

**DRAFT MINUTES**  
**Commission on Local Government**  
**Oral Presentations**  
**City of Falls Church – Fairfax County**  
**Voluntary Settlement Agreement**  
**2:00 p.m., July 8, 2013**  
**Falls Church City Hall**  
**Council Chambers**  
**300 Park Avenue**  
**Falls Church, Virginia 22046**

**Members Present**

John G. Kines, Jr., Chairman  
John T. Stirrup, Jr., Vice-Chairman  
Cole Hendrix  
Harold H. Bannister, Jr.  
Bruce C. Goodson

**Members Absent**

**Staff Present**

Zack Robbins, Senior Policy Analyst  
Ed Lanza, Senior Public Finance Analyst

**I. Call to Order**

**A. Welcome**

Chairman Kines called the meeting to order at 2:04 p.m. on July 8, 2013 in the Council Chambers at Falls Church City Hall in Falls Church, Virginia. Mr. Kines announced that the Commission is present to review a proposed voluntary settlement agreement between the City of Falls Church and Fairfax County. He further explained that the proposed agreement provides for the annexation to the City of Falls Church of approximately 42.4 acres of territory located in Fairfax County; requires a portion of the proposed annexation area to be utilized for school-related purposes for a period of 50 years; and other matters.

**B. Introduction of Commission Members and Staff**

Next, Mr. Kines introduced the members of the Commission and provided biographical information on each member and introduced the Commission staff.

**C. Commission's Review**

Mr. Robbins explained that the Commission on Local Government is directed by law to review proposed annexations and other local boundary change and transition issues – as well as

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negotiated agreements settling such matters – prior to their presentation to the courts for ultimate disposition. Upon receipt of notice of such proposed action or agreement, the Commission is directed to “hold hearings, make investigations, analyze local needs and make findings of facts and recommendations” regarding the issue to the affected local governments. With respect to a proposed agreement that is negotiated under the authority of Section 15.2-3400 of the *Code of Virginia* – such as the one proposed here – the Commission is required to report, in writing, its findings and recommendations as to whether the proposed settlement is in the best interest of the Commonwealth.

**D. Advertisement**

Mr. Robbins indicated that the oral presentations were advertised by notice published in the *Washington Times* on Tuesday, June 11, 2013 and again on Tuesday, June 18, 2013 and in *Falls Church News-Press* on Thursday, June 13, 2013 and again on Thursday, June 20, 2013. In addition, notice of the oral presentations was mailed to the local governments contiguous to, or sharing functions, revenue or tax sources with, the Town and County.

**E. Activities to Date**

Mr. Robbins stated that the Commission is here today as a result of a Notice filed on May 6, 2013 by the City of Falls Church and Fairfax County requesting the Commission to review and issue findings on a proposed voluntary settlement agreement negotiated by those the City and County. Prior to our arrival here today, the Commission received:

- Notice by the City of Falls Church and Fairfax County of a voluntary settlement agreement
- Resolutions adopted by the Falls Church City Council and the Fairfax County Board of Supervisors requesting the Commission to review the agreement;
- Indication that copies of the Notice, the proposed agreement and an index of data and exhibits were mailed to each of the local governments contiguous to or sharing functions, revenue or tax sources with the City of Falls Church and Fairfax County.

Mr. Robbins said that the materials relevant to the proposed agreement were reviewed by the members of the Commission and Staff and that, subsequently, separate requests for additional information were sent to the City and the County on May 30. The City and County responded to those requests on June 26, 2013, and staff has conducted a preliminary review of the supplemental information.

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He then reviewed the meeting schedule for the Commission's on-site meetings in Falls Church, explaining that this morning the Commission toured the affected area and that, at 7:00 p.m. this evening, a public hearing will be held.

**F. Closing of Record**

Mr. Robbins stated that the Commission has agreed to keep its record open for the receipt of additional information and citizen comment through July 22, 2013.

**G. Commission's Report**

Mr. Robbins noted that the Commission's report should be issued by the end of September 2013, and that the Commission is currently scheduled to meet on September 9, 2013.

**II. Oral Presentations by the City and County**

Mr. Pat Taves, Special Counsel for the City of Falls Church explained that this issue it is time-sensitive because there is a public referendum to be held in November for city voters to approve the sale of the water system. He added that the parties agree fully on all of the terms of the agreement. Next, he explained the terms of the settlement agreement.

Mr. Taves noted that the survey plat that was prepared by the County surveyor showed a different acreage than what was originally submitted to the Commission, and that they are awaiting a final determination on that acreage, and will report the official acreage to the Commission.

Mr. Taves completed his presentation with a summary of the evolution of the Falls Church water system beginning in the 1930s, through the litigation that has been occurring since 2007.

Mr. John Foster, Falls Church City Attorney provided a summary of the City's agreement to sell its water system to the Fairfax County Water Authority, noting that the City Council approved the agreement on June 24<sup>th</sup>, and the Authority is set to vote on the issue July 11<sup>th</sup>. He added that this sale agreement is not before the Commission, but the boundary adjustment is a key part of the sale, in addition to the \$40 million that the City will receive. Mr. Foster then pointed out provisions of the sales agreement, including phasing-in of uniform rates, transfer of city employees to the Authority, and logistics such as maintaining a payment location at City Hall. He added that the referendum whereby the voters will determine if the system shall be sold is included in the sales agreement as well.

Mr. Foster then noted that the Commissioners have received a letter of support from the City's school board.

Next, Mr. Foster reviewed the impact to the City. He noted that the fiscal impact will be minimal, although privately-owned parcels that will be annexed currently generate about \$7,900 in revenue for Fairfax County. With respect to urban services, he noted that there will be no changes in most services provided, with a few exceptions where the City's responsibility will increase, including

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subdivision and zoning authority, fire inspections, and road maintenance. The cost of additional fire inspection services will be about \$4,000. The additional responsibility to maintain a portion of Haycock Road will cost the City about \$9,900 annually. He stated that the City's budget is about \$70 million, and the impacts of the annexation are only around \$10,000-15,000.

Discussion then ensued regarding the accrued legal fees, progress of the litigation and mediation, appraisal of the water system, and outreach efforts to educate the electorate before the November referendum.

Ms. Cynthia Tianti, Deputy County Attorney explained that the bulk of the problem for the County was that 130,000 Falls Church water customers resided within Fairfax County, and had their water rates set by the City, and those customers were in effect disenfranchised. Normally, the County would have opposed a boundary line adjustment, but the needs of those 130,000 County residents balanced out with the fact that the City already controlled most of the land proposed to be annexed. Another benefit of the sale of the City's water system is that the Authority will gain access to the City's water supplier, the Washington Aqueduct, providing the Authority with a third water source and economies of scale.

There was discussion regarding water rate equalization between Falls Church water customers and Authority customers, past transfers from the City water fund to its general fund, the City's plans for the proceeds from the sale of the water system, and land use issues with the school-related properties.

**III. Adjournment**

Mr. Hendrix made a motion to adjourn, which was seconded by Mr. Bannister, and unanimously approved. The meeting was adjourned at 3:16 p.m.

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John G. Kines, Jr.  
Chairman

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Zachary Robbins  
Senior Policy Analyst