

MINUTES
Regular Meeting
Commission on Local Government
10:00 a.m., November 17, 2015
Main Street Centre
12th floor North Conference Room
600 East Main Street
Richmond, Virginia

Members Present

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

Members Absent

Staff Present

Elizabeth Rafferty, Policy and Legislative Director
J. David Conmy, Senior Policy Analyst
Kyle Flanders, Policy Analyst

Call to Order

Commission Chairman Bruce Goodson called the meeting to order at 10:00 a.m. on November 17, 2015, in the 12th floor North Conference Room at the Main Street Centre in Richmond, Virginia.

I. Administration

A. Remarks from the Director of the Department of Housing and Community Development

Mr. Bill Shelton, Director of the Virginia Department of Housing and Community Development, made remarks to the Commission on recent staff re-organizational efforts within the Policy and Legislative Office, which included the merger of Commission on Local Government staff into the Department's Policy and Legislative Office. He also introduced Mr. Kyle Flanders, who had recently been hired as a Policy Analyst in the Policy and Legislative

Office and had previously worked for New Kent County.

B. Approval of Minutes of the Regular Meeting on September 28, 2015

Ms. Linderman made a motion to approve the minutes, as presented. Such motion was seconded by Mr. Stirrup, and the Commission unanimously approved the minutes.

C. Public Comment Period

The Chairman opened the floor to receive comments from the public and noted that there would be opportunity for public comment for the other agenda topics, including the Consolidation Incentives Study, after staffs' presentations. No person appeared to testify before the Commission during the public comment period.

D. Presentation of Financial Statement for October 2015

Mr. Conmy noted that he had provided the Commissioners with the September financial statement in their packet and that he just distributed the October statement for their review. For September, which represents 25% of FY 2016, approximately 27.9% of budgeted funds were expended. The amount over-budget was likely due to three payrolls occurring in the month of September. For October, which represents 33.33% of FY 2016, approximately 33.29% of budgeted funds were expended. Mr. Conmy inquired about whether or not the Commission would like to continue hearing the financial report for future meetings. The Commission, by consensus, agreed that they would like to continue receiving these reports.

E. Interim Policy Administrator's Report

Mr. Conmy informed the Commission that the advertisement for the vacant Local Government Policy Administrator position was posted on Thursday 10/22/2015 and closed on Friday 11/6/2015. Furthermore, the advertisement for the Senior Public Finance Analyst position was reposted with a closing date of 11/20/2015. Finally he indicated that the Department of Housing and Community Development will be hosting the annual Governor's

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Housing Conference in Hampton beginning on Wednesday 11/18/2015 and ending on Friday 11/20/2015.

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

- Recent revenue analyses have led to a hiring freeze and various cuts in Virginia Beach, but design and engineering costs for the extension of Norfolk's light rail system are not included.
- Moody's bond rating for the City of Bristol was downgraded (from A3 to Baa2). Cited as one of the reasons for the downgrade was The Falls. The City contends that Moody's analysis only factors in phase one of the development that they had little choice given competition from The Pinnacle development in Tennessee.
- A recent Virginia Supreme Court case, Department of Corrections (DOC) v. Surrovell, addressed redacted public safety documents and could have implications for disclosure of other documents by local governments.
- With the recent elections, the state prohibited use of electronic poll booths due to vulnerability and security issues. Localities contend that switching to paper ballots has not only been costly but also more inefficient as the paper ballot voting process can take more time.
- The City of Chesapeake has been debating a reduction in cash proffers for over a dozen pre-recession developments.
- The funded status of the VRS-run teacher retirement plan has improved to 69.2% from 65.4%.
- The State Board of Education approved new criteria for school accreditation ratings, increasing the number of ratings from 6 to a total of 9 and providing more clarity on accreditation.
- Augusta County and the City of Staunton are in disagreement regarding the city's contribution to renovate and construct Augusta County courthouse facilities within the city. The deadline for the two parties to reach an agreement is December 1st.

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- Henry County passed a resolution opposing changes to DEQ stormwater management program by the Stormwater Advisory Group.

F. Conflict of Interest Act Training

Mr. Conmy indicated that the Commissioners were not required to take the biennial Conflict of Interest Act training course this year. He also stated that financial disclosure forms are due December 15th and that each Commissioner should have received an email regarding this matter.

II. Consolidation Incentives Study

Mr. Conmy updated the Commission on the Consolidation Incentives Report. He summarized the outreach efforts conducted by staff and the various reactions received from localities. He then highlighted the various changes made to the most recent version of the report.

After reviewing the changes, Mr. Conmy asked the Commission for any other input on other potential changes to the report. At this time, the Commission deliberated on various aspects of the report. Mr. Kines suggested that the report should contain an earlier mention on the two methods for consolidation (full consolidation and contractual operation consolidation) and that it should emphasize contractual operational consolidation as an option for localities to explore when full consolidation is not possible. Mr. Conmy offered the idea of writing an executive summary at the beginning of the report to address Mr. Kines' suggestion to which the Commission responded favorably.

The Chairman then requested feedback from members of the audience. Mr. Carter Glass of Troutman Sanders thanked the Commission and staff for their work on the report and suggested various changes to elements of the funding formula and stressed that the five-year term of incentives should be longer. He also emphasized that the report should reflect that a vocal minority of the initial stakeholder group disagreed with the five-year term and offered

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potential term alternatives for the Commission to consider. He also suggested that the report should provide greater clarity over hold harmless incentives because of ambiguities within some of the text. He suggested that the report should more clearly define what types of contractual consolidation arrangements would be eligible for incentives as to ensure that only fully operationally consolidated divisions would be considered. Finally, he offered a suggestion on how to elongate the five-year incentive while also providing a phased reduction of the incentive over its lifetime.

Ms. Jane Woods, representing the City of Fairfax, also thanked the Commission and staff for their work and consideration of providing incentives for contractually operationally consolidated school divisions. She also suggested the term of incentives should be greater than five years and felt that the three-year term of incentives for contractual consolidation also might be too short.

Ms. Mary Jo Fields of the Virginia Municipal League thanked the Commission and staff for their work. She suggested that the report could highlight and provide greater clarity on the other benefits and incentives from consolidation other than the school incentives. She also suggested that the five-year incentive could be longer.

Ms. Phyllis Errico from the Virginia Association of Counties reiterated many of the previous comments and emphasized the need to lengthen the five-year incentive period.

Through discussion and consensus the Commission agreed to provide additional language in the final report to address several of those concerns. The Commission first agreed to add a statement about the minority stakeholders' concern about the five-year incentive being too short and provide suggestions on how to potentially elongate the incentive duration. Second, the Commission agreed to add language in the recommendations section to clarify that all hold harmless incentives would remain for a period of five years. Third, the Commission agreed to include additional language that would define contractual consolidation to clarify that the incentive was for fully operational contractual consolidations. Finally, the Commission agreed

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to include an executive summary at the beginning of the report that would summarize the report and emphasize the two incentive options.

Mr. Stirrup made a motion to approve the report, as amended. Such motion was seconded by Ms. Linderman and the Commission unanimously approved the report.

At 11:51 the Commission took a recess and reconvened at 12:03.

III. 2015 Cash Proffer Survey and Report (Draft)

Mr. Conmy stated that pursuant to §15.2-2303.2 of the Code of Virginia, the Commission is directed to survey all localities that are eligible to collect cash proffers and have a population of over 3,500, with respect to their revenues and expenditures of cash proffers. He indicated that 298 localities are eligible to collect proffers but only 162 are required to report. Mr. Conmy noted that after follow-up requests, a 100% response rate was achieved, as has been in the previous years. He indicated that 39 localities (27 counties, 8 cities, and 4 towns) reported that they collected cash proffers in FY 2015, which is down from 42 in FY 2014. Total collections were the highest ever reported, at \$92.1 million, which was a 0.77% increase from FY 2014.

He noted the report also includes a correction to the previous FY 2014 report, where cash proffer collections from Greene County and cash proffer expenditures from Prince William County were erroneously reported. Expenditures equaled \$49.5 million, which was a 48.94% increase over FY 2014. Next, Mr. Conmy reported that 35.9% of proffer expenditures were used for schools and 31.2% for transportation purposes. He indicated the heaviest proffer collection activity was in Loudoun County, followed by Prince William, Fairfax, and Chesterfield Counties. Mr. Conmy also provided a comparison of localities that collected cash proffers between FY 2014 and FY 2015. Finally, he provided a summary of usage statistics for the online cash proffer survey compared to the paper version of the survey.

Ms. Hull made a motion that the 2015 Cash Proffer Report be approved, which was seconded by Mr. Stirrup, and the Commission unanimously approved the report.

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IV. Fiscal Stress Report for 2013/2014

Mr. Conmy provided an update on the report and indicated that he would begin working on the report in late November and early December.

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

Mr. Conmy mentioned that the Task Force's most recent interim report was sent to the Governor's Office on August 27th. He said that the Task Force plans to meet sometime between the adjournment of the regular session and before the reconvened session of the General Assembly.

VI. Commending Resolution for Mr. Robbins

Next, the Commission considered Mr. Robbins' commending resolution that was distributed to the members prior to the meeting. Mr. Stirrup moved for approval of the draft resolution, which was seconded by Ms. Linderman and was unanimously approved by the Commission.

VII. Other

Mr. Goodson inquired if there were any other comments or topics for the Commission. No one from the Commission brought up additional topics or comments.

VIII. Schedule of Regular Meetings

Mr. Goodson noted the Commission's next meeting would be held on Tuesday January 12th at 10:00 a.m. in Glen Allen.

Mr. Goodson also noted that this was Mr. Kines' last meeting, and the Commission thanked Mr. Kines for his service.

IX. Upcoming Events of Interest

Mr. Goodson noted upcoming dates for VML Day at the Capitol on January 27, 2016, and VACo County Government Day on February 11, 2016. Both events will be held in Richmond.

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X. Adjournment

There being no further business to come before the Commission, the meeting was adjourned at 12:15 p.m.

Bruce C. Goodson
Chairman

J. David Conmy
Senior Policy Analyst

**Report on
Local Government
Consolidation Incentives**



**Commission on Local Government
Commonwealth of Virginia**

October 30, 2015

***Members of the
Commission on Local Government (CLG)***

Chairman

Bruce C. Goodson

Vice Chairman

Victoria L. Hull

John G. Kines, Jr.

Diane M. Linderman, PE

John T. Stirrup, Jr.

Director, Department of Housing and Community Development

William C. Shelton

Interim Local Government Policy Administrator

J. David Conmy

CLG Staff for This Report

J. David Conmy, Senior Policy Analyst

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DRAFT

Background

The Commonwealth of Virginia provides several options for local governments to consolidate their operations through consolidation of two like or unlike units of government and through reversion of cities to town status. These efforts usually occur as a result of circumstances related to fiscal and economic distress afflicting the localities. There have been 3 complete consolidation efforts in the last 20 years: (1) the reversion of the former city of South Boston to town status in Halifax County (1996), (2) the reversion of the former city of Clifton Forge to town status in Alleghany County (2000), and (3) the reversion of the former city of Bedford to town status in Bedford County (2013).

Historically, the state has provided special funding to assist with the transition of consolidation/reversion for the affected localities. This helped localities overcome fiscal obstacles and disincentives related to their consolidation efforts while also potentially creating greater local government efficiencies, state savings, and avoiding fiscal insolvency.

The first source of special funding included a hold harmless provision for state aid for a period of 15 to 20 years, depending on whether the action involved a reversion or full consolidation. Excluding K-12 funding, this included state aid such as funds for constitutional officers, transportation, social services, etc.

The second source of special funding involved additional K-12 funding based on a formula using the lower local composite index of the two localities. This formula originated in 1982 during discussions involving additional state aid for the consolidation of the Alleghany County and Clifton Forge school divisions. Universal application of this formula was not considered during these discussions; however, the formula remained available for its application to consolidations with some minor revisions until 2013.

