

Joint Legislative Audit and Review Commission

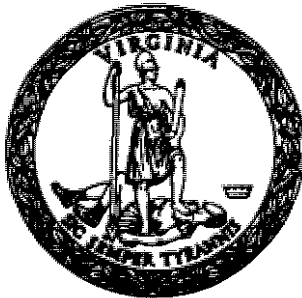
The Virginia General Assembly

**TOWNS
IN
VIRGINIA**

**REPORT OF THE
JOINT LEGISLATIVE
AUDIT AND REVIEW COMMISSION ON**

Towns in Virginia

**TO THE GOVERNOR AND
THE GENERAL ASSEMBLY OF VIRGINIA**



House Document No. 2

**COMMONWEALTH OF VIRGINIA
RICHMOND
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PREFACE

This study of town government in Virginia is a follow-up to JLARC's December 1983 report, State Mandates on Local Governments and Local Financial Resources. The earlier report, which included a brief discussion of town status, was mandated by House Joint Resolution 105 of the 1982 Session and HJR 12 of the 1983 Session.

Following publication of the Mandates report, town officials expressed interest in further study, particularly on the issues of town-county relations and dual taxation. Resolutions were introduced during the 1984 Session to address these issues, but were tabled in favor of continuing the initial JLARC effort.

This follow-up effort was initiated in the summer of 1984. The findings are based on a combination of case studies and survey data. To supplement the JLARC staff on this project, Dr. Nelson Wikstrom of Virginia Commonwealth University served as a Senior Intern from May 1984 through January 1985. Dr. Wikstrom briefed the Commission on his findings just prior to the 1985 Session, and an exposure draft of the report was provided to the 15 case-study towns and counties in April 1985. Comments from town officials are contained in the Appendix.

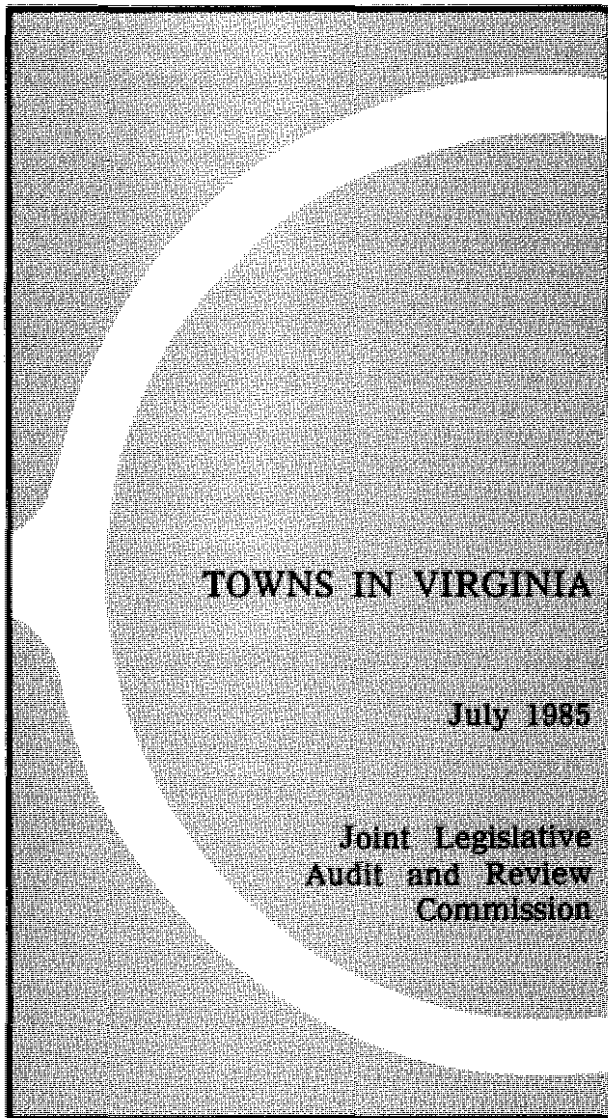
Towns in Virginia are vital units of local government. Although towns have some difficulty with service provision, they do not appear to demonstrate severe symptoms of fiscal stress. Threats to town fiscal stability are posed, however, by the potential demise of federal revenue sharing and the general erosion of federal intergovernmental aid. These trends should be carefully monitored.

I wish to extend our appreciation to Dr. Wikstrom for his substantial contribution to this study, and to the many town, county, and other officials for their helpful cooperation.



Ray D. Pethtel
Director

July 15, 1985



Although only eight percent of the Commonwealth's population resides in towns, Virginia's 189 towns constitute an important part of the public sector. They provide an array of necessary services, such as law enforcement and water and sewer services, for citizens residing in the more densely populated portions of a county. Towns can also provide a strong sense of community identity — a "sense of belonging" in a rapidly changing society. For these and other reasons, towns are of interest to the General Assembly. This study, a follow-up to an earlier JLARC study of State mandates and local financial resources, reflects this legislative interest and focuses exclusively on towns.

JLARC used a variety of research methods for this study, including a survey of

towns and 15 case studies. These methods focused on numerous issues:

- What is the fiscal condition of towns? To what extent are towns dependent on State and federal funds? What revenues do towns collect on their own?
- What impact do State mandates have on the fiscal condition of towns?
- What services are usually provided by towns? What services are provided uniquely by towns?
- What is the overall state of town-county relations? What factors seem to promote cooperation between towns and counties? What factors and/or developments provoke conflict?
- What policies can the Commonwealth adopt to ensure and promote the vitality of towns and engender a greater degree of town-county cooperation?

A JLARC REPORT SUMMARY

To address these and related issues, JLARC mailed a questionnaire in the spring of 1983 to the 130 towns with populations exceeding 500. Eighty-five towns (65%) responded to the survey, and provided information about their financial condition, revenues and expenditures, and perceptions of State mandates and aid. JLARC reviewed this information, as well as general background material on towns. Preliminary background interviews were also conducted with State and local officials to gain their assessment of the status of towns in Virginia.

In order to gain additional insights into the revenues and services of Virginia towns, and some understanding of the dynamics of town-county relations, JLARC also carried out field interviews during the summer of 1984 in 15 towns:

Berryville	Dillwyn	Lebanon
Cape Charles	Elkton	Surry
Chincoteague	Farmville	Vienna
Christiansburg	Grottoes	West Point
Dendron	Lawrenceville	Wytheville

Town Revenues (pp. 5-16)

Towns in Virginia generally fund their operating budgets by revenues generated within the municipality and by State and federal fiscal aid. JLARC's survey found that towns raised an average of 70 percent of their revenues internally, while State aid accounted for approximately 20 percent, and federal revenues made up the balance. Because of a decline in federal funds, State and local percentages of revenues are rising. This finding was generally confirmed by the 15 case studies, which also revealed that each town's synthesis of revenue sources was somewhat unique.

Towns are limited in the amount of revenue they can generate from real estate and personal property taxes, since the imposition of these taxes on town residents is perceived as "dual taxation." Dual taxation was found to be an issue, to a greater or lesser degree, in 11 of the 15 case-study towns. This perception occurs when town residents feel that they are unjustly called upon to pay real estate and property taxes to both the town and the county. Town residents, however, are the beneficiaries of county-wide services such as public education and human services. Town residents also receive a package of services from their town government which is essentially not available to non-town county residents.

JLARC's analysis showed that, in reality, there is no significant difference between the real estate tax rates for town residents paying "dual taxes" to the town and county, and the tax rates for residents of small cities of comparable size.

Although dual taxation does not seem to result in excessive tax rates for town residents, it remains a concern to towns. One possible means of reducing taxpayer irritation would be to end the practice of presenting taxpayers with separate town and county tax bills.

Recommendation (1). Towns should be encouraged to consider the possibility of having the county collect their real property and personal property taxes. Such tax revenues would be returned to the town minus a small administrative fee.

» This proposal would benefit towns by diminishing the perception of dual taxation

through the presentation of a single bill for real estate and personal property taxes. It would also relieve some administrative burdens of the town government.

In addition to real estate and personal property taxes, other usual and significant sources of town revenues include so-called "pre-emptive" revenues. Towns have the authority to secure for their own exclusive use some taxes, which otherwise would be imposed by the county, in order to generate revenues necessary to provide local services. In addition, especially as a consequence of the constraints associated with real estate and personal property taxes, a trend has been developing in towns to increase their revenues through higher business and professional license fees, motor vehicle license fees, and taxes on machinery and tools. Another small yet discernable trend is the imposition of new lodging, meal, tobacco and cable TV franchise taxes by towns.

Finally, as noted in previous JLARC findings, another source of town revenues is user fees and fines. The largest source of user fees is charges imposed for water and sewer services.

The towns included in this investigation are the recipients of a significant amount of fiscal aid from the Commonwealth and the federal government, and in a limited number of instances from the county in which they are located. All towns receive a share of A.B.C. profits. With the single exception of the Town of Surry, which does not have its own police department, all of the towns receive law enforcement assistance funds. Five towns — Elkton, Grottoes, Farmville, Vienna, and Wytheville — maintain their own roads and receive State fiscal aid for this purpose. The towns of Cape Charles and West Point, which operate their own elementary and secondary public schools, receive extensive State aid to help defray local education costs.

All towns in Virginia receive General Revenue Sharing (GRS) funds. While towns receive a substantial amount (20 percent) of their income from the State, a number do not feel that State aid is adequate.

Six of the case study towns have been the recent recipients of federal project grant funds. A shift appears to be occurring, however, away from substantial dependence

on federal funds and toward greater reliance on self-generated funds. While the case-study localities were not a sufficiently large sample to generalize from, these examples and other data could show a lessening dependence on federal funds.

Town Fiscal Stress (pp. 17-20)

Towns in Virginia, especially when compared to cities, do not appear to be subject to a significant amount of fiscal stress. In JLARC's 1983 survey, only about one-quarter of the 85 towns responding had resorted to annual budget actions associated with fiscal stress. Such actions include increases in user fines and fees, deferral of capital maintenance or outlay, and cost-cutting personnel actions. Further, the JLARC survey found that only about 25 percent of the town officials felt that their towns did not have adequate resources to provide a reasonable level of services. Only about one-third felt that their towns were in worse fiscal condition than in 1976. These findings reflected an overall positive fiscal condition for Virginia's towns.

The case-study research, on the whole, paralleled JLARC's earlier findings. Only two of the towns — Dendron and Lebanon — are experiencing severe financial challenges.

Field research also substantiated JLARC's earlier assessment that by and large, Virginia towns are not as fiscally stressed as counties and cities. To some degree this is because Virginia towns are generally not involved in the provision of high-cost programs such as education, human services, and corrections. Further, the most expensive services usually provided by towns, the provision of water and sewer services, may be characterized as revenue-producing, since they are not funded out of the town's general revenues.

In addition, the relatively low fiscal stress of towns is due to their frugal management practices, some increases in existing taxes and user fines and fees, and deferral of capital improvements. Further, town fiscal stress is alleviated somewhat by the receipt of State and federal fiscal aid. However, actual and potential declines in federal aid could promote fiscal stress in towns.

Town Staffing and Services (pp. 21-32)

Historically, the principal justification for the establishment of towns is that these

units of government are needed to provide urban-type services to more densely populated county areas. Towns generally provide the following services: law enforcement, fire protection, water and sewer, refuse collection, street cleaning, parks and recreation, and planning and zoning. However, towns differ considerably on the level or extent to which they provide "common" services.

The methods by which towns provide services vary: (1) directly by town personnel, (2) through private contractors on a contractual basis, (3) by the county on a contractual basis, (4) by volunteer personnel, (5) by combined town, county, and volunteer efforts, and (6) by joint town, county, and State efforts.

Counties in Virginia commonly provide town residents with education, judicial, health, welfare, and other human services. In addition, all of the towns included in this investigation depend upon the county for the assessment of real estate and personal property, assistance in the preparation of property tax bills, and the detention of law offenders. Further, most towns rely upon county sanitary landfill operations to dispose of their garbage and trash. Some counties provide additional services to town residents. In sum, despite the perceptions of some town residents, all of the inhabitants of towns directly and indirectly benefit from county-provided services.

Virginia, like other states, imposes constitutional, statutory, and administrative mandates on county, city, and town governments. These mandates affect the organizations, staffing levels, services provided, administrative procedures, budgets, and expenditures of all local governments. However, as compared to counties and cities, towns are relatively less impacted by State mandating because mandates have a greater bearing upon functional activities not usually the responsibility of town governments.

Parallel with the JLARC survey findings, only a few of the town officials interviewed for the case studies expressed any great annoyance with the substance of State mandates. A limited amount of concern was voiced about mandates pertaining to procurements, water and sewer systems, highways and roads, and personnel grievance procedures. The case-study interviews provided further verification that town officials are primarily concerned with what they perceive

to be inadequate State funding for mandates, rather than the regulatory impact of mandates.

Towns do harbor some measure of frustration in their working relationships with the State government bureaucracy. Indeed, many town officials perceive State government to be somewhat unconcerned about their problems and needs. Recommendation (2) would, in effect, create within State government an office which town officials could contact for assistance with State programs and services. Such an office could serve as clearinghouse for town concerns and could channel inquiries to appropriate State agencies.

Recommendation (2). *The State should consider establishing an Office of Town Relations in an existing State agency, such as the Department of Housing and Community Development. The office should serve as a point of contact for town concerns. The office should conduct a study of the most efficient allocation of functional activities between counties and towns, particularly those involving water and sewer services, law enforcement, and parks and recreation services. It should also monitor the potential loss of federal funds, particularly General Revenue Sharing funds, and help identify alternative sources of funding. These study efforts should be coordinated with the Commission on Local Government.*

JLARC field interviews found that towns have been markedly successful in utilizing volunteer personnel to provide some town services. The most common and salient example of this is town volunteer bodies which provide fire and emergency rescue services. In addition, some towns have enlisted volunteer help to staff and operate libraries and museums. By targeting town governments as a special group, the State's Division of Volunteerism could enhance the volunteer efforts already under way.

Recommendation (3). *The State should encourage the Division of Volunteerism to work closely with towns to enlist further local volunteer efforts.*

While most towns are viable governmental entities, some have difficulty functioning effectively. There is, however, currently no established procedure for the dissolution of a city, county, or town. The Constitution of Virginia requires that the dissolution of localities be provided for by general law.

Recommendation (4). *The General Assembly may wish to study, through its standing committees, the desirability of establishing in general law a procedure by which local governments can request dissolution.*

Town-County Relations (pp. 33-44)

JLARC found that town-county relations are unique for each of the 15 towns included in this study. The dynamics of town-county relations defy simple objective characterization. In the aggregate, however, it appears that town-county relations are currently better than they have been in the past. Nevertheless, there are areas needing improvement, and the State has a vested interest and role to play in further improving these relationships.

Consideration of city status by towns has a decidedly disruptive effect on town-county relations because the countys stand to lose some of their real estate and personal property taxes.

Recommendation (5). *The General Assembly may wish to consider that a town have a minimum population of at least 10,000 before it can petition for "city status".*

Given the fact that there are presently 14 towns which have populations greater than 5,000, the adoption of this proposal would eliminate, at least in the immediate future, a good deal of town-county conflict. This recommendation would also help ensure a population sufficient to support a full range of local governmental services.

The establishment of town-county liaison committees in several areas of the State has served to facilitate town-county communication and cooperation. Liaison committees have been successful in bringing about tangible instances of town-county cooperation

involving water and sewer services, animal control, and economic development. The proposed Towns Office in the Department of Housing and Community Development could play a role in organizing such committees.

Recommendation (6). The State should encourage the establishment of additional town-county liaison committees.

Although the amount of cooperation between towns and counties is high, increased cooperation could result in economic efficiencies. In terms of personnel, purchasing, and service delivery, towns and counties are not taking full advantage of increased economies of scale which could be realized from more extensive use of intergovernmental agreements and contracts. The proposed Towns Office in the Department of Housing and Community Development could develop an inventory of such contracts and agreements. By sharing this information with towns and counties, the Towns Office could serve as a catalyst promoting cooperation between other towns and counties.

