Virginia Town & City

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Number 6

INFRASTRUCTURE: Is There a Crisis?

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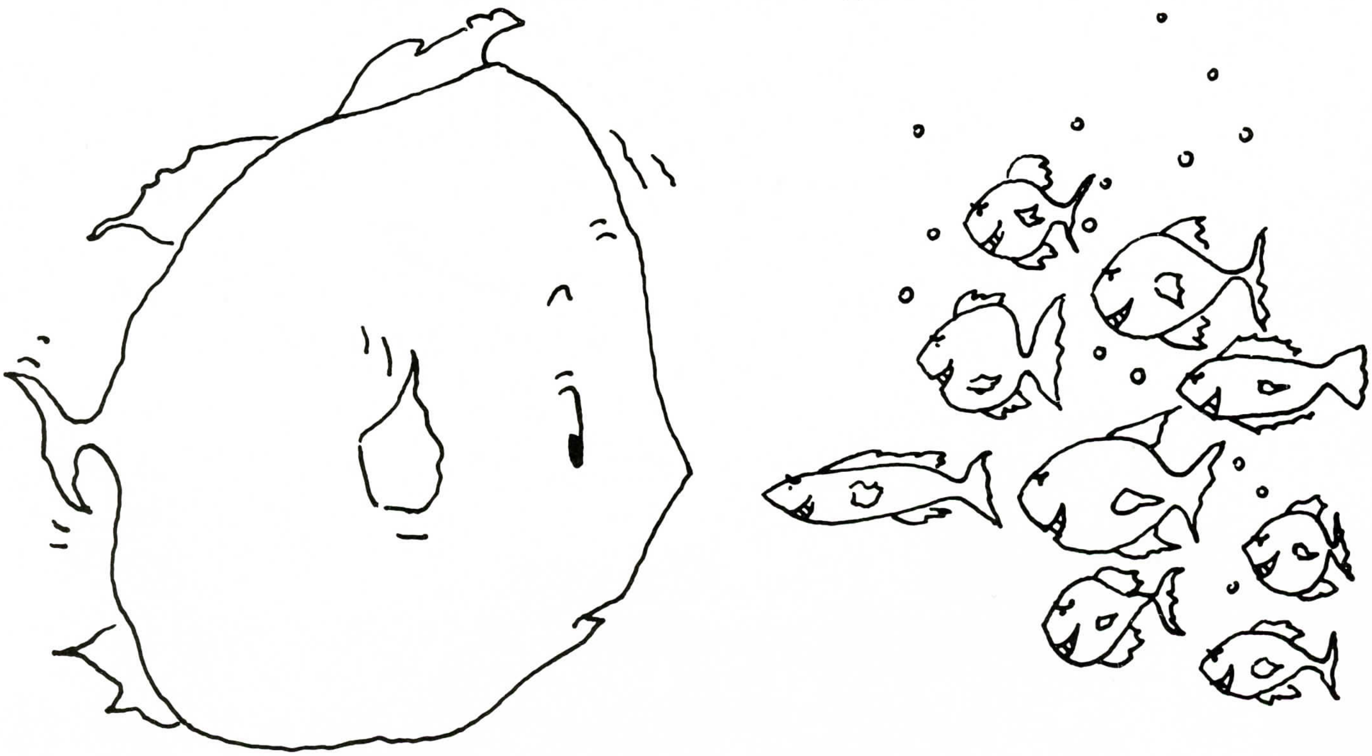

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On the Cover
Infrastructure is defined as our basic transportation, water and sewer systems, but can also include most public buildings. Much national media has focused on "the infrastructure crisis." Richard E. Hickman believes infrastructure is not a "crisis" in Virginia, and Arthur J. Kalita believes that traditional as well as innovative financing can be used to fund our needs. Read their stories in this issue of Virginia Town & City. *(Cover photo courtesy of Virginia Department of Highways and Transportation.)*

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Commentary

By Mary Jo Fields

Funding Constitutional Officers

Most cities and counties have five elected executive officers: the commissioner of revenue, the treasurer, the sheriff, the commonwealth's attorney and the circuit court clerk. These officers are known as constitutional officers because their positions are provided for by the Virginia Constitution. Several cities and counties share one or more of these officers, and in some localities an appointed director of finance has replaced the two elective offices of commissioner and treasurer.

While elected locally, constitutional officers are in part state officials and in part local officials. The proportion of state duties performed by the officers varies from officer to officer and from locality to locality.

Cities and counties share with the commonwealth the responsibility for funding the salaries and expenses of constitutional officers and their employees, except for the court clerk whose office is funded primarily by fees. By state law, the commonwealth is to provide full funding for the approved salaries and expenses of the sheriffs' and commonwealth's attorneys' offices. State funding thus covers the salaries of deputies and employees of these two offices as well. As a practical matter, however, 100 percent funding of approved expenses does not amount to 100 percent funding of actual expenses.

With certain exceptions, the state, again by statute, pays half of the salaries and operating expenses and one-third of the capital expenses of the offices of commissioner and treasurer. Effective July 1, 1984, cities and counties will be required to pay group life, health and accident insurance benefits for constitutional officers and their employees to the extent that the localities pay these benefits for their other employees. Exemptions do exist, however, for constitutional officers covered under a state program. Cities and counties also must furnish office space and various equipment and supplies.

Even though other states have similar elected officials, Virginia is unique both in the extent of state support provided constitutional officers and in the mechanism for distributing those funds. At the heart of the funding system in Virginia is the State Compensation Board which consists of a chairman, appointed by the governor, and the auditor of public accounts and state tax commissioner who serve as ex-officio members.

The salaries of constitutional officers are set by state law in the Appropriations Act, but the Compensation Board is responsible for determining the salaries of employees and the expenses of the officers. (The salaries of sheriffs' deputies are set by statutory and administrative guidelines.)

The procedure that the State Compensation Board follows in determining salaries and expenses requires the constitutional officers to file salary and expense report forms with both their city or county and the board. After hearings, the Compensation Board sets the salaries and expenses. If the officers are not satisfied with the decision, the council, board of supervisors or the constitutional officers then can try to negotiate this amount with the board.

If negotiation is unsuccessful, the council or board of supervisors can appeal the decision. The appeal takes the form of a hearing by the board, which is enlarged to include two members of the governing body making the appeal. A second appeal route is to a special three-judge circuit court. The decision of the court is final.

Various problems exist with the funding process for constitutional officers. The Compensation Board operates with a very small staff and has little opportunity to exercise oversight of the state funds it administers. Cities and counties must appropriate funds to support the local offices, yet the governing bodies have little, if any, authority to control the operations of the offices. In addition, constitutional officers are required to carry out a number of state and local duties, sometimes without adequate financial support.

At least four proposals to address these problems have been made. The Compensation Board could be more heavily staffed, enabling it to supervise more closely the work of the constitutional officers. Second, the oversight function could be parceled out to various other state agencies. Sheriffs might be monitored by the Virginia Department of Criminal Justice Services, clerks and commonwealth's attorneys by the judicial system and the office of the attorney general, the treasurers and commissioners by the Department of Taxation. Third, the state could adopt a block grant approach to funding, an approach that was defeated in the 1982 session of the General Assembly. Fourth, cities and counties could assume full funding and authority over the offices.

Each of these proposals runs counter to the established interests of either the state, the local governing bodies or the constitutional officers. These types of major long-term reforms, therefore, would have difficulty in getting through the General Assembly. Other less dramatic reforms, however, could be made without severely dislocating the present system.

One procedural problem is that the Compensation Board's decisions sometimes are not available until June, only one month before the start of the fiscal year. The timing of the decision contributes to budgeting difficulties for managers and councils. A possible solution is to require that the board's decision-making timetable be accelerated to better mesh with the local budgeting process.

In addition, the Compensation Board does not have clearly stated guidelines that govern the allocation of funds, and this contributes to administrative problems. Some guidelines are contained in state law, but for the most part the board uses internal "rules of thumb" to govern distribution of funds. The absence of articulated standards contributes further to difficulties in local budgetary planning. One solution to this problem would be for the board to adopt clear and detailed guidelines to be distributed to constitutional officers and local governing bodies.

