Virginia Town & City

Volume 20
Number 4
April 1985

ROANOKE CITY
APR 20 1985
PUBLIC LIBRARY

Roanoke Public Library
706 S. Jefferson Street
Roanoke, Virginia 24011

The Lewinsville Center Residence

Virginia Municipal Group Self Insurance Association

A program designed to control your Workers' Compensation Costs.

$3.1 million in dividends returned

For more information contact:
Margaret A. Nichols, Administrator
Virginia Municipal Group
Self Insurance Association
P.O. Box 753
Richmond, Virginia 23206
(804) 649-8471

VMGSIA

LAW AND ORDINANCE CODIFICATION SERVICES

Research - Revision - Publication
Loose-leaf Supplement Service

GENERAL
CODE
PUBLISHERS
CORP.

72 HINCHEY ROAD
ROCHESTER, NEW YORK 14624
716/328-1810

Editor
Christine A. Everson
Editorial Assistant
Joni Terry
Advertising Assistant
Mary Ann Cornell
Circulation Manager
Kathy McIntyre

Virginia Town & City

Volume 20 April 1985 Number 4

VML President
Lawrence A. Davies
Officers
Samuel W. Adams III
Robert T. Williams
Martha V. Pennino
Noel C. Taylor
Executive Committee
J. Willard Lineweaver
Jack D. Edwards
Dolores P. Lescure
Sidney M. Oman
William R. Hartz
M. Stewart Koethcke
Charles A. Robinson Jr.
Executive Director
R. Michael Amyx

On the Cover

Residents at the Lewinsville Center in McLean enjoy a wood carving class. The center, a former elementary school, has been renovated to provide affordable, congregate housing for the elderly. Read about it on page nine of this issue of Virginia Town & City.

VIRGINIA TOWN & CITY (ISSN0042-6784) is the only official magazine of the Virginia Municipal League. It is published monthly at 311 Ironfronts, 1011 East Main Street, P.O. Box 753, Richmond, Virginia 23206. *All contents, copyright 1985 by the Virginia Municipal League. Any reproduction or use of contents must have prior approval of the Virginia Municipal League and if granted must be accompanied by credit to VIRGINIA TOWN & CITY and the Virginia Municipal League.* *Second-class postage paid at Richmond, Virginia. Subscription rates: $8 per year, $1.50 per copy.*
Postmaster: Send address changes to VT&C, P.O. Box 753, Richmond 23206

Focus on Washington

By Mary Jo Fields

Reagan Budget Slashes Aid

Now that the General Assembly has adjourned, our attention turns to Washington, DC, where the federal budget is in the early stages of negotiation. It's far too early to predict the final outcome of that struggle, but some capital experts claim that Mr. Reagan's budget was dead before it ever got to the Hill. At the same time, his proposals have laid the groundwork for possible sweeping changes.

The news for local governments is not good. National League of Cities estimates that state and local governments would shoulder more than half the proposed cuts in domestic programs: $20 billion of a proposed $36 billion. The U.S. Conference of Mayors argues that urban areas in the nation have seen a loss of 80 percent of their federal aid since 1981 and that it is time for other groups to bear a share of the budget cuts.

Of great concern is the proposed elimination of the general revenue sharing program, the only source of federal funding for many local governments. For federal fiscal year 1985, Virginia local governments will receive $99.9 million in general revenue sharing funds. Current authorization for the program runs through fiscal year 1986, but Reagan's budget terminates the program a year early on Sept. 30, 1985.

The end of revenue sharing spells financial hardship for many of our localities. The Virginia Municipal League recently sent a survey of the proposed federal budget cuts to local government administrators and mayors across the state and asked respondents to indicate what percent general revenue sharing is of their current operating budgets, capital improvements budgets and school budgets.

Early returns of the survery show that revenue sharing makes up from 2 percent to 10 percent of the operating budgets of cities and 1 percent to 25 percent of the operating budgets of towns. For current capital improvements budgets, revenue sharing funds contribute 30 percent to 100 percent in cities and 3 percent to 100 percent in towns. Some cities place all their revenue sharing funds into education to provide from 2 percent to 13 percent of school budgets.

Dollars of this magnitude will not be replaced painlessly. The Richmond Times-Dispatch reported that a 12-cent real property tax increase would be necessary for Richmond to make up the loss of general revenue sharing funds, and Richmond is by no means alone. Respondents to the league survey calculate that making up the loss in general revenue sharing would require a 5-cent to 24-cent increase on current real estate tax rates.

Revenue sharing funds are a particularly important source of federal funds since they can be used in a variety of program areas. The league survey reveals that revenue sharing funds have contributed to many community improvements in Virginia since the inception of the program in 1972. The funds have been used to build streets and roads; purchase police, fire, rescue squad and garbage collection vehicles; improve and maintain public buildings; construct police, fire and recreational buildings; increase teachers' salaries; and extend and improve water and wastewater lines.

A seemingly popular misconception in Washington is that local governments are somehow awash in surplus funds, therefore it makes no sense for the federal government to increase further its deficit by sending funds to the localities. The league survey firmly disputes that misconception, at least for Virginia cities and towns. Of the responses received, the vast majority of cities and towns indicated they anticipate either no surpluses at all at the end of the current fiscal year or small surpluses in the range of from 1 percent to 5 percent of their total operating budgets, hardly a large cushion on which to rest.

General revenue sharing is the single largest local government aid program slated for elimination, but other cuts and program eliminations also could have major effects on local budgets. Some major proposed cuts or eliminations include the following:

- A 10 percent cut in the community development block grant (CDBG) program, resulting in the loss of $5.6 million to Virginia localities in fiscal year 1986. Entitlement cities would be affected further by the proposal to shift money from the entitlement to the small cities program. Currently, 70 percent of CDBG funds go to entitlement cities, with the remaining 30 percent going to the small cities discretionary grants program. The budget makes that split 60–40, attempting to make up to smaller governments the losses from programs slated for cuts.
- Elimination of urban development action grants (UDAG), with a fiscal year 1986 loss of $6.1 million for the state.
- A 55 percent cut in mass transit funding, with a 1986 statewide loss of $28.0 million in funds to Virginia. This cut includes elimination of operating subsidies for mass transit systems.
- Elimination of school impact aid, adding up to an estimated loss of $17.2 million in Virginia. Aid would be eliminated entirely for section B students, those whose parents either live or work on federal property.
- Cuts in child nutrition programs, with an estimated loss of $11.8 million in school lunch aid alone in Virginia for fiscal year 1986.
- Cuts in Farmers Home Administration loans and grants for community services, businesses and rural housing, with an end goal of discontinuing programs under FmHA. The total decrease in FmHA funds proposed for 1986 is $10 million in loans and $2.2 million in grants.
- Elimination of the work incentive program, with a statewide loss of $3.6 million in 1986.
- Elimination of the Appalachian Regional Commission and recision of $4.4 million of the $5.2 million slated to be spent in Virginia in 1985.
- Elimination of the Economic Development Administration and recision of all program funds for public works and technical assistance projects currently authorized but not yet approved. Authorizations to date in Virginia for 1985 approach $2 million.
- Elimination of community services block grants, a holdover from the antipoverty programs of the 1960s and 1970s. This program brings $5.6 million into Virginia each year. In most cases the money goes to nonprofit, community action agencies that are separate from local governments, but the loss of these agencies' services could mean increased costs for localities.

Adding the potential eliminations and cuts in these programs alone, Virginia's localities stand to lose up to $86.4 million in grants and $10 million in loans in 1986 under the President's proposed budget. Add revenue sharing to this and the total rises to $186 million in grants and $10 million in loans. Not included in this figure is the impact of cuts in programs such as job training, aid to families with dependent children, social ser-

— continued on 6

Selected Proposed Federal Budget Cuts Affecting Local Governments in Virginia

Program	1986 Estimated Decrease (in millions)
General Revenue Sharing	$ 99.9
Community Development Block Grants	5.6
Urban Development Action Grants	6.1
Mass Transit	28.0
School Impact Aid	17.2
ARC	4.4
EDA	2.0
Work Incentive Programs	3.6
School Lunches	11.8
FmHA	2.2 grants 10.0 loans
Community Service Block Grants	5.6
TOTALS	$186.4 grants 10.0 loans

NOTE: Among the programs not included in this table but scheduled for cuts or elimination are EPA wastewater construction programs, job training, housing assistance programs, some education programs and some social services programs. The table also does not reflect the effects of freezes on domestic programs.

"Dollars of this magnitude will not be replaced painlessly."

Impact Samples

Town of Ashland

Mayor Richard Gillis of Ashland knows the value of revenue sharing funds and says that their loss will create a void that will be difficult to fill. Ashland also has profited from other federal programs that now face cuts or elimination. During the last five to six years, the town of Ashland received federal assistance to expand and improve its water and sewer utility system. The town received a $1.3 million EPA grant, a $3.4 million FmHA community facilities loan and two CDBG grants totaling $2 million, part of which was used for the utility system. David Reynal, town manager, reports that federal funds have enabled the town to expand utility service to land annexed in 1977 and to replace existing water and sewer lines put in during the 1920s.

Pulaski County

Pulaski County uses its revenue sharing funds almost exclusively for public schools. Revenue sharing money supplies about 15 percent of the local funds for the public school system. Sidney A. Clower, Pulaski County administrator, states that revenue sharing has made it possible for the county to increase significantly teachers' salaries during the past few years.

Town of Rich Creek

The citizens of Rich Creek daily see visible evidence of the importance of revenue sharing to their town. Mayor Roy Kemper reports that the town has used revenue sharing to upgrade water lines and purchase and install booster pumps for the water system. Improving the water system has helped the town to provide service to its expanding business sector, including a new nursing home. In addition, revenue sharing funds have purchased the town's new trash truck and police car. Looking to the future, the town is saving some of its revenue sharing funds for a new well for further upgrading and expanding of the water system.

City of Norfolk

Revenue sharing funds have been a significant key to making Norfolk livable and to improving its image, according to City Manager Julian Hirst. Revenue sharing funds are concentrated in areas that have been in the process of rehabilitation and conservation during the past 15 years. The funds have been used to strengthen low income housing, build neighborhood pride and upgrade community and recreational facilities. Specifically, revenue sharing helps finance on an on-going basis housing code administration and enforcement and five neighborhood recreational and park facilities. These facilities, originally built with model cities funds, are in redevelopment and conservation areas. They provide the area's citizens with recreational facilities, libraries, pools and assistance activities such as social services, public health, dental programs, programs for unwed mothers and environmental improvements. According to Hirst, Norfolk will feel the effect of any elimination in revenue sharing as strongly in the funding of these services as anywhere else. Revenue sharing also helps finance the city's paramedic program.

