

MINUTES
Regular Meeting
Commission on Local Government
10:00 a.m., January 10, 2017
Main Street Centre
Conference Room 101

Members Present

Diane M. Linderman, Chair
Kimble Reynolds, Jr., Vice-Chair
Bruce C. Goodson
Victoria L. Hull

Members Absent

Staff Present

J. David Conmy, Local Government Policy Administrator
Ali Akbor, Senior Public Finance Analyst
Kristen Dahlman, Senior Policy Analyst
Lindsay Barker, Program Support Specialist

Call to Order

Commission Chair, Victoria L. Hull, called the meeting to order at 10:00 a.m.

I. Election of Officers for 2017

The floor was opened for nominations for the election of officers for 2017. Mr. Bruce Goodson nominated Ms. Diane Linderman for Chair, and the Commission unanimously elected Ms. Linderman as Chair for 2017. Mr. Goodson also nominated Mr. Kimble Reynolds for Vice-Chair, and the Commission unanimously elected Mr. Reynolds as Vice-Chair for 2017. Ms. Linderman thanked Ms. Hull for her leadership over the past year as Chair.

II. Administration

A. Approval of Minutes of the Regular Meeting on September 13, 2016

A motion was made by Ms. Hull and seconded by Mr. Goodson to approve the minutes; the motion was unanimously approved.

B. Public Comment Period

The Chair opened the floor to receive comments from the public; no one appeared to testify before the Commission for comment.

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C. Presentation of Financial Statement for December 2016

Referencing an internally produced financial statement that encompassed expenditures through the end of December 2016 (one half of the fiscal year), Mr. Conmy stated that the Commission is 3.5% over budget. Mr. Conmy assured the Commission that this trend will likely even out over the course of the fiscal year.

D. Policy Administrator's report

Mr. Conmy shared with the Commissioners that there have been discussions with the Secretary of the Commonwealth's office regarding the vacant Commissioner seat. Mr. John Stirrup has requested re-appointment but an appointment has not yet been made. Mr. Conmy highlighted some of the Governor's budget amendments that included: drawing from the Rainy Day Fund, across the board agency cuts, and higher education cuts. As part of the across the board agency cuts; some Department of Housing and Community Development (DHCD) programs included the Enterprise Zone, Go Virginia, and Broadband. The Commission on Local Government was not affected by any budget reductions.

Mr. Conmy and Mr. Ali Akbor have been involved with initial planning meetings on potential legislation for fiscal stress and an early warning fiscal detection system. They have also been invited to testify in front of the Senate Finance and House Appropriations Committees. Several staff attended the Governor's Housing Conference in November held in Roanoke, Virginia. Ms. Kristen Dahlman presented to the Virginia Housing Commission about cash proffers in December, which is becoming an annual presentation, upon release of the cash proffer report. Additionally, Mr. Conmy was invited to speak at the Virginia Association of Counties (VACo) County Chair's Forum in February.

Mr. Conmy reviewed several news articles of interest with the Commission, including:

- Potential legislation for Chesapeake charter amendment to allow special tax districts for schools and to remove 2/3 landowner approval requirement for special tax district approval
- A light rail referendum in Virginia Beach that overturned previous efforts to connect Norfolk's Tide System
- The Augusta County courthouse referendum, courthouse will remain in Staunton
- AirBNB local ordinance work in Blacksburg
- Boundary line adjustment in Elkton for economic development project
- Bristol's grant application to assist with road work needs for The Falls Project
- Petersburg's ability to get loan approval – will be used for operational costs
- Impacts of the cash proffer legislation in the Richmond area
- Boundary line adjustment occurring in Blacksburg for condominium development

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III. Upcoming Commission Review

a. Staff Update

Mr. Conmy stated that on November 30, 2016, the Commission received a submission requesting it to review and issue findings on a proposed economic growth sharing agreement between the City of Covington and Alleghany County. The agreement was negotiated pursuant to the Code of Virginia §15.2-1301. As required by 1VAC50-20-382 AND 1VAC50-20-612 of the Virginia Administrative Code, the submission included:

