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Virginia Jown & City

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Commentary

Voluntarism

By George Asimos, Institute of Government, University of Virginia

Voluntarism, or the practice of private philanthropy and citizen involvement in community affairs, has long contributed to the quality of life in America. Indeed, Alexis de Tocqueville, an astute observer of early American society, noted in 1831 that Americans recognize "the duty as well as the interest of men to make themselves useful to their fellow creatures." The health of a free society, he believed, depended on this willingness to volunteer.

While it is true that voluntarism occurs today as it did in our early history, it is also true that our expectations of public service are greater than ever. In the present era of fiscal belt-tightening, government officials and citizens alike increasingly are looking to private. voluntary organizations to fill the gaps in social services left by reductions in government spending. President Reagan, for example, has appointed a Presidential Task Force on Private Sector Initiatives, which will examine ways to stimulate charitable giving and improve the capacity of the private sector to address community problems. Similar efforts exist within the Commonwealth of Virginia.

State and local governments, of course, have a special interest in the growth of voluntarism since many of the recent economies in federal spending have been achieved by reducing federal grants-in-aid. Thus, state and local governments, first, must find ways to use volunteers in public agencies in order to sustain services threatened by the loss of funding. Second, they must find ways to enhance the role of private organizations in general because the presence of these groups reduces the pressure on government to provide similar services, creates a spirit of community participation, and allows for creativity and experimentation in the methods of providing social services. Attempts to promote voluntarism by localities in Virginia and elsewhere have brought promising results

The City of Norfolk, for example, has had great success in attracting volunteers to public service through its City Services Volunteer Program. That program, which began operation in November, 1980, spring from the desires of city officials to provide new or expanded services to city residents while keeping within the budget constraints felt by many municipalities. Under the direction of a Coordinator of Volunteers and a committee of city department representatives, the program provides volunteer management advice to department heads, conducts an active recruiting campaign for volunteers, and carefully conducts placement services for incoming volunteers. On the program's first anniversary, the City of Norfolk reported 150,000 volunteer- hours of service at an estimated value of \$1.75 million; of this total, twothirds came from volunteers who were newly recruited under the program. The volunteers are providing several entirely new city services, including monitoring patterns of crime in the city and maintaining fully a municipal cemetery. In all respects, the city is enriched by its volunteers

"Norfolk volunteers donated an estimated \$1.75 million in service time."

Despite the size of the Norfolk program, local governments are not precluded from effectively using volunteers on a smaller scale. For example, in York County, government officials uncovered а substantial citizen need for mortgage counseling. Not having the funds to hire a qualified counselor, they turned to voluntarism and located a highly qualified, retired banker who was willing to offer his time. Using a slightly different approach, the same county officials also arranged a free consultation agreement with the local bar association to address more effectively the legal needs of the clients of their housing administration. Such innovations expand government's ability to serve its citizens by permitting them to help one

another, a principle that can work effectively on either a broad or an individual basis.

The foundations of a plan to promote the success of independent voluntarism already exists in Virginia. In 1977 the Virginia General Assembly passed the Virginia State Volunteers Act in order to "assure that people of Virginia may derive optimal benefit from volunteers, and that the time and talents of volunteers in state service may be put to best use.' The State Division of Volunteerism, created under this act, is intended primarily to strengthen volunteer programs in state agencies and departments. However, the Division also assists private organizations, offering statewide management training seminars and conferences. In addition, the Division maintains a library of materials for public education, while its advisory council of public and private leaders facilitates greater cooperation between the public and voluntary sectors.

A second organization active throughout the Commonwealth in promoting voluntarism is the Center for Volunteer Development, created in 1980 as a part of Virginia Tech's Extension Division. The Center, among its several objectives, encourages faculty and staff members at state universities to provide assistance to volunteer groups, promotes the development of educational curricula related to volunteer management, and collaborates with the state Division of Volunteerism in conducting training seminars. As public officials increasingly look for means to encourage voluntarism, the Division of Volunteerism will warrant greater recognition and support.

Whether voluntarism overall can play the enlarged role that President Reagan and others envision for it remains to be seen, for private organizations themselves will bear some of the burden of the scheduled cuts in federal outlays over the next two years. A recent study conducted by the Urban Institute deter-(Continued, page 19)

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On the Cover

The winter scene of the Colonial Parkway, linking Jamestown, Williamsburg and Yorktown, is courtesy of the Virginia State Travel Service. The parkway starts at the Visitor's Center on Jamestown Island and ends at the Yorktown Visitor's Center—passing near the door of the Williamsburg Information Center.

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VML Cohosts Reaganomics Seminar Wayne Anderson Reviews Federalism

Editor's Note: The VML cohosted a seminar on Financing Local Governments in the Era of Reaganomics in December. Wayne Anderson, Secretary for Administration and Finance, opened the conference with his remarks on the New Federalism. At the time, Anderson was Executive Director of the Advisory Commission on Intergovernmental Relations.

There is no doubt that we have seen a change in direction. However, except for less money, most Reagan Federalism objectives have not become specific action proposals. From a Washington perspective, let's review what we've seen and make some projections about where we're going.

The Budget Cuts

The Federalism has emerged primarily in the form of budget cuts and block grant proposals. What hasn't been fully appreciated yet is how very deep the budget cuts proposed over the next five budget years would be. Grants to state and local governments, other than those like AFDC that go to individuals, were scheduled to drop from \$57 billion in FY '80 to \$45 billion in FY '86. The National Governors' Association calculated that these cuts would represent a 55% reduction in purchasing power if annual inflation was 10%. Since that calculation was made, the federal budget and federal aid outlook has deteriorated further.

