

Update

August 21, 2009



Oct. 18-20

The newsletter of the
Virginia Municipal League

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Kaine delivers grim budget news \$1.5 billion budget reduction slated for FY10

Gov. Tim Kaine had an upbeat delivery but ultimately gave a grim budget report to the Aug. 19 joint meeting of the General Assembly's money committees. He announced that FY09 ended \$298.8 million below the official revenue forecast and that FY10 will have to be reduced by \$1.5 billion in light of sagging revenues. The General Assembly and Kaine already have reduced revenues by \$5.6 billion for the FY 2008-10 biennium. The \$1.5 billion reduction will result in a total of \$7.1 billion in general fund revenues stripped from this biennium's budget.

The new revenue forecast for FY10 calls for an annual growth rate of negative 1.6 percent. Coupled with the negative growth rate of 9.2 percent in FY09, Virginia will have two consecutive years of negative revenue growth. This has never happened. Prior to FY09, the only instances of negative revenue growth occurred in fiscal years 1991 and 2002.

Kaine told the legislators that "(w)e will close this gap, just as we have in past rounds, by relying on expense reductions, reprogramming of unexpended balances, targeted withdrawal of reserve funds, focused use of federal Recovery Act funds and other reasonable strategies. We will make these decisions carefully, but they will be painful to those who rely on public services in this most challenging time."

What do the governor's words mean? The answers will provide little comfort to local governments. The FY10 cash balance for the Revenue Stabilization Fund will total \$583.7 million. Under state law, no more than half (\$291.8 million) can be used to plug the \$1.5 billion gap. Spending cuts will probably make up the bulk of the Kaine

budget reduction plan, and the plan will not be ready until after the Labor Day holiday.

Of interest to local governments, the most likely targets include direct aid to public education, the Compensation Board, Comprehensive Services Act programs, and state aid to police departments ('599' program).

If not already planned, localities should be developing strategies to cope with state budget reductions. Reductions will be implemented before the General Assembly returns to Richmond in January.

A closer look at the numbers

The Virginia economy shed 53,800 jobs in FY09. Although the official revenue forecast assumed a decrease in job growth, the actual loss was more than twice as great as projected. This in turn drove down income tax receipts and sales tax collections. Personal income withholding and sales tax revenues account for 83 percent of total revenues. Collections declined an unprecedented eleven consecutive months in FY09.

The housing crisis also took a toll on state as well as local revenue. For the state as a whole, the average sale price has declined for six consecutive quarters, with all three major regions declining at nearly a double digit rate during the second quarter of 2009.

Tax collections in FY10 are also confidence-shattering. Sales tax collections declined 6 percent in July, maintaining the trend from the second half of last year. Recordation tax collections declined below double-digit rates in July, for only the fifth time in the last 37 months. Individual tax refunds increased 21.1 percent in July, the



FROM THE CAPITOL

Budget news continued ...

fifth consecutive monthly double-digit increase.

This past June, Kaine ordered another reforecast of revenues. The numbers announced today reflect the latest thinking of the state's financial consultant – Global Insight – as well as the Governor's Advisory Board of Economists (GABE) and the Governor's Advisory Council on Revenue Estimates (GACRE). The governor agreed with his advisors to go with a more conservative forecast than recommended

by Global Insight. The Kaine Administration will review the revenue forecast yet again in November for fiscal years 2010, 2011 and 2012.

And what about transportation?

The revised forecast also contained more woes for transportation funding. Commonwealth Transportation Fund dollars are projected to decrease by an average of \$147.2 million each year

for the next six years. That's another \$883.2 million that will have to be ripped from the Six-Year Transportation Improvement Program or road maintenance. Virginia may be facing the unenviable choice of either not being able to match all federal dollars or having to reduce maintenance on secondary and urban roads. Either choice will not be welcomed by local governments. ❖

VDOT sets Dec. 1 deadline for grants application

The Virginia Department of Transportation recently updated its Enhancement Program website (www.virginiadot.org/enhance) to include the new 2010-2011 application. Local governments may apply by Dec. 1 for grants to fund non-traditional transportation projects, including bike/pedestrian facilities, streetscape improvements, rail-to-trail opportunities, and preservation of transportation history.

The dollars probably will not stretch far enough to fund all applications. The Commonwealth Transportation Board

allocates some \$15- to \$18 million each year of federal Transportation Enhancement dollars to this program. Requests submitted by local governments, non-profit organizations, and state agencies for the funding average over \$65 million.

VDOT modified this year's application to include an additional attachment to summarize the progress made on an applicant's existing projects. The goal is to begin moving toward evaluating progress rather than continuing to evaluate a project's "fit" within the enhancement program. ❖

THE ECONOMY

**There's good news and bad news
Unemployment improves, inflation recedes, retail sales sink**

The bottom line of the latest round of economic news: even if the economy is beginning to recover, the data suggest the rebound will be neither swift nor steep. For local governments this means yet another tough season of budget development in FY 2011.

