

Update

The newsletter of the
Virginia Municipal League

Inside ...

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Budget prospects remain bleak for local governments

Upcoming: Age wave forum set for May 20

State revenue woes deepen as recession tightens grip

State revenues plummeted a staggering 15 percent in January compared to a year ago, according to a Feb. 13 memorandum from Secretary of Finance Ric Brown to Gov. Tim Kaine. On a year-to-date basis, total general fund revenues fell 5.5 percent, dropping below the December 2008 forecast that predicted a 4.8 percent decline. The 5.5 percent decline in tax collections represents the largest drop on record. All major revenue sources are now trailing their respective forecasts.

The bad news regarding revenues reflects the deteriorating economy. The Virginia Leading Index fell 0.5 percent in December, the eighth decline in the previous 12 months. All three components – vehicle registrations, building permits and

initial unemployment claims – contributed to the decline.

December marked the first month of *negative* year-over-year job growth in Virginia since June 2003. The state economy lost 31,100 jobs, and December's payroll employment fell 0.8 percent.

December's and January's collections for withholding of individual income taxes are the weakest since the December-January period in fiscal year 1990. Year-to-date withholding growth is

3 percent, trailing the projected annual growth rate of 3.4 percent.

Individual income tax non-withholding was even grimmer. Receipts for December-January declined by 20.3 percent, exceeding the declines experienced in the last two



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Federal stimulus What could it mean for Va.?

As the politics and hyperbole surrounding the federal economic stimulus package signed by President Obama on Tuesday subside, more information about the measure's effect on Virginia is emerging. Although a complete picture could be several weeks away, indications are that Virginia could receive:

- \$890 million for transportation and infrastructure;
- \$800 million for school district fund-

ing, including public education, building modernization and construction, and special education;

- \$265 million for unemployment benefits extension;
- \$136 million for modernizing and repairing water systems; and
- \$39.2 million for job training and employment services.

A critical issue for the state and localities is the new law's stance on maintenance of effort and non-supplanting of non-

Continued on page 2

FROM THE CAPITOL

State revenue continued ...

recessions in fiscal years 1990 and 2002. Year-to-date collections have fallen 11.1 percent compared with the official revenue forecast of an 8.4 percent decline.

Collections of sales and use taxes, reflecting December sales, fell 0.9 percent in January. On a year-to-date basis, collections have fallen 4.6 percent below the forecast of a 2.1 percent decline. Taking the December-January holiday sales together, season tax collections dropped 8.8 percent compared with the forecast for a 3 percent decline.

Even lottery revenues are suffering. Year-to-date net income is down 5.8 percent, trailing the annual forecast of a 5.4 percent decline.

As for transportation revenues, the situation is even gloomier. Despite the General Assembly's actions in 2007 to dedicate certain general fund revenues

for transportation, the year-to-date collections have fallen 4 percent as compared to the forecasted drop of 2 percent. New construction revenues have slumped by 7.4 percent in FY09 as compared to the official forecast calling for an increase of 4.6 percent this year. Even with a transfer of \$345 million from the new construction budget, maintenance revenues have fallen 1.1 percent rather than the projected 0.8 percent decline.

The glimmer of hope for state and local budgets (*see story, page 1*) is the federal economic stimulus package.

Whether this hope is realized in time for the General Assembly to adjourn on Feb. 28 is problematic. Whether this hope is realized in time for local governments preparing their budgets is also unknown. ❖

IN CONGRESS

Federal stimulus continued ...

federal funds. Initial reports are that the American Recovery and Reinvestment Act of 2009 will modify these provisions, particularly in the transportation, education and public safety programs. In some cases, matching and cost sharing requirements may be waived.

Other federal statutes, including Medicaid and highway infrastructure investment, will govern the allocation of funds in this act. This could provide an opportunity for the Senate to include revised numbers for the state's Medicaid program in the amendment package it adopts on Wednesday, Feb. 18. Other funds will be allocated by competitive grant applications (e.g., the broadband program) and "by demand" (e.g., unemployment insurance, food stamps, small business loans).

For the State Stabilization Fund, the state grants will be based on population with 82 percent of the money to be spent on education and 18 percent of public safety or other government services. With these dollars, school modernization, renovation and repair would be considered eligible projects. And, the U.S. Secretary of Education may waive or modify any requirement related to maintaining fiscal effort.

