



COMMISSIONERS

Essex County
Mr. John Clickener
Hon. Edwin E. Smith, Jr.
Hon. John C. Magruder

Town of Tappahannock
Hon. Roy M. Gladding

Gloucester County
Hon. Ashley C. Chriscoe
(Vice-Chairman)
Dr. William G. Reay
Hon. Michael R. Winebarger

King and Queen County
Hon. Sherrin C. Alsop
Hon. R. F. Bailey
Mr. Thomas J. Swartzwelder
(Chairman)

King William County
Hon. David E. Hansen
Hon. Travis J. Moskalski
(Treasurer)
Mr. Eugene J. Rivara
Ms. Bobbie Tassinari

Town of West Point
Hon. Jack Lawson

Mathews County
Hon. George C. Morrow
Mr. Thornton Hill
Hon. Marion C. Love
Ms. Melinda Conner


Middlesex County
Mr. Gordon E. White
Hon. Wayne H. Jessie, Sr.
Mr. Matthew L. Walker
Hon. Kathy H. Swinehart

Town of Urbanna
Hon. Steve Hollberg
Ms. Holly Gailey

Secretary/Director
Mr. Lewis L. Lawrence

MEMORANDUM

TO: MPPDC Board of Commissioners

FROM: Lewis Lawrence, Executive Director 

DATE: November 26, 2018

RE: November Commission Meeting

The Middle Peninsula Planning District Commission will host its monthly meeting on Wednesday, November 28, 2018 at 7:00 p.m. in the Regional Board Room at the Middle Peninsula Planning District Commission office in Saluda.

Enclosed are the November meeting agenda and supporting materials for your review prior to the meeting.

If you have any questions concerning material in your agenda packet, please give me a call at 804-758-2311 or email me at LLawrence@mppdc.com.

I look forward to seeing you on **November 28th**!

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Middle Peninsula Planning District Commission
Meeting

7:00 P.M.

Wednesday, November 28, 2018

125 Bowden Street

Saluda VA 23149

- I. Welcome and Introductions
- II. Approval of October Minutes
- III. Approval of October Financial Report
- IV. Executive Director's Report on Staff Activities for the Month of November
- V. Public Comment

AGENDA ITEMS FOR DISCUSSION

- VI. General Legislative Discussion
- VII. Next Generation 9-1-1 (NG9-1-1) Migration: Open Discussion
- VIII. General Assembly Budget: Open Discussion
- IX. FY18 Audit Presentation
- X. MPPDC Budget Discussion
- XI. WIP III Update
- XII. Other Business
- XIII. Adjournment

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MIDDLE PENINSULA PLANNING DISTRICT COMMISSION

October 24, 2018

Saluda, Virginia

I. Welcome and Introductions

The monthly meeting of the Middle Peninsula Planning District Commission was held in the Regional Board Room at the Middle Peninsula Planning District Commission office in Saluda, Virginia on Wednesday, October 24, 2018, at 7:00 p.m. MPPDC Chairman Thomas Swartzwelder welcomed everyone in attendance and announced Margaret “Prue” Davis’ resignation and welcomed Edwin “Bud” Smith back to the Commission.

Commissioners Present

King and Queen County: Tom Swartzwelder

Essex County: John Clickener, John Magruder, Edwin “Bud” Smith, Jr.

Gloucester County: Ashley Chriscoe, Dr. Willy Reay

King William County: Eugene Rivara, Travis Moskalski, Bobbie Tassinari

Mathews County: G.C. Morrow, Marion Love, Tim Hill

Middlesex County: Wayne Jessie, Gordon White

Town of Urbanna: Steve Hollberg

Commissioners Absent

King and Queen County: R.F. Bailey, Sherrin Alsop

Gloucester County: Michael Winebarger

King William County: David Hansen

Mathews County: Melinda Conner

Middlesex County: Matt Walker, Kathy Swinehart

Town of West Point: Jack Lawson

Town of Tappahannock: Monte “Roy” Gladding

Town of Urbanna: Holly Gailey

Also in Attendance

Lewis Lawrence, MPPDC Executive Director

Beth Johnson, MPPDC Finance Director

Harrison Bresee III, MPPDC Regional Emergency Planner

Matt Becker, MPPDC Transportation Planner

Dawn Mantell, MPPDC Secretary

Delegate Keith Hodges

II. Approval of September Minutes

Chairman Swartzwelder asked whether there were any corrections or changes to the September Minutes. There being no corrections to the Minutes, Chairman Swartzwelder requested a motion to approve the September Minutes. Mr. Chriscoe moved that the September Minutes be approved. Mr. Clickener seconded the motion; motion carried.

III. Approval of September Financial Report

Chairman Swartzwelder asked whether there were any questions regarding the September financial report before being approved subject to audit. There being no questions, Chairman Swartzwelder requested a motion to approve the September financial report subject to audit. Mr. Rivara moved to approve the September financial report subject to audit. Mr. Chriscoe seconded the motion; motion carried.

IV. Executive Director's Report on Staff Activities for the Month of October

Chairman Swartzwelder requested MPPDC Executive Director, Lewie Lawrence review the Executive Director's Report on Staff Activities for the month of October. The Executive Director's Report on staff activities is developed at a monthly staff meeting, organized by PDC Service Centers, and the activities are used to report grant funding activities.

Mr. Lawrence directed Commissioners' attention to several items:

- Receive notice from Virginia Clean Water Revolving Loan Fund staff that MPPDC's proposal for recapitalization of loan funds was tentatively approved by DEQ. This still needs to go to the State Water Control Board for approval in December. Loan terms and conditions will be determined at that time. Current funds were received at 0% interest. Mr. Lawrence stated the approved funding is for \$250,000. This is the second time Finance Officer, Beth Johnson has obtained this funding. Mr. Lawrence and the Commission thanked her for this accomplishment.
- Met with students in the Virginia Coastal Policy Center located at the College of William and Mary regarding regulatory permitting issues landward of VMRC regulatory permitting authority. VCPC students will develop a legal white paper exploring the following issues:
 - ❖ Identification of regulatory permitting challenges for agencies beyond VMRC that could accelerate permitting processes associated with establishing a dredge material holding site, including: Chesapeake Bay Preservation Act permitting, Erosion and Sediment Control permitting, Stormwater Management permitting, Virginia Water Protection Program permitting, VDMME requirements related to establishing future sediment mining operations, and VDOT traffic and site development requirements.
 - ❖ Research regarding ownership rights at sites with material from completed dredging projects. This research will provide a general overview of this issue with specific analysis done for a sample of sites.
 - ❖ Research on whether a publicly-owned dredge material upland site that receives quality material from a dredging project, can then use that material for other applications.
 - ❖ Additional issues as may be identified during completion of this

product to support the overall effort of building resilience to sea level rise/climate change using dredge material as a valuable resource.

- Mr. Lawrence stated the Rural Transportation Planning was up to speed and as seen by the numerous reported activities, staff is making good strategic improvements in this area.
- Consulted with Rich Williams and David Fridley, Three Rivers Health Department regarding the issue of # of occupants in a house, failure of septic system, septic repair permit application process. The question in essence was, who is responsible for ensuring that a septic repair is designed to accommodate the actual # of occupants in a residence, IE: if the failure of the system is deemed to have been caused by too many people occupying a house with an insufficient septic system, how is it ensured that a repair will actually address that issue? What is the process and who is responsible? Mr. Lawrence stated the answer he received was VDH staff should be requiring this information on the application form.
- Consulted with Delegate Keith Hodges regarding dual enrollment teacher certification and the lack of teachers across the district. Mr. Lawrence stated he and Delegate Hodges will continue to spend time on this issue to see where the problem lies in order to develop a working solution.
- Researched a definition for “Zombie Housing” with regards to vacant homes. Zombie housing are homes that have gone into foreclosure but have not been foreclosed on yet, but the owners have abandoned the properties.

Commissioners were encouraged to contact Mr. Lawrence with any questions regarding the staff activities reported for the month of October.

V. MPCBPAA Update

Mr. Lawrence, Executive Director in the absence of Mindy Conner, MPCBPAA Chairman stated the Authority did not meet this month. The next scheduled meeting will take place in December.

VI. MPA Update

Travis Moskalski, MPA Chairman provided the Commission with an update on the recent activities of the MPA. At its October meeting, the MPA Board held officer elections and voted to keep their current slate; reviewed and executed their contract with Principal Officer, Liz Povar for another year; signed the Memorandum of Understanding (MOU) with the Middle Peninsula Chesapeake Bay Public Access Authority (MPCBPAA) to assist in promoting and then managing the strategy to develop eco-business opportunities on its owned properties; approved moving forward with the PamunkeyNet qualifications; and adopted a Tourism Strategy which includes all member localities with the exception of Middlesex County who has River Realm. Mr. Moskalski announced Rappahannock Electric Cooperative has signed on as a private partner to sponsor the work of the MPA at the middle rate and the MPA has been featured on a full page ad in a Virginia Business site

publication. In lieu of next month's meeting, the MPA will sponsor a ThanksPartners Holiday Lunch Reception at Rappahannock Restaurant in Richmond to thank state partners for all their support during the year.

VII. Public Comment

None.

VIII. Update on Rural Transportation Program – Long range Transportation Plan

IX. Report on Virginia Capital Trail

X. Legislative Discussion

XI. Other Business

None.

XII. Adjournment

Chairman Swartzwelder requested a motion to adjourn the meeting. Mr. Love motioned to adjourn; Mr. Chriscoe seconded. The motion carried.

**Note: All handouts distributed at a meeting are filed in the official MPPDC record book of the minutes. Copies of all PowerPoint presentations, if any, are filed with the official minutes.*

COPY TESTE:

(Secretary)

Project Financial Report

Middle Peninsula Planning District Commission

Run Date: 11/07/2018
Run Time: 2:53:36 pm
Page 1 of 1

Period Ending: 10/31/2018

-----Expenditures-----								
Code	Description	Budget	Curr Month	Project Total	Un/Over	% Budget	Revenues	Balance
30013	EE&CBG Project	3,987.44	0.00	4,051.70	(64.26)	101.61%	4,856.26	804.56
30109	MPEDRO Staff Support	42,536.38	1,329.70	31,587.23	10,949.15	74.26%	30,244.67	(1,342.56)
30111	Blue/Green Infrastructure PDC f	15,000.00	1,579.11	6,991.00	8,009.00	46.61%	5,400.00	(1,591.00)
30115	VHDA Community Impact Grant	30,000.00	1,851.10	9,318.06	20,681.94	31.06%	6,404.00	(2,914.06)
30170	MPBDP Staff Support	22,179.81	83.93	21,431.18	748.63	96.62%	24,228.46	2,797.28
30214	FY19 Transportation Demand M	84,807.00	5,318.12	20,160.38	64,646.62	23.77%	24,408.18	4,247.80
30215	TDM Marketieng	24,391.00	837.86	3,354.73	21,036.27	13.75%	1,097.45	(2,257.28)
30316	FY19 Rural Transportation Planr	72,500.00	5,862.61	22,799.22	49,700.78	31.45%	15,865.26	(6,933.96)
30420	Onsite Loan Management	179,713.02	450.22	153,745.00	25,968.02	85.55%	187,226.30	33,481.30
30428	WQIF 2016, \$183500 RLF match	216,500.00	31,396.68	123,183.22	93,316.78	56.90%	91,783.31	(31,399.91)
30502	Water Supply Planning	167,859.87	(81.31)	167,816.51	43.36	99.97%	168,132.45	315.94
31002	GA Lobby FY09	40,750.00	0.00	20,431.34	20,318.66	50.14%	40,750.25	20,318.91
31207	MP/NN Mass Casualty Exercise	64,473.00	8,582.99	51,331.86	13,141.14	79.62%	16,578.17	(34,753.69)
31208	MP/NN Regional Debris Manage	43,000.00	168.35	12,210.71	30,789.29	28.40%	11,858.45	(352.26)
31500	Living Shoreline Incentive Progr:	26,196.92	489.06	10,449.56	15,747.36	39.89%	24,750.66	14,301.10
32015	PAA Staff Support	4,370.00	516.79	2,245.41	2,124.59	51.38%	4,200.00	1,954.59
32016	VIMS Living Shoreline/EPA9633:	92,636.80	6,049.09	92,710.86	(74.06)	100.08%	35,075.98	(57,634.88)
32017	NAWCA PAA project	75,000.00	471.36	23,865.20	51,134.80	31.82%	75,000.00	51,134.80
32140	FY18 Coastal TA	60,000.00	0.00	60,828.55	(828.55)	101.38%	57,781.12	(3,047.43)
32141	WWF_ANPDC	10,000.00	(20.39)	9,952.28	47.72	99.52%	10,000.00	47.72
32142	ANPDC Ecotourism	47,495.00	3,583.01	43,413.65	4,081.35	91.41%	37,318.07	(6,095.58)
32143	WIP III	50,000.00	6,003.59	33,795.95	16,204.05	67.59%	275.00	(33,520.95)
32144	Coastal TA FY19	0.00	5,669.39	5,669.39	(5,669.39)	0.00%	0.00	(5,669.39)
32145	CZM Dredging	0.00	1,548.97	1,548.97	(1,548.97)	0.00%	0.00	(1,548.97)
32146	ANPDC EcoTourism II	0.00	3,645.77	3,645.77	(3,645.77)	0.00%	0.00	(3,645.77)
32147	ANPDC Rural Enhancement Autl	0.00	515.16	515.16	(515.16)	0.00%	0.00	(515.16)
38019	FY19 Local Projects	219,724.00	11,999.36	65,363.94	154,360.06	29.75%	176,410.80	111,046.86
Totals:		1,593,120.24	97,850.52	1,002,416.83	590,703.41	62.92%	1,049,644.84	47,228.01

Balance Sheet by Category

Middle Peninsula Planning District Commission

Run Date: 11/7/18
 Run Time: 2:57:24 pm
 Page 1 of 1

Period Ending: 10/31/2018
 Format: 1 Board

Assets:

Cash in Bank	553,915.96
Cash in Bank, Restricted	267,034.87
Receivables	315,376.22
Property & Equipment	3,678.77
Prepaid Pension (Deferred Outflows)	13,015.24

	Total Assets:	\$1,153,021.06
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Liabilities:

Accounts Payable	15,613.65
VRA Loan Payables	309,459.16
Payroll Withholdings	20.99
Accrued Leave	47,938.02
Deferred Inflows (VRS)	157,347.00
Net Pension Liabilities	22,476.00
Cost Allocation Control	2,164.06

	Total Liabilities:	\$555,018.88
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Equity:

Local Initiatives/Information Resources	131,044.86
Economic Development	(1,022.90)
Transportation Programs	(4,943.44)
Emergency Management Projects	(35,105.95)
Onsite Repair & Pumpout	2,083.75
Housing	(2,387.83)
Coastal Community & Environmental	(39,694.43)
Public Access Auth Programs	(4,545.49)
Mandates	321.25
Temporarily Restricted	177,307.09
General Fund Balance	374,945.27

	Total Equity:	\$598,002.18
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	Total Liabilities and Equity	\$1,153,021.06
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	Balance:	\$0.00
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Agencywide R&E by Category

Middle Peninsula Planning District Commission

Run Date: 11/07/2018

Run Time: 2:58:11 pm

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Period Ending: 10/31/2018

Format: 1 Agencywide R&E

With Indirect Cost Detail

Code & Description	Budget	Current	YTD	Un/Over	% Bud
Revenues					
Local Match	94,347.00	0.00	22,945.30	71,401.70	24.32%
Local Annual Dues	135,099.00	0.00	135,099.00	0.00	100.00%
Local Other Revenues	39,948.00	690.00	35,897.47	4,050.53	89.86%
Local Other Organizations	24,900.00	3,720.96	3,720.96	21,179.04	14.94%
State Revenues	159,817.00	59,470.00	59,470.00	100,347.00	37.21%
Federal Revenues	637,162.00	29,930.82	86,195.22	550,966.78	13.53%
Miscellaneous Income	11,500.00	3,109.65	4,744.51	6,755.49	41.26%
RevolvingLoan Program Income	13,250.00	1,287.84	54,550.68	(41,300.68)	411.70%
Revenues	1,116,023.00	98,209.27	402,623.14	713,399.86	36.08 %
Expenses					
Personnel	377,572.00	37,197.83	154,158.24	223,413.76	40.83%
Facilities	30,887.00	2,458.65	9,972.63	20,914.37	32.29%
Communications	3,150.00	367.93	1,816.26	1,333.74	57.66%
Equipment & Supplies	3,300.00	1,219.44	4,241.47	(941.47)	128.53%
Travel	6,650.00	182.71	1,749.03	4,900.97	26.30%
Professional Development	11,660.00	3,316.00	6,478.36	5,181.64	55.56%
Contractual	436,086.00	49,611.07	143,775.97	292,310.03	32.97%
Miscellaneous	58,430.00	4,096.88	11,736.07	46,693.93	20.09%
Regional Share	94,347.00	0.00	22,945.30	71,401.70	24.32%
Expenses	1,022,082.00	98,450.51	356,873.33	665,208.67	34.92 %
Agency Balance	93,941.00	(241.24)	45,749.81		

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**Middle Peninsula Planning District Commission
Executive Director's Report of Regional Progress
November 26, 2018**

Note: On May 23, 2018, the Commission voted to direct staff to email all future documents including the Commission meeting packets in an effort to save on postage. As we strive to make this report more informative and user friendly, some previously contained information may now be accessed by clicking on the following link(s):

- For Demographic Information:
http://virginialmi.com/report_center/community_profiles/5109000318.pdf
- For MPPDC Website: <http://www.mppdc.com/>

If there is some item that has been removed from the report that you found to be exceptionally useful and would like to have included, please let staff know.

MPPDC Staff and Contact Information

Executive Director: Lewis Lawrence

Contact Info: llawrence@mppdc.com (804) 758-2311x24 (804) 832-6747 (cell)

Programs: *Coastal Zone Technical Assistance, Local Initiatives, Public Access Authority*

Finance Director: Beth Johnson

Contact Info: bjohnson@mppdc.com (804) 758-2311x22

Programs: *Commuter/Employer Transportation Services, Septic Repair & Pumpout Assistance, Living Shoreline Incentive Program, Revolving Loan Programs Administration, PDC Finance & Grants Administration, PAA Staff Support, MPA Staff Support*

Planner 2: Vacant

Special Projects Planner: Jackie Rickards

Contact Info: jrickards@mppdc.com (215) 264-6451 (cell)

Programs: *Environmental Programs, Graphic Arts*

Planner 1: Matt Becker

Contact Info: mbecker@mppdc.com (804) 758-2311x28

Programs: *Rural Transportation Planning*

Secretary: Dawn Kirby

Contact Info: dkirby@mppdc.com (804) 758-2311x21

Programs: *Septic Pumpout Assistance, MPA Staff Support, Facilities Scheduling*

Funding – VDEM, MANDATES
VDEQ, localities, MPPDC General Fund

Project 30502 Water Supply Planning

9 VAC 25-780 establishes a planning process and criteria that all local governments will use in the development of local or regional water plans. The plan will be reviewed by the Department of Environmental Quality and a determination will be made by the State Water Control Board on whether the plan complies with this regulation. Within five years of a compliance determination by the board, the plan will be reviewed to assess adequacy and any significant changes will require the submission of an amended plan and review by the board. All local programs will be reviewed, revised, and resubmitted to the Department of Environmental Quality every 10 years after the last approval. The jurisdictions of Essex, King and Queen, King William, Mathews, Middlesex, Tappahannock, Urbanna and West Point opted to prepare a regional plan with assistance from Middle Peninsula Planning District Commission staff and EEE Consulting, an environmental consulting firm. The Regional Plan was completed and submitted to the Virginia Department of Environmental Quality for compliance review by the November 2, 2011 deadline for Regional Plan submission.

INFORMATION RESOURCES/ASSISTANCE

- Updated www.mppdc.com website – meeting notices, reports, news releases, GoVA meetings, and MPA notices.

COASTAL COMMUNITY DEVELOPMENT/ ENVIRONMENTAL

Funding – VDEQ, VIMS, VDCR, local match from MPPDC General Fund & partners

Project 32015 - Staff Support to Middle Peninsula Chesapeake Bay Public Access Authority (MPCBPAA)

Middle Peninsula Chesapeake Bay Public Access Authority Special Project – Support of Executive Order 23, Goal 8 Coastal Management Coordination Public Access: Continue implementation of adopted annual work program, including identifying land, either owned by the Commonwealth or private holdings that can be secured for use by the general public as a public access site; researching and determining ownership of all identified sites; determining appropriate public use levels of identified access sites; developing appropriate mechanism for transferring title of Commonwealth or private holdings to the Authority; developing appropriate acquisition and site management plan. This Program allows the Authority to function by supporting the individual projects and operations of the Authority, as well as, by responding to daily requests for assistance from local government staff.

