

## MINUTES

### COMMISSION ON LOCAL GOVERNMENT (CLG)

#### Regular Meeting

10:00 a.m., January 14, 2008

#### Members Present

Frances M. Parsons, Chairman  
Vola T. Lawson, Vice Chairman  
Harold H. Bannister, Jr.  
John G. Kines, Jr.  
Kathleen K. Seefeldt

#### Staff Present

Susan Williams, Local Government Policy Manager  
Steve Ziony, Principal Economist  
Matthew Bolster, Senior Policy Analyst  
Barbara Johnson, Administrative Assistant

#### Call to Order

The Chairman called the meeting to order at 10:03 a.m. on January 14, 2008 in the Board Room of the Department of Housing and Community Development (DHCD) at the Jackson Center in Richmond, Virginia.

#### I. Election of Officers

Mr. Kines nominated Mrs. Frances M. Parsons for Chairman, such nomination was seconded by Mrs. Lawson, and the Commission unanimously elected Mrs. Frances M. Parsons as Chairman for 2008. Mrs. Parsons nominated Mrs. Vola T. Lawson for Vice Chairman, such nomination was seconded by Mr. Kines, and the Commission unanimously elected Mrs. Lawson as Vice Chairman for 2008. **[Mrs. Parsons assumed the Chair at this point in the meeting.]**

**II. Reappointment of Mr. Kines**

Ms. Williams congratulated Mr. Kines on his reappointment to the Commission, which was announced by Governor Kaine in a press release dated January 11.

**III. Administration**

**A. Approval of Minutes of Regular Meeting of November 5, 2007**

Mrs. Lawson made a motion that the minutes of the Commission's regular meeting of November 5, 2007 be approved, such motion was seconded by Mr. Bannister 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.

**C. Presentation of Financial Statement for December 2007**

Referencing an internally produced financial statement that encompassed expenditures through the end of December 2007, Ms. Williams stated that the financial report covered one-half of Fiscal Year 2008 and that Commission expenditures for that six-month period represented 49.0 % of the total amount budgeted for the current fiscal year. The members accepted the report for filing.

**D. Local Government Policy Manager's Report**

**1. Follow-Up Regarding Commission on Local Government Letterhead**

Ms. Williams announced the arrival of the letterhead approved by the members at their September meeting.

**2. Potential Interlocal Issues**

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Ms. Williams reminded the members about the attorney with Pender Coward in Virginia Beach who contacted her prior to the last CLG meeting for information regarding a potential citizen-initiated annexation petition but declined to identify the town and county involved. Ms. Williams directed the members' attention to a *Delmarva Daily Times* article included in their agenda materials, which identifies the same attorney as representing landowners and the town as Cheriton.

Next, with regard to the potential Town of Leesburg – Loudoun County annexation discussed at the last Commission meeting, Ms. Williams directed the members' attention to a resolution included in their agenda materials, which authorizes Board of Supervisors' representatives and county staff to work with Town of Leesburg representatives and staff to begin the process of preparing the documents necessary for a voluntary annexation agreement. Ms. Williams indicated that the resolution was adopted on November 20, 2007.

Ms. Williams stated that there were no updates or recent developments to report regarding the other potential interlocal issues discussed at prior meetings. She then highlighted potential issues identified since the last CLG meeting. First, Ms. Williams indicated that she was contacted by a business in Chilhowie regarding a client who is interested in pursuing a boundary adjustment. Next, Ms. Williams indicated that she received and responded to a request from a county attorney for information relating to previous reversions of towns to city status in Virginia. Next, Ms. Williams told the members that she received and responded to a request for information from an attorney in private practice regarding the process for annulling a town charter. Ms. Williams indicated that she received and responded to a request made on behalf of a town council member for information on the citizen-initiated annexation process. Finally, Ms. Williams directed members' attention to materials in their agenda packages regarding the

proposed consolidation of the Town and County of Culpeper as well as Patrick Henry College's application to be considered for annexation into Purcellville.

