

Update

The newsletter of the
Virginia Municipal League

Inside ...

1-6

*JLARC analyzes
commonwealth's
budget growth*

*VRS fund continues
downward slump*

*Newly elected officials
conference set for Jan.
9-10*



**Green
Tip**

YOU CAN SAVE as much as 10 percent a year on your heating and cooling bills by simply turning your thermostat back 10 percent to 15 percent for eight hours a day. You can do this automatically without sacrificing comfort by installing an automatic setback or programmable thermostat.

Localities showing strain from slumping economy Local sales tax revenues continue to drop

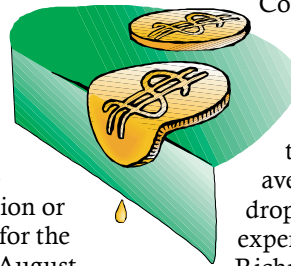
The Virginia Department of Taxation released data in late October showing that revenue collected for cities from the local option 1 percent sales tax declined in August 2008 from a year ago.

In August 2007, \$33.2 million in local sales tax revenue was collected as compared to \$30.7 million this past August – a decline of more than \$2.4 million or 7 percent. Consumer spending for the new school year usually boosts August sales.

The August 2008 collections are \$1.2 million or 4 percent less than July 2008 collections. The July data indicated that 10 cities had experienced a decline in sales tax collections of 10 percent or more. The August data showed 15 cities falling into

this category with Fairfax City and Falls Church declining by more than 45 percent. The housing industry is still sinking.

Comparing September 2008 to September 2007, housing sales jumped 72 percent in Fairfax County. Houses selling for less than \$400,000 made up two-thirds of the sales. But, the average price during this period dropped by 27 percent because more expensive housing is not selling. In Richmond, average housing sales and prices dropped 3.8 percent and 1.8 percent, respectively when comparing the third quarter of 2008 to the third quarter of 2007. In Tidewater for this same period, housing sales and average price declined by 18 percent and 4.7 percent, respectively.



Continued on page 2

Fiscal surveys sent to members

VML and VACo sent 170 electronic surveys to cities, towns and counties last week to determine their capability to weather the fiscal storm brought on by the continuing meltdown of the U.S. economy.

The nine-question survey examines whether or not local governments in Virginia can meet financial needs this fiscal year as compared to FY08. The survey also asks 95 counties, 39 cities, and 36 towns if they will be better able to address their financial needs in FY10 as compared to this year.

The survey tracks collections of local revenue and intergovernmental revenue from FY07 to FY08, as well as the accompanying spending pressures and public

demand for services. Data on the effect of the housing crisis, specifically residential foreclosures, on public safety, economic development and local finances is also being sought. And, the survey asks respondents to note actions they have taken to curb energy usage and rein in energy costs.

Survey results will help VML and VACo explain to the General Assembly what is happening to local government revenues, as well as what localities are doing to compensate for slumping state and local revenues.

If your local government has not yet responded, please do so as soon as possible. Responses are due by Nov. 24. ❖

FROM THE CAPITOL

Slumping economy continued ...

Unemployment grows; credit tightens

Regarding unemployment, the national figure has climbed to 6.5 percent, which is the highest level since 1994. In Virginia, several high profile job layoffs have occurred, including 140 workers and 140 open positions at the Colonial Williamsburg Foundation representing 5 percent of the workforce. Circuit City recently announced it was cutting 700 jobs at its corporate headquarters and other operations in Henrico County. Qimonda, also located in Henrico, announced plans to lay off 1,200 workers this year or about 40 percent of the semiconductor plant's employees. Thousands of other jobs have been cut across the state at companies such as Wachovia Securities, Tyson Foods, Lillian Vernon Group, Cox Auto Trader/Auto Mart in Hampton Roads, DAL Global Services in Northern Virginia, and International Automotive Components - North America (IACNA) in Strasburg.

As for credit, a recent report issued by the Federal Reserve found lending is tight and is probably going to get tighter. About 85 percent of domestic banks – up from 60 percent in July – reported having tougher lending standards for large and middle-market business loans.

