

**DRAFT MINUTES**  
**Regular Meeting**  
**Commission on Local Government**  
**10:00 a.m., March 9, 2015**  
**The Virginia Housing Center**  
**Henrico Room 3**  
**4224 Cox Road**  
**Glen Allen, Virginia**

**Members Present**

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

**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 10:03 a.m. on March 9, 2015, in Henrico Room 3 at the Virginia Housing Center in Glen Allen, Virginia.

**I. Administration**

**A. Approval of Minutes of the Regular Meeting on January 12, 2015**

Ms. Hull made a motion to approve the minutes, subject to correcting the date in the first paragraph from January 14th to January 12th. Such motion was seconded by Mr. Stirrup and the Commission unanimously approved the minutes.

**B. Public Comment Period**

The Chair opened the floor to receive comments from the public.

Mr. Erik Johnson of the Virginia Association of Counties (VACo) came before the Commission and commended the Commission's staff for their work with fiscal impact statements during the General Assembly session. He also invited the Commission members to attend VACo's County Officials Summit on August 13-14.

**C. Presentation of Financial Statement for February 2015**

Referencing an internally produced financial statement that encompassed expenditures through the end of February 2015, or two-thirds of the year, Mr. Robbins stated that fiscal year-to-date expenditures were 62.8% of the total allocated amount.

**D. Policy Manager's Report**

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

- The lawsuit between a developer and Chesterfield County regarding the validity of the cash proffer system, which was dismissed.
- Halifax County Board of Supervisor's ongoing issues with deadlock, and HB 2319 (Edwards).
- A pending boundary line adjustment between the Town of Timberville and Rockingham County.
- Washington County's request for 2015 legislation to add the Trammel Property to the Development of Regional Impact designation.
- Front Royal's request to Warren County to negotiate a revised revenue sharing arrangement. Litigation has stopped the town from collecting payments-in-lieu-of-taxes from utility users under a prior Town-County agreement.
- Smithfield and Isle of Wight have been discussing utility and land use issues.
- Augusta County's courthouse and Staunton's efforts to keep it located downtown.

**II. Assessment of State and Federal Mandates on Local Government**

Mr. Conmy indicated that per Executive Order 58 (2007), staff is required to coordinate an assessment of federal and state mandates that have been in effect for a minimum of two years. He identified a total of 22 mandates that are due for an assessment for FY 15-16, and reached out to each responsible State agency to request their preferred dates for conducting their assessments. The Virginia Municipal League (VML) and VACo were also asked if they had any additional mandates to add to the schedule; no additional mandate assessments were requested. Mr. Conmy directed the commissioners to the schedule and indicated that upon their approval of the schedule, staff would forward the schedule to the Secretary of Commerce and Trade and the Governor for approval. Ms. Hull made a motion, which was seconded by Mr. Stirrup, to approve the assessment schedule. Such motion was unanimously adopted.

**III. 2015 General Assembly Session**

**A. Fiscal Impact Analysis Process**

Mr. Lanza reviewed two handouts with the Commission: (1) a summary of all legislation that was reviewed by staff for local fiscal impacts, and (2) a scorecard of local responses for all legislation reviewed by the CLG. Mr. Lanza stated that of the 19 bills reviewed for fiscal impact, five were passed by the General Assembly. He also indicated that of the five bills that were passed, four of them were amended after the CLG posted its local fiscal impact statement (FIS). He noted that the request to review HB 1918 was rescinded by VML because it had been amended to remove the local impact. Finally, he highlighted that HB 1540 marked the first time that the CLG had provided analysis on a substitute bill and that the web portal will need to be programmed to accommodate future requests.

Upon completion of his presentation, a discussion ensued among the Commissioners and staff about the new FIS process during the 2015 General Assembly session. Mr. Lanza indicated that the process was

successful in its first year and that the new web portal made it easier to consolidate data and publish a report. By consensus, the Commissioners recommended that staff draft a release for VACo and VML to recap the 2015 FIS process, to highlight the localities that responded at the highest rates, and to indicate the changes to the process and the associated funding.