- Prepared vouchers, processed A/P, reconciled bank statements. Prepared monthly financial statements.
- Spoke with 3 hunters regarding rules, regulations and website for hunting on the Browne, Thurston-Hayworth, and Captain Sinclair tracts in Essex, King and Queen, and Gloucester Counties.
- Corresponded with a PAA hunter concerning reserving land for hunting on the Browne Tract. Worked with the hunter to get reservations posted and to invoice him the amount due.

Project 32016 - VIMS Living Shoreline

MPPDC submitted a proposal to the National Fish and Wildlife Foundation for VIMS. The objective of this project is to leverage previous funding from NFWF to install oyster bag sills at two publicly-owned (MPCBPAA) properties on and monitor them for a year. In addition, existing oyster bag sill installations at four private locations will be monitored to determine overall project effectiveness. This work will provide recommendations for installations along fetch-limited shorelines of Chesapeake Bay.

- Consulted with Donna Milligan, VIMS regarding final report.
- Consulted with Sydney Godbey, NFWF regarding need for project extension. VIMS has not provided information needed for final report on a timely basis. Project extension for 30 days granted.

- Prepared and submitted final reimbursement request. Prepared final report upload. Waiting on VIMS to provide copy of final report and photographs.
- Participated in interview on NFWF Small Watershed grants with consultant.

Project 31500 - Living Shoreline Incentive Program RLF

MPPDC submitted a proposal to the National Fish and Wildlife Foundation for VIMS. The objective of this project is to leverage previous funding from NFWF to install oyster bag sills at two publicly-owned (MPCBPAA) properties on and monitor them for a year. In addition, existing oyster bag sill installations at four private locations will be monitored to determine overall project effectiveness. This work will provide recommendations for installations along fetch-limited shorelines of Chesapeake Bay.

- Received phone call from Gloucester loan client regarding payoff for living shoreline loan. Client is interested in obtaining a home improvement loan to make repairs to home prior to retirement and may need to payoff loan.
- Received phone call from Jimmy Sgambelluri, Loan Originator, PrimeLending regarding process for lien release.
- Consulted with loan client regarding payoff and release process.
- Consulted with Anita Hazelwood, C&F Band Treasury Solutions regarding process required to process large loan payoff through ACH.
- Processed loan payoff and prepared loan lien release documentation.
- Consulted with loan client regarding payments, insurance program, restructuring of living shoreline loan, funds remaining.
- Received phone call from loan client regarding insurance program procedures. Emailed agreement discussed program and provided options.
- Received phone call from loan client requesting loan payoff amount.
- Received phone call from Deltaville homeowner regarding information on program and living shorelines in general. Homeowner called in response to article in *Southside Sentinel*. Referred to Mike Vanlandingham, DCR for guidance.
- Posted MPPDC Living Shoreline Program press release on MPPDC website:
<https://www.mppdc.com/index.php/service-centers/infoassist/225-funding-for-living-shorelines-available>
- Discussed MPPDC LSIP program with Jim McGowan, The Nature Conservancy
- Responded via email to request from Gloucester homeowner regarding more information on LSIP program.
- *Executed ACH loan payments for loans. All MPPDC loan funding programs require that loan recipients authorize loan payments to be made automatically from loan recipients' bank accounts. Loan clients authorize the payments at loan closing (ACH Authorizations). MPPDC staff process these payments on the 15th of each month. This places the onus to not make a payment on the loan client contacting MPPDC staff prior to the loan processing date of the 12th of the month to request a payment be held. This has significantly reduced defaults and delinquent repayments of MPPDC loans.*
- ***Remaining uncommitted funds - \$51,697***

Project 32017 – NAWCA PAA Acquisitions

The Wetlands Conservation on the Middle Peninsula of Virginia Phase I proposal is the first in a series of projects planned by the Middle Peninsula District Commission (MPPDC) in coordination with local, state and federal agencies, non-government organizations and landowners to protect key wetlands along the Chesapeake Bay. This project will employ a novel, creative and cost effective land conservation model in order to perpetually protect 77.05 acres of coastal habitat.

- Consulted with numerous outparcel owners at Captain Sinclair’s Recreational Area concerning the acquisition of small subdivision lots using U.S. Fish and Wildlife grant funds. Received letters of interest for acquisition from four property owners.

Project 32140 – Virginia Coastal TA FY18

This project provides ongoing support to member localities of the Planning District Commission and other stakeholders committed to improving community development and coastal management within the coastal zone.

- Attended the 2018 Governor’s Summit on Rural Prosperity held in Staunton, Virginia.
- Participated in the Virginia Sea Grant Site Review of Program Operational Success. All Sea Grant programs must be reviewed. Offered testimony on the collaborative partnership between MPPDC and VASG related to coastal matters of concern.
- Attended the Virginia Coastal Policy Center Annual Conference. Speakers presented on leveraging blue and green infrastructure and building a water management economy in Louisiana.
- Convened the November meeting of the Local Government Administrators.
- Attended and presented multiple presentations at the Virginia Coastal Zone Partners Workshop. Presentation topics included Resiliency, WIP III, and Eco Tourism.
- Consulted with Scott Hardaway, VIMS Shoreline Studies Program concerning the definition of stillwater elevation as it relates to FEMA calculations for flood mitigation damages.
- Attended the Virginia Department of Health, Three Rivers Health District Employee Appreciation Day and gave opening remarks about the state of the Middle Peninsula.
- Received notification from John Kuriawa, NOAA Coastal Program liaison, regarding authorization to limit Perrin Wharf to commercial vessels only.
- Drafted and submitted the final report of the Coastal TA project to the Virginia Coastal Zone Management Program.
- Discovered additional resources supporting the use of nature based features to reduce flood risk: <https://conservationgateway.org/ConservationPractices/Marine/crr/library/Documents/CoastalWetlandsandFloodDamageReductionReport.pdf>.
- Attended a webinar titled “Peer to Peer Webinar: Maximizing Your Resilience Potential” hosted by FEMA. This webinar helped in understanding the various pots of FEMA funding available.
- Attended the Fall Coastal PDC meeting on October 23, 2018. Agenda items included an overview of DCR’s Natural Heritage program and updates from coastal PDC’s.

Project 32142 – ANPDC Ecotourism

This project is a collaboration between rural PDCs (ANPDC, NNPDC, and MPPDC) to develop and expand watertrails within each region. MPPDC staff will focus on developing watertrails on the York River, Pamunkey River, Mattaponi River and the Mobjack. MPPDC staff will also work with PDCs to create an interactive itinerary tool and to develop an overall Rural Coastal Virginia Water Trails theme/brand.

- Continued to work on the MPPDC water trail map to create categories and labeling consistent with the ANPDC Water trails map. This map was inserted into a rural coastal Virginia website (<https://virginiawatertrails.org/>), which showcases regional water trails, associated access locations, the Captain John Smith Trail, and the Virginia Oyster Trail.

Project 32143 – WIP III

In support of the Chesapeake Bay Phase III Watershed Implementation Planning (WIP) efforts, the Virginia Department of Environmental Quality, in cooperation with the Chesapeake Bay Program Partnership and other state and federal partners, has made grant funds available as authorized in the federally-funded 2017 Commonwealth of Virginia Chesapeake Bay Regulatory and Accountability Program (CBRAP) Work Plan approved by EPA. Virginia's Planning District Commissions (PDCs), as authorized in the Code of Virginia (§15.2-4207), encourage and facilitate local government cooperation and state-local cooperation in addressing on a regional basis problems of greater than local significance, specifically in the functional area of environmental management. The intent of this project initiative is for each Virginia Planning District Commission (PDC) covering Chesapeake Bay watershed localities to convene locality and regional officials, staff and stakeholders to provide input and recommendations for meeting Local Area Planning Goals (LAPGs) in accordance with the DEQ-provided "Outline for Local Area Planning Goal Initiative".

- Provided installed BMP data for living shorelines to Denise Nelson, Berkley Group for inclusion in Middle Peninsula WIP III database.
- Provided staff from Hampton Roads PDC with information on using oyster nutrient remediation WIP III strategy.
- Consulted with Scott Samuelson, Virginia Director for Fuji Clean Septic System regarding a possible demonstration project within King and Queen County.
- Consulted with Joan Silvati, DEQ WIP III Coordinator regarding the fourth and final joint PDC Super Regional Meeting whereby all participating PDC's present WIP III programmatic strategies.
- Consulted with Kevin Landry, Gloucester County Stormwater Planner regarding various stormwater tiered approach questions and WIP III questions.

Project 32145 – Dredge Permitting and Spoil Placement

This project will provide some of the tools needed for localities to make management decisions regarding their shallow draft navigation channels.

- Reviewed the scope of work for the project.
- Drafted a letter to localities requesting identification of publicly owned waterfront land that could be used for storage of dredged material.
- Drafted Sub-Recipient Contacts for VIMS Shoreline Studies Program and VCPC.

TRANSPORTATION

Funding – VDRPT, VDOT, local match from MPPDC General Fund

Project 30213 - Transportation Demand Management (TDM) Services

This program assists local commuters and employers with transportation issues. The main emphasis is on lowering the number of single occupancy vehicle commutes within and from the Middle Peninsula region through marketing and promotion of the program through local media and provision of ride matching services to commuters.

- Updated website – www.midpenrideshare.org

- Attended DRPT Grantee Workshop in Richmond. DRPT has made changes to its grants program, application guidelines and OLGA application process.
- Consulted with John O’Keefe, Ridefinders and Diana Utz, GWRideconnect regarding potential vanpool from Essex to Caroline. Vanpool operator interested in VANSTART subsidy from Midpenrideshare.
- Emailed Chris Arabia, DRPT regarding VANSTART subsidy, asking if a budget amendment would be required to provide such for new vanpool startup.
- Discussed Urbanna Oyster Festival Promotional Sponsorship with Tom Davis, WRAR Radio.
- Participated in follow-up conference call with stakeholder group for statewide ride matching software. The group has chosen NuRide as the most responsive vendor. DRPT and Roanoke Valley Regional Commission will begin procurement process.
- Consulted with Matt Becker regarding potential DRPT grant proposal for researching out-commuting in Middle Peninsula and its impact on the local economy.
- ***Current commuter database – 160***

Project 30214 - Transportation Demand Management (TDM) Marketing Plan

MPPDC proposes to engage the services of a marketing firm to assist it's TDM program to update its marketing plan. Special emphasis will be placed on developing a social marketing plan to target regional out commuters and introduce the new Telework Center being constructed in King & Queen County. This is anticipated to be a 2-year project with the first year providing market research and design of the marketing plan and the second year, if funded, implementation of the plan.

- Consulted with Stephanie Heintz, Consociate Media regarding timeline.

Project 30315 – Rural Transportation Planning

This program provides rural transportation planning services through the Rural Transportation Planning Work Program which outlines specific tasks and goals to guide the rural planning of transportation services.

- On November 7th, the Waterways public input survey was closed and the results were analyzed and incorporated into the Long Range Transportation Plan (LRTP).

Summary of the results:

- 53 Respondents
- 24 from Gloucester County
- 20 from Mathews County
- 5 from Middlesex County
- 1 from King William
- 3 from outside of the MPPDC (2 from Hanover and 1 from Accomack)

Respondents relationship to waterways:

- 31 Property Owners
- 9 Recreational Boaters
- 6 Commercial Watermen

The most commonly identified waterways that need dredging:

- Hole in the Wall
- Davis Creek
- Aberdeen Creek
- Winter Harbor

Waterways commonly identified as possibly requiring dredging in the future:

- Sarah Creek

- Finalized the following sections of the preliminary LRTP summary report:
 - Existing Conditions of Transportation Demand Management.
 - Recommendations for Transportation Demand Management.
 - Recommendations for Bicycle and Pedestrian Facilities and Safety.
 - Recommendations for Waterways.
- Consulted with Joyce McGowan of VDOT about the status of VDOT's review of MPPDC priority intersections and roadways for LRTP update. Joyce states VDOT plans to have review finalized by the end of November.
- Joyce McGowan of VDOT agreed to provide MPPDC with a list of restricted structures in the region that may require improvements in the future. This information will be useful in the development of the Existing Conditions of Roadway Maintenance in the Middle Peninsula section of the LRTP.
- Consulted with MPPDC Finance Director, Beth Johnson in regards to the MPPDC's TDM program and new DRPT provided software. This information will be incorporated into the LRTP's TDM recommendations.
- Held the October Local Planners Meeting on October 31st. Meeting minutes were sent to MPPDC planners. The agenda for October meeting included:
 - LRTP Update
 - Update on RT 17 Multi-Use Path
 - 2018 Water Resources Development Act
- November's Local Planners meeting was scheduled for November 28th. Dominion Resources is scheduled to give a presentation to local planners on Dominion's solar power operations and future solar power plans. This is of interest to the local planners as utility scale solar facilities have become more common throughout the Commonwealth and the Region.
- Spoke with Urbanna Mayor, Steve Hollberg concerning potential bike path/multi-use trail alignments throughout Middlesex County.
- Received requested maps of Right-of-Way alignments along RT 17 and multiple secondary roadways from VDOT on November 16th. These Right-of-Way maps will assist in identifying preliminary alignment of the RT 17 Multi-Use Path and determine priority phases.
- The MPPDC Executive Director has requested that the MPPDC apply for a Technical Assistance Grant offered by the Virginia Department of Rail and Public Transportation. The objective of the grant application is to secure funding to hire an economist to conduct a study on the transportation and economic impacts of 74.1% of MPPDC residents out-commuting for work.
- Registered for the DRPT grants workshops on November 15th.
- Contacted Liz Povar, RiverLink Group LLC and of the Middle Peninsula Alliance to request that she share her thoughts on ways to develop a project budget for the economic impact study.
- Began to compile commuting and economic data and draft application sections for DRPT application.
- Sent a draft "Project Justification and Project Scope" to Chris Arabia, DRPT's Manager of Statewide Mobility Programs. Chris has agreed to assist the MPPDC in creating a project scope that would fit

within the funding guidelines of DRPT.

- Attended DRPT TDM/Mobility Grants Workshop in Richmond on November 15th. Spoke with Chris Arabia, Mobility Grants Coordinator at DRPT, about the application MPPDC plans to submit.
- Scheduled an over the phone meeting with “PublicInput.com” for November 20th to discuss strategies to increase the public input process for the LRTP update.
- Gave a presentation to the MPPDC Commissioners on the LRTP update, the newly created Waterways section, and the idea for a RT 17 multi-use path.
- Confirmed the MPPDC as a host of a viewing party for Virginia Community Capital’s 2018 “The Learning Exchange” webinar on December 13th. This webinar will provide MPPDC local planners and officials with information on ways in which communities can plan for economic development that designs communities and shapes the movement of people and goods.

ONSITE REPAIR & PUMPOUT

Funding –VRA Loan Funds, local match from MPPDC General Fund, cost sharing

Project 30420/30428 - On-Site Technical Guidance Assistance and Revolving Loan Program

The On-Site Technical Guidance Program aids the Middle Peninsula localities and residents in the technical understanding and implementation of approaches to address On-Site Disposal Systems and improve water quality by assisting local homeowners with repairing failing septic systems through low-interest loans and/or grants. In addition MPPDC received funding under the Water Quality Improvement Fund (WQIF) to provide grants to low to moderate income Middle Peninsula and New Kent County homeowners to repair failing septic systems impacting water quality and health in the region. Grants can be paired with loans from the MPPDC Onsite Wastewater Revolving Loan Fund to provide matching funds as required. It is anticipated this funding will be used to provide assistance to 20-27 homeowners.

- Received phone call from Crystal MacWelch, Millers Septic regarding several pending applications for septic repairs. Discussed status of the applications.
- Received phone call from King and Queen Resident regarding septic pumpout assistance. Discussed programs and mailed applications.
- Received phone call from Brian Hancock, AOSE regarding possible assistance available for local volunteer fire department in need of alternative septic system to replace failing system at firehouse.
- Consulted with Kelley West, DEQ regarding use of WQIF funds for septic repair for a volunteer fire department.
- Consulted with Carol Steel, Gloucester County regarding ownership of volunteer fire department properties – i.e. owned by county or non-profit entity.
- Received phone call from Gloucester resident. Mailed application.
- Consulted with septic contractor regarding switching of treatment units – i.e. system design designates a specific proprietary alternative system, but if homeowner goes with a contractor that does not install that specific equipment, is the permit still valid? What is the procedure required?
- Convened MPPDC Loan Committee to review Mathews septic repair application. Homeowner approved for \$27,140 in funding - \$18,000 cost share and up to \$9,900 loan at 2.5% for 115 months.
- Closed on Mathews septic repair loan.

- Convened MPPDC Loan Committee to review Gloucester septic repair application. Homeowner was approved for \$18,856 loan at 7% interest for 116 months.
- Closed on Gloucester septic repair loan.
- Consulted with Julia Goens, Gloucester Health Department regarding OP for completed Middlesex septic repair.
- Consulted with Mike McMahan, Gloucester Health Department regarding OP for completed Gloucester repair.
- *Executed ACH loan payments for septic repair loans. All MPPDC loan funding programs require that loan recipients authorize loan payments to be made automatically from loan recipients' bank accounts. Loan clients authorize the payments at loan closing (ACH Authorizations). These payments occur on the 15th of each month. This places the onus to not make a payment on the loan client contacting MPPDC staff prior to the loan processing date of the 12th of the month to request a payment to be held. This has significantly reduced defaults and delinquent repayments of MPPDC loans as well as collection efforts.*
- **Remaining uncommitted septic repair funding – \$78,876 in loan funds, \$57,243 in grant funds.**

ECONOMIC DEVELOPMENT

Funding – EDA, local match from MPPDC General Fund, BDP Loan Program Income

Project 30115 - Blue/Green Infrastructure

Commission's effort to promote compatible economic development across the Middle Peninsula looking to leverage blue and green assets.

- Participated in the Governor's Economic Development announcement for Premier Tech, a multi-national company which has expanded its operations in King and Queen County.
- Consulted with representatives from the Virginia Department of Mines, Minerals and Energy concerning the amount of sand and gravel, by ton, currently being removed from the Middle Peninsula.
- Participated in a GO Virginia conference call coordinated by TechEconomy consultants. The call focused on ways to commercialize research and increase project pipeline applications.
- Participated in a call with Lauren DeSimone, Virginia Community Capital regarding services available to facilitate innovation and strategic planning across Coastal Virginia.

Project 301702 - Small Business Revolving Loan Fund

MPPDC agreed to service Middle Peninsula Business Development Partnership's (MPBDP) Small Business Loan Portfolio after MPBDP's dissolution November 30, 2011. MPPDC established a revolving loan fund and staff initiate ACH loan payments from clients bank accounts and manages the accounts. Principal repaid will be held until the Commission determines the best use for these funds as allowed by the USDA (RBEG) original lending restrictions. Interest earned will be used to offset administration costs.

- *Executed ACH loan payments for MPBDP loans. All MPPDC loan funding programs require that loan recipients authorize loan payments to be made automatically from loan recipients' bank accounts. Loan clients authorize the payments at loan closing (ACH Authorizations). MPPDC staff process these payments on the 15th of each month. This places the onus to not make a payment on the loan client contacting MPPDC staff prior to the loan processing date of the 12th of the month to request a payment to be held. This has significantly reduced defaults and delinquent repayments of MPPDC loans.*
- **Funds available – \$139,484**

Project 30109 – Staff Support to Middle Peninsula Alliance (MPA)

MPPDC staff are providing clerical and fiscal assistance to the Middle Peninsula Alliance.

- Prepared vouchers, processed A/P, processed deposits and balanced bank account. Prepared monthly financial statements.
- Attended MPA ThanksPartners event in Richmond.

Project 301093 – PamunkeyNet

PamunkeyNet, a proposed wireless internet system which would harness the Middle Peninsula's existing emergency services radio infrastructure to create a regional internet service in Middle Peninsula localities. This project proposes to address the business structure necessary for the Pamunkey Nation to operate and become a wireless provider.

LOCAL INITIATIVES

Funding - local dues, PDC base-funding from VDHCD and/or MPPDC General Fund. Funding for specific projects may come from locality requesting assistance.

Project 380191 - Local & Regional Technical Assistance

This program responds to daily requests for technical assistance which other commission programs are unable to provide.