As for consumers whose spending accounts for two-thirds of the economy, nearly 60 percent of banks responded they had strengthened standards for existing credit card customers. Half of domestic banks indicated that they had become either somewhat or much less willing over the past three months to make consumer installment loans, up from 35 percent in the July survey. This is the largest percentage in more than two decades.

Snapshot of Va. localities

Loudoun County: The county faces a projected \$176 million shortfall in FY10. The Board of Supervisors voted to suspend 22 capital projects for 90 days to decide whether the projects should proceed. Department heads have been notified that there may be layoffs next fiscal year, depending on

the amount of spending cuts needed to balance the budget.

Prince William County: The Board of Supervisors agreed to prepare a budget with a tax rate increase of 16 cents, raising the rate to \$1.13 per \$100 of assessed value. Even with the increase, the average homeowner's tax bill would fall by 18 percent because of plummeting assessments. The county faces a \$190 million budget gap in FY10. Even with a tax rate increase, the county would have to cut some \$26 million from school and county spending to close the budget gap. Prince William projects that the housing market won't recover until 2013.

City of Manassas: City Council adopted its FY10 five-year budget forecast showing a drop of \$3.4 million in revenues by the end of fiscal 2009. The shortfall comes mainly from a decline in revenue from the meals, sales and business personal property taxes. The city is under a hiring freeze, and city agencies have to come up with budget reductions of 5 to 15 percent. Regarding FY10, property assessments are expected to drop 18 percent next year for houses and 5 percent for commercial properties.

Culpeper County: The Board of Supervisors approved a continuation of the hiring freeze put in place last spring. Budget planners are examining ways to cut next year's budget 5-10 percent and looking for other revenue sources.

City of Newport News: The city may be squeezing \$23.4 million from its current year capital outlay plan of \$37.1 million to save money. The action would affect recreation and transportation projects. The city manager defended the proposal, citing the lack of money to staff and operate any new facility.

City of Winchester: The *Winchester Star* reported school officials understand that budget shortfalls for FY09 could affect the number of capital improvements that can be made. The Winchester school system is diverting \$70,000 in maintenance money to the system's operating budget.

Roanoke County: The county could end the year with a modest

surplus of about \$250,000, even with an 18 percent drop in home sales this year and a cut in state funds of more than \$500,000. But that means deferring substantial essential spending – including additional police, fire and rescue personnel – that is going to come due in FY10. Even with expected modest gains in real estate, personal property, sales and meals taxes, Roanoke County will need to come up with an additional \$1.5 million to keep the same level of services next fiscal year. School officials are considering, but have yet to approve, an employee buyout incentive program that could save about \$1 million.

James City County: The county anticipates a \$3 million budget deficit this fiscal year and a \$9 million shortfall in FY10. Finance staff projects the FY10 budget to be about \$167 million, the same as 2009 after this year's \$3 million reduction. The revenue shortfalls are attributed to higher fuel costs, a decrease in tourism dollars, state budget cuts, and dwindling property tax revenue caused by a slumping housing market.

Arlington County: County revenue for the current fiscal year is down \$14 million. Officials had forecast a 4 percent growth in residential and commercial real estate tax revenue, but now expect a 2 percent drop. The school system faces a \$7.5 million deficit for the current fiscal year. To compound matters next fiscal year, residential assessments are expected to decline by 5 percent. Cuts in next year's budget may exceed \$30 million.

Stafford County: The Board of Supervisors approved a plan to eliminate six full-time positions in the Planning and Code Compliance offices. This is in addition to a hiring freeze, cuts to part-time Parks and Recreation staff and an overall reduction in spending of \$3.2 million. The county's budget plan also includes a request for the Stafford School Board to cut spending by \$2 million. The budget problem is expected to worsen in FY10.

City of Norfolk: The city faces a \$24 million shortfall in the next budget due to drops in anticipated tax revenues.

Continued on page 3

FROM THE CAPITOL**Slumping economy continued ...**

Real estate and most other tax revenues continue to grow modestly, but sales and hotel taxes have fallen. On the spending side of the ledger, costs for energy, construction materials, health care and other benefits are increasing. All department heads are to submit budget proposals with reductions for FY10 – some as large as 7.5 percent.