In a broader sense, state funding for local constitutional officers is more a method of distributing state aid to local governments than it is a means of reimbursing local officials for the performance of state duties. The proportion of costs paid by the state has little to do with the proportion of state duties performed. The issue of funding for constitutional officers, therefore, might best be studied in the overall context of state-local fiscal relations.

About the Author

Mary Jo Fields is a research analyst for the University of Virginia's Institute of Government. She also serves as a staff associate for the Governor's Commission on Virginia's Future.

Carryover Legislation
Its Uses and a Review

By Ellen S. Posivach

Bills introduced during the first year of a biennium may be carried over and acted upon in the second year of the biennium and are therefore referred to as carryover bills. The 1985 session of the General Assembly will be the first session since 1981 to have authority to act on carryover legislation.

While the General Assembly has traditionally used the carryover process during the first year of each biennium, Article IV, Section 7 of the Virginia Constitution limits this authority to concurrent sessions during the two-year term for which members of the House of Delegates are elected. The recent state reapportionment with its ensuing judicial ramifications resulted in annual elections of House members in 1981, 1982 and 1983; consequently, bills introduced during the 1982 session could not be acted on during the 1983 session since the House term of office had only been one year.

The actual carryover process is delineated in the Rules of the House and the Rules of the Senate. House Rule 24(a) and Senate Rule 20(e) while differing slightly in wording essentially describe the same carryover process. According to these, a bill may be carried over at several stages during the legislative process.

The first stage of the legislative process where a bill may be carried over is in committee. Any bill or resolution introduced in an even-numbered year and not reported by the committee may be continued on the committee's agenda for hearings and committee action between sessions or for future committee action during the following odd-numbered year regular session. A bill or resolution may be continued only one year from an even-numbered year session.

The second stage of the legislative process where a bill may be carried over is before the full House or Senate. Either House or Senate may re-refer the bill to the committee from which it was reported and direct the committee to continue the bill or resolution until the following odd-numbered year session.

The chairman of the committee, or the majority of the membership of the committee, may call meetings and hold hearings on carryover bills between sessions.

It should be noted that whether the carryover determination is made by the committee or directed by the full House or Senate, a bill is always carried over at the committee level.

The carryover process is an interesting tool used by members of the General Assembly for a variety of reasons. Bills are frequently carried over because they are believed to be in need of "further study." "Further study" has a host of meanings ranging from the obvious, the committee needs to further investigate the cost or impact of enactment, to the subtle, the committee needs more time to find a way to kill an unpalatable bill.

Bills are also carried over as a courtesy to the patron. Carry over bills in this category frequently belong to highly regarded legislators and are often fiscally, politically or socially controversial bills. The carryover process provides the patron more time to work with committee members between sessions. Should the patron not meet with success, he or she can usually count on the committee to quietly act on the bill, killing it early in the next session. The time lag between introduction and action usually assures the patron (or the committee, depending on public perception) less negative visibility than if the bill is killed when public awareness and media coverage is at its peak, which is usually during the session in which the bill is introduced.

While all bills are given serious attention by the General Assembly, on the matter of carryover bills and studies all is not always as it appears. The key to success is to know the history of a bill or study as it first travels through the legislative process. Knowledge of the opponents and proponents as well as of fiscal and political impact often reveal the true reason a bill or study is carried over. This allows targeting of efforts on those bills or studies which will receive weighty attention by the committee.

Following is a review of a few carryover bills and current studies targeted by the Virginia Municipal League.

Studies

HJR 145. *Restriction on the Use of Local Government Work Forces on Construction Projects.* This marks the third consecutive year that the General Assembly has studied this subject. The auditor of public accounts is collecting local government data on this subject and will present his findings to the joint subcommittee in a meeting tentatively scheduled for December 1984.

SJR 20. *Highway Program Funding.* This joint subcommittee will review the JLARC Highway Transportation Funding Study completed in January 1984. The subcommittee is scheduled to report its recommendations Oct. 1, 1984; however, due to delay in the appointment of House committee members, the subcommittee report will probably be later than the scheduled date.

House Document No. 15, 1984 Session. *JLARC Report, State Mandates on Local Government and Local Fiscal Stress.* This study is being reviewed by a JLARC subcommittee. VML will act to draw more attention to the findings of this study during 1984.

HJR 151. *Public Assistance Programs, Costs to Localities.* The joint subcommittee will review local welfare administrative costs and will make an effort to reduce costs by reducing state mandates. This study could have a significant fiscal impact on local welfare dollars if funding cuts are recommended without a commensurate reduction in state mandates.

SJR 5. *Rolling Stock Tax.* This joint subcommittee study was continued for an additional year by the 1984 General Assembly. It is probable that the subcommittee will recommend an overhaul to this tax law which has remained relatively unchanged since 1919.

Carried Over Bills

HB 941. *(House Appropriations Committee)* Mandated 10 percent salary increase for all certified school instructional personnel with local governments required to pick up the cost not funded by the state.

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Infrastructure is not a crisis in Virginia. However, many essential public works projects cannot be funded. The key issue is how to set priorities.

By Richard E. Hickman

It was inevitable. Infrastructure has become the "buzz word" for public works in the 1980s. Like the aging of the population, a phrase used to describe demographic changes and resulting shifts in social needs, infrastructure expresses the aging of public capital facilities necessary for the smooth functioning of society.

Most state and local officials define infrastructure as our basic transportation, water, and sewer systems. In broader terms, infrastructure may also include most, if not all, public buildings — schools, colleges, hospitals, prisons and jails. Power generation and transmission networks, dams, inland waterways and airports can be included as well. The list seems endless. Most are the traditional responsibilities of government usually addressed in capital outlay budgets of federal agencies, state highway commissions or local public works and public utilities departments.

The current national focus on infrastructure reflects a growing awareness that many of these basic public works have deteriorated to the point that essential services have been disrupted. The backlog of maintenance, repair and new construction projects serves as a signal that this generation of consumers is placing a growing financial burden on future taxpayers to undertake improvements that should be in place today. A number of recent reports have elevated this concern to the level of a national crisis. A recent study of the Joint Economic Committee of Congress estimated $1.157 trillion in needed expenditures for infrastructure by the year 2000.[1] In Virginia, currently available needs assessments would probably include $20 billion in highway, water, and sewer projects by the end of the century.

However, with some exceptions where public health and safety are clearly at risk, America's infrastructure has not yet reached the crisis point. The principal contribution of most of the national reports has been to inform the public as to the extent of the problem. Evidence is already accumulating that states and localities, working within traditional financing mechanisms, are taking steps to address the most essential needs. The recent approval by voters in New York State of a $1.25 billion infrastructure bond issue and the creation of new bond banks in several states confirms that the public understands the importance of increased investment for infrastructure.

About the Author

Richard E. Hickman has been a senior analyst with the Senate Finance Committee of the Virginia General Assembly since 1979. He provides staff support to the subcommittees on capital outlay, public safety and human resources. Prior to 1979, he was director of program development for the American Society of Public Administration (ASPA) in Washington, DC, and was an analyst with Virginia's Joint Legislative Audit and Review Commission. He received his bachelor's degree in urban and regional planning from the University of Virginia in 1973 and a master's in public administration from the Maxwell School at Syracuse University in 1974. He is a past president of the Virginia Chapter of ASPA and currently chairs the national ASPA section on budgeting and financial management.

Efforts in Virginia

Virginia's approach to meeting infrastructure needs is fairly traditional, reflecting a fiscally conservative approach to government. Most observers would also agree the condition of Virginia's infrastructure is fundamentally sound. Public works in Virginia are not crumbling, debt policies are reasonable and planning for future needs is fairly well integrated with the budget process. Virginia is fortunate compared to other states, but the volatility of the municipal bond market in recent years and high interest rates have forced many cities to defer needed improvements. As a result, the backlog of capital needs facing municipalities in Virginia is very real. For example:

- In Roanoke, City Manager Bern Ewert has established a goal of committing 10 percent of the general fund to capital needs. The general fund budget for 1985 is $103 million, so $2.5 million in general funds and $7.5 million in bond proceeds are to be pledged to capital improvements. Competition for these funds, however, is keen. A list of well over $50 million in needed projects has been compiled, including airport improvements and storm drain repairs.