When the City of Bedford reverted to town status in 2013, Bedford County became responsible for providing some of the essential basic local government services in the former city. Using the previous formula in place to encourage reversions and consolidations, Bedford County became eligible for about \$6 million a year for fifteen years in school aid incentive payments. Unfortunately, that formula did not direct greater incentive payments to encourage consolidations of the localities with the least amount of fiscal resources. Instead, it created excessive incentives for larger suburban counties to consolidate with smaller cities with average tax bases. In fact, consolidations of the state's poorest localities would have resulted in incentive payments under \$200,000 per year, while consolidations in urban areas would have resulted in incentive payments exceeding \$25 million annually.

Following the Bedford reversion, the General Assembly directed JLARC to study the issue:

JLARC is hereby directed, with assistance from the Commission on Local Government, to analyze and make recommendations going forward regarding the most effective balance between the costs of incentives for government and school consolidations with the expected resulting savings

and operational benefits, and how best to structure such state incentives to achieve both clarity for localities as well as justification that incentives are adequate, but not more than necessary. JLARC shall complete its study and submit a final report no later than October 1, 2014.

JLARC subsequently issued its report in September 2014, including the following recommendations:

- 1. The General Assembly may wish to consider setting forth in the Code of Virginia the state's goal to provide special funding to facilitate amicable consolidations that improve local fiscal sustainability, and when possible realize state or local savings and local service improvements.*
- 2. The General Assembly may wish to consider providing grants through the Appropriation Act to localities to assess whether consolidation is feasible, and the likelihood of improving fiscal sustainability and local services, and achieving state or local savings.*
- 3. The General Assembly may wish to amend § 22.1-25 of the Code of Virginia and item 139, A.4.c.1 of the Appropriation Act to remove references to additional state funding for future consolidations based on the local composite index.*
- 4. The Commission on Local Government should develop a new process to determine the amount of additional state funds for local consolidation. The amount of additional funding for local consolidation should be based primarily on the projected cost of consolidation. The length of time additional funding is provided should be based primarily on the complexity and length of time necessary for the consolidation. The process should be developed in coordination with the Department of Education and state Board of Education.*
- 5. The General Assembly may wish to amend the Code of Virginia to direct the Commission on Local Government to prepare and submit proposals through the governor's budget for additional state funding for localities that wish to consolidate. The amount of additional funding requested should be based primarily on the projected cost of the specific consolidation being proposed.*

The 2015 General Assembly amended the 2014-2016 Appropriation Act to eliminate incentives that had been previously offered to consolidating school divisions. At the same time, the legislature directed the Commission to complete this study as follows (see Appendix A):

It is the Commonwealth's goal to encourage amicable consolidations that improve local fiscal sustainability and, when possible, realize state or local savings and local service improvements. Therefore, the Commission on Local Government shall develop a process to determine an appropriate calculation for additional state funds for future local consolidations. The Commission's recommendations shall be submitted to the Governor and Chairmen of the House Appropriations and Senate Finance Committees no later than December 1, 2015. The amount of additional funding for local consolidation should be based primarily on the projected cost of consolidation. The length of time additional funding is provided should be based primarily on the complexity and length of time necessary for the consolidation. The process should be developed

in coordination with the Department of Education and State Board of Education with input from other stakeholders.

Existing Conditions

The Commonwealth provides a process for an existing independent city to revert to town status, and for two or more localities (of any type), or two or more school divisions, to consolidate. The State also has historically provided financial and other types of incentives to encourage such actions.

School-Aid Incentives. Until this year, the General Assembly permitted two school divisions that consolidate to utilize the lower composite index of local ability-to-pay to determine the State's share of funding responsibility for the consolidated school division's entire membership. In situations where there was a large disparity between composite index scores and when the larger school division had a higher composite index, this could result in a significant increase in state financial assistance for fifteen years. This provision for special funding was removed in its entirety from the Appropriations Act via item 136, Chapter 665, 2015 Acts of Assembly.

Hold-Harmless Funding. Hold-harmless funding, which ensures that state funding streams will not be reduced due to a reversion or consolidation, is provided for fifteen years for city to town reversions, and twenty years for full consolidations. State agencies which disburse aid to localities are required to continue calculating aid for such localities as though the consolidation had not occurred for that period of time.

Other State Assistance. Some other provisions in state law provide for continued state police assistance and VDOT street maintenance when counties become part of a consolidated city, and continued library aid following a reversion.

Consolidation Process. Consolidations may be initiated by the local governing bodies involved, or by citizen petition following lengthy negotiations to create an agreement to set out details about how the consolidation of finances, workforces, and services are to occur. Ultimately, they must all go to referendum before approval.

School divisions may also consolidate separate from the local government reversion or consolidation process. This requires the school divisions to seek approval from the Board of Education. In recent times, none have occurred, with the exception of those that resulted from reversions.

Reversion Process. In 1988, the General Assembly created a process providing any city with a population less than 50,000 the right to revert to town status, regardless of whether the surrounding county was willing to concur. This process relieves those cities of the responsibility of providing public education, courts, social services, and several other state-mandated services. These services would then become

the responsibility of the county which the city reverted to. This occurred one year after the General Assembly enacted the State's moratorium on city annexation, which limited these cities' ability to enjoy the financial impacts of growth, at the same time as these cities were grappling with shrinking tax bases.

Similar to consolidation, the city and county involved are encouraged to amicably negotiate a detailed reversion agreement; however, if this is not possible, the courts can step in and stipulate how the reversion will occur.

Review of Recent Consolidation & Reversion Efforts

The existing processes for two localities to consolidate or for a city to revert to town status have significant barriers and take several years from start to finish. All nine consolidation proposals that were placed on the ballot in the last 40 years have failed. Since the reversion process was created in 1988, only three cities have opted to revert to town status, even though the process was set up to eliminate some of the hurdles of consolidation: no referendum is required, and counties have little ability to block reversion proposals. Several more cities have considered reverting to town status, however their councils have abandoned such plans. It should be noted that the termination of consolidation or reversion proposals is always a local decision, whether it be by the voters or the governing body.

All proposals to alter the form of local government take several years of study, negotiation, and hearings. The South Boston reversion, which began with discussions in 1988, did not become effective until July 1, 1995 – 7 years later – because Halifax County appealed the case to the Virginia Supreme Court. The City of Bedford began negotiating with Bedford County in 2008, and the reversion agreement was amicably executed five years later on July 1, 2013.

The three instances of successful reversion that have occurred all had a big barrier removed: cooperation among school divisions. In the South Boston reversion, Halifax County already shared a single superintendent, and jointly operated the middle and high school. In the Clifton Forge reversion, a school division was jointly operated with Alleghany County. In Bedford, the city paid Bedford County to provide public education services to its students.

Stakeholder Input

The Commission staff convened a panel of stakeholders, including representatives from the Virginia Association of Counties, the Virginia Municipal League, as well as attorneys and consultants who have represented cities and counties in past reversion and consolidation studies.

The group generally agreed that:

- No incentives should last longer than five years. Currently, they last from 15 to 20 years.

- Incentives should be provided for school divisions to enter into new joint operational contracts.
- There is a clear distinction between a consolidation incentive and a consolidation reimbursement. Incentives lure localities to consider consolidating that otherwise would not have considered doing so. Reimbursements do not entice localities to consider consolidating.
- Reimbursing localities for the “cost of consolidation” based on the “complexity of consolidation” would be difficult, because these costs and complexities are mostly driven by local political decisions about the consolidation or reversion, not by existing local conditions.
- The State should provide funding assistance for feasibility studies to localities considering reversion or consolidation. This is a cost that is somewhat consistent in each consolidation or reversion proposal. An estimate provided at the meeting was that a minimum of \$100,000 is needed for a basic feasibility study.
- The Governor and General Assembly should not be involved in making funding decisions about incentives to individual consolidation and reversion proposals. This places these state-level decision makers in the center of a local controversy.
- It is valuable to have an estimate of the amount of additional state funding at the beginning of the negotiations that must occur between the two localities.

Reasons to Consolidate or Revert to Town Status

Small localities have three primary reasons to seek to consolidate. First, consolidating or reverting to town status would enable the locality to reduce the amount of tax effort required to support its basic level of governmental services. Second, consolidating resources would allow for increased efficiencies and improved economies of scale. Finally, consolidation would allow these localities to provide an expanded level of services to its citizens.

For larger localities, there are minimal reasons to cooperate with smaller neighboring localities. These jurisdictions generally already operate efficiently, providing an acceptable level of service, with reasonable tax rates. Entering into consolidations with nearby fiscally stressed localities is frequently seen as a burden.

The Commonwealth also has an interest in encouraging improved fiscal conditions for its local governments. First, there is an unrealized cost to the Commonwealth if it were required to take over the finances of an insolvent local government, as has happened in other states. Second, the State is responsible for a larger share of the cost of public education in its less-wealthy school divisions, and should seek to ensure that those funds are spent on high quality, efficient educational programming. Unfortunately, very small school divisions are unable to provide the same broad course offerings available to larger divisions.

Recommendations

1. **Avoid creating additional barriers to the reversion or consolidation processes.**

Proposals to provide incentives that would involve applying to the Governor or General Assembly for incentive funding should be avoided for several reasons:

- The existing process for reversion or consolidation easily takes more than five years. If localities were required to apply for incentives before proceeding with their reversion or consolidation, the process would take longer, as application cycles would have to align with the State's budget cycle.
- Decisions made as part of the existing reversion and consolidation processes currently are solely made by local officials and voters, except for findings of law that are handled by the courts. Even among local decision makers – proposals to consolidate or revert frequently fail. If decisions about funding for reversion or consolidations are required to be brought before the Governor or General Assembly, it would add an additional decision point where the process could terminate, and make a local issue a statewide issue.
- All parties to consolidations and reversions are not in favor of proceeding with the process, which would add uncertainty to any grant application process. Citizens can petition their governing bodies to consolidate with a neighboring locality, and the elected officials can object. Similarly, when reversions have been proposed in the past, counties have objected to cooperating with the affected city.

2. **Provide matching funds for localities to study the feasibility of consolidation or reversion.**

One of JLARC's recommendations in its 2014 study on consolidation was to provide grants through the Appropriation Act to assist localities in assessing whether consolidation is feasible and to determine the likelihood of improving fiscal sustainability and local services, and achieving state or local savings. We support this concept, as localities experiencing fiscal duress currently must bear the total cost of studying the pros and cons of consolidation and reversion. Generally, this grant should be administered as follows:

- A special fund should be created so that these grants would be available to localities as needed when considering reversion or consolidation. Maintaining a separate fund would prevent the General Assembly or Governor from being involved in allocating funds to any specific consolidation issue. Such fund could be administered by the Commission on Local Government.
- The State would provide a grant of up to \$50,000, while localities would contribute up to \$50,000 in matching funds toward a feasibility study for any proposal to consolidate localities or school divisions, or revert to town status.

- Localities should be encouraged to cooperate in funding such proposals; however, if one locality is unwilling to consider supporting such a study, the funds should still be awarded to the locality desiring to study the proposal, especially if they are experiencing above-average fiscal stress.

3. Reduce duration of incentives to five years.

The two primary financial incentives that the Commonwealth historically provided for reversion and consolidation – hold harmless funding, and adjusted local composite index values for school aid – were initially provided for a duration of only five years, until amended in 2000 and 2002 to fifteen or twenty years, depending on the situation. Also, when studying the incentives provided by other states, this duration is far above the norm. Accordingly, we recommend returning the duration of these incentives to five years.

4. Redesign the school division consolidation incentive formula.

Although it would be ideal for consolidation incentive funds to correlate with the cost of consolidation or to state savings, most of the cost of consolidation that is identified through feasibility studies are issues that are driven by local political decisions. For instance, a proposal to consolidate could realize savings quickly by laying off employees that are no longer needed, but due to political pressure on local officials, savings are deferred by realizing savings through employee attrition. Similar problems occur when determining how to equalize different pay scales between two consolidating localities.

In addition, there are immeasurable costs if two localities fail to consolidate when there is a fiscal crisis. The State has never had to rescue a locality from fiscal disaster. It is also unclear how debt that is defaulted upon by one locality would affect municipal bond ratings for other Virginia localities, or the Commonwealth's bond rating.

