

**DRAFT Minutes
Regular Meeting
Commission on Local Government
10:00 a.m., March 8, 2010
The Virginia Housing Center
Henrico Room 2
4224 Cox Road
Glen Allen, Virginia**

Members Present

Harold H. Bannister, Jr., Chairman
Wanda C. Wingo, Vice-Chairman
Cole Hendrix
Vola T. Lawson
Kathleen K. Seefeldt

Members Absent

Staff Present

Susan Williams, Local Government Policy Manager
Steve Ziony, Principal Economist

Call to Order

Commission Chairman Harold H. Bannister, Jr., called the meeting to order at 10:03 a.m. on March 8, 2010 in Henrico Room 2 at the Virginia Housing Center in Glen Allen, Virginia.

I. Administration

A. Approval of Minutes of January 11, 2010 Meeting

Mrs. Wingo made a motion that the minutes of the Commission's regular meeting of January 11, 2010 be approved. Such motion was seconded by Mrs. Seefeldt, and the Commission unanimously approved the minutes without amendment.

B. Public Comment Period

The Chairman opened the floor to receive comments from the public. No person appeared to testify before the Commission during the public comment period.

Minutes

Regular Meeting

10:00 a.m., March 8, 2010

Page 2

C. Presentation of Financial Statement for February 2010

Referencing an internally produced financial statement that encompassed expenditures through the end of February 2010, Ms. Williams stated that the financial report covered two-thirds of Fiscal Year 2010 (FY10) and that Commission personnel and non-personnel expenditures for that eight-month period represented 69.6% of the total amount budgeted for the fiscal year. On a motion made by Mr. Hendrix and seconded by Mrs. Wingo, the members accepted the report for filing.

D. Local Government Policy Manager's Report

1. Recruitment for Senior Policy Analyst Position

Ms. Williams explained that the senior policy analyst position vacated by Mr. Bolster on January 5 was posted on January 6, and the application deadline was February 10. Ms. Williams stated that interviews took place during the week of March 1 and that an offer of employment was being made.

2. Potential Issues

Ms. Williams provided a brief update concerning potential interlocal issues involving the Town of Culpeper – Culpeper County; the City of Covington – Alleghany County; the City of Bedford – Bedford County; the Town of Clarksville – Mecklenburg County; and the Towns of Cheriton and Cape Charles – Northampton County. She directed members' attention to numerous newspaper articles concerning these issues that were included in their agenda packages. She indicated that Art Mead with the Weldon Cooper Center who is providing staff support to the Citizens Committees in Covington and Alleghany County recently contacted her with a number of questions, to which she will respond as soon as possible.

3. Recent Activities

Ms. Williams indicated that she attended the meeting of the Joint Subcommittee Studying Development and Land Use Tools on January 12. In addition, she participated in the VML-VACo Legislative Day on February 11 as well as the Virginia Association of Planning District Commissions (VAPDC) Winter Conference on February 17. She has also been attending Senate Local Government and House Counties, Cities and Towns Committee and Subcommittee meetings as well as weekly VML-VACo Legislative Liaisons meetings since the General Assembly Session convened on January 13.

II. Town of New Market – County of Shenandoah Proposed Voluntary Settlement Agreement

Mr. Bannister recognized the representatives of the Town of New Market and Shenandoah County in attendance at the meeting, and they introduced themselves as follows: Chris Boies, New Market Town Manager; Vincent Poling, Shenandoah County Administrator; Chad Neese, New Market Town Planner / Assistant to the Town Manager; Brandon Davis, Shenandoah County Director of Planning and Zoning; and John Blosser, New Market Vice Mayor.

Ms. Williams then made preliminary comments regarding the proposed Voluntary Settlement Agreement between the Town of New Market and Shenandoah County. She explained that, on February 24, 2010, the Commission received a submission requesting that the Commission review and issue findings on the proposed agreement. She indicated

Minutes

Regular Meeting

10:00 a.m., March 8, 2010

Page 4

that the agreement was negotiated pursuant to Va. Code § 15.2-3400. She stated that, as required by 1 Virginia Administrative Code Section 50-20-230:

- The submission included separate resolutions of the New Market Town Council and the Shenandoah County Board of Supervisors requesting the Commission to review the agreement.
- The resolutions stated the intention of the governing bodies to adopt the agreement subsequent to the Commission's review.
- The resolutions indicated the title of the individual who will serve as each locality's principal contact with the Commission during the review period.