- Participated in the final Planning Meeting for the Rural Resiliency Forum, that took place on October 23. The goal of the meeting was to finalize a Rural Resiliency Framework, which could potentially help to coordinate existing programs, identify gaps, and bring innovative ideas to the forefront. Many suggestions for structure and content for the final meeting were recommended by the participants.
- Attended the October MP/NN Quarterly Emergency Management Meeting in Tappahannock. Discussion revolved around after action reports from recent storms.
- Attended the Hurricane Evacuation Coordination Workgroup meeting. VDEM and the National Weather Service provided an update on the decision making process for the mandatory evacuation of Zone A for Hurricane Josephine. The timeline for evacuation for a major Hurricane projected to hit the Chesapeake Bay in Virginia on a Northeasterly tract is several days ahead of the storm. Evacuations were ordered based on the best available forecast and were not rescinded until the area was removed from Tropical Storm warning status.
- Submitted applications to Virginia Department of Emergency Management (VDEM) for Flood Mitigation Assistance (FMA):
 - Project Title: Gloucester County – Captain Sinclair's Residential Property Mitigation (\$129,600)
 - Project Title: Gloucester County – Ware Cove, LLC Mitigation Reconstruction (\$299,000)
 - Project Title: Advanced Assistance – Gloucester County – Designing and Permitting Nature Based Flooding Resiliency Solution (\$132,001.12)
 - Project Title: Middle Peninsula, Virginia – Reducing Flooding Impact on Repetitive Loss Properties (\$269, 914.09)
- Submitted applications to Virginia Department of Emergency Management (VDEM) for Pre-Disaster Mitigation Funding (PDM):
 - Project Title: Gloucester County – Captain Sinclair's Residential Property Mitigation (\$129,600)
 - Project Title: Gloucester County – Ware Cove, LLC Mitigation Reconstruction (\$299,000)
 - Project Title: Middle Peninsula, Virginia – Reducing Flooding Impact on Repetitive Loss Properties (\$269, 914.09)

- Gathered outstanding information needs for the VDEM application for the Gloucester County Captain Sinclair’s Residential Property Mitigation project.
- Reached out to Chris Burkett, Assistant Federal Aid Coordinator at Virginia Game and Inland Fisheries regarding the State Wildlife Grant Program. This program focuses on projects that are consistent with Virginia’s 2015 Wildlife Action Plan which indicates that habitat loss and habitat degradation are among the most serious and persistent problems causing species to become imperiled within the Commonwealth. The Wildlife Action Plan also indicates habitat conservation and habitat restoration are priorities for the use of Virginia’s limited State Wildlife Grant dollars.

Project 31002 – GA Lobby

This program provides professional services to represent Middle Peninsula interests at the General Assembly during the current session.

HOUSING

Funding –Housing Loan Program Income

Project 300132 – Energy Efficiency and Conservation Block Grant (EECBG) Revolving Loan Fund

The program emphasizes a community-based approach to help meet energy and climate protection goals. MPPDC was awarded a contract to provide weatherization renovations to 12 homeowners ineligible for LMI weatherization programs in each of the 6 counties. MPPDC subcontracted the promotion and construction portions of this project to Bay Aging but was tasked with administering the overall project. MPPDC is administering the revolving loan program per DMME.

- Received email from Barbara Simcoe, DMME regarding repurposing of EECBG funds. She provided a link to EECBG Guidance.
- *Executed ACH loan payments for MPBDP loans. All MPPDC loan funding programs require that loan recipients authorize loan payments to be made automatically from loan recipients’ bank accounts. Loan clients authorize the payments at loan closing (ACH Authorizations). MPPDC staff process these payments on the 15th of each month. This places the onus to not make a payment on the loan client contacting MPPDC staff prior to the loan processing date of the 12th of the month to request a payment be held. This has significantly reduced defaults and delinquent repayments of MPPDC loans.*
- **Funds available = \$40,234**

Project 30115 – VHDA Community Impact Grant

This project will consider new approaches to address vacant homes and clouds on deeds within the Middle Peninsula. Using recommendations derived from VCPC’s extensive policy analysis, MPPDC will identify feasible strategies to address housing issues in the region. This work will also include a limited field inventory which will help MPPDC better evaluate how many vacant homes are in the Middle Peninsula. The short-term objective of Phase I is to identify tools available to address housing vacancies and determine how many vacant homes are in the Middle Peninsula. MPPDC will contract with VCPC and the Berkley Group to provide needed analysis and footwork.

- Reviewed draft report by William and Mary Law School on vacant housing in the Middle Peninsula. Incorporated the findings of the report into the development of the scope and language of the Vacant Housing Survey.
- Revised and retooled the initial draft of the Vacant Housing Survey.
- Finalized the draft version of the MPPDC Vacant Housing Survey.
- Sent draft of MPPDC Vacant Housing Survey to local planners group for review and feedback.

EMERGENCY SERVICES

Funding – VDEM/FEMA/Homeland Security

Project 31207 – MP/NN Mass Casualty Exercise

The 2017 Gap Analysis of the Middle Peninsula/Northern Neck's Emergency Operations Plans (EOPs), identified the need of integrating as a region, including the need for a regional exercise that would require multiple jurisdictions to carry out a coordinated response to an incident. This functional exercise will include the Middle Peninsula, will invite the Northern Neck, and will provide jurisdictions that recently purchased regional support trailers, the opportunity to deploy and use that gear in a simulated real-world event.

- Completed the draft After Action Report and individually briefed VDEM staff, participating localities, and other interested localities who could not attend the exercise.

Project 31208 – MP/NN Regional Debris Management Plan

The Middle Peninsula/Northern Neck Debris Management Plan improves and supports the jurisdictions within the Middle Peninsula/Northern Neck's Operational Coordination, Information Sharing and Recovery Planning. The 2017 Gap Analysis of the Middle Peninsula/Northern Neck's Emergency Operations Plans (EOPs), identified the need to develop a Regional Debris Removal Plan that would engage the 10 county area in a joint planning process.

- Compiled Debris Management Plans from various Virginia localities and other states for the MPPDC to use as a reference for completing the planning process.

AGENCY ADMINISTRATION

Funding - Indirect cost reimbursements from all PDC projects

MPPDC Administration

Administrative services provided to MPPDC programs. Planned FY19 Indirect Cost rate =54.86%.

- Participated in NFWF Small Watershed Grant Program Evaluation Interview upon request by NFWF.
- Consulted with Ashley Atkins, King William County regarding uncleared check. Voided missing check and issued new check, handed to Bobbie Tassinari at LGA meeting.
- Consulted with Michael Aukamp, Dunham, Aukamp and Rhodes regarding status of MPPDC audit. Reviewed draft audit, provided a couple of minor corrections, drafted and submitted management discussion and analysis for inclusion in final audit report.
- Consulted with Michael Aukamp, MPPDC auditor regarding options for indirect cost allocation plan amendment in light of decreased staffing.
- Consulted with Mike Lowe and Nancy Greenwood regarding MPPDC lease. Signed amended lease.
- Agreed to meet with Juanita McInteer, King William County to discuss grant opportunities.

Closed Projects

Project 32141 – Working Waterfront Zoning and Coastal Living Policy Development

MPPDC staff in partnership with Accomack-Northampton PDC and the Northern Neck PDC will work to develop a legislative brief for the 2018 General Assembly Session. Also staff will work with localities to develop working waterfront zoning and coastal living policy language. This work will then be shared with interested Board of Supervisors, Town Councils and the general public.

MPPDC: Membership, Appointments, Committee Assignments, and Networks

Coastal Policy Team (CPT): The CPT, whose members and alternates represent the Virginia Coastal Zone Management Program's key partners and eight planning district commissions, provides a forum for discussion and resolution of cross-cutting coastal resource management issues. Members serve on the team at the discretion of their agency or planning district commission director. The CPT recommends funding levels to the DEQ Director for coastal zone management projects. (MPPDC Staff 15 years +)

Congressman Robert Wittman's Fisheries Advisory Committee and Environmental Advisory Committee: (MPPDC Staff 8 years +)

Virginia Sea Grant Program External Advisory Committee (EAC): The EAC provides stakeholder input on the strategic planning process, the research proposal review process, and on Commonwealth-wide trends and needs. The EAC is a diverse group of end-users including representatives from state agencies, the education community, coastal planning and management, the private sector, and NGOs. (MPPDC Staff 9 years+)

The Association for Commuter Transportation (ACT) (Telework Council Secretary): ACT is the premier association for professionals and organizations whose focus is the delivery of commuting options and solutions for an efficient transportation system. The Telework Council is concerned with promoting telework and providing telework information and technical assistance to employers (MPPDC Staff 10 years+)

Middle Peninsula Northern Neck Coordinated Human Services Mobility Committee: Provides direction for a unified comprehensive strategy for transportation service delivery in the Middle Peninsula and Northern Neck Planning Districts focused on unmet transportation needs of seniors, people with disabilities, and people with low incomes. (MPPDC Staff 12 years)

The Coastal Society: The Coastal Society is an organization of private sector, academic, and government professionals and students. The Society is dedicated to actively addressing emerging coastal issues by fostering dialogue, forging partnerships, and promoting communications and education. (MPPDC staff serves as a Director)

Eastern Virginia Groundwater Management Advisory Committee (EVGMAC) Workgroup #2B: EVGMAC is charged with assisting the State Water Commission and DEQ in developing, revising and implementing a management strategy for groundwater in Eastern Virginia Groundwater Management Area. Group #2B will identify trading options and programs used in other states; evaluate how trading programs might help with future growth and development, and individual and regional solutions; and evaluate feasibility, data needs, cost and possible participants.

Opportunities Identified to Implement Commission Priorities

Service Center	Project Title and Description	Funding Requested	Status
Environmental	NFWF TA Service Provider	n/a	Approved
Environmental	DEQ – NPS Septic Repair WQIF grants to homeowners	\$200,000	Extended
Environmental	NFWF – PAA Living Shoreline Oyster Bag Sills & Monitoring (VIMS)	\$96,637	Funded
Emergency Mgmt	VDEM – Middle Peninsula/Northern Neck Mass Casualty Functional Exercise	\$64,473	Funded
Emergency Mgmt	VDEM – Homeland Security Middle Peninsula/Northern Neck Regional Debris Mgmt Plan	\$43,000	Funded
Environmental	NAWCA Acquisitions	\$75,000	Funded
Environmental	CZM ANPDC WWF	\$10,000	Funded
Housing	VHDA – Community Impact Grant	\$30,000	Funded
Environmental	CZM ANPDC Ecotourism	\$39,263	Funded
Transportation	DRPT -FY19 TDM Operating	\$67,846	Funded
Transportation	DRPT – TDM Marketing Research and Design	\$20,000	Funded
Environmental	CZM – Coastal Technical Assistance – FY19	\$30,000	Funded
MPCBPAA	Virginia Outdoor Foundation – Captain Sinclair Easement/Improvements	\$180,000	Approved
Environmental	CZM ANPDC Ecotourism	\$38,263	Funded
Environmental	CZM NNPDC WWF	\$5000	Funded
Environmental	CZM Dredging	\$50,000	Funded
Environmental	CZM Rural Enhancement Authority	\$10,000	Funded
Transportation	VDOT – RTP FY19	\$58,000	Funded
Local	Urbanna Comp Plan Update	\$15,000	Submitted
Emergency Mgmt	Re-Entry and Access Authorization Plans	\$44,050	Funded
Emergency Mgmt	Regional Emergency Planner Position	\$49,500	Funded
Environmental	Virginia CWF Funding – Living Shoreline Capitalization	\$250,000	Approved
Emergency Mgmt	VDH RSAF – Middle Peninsula RMS Recruitment/Retention Plan	\$17,500	Submitted
Emergency Mgmt	Gloucester County – COOP Plan	\$9,000	Submitted
Environ/Emergency	VDEM – Pre-Disaster Mitigation - Gloucester County Capt Sinclair Residential Property Mitigation	\$103,098	Submitted
Environ/Emergency	VDEM – Flood Mitigation - Gloucester County Capt Sinclair Property Mitigation	\$103,098	Submitted
Environ/Emergency	VDEM – Pre-Disaster Mitigation – Gloucester County – Nature Based Resiliency Solutions	\$132,001	Submitted
Environ/Emergency	VDEM – Flood Mitigation - Gloucester County – Nature Based Resiliency Solutions	\$132,001	Submitted
Environ/Emergency	VDEM – Pre-Disaster Mitigation – MP Reducing Flooding Impact of Repetitive Loss Structures	\$269,914	Submitted
Environ/Emergency	VDEM – Flood Mitigation - MP Reducing Flooding Impact of Repetitive Loss Structures	\$269,914	Submitted
Environmental	NFWF – Resiliency Planning and Design for Hog Island Restoration	\$132,0112	Not funded
Environmental	NFWF – Improving Coastal Resiliency Through Nature Based Solutions	\$269,914	Funded

ACRONYMS

ACH	Automated Clearing House	MPRSC	Middle Peninsula Regional Security Center
AFG	Assistance to Firefighters Grants	NHD	Natural Heritage Data
AFID	Agricultural and Forestry Industries Development	NIMS	National Incident Management System
AHMP	All Hazards Mitigation Plan	NFWF	National Fish and Wildlife Foundation
BCC	Building Collaborative Communities Project	NOAA	National Oceanic and Atmospheric Administration
BOS	Board of Supervisors	NPS	National Park Services
CBPA	Chesapeake Bay Preservation Area	OCVA	Oyster Company of Virginia
CBSF	Chesapeake Bay Stewardship Fund	OLGA	On-line Grant Administration
CDBG	Community Development Block Grant	PAA	Public Access Authority
CEDS	Comprehensive Economic Development Strategy	RBEG	Rural Business Enterprise Grant
CIP	Capital Improvement Plan	RBOG	Rural Business Opportunity Grant
COI	Conflict of Interest	RFP	Request for Proposal
CRS	Credit Rating System	RFQ	Request for Qualifications
CVE	Countering Violent Extremism	RLF	Revolving Loan Fund
CZMP	Coastal Zone Management Program	RTP	Rural Transportation Planning
DEQ	Department of Environmental Quality	SERCAP	Southeast Rural Community Assistance Project
DGIF	Department of Game and Inland Fisheries	SHSG	State Homeland Security Grant
DHR	Department of Historic Resources	SWCD	Soil and Water Conservation District
DHCD	Department of Housing and Community Development	SWM	Storm Water Management
DMME	Department of Mines Minerals and Energy	SWRP	State Water Resource Plan
DOC	Department of Corrections	THIRA	Threat & Hazard Identification & Risk Assessment
DOE	Department of Energy	TIF	Tax Increment Financing
DRPT	Department of Rail and Public Transportation	TMDL	Total Maximum Daily Loads
EDA	Economic Development Administration	USDA	U.S. Department of Agriculture
EDO	Economic Development Organization	USFWS	U.S. Fish and Wildlife Service
EECBG	Energy Efficiency and Conservation Block Grant	VAPA	Virginia Planning Association
EOC	Emergency Operation Center	VAPDC	Virginia Association of Planning District Commissions
EPA	Environmental Protection Agency	VASG	Virginia Sea Grant
FEMA	Federal Emergency Management Agency	VAZO	Virginia Association of Zoning Officials
Fracking	Hydraulic Fracturing	VCP	Virginia Coastal Program
GIS	Geographic Information System	VCZMP	Virginia Coastal Zone Management Program
HAM	Amateur Radio	VCWRLF	Virginia Clean Water Revolving Loan Fund
HRPDC	Hampton Roads Planning District Commission	VDEM	Virginia Department of Emergency Management
LGA	Local Government Administrators	VDH	Virginia Department of Health
LPT	Local Planning Team	VDOT	Virginia Department of Transportation
LSIP	Living Shoreline Incentive Program	VDMME	Virginia Department of Mines, Minerals, and Energy
MOU	Memorandum of Understanding	VEE	Virginia Environmental Endowment
MPA	Middle Peninsula Alliance	Vertical Assets	"Towers or other structures that hold cell, broadband and other equipment"
MPBA	Middle Peninsula Broadband Authority	VHB	Vanasse Hangen Brustlin
MPCBPAA	Middle Peninsula Chesapeake Bay Public Access Authority	VIMS	Virginia Institute of Marine Science
MPEDRO	Middle Peninsula Economic Development and Resource Organization	VMRC	Virginia Marine Resource Commission

VOAD	Volunteer Organization Active in Disasters
VOP	Virginia Outdoors Plan
VRA	Virginia Resources Authority
VSMP	Virginia Stormwater Management Program
VTA	Virginia Transit Association
VWP	Virginia Water Protection
VWWR	Virginia Water Withdrawal Reporting
WIP	Watershed Implementation Plan
WQIF	Water Quality Improvement Fund



The Next Generation 9-1-1 (NG9-1-1) Migration





Challenges to Existing 9-1-1 System

- 9-1-1 now
 - Nine, independent networks
 - Limited ability to process data
 - Decades old technology
 - CORE ANALOG TECHNOLOGY IS GOING AWAY
- Evolving telecommunications
 - Multiple service providers/technologies
 - New technologies/applications continually developed
 - Increased flexibility/mobility of citizens



What is Next Generation 9-1-1?

- NG9-1-1 is the solution to existing challenges
 - Migration from circuit (analog) to packet switched (IP) technology
 - Unified network among PSAP; data transferability
 - Required to meet the demands of new telecommunications technologies
- Makes data available
 - About the caller, the incident, and among PSAPs and first responders



Migration to NG9-1-1 in Virginia

- Has begun
 - Fairfax County and AT&T contract
 - Deployment of an ESInet and NG9-1-1 core services
 - Contract available to all localities
 - Recommendation of VA 9-1-1 Services Board
- Choice of NG9-1-1 provider is a local decision
- Code of Virginia section 56-484.16 requires migration by July 1, 2023



Planning and Recommendation

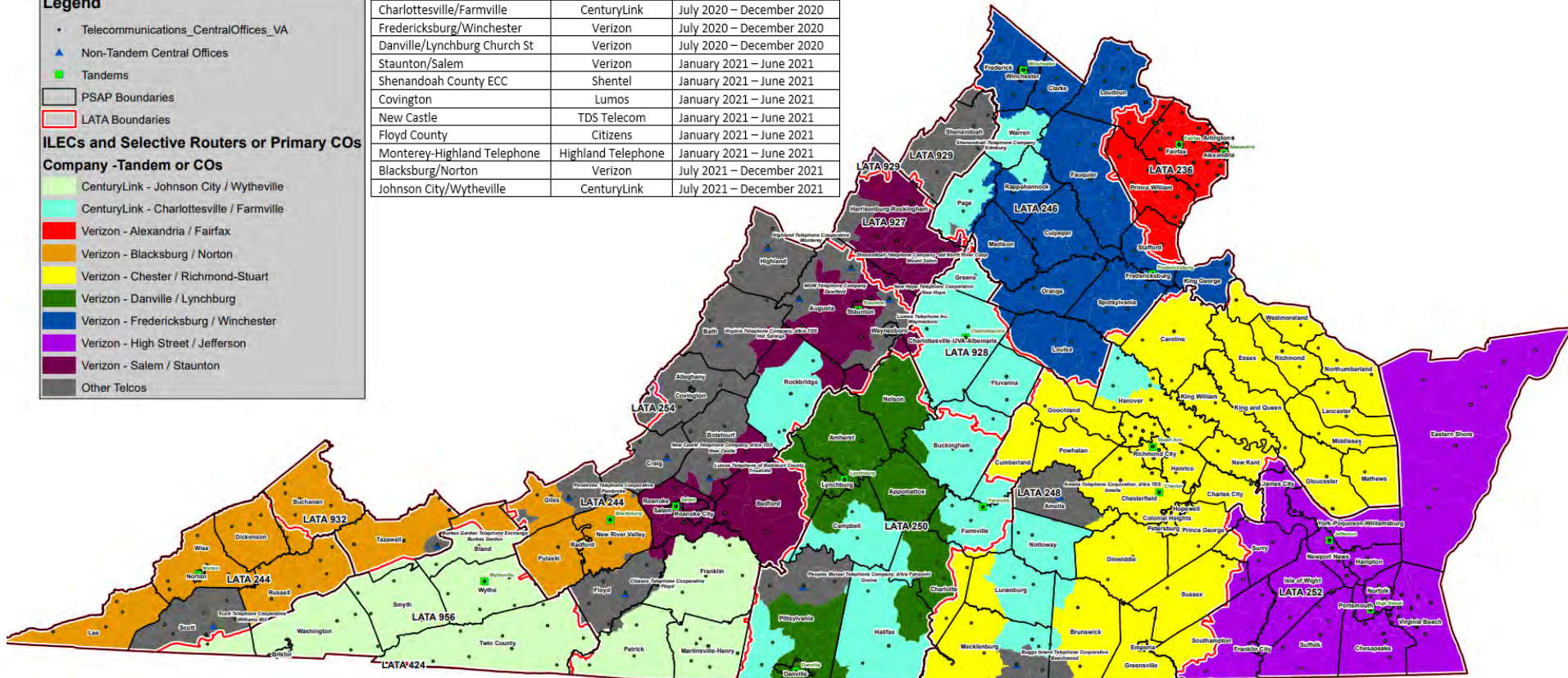
- NG9-1-1 Migration Proposal
 - VITA-ISP developed document based on the Fairfax County contract
 - Includes information on:
 - The AT&T solution
 - PSAP's existing systems and readiness for NG9-1-1 deployment
 - Description of network availability, redundancy and diversity for each locality
 - Associated costs and financial support offered by the Virginia 9-1-1 services board

