

RICHMOND REGIONAL PLANNING DISTRICT COMMISSION
Minutes of Meeting
February 11, 2010

Members/Alternates Present

Willie L. Bennett (M) County of Henrico
Malvern R. “Rudy” Butler (M).....County of Goochland
Douglas G. Conner (M)City of Richmond
Robert R. Cosby (M).....County of Powhatan
Timothy W. Cotman, Sr. (M)..... County of Charles City
James B. Donati (M), Vice Chairman..... County of Henrico
Marleen K. Durfee (M).....County of Chesterfield
Evan Fabricant (M)County of Hanover
Daniel A. Gecker (M)County of Chesterfield
Richard W. Glover (M)..... County of Henrico
John E. Gordon, Jr. (M)County of Hanover
Kathy C. Graziano (M), ChairmanCity of Richmond
James M. Holland (M)County of Chesterfield
Dorothy Jaeckle (M)County of Chesterfield
E. Martin Jewell (M).....City of Richmond
David A. Kaechele (M)..... County of Henrico
Lynn McAteer (M).....City of Richmond
John F. Miniplier (A) County of Charles City
Patricia S. O’Bannon (M) County of Henrico
C. Harold Padgett (M).....County of Hanover
Edward W. Pollard (M)..... County of New Kent
Faye O. Prichard (M), SecretaryTown of Ashland
Charles R. Samuels (M).....City of Richmond
Robert R. Setliff (M).....County of Hanover
Randall R. Silber (A) County of Henrico
Millard D. “Pete” Stith (A)County of Chesterfield
Stran L. Trout (M), Treasurer County of New Kent
Ernest B. Vanarsdall (M) County of Henrico
Joseph B. Walton (M)County of Powhatan
Arthur S. Warren (M)County of Chesterfield

Members Absent

Karin Carmack (M).....County of Powhatan
John C. Grier (M).....City of Richmond
Russell J. Gulley (M)County of Chesterfield
Courtney G. Hyers (M).....County of Goochland
George K. Roarty (M).....County of Chesterfield
Frank J. Thornton (M)..... County of Henrico

Others Present

John R. Amos..... RRPDC Legal Counsel
 Champe Burney Virginia Bicycling Federation
 Suzette Denslow..... City of Richmond
 John Easter Greater Richmond Chamber
 George Homewood..... County of New Kent
 Chris Johnston..... City of Richmond
 Michael Martz..... Richmond Times-Dispatch
 Amy Pearson..... County of New Kent
 Robin Salo..... County of Chesterfield
 Bob Skunda..... Virginia Bio-Tech Park
 Greg Wingfield Greater Richmond Partnership

Staff Present

Robert A. Crum, Jr..... Executive Director
 Jo A. Evans Assistant Executive Director
 Julie H. Fry..... Executive Secretary
 Anne Darby..... Associate Planner
 Allyson Finchum..... Principal Planner
 Chuck Gates Communications Coordinator
 Jin Lee..... Senior Planner
 Daniel N. Lysy Director, Transportation
 Barbara Nelson..... Principal Planner
 Greta Ryan Intern
 Randy Selleck Senior Planner
 Jackie S. Stewart..... Director, Planning/IS
 Sarah Stewart Senior Planner
 Peter M. Sweetland..... Finance and Contracts Administrator
 Matt Weaver..... Intern
 Kathy Wright Intern
 Lee Yolton Principal Planner

Call to Order

Chairman Graziano called the regularly scheduled February 11, 2010 RRPDC meeting to order at approximately 1:20 p.m. in the RRPDC board room. She then led the Commission members in the pledge of allegiance to the flag.

I. ADMINISTRATION

A. Certification by Commission Executive Director of Meeting Quorum

Mr. Crum certified that a quorum of members was present.

B. Requests for Additions or Changes in Order of Business

Chairman Graziano asked if there were any additions or changes to be made to the agenda.

Chairman Graziano noted the Executive Committee requested that Item III. D – Local Composite Index be added. There were no objections and Chairman Graziano said the item would be added.

As there were no other additions or changes noted, the agenda was accepted as amended.

C. Open Public Comment Period

Chairman Graziano asked if there was anyone from the public in attendance who wished to make a comment to members of the Commission. She reminded speakers that their time is limited to three minutes.

There were no requests from the public to address the Commission, and the Chairman closed the public comment period.

D. Chairman's Report

Chairman Graziano indicated she would not have a report today.

E. Approval of Minutes – December 10, 2009 Meeting

Chairman Graziano asked Ms. Prichard to present minutes from the December 10, 2009 meeting. There being no discussion, on motion made by Ms. Prichard and seconded by Mr. Donati, the minutes were approved as presented.

F. Approval of November and December 2009 Financial Reports

Chairman Graziano asked Mr. Trout to present this item.