Recommendation (7). The State should encourage towns and counties to engage

in further efforts toward intergovernmental cooperation.

Given the variability of towns and their concerns, as well as the perceptions of town officials that the State is indifferent to their needs, further study of town concerns may be warranted. The information contained in this report could provide a factual base on which more policy-oriented study could be conducted.

Recommendation (8). The General Assembly may wish to consider continuing the study of policy issues affecting towns, particularly town-county relations and town-State relations. Such a study should include town, county, and State representation.

Town Case Studies (pp. 45-96)

The 15 town case studies featured in this report illustrate the unique character of Virginia's towns. Each town write-up includes a background discussion of the town, and sections on the town's form of government, sources of revenue, staffing and services, and relations with its county. Taken together these case studies illustrate many of the problems, opportunities, and challenges facing Virginia's towns.

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I. INTRODUCTION

Although only eight percent of the Commonwealth's population resides in towns, Virginia's 189 towns constitute an important part of the public sector in Virginia. They provide an array of necessary services, such as law enforcement and water and sewer services, for citizens residing in the more densely populated portions of a county. Towns can also provide a strong sense of community identity -- a "sense of belonging" in a rapidly changing society. For these and other reasons, towns are of interest to the General Assembly. This study, a follow-up to an earlier JLARC study of State mandates and local financial resources, reflects this legislative interest and focuses exclusively on towns.

Study Background

In recent years, the General Assembly has devoted significant attention to the subject of State-local relations. Over the past 15 years a score of legislative studies have been carried out to explore ways of improving and coordinating State and local responsibilities. These studies have resulted in significant statutory changes for local governments, including grants of additional local functional authority, increased State fiscal aid, and the altering of local intergovernmental relations.

The 1982 session of the General Assembly, through the adoption of House Joint Resolution 105, directed the Joint Legislative Audit and Review Commission (JLARC) to examine the responsibilities and financial resources of county, city, and town governments. Specifically, JLARC was charged to study:

- responsibilities of local governments for providing public services, and the differences in the responsibilities of counties, cities and towns;
- sources of revenue which are, or could be, allocated to local governments and the adequacy of these sources; and
- the Commonwealth's responsibilities for providing public services and procedures which aid local governments.

A major concern of House Joint Resolution 105 was the fiscal and operational impact of State mandates on local governments. The resolution directed JLARC to "identify to the extent feasible all local government mandates and related financial sources contained in each functional area of State government." The General Assembly continued the study in 1983 by adopting House Joint Resolution 12.

In January 1984, JLARC issued its findings in a report entitled State Mandates on Local Governments and Local Financial Resources. JLARC found that, on the whole, local officials did not consider State-directed local mandates to be unreasonable, although they did express dissatisfaction with State funding for these mandates, especially in the area of public education. Another major finding was that cities were more fiscally stressed than counties.

The JLARC report also included information concerning town revenues, fiscal stress, and services. Because JLARC had already developed substantial background information on towns, joint resolutions introduced to direct other studies of towns were not passed in 1984. Rather, JLARC was asked to expand its study of towns. Subsequently, the HJR 105 Subcommittee asked JLARC staff to conduct an in-depth assessment of Virginia's towns. This report contains the findings of that assessment.

Study Focus and Approach

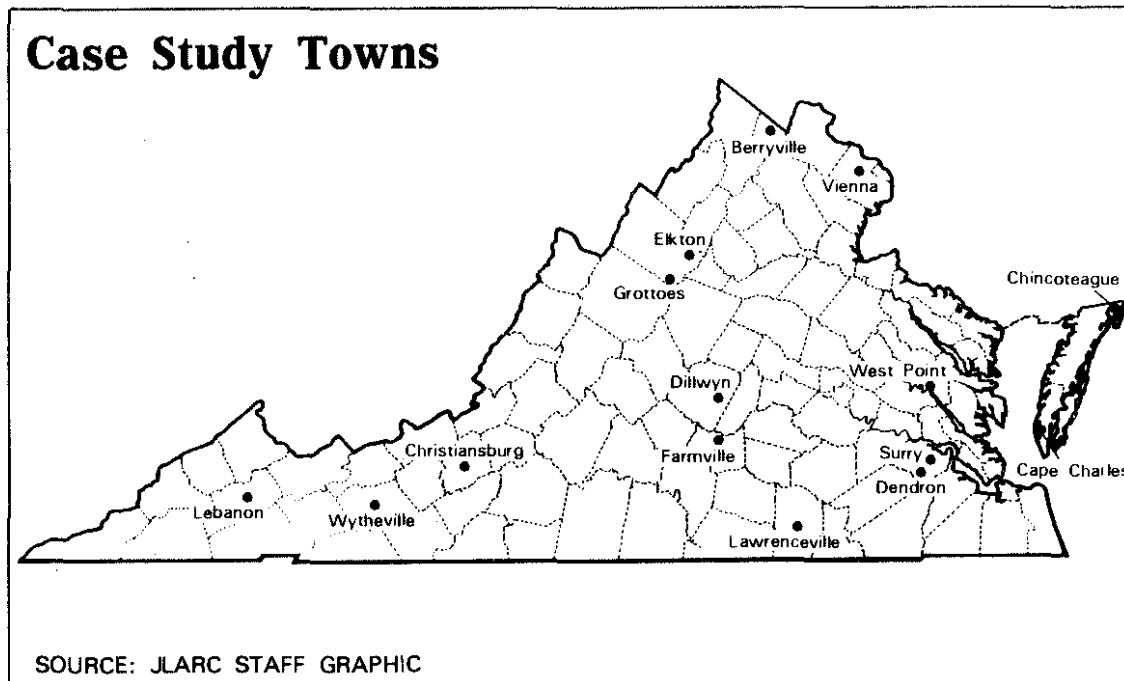
In conducting its study of Virginia towns, JLARC used a variety of research methods, including a survey of towns and case studies. These methods focused on numerous issues:

- What is the fiscal condition of towns? To what extent are towns dependent on State and federal funds? What revenues do towns collect on their own?
- What impact do State mandates have on the fiscal condition of towns?
- What services are usually provided by towns? What services are provided uniquely by towns?
- What is the overall state of town-county relations? What factors seem to promote cooperation between towns and counties? What factors and/or developments provoke conflict?
- What policies can the Commonwealth adopt to ensure and promote the vitality of towns and engender a greater degree of town-county cooperation?

To address these and related issues, JLARC mailed a questionnaire in the spring of 1983 to the 130 towns with populations exceeding 500. Eighty-five towns (65%) responded to the survey, and provided information about their financial condition, revenues and expenditures, and perceptions of State mandates and aid. JLARC reviewed this information, as well as general background material on towns. Preliminary background interviews were also conducted with State and local officials to gain their assessment of the status of towns in Virginia.

JLARC carried out field interviews during the summer of 1984 in 15 Virginia towns (Figure 1) in order to gain additional insights into town revenues and services and some understanding of the dynamics of town-county

Figure 1



CHARACTERISTICS OF CASE-STUDY TOWNS

<u>Town</u>	<u>Date of Incor- poration</u>	<u>Size*</u>	<u>Percent Population Change 1970 - 1980</u>	<u>Form of Government</u>
Berryville	1870	1,772	+11.9	Manager/Council
Cape Charles	1886	1,512	-10.5	Manager/Council
Chincoteague	1908	1,607	-16.2	Manager/Council
Christiansburg	1833	10,345	+32.0	Manager/Council
Dendron	1906	307	-8.6	Mayor/Council
Dillwyn	1912	637	+28.0	Mayor/Council
Elkton	1908	1,520	0.0	Mayor/Council
Farmville	1912	6,067	+40.1	Manager/Council
Grottoes	1892	1,369	+17.5	Mayor/Council
Lawrenceville	1874	1,484	-9.3	Manager/Council
Lebanon	1873	3,206	+41.1	Manager/Council
Surry	1928	237	-11.9	Mayor/Council
Vienna	1890	15,469	-9.8	Manager/Council
West Point	1869	2,726	+4.8	Manager/Council
Wytheville	1840	7,135	+17.6	Manager/Council

*According to 1980 census information.

Source: JLARC staff analysis.

relations. The towns selected for case studies were:

Berryville	Dillwyn	Lebanon
Cape Charles	Elkton	Surry
Chincoteague	Farmville	Vienna
Christiansburg	Grottoes	West Point
Dendron	Lawrenceville	Wytheville

In each town, interviews were usually conducted with four individuals: the town mayor and manager, the chairman of the county board of supervisors, and the county administrator (Appendix A provides a listing of individuals interviewed and the date on which the interview was conducted.)

It should be noted that the case study towns do not constitute a scientific representative sample. However, they were chosen to ensure that towns of varying size, economic base, racial composition, and experiences with town-county relations were represented. Further, these towns provided an appropriate regional distribution.

Organization of this Report

The findings and conclusions of this report are organized into four general chapters, plus a fifth chapter consisting of 15 individual case studies. This first chapter provides a brief review of JLARC's study mandate and basic findings. Chapter II overviews town revenues and fiscal conditions, and the operational and fiscal impacts of State mandates on towns. Chapter III discusses common town services and staffing patterns, while Chapter IV discusses various facets of town-county relations. Finally, Chapter V contains a case study for each of the 15 case-study towns. Each case study presents information on the town's demographic characteristics, revenues, political environment, and other information of interest.

II. TOWN REVENUES

Towns in Virginia generally fund their operating budgets through revenues generated within the municipality, and by State and federal fiscal aid. JLARC's survey found that towns raised an average of 70 percent of their revenues internally, while State aid accounted for approximately 20 percent, and federal revenues made up the balance (Table 1). Because of a decline in federal funds, State and local percentages are rising. This finding was generally confirmed by the 15 case studies, which also revealed that each town's synthesis of revenue sources was somewhat unique.

Table 1
SOURCES OF TOWN REVENUES
(Dollars in Millions)

<u>Source</u>	<u>FY 1979</u>	<u>(%)</u>	<u>FY 1982</u>	<u>(%)</u>
Local Taxes	\$26.4	(64.9)	\$32.6	(70.3)
State Aid	4.6	(11.3)	8.9	(19.2)
Federal Aid	<u>9.7</u>	<u>(23.8)</u>	<u>4.9</u>	<u>(10.5)</u>
Total	\$40.7	(100.0)	\$46.4	(100.0)

Source: JLARC 1983 survey of towns.

Town Revenues

Virginia towns generally have a fairly broad-based tax structure. All towns receive a share of the one cent local option sales tax, which is counted as local revenue in this report. Major sources of town-generated revenues include: real property taxes; sales tax receipts; tangible personal property taxes; business, professional, and occupational license fees; consumer utility taxes; and bank franchise taxes. The percentage of towns surveyed using various methods to generate revenue are listed in Table 2.

All towns receive a share of the one cent local option sales tax. Revenues from this tax are returned by the State to counties on the basis of point of collection. Thus, all revenues from the one cent local option that are collected in a county are returned to the county. The revenues are then split between the county and towns on the basis of school-age population.

Table 2

PRINCIPAL TOWN TAXES, FY 1982
(85 of 130 Towns Responding)

<u>Tax</u>	<u>Number of Towns Levying</u>	<u>Proportion of Locally Raised Revenue</u>
Real Property	85	37%
Tangible Personal Property	80	6
Business, Professional, and Occupational Licenses (BPOL)	79	17
Motor Vehicle License	78	6
Utility License	63	1
Machinery and Tools	61	1
Consumer Utility	37	9
Cigarette	4	1
Transient Occupancy	3	1
Meals	1	0
Other (Including Sales Tax)	*	<u>1</u>
Total		100%

*All towns receive a portion of sales tax revenue.

Source: JLARC 1983 survey of towns.

Virtually all town officials are in strong agreement that their towns do not receive fair or appropriate shares of local sales tax receipts. Largely this option stems from disagreement over the applied formula, which is based on the number of school-age children residing in the town. The towns believe they are responsible for generating a disproportionate amount of the retail sales that takes place in the counties. One town manager stated:

In terms of the sales tax, we don't get back anywhere near the amount of money that we should. After all, the town must generate about 90 percent of the sales in the county and we get back about 20 percent of the sales tax. It just is not fair.

Other localities visited by JLARC had similar comments regarding the distribution of local option sales tax revenues. The Virginia Municipal League has requested that the Department of Taxation collect data on sales tax revenues generated within towns in order to evaluate alternative approaches for distributing the revenues. This proposal was considered during the 1985 session but was deferred because of concern about the expense of collecting the data.

Reflective of the general JLARC findings, the municipal tax structure of the 15 case study towns is also fairly widely-based (Figure 2). With the exceptions of Dendron and Surry, both situated in Surry County, all case study towns levy a real estate tax. And all towns included in this review, excluding the towns of Dendron, Surry, and Vienna, impose a personal property tax. Towns, however, as the JLARC survey found, are less reliant upon real estate and personal property taxes than cities or counties (Table 3). Moreover, towns are reticent to raise these taxes for two reasons. First, interviews with town managers and mayors indicate that there exists an understanding shared by town and county officials that counties will receive the dominant share of funds raised through real estate and personal property taxes. These officials felt that towns should only levy a real estate and property tax which does not undermine the counties' dependence on these sources of revenue. Second, according to town officials, public sentiment is generally in opposition to increasing real estate or personal property taxes.

Table 3

SOURCES AND PROPORTIONS OF LOCALLY RAISED REVENUE

<u>Type of Locality</u>	<u>Tangible Real Property</u>	<u>Personal Property</u>
Counties	61%	14%
Cities	47%	11%
Towns	37%	6%

Source: Auditor of Public Accounts comparative reports FY 1982; 1983 JLARC survey of towns.

Towns are also limited in the amount of revenue they can generate from real estate and personal property taxes, since the imposition of these taxes on town residents is perceived as "dual taxation." Dual taxation or "double taxation" was found to be an issue, to a greater or lesser degree, in 11 of the 15 case-study towns. This perception occurs when town residents feel that they are unjustly called upon to pay a real estate and personal property tax to both the town and the county. Town residents, however, are the beneficiaries of county-wide services such as public education and human services. Town residents also receive a package of services from their town government which is essentially not available to other county residents.

In order to gain further insight into the issue of dual taxation, JLARC conducted the following analyses: (1) a comparison of town and county services, and (2) a comparison of combined town and county tax rates with the tax rate of comparable size cities.

Figure 2

Major Sources of Local Revenues for Case Study Localities (1984)

■ UTILIZES SOURCE

◐ RECENTLY ADOPTED SOURCE

□ DOES NOT UTILIZE

TOWN

BERRYVILLE

CAPE CHARLES

CHINCOTEAGUE

CHRISTIANSBURG

DENDRON

DILLWYN

ELKTON

FARMVILLE

GROTTOES

LAWRENCEVILLE

LEBANON

SURRY

VIENNA

WEST POINT

WYTHEVILLE

REAL ESTATE
PERSONAL PROPERTY
BUSINESS & PROFESSIONAL LICENSE FEES
MOTOR VEHICLE LICENSE
UTILITY TAXES
BANK FRANCHISE TAX
LODGING TAX
MEAL TAX
TOBACCO TAX
CABLE TV TAX

SIGNIFICANT NOTES

DMV AGENT

DMV AGENT

RECIPIENT OF COUNTY AUTO
LICENSE RECEIPTS

ELECTRICAL SYSTEM REVENUES

DMV AGENT

CORE SOURCES
OF LOCAL
REVENUES

SOURCE: JLARC 1984 CASE STUDIES OF TOWNS.

Town and County Services. In order to compare town and county service levels, JLARC requested town and county officials to submit, for a given list of services, the name of the unit of government which provided these services to local residents. If the service was provided by more than one unit of government, officials were asked to indicate all providers of the services. Officials were also requested to indicate if the service was not provided.