Proposed Deployment Schedule

Selective Routers	9-1-1 Service Provider	Proposed Deployment Timeframe
Fairfax/Alexandria	Verizon	January 2019 – June 2019
High St Portsmouth/Jefferson	Verizon	July 2019 – December 2019
Stuart/Chester	Verizon	January 2020 – June 2020
Charlottesville/Farmville	CenturyLink	July 2020 – December 2020
Fredericksburg/Winchester	Verizon	July 2020 – December 2020
Danville/Lynchburg Church St	Verizon	July 2020 – December 2020
Staunton/Salem	Verizon	January 2021 – June 2021
Shenandoah County ECC	Shentel	January 2021 – June 2021
Covington	Lumos	January 2021 – June 2021
New Castle	TDS Telecom	January 2021 – June 2021
Floyd County	Citizens	January 2021 – June 2021
Monterey-Highland Telephone	Highland Telephone	January 2021 – June 2021
Blacksburg/Norton	Verizon	July 2021 – December 2021
Johnson City/Wytheville	CenturyLink	July 2021 – December 2021

Legend

- Telecommunications_CentralOffices_VA
 - ▲ Non-Tandem Central Offices
 - Tandems
 - PSAP Boundaries
 - LATA Boundaries
- ILECs and Selective Routers or Primary COs**
- Company -Tandem or COs**
- CenturyLink - Johnson City / Wytheville
 - CenturyLink - Charlottesville / Farmville
 - Verizon - Alexandria / Fairfax
 - Verizon - Blacksburg / Norton
 - Verizon - Chester / Richmond-Stuart
 - Verizon - Danville / Lynchburg
 - Verizon - Fredericksburg / Winchester
 - Verizon - High Street / Jefferson
 - Verizon - Salem / Staunton
 - Other Telcos





Benefits of the AT&T ESInet™

- Nationally distributed architecture
 - Increased reliability of the network
- Interoperability among PSAPs
 - Allows data transfer with calls
- Integrated text to 9-1-1
- Dedicated Network Operations Center, management team and support
- Customer management portal
 - Initiate alternate routing plans
- Able to support future media; photos & video



Role of GIS in NG9-1-1

- One of the most time consuming efforts of moving to an NG9-1-1 system will be the preparation of GIS data
 - Used to provide location validation and routing of 9-1-1 calls to the appropriate PSAP
- Synchronization of the MSAG with the GIS centerline and address point data
- MSAG/ALI analysis



Deployment Funding

- Equipment and systems
 - Funding provided by the 9-1-1 Board
- Connectivity
 - Funding provided by the 9-1-1 Board
- Legacy 9-1-1 charges
 - Covered by the 9-1-1 Board
- Monthly recurring charges
 - Difference between current and future charges covered by 9-1-1 Board for 24 months

» Refer to your migration proposal for specific costs



Monthly Recurring Charges

- Current monthly 9-1-1 Service Charge = around \$600
 - Based on current landline subscriber counts
- Proposed AT&T Monthly 9-1-1 Service Charge = not to exceed \$3,885.95
 - Includes all the services and benefits mentioned
- A monthly difference of \$3,285.95
 - 9-1-1 board will cover this difference in expense for 24 months after deployment



Path Forward

- Documents to review
 - NG9-1-1 Migration Proposal
 - Existing Fairfax County contract
 - Proposal Acceptance Letter (PAL) = funding request
 - AT&T Participation Agreement (PA)
- Decisions and Options
 - Proceed utilizing the Fairfax contract
 - Execute an RFP
 - Search for & review other procurement options



9-1-1 Board's Guiding Principles

- 9-1-1 is an essential, local/regional service
- Need to address ALL of 9-1-1 not just NG
- Full stakeholder engagement is needed
- Services must be not be degraded
- Economies need to be leveraged
- Doing nothing is NOT an option (legislation)

Virginia's Budget Choices

VACo Conference

Fiscal Analytics, Ltd.

November 12, 2018

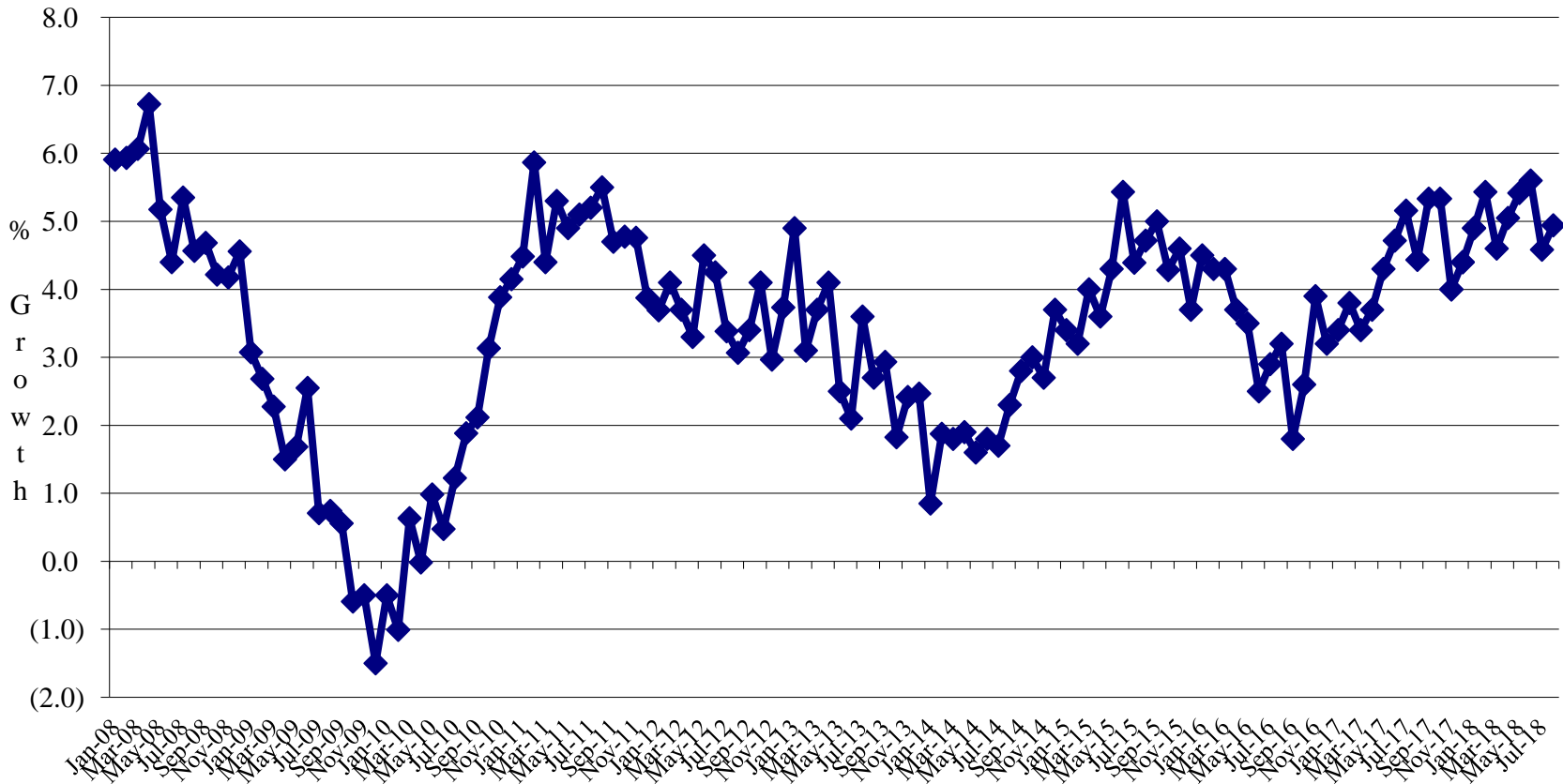
2018-20 GF Revenues Healthy, But There are Budget Holes to Fill

- **Unfunded 2018-20 state budget needs are in the \$900 mil. range.**
 - Last years' budget expected estimated \$371 mil. in Medicaid expansion savings, but expected managed care savings have not materialized. **New Medicaid forecast raised by \$462.5 mil.**
 - Additional Medicaid disallowances and deferrals could cost over \$100 m; VITA Northrup Grumman settlement - \$100 m; Micron expansion tax incentives - \$70 m; Hurricane Florence costs; other agency obligations and capital needs.
- The administration and GA prioritized **reserving most of the \$555 million FY 18 surplus** to increase liquidity and preserve state AAA debt rating. By FY 2020, over \$1 bil. in state reserves are budgeted, or about 5% of GF revenues.
 - Some policymakers would like to increase reserves to 8-10% of GF revenues.
- **FY 2019 budget only needs 1.4% GF revenue growth. Current growth trends are in the 4 percent range. \$1 bil. in additional 2018-20 revenue is possible.**
 - Virginia economy improving with increased federal spending - particularly in defense.
 - “Collar” on non-withholding revenue growth could reduce *appropriated* revenues.
- **Federal tax changes could yield significant new state revenues – if not returned to the taxpayer.** Without Virginia tax changes, Federal income tax changes will yield estimated \$600 million in additional state revenue in FY 2019 – growing to over \$900 million in FY 2024.
 - Federal tax reform for individuals expires after FY 2024.
 - Additional sales tax revenue likely from *Wayfair* decision on internet sales, but many large dealers already collecting. One issue - Virginia has to determine how to minimize “undue burden”. 40

Virginia Income Tax Withholding Has Accelerated

(Even Though Withholding Tables Have Yet to Be Adjusted)

12 Mo. Moving Avg Income Tax Withholding Growth Now about 5 Percent



Chances for a Substantial 2018-20 Upward Revenue Re-forecast Are Good

	<u>% of GF</u>	<u>Actual FY 2018</u>	<u>Budget FY 2019</u>	<u>% Change Needed</u>	<u>Budget Forecast</u>
Withholding	63.1%	\$12,540.5	\$12,870.2	2.6%	4.5%
Est Payments/Tax Dues	16.8%	\$3,472.9	\$3,368.3	-3.0%	7.0%
Refunds	-10.1%	-\$1,907.6	-\$2,054.7	7.7%	4.4%
Net Individual Income	69.8%	\$14,105.8	\$14,183.8	0.6%	5.1%
Sales Taxes*	18.0%	\$3,838.4	\$3,934.0	2.5%	2.6%
Corporate Income	4.4%	\$861.9	\$912.0	5.8%	4.3%
Recordation	2.1%	\$394.9	\$407.2	3.1%	0.0%
Insurance Premiums	1.9%	\$337.9	\$376.6	11.5%	4.0%
Total GF Revenues*	100.0%	\$20,509.0	\$20,794.7	1.4%	4.2%

* Includes GF transfers

Medicaid Preventing Other Priority Spending Growth in GF Appropriations Since FY 2001 (\$ Mil.)

	<u>2001</u>	<u>2019</u>	<u>Growth</u>	<u>Annualized Compound Growth</u>
Medicaid (DMAS)	\$1,384.2	\$4,693.0	239.0%	7.0%
GF Debt Service	\$243.1	\$759.1	212.3%	6.5%
Behavioral Health	\$430.2	\$822.8	91.3%	3.7%
Other H&HS	\$648.9	\$1,131.9	74.4%	3.1%
Direct Aid to K-12 Education	\$3,942.4	\$6,273.1	59.1%	2.6%
Public Safety/Comp Board	\$1,949.1	\$2,705.5	38.8%	1.8%
Higher Education	\$1,634.2	\$2,108.6	29.0%	1.4%
Natural Resources/Forest M	\$152.1	\$175.8	15.6%	0.8%
All Other	<u>\$1,899.4</u>	<u>\$2,320.5</u>	<u>22.2%</u>	<u>1.1%</u>
Total GF Operating	\$12,283.6	\$20,990.3	70.9%	3.0%

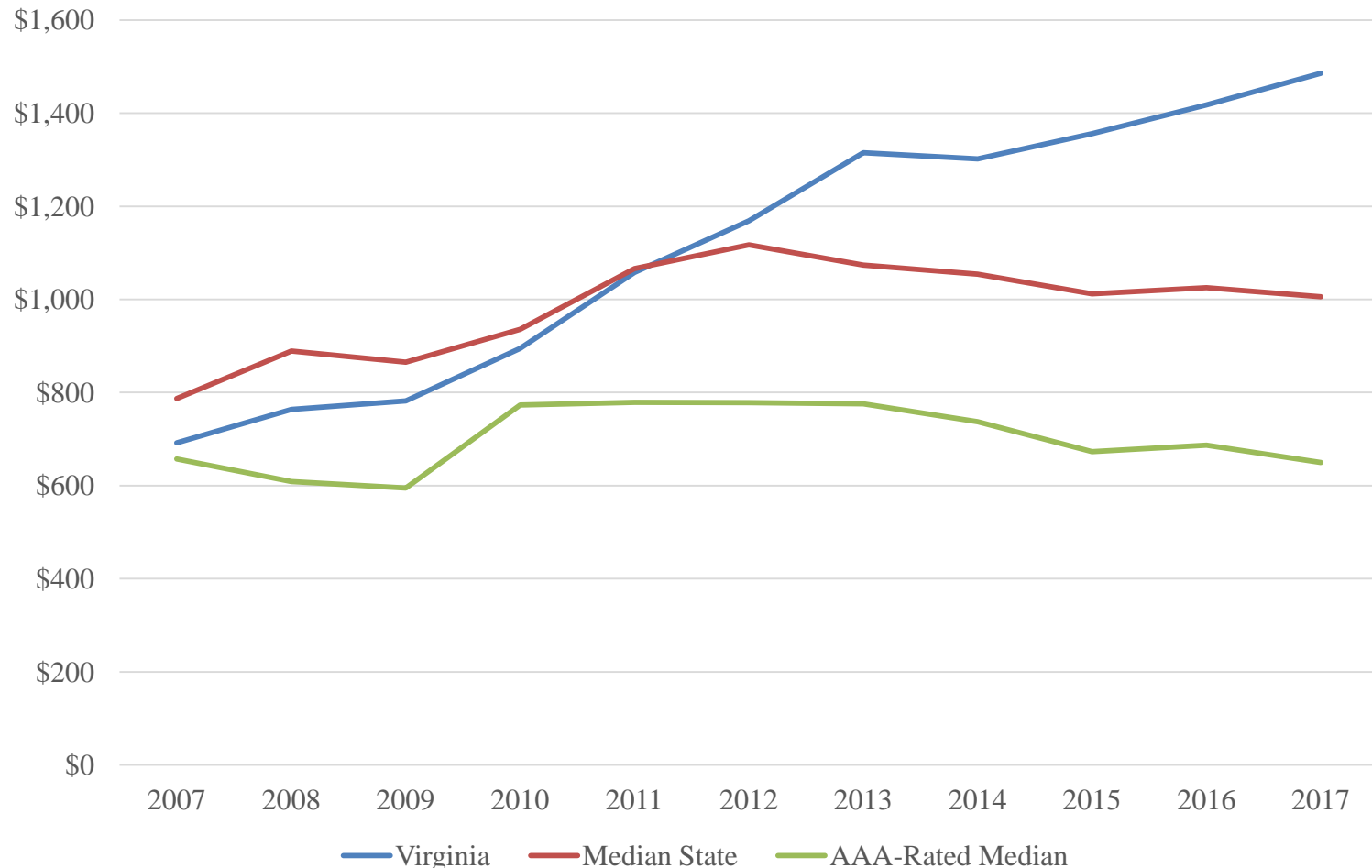
Note: Since 2001, the Consumer Price Index has averaged 2.0%.

Managed Care Didn't Provide Savings As Expected

<u>Fiscal Years</u>	<u>Avg. GF Annual Growth</u>
2000-2009	8.8%
2010-2015	6.2%
2016	9.3%
2017	7.2%
2018	5.5%
2019 Forecast	-2.3% 6.2% (7.6% w/o expansion)
2020 Forecast	-3.4% 2.6% (5.6% w/o expansion)

Virginia Has Limited Capacity for New Debt Authorizations

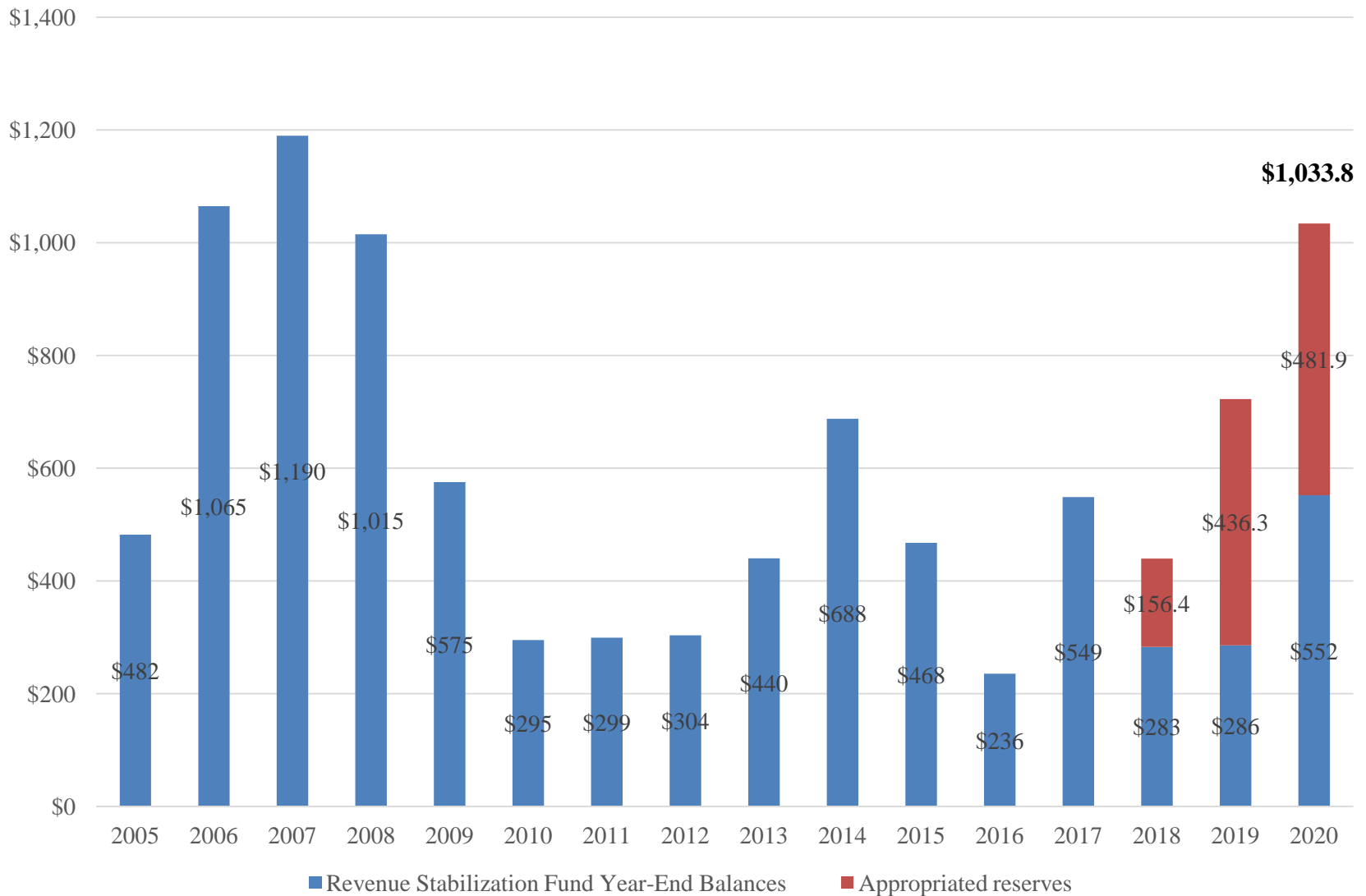
Virginia Debt per Capita Compared to Other States



** Additional debt capacity based on self-imposed cap of 5% of GF + transportation revenues. 2017 DCAC model assumed an average of \$580 mil. per year over next 10 years can be issued. **About \$5 bil. in authorized but unissued debt already exists.***

Source: Virginia Debt Capacity Advisory Committee, Dec. 2017

By FY 2020 State Reserves Will Total Over \$1 Billion Helping Shore Up our AAA Credit Rating



Review of Budget Pressures/Options for 2019 Session

- Fund mandatory spending items.
- Increase reserves and liquidity?
- Budget one-time spending (such as capital/VRS) to maintain future flexibility?
- Modify Virginia's tax code and return revenue in response to federal changes?
- Respond to budget pressures by keeping additional revenue— particularly for K12 and mental health?