Until 2015, the bulk of financial incentives provided for consolidation and reversion consisted of additional state aid for K-12 funding offered by providing a more favorable local composite index to the consolidated school division.

Tying incentives to school funding seems sensible, as education expenditures made up 47% of total local government spending in FY 2014, by far exceeding any other category. State aid to localities for public education also accounted for 33% of the State's FY 2014 General Fund spending. Any incentive provided; however, must be reasonable, and prevent large payouts such as that which occurred with the Bedford reversion.

The State's funding formula for basic aid to school divisions generally sets a recognized per-pupil cost based upon the Standards of Quality, with the total cost shared between the school division and the State. In localities with a lower local composite index (a limited tax base), the state pays a greater share of the per-pupil cost of public education, while in wealthier areas, the locality is responsible for a greater share. Buena Vista currently has the lowest local composite index, with a score of 0.1756, meaning the City is responsible for 17.56% of the state recognized per-pupil cost, with the state paying the remaining

82.44%. The index is capped so no locality has a score higher than 0.8000, therefore the state will always pay 20% of the recognized per-pupil cost to those divisions. Nine school divisions currently have a score of 0.8000. To ensure that the state funds that are used for public education are spent efficiently, incentives should be directed toward consolidations of smaller school divisions with low wealth, to ensure that the Commonwealth's contributions are spent effectively. This would also encourage localities surrounding those low wealth jurisdictions to negotiate an agreement to consolidate school divisions.

The Commission recommends these incentives should be calculated as follows:

1. In order to qualify for the school division consolidation incentive, at least one of two consolidating school divisions must have an above-average Fiscal Stress score from the CLG's Fiscal Stress report. (Score of 100=average)
 - a. With respect to the two towns that operate school divisions, and the two counties that have town school divisions operating within them (West Point and King William County, and Colonial Beach and Westmoreland County), the fiscal stress index shall not be utilized. Instead, at least one of the two consolidating school divisions must its most recent Local Composite Index fall below the statewide average (FY 2015 average = 0.3968) in order to qualify for the school division consolidation incentive.

Examples:

Locality 1	Fiscal Stress Score	Locality 2	Fiscal Stress Score	Score of 100 = Average
Buena Vista	111.21	Rockbridge County	99.27	Qualifies for an incentive. Buena Vista's score exceeds 100.
Poquoson	92.79	York County	93.54	Does not qualify. Neither locality has a score exceeding 100.
Martinsville	110.79	Henry County	103.61	Qualifies for an incentive. Both scores exceed 100.
Petersburg	112.57	Dinwiddie County	100.58	Qualifies for an incentive. Both scores exceed 100.
Colonial Beach	0.352	Westmoreland County	0.4633	Qualifies for an incentive. Colonial Beach's score is below the statewide average LCI of 0.3968.

2. Once qualified:
 - a. For the affected localities, add together the total number of fiscal stress points above 100.
 - b. Determine the difference between the two affected localities' fiscal stress scores.
 - c. Add the results of step 2a and 2b above for the final incentive factor.
 - d. With respect to the two towns that operate school divisions, and the two counties that have town school divisions operating within them (West Point and King William County, and Colonial Beach and Westmoreland County), the fiscal stress index shall not be utilized for this calculation. Instead, any consolidations proposed involving these entities shall substitute the local composite index for any involved entity.
 - i. For the affected localities, add together the total number of local composite index (LCI) points below the average of all school divisions' LCI.
 - ii. Determine the difference between the two affected localities' LCIs.
 - iii. Add the results of step i and ii, and multiply by 100 for the final incentive factor.

Examples:

	Step 2a (total points exceeding 100) <small>*Step 2di for town school divisions</small>	Step 2b (difference between stress scores) <small>*Step 2dii for town school divisions</small>	Step 2c Final Incentive Factor <small>*Step 2diii for town school divisions</small>
Buena Vista – Rockbridge County	11.21 + 0 = 11.21	111.21 - 99.27 = 11.94	11.21 + 11.94 = 23.15
Martinsville – Henry County	10.79 + 3.61 = 14.4	110.79 - 103.61 = 7.18	14.4 + 0 = 21.58
Petersburg – Dinwiddie County	12.57 + 0.58 = 13.15	112.57 - 100.58 = 11.99	13.15 + 11.99 = 25.14
*Colonial Beach – Westmoreland County	0.0448 + 0 = 0.0448	0.4633 - 0.352 = 0.1113	(0.0448 + 0.1113) * 100 = 15.61

3. Next, determine the cash amount of the incentive.
 - a. Determine which locality has the lower Average Daily Membership (ADM). *DOE Data.*
 - b. For the locality with the lower ADM, determine the State Share of Basic Aid. *DOE Data.*
 - c. Multiply the Final Incentive Factor from Step 2c by the State Share of Basic Aid. The maximum ADM that this factor can be applied to is 2,500.

Examples:

	Step 3a ADM	Step 3b State Share of Basic Aid	Final Incentive Factor	Step 3c Total Annual Incentive Amount (Final Incentive Factor x State Share of Basic Aid)
Buena Vista	1,000	\$3,711,587	23.15%	\$859,232
Rockbridge County	2,546			
Martinsville	2,165	\$7,317,809	21.58%	\$1,579,183
Henry County	7,048			
Petersburg	3,913	\$12,183,050	25.14%	\$1,956,822 (would be \$3,062,818, but ADM cap of 2,500 applies)
Dinwiddie County	4,374			
Colonial Beach	517	\$1,634,309	15.61%	\$255,115
Westmoreland County	1,594			

The outcomes of various combinations of localities are shown in [Appendix B](#), compared to the incentive that was offered prior to 2015. A graphic depiction of the calculation of the ‘Final Incentive Factor’ is included in [Appendix C](#). Please note, due to rounding, some total annual incentive amounts in the above example may be slightly different than what appears in the Appendices.

5. Provide incentives for joint contracting of school services as a first step toward full consolidation.

The same incentives that were discussed previously for school division consolidation for a five-year period should also be extended to joint contracts for school services among two school divisions for a three year period. Should two such school divisions later determine it would be appropriate to fully consolidate, they would then qualify for an additional two year incentive, provided that they have consolidated within 15 years from entering into the contract. For school divisions that have already entered into a joint contract, if they seek full consolidation, they should be entitled to the incentive as well for a period of 2 years subject to the 15-year provision discussed in the previous sentence.

As noted previously, in recent times, only three reversions have succeeded, and those were circumstances where joint contracts already existed between the county and city to provide school services. Based on recent consolidation and reversion efforts, the fear of a loss of local identity – which is closely tied to the schools that serve the area – has been a political barrier from consolidation, even when localities involved are facing severe financial challenges. Entering into a joint contract with another school division to provide educational services retains two distinct school boards and superintendents, while consolidating the rest of the school division’s functions. This arrangement allows school boards to retain control though the contract – for instance, to ensure that a small city does not

lose its high school as the result of consolidation. At the same time, it allows small school divisions to enjoy the efficiencies and broader course offerings that are enjoyed by a larger school division.

Acknowledgements

In order to conduct a thorough study and reach our recommendations, the Commission on Local Government requested the assistance of several organizations and people. Therefore, the Commission would like to formally recognize the contributions of the following people:

Mr. C. Richard Cranwell of Cranwell and Moore, PLC

Mr. Kent Dickey of the Virginia Department of Education

Ms. Phyllis Errico of the Virginia Association of Counties

Mr. Mark Flynn of the Virginia Municipal League

Mr. Carter Glass, IV, of Troutman Sanders

Mr. Edward Lanza of the Virginia Department of Education

Mr. Zachary Robbins of the Virginia Department of Education

Dr. Richard Salmon of the Virginia Tech School of Education

Ms. Susan Williams of the Virginia Department of Education

Appendix A

Budget Item #107 of the 2015 Appropriations Act

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ITEM 107.		Item Details(\$)		Appropriations(\$)	
		First Year FY2015	Second Year FY2016	First Year FY2015	Second Year FY2016
Department of Housing and Community Development (165)					
107.	Governmental Affairs Services (70100).....			\$340,390	\$340,444
	Intergovernmental Relations (70101).....	\$340,390	\$340,444		
	Fund Sources: General.....	\$340,390	\$340,444		

Authority: Title 15.2, Subtitle III, Code of Virginia.

It is the Commonwealth's goal to encourage amicable consolidations that improve local fiscal sustainability and, when possible, realize state or local savings and local service improvements. Therefore, the Commission on Local Government shall develop a process to determine an appropriate calculation for additional state funds for future local consolidations. The Commission's recommendations shall be submitted to the Governor and Chairmen of the House Appropriations and Senate Finance Committees no later than December 1, 2015. The amount of additional funding for local consolidation should be based primarily on the projected cost of consolidation. The length of time additional funding is provided should be based primarily on the complexity and length of time necessary for the consolidation. The process should be developed in coordination with the Department of Education and State Board of Education with input from other stakeholders.

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Appendix B

Examples & Comparisons of Former Incentive to Proposed Incentive

The following series of tables portray various potential reversion/consolidation scenarios between adjacent localities. The localities listed are based on those cities in the Commonwealth eligible for reversion to town status per § 15.2-4100. In some cases, cities are listed more than once because of their adjacency to multiple counties. The first table provides information on the localities' most recent Fiscal Stress Score, Local Composite Index, and Average Daily Membership (ADM) sorted alphabetically by city/town. The second table compares the former special funding incentive to the proposed incentive recommended by the Commission on Local Government sorted from largest proposed funding amount to the lowest. The third and fourth tables compare the former and proposed incentives on a per ADM basis and as a percent of State Basic Aid to the smaller school division with both sorted from largest to smallest.

City/Town	Fiscal Stress Score	Local Composite Index	Avg. Daily Membership	County	Fiscal Stress Score	Local Composite Index	Avg. Daily Membership
Bristol	110.88	0.3085	2181.2	Washington	99.61	0.3813	7058.76
Buena Vista	111.21	0.1756	1000.35	Rockbridge	99.27	0.474	2545.6
Charlottesville	106.46	0.6683	4004.35	Albemarle	91.83	0.6506	13273.32
Colonial Beach	0.00	0.352	517.1	Westmoreland	97.24	0.4633	1594.4
Colonial Heights	104.11	0.4323	2800	Chesterfield	96.55	0.3496	59088.8
Colonial Heights	104.11	0.4323	2800	Prince George	98.30	0.243	6277.6
Covington	112.81	0.2818	928.9	Alleghany	104.44	0.2423	2258.75
Danville	108.90	0.2649	5965.2	Pittsylvania	100.90	0.2507	8902.3
Emporia	114.22	0.2495	1045.8	Greensville	105.79	0.2259	1359.1
Fairfax city	87.84	0.8	3156.7	Fairfax	84.91	0.6807	178005
Falls Church	81.79	0.8	2410.9	Fairfax	84.91	0.6807	178005
Falls Church	81.79	0.8	2410.9	Arlington	88.57	0.8	23447
Franklin city	110.60	0.2978	1102.1	Isle of Wight	95.62	0.4195	5420.6
Franklin city	110.60	0.2978	1102.1	Southampton	101.58	0.2878	2607.3
Fredericksburg	102.45	0.6135	3250.4	Stafford	92.79	0.3412	27149.7
Fredericksburg	102.45	0.6135	3250.4	Spotsylvania	95.50	0.3555	23309
Galax	110.65	0.2738	1311.9	Grayson	102.12	0.3461	1705.2
Galax	110.65	0.2738	1311.9	Carroll	105.12	0.2696	3704.75
Harrisonburg	108.21	0.4009	5255.15	Rockingham	97.34	0.3702	11279.7
Hopewell	110.64	0.2298	4004.6	Chesterfield	96.55	0.3496	59088.8
Hopewell	110.64	0.2298	4004.6	Prince George	98.30	0.243	6277.6
Lexington	108.04	0.451	639.05	Rockbridge	99.27	0.474	2545.6
Manassas city	99.69	0.3662	7130.2	Prince William	92.78	0.3822	83683.45
Manassas Park	102.13	0.2683	3236.1	Prince William	92.78	0.3822	83683.45
Martinsville	110.79	0.2222	2164.7	Henry	103.61	0.2408	7047.9
Norton	107.11	0.3102	816.25	Wise	103.96	0.2538	5791.65
Petersburg	112.57	0.2475	3912.7	Chesterfield	96.55	0.3496	59088.8
Petersburg	112.57	0.2475	3912.7	Prince George	98.30	0.243	6277.6
Petersburg	112.57	0.2475	3912.7	Dinwiddie	100.58	0.2882	4374.15
Poquoson	92.79	0.3895	2084.5	York	93.54	0.4026	12546.9
Radford	111.55	0.2675	1602.65	Montgomery	101.97	0.3866	9438.4
Radford	111.55	0.2675	1602.65	Pulaski	103.40	0.3113	4284.8
Salem	106.37	0.3695	3770	Roanoke	99.61	0.3704	13926.25
Staunton	106.03	0.3923	2586.5	Augusta	96.23	0.3545	10168.1
Waynesboro	105.50	0.3493	3075.9	Augusta	96.23	0.3545	10168.1
West Point	0.00	0.2581	780.3	King William	97.59	0.3196	2182
Williamsburg	101.48	0.8	951.05	James City	92.74	0.5632	10134.1
Williamsburg	101.48	0.8	951.05	York	93.54	0.4026	12546.9
Winchester	104.30	0.4376	4128.15	Frederick	95.92	0.3719	13013.05