As can be seen in Table 4, county and town residents in virtually all responding localities receive services in six areas: law enforcement, fire protection, emergency rescue and services, refuse disposal, parks and recreation, and planning and zoning.

Of greater interest, perhaps, are the other services on the list. The vast majority of town officials responding indicated that the remaining services were provided to town residents. A smaller percentage of counties provide these services to their residents. This may indicate a clear difference in services which townspeople receive that are not received by county residents.

Based on these survey results there seems to be some evidence that townspeople do in fact receive more services than county residents. If so, then there is some justification for the higher taxes townspeople pay. On average, town residents pay a real estate tax of \$.15 per \$100. Additionally, personal property taxes of \$.51 per \$100 assessed value, and machinery and tools taxes of \$.26 per \$100 assessed value are paid (these figures are the average of tax rates in 181 towns in 1983). These taxes are in addition to average county taxes of \$.50 for real estate, \$2.25 for personal property and \$1.03 for machinery and tools (based on 1983 rates in 95 counties).

The survey results also indicate some basis for the perceived problem of dual taxation. Many county services appear to town residents to be provided by the town, while in fact the county is providing the service. For example, some town residents thought that parks and recreation, library, and building inspections were provided by the town, when in fact the county provided these services. This perception does not include education, mental health, court services, and social services, which are provided solely by the county.

JLARC survey results indicate that residents of large towns (with populations greater than 3500) receive services similar to residents in cities of comparable size. City and town residents are provided services by the local government, public service authorities, regional organizations, and volunteer organizations. Additionally, the county provides services to the town.

Tax Rates in Towns/Counties and Comparably Sized Cities. The issue of dual taxation centers around the question: do residents pay higher taxes relative to the services they receive? One way to examine this issue is to view the combination of town and county taxes in relation to taxes in cities of comparable size. Since the services provided are essentially the same, town residents should bear a tax burden comparable to city residents. It should be noted that this analysis assumes equivalent levels of services in all localities. Examination of the level of service in each locality was beyond the scope of this analysis.

Table 4

PERCEPTIONS OF SERVICES PROVIDED TO
TOWN AND COUNTY RESIDENTS

<u>Service</u>	<u>Provided to County Residents</u>	<u>Provided to Town Residents</u>
Law Enforcement	99%	97%
Fire Protection	96	98
Emergency Rescue	94	99
Water Treatment	59	88
Water Distribution	63	95
Sewage Treatment	58	87
Sewage Collection	59	88
Residential Refuse Collection	51	100
Refuse Disposal	99	92
Street Maintenance	20	90
Street Cleaning	18	93
Parks & Recreation	81	86
Planning & Zoning	85	95

☐ Greater percent of towns receive service than counties

Source: JLARC 1983 survey of town and county officials.

JLARC reviewed the tax rates of 26 towns with populations greater than 3500 and compared these with rates in 27 cities with populations between 3500 and 40,000. Table 5 represents the results.

Cities have slightly higher effective true value real estate tax rates, but town residents pay higher taxes on machinery and tools. However, these rates should be viewed in terms of the base for each tax. Real estate property comprises 91 percent of the total revenue base for these three taxes, in both

towns and cities (town percentages were calculated using county revenue base figures from the Department of Taxation, assuming that the same ratios hold for the towns located within the county). Personal property values comprise about six percent of this total, and machinery and tools values are the remaining three percent.

Table 5

MEAN 1983 PROPERTY TAX RATES
(per \$100 assessed value)

	<u>Real Estate</u>	<u>Tangible Personal Property</u>	<u>Machinery and Tools</u>	<u>Weighted Combined Total*</u>
Population of 3,500-5,999				
Cities (n=3)	0.81	3.29	0.71	.96
Combined County/Town (n=7)	0.64	2.78	2.10	.81
Population of 6,000-10,000				
Cities (n=10)	0.86	3.17	1.16	1.01
Combined County/Town (n=5)	0.72	2.52	1.15	.84
Population of 10,000-50,000				
Cities (n=14)	0.95	2.44	1.37	1.05
Combined County/Town (n=14)	<u>1.02</u>	<u>3.31</u>	<u>2.03</u>	<u>1.19</u>
All Cities (3,500-50,000)	\$.88	\$2.80	\$1.22	\$1.01
All Combined Towns/Counties (3,500-50,000)	.76	2.87	1.90	.92

*While machinery and tools tax rates are higher for towns, the rate should be viewed in terms of the base for each tax.

(Real Estate = 91%, Personal Property = 6%, Machinery and Tools = 3%)

Weighting the average tax rates by the percentages and summing gives an overall rate for these three taxes. The city rate computed in this manner is \$1.01 per \$100 assessed value. The combined county/town rate is \$.92. A statistical comparison of these rates shows no significant difference

between the rates. Town residents, therefore, do not pay more taxes than residents in comparable cities. Town residents do receive equivalent services as city residents.

Two additional issues contribute to the perceived problem of "double taxation." First, a symbolic aspect of the problem may simply be due to the usual practice whereby town taxpayers receive two tax bills -- one for real estate and property taxes from the town and one from the county. Mere receipt of two tax bills is perceived by many town residents as constituting an imposed taxation injustice.

A second issue related to "dual taxation" is the general belief of some segment of town residents that the county government "doesn't do anything for the residents of the town." In a limited number of instances, this attitude was expressed to JLARC in interviews with town political leaders. This belief may be attributed to two factors. First, some town residents appear to be unaware of county services, except for education. A second factor contributing to this negative attitude is the fact that some county services, such as judicial and human services, are "targeted" to selected clientele, and have little direct impact upon most town residents.

Other Common Local Revenues

In addition to real estate and personal property taxes, other usual significant sources of town revenues include so-called "pre-emptive" revenues. Towns have the authority to secure for their own exclusive use some taxes which otherwise would be imposed by the county, in order to generate revenues necessary to provide local services. Towns, for example, have the prerogative to levy license taxes on business and professional firms within their boundaries, and counties may impose this tax within the town only if specifically authorized to do so by the town's governing body. Towns may also pre-empt the county taxes on consumer utilities and cable TV under certain circumstances, and counties are required to credit town residents for the payment of any town motor vehicle license tax. The following example illustrates the use of pre-emptive taxation powers:

All towns levy a license fee upon business and professional entities. Indeed, the town manager of Vienna indicated that it receives such a significant amount of revenue from business and license fees that it does not have to levy a personal property tax.

Pre-emptive taxation powers provide towns with important sources of revenues. Although towns included in this investigation make extensive use of pre-emptive taxes, this study found relatively little resentment among county officials.

In addition to pre-emptive revenues, towns rely on other means for generating revenue. For example, only the Town of Dillwyn does not impose a motor vehicle license fee; however, in lieu of this, Dillwyn receives a share of the motor vehicle license revenues raised by Buckingham County. Another significant source of town revenue is the bank franchise tax, which is levied by 12 of the 15 case-study towns.

In addition, especially as a consequence of the constraints associated with real estate and personal property taxes, a trend has developed whereby towns have been increasing their business and professional license fees, motor vehicle license fee, and tax on machinery and tools. Another small yet discernable trend is that of towns imposing new lodging, meal, tobacco, and cable TV franchise taxes (Table 6). The case studies revealed that Cape Charles, Christiansburg, and Lebanon have recently authorized new meal and lodging taxes. Commencing in FY 1984, Cape Charles has followed the practice of Wytheville and Vienna in levying a tax on tobacco. Four case study towns -- Elkton, Farmville, Grottoes, and Wytheville -- currently impose a cable TV franchise tax.

Table 6
NUMBER OF TOWNS CHANGING TAX RATES*
FY 1979 - FY 1983

<u>Tax</u>	<u>Tax Increased</u>	<u>Tax Decreased</u>	<u>Tax Adopted</u>
Real Property**	11	50	2
Tangible Personal Property**	24	6	1
Machinery and Tools**	16	8	1
Business, Professional, and Occupational Licenses	46	0	0
Consumer Utility	5	0	5
Utility License	0	2	7
Motor Vehicle License	32	0	1
Transient Occupancy	-	-	3
Cigarette	-	-	1
Meals	-	-	1

*85 of 130 Towns Responding

**Effective Tax Rates

Source: JLARC 1983 survey of towns.

Finally, as noted in previous JLARC findings, another source of town revenues is user fees and fines. The largest source of user fees is charges imposed for water distribution and sewage collection. As is typically true for cities and counties, most towns have increased water and sewer fees over the past decade. Towns also realize revenues from trash and garbage collection, parking fines, rental of town property, charges for building permits and zoning appeals, fees for the use of park and recreational facilities, and interest earned on savings.

A number of case study towns gain revenues from entrepreneurial activities. For example, Cape Charles, Chincoteague, and Surry serve as franchised agents of the State Department of Motor Vehicles (DMV) and are granted three percent of the gross receipts. Elkton operates its own electrical system, purchasing electrical power at wholesale rates and selling it to the residents of the town at the general prevailing retail rate. Some of the town profits realized from this activity are utilized to defray general town expenses. Cape Charles and Chincoteague gain revenues by providing dock facilities.

INTERGOVERNMENTAL REVENUES

Towns are the recipients of a significant amount of fiscal aid from the Commonwealth and the federal government, and in a limited number of instances, from the county.

In a few instances, a town receives direct fiscal aid from the county. For example, in exchange for not pursuing city status, the Town of Wytheville receives an annual unrestricted cash grant from Wythe County. Northampton County provides Cape Charles with fiscal aid for the operation of the town's schools. Dillwyn receives a share of the motor vehicle license receipts raised by Buckingham County. In several instances, the county helps to underwrite the expenses of a town's fire department. For the most part, however, intergovernmental revenues come from the State and the federal government.

State Aid

Each of the case-study towns included in this report is the recipient of significant fiscal aid from the Commonwealth. All towns receive a portion of A.B.C. profits. With the single exception of the Town of Surry, which does not have its own police department, each of the towns receives law enforcement assistance funds. Five towns -- Elkton, Grottoes, Farmville, Vienna, and Wytheville -- maintain their own roads and receive State fiscal aid for this purpose. The towns of Cape Charles and West Point, which operate their own elementary and secondary public schools, receive extensive State aid to help defray local education costs.

Although town officials are appreciative of State fiscal assistance to their towns, many share the belief that the level of State fiscal assistance is inadequate. This attitude is particularly true of town officials where the town maintains its own roads, as asserted by one town manager to JLARC:

The State should provide towns with more fiscal aid. We always have to supplement (in dollars) what the State gives us in order to properly maintain our roads. Further, the State should give us more fiscal aid for our law enforcement efforts. After all, the State provides 100 percent funding for the County's Sheriff Department.

A town council member was even more direct:

We need a lot more State aid. We just cannot do the things we need to do. We need to update our water system and repair our sidewalks. We can't raise taxes because this is a poor town with a lot of retired people. State aid is critical for us.

Further, town officials almost universally asserted that State-mandated policies are inadequately funded, an opinion that JLARC found earlier to be widely shared by county and city officials.

Federal Aid

All towns in Virginia receive General Revenue Sharing (GRS) funds. In addition, six towns have been the recent recipients of federal project grant funds. Grottoes has received a grant from the Environmental Protection Agency (EPA) to construct a new sewer system. Lebanon has been awarded an EPA grant to upgrade its water and sewer facilities. Surry has recently received an EPA grant, supplemented by funding from the Farmer's Home Administration (FHA), to construct and put into operation a sewer system. Wytheville received an EPA grant, supplemented by funding from the Appalachian Regional Commission, to enhance its water system. Cape Charles and Chincoteague have each received Community Development Block Grants (CDBG) to fund harbor improvements. Dendron is currently in the process of seeking a federal grant to upgrade and expand its water system. In general, towns included in this study have been reasonably successful in the past in securing federal grants for a variety of capital projects. On the other hand, town officials are becoming somewhat apprehensive about the declining availability of federal grants, especially for upgrading water and sewer systems. This could lead to a greater demand for State funding for town capital projects. In addition, the possible demise of General Revenue Sharing funds would negatively affect towns' revenues.

Towns: Patterns of Revenue

The JLARC 1983 survey of towns found that towns are dependent upon State and federal fiscal aid for approximately 30 percent of their revenues. The finding was somewhat less (22 percent) for the 15 case-study towns. Substantial variation also exists among the case-study towns (Table 7). West Point, for example, generated 96 percent of its revenues locally, compared to only 65 percent for Christiansburg. Table 7 excludes State and federal project grant awards, State aid to education, and town sewer and water receipts, the latter of which are invariably placed in a separate account, and sales tax receipts are characterized as local sources.

It is apparent that the revenue patterns of the 15 towns are somewhat unique. The mix of local, State, and federal general fund dollars differs to a considerable degree, in some instances, among the towns. For example, West Point raises 96 percent of its general fund revenues within the

town. This finding indirectly reflects the dominant economic role and contribution made by the Chesapeake Corporation, which pays about 55 percent of the town real property taxes. The data underscores the importance of external fiscal aid to towns in Virginia. Indeed, in five towns -- Christiansburg, Dendron, Elkton, Farmville, and Wytheville -- external fiscal aid accounted for better than 30 percent of the towns' general budget revenues. Somewhat surprisingly, in five towns -- Cape Charles, Chincoteague, Lawrenceville, Surry, and West Point -- the town receives more federal than State fiscal assistance.

In sum, towns in Virginia, like counties and cities, are relatively dependent upon external aid to help fund their service-related expenditures. While the case-study localities were not a sufficiently large sample to generalize from, these examples and other data also show an eroding portion of federal funds.

Table 7
PATTERNS OF REVENUE AMONG TOWNS

Sources and Percentages
of FY 1985 General Fund Revenues

<u>Town</u>	<u>Local Sources</u>	<u>State Sources</u>	<u>Federal Sources</u>	<u>Total External Percent</u>
Berryville	88%	7%	5%	12%
Cape Charles	82	6	12	18
Chincoteague	83	6	11	17
Christiansburg	65	29	6	35
Dendron	69	22	9	31
Dillwyn	72	15	13	28
Elkton	59	36	5	41
Farmville	62	27	11	38
Grottoes	79	12	9	21
Lawrenceville	81	6	13	19
Lebanon	88	7	5	12
Surry	94	2	4	6
Vienna	84	14	2	16
West Point	96	2	2	4
Wytheville	63	29	8	37
Percent Average	78%	14%	8%	22%

☐ Receives more federal than State funds.

☐ Thirty percent or better of general fund revenues externally derived.

Source: Town budgets and JLARC 1984 case studies of towns.

TOWN FISCAL STRESS

Throughout the nation, local governments have been increasingly subject to fiscal stress. There are a number of reasons for this development. First, the recessionary nature of the economy in the late seventies and early eighties had a negative impact upon local tax receipts. Second, the "New Federalism" has curtailed federal aid to local government. Third, local taxpayers have shown an increasing reluctance to support tax increases, especially property tax increases. This has manifested itself most strikingly in various "populist"-type tax reform movements beginning with the "Proposition 13" movement in California in 1978. And fourth, many localities have had to confront the need to modernize or expand cost-intensive capital facilities.

On the face of it, towns in Virginia, especially when compared to cities, do not appear to be subject to a significant degree of fiscal stress. In JLARC's 1983 survey, it was found that only about one-quarter of the responding towns had resorted to budget actions associated with fiscal stress in that fiscal year. Such actions included increases in user fines and fees, the deferments of capital maintenance or outlay, and cost-cutting personnel actions. (It should be noted, however, that over the period 1980-1983 about 50 percent of the towns increased user fees or fines during one of the years and about one-fifth of these took this action at least twice.) Further, the survey found that only about 25 percent of the town officials felt that their towns did not have adequate resources to provide a reasonable level of services. Only about one-third felt that their towns were in a worse fiscal condition than in 1976. These findings overall reflected a positive fiscal condition for Virginia's towns.