The Block Grants

Regarding the new block grants, the President recommended consolidating more than 90 categorical programs into seven block grants with a 25 percent reduction in total funding. The nine block grants which emerged from Congress in mid-summer, however, were vastly different from what the President had requested. Congress protected many categorical purposes by leaving them out of the block grants or by retaining earmarks and other requirements within the blocks.

The Reconciliation Act, as you know, created nine block grants by consolidating 67 categorical programs with total authorizations of \$7.596 billion for FY 1982. The nine functional areas involved are: maternal and child health care; health prevention and services; alcohol, drug abuse, and mental health; primary care (to take effect in 1983); social services; lowincome energy assistance; community services; education; and community development-nonentitlement programs. All nine block grants give somewhat more discretion to grant recipients, and the Administration did keep its regulations to a minimum.

"The federal government should turn over highways, education and AFDC to state and local governments."

Many intergovernmental analysts believe these nine block grants represent the beginning of an important trend. In the future, the states will be responsible for making program decisions involving the allocation of scarce resources among competing interests, for pinpointing intergovernmental issues which need study, and for resolving conflicts. As the number of federal dollars shrinks, state legislatures will need to review the limits they have placed on local governments' revenue-raising capacity, the fiscal impact of state mandates, and the need for greater local autonomy.

The Reagan Federalism, and particularly the block grants, has brought home the realization that we all must devote more energy to improving state-local relations. The National Governors' Association, the National Conference of State Legislatures, the International City Management Association, and some of the other public interest groups have launched new initiatives toward this end.

Revenue and Program Turnbacks

The turnback choices are numerous, the issues are complex and hard to reconcile, and the prospects are not yet predictable. In general, there are three revenue/tax turnback devices under discussion:

1. General Revenue Sharing, or some similar formula distribution;



Wayne Anderson

- 2. Tax sharing, by which we mean sharing all or a portion of the federal tobacco, liquor, gasoline, or income tax with state and local governments; or
- 3. Making "tax room" by cutting the federal income tax or repealing a part of the gasoline tax or some other excise tax so that the state and local governments could step in and "occupy" this tax room.

Coming to the maze of intertwined issues, many Reaganites ultimately want a system where the government that spends the money also raises the money by its own taxes. Governors, state legislators, and local officials, however, are most insistent about not raising their own taxes in the foreseeable future. At the same time, state and local officials, if they are to assume increased responsibilities, stress their need for reliable and permanent revenue turnbacks from the federal level. Then, coming from various quarters is concern about equity or the distribution pattern, which is another way of saying that any turnback package should not create too many big winners or losers if it is to be politically acceptable.

The signs and signals on what is likely to happen on revenue turnbacks are mixed. Richard Williamson and other White House figures have said repeatedly that the President wants a major revenue and program turnback package in the FY 1983 budget. When you talk turnbacks with some OMB or Treasury people, however, they quickly (Continued, page 16)

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Reaganomics Day Photos

Roanoke Councilmember Hamp Thomas presides.



Lt. Gov. Davis and Dolph Norton, Director of the Institute of Government, talk during lunch.



Norfolk Ledger-Star reporter Tim Wheeler interviews Stuart Connock (left).



Jack Stevenson of the United Virginia Bank (left) and Winchester City Manager Wendell Seldon.



Chesterfield Human Services Director Robert L. Masden and Henrico Director of Social Services Bettie Kienast.



Acting Budget Director Ray Sorrell (left), and former Secretary of Human Resources, Dr. Jean L. Harris (right).





Tax Commissioner William Forst

Forst's Remarks At Workshop

Following a study by the Department of Planning and Budget, block grants for funding constitutional offices may be created. In 1982-84 the State, if the bill is approved by the 1982 General Assembly, will block out specific amounts of money for those offices and local governments will know how much money can be expected from the State.

The timetable for the funds will be different. The funds will be transmitted on the 15th day of each month rather than the requiring local governments to file a reimbursement statement with the State at the first of each quarter.

The total amount of money is designed to track the level of tax revenue growth at the State. Whatever is approved by the compensation board in 1982 would be the base. It hasn't been determined what the cut-off would be. Revenue growth of 1983 would be added to that amount.

Any money not spent in the first year could be spent by the constitutional office in the second year of the budget. The bill contains language that the money would not revert back to the state's general fund but would remain under control of the constitutional office. This may change, though, during the session. The administration intends to submit the bill and the House Appropriations Committee has been wanting such a bill so it looks promising.

The property tax base is well and getting better, but how well does an assessor measure that property? One problem with assessments is the regression index, or better known as the index of inequality.

It is easier for an assessor to arrive at a more fair rate of standard housing rather than newer housing because the price of subdivision housing is rising at a faster rate than the housing in the core city. The standard housing doesn't change hands and it doesn't increase, so it is easier to assess it accurately. If we don't reach an accuracy level the same way for those out in the other areas, then those people in the central cities will be paying property taxes for the others.

Property tax assessors need to concentrate on accuracy. It's important to be updating the methods because folks on fixed incomes and limited incomes will be paying the property tax burden.