2018 Session Adopted State GF Budget (\$ Mil.)

	GF Budget Accounting (\$ Mil.)						
	<u>2018 Caboose</u>	<u>FY 2019</u>	<u>Change from FY18</u>		<u>FY 2020</u>	<u>Change from FY19</u>	
			\$	%		\$	%
Legislative and Executive	\$119.4	\$129.5	\$10.1	8.5%	\$129.4	-\$0.1	-0.1%
Judicial Dept.	485.6	495.7	\$10.1	2.1%	505.1	\$9.4	1.9%
Administration/Comp Board	714.3	738.0	\$23.7	3.3%	740.2	\$2.2	0.3%
Treasury Board Debt Service	739.5	759.1	\$19.6	2.7%	807.6	\$48.5	6.4%
Other Finance	187.5	184.2	-\$3.3	-1.8%	179.4	-\$4.8	-2.6%
Rainy Day Fund Deposit	-	-	-	-	-	-	-
Car Tax Reimbursement	950.0	950.0	\$0.0	0.0%	950.0	\$0.0	0.0%
Commerce and Trade	203.5	225.7	\$22.2	10.9%	230.1	\$4.4	1.9%
Agriculture / Nat. Resources	163.7	213.4	\$49.7	30.4%	173.8	-\$39.6	-18.6%
K-12 Education/Central Office	6,021.5	6,334.4	\$312.9	5.2%	6,512.6	\$178.2	2.8%
Higher & Other Education	2,015.2	2,109.2	\$94.0	4.7%	2,176.8	\$67.6	3.2%
DMAS Medicaid	4,651.4	4,693.0	\$41.6	0.9%	4,775.5	\$82.5	1.8%
Other Health & Human Services	1,850.6	1,954.7	\$104.1	5.6%	2,046.0	\$91.3	4.7%
Public Safety & Veterans/HS	1,938.0	2,035.8	\$97.8	5.0%	2,041.0	\$5.2	0.3%
Transportation	41.0	41.0	\$0.0	0.0%	41.0	\$0.0	0.0%
Central Appropriations	212.0	81.3	-\$130.7	-61.7%	288.8	\$207.5	255.2%
Cash Reserve	156.4	45.0	-\$111.4	-71.2%	45.0	\$0.0	0.0%
Independent Agencies/Capital	0.3	0.3	\$0.0	NM	0.2	-\$0.1	-33.3%
Total GF Appropriations	\$20,449.9	\$20,990.3	\$540.4	2.6%	\$21,642.5	\$652.2	3.1%
GF Revenues	19,328.2	20,173.7	\$845.5	4.4%	20,976.2	\$802.5	4.0%
Transfers	625.3	621.0	-\$4.3	-0.7%	631.0	\$10.0	1.6%
Rainy Day Fund Withdrawal	272.5	-			-		
Balances for Appropriation	212.2	22.0			(0.5)		
Unappropriated Balance		38.6			2.8		

Note: Includes Medicaid expansion savings of \$371 million

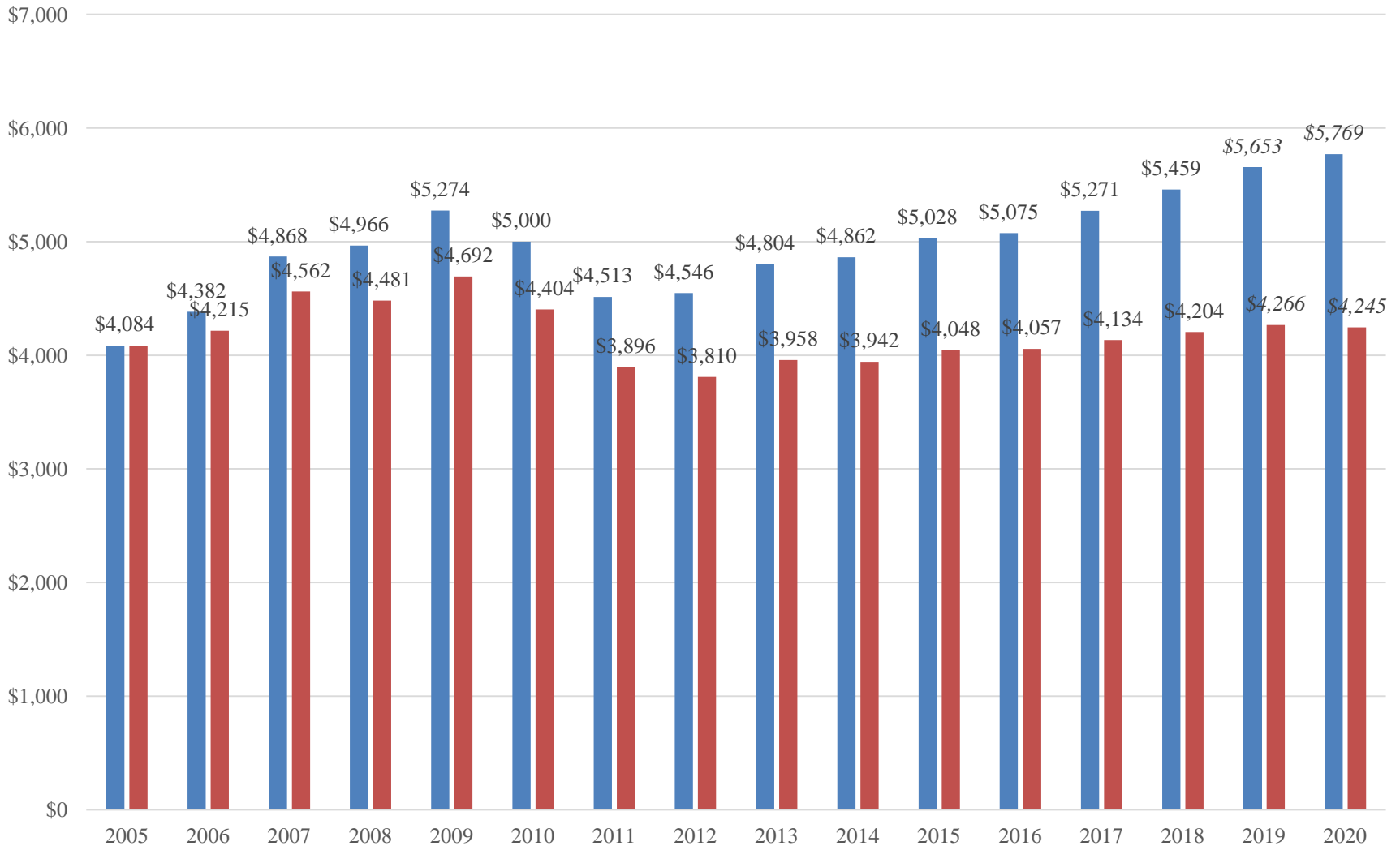
GF State Aid to Localities (\$ Mil.)

	<u>FY 2009</u>	<u>FY 2014</u>	<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>
Direct Aid to K-12	\$5,607.6	\$5,240.3	\$5,963.0	\$6,273.1	\$6,451.3
K-12 % of Total GF Appropriations	35.2%	29.6%	29.2%	29.9%	29.8%
Health and Human Services	888.4	791.7	951.0	1,003.4	1,034.4
<i>CSA</i>	299.7	217.2	279.9	298.6	308.5
<i>Community MH/SA Services</i>	249.4	269.3	350.4	371.0	392.7
<i>Local Social Services Staff</i>	117.4	115.3	122.1	126.8	128.2
<i>Community Health Programs</i>	117.6	107.2	117.9	125.5	123.5
<i>Welfare Services and Programs</i>	104.3	82.7	80.7	81.5	81.5
Public Safety	734.3	687.9	738.8	758.4	768.2
<i>Local Sheriffs Offices</i>	406.1	411.3	452.4	464.5	466.1
<i>Local Police Depts HB 599</i>	197.3	172.4	178.0	184.5	191.7
<i>Local Jail Per diem</i>	80.1	59.4	61.3	61.7	62.7
<i>Assistance for Juvenile Justice</i>	50.8	44.8	47.1	47.7	47.7
Constitutional Officers	155.3	145.8	158.0	161.5	161.5
Dept. of Accounts Transfers	49.3	49.3	49.6	48.9	48.9
Car Tax	950.0	950.0	950.0	950.0	950.0
Aid-to-Locality Reduction	(50.0)	-	-	-	-
Total Local GF Aid	\$8,334.9	\$7,865.0	\$8,810.4	\$9,195.3	\$9,414.3
Total GF Appropriations	\$15,943.0	\$17,705.2	\$20,449.9	\$20,990.3	\$21,642.5
Local Aid % of Total GF	52.0%	44.1%	43.1%	43.8%	43.5%

2018-20 K-12 Budget Changes Were Minor

- Standards of Quality re-benchmarking basically funded inflation.
- \$131.3 mil. GF for the state share of a 3% salary increase starting July 1, 2019. *Localities will need to provide about 60% of total cost.*
- \$80 mil. GF to offset decreased Literary Fund support for teacher retirement.
- \$62.4 mil. GF and \$17.6 mil. in lottery funds to increase flexible lottery per pupil distributions to 40 percent of total lottery funds.
- \$9.9 mil. GF to the Virginia Pre-School Initiative enhancements, including increasing per pupil payments from \$6,125 to \$6,326 and helping with professional development and finding teachers in hard-to-staff schools.
- \$7.1 mil. GF in FY 2020 for additional at-risk student funding based on numbers of free lunch students from a basic aid boost of 1-13% to 1-14% in FY 2020.
- \$6.1 mil. GF for school division enrollment declines of over 5% over last 5 years and less than 10,000 students
- \$1.5 mil. for Master Teacher Residency programs for urban school divisions.
- \$45 million *reduction* from reduced teacher retirement and OPEB rates - 16.32% to 15.68%
 - VRS funded status for teachers has increased from a low of 62% in FY 2013 to 74% in FY 2019

Real \$ State K-12 Funding Over \$400 per Pupil Less than FY 09 2018 Session State Per Pupil K-12 Direct Aid - All Funds Nominal and Inflation-Adjusted (CPI \$2005)



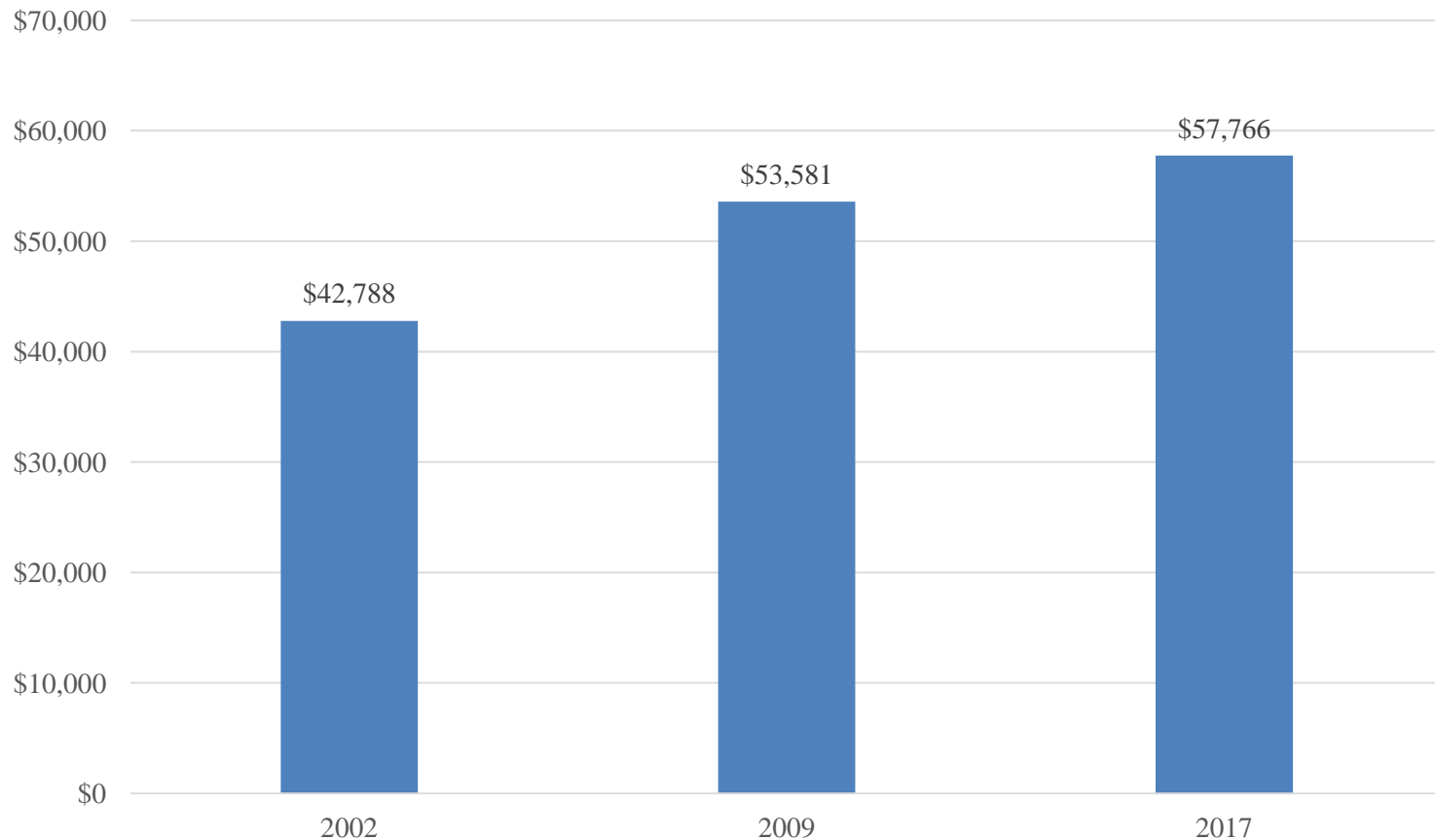
State Standards of Quality Do Not Reflect True Costs for Local K-12 Divisions

- Only 136,000 out of 200,000 K-12 positions (68 percent) employed by local school divisions are recognized by the SOQ; **support positions capped and costs de-funded in 2010**; the “linear weighted average” methodology underfunds teachers’ salaries; real-time costs not reflected in re-benchmarking.
- State Board of Ed recommended \$600 mil./yr. in SOQ changes. Raising teacher salaries from 29th (*JLARC 2018*) to the national average and funding prevailing support costs would require an additional \$750 million/year.
- Localities on average spent more than double, or \$4.0 bil. beyond state requirements to meet SOL and SOA requirement in FY 17. All 134 local school divisions exceeded Required Local Effort (RLE) in FY 17.

Divisions up to 25% Above RLE	16
Divisions Exceeding 25% to 75%	45
Divisions Exceeding 76% to 100%	30
Divisions Exceeding 100% RLE	43

Instructional Pay Increases Have Slowed Considerably Since FY 2009

Average VA Salary - All Instructional Positions*



Source: Superintendent's Annual Report.

* All instructional positions include classroom teachers, guidance counselors, librarians, principals, and assistant principals.

Note: Average instructional pay would have been \$62,000 in 2017 if grown at the rate of VA wage inflation since FY2009.

NEA Average Teacher Salaries by State vs Zillow Median Home Value Index

Rank		NEA AVG Teacher Salary - 2016	Rank		Zillow Home Value Index
	United States	\$60,205		United States	\$216,700
1	New York	\$79,767	1	Hawaii	\$615,000
2	Washington D.C.	\$77,623	2	Washington D.C.	\$567,400
3	California	\$77,179	3	California	\$539,400
4	Massachusetts	\$76,981	4	Massachusetts	\$395,300
5	Rhode Island	\$73,631	5	Washington	\$370,700
6	New Jersey	\$73,044	6	Colorado	\$364,600
7	Connecticut	\$72,013	7	Oregon	\$334,100
8	Maryland	\$70,279	8	New Jersey	\$316,500
9	Alaska	\$67,590	9	Utah	\$310,800
10	Pennsylvania	\$67,012	10	Alaska	\$307,600
11	Minnesota	\$66,157	11	Maryland	\$282,500
12	Delaware	\$64,193	12	New York	\$280,000
13	Oregon	\$63,551	13	Nevada	\$275,200
14	Michigan	\$62,028	14	Rhode Island	\$273,500
15	Illinois	\$61,342	15	New Hampshire	\$264,400
16	Nevada	\$60,883	16	Virginia	\$250,700
17	Wyoming	\$60,328	17	Arizona	\$240,300
18	Hawaii	\$59,855	18	Connecticut	\$238,600
19	Vermont	\$58,901	19	Idaho	\$232,400
20	Louisiana	\$58,729	20	Delaware	\$231,200
21	Wisconsin	\$58,485	21	Minnesota	\$225,100
22	Iowa	\$56,995	22	Montana	\$225,100
23	Georgia	\$56,814	23	Florida	\$224,600