The case-study research, on the whole, parallels JLARC's earlier findings. Only two of the towns -- Dendron and Lebanon -- are experiencing severe financial challenges. Dendron's financial woes can be attributed to a lack of community support for instituting a real estate or personal property tax. Lebanon's financial plight stems from not receiving an expected federal grant and its lack of success in annexing additional property outside the town to expand its taxbase.

The JLARC field interviews provided some valuable insights into factors associated with the relatively low town fiscal stress. These factors include:

- non-provision of high cost services,
- adoption of frugal spending practices,
- adoption of increased user fees and fines,
- postponement of capital maintenance and outlay, and
- reliance on external fiscal aid.

Non-Provision of High Cost Services

The relatively low amount of town fiscal stress is accounted for by a number of factors, but perhaps most importantly it is due to the fact that, with only a few exceptions, towns do not provide high cost services associated with public education, human services, and corrections. Only four towns operate public school systems: Cape Charles, Colonial Beach, Fries, and West Point. JLARC learned that in several instances towns eventually abandoned quests for city status because of the costs involved with operating school systems. As noted earlier, the cost-intensive town sewer and water services are usually self-revenue-generating enterprises which do not rely upon general fund revenues.

Frugal Spending Practices

Many towns have adopted frugal spending practices. The generally low staffing and personnel compensation levels of town government reflect this practice. One town clerk interviewed complained about the lack of back-up staff. In a somewhat parallel fashion, a second town clerk felt that the town's administrative workload was burdensome enough to justify a full-time town manager.

The compensation levels of town employees seem generally below that of their counterparts employed in county government. For example:

In one town surveyed, the Manager's salary for FY 1985 is \$18,500, the Police Chief \$14,742, and the Director of Public Works \$13,733. Exclusive of the Police Chief, law enforcement personnel receive an average of \$12,800 in annual compensation.

Although towns benefit from lower personnel compensation scales, they also lose experienced employees to better-paying county and city governments. This has been particularly true with regard to law enforcement personnel and waste water treatment operators, who have been trained at considerable cost to the town.

Towns also exercise great prudence in their purchasing of supplies and equipment and their use of building facilities. For example, one town manager routinely purchases and rehabilitates second-hand equipment for town purposes. And many towns utilize their municipal building for a number of purposes. For example, the Elkton municipal building contains general town offices, a library, and a museum.

Adoption of Increased User Fees and Fines

Another factor contributing to the relatively low level of town fiscal stress has been the practice of towns incrementally increasing or adopting new taxes and/or user fees. Excluded from this statement are real estate taxes which towns have, on the whole, not increased. Indeed, as noted earlier, many towns (50) have decreased their effective real property tax rates in recent years.

The decided goal of towns to diversify and expand their internal revenue sources has effectively curtailed serious fiscal stress. As the previously cited 1983 JLARC survey data substantiated, the following sources of town revenues have been most subject to enhancement: personal property; machinery and tools; business, professional, and occupational licenses; consumer utility; and motor vehicle licenses. JLARC survey data showed that over the last several years one-half of the towns had increased various user fees, primarily for water and sewer services, and the collection of trash and garbage. JLARC field visits substantiated the above trends, and in particular found that a number of towns -- Christiansburg, Cape Charles, and Lebanon -- had authorized new lodging, meal, and/or tobacco taxes.

Postponement of Capital Maintenance and Outlay

A factor contributing to the relatively low level of town fiscal stress is deferred spending for capital projects. JLARC found in its survey that since 1980 about 20 percent of the towns on several occasions opted to postpone spending for capital projects. JLARC field investigations also found three major instances in which towns have postponed needed capital improvements because of funding considerations. According to the town manager of West Point, the central water mains of that town should be upgraded, but this has not taken place due to the projected costs involved. For a similar reason the water mains of Dillwyn, somewhat antiquated and prone to leakage, have not been replaced. Due to cost considerations, Dendron has not undertaken badly needed sidewalk repairs.

Such postponements, while reducing fiscal stress in the short term, do have negative side effects. For example, recent efforts to redevelop the central business district of Cape Charles were seriously impeded until the town was ultimately successful in late 1984 in securing State and county funds to replace a closed bridge.

Reliance on External Aid

Town fiscal stress has been avoided because towns are the recipients of State and federal fiscal aid. As the JLARC 1983 survey material verified, about 30 percent of the aggregate town revenues in 1982 were derived from external services. Obviously, the cutback of federal grants for capital projects, especially involving water and sewer systems, constitutes somewhat of a fiscal challenge to the towns. The possible demise of the federal General Revenue Sharing (GRS) program would cause further concern for town officials. A potential cause of future stress could be the withdrawal of federal funds on which some localities have become dependent. Recent federal statements asserting that State surpluses in the face of federal deficits may justify a decline in intergovernmental aid could signal a declining percentage of federal aid.

Summary

Field research parallels JLARC's earlier assessment that towns in Virginia are, by-and-large, not as fiscally stressed as counties and cities. To some degree this is because Virginia towns are generally not involved in the

provision of high-cost programs involving education, human services, and corrections. In addition, the relatively low fiscal stress of towns is due to their frugal management practices, increasing existing and/or adopting new taxes and user fines and fees, and deferring capital improvements. Further, town fiscal stress is alleviated by their receipt of substantial State and federal fiscal aid. However, actual and potential declines in federal aid could promote future fiscal stress in towns.

CONCLUSION

Towns depend upon internally and externally generated revenues to fund their operating budgets. Major sources of town-generated revenues include real estate taxes, personal property taxes, professional and business license fees, consumer utility taxes, and bank franchise taxes. Towns also realize revenues from other miscellaneous tax and user charges and investment income. The Commonwealth and federal government provide significant fiscal aid to towns.

Although towns are not as fiscally stressed as cities and counties, some towns are finding it somewhat more difficult to secure a sufficient level of internal revenue. In response to their somewhat more restrictive fiscal condition, towns have increased existing taxes, or adopted new taxes, increased user charges, and deferred capital maintenance and outlay. Declining federal aid may somewhat erode the fiscal condition of towns.

Dual taxation is of concern to towns and an irritant to town residents. Overall, however, dual taxation does not seem to result in excessive tax rates for town residents.

Recommendation (1). Towns should be encouraged to consider the possibility of having the county collect their real property and personal property taxes. Such tax revenues would be returned to the town minus a small administrative fee.

This proposal would benefit towns by: (1) diminishing the perception of dual taxation through the presentation of a single bill for real estate and personal property taxes to town residents, and (2) relieving town staffs of the burden of preparing, processing, and collecting real estate and personal property taxes.

There are, however, two arguments that may be offered against this recommendation. First, by shifting the responsibility to the county for the collection of town real estate and personal property taxes, towns may well feel that they have lost a certain amount of control over these sources of revenue. Second, there is some concern on the part of towns that county personnel would be less effective than their town counterparts in securing the payment of delinquent town taxes. Nevertheless, adoption of this proposal could reduce citizen discontent and ease the burden on town employees.

Given the size of the federal deficit and federal statements contrasting the deficit to State surpluses, federal cutbacks should be expected. Anticipating such action could alleviate some of its effects.

III. TOWN STAFFING AND SERVICES

Historically, the principal justification for the establishment of towns is that these units of government are needed to provide urban-type services to more densely populated county areas. Somewhat reflective of this, JLARC found in its 1983 survey that although cities provide the most services, towns provide a greater number of urban-like services than counties. Towns generally provide the following services: law enforcement, fire protection, water and sewer, refuse collection, street cleaning, parks and recreation, and planning and zoning. This chapter provides a review and an analysis of the staffing levels and services of the case study towns.

TOWN STAFFING

The median number of fulltime employees for the 15 case-study towns included in this study is 21. There is wide variation, however, among the towns (Table 8). For example, Dendron has only two part-time employees, and Surry has only a single full-time employee. On the other hand, Christiansburg and Wytheville each have about 100 full-time employees, and Vienna has an average work force of 145.

Generally, towns appear to have a relatively lean work force with little back-up staff. The lack of back-up may cause a particular work assignment to be delayed if the only town employee capable of performing the assignment is ill or on leave. Several town clerks told JLARC that they sometimes found it difficult to meet certain State deadlines because of their limited personnel resources. As one town clerk stated:

You know, sometimes it seems to me that the State doesn't realize that we have limited staff here. For instance, they might ask for a form to be completed and sent back to them within a certain time and we just can't meet their deadline because of the limited staff we have.

In five of the towns, employees are ultimately responsible to the mayor, although the town clerk plays the central role in the day-to-day administration of town governmental affairs. In the remaining 10 towns municipal employees are responsible to the town manager. (At the time of the field interviews, JLARC found that in two towns -- Lawrenceville and Lebanon -- the mayor was serving in a dual capacity as manager.)

Town employees are most apt to have responsibilities associated with general administration, law enforcement, water treatment and distribution, sewage collection, and refuse collection. It is not uncommon for a town employee to have multiple responsibilities involving quite disparate services. For example, in one small town a single individual is responsible for both law enforcement and water supply duties.

Table 8

TOWN EMPLOYEES
(1984)

<u>Town</u>	<u>Number of Employees</u>	<u>Number of Employees per 1000 residents</u>
Berryville	20	11
Cape Charles	20 ^a	13 ^a
Chincoteague	23	14
Christiansburg	100	10
Dendron	2 (both part-time)	6
Dillwyn	2	3
Elkton	22	14
Farmville	85	14
Grottoes	7	5
Lawrenceville	21	14
Lebanon	14	4
Surry	1	4
Vienna	145	9
West Point	21 ^b	8 ^b
Wytheville	<u>100</u>	<u>14</u>
Median	21	10

^aExclusive of about 35 employed by School Board

^bExclusive of about 75 employed by School Board

Source: JLARC 1984 case studies of towns.

TOWN SERVICES

In its 1983 survey of towns, JLARC found that towns provided an array of services and that, generally, larger towns provided more services than those with smaller populations. JLARC documented that 70 percent of the towns responding provide the following services: law enforcement, planning and zoning, water treatment and distribution, sewage collection and treatment, refuse collection, and street cleaning (Table 9). About 65 percent provide fire protection and parks and recreation, and 55 percent are involved in street maintenance. Further, about one-third of the towns operate a refuse disposal system and an equal percentage provide emergency rescue services. Finally, only four towns maintain elementary and secondary public schools.

Table 9

PERCENTAGES OF TOWNS PROVIDING SERVICES
(85 Towns Responding)

	<u>Town Provides Funding and Service</u>	<u>Town Provides Funding Only¹</u>
<u>Public Safety</u>		
Law Enforcement	92%	4%
Fire Protection	65	24
Emergency Rescue	29	28
<u>Public Works</u>		
Water Distribution	91	5
Water Treatment	70	2
Sewage Collection	85	4
Sewage Treatment	80	6
Residential Refuse Collection	96	3
Refuse Disposal	35	13
Street Maintenance	55	5
Street Cleaning	85	1
<u>Education</u>	5	-
<u>Other</u>		
Parks and Recreation	64	34
Planning and Zoning	91	4

¹In some cases, towns may provide funding to private agencies or other local governments, which in turn are the principal service providers. Private rescue squads are an example of this relationship.

Source: JLARC 1983 survey of towns.

Pattern of Town Services

JLARC inventoried the services provided by the 15 case-study towns (Figure 3). These services may be characterized as common (or core), quasi-town, and miscellaneous services.

Common Services. Services most commonly provided by towns include: law enforcement, water treatment and distribution, sewage collection and treatment, and street cleaning and lighting. Only in the instance of Surry is

Figure 3

Town Services

TOWN	SERVICES										MISCELLANEOUS SERVICES
	LAW ENFORCEMENT	WATER	SEWER	PLANNING & ZONING	GARBAGE & TRASH COLLECTION	STREET CLEANING & LIGHTING	FIRE PROTECTION	RESCUE SQUAD	PARKS & RECREATION	LIBRARY	
BERRYVILLE	■	■	■	■	■	■	■	■	■	■	SCHOOLS, PORT FACILITIES, ANIMAL CONTROL
CAPE CHARLES	■	■	■	■	■	■	■	■	■	■	PORT FACILITIES
CHINCOTEAGUE	■	■	□	■	■	■	■	■	■	■	SANITARY LANDFILL, ROAD MAINTENANCE
CHRISTIANSBURG	■	■	■	■	■	■	■	■	■	■	ROAD MAINTENANCE
DENDRON	■	■	■	■	■	■	■	■	■	■	ELECTRICAL SYSTEM, MUSEUM, ROAD MAINTENANCE
DILLWYN	■	■	■	■	■	■	■	■	■	■	SANITARY LANDFILL, AIRPORT, CEMETERY, ANIMAL CONTROL, ROAD MAINTENANCE
ELKTON	■	■	■	■	■	■	■	■	■	■	ROAD MAINTENANCE
FARMVILLE	■	■	■	■	■	■	■	■	■	■	ROAD MAINTENANCE
GROTTOES	■	■	■	■	■	■	■	■	■	■	ROAD MAINTENANCE
LAWERENCEVILLE	■	■	■	■	■	■	■	■	■	■	ROAD MAINTENANCE
LEBANON	■	■	■	■	■	■	■	■	■	■	ROAD MAINTENANCE
SURRY	□	□	■	■	■	■	■	■	■	■	ROAD MAINTENANCE
VIENNA	■	■	■	■	■	■	■	■	■	■	SCHOOLS, AIRPORT
WEST POINT	■	■	■	■	■	■	■	■	■	■	SANITARY LANDFILL, MUSEUM, CEMETERY, ANIMAL CONTROL, ROAD MAINTENANCE
WYTHEVILLE	■	■	■	■	■	■	■	■	■	■	

CORE SERVICES

SOURCE: JLARC 1984 CASE STUDIES OF TOWNS.

water not provided. It should be noted, however, that Surry is presently involved in the initial steps of acquiring the private company providing the service, and has developed plans to update the water system.

With the single exception of the town of Dendron, all towns have an active planning and zoning program. Only three towns do not provide sewer services: Chincoteague, Dendron, and Vienna. In Chincoteague and Dendron, residents continue to rely upon septic systems for the disposal of waste, while the inhabitants of Vienna are served by the Fairfax County Sewer System. The towns of Dendron and Dillwyn do not provide garbage and trash collection; hence, town residents in these communities dispose of their garbage and trash in county-provided "green box" trash containers. All the towns except Surry provide at least some minimum amount of street cleaning and lighting.

Towns differ to a considerable degree concerning the level or extent to which they provide "common" services. Law enforcement is a good example. In Dendron one-half of a position is allocated to this function, and in Dillwyn the "Town Sergeant" has other unrelated municipal responsibilities. Grottoes has two assigned positions for law enforcement while Elkton, of similar population size and also situated in Rockingham County, has 8.5 law enforcement positions. In contrast, Vienna has a law enforcement force of about 3.5 personnel.

"Quasi-town Services." The term "quasi-town service" refers to a service which is usually provided by a group organizationally distinct from the town government, but which is given fiscal and other forms of assistance by the town. Fire-fighting and emergency rescue services may be classified as "quasi-town services" because while in some instances these services are directly provided by the town, in a majority of towns they are provided by independent volunteer groups. Of the 15 towns included in this study, five directly operate a fire-fighting service, while nine provide monetary and other forms of assistance to the local volunteer fire company. Only Surry does not provide or help to financially underwrite fire-fighting protection services. The five towns which directly provide fire-fighting and protection rely considerably on the use of volunteers.

In a somewhat parallel fashion, three towns directly provide emergency rescue services, while 10 provide fiscal and other forms of support for this service. Surry does not provide or help fund emergency rescue services. Given the dependence by towns upon volunteer manpower in the provision of fire protection and emergency rescue services, both of these activities may be reasonably characterized as "quasi-town" services.

