



Glenn Youngkin
Governor

Juan Pablo Segura
Secretary of
Commerce and Trade

COMMONWEALTH of VIRGINIA

Maggie Beal
Interim Director

DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT

July 11, 2025

MEMORANDUM

TO: Members of the Commission on Local Government

FROM: DHCD Staff

SUBJECT: Commission on Local Government Meeting – July 18, 2025

Dear Commissioners,

Enclosed is the draft agenda and information package for the Commission on Local Government regular meeting to be held on **Friday, July 18, 2025, at 12:30 p.m.** The Commission meeting will be held in an all-virtual format via Microsoft Teams. The virtual login information may be found in the calendar invite for the meeting, as well as on the meeting agenda in this packet.

Please find enclosed the following:

1. Draft Agenda for the July Regular Meeting of the Commission
2. Draft Minutes of the May 9, 2025 Regular Meeting of the Commission
3. Draft Proposed Stage Text of 1VAC-50-30
4. State Agency Guide to the Standard Regulatory Process

If you have any questions or require additional information, please contact Chase Sawyer at chase.sawyer@dhcd.virginia.gov or 804-310-5872. We look forward to seeing you virtually on July 18.

Enclosure





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AGENDA

Commission on Local Government

Regular Meeting

July 18, 2025

12:30 PM

All-Virtual Public Meeting
via Microsoft Teams

Electronic Meeting Access Information

Microsoft Teams Joining Information: [Click here to join the meeting](#)

Meeting ID: 228 881 615 645 | Passcode: E8cS7Lr9

Call in (audio only) +1 434-230-0065 | Phone Conference ID: 244 149 018#

1. Please contact Chase Sawyer (chase.sawyer@dhcd.virginia.gov) for additional information on how to connect to the meeting electronically.
2. The Public Comment portion of the meeting will be limited to thirty (30) minutes. Each person wishing to give comments before the Commission should limit their comments to three (3) minutes. These rules are subject to change without notice by the Commission Chair. It is encouraged to pre-register for public comment by contacting Chase Sawyer (chase.sawyer@dhcd.virginia.gov) in advance of the meeting.
3. Members of the public viewing the meeting through the Microsoft Teams option are required to mute themselves during the meeting unless called upon by the Commission Chair to speak. The CLG reserves the right to remove from its virtual meetings anyone who does not abide by these rules.
4. Access to meeting materials for members of the public is available on the corresponding meeting page of the [Virginia Regulatory Town Hall website](#) and on [Commonwealth Calendar](#).



Commission on Local Government
Regular Meeting – July 18, 2025

- | | |
|--|-------|
| I. <u>Call to Order</u> | Chair |
| II. <u>Administration</u> | |
| a. Approval of the Draft Agenda | Chair |
| b. Approval of the Minutes: May 9, 2025 | Chair |
| c. Public Comment Period | Chair |
| d. Staff's Report | Staff |
| III. <u>Cases Before the Commission</u> | |
| a. Update on Previous Cases | Staff |
| b. Update on Potential Cases | Staff |
| IV. <u>Regulatory Items</u> | |
| a. Fiscally Distressed Localities Regulations (1VAC50-30) | Staff |
| i. Proposed Stage Regulations | |
| ii. Commission Deliberation and Action | |
| V. <u>Alternative Meeting Locations</u> | |
| a. Discussion of Alternative Meeting Locations for
Regular Meetings of the Commission | Chair |
| VI. <u>Other Business</u> | Chair |
| VII. <u>Adjournment</u> | Chair |

*The next regular meeting of the Commission on Local Government is currently scheduled for
September 12, 2025.*



**Minutes of the
COMMISSION ON LOCAL GOVERNMENT**

May 9, 2025

12:36 PM

**Virginia Housing Center
4224 Cox Road
Glen Allen, Virginia**

Members Present

Heather Cordasco
Ceasor Johnson (Remote)
Robert Lauterberg, Chair
Terry Payne, Vice Chair
Edwin Rosado

Members Absent

None

Department of Housing and Community Development (DHCD) staff present for all or part of the meeting:

Andrew Malloy, Senior Policy Analyst
Sulaiman Safi, Board Coordinator
Chase Sawyer, Policy Manager

Call to Order

Commissioner Lauterberg, Chair of the Commission on Local Government, called the regular meeting to order at 12:36 p.m.

Roll Call

The roll was called by Mr. Malloy. Mr. Malloy reported that a quorum was present.

Remote Participation

Prior to the meeting, Commissioner Johnson had been approved by the Chair to participate electronically. Commissioner Johnson participated electronically from the Lynchburg, VA area due to his principal residence being more than 60 miles from the location of the meeting.

Approval of Agenda

A motion was made by Commissioner Rosado and seconded by Commissioner Payne to approve the draft agenda. The motion passed on a unanimous voice vote (YEAS: Cordasco, Johnson, Lauterberg, Payne, Rosado; NAYS: None).

Approval of Minutes

Following discussion, a motion was made by Commissioner Rosado and seconded by Commissioner Cordasco to approve the minutes of the March 7, 2025 regular meeting with an amendment to strike the last sentence of the Schedule of Regular Meetings section. The motion passed on a unanimous voice vote (YEAS: Cordasco, Johnson, Lauterberg, Payne, Rosado; NAYS: None).