- (1) A joint notice by the City of Covington and Alleghany County of a proposed economic growth sharing agreement,
- (2) A copy of the proposed agreement, as well as data and exhibits supporting the agreement,
- (3) Resolutions adopted by the governing bodies of both localities requesting the Commission review the agreement and stating their intent to adopt the agreement subsequent to the Commission's review,
- (4) Information on the designated contact person for each locality for communication with the Commission regarding the review of the agreement, and
- (5) Indication that copies of the notice, the proposed economic growth sharing agreement, and an annotated listing of all documents, exhibits, and other materials submitted to the Commission in support of the agreement were mailed to each of the local governments contiguous to or sharing functions, revenue, or tax resources with the City and the County.

Mr. Conmy advised the Commission that they are directed by law to investigate, analyze, and make findings of fact as to the probable effect on the people residing in any area of the Commonwealth of any proposed action in that area to enter into economic growth-sharing agreements among localities. Historically, the Commission has only reviewed one other case in 2009 that was similar in nature, an economic growth sharing agreement between Montgomery County and the Town of Christiansburg.

Mr. Conmy presented three options to review the case. Option one would be to review the submission as is, since no public hearing is required by code for such growth sharing agreements. Options two and three outlined a timeline that is followed by all other cases reviewed by the Commission, which includes a site visit, oral presentations, and a public hearing with the report being submitted in either May or June, respectively. Mr. Conmy introduced the representatives from the City Covington and Alleghany County and invited them to present the case submitted to the Commission for review.

Mr. Mike Lockaby presented a map and described the two localities geography, explaining that there is a shortage of flat land, approximately 3% of the total land area. Paper, managed forestry, and trucking are the three main economic sectors with paper being the biggest economic driver. Another issue is that the localities lack shovel-ready sites. Most of the sites are brownfields where the site itself needs to be remediated before it is ready to be developed. Mr. Lockaby explained that the proposed agreement would allow both the city and the county to prepare these sites for development by applying for a grant

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that would conduct a site study to identify potential sites and have the future revenue split between the localities. Mr. Lockaby cited that the memorandum of understanding (MOU) is not legally binding but gives the option for the two localities to combine resources to develop shovel-ready sites. After the sites were rehabilitated, performance agreements would be made between local Industrial development authorities and prospected developers. Mr. Lockaby expressed that since a case review process of individual sites is lengthy, the localities want to set up an agreement to make agreements on a case by case basis.

Mr. Reynolds questioned if some of the flat land fell within the towns of Clifton Forge and Iron Gate and whether or not they should be included as affected parties in the agreement. Mr. Lockaby explained that both towns are tentatively in favor and they both have the power to veto any sites located within their boundaries. Mr. Jonathan Lanford, County Administrator for Alleghany, added that the towns were invited to participate but deferred to the county for representation due to budget and staff constraints. Mr. Reynolds also questioned since the populations were different, would an even split of revenue be politically feasible. Mr. Lanford explained that this is an option to help develop sites with both localities designating money in their budget for site development and of the total cost, any percent of money that is given for a specific site, that percentage of revenue generated will be returned to the respective locality.

Ms. Hull asked for an example of when the localities have lost a development prospect because of the issues presented. Marla Akridge, Executive Director of the Alleghany Highlands Economic Development Corporation, stated that it occurs frequently because developers are discouraged by the lack of shovel-ready sites in the area which would increase their cost for relocation.

Both Mr. Bruce Goodson and Mr. Reynolds expressed concern over the legality of reviewing the case. Mr. Conmy stated that staff had sought counsel from the Attorney General's office and based on what is outlined in law, the Commission can proceed with the review of the case. After some further discussion regarding the towns, Mr. Reynolds and Mr. Conmy asked that Mr. Lockaby seek a formal opinion from the Office of the Attorney General to see whether or not the towns would need to be included in the agreement for the agreement to be legally valid. Mr. Conmy also stated that the Commission can proceed with the review of the case while the formal opinion from the Office of the Attorney General is processed.