Miscellaneous Services. The 15 towns in the case studies are engaged in an assortment of other service activities. Six towns are involved in the direct provision of parks and recreation, while an additional town, Berryville, provides monetary support to the privately organized Clarke County Parks and Recreation Council. Six towns maintain their own roads. Several towns directly provide library facilities, while a similar number advance fiscal assistance to the county-operated library system.

The towns of Cape Charles and West Point operate their own public school system. However, the future of Cape Charles' school system may be

tenuous given the present concerted effort of Northampton County to consolidate the schools of Cape Charles into the county system. Further, although West Point has its own schools, the schools of West Point and King William County are administered and operated by a common superintendent who is appointed by and is responsible to a joint town-county school board.

Towns provide a variety of other services and facilities. For example, the towns of Cape Charles, Farmville, and Wytheville operate animal control programs. Further, the latter two communities along with Christiansburg have their own sanitary landfill facility. Chincoteague, Cape Charles, and Surry serve as franchised agents of the State Department of Motor Vehicles (DMV) and provide many of that agency's basic services. Elkton operates a small town museum. Farmville and Wytheville maintain a local cemetery. Community airports for business and pleasure aircraft are provided by Farmville and West Point. Elkton operates its own municipal electric system. Cape Charles and Chincoteague have their own modest harbor and docking facilities. The provision of these additional town services indicates that towns have the ability to respond, through the provision of additional services, to the somewhat unique or particular needs of their communities.

Service Delivery Mechanisms

Town services are provided in various ways: (1) directly by town personnel, (2) through a private contractor on a contractual basis, (3) by the county on a contractual basis, (4) by volunteer personnel, (5) by combined town, county, and volunteer efforts, and (6) by joint town, county, and State efforts.

Direct Town Services. In most towns common services involving law enforcement, water treatment and distribution, sewage collection and treatment, planning and zoning, garbage and trash collection, and street cleaning and lighting are provided directly by town personnel. There are some important exceptions, however, to this norm.

Private Contracting. In some towns a service is provided by a private firm through a contractual agreement with the town. For example, in Surry a private contractor collects garbage and trash. The town pays this individual a basic monthly fee. The residents of the town, in turn, are charged by the town for the services provided. Similarly in Dillwyn, a private firm is responsible for limited street cleaning and lighting through a contractual agreement with the town.

Private contracting of this type, which is now being considered more seriously even by large cities, allows a town to provide a service without purchasing expensive equipment and retaining required personnel.

County Contracting. Some towns contract with the county for the provision of a common service. For example, the Town of West Point abolished its town police department about 10 years ago and presently contracts with the King William Sheriff's Department for law enforcement services within the boundaries of the town. As the Town Manager explained to JLARC:

Oh, the town does not have its own police force. It decided about 10 years ago to abolish its police force and

simply contract with the Sheriff's Department for law enforcement within the boundaries of the town. The Sheriff's Department has a component of personnel which are assigned to town duties. Even the police cars which are used in town are painted a different color than those used in the county outside of town. Although there were some initial problems when the town first contracted for law enforcement services, everything eventually worked out fine.

Buckingham County sells water "in bulk" to the Town of Dillwyn which, in turn, sells it on a retail basis to its residents. Berryville, through a contractual arrangement, utilizes on a part-time basis the expertise of the Clarke County zoning administrator.

Volunteer Efforts. Towns have been markedly successful in providing some services through the employment of volunteer personnel. Fire protection and emergency rescue services are the best examples of town services traditionally provided by volunteers. Some towns have been successful in enlisting the efforts of volunteers to provide additional services. For example, library services in Cape Charles and Elkton are largely provided by volunteer help. Volunteers in Elkton and Wytheville staff small town museums. By taking advantage of a sense of citizen community pride and civic responsibility, some towns have been able to provide somewhat unique services at minimum town expense.

Town-County-Volunteer Efforts. Although fire and rescue services have been traditionally provided by volunteer personnel, some towns rely upon a town-county-volunteer effort. For example, in Lawrenceville, although fire protection is largely the responsibility of a volunteer force, the force's equipment is housed in the town municipal building, and Brunswick County provides monetary assistance for this activity. The recently constructed fire station in Dendron was paid for by Surry County, which also provided the volunteer force with a new fire engine. In Christiansburg, where volunteers are also largely responsible for fire protection, some fire equipment is owned and provided by Montgomery County, and this equipment is housed in town-owned facilities. Therefore, at least in some towns, the provision of fire protection services illustrates the efforts by towns, counties, and volunteers to jointly provide services.

Town-County-State Efforts. Some services are provided town residents by combined town-county-State efforts. Examples of services provided in this fashion include law enforcement and street cleaning and maintenance. Although towns are usually the primary providers of these services (with the exception of street maintenance), they do receive some assistance from the county and the State when required. County sheriffs have jurisdiction within towns and often supplement town law enforcement services. Typically, towns house prisoners in county jail facilities, and most towns utilize the county sheriff's dispatcher. The State maintains the roads of most towns with populations less than 3500 as part of the county system.

Town-Related County Services

Counties in Virginia provide town residents with an array of services. Services commonly provided by the county include education, judicial, health,

welfare, and other human services. In addition, all of the towns included in this study depend upon the county for assessing real estate and personal property, assisting in the preparation of property tax bills, and providing jail facilities for detaining offenders. Further, most towns rely upon county sanitary landfill operations to dispose of their garbage and trash. Towns with an extremely limited number of law enforcement personnel rely upon the sheriff's department's radio dispatching system.

Some counties provide additional services to town residents. For example, Fairfax County provides library, hospital, and sewer services to the residents of Vienna. Wytheville residents are accorded library services by Wythe County. The inhabitants of the Town of Surry are dependent upon Surry County for local law enforcement services. Northampton County provides hospital facilities for Cape Charles residents. In sum, although somewhat at variance with the perception of some town residents, inhabitants of towns directly or indirectly benefit from county-provided services.

Conclusion

The towns included in this study most commonly provide the following services: law enforcement, water treatment and distribution, sewage collection and treatment, planning and zoning, garbage and trash collection, and street cleaning and lighting. Further, towns either directly provide or advance fiscal and other forms of assistance for the provision of fire and emergency rescue services. In addition, individual towns provide a wide variety of other services. Although most town services are provided directly by the town, some services are provided by volunteer groups, the county, a private firm, combined town-county-volunteer efforts, or joint town-county-State efforts.

A review of the services provided by the case study of towns indicates that the two towns of less than 500 -- Dendron and Surry -- are involved in a minimal number of functional activities and make limited use of their taxing powers. The degree to which those two towns are representative of other towns of less than 500 cannot be determined from the data available.

One potential problem for towns is that there is no procedure for their dissolution. While many towns appear to be enjoying prosperity and vitality, some have difficulties raising revenues, recruiting people willing to seek and hold office, and providing services. The town of Draper in Pulaski County is no longer counted by the U.S. Census Bureau. The town currently has no officers and is said to have had no elections since the 1930s.

When JLARC surveyed the 130 towns with populations over 500, 45 did not return the survey. A number of these stated in follow-up telephone calls that they simply did not have the staff capacity to fill out the questionnaire. In light of the increasing capacity of Virginia's counties, the question arises -- are all towns viable? Should a town that is no longer viable be able to disincorporate itself?

The *Code of Virginia* is silent on the dissolution of an individual town. There is a provision by which "any county and all incorporated towns

located entirely therein, may consolidate into a single county or city" (*Code*, Section 15.1 - 1130.1). However, this provision does not address a situation where a single town ceases to function while others remain viable.

Regarding the dissolution of a city, county, or town, the *Constitution of Virginia* (Article VII, Section 2) states:

§2. *Organization and government.* - The General Assembly shall provide by general law for the organization, government, powers, change of boundaries, consolidation, and dissolution of counties, cities, towns, and regional governments. The General Assembly may also provide by general law optional plans of government for counties, cities, or towns to be effective if approved by a majority vote of the qualified voters voting on any such plan in any such county, city, or town.

Because a general law applies to all towns, the General Assembly can not simply dissolve a specific town, even if it ceases entirely to function. The extent to which this is a problem is unclear, given the lack of information on very small towns. It seems reasonable, however, that a procedure should exist in general law by which towns or counties could petition the General Assembly for the dissolution of non-viable towns. The General Assembly may wish to study, through its standing committees, the desirability of establishing in general law a procedure by which local governments could request dissolution.

Given the more assertive functional role of counties, some attention should also be given to the appropriate relationship of town and county services, especially in the areas of law enforcement, water and sewer, and parks and recreation services. JLARC found in its survey that some counties are actively involved in services traditionally associated with towns, in particular water and sewer, and parks and recreation. Given the costs involved, obvious consideration should be given to greater coordination of effort in the provision of such services.

STATE-MANDATES AND TOWNS

Virginia, like other states, imposes constitutional, statutory, and administrative mandates on county, city, and town governments. These mandates affect the organization, staffing levels, services provided, administrative procedures, budgets, and expenditures of all local governments. However, as compared to counties and cities, towns are relatively less impacted by State mandating because mandates have a greater bearing upon functional activities that are not usually the responsibility of town governments.

Survey Findings

JLARC's 1983 survey found that relatively few town officials exhibited any major concern with State mandates. Only 38 percent of those surveyed expressed annoyance with any particular mandate and only 15 percent

cited three or more areas of concern. State mandates of particular concern to town officials involved water and sewer treatment facilities, law enforcement, and maintenance of local roads (Table 10). The major complaint of town officials concerning State mandates is that the State fails to provide adequate funding to help towns comply with mandates.

Table 10

NUMBER OF TOWNS CITING MANDATES AS UNREASONABLE
(85 of 130 towns Responding)

<u>Mandate Area</u>	<u>Number of Towns Citing</u>
Water Treatment or Distribution	14
Sewage Treatment and Collection	8
Law Enforcement	11
Maintenance of Roads and Sidewalks	9
Auditing Procedures	8
Procurement Practices	5
Volunteer Fire/Rescue	3

Source: JLARC 1983 survey of towns.

Case Study Findings

Parallel with the 1983 JLARC survey findings, only a few of the town officials interviewed for the case studies expressed any great annoyance about the substance of State mandates. Some concern was voiced about State mandates pertaining to procurement, water and sewer systems, highways and roads, and personnel grievance procedures. The case study interviews provided further verification that town officials are primarily concerned with what they perceive to be inadequate State funding for mandates, rather than the regulatory impact of mandates. For example, several town officials were annoyed particularly that the State was no longer paying for required water analysis samples.

Because of the complexities of the challenges they confront, many town officials recognize that they "cannot go it alone." To realize the full potential of their towns, they must rely to some extent upon the county and the State. And yet, at times, many town officials express concern that the State has less than a "decided interest" in understanding and helping them deal with the problems of their communities. Town officials appear to seek greater responsiveness from the State, and because of their limited staffing, they appear to want more streamlined access to State agencies and decision-makers.

CONCLUSION AND RECOMMENDATIONS

Towns, operating with relatively few staff, provide a variety of services. Most town services are provided directly by town employees. In other instances, towns rely on a variety of other service-delivery mechanisms. Smaller towns have few staff and provide few services.

For the most part, State mandates are not considered unreasonable or inappropriate by town officials. In contrast, these same officials almost uniformly believe that mandates are inadequately funded by the State. Town officials stressed to JLARC that they often found it difficult to communicate effectively and work with components of the State governmental bureaucracy.

Recommendation (2). The State should consider establishing an Office of Town Relations in an existing State agency, such as the Department of Housing and Community Development. The office should serve as a point of contact for town concerns. The office should conduct a study of the most efficient allocation of functional activities between counties and towns, particularly those involving water and sewer services, law enforcement, and parks and recreation services. It should also monitor the potential loss of federal funds, particularly General Revenue Sharing funds, and help identify alternative sources of funding. These study efforts should be coordinated with the Commission on Local Government.

As discussed in this report, JLARC field interviews found that many town officials perceived State government to be somewhat unconcerned about their problems and needs. The thrust of this recommendation would, in effect, create within State government an office which town officials could contact for assistance with State programs and services. Such an office could serve as a clearinghouse for town concerns and could channel inquiries to appropriate State agencies.

Recommendation (3). The State should encourage the Division of Volunteerism to work closely with towns to enlist further local volunteer efforts.

JLARC field interviews found that towns have been markedly successful in utilizing volunteer personnel to provide some town services. The most common and salient example of this is town volunteer bodies which provide fire and emergency rescue services. In addition, some towns have enlisted volunteer help to staff and operate libraries and museums. By targeting town governments as a special group, the Division could enhance the volunteer efforts already under way.

Recommendation (4). The General Assembly may wish to study, through its standing committees, the desirability of establishing in general law a procedure by which local governments can request dissolution.

There is currently no established procedure for the dissolution of a city, county, or town. The Constitution of Virginia requires that the dissolution of localities be provided for by general law.

IV. TOWN-COUNTY RELATIONS

Virginia towns, in contrast to cities, are a part of the county in which they are located. This frees towns of the obligation, for the most part, of providing residents with cost-intensive judicial, health, welfare, and public education services, which are usually the responsibility of the county government. Many towns have developed harmonious and productive relationships with their counties. On the other hand, town dependence on counties has also been the genesis of town-county conflicts. For this reason, JLARC's approach was designed to gain an understanding of those factors which engender town-county conflict and those which promote town-county cooperation.

SOURCES OF TOWN-COUNTY CONFLICT

In the 15 case-study towns, JLARC found that sources of town-county conflict were most frequently attributed to the following:

- dual taxation issues,
- functional conflict,
- town annexations,
- towns petitioning for city status,
- political personalities,
- rapid turnover of town political leadership, and
- consequences of county economic growth.

Each of these sources of tension conflict is identified in Figure 4 and discussed in subsequent sections of this chapter.

Dual Taxation

The practice of dual taxation, which requires town residents to pay both town and county real estate and personal property taxes, is a prominent continuing source of town-county conflicts. Only in the towns of Dendron, Lebanon, Surry, and Vienna is dual taxation not regarded as a key issue. Neither Dendron nor Surry levies a real estate or personal property tax, and Vienna does not impose a personal property tax. Most other towns, however, experience some conflict in this area.

Figure 4

Past and Present Sources of Town-County Conflict

TOWN (N=15)	SOURCES OF TOWN-COUNTY CONFLICT										PROBLEMS ASSERTED REGARDING TOWN-COUNTY CONFLICT
	ANNEXATION	CITY STATUS	LAW ENFORCEMENT	DUAL TAXATION	ANIMAL CONTROL	WATER SEWER	EDUCATION	COUNTY FEES	PERSONALITIES	GROWTH	
BERRYVILLE	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	TOWN HAS DRAINAGE PROBLEM THAT NEGATIVELY IMPACTS ON COUNTY RESIDENTS
CAPE CHARLES	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	TOWN IS DISSATISFIED WITH COUNTY GETTING STATE HIGHWAY DEPARTMENT TO REPAIR BRIDGE
CHINCOTEAGUE	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
CHRISTIANSBURG	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	INORDINATE INFLUENCE OF BLACKSBURG IN THE COUNTY POLITICAL PROCESS
DENDRON	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	COUNTY SAID NOT ATTENTIVE TO NEEDS OF TOWN; TOWN OFFICIALS SAID TO BE UNCOOPERATIVE.
DILLWYN	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	COUNTY URGED TO PROVIDE MORE DUMPSTER SERVICES FOR TOWN RESIDENTS
ELKTON	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	COUNTY SAID TO USE TOWN FUNDS TO HELP UNDERWRITE THE COSTS OF NON-TOWN CAPITAL PROJECTS
FARMVILLE	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	INDIFFERENCE OF COUNTY TO TOWN'S PROBLEMS. TOWN DOES NOT UTILIZE COUNTY LANDFILL
GROTTOS	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
LAWRENCEVILLE	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	
LEBANON	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	COUNTY RESIDENTS FOUGHT LEBANON'S ANNEXATION PROPOSAL
SURRY	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
VIENNA	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	PERCEIVED COSTS ASSOCIATED WITH PROVIDING EDUCATION ULTIMATELY TERMINATED VIENNA'S QUEST FOR CITY STATUS
WEST POINT	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	LONG HISTORIC RIVALRY BETWEEN TOWN AND COUNTY REFLECTED IN THE PUBLIC SCHOOLS
WYTHEVILLE	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	SOMEWHAT UNIQUE COUNTY REVENUE-SHARING PLAN TERMINATED WYTHEVILLE'S QUEST FOR CITY STATUS
TOTAL:	5	4	8	11	2	4	4	3	5	4	

SOURCE: JLARC 1984 CASE STUDIES OF TOWNS.