A brief discussion ensued during which Mr. Kines indicated that the County of Albemarle – City of Charlottesville revenue-sharing agreement may be renegotiated and Mrs. Parsons inquired as to whether CLG staff had heard anything further regarding the Town of Christiansburg – County of Montgomery voluntary economic growth-sharing agreement. Ms. Williams responded that she has not heard anything further regarding the agreement.

### **3. Meeting Per Diem**

Ms. Williams stated that, in accordance with the Commission's policy on compensation and reimbursement, per diem will be paid to Mrs. Parsons for January 13 and per diem will be paid to Mrs. Parsons as well as all other members for their service to the Commonwealth on January 14, 2008.

### **4. Other**

Ms. Williams then updated the Commission on various other staff activities. She indicated that staff attended Virginia First Cities 2007 Fall Legislative Board Meeting on November 30 in Fredericksburg and that staff also attended the Virginia Association of Counties (VACo) Annual Conference on November 12 in Bath County.

## **IV. Fiscal Stress Report for 2005/2006**

### **A. Staff Update**

Mr. Ziony began his presentation by offering a methodological overview. He explained that the fiscal stress index taps jurisdictional measures denoting (1) the level of revenue capacity per capita during a specified fiscal period (currently 2005/2006), (2) the degree of revenue effort over the same time span, and (3) the magnitude of median adjusted gross income for individuals

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and married couples in the pertinent calendar year (presently 2005). He further explained that, as approached by the CLG staff, revenue capacity gauges, in per capita terms, the collections that a target jurisdiction would realize from taxes, service charges, regulatory licenses, fines and forfeitures, and various other extractive mechanisms (i.e., potential revenue) if local public officials established resource-base levies at statewide average values. Mr. Ziony stated that the revenue effort dimension assumes the form of an extraction/capacity ratio, a statistical mechanism in which the sum of jurisdictional revenues across all own-source funding categories is divided by the aggregate fiscal ability of a given county or city. Mr. Ziony explained that this indicator is the ratio of actual tax and non-tax collections to potential revenue for the specified jurisdiction.

Mr. Ziony then highlighted recent customer service activity. He indicated that, as in previous years, CLG staff recently e-mailed revenue capacity and fiscal stress tables to its constituency base in state government--the Compensation Board and the Economic Development Partnership, as well as the Departments of Housing and Community Development, Health, Medical Assistance Services, Emergency Management, Environmental Quality, and Conservation and Recreation. He stated that these electronic exhibits included profile tables centering on Smyth County for the 2000/2001-2004/2005 time span and that the latter spreadsheets were necessitated by the failure of that jurisdiction to submit FY 2006 fiscal data to the Virginia Auditor of Public Accounts. Because of the data-reporting delinquency of Smyth County, the CLG staff was unable to generate a stress index score for this entity relative to the 2005/2006 computational round.

Next, Mr. Ziony presented data findings with respect to revenue capacity per capita, revenue effort and fiscal stress. First, he explained that, across the most recent measurement

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period, fiscal ability gains were realized by all but six localities. Notably, the per capita revenue capacity of 40 jurisdictions – 30.1% of the localities statewide – manifested growth of at least 10% between 2004/2005 and 2005/2006. Mr. Ziony indicated that, among the latter entities, fiscal ability increases of 20% or higher characterized five jurisdictions. He noted that robust inter-period growth on the capacity dimension can largely be attributed to the strength of the private-sector economy with respect to the true valuation of real estate and the magnitude of adjusted gross income. He further stated that, as documented by the Virginia Department of Taxation, these measures of jurisdictional affluence yielded, respectively, double-digit rates of increase across 76.1% and 76.9% of Virginia’s localities between calendar years 2004 and 2005.