Public Comment

Commissioner Lauterberg opened the floor for public comment. After seeing no speakers, Mr. Lauterberg closed public comment.

Cases Before the Commission

Mr. Malloy provided an update on the status of previous cases that were before the Commission. Mr. Malloy reported that the Voluntary Settlement Agreement (VSA) between the Town of Warrenton and Fauquier County was approved by both the Town and the County in December 2024, and that a three-judge panel appointed by the Supreme Court of Virginia had recently approved the agreement. Mr. Malloy also reported that there were no potential cases at this time.

Regulatory Reduction Action
(1VAC50-20)

Mr. Malloy provided an update on the regulatory reduction action initiated by the Commission pursuant to Executive Order 19 (2022). Mr. Malloy stated that the process is transitioning from the Proposed Stage to the Final Stage and that staff has prepared the final draft regulations as part of the agency's effort to reduce regulatory requirements by 25%.

Mr. Sawyer provided additional information regarding the actions taken by the Commission to date related to regulatory reduction efforts and outlined the next steps in the regulatory process.

A motion was made by Commissioner Rosado and seconded by Commissioner Payne to approve the Final Stage regulation as presented and allow staff to make non-substantial changes if necessary. The motion passed on a unanimous voice vote (YEAS: Cordasco, Johnson, Lauterberg, Payne, Rosado; NAYS: None).

Fiscally Distressed Localities
Regulations (SB645) Update

Mr. Sawyer provided an update on the status of the Fiscally Distressed Localities Regulations. Mr. Sawyer stated that the emergency regulations are currently in effect and that the Notice of Intended Regulatory Action (NOIRA) Stage was recently completed with no public comments received. Mr. Sawyer reminded the Commission of the stakeholder outreach efforts that were conducted prior to the emergency regulations going into effect and stated that staff would continue to engage with relevant stakeholders as the regulations progressed through the standard regulatory process. Commissioners discussed the regulations and requested additional information regarding the factors considered by the Auditor of Public Accounts (APA) when determining the existence of fiscal distress in a locality.

Cash Proffer Survey Instrument

Mr. Sawyer presented on the cash proffer survey instrument. Commissioners discussed cash proffers and their utilization. A motion was made by Commissioner Johnson and seconded by Commissioner Rosado to approve the cash proffer survey instrument. The motion passed on a unanimous voice vote (YEAS: Cordasco, Johnson, Lauterberg, Payne, Rosado; NAYS: None).

2025 General Assembly Session

Mr. Malloy reported on legislation of interest to the Commission passed during the 2025 General Assembly Session. Mr. Malloy highlighted the following items:

- **Budget Item 102.X.** – identification of programs similar to the Longtime Owner Occupancy Program (LOOP) of Philadelphia, PA intended to keep long-term residents in their primary homes as real property taxes increase and review of eligibility criteria; DHCD to submit findings and recommendations
- **HB2153** – development of a document by DHCD to assist localities with the stimulation of affordable housing, including development by nonprofit organizations
- **HB2396/SB1270** – technical advisory group convened by VHDA to evaluate the prevalence of deed fraud and develop recommendations for prevention; DHCD to assist technical advisory group as necessary

Commissioner Rosado expressed interest in participating in the LOOP-related workgroup on behalf of the Commission. In accordance with 1VAC50-20-50, Commissioner Lauterberg approved of Commissioner Rosado's request to represent the Commission on the LOOP-related workgroup.

Other Business

Commissioner Lauterberg opened the floor for other business before the Commission.

The Commission discussed and agreed that, moving forward, the Commission on Local Government will begin its meetings at 12:30 p.m. while maintaining flexibility to adjust the meeting start time to accommodate Commissioner availability.

Commissioner Payne suggested the Commission consider holding its meetings in different locations throughout the

Commonwealth and conducting site visits at the different locations to explore topics of interest to the Commission. The Commission discussed Commissioner Payne's suggestion. Commissioner Lauterberg asked staff to include the topic of site visits on the next meeting agenda and encouraged commissioners to come prepared with topics or areas they would like to explore and learn more about.

Commissioner Lauterberg provided an update on the work of the Fiscal Stress Report workgroup. Commissioner Lauterberg reminded the Commission of the workgroup's efforts to date and the findings of the workgroup, specifically that the current methodology of the report may be missing key determinants that could more accurately predict fiscal stress. Commissioner Lauterberg stated that he intends to continue discussing possible revisions to the Fiscal Stress Report with subject matter experts and relevant stakeholders.

Adjournment

A motion was made by Commissioner Rosado and seconded by Commissioner Payne to adjourn the meeting of the Commission. The motion passed on a unanimous voice vote (YEAS: Cordasco, Johnson, Lauterberg, Payne, Rosado; NAYS: None). The meeting adjourned at 2:00 p.m.

Regulations to Implement Provisions of Section 15.2512.1 of the Code of Virginia
Draft Proposed Stage Text for Commission Approval – July 18, 2025

Virginia Administrative Code
Title 1. Administration
Agency 50. Commission on Local Government

Chapter 30

Regulation of Procedures Concerning Fiscally Distressed Localities

Part I

General

1VAC50-30-10. Definitions.