The essence of the problem, as noted previously in this report, is that town residents resent having to pay county real estate and personal property taxes. As one town clerk stated to JLARC:

Oh yes, dual taxation is a problem in this town and it always has been. No doubt about that. Now the residents of the town do not mind paying town taxes because they can see what the town (government) is doing. But they do mind paying county taxes because they feel that they get nothing from the county.

This perception is further enhanced in the towns of Cape Charles, Farmville, Lawrenceville, and Surry, where many parents enroll their children in private schools.

As noted in Chapter II, the problem of dual taxation is often more symbolic than real. Combined town and county tax rates and services are comparable to those in small cities. The perceived problem seems in part due to the fact that, except for public education, county services are provided to targeted, specific clients. Because many town residents do not use certain services (i.e., health and welfare) they do not appear to be fully aware of these services or of the county's role in providing them.

Further, the perception of dual taxation gains some credibility from the fact that towns usually have their own police and refuse collection services and are obviously less reliant upon county services in these functional areas. However, county officials, in rebuttal, point out that because the town pre-empts certain revenues, these revenues are lost to the county.

Functional Conflict

Functional conflicts arise in town-county relations when some services are being provided to town residents by both the town and the county. In the 15 towns examined in 1984, functional conflict was a problem for service delivery in several different areas. Law enforcement appears to be most prone to town-county conflict. In eight towns conflict between the town's police department and the county sheriff's department was cited either as a past or present problem.

According to several town managers interviewed by JLARC, the activity of law enforcement contributes to town-county conflict for a number of reasons. First, conflict between the town's police department and the sheriff's department seems inevitable because of some measure of functional ambiguity and "battles over turf." A second factor cited is the strong, and often task-oriented, personalities of some law enforcement officials. An additional factor is the perception by some that the sheriff's departments operate at a higher level of "professionalism" than their town counterparts.

In some instances, issues pertaining to water and sewer services have served to provoke town-county tension. For example, Lawrenceville has been under some pressure by Brunswick County officials to provide water and sewer

services to a greater share of the county. Prince Edward County remains disappointed that Farmville will not extend a water and sewer line to a proposed new motel site in the county. (The town will agree to do so but only if the county shares one-half of the costs.) The political leadership of Grottoes advanced some measure of concern to JLARC about Rockingham County not agreeing to help the town finance its new sewer system, even though the county had provided fiscal assistance to other towns in the county for water and sewer projects. In addition, some citizens of Elkton are of the opinion that Rockingham County is unfairly utilizing county-derived revenue from within the town to help finance a non-town sewer project. In a similar instance, Wytheville citizens are concerned that Wythe County is using general fund revenues, partially derived from town residents, to fund capital projects outside the town.

Other functional areas of conflict involve the reasonableness of county-assessed charges against towns for the preparation of materials related to real estate and personal property taxes, and for the disposal of town refuse in the county sanitary landfill. (It should be noted that in contrast to the general trend of counties imposing upon towns an increased fee for making use of the county landfill, Rockingham County no longer charges the towns in the county a "tipping" fee.) In several instances JLARC found that town officials felt that county-assessed charges against the town were excessive. As one town clerk related to JLARC:

Sure, there are some issues which have arisen between the town and the county. For example, we have refused to pay the county its charge for preparing for us the town real estate bills. We felt that the charge was excessive and therefore refused to pay.

Needless to say, such attitudes can promote reciprocal unhappiness among county officials who feel that they have assessed costs correctly and that the town is simply failing to pay its fair share.

Issues pertaining to elementary and secondary public education have also served to provoke town-county tension. At present, a major issue which divides Cape Charles and Northampton County is the latter's quest to merge the town's schools into its own system. In contrast, town officials are adamantly committed to maintaining their own independent school system, arguing that the schools of the town help to foster and promote a sense of community identity. Elkton residents were extremely upset when Rockingham County closed their high school some years ago, forcing their high school students to attend a facility about ten miles from the town. There is a continuing underlying fear in Grottoes that the town will lose its only school because of future Rockingham County school consolidation. In King William County, officials expressed general satisfaction with the performance of the jointly-administered town-county schools. This provided a contrast to West Point officials, who voiced some reservations about the joint effort.

As counties continue to provide more services and become more urban in character, the potential for conflict based upon functional activity between towns and counties increases. For example, although many counties and towns now provide parks and recreation, relatively little consideration

appears to have been given to the proper meshing of town and county efforts. Overlapping library services pose a similar problem. The interfacing of town and county sewer systems can also pose problems.

Town Annexations

Another major source of town-county conflict involves attempts by towns to expand their boundaries by annexing additional land. Moreover, the conflict associated with town annexation attempts in the past may continue to have a negative impact on current town-county relations.

County resistance to town annexation proposals may be attributed to three factors. First, some county resistance is due to the opposition of potentially affected county residents who do not want to pay town taxes. This factor appeared to be decisive in Lebanon's recent unsuccessful attempt to annex a small portion of Russell County. Second, county opposition may largely be attributed to potentially impacted business concerns which would be liable for and pay town business license fees. And third, county opposition to proves to be especially strong if the annexation would provide the town with the requisite population of 5,000 inhabitants, allowing it to eventually petition for city status.

City Status

In four of the towns included in this study -- Christiansburg, Farmville, Vienna, and Wytheville -- past town consideration of petitioning for city status, although ultimately not pursued, engendered a considerable amount of political hostility and town-county conflict. Vienna, after very careful consideration of cost-benefit studies, decided not to seek city status because of the financial costs associated with providing elementary and secondary education. Christiansburg decided that annexation, rather than city status, would better serve town and county interests. Wytheville's quest for city status was eventually dropped when Wythe County proposed and the town accepted a plan whereby the county shares a portion of its sales tax receipts with Wytheville. In addition, Farmville's strained relationship with Prince Edward County is largely due to the town's recent serious consideration of becoming a city. In late 1984, Farmville abandoned its quest for city status, convinced that it would be more beneficial for the town to pursue new cooperative endeavors with Prince Edward County, especially with regard to economic development.

Fundamentally, counties oppose the evolution of towns into cities because of the county's subsequent loss of real estate and personal property tax revenues.

The 1975 Report to the Commission on City-County Relations recommended that a proposed new independent city have "a minimum population of 25,000 and an average density of at least 200 persons per square mile." Further, the report urged that the creation of the new city "not substantially impair the county's ability to meet the service needs of its remaining population unless provision is made to offset such."

The rationale for the increase to 25,000 was that this level of population was necessary to sustain the services required of an independent city. Under any circumstances, it appears that 5,000 is an insufficient population to support required services.

JLARC finding in 1984 that small cities were among the most stressed Virginia localities reinforces the idea that 5,000 is an insufficient population to support required services. Consideration should be given to raising the required population level to at least 10,000.

Political Personalities

The personalities, political stances, modes of operation, and political rhetoric of some town and county officeholders have on occasion fostered town-county conflict. For example, some past town managers, whose college educations centered largely upon civil engineering and who usually enjoyed long tenures in their positions, often developed proprietorship attitude toward their towns and were reluctant to develop cooperative relationships with the counties. For example, one county official told JLARC:

In the past one of the problems bearing upon town-county relations was that the town manager just didn't want to get the town involved with the county. Given that attitude, it was pretty hard to bring about town-county cooperation.

Some town mayors were described to JLARC as having an overly aggressive posture toward the county. On the other hand, some town officials feel that county boards, particularly those which are exclusively or predominantly composed of farmers, tend to have policy orientations which are insensitive to the needs of town residents. One town manager's remarks clearly exemplified this attitude:

I'll tell you what the problem really is concerning town-county relations. The members of the county board don't care about this town. Because many of them are farmers, they don't understand the problems of this town. It's hard to educate them about our problems.

Obviously, when one group of officials adopts a stance which is perceived by the other group as insensitive or hostile, this compounds obstacles to developing cooperative town-county relations.

Where a town has experienced a high degree of rancorous political conflict, this places an additional strain on town-county relations. In short, town political infighting nurtures a rapid turnover of town political leadership and hinders the working relationship between the political leadership of the county and their town counterparts.

County Economic Growth

Another source of town-county conflict is the generally increased level of development of counties and the impact of this on the relative

strengths of towns and counties. Increasingly, counties have been the beneficiaries of new economic development. This enhanced economic standing can terminate a county's former dependence upon the town, and the town can become dependent upon the county. The reluctance of the town political leadership to realistically acknowledge their dependence upon the county can engender mutual suspicion and hostility. The present relationship between Cape Charles and Northampton County is an example of town-county conflict which has its origin in the shifting fortunes or the economic decline of the town and the enhanced economic position of the county.

FACTORS PROMOTING TOWN-COUNTY COOPERATION

Notwithstanding the very real sources of town-county conflict in Virginia, on the whole more positive and productive town-county relations have evolved. A number of factors and developments serve to promote positive town-county relations, as shown in Figure 5. The key factors promoting cooperation appear to be:

- the spread of the government-by-manager concept,
- increasing diversity of county board membership,
- the increasing practice of former town council members serving on county boards,
- the establishment of liaison committees,
- the quest for economy and efficiency in local government,
- compatible growth policies, and
- the physical proximity of town and county office facilities.

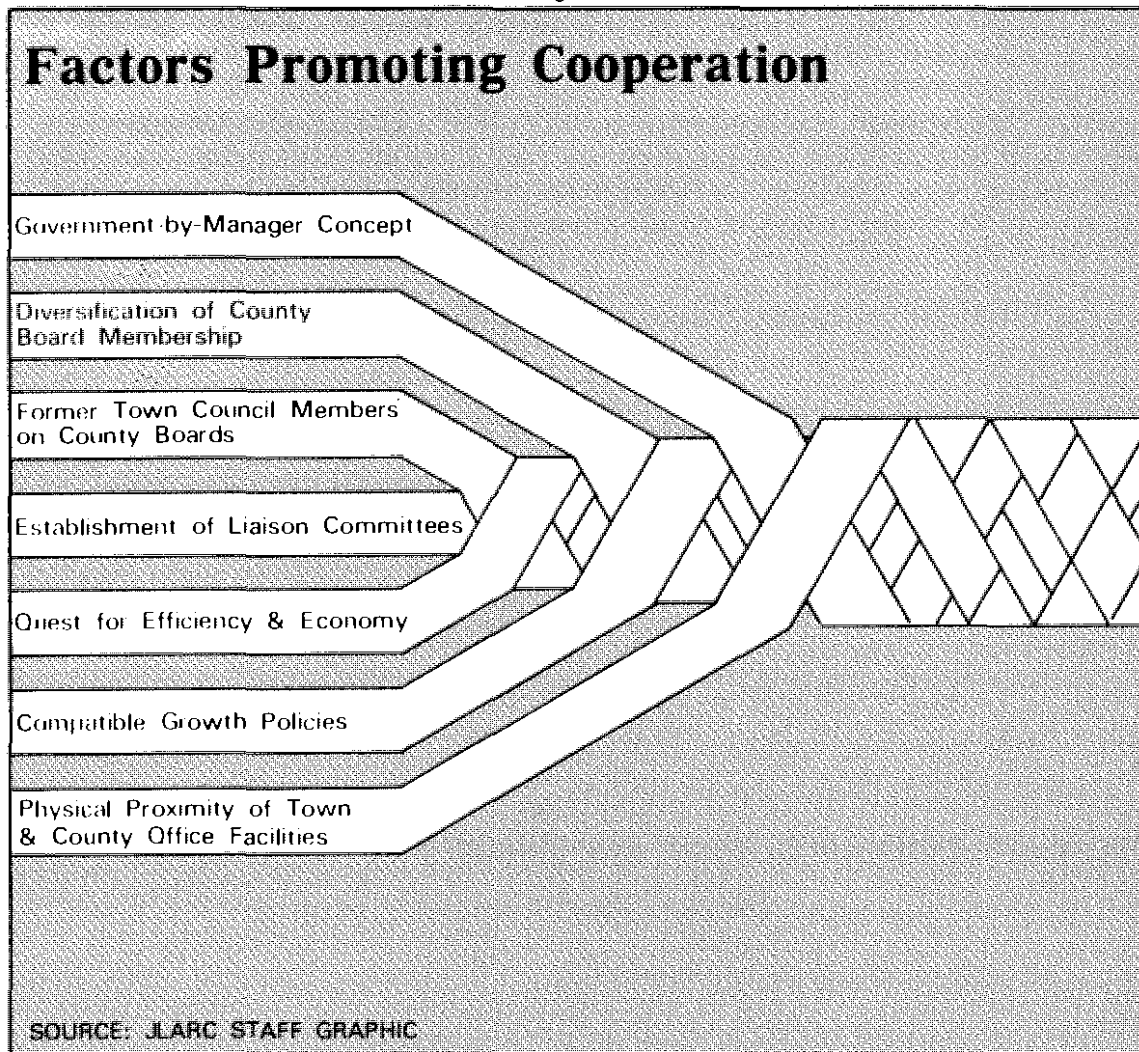
Spread of the Government-By-Manager Concept

The spread of the government-by-manager concept throughout the Commonwealth involves the employment of managers (and administrators) by many towns and counties. Ten of the 15 case-study towns have managers. Overall, this trend tends to promote good town-county relations. Managers, because of their shared educational experience, common sense of professional identification and values, and general style of operation, seem to serve as natural facilitators of communication between towns and counties.

This trend appears strongest with younger managers, whose college educations focused on political science and public administration (as opposed to civil engineering). These younger managers tend to view their involvement in intergovernmental relations as an integral part of their responsibilities.

As a general rule, the field investigations revealed that managers constitute an "advance element" in proposing and seeking the support of elective officials for new cooperative town-county ventures. One county

Figure 5



administrator interviewed had developed a town-county liaison committee to foster a cooperative relationship between the two political entities:

Well, I don't like to take credit for it, but to tell you the truth the idea of the liaison committee was mine. I came up with the idea several years ago and my board members liked the idea. They told me to talk to the town folks about it and they also thought a liaison committee would be useful. So, we established the committee and it has worked out fine. Look at all the things we have done with the town.

Increasing Diversity of County Board Membership

A second factor promoting more cooperative town-county relationships is the more diversified membership of county boards, which is usually a result of increasing county urbanization. The growing number of non-agriculturally employed county board members includes small businessmen

and educational, health, and other professionals, whose place of employment may well be in the town. These board members are said to have a greater appreciation of town needs and a more sympathetic understanding of the way in which town and county governmental efforts can be integrated, to meet those needs.

The increasing urbanization of counties appears to promote better town-county relations. For example, Christiansburg and Blacksburg, similarly located in highly urbanized Montgomery County, enjoy a positive relationship with the county. The Town of Vienna, situated in the Washington, D.C. metropolitan area, is said to have an excellent working relationship with Fairfax County.

