

**MINUTES**  
**Regular Meeting**  
**Commission on Local Government**  
**10:00 a.m., November 15, 2016**  
**Virginia Housing Center**  
**Board Room**

**Members Present**

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

**Members Absent**

**Staff Present**

Elizabeth Rafferty, Policy and Legislative Director  
J. David Conmy, Local Government Policy Administrator  
Ali Akbor, Senior Public Finance Analyst  
Kristen Dahlman, Senior Policy Analyst  
Kyle Flanders, 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. Administration**

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

A motion was made and properly seconded to approve the minutes; the motion was unanimously approved.

**B. Public Comment Period**

The Chair opened the floor to receive comments from the public; however, no one from the public was in attendance.

**C. Presentation of Financial Statement for June 2016**

Mr. David Conmy presented the financial report for the Commission that included numbers from October; this represents a third of FY 2017. Currently, the Commission is just over the 33% mark at 37% expenditures for both personnel and non-personnel items, but staff assures that this will even out over the course of the fiscal year.

**D. Policy Administrator's report**

Mr. Conmy shared with the Commissioners that Covington and Alleghany will be submitting a petition to the Commission for review of an Economic Growth Sharing Agreement. Mr. Conmy mentioned that the Commission worked on a similar case in 2008 between Montgomery County and Christiansburg. Mr. Conmy also advised this type of case does not have a statutory directive to follow a six month review timeline as outlined in other types of cases, citing concerns of staff resources during this time of year; however, both localities would prefer to have the case completed by early summer for budgetary preparations. Once the petition is received by the Commission, staff will send an acknowledgment of receipt, followed by an invitation to the January meeting for a presentation, a site visit and public hearing for the March meeting, and issuing the report in May. The Commissioners expressed interest in following the six month timeline.

Mr. Conmy also mentioned that he would be presenting to the House Appropriations Committee on November 16<sup>th</sup>, a report that is similar to the presentation given to Senate Finance on September 22<sup>nd</sup>. He would also be providing an overview of the Commission, the fiscal stress report, and other recommendations in light of the Petersburg financial crisis.

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

- More information on Petersburg's financial crisis, including major cuts to city services and approval to hire a consulting group
- Loudoun County votes to expand the Town of Hillsboro by 108 acres
- City of Bristol contemplates borrowing an additional \$3 million to meet the contractual needs of The Falls project
- Front Royal Town Council to vote on a boundary line adjustment

## Minutes

### Regular Meeting

10:00 a.m., November 15, 2016

Page 3

- An article that cites the Commission's annual Fiscal Stress report and that there will be no bailout for Petersburg since there are no mechanisms in place to help failing localities
- The Office of the Attorney General will be looking in to the Augusta County Board of Supervisors' stance on the referendum on the courthouse
- Petersburg made the \$1.4 million payment to the Virginia Resource Authority which resulted in the continuation of city services
- Martinsville considers reversion in order to save money and cites the current study on the annexation moratorium
- Augusta County supervisor lashing out on those who oppose the referendum about the relocation of the courthouse
- The Robert Bobb Group was the consultant hired to assist Petersburg by removing the current interim city manager and installing a third party to act as city manager during this consult

## II. Michigan State University Meeting of State Local Fiscal Analysts

Mr. Ali Akbor attended a conference held by Michigan State University on September 23, 2016. This conference was designed to invite state and local fiscal representatives to share insight and build relationships. Mr. Akbor reported that most states are adopting policies on financial conditions, providing fiscal health diagnostic tools, and priority budgeting tools. Those who are developing intervention methods are not to be seen as "take-overs" or bailouts but steps that states can take to assist localities in financial distress. Mr. Akbor cited several state models that were presented at the conference. He also cited a recent study that was carried out by PEW Charitable Trust that surveyed all fifty states and how they address fiscal stress efforts. Mr. Akbor offered some concluding remarks including the benefits of fiscal health analysis: citing early detection of local distress, protect credit ratings of both the state and the localities, and encourages local officials to make informed decisions.

\*Mr. Kimble Reynolds arrived at 10:50.