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> For additional information, please contact one of the following members of our Public Finance Division

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Appointments

R. Edwin Blair, Jr. was named Director of Norfolk's Department of Utilities. He joined the department in 1974 as a senior civil engineer and was promoted to principal civil engineer in 1976. He was named acting director in August of 1981. Blair holds a degree in civil engineering from Virginia Military Institute and is a registered professional engineer.

Gary B. O'Connell was named Assistant City Manager for Charlottesville. He holds a degree in government from Hampden-Sydney College and a masters in public administration from the University of Tennessee. He was serving as assistant city manager of Maryville, Tennessee when he was appointed to the post in Charlottesville.

Gary H. Post is the new Director of the Division of Employment Training in Alexandria's Department of Human Services. Mr. Post had been acting director of the Alexandria CETA program since April 1981 and prior to that he was assistant CETA director for administration.

Attorney General Gerald L. Baliles appointed William G. Broaddus as Chief Deputy for his office. Mr. Broaddus was serving as county attorney for Henrico County and had served as assistant attorney general for Virginia from 1970 to 1973. He also served as law clerk under Virginia Supreme Court Justice Harry L. Carrico. Mr. Broaddus is also a past president of Virginia's Local Government Attorneys Association and is a past state chairman of the National Institute of Municipal Law Officers.

Maston T. Jacks, Deputy City Attorney of Alexandria, was appointed Deputy Attorney General by Mr. Baliles.

Taking over as Commissioner of State Parks is Ronald D. Sutton, who has been assistant commissioner since 1972. Mr. Sutton has been with the State Parks system since 1966 when he was employed as a facilities engineer. He was chief of design and construction before becoming assistant commissioner.

William Jeter and Charles Christie to fill the vacancies left by the death of Embria Byrd and the resignation of David Johnston.

Francis Embrey was appointed to the Manassas Park City Council. Gene T. McKnight, a Galax City councilmember for more than 11 years, including two as mayor, submitted his resignation.

Honors

Town of Vienna Police Sergeant Joseph Tavares received a special award of appreciation from the Vienna Chamber of Commerce. Tavares joined the police department in 1962 and was chosen to head the department's community services division when it was organized in 1973. The division provides citizens with information and assistance in all areas of public safety and crime prevention.

Herndon Mayor Thomas Rust and Town Councilmembers recognized the Herndon Police Citizens Support Team for their major contributions to public safety and crime prevention.

Roanoke Councilmember Elizabeth Bowles was recognized as one of the five outstanding women in Southwest Virginia. She was selected from 60 nominees made by readers of the Roanoke Times & World-News.

Resignations

Alexandria Deputy City Manager James Randall resigned to take a new position in Berkeley, California. He began with the City as a graduate intern in 1969 and rose through the ranks as assistant city manager and then as deputy city manager two years ago.

VML Legislative Day

The League will sponsor its annual Legislative Day for local government officials on Wednesday, February 17, 1982 at the Holiday Inn, Downtown (301 West Franklin) in Richmond. The format has been changed this year with an information session scheduled for 2:00 p.m. to 5:00 p.m. and a reception from 5:00 p.m. to 6:30 p.m. Representatives from the Robb Administration will be at the afternoon session. As in the past, local officials are encouraged to invite their delegates and senators to dinner following the reception. The registration fee, which covers the cost of the workshop and reception, is \$10.00 per person. Contact Brad Harmes at 804/649-8471.

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Council Changes

The Port Royal Council named

Harrisonburg Electric Commission

Twenty-Five years and Growing

Can a municipal electric system survive in an expanding economy and, at one time, an active campaign to sell it? You bet it can, and, for proof, just take a look at the Harrisonburg Electric Commission (HEC). On January 1, 1982, the HEC was 25 years old.

After an active campaign to sell the system in 1956, the system was saved by a margin of 1,911 to 958 votes. The Virginia Electric & Power Company (VEPCO) offered the City Council something slightly in excess of \$2 million dollars for a badly depleted and run down electric system. The Council voted to sell their electric system subject to public referendum. Thus began a lively and sometimes bitter campaign between neighbors and, sometimes relatives, who differed on whether to sell or to save their electric system.

The future appeared dim to the electric department until a group of longtime citizens formed the "Citizens Group to Save the Electric System."

Headed by Earl H. Wetsel, a community leader, the group argued that selling the municipal electric system would result in higher taxes and higher electric rates. Contributions to the general fund would also help in keeping down real estate taxes.

After the vote to sell was defeated, City Council appointed an independent board of five individuals to serve on the new commission. The City Charter was amended and the Harrisonburg Electric Commission was created on January 1, 1957.

"Our problems were many in 1957," says Ken Frantz, the HEC's first and only General Manager. "One of the most important objectives of the HEC was a plan to modernize and rehabilitate the entire electric system. Other objectives which were planned included combining operations, revising electric rates and inventory valuation, testing meters, and improving public ralations and personnel programs. Once we had established our initial objectives, the HEC set out to accomplish what some said could not be done.'

The HEC is a success story because of those who believed it



could be done. Long hours and hard work has established what the HEC says is the best electric utility of its size in the country.

"Not only did we have a badly depleted electric system, we had a badly depleted financial condition," says General Manager Frantz. "We had a bank balance of \$17,000, a bonded debt of \$751,000, \$55,000 of which was payable within 15 days, a bill of \$33,000 for purchased power and over \$20,000 in other current liabilities. Our first six months of operation compelled us to operate on borrowed funds from local banks."