The following words and terms when used in this chapter shall have the following meanings unless a different meaning is provided or the context clearly indicates otherwise:

"Auditor" means the Auditor of Public Accounts.

"Auditor's notification" or "notification" means the written notification indicating the existence of fiscal distress in a specific locality issued by the auditor pursuant to § 15.2-2512.1 of the Code of Virginia. The auditor's notification contains the following elements:

1. The auditor's conclusion that a locality meets the criteria for fiscal distress and that such fiscal distress exists based on the auditor's completion of a follow-up review of the locality pursuant to § 15.2-2512.1 D of the Code of Virginia;
2. A statement that either the local governing body or chief executive officer requests assistance or the auditor is of the opinion that state assistance, oversight, or targeted intervention is needed, either to further assess, help stabilize, or remediate the situation; and
3. Specific issues or actions that need to be addressed by state assistance, oversight, or intervention.

"Chair" means the Chair of the Commission on Local Government.

"Commission" means the Commission on Local Government.

"Commission hearing" means a proceeding where any party or witness may present evidence, either orally or in writing, as allowed by this chapter to the commission to amplify the party's submissions, to critique, and to offer comment upon the submissions and evidence offered by other parties and witnesses and to respond to questions relative to the issue from the

commission. Commission hearings may extend for a period of time that the commission deems appropriate.

"Emergency fiscal manager" means an official appointed by the Commission on Local Government to implement a remediation plan approved by the commission under § 15.2-2512.1 H of the Code of Virginia to restore fiscal health for a locality in the Commonwealth. The "emergency fiscal manager" has all authority granted to the emergency fiscal manager by law and this chapter.

"Executive director" means the Executive Director of the Commission on Local Government pursuant to § 15.2-2901 of the Code of Virginia.

"Fiscal distress" means a situation whereby the provision and sustainability of public services in a locality or a locality's ability to appropriately fund financial liabilities is threatened by various administrative and financial shortcomings, including cash flow issues; inability to pay expenses; revenue shortfalls; deficit spending; structurally imbalanced budgets; billing and revenue collection inadequacies and discrepancies; debt overload; failure to meet obligations to authorities, school divisions, or political subdivisions of the Commonwealth; lack of trained and qualified staff to process administrative and financial transactions; or the inability to timely produce an audited financial report. Fiscal distress may be caused by factors internal to the locality or external to the locality, and in various degrees such conditions may or may not be controllable by management or the local governing body or its constitutional officers.

"Locality" means a city, county, or town in the Commonwealth that is determined to be in fiscal distress by the auditor after a review under the procedures created by § 15.2-2512.1 of the Code of Virginia or § 4-8.03 of any appropriations act signed into law.

"Oversight authority" means the authority granted to the commission by § 15.2-2512.1 of the Code of Virginia. "Oversight authority" includes the ability to act in an oversight capacity, obtain technical assistance from the Auditor of Public Accounts, and exercise all authority to investigate, make and issue decisions, promulgate and issue procedural rules and orders, hold hearings, write reports, and otherwise execute the powers and authority granted to the commission by § 15.2-2512.1 and subdivision 9 of § 15.2-2903 of the Code of Virginia.

"Party" means any entity, person, or group of persons that the commission has oversight authority over pursuant to § 15.2-2512.1 of the Code of Virginia. It may include localities, the state-appointed intervention staff, and the emergency fiscal manager.

"Planning District 19" means the planning district organized under the Regional Cooperation Act (§ 15.2-4200 et seq. of the Code of Virginia) that, as of July 1, 2024, is known as Planning District 19. The boundaries of Planning District 19 are the boundaries established by the Department of Housing and Community Development as of July 1, 2024. All localities within those boundaries as of July 1, 2024, are considered part of Planning District 19 for the purposes of this chapter.

"Proceeding" means any process or proceeding governed by this chapter, including commission hearings.

"Public hearing" means an opportunity for input from the public on an issue before the commission.

"State-appointed intervention staff" means public employees or private contractors hired or procured by the governor under the authority provided pursuant to § 15.2-2512.1 of the Code of Virginia. It does not include the commission, commission staff, or the emergency fiscal manager.

1VAC50-30-20. Scope of commission oversight of fiscally distressed localities generally.

A. The commission's oversight authority shall begin when the executive director receives notice from the Governor that the auditor has issued a notification indicating the existence of fiscal distress in a specific locality pursuant to § 15.2-2512.1 of the Code of Virginia. The Governor's notice will request that the commission assume oversight authority pursuant to the notification.