City/Town	County	Former Incentive	Proposed Incentive
Petersburg	Chesterfield	\$ 26,407,796	\$ 2,225,531.05
Petersburg	Prince George	\$ 72,855	\$ 2,089,305.82
Hopewell	Chesterfield	\$ 30,985,837	\$ 2,000,742.01
Petersburg	Dinwiddie	\$ 815,123	\$ 1,956,972.74
Hopewell	Prince George	\$ 394,600	\$ 1,859,161.00
Martinsville	Henry	\$ 564,771	\$ 1,579,183.25
Bristol	Washington	\$ 2,183,618	\$ 1,388,310.73
Danville	Pittsylvania	\$ 352,235	\$ 1,360,272.53
Harrisonburg	Rockingham	\$ 722,048	\$ 1,278,970.58
Radford	Montgomery	\$ 4,981,181	\$ 1,173,066.15
Radford	Pulaski	\$ 839,829	\$ 1,173,066.15
Emporia	Greensville	\$ 114,280	\$ 1,033,566.45
Waynesboro	Augusta	\$ 233,239	\$ 995,363.42
Manassas Park	Prince William	\$ 44,502,550	\$ 991,086.97
Staunton	Augusta	\$ 402,775	\$ 990,759.65
Galax	Grayson	\$ 649,994	\$ 901,914.69
Galax	Carroll	\$ 24,489	\$ 901,914.69
Salem	Roanoke	\$ 55,217	\$ 896,588.93
Buena Vista	Rockbridge	\$ 3,879,783	\$ 859,232.51
Franklin city	Isle of Wight	\$ 2,992,020	\$ 837,002.97
Winchester	Frederick	\$ 1,177,712	\$ 774,146.10
Covington	Alleghany	\$ 164,762	\$ 767,512.65
Charlottesville	Albemarle	\$ 310,411	\$ 765,938.67
West Point	King William	\$ 653,947	\$ 761,117.00
Colonial Heights	Chesterfield	\$ 985,267	\$ 704,726.02
Franklin city	Southampton	\$ 46,598	\$ 693,685.03
Colonial Heights	Prince George	\$ 2,255,273	\$ 599,047.31
Fredericksburg	Stafford	\$ 4,186,836	\$ 553,522.38
Fredericksburg	Spotsylvania	\$ 3,966,962	\$ 429,654.03
Norton	Wise	\$ 205,158	\$ 356,805.19
Lexington	Rockbridge	\$ 299,045	\$ 272,748.31
Colonial Beach	Westmoreland	\$ 1,022,598	\$ 255,125.00
Williamsburg	James City	\$ 998,940	\$ 86,226.03
Williamsburg	York	\$ 1,676,430	\$ 79,476.44
Fairfax city	Fairfax	\$ 1,824,968	\$ -
Falls Church	Fairfax	\$ 1,336,246	\$ -
Falls Church	Arlington	\$ -	\$ -
Manassas city	Prince William	\$ 6,251,456	\$ -
Poquoson	York	\$ 755,972	\$ -

City/Town	County	Former Incentive/ADM	Proposed Incentive/ADM
Emporia	Greensville	\$ 109	\$ 988
West Point	King William	\$ 838	\$ 975
Buena Vista	Rockbridge	\$ 3,878	\$ 859
Covington	Alleghany	\$ 177	\$ 826
Franklin city	Isle of Wight	\$ 2,715	\$ 759
Radford	Montgomery	\$ 3,108	\$ 732
Radford	Pulaski	\$ 524	\$ 732
Martinsville	Henry	\$ 261	\$ 730
Galax	Grayson	\$ 495	\$ 687
Galax	Carroll	\$ 19	\$ 687
Bristol	Washington	\$ 1,001	\$ 636
Franklin city	Southampton	\$ 42	\$ 629
Petersburg	Chesterfield	\$ 6,749	\$ 569
Petersburg	Prince George	\$ 19	\$ 534
Petersburg	Dinwiddie	\$ 208	\$ 500
Hopewell	Chesterfield	\$ 7,738	\$ 500
Colonial Beach	Westmoreland	\$ 1,978	\$ 493
Hopewell	Prince George	\$ 99	\$ 464
Norton	Wise	\$ 251	\$ 437
Lexington	Rockbridge	\$ 468	\$ 427
Staunton	Augusta	\$ 156	\$ 383
Waynesboro	Augusta	\$ 76	\$ 324
Manassas Park	Prince William	\$ 13,752	\$ 306
Colonial Heights	Chesterfield	\$ 352	\$ 252
Harrisonburg	Rockingham	\$ 137	\$ 243
Salem	Roanoke	\$ 15	\$ 238
Danville	Pittsylvania	\$ 59	\$ 228
Colonial Heights	Prince George	\$ 805	\$ 214
Charlottesville	Albemarle	\$ 78	\$ 191
Winchester	Frederick	\$ 285	\$ 188
Fredericksburg	Stafford	\$ 1,288	\$ 170
Fredericksburg	Spotsylvania	\$ 1,220	\$ 132
Williamsburg	James City	\$ 1,050	\$ 91
Williamsburg	York	\$ 1,763	\$ 84
Fairfax city	Fairfax	\$ 578	\$ -
Falls Church	Fairfax	\$ 554	\$ -
Falls Church	Arlington	\$ -	\$ -
Manassas city	Prince William	\$ 877	\$ -
Poquoson	York	\$ 363	\$ -

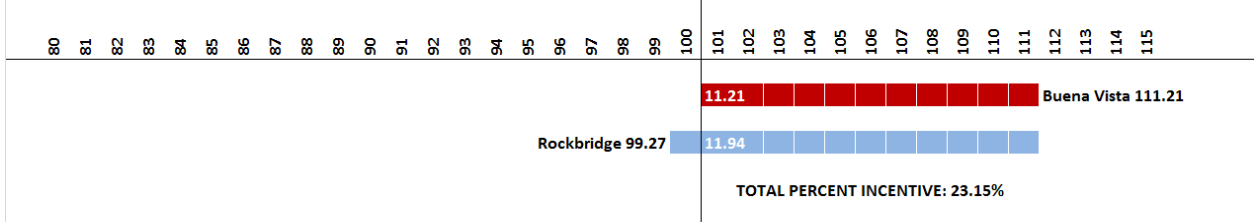
City/Town	County	Former Incentive as % of State Basic Aid Payment to smaller division	Proposed Incentive as % of State Basic Aid Payment to smaller division
Emporia	Greensville	3%	28%
West Point	King William	24%	28%
Covington	Alleghany	5%	26%
Franklin city	Isle of Wight	91%	26%
Buena Vista	Rockbridge	105%	23%
Radford	Montgomery	98%	23%
Radford	Pulaski	17%	23%
Bristol	Washington	35%	22%
Martinsville	Henry	8%	22%
Galax	Grayson	15%	21%
Galax	Carroll	1%	21%
Franklin city	Southampton	1%	21%
Petersburg	Chesterfield	217%	18%
Petersburg	Prince George	1%	17%
Lexington	Rockbridge	18%	17%
Petersburg	Dinwiddie	7%	16%
Colonial Beach	Westmoreland	63%	16%
Hopewell	Chesterfield	239%	15%
Staunton	Augusta	6%	15%
Hopewell	Prince George	3%	14%
Norton	Wise	8%	14%
Charlottesville	Albemarle	5%	13%
Waynesboro	Augusta	3%	12%
Colonial Heights	Chesterfield	15%	10%
Williamsburg	James City	118%	10%
Williamsburg	York	199%	9%
Fredericksburg	Stafford	70%	9%
Harrisonburg	Rockingham	5%	9%
Manassas Park	Prince William	398%	9%
Colonial Heights	Prince George	33%	9%
Salem	Roanoke	1%	9%
Winchester	Frederick	12%	8%
Danville	Pittsylvania	2%	7%
Fredericksburg	Spotsylvania	67%	7%
Fairfax city	Fairfax	60%	0%
Falls Church	Fairfax	60%	0%
Falls Church	Arlington	0%	0%
Manassas city	Prince William	30%	0%
Poquoson	York	14%	0%

Appendix C

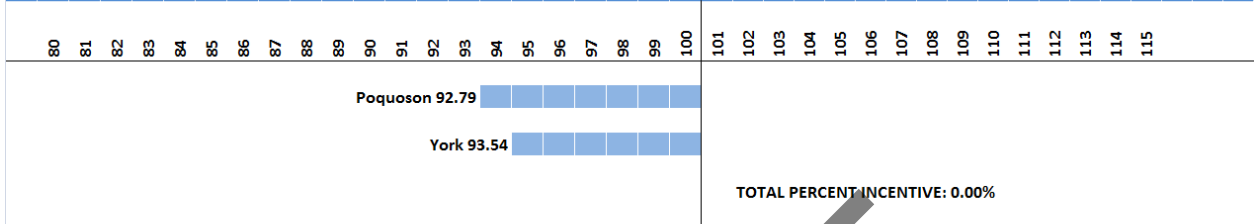
Graphic Depiction for Calculation of Proposed Incentive Factor

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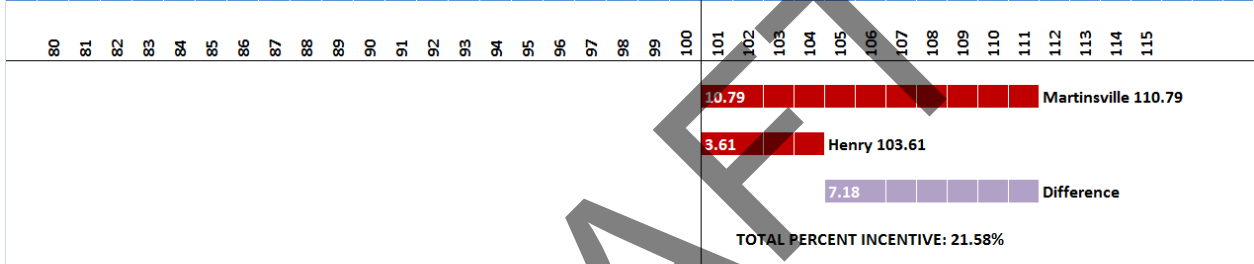
Buena Vista and Rockbridge County