Town of Wise

The town of Wise puts its revenue sharing money almost exclusively into public safety. Revenue sharing pays approximately 22 percent of the town's police salaries. Replacing revenue sharing funds with real estate taxes would require an 8-cent tax increase, almost 40 percent over the present 19.7-cent tax rate. Sim Ewing, town manager, explains that putting revenue sharing into public safety has enabled the town to add two patrol officers, increase the visibility of the police and increase salaries to make public safety jobs more competitive and to attract higher-quality personnel.

City of Portsmouth

Faced with the highest tax rate in the Hampton Roads area, the city of Portsmouth has found it necessary to use revenue sharing funds to balance the budget. Revenue sharing helps maintain service levels in public safety. Making up lost revenue sharing funds with local money would require a 10-cent tax rate increase.

Public Power Financing

. . . Experience
Innovation
Commitment . . .

First Boston
THE FIRST BOSTON CORPORATION

Park Avenue Plaza
New York, N.Y. 10055
Kevin J. Collins, Managing Director
(212) 909-2921
Edward P. Meyers, Vice President
(212) 909-2878

from page 4 —

vices block grants or the freezes proposed for most domestic programs.

Also not included in these calculations are the massive cuts proposed in housing programs. The total impact of these proposed cuts is not clear at this point. A two-year moratorium on new units is being placed on most programs under the Department of Housing and Community Development, including the rental rehabilitation program and all section 8 programs. Section 312 rehabilitation loans and housing development grants are slated for elimination, and the housing vouchers program is slated for large cuts. Overall, cuts in housing assistance programs may approach 95 percent.

The future of the Environmental Protection Agency's wastewater construction grants program is not included in the above list because cuts are not slated for this program in 1986. However, yearly cuts are proposed beginning in 1987 with elimination of the program by 1990. The potential loss for funds in Virginia from 1987 to 1990 is $104 million.

Localities were asked to rank the importance of the various programs slated for cuts or elimination in the league survey. Not surprisingly, the majority of cities, counties and towns responding to the survey listed general revenue sharing of top importance. Cities gave CDBG, UDAG and education programs second, third and fourth priority. Town rankings were CDBG, second; EPA, third; and FmHA fourth. Education, CDBG and FmHA were ranked second, third and fourth by counties.

The survey also asked respondents how their locality would deal with federal budget cuts. Most localities indicated they would handle the cuts by a combination of cutting services and raising taxes and fees. The taxes and fees most frequently mentioned as targets for increases were water and sewer rates, utility taxes, personal property taxes and real estate taxes.

Local governments are willing to bear a fair share of federal budget cuts, for the growing federal deficit and the state of the national economy are matters rightly of concern to local officials and citizens as well as to national leaders. Local officials, the league, NLC and other associations of public officials are working to ensure that budget cuts are applied evenly and that efforts to balance the federal budget and bring federal spending under control are not done at the expense of local governments.

About the Author

Mary Jo Fields is staff associate at the league and holds a master's degree in public administration from Auburn University. She currently is working on an assessment of the effect of proposed federal budget cuts on local governments.

We're Serving Public Service Employees With More Cost-Effective Health Benefits.

Instead of paying higher costs for health benefits or reducing coverage for employees, more municipalities are calling Blue Cross and Blue Shield of Virginia.

We've implemented some of the most cost-effective programs in the country.

And we can put these programs to work for your municipality, regardless of its size.

Call your local office of Blue Cross and Blue Shield of Virginia. For the health of your employees. And your municipality.

Blue Cross® Blue Shield® of Virginia

Blue Cross & Blue Shield Of Virginia

Richmond (Headquarters)/Roanoke/Bristol/Martinsville/Danville/Lynchburg/Norfolk
Newport News/Manassas/Petersburg/Staunton/Winchester/Charlottesville

. . . . **achievement** (ə chēv′ mənt) [OFr. *achever*, to finish] —*n.* 1. the act of achieving; the performance of an action 2. a thing achieved, esp. by skill, work, courage, etc.; a successful accomplishment 3. a great or heroic deed; a feat; something accomplished by valor or boldness. . . . **award** (ə wôrd′) — *vt.* 1. to give as a result of judging; to grant or declare as merited or due; to bestow for performance or quality; to assign as the result of careful consideration, as to competitors in any contest —*n.* 1. a judgement, or decision 2. something awarded, a prize. . . . **call for entries**. . . . .

. . . . **The 1985 Virginia Municipal League Achievement Awards Program** . . . .

Richmond. . . . The Virginia Municipal League announced today the opening of its **1985 Achievement Awards Competition** and all VML local governments are urged to enter.

Has your locality successfully completed a program or project this year? Then you could be a winner in the 1985 VML Achievement Awards Competition. It doesn't matter if you represent a small town or a large city or county. There are categories for each, and it's quality the judges will be looking for. Twelve awards will be offered, so start working on your entry now.

What has your locality accomplished this year? Why not tell us about it?

Purpose. . . . The goal of the annual VML Achievement Awards Program is to recognize and encourage innovation and excellence in local government in Virginia. The program provides the opportunity for VML member governments and their officials and employees to receive deserved recognition by their peers and various publics for superior and innovative efforts in the profession of local government. In addition, the program provides a means of sharing the best public service ideas in Virginia, a forum whereby all those in local government can learn. And, we hope by sharing our winning entries with the public that we are building an image of Virginia's local governments, their officials and their employees as being competent and caring.

Basic qualifications. . . . A locality must be a member of the Virginia Municipal League to enter the competition. Entries must describe programs or projects brought to conclusion or showing significant results between January 1, 1984 and April 30, 1985. Each entry must have a cover page bearing the project or program title, the category of entry, the locality's name and the signature of the chief elected official. All entries must be typed double spaced and should not exceed eight pages. Black and white photos, art, news clippings, tables or charts, etc. may be attached as an appendix. Three complete copies of each entry must be submitted.

Presentation. . . . Although the presentation of your entry will not be the most important consideration of the judges, it will count. Therefore, your entry should have a neat appearance and should be clearly written. We suggest an introduction to include background information such as the need for your project or program, the origination of your project or program, a statement of your objectives or goals and other pertinent information. The major portion of the entry should clearly explain how your project was carried out or how your program operates, and the conclusion should clearly explain the results and/or any potential future impact. How your project was financed and staffed should also be included.

Categories. . . . Twelve awards are available, one for towns and one for cities and counties in each of the six areas that parallel VML's policy committees. Localities may enter in all six categories but only once in each category. The categories are as follows:

Community Development. . . . Any program to improve the physical or economic vitality of the community, such as business development, construction projects, housing projects, urban renewal, downtown revitalization or neighborhood development.

Effective Government. . . . Any program to improve the operation of government, such as management programs, employee programs or financial programs.

Environmental Quality. . . . Any program to improve the environment such as beautification programs, planning and land use programs, sanitation programs, water or energy programs, preservation programs.

Human Development. . . . Any program to aid the community's citizens, such as educational programs, social service programs, employment programs, and recreational programs.

Public Safety. . . . Any program to improve security in the community, such as court programs, law enforcement programs, fire and rescue programs or emergency preparedness.

Transportation. . . . Any program to improve or develop transportation, such as traffic management, road and sidewalk improvements, public transit.

The judging. . . . All entries will be reviewed by a VML screening committee and judged by a panel of three individuals selected for their competence and experience in the field of local government. The judges may elect not to make an award in a category should they deem none worthy, or they may elect to present a tie award.

The award. . . . Winners will be presented with the VML Achievement Award Pyramid Trophy and will be recognized at the VML Annual Conference in September. In addition, summaries of the winning entries will be published in the September issue of **Virginia Town & City.**

The deadline. . . . All entries should be mailed to VML Achievement Awards, P.O. Box 753, Richmond, VA 23206 and must be postmarked by **April 30, 1985.** All entries become the property of the Virginia Municipal League.

Questions. . . . Contact Christy Everson in the VML Office at (804) 649-8471.

By Deirdre C. Coyne

Lewinsville Center Residence

A New Horizon for the Elderly

Where children once studied, now the elderly reside. The Lewinsville Center Residence in McLean represents the first renovation of a school in the state of Virginia for the purpose of providing housing for the elderly.

Lewinsville has made a big difference in the lives of its low-income, elderly residents. Most of the center's residents previously lived with a son or daughter, and although these homes were comfortable, many of these elderly individuals lacked privacy, felt the need for greater independence and wanted the companionship of people their own age. But when it came to searching for an affordable efficiency or one-bedroom apartment in a decent neighborhood, the prospects for an elderly person with a fixed income were not good. Rents ranging from $300 to $450 a month were beyond their financial means. At Lewinsville, residents pay an average of $250 a month in rent and utilities, share an evening meal and can participate in regular planned group activities and outings.

The Lewinsville Center Residence represents a response by the Fairfax County Redevelopment and Housing Authority to the needs of an increasing elderly population for affordable housing, independent living and peer fellowship. The project is part of a four-year effort by FCRHA to develop affordable housing for low-income elderly in the absence of federal subsidy.

The concept behind Lewinsville was to reduce square footage in each apartment without sacrificing livability and to provide congregate living and dining facilities. The design encourages residents to retain their individuality and independence, yet share similar interests and activities with one another.

Background

In Fairfax County as in many suburban jurisdictions, school enrollments have significantly declined resulting in some vacant elementary schools in developed residential areas. Learning of several schools soon to become available for alternative uses, Fairfax County Department of Housing and Community Development staff contacted the school board and toured the prospective schools. The two-story Lewinsville Elementary School appeared suitable for conversion, and the school board indicated their intention to lease the school to an acceptable party.

A children's day-care center already occupied the first floor of the school, and plans existed for another children's day-care center, a senior recreation center and an elderly day-care program to be incorporated into the building. No doubt, these programs would be very compatible with a congregate elderly residence on the second floor.

HCD staff received community support and the backing of the board of supervisors' member representing the district. In order to comply with the zoning ordinance and state code, it was necessary for FCRHA to secure the approval of the county planning commission and board of supervisors for the renovation and lease of the second floor of the school. The FCRHA was successful in this effort.