Today, the HEC has surpassed all expectations. The modern electric utility, that operates on a pay as you go attitude, is debt free and has a reserve capacity to double its present load size. The balance sheet shows a book balance of \$12 million on a system which was appraised at \$1.2 million when it was created. What really makes it worthwhile is that the system is paid for, thanks to the foresight of Ken Frantz and the commissioners.

In addition to expanding, modernizing and rehabilitating the electric system, the HEC has contributed \$8.9 million to the general fund of the City and \$724,349 in property taxes. This has been accomplished using electric rates either equal to or below the other electric utilities operating in the area.

The revenue from the sale of electricity has grown from \$904,099 in 1957 to \$10.4 million in 1981 and is projected to reach \$12 million by the end of 1982.

It became a success story because the Harrisonburg City Council created a commission completely free from the political arena. The general manager is charged with the everyday operation of the system and has the complete support of his commissioners. All monies, rates, expansions and budgeting are the responsibility of the HEC. The ordinance required that a five (5) percent contribution be made each budget year based on sales of electrical energy. The HEC has contributed an average of 11.75% during the past 25 years. This year \$750,000 will be contributed to the general fund. In addition, the HEC pays the City the same property tax that a private utility would pay operating in the City.

The City currently consists of six square miles and has been awarded an additional 11.5 square miles through annexation. Although the county has appealed the annexation court's decision, the HEC, through proper planning, is ready to begin serving the additional 2,000 customers, bringing the total customers to an estimated 10,000. HEC currently has a peak 52 MVA with 2,450 megawatt hour annual sales of electrical energy. All power requirements are purchased from VEPCO.

As stated previously, the HEC has worked hard to make it what it is today. HEC Chairman Robert F. Moss explains, "We have tried to make the HEC a branch of the city government of which the citizen

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owner can be proud. We provide them with an efficient service for less cost than they would receive if the system was privately owned."

"It has not been easy for management or the 35 employees. Proper planning and building of a system that has averaged something like a 10% growth for the first 25 years has been a challenge. We now have reserve capacity to handle our load requirements for many years into the future. Transmission lines (69KV) have been built to form a loop feed around Harrisonburg, providing reliability of service to the HEC customers," concludes Chairman Moss.

The City of Harrisonburg does have a right to be proud of their electric system. For a system that was almost abandoned, proper management, dedicated employees and the cooperation of the citizen owners proved that the HEC will continue to grow as they begin the next 25 years.

—Report by Gary Green, Comptroller of the Harrisonburg Electric Commission. Financing Public Power Requirements



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Let Washington hear it from you.

President Reagan's second year in office promises more of what the first year delivered—more spending cuts, more reliance on business, more uncertainty about the federal government's interest in cities.

It all adds up to less for your city and the people in it.

To balance the budget in fiscal year 1984, the president proposes another \$30 billion in cuts, most of them in domestic programs. Although general revenue sharing does not come up for renewal until 1983, it is among the most important programs and it is clearly threatened. At NLC's 1982 three-day Congressional-City Conference, you'll get detailed briefings on these and other legislative issues, the better to prepare you for the visits with your senators and representatives on the last day. Come! Help drive home the message from home:

City problems are the nation's problems. City concerns must be congressional concerns.

For full information write the Conference Registration Center, National League of Cities, 1301 Pennsylvania Avenue, NW, Washington, D.C., or call (202) 626-3200. All sessions at the Washington Hilton Hotel.

1982 Congressional-City Conference Washington, D.C. February 27-March 2, 1982 National League of Cities

Legal Guidelines

Keeping The Government From Bringing Petty Cases

By Howard W. Dobbins, General Counsel

On October 1, 1981, the Equal Access to Justice Act (Public Law 96-481, 11 U.S.C., Section 201 *et seq.*) became the law of the land. This statute, which will be tested for three years, is intended to discourage the federal government and its agencies from bringing frivolous or unwarranted cases by providing that if the federal agency loses a case, it is going to have to pick up the legal costs of the citizen winner unless it can prove it had good reason to bring the case.

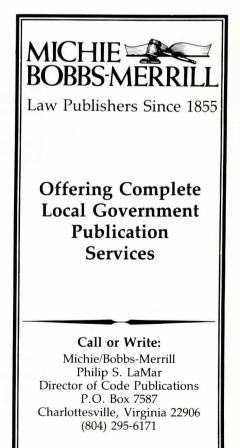
Congress determined that because of the greater resources and expertise of the federal government, the standard for the award of attorney's fees against the United States should be different in certain situations from the standard governing an award of fees against a private litigant. Under the new law. an agency that conducts an adversary adjudication is required to award, to a prevailing party other than the United States, fees and other expenses incurred by that party in connection with the proceeding unless the adjudicated officer of the agency finds that the position of the agency was substantially justified or that special circumstances make an award unjust. Except, in certain circumstances. attorney's fees are limited to \$75.00 an hour, but other expenss, infees of expert cluding the witnesses, may be recovered. This legislation is not intended to benefit the giant organizations or the very wealthy and is limited to individuals whose net worths are less than \$1 million or who are the sole owners of an unincorporated business with net worth of less than \$5 million.

During the congressional hearings relating to this legislation, most complaints centered on the IRS, the EPA and OSHA. It was estimated in the hearings that the government is losing about one out of five cases brought before the federal courts, and that under this law the government will have to pay costs in about 25% of the cases it loses. In hearings before agencies' administrative law judges, the government's losses are much higher, about 55%, and the estimates assume that the government would have to pay fees in about one-fourth of those lost cases amounting in all to an estimated amount of \$92 million in the first fiscal year that the law is in effect.