**B. Bills of Interest**

Next, Mr. Conmy and Mr. Robbins reviewed several bills of interest from the 2015 Session, using a handout that was distributed at the meeting.

**C. Appropriation Act**

Mr. Robbins discussed several items of interest to localities that were included in the budget that is currently on the Governor's desk. He explained that the \$30 million that was required to be returned from localities to the Commonwealth for FY 16 has been eliminated; that the proposed formula for excess local fines and fees significantly increases the amounts that localities must turn over to the State; and that a proposed \$190 million one-time deposit to the teacher retirement fund is expected to reduce required local contributions.

**D. Consolidation Process**

Mr. Robbins then reviewed proposed budget amendments relative to local government consolidation. First he indicated that the proposed budget eliminates school division consolidation incentive funding, although existing recipients are held-harmless. Next, he indicated that the existing general state aid hold-harmless incentive would continue to be available. He then introduced the Commission to a study directive in the proposed budget, which if adopted, would be due December 1, 2015.

Mr. Robbins provided a brief overview of the study directive, as it is currently drafted in Item 106 of the Appropriation Act: (1) the Commission is to develop a process to determine an appropriate calculation for additional state funds for future consolidations, (2) the additional funding is to be based primarily on the projected cost of the consolidation, and (3) the length of time additional funding is to be provided should be based primarily on the complexity and length of time necessary for the consolidation. He added that the Dept. of Education, Board of Education, and other appropriate stakeholders are to participate.

Mr. Robbins then briefly reviewed the current state policies and the Joint Legislative Audit and Review Commission (JLARC) findings and recommendations. He also reviewed current challenges to consolidation efforts, including local identity concerns, and the lengthy process. He explained that one stakeholder has already voiced concerns that the process recommended by the JLARC study could discourage consolidations, as those recommendations would add additional steps so that incentive funding would be determined on a case by case basis, as opposed to the current formula-based incentive.

Mr. Robbins also noted that the State's savings from consolidations are not significant – as most state savings result from base funding amounts for positions such as constitutional officer salaries, and funds that are distributed on a per-capita or similar basis are generally redistributed upon consolidation. Most

savings are realized at the local level though efficiencies; however, there is a recognized need to provide some assistance to encourage fiscally healthy localities to assume a neighboring distressed locality's challenges.

Mr. Robbins reminded the Commission that this budget language will not be finalized until the General Assembly's reconvened session on April 15.

In response to a question from Mr. Johnston, Mr. Robbins responded he envisions that the stakeholders would include VACo, VML, other groups, local government attorneys, and localities that have completed or are considering the consolidation/reversion processes.

To accommodate the time needed to complete this task, Mr. Stirrup made a motion, which was seconded by Ms. Hull, to amend the Commission's 2015 meeting schedule, to move the September meeting from the 14<sup>th</sup> to the 21<sup>st</sup>, and to move the November meeting from the 9<sup>th</sup> to the 17<sup>th</sup>. The Commission unanimously adopted these changes.

**IV. Governor's Task Force For Local Government Mandate Review**

Mr. Robbins advised the Commission that two of the members, and himself, met with the Governor and his staff to discuss the items included in the Task Force's report and to discuss the group's upcoming activities. He noted that of the Task Force's recommendations for the 2015 Session, there were some successes. He added that a meeting is planned for May, although no date has been set.

**V. Schedule of Regular Meetings**

Mr. Goodson noted that the next meeting of the Commission would be held on May 11, 2015.

**VI. Adjournment**

Mr. Kines made a motion to adjourn the meeting, which was seconded by Mr. Stirrup, and was unanimously adopted. The meeting was adjourned at 11:46 a.m.

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Bruce C. Goodson  
Chair

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Zachary Robbins  
Local Government Policy Manager