Mr. Trout stated the financial reports are included in the agenda book under Tab 2. There being no discussion, on motion made by Mr. Trout and seconded by Mr. Pollard, the November and December 2009 financial reports were accepted for audit as presented.

G. Executive Director's Report

Mr. Crum brought the members' attention to the monthly staff activity report which is included in the agenda book under Tab 3 and details work being done by staff on behalf of the localities.

Mr. Crum reported that during today's Executive Committee meeting, the Committee took action to approve resolutions of appreciation to outgoing Commission members Bev Lacy (Richmond) and Bonnie-Leigh Jones (Henrico). New members have been appointed by the jurisdictions to replace the outgoing members – Lynn McAteer (Richmond Planning Commission) and Ernest Vanarsdall (Henrico Planning Commission). Mr. Crum noted that Mr. Vanarsdall has served previously on the Board. Mr. Crum welcomed the new members and said staff would be happy to offer any assistance they may need in their service on the Board.

Mr. Crum thanked all members who participated in the Legislative Reception held on January 6. There was tremendous news coverage, and a lot of positive feedback from the legislators has been received.

There are copies of reports produced by RRPDC staff available on the table near the door should any member wish to take one – Regional Parks Inventory; Regional Green Infrastructure Report (which was led by Sarah Stewart, who was recognized for her work on this during a national conference last week in Seattle); and a report on impervious surface in the Region. If there are questions on any of these reports, Mr. Crum invited members to contact Jackie Stewart.

Mr. Crum said that Mr. Gates will provide a brief update at this time on activities at the General Assembly.

Mr. Gates distributed a handout on legislation of interest to the members. He provided an overview of the Capital Region Caucus meetings, which are held each Thursday. He encouraged members to attend these meetings whenever their schedules permitted. During today's meeting, the Caucus will be discussing health care and the local composite index.

Mr. Gates provided updates on a few issues included on the Regional Legislative Agenda.

- Stormwater Regulations: Mr. Gates said Senator Watkins and Delegate Dance have worked to propose bills that delay the implementation of stormwater regulations. All stormwater bills have been rolled into one bill from each house – SB 395 and HB 1220. Each of these has reported from committee and will delay implementation until 90 days after the EPA has approved the Virginia Total Maximum Daily Loads (TMDL) Implementation Plan for the Chesapeake Bay Nutrient and Sediment TMDL.
- High Speed Rail Service: SJ 63 has asked for a JLARC study to look at operating expenses for high speed rail passenger service
- Filling Vacancies: HB 450 and HB 1014 have been introduced and have passed committee votes; both will set time limits for filling local vacancies that are in line with what the Board set in its Legislative Agenda

Mr. Crum noted that RRPDC has a very active presence at the General Assembly this year by Mr. Gates' participation with the Capital Region Caucus and his involvement with each jurisdiction's legislative liaison.

Ms. Durfee noted that the stormwater bills have been amended to become effective within 208 days after the EPA approves the TMDL, but no later than December 31, 2011.

Mr. Glover asked for clarification on what Mr. Gates reported and what Ms. Durfee had just reported with regard to the time limit for implementation. Mr. Gates said the EPA wants to implement actions under the Clean Water Act that will be more beneficial to the Chesapeake Bay. By establishing a watershed TMDL, a cap will be placed on the amount of pollution allowed. If the state does not meet this cap, the EPA will be able to step in to make sure the caps are met. The TMDL will need to be in place no later than the end of 2011.

II. OLD BUSINESS

A. Jurisdictional Committees Reports

Chairman Graziano asked Mr. Gordon to present a report from these committees.

Mr. Gordon reported that the committees met jointly on January 14. There were two topics on the agenda: Regional Area Funding Team recommendation, which will be presented later today; and an update on General Assembly activities. He noted attendance and participation remains high. Mr. Gordon said he believed the March meeting will also be a joint meeting.

III. NEW BUSINESS

A. Regional Area Funding Team Recommendation

Chairman Graziano asked Mr. Crum to introduce this item.

Mr. Crum commented that the formation of a regional grants warehouse was one of the regional priorities set by the Board. Grant coordinators from each of the nine jurisdictions have organized themselves as the Regional Area Funding Team (RAFT) and meet monthly. Members of RAFT are here today to present their first recommendation.

Ms. Evans thanked members of the Commission for the opportunity to address them today and present a recommendation from RAFT that was identified early in the group's formation. She introduced members of RAFT who were able to attend today's meeting: Chris Johnston, RAFT chairman (Richmond); Karen Bailey, RAFT vice chairman (Powhatan); Robin Salo (Chesterfield); and Amy

Pearson (New Kent). Mr. Johnston has used the eCivis software and will be able to answer any specific questions. The Town of Ashland also uses this software.