The idea behind the statute is not one which is limited to federal congressional thought and action. House Bill 1735 was introduced and passed by the 1981 Session of General Assembly (incorporated in the Code of Virginia as Section 9-6.14:21). It provides that in any civil case brought under the Virginia Administrative Process Act (Articles 4 and 5 of Chapters 1.1:1 of Title 9), in which any person contests any agency action as defined in Section 9-6.14:4, that such person shall be entitled to recover from the agency reasonable costs and attorney's fees if that person substantially prevails on the merits of the case and the agency is found to have acted unreasonably, unless special circumstances make an award unjust. Unlike the federal law, the Virginia statute is not limited to persons of lesser means and does not define what is reasonable for costs and attorney's fees.

Nor was House Bill 1735 the only legislation introduced in the 1981 General Assembly with respect to this issue. House Bill 680, which was not enacted into law, was much broader and would have entitled any person to recover costs and reasonable attorney's fees upon substantially prevailing on the merits of any civil case when defending against the enforcement of any law or regulation of the Commonwealth and any political subdivision within the Commonwealth, and any department, agency or institution of the Commonwealth or any political subdivision. This bill was considered to be so broad and inherently damaging to the local governments in the state that the Virginia Municipal League and other representatives of local government

vigorously resisted its passage and it was rejected by the General Assembly. However, if governmetnal agencies, and local governments for that matter, fail to be judicious and do not exercise reasonable restraint in the adoption and enforcement of ordinances and regulations, one may reasonably expect that the concept of reimbursement of expenses to a prevailing citizen litigant will be revived and perhaps enlarged by future General Assemblies.





Entries due by Monday, April 26

1982 Achievement Awards Program

Virginia Municipal League

Be a winner. Last year Marion, James City County, Fairfax City and York County were among the localities which carried home an award.

All member localities are eligible to enter but an entry cannot be shared by more than two localities and both localities have to be members of the VML.

Choosing an entry

Localities should select a program that has assisted its citizens or employees regardless of how simple it may seem compared with other previous award entries. Programs in employee training, transportation, recreation and solid waste, among others, are all eligible for an Achievement Award entry.

New services offered by localities are sources for award entries. Are informational brochures for senior citizens or recruitment campaigns for public safety personnel being used? Was a new format for council meetings created that made them more productive? Are department heads working together more closely because of a different approach to staff meetings? Award entries do not have to save money—they can save time and prevent headaches.

A main concern is whether the program has shown good results. If a new service is chosen for an entry, make sure enough time has evolved between the time the service goes into effect and the time of entering the program.

Preparing the entry

Each entry should be typed double spaced and should not exceed eight (8) pages. A cover page indicating the name of the project, category, locality and bearing the signature of the chief elected official is required. Black and white photographs, line art, renderings or newspaper clippings can be sent with the entry but cannot be larger than letter size. There must be three (3) copies of each entry and of all photographs, line art, etc. The entry should summarize the program's background, activities and results: what the program is; why the program was needed; what the program was set out to do; how the program was set up; how the program operates; what it costs; who benefited from the program; what the program has achieved and what the future is of the program. Keep the entry simple and clear.

Several of the entries are enclosed in notebooks or report covers. While this is a good practice, it is not mandatory.

A screening committee as well as the panel of judges will review the entries. Appearance, grammar, and good writing style are considered.

Categories

Twelve awards are available one for towns, and one for cities and counties in each of the six areas that parallel the VML policy committees. Localities may enter all six categories but may only have one entry in a given category.

The panel of judges has the authority to withhold an award in any category if no entry is exceptional. Below are the categories:

- Community Development (housing and urban renewal)
- Effective Government (budget, management, training programs)
- Environmental Quality (water quality, local planning and land use, energy use, solid waste management)
- Human Development (child care programs, health care, alcohol and mental health programs, recreational services, education, employment)
- Public Safety (court system, fire and rescue services, emergency preparedness, law enforcement)
- Transportation (streets and roads improvement, public transportation systems, bicycle ways, transportation of the handicapped)



Deadline

All entries must be postmarked on or before Monday, April 26, 1982. Unlike in past years, there is no application form but don't delay—start now selecting and preparing your entry.

Announcement

Winners are announced in September and awards are given at the League's Annual Conference, September 19-21 in Virginia Beach.

All entries become the property of the Virginia Municipal League.

Need more information? Call Charlotte Kingery, 804/649-8471.

What should you do when you're negotiating a public power financing and nineteen investment bankers are interested?

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capabilities, we were able to sell \$30 million worth of bonds, nearly 25% of the issue: 37% went to institutional investors and 63% to retail investors. This not only represented our efficient marketing capability, but also enabled us to broaden the ownership of the Supply System's debt.

BOND ALLOCATION. As Senior Managing Underwriter and leader in sales to final investors, Merrill Lynch was able to allocate bonds to make sure they were sold to investors rather than stocked as inventory by other syndicate members. This enhanced price stability in the secondary market and improved investor regard for the Supply System's bonds.

CAPITAL COMMITMENT. Merrill Lynch's capital strength, which is unequaled in the industry, came into play in two decisive instances. First, we bought for our own account \$17.6 million of an unsold long-term maturity for later distribution to final investors. Second, we undertook numerous trades with institutional investors to consummate the financing at favorable terms.