Redesign and Renovation

The task for the architectural firm involved was the redesign of 10,106 square feet of classroom space into efficiency apartments and shared living and dining facilities. The firm decided to maintain the existing walls of the classrooms and divide each classroom into units of approximately 350 square feet with 250 square feet of living space, a significant cost-saving measure. This yielded 21 efficiency and one-bedroom apartments (including two units for the handicapped and one bedroom for the manager), a double-loaded corridor and additional space for an office as well as 2,000 square feet of shared living/dining area. The architect conceived that 350 square feet would provide an elderly person with sufficient space for privacy and comfort, but would not be so large as to encourage residents to confine themselves in their apartments.

At Lewinsville each unit has a kitchenette with two burners, a half refrigerator, a sink, a micro-wave convection oven, a bathroom, a walk-in-closet and a smaller coat closet. Grab bars were installed in the bathtubs and emergency cords were placed in each bathroom. The living, sleeping, dining area is basically a square configuration. Individually controlled air conditioners were installed in each apartment, and the plumbing system was expanded to serve all 22 units. The units are heated by a central oil-fired boiler.

The common areas for living, dining and cooking, which total 2,000 square feet, are at the western end of the corridor in space previously used as the school's library. This area includes a large dining room, a commercial kitchen with a breakfast nook, a living room, a library and a laundry room with a lounge.

To create a lighter, more home-like atmosphere, two bay windows were installed in the dining room. Draperies and textured blue wallpaper provide decorator accents, and several family-style dining tables are available, each seating up to eight. The living room is a comfortable focal point for socializing. It is furnished with a country sofa, easy chairs, lamps, end tables and a television. Carefully selected furniture allows the elderly residents to rise from a seated position with ease.

The commercial kitchen provides the equipment necessary to prepare meals for all 21 residents of the Lewinsville Center, and a shared meals program discourages individuals from isolating themselves in their apartments. Residents are required to contract for a minimum of 20 meals a month, and residents have the option of a chef, caterer or commercially prepared food service. Since the elderly occupants have their own kitchenettes, they may eat some meals alone or invite a friend or relative to join them.

The overall color decor is pleasing to the eye and avoids an institutional appearance. Light hues and a large window at the east end of the hallway add as much light as possible to the long corridor. Wine-colored carpeting covers the hallway and three different carpet colors are used in the common areas. Both walls along the corridor have a light grey tile wainscoat bordered by handrails with white walls above. To help residents readily identify their units, doors are painted three different colors.

Operation, Marketing, and Management

The Fairfax County Redevelopment Housing Authority served as the developer of the Lewinsville Center, conceiving the idea, developing the plans and programs and monitoring the construction work. A $500,000 capital grant, largely contributed by the Fairfax County Board of Supervisors, paid for the renovation.

The residence is operated and managed under FCRHA's non-profit rental program, the Fairfax County Rental Program. (FCRHA manages an additional 488 units in five locations under this program.) Since no federal subsidy is involved, rents must cover all operating expenses, reserves and lease payments.

Given the unique aspects of this residence, FCRHA hired a marketing agent with extensive experience in Fairfax County in owning and managing housing for low-income elderly persons. Since Lewinsville was conceived as a community-based facility, reliance in the marketing program was largely placed on the use of existing civic, social and church networks. With minimal media advertisements, there were 182 inquiries which yielded 46 qualified applicants for residence.

Selection criteria for residence at Lewinsville are based on the following: ability to adapt to a shared living environment, physical ability to live an independent situation based on a doctor's report, mental alertness, and a home visit to ascertain if applicants are adequately maintaining their current residences.

Income is a major criterion for residency at Lewinsville. Individuals with the lowest incomes who can afford the average monthly rent of $250 while paying no more than 40 percent of their income for rent are eligible for occupancy. This translates into an annual income range of approximately $7,000 to $15,000.

The majority of the elderly individuals who were selected for occupancy were living with a family member and seeking the independence of having an affordable place of their own. The minority were living in apartments and hotel rooms and found rents too high and, in some instances, high-rise living undesirable. Some had too much income to qualify for federally assisted housing, yet found efficiency and one-bedroom apartment rents ranging from $300 to $450 a month too expensive for their fixed incomes.

In addition to the amenities for the elderly at the Lewinsville Center, a congregate housing coordinator working on-site 30 hours a week plans and carries out activities and programs with the residents and also coordinates the delivery of other essential county services. A one-bedroom apartment is reserved for an on-site manager who covers emergency calls and assists the residents when the housing coordinator is off duty.

The Elderly Prototype

Development of Lewinsville was an outgrowth of the new construction elderly prototype conceived of by Walter D. Webdale, Department of Housing and Community Development director. Work on the prototype began in 1980. Initially, the concept called for two persons sharing an apartment with two bedrooms, two bathrooms and living, dining and kitchen areas. After a market study indicated several potential marketing problems with this concept, FCRHA modified the design to a one-story building with eight efficiency apartments sharing living and dining facilities. Preliminary projection of development costs indicated a per person monthly rent of approximately $350, assuming non-profit operation. To reap the benefits of economies of scale, FCRHA contemplated construction of a 100-unit project with FCRHA tax-exempt financing providing a below market rate construction and permanent mortgage.

In 1981, FCRHA hired a consultant to provide a better understanding of the elderly market, their preferences in housing and the marketability of this elderly prototype.

The consultant documented the growing need for elderly housing in Fairfax County by surveying the waiting lists of elderly apartment developments and by projecting the elderly propulation. Five federally assisted elderly developments were surveyed with cross checks to avoid duplication. A total of all waiting lists for the five developments showed 1,200 low-income elderly persons waiting for housing. Furthermore, demographic data indicated that the elderly population of Fairfax County is growing at a rapid rate. The population of persons 65 and over will increase by more than 70 percent in the current decade. County population projections indicate an average annual growth of 5.75 percent per year between 1980 and 2000.

Market conditions in Fairfax County also pointed to a greater demand in the coming years for affordable housing for the elderly. Since 1970, approximately 1,000 units a year have been converted to condominiums. The search for affordable rental housing by low-income elderly displaced by conversion will continue to exert itself. In addition, cutbacks in federally assisted housing will drastically decrease in the number of housing units available for low-income elderly.

FCRHA staff also observed the market trend of non-federally assisted housing for low-income elderly moving toward smaller units and shared housing alternatives, signifying greater market acceptance of less square footage. The U.S. Department of Housing and Urban Development has issued directives to sponsors of assisted elderly housing to reduce square footage in planned units to encourage efficiency. In the private market, considerable interest has grown in accessory apartments, granny flats, group homes and programs matching home seekers with home providers. These trends signaled a receptive market climate for FCRHA's elderly prototype.

Nonetheless, the consultant pointed out that shared living as originally proposed by FCRHA (two people occupying a two-bedroom apartment) had never been tried and that the acceptance of the concept by the elderly would depend on public education and a creative marketing program. A housing preference survey by the consultants indicated that the elderly are not wholly in favor of sharing an apartment, a major hurdle to overcome. The main negative responses in the survey were concern over loss of privacy and personality clashes. The consultants felt a carefully devised marketing program could overcome these obstacles.

Don't Be Left in the Dark!

Attend the 1985 VML Conference.

★ **The Sessions** . . . *Attend sessions on the 1985 tax laws, handicapped accessibility, public officials' liability, education funding and wellness programs. Hear from national, state and local political leaders and experts. Meet with officials from across the state in a variety of workshops, luncheons and receptions.*

★ **The Place** . . . *Enjoy Roanoke's unique environment, a blend of urban and rural amenities. Experience the sights and sounds of the Center-in-the-Square with its fine museums and planetarium. Visit the shops and stalls at the Farmer's Market. The city with the star will shine for the 1985 VML Conference.*

★ **The Time** . . . *It all starts on Sunday, Sept. 22 and concludes Tuesday, Sept. 24. The recently remodeled Hotel Roanoke will serve as the Conference Headquarters; satellite hotels include the Sheraton Airport Inn, the new Marriott, the Holiday Inn Civic Center, Holiday Inn Airport and Holiday Inn South.*

Watch for more information in upcoming issues of VIRGINIA TOWN & CITY.

Surveying the Amenities

In surveying the five assisted elderly developments, the consultant concluded that each project was successful because of the amenities provided, which are geared to independent living. These amenities include attractively decorated and frequently used common areas with lobbies, game rooms and sitting rooms. Each project had an active social calendar for classes, arts and crafts, entertainment and meetings. Additionally, there were rails along both sides of hallways, emergency cords in bedrooms and bathrooms, smoke alarms, kitchens with electric appliances and easy access to shelves and cabinets. All the projects had elevators and some had extra loud bells for those hard of hearing. Given that the average age in the surveyed projects was 75 years old, the need for safety amenities was particularly underscored.

The consultant concluded that the five federally assisted elderly developments surveyed were successful because they offered both low cost housing and continued independent living.

When the needs and market study was complete, HCD staff undertook an exhaustive search for land either zoned or master planned for mid- to high-rise residential in close proximity to needed services. The search failed to yield saleable land at an affordable price. With the unavailability of land, staff modified the concept and design to a one-story structure with eight efficiency units to increase privacy for the residents and to reduce construction and operating costs. HCD is now pursuing two potential sites for up to 100 units to be developed using the eight-plex elderly prototype.

FCRHA adapted the basic premises formulated in development of the elderly prototype for new construction and applied them in the redesign and renovation of Lewinsville. Occupancy took place in December 1984, and now 21 elderly men and women reside at Lewinsville. At an affordable $250 a month, they are able to maintain their independence in a secure and social environment. An 88-year-old woman after suffering three serious falls no longer worries about living alone, a 69-year-old former bus driver enjoys meeting new friends with his dog, and an independent 73-year-old can be close to her relatives yet maintain her independence and pride.

About the Author

Deirdre Coyne has served as director of public affairs for the Fairfax County Department of Housing and Community Development since 1981. She acts as press secretary and writer and works as liaison with various citizen groups. She holds a master's degree in urban and regional planning from George Washington University.

Salem Wins Utility Award

Salem's Electric Department received an Electric Utility Safety Award from the American Public Power Association for its perfect safety record for 1984.

APPA, which represents more than 1,750 local publicly owned electric utilities across the nation, conducts the annual Electric Utility Safety Award Contest to draw attention to the importance of safe working habits and to recognize outstanding utilities. Salem was among 55 systems awarded for perfect safety records at the recent APPA Engineering and Operations Workshop in Atlanta.