Ms. Evans gave an overview of the RAFT membership, which includes a representative from each of the RRPDC nine member jurisdictions. RAFT began meeting in August and during the first meeting, the use of eCivis was discussed. Most of the members were familiar with the free grant search services such as grants.gov; only two of the RAFT members were familiar with eCivis.

The Large and Small Jurisdictions Committees have reviewed this recommendation and endorsed forwarding the proposal to the full Commission.

eCivis is a web-based subscription service that allows searches for all types of grants, including both government and private foundations. Training, subject briefs, and a library are also provided. There is also a tracking program available, but that is not included in today's recommendation. The software will assist with the application process for any identified grants. It also provides information on what types of grants have worked best with particular funding needs.

eCivis has been in business since about 2000 and made the current product available in 2006. Enhancements to the program are ongoing, and they work primarily with local governments.

Ms. Evans provided information on the use of this program by the City of Richmond. It was noted that the city estimates about \$500,000.00 in grant funds have been identified and secured by the city over the past two years through use of the eCivis program. Their annual investment in the program is \$22,000.00 per year. The Town of Ashland also subscribes to the service at an annual cost of \$6,500.00.

Ms. O'Bannon asked if the cost difference was based on the number of users. Ms. Evans said the cost is based on population. There can be unlimited users on the license at no additional cost.

Cost distribution was recommended by the Large and Small Jurisdictions Committees. The first 50 percent of the cost for a regional license would be based on each jurisdiction's population. The remaining 50 percent would be divided equally among the jurisdictions. The RRPDC would pay for the additional non-profit service at a cost of \$10,000.00. As noted, the cost to the two current users would drop significantly. Powhatan County has expressed a strong interest in obtaining a license for the software.

During today's Executive Committee meeting, a different funding mechanism was recommended. The Committee is concerned that for those jurisdictions that do not currently use eCivis, it would be difficult for the jurisdictions to approve the expenditure when local budgets are already strained and undergoing cuts. The

Executive Committee recommends that the RRPDC should use a portion of the undesignated fund balance to enter into a one-year subscription for all jurisdictions that wish to participate. The RRPDC would own the license, but use of the program would not be controlled by RRPDC. Each jurisdiction will be able to search for grants that will benefit the locality, and RRPDC will be able to search for grants that will benefit the Region.

There is approximately \$400,000.00 in the undesignated fund balance, which is to be used for things that are not included in the budget. Ms. Evans stated this purchase could fall under that type of use if the Commission authorizes the purchase. After one year, an assessment can be made on the success rate in identifying and securing additional funding for local and regional projects. If it is determined the software has been beneficial, then a decision could be made at that time on whether the license should be renewed.

Mr. Fabricant asked how a regional license would affect the two jurisdictions that currently use the software. Ms. Evans said the regional license would begin on July 1, and the licenses now used by the City of Richmond and the Town of Ashland would be rolled into the regional license.

Mr. Donati asked if the amount of grant money received by Richmond over the past two years was over and above any grant funds the city would normally receive. Mr. Johnston said it is believed the software has enabled the city to identify grants that may not have been found using other types of searches.

Mr. Kaechele asked how this would change how grants are now handled. Mr. Johnston noted the software gave the city a one-stop shop for grant research. He said prior to using eCivis, other methods were used, such as grants.gov, Google searches, and contacts with other agencies. He said this was very time consuming and was a practice repeated in various departments. eCivis provides one interface to offer information on all types of grants that are available – federal, state, and foundation. All staff receives a unique password and these can be controlled by a central administrator.

Mr. Glover asked if there was a way to divide any grants awarded among the other jurisdictions. Chairman Graziano said RRPDC will purchase the license, but each locality will be able to use the program. Mr. Johnston said grants revenue would not be shared. Each jurisdiction would submit its own grant application as is done currently. eCivis offers a wider set of opportunities than the localities now have.

Mr. Glover said he felt this purchase would increase the contribution from the jurisdictions.

Mr. Crum said the recommendation from the Executive Committee is that the contributions provided from the localities over the past several years have helped

build up the fund balance, along with contributions from the state. These funds can be utilized to purchase a regional license for eCivis for a period of one year. There would be no cost to the jurisdictions. After a year, a review of the experiences by the localities as they have used the program will be made. If it is determined there is no added value, then a decision will be made as to whether the license will be renewed. If there is value added, then an assessment will be made on how the cost of the license will be handled going forward. RRPDC will cover the entire cost this year. It is understood that local budgets cannot handle the cost at this time.

Ms. McAteer said she felt having the PDC look for regional grants would be beneficial as the localities would not be able to access these. The success of any tool such as eCivis is dependent on how active each individual locality's grant manager is in using the program.

Mr. Johnston said search agents can be set up to automatically alert users for specific types of grants when they become available. This helps cut down on the amount of time a grant manager will need to perform searches.