The bulk of the education money falls under existing programs – Title I Grants and IDEA, Part B State Grants. But, there is also funding for education technology, impact aid construction, vocation rehabilitation state grants, and preschool programs.

Although targeted for individuals and businesses, the act's tax provisions may have a beneficial impact on local governments. Some of the tax cuts are intended to reduce the cost of capital borrowing and increase access for the financing of capital priorities. For example, the act includes more than \$50 billion of new tax credit bonds and a new option for local governments to issue taxable bonds in exchange for cash or a tax credit.

For the state and localities, the questions are:

1. How much will the Commonwealth receive?
 2. Which programs come with "strings" and which provide flexibility?
 3. When will the dollars come?
 4. Will state and local governments be able to incorporate the money in the budget development process now underway or will special actions be required?
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FROM THE CAPITOL

Budget prospects remain bleak for local governments

If one word can best capture the ideas and options under discussion in local school divisions and local governments across Virginia it might be “retrenchment.”

Here is the latest in a series of snapshots that reflect the challenges that local governments are facing.

- In Manassas, school officials must draft a budget that is at least \$5 million less than the FY09 budget. Freezing teacher salaries, reducing the number of elective opportunities, offering early retirement packages, requiring students to pay for standardized tests, limiting field trips to within five miles of the schools, and reducing funding for the schools’ employee retirement plan are some of the ideas the school board may have to decide this month. Complicating budget development are two major unknowns. First, how much will the state’s contribution for public education drop? Second, can the city maintain its revenue sharing agreement to provide

58.3 cents of each dollar when residential property assessments are expected to drop more than 30 percent?

- The City of Roanoke School Board faces a \$15 million hole in next year’s budget. School officials are discussing laying off up to 100 teachers, out-sourcing the school bus system, and closing two schools. The situation could worsen depending on the amount of state aid the city receives. The school board has until March 15 to adopt a budget and send it to city council.

- Salem school officials are working on specific actions to fill a \$2 million shortfall in next year’s budget, which is equivalent to 4 percent of the overall budget. Layoffs, pay cuts, a hiring freeze, furloughs and paid time off are all being considered. But without a firm number on how much the state will cut from its aid to public schools, board members are not rushing to make final decisions. The school board will present its spending plan to city council in March.

- In Alexandria, the city manager characterized the FY10 budget proposal as a reflection of “the most serious fiscal crisis in more than 30 years.” The proposed budget is 7.7 percent less than the amount needed to maintain the current level of city services, and is actually 3.3 percent less than the FY09 approved budget. City schools would decrease by 2 percent from this year’s budget. Although the tax rate would increase from 84.5 to 88.7 cents per \$100, the average homeowner will pay the same amount as in 2008 because of the decline in assessments. For the first time in nearly two decades, city employee pay would be frozen for one year. The budget proposal also includes an unprecedented reduction of 4 percent of the city’s funded staff positions. User fees and service charges would increase slightly, raising an additional \$1.6 million. City council is supposed to adopt the operating budget and capital improvement program on April 27. ❖

ETCETERA

Upcoming: Age wave forum set for May 20



The boomers are coming, but is your community ready?

Virginia is getting older. By 2030, the population of Virginians over the age of 65 is projected to double – from 900,000 to more than 1.8 million. One of every five people across the Commonwealth will be older than the traditional retirement age. So what is your community or region doing to prepare in all facets of community life – including employment, economic development, community and transportation planning, and human services?

The Virginia Forum on Age Wave Planning, to be held May 20 at the Virginia Piedmont Community College, is the first step to help communities, large and small, prepare for the demographic change coming to Virginia. VML is a co-sponsor of this event, along with the Virginia Department for the Aging, the

Older Dominion Partnership, VACo, and others.

This one-day forum will examine the changing demographics in Virginia and how the baby boomers will reshape what it’s like to grow older in Virginia. It will offer “best practices” from a number of communities in Virginia that already are starting to prepare for the age wave, and look at the economic development opportunities for an aging-friendly community. Finally, “how to” guides and tool kits will be available to participants.

This forum is geared toward elected officials, chief administrative officers and staff, business leaders, and leaders on aging issues.

The registration cost is just \$25. Registration materials will be coming to an e-mail box and post office box near you next month. ❖

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.