## III. Local Salaries Study (Draft)

### A. Staff Presentation

Mr. Akbor and Ms. Kristen Dahlman presented the draft report of the Local Salaries Study. The report included a narrative and one additional table based on the Commission's remarks from the previous

meeting. It was noted the difficulty to compare cities and to draw conclusions due to variation in city council structure and benefits offered. The tables included in the study that adjusts for inflation and Cost of Living are the only evidence that supports an increase to raise the salary caps. Mr. Akbor and Ms. Dahlman reminded the Commission that its goal for the study was to be as objective and fact based to allow the General Assembly to draw their own conclusions.

#### **B. Commission Deliberation and Action**

Ms. Diane Linderman had a few remarks on the narrative in regards to sentence structure and omitting unnecessary sentences. Ms. Hull recommended there be an executive summary with main bullet points for General Assembly members to have a takeaway of the report. After some discussion, the Commissioner's felt the main points of the study were that (1) the last time the General Assembly has taken action was 1998 on raising the salaries of city council members, (2) the study was unable to compare cities to counties because counties do not have salary caps and it was hard to even compare the cities due to the varied benefits and council structure, and (3) finally that a majority of the cities are compensating below the Cost of Living Index (CLI). A motion was made and properly seconded to approve the report with the discussed changes; the motion unanimously passed. After completion, Ms. Hull requested a follow up conference call be set with Delegate Poindexter.

#### **IV. 2016 Cash Proffer Survey and Report (Draft)**

##### **A. Staff Presentation**

Ms. Dahlman presented an update to the Commission on the report, stating that there had been one additional response from the City of Suffolk and passed out an updated version to the report. The City of Suffolk reported that they received cash proffers but did not expend any; therefore, only a minor update to the report included in the packets was needed. Fiscal year 2016 saw a 50 percent increase in expenditures since fiscal year 2015. An additional four localities, totaling 43, reported collecting cash proffers for FY 2016 and 45 localities expended those cash proffers. Cash proffers were mostly used for road and transportation projects, about 50 percent of expenditures for FY2016. There were also minor updates from Fredericksburg for fiscal year 2014 and 2015 which were noted in the report that affected the totals for cash proffers collected and expended. The results of the report will change overtime based on legislation that was passed during the 2016 legislative session which limits the projects allowed for

cash proffers. At this point in time, there are no significant changes to the results based on the recent legislative change. Staff advised that there is no need to revise the survey at this time since all categories remain in effect until the money received is after a certain time.

**A. Commission Deliberation and Action**

A motion was made and properly seconded to approve the report; the motion unanimously passed.

**V. 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: Richmond, Hopewell, and Manassas Park. The report is generally submitted in January, but could be as late as March. Mr. Akbor also advised there is no statutory deadline for the report.

**VI. Annexation Study**

Mr. Conmy noted that the third meeting of the stakeholders was recently held in Charlottesville, Virginia, and the approved minutes from the second meeting were included in the packet. The stakeholders are making progress on detailing alternatives; including, reversion thresholds and fiscal analysis; specifically, indexing the cost of state mandated services. Staff has also adjusted the frequency of the meetings to allow for a more relaxed pace to fully meet the goals and intended purpose of the study. The next meeting will be held via conference call in February, followed by a physical meeting in April. Staff has begun work on the outline for the study and will plan to present it to the stakeholders at the next physical meeting.

**VII. Governor's Task Force for Local Government Mandate Review**

The Task force met September 28<sup>th</sup>, and both the Department of Education (VDOE) and Virginia Department of Transportation (VDOT) were in attendance. The current Task Force is looking at the mandates from a macro-level perspective. Staff is currently working on the interim report to the Governor which will be sent in the coming weeks. The Task Force requests to meet again prior to the reconvened session.

**VIII. Other**

Ms. Hull asked if there was any other business for the Commission to discuss; no one brought up any additional business items. Ms. Hull wanted to thank Mr. John Stirrup for his service to the Commonwealth on the Commission. Mr. Stirrup thanked everyone and mentioned that he would be seeking reappointment.

**IX. Schedule of Regular Meetings**

Mr. Conmy presented the schedule for 2017 regular meeting dates as the second Tuesday of odd numbered months. A motion was made and properly seconded to approve the schedule for 2017; the motion unanimously passed.

**X. Upcoming Events of Interest**

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

**XI. Adjournment**

By consensus of the Commission, Ms. Hull called the meeting adjourned at 11:53 a.m.

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Victoria L. Hull  
Chair

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J. David Conmy  
Local Government Policy Administrator