Mr. Ziony then turned the focus of his remarks to revenue effort. He explained that, from the end of 2004/2005 through the close of 2005/2006, 15 jurisdictions, constituting 11.3% of all counties and cities, registered increases of 10% or higher in their fiscal effort. He indicated that, more significantly, 54 localities, representing 40.6% of the 133 jurisdictions, experienced effort reductions over the same interval. Mr. Ziony further stated that the data show that revenue effort declined by at least 10% among nine of these entities. He noted that, in the main, the tax and non-tax collections of the negative “growth” jurisdictions increased at rates that failed to keep pace with the relative expansion of their fiscal capacity. He elaborated that slippage in local effort was most likely to occur when the actual revenue of a county or city climbed more slowly than its potential revenue.

Lastly, Mr. Ziony addressed fiscal stress. He stated that, over the 2004/2005-2005/2006 time frame, 42.1% of the Commonwealth’s jurisdictions registered only slight variation in their composite index scores – changes of less than one point in absolute magnitude. He explained that the tabular evidence also indicates that stress index scores increased or declined by at least

two points across 21.1% of all localities during that measurement interval. Mr. Ziony explained that positive or negative index variation of three points or greater emerged among twelve jurisdictions. He further indicated that, from one fiscal period to the next, the strongest changes (those exceeding four points in absolute magnitude) were recorded by Buena Vista City, Surry County, Nelson County, and Westmoreland County. Mr. Ziony explained that, with respect to the CLG stress classification framework, only 17 localities (12.8% of the total) moved up or down the ordinal scale between 2004/2005 and 2005/2006. He indicated that, for seven jurisdictions, the categorical changes involved cross-boundary transfers between the “Above Average” and “Below Average” categories. He explained that, as for the ten remaining instances of fiscal stress reclassification, (a) Bristol City, Norton City, and Radford City declined from “High” to “Above Average”; (b) Greensville County and Wise County ascended from “Above Average” to “High”; (c) James City County, Lancaster County, and Middlesex County fell from “Below Average” to “Low”; and (d) Prince William County and Spotsylvania County rose from “Low” to “Below Average.” Mr. Ziony concluded that, for the most part, however, inter-period variation in the stress index scores of Virginia’s counties and cities occurred within, rather than across, categorical boundary lines.

A brief discussion ensued among the members, which focused on how the fiscal stress report is used by various agencies of state government and the importance of the scores to local governments.

## **V. Assessment of State and Federal Mandates on Local Governments**

### **A. Staff Update**

Mr. Bolster informed the members that before the issuance of Executive Order 58 last November, state agencies were required to reassess every mandate in the catalog once every five

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years. Under EO 58, only new mandates and newly identified mandates need to be assessed, unless the Commission decides to assess a mandate more frequently. New and newly identified mandates need to be in effect for at least two years before being assessed. Mr. Bolster directed the members' attention to the document titled "Schedule of Mandate Assessment Periods," which shows a total of 38 mandates – the number of mandates in the current catalog that have not been previously assessed. Mr. Bolster explained that the 28 highlighted mandates will have been in effect for at least two years by the time the next assessment cycle begins on July 1, 2008.

Mr. Bolster said that the current task is to develop a schedule for assessing the mandates subject to assessment during the FY 2008 cycle. EO 58 prescribes a detailed process for developing the schedule. The first step was for staff to request the agency responsible for each mandate to propose a 60- to 90-day assessment period between July 1, 2008, and June 30, 2009. This was accomplished on December 7, 2007, and responses are due to the Commission on February 8, 2008. The Commission will also be requesting input from the Virginia Association of Counties (VACo) and the Virginia Municipal League (VML) as to any eligible mandates for which they would like the Commission to consider assessment. Mr. Bolster explained that the Commission must approve the complete schedule for all agencies. CLG staff will then submit the schedule to the Secretary of Commerce and Trade and the Governor for approval. After these approvals are secured, staff will submit the final approved schedule to the Clerks of the House and Senate, the Registrar of Regulations, VACo, and VML. Assessments will begin on July 1, 2008 and proceed according to the official schedule.