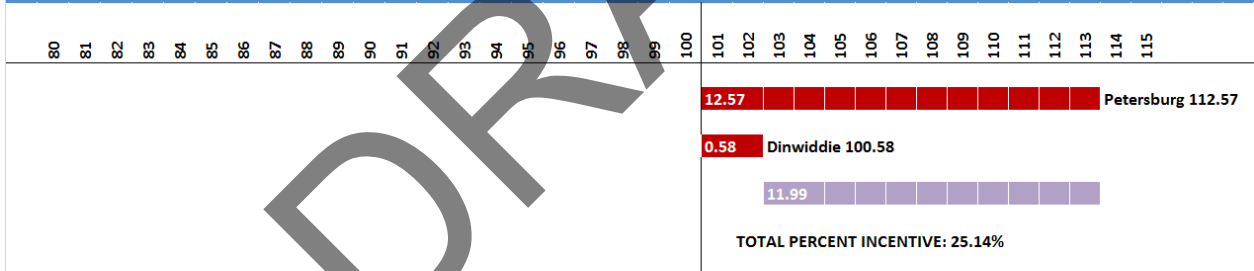
Poquoson and York County



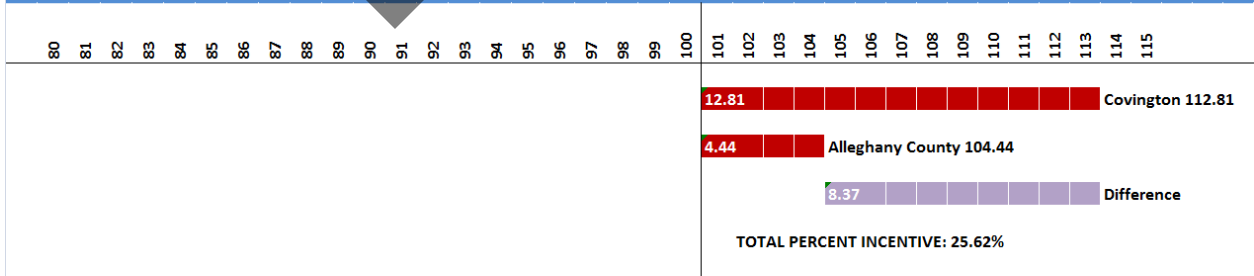
Martinsville and Henry County



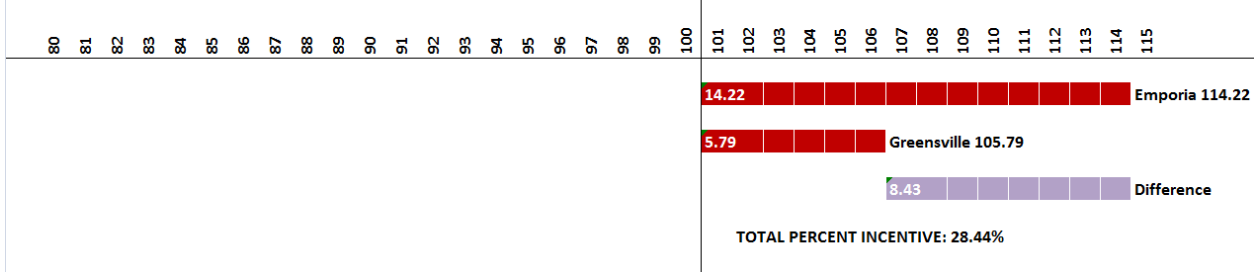
Petersburg and Dinwiddie County



Covington and Alleghany County



Emporia and Greenville County



**Report on Proffered
Cash Payments and Expenditures
By Virginia's Counties, Cities and Towns
2014-2015**



**Commission on Local Government
Commonwealth of Virginia**

November 2015

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Commission on Local Government (CLG)***

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**REPORT OF THE COMMISSION ON LOCAL GOVERNMENT
DISCLOSURE OF PROFFERED CASH PAYMENTS AND EXPENDITURES
2014 – 2015**

INTRODUCTION

Section 15.2-2303.2 of the Code of Virginia directs the Commission on Local Government to collect annually data concerning local government revenues and expenditures resulting from the acceptance of voluntarily proffered cash payments.¹ These voluntarily proffered payments, also referred to as cash proffers, comprise either (1) any money voluntarily proffered in writing signed by the owner of property subject to rezoning, and accepted by a locality pursuant to the authority granted by §15.2-2298 or §15.2-2303 of the Code of Virginia; or (2) any payment of money made pursuant to a development agreement entered into under the authority granted by §15.2-2303.1 of the Code of Virginia.

Cash proffers are a form of conditional zoning in Virginia. Conditional zoning involves “proffered” conditions voluntarily offered by a developer or property owner that limit or qualify how the property subject to the conditions will be used or developed. These conditions are in addition to the general, uniform regulations otherwise applicable to land within the same zoning district, and they are made to lessen the potential negative effects of an unrestricted rezoning. Upon approval by the local governing body, the conditions become part of the rezoning and pass with the ownership of the property.² In some instances, the condition proffered by the developer or property owner may include cash contributions to the locality. Cash proffers generally are used to offset the impacts of a particular development by providing funding for new roads, schools, or other public facilities and services. Depending on the statutory authority under which the locality is eligible to accept the cash proffer, the development impacts being mitigated may or may not be directly related to the development at issue.³

Although the Code of Virginia has authorized every jurisdiction to use some form of conditional zoning since 1987, only localities meeting specific criteria may accept cash proffers. On the basis of these criteria and census data from 1990 through 2010, a total of 298 Virginia localities (89 counties, 36 cities, and 173 towns) were eligible to accept cash proffers during FY

¹ See Appendix A for the text of § 15.2-2303.2, Code of Virginia, which directs the Commission to collect data on local government proffered cash payments and expenditures for the preceding fiscal year and report by November 30 of each year to the Chairmen of the Senate Committee on Local Government and the House Committee on Counties, Cities and Towns.

² Virginia Citizens Planning Association and the Virginia Department of Housing and Community Development, *The Language of Planning*, Community Planning Series, V (June, 1986), p. 10.

³ John H. Foote, “Planning and Zoning,” *Handbook of Virginia Local Government Law*, ed. by Susan Warriner Custer, 2001 Edition, pp. 1-11 – 1-14.

2015.⁴ The table below shows the statutory authority for and categories of localities eligible to accept cash proffers.

Statutory Authority	Types of Localities Eligible to Accept Cash Proffers
§15.2-2298	<p>With the exception of localities eligible under the terms of § 15.2-2303:</p> <ul style="list-style-type: none"> • Any locality with a decennial census growth rate $\geq 5\%$; • Any city adjoining another city or county which had a decennial census growth rate $\geq 5\%$; • Any towns located within a county which had a decennial census growth rate $\geq 5\%$; • Any county contiguous with at least three counties which had a decennial census growth rate $\geq 5\%$; and • Any towns located within a county which was contiguous with at least three counties which had a decennial census growth rate $\geq 5\%$.
§15.2-2303	<ul style="list-style-type: none"> • Any county with an urban county executive form of government (i.e., Fairfax County); • Any town within a county with an urban county executive form of government; • Any city adjacent to or completely surrounded by a county with an urban county executive form of government; • Any county contiguous to a county with an urban county executive form of government; • Any city adjacent to or completely surrounded by a county contiguous to a county with an urban county executive form of government; • Any town within a county contiguous to a county with an urban county executive form of government; and • Any county east of the Chesapeake Bay.
§15.2-2303.1	<ul style="list-style-type: none"> • New Kent County.

⁴ U.S. Department of Commerce, Bureau of the Census, 1990 Census of Population, Number of Inhabitants, Table 4; U.S. Department of Commerce, Bureau of the Census, 2000 Census of Population and Housing, Summary File 1 (SF 1) 100-Percent Data; U.S. Department of Commerce, Bureau of the Census, 2010 Census Redistricting Data (Public Law 94-171) Summary File. Sec. 1-235, Code of Va. states that unless otherwise specified, unadjusted population statistics are to be used in determining the decennial growth rate. See Appendix B for the list of Virginia localities with statutory authority to accept cash proffers.

SURVEY ON THE USE OF PROFFERED CASH PAYMENTS

In July of 2015, Commission staff mailed a survey instrument to the chief administrative officers of the 162 localities that were required to report their acceptance of cash proffers during FY 2014-15. Each locality was requested to return the completed survey by September 30, 2015.⁵ In early October, follow-up phone calls were made to officials in those jurisdictions that had not responded to the initial request. A subsequent series of personal contacts was then made to ensure a complete response. As a result of these efforts, the final combined jurisdictional response rate was 100%.

The survey revealed that 39 (24.07%) of the 162 eligible localities (27 counties, 8 cities, and 4 towns) reported cash proffer collections during FY 2015. This represents a decrease of three localities (-7.14%) in the number of local governments accepting cash proffers compared to FY 2014. During the current period, the aggregate amount of cash proffers collected and expended by those jurisdictions was \$92,132,092 and \$49,513,459, respectively.⁶ This represents a 0.77% increase in cash proffer collections from the previous fiscal year. Cash proffer expenditures increased by 48.94% over the same time period. These percent increases are based on corrections made to the 2014 report as described below.

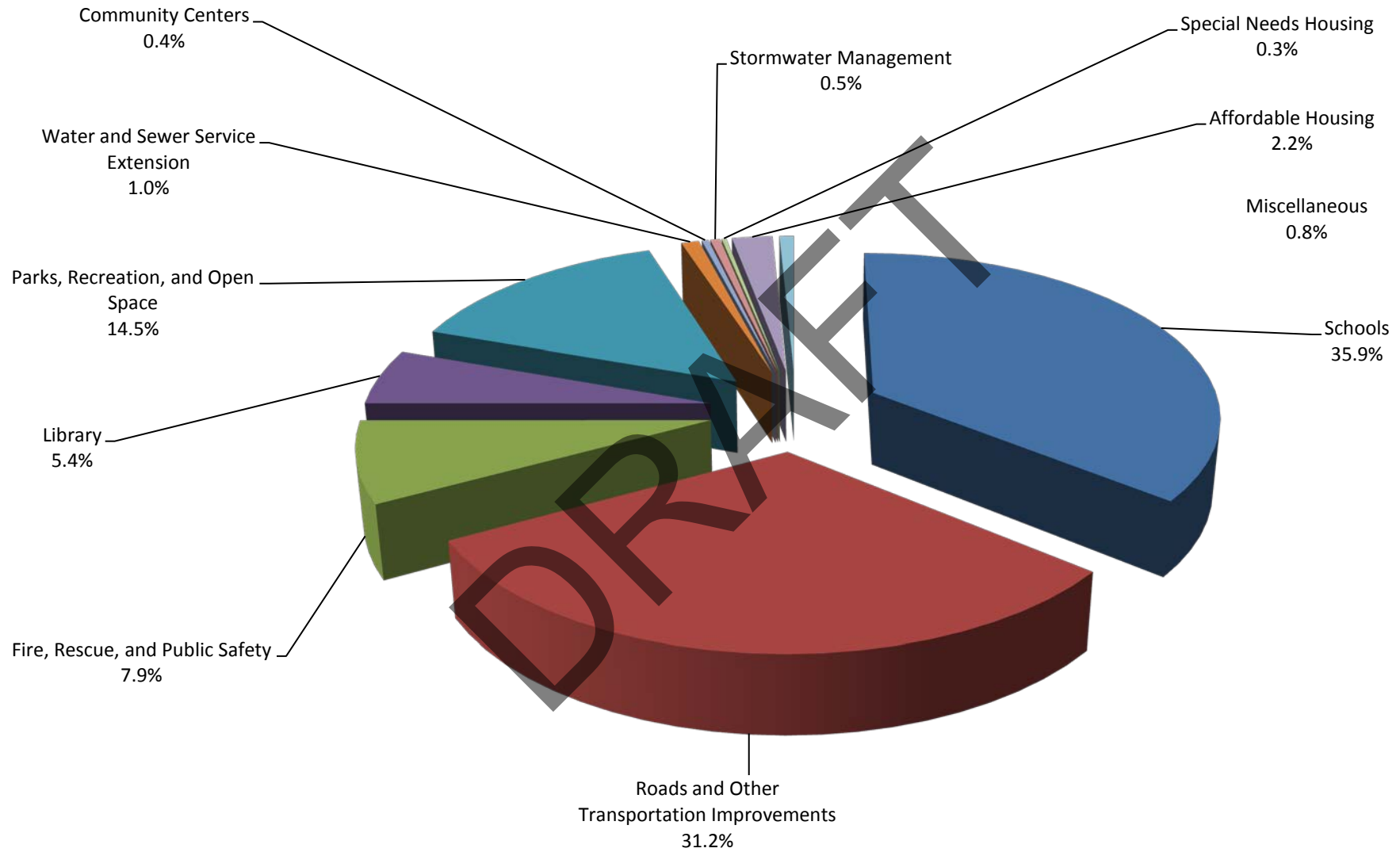
The survey also revealed that the largest share of cash proffer revenue expended in FY 2015 went for schools (35.85% of total expenditures), and roads and other transportation improvements (31.23% of total expenditures). A chart depicting the allocation of expenditures to various improvement categories is provided on the next page. The summary survey results for individual local governments are reported in Appendix D. Appendix E includes a chart of the revenues and expenditures for all localities for each fiscal year from FY 2000 through present.