B. Upon the executive director's receipt of notice from the Governor under subsection A of this section and before taking any actions related to the auditor's notification, the commission will send an initial notice to the Governor, the auditor, and the chief executive officer of the locality stating that the commission has initiated its oversight authority pursuant to § 15.2-2512.1 of the Code of Virginia and this chapter. The notice will (i) provide an overview of the commission's oversight authority that indicates the potential resolutions, reports, decisions, or other orders that might be issued under § 15.2-2512.1 of the Code of Virginia and this chapter; (ii) contain contact information consisting of the name, telephone number, and government email address of the commission staff assigned to answer questions or otherwise assist the locality; and (iii) state that the locality shall enjoy the rights and privileges described in § 15.2-2512.1 of the Code of Virginia and this chapter in proceedings governed by this chapter, including:

1. To appear in person or by counsel or other qualified representative before the commission;
2. To have notice of any contrary fact basis or information in the possession of the commission that can be relied upon in the writing of any report or the making of any decision against the locality; and
3. To be informed, briefly and generally in writing, of the factual or procedural basis for a decision against the locality to the extent such information is not included in a commission report.

C. For localities not located in Planning District 19, the commission's oversight authority ends upon the issuance of a report of its findings and conclusions to the Governor and the Chairs of the House Committees on Appropriations and Counties, Cities, and Towns and the Senate

Committees on Finance and Appropriations and Local Government in accordance with § 15.2-2512.1 G of the Code of Virginia and 1VAC50-30-100.

D. For localities located in Planning District 19, the commission's oversight authority will end when the locality has either (i) met the benchmarks and criteria of and has otherwise satisfied and completed an approved remediation plan, whether in fact or through consent, to the commission's satisfaction or (ii) taken appropriate action to address the issues raised by the auditor in its notification to the Governor under § 15.2-2512.1 D of the Code of Virginia.

E. The commission will determine whether a locality has taken appropriate action to address the issues in subsection D of this section either (i) by issuing a report under 1VAC50-30-110 concluding that the locality has taken appropriate action or (ii) through the terms of a consent decree with the locality.

F. If the commission determines that the terms of any consent decree entered into under this chapter have not been met or will not be met by the locality, it may hold and issue additional proceedings and reports under Part II (1VAC50-30-90 et seq.) of this chapter and exercise all other authority granted by § 15.2-2512.1 of the Code of Virginia and this chapter regardless of whether such authority has been exercised previously.

G. The commission may amend its reports, resolutions, decisions, or orders for any reason within 60 days of issuance or at any time for good cause shown.

H. The commission may rescind or amend its appointment of the emergency fiscal manager if the person being appointed declines the appointment, dies, resigns, or is otherwise unable to perform the duties of the appointment.

1VAC50-30-30. Commission not to reject oversight authority in certain circumstances.

A. The commission will not reject oversight authority on the grounds that the auditor's review that led to its notification occurred before July 1, 2024, or because the factual basis for the notification is based on events that occurred before July 1, 2024.

B. The commission has oversight authority in all cases where the auditor has issued a notification, initiated a review of a locality, and made conclusions or determinations based on that review under authority granted by § 4-8.03 of any appropriations act signed into law so long as the resulting notification otherwise fulfills the requirements of § 15.2-2512.1 of the Code of Virginia and this chapter.

1VAC50-30-40. General provisions regarding commission oversight of fiscally distressed localities.

A. In addition to complying with the State and Local Government Conflict of Interests Act (§ 2.2-3100 et seq. of the Code of Virginia) and all other applicable laws and regulations, each

commissioner has a duty to self-recuse from any commission hearing or other proceeding as well as the discussion, deliberation, drafting, or approval of any resolution, report, decision, or other order when any of the parties is a locality where such commissioner is employed, presently resides, or owns an interest in real property.

B. If, due to the number of recusals that occur pursuant to subsection A of this section that are not required by the State and Local Government Conflict of Interests Act, there are not enough commissioners to establish a quorum, then the chair of the commission, in accordance with commission policies and in consultation with any recusing commissioners who do not have conflicts under the State and Local Government Conflict of Interests Act, may require enough commissioners to participate in the commission hearing, other proceeding, or decision to establish a quorum regardless of each individual commissioner's duty to recuse.

C. The commission will generally schedule for consideration issues in the order in which received; however, the commission reserves the right to consider issues in another sequence where it deems appropriate.

D. Parties may participate in proceedings governed by this chapter in the manner described in this chapter. The commission may allow submissions from any interested person or entity. Such submissions must be provided by the submitting party to all parties and must be filed by any dates established by the commission, as applicable. The commission may waive the submission date at its discretion when it determines such submission will assist in fulfilling its responsibilities under this chapter.

E. All testimony, statements, exhibits, documents, evidence, or other materials submitted to the commission by the parties in conjunction with commission hearings or other proceedings required by § 15.2-2512.1 of the Code of Virginia are considered public documents and will be made available by the commission for review by any other interested party or by the public under the Virginia Freedom of Information Act (§ 2.2-3700 et seq. of the Code of Virginia). In accordance with 1VAC50-20-170, all other materials, including the testimony, statements, exhibits, documents, or other evidence submitted to the commission during an executive session or pursuant to negotiations or mediation that the commission is authorized by this chapter to conduct, shall be treated as confidential and shall neither be subject to disclosure by the commission nor by the parties involved, except by agreement of the commission and all parties to the proceedings. The commission will post all public documents on its website.

F. Each document, exhibit, report, or other material submitted to the commission should contain a title, the date of preparation, a detailed citation of the sources from which all data are obtained, and the name of the entity that submitted the document, exhibit, report, or other material.