Reginald A. Oliver is superintendent of the Salem department.

Arlington County Police Receive Accreditation

The Arlington County Police Department is the first police department in the state to receive accreditation from a national law enforcement agency.

The department complied with 782 mandatory and non-mandatory standards to receive the accreditation from the Commission on Accreditation for Law Enforcement Agencies. The accreditation places the department in an "outstanding category" with a "rightfully uncontested status," according to the executive director of the commission.

The department and Chief of Police William K. (Smokey) Stover received a resolution of commendation passed by the 1985 Virginia General Assembly.

Main Street Program Set

The National Trust for Historic Preservation will celebrate Preservation Week May 12–18 with the theme "The Action's Back on Main Street." The purpose of the week is to make the public aware of efforts to revitalize America's main streets by attracting new businesses, preserving historic structures and developing special events.

To address the needs of old commercial districts, the National Trust established its Main Street demonstration program in 1977. Based on the successes achieved in the original three pilot towns, the National Trust created the National Main Street Center in 1980 to develop a network of downtown revitalization projects across the country.

The National Main Street Center provides technical assistance and training to communities to rebuild the image that their downtowns project to shoppers, residents, investors and visitors. The Main Street approach is to improve and maintain both the downtown's physical image as well as its less tangible image or spirit. For information or materials contact the National Main Street Center, National Trust for Historic Preservation, 1785 Massachusetts Ave. NW, Washington, DC 20036.

Fairfax County Rates 'AAA'

Fairfax County sold $61.650 million in Aaa/AAA rated tax-free general obligation 1- to 20-year serial bonds Feb. 20 at a true interest rate of 8.6618 percent. The interest rate represents a .98 percent differential under the Bond Buyer Index, realizing an approximate savings of $6.3 million for the county's taxpayers over the life of the bonds.

Only eight states, 12 of the nation's 19,145 cities and 11 of 3,137 U.S. counties have triple-A ratings from both Moody's Investors Service and Standard and Poor's Corp. Among those are Virginia, Charlottesville, Fairfax County and Henrico County.

The triple-A ratings are the highest ratings given municipal bonds by the investment services and result in bonds selling at lower interest rates therefore realizing substantial savings.

Fairfax County first received the Aaa rating from Moody's in October 1975 and the AAA from Standard and Poor's in 1978. In renewing the AAA rating for the Feb. 20 sale, Standard and Poor's indicated the rating reflected the county's "growing diversified economy, positive financial operations and sound managerial policies." Other contributing factors given included a "rapidly growing population and tax base, excellent tax collections, low debt ratios and high income levels."

Proceeds from the sale will provide funding for library construction, school construction, primary and secondary road construction, Fairfax County Park Authority construction, Northern Virginia Regional Park Authority construction, Metro operations and construction, storm drainage construction, community improvement program construction and fire station construction.

Vienna Police Reorganize

The Vienna Police Department completed the first phase of its reorganization in March, according to Chief of Police Donald G. Harper.

Phase one of the reorganization included division of the department's operational and administrative responsibilities. Phase two will include formation of a traffic unit and should be completed by September.

The new Operations Division includes patrol, traffic, criminal investigations, animal warden and internal affairs sections and will be commanded by Capt. Richard M. Williams. Williams has been with the department 24 years and was named 1984 Policeman of the Year by the Vienna Woman's Club.

Capt. Joseph A. Higgs will command the Support Services Division which includes communications, records, property, identification, training, budgeting and equipment. Higgs, a retired Fairfax County police officer, was most recently a training instructor and course developer for the Federal Law Enforcement Training Center in Glynco, GA.

The department reorganization was approved by town council in January.

CEO Training Set for July

Future trends and issues affecting local government and the skills needed to lead in this changing environment are the themes of the Senior Executive Institute, a new program of executive development sponsored by the University of Virginia.

The program features an intensive, two-week residential experience for senior local government managers led by a mix of public and private sector professionals. It will take place July 21–Aug. 2 at the university in Charlottesville.

Discussion topics will include working with governing boards, dealing with multiple constituencies, managing an increasingly well-educated workforce, entrepreneurship, business-government relations, latest advances in financial management, dealing with the media, career counseling, stress management, applications of high technology and intergovernmental relations.

For more information contact Russ Linden, Institute of Government, 207 Minor Hall, University of Virginia, Charlottesville, VA 22903; (804) 924-3396.

Apartheid

A Local Response

By Frank Buck
and
Robert Sheets

Demonstrations take place almost daily in front of the South African Embassy in Washington. Even a few have been spotted around Virginia. And, with the state of Nebraska leading the way in 1980, five other states and a handful of cities and towns have taken initiatives opposing South Africa's policies of racial segregation. Last fall, the city of Charlottesville joined Wilmington, DE, Berkley, CA, East Lansing, MI, Davis, CA, Hartford, CN, and Boston to become the seventh city in the nation and the first in Virginia to adopt economic sanctions against apartheid.

The issue of a responsible investment policy towards South Africa first emerged in Charlottesville during city council elections in May 1984. It resurfaced when the Social Development Commission, an eleven-member advisory board appointed by council, recommended the city include as part of its comprehensive plan a revised policy towards investment in South African-related companies. During discussion of the plan it became clear that the issue warranted investigation, and the finance department was instructed to prepare a report on the implications of divestment for the Charlottesville Retirement Fund.

Apartheid is the official policy of racial segregation in South Africa. This practice, applicable to mixed-race and Asian South Africans as well as blacks, encompasses education, housing, public facilities and, with the exception of domestic servants, private households.

Blacks in South Africa are denied voting and citizenship rights, have no political representation and have limited freedom of movement, organization and speech. The South African government is pursuing a policy of constitutional reform whereby ten "bantustans," or homelands, have been set up as geographical regions for blacks, and eventually all will be given independent status. While blacks comprise more than 70 percent of the population in South Africa, the area set aside for bantustans comprises only 13 percent of the country's total land mass.

Divestment Pros/Cons

Divestment is by no means a clear cut issue. Those who favor divestment argue that it will pressure U.S. firms to demand governmental action in South Africa to end apartheid. Proponents also maintain that investing in South Africa reinforces, even condones apartheid. They claim that by abetting and perpetuating the present economic structure, U.S. investment actually contributes to the subjugation of blacks and other minorities.

Opponents of divestment feel that divestment will adversely affect black employment in South Africa and argue that without becoming a significant part of South Africa's economic base, blacks will have little chance of bringing about political change. They maintain that U.S. firms can improve the situation in South Africa by mandating fair employment practices, desegregating work places, recognizing unions and contributing to personal and community development.

South African government officials have said that neither demonstrations nor economic sanctions will change the country's policies and might possibly even create a backlash against reform.

A further argument against divestment is that financial investment officers are legally responsible for investing all state or city funds which are held in trust as prudently as possible; opponents of divestment claim that divestment from South African-related firms prevents them from fulfilling this responsibility.

The divestment issue has rather wide-reaching implications, and in order to focus on issues central to the formation of a responsible policy, Charlottesville's study highlighted four areas of particular concern: (1) the effects of divestment on U.S. corporate policy in South Africa, (2) the effects of divestment on the South African government's policy of apartheid, (3) the financial effects of divestment on the Charlottesville Retirement Fund, and (4) the legal implications of divestment.

Effects on Corporate Policy

Divestment activity has certainly heightened U.S. corporations' awareness of public concern and prompted many companies to adopt more rigorous fair employment practices.

Standards of fair employment practices have been embodied in the principles set forth by Rev. Leon Sullivan which dictate non-segregation in work facilities, equal pay for equal work, training programs for blacks and other minorities and improved facilities in housing, schooling and other quality-of-life areas. Of the 280 U.S. firms in South

Africa, 120 have voluntarily subscribed to these principles.

As of yet, divestment has been more of a public relations problem for U.S. corporations rather than a challenge to their ability to raise capital. Divestment entails transferring ownership of stock, not removing it from a corporation's capital structure. Corporations have already issued the stocks and received the proceeds from sale.

Divestment poses the problem of investors not wanting to own their securities. While this is certainly of concern, it has not resulted in a loss of capital, but has prompted some corporations operating in South Africa to adopt the Sullivan Principles.

Effects on South African Government

Divestment activity thus far has not produced specific political action by the South African government. The government has stepped up efforts to combat divestment proposals in the United States primarily by trying to convince U.S. legislators of South Africa's gradual improvements and constitutional reforms. Divestment has affected the South African government in this way, although it has not pressured the government to change its policy of apartheid or its plan for constitutional reform.

Financial Effects on Charlottesville's Pension Fund

Most major studies have found that pension funds of Charlottesville's size ($9 million) could divest without a significant impact on earnings. No conclusive studies have been published on the effects of divested funds to date; however, empirical studies have shown that divestment for large funds may increase portfolio risk and reduce diversification because large, multinational firms doing business in South Africa represent a significant portion of the total market value of all common stocks.

During the past 10 years, Charlottesville's pension fund has been managed under the same guidelines as a large fund and has achieved excellent returns at relatively low levels of risk. Charlottesville's investment manager believes these results could not have been achieved with a completely South African-free portfolio.

Legal Implications

None of the plans currently managed under South African restrictions may come under legal challenge for considering the social implications of investment policy; moreover, even under the standards set out in the Employees Retirement Income Security Act (1974), it is unlikely that divestment violates the principles of fiduciary care.

In Michigan, however, the state's authority to prohibit state universities from investing in South African-related firms is now under challenge. This legal complication can be avoided by making certain that those who are responsible for governing the plan actually make the divestment decision.

The city of Charlottesville and the retirement commission could be subject to legal action from the taxpayers or participants in the plan if (a) the taxpayers feel divestment will increase their taxes, (b) the participants feel divestment will jeopardize their benefits or (c) either party objects to the use of pension fund assets for social purposes. The economic implications of divestment are far from clear, and these challenges could only take place in the unlikely event of a precipitous decline in earnings caused by a divestment proposal.

Other Considerations

Three other considerations were voiced by Charlottesville's city council and adequately resolved.

First, introducing social considerations into financial policy may have implications beyond the South African restriction. Limitations on investment in communist countries or in other countries which violate human rights, for example, could follow.