Ms. Williams stated that New Market Town Manager Chris Boies and Shenandoah County Administrator Vincent Poling were designated by their respective local governing bodies as the principal contacts with the commission during the period of its review. Ms. Williams added that she will continue to work directly with New Market Town Planner / Assistant to the Town Manager Chad Neese concerning meeting logistics and other administrative matters that may arise in connection with the submission.

Ms. Williams explained that the initial submission did not include a list of the local governments receiving notice of the referral of the agreement to the Commission. She reminded members that the pertinent regulation requires the parties to a proposed agreement to concurrently give notice of the referral to each Virginia local government with which any of the parties is “contiguous, or with which any of the parties shares any function, revenue, or tax source” and that all such notices be accompanied by a copy of the proposed agreement (or a descriptive summary) and an annotated listing of all documents, exhibits, and other materials submitted to the commission in support of the proposed agreement. Ms. Williams stated that the Town is working on the notice to the local governments as well as the notice to the Commission, both of which are expected soon.

Minutes
Regular Meeting
10:00 a.m., March 8, 2010
Page 5

Ms. Williams indicated that, on February 25, she sent a letter to the parties on behalf of the Commission acknowledging receipt of the submission and notifying them of the March 8 regular Commission meeting as well as the tentative schedule of meetings for May 3 and 4 in New Market.

Ms. Williams said that she will be carefully reviewing the submission and, if necessary, preparing a written request for additional information from the parties by the end of the month. She then provided a brief overview of the authority, standard of review, timeframe and advertising requirements associated with the Commission's review of proposed voluntary settlement agreements.

Next, Mr. Bannister called on representatives of the Town and County to make their remarks. Town Manager Chris Boies highlighted the major provisions contained in the proposed voluntary settlement agreement submitted for review. He was followed by County Administrator Vincent Poling who expressed the County's support for the agreement and offered additional background information regarding the County's experience with boundary adjustments by its towns as well as an earlier voluntary settlement agreement.

Mr. Banister invited members to ask any questions they may have of the Town or County representatives. Mr. Hendrix asked for the current population of the proposed annexation area, and Mr. Neese indicated that he would provide an estimate. Mr. Hendrix asked about how the county might develop the area absent the agreement, and a brief discussion ensued during which Mr. Poling described a model currently employed by the county that is used to determine the fiscal impact of proposed development on the

Minutes

Regular Meeting

10:00 a.m., March 8, 2010

Page 6

County. He further indicated that, absent the agreement, there likely would not be much development in the area proposed for annexation.

Ms. Lawson inquired as to the duration of the revenue sharing component included in the proposed agreement, and the response was 30 years. Mrs. Seefeldt inquired as to the student population in Shenandoah County, and the response was 5,000 – 6,000.

Mr. Bannister requested the following information: information as to the number of existing public school students in the Town updated from that which appears in Attachment 5 to the submission; a copy of the County’s comprehensive plan; a map depicting the infrastructure currently located in the proposed annexation area; and a key to the classifications used in the “Assessed Real Estate Values by Major Classification” chart, which appears in Attachment 6 to the submission. Mr. Neese restated the requests for information from the Town, which he agreed to provide. He also indicated that, prior to the start of the meeting, he provided Ms. Williams with updates to several attachments to the original submission.

Finally, the members approved the following schedule for their May 2010 meetings in New Market:

Commission Meeting (Regular) – Monday, May 3 at 3:00 PM

Public Hearing – Monday, May 3 at 7:00 PM

Tour of affected area – Tuesday, May 4 at 9:00 AM

Oral Presentations – Tuesday, May 4 at 10:30 AM

Commission Meeting (Special) – Tuesday, May 4 at 12:00 Noon

Minutes

Regular Meeting

10:00 a.m., March 8, 2010

Page 7

III. Commending Resolution for Mr. Bolster

Ms. Williams referenced a resolution distributed to the members prior to the meeting, which commends Mr. Bolster for his dedicated service to the Commission. On a motion by Mrs. Seefeldt, which was seconded by Mr. Hendrix, the Commission unanimously adopted the resolution. Mr. Bannister asked that Mr. Bolster be invited to an upcoming regular Commission meeting for presentation of the resolution.