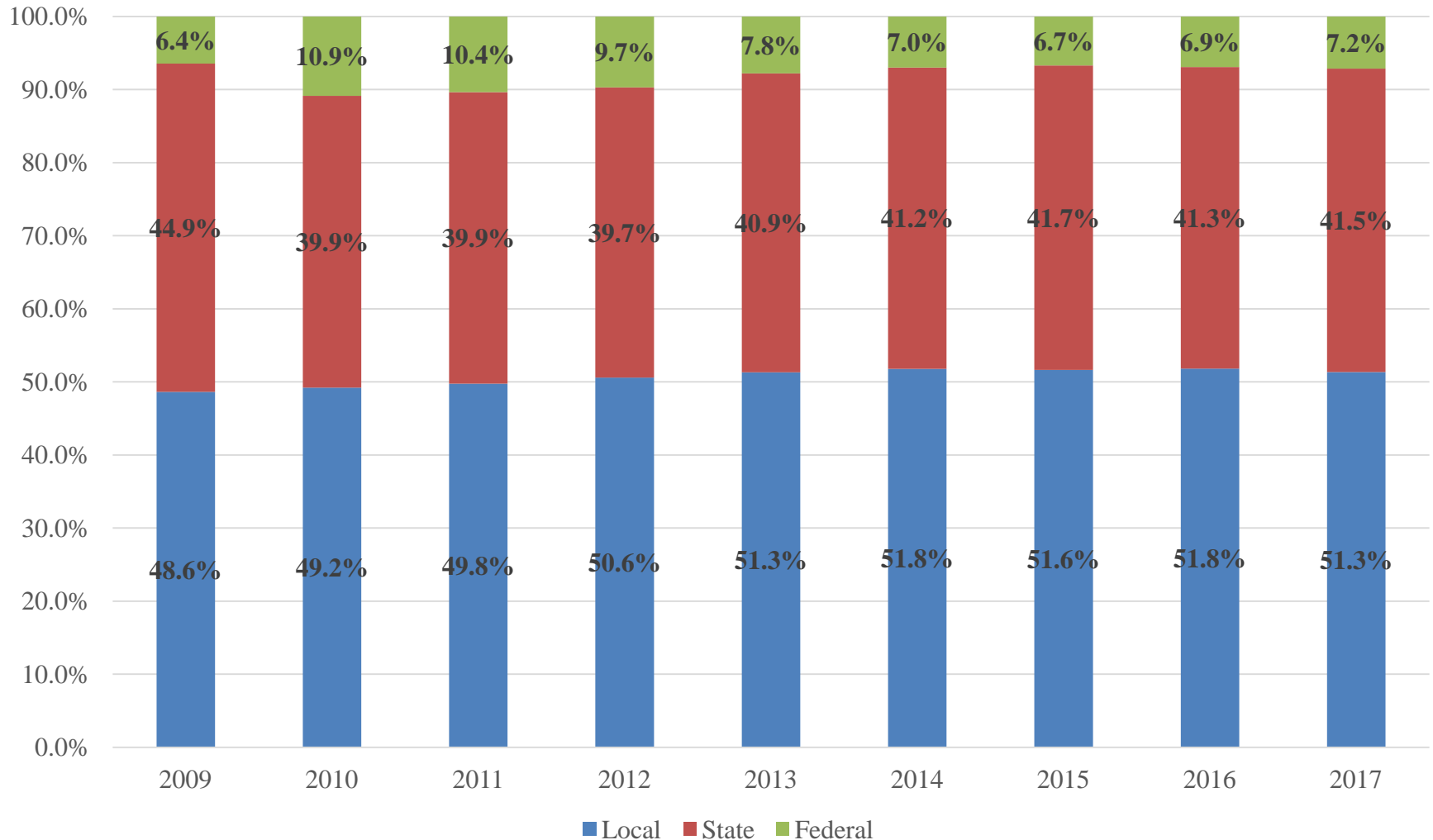
24	New Hampshire	\$56,616	24	Maine	\$222,000
25	Washington	\$56,089	25	Wyoming	\$219,800
26	Ohio	\$55,749	26	North Dakota	\$202,100
27	Utah	\$55,316	27	Vermont	\$195,400
28	Texas	\$55,126	28	New Mexico	\$186,600
29	Kentucky	\$54,663	29	Texas	\$185,800
30	Montana	\$54,385	30	South Dakota	\$181,800
31	North Dakota	\$53,678	31	Wisconsin	\$177,700
32	Virginia	\$52,995	32	Georgia	\$175,500
33	Maine	\$52,394	33	Illinois	\$174,300
34	Arkansas	\$51,515	34	North Carolina	\$173,500
35	Nebraska	\$51,514	35	Pennsylvania	\$168,500
36	South Carolina	\$51,508	36	South Carolina	\$158,800
37	Indiana	\$50,715	37	Tennessee	\$158,400
38	Florida	\$50,690	38	Nebraska	\$157,800
39	Alabama	\$50,513	39	Missouri	\$153,000
40	Tennessee	\$50,462	40	Louisiana	\$145,300
41	Missouri	\$50,232	41	Michigan	\$143,100
42	New Mexico	\$49,030	42	Kentucky	\$138,800
43	Idaho	\$48,882	43	Iowa	\$138,500
44	Kansas	\$48,837	44	Kansas	\$134,200
45	West Virginia	\$48,173	45	Indiana	\$133,700
46	North Carolina	\$47,941	46	Ohio	\$132,900
47	Oklahoma	\$47,326	47	Alabama	\$126,600
48	Arizona	\$47,218	48	Mississippi	\$122,500
49	Colorado	\$46,155	49	Arkansas	\$121,800
50	Mississippi	\$44,196	50	Oklahoma	\$119,300
51	South Dakota	\$43,765	51	West Virginia	\$95,300

Hanover County Median Zillow Home Price Index is \$271,900 (rank 15)

Hanover FY 2016 teaching position average salary \$51,720 (rank 34)

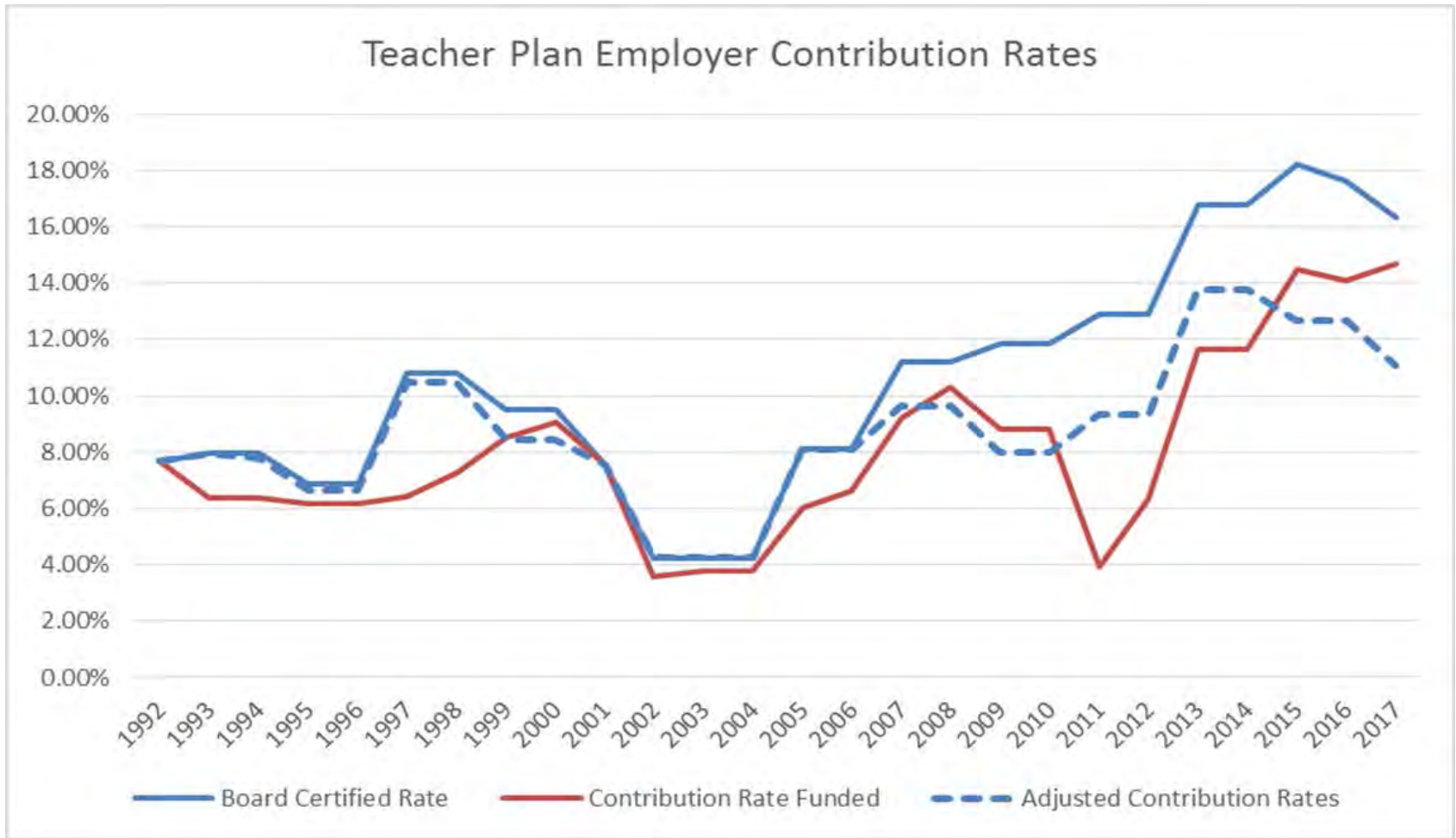
Localities Have Increased Their Share of K-12 Expenditures

Share of Virginia K-12 Operating Expenditures



Source: Superintendent's Annual Report, Table 15

Impact of VRS Underfunding – Teacher Plan



- If the Teacher plan had received 100% of the required contributions since 1993, the employer rates today would be approximately 11.90% versus the actual 16.32%.
- The funded status as of June 30, 2016 was 70.6%. With full funding of rates the funded status would be approximately 86.1%.
- Teacher contribution rates were funded at VRS Board certified actuarial determined rate in fiscal year 2018.

Virginia Public School Construction and Renovation Costs From FY 2013-17					
	<u>Number</u>	<u>Cost</u>	<u>Avg. Cost/School</u>	<u>Sq. Feet</u>	<u>Cost/Sq Ft.</u>
New Elementary Schools	22	\$450,158,034	\$20,461,729	2,094,665	\$215
New Middle Schools	8	\$273,672,113	\$34,209,014	1,192,914	\$229
New High Schools	8	\$473,784,482	\$59,223,060	1,515,484	\$313
New Combined or Other	6	\$235,566,159	\$39,261,027	992,977	\$237
Additions/Renovations	<u>219</u>	<u>\$1,197,693,347</u>	<u>\$5,468,919</u>	<u>8,494,960</u>	<u>\$141</u>
Total	263	\$2,630,874,135	\$10,003,324	14,291,000	\$184

Source: http://www.doe.virginia.gov/support/facility_construction/school_construction/costs/

K-12 Education Funding Summary and Needs

State Actions:

From FY 2001 thru FY 2019 state general fund appropriations for K-12 education have grown at a compound annual rate of 2.6% versus 3.0% growth in total general funds.

- Since FY 2009, the K-12 *appropriation* has dropped from 35.2% of total GF appropriations to 29.9% in FY 2019. In addition, *inflation-adjusted* (2005\$) average per pupil state funding has dropped nine percent from \$4,692 in FY 2009 to \$4,266 in FY 2019.
- From FY 2009 to FY 2017, average instructional pay in Virginia has grown less than the rate of inflation – from \$53,581 to \$57,766. If instructional pay had grown at the rate of the consumer price index (CPI), average pay would have been \$62,000 in FY 2017. According to the latest National Education Association salary survey, Virginia ranks 32nd in teacher pay, or \$7,210 below the national average. **However, if Northern Virginia (PD8) localities are removed from the state average, Virginia would rank among the bottom five states.**
- Roughly two-thirds of school division employees (136,000 out of 200,000) are recognized and funded by the state’s Standards of Quality (SOQ). Adopting the 2016 state Board of Education SOQ revisions would require about \$600 million per year in additional state appropriations, eliminating the arbitrary support position funding cap set by the state (\$350 mil./yr.), and revising various professional staffing ratios.
- Increasing the state-determined 55 percent share of funding for the current SOQ standards would annually cost the state an additional \$93 mil. per increased percentage point.

Local Reactions:

- Most locality revenue sources have not kept pace with inflation and population growth, despite median real property tax rates increasing 17 cents for cities and 12 cents for counties since FY 2009.
- As a result of the slower growth in state K-12 funding, local funding for K-12 operations has increased from 52.0% (FY 2009) to 55.3% (FY 2017) of total state-local expenditures (DOE Superintendent’s Annual Report).
- Localities also borrowed \$2.6 billion for school construction, additions, and renovations from 2013-17. Direct state grants for capital improvements have not been available since FY 2010. Literary fund loans to school divisions have also been minimal since the recession.

Other 2018-20 Budget Changes Important to Localities

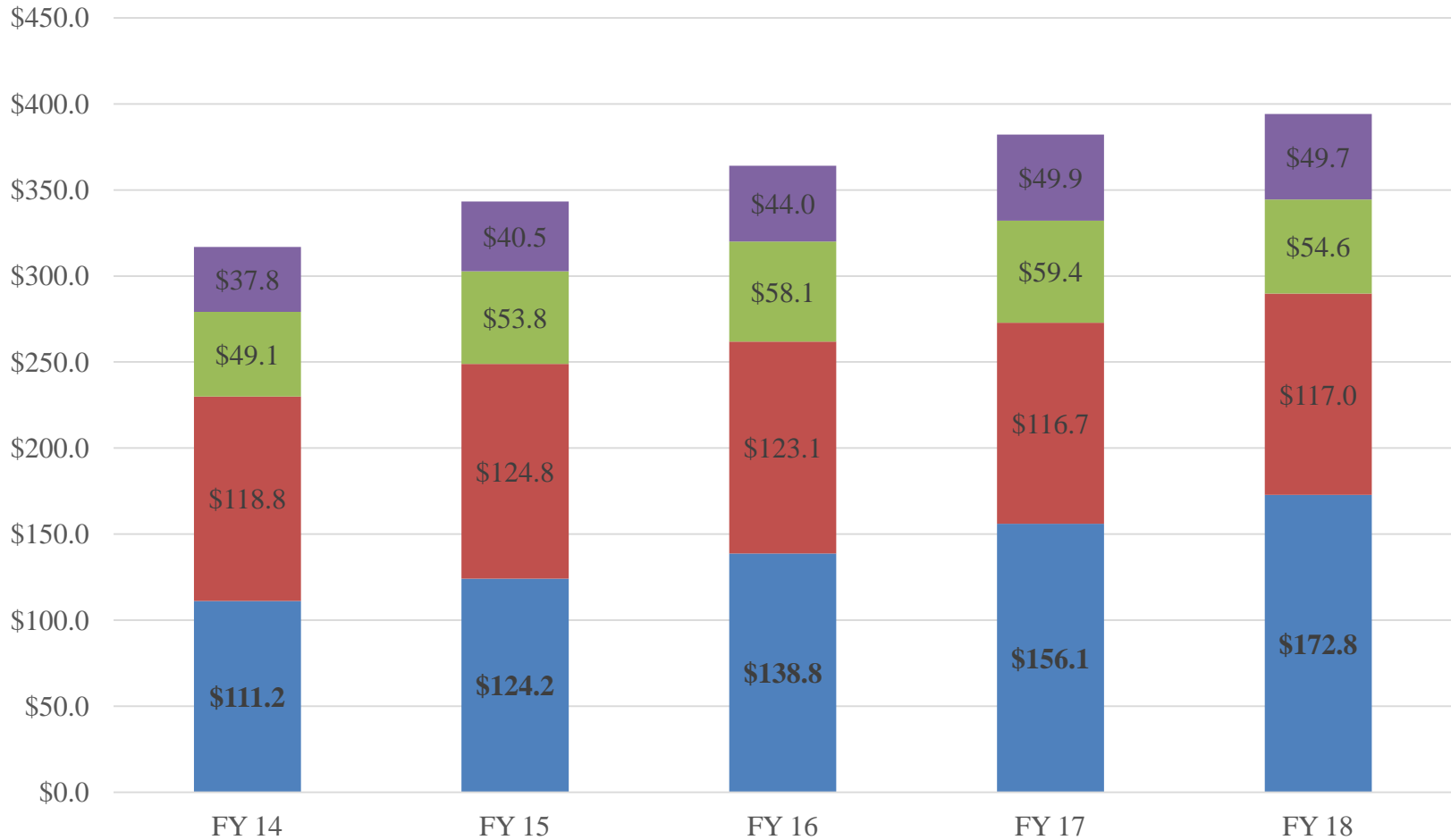
- Increases Go Virginia by \$5,000,000 in FY 19 (to \$29.5 mil. GF) and \$10,000,000 in FY 20 (\$34.5 mil. GF) in FY 20.
- Increases Aid to Police Departments from \$178.0 mil. to \$184.5 mil. in FY 19 and \$191.7 mil. in FY 20.
- Saves \$10.3 million from CSA in FY 20 to reflect a two percent rate increase cap on private day special education rates. Also directs the Office of Children's Services along with the Department of Education to facilitate a workgroup with stakeholders to develop outcome measures to assess students' progress in private day placements.
- Increases funding for STEP-VA same day access and CSB primary care screening and begins phasing in an expansion outpatient mental health and substance abuse services and funds an expansion of detoxification services in FY 20 at Community Services Boards and Behavioral Health
- Provides \$3,000,000 each year from TANF funds for a second round of grants for community employment and training programs designed to move low-income individuals out of poverty
- Adds \$2.0 million from the general fund each year (\$4 mil./year total) to the Virginia Telecommunication Initiative to support the extension of broadband networks by the private sector in unserved areas.
- Adds \$20.0 million GF in the first year for the Stormwater Local Assistance Fund.
- Provides a two percent salary increase for state-supported local officials on July 1, 2019.
- Increases the Enterprise Zone Grant program by \$685,533 each year to \$13.5 million to reduce RPIG proration.
- Directs a working group to investigate how body worn cameras impact the workloads experienced by Commonwealth's Attorneys offices.
- Transfers \$2.0 mil. each year from the Communications Sales and Use Tax to the state general fund.

Other Budget Needs For Localities

- 2018-20 budget increased funding for STEP-VA same day access and CSB primary care screening and began phasing in an expansion of outpatient mental health and substance abuse services and funded an expansion of detoxification services in FY 20 at Community Services Boards and Behavioral Health. **However, additional CSB funding is still needed for:**
 - Full implementation of STEP-VA
 - Mental health needs/jails
 - Same day access and alternative transportation
 - Primary care coverage
 - Potential backfilling of GF reductions assumed in biennial budget associated with Medicaid expansion
- Rising costs for private day placements in CSA
 - FY 20 budget reflects a two percent rate increase cap on private day special education rates.
- Uncovered Medicaid expansion costs for local social service departments
- Implementation costs for the Family First Prevention Services Act
- Stormwater Local Assistance Funds
- Inadequate highway and public transportation funding

Special Education Day Placement Costs Continue to Grow

STATE CSA EXPENDITURE GROWTH



■ Alternative Day Placement/SPED Private Day
 ■ Foster Care & Therapeutic Treatment
■ Residential Congregate Care and Ed. Services
 ■ Community-based Services

Special Education Day Placement Costs

	<u>FY 2014</u>	<u>FY 2018</u>	<u>% Growth</u>
Number Served	3,158	4,101	29.9%
Avg. Annual Cost per Child	\$34,437	\$45,118	31.0%

VDOT Construction Allocations Have Grown Slowly Since HB 2313

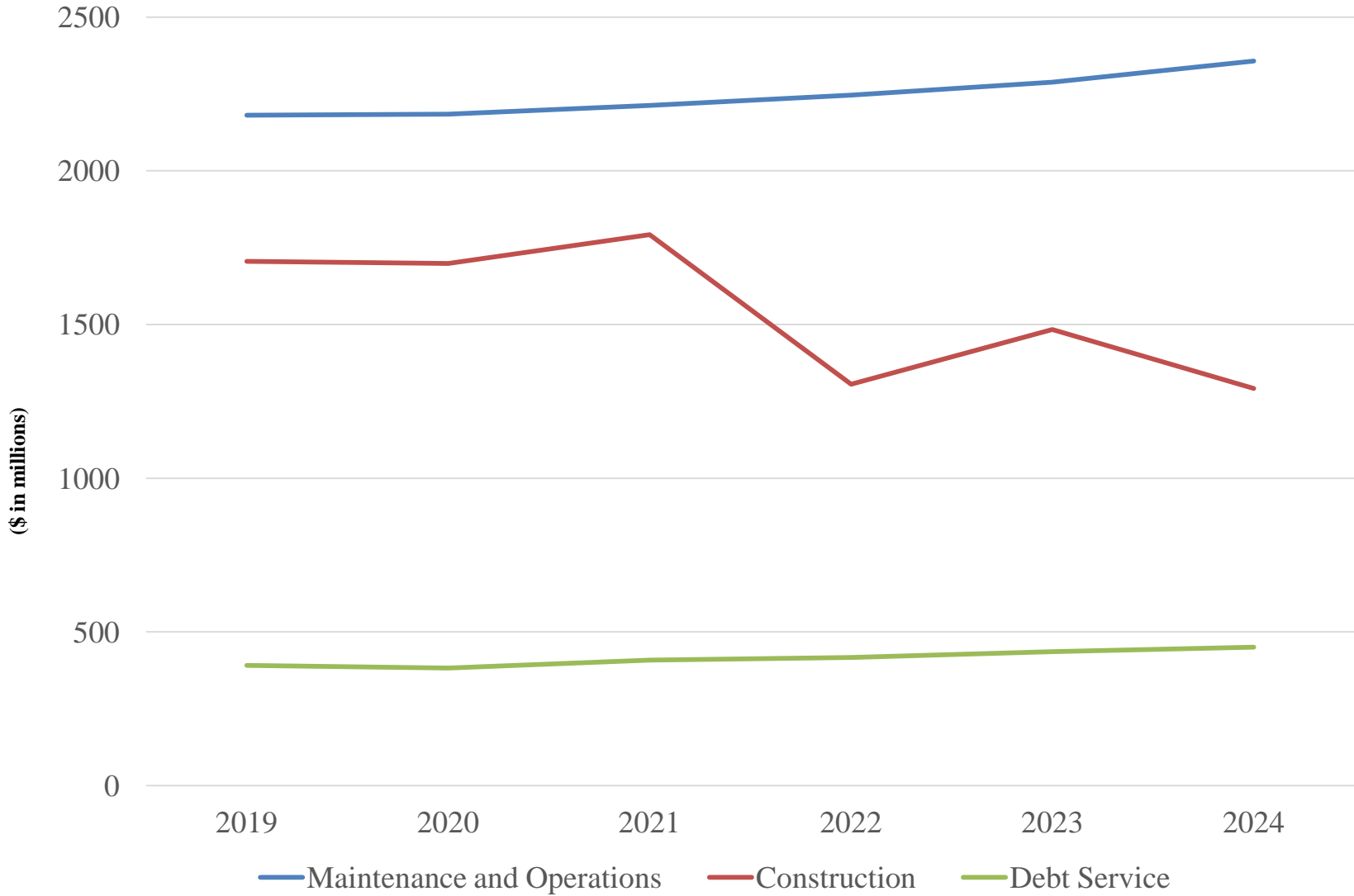
	<u>FY 2013</u>	<u>FY 2019</u>	<u>% of Budget</u>	<u>% Increase</u>
Evaluation, Planning, Research	\$77.5	\$99.4	1.9%	28.3%
Highway Construction	\$1,614.3	\$1,730.6	32.3%	7.2%
Highway Maintenance	\$1,452.2	\$1,724.2	32.2%	18.7%
Toll Facilities	\$43.3	\$80.9	1.5%	86.8%
Assistance to Localities	\$390.9	\$472.4	8.8%	20.8%
Regional Programs	\$0.0	\$471.5	8.8%	NM
Non-Toll Debt Service	\$292.8	\$390.5	7.3%	33.4%
Admin, Support, Capital Outlay	\$242.9	\$289.8	5.4%	19.3%
Support to DRPT and Other Agencies	<u>\$70.0</u>	<u>\$99.4</u>	<u>1.9%</u>	<u>42.0%</u>
Total VDOT Programs	\$4,183.9	\$5,358.7	100.0%	28.1%