Second, adopting a South African-free investment policy could lead to adoption of a local procurement policy boycotting the purchase of goods or services from these same companies. The financial effects on procurement policy may well be greater than effects on investment policy and should be given consideration.

Third, alternatives other than total divestment should be addressed, criteria such as whether a company subscribes to the Sullivan Principles or whether it provides strategic goods or services to the South African government, military or police. Using a proxy-vote committee to vote on specific corporate policy measures as well as to further investigate corporate activity in South Africa offers still another alternative available to municipal leaders considering divestment.

Charlottesville's Decision

The report of Charlottesville's finance department made no recommendations; rather, it presented the best arguments for each side of the divestment issue. As such, council was left with a wide range of measures to consider: strong-form or total divestment legislation such as that passed by the state of Massachusetts, a Sullivan Principles-based measure such as that passed by Connecticut, or the formation of a proxy-vote committee following the path taken by the University of Virginia and Harvard University.

What were the objectives of the city, and how could they be used to help forge a divestment plan that would suit its needs? First, the city, as manager of its own retirement plan, felt responsible for recognizing the social implications of its investment policy and wanted to express its concern over apartheid. Second, the city wanted to assure the actuarial health of the plan and in no way jeopardize its earnings performance. Furthermore, the intent was to be corrective, not punitive. Rather than punish firms for conducting business in South Africa, a measure was designed to encourage them to take active steps to create change within the country. In addition, it was not obvious that all firms, simply because they operate in South Africa, were necessarily socially irresponsible.

The resulting measure was designed to recognize those firms which were upholding standards of fair employment practices that would be considered reasonable for companies operating in the United States and to let firms that were not upholding these standards know that, unless they initiated a program to do so, they would be considered unacceptable as investment alternatives for Charlottesville's pension fund.

Charlottesville found the Sullivan Principles-based measure a practical solution to a complex issue. While it may not satisfy everyone, it appeals to numerous parties concerned with the administration of such a plan. The investment managers, for instance, can perform their duties within the constraints of this measure; the Retirement Commission, responsible for selecting "avoid" firms, finds it to be administratively possible and not costly to identify unacceptable firms by reviewing yearly reports on the signatory companies to the Sullivan Principles; and most important, through this measure the city of Charlottesville clearly acknowledges the social implications of investment policy and reconciles this responsibility with sound financial management.

About the Authors

Frank Buck, a Charlottesville attorney, has served on council for the past seven years and as mayor for five years. Robert Sheets has been Charlottesville's director of finance since 1979.

ANNOUNCING

NATIONAL LEAGUE OF CITIES

CABLE COMMUNICATIONS POLICY ACT OF 1984

THE BRIEFING YOU CAN'T AFFORD TO MISS

On **April 28, 1985**, the Federal Communications Commission will issue a critical set of regulations required by the recently-enacted Cable Communications Policy Act of 1984. The regulations will determine whether basic service rates are controlled by the city or the cable company. Other provisions of the law will also require cities to change the way they franchise and regulate local cable systems.

These indispensable briefing sessions sponsored by the National League of Cities, will provide local officials with a unique opportunity to get critical information on the FCC regulations and the major provisions of the law and practical suggestions on how to cope with these requirements and with the demands of your city's cable system operator. The briefings will begin at 9:00 a.m. and the program content includes:

- *The New Law: Overview and Background*
- *Rate Regulations*
- *Service, Facility and Equipment Requirements*
- *Franchise Fees and Taxes*
- *Franchise Modification*
- *Renewal*
- *Access*
- *Questions and Discussion*

BRIEFING SESSION:

SAN FRANCISCO — May 6, 1985
San Francisco Airport Hilton Hotel

CHICAGO — May 8, 1985
Howard Johnson's O'Hare International

ATLANTA — May 10, 1985
Atlanta Airport Hilton Hotel

REGISTRATION INFORMATION:

The registration fee is $90 for NLC direct members and members of the National Association of Telecommunications Officers and Advisors and $150 for all other participants. The deadline for advance registration is April 26, 1985. For additional registration or program information, contact the National League of Cities at (202) 626-3140.

Sponsored by National League of Cities

Supreme Court Reverses NLC Landmark Case

By Clay Wirt

In a stunning setback for state and local governments, the U.S. Supreme Court struck down *National League of Cities et. al.* v. *Usery,* 426 U.S. 833, this February, the 1976 landmark case upholding the sovereignty of state and local governments in certain employment matters.

The court decided 5–4 in *Garcia and Donovan* v. *San Antonio Metropolitan Transit Authority,* No. 82-1913, that the Constitution does not bar application of the Fair Labor Standards Act (FLSA) to traditional functions of state and local governments. This reverses the 1976 decision in *NLC* v. *Usery* that it was unconstitutional under the 10th Amendment for Congress to apply FLSA to governments acting in "traditional governmental functions" including fire prevention, police protection, sanitation, public health and parks and recreation.

The court suggested that if state and local governments do not want federal wage and hour laws to apply in the manner decided by the court, then they have the means through the political process to have Congress change the law.

Justice Blackmun stated in the majority opinion, "The political process ensures that laws which unduly burden the states will not be promulgated."

The recent decision stems from actions initiated in 1979, when the Wage and Hour Administration of the U.S. Department of Labor issued an administrative "determination" that certain state and local government functions are "non-traditional" and therefore subject to FLSA. These categories included public transit, publicly owned power or telephone systems, telecommunications, production and sale of fertilizer as a by-product of sewage processing or agricultural commodities, off-track betting, alcoholic beverage stores and maintenance or repair of boats and marine engines for the general public. As a result, the San Antonio Metropolitan Transit Authority filed suit against Raymond Donovan, secretary of labor, asking that the Labor Department's determination be nullified, and Joe Garcia, a San Antonio transit operator, filed a countersuit against the city on the basis of the Labor Department's determination. These suits eventually led to the recent Supreme Court decision.

It is too early to gauge the actual financial impact of *Garcia* v. *San Antonio* on state and local governments, although it could be substantial.

Justice Powell in his dissent stated, "The financial impact on states and localities of displacing their control over wages, hours, overtime regulations, pensions and labor relations with their employees could have serious as well as unanticipated effects on state and local planning, budgeting and the levying of taxes."

Although the results of a current nationwide impact survey are not yet available, a 1975 survey done by the International City Management Association revealed a cost at that time of more than $1 billion for state and local governments simply to comply with the federal overtime pay provisions of FLSA.

Gov. Charles S. Robb while unable to speculate on the magnitude of its impact, told legislators Feb. 20 that the decision was "reportedly of monumental proportion," and that he was "greatly concerned over the fiscal implications" of the decision.

J. T. Shropshire, chairman of the state compensation board, in turn called for preventive action from constitutional officers: sheriffs, commonwealth's attorneys, circuit court clerks, commissioners of revenue and treasurers, whose manpower allocations and spending plans are controlled by the compensation board. In addition, he called on local government officials to seek to eliminate or reduce overtime work by their employees to minimize the effects of the decision.

Shropshire recently told reporters a records check has indicated the ruling will cost more than $6 million in the next budget year.

FLSA Provisions

The major provisions of FLSA which apply to local governments include the minimum wage provisions, overtime provisions and various reporting and record keeping requirements. These provisions apply to all full and part-time employees but exempt certain key personnel including executive, administrative and professional employees as well as elected officials and their top aides.

The minimum wage provisions require that all covered employees receive a minimum hourly wage of $3.35. An employee may be paid on a weekly, monthly or some other basis as long as the employee receives this base pay for each hour actually worked.

The overtime provisions are more complicated and likely to have a far greater financial impact on local governments. FLSA requires that an employer pay employees who work in excess of a specified number of hours in any work week or work period on a time and a half basis for all hours in excess of the allowable hours. As a general rule, the relevant work period is the seven-day work week, and overtime compensation in the form of monetary compensation, not compensatory time, must be paid for work in excess of 40 hours a week for such work. Each work week stands alone, and the number of hours worked over two or more weeks cannot be averaged. Thus if an employee covered by FLSA works 20 hours one week and 60 hours the next, the employee would receive 20 hours of overtime pay for the second week even though he averaged only 40 hours of work for the two weeks.

These 40-hour work week overtime provisions are sure to create problems for many public transit systems that use split shifts and extended hours as regular work periods. However, a longer work period is allowed for firefighters and law enforcement personnel if the local government follows specific procedures established by FLSA. Following is a representative sample of the maximum number of allowable hours in

Shropshire says ruling may cost more than $6 million.

work periods of particular lengths before overtime compensation must be paid to firefighters and policemen:

Work Days	Maximum Hours Fire	Police
28	212	171
21	159	128
14	106	86
7	53	43

Localities who employ fewer than five employees in law enforcement or fire protection in any work week are generally exempt from overtime requirements for these employees.

FLSA also establishes a limited exemption from a 40-hour work week for employees engaged in the operation of a hospital or institution primarily engaged in the care of the sick, the aged or the mentally defective. A work period of 14 consecutive days may be established for these employees with the employee receiving overtime pay after working more than 80 hours during the period.

Employers subject to FLSA provisions also must maintain employee records, including wages paid and hours worked. In addition, employers must submit any report which DOL determines to be necessary in conjunction with its enforcement responsibilities.

An employer who violates the minimum wage or overtime provisions of FLSA is required to pay the affected employee in court cases initiated by the employee (1) the unpaid minimum wage or the unpaid overtime compensation, (2) an equal amount in the form of "liquidated damages" and (3) attorney's fees and other costs. Additionally, the court may grant other relief as appropriate, including reinstatement, promotion and the payment of wages lost. An employer who willfully violates the minimum wage or overtime provisions may be fined up to $10,000.

Shock Waves

The Supreme Court's ruling is sending shock waves far beyond the potential cost of applying the Fair Labor Standards Act to state and local governments. The court's declaration, which gives Congress unlimited authority to regulate under the Commerce Clause of the Constitution, could lead to federal pre-emption in other aspects of state or local governance. The decision could add momentum to political action groups lobbying for a stronger federal role in teacher and educational standards or crime control and criminal sentencing. It also could give momentum for federal standards to supersede state tort or product liability laws.

It should not be surprising that the National League of Cities and local governments around the country have expressed dismay with this recent decision. NLC Executive Director Alan Beals described the court's decision as "a surrender document."

"The court has decided to let the political winds that blow across Capitol Hill . . . dictate the extent to which state and local governments can make any decision about their own activities," Beals said.