G. In each instance where projections are given, projections should be made for a period to be set by the commission, and the method and bases of the projections should be indicated.

H. Any party making submissions to the commission must provide at least eight copies of all submissions, unless the commission or the commission's staff indicates that a lesser number would be sufficient for the commission's review and analysis. The commission may make provisions for the electronic filing of submissions.

I. At any time during the course of the commission's oversight, the commission may solicit additional data, documents, records, or other materials from the parties as is deemed necessary for proper analysis of any issue.

J. The commission may undertake independent research as it deems appropriate to ensure a full and complete investigation of each issue. If the commission considers or relies upon any publicly available data in a report or decision, the commission will provide all parties with advance notice of its intent to use such data. This requirement shall not apply to the commission's use of case law, administrative precedent, or commission reports.

K. The commission considers the cooperation among parties vital to the discharge of its responsibilities; therefore, all parties should cooperate fully in the development and timely sharing of data throughout the commission's oversight.

L. Parties may submit testimony, evidence, and submissions to the commission. The commission may allow the parties to supplement and correct data, exhibits, documents, testimony, or other material submitted to the commission. Where corrections are authorized, copies of all corrections must be provided by the submitting party to all other parties. If, in the commission's judgment, the corrections are of a substantive nature so as to significantly alter the scope or character of the issue under review, the commission may delay its proceedings as allowed by applicable law and this chapter for a reasonable amount of time to provide an opportunity for other parties to respond to the corrected data, exhibits, documents, testimony, or other material.

1VAC50-30-50. Proceedings conducted by the commission related to fiscally distressed localities.

A. The commission may identify the parties and witnesses from whom it wishes to hear testimony, provide evidence, or accept submissions. The locality made the subject of proceedings governed by this chapter shall be among such parties and witnesses. All agencies of the Commonwealth shall provide the commission with necessary information for the performance of its duties upon request. Any party appearing before the commission may be represented by counsel or other qualified representative.

B. The chair of the commission or the presiding officer in the chair's absence will generally have all powers and authority granted to the chair pursuant to Organization and Regulations of Procedure (1VAC50-20) as may be applicable to proceedings under this chapter.

C. The chair of the commission or other member of the commission in the chair's absence will preside over all proceedings conducted in accordance with this chapter. In the chair's absence, the presiding officer will be selected in the same manner as prescribed by 1VAC50-20-40.

D. All proceedings before the commission will take place in Richmond, Virginia, unless the commission selects an alternative location.

E. The commission may conduct any proceedings under this chapter virtually in accordance with § 2.2-3708.3 of the Code of Virginia and the commission's electronic meetings policy.

F. Commissioners may attend any proceedings under this chapter using electronic participation in accordance with § 2.2-3708.3 of the Code of Virginia and the commission's electronic meetings policy.

G. No party before the commission will communicate in any manner with any member of the commission with respect to the merits of the issue under review except as is authorized by this chapter or as may be otherwise authorized by the commission or the chair.

H. No proceeding will take place without a quorum of the commission present.

I. The commission may examine parties and witnesses and may permit a locality to ask questions of parties and witnesses.

J. The commission may allow any interested person or entity to testify, either orally or in writing, at a proceeding. Where supplemental testimony is authorized pursuant to this subsection, copies of all written testimony and exhibits will be provided by the testifying person or entity to all parties.

K. Any party making written testimony to the commission must provide at least eight copies of all testimony, unless the commission or commission staff indicates that a lesser number would be sufficient for its review and analysis. The commission may make provisions for the electronic filing of written testimony.

1VAC50-30-60. Resolutions, reports, decisions, and other orders of the commission.

A. The commission will issue such resolutions, reports, decisions, and other orders as needed to effectuate the purposes of § 15.2-2512.1 of the Code of Virginia and this chapter.

B. All resolutions, reports, decisions, and orders will be issued in writing.

C. All resolutions, reports, decisions, and orders issued by the commission will be signed by the chair.

D. The commission's resolutions, reports, decisions, and orders will be based on the conclusions of a majority of the commissioners. Dissenting commissioners will note disagreement with the resolution, report, decision, or order and may write separately as the commissioners deem appropriate.

1VAC50-30-70. Default and other limitations on testimony.

A. Unless otherwise provided by law, if a locality without good cause fails to attend or participate in a commission hearing or other proceeding before the commission, the commission may proceed without the locality's attendance.

B. In all instances where good cause must be shown, the decision to accept such cause is at the discretion of the chair but may be appealed by the locality to the full commission.

C. A locality that chooses not to present or file testimony by the date established by the commission may not thereafter present its own testimony, except by permission of the commission, but may otherwise fully participate in the commission hearing or other proceeding and respond to the testimony of other witnesses.

D. Failure to comply with the directions of the commission for any written or oral testimony, without good cause shown, may result in rejection of the testimony by the commission.

1VAC50-30-80. Additional powers of the commission.

A. The commission may create and promulgate procedural rules, forms, schedules and scheduling orders, briefing schedules, or guidance documents necessary to carry out the provisions of § 15.2-2512.1 of the Code of Virginia and this chapter.