Mr. Jewell asked if the costs would be reduced by purchasing a regional license. Mr. Crum noted the cost savings are indicated on the chart presented. Ms. Evans said the costs would be cut by about 50 percent.

Ms. O'Bannon asked how the cost would differ if all jurisdictions did not opt in to the program. Ms. Evans said the cost would be renegotiated and she believed the cost would be lowered a bit. Ms. Evans said she would need to work with eCivis staff to determine this. Ms. O'Bannon asked if the number of users would be limited. Ms. Evans said there is no limit to the number of users so all applicable departments in the locality could be given access. Ms. O'Bannon asked how the amount of any awarded grants obtained by using eCivis would be tracked. Ms. Evans said that was another detail that could be worked out.

Ms. Prichard asked if the program could be used for any 501 (C) (3) organizations that are part of the locality. Ms. Evans said the software did include that option. Mr. Johnston said if the City of Richmond had included that option in its license, the cost would be an additional \$7,000.00. The regional license will have that option built in.

Ms. Durfee said she felt this may also offer a method to determine why a locality is not awarded a grant and what the locality would need to do in order to receive the funding.

Mr. Gordon said this recommendation addresses one of the PDC priorities that had been identified. He said he felt it would be an investment on the part of the PDC and that it would be a tool that each jurisdiction could use and that could be used as a regional body. Mr. Gordon made a motion that staff be authorized to

move forward on the purchase of the software as discussed, with RRPDC purchasing a one-year license with monies from the undesignated fund balance. The motion was seconded by Mr. Jewell.

Ms. O'Bannon asked if a report would be made at the end of the year outlining which jurisdictions had received grant funds as a result of using eCivis. Mr. Gordon said it would be his expectation that an assessment would be made at the end of the year. Mr. Crum said staff could perform this task in cooperation with RAFT.

Ms. Jaeckle said she would recommend that if this is indeed a priority, perhaps it could replace another function or service provided by the PDC, in light of budget cuts and constraints as is being done in each of the localities.

Chairman Graziano said this will be a trial run for one year. At the end of the year, an assessment will be made with regard to renewing the license.

Mr. Glover said he would like an opportunity to receive feedback from the county's grant department to see if this is something they would want to do. He said the county staff would need to change how they search for grants and may need to be trained on how to use the new system. He asked if the vote could be delayed until the recommendation could be discussed with his staff.

Mr. Kaechele asked if each of the RAFT members had discussed this with their locality for feedback. Mr. Crum said discussions have gone through RAFT and both jurisdictions committees. He asked Ms. Evans if she had any comments on this. She said she did not know how each RAFT member handled this once the recommendation was finalized. She said there was no objection raised during any of the RAFT meetings.

Mr. Crum reviewed that what is being offered is a regional license if all nine jurisdictions participate. One option would be for the Board to take action to authorize funds from the undesignated fund balance be used to purchase the license for one year. Staff would contact each jurisdiction's manager with information about the recommendation. Each manager can consult staff and then respond back to PDC staff on their decision.

Mr. Glover clarified that if not all jurisdictions participated, then the total cost would be less than the amount indicated (\$70,006.00). He said Mr. Schnurman had spoken with the county manager and indicated he saw no value in having Henrico County participate. Mr. Glover said he agreed that PDC staff should contact the localities before the purchase is made.

Mr. Crum said the license would not go into effect until July 1. Mr. Glover asked how long the localities would have to reply to the offer. Mr. Crum said he would like to have a decision made within four weeks.

Mr. Butler said he would like to make a substitute motion that action be delayed until the March meeting to give everyone time to speak with their local staffs. Ms. O'Bannon seconded the motion.

Mr. Setliff asked if the RAFT members would be charged with making the presentation to the locality.

Mr. Glover said he thought the suggestion made by Mr. Crum was a good one. Mr. Crum said he believed if authorization was received from the Board today, letters can be sent to the localities next week. If not all jurisdictions want to participate, the cost will go down.

Mr. Butler said he would withdraw his substitute motion.

Mr. Gordon restated his motion to move forward as suggested by Mr. Crum with regard to using the undesignated fund balance, up to the amount shown on the chart (\$70,006.00) to purchase the software and to contact each jurisdiction prior to the purchase, asking that the jurisdictions respond within four weeks as to whether they want to participate. The motion was seconded by Ms. Durfee.

There was no further discussion and the motion carried. One nay vote was cast.

B. Regional Comprehensive Economic Development Strategy

Chairman Graziano asked Mr. Crum to make this presentation.

Mr. Crum said he is making this presentation to ask for the Board's authorization to proceed with what staff believes is an opportunity for the RRPDC to take a leadership role in developing a region-wide comprehensive economic development strategy for the Richmond Region.