- In Norfolk, City Manager Julian Hirst points out the city has dealt "consistently and fairly well" with infrastructure needs through an annual maintenance program. Most streets, buildings and pipelines are in good repair, according to Hirst. However, specific problems include deterioration of buildings constructed in the 1960s with federal funds; public school buildings, many of which require extensive renovation; the maintenance of city streets; and bridge repair — especially important in Norfolk, a water-oriented city.

  Hirst also feels additional funds are needed for water supply. The present utility system is in good condition, but additional storage tanks are needed as well as residential lines to support new in-town development. Likewise, the public sewer system, operated by Hampton Roads Sanitation District, is rated "7 out of 10 insofar as physical repair is concerned," according to Hirst, who noted an on-going replacement program was underway. Norfolk's capital program of $10.2 million in 1984 was funded from general obligation bonds ($6 million), sale of land ($1.3 million) and utility revenues ($2.0 million). An on-going project ranking system was used to select the $10 million in top priority needs from a total of more than $100 million in requests. Many of the top projects relate to Norfolk's capital commitments to the waterfront.

- In Richmond, newly-appointed Budget Director Jack Berry emphasizes the city's efforts "to put the brakes on local debt" during the past two years. Richmond's debt service in 1982-83 reached $26.3 million, or 10.8 percent of the total budget. Responding to this concern, city council adopted a comprehensive debt policy: faster payback of city bonds with a 15-year maturity on most issues, a cap of $15 million on the capital budget, a 10 percent cash paydown if new bond authority exceeds $10 million a year (this provision was not met this year), and financing of utility projects with revenue bonds instead of general obligation debt. Reaction to the debt policy has been favorable. Debt service has leveled off at $26 million for 1985, declining to 9.4 percent of the budget, according to Berry, who was responsible for putting together the city's capital budget before his appointment as budget director.

  In the future, Berry expects the city will have to incur additional debt to meet a backlog of essential needs for streets, bridges and sewers. For 1985, Richmond's capital program will be limited to $9.9 million in general funds, including $500,000 for street repair, $1.3 million for replacement of the Lee Bridge and $4.1 million for a new middle school. Revenue bonds will be used to finance a $17.2 million capital budget for utilities.

Local officials in cities like Roanoke, Norfolk and Richmond are well aware of the long-term decline in investment in public capital facilities. For all cities in Virginia, capital outlay expenditures as a percentage of total appropriations dropped from 19 percent in 1967 to only 13 percent in 1980.[2] This trend mirrors the national experience. In 1980, federal, state and local governments spent $70 billion on non-defense capital projects, or about 2.3 percent of GNP. In 1965, the capital investment rate was more than 5 percent of GNP. From 1960 to 1980 capital expenditures declined to 15 percent from 27 percent of total state and local expenditures.[3]

A recent report by the U.S. Advisory Commission on Intergovernmental Relations (ACIR) analyzed previously unpublished data on new public capital investment from 1946 to 1982. ACIR found that capital investment (purchases and construction of structures and fixed equipment in 1972 dollars) rose quickly from $106 per capita in 1950 to a high of $207 in 1968. By 1982 capital investment had declined to $120 per capita.[4]

Needs Assessments

At the statewide level, information is already available to define Virginia's infrastructure needs. A list could easily include $20 billion in capital improvements in the next two decades — $1 billion a year, or about $200 per capita each year.

- For highway construction the Joint Legislative Audit and Review Commission (JLARC) staff has validated an earlier estimate by the Department of Highways and Transportation (DHT). This estimate of construction needs is $16.3 billion from 1982-2005, not including highway maintenance or public transportation. Maintenance needs are estimated at $2 billion through the year 2000.

- For water supply systems, the state Department of Health conducted a survey for the State Water Study Commission and concluded $1.75 billion was needed through the year 2000.
- For sewage treatment, the State Water Control Board estimates capital needs at $2.1 billion through the year 2000.

Many of these projects cannot be funded. The key issue will be how to set priorities. This will require a better understanding of overall statewide needs as well as recognition of practical resource limits.

Highway Maintenance and Construction

Maintenance and construction of highways is the largest single infrastructure issue facing Virginia. With more than 60,000 miles of highways and roads, Virginia is one of three states, including North Carolina and Texas, which maintain county roads. Arlington and Henrico counties are exceptions; since 1983 they have opted to receive a separate state allocation to maintain their own roads.

As Bill Landsidle, deputy secretary of transportation, sees it, the $16.3 billion construction estimate is accurate, but the total figure cannot be funded. Many projects involve four-laning existing roads, constructing new by-passes and replacing bridges. The need for these projects is based on factors such as traffic demands, capacity, safety and roadway and bridge condition data — without regard to the availability of funds.

"There are enormous unmet needs out there, but it's easier to set the figure than to set priorities and fund projects. The overall needs assessment is important only to express the order of magnitude, to come to grips with the problem," said Landsidle.

Despite the need for additional expenditures, the condition of Virginia's highways and other transportation facilities is basically sound.

"Infrastructure is not a crisis in Virginia in terms of crumbling public works," says Landsidle. "The existing systems — highways, bridges, transit, airports and ports — are well-maintained."

Virginia's highways are probably in better condition than those of most other states because Virginia has always placed a high priority on maintenance as well as construction. The highway allocation formula requires that maintenance be funded before new construction projects are considered.

Meeting new construction needs has become much more difficult in recent years. By the late 1970s, state highway departments across the nation recognized the automatic escalation of gas tax revenues was ending. In response to the 1973 oil embargo and the subsequent rise in oil prices, Americans were buying smaller cars and driving less. At the same time maintenance costs were increasing rapidly, especially since resurfacing roads required large amounts of oil. In 1980 the General Assembly agreed to raise Virginia's gasoline tax to 11 cents per gallon from 9 cents per gallon. At the same time the legislature directed JLARC to undertake a major review of highway needs, finance, allocations and operations. Landsidle, then a division chief at JLARC, was put in charge of the project, an assignment which led to his appointment as deputy secretary two years later.

By 1982, the need for further increases in highway revenues was apparent, and the General Assembly adopted House Bill 532 which included a 3 percent oil franchise tax as well as 25 percent increase in vehicle registration fees and other measures. The 1982 Appropriations Act also directed JLARC to continue its studies of highway finance. An exposure draft was printed as House Document 11 of 1984. Among major staff recommendations were (a) adjusting the proportion of funds allocated to primary, secondary and urban systems to one-third each; (b) increasing urban assistance payments to levels comparable to those provided to counties; (c) making technical adjustments to allocation formulas; (d) establishing a new bridge replacement fund (e) and increasing the allocation for unpaved roads. Generally speaking, adoption of these recommendations would be beneficial to Virginia's cities.

The 1984 General Assembly did not act on these recommendations. Instead, a joint subcommittee was created pursuant to Senate Joint Resolution 20 to review the JLARC report, so highway allocations will be a major political issue facing the 1985 General Assembly. At the same time, with limited state funds localities will probably have to increase their own contributions to obtain desired projects. Revenue bonds for this purpose are already under consideration in some localities.

Bridges

There are 19,809 bridges in Virginia, including 13,287 more than 20 feet long. Most are in good shape. In fact, Virginia ranks 30th among all states in the proportion of all bridges which are considered deficient. One reason is that Virginia has had an ongoing bridge inspection program since 1970. A total of 55 inspectors check each bridge at least every two years.

"We don't have any unsafe bridges in Virginia," according to Jack Hodge, assistant chief engineer at DHT. "We do have bridges whose capacity has been reduced for safety."

Bridges with posted weight limits are inspected annually.

Intense local publicity was generated last year following disclosure that the Interstate 95 bridge across the James River at Richmond needed repairs. According to Hodge, the fact that repairs are necessary does not make the bridge structurally deficient. Corrosion was discovered in the reinforcing steel within the pier cap, the horizontal concrete beam which supports the roadway. By inducing an electric current in the reinforcing steel, the department can prevent further rusting. Repairs are expected to begin soon.

In order to set realistic priorities for bridge replacement and repair, the definition of deficient may have to be revised. Under current federal standards, bridges may be considered deficient if they are "functionally obsolete." For example, in 1983 all bridges less than 200 feet wide were listed as "functionally obsolete" for the first time, so the number of deficient bridges rose to 4,279 from 2,700. Very few of these can be considered "structurally unsound."