The New York Times suggested last week that the Labor Department's announcement of "only" 247,000 job losses in July was the most hopeful jobs report since last summer. The job losses are the smallest monthly toll since August 2008.

The unemployment rate dropped to 9.4 percent from June's 9.5 percent rate. The length of the workweek also increased slightly for the first time since August 2008, signaling that employers were not scaling back hours to cut their

payroll costs. (U.S. industry operated at 68.5 percent of capacity in July, up from a record-low operating rate of 68.1 percent in June.) Even if the economy begins growing later this summer, however, laid off workers are likely to be among the last to benefit. In fact, many economists believe the recovery will be marked by an ever-rising unemployment rate and tens of thousands of job losses each month into 2010.

As for inflation, consumer prices have fallen more in the past year than in any 12-month period in nearly six decades. The recession and lower energy costs put a double whammy on July's



prices, causing consumer inflation to fall to zero. In last Friday's report on consumer inflation, the Labor Department said prices were flat in July and have fallen 2.1 percent over the past 12-months – the steepest drop since a

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FROM THE CAPITOL

Economic news continued ...

similar decline for the period ending in January 1950.

With the taming of inflation, consumers find themselves in a strong position to take advantage of prices (and jumpstart the national economy), but they are still holding on to their money. Halfway through the back-to-school shopping season, retail professionals are predicting the worst performance for stores in more than a decade. Citigroup, the National Retail Federation, ShopperTrak, and other retail consultant firms all agree that this year's school sales will decrease over last year's spending. Retailers do some of their biggest business during the back-to-school shopping period. It is considered to be an early predictor of the holiday shopping season. If the forecasts turn out to be right, this could portend a very tough Thanksgiving-Christmas holiday period.

On the other hand, economists who study international trade saw some good news in June. The government reported last week that the gap widened between what the United States imports and what it exports. The trade deficit had narrowed in recent months. The value of imports rose in June for

the first time in nearly a year, even as American exports increased. The increase in imports was attributed primarily to rising costs of crude oil, fuel oils and other petroleum-based goods. In addition, American businesses and consumers were buying more foreign food and beverages, and demand for foreign-made cars rose. For economists, the growth in international trade is further proof that the recession is easing.

Recent actions taken by the Federal Reserve Bank also indicate that the economy is improving. The Fed decided to gradually slow the pace of transactions under its \$300-billion program to buy long-term Treasury bonds. The purchases are designed to lower long-term interest rates and improve functioning of credit markets more broadly. The program is viewed by economists as an extraordinary intervention to support the economy. The Federal Reserve Bank will probably allow the purchase program to expire later this year because in the Fed's view the economy has shown further signs of stabilizing. Because of the recovery's slow pace, however, the Federal Reserve's Open Market Committee decided last week that the Fed funds rate will remain unchanged

in the range of 0 to 0.25 percent. This indicates the Federal Reserve's belief that inflationary pressures are slight and that financial markets still require help.

The housing sector still faces enormous challenges. New-home permits issued in the second quarter of 2009 in Hampton Roads declined by less than 1 percent over the same period last year. This suggests that the new-home market in the region could be ready to reverse course. But the regional numbers mask strikingly different trends by locality. Permit activity was strongest in Norfolk, Chesapeake and Newport News. New-home permits declined in Virginia Beach, Portsmouth, Hampton, and Suffolk.

Perhaps most troubling was a report issued by First American CoreLogic, which tracks mortgages across the country. More than 110,000 homeowners in Hampton Roads owed more on their mortgages than their houses were worth at the end of June because home prices fell again. That's roughly 34 percent of all mortgages in the market, and exceeded slightly the statewide average of 33.1 percent. If home prices fall another 5 percent an additional 16,000 mortgages could end up "underwater." ♦

AT THE LEAGUE

Sept. 4 conference hotel deadline fast approaching

Don't forget to register for the VML annual conference, to be held Oct. 18-20 at the Hotel Roanoke & Conference Center. Sept. 4 is the deadline for making hotel reservations; you must be registered for the conference before you can make reservations from the block of rooms being held for VML.

Check out the latest information on the conference by clicking the annual conference logo at www.vml.org. The conference will be chock-full of sessions designed to help local governments

weather the current difficult economic times.

For additional information, call VML at (804) 649-8471. ♦



IN CONGRESS

Mandatory collective bill introduced in Senate

A bill to mandate collective bargaining for state and local public safety employees has been introduced in the U.S. Senate. S.1611, entitled the "Public Safety Employer-Employee Cooperation Act of 2009," was introduced by Senator Judd Gregg (R-NH). The bill currently has 8 co-sponsors. Neither of Virginia's senators is a co-sponsor. The bill has been referred to the Senate Committee on Health, Education, Labor and Pensions.