B. Except as required by law, the commission may, in its reasonable discretion, waive any of the procedural rules, forms, schedules and scheduling orders, briefing schedules, guidance documents, or other requirements of this chapter when, in its judgment, it finds that the waiver in no way lessens its responsibilities pursuant to § 15.2-2512.1 of the Code of Virginia and this chapter.

C. The commission may, on its own motion, adjust all dates and deadlines required by this chapter but not otherwise required by law to facilitate the resolution of issues before it.

D. In addition to any proceeding, meeting, hearing, or other gathering of the parties specified by law or this chapter, the commission may, where it deems necessary for an analysis of material, facilitation of a negotiated settlement, or discussion or clarification of the issues before it, schedule other meetings. Such meetings may be held in executive session as allowed by § 15.2-2907 D of the Code of Virginia as well as 1VAC50-20-160 and 1VAC50-20-170.

E. The commission may extend the services of its office to the parties in an endeavor to promote a consent decree or other negotiated settlement of the issues and may designate, with the agreement of the parties, an independent mediator to assist in the negotiations.

F. The commission may, at its discretion, accept for mediation issues presented to it by mutual agreement of the parties if the purpose of the mediation is to reach a full or partial settlement of the issues through a consent decree or other negotiated settlement. Requests for commission mediation under this subsection should be made to the commission through the executive director or the executive director's designee and should be accompanied by satisfactory evidence that the parties agree to the request for mediation assistance. The requests should include a statement indicating the issue for which mediation is sought and any other information to allow the commission to determine whether its mediation effort would be timely and appropriate. If the commission agrees to mediate any issues under this subsection, the parties will assist the commission by providing data, material, and other information as the commission or other parties deem necessary.

G. All expenses incurred by the commission and commission staff in assisting with negotiations or mediations, including the cost of an independent mediator, will be borne by the locality unless otherwise agreed to by the other parties and the commission.

H. In accordance with § 15.2-2901 of the Code of Virginia, the executive director may enter into and administer any contracts to procure additional resources to assist the commission in carrying out the provisions of § 15.2-2512.1 of the Code of Virginia and this chapter.

Part II

Report of Findings and Conclusions to the Governor and Specified Legislative Committees

1VAC50-30-90. Proceedings with the state-appointed intervention staff.

A. Upon the executive director's receipt of a plan for state assistance, oversight, or intervention approved by the Governor, the commission or executive director will provide notice to the locality of receipt of the plan and request the locality attend a meeting with the commission and the state-appointed intervention staff to develop and approve a schedule for review of the issues. The schedule will take into account the due dates of any periodic reports by the state-appointed intervention staff required by § 15.2-2512.1 F of the Code of Virginia. The schedule will include, at a minimum, dates for (i) the submission of evidence collected by the state-appointed intervention staff, (ii) the submission of responsive materials from the locality, (iii) a commission hearing where the locality may present and rebut any evidence or testimony, (iv) a public hearing if desired by the commission, (v) the issuance of the commission's report, and (vi) dates for other proceedings or deadlines the commission deems appropriate. The commission will consider input from the locality when developing the schedule, as appropriate.

B. If the locality does not participate in the meeting described in subsection A of this section, the commission will send the locality notice of the approved schedule, including the dates, times, and locations of the commission hearing and any public hearing.

C. The commission's report under subsection A of this section will be issued within 90 days of the commission hearing.

D. The commission may request the state-appointed intervention staff to present, either orally or in writing, testimony to assist the commission with writing its report and reaching a decision. The commission may also utilize data or testimony from the auditor, the House Committee on Appropriations, or the Senate Committee on Finance and Appropriations and may request that those entities present either orally or in writing.

E. The locality is permitted and may be requested by the commission to present, either orally or in writing, testimony at a commission hearing. The testimony of the locality may refer to all data, exhibits, documents, or other material previously submitted to the commission and may respond to any testimony presented by other parties or witnesses.

F. Any public hearing will be advertised in accordance with 1VAC50-30-150 E.

1VAC50-30-100. Reports and other decisions for localities not located in Planning District 19.

A. For any locality not located in Planning District 19, the commission will issue a report to the locality, the auditor, the Governor, and the Chairs of the House Committees on Appropriations and Counties, Cities, and Towns and the Senate Committees on Finance and Appropriations and Local Government on or before the date established under 1VAC50-30-90. The report will be advisory only.

B. The commission's report will state its findings and conclusions.

C. The commission's report will explicitly respond to the following:

1. Whether the locality has taken appropriate action to address the issues raised by the auditor in the auditor's notification, the state-appointed intervention staff, and the locality;
2. Whether the locality appears to be on track to resolve its fiscal distress; and
3. The extent the locality is willing and able to comply with the conditions necessary to address its fiscal distress.

D. In its report, the commission will consider, as appropriate, whether any issues have been resolved through mediation or negotiation, whether the locality has consented to comply with the conditions necessary to address its fiscal distress, and whether the locality has fulfilled the

requirements of the Governor's plan for state assistance, oversight, or intervention to the commission's satisfaction.

1VAC50-30-110. Decisions, orders, and reports for localities located in Planning District 19.