A brief discussion ensued during which the members turned their attention to the annual Catalog of state and federal mandates that is published by the Commission. Mr. Bannister inquired about the possibility of expanding the catalog entries so that they are more

comprehensive in nature. Ms. Williams explained that there are over 400 mandates for which there are catalog entries at this time. Mrs. Lawson and Mr. Kines suggested that CLG staff explore the possibility of securing an unpaid law school student intern to accomplish the task. Mrs. Parsons suggested, regarding the mandates in the catalog for which state agencies have oversight, the state agency contacts could draft more comprehensive catalog entries for their respective mandates. Ms. Williams reminded the members that the authority is cited for each mandate abstracted in the catalog and suggested that perhaps the new SharePoint Portal configuration could be used to include links to each citation in order to provide catalog users with easy access to more comprehensive information.

## **VI. 2008 General Assembly Session**

### **A. Staff Update**

Ms. Williams indicated that VML secured volunteers representing ten local governments and VACo secured volunteers representing 25 local governments to participate in the local fiscal impact estimate process during the 2008 General Assembly Session. She reminded members that, by statute, the Division of Legislative Services (DLS) identifies and refers bills to the Commission for fiscal impact analysis and that VML and VACo can request additional bills for DLS referral. Ms. Williams explained that, so far, DLS has referred five bills for fiscal impact analysis, one of which was specifically requested by VACo. She added that the bills were sent out to the participating local governments for review and analysis. Once their estimates are received, CLG staff will prepare fiscal impact statements incorporating their responses, which will be submitted to the General Assembly and the Clerk of the House and posted on the Legislative Information System (LIS) website.

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Next, Ms. Williams indicated that CLG staff, to date, had completed legislative action summaries (LASs) for almost 50 bills. She then handed out a report that provided the bill number and chief patron as well as the bill summary prepared by DLS for each of these bills. Ms. Williams then informed the members that, to date, three study resolutions had been introduced which affect the Commission. The first, HJ 156 introduced by Delegate Sickles, requests the CLG to study the need for contingency plans for local governing bodies to operate in the event of public health emergencies. A brief discussion ensued during which Mrs. Lawson suggested that the potential threat posed by high-powered rifles to trains (especially in the Northern Virginia area) be considered as part of the study.

Ms. Williams then indicated that HJR 111, introduced by Delegate Englin, creates an 11-member joint subcommittee to study the Dillon Rule and its impact on Virginia's localities and would require the CLG to provide technical assistance. Ms. Williams also told the members about SJR 70, introduced by Senator Vogel, which establishes a joint subcommittee to study the required and voluntary incorporation of urban development areas into localities' comprehensive plans. Ms. Williams stated that SJR 70 would also require the CLG to provide technical assistance.

**VII. Scheduling of Meetings**

The Commission confirmed that its next regular meeting will take place on Monday, March 10, 2008 at the DHCD offices in Richmond. In addition, the Commission confirmed that its regular meetings through the remainder of 2008 are scheduled to take place at the DHCD offices in Richmond as follows: May 12; July 14; September 8; and November 10.

**VIII. Upcoming Events of Interest**

Ms. Williams announced the following upcoming events of interest to the Commission:

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VML/VACo Legislative Day on February 7 in Richmond; NACo's 2008 Annual Conference and Exposition on July 11-15 in Kansas City, Missouri; the 2008 VML Annual Conference on October 19-21 in Norfolk; and VACo's Annual Conference on November 9-11 in Bath County.

Mr. Kines announced that the International City/County Management Association (ICMA) will hold its 2008 annual conference in September in Richmond. Mr. Kines requested that Ms. Williams contact the conference planning committee and propose that the Commission make a presentation / conduct a workshop as part of the conference program.

Mrs. Lawson then asked Ms. Williams whether she had received any response to the letters Ms. Williams sent to VACo and VML requesting the opportunity for the Commission to address both organizations at their 2008 annual conferences. Ms. Williams indicated that she had not received a response from either organization and suggested that she draft a follow-up letter to VACo and VML for Mrs. Parsons' signature. The members agreed and requested that the letters be directed to the Executive Directors and Presidents for each organization.

**VIII. Adjournment**

The meeting was adjourned at 12:10 p.m.

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Vola M. Lawson  
Vice Chairman

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Susan B. Williams  
Local Government Policy Manager