

# Update

The newsletter of the  
Virginia Municipal League

## Inside ...

1-8

*Proposed state budget dampens prospects for a happy new year*

*Transportation board chops another \$893.5 million from 6-year plan*

*State OKs stormwater regs with relaxed phosphorus standard*

*McDonnell administration pledges to work with localities*

*General Assembly calendar proposed*

*Subcommittee hears from 3 experts on impact fees*



**February 11**

## Kaine budget redefines state-local relationship

Gov. Tim Kaine's proposed budget for 2010-2012 makes fundamental changes to the financial relationship between the Commonwealth and its local governments. Whether in the drastic reductions for funding constitutional officials, the reductions and policy changes in education funding, or a range of spending reductions in human services, economic development and public safety, the proposed FY10-12 budget shifts an unprecedented amount of costs to local governments. Indeed, local governments, the Virginia Retirement System and state employees will do the heavy lifting in balancing the state budget.

The governor, as has been well documented, had little money with which to work – *relatively speaking*. Current state revenues are roughly at about 2005 levels.

Although the governor proposes a bold initiative to swap a 1 percent income tax

surcharge dedicated to local governments for ending the personal property tax on personal vehicles, there is little else in the budget that goes after the requirements and standards that drive the cost of spending.

The proposed biennial budget makes little attempt, however, to address requirements and standards that drive the cost of spending. Instead, in many cases the budget simply turns to local governments to pick up the tab.

Direct aid to education for the next biennium is slightly less than it was in 2006-2008, but

the budget does nothing to defer or eliminate the multitude of new regulations that have been put in place since that time. The budget makes policy changes that lead to a permanent reduction of at least \$600 million a year in state funding for education.

The budget also shifts all responsibility for funding retirement and group life insurance

*Continued on page 2*

### Budget analysis forthcoming

*VML staff will produce an analysis of the budget as soon as possible. Items of interest to local governments are strewn throughout the document, and staff is taking care to be as thorough and accurate as possible.*

## Newly elected officials conference scheduled

VML will hold a Conference for Newly Elected Officials on Friday, Jan. 8, at the Charlottesville Community Design Center, 100 E. Fifth St., N.E., on the downtown mall.

The conference will be held from 9 a.m.- 4 p.m., and will include sessions on budgeting, the Freedom of Information Act, conflict of interests, public officials liability, and council/manager relations. The fee is \$35. Registration material

is available at [www.vml.org](http://www.vml.org), by calling 804/649-8471 or by sending e-mail to: [e-mail@vml.org](mailto:e-mail@vml.org). ❖



## FROM THE CAPITOL

## Kaine budget continued ...

ance for constitutional officers and their employees to local governments, including presumably the costly enhanced retirement benefits for sheriffs' deputies that the state requires to be offered. The proposed budget also eliminates state support for health insurance credits for constitutional officers and their employees, a benefit that the state put in place.

In the public safety arena, the proposed budget cuts law enforcement funding (HB 599) by 20 percent, reduces support for sheriffs' deputies and makes a series of changes that increase local responsibility for funding jails and inmate costs.

The budget relies on depressed

contributions and deferred payments to mitigate increases in retirement costs for state employees and teachers. The budget starts down the road to fiscal stability, however, by beefing-up contributions to the retirement system by requiring state employees to pay 1 percent of the contribution rate in FY11, and 2 percent in FY12. The budget also raises the retirement age for state employees and teachers, as well as local employees, including public safety officers receiving enhanced benefits.

A transcript of Kaine's Dec. 18 speech to the meeting of the General Assembly money committees, as well as a copy of the executive budget and

other financial information, is posted at <http://www.dpb.virginia.gov>.

The Superintendent of Public Instruction has posted memoranda containing locality-specific information on education funding. The information is posted at [http://www.doe.virginia.gov/info\\_centers/administrators/superintendents\\_memos/2009/338-09.shtml](http://www.doe.virginia.gov/info_centers/administrators/superintendents_memos/2009/338-09.shtml) and [http://www.doe.virginia.gov/info\\_centers/administrators/superintendents\\_memos/2009/337-09.shtml](http://www.doe.virginia.gov/info_centers/administrators/superintendents_memos/2009/337-09.shtml).

Kaine's budget makes major policy changes in funding of constitutional officers. Details are available at <http://www.scb.state.va.us/communications/fy1112budgetbilloverview.pdf>. ❖

## Proposed state budget dampens prospects for a happy new year

A cursory review of Gov. Tim Kaine's proposed budget for 2010-2012 shows that the state is scrambling to redefine, downsize and unload its financial commitments that help pay for education, law enforcement and other public services. Meanwhile, declining local revenues are giving local elected officials working on FY11 budgets fits. Here is the latest in a series of snapshots showing some of what is going on across the Commonwealth.