DHT is developing a computerized program to rank all bridges according to several factors in addition to whether the bridge is too narrow.

"We want to be sure we're replacing the worst bridges that serve the most people and create the biggest problems," Hodge said.

If the General Assembly adopts the JLARC recommendation for a separate bridge replacement fund, the system will be automated by next year.

Bridge replacement is expensive. The new James River Bridge linking Newport News and Isle of Wight County, completed in 1982, cost $90 million, including acquisition of right-of-way, the roadway and the structure itself. The Campostella Bridge replacement in Norfolk, currently out for bid, will cost $24 million, while the replacement of the Robert E. Lee Bridge in Richmond will cost more than $70 million.

Other projects in the preliminary stages include replacement of the Williams Viaduct in Lynchburg and the Monroe Street Bridge over the railroad yards in Alexandria.

Water and Sewer

Virginia is a water-rich state with nine river basins totalling more than 27,000 miles of streams and more than 500 square miles of coastal wetlands and embayments. From 1971 through 1981, a total of $1.165 billion was spent on design, construction, expansion and upgrading of municipal sewage treatment plants in Virginia. The federal government paid 75 percent of the cost under the 1972 amendments to the Federal Water Pollution Control Act.

With the New Federalism, however, primary responsibility for financing water pollution control is shifting to the states. Federal grants to Virginia peaked at $251.8 million in 1976, then fell sharply to $50 million this year. Recognizing the increasing importance of state financing, the State Water Study Commission in 1983 appointed a capital facilities subcommittee chaired by Sen. Charles J. Colgan of Prince William County. The subcommittee requested an assessment of needs in Virginia and reviewed financing strategies in other states.

The State Department of Health (SDH) and the State Water Control Board (SWCB) each provided estimates. In a survey of 344 publicly-owned drinking water systems, the SDH Bureau of Water Supply Engineering identified needs totaling $680 million to repair or upgrade existing systems, in addition to $1,073.5 million for new or expanded facilities. Total estimated need was $1.75 billion through the year 2000. Likewise, the SWCB Division of Construction Grants utilized Environmental Protection Agency (EPA) reporting forms for Virginia's 95 counties, 41 cities and 189 towns to develop a needs assessment for sewage treatment plants. This total figure was $2.1 billion. All figures are in 1983 dollars.

Given the methodology used to submit estimates to EPA, the sewage treatment estimate may well be exaggerated. Nevertheless, according to Sen. Colgan many small towns expressed concern about their ability to finance projects of this magnitude. Ernie Simmons, director of Division of Construction Grants agrees.

"The big problem in the next decade will be found in the smaller communities. Towns like Colonial Beach and Occoquan with combined storm and sanitary sewers are experiencing excessive infiltration during heavy rainstorms. This spring, Occoquan was forced to hold storm runoff in its retention basin, which also holds part of the drinking water supply for the Washington metropolitan area."

Simmons sees other problems on the horizon. High growth areas like Northern Virginia, the Richmond suburbs and Virginia Beach will need increased funding for expansion, while older central cities will have to upgrade pumping stations, repair water mains and correct sewage by-passes. The $10 million Chesapeake Bay clean-up plan adopted by the 1984 General Assembly may have to be expanded in future years. And, the need for increased water supply in Virginia Beach has already created a political stalemate between Virginia and North Carolina over a proposed pipeline to transfer water from Lake Gaston to Eastern Virginia.

A common theme in all of these issues is the need for increased user charges to recover all capital and operating costs. The era of "free" federal money is quickly coming to an end.

Financing Water Projects

To address the need for increased state and local financing, particularly for smaller communities, a new type of bond bank was needed. The Water Study Commission recommended and the General Assembly approved Senate Bill 229 creating a Virginia Water and Sewer Assistance Authority effective July 1, 1984. The board of directors of the authority will consist of the state treasurer, the executive director of the State Water Control Board, the state health commissioner and six members appointed by the governor and confirmed by the General Assembly for staggered four year terms.

The authority can sell up to $300 million in revenue bonds secured by the moral obligation of the commonwealth. Moral obligation bonds do not pledge the full faith and credit of the commonwealth to the repayment of principle and interest. Instead, a special reserve fund is required to meet debt service payments. If the reserve fund drops below a specified balance, the authority must so inform the governor who is required to include in his next budget sufficient general funds to replenish the reserve. While the General Assembly can reject the recommended appropriation, the moral obligation is clear.

Once Virginia's water and sewer bonds are sold, the authority can then use the proceeds to purchase local revenue bonds. This bond bank concept provides ready access to capital markets and frequently a lower interest cost than many smaller jurisdictions could obtain on their own. When the initial cap of $300 million is reached, the authority will have to return to the General Assembly for approval of additional bond issues.

Public and Private Purposes

Virginia's infrastructure is sound, and steps are underway to finance needed improvements for the future. Legislative review of highway allocation formulas, increased highway tax revenues, a new financing authority for water and sewer projects and increased user charges for public services are all part of the solution.

In addition to these steps, however, there is a fundamental need to distinguish between public and private purposes in setting debt policy. Today, more than half of all new issues in the municipal bond market serve essentially private purposes. Such non-traditional uses of tax-exempt debt include revenue bonds for single-family residential mortgages, shopping centers, office buildings, nursing homes, restaurants and even golf courses. These projects may be desirable, but they are not as important as the public responsibility for infrastructure and they may actually increase the cost of capital for general purpose units of government. With a $20 billion list of public works projects needed by the year 2000, serious consideration should be given to limiting the proliferation of private-purpose tax-exempt bonds.

Wayne F. Anderson, Virginia's retiring secretary of administration and finance, notes, "Governors, mayors and other officials rightly decry the federal deficit. It is the time that all of us do what we can to stop the leakage out the back door of the treasury due to the sale of tax-exempt bonds for private and other questionable purposes."

The current high level of interest in infrastructure is an opportunity to define public priorities, evaluate criteria for selecting projects and improve planning procedures. Yet information alone cannot guarantee good decisions. Elected and appointed officials must still wrestle with the difficult task of choosing among competing needs. Hopefully, greater awareness of the importance of public works will help make the task possible.

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[1] *Hard Choices: A Report on the Increasing Gap Between America's Infrastructure Needs and Our Ability to Pay for Them, prepared for the Joint Economic Committee, U.S. Congress, Feb. 25, 1984, p. 5.*

[2] *Auditor of Public Accounts, Comparative Reports on Local Revenues and Expenditures, years cited.*

[3] *Vaughan, Roger J., Rebuilding America: Financing Public Works in the 1980's, Vol. II; Washington, DC, Council of State Planning Agencies, 1983, p. 16.*

[4] *Advisory Commission on Intergovernmental Relations, Financing Public Physical Infrastructure (draft), Washington, DC, Nov. 21, 1982, p. 6.*

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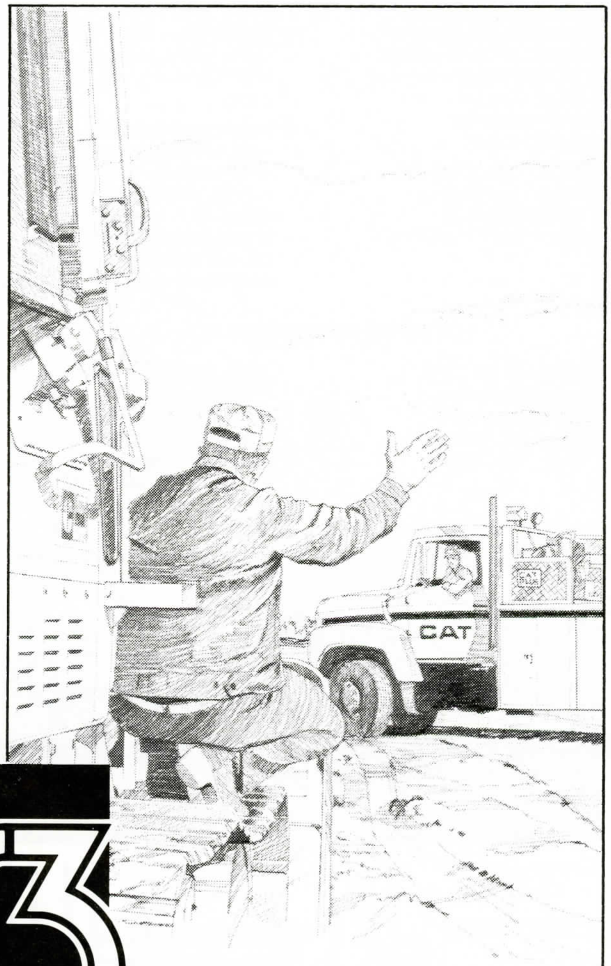