Former Town Council Members Serving on County Boards

An additional factor promoting more cooperative town-county relationships occurs when towns are represented on the county boards by former members of the town councils, as in Elkton, Lawrenceville, and Vienna. Such individuals bring to the deliberations of the county boards significant understanding of the revenues, expenditures, and services of the town government. In sum, such board members serve as natural and effective bridges between town and county governments. Reflective of this, one town manager noted to JLARC:

This town has good representation on the county board. In fact, the supervisor who represents us is vice chairperson of the board. And before serving on the county board she was a member of the town council. So she is able to bring to the board some real insights into town government. She can educate them about our problems.

Establishment of Liaison Committees

The establishment in some areas of a permanent town-county liaison committee, composed of several town council and county board members, along with the town and county managers, has played an important role in facilitating communication and improving town-county relations. Liaison committees have been organized by Berryville and Clarke County; Rural Retreat, Wytheville, and Wythe County; and Blacksburg, Christiansburg, and Montgomery County.

Liaison committees meet either monthly or quarterly to discuss matters of common concern and to develop, if possible, uniform policy approaches to problems. These committees have been successful in replacing symbolic political rhetoric with political communication of substance. The town manager of Berryville credited many of the recent cooperative ventures between the town and Clarke County to the deliberations of the liaison committee. Similarly, the chairman of the board of supervisors of Wythe County credited the liaison committee with fostering a new spirit of cooperation between the county and Wytheville.

The Quest for Economy and Efficiency

The common concern among town and county governmental officials -- that local government must operate and provide services more efficiently and effectively -- has led these officials to give greater consideration to implementing cost-effective intergovernmental approaches. A good example of this was West Point's decision about a decade ago to dissolve its police department and contract with King William County for law enforcement services within the boundaries of the town. Although the transition presented some initial problems, the town manager indicated to JLARC that this arrangement for meeting the town's law enforcement needs is presently quite satisfactory.

Compatible Economic Growth Policies

Town-county relations are positively influenced if the town and the county have adopted compatible economic growth policies. For example, the prevailing good relationship between Berryville and Clarke County is in part due to the town-county consensus that additional economic growth should be promoted within or adjacent to the boundaries of the town. In contrast, the somewhat strained relationship between the towns of Elkton and Grottoes and Rockingham County is at least partially due to a county economic development agenda that seems of greater immediate benefit to other towns in the county.

Physical Proximity of Town and County Office Facilities

Finally, the physical proximity of town municipal offices to the county courthouse usually facilitates a positive town-county working relationship. County interaction and cooperation with the towns of Berryville, Christiansburg, Lawrenceville, Surry, and Wytheville appear to be enhanced because the town serves as the county seat. In contrast, the physical distance of some towns, particularly Chincoteague, Dendron, Elkton, and Grottoes, from county office facilities appears to impair a town-county cooperative relationship.

On the other hand, the fact that a town serves as the county seat does not necessarily guarantee positive and productive town-county relations, as is evidenced by the experiences of Farmville and Lebanon. In the latter instances, conflict over issues has proven to be more influential in shaping town-county relations than the element of physical proximity.

CONCLUSIONS AND RECOMMENDATIONS

The prevailing nature of town-county relations in the 15 towns included in this investigation is somewhat unique in each instance. The dynamics of town-county relations defy simple objective characterization. In the aggregate, however, it appears that town-county relations are better than a decade ago. Nevertheless, there are areas needing improvement and the State has a vested interest and role to play in further improving these relationships.

Recommendation (5). The General Assembly may wish to consider that a town have a minimum population of at least 10,000 before it can petition for "city status".

Given the fact that there are presently 14 towns which have populations greater than 5,000, the adoption of this proposal would eliminate, at least in the immediate future, a good deal of town-county conflict. Town consideration of city status has a decidedly disruptive effect on town-county relations, given the county's possible loss of some of its real estate and personal property taxes.

The adoption of this recommendation would effectively require the minimum population of new cities in the State to be at least 10,000 residents. This would help to ensure that the population is more able to support a full range of local governmental services. Given JLARC's finding that small rural cities are on the whole fiscally stressed, deferral of city status may be advisable.

Consideration should also be given to even higher minimum population levels, such as the 25,000 thresholds recommended by the 1975 Commission on City-County Relations.

Recommendation (6). The State should encourage the establishment of additional town-county liaison committees.

The establishment of town-county liaison committees in several areas of the State has served to facilitate town-county communication and cooperation. Liaison committees have been successful in bringing about tangible instances of town-county cooperation involving water and sewer services, animal control, and economic development. The proposed Towns Office in the Department of Housing and Community Development could conduct regional seminars at which town and county officials could learn about the establishment and experiences of town-county liaison committees and be given subsequent assistance in organizing such committees.

Recommendation (7). The State should encourage towns and counties to engage in further efforts of intergovernmental cooperation.

Although the amount of cooperation between towns and counties is high, increased cooperation could result in economic efficiencies. In terms of personnel, purchasing, and service delivery, towns and counties are not taking full advantage of increased economies of scale which could be realized from the more extensive use of intergovernmental agreements and contracts. The proposed Towns Office in the Department of Housing and Community Development could develop an inventory of such contracts and agreements, and by sharing this information with towns and counties serve as a catalyst in promoting the use of similar vehicles of cooperation in other towns and counties.

Given the variability of towns and their concerns, as well as the perceptions of town officials that the State is indifferent to their needs, further study of town concerns may be warranted. The information contained in this report could provide a factual base on which more policy-oriented study could be conducted.

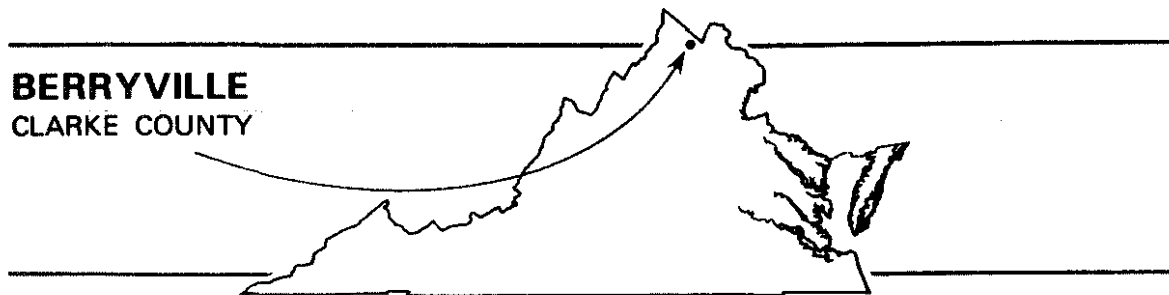
Recommendation (8). The General Assembly may wish to consider continuing the study of policy issues affecting towns, particularly town-county relations and town-State relations. Such a study should include town, county, and State representation.

V. TOWN CASE STUDIES

In order to gain additional insights into the revenues and services of Virginia towns, and some understanding of the dynamics of town-county relations, JLARC carried out field interviews in 15 towns and prepared case studies based on these interviews.

JLARC's case studies are featured in this chapter. While the number of towns reviewed was not large enough to generalize from, the case studies illustrate the unique character of Virginia's towns. Each town write-up includes a background discussion of the town, and sections on the town's form of government, sources of revenue, staffing and services, and relations with its county. Taken together these profiles illustrate many of the problems, opportunities, and challenges facing Virginia's towns.

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The Town of Berryville, the county seat of Clarke County, is located in the extreme northwest portion of Virginia about 59 miles west of Washington, D.C., and four miles south of the West Virginia border. Incorporated in 1798, Berryville originally developed as a transportation center serving as a "rest station" for travelers journeying between Alexandria and Winchester, and between Baltimore and Waynesboro. The town has a strong historical identity and a somewhat unique character.

Berryville is a small town of less than one square mile. It has a population of about 1,800 residents, representing 18 percent of the population of Clarke County. A significant number of retired federal government employees reside in the town and the surrounding area. The population of the county has grown at a somewhat faster rate than that of the town over the past decade.

Berryville serves as the commercial center of Clarke County. The central business district of the town is attractive and pleasant. The county courthouse is situated immediately adjacent to the central business district.

Form of Government

Berryville has a town-council-manager form of government. The mayor and a "recorder" are elected at-large and are assisted by a four-member council. Council members are elected from wards. All municipal elections in Berryville are conducted on a non-partisan basis and successful candidates serve a four-year term. The day-to-day administration and management of town governmental affairs is the responsibility of the town manager, who is retained by, and serves at the pleasure of, the council.

Sources of Revenue

Similar to other towns included in this study, Berryville depends upon an assortment of municipally-derived and externally-generated revenues to fund

its general operating budget. Sources of municipally-generated revenues for the 1984-85 fiscal year are listed in Table 11. Unlike most towns, Berryville does not levy a consumer utility tax. As is the common town practice, water and sewer fees are lodged in a separate account. Although Berryville has not recently increased taxes, it should be noted that business license fees were enacted only a few years ago. The town also gains a small additional amount of funding from various fines, permit fees, and service charges.

Table 11

ESTIMATED MUNICIPALLY-GENERATED REVENUES
FY 1984-85

<u>Source</u>	<u>Amount</u>
Real Estate Taxes	\$132,000
Personal Property Taxes	30,750
Business License Fees	30,000
Sales Tax Receipts	18,000
Bank Franchise Taxes	17,200
Motor Vehicle Licenses	14,500
Other	49,835
TOTAL	\$292,275

Source: 1984-85 Town of Berryville Proposed Budget.

The town manager indicated that Berryville was presently maximizing all of its tax sources and therefore, in order to expand its tax base and secure additional revenues, the town needs to annex adjacent commercially-developed county land. Consequently, Berryville is in the process of seeking to enlarge its boundaries by a little more than two square miles.

Berryville receives a significant amount of funding from the Commonwealth of Virginia and the federal government. In the 1984-85 fiscal year, the town will be the recipient of the following funds from the Commonwealth: (1) ABC Profits (\$6,422), (2) Law Enforcement fiscal support (\$14,000), and (3) a small litter control grant (\$525.00). In addition, Berryville will receive approximately \$16,000 in General Revenue Sharing (GRS) funds from the federal government. Approximately 12 percent of Berryville's general fund revenues are derived from external sources -- seven percent from the State and five percent from the federal government.

Town Staffing and Services

The Town of Berryville employs about 20 employees, with 13 serving full-time. Berryville provides an array of services including law enforcement, water and sewer, a limited amount of street maintenance and street lighting, snow removal, garbage and trash collection, and planning and zoning. The town

provides financial support to the local fire and rescue squad and makes a monetary donation to the Clarke County Parks and Recreation Council, a private organization. The water system has recently been enlarged to double its previous capacity.

Town-County Relations

Although there has been some measure of conflict in the past (primarily with regard to law enforcement) between the Town of Berryville and Clarke County, presently the political leadership of both jurisdictions agree that the town and county have an excellent and productive working relationship. Undoubtedly, this positive relationship is facilitated and nurtured by the existence of the town-county liaison committee, originally proposed by the county manager, which meets quarterly and discusses issues of common concern. Membership on the liaison committee includes: two members of the town council, a member of the town planning commission, two members of the county board of supervisors, and a member of the county planning commission. Additionally, the consensus that prevails among both town and county officials that future economic growth in the county should take place in or directly adjacent to the town also contributes to the harmonious relationship between Berryville and Clarke County. Finally, the close physical proximity of the governmental offices of each jurisdiction facilitates intergovernmental cooperation.

One can cite numerous examples of intergovernmental cooperation between Berryville and Clarke County. The county provided the town with a loan to help it defray the cost of expanding its water treatment plant. The town provided the land on which the county animal shelter is located. Berryville utilizes the services of the county zoning administrator. The county is providing financial assistance to the town for the purpose of demolishing an old swimming pool located near the center of town. Further, the local cable television franchise has been jointly awarded by Berryville and Clarke County. Joint county town use of jail space and the use of county dispatching services were also cited as examples of county-town cooperation.

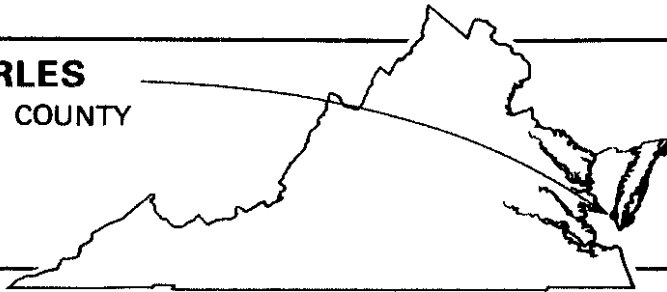
However, notwithstanding the impressive amount of tangible intergovernmental cooperation between Berryville and Clarke County, relations between the town and the county may become somewhat more problematic due to the town's desire to expand its boundaries through annexation. Further, Berryville's inattention, as perceived by some county officials, to a drainage problem which negatively impacts upon a segment of the county residents has proved to be an irritation to the county political leadership.

Conclusion

Berryville provides an array of basic services to its citizenry comparable to other jurisdictions of similar size. The town appears to be moderately fiscally stressed and is seeking to remedy this situation by enlarging its boundaries through annexation. Berryville and Clarke County have developed an impressive record of intergovernmental consultation and cooperation over the past decade.

CAPE CHARLES

NORTHAMPTON COUNTY



The Municipality of Cape Charles, located at the southern end of Virginia's Eastern Shore, is situated in Northampton County. Cape Charles originated as a planned railroad community and was incorporated in 1886. For many years it served as the southern terminus on the Eastern Shore for a railroad line which eventually became part of the now defunct Penn-Central Railroad Corporation.

The financial collapse of the Penn-Central Railroad in 1970 had a devastating impact on the town. Within one month 30 railroad executives and their families departed Cape Charles. The population of the town declined from about 3000 in 1970 to approximately 1500 in 1978, which is about the present number of its inhabitants.

Cape Charles appears to have weathered the worst of its recent economic misfortunes and now appears to be entering a period of modest economic growth. Cape Charles contains approximately ten percent of the citizens of Northampton County. A good share of Cape Charles' citizens are retired railroad workers living on fixed incomes.

The central business district is quite large and contains a wide variety of retail stores, several service stations and restaurants, the municipal building, and the post office. Although the central business district is clean and orderly, it consists largely of older buildings, some of which are in disrepair. Adjacent to the central business district are the town's small port facilities and water-oriented industries. In addition to these enterprises, Cape Charles is the locale of a large concrete plant.

Form of Government

The Municipality of Cape Charles utilizes a council-manager form of government. The mayor, who is directly elected, is assisted by a six-member

town council. Town council members are elected on an at-large basis. All municipal elections in Cape Charles are contested on a non-partisan basis and successful candidates serve a two-year term of office.

Cape Charles has a heritage of strong mayoral leadership. A former mayor served from 1955-1980. The present mayor, a retired civil engineer, is determined to get Cape Charles "on the move again." However, he feels he is stymied, to some degree, by some sectors of the town business community that are resistant to change.

Sources of Revenue

Similar to other towns, Cape Charles depends upon an assortment of municipally-generated taxes, fees, fines, and service charges, and higher governmental revenues to fund its general and educational operating budgets. (Cape Charles is one of four towns in Virginia which operates its own school system.) Major sources of local general fund revenues for fiscal year 1984-85 are listed in Table 12.

Table 12

ESTIMATED MUNICIPALLY-GENERATED REVENUES
FY 1984-85

<u>Source</u>	<u>Amount</u>
Business and Professional Licenses	\$40,000
Consumer Utility Tax	37,300
Tobacco Tax	35,000
Real Estate Taxes	31,000
Docking Fees	29,000
Sales Tax Receipts	20,000
Personal Property Taxes	15,000
Receipts from Department of Motor Vehicles	7,500
Motor Vehicle Licenses	6,100
Other	37,150
TOTAL	\$258,050

Source: Municipal Corporation of Cape Charles Proposed Budget.

Contrary to the norm, real estate and personal property taxes are not dominant sources of internally-generated revenues in Cape Charles. In addition to the revenue listed in Table 12, Cape Charles will realize \$46,000 in water fees, \$59,000 in sewer charges, and \$41,500 in refuse collection fees. Cape Charles does not levy a bank franchise tax.