Note regarding the 2014 report: On July 22, 2015, Greene County provided a correction to their FY 2014 data on cash proffer collections. The corrected 2014 figure for Greene County is \$4,000 rather than \$12,000 as previously reported. The total amount of cash proffers collected statewide for FY 2014 therefore is \$91,432,624 rather than \$91,440,624 as previously reported. Also, on September 3, 2015, Prince William County provided a correction to their FY 2014 data. The County reported cash proffer expenditures in the amount of \$7,676,500 for schools in FY 2014 when it actuality the expense was made in FY 2015. Therefore, the total amount of cash proffers expended statewide was \$33,243,348 rather than \$40,919,848 as previously reported. The total for school related cash proffer expenditures statewide for FY 2014 is now \$12,499,560 rather than \$20,176,060 as previously reported.

⁵ Appendix C contains a copy of the survey instrument. In 2003, the General Assembly enacted HB 2600, which changed the scope of the Commission's survey on the acceptance of cash proffers. The legislature exempted localities with a resident population of less than 3,500 from the reporting requirement. Because of that provision, only 37 of the 173 eligible towns must report on their acceptance of cash proffers.

⁶ Depending on the total cost of the public facility or service to be supported by proffered cash payments, revenue may not be expended during the fiscal year in which it was received. Also, fiscal data reported by localities for FY 2015 is likely to be unofficial because local government audits are not published until the December following the end of the fiscal year.

Proffered Funds Expended by Category of Use, FY 2014-15



APPENDIX A

Section 15.2-2303.2, Code of Virginia

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§ 15.2-2303.2. Proffered cash payments and expenditures.

A. The governing body of any locality accepting cash payments voluntarily proffered on or after July 1, 2005, pursuant to § 15.2-2298, 15.2-2303, or 15.2-2303.1 shall, within 12 years of receiving full payment of all cash proffered pursuant to an approved rezoning application, begin, or cause to begin (i) construction, (ii) site work, (iii) engineering, (iv) right-of-way acquisition, (v) surveying, or (vi) utility relocation on the improvements for which the cash payments were proffered. A locality that does not comply with the above requirement, or does not begin alternative improvements as provided for in subsection C, shall forward the amount of the proffered cash payments to the Commonwealth Transportation Board no later than December 31 following the fiscal year in which such forfeiture occurred for direct allocation to the secondary system construction program or the urban system construction program for the locality in which the proffered cash payments were collected. The funds to which any locality may be entitled under the provisions of Title 33.2 for construction, improvement, or maintenance of primary, secondary, or urban roads shall not be diminished by reason of any funds remitted pursuant to this subsection by such locality, regardless of whether such contributions are matched by state or federal funds.

B. The governing body of any locality eligible to accept any proffered cash payments pursuant to § 15.2-2298, 15.2-2303, or 15.2-2303.1 shall, for each fiscal year beginning with the fiscal year 2007, (i) include in its capital improvement program created pursuant to § 15.2-2239, or as an appendix thereto, the amount of all proffered cash payments received during the most recent fiscal year for which a report has been filed pursuant to subsection E, and (ii) include in its annual capital budget the amount of proffered cash payments projected to be used for expenditures or appropriated for capital improvements in the ensuing year.

C. Regardless of the date of rezoning approval, unless prohibited by the proffer agreement accepted by the governing body of a locality pursuant to § 15.2-2298, 15.2-2303, or 15.2-2303.1, a locality may utilize any cash payments proffered for any road improvement or any transportation improvement that is incorporated into the capital improvements program as its matching contribution under § 33.2-357. For purposes of this section, "road improvement" includes construction of new roads or improvement or expansion of existing roads as required by applicable construction standards of the Virginia Department of Transportation to meet increased demand attributable to new development. For purposes of this section, "transportation improvement" means any real or personal property acquired, constructed, improved, or used for constructing, improving, or operating any (i) public mass transit system or (ii) highway, or portion or interchange thereof, including parking facilities located within a district created pursuant to this title. Such improvements shall include, without limitation, public mass transit systems, public highways, and all buildings, structures, approaches, and facilities thereof and appurtenances thereto, rights-of-way, bridges, tunnels, stations, terminals, and all related equipment and fixtures.

Regardless of the date of rezoning approval, unless prohibited by the proffer agreement accepted by the governing body of a locality pursuant to § 15.2-2298, 15.2-2303, or 15.2-2303.1, a locality may utilize any cash payments proffered for capital improvements for alternative improvements of the same category within the locality in the vicinity of the improvements for which the cash payments were originally made. Prior to utilization of such cash payments for the alternative improvements, the governing body of the locality shall give at least 30 days' written notice of the proposed alternative improvements to the entity who paid such cash payment mailed to the last known address of such entity, or if proffer payment records no longer exist, then to the original zoning applicant, and conduct a public hearing on such proposal advertised as provided in subsection F of § 15.2-1427. The governing body of the locality prior to the use of such cash payments for alternative improvements shall, following such public hearing, find: (a) the improvements for which the cash payments were proffered cannot occur in a timely manner or the functional purpose for which the cash payment was made no longer exists; (b) the alternative improvements are within the vicinity of the proposed improvements for which the cash payments were proffered; and (c) the alternative improvements are in the public interest. Notwithstanding the provisions of the Virginia Public Procurement Act, the governing body may negotiate and award a contract without competition to an entity that is constructing road improvements pursuant to a proffered zoning condition or special exception

condition in order to expand the scope of the road improvements by utilizing cash proffers of others or other available locally generated funds. The local governing body shall adopt a resolution stating the basis for awarding the construction contract to extend the scope of the road improvements. All road improvements to be included in the state primary or secondary system of highways must conform to the adopted standards of the Virginia Department of Transportation.

D. Notwithstanding any provision of this section or any other provision of law, general or special, no cash payment proffered pursuant to § 15.2-2298, 15.2-2303, or 15.2-2303.1 shall be used for any capital improvement to an existing facility, such as a renovation or technology upgrade, that does not expand the capacity of such facility or for any operating expense of any existing facility such as ordinary maintenance or repair.

E. The governing body of any locality with a population in excess of 3,500 persons accepting a cash payment voluntarily proffered pursuant to § 15.2-2298, 15.2-2303, or 15.2-2303.1 shall within three months of the close of each fiscal year, beginning in fiscal year 2002 and for each fiscal year thereafter, report to the Commission on Local Government the following information for the preceding fiscal year:

1. The aggregate dollar amount of proffered cash payments collected by the locality;
2. The estimated aggregate dollar amount of proffered cash payments that have been pledged to the locality and which pledges are not conditioned on any event other than time; and
3. The total dollar amount of proffered cash payments expended by the locality, and the aggregate dollar amount expended in each of the following categories:

Schools	\$ _____
Road and other Transportation Improvements	\$ _____
Fire and Rescue/Public Safety	\$ _____
Libraries	\$ _____
Parks, Recreation, and Open Space	\$ _____
Water and Sewer Service Extension	\$ _____
Community Centers	\$ _____
Stormwater Management	\$ _____
Special Needs Housing	\$ _____
Affordable Housing	\$ _____
Miscellaneous	\$ _____
Total dollar amount expended	\$ _____

F. The governing body of any locality with a population in excess of 3,500 persons eligible to accept any proffered cash payments pursuant to § 15.2-2298, 15.2-2303, or 15.2-2303.1 but that did not accept any proffered cash payments during the preceding fiscal year shall within three months of the close of each fiscal year, beginning in 2001 and for each fiscal year thereafter, so notify the Commission on Local Government.

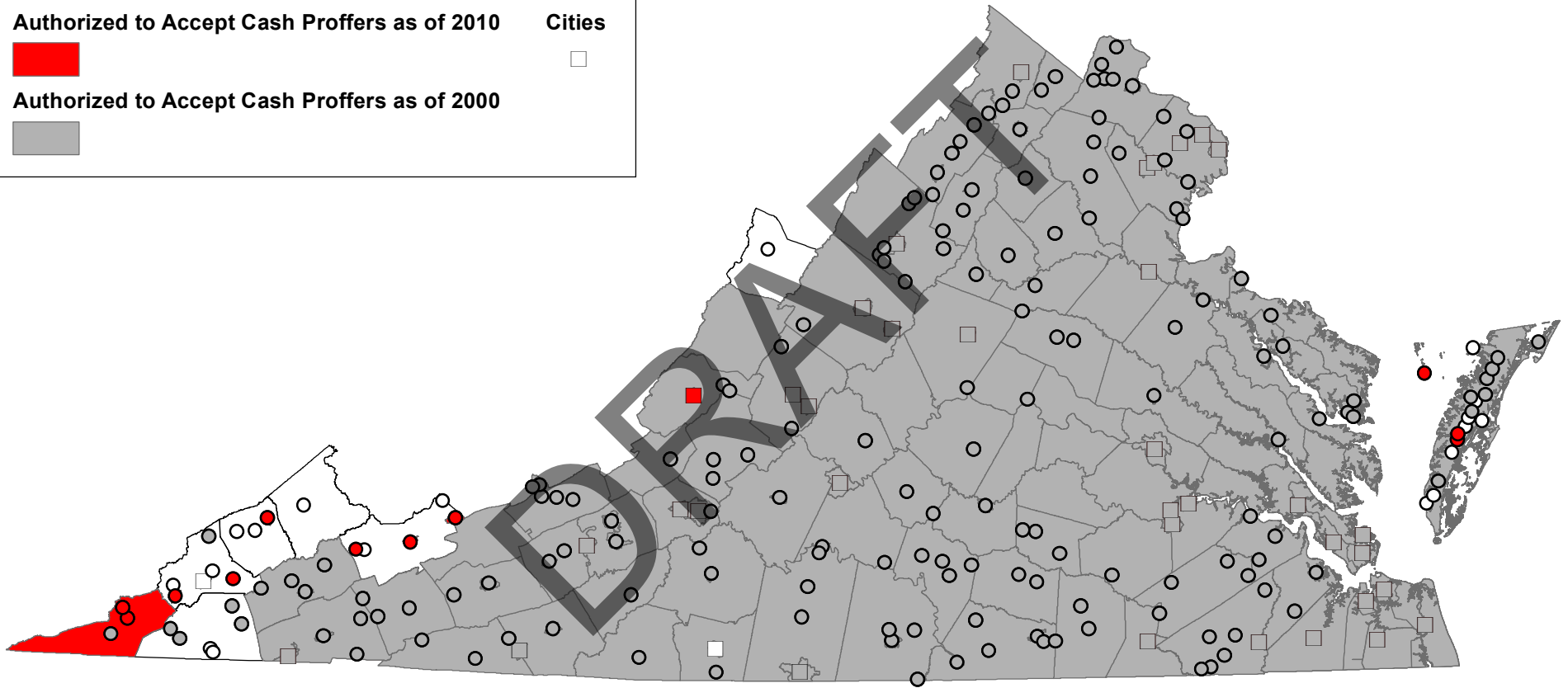
G. The Commission on Local Government shall by November 30, 2001, and by November 30 of each fiscal year thereafter, prepare and make available to the public and the chairmen of the Senate Local Government Committee and the House Counties, Cities and Towns Committee an annual report containing the information made available to it pursuant to subsections E and F.