**Norfolk** city officials project a \$39 million shortfall in the FY11 budget. This is on top of the \$7.5 million shortfall projected for this fiscal year. The city manager is calling for department heads to trim their next year's budget requests by 5 percent from current spending levels. The city is experiencing large increases in health care and retirement costs, reductions in state aid, and declines in nearly all local revenue sources. In response to state budget cuts, the Circuit Court clerk has laid off seven employees and eliminated two vacant positions, reducing his staff to 41. The sheriff put a hiring freeze into place in October, leaving 36 positions unfilled. Additional state cuts will result in job layoffs.

In **Hampton**, the mayor said up to \$25 million could be slashed from the city's FY11 budget. These cuts would be in addition to the \$24 million in reductions school administrators told the Hampton School Board would be needed

to balance next year's school budget. The school board recently updated its layoff policy in preparation for the FY11 budget shortfall. The mayor blamed the city's grim financial picture on a reduction in state reimbursements, a decrease in real estate assessments, and a fall in other revenues related to sales and use taxes. Personal property tax collections are also declining. The new city manager said the FY11 budget will mark the second year in a row that Hampton's overall budget has declined. The current budget is almost 2 percent less than the FY09 city budget.

The **Portsmouth** School Board received an "extremely preliminary" report from school officials, which projects a nearly \$12 million shortfall in FY11. The school superintendent described the projections as "rosy," and said the situation "could get worse." School administrators said a third of the shortfall comes from anticipated cuts in state support for education. Ideas under discussion to balance the budget include eliminating technology upgrades and bus replacement; further cutting travel and professional development spending; and reducing through attrition 33 custodian positions, 39 paraprofessional posts and 59 teachers, clerical workers and administrators.

In **Roanoke**, city officials are under instruction to find options for cutting 15

*Continued on page 3*

## FROM THE CAPITOL

### Local budgets continued ...

percent to 30 percent of their remaining budgets to make up for an \$8.9 million revenue shortfall in the current fiscal year. Of this amount, \$2.5 million would be assigned to the school divisions. According to the city's finance director, virtually every city revenue source is down.

In the **Town of Luray**, the council approved a per pack tax on cigarettes sold within the town limits (\$1.50 per carton). The additional revenue would help make up for the expected decline in real estate values. The mayor said real estate values in 2010 could come down

about 25 percent, leaving the town with a \$265,000 shortfall. Town council approved the tax hike by a vote of 4-3.

The **Spotsylvania** School Board is looking for ways to cut \$3.2 million from next year's budget. Among the items under discussion are returning to half-day kindergarten, delaying the purchase of new textbooks, and charging students a \$100 fee to participate in sports and other activities. Other items discussed included reducing funding for fine arts, modifying the elementary-level foreign language program, eliminating general education summer

school, increasing the pupil-to-teacher ratio, trimming funding for professional development, and reducing funding across-the-board.

In **Fairfax County**, the Friends of Fairfax County Public Library, a non-profit group, has created an online petition to raise awareness about possible deep cuts to the library system's budget next year. In November, the library announced it would likely lay off 107 full- and part-time staff to help close a \$4 million budget gap. Library hours would also be scaled back on Fridays. ❖

### Transportation board chops another \$893.5 million from 6-year plan



Responding to the latest transportation revenue forecast, the Commonwealth Transportation Board adopted a revised Six-Year Improvement Program last week that includes an additional \$893.5 million in cuts. This brings the total reductions to \$4.61 billion since the spring of 2008 when the CTB began adopting revisions to the plan with each new revenue forecast.

In November VDOT projected \$851.5 million in reductions, but the December transportation revenue forecast showed additional spending cuts of \$42 million were needed.

"Since we proposed reductions in November, transportation revenues have slipped even further, forcing us to make more difficult decisions to cut administrative programs and to reduce additional maintenance spending," said VDOT Commissioner David S. Ekern. The positive bump in car sales resulting from the "cash for clunkers" program was not enough to reverse the declines in other transportation revenues.