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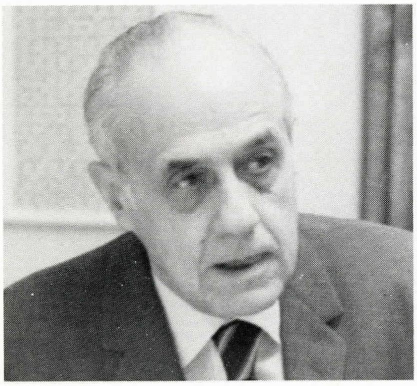
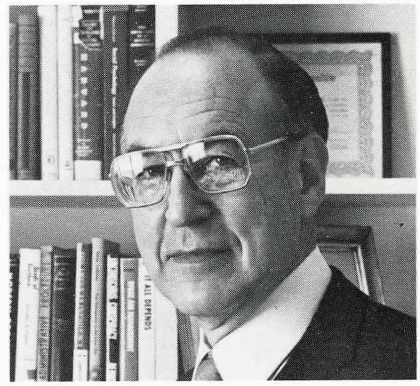
Judges Select VML Award Winners



–Baumes–

–Atkinson–



–Norton–

The judges for the 1984 Virginia Municipal League Achievement Awards have been chosen and met in May to select the 1984 award winners. The winning entries, however, will not be announced until the banquet during the annual VML Conference to be held in Richmond Sept. 30-Oct. 2.

Approximately 45 entries were received. They competed in categories of effective government, community development, public safety, environmental quality, human development and transportation.

Judging the competition were Harold I. Baumes, Harold S. Atkinson and James A. "Dolph" Norton.

Harold Baumes was once called "the 60-day employee who stayed for 42 years." Baumes came from his native state of New York in 1931 to work for the league for a year or so to gain experience. In 1941, he became executive director of the league and served in that capacity until his retirement in January 1973. His directorship left a lasting influence on the league and public administration in Virginia. He was instrumental in the inauguration and development of the Institute of Government at the University of Virginia, and it was he who requested that the league initiate a scholarship for graduate students in public administration. Under Baumes' direction, the league more than doubled its membership and was reorganized into sections for cities, towns and urban areas. Indeed, it was Baumes who inaugurated Virginia Town & City magazine.

Harold S. Atkinson has spent more than 30 years in local government and served as president of the league in 1980. He was hired as director of public works and city engineer for the city of Franklin in 1952 and became city manager in 1956. He served on and chaired several VML committees, and in 1970 he served as president of the Virginia Section, International City Management Association. He retired in 1981, but currently serves as an appointee to the Virginia Commission on Local Government.

James A. "Dolph" Norton has served as director of the Institute of Government at the University of Virginia since September 1981. Before coming to Virginia, he held positions in state government and non-profit organizations including serving as chancellor of the Ohio Board of Regents and as director of The Cleveland Foundation. Dr. Norton has also served as a consultant to governments, universities and businesses and taught at universities in the South and Midwest. He is a member of the boards of Hiram College and the Citizens Forum on Self-Government. Active in the National Academy of Public Administration, he served as chairman in 1972-73. He also served as president of the American Society for Public Administration in 1967.

With judges of such high professional caliber, the 1984 VML Achievement Award winners can be assured that their entries have surpassed the most critical evaluation.

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Southwest	1,200	78.65%	$102.00	144	Rockwell SR® W/GTR Remote	3	$ 2,204,040
Southeast	9,300	89.2%	$192.00	2,080	Rockwell SR® Standard	4	$10,104,831
Northwest	30,000	92.8%	$185.00	0	Rockwell SR® Standard	6	$10,292,941
Rocky Mt.	4,000	96.0%	$156.00	1,125	Rockwell SR® Standard	5	$ 3,806,981
High Plains	625	94.0%	$216.00	200	Rockwell SR® Standard	4	$ 557,566
Great Lakes	16,500	90.0%	$200.00	900	Rockwell SR® W/TTR Remote	4	$13,404,137
East	6,000	88.0%	$184.00	520	Rockwell SR® W/GTR Remote	4	$ 5,113,816

If the meters in your water system aren't accurate, they're robbing you of revenue you've earned and can use.

If so, we can help you improve your revenue and cash flow. And it could be by a substantial amount—like the examples in the chart showing actual projections for just a few of the water utilities we're working with right now.

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We can show you—at no charge—just how much your utility could profit from a changeout program using Rockwell meters. How it can start paying off right away. And keep paying big dividends for years to come.

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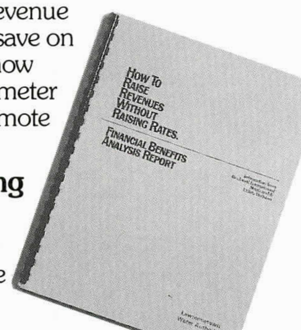

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*Participation in the Rockwell Meter Financing Plan is subject to specific terms and conditions and applicable statutes.

VMGSIA Completes Fourth Year

The Virginia Municipal Group Self Insurance Association will complete its fourth year of operation June 30, 1984. VMGSIA is a nonprofit, tax-exempt association designed to help local governments and their agencies control their workers' compensation costs. The association is open for membership to all political subdivisions of the commonwealth including cities, towns, counties, school boards and special districts. The program, which began July 1, 1980 with ten charter members, has now grown to over 150 local government members. Several significant developments have taken place in the program since its beginning four years ago.

CLAIMS SERVICE is provided by Alexsis Risk Management Services Inc., a subsidiary of Alexander & Alexander of Virginia, which is highly professional and includes investigation, negotiation and settlement in cooperation with individual members.

LOSS CONTROL is a significant part of VMGSIA. A full-time loss control consultant is available exclusively for members on a private and group basis, and regional loss control seminars for instruction of management and supervisory personnel are conducted periodically during the year. In addition, claims audit and loss control manuals designed specifically for local government exposures are provided to all members of the association.

INFORMATION is a vital part of VMGSIA. A newsletter containing developments of the program, a calendar of events and articles of interest is distributed bimonthly to risk management, loss control and financial personnel of members. Alexsis regularly provides loss information reports that outline cost of claims, cost of claims adjustment and types and causes of injuries.

REINSURANCE is purchased annually to protect the association. The Members' Supervisory Board is constantly seeking ways to ensure the stability of the program and has taken a strong stand on the amount of reinsurance necessary to ease the burdens of local governments. Effective July 1, 1984, limits on both the specific and aggregate reinsurance will increase to statutory levels eliminating the necessity of possible assessment of the members in the event of a catastrophic loss to the fund. Additionally, the specific reinsurance stop loss has been reduced to $150,000 per loss from $175,000 per loss which limits the amount of any specific loss to the fund.

DEVIATION in premium allows local governments an upfront reduction in their total premium. All members were allowed a 15 percent rate deviation in 1983 which will increase effective July 1, 1984 to 25 percent. Each member has the option of a quarterly payment plan allowing them to stagger payments according to local needs.

DIVIDENDS distributed annually by the association have exceeded $3 million since 1980 and provided local governments with the greatest savings factor of the program. Dividends are comprised of loss fund surplus and investment earnings. All investment earnings are returned annually to participating members.

Members have the option of handling dividends in one of two methods — a check payable to the local government or reduction of subsequent year premium billing.

Loss fund surplus and investment earnings returned by fund years is shown below:

FUND YEAR	LOSS FUND SURPLUS	INVESTMENT EARNINGS
1980-81	$ 174,078	$ 117,139
1981-82	$1,256,410	$ 394,429
1982-83	$ 504,117	$ 595,883
Total	$1,934,605	$1,107,451

Formation of the Virginia Municipal Group Self Insurance Association opened the way for political subdivisions in the commonwealth to join together and reduce the cost of workers' compensation coverage by aggressive claims handling, effective loss control, education of its members, stabilizing losses through reinsurance and return of dividends. VMGSIA is a competitive and service oriented program that responds to the risk management and loss control needs of Virginia local governments.