A. For any locality located in Planning District 19, the commission will issue a report to the locality, the auditor, the Governor, and the Chairs of the House Committees on Appropriations and Counties, Cities, and Towns and the Senate Committees on Finance and Appropriations and Local Government on or before the date established under 1VAC50-30-90.

B. The commission's report will state its findings and conclusions.

C. The commission's report will explicitly respond to the following:

1. Whether the locality has taken appropriate action to address the issues raised by the auditor in the auditor's notification, the state-appointed intervention staff, and the locality;

2. Whether the locality appears to be on track to resolve its fiscal distress; and

3. The extent the locality is willing and able to comply with the conditions necessary to address its fiscal distress.

D. In its report, the commission may consider, as appropriate, whether any issues have been resolved through mediation or negotiation, whether the locality in Planning District 19 has consented to comply with the conditions necessary to address its fiscal distress, and whether the locality in Planning District 19 has fulfilled the requirements of the Governor's plan for state assistance, oversight, or intervention to the commission's satisfaction.

E. If the commission concludes that a locality in Planning District 19 is either unwilling or unable to comply with the conditions necessary to address its fiscal distress, the commission will issue such decision and order for the appointment of an emergency fiscal manager in accordance with § 15.2-2512.1 of the Code of Virginia.

F. The commission's report and any accompanying order will comply with the provisions of 1VAC50-30-60.

Part III

Emergency Fiscal Manager

1VAC50-30-120. Powers of the emergency fiscal manager.

A. Upon appointment, the emergency fiscal manager has all powers and responsibilities provided in § 15.2-2512.1 of the Code of Virginia.

B. The emergency fiscal manager will develop a proposed remediation plan to restore the fiscal health of the locality in Planning District 19 and present that plan to the commission for approval. The plan must contain the following elements:

1. A summary of the issues identified by the auditor in the auditor's notification, the state-appointed intervention team, and the locality that have not been resolved;

2. The purpose of each specified remediation effort;

3. The roles and responsibilities of the local governing body and the chief executive officer, directly or indirectly, relating to the locality's finances; and

4. The benchmarks and criteria that will allow a locality to exit the approved remediation plan upon meeting such benchmarks and criteria.

C. Once the proposed remediation plan has been approved by the commission in accordance with 1VAC50-30-160, the emergency fiscal manager will implement the approved remediation plan and send periodic progress reports in accordance with 1VAC50-30-180.

1VAC50-30-130. Procedures for appointing an emergency fiscal manager.

A. The selection of the emergency fiscal manager will be conducted in compliance with the Virginia Public Procurement Act (§ 2.2-4300 et seq. of the Code of Virginia) and all other applicable laws.

B. In accordance with § 15.2-2901 of the Code of Virginia, the executive director or the executive director's designee will enter into and administer any contracts to procure the emergency fiscal manager. The executive director or the executive director's designee retains the right to terminate the appointment of the emergency fiscal manager, including any contracts with the emergency fiscal manager, in accordance with agreed upon contract terms.

C. The executive director will notify the Governor of any expenses incurred by the commission related to any contracts entered into under this chapter, such as costs incidental to procuring the emergency fiscal manager, and any remuneration due to the emergency fiscal manager.

D. Any funds the commission receives from the component of fund balance established by the Governor pursuant to § 15.2-2512.1 E 3 of the Code of Virginia will be paid first to the remuneration due to the emergency fiscal manager, then toward other costs incurred by the commission in the furtherance of its responsibilities under § 15.2-2512.1 of the Code of Virginia and this chapter.

1VAC50-30-140. Notice of appointment of emergency fiscal manager.

Upon appointment of the emergency fiscal manager, the commission or executive director will notify the Governor, the auditor, and the chief executive officer of the locality in Planning District 19 that the commission has appointed an emergency fiscal manager, will be reviewing a proposed remediation plan at a public hearing, and will issue a decision related to the plan that will affect the locality. The notice will invite the locality to attend the commission meeting with the emergency fiscal manager described in 1VAC50-30-150 A and provide contact information consisting of the name, telephone number, and government email address of the commission staff assigned to answer questions or otherwise assist the locality.

1VAC50-30-150. Development of the emergency fiscal manager's proposed remediation plan.

A. The emergency fiscal manager will meet with the commission during a regular meeting or a special meeting to develop and approve a schedule for drafting and adopting a proposed remediation plan to resolve the fiscal distress of the locality in Planning District 19. The schedule will include dates for (i) the emergency fiscal manager to submit a proposed remediation plan to the commission, (ii) the commission to publish a proposed remediation plan, (iii) a public hearing on the proposed remediation plan, (iv) a commission hearing where the locality may present and rebut any evidence or testimony regarding the proposed remediation plan, (v) a decision adopting a proposed remediation plan, and (vi) other proceedings or deadlines the commission deems appropriate. The commission will consider input from the locality when developing the schedule as appropriate. The emergency fiscal manager will conduct activities in consultation with the commission and receive technical assistance from the auditor as appropriate.

B. When the commission publishes a proposed remediation plan, the commission will also include its recommendation as to whether the proposed plan should be approved or if further revisions are needed.

C. The commission's decision adopting a proposed remediation plan under subsection A of this section will be issued through a decision and order within 90 days of the commission hearing.