Rays of Hope

Although *Garcia* v. *San Antonio* is a particularly troublesome decision from the standpoint of local governments, rays of hope do exist. The closely divided decision leaves open the possibility for future narrowing of the decision or an outright reversal. Indeed, *NLC* v. *Usery* overruled *Maryland* v. *Wirtz,* a 1968 case which held that state hospitals and educational institutions were covered by FLSA.

Justice Rehnquist in his dissenting opinion this February expressed confidence that in time the principles set forth in *NLC* v. *Usery* would again command the support of a majority of the Supreme Court.

The majority opinion in *Garcia* was written by Justice Blackmun who had voted in favor of NLC in *NLC* v. *Usery*. Blackmun was joined in his opinion by Justices Brennan, White, Marshall and Stevens. Chief Justice Burger and Justice Powell, Rehnquist and O'Connor dissented.

A second ray of hope is that the Reagan administration may not be anxious to modify the philosophy of *NLC* v. *Usery* which is incorporated in a U.S. Labor Department administration "determination" found at 29 Code of Federal Regulations 775. Under 29 CFR 775, FLSA is not applicable to traditional governmental functions but is applicable to non-traditional functions such as generation and distribution of electric power and local mass transit systems. (Again, the attempt by the Labor Department to include local mass transit in the regulations led to *Garcia* v. *San Antonio.*)

Rex E. Lee, solicitor general of the United States who is responsible for representing the federal government in cases before the Supreme Court, said he was "surprised and grieving" at the recent Supreme Court decision.

"We have no quarrel with the underlying core principle established in 1976," Lee said.

It is unclear what action the U.S. Labor Department will take to revise 29 CFR 775. If this determination is amended for across the board application of FLSA to state and local governments, undoubtedly legislation will be introduced in Congress to reverse at least some of the adverse effects of *Garcia* v. *San Antonio.*

About the Author

Clay Wirt serves as VML's deputy director. He holds a law degree from Georgetown University Law School in Washington, DC.

Professional Directory

HAYES, SEAY, HSMM
MATTERN AND MATTERN
Architects • Engineers • Planners

Serving local governments

P.O. Box 13446
Roanoke, VA 24034
(703) 343-6971

OFFICES IN
Roanoke
N. Virginia
Tidewater

Southern Engineering

Southern Engineering Company of Virginia
1800 Peachtree Street, N.W.
Atlanta, Georgia 30367-8301
(404) 352-9200

HARLAND BARTHOLOMEW
& ASSOCIATES, INC.

PLANNING • LANDSCAPE ARCHITECTURE • ENGINEERING
COMMUNITY DEVELOPMENT CONSULTING

400 East Main Street Richmond, Virginia
23219

PHONE 804/649-8627

Rates
Planning
System Studies
Feasibility Studies
Design
Relaying
Metering

CHODAT, RUBACK & ASSOCIATES, INC.
THE HATHAWAY HOUSE
103 CENTRAL ST., P. O. BOX 749
WELLESLEY, MASSACHUSETTS 02181
TELEPHONE (617) 237-5815

PUBLIC UTILITY

Engineers & Consultants

BFI Waste Systems

BROWNING-FERRIS INDUSTRIES
Municipal Services

NORTHERN VA. (703) 560-8866
BALT. (301) 796-8850
TELEX 87-487

1800 Parkway Drive
Hanover, Maryland 21076

SCS ENGINEERS
STEARNS, CONRAD AND SCHMIDT
Consulting Engineers, Inc.

SOLID WASTE – HAZARDOUS WASTE
PUBLIC WORKS

11260 Roger Bacon Drive Reston, Virginia 22090 (703) 471-6150

BALDWIN & GREGG LTD.
ENGINEERS · SURVEYORS · PLANNERS

- Traffic Engineering/Signalization
- Stormwater Management
- Water and Wastewater Systems
- Industrial Park Planning
- Highway and Airport Design
- Grant Application/Management

Norfolk • Richmond • Washington, D.C.

AB&A
Austin Brockenbrough and Associates
Consulting Engineers

CIVIL • MECHANICAL
ELECTRICAL • PLANNING
SURVEYING • INDUSTRIAL FACILITIES AND PROCESS DESIGN • HIGHWAYS • WATER AND SEWERAGE SYSTEMS • DRAINAGE • SURVEYING ENVIRONMENTAL STUDIES • SITE PLANNING AND ENGINEERING

P.O. BOX 4800 · 4800 W. HUNDRED RD · CHESTER, VA · 804/748-8746

Gannett Fleming
ENGINEERS AND PLANNERS

NORFOLK
P.O. Box 13048
Norfolk, VA 23506
(604) 461-0155

FAIRFAX
Fairfax Professional Building
Suite 7
3545 Chain Bridge Road
Fairfax, VA 22030
(703) 385-0200

WATER
WASTEWATER
SOLID WASTES

- Chicago
- New York
- Richmond
- Tampa
- Philadelphia
- Phoenix
- Indianapolis
- Camp Springs, MD

804/285-9009
Three Chopt & Parham Roads, Richmond 23229

GREELEY AND HANSEN
ENGINEERS
Since 1914

MALCOLM PIRNIE INC.
ENVIRONMENTAL ENGINEERS, SCIENTISTS & PLANNERS

- Water Treatment & Supply
- Wastewater
- Solid/Hazardous Wastes

301 HIDEN BLVD.
NEWPORT NEWS, VA
804/599-5511

Your Ad Could Appear Here
Call: 804-649-8471

MMM DESIGN GROUP
A PROFESSIONAL CORPORATION
ARCHITECTS + ENGINEERS + PLANNERS

WASTEWATER TREATMENT SYSTEMS • ENVIRONMENTAL STUDIES
MUNICIPAL FACILITIES • WATERFRONT FACILITIES
WATER & SEWER SYSTEMS • TRANSPORTATION

229 West Bute Street
Norfolk, Virginia
804 / 623 - 1641

1750 New York Avenue, N.W.
Washington, D.C. 20006
202 / 783 -8060

6726 Patterson Avenue
Richmond, Virginia
804 / 282 - 5223

Hurt & Proffitt, Inc.
Engineers • Planners • Surveyors

Water, Wastewater, Solid Wastes,
Soils & Foundations
Land Development Site Plans
Residential, Commercial & Industrial
Subdivisions, Road, Dams, Airports

1933 Fort Ave. Lynchburg, VA 24501 (804) 847-7796

PARSONS BRINCKERHOFF
Since 1885
Engineers
Planners
Construction Managers

8200 Greensboro Drive
McLean, VA 22102
703-442-7700

11 Koger Executive Center
Norfolk, VA 23502
804-466-1732

One Penn Plaza
New York, NY 10119
212-613-5000

37 offices worldwide

Water Systems
Wastewater Systems
Storm Drainage

Solid Waste
Highways
Planning

R. STUART ROYER & ASSOCIATES, INC.
2500 Waco Street • Richmond, Virginia 23229
804-282-7657

Water Supply
Wastewater Systems
Environmental Analysis
Power Generation & Transmission

Burns & McDonnell
ENGINEERS - ARCHITECTS - CONSULTANTS

P.O. Box 173, 4800 East 63rd
Kansas City, MO 64141
816-333-4375

BODIE, TAYLOR AND PURYEAR, INC.
CONSULTING ENGINEERS
611 Research Road
P.O. Box 2901
Richmond, Virginia 23235
804-794-6823

BSJ
BUCK, SEIFERT & JOST, INCORPORATED
Consulting Engineers

Water Supply • Sewage • Industrial
Waste Treatment • Treatability Studies

- 140 Sylvan Avenue, P.O. Box 1218
  Englewood Cliffs, N.J. 07632 201-567-8990
- 405 So. Parliament Drive, Suite 101
  Virginia Beach, Va. 23462 804-499-8508

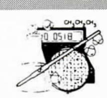
CH2M HILL, INC.
COMPLETE ENGINEERING SERVICES

Municipal and Industrial Waste Treatment, Power Systems, Structures, Solid Wastes, Water Resources, Water Supply and Treatment, Transportation, Hazardous Waste Management

1941 Roland Clarke Place, Reston, VA 22091 703/620-5200

---

the bionetics corporation
ANALYTICAL LABORATORIES



- HAZARDOUS WASTE ANALYSES
- SOLID WASTE CHARACTERIZATION
- INDUSTRIAL DISCHARGE SAMPLING/ANALYSIS
- STATE CERTIFIED BACTERIOLOGICAL ANALYSES

20 RESEARCH DRIVE HAMPTON, VIRGINIA (804) 865-0880

RALPH WHITEHEAD & ASSOCIATES
Consulting Engineers

1936 East Seventh Street
P. O. Box 35624
Charlotte, North Carolina 28235
704-372-1885

BRIDGES • HIGHWAYS • RAILROADS • RAIL & BUS TRANSIT • AIRPORTS

BRANCH OFFICES
3300 NE Expressway, Atlanta, GA 30341 (404) 452-0797
1314 Lincoln Street, Columbia, SC 29201 (803) 256-3590

OLVER INCORPORATED
Consulting Engineers
Environmental Laboratories
Industrial and Municipal

1531 North Main Street
Blacksburg, Virginia 24060
(703) 552-5548

O'BRIEN & GERE ENGINEERS, INC.
Syracuse, NY (315) 451-4700
Nine regional offices serving the Northeast, South, Mid-Atlantic and Midwest.