Fairfax County: Next year's school budget would be only slightly smaller than the current budget of more than \$2.2 billion. But, the FY10 budget would absorb about \$50 million in lost state revenues and \$46 million in added expenses resulting from projected enrollment increases. The school superintendent proposes a six-month delay in paying the contracted step increases

for most teachers, saving nearly \$7 million, and a one-day furlough saving \$8 million. Eliminating most summer school programs would save another \$9 million.

The county government projects a \$58.2 million budget shortfall for the current year. A hiring freeze has been put in place, capital construction has been halted, and capital equipment not already being processed has been eliminated. Also, county departments are to trim personnel budgets by 2 percent, on top of the 5 percent previously approved. The budget plan also includes a furlough of nonessential employees to begin in January of next year. As for FY10, the budget shortfall is likely to reach or exceed \$500 million.

City of Staunton: The city is considering a proposal to make \$1.3 million in cuts due to state revenue reductions and declining local money. About \$1 million is attributable to declining real estate and local tax revenues.

City of Charlottesville: The city faces a \$1.8 million deficit by the end of the current fiscal year. For FY10, city agencies are submitting "flat spending" budgets as well as proposals with 10 percent cuts.

County of Albemarle: The county projects a \$4.9 million revenue shortfall due to a weakening housing market and a slowdown in tax collections. A hiring freeze is in place, and the county school system is considering a freeze on teacher pay next fiscal year. ❖

General Assembly gears up for budget challenge

Here is a list of important dates associated with the 2009 session of the General Assembly:

- House Appropriations Committee meets in Roanoke Nov. 18-19 to discuss the housing and banking outlook, the state's budget outlook, local and regional jail funding and operations, and the state employee compensation study done by JLARC.

- The Senate Retreat will be held Nov. 20-21 in Fredericksburg. Topics include a panel discussion on Virginia's economic outlook, overview of the state budget and revenues, an update on transportation revenues, expenditures by state agencies for energy, review of Medicaid spending,

and an overview of constitutional officers' funding.

- Gov. Tim Kaine submits his budget amendments for the 2009 and 2010 fiscal years on Dec. 17 to the Senate Finance Committee, and the House Committees on Finance and Appropriations.

- House Appropriations and Senate Finance Committees will hold joint regional public hearings on the governor's budget amendments. On Jan. 8, meetings will be conducted in Alexandria, Newport News and Charlottesville. On Jan. 9, the hearings continue in Lynchburg. The final public hearing will be Jan. 19 in Richmond. ❖

JLARC analyzes commonwealth's budget growth

Virginia's state budget grew an average of 2.4 percent a year from 1999 to 2008, according to a staff presentation made at the Nov. 10 meeting in Richmond of the Joint Legislative Audit and Review Commission.

In terms of total appropriations, the Department of Medical Assistance Services saw the highest increase in appropriations: 20 percent, which amounted to a \$3.2 billion increase in funding from FY99-FY08.

Direct aid to education increased 18 percent during the same time period.

Factors explaining the increase in the state budget include population growth, a prosperous state economy, increases in state agency caseloads, and policy choices (such as the institution of the personal property tax relief program).

The full report is available on JLARC's Web site at <http://jlarc.state.va.us/Meetings/November08/spend08.pdf>. ❖

FROM THE CAPITOL**VRS fund continues downward slump**

Reflecting the continued downturn in the stock market and the economy, the Virginia Retirement System trust fund realized a loss of \$5.8 billion in market value between July and September, according to information presented at the Oct. 23 meeting of the VRS Board of Trustees. The fund was valued at \$49.2 billion on Sept. 30, down from the June 30 value of \$55 billion.

The funded status for the teacher retirement plan improved from 78.2 percent in 2007 to 79.8 percent in 2008. This means that as of June 30, the trust fund could have paid 79.8 percent of the liabilities it had incurred.

The funded status for the teacher system is likely to decline before next year, however, as the losses from 2008 and expected losses from 2009 are figured into the equation.