IV. Fiscal Stress Report for 2007/2008

Steve Ziony, the Commission's principal economist, explained that he has created two Excel workbooks offering templates through which the basic data and computed statistics that underlie the fiscal stress index can be displayed for every county and city in Virginia. Mr. Ziony demonstrated these products within the framework of a discussion covering the economic and fiscal circumstances of Bath County across 2006/2007 and 2007/2008. He noted that, in the production of a composite stress variable, z-score statistics are derived from the 95 county and 39 municipal "raw scores" on each of three indicators of fiscal strain – revenue capacity per capita, revenue effort, and median adjusted gross income. Mr. Ziony explained that the z-score distributions, all of which are characterized by a mean of 0 and a standard deviation of 1, ensure measurement equivalence across the several dimensions of the index. Mr. Ziony added, however, that two sets of derivative values (i.e., the jurisdictional z-scores linked to revenue capacity per capita and median adjusted gross income) must be successively multiplied by -1 in order to create distributions manifesting directional consistency with the local z-score series calculated from the baseline measure of revenue effort. According

Minutes

Regular Meeting

10:00 a.m., March 8, 2010

Page 8

to Mr. Ziony, in each of the aligned distributions, the larger z-scores indicate relatively high stress, and the smaller values denote comparatively low stress.

Mr. Ziony explained that, at the succeeding stage of the computational exercise, every z-score distribution (i.e., relative stress variable) is transformed into a congruent measure with a mean of 55 and a standard deviation of 5 for the purpose of eliminating negative numbers from the array of jurisdictional values. Mr. Ziony emphasized that the conversion procedure does not alter the relative position and distance of any specified jurisdiction in regard to each of the other localities. He stated that every transformed z-score series, then, preserves the shape of the original distribution. Next, Mr. Ziony declared, a fiscal stress total is generated with respect to any given locality through the addition of its converted z-scores (or relative stress values) on the capacity, effort, and adjusted gross income dimensions. He explained that, once a set of composite index scores has been developed in this manner for all counties and cities, the entire distribution of computed values is numerically ordered and divided into a series of stress classes – low, below average, above average, and high – defined with reference to the statewide mean and standard deviation statistics.

Mr. Ziony stated that, through the use of the foregoing methodology, he recently produced jurisdictional index scores and classifications pertaining to 2007/2008. He stated that the full report of his findings, which was provided to members in advance of the meeting, as well as the two Excel workbooks, will be posted on the Commission's web site in the near future.

Minutes

Regular Meeting

10:00 a.m., March 8, 2010

Page 9

A brief discussion ensued at the conclusion of which Mrs. Lawson made a motion that the Commission approve the Fiscal Stress Report for 2007/2008. Mrs. Seefeldt seconded the motion, and the report was unanimously approved by the Commission.

V. Assessment of State and Federal Mandates on Local Governments

Ms. Williams directed members' attention to a spreadsheet in their agenda packages that identified six mandates for assessment in Fiscal Year 2011. The identified mandates are administered by the Department of Education; the Department of Criminal Justice Services; the Department of Juvenile Justice; the Department of Professional and Occupational Regulation; the Department of Rail and Public Transportation; and the Department of Transportation. Ms. Williams indicated that each agency responded promptly to her request for their proposed assessment periods, which appear on the spreadsheet. She indicated that the catalog entry for each of these mandates was also included in their meeting materials. On a motion made by Mrs. Wingo and seconded by Mrs. Lawson, the Commission unanimously approved the proposed assessment periods, which will be promptly forwarded to the Secretary of Commerce and Trade and the Governor for their approval.

VI. 2010 General Assembly Session

Ms. Williams stated that the General Assembly Session convened on January 13 and is scheduled to adjourn on March 13 and that today is the last day for committee action on legislation. She also indicated that the Veto Session is scheduled for April 21 and that there may be two special sessions this year – one on restructuring state government and the other on transportation. She also mentioned Governor McDonnell's

Minutes

Regular Meeting

10:00 a.m., March 8, 2010

Page 10

Executive Order Two, which established the Commission on Government Reform and Restructuring.

Ms. Williams indicated that a total of 2,774 bills were introduced this year. Commission staff prepared a total of 68 Legislative Action Summaries and nine Fiscal Impact Estimates earlier in the Session and has prepared 41 Enrolled Bill Reviews to date.

1. Fiscal Impact Analysis Process

Ms Williams stated that 36 localities volunteered to participate in the fiscal impact analysis process this year – ten cities; two towns; and 24 counties. She called members' attention to a "scorecard" that was included in their meeting materials, which indicates each volunteer locality's performance. Ms. Williams noted that the Cities of Danville and Lynchburg and the Counties of Campbell, Henrico, Rappahannock, Roanoke and Spotsylvania each had a response rate of 100 percent and each of them responded 100 percent on time. Ms. Williams added that the scorecard will be provided to VML and VACo. She stated that nine bills were referred by the Division of Legislative Services to the Commission for fiscal impact analysis. Of these, three bills were referred at the request of VML; two at VACo's request; and one was a joint VML-VACo request. Of the bills analyzed, seven were defeated, tabled or continued; one is awaiting action in a Senate Courts subcommittee; and one was amended so that it no longer has a local fiscal impact. Mr. Bannister directed Ms. Williams to prepare a letter of appreciation to the participating local contacts for all members' signatures at the next meeting.