PREVIOUS MARKET SUP-PORT. More than any other investment banking firm, Merrill Lynch has supported the Supply System's bonds in both good and bad markets. During the twelve-month period following the Three Mile Island incident, Merrill Lynch traded \$154 million of the term bonds in the secondary market and sold \$257 million in the primary market in 1978 and 1979.

If you're in public power and need financing, call or write Roger E. Camp, Managing Director, Merrill Lynch White Weld Capital Markets Group, One Liberty Plaza, NY.C. 10080 (212) 637-2540.



Councils Beware: Decisions Must Be Made With Care

Davey Crockett made his motto, "Be always sure you're right—then go ahead."

These days, the Culpeper Town Council would probably amplify that to: "When you know you're right, be always sure it's legal—then go ahead."

In February, 1981, the Town of Culpeper paid a total of \$56,031.40 in damages, interest, and attorney's fees to the owner of an adult book store. The 24-year-old woman had sued after council rescinded her business license.

The council members felt then, during the trial, and still feel that what they did was right.

The night of April 22, 1980, when the mayor held a special meeting to consider the matter, more than 200 area residents attended determined to convince their elected officials to do what they also saw as right.

Over the weekend concerned citizens had circulated petitions protesting the proposed presence of such an "evil" enterprise within the town. Within just days of hearing about her plans, they had gathered some 1200 signatures. Among those attending the meeting were parents' groups, neighborhood coalitions, and the ministerial association. A spokesman told council, "If you act in the interest of the community, you will disappoint the book store proprietors, but you will retain the respect and esteem of those who live and rear their children in this community."

One councilman demurred momentarily. "How many of you are prepared to have your taxes go up to pay for it if we get sued?" he asked the crowd.

His question was received with applause and laughter. Moved by the emotions of the moment and the sincere belief that they were rightfully acting to protect com-

About the Author

Ms. May, a former county elected official in Michigan, is a Culpeper-based freelancer specializing in law and politics. She covered the *Hudnell* v. *Culpeper* trial in Alexandria for Culpeper Broadcasting Corporation.

by Michele May

munity moral standards, council voted one by one to rescind the license. Those present voted unanimously. The meeting adjourned after an hour.

The repercussions lasted far longer.

Charging that her civil rights were violated, the store owner prepared to go to court. She asked \$75,000 actual damages, \$300,000 punitive damages against the town, and \$5,000 additional damages to be paid personally by each of the eight council members who had voted to prevent her from opening her store.

At a jury trial in the Alexandria Federal District Court in October, the council members testified without remorse that they had voted to rescind the license and admitted candidly that if faced with the same decision, they would do it again.

"We thought we were doing what the people wanted," the mayor announced firmly from the witness stand.

Councilmen were relieved, however, when the bench ruled that they were immune from personal damages since they had been acting in an official capacity. While each had been questioned about personal net worth, they could not be assessed punitive damages.

As a body, they were not so fortunate.

U.S. District Judge D. Dortch Warriner instructed the jury that council had violated the book store owner's l4th amendment rights. She had been deprived of property without due process. Therefore there was no question that she was entitled to damages. The question before the jury was simply how much.

Due process, said the judge, would require advertising the purpose of the meeting in advance, offering both sides the chance to speak in a calm atmosphere, and a cool procedure of fact-finding and deliberate decision making on the part of the council.

Business licenses, he added, are for purposes of revenue, not regulation.

The jury found \$25,500 total damages. The citizens continued to support their officials. Undaunted, those who had circulated petitions began to take up a collection to help defray the cost.

In February, the check to the store owner was authorized during a regular monthly council meeting.

That was shortly after Judge Warriner reaffirmed punitive damages and also found the town liable for their adversary's lawyers' fees of \$30,330.03.

It is a landmark case in a trend toward increasing punitive damages being assessed against local governments. Elected officials everywhere are being called upon to pay the consequences for their decisions. Culpeper's experience is a lesson for other councils.



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(Anderson, from page 4)

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counter that there's just no money for a revenue turnback. When you point out that a revenue turnback need have no net cost to the federal budget if equal or greater program responsibilities are turned back with the revenue, they are apt to say that there's no room for anything but cuts.

Regulatory Relief

Reducing the regulatory burdens that come with federal aid is the primary way that the Reagan Administration is striving to help state and local recipients. The newly released report from the President entitled Federalism: The First Ten Months devotes considerable attention to their regulatory relief objectives and achievements.

The Presidential Task Force on Regulatory Relief, chaired by Vice President Bush, is hard at work. Their solicitation for suggestions on regulatory reform generated requests from state and local governments for changes in over 500 federal regulations. The Task Force has announced about 60 actions to relax regulations affecting states and cities, including the burdensome Section 504 handicapped improvement requirements, the bilingual education and affirmative action requirements, and the Davis-Bacon prevailing wage requirements.

They are proceeding under Executive Order 12291, signed by President Reagan last February, which requires that all proposed regulations and regulatory changes be submitted to OMB for review before publication, and also requires a cost-benefit analysis on any regulation costing over \$100 million.

ACIR's attention has focused on the 37 crosscutting requirements that carry out social and economic objectives established by Congress. Each has a justification, but those of lower priority or that can be relatively well satisfied by nonregulatory federal, state, or local efforts should be pruned. An Urban Institute study for the Joint Economic Committee found in seven test cities that just five of these regulations were costing \$25 per capita per year, the same amount those jurisdictions were receiving in General Revenue Sharing. The five

regulations were the Clean Water. Transit Accessibility, Unemployment Compensation for state and local employees, Education for All Handicapped Children, and Bilingual Education requirements.