Dames & Moore
Water Supply and Pollution Control
Solid and Hazardous Waste Management
Environmental Impact Studies
Water Resources Management
Energy Studies
Soils and Foundation Engineering
7101 Wisconsin Avenue • Bethesda, Maryland 20814
(301) 652-2215

Finkbeiner, Pettis & Strout, Limited
Consulting Engineers
2301 West Meadowview Road
Greensboro, North Carolina 27407
(919) 292-2271
Also Offices In:
Toledo, Akron
& Cleveland, Ohio

ENGINEERS • ARCHITECTS • PLANNERS • SCIENTISTS
SURVEYORS • PHOTOGRAMMETRISTS
Greenhorne & O'Mara, Inc.
10710 Lee Highway, Suite 202 • Fairfax, Virginia 22030
Phone: (703) 385-9800

7700 LEESBURG PIKE
SUITE 302
FALLS CHURCH, VA. 22043
703/893-0711
Boyle Engineering Corporation
consulting engineers
WATER, WASTEWATER, DRAINAGE, FLOOD CONTROL
SITE DEVELOPMENT, STREETS, HIGHWAYS, BRIDGES
STRUCTURAL DESIGN, MARINAS

M&E Metcalf & Eddy
• Water
• Wastewater
• Resource Recovery
• Transportation
11120 New Hampshire Ave.
Suite 200 Silver Spring, MD 20904

WHITMAN, REQUARDT AND ASSOCIATES
Engineers
2315 SAINT PAUL STREET
BALTIMORE, MARYLAND 21218
(301) 235-3450

BDET
COMPLETE PUBLIC WORKS ENGINEERING, SURVEYING AND PLANNING SERVICES
BENGTSON, DeBELL, ELKIN & TITUS
CONSULTING ENGINEERS, SURVEYORS, PLANNERS & LANDSCAPE ARCHITECTS
Centreville, VA 703-631-9630
Leesburg, VA 703-777-1258
Woodbridge, VA 703-670-6400
Silver Spring, MD 301-681-8515

JMM
• Water, Wastewater, and Drainage Systems
• Multiple Engineering
• Utility Management and Finance
• Environmental Laboratories
• Construction Management
• Operation and Maintenance
JAMES M. MONTGOMERY CONSULTING ENGINEERS, INC.
Reston International Center, Suite 1130
11800 Sunrise Valley Drive, Reston, VA 22091
OFFICES THROUGHOUT THE U.S. AND OVERSEAS

GUY & DAVIS
CONSULTING ENGINEERS
WATER SUPPLY WASTEWATER
TOXIC AND HAZARDOUS MATERIALS
5200 ROLLING RD. BURKE, VA. 22015 (703) 978-1083
1102 WATERFORD DR. RICHMOND, VA. 23229 (804) 741-2369

FREDERICK G. GRIFFIN, P.C.
Consulting Engineers
3229 Waterlick Road, Lynchburg, VA 24502 (804/237-2044)
Cable Television • TV Broadcast • Public Safety Communications Systems • Alarm Systems • Electrical Design • Federal Communications Commission Application Preparation • Expert Testimony and Witness

---

HDR
Engineers
Architects
Planners
103 Oronoco Street
Alexandria, VA 22314-2096
(703) 683-3400
11 Koger Executive Center
Norfolk, VA 23502-4103
(804) 461-6351
Offices Nationwide

GERAGHTY & MILLER, INC.
Groundwater Consultants
844 West Street
Annapolis, MD 21401
(301) 268-7730
ADDITIONAL LOCATIONS:
AIKEN, SC • NEWTOWN, PA • OAK RIDGE, TN
BATON ROUGE
DENVER
HACKENSACK, NJ
SYOSSET, NY
PALM BEACH GARDENS
TAMPA

Wiley & Wilson
Architects Engineers Planners
2310 Langhorne Road
P.O. Box 877
Lynchburg, Virginia 24505-0877
(804) 528-1901

Patton, Harris, Rust & Assoc.
a professional corporation
Engineers Surveyors Planners
Complete professional services for municipalities and public agencies
Virginia Offices:
10523 Main Street, Fairfax, Virginia 22030 (703) 273-8700
100 South Main Street, Bridgewater, Virginia 22812 (703) 828-2616
109 West King Street, Leesburg, Virginia 22075 (703) 777-3616

PAS Public Administration Service
Providing management assistance and consultant services to local, regional, and state governments since 1933
1497 Chain Bridge Road
McLean, Virginia 22101
(703) 734-8970

THE MAGUIRE GROUP
Architects • Engineers • Planners
CE Maguire, Inc.
5203 Leesburg Pike, Falls Church, VA 22041 (703) 998-0100
207 Business Park Dr., Virginia Beach, VA 23462 (804) 497-6304
Regional offices
Providence, RI: Boston, MA: Clearwater, FL: Ft. Charlotte, NC: Dallas, TX: Falls Church, VA: Florence, SC: Honolulu, HI: Bloomfield, NJ: New Britain, CT: Pittsburgh, PA: Phoenix, AZ: Spartanburg, SC Virginia Beach, VA: Waltham, MA.

Consultants — Put your message here before 4,300 readers each month.
Call (804) 649-8471 to find out how!

Tired of Getting a Passed-Around Copy?

Subscribe to VIRGINIA TOWN & CITY.

Name ______________________
Mailing Address ______________________

☐ **$4/year**
Official or employee of a VML member locality.

☐ Check enclosed.
☐ Bill my locality at:

☐ **$8/year**
Regular subscription. Please enclose check payable to Virginia Town & City.

Mail to: VT&C, P.O. Box 753, Richmond, VA 23206.

Marketplace

Solid Waste Superintendent

Newport News, VA (pop. 155,000). Salary $26,200–$38,000. Public works position responsible for planning, directing, coordinating solid waste collection and landfill disposal activities. Requires any combination of ed. & exp. equivalent to bachelor's degree in bus. or pub. admin. and considerable supv. exp. in solid waste collection, disposal. Exp. with automated refuse collection systems, resource recovery facilities preferred. Submit letter of application and resume by June 1 to: Personnel Department, City of Newport News, 2400 Washington Ave., Newport News, VA 23607. EOE.

Assistant Police Chief

Buena Vista, VA (pop. 7,000). Salary $18,314–$23,376 plus benefits. Dept. consists of 16 employees with 12 full-time officers. Position requires three years exp. in leadership position in both operation and admin. Applicant to take IPMA written exam and appear before interview panel. Finalist to take physical and psychological exams. Must work various shifts, weekends and holidays. Send resume to Larry M. Foster, City Manager, 2039 Sycamore Ave., Buena Vista, VA 24416 by April 30, 1985.

WOLFE & ASSOCIATES, INC.
Management Consultants

- EXECUTIVE SEARCH
- MANAGEMENT SYSTEMS
- ORGANIZATION ANALYSIS
- PRODUCTIVITY IMPROVEMENT
- SEMINARS / TRAINING

CONTACT: JAMES L. MERCER
REGIONAL VICE PRESIDENT
P.O. BOX 888656 ATLANTA, GEORGIA 30356
(404) 396-9060

R. W. BECK AND ASSOCIATES
ENGINEERS AND CONSULTANTS

Utility Planning • Design
Power Supply • Load Management
Cogeneration • Resource Recovery
Rates • Appraisals
Contract Negotiations

40 Grove Street
Wellesley, MA 02181
(617) 237-4870

1510 E. Colonial Drive
Orlando, FL 32803
(305) 896-4911

MAI
FINANCIAL AND MANAGEMENT CONSULTANTS

- Advisor on Financial and Marketing Matters Relating to Issuance of Municipal Bonds
- Position Classification and Pay Studies
- Executive Search and Selection
- Management and Organization Studies
- Utility and Public Works Management Studies
- Governmental Status Studies

MUNICIPAL ADVISORS INCORPORATED
P.O. BOX 45 VIRGINIA BEACH, VA. 23458
804-422-1711

CAMP DRESSER & McKEE
7630 Little River Turnpike, Suite 500
Annandale, Virginia 22003
703 642-5500

environmental engineers, scientists, planners, & management consultants
CDM®

YARGER AND ASSOCIATES, INC.
Position Classification and Pay Plans
Management and Financial Studies
Test Construction—Fire and Police Studies

Over 700 Surveys
Our 32nd Year

2830 Mary Street
Falls Church, Va. 22042
703/560-6900

People

Petersburg Hires Assistant Manager

Beverly Brewer became assistant city manager of Petersburg this month leaving her position as Surry County administrator.

Brewer is a graduate of St. Paul's College in Lawrenceville and previously worked as personnel and grants manager for Brunswick County and as manpower coordinator for the state Office on Volunteerism. She is an ICMA member and a member of the Virginia County Administrators Association.

Lawson Becomes Acting Manager

Vola T. Lawson has been appointed acting city manager of Alexandria. She replaces **Douglas Harman** who resigned in January to become manager in Fort Worth, TX.

Lawson, who previously served as the city's manager for housing, has been a city employee for 14 years. She began working for the city as a coordinator of Community Development Block Grants and then served as assistant director of the Employment Opportunities Commission.

NLC Appoints Leafe, Others

National League of Cities President George V. Voinovich appointed Norfolk Mayor **Joseph A. Leafe** to serve as vice chair of NLC's Finance, Administration and Intergovernmental Relations Policy Committee. In this position, Leafe will work with Vice Chair Wilson Goode, mayor of Philadelphia, and Chair Donna Owens, mayor of Toledo, directing policy development on tax issues, general revenue sharing, national economics, municipal bonds and antitrust.

In addition, several Virginians received appointments to serve on NLC steering committees. **Robert G. Jones,** Virginia Beach council member, will serve on the Transportation and Communications Steering Committee, and another Virginia Beach council member, **Meyera E. Oberndorf,** will serve on the Energy, Environment and Natural Resources Steering Committee. **Francis L. Buck,** Charlottesville mayor, and **Claudette B. McDaniel,** Richmond council member, will serve on the Human Development Steering Committee, and **Charles E. Beatley Jr.,** Alexandria mayor, will serve on the Community and Economic Development Steering Committee. Steering committees formulate NLC policy guidelines on issues and reactions to federal initiatives.

Spillane Takes School Post

Robert R. Spillane is Fairfax County's new superintendent of public schools. He replaces William Burkholder who retired.

Spillane comes to Fairfax County after serving as Boston's public school chief for 3-1/2 years.

Eunpu Elected

The board of directors of the American Water Works Association elected **Floyd F. Eunpu** of Fairfax County treasurer of the 36,000-member association. He will assume the office, which he will hold for four years, in June at the AWWA annual conference.

Eunpu, director of the Fairfax County Water Authority's engineering and construction division, has worked in the water supply industry since 1953. He has served AWWA as chairman of the Virginia Section and as a national director. In addition, he served on the executive, finance and water reuse committees and chaired the Action Now Committee and the Publications and Marketing Advisory Committee for six years.

In 1979, Eunpu received the AWWA's highest individual honor, the George Warren Fuller Award, and in 1983 he was elected an honorary member and received the Distinguished Service Award from the Virginia Section. He has authored several technical articles for national publications and is listed in Who's Who in North America and Who's Who in Engineering.

Market Makers

and

Investment Bankers

Salomon Brothers Inc

Member of Major Securities and Commodities Exchanges
One New York Plaza, New York, N.Y. 10004

Commentary

By Albert W. Spengler

Tax-Exempt Property in Virginia

What is the effect of tax-exempt property on Virginia's localities?