Financing the Nation's Infrastructure

By Arthur J. Kalita

In its most recent session, the Virginia General Assembly created the Virginia Water and Sewer Assistance Authority to aid local governments throughout the state in financing water and sewer projects through loans and grants from the authority. This legislation represents an important and measured step by the commonwealth to address fundamental infrastructure needs within the state. Indeed, many sister states have taken or are considering similar vehicles to finance their most pressing public works requirements — be it water supply, wastewater disposal, sewage disposal, highways or bridges.

These state actions are in response to the well-publicized "infrastructure crisis" facing this nation. Recognition of this impending crisis has been with us for almost two years. Newsweek and Business Week have terrified us with articles on "the decaying of America." Statistics abound. One suggested price tag for what has become known as the infrastructure "financing gap" is $3 trillion. The recent study sponsored by the Joint Economic Committee of Congress, entitled "Hard Choices," seems to provide a more realistic assessment of projected needs, anticipating a funding gap of some $440 billion through the year 2000.

Now that the states have recognized the problem, we have ample evidence that they will act to address their own particular needs and those of local governments in a timely and effective manner. State and local governments working together can do it, will do it and are doing it. Most of the funding for these public improvement projects will be derived from the issuance of tax-exempt municipal bonds.

Two broad general observations can be made on the subject of infrastructure financing. First, the old adage that "there is nothing new under the sun" rings true. Despite media hype over the "infrastructure crisis," actions states are taking are basically adaptations of established financing mechanisms. States creating financing vehicles to assist local governments in tapping capital markets to fund capital improvement programs has become a central theme across the nation. Although historical precedent exists for these actions, such steps are largely motivated by a recognition of the magnitude of funding needs and the integration of various sectors of capital markets in recent years. This latter phenomenon has been caused largely by deregulation of financial institutions and developments in communications technology.

Today, large financial institutions trade securities and currencies around the globe and around the clock. U.S. corporations raise capital in the domestic securities market and the Eurobond market. The average homebuyer is likely to find that funds for his mortgage were raised through the sale of mortgage-backed securities. All of this is important for state and local governments because it demonstrates the intense competition for investable funds in the market.

About the Author
Arthur J. Kalita is a vice president in the Public Finance Department of Morgan Guaranty Trust Co. of New York.

The second general observation is that priorities established by governments can be readily ascertained by analyzing the use of proceeds of their bond sales. The decade of the seventies showed a focus by all levels of government on what we broadly define as social welfare programs. With the current emphasis on infrastructure needs, we will probably see some fundamental changes in the use of capital resources by state and local governments.

State Programs

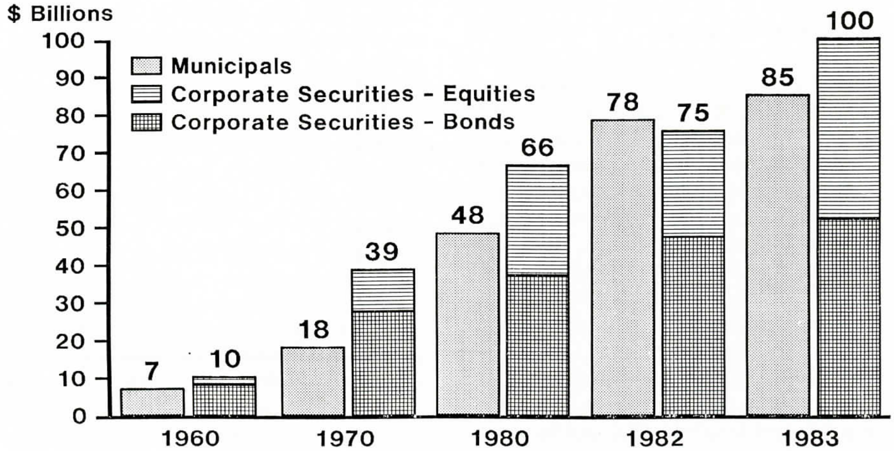
State responses to the infrastructure problem differ depending upon the nature of their needs and state constitutional and statutory constraints. There are, however, many parallels. In New York state, where the focus is on repair and reconstruction of highways and bridges, voters in November 1983 approved $1.25 billion in state general obligation bonds for transportation purposes. In Connecticut, the governor has proposed a $3.5 billion highway and bridge program to be financed primarily by limited tax obligations. These obligations would be secured by a dedicated fund to be established by a 2 cents per gallon gasoline tax increase and increases in drivers license and motor vehicle registration fees.

The governor of Massachusetts has proposed an agency with broader powers to finance roads, bridges, mass transit, resource recovery, water systems and sewer systems. The Massachusetts Development Bank (Mass Bank) would be capitalized from a num-

FIGURE 1

Municipal and Corporate Securities

New Issues



ber of committed taxes, including a surcharge on gross receipts from the sale of petroleum products, an addition to the state gas tax and an extra tax on aviation fuel.

The New Jersey Legislature has yet to enact a law creating the much-publicized New Jersey Infrastructure Bank. This entity would be similar to the Virginia Water and Sewer Assistance Authority but would have a much broader mandate. In simplistic terms, this infrastructure bank would gather several available sources of funds and then leverage these capital resources. It would be capitalized with proceeds of state general obligation bonds already authorized for infrastructure projects, federal grants for wastewater treatment and appropriations of other state revenues.

The bank would do three things. First, it would function as a bank, operating a revolving loan fund for local governments to finance projects. Second, it would serve as the statewide financing vehicle for the local share of project costs. This, of course, is a classic bond bank function. Finally, the bank would serve as a revenue bond issuing authority for major statewide projects.

In 1984, the legislature in Indiana created the Indiana Bond Bank. This is a classic bond bank similar to those which have operated successfully in a number of states over the years. The bond bank would be authorized to issue its own bonds and to buy general and revenue obligations of small jurisdictions within the state. The increased attention on state bond banks as a means of assisting local governments recognizes the difficulties many small governmental units will have in gaining access to large, integrated capital markets.

In the Northwest, the Oregon Legislature created the Community Development Finance Corp. in 1983. The corporation will be authorized to provide loans and grants to local governments for a variety of public works projects including those for transit, roads, sewage treatment and water supply. The state's voters will be asked to approve a $430 million bond authorization for the corporation this year.

Similarly, the California Legislature is considering a proposed California Public Improvements Authority. This authority would have the power to issue up to $1.5 billion of state general obligation bonds and $1.5 billion of revenue bonds. It would make loans and grants to local governmental units for a broad range of infrastructure projects. In addition to the concerns common to many states, California requires substantial funding for flood control projects.

Throughout the country many of these infrastructure financing authorities are patterned on the historical precedents of state bond banks. States that have operated successful bond banks over the years include Vermont, Maine, New Hampshire, North Dakota, Nevada and Alaska. The Maine Bond Bank, for example, created in 1973, has nearly $240 million of bonds outstanding from 175 local jurisdictions within the state. The magnitude and importance of the infrastucture task would seem to indicate that this and other models will be adapted to local needs in many more states.

The Municipal Bond Market

The municipal bond market has experienced enormous growth in recent years. The volume of new issues of long-term municipal securities in 1983 was $85 billion. In 1982 it was $78 billion, exceeding the new issue volume in corporate debt and equity markets combined (*see figure 1*).

The other noteworthy phenomenon that has occurred in the market is the shift from general obligation bonds (tax supported debt) to revenue bonds secured by user fees. In 1970, general obligation bonds comprised 70 percent of the new issue market. In 1983, revenue bonds accounted for 70 percent of the market or some $64 billion of new issues *(see figure 2)*. The reasons for the growth of revenue bonds include a shift in needs of states and localities, a growing trend toward user fees for public improvements and the ever-present threat of taxpayer limitation movements.

As indicated earlier, a noticeable shift in use of proceeds of municipal bond sales occurred in the 1970s. In the decade of the sixties, the major uses of municipal bond proceeds were for educational facilities, transportation and water and sewer systems. During the seventies, priorities of states and local governments changed to housing (multi-family and single-family), public power and hospitals.

The current emphasis of infrastructure and education will again change the statistics by the end of this decade.