Minutes

Regular Meeting

10:00 a.m., March 8, 2010

Page 11

2. Bills of Interest and Legislative Action Summaries

Ms. Williams stated that, at the January 12 meeting of the Joint Subcommittee Studying Development and Land Use Tools, draft legislation – which became HB 1071 and SB 420 – was presented but not endorsed by the Joint Subcommittee. Delegate Athey and Senator Vogel introduced the measures, which have both passed. Ms. Williams briefly described the identical bills, explaining that they set certain densities in urban development areas (UDAs) according to the population of the locality that designated the UDA. The bills also require that, to the extent possible, certain federal funding and state water and sewer facility and public infrastructure funding be directed to UDAs or other designated growth areas. She stated that the bills also mandate that the Commission on Local Government report on localities' compliance with the statute requiring the designation of UDAs, and she described the following provisions in the bills, which impact the work of the Commission:

- Require documents describing all UDA designations, as well as any resolution adopted by the locality, along with associated written policies, zoning provisions and other ordinances and the capital improvement plan be forwarded to the Commission on Local Government within 90 days of adoption or amendment;
- Require the Commission to report annually to the Governor and the General Assembly on the overall compliance with Va. Code § 15.2-2223.1, including the densities achieved within each UDA;
- Require the Commission to develop an appropriate report format in concert with the relevant PDC; and
- Prohibit the Commission from imposing any additional administrative burden on localities in preparing the report.

Ms. Williams then described HB 428 introduced by Delegate Griffith, which repeals the provisions in the *Code of Virginia* that currently require the following types of bills to be filed no later than the first day of a legislative session: charter, claims, optional county form of government, corrections impact, local fiscal impact, sales tax exemption

Minutes
Regular Meeting
10:00 a.m., March 8, 2010
Page 12

and Virginia Retirement System. She indicated that, without the first day introduction requirement for bills that have a local fiscal impact, the fiscal impact estimates prepared by staff may not be as timely in years to come.

3. Budget

Ms. Williams stated that the House Appropriations and Senate Finance Committees reported their budgets on February 21, and the House and Senate approved their respective budgets on February 25. She noted that there are no budget amendments in either version that pertain specifically to the Commission. She indicated, however, that neither version lifts the suspension of per diem paid to citizen members of executive branch boards and commissions and both versions address state employee compensation in different ways. Ms. Williams reported that the House and Senate budget conferees were appointed on March 3 and that the conference report on the Budget Bill is supposed to be available by noon on March 11.

Ms. Williams indicated that state funding to the Planning District Commissions (PDCs) was eliminated in the Senate version of the budget but was not further reduced in the House version. She stated that, in response to a request from one of the PDCs, she prepared the following timeline of budget cuts sustained by the PDCs at the recommendation of Governor Kaine:

- 5 percent in October 2007;
- 1.5 percent in August 2008;
- 9.1 percent in December 2008; and
- 10 percent in September 2009

Minutes
Regular Meeting
10:00 a.m., March 8, 2010
Page 13

She further indicated that the budget introduced by Governor Kaine includes another 15 percent reduction in their funding based on the amount they were receiving in December 2008.

Ms. Williams stated that she had received a number of requests for information regarding the City of Charlottesville – Albemarle County Revenue Sharing Agreement as well as the revenue sharing spreadsheet prepared by Mr. Ziony last fall. She directed members' attention to a number of newspaper articles included in their meeting materials regarding the agreement, which she noted was not reviewed by the Commission. Ms. Williams then reported that a budget amendment approved by the House would transfer \$2.8 million each year from Charlottesville to Albemarle to offset a portion of the local revenue sharing agreement payment.

VII. Scheduling of Regular Meetings

The Commission confirmed that its next regular meeting is scheduled to take place on Monday, May 3, 2010 at 3:00 p.m. at a location to be determined in New Market, Virginia. The Commission confirmed that future regular meetings are scheduled for July 12; September 13; and November 15, 2010 and will be held at the Virginia Housing Center in Glen Allen, provided that space is available there.

Minutes
Regular Meeting
10:00 a.m., March 8, 2010
Page 14
VIII. Adjournment

There being no further business to come before the Commission, on motion by Mr. Hendrix that was seconded by Mrs. Wingo, the meeting was adjourned at 1:14 p.m.

Harold H. Bannister, Jr.

Chairman

Susan B. Williams

Local Government Policy Manager