The bill is similar to H.R. 413, introduced in January, and currently

in the House Committee on Education and Labor. H.R. 413 was introduced by Reps. Dale Kildee (D-MI) and John Duncan (R-TN). The 133 co-sponsors include Virginia Congressmen Bobby Scott and Gerry Connolly.

Action on the Senate bill could take place once the Senate returns from summer recess. It is a good time to write to Senators Webb and Warner to express your opinion about potential federal interference in local personnel policies and procedures and the cost/benefit of such for taxpayers in your community.

If you are unable to schedule a visit with them during recess, you may send correspondence to:

The Honorable James Webb
United States Senate
Washington, D.C. 20510
Fax: 202/228-6363

The Honorable Mark R. Warner
United States Senate
Washington, D.C. 20510
Fax: 202/224-6295 ❖

ETCETERA

Federal H1N1 influenza guidelines updated for schools

With schools preparing to open for the new school year, the Centers for Disease Control and Prevention (CDC) has revised its guidelines to offer state and local public health and school officials a range of options for responding to 2009 H1N1 influenza in schools. The guidance says officials

should balance the risk of flu in their communities with the disruption that school dismissals will cause in education and the wider community. The CDC anticipates more illness after the school year begins, because flu typically is transmitted more easily in the fall and winter. More information about the new

guidance may be found at www.flu.gov.

VML's annual conference in Roanoke will feature a workshop with Virginia Health Commissioner Karen Remley, who will talk about state and local preparation and response to H1N1. That workshop will be held Monday, Oct. 19, from 1:30 to 2:45 p.m. ❖

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.

Police Officer, Haymarket

SALARY: \$35,000 (+) benefits. Reqs. H.S. diploma or equivalent, 2 yrs. exper. in uniformed police work and current DCJS Va. law enforcement certification. Must pass extensive background check, polygraph and drug screen. Must possess demonstrated ability to communicate well with public and co-workers, as well as ability to handle law enforcement responsibilities professionally. 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@townof-haymarket.org. Deadline: Sept. 1. EOE.

Appraiser, Chesapeake

SALARY: \$38,446 (+) benefits. Assess property equitably at fair market value. Responsible for gathering and reviewing property information, conducting field appraisals, calculating and preparing data, verifying and updating information, and responding to inquiries. Reqs. bachelor's degree or educ. and training equiv. to 4 yrs of college in real estate or a closely related field, valid driver's license with acceptable driving record, and more than 1 yr. of related exper. Prefer successful completion of IAAO courses 101, 102, 210, or 112, 300, 311, or 312 or other equiv. courses, and a Va. Real Estate Appraisal License. For more info and/or to apply, visit www.jobs.cityofchesapeake.net. Deadline: Aug. 28. EOE.

Environmental Planner, Hampton

SALARY: \$38,059-\$61,803 (+) benefits. Works within a team of professionals to contribute to the development and

implementation of comprehensive plans, ordinances, policies and programs to provide for the future growth, utilization and revitalization of land within city. Coordinates and administers activities of the Wetlands Board. Conducts detailed review and analysis of development project plans and site development permit applications to ensure citywide compliance with municipal wetlands and riparian area protection codes and standards. Assists in planning and coordinating the activities of Hampton's Land Development Services. Prefer some exper. equiv. to city planner level in a municipal, state, or federal agency or related area; educational training and/or exper. in environmental sciences, wetland delineation and Chesapeake Bay Act enforcement and administration; working knowledge of GIS. Open until filled. EOE.

Water and Sewer Superintendent, Vienna

SALARY: DOQ/DOE (+) benefits. Manages the Meter Reading, Water and Sewer divisions. Responsible for compliance with state and federal regs. Manages related construction, maintenance, rehab

POSITIONS

and repair projects. Must have strong management, fiscal admin and computer skills. Prefer relevant bachelor's degree and 6-9 yrs. applicable supervisory exper. in water treatment system operations, wastewater treatment operations, or closely related field. Must hold or have ability to earn a Waterworks Operator Class 5 or higher certification. View announcement at www.viennava.gov. Submit resumes to: jobs6@viennava.gov. Deadline: Aug. 31. EOE.

Supervisor of Municipal Water and Wastewater Operations, Kenbridge

SALARY: DOQ/DOE (+) benefits. Reqs. current Va. Water Operators Class II License and a current Va. Wastewater Class III License (class II preferred). Send resume and Town of Kenbridge application to: Donnie Neblett, Town Manager, P.O. Box 478, Kenbridge VA 23944. Deadline: Sept. 11. EOE.