The recent publication Tax Rates in Virginia Cities, Counties and Selected Towns: 1984 examines the current situation regarding total tax-exempt property in Virginia. The publication also considers revenue that could have been collected had that property not been tax exempt, service charges localities may levy on certain tax-exempt property and payments in lieu of taxes that some localities receive from the federal and state governments.

Under the state constitution, Virginia automatically grants property tax exemption to four classes of institutional property: (1) property owned by the commonwealth or any of its political subdivisions, (2) real and personal property owned and used by religious bodies, (3) non-profit cemeteries and (4) public libraries and non-profit institutions of learning. Exemption for property other than that in these four classes requires a vote of three-fourths of the members of each house of the General Assembly.

State law requires all localities to maintain an inventory and assessment of all tax-exempt property in their jurisdiction and to complete each year a reporting form that is both published locally and filed with the state Department of Taxation. Tax Rates in Virginia Cities, Counties and Selected Towns: 1984 used data from these and other sources.

Data from the localities' reports on tax-exempt property is used to compare the total assessed values of all exempt property across localities. The total value of tax-exempt property statewide in the 1983 tax year amounted to more than $28 billion while the revenue foregone was nearly $298 million.

Individual localities vary widely in the amount of tax-exempt property within their boundaries. In five counties, only 5 percent or less of the property is tax exempt. On the other hand, in two cities, Lexington and Portsmouth, more than 50 percent of the real estate qualifies for tax exemption, and in Norfolk 49.88 percent is tax exempt. Statewide, the median amount of tax-exempt property in a locality is 13.41 percent, with the figure for cities and counties being 18.92 and 10.84 percent respectively.

What does this mean for Virginia localities? To get some idea, the Tax Rates analysis compares the percentage of tax-exempt property in each locality with its composite stress index found in the Joint Legislative Audit and Review Commission's report State Mandates on Local Governments and Local Financial Resources (1984). These comparisons point to a possible connection between the amount of tax-exempt property and fiscal stress, although it may be just a superficial one.

Of those localities with more than 30 percent of their property tax exempt, 75 percent are rated either "poor" or "below average" on the JLARC composite stress index; similarly 73.3 percent of the localities with 15 to 30 percent of their property exempt get one of the same two ratings. In contrast, only 30.4 percent of the localities that have 15 percent or less of their property tax exempt are classified as either "poor" or "below average." When only those localities with "poor" indexes are examined, 86.9 percent of them (20 of 23 localities) have 15 percent or more of their land tax exempt.

Lost revenue from tax-exempt property apparently is one factor that may be contributing to the high level of fiscal stress in localities with a high percentage of tax-exempt property. However, a detailed study would be necessary to know if the relationship that exists between the stress index and the percentage of tax-exempt property in a locality is a significant one.

State law does allow localities, under specified conditions, to levy a service charge on certain tax-exempt real property. These charges cannot be levied on certain classes of property, however, including both state property and the two largest non-government categories: religious and educational institutions. Where the charge is levied, it is based on the assessed value of the tax-exempt real estate and the amount that the locality expends in the year preceding the charge to provide police and fire protection, refuse collection and disposal, and public school education for any children of faculty and staff living in housing owned by an educational institution. In fiscal year 1983–84, eight cities and one county received approximately $1.3 million in revenue from service charges (the vast majority of that amount collected by the city of Richmond).

Some localities also receive payments in lieu of property taxes from the state and federal governments for tax-exempt property owned by them. The 1984 Tax Rates report includes data showing the amount of payments in lieu of taxes for each city and county in fiscal year 1982–83. These data show that payments received from the federal and state governments in lieu of property taxes do not even come close to compensating localities for the foregone tax revenue. (Property of the federal and state governments makes up the largest segment of governmental property after that owned by local governments, which obviously is not going to tax itself.)

Revenue that would have been generated in 1983 had this property been taxable amounted to a total statewide of more than $14 million dollars, while the payments in lieu of this foregone revenue, in contrast, amounted to a little less than $2.7 million. Payments received in lieu of taxes from the federal and state governments amount to approximately two cents on the dollar; while officials in some localities are coping better than others, the gap between foregone revenue and payments in lieu of taxes is sizable.

A nagging issue that plagues localities is the fact that for each plot of property that becomes exempt, even if it brings a large payroll into the community, the locality loses part of its tax base — a situation that some localities can ill afford. One obvious but unlikely solution to this problem would be to eliminate tax-exempt property. Another solution, which might have a better chance of being enacted at the state level, would be the removal of the current restrictions that prohibit service charges from being levied on all types of tax-exempt property.

Copies of the complete 1984 Tax Rates report, published by the Institute of Government in cooperation with the Virginia Municipal League and the Virginia Association of Counties, are available from either VML or the Institute of Government at the University of Virginia.

About the Author

Albert W. Spengler is an associate in research on the staff of the Institute of Government, University of Virginia, and the author of Tax Rates in Virginia Cities, Counties, and Selected Towns, 1984.

There's Only One Sure Way To Get Around Unpredictable Machine Expenses

Join thousands of governmental agencies across the country who rely on the **guaranteed** approach to controlling equipment costs . . . Total Cost Bidding.

Instead of opting for the lowest initial price bid, they're selecting their equipment based on the **lowest total ownership cost**, a complete figure which incorporates anticipated maintenance and repairs expenses as well as a guaranteed minimum repurchase price.

With Total Cost Bidding, all the cost figures you need to be concerned with have been calculated **before** you purchase the machine. You are guaranteed that expenses will not exceed a predetermined figure. And since we're guaranteeing your maximum costs, you're assured that we'll provide you with outstanding parts availability and prompt service. And when you decide to buy another machine, our firm buy-back price protects you against any unexpected economic pitfalls which may devalue your machine.

With "no-surprise" budgeting and reliable equipment performance, you'll be doing your taxpayers a favor that will pay them back for years. Call us for more details.

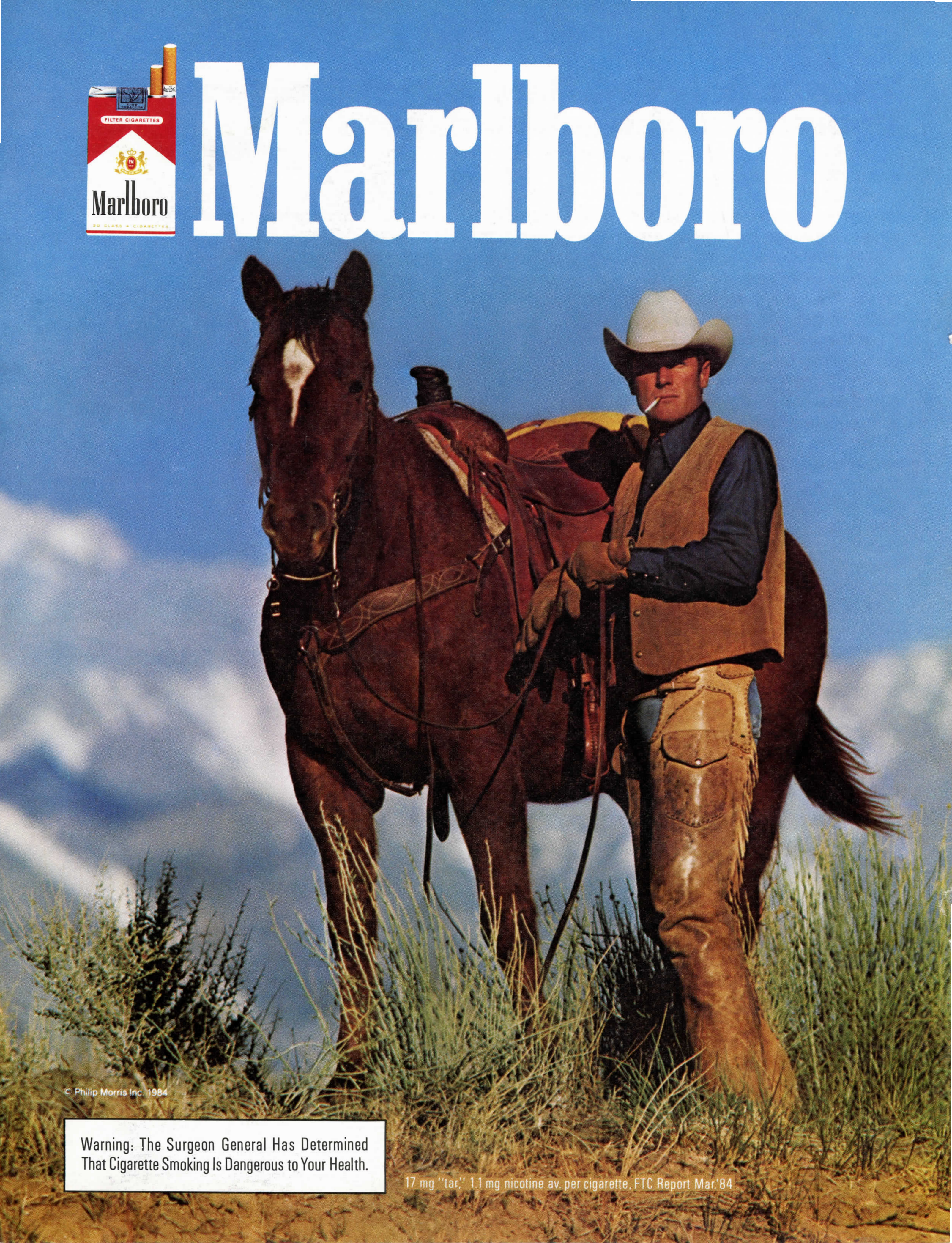
Total Cost Bidding...
The Right Kind of Answer from Cat

CARTER

CARTER MACHINERY CO., INC.

Salem • Norton • Oakwood • Warrenton • Fishersville • Richmond • Chesapeake, VA •
Bluefield • Lewisburg • Pineville, WV

Caterpillar, Cat and ⊞ are Trademarks of Caterpillar Tractor Co.


FILTER CIGARETTES
Marlboro
Marlboro
© Philip Morris Inc. 1984
Warning: The Surgeon General Has Determined That Cigarette Smoking Is Dangerous to Your Health.
17 mg "tar," 1.1 mg nicotine av. per cigarette, FTC Report Mar.'84