Ms. Linderman questioned why a fail-safe clause was not included in the MOU. Mr. Lockaby stated that the MOU does not contain term limits but each performance agreement could have time constraints. Mr. Lanford added that the idea behind the agreement is that once you've invested money in the site you would not want to cap the return by setting a time constraint. Mr. Lockaby also reiterated that this agreement was for larger regional scale projects and would not prevent smaller businesses from coming to either locality or be held to the agreement.

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b. Commission Deliberation and Action

Ms. Hull recommended that the Commission should follow the outline as prescribed in other cases and conduct a site visit in March to have a report ready before the localities have to adopt a budget for fiscal year 2018. Mr. Goodson made a motion to follow the timeline of option one of reviewing the case which would have the Commission submitting questions to the localities by February 7th, Answers from the localities submitted by March 7th, a regular meeting of the Commission, site visit, and public hearing on March 13 - 14th, closing of the record March 27th, and the Commission adopting the report in May. The motion was properly seconded and approved.

IV. Fiscal Stress Report for 2014/2015

Mr. Akbor updated the Commission that three cities still have not submitted their Local Government Comparative Reports to the Auditor of Public Accounts (APA): Richmond, Hopewell, and Manassas Park. Mr. Akbor hopes that the information will be submitted in time for the March Commission meeting.

V. 2017 General Assembly Session

a. Preliminary Staff Comment

Mr. Conmy Presented the timeline for this year's short session. As of the meeting, staff had completed 32 Legislative Action Summaries for bills that had been assigned to DHCD.

b. Fiscal Impact Analyses

Mr. Akbor stated that this year's fiscal impact analyses are underway and there was an increase in the number of volunteers. This year there are 38 volunteers with 18 new volunteers. Mr. Akbor attributes this to removing the policy of just utilizing localities and seeking volunteers from other organizations, such as Planning District Commissions.

c. Bills of Interest

Ms. Dahlman presented a handout that included an overview of bills that could be of interest to the Commission that were prefilled as of last week. This included legislation on issues of public safety, compensation/benefits, fiscal, land use/local issues, and FOIA/COIA/ethics.

VI. Governor's Task Force for Local Government Mandate Review

Mr. Conmy presented to the Commissioners the Interim Report to the Governor submitted by the Task Force, which was high level in nature. The Governor's budget amendments essentially left localities unharmed. The Task Force will meet again after session but before the reconvened session.

VII. Annexation Study

Mr. Conmy advised that as of now there is a conference call tentatively scheduled in February with the stakeholders, but could potentially be moved due to the impending case. Mr. Akbor and Mr. Conmy are working on a database of state mandated services with the data collected from APA. Mr. Akbor added that this has proven difficult since not all data is available for every locality, especially in instances when localities share costs. Ms. Linderman advised that if a conference call was not held to at least communicate with the stakeholders to keep them engaged.

VIII. Periodic Review of Commission on Local Government Regulations

Mr. Conmy stated that every four years the Commission is required to review the regulations. Due to the impending case, staff suggested taking up this item at the July meeting, where staff will present a summary of the regulations, and any changes can be discussed and proposed at that time or later.

IX. Other

Ms. Linderman asked was there any other business for the Commission to discuss. Ms. Hull suggested relaying the importance to the Governor of appointing a Commissioner since a case has been presented to the Commission for review.

X. Schedule of Regular Meetings

Ms. Linderman noted that the next meeting would be held on March 14, 2017, with the location to be determined since it will be held as part of the Commissions review of the economic growth sharing agreement between the City of Covington and Alleghany County.

XI. Upcoming Events of Interest

Ms. Linderman reviewed upcoming dates and events of interest for the Commission.

XII. Adjournment

By consensus of the Commission, Ms. Linderman called the meeting adjourned at 12:06 p.m.


Diane Linderman
Chair


J. David Conmy
Local Government Policy Administrator