Other fundamental changes in the market are more troublesome for state and local governments. Even though long-term tax-exempt bond rates have fallen by some 300 basis points (3 percent) in the last two years, it appears the 9 percent long-term municipal bonds will be more common in the 1980s than 4 percent bonds. Of course, this dramatically increases the cost of capital projects. Because the municipal market has a steep yield curve (meaning short-term rates are much lower than long-term rates), many states and local governments are (a) using short-term borrowing to their advantage, and (b) finding ways to convert long-term bonds to obligations priced as short-term securities. Thus, the tax-exempt commercial paper (TECP) market has grown to $7 billion outstanding in only a few years. TECP is nothing more than a program of frequently rolled over notes with maturities generally ranging from 7 days to 45 days. The interest rate savings over long-term bond rates are dramatic *(see figure 3)*.

Another new financing technique is a variable-rate demand bond. This is a long-term bond which is repriced weekly or even daily, based upon rates in the short-term tax-exempt market. As an example of the savings available under this technique, recently demand bonds have yielded 5.5 percent to 6.0 percent while the Bond Buyer General Obligation Bond Index hovered around 10 percent. The success of these short-term innovations is predicated on the appetite of tax-exempt money market funds and corporations for highly liquid short-term obligations.

FIGURE 2

Revenue Bond Growth

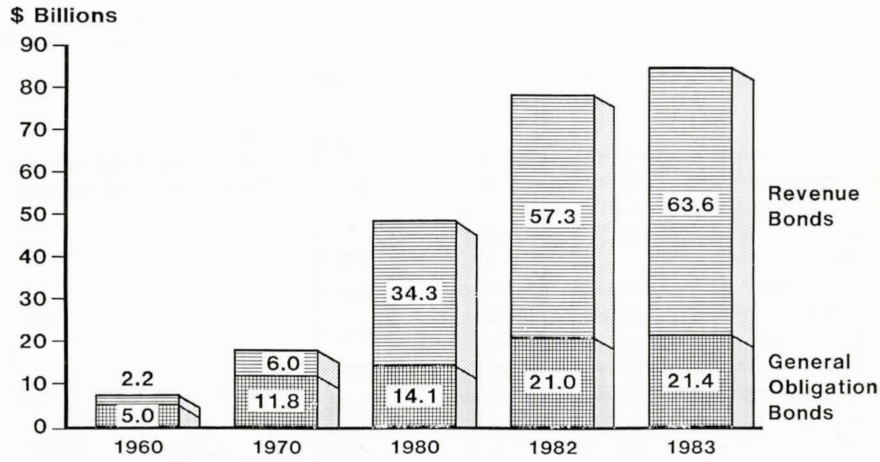
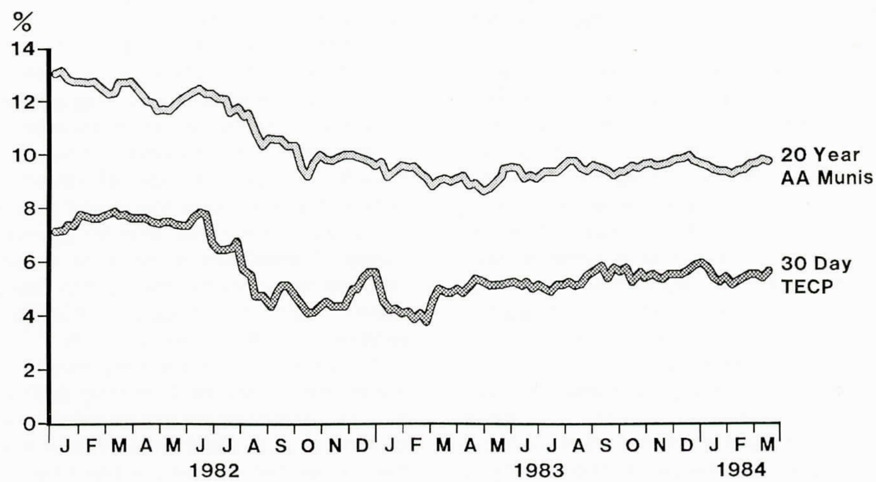


FIGURE 3

Short Term vs. Long Term Rates

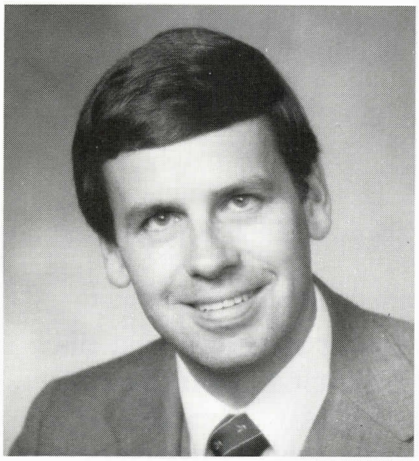


Summary

The conclusions are fairly simple. The states are addressing their own unique infrastructure needs and are adapting time-tested models to assist local governments in gaining access to capital markets. Although competition for capital is intense and long-term interest rates are likely to remain high by historical standards, good capital planning and effective use of market innovations will make the objectives achievable.

People

Campbell Joins VML Staff



James D. Campbell joined the VML staff as director of intergovernmental affairs on May 16. He comes to the league with 11 years of work experience in Virginia government and a master's degree in urban and regional planning from the University of Northern Colorado. His undergraduate degree is in business management from Virginia Polytechnic Institute and State University.

For the past three years, Campbell served as the program manager for the management assistance section in the state Department of Housing and Community Development. Working in the Office of Local Development Programs, he provided direction to the staff in project development and legislative review, rendering technical assistance to local governments. In this capacity he worked closely with the General Assembly, monitoring and analyzing legislation impacting local government.

Prior to his employment with the department, Campbell worked as a client services representative for Betz-Converse-Murdoch Inc., a consulting engineering firm in Vienna, where he acted as liaison between the company and their municipal clients. He has also served as county administrator of Fluvanna, assistant county administrator of Warren County and county planner for Henrico County.

Married, Campbell and his wife, Christine, reside in Richmond with their two children, Amy, age 7, and Michael, 2 1/2.

Bond To Leave Petersburg

Petersburg City Manager **John P. "Jack" Bond III** has announced his resignation as city manager. Bond plans to resign July 9 to become deputy county administrator in Hillsbourgh County, FL.

Bond has served as Petersburg's city manager since October 1979. He has also served as assistant city manager in Miami, FL, and deputy city manager and director of public safety, assistant city manager, and special assistant to the mayor in Winston-Salem, NC.

Robb Realigns Cabinet

Wayne F. Anderson, Virginia's secretary of administration and finance, has announced that he will leave his position to join the faculty of George Mason University as a distinguished professor of public administration this fall.

Anderson has served in the Robb administration since the governor's inauguration in January 1982. He is the former executive director of the U.S. Advisory Commission on Intergovernmental Relations and was city manager of Alexandria, VA and Evanston, IL.

Due to a cabinet reorganization by the governor, Anderson's position has been split. **Andrew Fogarty,** transportation secretary, will take over as secretary of administration and **Stuart Connock,** assistant secretary of administration and finance, will become secretary of finance.

Public Safety Secretary **Franklin White** will take over in another newly-formed position which combines two offices, secretary of transportation-public safety. Secretary of Commerce and Resources **Betty Diener,** Secretary of Human Resources **Joseph Fisher** and Secretary of Education **John Casteen** will remain. **Paul Timmreck** will become director of the budget.

The reorganization becomes effective July 1, 1984.

Alexander Resigns

George H. Alexander, executive director of the state Department of Fire Programs, has resigned his position for health reasons.

Alexander was appointed executive director of the department in February 1983. At the time, he had recently retired as head of the Fairfax County Fire and Rescue Department with 25 years of service.

Norfolk Appoints New Director

The Norfolk Public Health Department has a new director, **Dr. H. McDonald Rimple.** Rimple replaces **Dr. Harry S. Wise** who retired after 15 years as director.