Director of Economic Development, Roanoke

SALARY: Negotiable DOQ/DOE (+) benefits. Manage and direct all activities involving economic development. Reqs. any comb. of educ. or exper. equiv. to graduation from accredited college with major course work in economics, business or related field supplemented by master's degree in appropriate field; 10 yrs. related exper. and/or training in economic development and working with business community. Managerial exper. req'd. Apply at www.roanokeva.gov. Open until filled. EOE.

Utility Operations Manager, Norfolk (Department of Utilities)

SALARY: \$60,947-\$107,266 full range (+) benefits. Lead appx. 230 employees responsible for wastewater collection and water distribution. Reqs. bachelor's degree and 5-plus yrs. exper. in wastewater / water distribution or operations mngmnt. or any equiv. comb. of training and exper.; supervisory and leadership exper. in field environment. City residency req'd within 6 mos. For complete job description and reqs. and to submit online application, visit www.norfolk.gov/jobs. Submit resume as attachment to online application. Open until filled. EOE.

Economic Development Coordinator, West Point

SALARY: Negotiable DOQ/DOE. Permanent, FT contract position. Responsible for managing business attraction, expansion and retention. Ideal candidate has strong interest in promoting business development, has exper. with programs managed by groups such as Virginia / National Main Street, and the Virginia Department of Business Assistance. Send cover letter, resume and 3 references to: Trenton L. Funkhouser, Town Manager, P.O. Box 152,

West Point, VA 23181. Contact: tfunkhouser@west-point.va.us for additional info. Deadline: March 6. EOE.

Systems Engineer I/II, Virginia Beach

SALARY: \$55,736-\$83,604 (+) benefits. Re-advertisement. Serves as systems engineer in Center for Geospatial Information Services. Must be able to install, configure and maintain GIS specific applications; ESRI Arc-SDE, Arc-IMS, Geomedia Pro, Oracle Spatial Database Systems and integrate with Infor-Hansen, Accela, Manatron Proval-GRM, Crimeview, Google Maps, Virtual Earth, and/or related products. Reqs. any comb. of educ. (above H.S.) and/or exper. equiv. to at least 8 yrs. of creditable IT work, 1 yr. of which must include systems programming, operating, and/or technical systems analysis. If you already have applied, you do not need to re-apply. Visit www.vbgov.com/careers for more detailed job info and to apply on-line. No faxes, e-mails, or paper applications accepted. #2409 Deadline: March 13. EOE.

City Manager, Cape Girardeau, Mo.

SALARY: DOQ/DOE (+) benefits. (pop. 35,349) City is a regional education, retail and healthcare hub with daytime pop. exceeding 100,000; \$42.5 million operating bdtg.; 384 FTEs; \$6.5 million capital bdtg and A+ S&P bond rating. Reqs. demonstrated skills in leadership, strategic planning, problem solving, finance, decision making, PR/communications, fostering active community involvement, and downtown revitalization. Prefer MPA/MBA and 5-10 yrs. city manager or asst. city manager or president/CEO exper. with a city /company of similar size, complexity and financial strength. Submit resume, cover letter with current compensation package, and 5 professional references to: Human Resources Manager, 401 Independence, Cape Girardeau, MO 63703. www.cityofcapegirardeau.org. Deadline: March 20. EOE.

General Manager, Petersburg Area Transit

SALARY: \$39,590-\$64,655 (+) benefits. Performs administrative, technical and professional work managing Petersburg Area Transit. Reqs. any comb. of educ. and exper. equiv. to a bachelor's degree in urban planning, transportation or related field and considerable exper. in administration of a transportation operation. Final

applicants req'd to submit updated DMV record, submit to a criminal history investigation and submit to urinalysis screening for illegal drug use. Submit application and/or resume to: City of Petersburg, HR Department, 103 W. Tabb St., Petersburg, VA 23803. Visit www.petersburg-va.org. Open until filled. EOE.

Town Manager, Onancock

SALARY: Negotiable DOQ/DOE (+) benefits. (pop. 1,200) Located on Eastern Shore along Chesapeake Bay; \$1.8 million operating bdtg; 11 employees; \$14 million capital upgrade to sewer system underway. Reqs. relevant bachelor's degree (master's preferred) and 4-plus yrs. relevant municipal work exper., preferably in a town administrative / manager capacity. Strong public admin. background highly desirable. Should have exper. in grant writing and knowledge of water and sewer systems. Send cover letter, resume and 3 professional references to Kris LaMontagne, Personnel Committee Chairman, 30 North St. Onancock, VA 23417. Deadline: March 2. EOE.