APPENDIX B

**Localities Eligible by Statute to Accept
Proffered Cash Payments**

DRAFT

Localities Authorized to Accept Cash Proffers in Virginia



Principal Reason Eligible to

Name	Accept Cash Proffers	
CITIES	2000	2010
Alexandria	IIC	IIC
Bristol	IB	IB
Buena Vista	IB	IB
Charlottesville	IA	IB
Chesapeake	IA	IA
Colonial Heights	IA	IB
Covington		IB
Danville	IB	
Emporia	IA	IB
Fairfax	IIC	IIC
Falls Church	IIC	IIC
Franklin	IA	IB
Fredericksburg	IB	IA
Galax	IB	
Hampton	IA	IB
Harrisonburg	IA	IA
Hopewell	IB	IB
Lexington	IB	IB
Lynchburg	IB	IA
Manassas	IIE	IIE
Manassas Park	IIE	IIE
<i>Martinsville</i>		
Newport News	IA	IB
Norfolk	IB	IB
<i>Norton</i>		
Petersburg	IB	IB
Poquoson	IA	IA
Portsmouth	IB	IB
Radford	IB	IB

Principal Reason Eligible to

Name	Accept Cash Proffers	
CITIES (Cont'd)	2000	2010
Richmond	IB	IB
Roanoke	IB	IB
Salem	IB	IB
Staunton	IB	IB
Suffolk	IA	IA
Virginia Beach	IA	IB
Waynesboro	IA	IA
Williamsburg	IB	IA
Winchester	IA	IA
COUNTIES		
Accomack	IIG	IIG
Albemarle	IA	IA
Alleghany	ID	IA
Amelia	IA	IA
Amherst	IA	ID
Appomattox	IA	IA
Arlington	IID	IID
Augusta	IA	IA
Bath	IA	ID
Bedford	IA	IA
Bland	IA	
Botetourt	IA	IA
Brunswick	IA	
<i>Buchanan</i>		
Buckingham	IA	IA
Campbell	IA	IA
Caroline	IA	IA
Carroll	IA	

Principal Reason Eligible to

Name	Accept Cash Proffers	
COUNTIES (Cont'd)	2000	2010
Charles City	IA	ID
Charlotte	IA	ID
Chesterfield	IA	IA
Clarke	ID	IA
Craig	IA	ID
Culpeper	IA	IA
Cumberland	IA	IA
<i>Dickenson</i>		
Dinwiddie	IA	IA
Essex	IA	IA
Fairfax	IIA	IIA
Fauquier	IA	IA
Floyd	IA	IA
Fluvanna	IA	IA
Franklin	IA	IA
Frederick	IA	IA
Giles	ID	
Gloucester	IA	IA
Goochland	IA	IA
Grayson	IA	
Greene	IA	IA
Greensville	IA	IA
Halifax	IA	
Hanover	IA	IA
Henrico	IA	IA
Henry	ID	
<i>Highland</i>		
Isle of Wight	IA	IA
James City	IA	IA

See "Notes" at end for explanation of "Principal Reason Eligible to Accept Cash Proffers."
Italicized localities have never qualified to collect cash proffers.

Principal Reason Eligible to

Name	Accept Cash Proffers	
COUNTIES (Cont'd)	2000	2010
King and Queen	IA	ID
King George	IA	IA
King William	IA	IA
Lancaster	IA	ID
Lee		IA
Loudoun	IID	IID
Louisa	IA	IA
Lunenburg	IA	
Madison	ID	IA
Mathews	IA	
Mecklenburg	IA	
Middlesex	IA	IA
Montgomery	IA	IA
Nelson	IA	ID
New Kent	III	III
Northampton	IIG	IIG
Northumberland	IA	
Nottoway	ID	ID
Orange	IA	IA
Page	IA	ID
Patrick	IA	
Pittsylvania	IA	ID
Powhatan	IA	IA
Prince Edward	IA	IA
Prince George	IA	IA
Prince William	IID	IID
Pulaski	ID	ID
Rappahannock	IA	IA
Richmond	IA	IA
Roanoke	IA	IA
Rockbridge	IA	IA

Principal Reason Eligible to

Name	Accept Cash Proffers	
COUNTIES (Cont'd)	2000	2010
Rockingham	IA	IA
Russell	IA	
<i>Scott</i>		
Shenandoah	IA	IA
Smyth	ID	
Southampton	ID	IA
Spotsylvania	IA	IA
Stafford	IA	IA
Surry	IA	ID
Sussex	IA	ID
<i>Tazewell</i>		
Warren	IA	IA
Washington	IA	IA
Westmoreland	IA	ID
<i>Wise</i>		
Wythe	IA	IA
York	IA	IA
TOWNS		
Abingdon		IA IA
Accomac	*	IA
Alberta	*	IC
Altavista	*	IC IC
Amherst	*	IA ID
<i>Appalachia</i>	*	
Appomattox	*	IC IC
Ashland		IA IA
Bedford		IC IC
Belle Haven	*	
Berryville		ID IA
Big Stone Gap		IA

Principal Reason Eligible to

Name	Accept Cash Proffers	
TOWNS (Cont'd)	2000	2010
Blacksburg	IA	IA
Blackstone	IA	ID
Bloxom	*	IA
Bluefield		IA
Boones Mill	*	IA IC
Bowling Green	*	IA IA
Boyce	*	ID IA
Boydton	*	IC
Boykins	*	ID IC
Branchville	*	IA IC
Bridgewater		IA IA
Broadway		IA IA
Brodnax	*	IC
Brookneal	*	IC IC
Buchanan	*	IC IC
Burkeville	*	ID ID
<i>Cape Charles</i>	*	
Capron	*	IA IC
<i>Cedar Bluff</i>	*	
Charlotte Court Hi	*	IC IA
Chase City	*	IC
Chatham	*	IC ID
<i>Cheriton</i>	*	
Chilhowie	*	ID
Chincoteague	*	IA
Christiansburg		IA IA
Claremont	*	IC IA
Clarksville	*	IA
Cleveland	*	IC IA
Clifton	*	IIB IIB
Clifton Forge		ID IC

See "Notes" at end for explanation of "Principal Reason Eligible to Accept Cash Proffers."
Italicized localities have never qualified to collect cash proffers.

Principal Reason Eligible to

Name	Accept Cash Proffers	
	2000	2010
TOWNS (Cont'd)		
<i>Clinchco</i>	*	
Clinchport	*	IA
<i>Clintwood</i>	*	
Coeburn	*	IA
Colonial Beach		IC IA
Columbia	*	IC IA
Courtland	*	IA IC
Craigsville	*	IA IC
Crewe	*	ID ID
Culpeper		IA IA
Damascus	*	IA IC
Dayton	*	IA IA
Dendron	*	IC ID
Dillwyn	*	IC IC
Drakes Branch	*	IC IA
Dublin	*	IA IA
Duffield	*	IA IA
Dumfries		IIF IIF
Dungannon	*	IA
Eastville	*	IA IA
Edinburg	*	IC IA
Elkton	*	IA IA
Exmore	*	IA
Farmville		IA IA
Fincastle	*	IA IC
Floyd	*	IA IC
Fries	*	IC
Front Royal		IA IA
<i>Gate City</i>	*	
Glade Spring	*	IC IA
Glasgow	*	IC IA

Principal Reason Eligible to

Name	Accept Cash Proffers	
	2000	2010
TOWNS (Cont'd)		
Glen Lyn	*	ID
Gordonsville	*	IA IC
Goshen	*	IA IC
Gretna	*	IC ID
Grottoes	*	IA IA
<i>Grundy</i>	*	
Halifax	*	IA
Hallwood	*	IA
Hamilton	*	IIF IIF
Haymarket	*	IIF IIF
Haysi	*	IA
Herndon		IIB IIB
Hillsboro	*	IIF IIF
Hillsville	*	IA
Honaker	*	IC IA
Hurt	*	IC ID
Independence	*	IC
Iron Gate	*	ID IC
Irvington	*	IA ID
Ivor	*	ID IA
Jarratt	*	IA IA
Jonesville	*	IA IC
<i>Keller</i>	*	
Kenbridge	*	IC
Keysville	*	IA ID
Kilmarnock	*	IA IA
La Crosse	*	IA
Lawrenceville	*	IC IA
Lebanon	*	IC
Leesburg		IIF IIF
Louisa	*	IA IA

Principal Reason Eligible to

Name	Accept Cash Proffers	
	2000	2010
TOWNS (Cont'd)		
Lovettsville	*	IIF IIF
Luray		IA ID
Madison	*	ID IA
Marion		ID
McKenney	*	IA IA
Melfa	*	IA
Middleburg	*	IIF IIF
Middletown	*	IC IA
Mineral	*	IC IA
<i>Monterey</i>	*	
Montross	*	IC IA
Mount Crawford	*	IA IA
Mount Jackson	*	IA IA
Narrows	*	ID
<i>Nassawadox</i>	*	
New Castle	*	IA ID
New Market	*	IA IA
Newsoms	*	ID IA
Nickelsville	*	IA
Occoquan	*	IIF IIF
Onancock	*	IA
<i>Onley</i>	*	
Orange		IA IA
<i>Painter</i>	*	
Pamplin City	*	IC IA
Parksley	*	IA
Pearisburg	*	IA
Pembroke	*	IA
Pennington Gap	*	IC
Phenix	*	IC IA
<i>Pocahontas</i>	*	

See "Notes" at end for explanation of "Principal Reason Eligible to Accept Cash Proffers."
Italicized localities have never qualified to collect cash proffers.

Principal Reason Eligible to

<u>Name</u>	<u>Accept Cash Proffers</u>	
<u>TOWNS (Cont'd)</u>	<u>2000</u>	<u>2010</u>
Port Royal	*	IC
Pound	*	IA
Pulaski		ID
Purcellville		IIF
Quantico	*	IIF
Remington	*	IA
Rich Creek	*	ID
Richlands		IA
Ridgeway	*	ID
Rocky Mount		IC
Round Hill	*	IIF
Rural Retreat	*	IA
Saltville	*	IC
<i>Saxis</i>	*	
Scottsburg	*	IC
Scottsville	*	IA
Shenandoah	*	IC
Smithfield		IA
South Boston		IA

Principal Reason Eligible to

<u>Name</u>	<u>Accept Cash Proffers</u>	
<u>TOWNS (Cont'd)</u>	<u>2000</u>	<u>2010</u>
South Hill		IC
St. Charles	*	IC
St. Paul	*	IC
Stanardsville	*	IA
Stanley	*	IA
Stephens City	*	IC
Stony Creek	*	IC
Strasburg		IA
Stuart	*	IC
Surry	*	IA
Tangier	*	IA
Tappahannock	*	IA
Tazewell		IA
The Plains	*	IA
Timberville	*	IA
Toms Brook	*	IA
Troutdale	*	IA
Troutville	*	IC
Urbanna	*	IC

Principal Reason Eligible to

<u>Name</u>	<u>Accept Cash Proffers</u>	
<u>TOWNS (Cont'd)</u>	<u>2000</u>	<u>2010</u>
Victoria	*	IC
Vienna		IIB
Vinton		IC
Virgilina	*	IC
<i>Wachapreague</i>	*	
Wakefield	*	IC
Warrenton		IA
Warsaw	*	IA
Washington	*	IC
Waverly	*	IC
<i>Weber City</i>	*	
West Point	*	IC
White Stone	*	IC
Windsor	*	IC
<i>Wise</i>	*	
Woodstock		IA
Wytheville		IC

See "Notes" at end for explanation of "Principal Reason Eligible to Accept Cash Proffers."
Italicized localities have never qualified to collect cash proffers.

NOTES:

* = Localities not required to report cash proffer activity. 2003 revisions to § 15.2-2303.2 limited the requirement for the reporting on the acceptance of proffered cash payments to only those localities with a population in excess of 3,500 persons or more. Thus, only 35 of the 177 eligible towns are required to report proffered cash payments.