Rimple has almost 30 years experience in the medical health field and more than 20 years of management experience. He has served as special assistant for presidential initiatives in the office of the president, Hahnemann University Medical School, Philadelphia, PA; as U.S. Public Health Service administrator for Region II, which includes Virginia, West Virginia, Maryland, Pennsylvania, the District of Columbia and Delaware; and as deputy director of the U.S. Bureau of Medical Services, supervising a nationwide system on nine hospitals and 36 ambulatory care clinics and administering the national programs of Emergency Medical Services, Health Maintenance Organizations, Federal Employee Health and the medical programs of the U.S. Coast Guard and Bureau of Prisons. He has also served as consultant in rural health to the USAID Program Development Mission, as director of the National Health Service Corps, as special assistant to the U.S. administrator for Health Services and Mental Health Administration for Special Projects, and as deputy director of the U.S. Division of Hospital and Medical Facilities.

In addition, Rimple has received numerous honors and awards in the field of public health and has completed 25 years service in the Commissioned Corps of the U.S. Public Health Service with the rank of assistant surgeon general.

Early To Serve On Dayton Council

Lacy E. Early, a semi-retired mechanical estimator, has been appointed by the Dayton Town Council to fill the unexpired term of Council Member **Sam C. Good,** who resigned.

Baker Joins Falls Church Planning Staff

Elizabeth Baker, a former Fairfax County planner with experience in economic development, recently joined the Falls Church staff as economic development coordinator.

In her new position, Baker will coordinate economic development and business assistance activities with other city departments and agencies as well as promote business and economic development activity in Falls Church.

In addition to her previous position as an urban planner with Fairfax County, Baker has served as a research associate with the Urban Land Institute in Washington, DC, and as an associate with A. T. Kearney Inc. in Alexandria.

Carried Over Bills, *continued from page 7*

SB 239. *(House Corporations, Insurance and Banking Committee)* Excludes municipalities from negotiating with public utilities for rate fees. Ultimate passage of this bill would have a major negative fiscal impact on local government budgets.

HB 880. *(House Counties, Cities and Towns Committee)* Limits the use of local government public work force on projects based on a sliding scale tied to population. This bill was carried over pending the findings of the HJR 145 study subcommittee. (*See Studies.*)

SJR 28. *(House Privileges and Elections Committee)* Limits the state spending rate to the estimated rate of growth of the state economy. This resolution, which proposed a constitutional amendment, has received an attorney general's ruling which states that it may be carried over to the 1985 session. The concept contained in this resolution would have a severe negative impact on local governments. Revenue from future state tax increases could not be appropriated and thus could not be passed to local governments until personal income within the state of Virginia showed a corresponding increase.

Highway and Transit Funding. A series of highway and transit funding bills have been carried over by both the House Roads and Senate Transportation committees. Action on these bills is pending based on the recommendations of the Highway Program Funding Study authorized by SJR 20.

About the Author

Ellen S. Posivach serves as director of research on the VML staff.

Marketplace

Director of Code Compliance

James City County, VA. $28,778-$38,026. Experienced manager to direct new department of 8 employees charged with code enforcement functions including BOCA, NEC, zoning and wetlands ordinances. Plans, directs, coordinates code, permit, inspection, occupancy, use activities for building, plumbing, mechanical, electrical and fire prevention. Serves as zoning administrator, staff to board of zoning appeals and building board of appeals.

Requires effective oral and written communication skills. Public relations skills essential. Requires BS in civil, structural or mechanical engineering or architecture; professional registration as engineer or architect; three yrs. responsible public admin. exp. including supervisory exp. Zoning admin. exp. preferred. Apply by June 25, 1984 to Personnel Office, P.O. Box JC, Williamsburg, VA 23187-3627. EOE.

Plans Examiner

James City County, VA. $17,861-$23,539. Experienced plans examiner of construction plans, drawings, site plans of all construction activity to ensure compliance with BOCA codes, NEC and zoning ordinance. Examines plans for compliance with building, plumbing, mechanical, electrical and fire prevention codes.

Requires effective oral and written communication skills. Public relations skills essential. Requires working knowledge of BOCA codes, NEC, NFPA standards. Assoc. degree in drafting and design or building technology and five yrs. construction/code exp., or bachelor's degree in engineering or related field and two yrs. construction/code exp. required. Apply no later than Monday, June 25, 1984 to Personnel Office, County Government Center, 101 Mounts Bay Rd., P.O. Box JC, Williamsburg, VA 23187-3627. EOE.

Finance Group Changes Name

The Chicago-based Municipal Finance Officers Association (MFOA) officially became the Government Finance Officers Association (GFOA) on April 17, 1984, following the association's annual business meeting and conference.

By changing its name to the Government Finance Officers Association, the association recognizes not only its municipal finance members, but also its finance members who work for county governments, schools and other special districts, public retirement systems and state governments.

League Will Offer New Insurance Program

Effective July 1, 1984, Virginia Municipal Underwriters Inc., a wholly owned corporation of the Virginia Municipal League, will offer a property casualty insurance program for political subdivisions. The program will be available to Virginia towns, cities, counties, school districts and other local government agencies. The board of directors of Virginia Municipal Underwriters has appointed the Members' Supervisory Board of the Virginia Municipal Group Self Insurance Association as the advisory board for the property casualty program.

The new insurance program will be comprehensive in nature offering property, liability and umbrella coverages. Liability coverages available are comprehensive general liability, auto liability and physical damage, garage liability, public officials liability, law enforcement liability, personal injury liability and errors and omissions coverage. Property coverages available are all risk property and DIC, revenue-tax receipts, comprehensive boiler-machinery and comprehensive crime. Umbrella coverages available are the broad form umbrella and utilities umbrella. Primary coverage up to $1 million with umbrella layers up to $20 million are available.

A fully insured program, each political subdivision will receive individual insurance policies which have been specifically designed for municipal exposures. Coverages typically placed with several carriers now consolidated with a single carrier will minimize the risk of gaps in coverages. All policies will be written on an occurrence basis, and claims service and loss control will be directly overseen by the board. This new program will afford each member an opportunity to participate in dividends based on loss experience similar to the Virginia Municipal Group Self Insurance Association.

For more information contact Margaret A. Nichols at (804) 649-8471.

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Imhoff Receives Wallerstein Scholarship

Katherine Louise Imhoff, a senior planner in the Albemarle County Department of Planning and Community Development and part-time student in the University of Virginia's graduate planning program, has been selected as the recipient of the VML's 1984 Wallerstein Scholarship.

Imhoff holds a bachelor's degree in city planning from the University of Virginia and would like to obtain a double master's in public administration from the School of Arts and Sciences and in planning from the School of Architecture.

As an undergraduate, Imhoff worked for the Albemarle County Department of Planning and Community Development in the summer of 1979. Serving as a planning intern, she authored and provided graphics for a bikeway and sidewalk plan. In addition, she spent several summers working for the Reston Home Owners Association. She taught environmental education programs and worked on soil and water conservation projects. She prepared and managed a budget in implementing a variety of environmental education programs for area youths, designed and built jogging paths and nature and exercise trails, and updated an open space resource plan and rewrote a design booklet. She has also served as a staff assistant for the Thomas Jefferson Planning District and worked in the Youth Conservation Corps.

After graduation, Imhoff was hired by the Division of Planning and in July 1983 was promoted to senior planner.

In addition, Imhoff has worked as a volunteer for the Shelter for Help in Emergency (SHE), a shelter for battered women, and currently serves as a SHE board member. She has also served as a 4-H Wilderness Challenge leader, organizing monthly backpacking, caving, canoeing and climbing expeditions for disadvantaged youth.

She is a member of the American Planning Association, the Virginia Rural Caucus and Rural America.

As the recipient of the Wallerstein Scholarship, Imhoff will receive $5,000 to cover her tuition and fees at the University of Virginia, with the remainder paid as a monthly stipend. She will also be given office space at the Institute of Government and access to the institute's library and technical facilities.

The Wallerstein Scholarship was established by Ruth C. and Morton L. Wallerstein to foster interest and research in municipal government in Virginia. Morton L. Wallerstein was the first paid executive secretary of the Virginia Municipal League and served in that capacity for 20 years. He was instrumental in organizing the American Municipal Association which is now the National League of Cities and served as its president twice. The scholarship is administered jointly by the Virginia Municipal League and the Institute of Government at the University of Virginia. For more information on the scholarship, contact Timothy G. O'Rourke, Institute of Government, University of Virginia, 207 Minor Hall, Charlottesville, VA 22903.

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