Chief Investment Officer Charles Grant told the VRS board that volatility had passed the 2002 period in terms of market difficulty. On a more positive note, Grant told the Oct. 16 meeting of the Senate Finance Committee that over the long run VRS continues to expect to earn over 7-8 percent due to its diversified investments in stocks, bonds and real estate. ❖

AT THE LEAGUE**Newly elected officials conference set for Jan. 9-10**

A Conference for Newly Elected Municipal Officials will be held Jan. 9-10 in Richmond. Details, including costs and a specific location, will be mailed to managers and administrators soon. Details also will be posted on the VML Web site under the "conferences" link.

The conference will include sessions on council/manager relations, productive meetings, budgeting, freedom of information, conflict of interests and public officials' liability. Program and registration information will be sent to

newly-elected officials, and to managers and clerks.

While the conference is developed for newly elected municipal officials, incumbent office holders, managers and staff often find it to be a useful refresher course. The topics apply to county officials as well. ❖

CONFERENCE FOR



**NEWLY ELECTED
MUNICIPAL OFFICIALS**

ETCETERA**Underwood elected VBCOA president**

Norfolk Building Official Lynn Underwood was elected president for 2008-2009 at the Virginia Building and Code Officials Association annual business meeting held Oct. 27 in Wytheville.

Also elected at the meeting were First Vice President Jim Collins, Prince William code enforcement branch chief; Second Vice President Joel Baker, Roanoke County Building Commissioner; and Sergeant At Arms Shahriar Amiri, Arlington County building official.

Prince William County Chief Property Code Inspector Sean Farrell and Portland Cement Association Coordinating Manager Jim Messersmith received

meritorious service awards in recognition of their efforts in code enforcement. Messersmith also received the President's Award for Excellence in recognition of his long-time commitment to building code issues.

The business meeting was part of VBCOA's annual conference, which this year was held jointly with the Virginia Plumbing and Mechanical Inspectors Association. Educational sessions at the conference focused on green building code issues.

VBCOA is an affiliate organization of VML; VML Research Director Mary Jo Fields serves as executive secretary of VBCOA. ❖

POSITIONS

Longer version of job ads posted at www.vml.org

Because of the number of requests it receives to publish job advertisements, VML reduces the length of the position descriptions in Update. A full version of the entire job listings published here for the past two months appears on VML's Web site at www.vml.org. Visit the VML site and click on "Marketplace" to read the complete descriptions.

HR Specialist II (EEO), City of Chesapeake

SALARY: \$44,683 (+) benefits. Perform functions areas of equal employment opportunity (EEO), Americans with Disabilities Act (ADA) and reasonable accommodation, employment law, and other employee relations issues as member of Administrative Division of the Department of Human Resources. More info and/or at www.jobs.cityofchesapeake.net. Deadline: Nov. 12. EOE.

Finance and Information Services Director, Black Mountain, N.C.

SALARY: \$52,083-\$78,104 hiring range (+) benefits. DOQ/DOE. (pop. 7,924). Manage all financial and information services. Reqs. comb. of educ. and exper. equiv. to relevant bachelor's degree and progressively responsible exper. in municipal govt. Prefer CPA, MPA, and/or NCPFO certification. Job description and application available at www.townofblackmountain.org. Return application with resume, cover letter, salary history to: HR Manager, Town of Black Mountain, 102 Montreat Road, Black Mountain, N.C. 28711. Open until filled. EOE.

Police Officer, Haymarket

SALARY: \$35,000 (+) benefits. Reqs. H.S. diploma or equiv., min. 2 yrs. uniformed police exper. and current DCJS Va. Law Enforcement Certification. Send resume to: Chief James E. Roop, Town of Haymarket, P.O. Box 1125, Haymarket, VA 20168 or fax to 703/753-1954 or e-mail to: dlegg@townofhaymarket.org. Open until filled. EOE.

City Attorney, Hopewell

SALARY: Negotiable. Reqs. degree from accredited law school; Va. State Bar membership; min. 3 yrs. exper. in local govt. representation; and exper. or demonstrated competency in conducting civil litigation.

