Ziony reported that, during 2008, two cities and eight towns expanded their boundaries in relation to six counties. Across seven cases, the territorial adjustments rested upon county-municipal agreements as approved by the relevant circuit courts. Mr. Ziony explained that the four remaining boundary changes were realized through town ordinances enacted under the terms of inter-local agreements defining annexation rights. He indicated that, in geographic scope, the affected areas ranged from .02 of an acre (Warrenton Town/Fauquier County) to 593.85 acres (Hurt Town/Pittsylvania County).

Mr. Ziony further stated that none of the boundary line adjustments carried significant demographic implications. In fact, six of the target areas were unoccupied when the parametric revisions took effect. In four other cases, all of which involved towns within Rockingham County, Mr. Ziony indicated that the population levels of the transferred acreage varied between 1 person and 25 inhabitants (for the Grottoes and Dayton sites, respectively). He noted that the Commission's staff was unable to secure precise demographic information relative to the Purcellville Town/Loudoun County

boundary change. In that instance, the annexation area contained one residential structure with an indeterminate number of occupants.

On a motion by Mr. Hodge seconded by Mrs. Parsons and passed unanimously, the members approved the Annual Report on Municipal Boundary Changes.

V. Federal and State Categorical Aid to Virginia's Counties and Cities, FY 2007

Mr. Ziony explained that the report is comprised of a series of six tables, which depict federal and state categorical aid to Virginia's counties and cities for FY 2007. The data is broken out by functional dimension and jurisdictional class as well as by jurisdiction. Mr. Ziony explained that he obtained the data for the report from the Auditor of Public Accounts, Comparative Report of Local Government Revenues and Expenditures, Year Ended June 30, 2007 in addition to the electronic worksheets submitted to the State Auditor's office by the 95 counties and 39 cities with respect to FY 2007. Mr. Bannister inquired as to the feasibility of separating direct from pass-through federal aid for purposes of the report, and Mr. Ziony indicated that it would be possible to do so at the functional dimension level.

On a motion by Mr. Bannister seconded by Mrs. Seefeldt and passed unanimously, the members approved the FY 2007 Report on Federal and State Categorical Aid to Virginia's Counties and Cities. Mr. Bannister requested that Commission staff provide a link to the document on the agency's website to VACo and VML.

VI. 2009 General Assembly Session Follow-Up

Mr. Bolster indicated that Governor Kaine recommended amendments to 23 of the 176 bills reviewed in the Commission's Preliminary Legislative Update. Mr. Bolster called members' attention to two documents that were distributed as handouts – a Final Legislative Update and an overview of the action taken on bills with Governor's amendments.

Mr. Bolster indicated that the Governor amended the Town of Strasburg charter bill, which gave elected and appointed members of council the same voting authority. The Governor's amendment clarifies that appointed council members are not permitted to vote on those matters set forth in Article VII, Section 7 of the Virginia Constitution, which include appropriating money exceeding \$500, imposing taxes, or authorizing the borrowing of money. Mr. Bolster also noted changes that will be made to the Final Legislative Update to reflect information that became available after the update was copied, and he indicated that a revised version will be distributed to the members via e-mail.

VII. Scheduling of Regular Meetings

The Commission confirmed that its next regular meeting will take place on Monday, July 13, 2009 at the VHDA Housing Center in Henrico County (Innsbrook). The remaining 2009 regular meetings of the Commission are tentatively scheduled to take place in Richmond (at a location to be announced) on September 14 and November 9.

VIII. Upcoming Events of Interest

Mrs. Lawson reminded members that the VML Annual Conference will take place October 18 – 20, 2009 in Roanoke, and VACo's 75th Annual Conference will take place November 8 – 10, 2009 in Bath County.

IX. Adjournment

There being no further business to come before the Commission, the meeting was adjourned at 11:32 a.m. on a motion by Mr. Bannister seconded by Mrs. Parsons.

Vola T. Lawson
Chairman

Susan B. Williams
Local Government Policy Manager