

2009 Thomas Jefferson Planning District Legislative Program

Representing the Local Governments of:

**Albemarle County
City of Charlottesville
Fluvanna County
Greene County
Louisa County
Nelson County**

**FIRST DRAFT
September 2008**

**Connie Brennan, Chairman
Billie J. Campbell, Acting Executive Director
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ACTION ITEMS

LOCAL and STATE FUNDING

*Legislative Position of TJPDC, Charlottesville,
and the Counties of Albemarle, Fluvanna, Greene, Louisa and Nelson*

The Planning District localities urge the governor and legislature to honor their funding obligations to services provided in cities and counties by their local government partners, and to resist shifting fiscal responsibility for these programs to localities.

After approving a FY09-FY10 state budget that included spending reductions of nearly \$2 billion, the state faces continuing revenue shortfalls that likely will result in an additional \$1 billion in spending cuts over the biennium. Reductions in aid to various local programs and services totaled nearly \$250 million, including a \$100 million cut that required localities to decide how to absorb the shortchanging; for FY09 alone, this means a \$1.4 million shortfall to localities in our region. We believe state funding reductions for state-required services/programs should be accompanied by relaxation of the state requirement or flexibility for the locality to meet the requirement.

Local governments, which are overly dependent on the real estate tax that presently is producing less revenue due to the sluggish housing market, cannot continue to pick up the slack when the state retreats from its obligations. Unfunded and underfunded state mandates/commitments and “cost shifting” by the state reduces the ability, especially in our rural localities, to meet local needs and forces our citizens to bear local tax and fee increases to pay for programs and services. Service cuts will have a direct and harmful effect on the lives and well-being of our citizens who expect, rely and need programs in critical areas such as public safety, public health and human services. In addition, increased demand for services that are primarily locally funded present unique challenges to rural, urban and fast-growing localities alike (all present in our region).

Finally, any changes to Virginia’s tax code should not reduce local government revenues or restrict local taxing authority. The legislature should broaden the revenue sources available to local governments, rather than capping, removing or restricting them. The state should refrain from establishing local tax policy at the state level and allow local governments to retain authority over decisions that determine the equity of local taxation policy, if governing bodies are to provide cost-effective services. This includes the processes for setting real estate tax rates and developing and approving budgets, which are integrated processes that that are effective in involving the public and ensuring efficient tax administration. Recent, proposed changes to these processes would have upset this balance.

LAND USE and GROWTH MANAGEMENT

*Legislative Position of TJPDC, Charlottesville,
and the Counties of Albemarle, Fluvanna, Greene, Louisa and Nelson*

The Planning District localities encourage the state to provide local governments with additional tools to manage growth, without preempting or circumventing of existing authorities.

The past few years have seen an increase in both mandated and optional land use provisions applicable to local governments to address growth issues. Still, current land use authority often is inadequate to allow local governments to provide for balanced, sustainable growth in a manner that protects and improves quality of life.

Last year, the General Assembly considered SB 768, a measure that would have repealed local authority to accept voluntary cash proffers from new residential projects and limited the ability to accept off-site non-cash proffers, while revising existing impact fee authority, capping the amount of impact fees a locality can impose at \$7,500 per unit. While we support efforts to have impact fee and proffer systems that are workable and meaningful for various parties, we oppose attempts to weaken our current proffer authority.

Rather, we support revising the road impact fee authority adopted in 2007 to include additional localities and to provide for the following: 1) a fair allocation of the costs of new growth on public facilities; 2) facility costs that include, but are not limited to, various transportation modes, schools, public safety, libraries and parks; 3) effective implementation and reasonable administrative requirements; and 4) no caps or limits on locality impact fee updates.

Further, to enhance our ability to pay for infrastructure costs and to support services associated with new developments, we endorse enabling legislation and optional provisions that include the following:

- Authority for local ordinances for determining whether public facilities are adequate (“adequate public facility,” or APF ordinances)
- Optional cluster development as a land use tool for local governments.

We also support 1) dedicated funding through the Virginia Land Conservation Foundation for the acquisition, preservation and maintenance of open space and recreation lands, 2) full authority to generate local dollars for such efforts, and 3) additional incentives for citizens to create conservation easements, including removing the cap on conservation easement tax credits approved in 2006. We request the state increase, from five years, the roll-back taxes assessed against property under land use taxation that changes to a non-qualifying use to an amount equal to the sum of the deferred tax for each of the 10 most recent complete tax years. Finally, we support authority for localities to enact scenic protection and tourist enhancement districts.

TRANSPORTATION FUNDING

*Legislative Position of TJPDC, Charlottesville,
and the Counties of Albemarle, Fluvanna, Greene, Louisa and Nelson*

The Planning District localities urge the state to establish separate, dedicated and permanent state revenue streams for our transportation infrastructure. The state also should not shift road maintenance and construction responsibilities to localities.

The need to fund a declining transportation infrastructure is dire and state dollars remain inadequate. Local governments need sustainable, dedicated, non-general funds from the state to support our transportation network. Absent such an investment, Virginia faces a congestion and mobility crisis that will stifle economic growth and negatively affect the quality of life of our residents.

This past spring, the Commonwealth Transportation Board approved a \$1.1 billion reduction to the Six-Year Improvement Program, meaning construction budgets for primary, secondary and urban roads were slashed by 44%, while transit was cut by 10%. Instead, those dollars are being transferred to the highway maintenance budget. It is expected that \$400 million will have to be transferred from construction to maintenance in each of the next two years to cover the maintenance shortfall, a figure that could grow if revenues coming into the state's transportation coffers continue to slow.