Mr. Crum offered some background information on a Comprehensive Economic Development Strategy (CEDS). He said this is a regional economic development plan, or an economic roadmap, to strengthen the regional economy. The goal is to bring together the public and private sectors to generate conversation to analyze the regional economy and identify strengths and weaknesses, set regional economic development goals and measurable objectives, to develop a plan of action to address these, and to identify investment priorities and funding sources. An example would be to identify activities that will enhance business recruitment in an area, such as enhancements to public sewer systems or public water systems.

This is important from a regional standpoint for the RRPDC to take a leadership role to eliminate the need for each locality to endure the expense of a consultant to develop its own CEDS. There are federal funds available through the federal Economic Development Administration (EDA) which can only be awarded if

there is an EDA-approved CEDS in place. Mr. Crum said the Virginia Bio-Tech Park contacted EDA to apply for funding and was told that the application could not be submitted because there was no local or regional CEDS in place. The bio-tech park in Gainesville, FL recently was awarded \$4 million in EDA grant funds because that locality did have an EDA-approved CEDS in place.

All economies in the Region's jurisdictions are linked which makes a regional CEDS important for economic development in the Region. The proposal being suggested today will incorporate all nine RRPDC member jurisdictions.

RRPDC staff will take the lead in plan preparation. Staff is already collecting data at the direction of the Board on water and sewer systems and build-out potential. All of this information goes into a CEDS. A consultant will be required for targeted economic analysis. All local economic development directors and staffs will be included in the plan preparations. Oversight is required by a steering committee, which must include private sector representation as a majority of the membership in addition to public officials, community leaders, work force development board representation, institutions of higher learning, minority and labor groups, and private individuals.

Mr. Crum reported that a meeting has been held with representatives from all of the local economic development departments. He thanked those staffs for their participation. Everyone who participated was supportive of the RRPDC taking the lead effort in this process. Continued interaction with the local economic development staffs is essential to the CEDS development in addition to the Greater Richmond Partnership (GRP).

The City of Richmond has begun the development of its own CEDS. Mr. Crum indicated he has met with the city's economic development management, which is supportive of the RRPDC's efforts in a regional CEDS development. This will not hinder the city's efforts. RRPDC will pick up where the city leaves off, after approval and funding are received.

Mr. Crum said staff has made contact with EDA, which has indicated it will look favorably on the development of a regional CEDS. Costs will be covered by a grant from EDA. The local 50 percent match will be made through in-kind services provided by RRPDC staff. Mr. Crum noted that as he said previously, much of the data is already being collected.

Mr. Crum introduced Greg Wingfield (Greater Richmond Partnership) and Bob Skunda (Virginia Bio-Tech Park) and asked them to make some comments on the proposed regional CEDS.

Mr. Wingfield noted that the GRP began working with the City of Richmond's consultant on data collection for preparation for the city's CEDS about one year ago. It was then that GRP suggested a regional CEDS be developed as the data

being collected was integrated throughout the Region. Much of the same data had been collected for the GRP Regional Strategy. The GRP board overlaps with many Commission members – Mr. Gecker, Mr. Setliff, Mr. Donati, and Ms. Graziano. He said it would make sense for everyone to be on the same page with regard to economic development. The GRP Strategic Plan talks about the four programs of the Partnership – business attraction, retention of existing business, talent promotion to connect people with job opportunities, and the contract with the Richmond Chamber for small businesses. A regional CEDS will provide the next level of detail to identify key projects in the Region that can be funded by EDA through the American Recovery and Reinvestment Act (ARRA). GRP is supportive of RRPDC taking the lead role in a CEDS development.

Mr. Skunda said the Virginia Bio-Technology Research Park began as a regional partnership (in 1991-92) of business leaders, Virginia Commonwealth University, and several local governments. The Park has generated regional interest and excitement. It has since grown to over one million square feet and over \$1 billion in capital investments. In 1995, EDA grant funds were received to assist with fit-out in one of the Park's laboratory buildings. This was facilitated through an EDA-approved CEDS that the City of Richmond had in place at that time. This CEDS has since lapsed. When the federal stimulus package was announced last year, the Park's desire was to apply for these funds as had other bio-tech parks in Arizona and Florida, among others. When the Park approached EDA to submit an application, it was discovered that an application cannot be made without an EDA-approved CEDS in place. There are long-standing partnerships in place with Chesterfield County and Henrico County in terms of trying to bring life science related companies into those localities. The Park has entered into a partnership with Hanover County and the Town of Ashland to bring in a green technology/clean technology incubator. Mr. Skunda said a regional CEDS will open opportunities for funding and federal emphasis on science technology jobs. He said he would urge members of the Commission to endorse taking the lead in development of a regional CEDS to continue to grow this segment of the regional commerce.

