

**Minutes of the
COMMISSION ON LOCAL GOVERNMENT**

July 10, 2026

1:00 pm

Virginia Housing Center

4224 Cox Road

Glen Allen, VA 23440

Members Present

Heather Cordasco, Vice Chair

Robert Lauterberg

Edwin Rosado

Beck Stanley

Members Absent

Terry Payne, Chair

Department of Housing and Community Development (DHCD) staff present for all or part of the meeting:

Kenrick Cameron, Jr., Policy Analyst

Joseph Dennie, Policy Analyst

Tamarah Holmes, PH.D., Director DHCD

Alan Jones, Sr. Public Finance Analyst

Andrew Malloy, Sr. Policy Analyst

Trisha Lindsey, Policy and Legislative Services Director

Chase Sawyer, Policy and Legislative Services Manager

Call to Order

Commissioner Cordasco, Vice Chair of the Commission on Local Government, called the regular meeting to order at 1:02 p.m.

Roll Call

The roll was called by Mr. Jones. Mr. Jones reported that a quorum was present.

Approval of Draft Agenda

A motion was made by Commissioner Rosado and seconded by Commissioner Lauterberg to approve the draft agenda. The motion passed on a unanimous voice vote (YEAS: Cordasco, Lauterberg, Rosado, Stanley; NAYS: None).

Approval of Minutes

Commissioner Lauterberg points to a sentence referencing Dr. Gorina's study on three financial items within governmental control. Asks for clarification, and okay with approval after clarification.

A motion was made by Commissioner Lauterberg and seconded by Commissioner Rosado to approve the minutes of the May 8, 2026, regular meeting of the Commission. The motion passed on a unanimous voice vote (YEAS: Cordasco, Lauterberg, Rosado, Stanley; NAYS: None).

Public Comment

Commissioner Cordasco opened the floor for public comment.

After seeing no speakers, Commissioner Cordasco closed public comment.

Staff's Report

Mr. Jones informed the Commission on the coordination efforts to have an APA representative present on fiscal distress methodology at the September meeting.

Commissioner Cordasco informs Commission that the September 4, 2026, next regular meeting time does not work well as it is the Friday before Labor Day. Welcomes coordination efforts on a different date. After deliberation the date of September 11, 2026, is penciled in tentatively. Mr Sawyer informed Commissioners that staff would coordinated with Commissioners on best possible date in September.

Mr. Jones also informed Commissioners of the Conflict of Interest Act (COIA) statement forms provided to Commissioners prior to the meeting to document if an action on the meeting agenda may create a conflict. Mr. Jones added that the statement forms will be provided to Commissioners at each meeting as a matter of record.

Fiscal Stress Methodology Review

Mr. Jones presented on the history and methodology of the Fiscal Stress Index as it is today highlighting that U.S. Advisory Commission on Intergovernmental Relations (ACIR) Staff Report on “Measures of State and Local Fiscal Capacity and Tax Effort” are where the Joint Legislative Audit Review Commission (JLARC) derived revenue capacity and revenue effort metrics. Mr. Jones presented that the purpose of the fiscal stress report was as a state tool for the distribution of aid.

Commissioner Cordasco expresses interest in knowing how many and frequency of state agency surveying. Mr. Cameron responds stating that it is rare to blanket ask state agencies anything, typically following up on mandated assignment, statutory requirements, or budget items.

Mr. Lauterberg expresses gratitude for the survey in getting a better grasp of the audience viewing and utilizing the report. He also points out that the methodology was developed nearly 45 years ago and that many advances in governance

and financing have been made since. Accordingly, there should be a reexamination of the methodology.

Commissioner Cordasco asks clarifying questions on whether federal funds are included in this calculation. Mr. Sawyer confirmed that federal funds are not included in the current methodology.

Dr. Evgenia Gorina, Associate Professor of Public Management and Policy at the University of Texas at Dallas, provided a presentation entitled “Municipal Fiscal Distress: Measurement and Prediction.” The main motivation of her study was to learn whether an evidence-measure of fiscal distress can be used to examine factors which can signal fiscal distress before reaching a stage of crisis. The findings highlight the importance of an appropriate level of fund balance and debt at the local level.

Commissioner Rosado asked if study take into account that there was a recession in the middle of the study period. Dr. Gorina responded that she found that the housing crisis proved beneficial for the study as it contained the highest frequency of fiscal distress episodes. This enabled a larger number of episodes of distress to be analyzed.

Commissioner Stanley commented that it is interesting to use the tool to award localities for responsible fiscal management and weathering adverse financial conditions.

Commissioner Lauterberg expressed belief that including information on general fund balance or reserves and debt to total revenues could be advantageous to localities.

Dr. Gorina believes that the three current measures are wonderful and that the methodology serves its purposes providing a comparative ranking of localities. But, that it can be complemented with measures which have become more comparable of automation in financial reporting; occurring after the founding and dissolution of ACIR.

Dr. Gorina estimates that about 30-40 hours of her time for data analysis and report writing would be required to include the additional factors in.

Rachel Reamy, Local Government Manager at the Auditor of Public Accounts (APA) explained that endeavor at hand

would be duplicative to their work which already has a separate fiscal distress monitoring process and early warning system. The indicators the Auditor's office analyze focuses on overall debt burden and available fund balance reserves. Commissioner Lauterberg expressed belief that this effort is not duplicative but complementary to the APA tool.

Mr. Jones states that revenue capacity and debt capacity could be employed however, not as a new score; but added section to the report. Otherwise, this would be emblematic of the APA tool.

Commissioner Lauterberg expressed the need to revamp the tool since its inception as it still stands today the same as 45 years ago.

Mr. Jones informs the Commission that according to the 1986 JLARC report, JLARC is to play an advisory role in the future development and refinement of the data and analysis.

Local Fiscal Distress – Town of Tangier

Mr. Jones updates the Commission that they have yet to hire a Town Manager and that the Executive Director of the CLG received a letter from the Town requesting additional support.

Commissioner Cordasco permits the members of the Town Council present on the call to provide their updates directly to the Commission. Town of Tangier Town Councilmember Anna Pruitt-Parks states that the letter they sent requesting additional resources has been sent to CLG Executive Director, Tamarah Holmes, Ph.D.

Commissioner Rosado inquires about the Commission's role in aiding the town in light of none of the actionable items in the performance plan being acted upon. Mr. Sawyer reminds that there is no authority or position to be enacted other than the advisory capacity of oversight of the fiscal distress plan. Further, the Commission can continue its advisory capacity until it deems it appropriate to have a closing public hearing and transmit the advisory report to the Governor and General Assembly.

Commissioner Rosado questions if there has there been any reaction by state legislature to the report transmitted. Mr.

Jones states that those conversations are underway but that DHCD has not received any communications.

Commissioner Lauterburg inquires about missed insurance premium and IRS outstanding balance. Director Holmes states that transmission of the received letter and intermittent updates are the status of Tangier in the fiscal distress process today.

Other Business

None.

Adjournment

A motion was made by Commissioner Rosado and seconded by Commissioner Stanley to adjourn the meeting of the Commission. The motion passed on a unanimous voice vote (YEAS: Cordasco, Lauterberg, Rosado, Stanley; NAYS: None). The meeting adjourned at 2:28 p.m.