The state should direct its funding efforts at all transportation modes both statewide and regionally, targeting investments toward solutions that put money to work on new ideas and in tandem with leveraging private investment. It should account for urban area needs where public transportation is very important, the increasing traffic demands placed on fast-growing localities and the ongoing improvements necessary on rural, secondary roads. These improvements are vital to our region's ability to respond to local and regional congestion and economic development issues.

We support ongoing state and local efforts to coordinate transportation and land use planning, without eroding local land use authority, and state incentives for localities that do so. We urge VDOT to be mindful of local comprehensive, land use and trail/bicycle plans, as well as regional transportation plans, when planning transportation systems within a locality. We also request the following:

- Legislative support for enabling authority to establish a Regional Transit Authority for Charlottesville/Albemarle
- State funding for improvements along rural sections of the Rt. 29 corridor
- Increased funding for the revenue-sharing program
- Support for passenger rail service for the Piedmont corridor (TransDominion Express)
- Allowing the use of Rural Rustic Road funds to pave rural addition roads
- Increased funding to help mitigate transportation, environmental and other impacts (e.g. educational facilities) on localities affected by recommendations of the Defense Base Closure and Realignment Commission (BRAC).

COMPREHENSIVE SERVICES ACT

*Legislative Position of TJPDC, Charlottesville,
and the Counties of Albemarle, Fluvanna, Greene, Louisa and Nelson*

The Planning District's member localities urge the state to be partners in containing costs of the Comprehensive Services Act (CSA) and to better balance CSA responsibility between state and local government.

Since the inception of the Comprehensive Services Act in the early 1990's, there has been pressure to hold down costs, to cap state costs for serving mandated children, to increase local match levels and to make the program more uniform by attempting to control how localities run their programs. State and local costs of residential and non-residential mandated services continued to increase; from 2006 to 2007, CSA pool expenditures for state and local governments increased 16% (from \$295 million to \$342 million). Costs also have been difficult to forecast because of factors beyond state and local control (number of mandated children in a community, severity of problems, service rates, availability of alternative funding). Further, localities pay the overwhelming majority (90%) of costs to administer CSA. Over the last decade, the state has increased administrative responsibilities, but not administrative funding dollars to localities.

The FY09/10 budget modified the local share of funding for community and residential services on a "phased-in" basis, by lowering the local share for community-based services as an incentive to serve children who can be appropriately cared for in the community, and then increasing the local share for residential services. Unfortunately, the approved service definitions do not include some services provided in the community as such, and therefore they will not qualify for a lower local match. Local governments are troubled by the haste with which service definitions were proposed and approved, that local governments were not part of the team that developed the definitions and that the changes will have a negative local fiscal impact.

We support full funding of the state pool for the Comprehensive Services Act (CSA), with allocations based on realistic anticipated levels of need, and a state cap on local expenditures to combat higher local costs for serving mandated children, costs which often are driven by unanticipated placements in a locality.

In a further effort to help contain costs and provide some relief to local governments, we recommend that the state establish contracts with CSA providers to provide for a uniform contract management process, improve vendor accountability and control costs. We also encourage the state to be proactive in making service providers and facilities available, especially in rural areas. Finally, we support local and regional efforts to address areas of cost sharing among localities by procuring services through group negotiation.

PUBLIC EDUCATION FUNDING

*Legislative Position of TJPDC, Charlottesville,
and the Counties of Albemarle, Fluvanna, Greene, Louisa and Nelson*

The Planning District localities urge the legislature to fully fund the state share of the realistic costs of meeting the Standards of Quality (SOQ) and to enhance teacher salaries to help recruit and retain high-quality instructional personnel.

The state spends nearly \$6 billion/year on public education, roughly one-third of its general funds budget. Local governments, likewise, appropriate a similar amount and spend far more local dollars on educating children than the state requires. In these tight fiscal times, the state should resist changes that require localities to fund a greater share of K-12 education costs, such as proposals that recalculate personnel salaries by recognizing only state, and not also local, costs, and that increase the federal revenue deduction, which results in a savings to the state but an increase in required local costs. State funding should be realistic and recognize actual educational needs, practices and costs (including operational, capital and maintenance costs for school facilities and transportation). Otherwise, more of the education funding burden would fall on local real estate taxes.

The state budgeted teacher salary figure (on which it bases its share of teacher costs) trails the statewide and national averages. Teacher pay comprises the majority of K-12 expenditures, and local market conditions dictate the level of pay required to recruit and retain quality teachers. We believe that the localities in our region should be included in the “Cost of Competing Adjustment” now available only to various localities primarily in Northern Virginia. This would help other localities to reach and maintain competitive compensation to help recruit, develop and retain a highly qualified and diverse teacher workforce. We also support establishment of a mechanism for local appeal of the calculated Local Composite Index (LCI) to the state.

Regarding school capital needs, we continue to urge state financial assistance with school construction and renovation needs, including funding for the Literary Loan and interest rate subsidy programs. The state should resist its customary seizing of dollars from the Literary Fund to pay state costs for teacher retirement (this past year, nearly \$300 million was diverted for the biennium). We also support an increase in the maximum amount of Literary Fund loans from the current \$7.5 million.