Mr. Crum thanked Mr. Wingfield and Mr. Skunda for their remarks. Mr. Crum said the next steps in the process will be to write a letter of intent to the EDA outlining the Region's eligibility, listing businesses that have recently closed in the Region, and sharing of some Census data. Staff has spoken with EDA representatives who have indicated the letter of intent from RRPDC and a subsequent application will be viewed favorably.

Mr. Crum said for staff to proceed, authorization will be needed from the Board to submit a letter of intent and application for funding to the EDA for completion of a regional CEDS.

Mr. Walton asked if anyone knew why the previous CEDS had been allowed to lapse. Mr. Crum said he believed the previous CEDS was city-specific and was

not a regional CEDS. Chairman Graziano confirmed it was specific to the City of Richmond.

Mr. Holland asked how long the process will take as the current federal administration is emphasizing the need for small business funding. Chairman Graziano said that if staff is given authorization to move ahead, the process can begin next week.

Mr. Gecker made a motion that staff be authorized to write a letter of intent to the federal Economic Development Administration asking for funds to begin development of a regional Comprehensive Economic Development Strategy. Mr. Holland seconded the motion.

Ms. Durfee noted that during today's VACo meeting, it was reported that Governor McDonnell wants to add funding for economic development to encourage partnerships between the public and private sectors. She said she felt this action would bring the Region in line with the rest of the state with regard to economic development.

Ms. Jaeckle asked if staff will continue to support the CEDS once it is in place. Mr. Crum said RRPDC staff will support preparation of the plan. Once implementation of the plan is set to begin, Mr. Crum said he would need to ask for input from Commission members regarding continued staff support. He said there are other PDCs in the state that are funded to support CEDS implementation. Mr. Crum said RRPDC staff is prepared at this time to oversee the preparation of the plan. He said local economic development staffs have indicated they will support the RRPDC's preparation efforts; however, they are not prepared to take a lead in the effort.

There was a question regarding whether a draft plan would be brought to the Commission Board prior to implementation. Mr. Crum said in addition to the required Strategy Committee, updates would be provided regularly to members of the Commission. He said he would not consider there to be a regional CEDS until it was endorsed by the Commission Board.

Mr. Butler asked how long the process will take. Mr. Crum said EDA has indicated for a CEDS to be developed properly, the process will take about one year.

Mr. Holland said it will be important to be expeditious about this and move forward with all due speed.

There was no further discussion and the motion carried.

C. Renewal of Auditor Contract

Chairman Graziano asked Mr. Sweetland to present this item.

Mr. Sweetland reported that the current contract with Dunham, Aukamp & Rhodes expired with the completion of the FY 09 audit. He said RRPDC staff has worked with this auditor for the past 12 years. During its meeting in October, the RRPDC Audit Committee voted to renew the contract with Dunham, Aukamp & Rhodes through FY 2012. Staff is requesting that the Commission Board vote to endorse the recommendation from the Audit Committee.

Mr. Amos asked if bids had been solicited from other auditors. Mr. Sweetland indicated that when bids were requested, those who had replied to the request submitted bids that were significantly higher than the one submitted by Dunham, Aukamp & Rhodes. He said the cost for the current auditor to complete the FY 10 audit will be \$9,000.00; for FY 11, \$9,200.00; for FY 12, \$9,400.00.

Mr. Holland, RRPDC Audit Committee member, said he endorsed renewal of the current contract and so moved. The motion was seconded by Ms. Durfee. There was no further discussion and the motion carried.

D. Local Composite Index (new item)

Chairman Graziano reminded members that this item was added to the agenda earlier. This issue will negatively impact every locality in the Region, with the exception of Goochland County. She asked Mr. Gates to make this presentation.

Mr. Gates distributed information to members on this item. He said there has been a proposal to unfreeze the Local Composite Index (LCI), which is the long-standing formula that determines what each locality can afford to contribute to its own public education programs.

When the housing market crashed in 2009, along with the downturn in the economy, funding provided by the state to localities' school divisions was impacted. The impact was so drastic in 2009, the state decided to freeze the LCI at the previous year's amounts.

Because the housing markets have not rallied, localities in northern Virginia have lost large amounts of revenue from real estate taxes, which is part of the LCI formula. These localities are requiring more assistance from the state due to this loss of revenue. Funds will need to be reallocated from other areas of the state.

On the handout, the impact of unfreezing the LCI is noted for each locality. This was brought forward by the City of Richmond for the Board's review and consideration to determine if the Commission Board would like to take a formal

stance on either endorsing the proposal to unfreeze the LCI or to oppose unfreezing of the LCI.

Mr. Gates reported that the Hampton Roads Legislative Caucus has voted unanimously to oppose the unfreezing of the LCI. He has learned that the Virginia Municipal League has voted not to take a stand. VACo voted to support the unfreezing of the LCI.

