

DRAFT MINUTES
Regular Meeting
Commission on Local Government
10:00 a.m., July 20, 2015
Main Street Centre
12th Floor South Conference Room
600 East Main Street
Richmond, Virginia 23219

Members Present

Bruce C. Goodson, Chairman
Victoria L. Hull, Vice-Chairman
John G. Kines, Jr.
John T. Stirrup, Jr.
Diane Linderman

Members Absent

Staff Present

Zack Robbins, Local Government Policy Manager
Ed Lanza, Senior Public Finance Analyst
J. David Conmy, Senior Policy Analyst

Call to Order

Commission Chairman Bruce Goodson called the meeting to order at 10:04 a.m. on July 20, 2015, in the 12th Floor Conference Room in the Main Street Centre Building in Richmond, Virginia.

I. Administration

A. Approval of Minutes of the Regular Meeting on May 18, 2015

Ms. Hull made a motion to approve the May 18, 2015 minutes, subject to changing “until the 2015 General Assembly session...” on page three, first and second lines, to read “and abolished during the 2015 General Assembly session...” Such motion was seconded by Ms. Linderman, and the minutes were unanimously approved.

B. Public Comment Period

The Chair opened the floor to receive comments from the public. No member of the public appeared to testify during the public comment period.

C. Presentation of Financial Statement for June 2015

Referencing an internally produced financial statement that encompassed expenditures through the end of FY 2015, Mr. Robbins stated that the Commission spent approximately 91% of its funding. The remaining funds were absorbed by DHCD and used for agency-wide purposes.

D. Policy Administrator's Report

Mr. Robbins reviewed several items of interest with the Commission, including:

- Mich Wilkinson, the first director of the Commission on Local Government from 1980 through 1999, passed away in June.
- Buena Vista's bond insurer has sent a letter to the City reminding them that they have the legal right to take possession of the City's municipal building, police department and golf course, in light of the City's recent decision to default on bond payments used to finance the municipal golf course.
- Front Royal Limited Partnership has been in preliminary discussions with the Front Royal Planning Commission regarding the rezoning of the property that was annexed into the Town under the agreement the Commission reviewed in 2014.
- Front Royal continues to negotiate a revised revenue sharing arrangement with Warren County regarding the land in the 340-522 Corridor.
- Smithfield and Isle of Wight County are both reviewing their comprehensive plans, with the Town reviewing potential areas to expand its boundaries.
- Staunton is continuing to attempt to keep Augusta County from relocating its courthouse outside of downtown Staunton.
- Halifax County's Board of Supervisors, which had been deadlocked 4-4 since January on selecting a chair and vice-chair for 2015, agreed to a chair and vice-chair in June. At the same meeting, the FY 2016 budget was approved 7-1.

II. Annual Report on Municipal Boundary Line Changes

Mr. Conmy stated that the Commission compiles an annual listing of municipal boundary changes as reported to the Secretary of the Commonwealth, and disseminates this information to agencies that use this data for the allocation of funds. For the 2014 calendar year, he noted that there were six boundary changes to report.

Ms. Hull made a motion to accept the report. Such motion was seconded by Mr. Stirrup, and was unanimously approved by the Commission.

III. Consolidation Incentives Study

Mr. Robbins reported that the primary stakeholders affected by local government consolidation incentives met in early June. He stated the group had consensus on several items, and as a result staff has concentrated on several themes:

- Providing state assistance for feasibility studies;
- Providing state incentives for localities to initiate new contractual arrangements to provide educational services;
- Limiting all incentives to no longer than five years;
- Continuing hold-harmless provisions for general government state aid;
- Demonstrating the impact to the reversion and consolidation process if the JLARC recommendations were fully implemented;

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- Creation of a new formula for educational aid that distributes incentive payments in a less arbitrary manner than the existing formula; and
- Incentives should be provided for no longer than five years, as opposed to the current 15-20 years.

Mr. Robbins indicated that the next steps include feedback from additional stakeholders, based upon the Commission's direction, preliminary recommendations for the Commission in September, and final report adoption in November.

Next, Mr. Lanza presented a new formula that could be used to distribute additional state aid to localities for school division consolidation. The formula is based upon each school division's relative position to the average local composite index score, and average school division size, instead of the formula that the General Assembly repealed in 2015, which only considered the local composite indices of the two consolidating divisions. [A copy of the presentation was included in the Commission's meeting packet.]

Mr. Robbins then presented two flowcharts to the Commission, the first of which demonstrated the existing reversion process, and the length of time previous reversions took under those processes. The second flowchart demonstrated how incentives or reimbursements through a grant process would be impacted by additional time added to the process, and additional entities being involved in the decision-making process. He indicated that the processes could be shortened if the localities did not have to make application according to the General Assembly's budget process, which would require reserving funds to be administered by an executive branch entity. [A copy of these flowcharts was included in the Commission's meeting packet.]

Discussion ensued regarding the next steps staff should take. Ms. Hull made a motion, which was seconded by Ms. Linderman, to direct staff to proceed in reaching out to other stakeholders with the proposed funding formula that was presented and the other suggestions from the core stakeholders, and to direct staff to meet with staff of the House Appropriations Committee and Senate Finance Committee and share the direction the study is currently taking.

Voting aye: Mr. Goodson, Ms. Hull, Ms. Linderman, and Mr. Stirrup. Voting nay: Mr. Kines. The motion was approved.

Mr. Jack Rust, representing the City of Fairfax, came forward and suggested that incentives for functional consolidation of school divisions via contract should be treated no differently than full consolidation. He also suggested the 1990 Board of Education recommended formula be utilized, with a ceiling to prevent large jurisdictions from utilizing the incentive.

IV. Task Force for Local Government Mandate Review

Mr. Robbins reported that the Task Force for Local Government Mandate Review met on June 3 in Richmond, and heard presentations from the Department of Planning and Budget and the Department of Environmental Quality on programs they administer that involve localities. The Task Force plans on issuing its next set of recommendations to the Governor during its August 27, 2015 meeting.

V. Schedule of Regular Meetings

Without objection, the Commission agreed to move its next regular meeting from September 21 to Monday, September 28, 2015.

VI. Adjournment

There being no further business, Mr. Goodson adjourned the meeting at 12:15 p.m.

Bruce C. Goodson
Chair

Zachary Robbins
Local Government Policy Administrator