FY10 cuts will include:

- Reductions in administrative costs
- Reduced equipment purchases
- Reduced capital outlay for facility improvements
- Reduced payroll for employees already laid off as part of staffing reductions

- Reduced maintenance including cutting payments to localities that maintain their own roads

- Reduced paving operations

To address the overall \$893.5 million reductions over the next six years, the CTB adopted cuts to programs including:

- Ground transportation planning and research

- Highway system acquisition and construction

- Highway system maintenance

- Commonwealth toll facilities

- Financial assistance to localities

- Non-toll supported debt service

- Administrative and support

services

- VDOT capital outlay

- Public transportation

- Rail

- Aviation

- Ports

There is no indication from either the General Assembly or the governor-elect that transportation funding will be a priority in the 2010 session. To review the latest revised Six-Year Improvement Program go to <http://www.vdot.virginia.gov/projects/syp-default.asp>. Staff contact: Joe Lerch / [jlerch@vml.org](mailto:jlerch@vml.org). ❖

## FROM THE CAPITOL

## State OKs stormwater regs with relaxed phosphorus standard

The Virginia Soil and Water Conservation Board has approved new stormwater regulations that VML has been tracking and reporting on since 2006.

The Department of Conservation and Recreation (DCR) notified stakeholders Dec. 5 of a significant last-minute revision to the proposed regulations.

Specifically, a 0.45 pounds per acre per year phosphorus standard was adopted statewide for all new development (a specific recommendation of VML submitted during the comment period ending Aug. 21). The proposed final regulations included a limit 0.28 pounds per acre per year within the Chesapeake Bay watershed and 0.45 pounds per acre per year for the rest of the state. In anticipation of EPA developing a strict “pollution diet” known as a Total Maximum Daily Load, or TMDL, to remove excess pounds of nitrogen, phosphorus, and sediment, an updated Chesapeake Bay pollutant loading computer model shows that the 0.28 standard is not necessary. In an e-mail to stakeholders, DCR Policy, Planning, and Budget Director David Dowling wrote:

*“... the Department recognized that the new data suggests that the 0.28 standard that the Board established in the October final regulations for the Bay Watershed may at present, represent a greater pollutant reduction level than might be needed to be achieved by regulated construction activities. The Department recognizes that the new Bay data should be considered as we want to continue*

*to use the best science available. In recognition of these changing circumstances, it will be the Department’s recommendation that a 0.45 pounds per acre per year phosphorus standard be adopted statewide at this time.*

The Board also empowered DCR to initiate a regulatory process to consider future changes to the 0.45 standard based on the final bay-wide TMDL plan that is scheduled to become adopted by EPA in December 2010.

As reported in previous articles, the regulations have three major components. Parts I and II establish revised definitions and water quality and quantity criteria (including the revised phosphorus standard). Part III defines the requirements for delegation of stormwater permitting and inspection to local governments. Under the 2004 Virginia Stormwater Management Law all Chesapeake Bay Act localities and Municipal Separate Storm Sewer System (MS4) permit localities will be required to adopt stormwater programs within 21 months of the scheduled effective date of July 1, 2010. Part XIII establishes the permit fees for regulated construction activities and that local adopted programs will be required to remit 28 percent of fees to the Virginia Stormwater Management Program (VSMP) Fund to be administered by DCR. Additional authority was added to allow a qualifying local program to establish greater fees if they demonstrate to the Board that greater fees are necessary to properly administer a program. This

will allow a local government greater flexibility in matching permit revenues with program costs.

One concern raised by VML and not addressed in the final regulations is a specific recommendation to separate administration of the VSMP General Permit for Discharges of Stormwater from Construction Activities from the technical requirements to treat the discharge from post-construction stormwater runoff. From a statutory standpoint, the General Permit only covers stormwater discharge during the construction phase. From a practical standpoint, VML firmly believes that the general permit is for construction activity only, and, as intended by the 2004 Stormwater Management Law, to be combined with the currently required Erosion and Sediment Control permit program administered by local governments and their delegated authorities. Further, many local governments with existing stormwater programs already review post-construction designs via their site plan review process obviating the need for including the post-construction standards within the general permit.

Given continued opposition to the proposed regulations from the development community, it is expected that the General Assembly will be asked to intervene during the upcoming legislative session in 2010. Staff contact: Joe Lerch / jlerch@vml.org. ❖

## McDonnell administration pledges to work with localities

Eric Finkbeiner, senior policy adviser to Gov.-elect Bob McDonnell, said that the incoming administration will work with local governments as much as possible to implement policy changes beneficial to cities, towns and counties. Finkbeiner made his remarks at a Dec. 17 retreat for legislative liaisons sponsored by the league and the Virginia Association of Counties.

Job creation and economic development, education reform – including

charter schools, and the budget will be the new governor’s focus in the 2010 session, according to Finkbeiner. The new governor’s legislative package will be announced early in 2010.