D. If the locality in Planning District 19 does not participate in the meeting referenced in subsection A of this section, the commission will send the locality notice of the approved schedule, including the dates, times, and locations of the commission hearing and the public hearing.

E. A public hearing on the proposed remediation plan will be held within 45 days of the publication of the proposed plan. Prior to the public hearing, a notice of the hearing will be published once a week for two successive weeks in a newspaper of general circulation in the locality in Planning District 19. The second advertisement will appear not less than six days nor more than 21 days prior to the hearing.

F. The commission may hold the commission hearing on the same day as the public hearing, but in no event will the commission hearing be held more than 30 days after the public hearing required by subsection E of this section.

G. At any commission hearing, the commission may request the emergency fiscal manager to present, either orally or in writing, testimony to assist the commission. The commission may also utilize data or testimony from the auditor, the House Committee on Appropriations, or the Senate Committee on Finance and Appropriations and may request that those entities present either orally or in writing. The locality in Planning District 19 is permitted and may be requested by the commission to present, either orally or in writing, testimony at the commission hearing. The testimony of the locality may refer to all data, exhibits, documents, or other material previously submitted to the commission and may respond to any testimony presented by the emergency fiscal manager or other witnesses.

H. An approved remediation plan will be actionable and binding on the subject locality in Planning District 19 and the emergency fiscal manager upon the plan's adoption by the commission.

1VAC50-30-160. Adoption of the emergency fiscal manager's proposed remediation plan.

A. The commission will consider all evidence presented at the commission hearing and the public hearing and adopt an approved remediation plan by decision and order within 90 days of the commission hearing in accordance with 1VAC50-30-150 C.

B. When reviewing the emergency fiscal manager's proposed remediation plan, the commission will consider whether the proposed remediation plan is in the best interest of the locality in Planning District 19, citizens of the locality, and the Commonwealth and will note, as appropriate, any issues or portions of the plan that have been resolved through mediation, negotiation, or other agreement.

Part IV

Implementation of the Remediation Plan

1VAC50-30-170. Notice of adoption of approved remediation plan.

A. Upon the adoption of an approved remediation plan, the commission or executive director will send the Governor, the auditor, and the chief executive officer of the locality in Planning District 19 a notice containing (i) a copy of the decision and order adopting the approved remediation plan, (ii) a copy of the approved remediation plan, (iii) a brief explanation of how the locality may exit the approved remediation plan under the commission's continued oversight authority, (iv) the current schedule of regular meetings for the commission, and (v) contact information consisting of the name, telephone number, and government email address of the commission staff assigned to answer questions or otherwise assist the locality.

B. The executive director will ensure that all parties who receive the notice are properly notified of all changes to the commission's regular meeting schedule and future regular meetings of the commission that are not included in the initial notice provided under subsection A of this section.

1VAC50-30-180. Regular progress reports to the commission.

While implementing the approved remediation plan, the emergency fiscal manager will send reports regarding progress on implementation of the approved remediation plan to the locality in Planning District 19, the commission, the auditor, the Governor, and the Chairs of the House Committees on Appropriations and Counties, Cities, and Towns and the Senate Committees on Finance and Appropriations and Local Government two weeks before each regular commission meeting that is held in accordance with § 15.2-2904 of the Code of Virginia. All reports by the emergency fiscal manager shall be in writing and shall include a brief and succinct statement of the grounds for any recommendations and the facts underlying the report.

1VAC50-30-190. Procedures for exiting fiscal distress.

A. At each regular meeting where the commission receives a report from the emergency fiscal manager, the commission will concurrently hold a commission hearing to determine whether the locality in Planning District 19 has met the benchmarks and criteria in the approved remediation plan to the commission's satisfaction based on the report from the emergency fiscal manager and any other relevant evidence.

B. The commission's determination will take the form of a report indicating whether the benchmarks and criteria in the approved remediation plan have been met. The decision may be announced at the regular meeting or taken under advisement for up to 14 days. In its report, the commission must consider, as appropriate, whether any issues have been resolved through a consent decree or other mediation or negotiation, whether the locality in Planning District 19 has consented to comply with the conditions necessary to address its fiscal distress, and whether the locality in Planning District 19 has fulfilled the requirements of the approved remediation plan to the commission's satisfaction.

C. The commission must send all reports issued under subsection B of this section to the locality in Planning District 19, the Governor, and the Chairs of the House Committees on Appropriations and Counties, Cities, and Towns and the Senate Committees on Finance and Appropriations and Local Government.

D. At each commission hearing, the commission may request the emergency fiscal manager or other witnesses to present, either orally or in writing, testimony to support or explain the emergency fiscal manager's report. The commission may also utilize data or testimony from the auditor, the House Committee on Appropriations, or the Senate Committee on Finance and Appropriations and may request that they present either orally or in writing.

E. The locality in Planning District 19 is permitted and may be requested by the commission to present, either orally or in writing, testimony at each commission hearing. The testimony of the locality will respond to the emergency fiscal manager's most recent report; may refer to all data, exhibits, documents, or other material previously submitted to the commission; and may respond to any testimony presented by other witnesses.

State Agency Guide to Standard Regulatory Process