The City of Richmond is requesting that the Commission Board act to oppose the unfreezing of the LCI. On the sheet provided, if the LCI is unfrozen, school divisions in the Region will lose a total of \$17.5 million in education funding from the state. This is in addition to the \$83 million in cuts included in the current proposed state budget now being considered by the General Assembly. This totals over \$100 million in cuts to local school divisions.

Mr. Glover asked if the state has met the standards of excellence with regard to the LCI over the past several years. Mr. Glover continued by saying he did not know of any year in which the state has met the standards of excellence.

Mr. Gates noted that the Capital Region Legislative Caucus will be discussing this issue today.

Mr. Glover said it is important to consider if the state has ever met the standards of excellence.

Ms. Denslow, City of Richmond, said the issue being referred to by Mr. Glover is whether the state fully funds its share of the standards of quality. She said local governments have stated uniformly in the past that this has not happened. Ms. Denslow said the issue being discussed now is beyond what Mr. Glover had asked. This is beyond whether or not the state funds its share; this is how the state distributes what it does fund.

Mr. Glover asked if it was the state's intent to fund the standards of quality. He said during the budget process, the state does not fund the LCI.

Mr. Gates said he could not decipher the intent of the General Assembly in funding its full education commitment. He said by fact, the General Assembly has not. What is being discussed today is how the amount that is paid is distributed.

Mr. Setliff asked how often the LCI is reviewed. Mr. Gates said it is reviewed during each budget cycle; however, it was not reviewed this year. It was frozen at the 2008 levels. The General Assembly voted to keep the LCI frozen at 2008 levels. Mr. Gates said because the real estate values have declined, the impact is felt differently in different parts of the state. The LCI formula can fluctuate to extremes each year based on real estate values. Localities have long felt the LCI

formula does not accurately reflect the abilities of each locality to contribute to its school divisions.

Mr. Gates said if the LCI is unfrozen, there will be a loss of funding in 70 percent of the state's school divisions. This is reflected on the handout, which was prepared by Ms. Denslow's office. The handout shows the impact to each of the Region's localities. All will lose additional funding other than Goochland County. Under this formula, the City of Richmond will lose the second highest amount in the entire state.

Ms. Denslow noted that the City of Richmond has disagreed with the LCI over the past 20 years. Richmond is judged to be the most affluent jurisdiction, other than Goochland County, in the Region. She said the reason the city brought this to the Commission is because the majority of localities will lose additional funding.

Mr. Glover asked if the enrollment and attendance of each school system was considered in the LCI, in addition to real estate values. Ms. Denslow said the formula measures real estate, income of the residents, sales tax base, average daily membership of students, and the total population of the jurisdiction.

Mr. Gates provided a chart prepared by Fiscal Analytics; he has not confirmed these figures. The chart was prepared to show how each locality will lose funding in different areas based on the budget that was introduced this year. The Region will lose \$83 million in education, \$17.5 million additional in education (based on unfreezing the LCI), cuts in HR 599 funding, and cuts in compensation boards funding. Should the localities determine the real estate tax rates will need to be raised to compensate for the loss in funding, rates would need to be raised significantly in each locality.

The proposal presented by the City of Richmond acknowledges that all local governments are facing revenue problems due to the economic recession. To add additional cuts in education funding will have drastically negative impacts to education in the local school divisions.

Mr. Fabricant asked if the intent was to reallocate funds to other areas of the state where it has been determined there is a greater need. Mr. Gates said 70 percent of localities will lose funding and 30 percent will gain funding. As a Region, there will be a \$17.5 million loss. By keeping the LCI frozen, the \$17.5 million will not be cut. Governor McDonnell has indicated he favors unfreezing the LCI.

Mr. Pollard said he would move that the Commission endorse the City of Richmond's recommendation to oppose the unfreezing of the LCI. The motion was seconded by Mr. Fabricant.

Ms. Durfee said she and Ms. O'Bannon attended the VACo meeting this morning and this issue was discussed. The VACo board voted to support the unfreezing because northern Virginia has supported rural counties in the past and now northern Virginia localities need assistance. Ms. Durfee said during the VACo meeting, she suggested that the LCI should be reviewed for its equity value. This was adopted and a report will be made to the VACo board.

Ms. O'Bannon said that during the VACo meeting, the northern Virginia counties reasoning for unfreezing the LCI was "what's fair is fair" as they have funded other portions of the state previously. She said she recommended that the LCI be reviewed. Ms. O'Bannon also noted that the state constitution requires that the state government should pay for K-12 education.

Mr. Glover said the localities are again being asked to take on the job of the General Assembly in funding services that the state should fund – transportation and education.

Chairman Graziano affirmed the motion on the floor was to oppose the unfreezing of the LCI.