Future Transportation Revenue Growth Expected to Be Flat

	<u>State*</u>	<u>Federal</u>	<u>Regional</u>	<u>WMATA</u> <u>Pass-Thru</u>	<u>Bonds</u>	<u>Total</u>
2019	\$4,251	\$1,143	\$472	\$135	\$147	\$6,147
2020	\$4,191	\$1,087	\$467	\$135	\$302	\$6,182
2021	\$4,288	\$1,104	\$477	\$136	\$397	\$6,403
2022	\$4,124	\$1,122	\$486	\$137	\$76	\$5,946
2023	\$4,108	\$1,141	\$495	\$137	\$296	\$6,177
2024	\$4,172	\$1,159	\$505	\$138	\$125	\$6,099
* Includes local participation and toll revenue						

Source: June 2018 VDOT budget presentations to the CTB

Declining Construction Allocations Planned for VDOT



Source: June 2018 VDOT budget presentation to the CTB

SmartScale Allocations Indicate Far Greater Need

<u>FY 2018 Round</u>	<u>Statewide</u>
Requested Project Costs	\$10,886,155,180
Total Smartscale Funding Requested	\$8,566,240,501
Accepted Project Costs	\$2,350,395,696
Smartscale Funds Allocated	\$1,026,812,430
% Smartscale Request Funded	12.0%

Thru FY 2017, County Revenues Have Done Better Than Cities in Relation to Inflation/Population

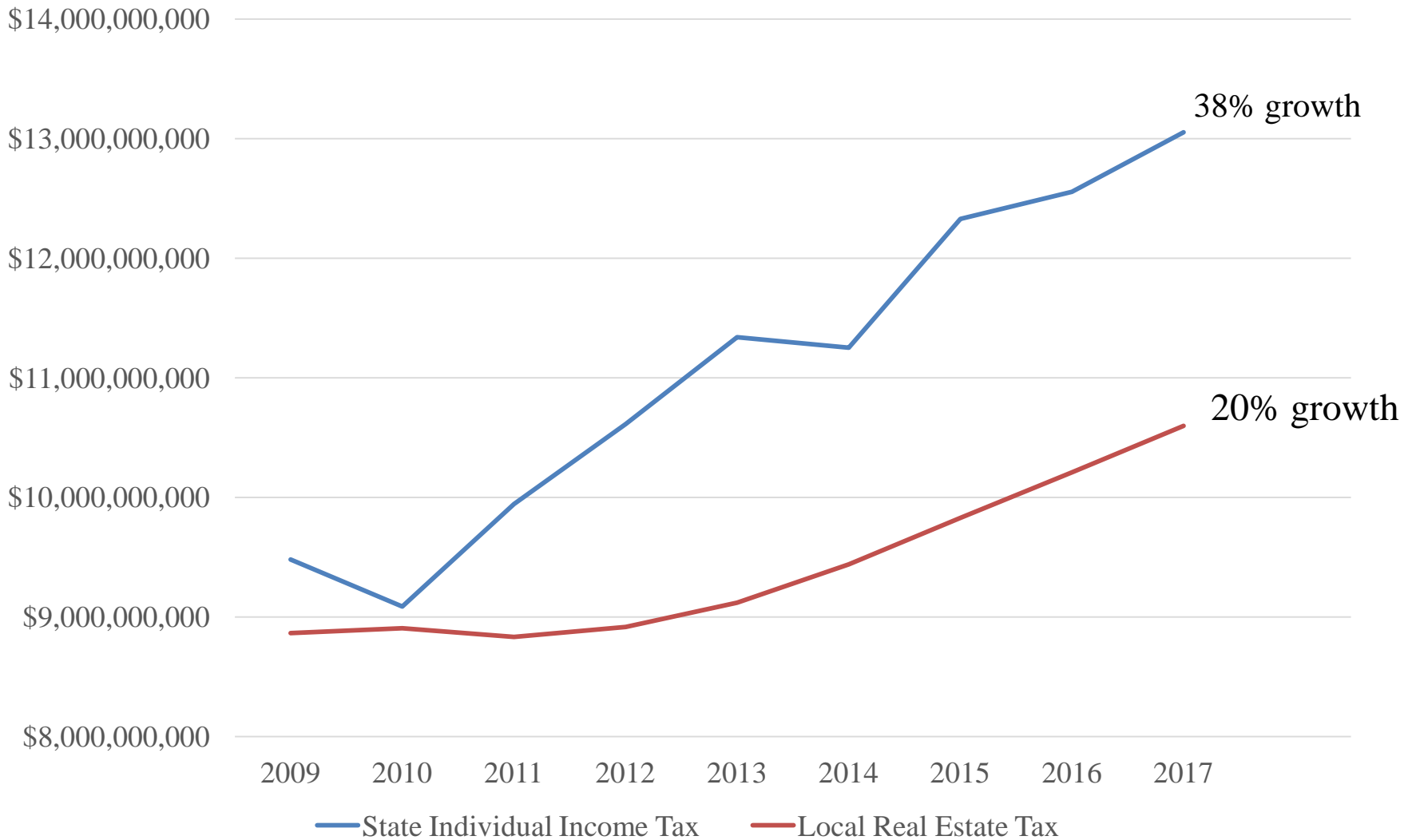
FY 2009 - FY 2017 Growth Comparison					
	Locally-Generated Revenue	State/Federal Revenue for Localities	All Revenue for Localities	Population	Population + Inflation
VA Cities*	15.0%	6.3%	11.3%	3.5%	17.1%
VA Counties	24.6%	16.2%	21.4%	7.3%	20.9%

* Net of Emporia, Hopewell, and Manassas Park City - missing FY 2017 APA data

Note: Growth in consumer price index (CPI) from fiscal years 2009-17 = 13.6%

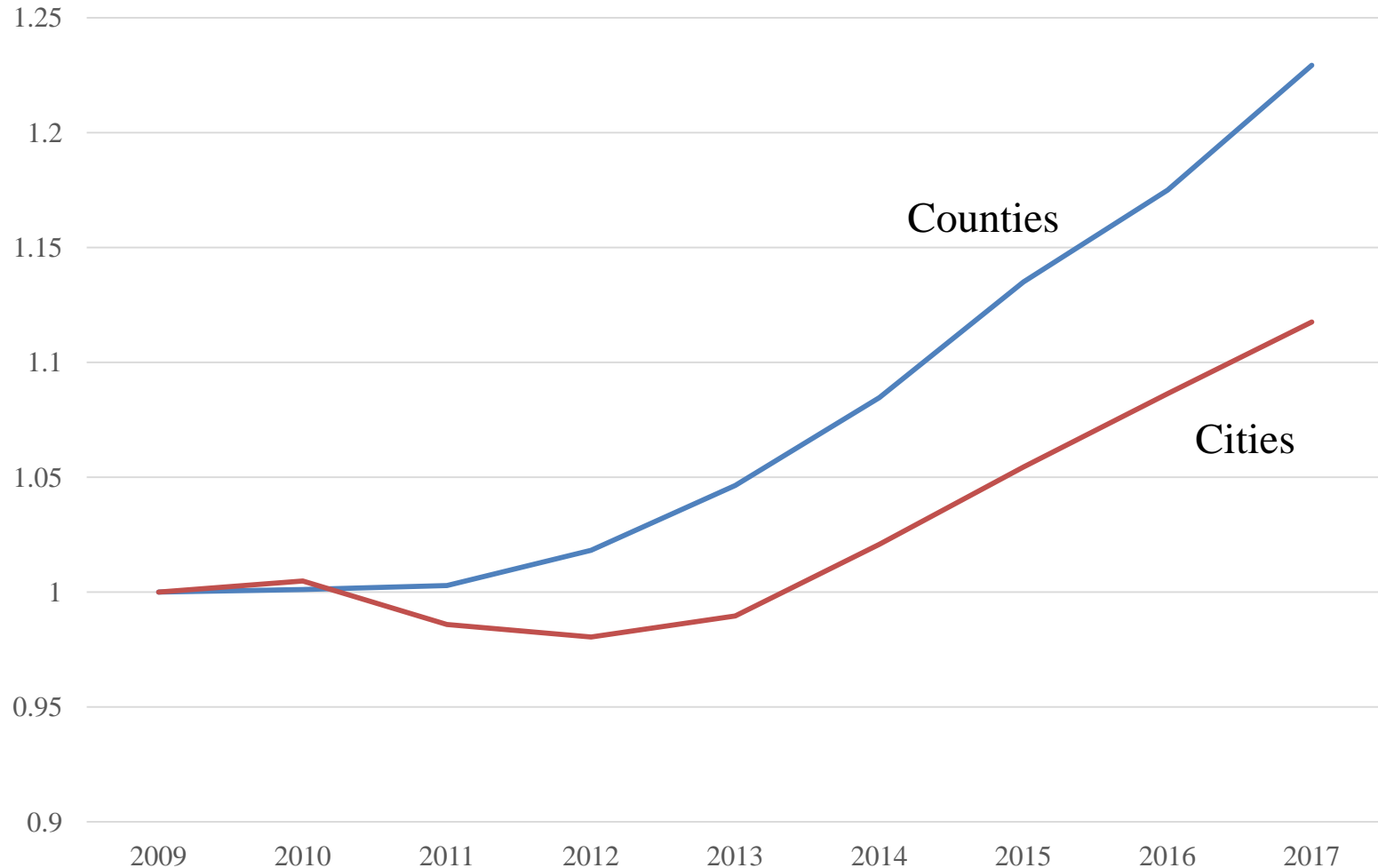
Sources: Virginia Auditor of Public Accounts Comparative Revenue and Expenditure Reports, U.S. Bureau of Labor Statistics, CPI Detailed Report

State Income Tax Growth Has Significantly Exceeded Local Real Estate Tax Growth Since Recession



Note: FY 2018 state income tax grew 8.1%; local property tax growth not yet available.

Real Property Tax Growth in Counties Exceeded Cities Since Recession



Real Property Revenue Growth Has Required Sharply Rising Rates

Median Real Property Tax Rates in Virginia Localities

	<u>CY 2009</u>	<u>CY 2017</u>	<u>Change</u>
Cities	0.90	1.07	0.17
Counties	0.55	0.67	0.12
Towns	0.18	0.18	-

Note: From FY 2009-17 real property taxes grew 13.3% in cities and 22.8% for counties

Source: Weldon Cooper Center, "Virginia Local Tax Rates", 2009 and 2017

Despite Local Fiscal Issues, the Burden of the State-Local Fiscal Partnership is on Localities

	<u>2012 JLARC Ranking</u>	<u>2018 JLARC Ranking</u>
Per capita personal income	8	12
Per capita state taxes	34	33
Per capita local taxes	13	16
State Per Pupil Funding	35	40
State and Local Per Pupil Funding	17	24
Average Salary of Public School Teachers	28	29

Source: Virginia Compared to Other States, JLARC, 2012, 2018 Editions

Federal Income Tax Policy Changes Offer Chance for Additional Virginia Revenues

- The Tax Cuts and Jobs Act is the most substantial federal tax legislation since 1986.
- Certain provisions, such as rate and bracket changes, have no Virginia impact.
- Many provisions do have a Virginia revenue impact. Individual income tax changes are temporary – lasting thru tax year 2024. Business provision changes are permanent. With no changes, Virginia could expect \$600-950 mil. additional revenue per year thru 2024.
- Do not expect a Virginia tax reform special session in 2018. Therefore, tax year 2018 revenue impacts of nearly \$600 mil. will flow to Virginia coffers – without ex-post refunds.
- Expect Virginia tax reform to be debated in the 2019 Session.
- Localities may find it harder to raise local property tax rates with the new federal tax law SALT caps on itemized deductions and reduced allowable mortgage interest deduction.

Federal Tax Cuts and Jobs Act of 2017

Individual Provisions Increasing Revenues:	Business Provisions Increasing Revenues:
Increase in Federal Standard Deduction	Interest Deduction Limitation to 30% of AGI
State and Local Tax Itemized Deduction Cap	NOL Limited to 80% of Taxable Income
Decrease in Mortgage Interest Deduction	New Amortization of Research Expenses in 2022
Limitation on Losses for Noncorporate Taxpayers	Repeals Domestic Production Activities Deduction
	Some Employer Fringe Benefit Deductions Disallowed
	Repeal of Certain Like-Kind Exchanges
Individual Provisions Decreasing Revenues:	Business Provisions Decreasing Revenues:
Medical Expenses Deduction	Increases IRC 179 Expensing to \$1 mil.
Repeal High Income Limit on Itemized Deductions	Simplified accounting rules for small businesses

Significant Revenues Accrue to Virginia Without Tax Policy Changes (\$Mil.)

By Source:	<u>FY2019</u>	<u>FY2020</u>	<u>FY2021</u>	<u>FY2022</u>	<u>FY2023</u>	<u>FY2024</u>
Individual Provisions*	\$532.1	\$443.8	\$466.7	\$492.5	\$520.0	\$546.1
Business Provisions	\$29.4	\$114.6	\$181.5	\$300.3	\$417.2	\$398.2
International Provisions	<u>\$32.6</u>	<u>\$62.7</u>	<u>\$5.5</u>	<u>\$5.8</u>	<u>\$6.0</u>	<u>\$6.3</u>
Total	\$594.2	\$611.1	\$653.7	\$798.6	\$943.2	\$950.6
By Expiration Date:						
Temporary*	\$517.3	\$433.6	\$455.7	\$480.4	\$506.8	\$532.5
Permanent	\$76.9	\$177.5	\$198.0	\$318.3	\$436.4	\$418.1
* Most individual provisions are temporary and expire in 2025. FY 2019 includes tax year 2018 revenues						

Relative Share of Federal Tax Liability Decreases for Low/Middle Income from Federal Tax Reform

Change in Federal Income Tax Liability, Virginia Residents (\$ mil.)

	Baseline	% of Total Tax Liability	New Law	% of Total Tax Liability	\$ Change
Under \$25,000	\$ 240.0	0.56%	\$ 211.1	0.54%	(\$28.9)
\$25,000-50,000	\$ 1,510.5	3.52%	\$ 1,259.1	3.23%	(\$251.4)
\$50,000-150,000	\$ 11,943.4	27.81%	\$ 10,013.7	25.70%	(\$1,929.7)
\$150,000-500,000	\$ 16,533.5	38.50%	\$ 15,521.8	39.83%	(\$1,011.7)
Over \$500,000	\$ 12,718.7	29.62%	\$ 11,960.2	30.69%	(\$758.5)
Totals	\$ 42,946.1	100.00%	\$ 38,965.9	100.00%	(\$3,980.2)

Relative Share of Virginia Tax Liability Increases for Low/Middle Income Taxpayers

Change in Virginia Income Tax Liability, Virginia Residents (\$ mil.)

	Baseline	% of Total Tax Liability	New Law	% of Total Tax Liability	\$ Change
Under \$25,000	\$ 165.5	1.36%	\$ 178.6	1.43%	\$13.1
\$25,000-50,000	\$ 866.9	7.12%	\$ 899.9	7.19%	\$33.0
\$50,000-150,000	\$ 4,453.4	36.55%	\$ 4,602.0	36.76%	\$148.6
\$150,000-500,000	\$ 4,504.8	36.97%	\$ 4,594.9	36.71%	\$90.1
Over \$500,000	\$ 2,193.5	18.00%	\$ 2,242.4	17.91%	\$48.9
Totals	\$ 12,184.1	100.00%	\$ 12,517.8	100.00%	\$333.7

Relative Share of Combined Tax Liability Decreases for Middle Income Taxpayers

Combined Change in Virginia and Federal Income Tax Liability (\$ mil.)

VA Adjusted Gross Income	Baseline	% of Total Tax Liability	New Law	% of Total Tax Liability	\$ Change
Under \$25,000	\$ 405.5	0.74%	\$ 389.7	0.76%	(\$15.8)
\$25,000-50,000	\$ 2,377.4	4.31%	\$ 2,159.1	4.19%	(\$218.3)
\$50,000-150,000	\$ 16,396.9	29.74%	\$ 14,615.7	28.39%	(\$1,781.2)
\$150,000-500,000	\$ 21,038.4	38.16%	\$ 20,116.6	39.07%	(\$921.8)
Over \$500,000	\$ 14,912.0	27.05%	\$ 14,202.7	27.59%	(\$709.3)
Totals	\$ 55,130.2	100.00%	\$ 51,483.8	100.00%	(\$3,646.4)

Note: Derived from Chainbridge Software analysis of combined federal/state impact Secretary Lane presentation to Joint Money Committees, August 19, 2018.

U.S. Supreme Court Decision Could Provide *Limited* New Internet Sales Tax Revenue

- On June 21, 2018 the U.S. Supreme Court in *South Dakota v. Wayfair* held that states may require out-of-state sellers to collect sales tax, even if the seller does not have a physical presence in the taxing state.
- Did not rule on undue burden aspect of 1992 *Quill* decision.
 - South Dakota law exempts companies under \$100,000 revenue and less than 200 transactions from collection requirements.
 - Virginia not a member of “Streamlined Sales Tax” project” that requires numerous simplification and uniformity requirements states must adopt to remove or reduce the undue burdens on all sellers.
- In 2017, GAO estimated that in 2017 states lost over \$13 billion in uncollected sales taxes. Basis for \$250 million Virginia estimate.
 - **Amount probably smaller now** since Amazon and other large internet sellers already collect Virginia sales taxes.
- Existing sales tax distribution already favors K-12 and transportation funding.

Analysis of Possible VA Additional Internet Sales Tax Revenue		
<i>Est. Additional Taxable Sales Subject to Tax*</i>	\$5,000,000,000	
	Rate	% of Total Va Taxable Sales
General Fund Unrestricted (2.025%)	2.025%	\$101,250,000
Direct Public Education (1.375%)		
<i>By School-Age Population (1.125%)</i>	1.125%	\$56,250,000
<i>By SOQ Composite Index (0.25%)</i>	0.250%	\$12,500,000
Transportation (0.9%)		
<i>Highway Maintenance and Operating</i>	0.669%	\$33,425,000
<i>Airports</i>	0.012%	\$600,000
<i>Ports</i>	0.021%	\$1,050,000
<i>Intercity Rail</i>	0.050%	\$2,500,000
<i>Public Transit</i>	0.149%	\$7,425,000
Total <u>State</u> Add'l Annual Sales Tax at 4.3%	4.300%	\$215,000,000
Local Government Add'l Unrestricted	1.000%	\$50,000,000
Regional Transportation 0.7% Sales Tax	0.700%	\$18,157,287
<i>Northern VA (32.4% of state)</i>		\$11,325,874
<i>Hampton Roads (19.5% of state)</i>		\$6,831,413
* Equals 4.7% of \$107 billion in 2017 total VA taxable sales		

Summary

- Additional GF revenues are likely for the 2018-20 biennium due to a higher revenue base from the FY 2018 surplus, along with likely continued good economic growth and additional federal defense and other spending.
- Additional unbudgeted expenditures will eat up most if not all of this new revenue.
 - Move to managed care did not deliver the expected savings. Will Medicaid expansion produce the estimated budget savings? Will expansion increase out-year expenditures?
- Federal income tax reform and the U.S. Supreme Court decision in *Wayfair v. South Dakota* will force a debate by policymakers on how much additional revenue should be retained and how much returned to taxpayers.
- The 2009-10 recession took a big bite out of state funding for localities, particularly K-12 funding that has yet to be restored. Other funding needs include CSB, mental health, Medicaid expansion administration, transportation, and stormwater management.
- The state should shoulder more funding responsibility, provide localities with greater revenue generating capacity, and better target stressed localities with state assistance.