Utilities Director, Danville

SALARY: \$87,000-\$120,000 DOQ/DOE (+) benefits. (pop. 45,000) Manage Danville Utilities, a municipal provider of electric, gas, water, wastewater and telecommunications services. Appointed by and reports directly to city manager. Danville Utilities serves 42,000 electric meters, 16,000 gas meters and 18,000 water meters. Its open access fiber optic telecommunications system serves 200 municipal, school and business locations. Fiber-to-the-neighborhood deployments are being undertaken this summer. Reqs. relevant bachelor's degree (master's in public or business admin. preferred). Reqs. extensive exper. Residency req'd. Submit cover letter, resume, credentials, and salary and employment history to: Human Resources, P.O. Box 3300, Danville, VA 24543-3300 or e-mail to hr@ci.danville.va.us More info on Danville Utilities at www.danvilleutilities.com. More details on position at www.danville-va.gov. Open until filled. EOE.

Executive Director, Southside Community Services Board

SALARY: \$89,000-\$115,000 start range DOQ/DOE (+) benefits. Oversee provision of community-based mental health, mental retardation and substance abuse services to Halifax, Mecklenburg and Brunswick counties. Employs 250 staff with \$11.8 million FY09 bdgt. SCSB is governed by a policy-making board of directors appointed by the localities served.

Serve as agency's CEO, reporting directly to the board; provide overall management / leadership for all agency programs and services. Prefer relevant master's degree or any equiv. comb. of educ. (including undergraduate degree) and exper. that meets the req'd. knowledge, skills and abilities, with 4 yrs. exper. in management req'd. Submit req'd SCSB application with cover letter outlining related work exper., formal education and salary reqs. in sealed envelope to: Human Services Coordinator, SCSB, P.O. Box 488, 424 Hamilton Blvd., South Boston, VA 24592. Request application from 434/572-6916, address above, or at www.sscsb.org. For more info, contact: pnorris@sscsb.org or 434/572/6916. Job # 002. Deadline: Oct. 5. EOE.

Director of Libraries, Portsmouth

SALARY: \$71,996-\$97,195 DOQ/DOE (+) benefits. Serve under general direction of city manager. Responsible for planning, directing and overseeing activities of all branch libraries; anticipating growth and developing strategies to render services; and ensuring the availability of resources to accomplish department objectives cost effectively. Reqs. master's degree in library science and 6-9 yrs. exper. as a managing librarian for a large library system with automation skills, preferably in a govt. setting similar to Portsmouth; or any equiv. comb. of training and exper. that provides the req'd knowledge, skills and abilities. Submit city application and resume to: City of Portsmouth, Department of Human Resource Management, 801 Crawford St., Portsmouth, VA 23704. See: www.portsmouthva.gov. Deadline: Aug. 21. EOE.

Senior Planner, Fluvanna County

SALARY: \$40,300 to start. Provide leadership and expertise on subdivision and zoning ordinances, comprehensive plan and other county land-use policies. Duties include: review, analysis and recommendation of rezoning requests, special use permits, site plans and subdivisions. Meets with applicants, developers, attorneys and concerned citizens, and gives oral presentations before Planning Commission, Board of Supervisors and special interest groups. Fields questions on zoning requirements. Enforces subdivision and zoning regs. Updates subdivision and zoning ordinances. Provides staff assistance to boards, commissions and committees. Reqs. relevant bachelor's degree and 3 yrs. progressively responsible professional planner exper. Prefer master's degree, AICP,

CZO/A, or combination thereof. Working knowledge and exper. with GIS encouraged. Submit resume and county application (go to www.fluvannacounty.org) to: Barbara Wall-Magee, Fluvanna County Human Resources, PO Box 540, Palmyra, VA 22963. Deadline: Sept. 4. EOE.

Other positions

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

Director of Public Utilities, Portsmouth

SALARY: \$71,996-\$97,195 DOQ/DOE (+) benefits. Open until filled.

Grants Administrator, Lynchburg

SALARY: \$44,221 to start DOQ/negotiable (+) benefits. Open until filled.

Systems Analyst, Virginia Beach

SALARY: \$50,494-\$75,741 DOQ (+) benefits. Deadline: Aug. 24.

Fiscal Control & Financial Planning Chief, Fairfax County

SALARY: \$69,106-\$115,176 (+) benefits. Deadline: Aug. 21.

Administrative Assistant to Town Manager, Blackstone

SALARY: \$30,000-\$38,000 to start DOQ/DOE (+) benefits. Open until filled.

Executive Director, Harrisonburg-Rockingham Regional Sewer Authority

SALARY: DOQ/DOE (+) benefits. Deadline: Aug. 27.

Personnel Recruiting Services (RFP), Bristol, Va.

SALARY: Negotiable. Deadline: Aug. 21.

DEADLINE: *The deadline for placing a job advertisement in the next issue of Update is Friday, Aug. 28. 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.*

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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