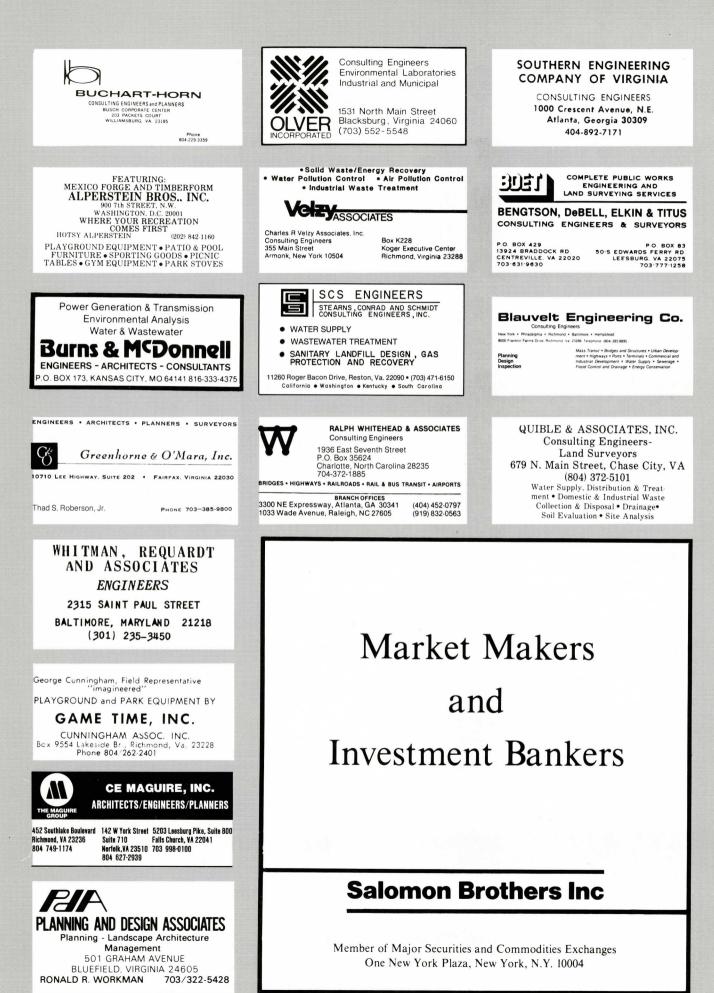
It is very important to recognize that, if the federal government does not cut back on regulations, it will not have significantly decongested the federal system or decentralized decision-making. If they only cut back on the number of programs through block grants and terminations, the crosscutting regulations will be transported on fewer vehicles but will still reach and control virtually all of the same recipients.

"Local officials appear to be falling back in their push for less federal regs."

Working Among the 3 Layers

I have several observations on Reagan Federalism.

The President has strong, long held convictions about pushing power and resources out of Washington. (Continued, page 18)



VIRGINIA TOWN AND CITY

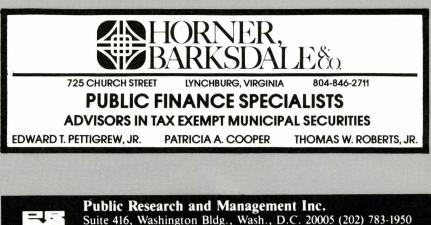
(Anderson, from page 16)

In the past, every president has talked about decentralizing power and resources, but the seduction of directing the nation from Washington or mounting programs for particular needs considered to be national has always led to a net increase in centralization. President Reagan may achieve the first net reduction if the severe budget and economic pinch does not cause him to back burner federalism actions until he has lost the command he needs to see them through.

Federal aid cuts must be easier to contemplate once you have no intention of substituting local dollars. At least this is what I gather from the reports I see on what officials in many communities are deciding. If so, federally-aided social, health, education, and community services in operation for a decade or more, now fully equipped with clientele, employee, and support groups, will dwindle or disappear.

The budget cuts and new block grants are training the spotlight on political dynamics within the state orbits. Social service, health, education, and other interest groups fear they will lose out badly in the contest for funds in the state-local arena. They are not greatly reassured when it is pointed out that state legislatures and political groups and alignments have changed dramatically during the past 20 years due to the one-man, one-vote reapportionments. legislative reforms, the open government, campaign financing, and citizen participation changes, and all of the machinery put in place by the federal aid programs. Which groups will have the muscle to cope? Complicating the equation is the fact that there's less total money to divide.

I fear that the constituency for decentralizing power and resources to state and local governments is not large, strong, and committed, and I fear it is no match for the special interests and other centralizing forces. Most disappointing to me is that state and local officials, who consistently rail against Washington's dominance, appear to already be falling back in their pushing for the sorting out of programs and resources and cutting back of federal regulations. Instead, the push will probably center on maintaining federal aid. The current financial stress, understandably but disappointingly may crowd out the fundamental decongestion of our federal system that we sorely need.