Director of Economic Development, King George County

SALARY: \$61,372-\$100,036 (+) benefits. Requirements and applications available at www.king-george.state.va.us/job-opportunities. Application review begins March 2. Open until filled.

Other positions

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

Senior Water Resources Engineer, Northern Virginia Regional Commission

SALARY: Mid \$70,000s - mid \$80,000s DOQ (+) benefits. Deadline: March 15.

Early Intervention Service Coordinator / Case Manager, Southside Community Services Board

SALARY: \$30,715 to start (+) benefits. Open until filled.

Town Manager, Dumfries

SALARY: \$ 95,000-\$125,000 start range DOQ/DOE (+) benefits. Deadline: Feb. 23.

POSITIONS

Building Official, Colonial Beach

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

County Administrator, Montgomery

SALARY: \$125,000-\$150,000 DOQ (+) benefits. Deadline: March 16.

Chief of Police, Suffolk

SALARY: \$89,313-\$147,366 DOQ/DOE (+) benefits. Open until filled.

Chief of Police, Front Royal

SALARY: \$60,590-\$96,865 DOQ/DOE (+) benefits. Deadline: Feb. 23.

Town Manager, Kilmarnock

SALARY: Negotiable DOQ/DOE (+) benefits. Deadline: March 31.

City Manager, Poquoson

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

Director of Finance, Suffolk

SALARY: Negotiable DOQ/DOE (+) benefits, including relocation. Open until filled.

Town Manager, Elkton

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

Town Manager, Appomattox

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

County Administrator, Halifax

SALARY: \$115,000-\$140,000 DOQ (+) benefits. Deadline: Feb. 20.

DEADLINE: *The deadline for placing a job advertisement in the next issue of Update is Friday, Feb. 27. 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.*

CALENDAR

VLGMA Winter Conference, Staunton, Feb. 18-20

Sessions, including a pre-conference workshop, will focus on managing communities during severe recession. To be held at the Stonewall Jackson Hotel and Conference Center. To register or for more information, visit www.vlgma.org or contact Molly Harlow at mjh3a@virginia.edu or Janet Areson at jareson@vml.org.

Virginia Economic Developers Association Spring Conference, Williamsburg, March 12-13

More information at www.goveda.org.

National League of Cities Congressional Cities Conference, Washington, March 14-18

More information at www.nlc.org.

Virginia Association of Governmental Purchasing Spring Conference, Staunton, March 18-20

More information at www.vagp.org/events/spring.html.

Virginia Association for Parks Annual Conference, Westmoreland County, March 19-21

More information at www.virginiaparks.org.

Virginia Chapter of the American Planning Association Green Communities Conference, Williamsburg, March 25-27

More information at www.apavirginia.org/events/2009/2009-annual-apa-virginia-conference/view.

Virginia Emergency Management Association Annual Conference, Hampton, March 31-April 3

More information at www.vemaweb.com.

Virginia Plumbing and Mechanical Inspectors Association 2009 VPMIA Annual School of Instruction, Winchester, April 1-3

More information at www.vpmia.org.

Local Government Attorneys of Virginia 2009 Spring Conference, Charlottesville, April 2-4

More information at www.coopercenter.org/lga.

Virginia Association for Management Analysis and Planning Spring Conference, Charlottesville, April 17

More information at <http://vamap.org/>.

Virginia Municipal Clerks Association Annual Conference, Chesapeake, April 22-24

At Springhill Suites Marriott. Registration information, special hotel rates at www.vmca.com/forms/UpcomingConferences.htm.

ICMA-SEI Leadership Institute, Charlottesville, April 25 – May 1.

More information at www.vlgma.org or contact Felicia Logan, flogan@icma.org.

VBCOA Mid-Year Meeting, Charlottesville, April 27

VBCOA business meeting and educational sessions on code enforcement. To be held at the Doubletree Charlottesville. To register or for more information, visit www.vbcoa.org, or contact Sherall Dementi (sdementi@vml.org).

Virginia Association of Community Service Boards 2009 Professional Development Conference, Richmond, May 5-6

More information at www.vacsb.org/.

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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