I. Eligibility for acceptance of cash proffers under § 15.2-2298 (High-growth localities):

- A. any locality which had a decennial Census growth rate of 5% or more;
- B. any city adjoining another city or county which had a decennial Census growth rate of 5% or more;
- C. any towns located within a county which had a decennial Census growth rate of 5% or more; and
- D. any county contiguous with at least three counties which had a decennial Census growth rate of 5% or more, and any town located in that county.

II. Eligibility for acceptance of cash proffers under § 15.2-2303:

- A. any county with urban county executive form of government (i.e., Fairfax County);
- B. Any town within Fairfax County;
- C. any city adjacent to or completely surrounded by Fairfax County;
- D. any county contiguous to Fairfax County;
- E. any city adjacent to or completely surrounded by a county contiguous to Fairfax County;
- F. any town within a county contiguous to Fairfax County; and
- G. any county east of the Chesapeake Bay

III. Eligibility for acceptance of cash proffers under § 15.2-2303.1:

- A. New Kent County

Localities in italics have never been authorized to accept cash proffers.

APPENDIX C

**Survey Instrument for
Local Government Revenues and Expenditures
Derived from Proffered Cash Payments
2014 – 2015**

DRAFT

Commission on Local Government 2015 Survey of Cash Proffers Accepted by Local Governments

Date: _____

Locality: _____ County City Town

Name: _____ Title: _____

Phone: _____ Fax: _____

Email: _____

YES	NO
<input type="checkbox"/>	<input type="checkbox"/>

Did your locality accept cash proffers at any time during the 2014-2015 Fiscal Year?

If you answered "No" for the 2014-2015 Fiscal Year, additional information is not needed. Please return the survey to the Commission on Local Government as indicated on the next page.

If you answered "Yes" for the 2014-2015 Fiscal Year, provide the following information concerning the cash proffers accepted by your locality: (See definitions on next page.)

1. Total Amount of Cash Proffer Revenue Collected by the Locality during the 2014-2015 Fiscal Year:
2. Estimated Amount of Cash Proffers Pledged during the 2014-2015 Fiscal Year and Whose Payment Was Conditioned Only on Time:
3. Total Amount of Cash Proffer Revenue Expended by the Locality during the 2014-2015 Fiscal Year:

FY2014-2015
\$
\$
\$

4. Indicate the Purpose(s) and Amount(s) for Which the Expenditures in Number 3 Above Were Made:

Schools	\$
Roads and Other Transportation Improvements	\$
Fire and Rescue/Public Safety	\$
Libraries	\$
Parks, Recreation, and Open Space	\$
Water and Sewer Service Extension	\$
Community Centers	\$
Stormwater Management	\$
Special Needs Housing	\$
Affordable Housing	\$
Miscellaneous	\$

**Total Dollar Amount Expended
(Should Equal Amount in Number 3 Above)** \$

Comments: Use additional sheet if necessary.	
---	--

Please see other side for instructions.

Commission on Local Government 2015 Survey of Cash Proffers Accepted by Local Governments

Please complete this form and return it to the Commission on Local Government by September 30, 2015, using one of the following methods:

- By Mail: J. David Conmy
Commission on Local Government
600 E. Main Street, Suite 300
Richmond, VA 23219
- By Fax: (804) 371-7090
- By Email: A Microsoft Word template of this form may be downloaded at:
<http://www.dhcd.virginia.gov/CommissiononLocalGovernment/pages/cashproffersurvey.htm>
Once completed, send it by email to: david.conmy@dhcd.virginia.gov
- By Online Survey: Link to the survey was provided in a separate email.

Please ensure that only one response is generated for your locality; duplicate responses will require additional staff resources to determine which response is correct.

For any questions, please contact J. David Conmy at (804) 371-8010.

DEFINITIONS

Cash Proffer: (i) any money voluntary proffered in a writing signed by the owner of property subject to rezoning, submitted as part of a rezoning application and accepted by a locality pursuant to the authority granted by Va. Code Ann. § 15.2-2303, or § 15.2-2298, or (ii) any payment of money made pursuant to a development agreement entered into under authority granted by Va. Code Ann. § 15.2-2303.1. This does NOT include cash contributions imposed through conditional/provisional/special use permits as authorized by § 15.2-2286 (A)(3).

Cash Proffer Revenue Collected [§15.2-2303.2(D)(1), Code of Virginia]: Total dollar amount of revenue collected from cash proffers in the specified fiscal year regardless of the fiscal year in which the cash proffer was accepted. Unaudited figures are acceptable.

Cash Proffers Pledged and Whose Payment Was Conditioned Only on Time [§15.2-2303.2(D)(2), Code of Virginia]: Cash proffers conditioned only on time (i.e. linked to a specific date or specified time following rezoning approval but NOT an unknown date such as at the time of certificate of occupancy) approved by the locality as part of a rezoning case. Unaudited figures for the specified fiscal year are acceptable.

Cash Proffer Revenue Expended [§15.2-2303.2(D)(3), Code of Virginia]: Total dollar amount of public projects expended with cash proffer revenue in the specified fiscal year. Unaudited figures are acceptable.

APPENDIX D

**Summary of Survey Responses from Localities
Accepting Proffered Cash Payments
2014 – 2015**

DRAFT

Appendix D
Summary of Survey Responses from Localities Accepting Proffered Cash Payments
Fiscal Year 2014-2015

Locality	Total Cash Proffer Revenue Collected	Total Pledged But Payment Conditioned Only on Time	Total Cash Proffer Revenue Expended	Purpose and Amount For Which Cash Proffer Expenditures Were Made												
				Roads and Other Transportation Improvements		Fire, Rescue, and Public Safety	Library	Parks, Recreation, and Open Space	Water and Sewer Service Extension	Community Centers	Stormwater Management	Special Needs Housing	Affordable Housing	Miscellaneous		
				Schools	Improvements											
Albemarle	\$ 1,081,731	\$ -	\$ 1,029,488	\$ -	\$ 154,488	\$ 375,000	\$ 500,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Amelia	\$ 13,410	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Caroline	\$ 123,246	\$ -	\$ 522,900	\$ -	\$ -	\$ -	\$ 516,650	\$ 6,250	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Chesterfield	\$ 6,567,005	\$ -	\$ 4,484,189	\$ 3,025,000	\$ 814,989	\$ 294,200	\$ 350,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Culpeper	\$ 56,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fairfax	\$ 6,636,765	\$ -	\$ 6,599,402	\$ 2,107,923	\$ 2,529,246	\$ -	\$ 8,946	\$ 1,053,739	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 899,548	\$ -
Fauquier	\$ 374,148	\$ -	\$ 1,540	\$ -	\$ 1,540	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Frederick	\$ 1,112,929	\$ -	\$ 1,161,790	\$ -	\$ -	\$ 1,146,790	\$ -	\$ 15,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Gloucester	\$ 23,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Goochland	\$ 729,506	\$ 413,250	\$ 227,000	\$ -	\$ 177,000	\$ -	\$ -	\$ 50,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Greene	\$ 4,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Hanover	\$ 897,398	\$ -	\$ 65,899	\$ -	\$ 65,899	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Isle of Wight	\$ 584,507	\$ 12,063	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
James City	\$ 2,541,913	\$ -	\$ 2,523,233	\$ 1,981,692	\$ -	\$ 9,668	\$ -	\$ 67,399	\$ 457,451	\$ -	\$ 7,023	\$ -	\$ -	\$ -	\$ -	\$ -
King and Queen	\$ 4,447	\$ -	\$ 4,447	\$ -	\$ -	\$ 4,447	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
King William	\$ 104,575	\$ -	\$ 36,100	\$ -	\$ -	\$ -	\$ -	\$ 36,100	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Loudoun	\$ 33,749,282	\$ -	\$ 11,678,993	\$ -	\$ 7,008,808	\$ 715,736	\$ 837,514	\$ 2,816,332	\$ -	\$ 176,636	\$ -	\$ 123,967	\$ -	\$ -	\$ -	\$ -
Louisa	\$ 24,440	\$ -	\$ 65,520	\$ 65,520	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
New Kent	\$ 209,079	\$ -	\$ 237,004	\$ 121,573	\$ -	\$ 27,201	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 88,230
Powhatan	\$ 370,990	\$ -	\$ 672,460	\$ 500,000	\$ -	\$ 77,099	\$ -	\$ 95,361	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Prince George	\$ 60,632	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Prince William	\$ 20,330,644	\$ 250	\$ 12,464,486	\$ 7,676,500	\$ 3,009,181	\$ 564,067	\$ 476,476	\$ 486,325	\$ -	\$ 248,937	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,000
Rockingham	\$ 10,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Spotsylvania	\$ 1,129,484	\$ -	\$ 349,786	\$ 74,316	\$ 244,743	\$ 1,093	\$ 1,551	\$ 279	\$ 16,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,804
Stafford	\$ 3,439,455	\$ 1,813,000	\$ 3,300,471	\$ 1,443,913	\$ -	\$ -	\$ -	\$ 1,856,558	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Warren	\$ 2,000	\$ -	\$ 113,434	\$ 113,434	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
York	\$ 24,000	\$ 350,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Counties	\$ 80,205,085	\$ 2,588,563	\$ 45,538,143	\$ 17,109,871	\$ 14,005,895	\$ 3,215,301	\$ 2,691,137	\$ 6,483,343	\$ 473,451	\$ 176,636	\$ 255,960	\$ 123,967	\$ 899,548	\$ 103,034	\$ -	\$ -
Charlottesville	\$ 367,782	\$ -	\$ 337,516	\$ -	\$ -	\$ -	\$ -	\$ 156,391	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 181,125	\$ -	\$ -
Chesapeake	\$ 2,593,474	\$ 2,863,894	\$ 152,496	\$ -	\$ -	\$ 152,496	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fairfax	\$ 53,039	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Manassas	\$ 472,200	\$ -	\$ 641,535	\$ 641,535	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Manassas Park	\$ 6,515,082	\$ -	\$ 1,380,168	\$ -	\$ 248,716	\$ 551,480	\$ -	\$ 298,211	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 281,761
Suffolk	\$ 107,741	\$ -	\$ 75,000	\$ -	\$ 75,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Virginia Beach	\$ 44,250	\$ -	\$ 192,550	\$ -	\$ -	\$ -	\$ -	\$ 192,550	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Winchester	\$ 8,880	\$ -	\$ 8,880	\$ -	\$ -	\$ -	\$ -	\$ 8,880	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Cities	\$ 10,162,448	\$ 2,863,894	\$ 2,788,145	\$ 641,535	\$ 323,716	\$ 703,976	\$ -	\$ 656,032	\$ -	\$ -	\$ -	\$ -	\$ 181,125	\$ 281,761	\$ -	\$ -
Herndon	\$ 6,500	\$ -	\$ 55,000	\$ -	\$ -	\$ -	\$ -	\$ 55,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Leesburg	\$ 1,592,549	\$ -	\$ 966,662	\$ -	\$ 966,662	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Luray	\$ 165,000	\$ -	\$ 165,000	\$ -	\$ 165,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Smithfield	\$ 510	\$ -	\$ 510	\$ -	\$ -	\$ 510	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Towns	\$ 1,764,559	\$ -	\$ 1,187,172	\$ -	\$ 1,131,662	\$ 510	\$ -	\$ 55,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
GRAND TOTAL	\$ 92,132,092	\$ 5,452,457	\$ 49,513,460	\$ 17,751,406	\$ 15,461,273	\$ 3,919,787	\$ 2,691,137	\$ 7,194,375	\$ 473,451	\$ 176,636	\$ 255,960	\$ 123,967	\$ 1,080,673	\$ 384,795	\$ -	\$ -

Percent of Total Cash Proffer Expenditures 35.9% 31.2% 7.9% 5.4% 14.5% 1.0% 0.4% 0.5% 0.3% 2.2% 0.8%

APPENDIX E

**Summary of Statewide Cash Proffer Revenues and Expenditures
FY 1999 – 2000
through
FY 2014 – 2015**

DRAFT

Cash Proffer Revenues and Expenditures, FY2000-FY2015