Prefer exper. and knowledge in multiple practice areas of local govt. law. Serves at pleasure of City Council and attends council meetings. City residency req'd within 1 yr. Mail resume with salary history to: Ann Romano, City Clerk, City of Hopewell, Municipal Building – Room 218, 300 N. Main St., Hopewell, VA 23860. Phone: 804/541-2249. Visit www.hopewellva.gov. Open until filled. EOE.

Other positions

NOTICE: *The following positions also are listed on VML's Web site at www.vml.org.*

Town Manager, Brookneal

SALARY: DOQ/DOE (+) benefits. Apply immediately.

Deputy Emergency Coordinator / Chief of Emergency Medical Services, Westmoreland County

SALARY: \$50,000-\$55,000 start range DOQ (+) benefits. Deadline: Nov. 21.

Director of Utilities, Gloucester County

SALARY: DOQ/DOE (+) benefits. Open until filled.

Director of Tourism, Appomattox

SALARY: DOQ/DOE (+) benefits. Open until filled.

Director of Solid Waste Management, Augusta County Service Authority

SALARY: \$66,333-\$110,650 DOQ (+) benefits. Open until filled.

Director of Finance, Hanover County

SALARY: \$98,424-\$132,875 (+) benefits. Open until filled.

Urban Planner / Landscape Architect, Henrico County

SALARY: \$56,903-\$99,882 (+) benefits. Deadline: Nov. 16.

Manager of Neighborhood Resources, Herndon

SALARY: \$59,336-\$75,256 hiring range DOQ (+) benefits. Open until filled.

Senior Planner, Portsmouth

SALARY: \$40,090 (+) benefits. Deadline: Nov. 14.

Director of Economic Development, Prince George County

SALARY: Negotiable. Open until filled.

Child Services Therapist, Southside Community Services Board (SCSB)

SALARY: \$44,143 min.; higher salary negotiable DOQ/DOE (+) benefits. Open until filled.

Town Planner / Zoning Administrator, Strasburg

SALARY: \$56,631-\$69,614 DOQ (+) benefits. Deadline: Nov. 25.

Engineer V (Transportation Division), Virginia Beach

SALARY: DOQ/DOE (+) benefits. Deadline: Dec. 8.

Director of Utilities, City of Fairfax

SALARY: DOQ/DOE (+) benefits. Open until filled.

Housing Manager and Advocate, Manassas

SALARY: \$53,581-\$71,510 DOQ/DOE (+) benefits. Open until filled.

County Engineer, Louisa

SALARY: DOQ/DOE (+) benefits. Open until filled.

Director of Environmental Policy, Virginia Municipal League

SALARY: DOQ/DOE (+) benefits. Open until filled.

City Manager, Danville

SALARY: DOQ/DOE (+) benefits. Deadline: Nov. 28.

DEADLINE: *The deadline for placing a job advertisement in the next issue of Update is Friday, Nov. 21. Submit ads via e-mail to David Parsons at dparsons@vml.org. You may also submit via FAX at: 804/343-3758. VML publishes job advertisements at no cost to its local government members. Non-members are charged a flat rate of \$25 per ad per issue, which includes posting on VML's Web site and publication in Virginia Town & City (deadlines permitting). VML edits position descriptions in printed publications because of space limitations.*

Update

The newsletter of the
Virginia Municipal League

P.O. Box 12164 • Richmond, VA 23241



U.S. Communities Government Purchasing Alliance

Providing local governments with discounted nationwide contracts for office supplies, furniture, computers and peripherals, general supplies and more. For more information:

www.uscommunities.org

1-866-472-7467

A VML-sponsored service



LOCAL GOVERNMENTS
WORKING TOGETHER SINCE 1905



Update is published
biweekly by the
Virginia Municipal League

P.O. Box 12164
Richmond, VA 23241
(804) 649-8471
Fax: (804) 343-3758
E-mail: e-mail@vml.org
www.vml.org

Executive Director
R. Michael Amyx

Editor
David Parsons

Associate Editor
Manuel Timbreza