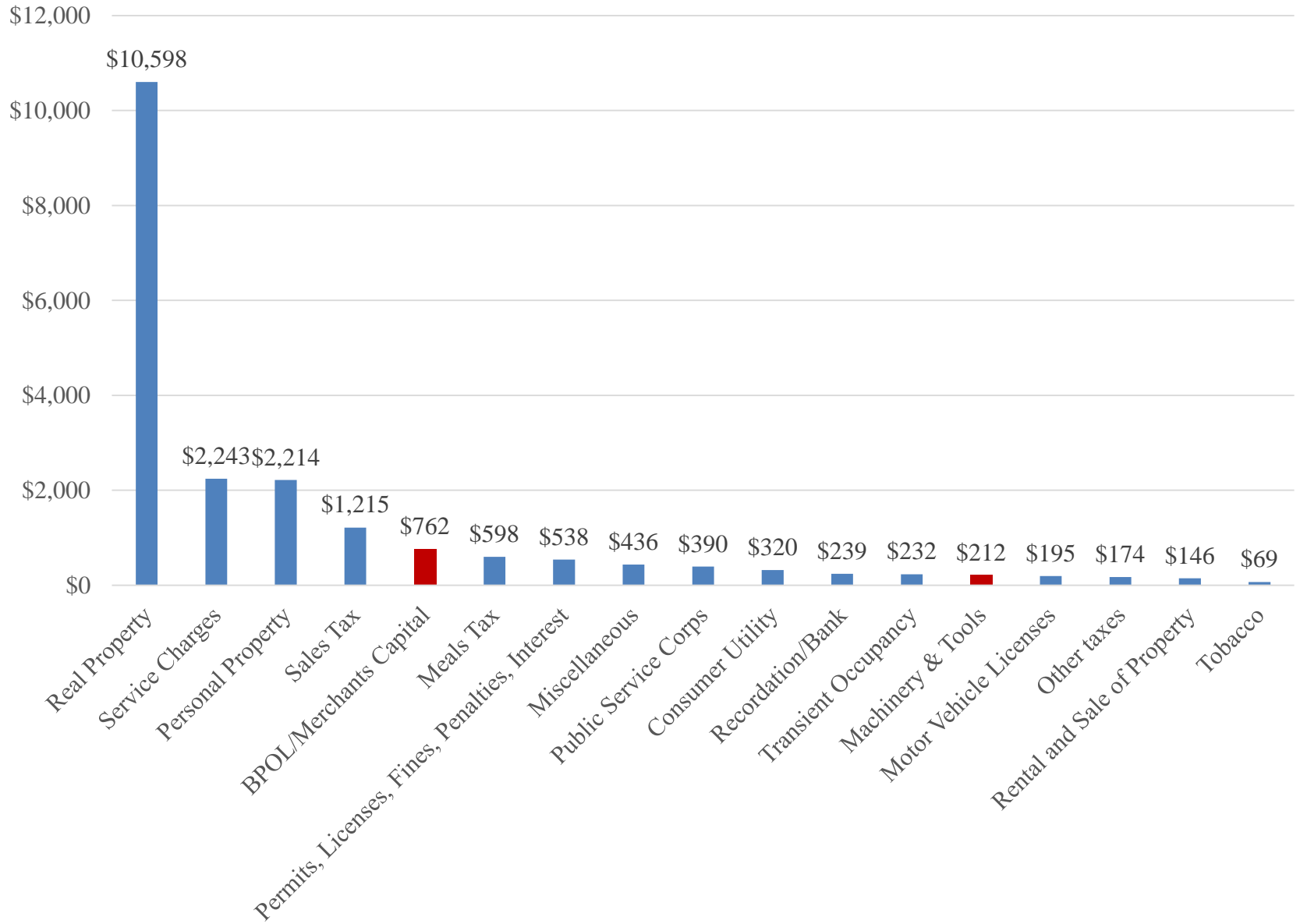
Appendices

General Assembly Usually Cuts Taxes When Times Are Good

	<u>Enacted/Amended</u>	<u>FY 2018 \$M est.</u>
Car Tax Reimbursement	1997, 2003	(\$950)
Impose lower 2.5% Sales Tax on Food	2004	(575)
Age Subtraction (net of 2004 means testing)	1994 and 2004	(294)
Low Income Tax Relief, increase filing thresholds, exemptions, etc.	2000, 2004, and 2007	(203)
1/3 Insurance Premiums to Transportation	2007	(162)
Estate Tax Repeal	2009	(140)
100 basis pt Sales Tax Diversion to Transportation	2013	(101)
Land Preservation Tax Credit	2003	(78)
Historic Rehab Tax Credit	1999	(76)
Corp. double weighting sales and single sales factor	1999, 2009	(59)
Sales tax exemption for data centers	2010/2011	(51)
Sales tax exemption for non-prescription drugs	1990	(39)
Subtraction for military wages and unemployment benefits	1999	(37)
Coalfield Employment Tax Credits	2000	(34)
All Other Tax Reductions Since 1999	1990-2017	<u>(121)</u>
State GF Tax Reductions since 1994		(\$2,920)
Add 1/2 percent sales tax on non-food items	2004	\$515
Recordation Tax Increase (net of 3 cents to transp.)	2004/2007	\$150
Tobacco Tax Increase (Va Health Care Fund)	2004	\$146
Close 2 Corp. Tax Loopholes/Eliminate ST Exem for Pub. Svc. Co.	2004	\$143
Sales Tax Presence in Virginia Amazon	2012	\$22
Sales tax on satellite TV equipment	2014	<u>\$10</u>
State Tax Increases since 1994		\$971
Net State Tax Change Since 1994		(\$1,949)

Source: Senate Finance Committee Retreat, Revenue Outlook, Nov. 19 , 2015; Va Dept. of Taxation

Major Local Revenue Sources (\$ Mil. - FY 2017)



60 Percent of Business Licenses Pay Under \$100 per Year*

<u>Gross Receipts Level</u>	<u># of Licenses</u>	<u>Percent</u>	<u>\$ Amount</u>	<u>Percent</u>	<u>Avg per License</u>
Flat Fee only	74,888	23.6%	\$4,134,673	0.7%	\$55
\$0-\$100,000	117,469	37.0%	\$4,841,153	0.8%	\$41
\$100,001-200,000	29,165	9.2%	\$9,273,349	1.6%	\$318
\$200,001-500,000	35,989	11.3%	\$27,652,331	4.8%	\$768
\$500,001-5,000,000	50,616	16.0%	\$177,978,987	30.8%	\$3,516
\$5,000,001-25,000,000	7,622	2.4%	\$174,518,999	30.2%	\$22,897
Over \$25,000,000	<u>1,456</u>	<u>0.5%</u>	<u>\$178,979,953</u>	<u>31.0%</u>	<u>\$122,926</u>
Survey Totals	317,205	100.0%	\$577,379,446	100.0%	\$1,280

* Survey responses covered about 85% of total BPOL levies collected in FY 12.

Note: Mid-size low margin retail businesses (\$500k-\$5 mil.) pay about \$50 mil. in BPOL levies averaging \$2,800/yr.

M&T Taxes Are Concentrated in Localities

	Total FY 2016 M&T \$	Effective 1st Yr Tax Rate/\$100		M&T as % of Total Local Revenue	Effective 1st Yr Tax Rate/\$100
1 Newport News	\$20,312,830	\$1.25	1 Alleghany	23.20%	\$0.89
2 Richmond City*	12,838,347	\$2.07	2 Covington	19.10%	\$0.83
3 Rockingham	8,693,745	\$2.30	3 Giles	17.70%	\$1.06
4 Frederick	6,895,312	\$1.20	4 Buchanan	15.90%	\$1.56
5 Norfolk	6,063,521	\$1.70	5 Hopewell**	12.10%	\$0.76
6 Alleghany	5,876,975	\$0.89	6 Henry	9.10%	\$1.44
7 James City	5,792,203	\$1.00	7 Campbell	8.60%	\$0.81
8 Buchanan	5,697,213	\$1.56	8 Southampton	8.00%	\$1.92
9 Campbell	5,618,130	\$0.81	9 Rockingham	7.80%	\$2.30
10 Hopewell**	5,066,978	\$0.76	10 Botetourt	7.30%	\$0.90
11 Manassas	4,909,651	\$1.68	11 Sussex	7.00%	\$2.43
12 Lynchburg	4,731,874	\$0.90	12 Greensville	6.80%	\$0.80
13 Chesterfield	4,564,090	\$0.25	13 Pulaski	6.50%	\$0.72
14 Henry	4,468,853	\$1.44	14 Isle of Wight	5.90%	\$0.70
15 Isle of Wight	4,121,487	\$0.70	15 King William	5.60%	\$0.56
16 Giles	3,812,525	\$1.06	16 Amherst	5.50%	\$0.50
17 Augusta	3,649,048	\$0.40	17 Galax	4.90%	\$0.75
18 Botetourt	3,438,291	\$0.90	18 Newport News	4.80%	\$1.25
19 Pulaski	3,372,366	\$0.72	19 Frederick	4.70%	\$1.20
20 Bedford	3,114,881	\$1.20	20 Accomack	4.60%	\$1.67
21 Roanoke City	3,028,795	\$2.07	21 Manassas	4.50%	\$1.68
22 Salem	2,931,060	\$2.24	22 Augusta	4.20%	\$0.40
23 Covington	2,874,828	\$0.83	23 Washington	4.20%	\$1.55
24 Washington	2,821,283	\$1.55	24 Salem	4.20%	\$2.24
25 Chesapeake	2,803,960	\$0.63	25 Shenandoah	4.10%	\$1.73

* FY 2015, ** FY 2014

Understanding State Operating *Non*-General Funds

Non-General Fund Category	Major Examples	FY 2007	FY 2018	% Growth
Higher Ed Operating	Tuition and fees, university hospital revenue, federal funds for Hi ED	\$4,852.8	\$8,249.0	70%
Federal Trust	All federal funds received (e.g. medicaid), except those received by VDOT, VEC, and Hi Ed	\$4,871.6	\$8,395.9	72%
Commonwealth Transportation	Transportation taxes incl. federal \$, excluding tolls	\$3,928.5	\$5,591.8	42%
Trust and Agency	Unemployment insurance, tobacco settlement, lottery and literary funds earmarked to K-12	\$1,083.3	\$2,235.1	106%
Internal Service	DGS leasing office space, VITA providing IT services to other agencies, and DHRM administering state and local government employees' health plans	n/a	\$1,975.2	n/a
Dedicated Special Revenue	VA Health Care Fund, Safe Drinking Water Fund, Game Protection Fund, highway tolls, DMV fees, state park fees, solid waste fees, etc	\$638.2	\$1,900.2	198%
Special revenue	Revenues derived from restricted taxes and other special revenue sources, e.g. state ID health services	\$1,602.6	\$1,781.5	11%
Enterprise	ABC and lottery sales, prepaid tuition 529 plans	\$850.1	\$1,684.2	98%
Other Debt Service	Primarily Hi Ed student fees for dining, housing, athletics	\$234.4	\$337.5	44%
Total Non-General Funds		\$18,061.5	\$32,150.4	78%
General Fund		\$17,033.1	\$20,455.8	20%
Total		\$35,094.6	\$52,606.2	50%

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MIDDLE PENEINSULA PLANNING DISTRICT COMMISSION MANAGEMENT’S DISCUSSION AND ANALYSIS

In this section of the annual financial report of the Middle Peninsula Planning District Commission (the “Commission”), management provides a narrative discussion and an analysis of its financial activities for the fiscal year that ended June 30, 2018. Responsibility for the accuracy of the data as well as the completeness and fairness of this presentation (including all disclosures) rests with management. To the best of our knowledge and belief, the data contained herein is accurate in all material respects. This data is reported in a manner designed to fairly represent the Commission’s financial position and the result of operations of its various funds. All disclosures necessary to enable the reader to gain an accurate understanding of the Commission’s financial activities have been included. The Commission’s financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

Overview of the Financial Statements

The financial statements presented herein included all of the activities of the Commission using the integrated approach as prescribed by GASB Statement No. 34. Management’s Discussion and Analysis (MD&A) is intended to introduce the Commission’s financial statements. In addition to this Management’s Discussion and Analysis (MD&A), the report consists of the enterprise fund financial statements, and the notes to the financial statements. These financial statements are designed to be more corporate-like in that all activities of the Commission are considered to be business-type activities.

Required Financial Statements

The Statement of Net Position focuses on resources available for future operations. In simple terms, this statement presents a snap shot view of the assets the Commission has, the liabilities it owes and the net difference. The net difference is further separated into amounts restricted for specific purposes and unrestricted amounts. Business-type activities are reported on the accrual basis of accounting. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the Commission is improving or deteriorating.

The Statement of Revenues, Expenses and Changes in Net Position details the Commission’s revenues and expenses by functional type, and the net operating result of the current year. This statement summarizes and simplifies the user’s analysis to determine the extent to which programs are self-supporting and/or subsidized by general revenues.

The Statement of Cash Flows shows the cash flows from the Commission’s operating, capital and related financing, and investing activities.

The notes to the financial statements provide additional disclosure required by governmental accounting standards and provide information to assist the reader in understanding the Commission’s financial condition.

The MD&A is intended to explain the significant changes in financial position and the differences in operation between the current year and prior years. Significant changes from the prior year are explained in the following paragraphs.

Financial Analysis

Summary Statements of Net Position June 30,

	<u>2018</u>	<u>2017</u>
Current Assets	\$ 874,413	\$ 817,019
Loans Receivable	277,082	173,067
Capital Assets (net)	<u>4,323</u>	<u>7,654</u>
Total Assets	<u>1,155,818</u>	<u>997,740</u>
Deferred Outflows of Resources	<u>13,015</u>	<u>29,862</u>
Current Liabilities	259,275	152,538
Long-Term Liabilities	<u>199,958</u>	<u>170,536</u>
Total Liabilities	<u>459,233</u>	<u>323,074</u>
Deferred Inflows of Resources	<u>157,347</u>	<u>187,306</u>
Invested in Capital Assets	4,323	7,654
Unrestricted	<u>547,930</u>	<u>509,568</u>
Total Net Position	<u>\$ 552,253</u>	<u>\$ 517,222</u>

Current assets increased during the year by approximately \$57,000 primarily due to a grant from the US Dept of Interior Fish and Wildlife Service of \$75,000 which remains mostly unspent. This is a multiyear project and funds were received up-front as opposed to being reimbursed.

Loans receivable increased approximately \$104,000 during the year as a result of the start of a new revolving loan program to encourage homeowners to install living shorelines in support of the Commonwealth's policy.

Deferred outflows of resources associated with the differences in projected and actual experience of the pension plan was reduced by approximately \$16,800 during the year.

Current liabilities increased approximately \$106,700 during the year primarily as a result of increases in the various revolving loan fund capitalizations including the new Living Shoreline Loan Program and an increase in deferred revenue as a result of the US Dept of Interior project discussed above.

Deferred inflows of resources associated with the differences in projected and actual experience of the pension plan and differences between projected and actual earnings of the plan assets was reduced by \$30,000 during the year.

Long-term liabilities increased by approximately \$29,500 during the current year, as the Commission continued its septic repair loan program and implemented a new revolving loan program funded by a loan through the Virginia Resources Authority. VRA loans have a delayed payback period of 2-3 years resulting in an increase of \$116,200 in loans payable. There was also a \$27,700 reduction in the net pension liability.

Total net position increased by approximately \$35,031 this year primarily due to increase in cash, a decrease in pension liabilities, and an increase in current assets.

**Summary Statements of Activities
For the Years Ended June 30,**

	<u>2018</u>	<u>2017</u>
Revenues		
Operating revenues	\$752,125	\$910,513
Interest	<u>8,954</u>	<u>3,371</u>
Total Revenues	<u>761,079</u>	<u>913,884</u>
Expenses		
General and administration	107,228	60,351
Project costs	<u>659,609</u>	<u>840,627</u>
Total Expenses	<u>766,837</u>	<u>900,978</u>
GASB 68 pension benefit	<u>40,789</u>	<u>38,902</u>
Change in net position	35,031	51,808
Net position at beginning of year	<u>517,222</u>	<u>465,414</u>
Net position at end of year	<u>\$552,253</u>	<u>\$517,222</u>

Operating revenues decreased by approximately \$158,000 and project expenses decreased by approximately \$181,000 from the prior year. It is not uncommon for these figures to change substantially from year to year due to differences in the Commission's work program based on changes in the Commission's priorities and the availability of funding to implement the work program.

In FY 2018 actual operating revenues were under budget by approximately \$34,000 as several projects were delayed due to forces beyond the Commission's control. These were projects primarily either administered or carried out by outside entities. Project costs for contractual costs were under budget by \$38,700 for the same reasons, and project costs for construction were under budget by \$38,300 due to delays in septic repair projects leading to an extension of the current septic repair program grant.

Actual expenses exceeded budgeted expenses for personnel costs by approximately \$46,500 as a result of the Commission's performance compensation program whereby management is authorized to obtain additional funding to enable and enhance the Commission's work program and increase staff salaries proportionately as additional funding is obtained. The ability to allow for a fluctuation in personnel costs based on availability of funding allows for greater flexibility in applying for additional funding to advance the Commission's priorities without increased staffing. Fringe benefits were \$15,500 higher due to an increase in FICA/medicare taxes related to the increased compensation and increases in utilization of health insurance for dependent coverage by staff. Bad debt expense exceeded the budget by \$12,000 as it was determined that several receivables were unlikely to be paid and hence written off. This action does not preclude continuing efforts to pursue collection on this debt.

There was an increase of approximately \$47,000 in general Administration expenses as the Commission directed staff to work with the General Assembly and other entities to explore blue/green infrastructure environmental and economic development issues for which external resources were not identified.

Capital Assets

The capital assets in the governmental funds consist of computer equipment and vehicles used in the business-type activities of the Commission.

Long-Term Debt

Long-term debt consists of four loans from the Virginia Water Facilities Revolving Fund. The first loan was originally made in 1997 in the amount of \$250,000, but through regular annual payments has been reduced to \$12,500. In 2011 the Commission received another \$250,000 loan from the Virginia Water Facilities Revolving Fund to increase the revolving loan fund for wastewater loans. This loan consisted of a \$125,000 no interest loan and a \$125,000 “principal forgiveness” loan. As of June 30, 2018, \$125,000 had been drawn on this loan and an additional \$125,000 on the “principal forgiveness loan”. This loan has been reduced by regular annual payments to \$62,500. During FY2016 the Commission received another loan in the amount of \$250,000 loan from the Virginia Water Facilities Revolving Fund to increase the revolving loan fund for wastewater loans. As of June 30, 2018, only \$75,902 had been drawn on this loan but through regular annual payments has been reduced to \$65,902. A fourth loan in the amount of a \$250,000 loan from the Virginia Water Facilities Revolving Fund to capitalize the new revolving loan fund for living shoreline projects was settled in FY2018. As of June 30, 2018, only \$120,723 drawn down on this loan.

Economic Factors and Future Outlook

Presently, management of the Commission is aware of the changing federal, state, regional and local economic climate and is working to comprehensively understand, address and plan for the future security of the Commission consistent with the evolving new economic model. Management realizes the risk to the organization of the high dependency on grants to fund operations especially during periods of economic stress and continues to explore other options to fund its essential programs including increased local funding. Management continues to work with the MPPDC leadership to explore strategies to fund the Commission, provide for a motivated and adequately compensated staff, and increase performance while maintaining compliance with the requirements of OMB Uniform Guidance and the needs and resources of the member localities. Currently the Commission is exploring increased use of consultants to provide staffing needs as a means to providing more and varied expertise for increasingly complicated projects being undertaken by the Commission in regards to environmental and economic development projects.

Contacting the Commission’s Financial Management Staff

This financial report is designed to provide a general overview of the Commission’s finances and show the Commission’s accountability for the funds it receives. If you have questions about this report or need additional information, contact the Commission’s Executive Director at 125 Bowden Street in Saluda, Virginia.