When asked about the federal collective bargaining bill for public safety personnel currently before Congress, Finkbeiner said that the administration would be proactive at the federal level as well. McDonnell expressed opposition to the legislation during the gubernato-

rial campaign.

Finkbeiner urged the liaisons to forward to him specific examples of mandate relief that should be considered. VML will forward several examples, including deferring the requirements that schools develop an academic and career plan for all 7<sup>th</sup> graders. If your locality has specific examples, please forward them to VML as well (e-mail@vml.org). ❖

## FROM THE CAPITOL

## General Assembly calendar proposed



The General Assembly's Joint Rules Committee has proposed the following dates to guide the 2010 session. While the legislature still must approve the calendar, it would be highly unusual for it to make changes.

**Jan. 13:** The 2010 session convenes; last day for introducing prefiled legislation, and for introducing charter, local fiscal and correctional impact, sales and property tax exemption, and VRS bills, as well as legislation creating or continuing a study

**Jan. 18:** Joint session; address by Gov. Bob McDonnell

**Jan. 22:** Deadline for introduction of legislation

**Feb. 16:** Cross-over; each house completes committee work on its own legislation (except the budget bill).

**Feb. 21:** House Appropriations and Senate Finance committees present their budgets

**Feb. 25:** Each house to approve its own version of the budget

**March 3:** Each house to act on the other house's budget and to appoint budget conferees

**March 8:** Deadline for committee action

**March 9:** Budget bill conference committee to complete work (reports to be available by March 11)

**March 13:** Adjournment

**April 21:** Reconvened (veto) session  
Don't forget that VML/VACo Legislative Day will be held Feb. 11 in downtown Richmond. Please mark the date on your calendar and make plans to attend. ❖

## Subcommittee hears from 3 experts on impact fees

The joint legislative subcommittee charged with studying development and land-use tools heard from three national experts on impact fees Dec. 4.

The Virginia Chapter of the American Planning Association brought in the experts on impact fees and similar land-use management and financing tools to explain how the various instruments work. The speakers were professor Chris Nelson, formerly of Virginia Tech and now with the University of Utah; Carson Bise, of the national planning firm Tischler Bise; and James Duncan, president of Duncan Associates.

Committee members discussed with the experts the differences between impact fees and Virginia's cash proffer system. The dialogue centered on how impact fees help local governments direct where growth should occur and cash proffers, which help developers by incorporating

safeguards to protect them from being overcharged by local governments.

Although the 2010 General Assembly is unlikely to consider amendments to the laws pertaining to impact fees or cash proffers, the Dec. 4 meeting was still useful. It educated subcommittee members on how impact fees – as a part of a comprehensive and intelligent land use-management system – actually help developers while preserving open land and maximizing the use of land near public facilities.

Del. Clay Athey, chairman of the subcommittee, made it clear that he does intend to present a refinement of the urban development area law set out in Va. Code §15.2-2223.1. Planners, local government representatives and the development industry have been working on a revised law that will likely be the bill submitted by the delegate. ❖

## ETCETERA

## Emergency and disaster guide updated

The Virginia Department of Emergency Management has updated its *Elected Officials Guide to Emergencies and Disasters*. Follow the "Publications" link on VML's Web site at [www.vml.org](http://www.vml.org) to read the update.

This eight-page guide includes a process for handling disasters, reasons why meeting National Incident Management System requirements are essential,

relevant sections of the Code of Virginia, synopses of FEMA's Individual and Public Assistance programs and tips for dealing with the media. The new version is based on a similar guide developed in 2006 by VDEM, the league and the Virginia Association of Counties.

The first elected officials guide to disasters was developed by Prince William County in 2005. ❖

## POSITIONS

### Longer version of job ads posted at [www.vml.org](http://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](http://www.vml.org). Visit the VML site and click on "Marketplace" to read the complete descriptions.

### Community Development Administrator, Virginia Department of Housing and Community Development (Richmond)

SALARY: \$41,000-\$52,000 start range DOQ/DOE (+) benefits. Assist with implementation of Va. Enterprise Zone Program that stimulates private investment and job creation in distressed localities. Will provide technical assistance and training to local govts. resulting in maximizing effectiveness of enterprise zone designations; assist businesses, private investors, CPAs, and other clients in the incentive qualification process; review and process incentive applications; compile incentive information. Reqs. strong math and analytic skills; strong Microsoft Office skills, especially Excel and PowerPoint. Prefer relevant college degree or equiv. comb. of training and exper. Must complete state application through the on-line employment system at <https://jobs.agencies.virginia.gov>. Additional info from HR office at 804/371-7000. Deadline: Jan. 7.