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Feedback Program

The City and County of San Francisco, California instituted a program, City Feedback, which allows employees to anonymously present comments, questions and suggestions to supervisors and department managers, who are thus made aware of the general concerns and needs of their work force. Two large diverse departments, the airport and department of public works, have operated the program since September 1980 and two more departments, the sheriffs' department and the department of public health are implementing the program. For information, contact Margaret Kisliuk, Mayor's Office, Room 168, City Hall, San Francisco, 94102. (League of California Cities)

Can't Pay? Volunteer

Alternate payment of medical bills is an idea conceived by Dr. Martha Walke of Abilene, Texas to ease the way for patients with financial hardship.

She sends letters to patients who have overdue bills of \$50 or more, inviting them to settle their accounts by doing volunteer work in an arrangement with the volunteer clearinghouse of Abilene. The client - volunteers are matched with appropriate jobs, and their accounts are reduced at the rate of \$3.50 per hour. The program is working so well that some people continue their volunteer service long after their medical service bills are paid in full.

Share Training

The ICMA Training Institute recently conducted a seminar on employee motivation for 24 department and division heads from two neighboring Nebraska towns-Scottsbluff and Gering. The program, based on ICMA's Employee Motivation Package, was the first time ICMA had conducted an onsite motivational program involving key staff from neighboring towns. The approach helped broaden the perspective of the participants and strengthened relations between the two towns. For information about the Scottsbluff-Gering program, contact Christine Becker at 202/828-3623. (ICMA Newsletter)

Lions Donate Training Funds

The Lions Club of Arlington County presented a \$1,450 contribution to the Arlington County Board to continue the training of visually handicapped persons in the use of the recently purchased Kurzweil reading machine located at the central library.

This is a good example of community help. First the Lions help buy the machine. Arlington couldn't afford to train all the people who wanted to learn how to use it, they donated more funds.

Recycling Old Buses

Fed up with the high cost and low quality of new buses, Metro is considering plans to save millions of dollars by refurbishing six hundred old buses that were going to be taken out of service. Rather than spending \$150,000 per new bus, the Metro staff has asked the board of directors to reconsider spending between \$60,000 and \$70,000 to renovate old buses nearing the end of their expected service period. All indications are that the Metro board will approve the idea.

Revitalizing Fredericksburg

The planting of trees in Fredericksburg symbolizes the beginning of an effort to revitalize a deteriorating neighborhood.

About thirty of the trees were planted in a block area near the Walker-Grant Middle School. The tree plantings are only part of a revitalization effort that will include curb and cutter work, litter clean up and home renovations through low interest loans. The Walker-Grant rehabilitation project is being carried out at the same time as a major project to install brick sidewalks and colonial-style lamps in the downtown business district.

The council budgeted \$48,000 this year and has asked staff to allot at least \$20,000 next year for the rehabilitation effort. Fredericksburg has also taken advantage of federal grant and loan programs to induce residents to improve their homes.

(Commentary, from page 2)

mined that one-fifth, or \$27 billion, of the spending reductions in fiscal years 1981–1984 will come directly from the operating budgets of philanthropic and voluntary organizations. Since total charitable giving, adjusted for inflation, has remained constant for the past five years, leaders from the voluntary sector wonder whether private organizations can make up for this loss of federal funds, let alone expand their operations.

Clearly, the scope of recent federal budget cuts presents a challenge that the voluntary sector cannot face alone. The degree of commitment, then, with which government officials pursue policies to promote voluntarism may well determine whether or not voluntarism can "soften the blow" of federal budget cuts to social services.



VML Legislative Day, February 17, 1982, Holiday Inn Downtown, Richmond.

Mid-Winter Meeting of the State Fire Chiefs Association of Virginia, February 20-21, 1982, Holiday Inn, Ashland.

National League of Cities Congressional-City Conference, February 27-March 2, 1982, Washington Hilton, Washington, D.C.

Virginia Section, International City Management Association Annual Conference, April 28-April 30, 1982, The Homestead.

Media Conference for Local Officials, June 11, 1982.

Municipal Electric Power Association of Virginia Annual Conference, June 2-4, 1982, Holiday Inn 39th Street, Virginia Beach.

State Fire Chiefs Association of Virginia Annual Conference, July 14–18, 1982, Springfield Hilton, Fairfax County.

Virginia Association of Chiefs of Police Annual Conference, August 22–25, 1982, Blacksburg Marriott, Blacksburg.

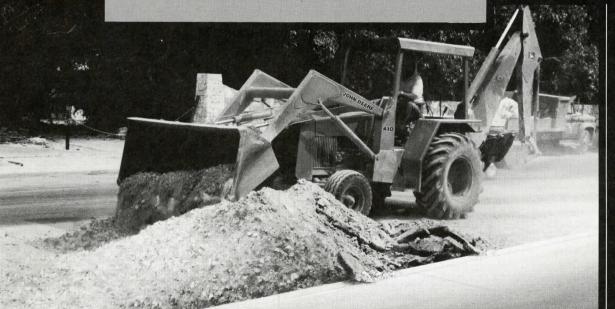
Virginia Building Officials Association Annual Conference, October 10–13, 1982, Sheraton Inn, Harrisonburg.

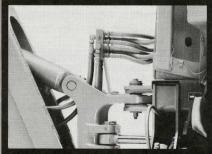
Virginia Municipal League Annual Conference, September 19-21, 1982, The Pavilion, Virginia Beach.

THE CONDITIONS: **PUNISHING** THE BACKHOE: **JOHN DEERE**

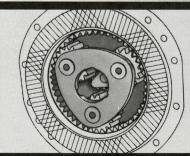
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