Mr. Gordon said he was concerned about the rationale for the motion. He said the rationale seems to be that the LCI should be kept the same because if it is changed, the localities will be hurt. He said there is a formula and because it may hurt the localities at this time, that may not be the right rationale for this decision. He said the chance for success may be increased if the Commission takes a position to retain the freeze because of the unfairness of the formula itself and recommend that the formula be revisited before any changes are made.

Mr. Gecker said he would agree with what Mr. Gordon said. He said he does not know enough about the formula to make a statement that it is unfair. He said he has heard that if the formula is changed, the Region may suffer as the General Assembly may vote to favor the northern Virginia localities. He said it does seem that the real issue is that the state has decided again not to fulfill its obligations to fully fund a program. Mr. Gecker said he would support taking a regional position that the General Assembly meet its obligations to the jurisdictions and fully fund. He said he did not know if the LCI was a fair representation on how to equalize education funding throughout the Commonwealth. Mr. Gecker said he understands the purpose of the LCI and it seems to have worked reasonably well over the years until now. There has not been a lot of widespread unrest over the LCI. Mr. Gecker said the heart of the issue is the repetitiveness of the issue of funding. None of the localities can absorb their share of the \$83 million in cuts and expect to keep the school divisions operating at a level at which they are expected to operate. Mr. Gecker said he supports the Region and his county in obtaining whatever funds that can be obtained. He said there is no support in the General Assembly to fund fully their obligation and no support to attempt to mitigate the impact of this type of large disruption in a funding stream. He said it

is unreasonable for the legislative delegation to expect the localities to absorb this type of disruption without a massive change in the quality of services that the localities can provide. It was transportation first and now it's education. The citizens expect a body of goods and services from the localities that are in part funded locally and in part funded by the state. The citizens don't care where the funds come from but they do care about whether the services are provided. There has been a system in place by which the state says it is going to equalize educational opportunity in the Commonwealth through the LCI. What is before members now is a massive disruption. The RRPDC should take a position to tell the delegation that it is an intolerable situation and one that should not be allowed to stand. He said he would prefer a resolution directed at the heart of the issue, which is not the funding formula, but the funding period.

Mr. Holland said now is not the time to make major, rapid changes in the funding of education. There is an unprecedented recession in place at this time. He said he agreed with what Mr. Gecker said.

Mr. Jewell said the motion was to retain the freeze. He said to vote otherwise will allow the Region's pockets to be picked further. He said this is based on the budget offered by former Governor Kaine and opens the door for further cuts by the new administration. Mr. Jewell said the freeze makes sense, which is the motion on the floor. Separate is what Mr. Gecker was saying – to question the LCI.

Mr. Pollard said if this is seen as a major problem by Hampton Roads, then the Richmond Region should also see this as a major problem.

Mr. Kaechele said this is a lose-lose situation. If the LCI is not frozen, more will be lost.

Mr. Glover said he's not sure why the Commission is voting either way since this is a decision the General Assembly should be making. He said the job of the General Assembly is to establish the funding for public safety, education, and other areas local governments already have a hard time funding. Mr. Glover said he would prefer to tell the General Assembly to figure out how to fund education period.

Mr. Bennett said he would call for the question on the motion.

Mr. Gordon said he would like to offer a substitute motion. Mr. Gordon would move that the Commission ask the General Assembly to retain the freeze on the LCI until an assessment is conducted regarding the equity of the formula and a plan is established for full state funding of the standards of quality.

Ms. O'Bannon seconded the substitute motion.

Mr. Trout asked if this would be to freeze the LCI for the current bi-annual budget or until other figures are presented.

Mr. Gordon said until an assessment is conducted regarding the equity of the formula and a plan is established for full state funding of the standards of quality.

Chairman Graziano said the City of Richmond would support the substitute motion. She called for the question on the substitute motion and asked Mr. Gordon to restate the motion.

Mr. Gordon said his motion is to ask the General Assembly to retain the freeze on the LCI until an assessment is conducted regarding the equity of the formula and a plan is established to establish full state funding of the standards of quality.

There was no further discussion and the motion carried. Ms. Jaeckle and Mr. Setliff indicated they voted nay, and Mr. Glover indicated he abstained from the vote.

Mr. Gates said he would communicate this action to members of the Capital Region Caucus.

IV. OTHER BUSINESS

A. Committee Reports

There were no other committee reports.

B. Announcements

Ms. O'Bannon said that each year there is a conflict between this Board meeting and the VML/VACo Legislative Day, as both are held on the same day, as well as the meeting of the Capital Region Caucus. She said she would recommend that next year, consideration be made when scheduling the Commission and MPO Board meetings so there in no conflict.

Chairman Graziano said this will be noted for next year.

C. For Your Information

There were no items included in this section.

V. **ADJOURNMENT**

There being no further business to come before the Commission, Chairman Graziano adjourned the meeting at approximately 3:00 p.m.

Robert A. Crum, Jr.
Executive Director

Kathy C. Graziano
Chairman