### Community Representative, Virginia Department of Housing and Community Development (Richmond)

SALARY: \$41,000-\$52,000 DOQ/DOE (+) benefits. Oversee local government and non-profit administration of new Va. Neighborhood Stabilization Program (NSP) under the Community Development Block Grant Program (CDBG). The purpose of the NSP is to assist affected neighborhoods with the financing, acquisition and re-development of abandoned and foreclosed homes. Will be main point of contact for local government and non-profit partners to ensure that they implement projects that comply with the project contract, and with all applicable state and federal reqs. Reqs. some exper. in residen-

tial mortgage / home purchasing negotiations and a background in real estate field. Experience in financial mngmnt. very helpful. Additionally, must have exper. in one or more of the following: community development; construction management; housing construction/rehabilitation; local government or quasi-government entity; housing counseling; grant-writing/administration. Reqs. relevant college degree. Must complete state application through the on-line employment system at <https://jobs.agencies.virginia.gov>. Additional info from HR office at 804/371-7000. Deadline: Dec. 31.

## Other positions

NOTICE: *The following positions also are listed on VML's Web site at [www.vml.org](http://www.vml.org).*

### General Supervisor (water distribution), Chesapeake

SALARY: \$38,446 (+) benefits. Deadline: Dec. 25.

### Hazardous Materials / Safety Officer, Manassas

SALARY: \$62,795-\$75,000 (+) benefits. Open until filled.

### Police Chief, Lexington

SALARY: Mid-\$60,000 range (+) benefits. Deadline: Jan. 8.

### Director of Library Services, Gloucester County

SALARY: \$53,788-\$80,682 (+) benefits. Deadline: Jan. 14.

### Director of Community Development, Augusta County

SALARY: \$69,347-\$97,986 DOQ/DOE (+) benefits. Deadline: Jan. 8.

### Director of Economic Development, Suffolk

SALARY: \$89,313-\$118,339 (+) benefits. Open until filled.

### Purchasing Agent, Suffolk

SALARY: \$57,877 - \$75,241 (+) benefits. Open until filled.

### Director of Finance, Brunswick County

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

### Director of Finance, Richmond Metropolitan Authority

SALARY: Negotiable (+) benefits. Open until filled.

### Accounting Supervisor, Roanoke

SALARY: \$49,944-\$64,927 DOQ/DOE (+) benefits. Open until filled.

### Director of Planning and Zoning, Front Royal

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

*DEADLINE: The deadline for placing a job advertisement in the next issue of Update is Friday, Jan. 1. Submit ads via e-mail to David Parsons at [dparsons@vml.org](mailto:dparsons@vml.org). 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.*



# VML, VACo co-sponsor Legislative Day Feb. 11

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## Richmond Marriott

The Virginia Municipal League and the Virginia Association of Counties will sponsor Legislative Day on Thursday, Feb. 11, at the Richmond Marriott, located at 500 E. Broad St. in downtown. VML and VACo staff will report on legislation affecting local governments, then local officials are encouraged to participate in committee meetings and lobby state legislators at the Capitol. Local officials are strongly encouraged to take their legislators to dinner. Please invite them soon.

To register, mail this form and a check (payable to VML) for \$40 per person to:  
VML, P.O. Box 12164, Richmond, VA 23241. Fax (804) 343-3758.

Officials who need to stay overnight at the nearby Richmond Marriott Hotel can get a special rate of \$123 for a single or double room. Call the hotel at 800-228-9290 and use the special code VACO/VMLLEGDAY.

**Deadline for hotel reservations is Jan. 29.**

For more details, call VML at (804) 649-8471, fax (804) 343-3758 or e-mail@vml.org.

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### PROGRAM SCHEDULE

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- 9:30 a.m.            VML Executive Committee meeting
- 11 a.m.             Registration
- Noon                VML and VACo staff legislative briefings (box lunch provided)
- Afternoon          Visits to state Capitol
- 5:30 - 6:30 p.m.   Cash bar reception for local officials
- Evening             Make plans now to take your state legislators to dinner!

Enclosed is a check (\$40 per person) payable to VML for the following people to attend:  
*VML does not take credit cards.*

Name \_\_\_\_\_ Name \_\_\_\_\_

Title \_\_\_\_\_ Title \_\_\_\_\_

Name \_\_\_\_\_ Name \_\_\_\_\_

Title \_\_\_\_\_ Title \_\_\_\_\_

County/City/Town/Organization \_\_\_\_\_

Mailing Address \_\_\_\_\_

Phone \_\_\_\_\_ Special Accommodations \_\_\_\_\_

*(If necessary, attach a list of additional names with titles.)*

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