According to both the mayor and the manager, it is becoming increasingly difficult to raise a sufficient level of municipally-derived revenues, and therefore Cape Charles may be classified as moderately stressed. Not wishing to raise the rate of either real estate or personal property taxes, Cape Charles recently enacted ordinances providing for meal, entertainment, motel, and tobacco taxes. Further, the mayor is hopeful that a vigorous commercial development program will significantly add to the tax base of the community.

The Municipality of Cape Charles receives a considerable amount of funding from other governmental entities. In the 1984-85 fiscal year, the town is scheduled to receive approximately \$104,000 from Northampton County for the fiscal support of the town's schools. Funding from the Commonwealth of Virginia will include ABC Profits (\$5,500) and Law Enforcement Aid (\$13,900). Cape Charles will also receive \$7500 from the Department of Motor Vehicles for serving as a franchise agent of the Agency. In addition, the town will be the recipient of approximately \$940,000 from the Commonwealth for educational assistance, and a \$51,000 grant from Virginia's Department of Housing and Community Development for harbor improvements. Finally, Cape Charles will be the beneficiary of \$38,000 in federal General Revenue Sharing funds. Exclusive of sales tax receipts, approximately 12 percent of the town's general fund revenues are derived from the federal government and 6 percent from the State.

Town Staffing and Services

Approximately 18 to 25 individuals -- depending upon the projects being undertaken by the town at any one time -- work for the Municipality of Cape Charles. The basic services provided by the town include elementary and secondary education, law enforcement, water and sewer, public works, garbage and trash collection, and planning and zoning. Cape Charles also operates a small port facility and an animal control program. Further, the town maintains a library, largely staffed with volunteers, and provides fiscal support to the local volunteer fire and rescue squads, which are organizationally distinct.

Town-County Relations

Historically, the Municipality of Cape Charles and Northampton County have had a somewhat contentious relationship. The friction has been due partially to personality conflicts between the political leaders of the two localities. The residents of Cape Charles have always maintained a posture of independence from the county. Recently, however, two major issues have served to provoke further conflict.

The first concerns Cape Charles' unique position as a special school district. Northampton County wants to merge the schools of Cape Charles into the county school system. The county political leadership feels that the town schools are substandard in both a physical and programmatic sense, and argues that it can provide better and broader educational experiences and opportunities for the children of Cape Charles. The town is opposed to the merger, arguing that the town schools provide and nurture a strong sense of community identity.

A second recent issue which provoked conflict concerned "the hump." Several years ago, after a particularly bad automobile accident, an important bridge in Cape Charles was declared unsafe and ordered closed by State officials. This event had a severe negative impact on the redevelopment of the town's central business district. Although county officials disagree, the town political leaders believe that the county did not render enough assistance to Cape Charles in securing State fiscal aid to rebuild the closed bridge.

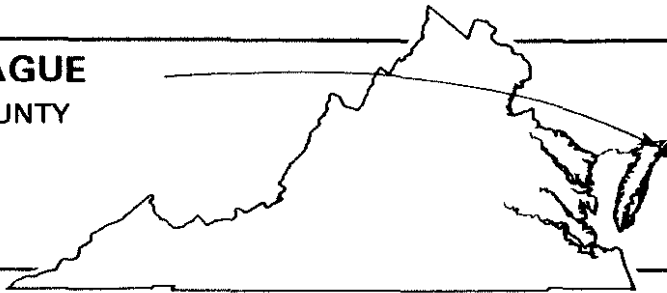
Notwithstanding the political tension between Cape Charles and Northampton County, town residents do benefit from a number of county services in addition to those generally provided by counties. Building inspections within the town are carried out by county officials. A considerable number of town residents make use of a county park located in Eastville. Cape Charles disposes of its trash and refuse in a county landfill. Northampton County provides the town with a cash grant of \$1,000 annually for partial support of Cape Charles' library. Further, town officials have been the beneficiary of county expertise in the areas of land use and zoning.

Conclusion

Cape Charles represents an excellent example of a town which has encountered severe economic decline because of its almost total dependence on one major economic activity -- in this instance, the railroad -- which went bankrupt. It is apparent, however, that the town is on the road to a slow economic rebirth. It is reasonable to surmise that Cape Charles will enjoy substantial economic and population growth in the mid-1990s when the Chesapeake Bay Bridge-Tunnel tolls are scheduled to be removed. Because of its economic misfortunes, Cape Charles has found it increasingly difficult to raise sufficient internal revenues to fund general operating expenditures. The strong "independent" legacy of Cape Charles has been one factor in impeding a fully cooperative and productive relationship with Northampton County.

CHINCOTEAGUE

ACCOMACK COUNTY



The Town of Chincoteague, incorporated in 1913, is located on Chincoteague Island in Accomack County on Virginia's Eastern Shore. About one-half of the island is included in the boundaries of the town. The town has emerged as an important resort center and is well-known for its Chincoteague ponies. Although Chincoteague has a permanent population of about 7,500, the summer seasonal population increases to as much as 20,000. A significant number of employed town residents work in resort-related activities, while others are involved in the seafood or chicken processing industries.

Form of Government

Chincoteague utilizes a council-manager form of government, although until quite recently the town manager was formally titled "Executive Secretary." The mayor is directly elected by the citizenry and is assisted by a six-member council in the policy-making process. All members of the town council are elected on an at-large basis. Municipal contests in Chincoteague are conducted on a non-partisan basis and successful candidates serve a four-year term. The town manager is appointed by and is responsible to the town council and is in charge of the day-to-day operations of the town government.

Sources of Revenues

Similar to other towns in the Commonwealth, Chincoteague depends upon a variety of locally and externally derived revenues to fund its general operating budget. Major sources of town revenue for fiscal year 1984-85 are listed in Table 13. It should be noted that for FY 1984-85, Chincoteague raised

its real estate tax rate by \$.02 per \$100 valuation and its personal property tax rate by \$.05. Further, in the summer of 1984 Chincoteague increased various water rate fees.

Table 13
ESTIMATED MUNICIPALLY-GENERATED REVENUES
FY 1984-85

<u>Source</u>	<u>Amount</u>
Real Estate and Personal Property Taxes	\$88,800
Utility Taxes	70,000
Business License Fees	32,000
Sale of Material and Services	20,000
Sales Tax Receipts	16,000
Fines	15,000
Harbor Rent	15,000
Receipts from Department of Motor Vehicles	7,500
Motor Vehicle Licenses	7,000
Other	17,050
TOTAL	\$288,350

Source: Town of Chincoteague Proposed Budget.

In FY 1985 Chincoteague will receive a considerable amount of funding from the Commonwealth of Virginia and the federal government. About 17 percent of the town's revenues are derived from external sources, 11 percent from the federal government and six percent from the State. From the Commonwealth, the town will receive law enforcement assistance (\$15,000), and ABC profits (\$3,500). Chincoteague will also receive a litter control grant of \$525. Federal funds to be forwarded to Chincoteague include about \$40,000 in General Revenue Sharing funds, and a sizeable Community Development Block Grant of \$675,000 for a harbor improvement project.

Staffing and Town Services

The Town of Chincoteague has an average full-time workforce of 23 employees, of whom seven have law enforcement responsibilities. In addition to law enforcement, the town provides the following services: water, street-lighting and maintenance, garbage and trash collection, and planning and zoning. Chincoteague also maintains a small park and provides modest harbor facilities. In addition, the town provides fiscal assistance to the local volunteer fire and rescue squad.

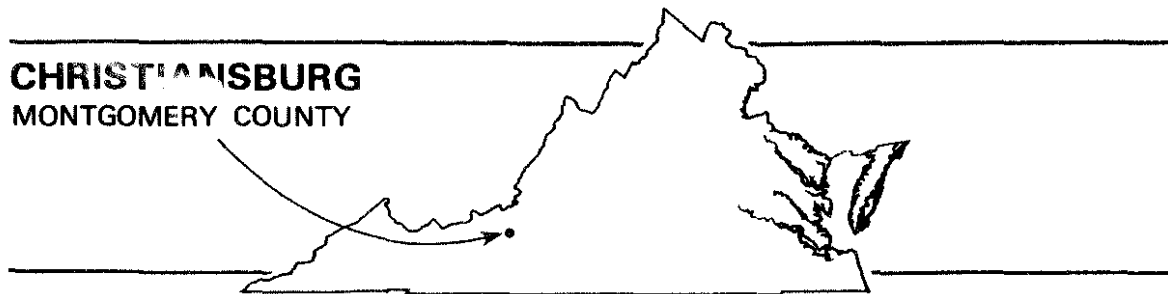
Town-County Relations

The incumbent mayor of Chincoteague described town-county relations as poor. The mayor told JLARC that there is a general lack of communication and interaction between Chincoteague and Accomac County. This may be attributed to the physical distance between the town and the county seat. The mayor indicated a need to establish a permanent liaison committee between the town and the county. Town-county relations were further strained in June 1984, when non-town Chincoteague residents rejected a proposal incorporating them into the town.

In addition to the usual county services, Accomac County provides a number of services to the town. As in other towns, Chincoteague relies upon the property assessment data of the county to determine town real estate taxes. The county operates an animal control program within the town and the town disposes of its trash and refuse in the county landfill.

Conclusion

Although the town is not severely fiscally stressed, Chincoteague increased its real estate and personal property taxes and water fees in FY 1985. Chincoteague provides the usual town services and also operates modest harbor facilities and a park. The somewhat "distant" political relationship between Chincoteague and Accomac County illustrates the need for improved town-county relations.



The Town of Christiansburg, located in the southwestern portion of Virginia, is the county seat of Montgomery County. The town was incorporated in 1833. In recent years, Christiansburg has experienced a steady population growth from 7,857 residents in 1970 to a present population of about 11,000. Christiansburg covers approximately eight square miles of land.

Christiansburg is one of two major retail centers in Montgomery County. It has a very attractive and redeveloped central business district which contains numerous retail stores, professional offices, and service stations. The county courthouse and municipal offices are located in the central business district.

Form of Government

Christiansburg has a council-manager form of government. The mayor, who is directly elected, is assisted by a six-member council. The members of the town council are elected on an at-large basis. All municipal elections in Christiansburg are conducted on a non-partisan basis and successful candidates serve a four-year term. The town manager, who is appointed by and serves at the pleasure of the council, is responsible for administering the town government and implementing the policies passed by the council. Christiansburg has been the beneficiary of a stable political leadership. The incumbent mayor has served the town in a variety of political and administrative positions for approximately 40 years, while the present manager has held his position for 28 years.

Sources of Revenue

Similar to the other towns included in this study, Christiansburg depends upon a variety of municipally-generated and other governmental aid to

fund its general operating budget. (As is customary, water and sewer fees are placed in a separate account.) Christiansburg's sources of municipally-generated revenues for fiscal year 1984-85 are listed in Table 14.

Christiansburg receives a considerable amount of fiscal aid from the Commonwealth of Virginia and the federal government. Approximately 29 percent of Christiansburg's general fund revenues are derived from the State and six percent from the federal government. For FY 1984-85, the town will receive the following State funds: (1) non-categorical aid (\$40,600), (2) street maintenance payments (\$571,400), (3) law enforcement assistance (\$101,900), and (4) a litter control grant of \$1,700. In addition, Christiansburg will be the recipient of \$139,500 in General Revenue Sharing funds from the federal government.

Table 14

ESTIMATED MUNICIPALLY-GENERATED REVENUES
FY 1984-85

<u>Source</u>	<u>Amount</u>
General Property Taxes	\$491,200
Sales Tax Receipts	303,000
Consumer Utility Taxes	166,000
Prepared Food Tax	160,000
Business License Taxes	134,000
Motor Vehicle Licenses	72,000
Bank Franchise Taxes	48,000
Franchise License Taxes	45,000
Court and Parking Fees	24,500
Transient Lodging Tax	22,000
Building and Zoning Fees	16,050
Other	<u>117,500</u>
TOTAL	\$1,599,250

Source: Town of Christiansburg Proposed Budget.

Although the town has not recently raised either its real estate or personal property tax rates, it did impose new meal and lodging taxes effective September 1, 1984. In addition, both the mayor and the manager think that Christiansburg should be receiving a greater portion of the local sales tax receipts because it generates a large share of the county's retail sales. Lastly, the manager told JLARC that he believes the Commonwealth of Virginia should provide an increased amount of funding for law enforcement and street maintenance, and additional new funding for the local volunteer fire department.

Town Staffing and Services

Christiansburg has about 100 employees. Services provided by the town include law enforcement, water and sewer, trash and garbage collection, street maintenance, and planning and zoning. Christiansburg operates its own sanitary landfill for the disposal of trash and garbage. Further, the town provides monetary aid to the local volunteer fire department and rescue squad. In addition, Christiansburg operates a modest parks and recreation program, including an active senior citizens center. The town, which is the beneficiary of a branch library, makes an annual monetary contribution to the library system jointly operated by Montgomery and Floyd Counties.

Town-County Relations

In past years, there has been a good deal of conflict between Christiansburg and Montgomery County. One source of conflict concerned Christiansburg's interest in 1972 in pursuing city status. This option was eventually abandoned and has not been pursued by the town political leadership in recent years. In addition, several annexations undertaken by Christiansburg, in 1966 and 1975, created tension between the county and the town. Montgomery County bitterly fought Christiansburg's annexation proposal in 1975. Furthermore, town officials indicated tension occurred in the past between the town police department and the county sheriff's department, due to personality conflicts and a lack of cooperation.

The present relationship between Christiansburg and Montgomery County has been described as much improved. The improvement in town-county relations, according to both town and county officials, is due to concerted efforts to cooperate by both the town council and the county board. A major catalyst in promoting intergovernmental cooperation between Montgomery County, Christiansburg, and Blacksburg has been the implementation of a monthly luncheon attended by two representatives of the governing body and the administrator of each of the three jurisdictions. At these sessions, which started several years ago, the political leaders of the three governmental jurisdictions discuss problems of mutual concern and seek to develop common policy approaches.

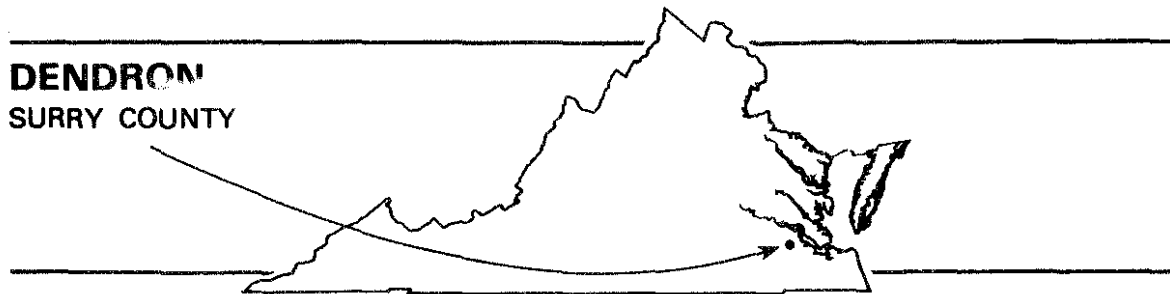
Examples of past cooperative efforts include a joint town-county presentation to the State Department of Highways and Transportation concerning the proposed route 460 bypass. In addition, the Christiansburg volunteer fire department houses some of the county's fire fighting equipment in the town facilities. The town also dispatches both fire and rescue calls for the Southern half of the county. Furthermore, Christiansburg is party to the Blacksburg, Christiansburg, and Montgomery County Water Authority, which began in 1955. Finally, Christiansburg provides, on a surcharge basis, water and sewer services to a limited number of county residents.

Despite the prevailing positive relationship between Christiansburg and Montgomery County, some underlying sources of tension continue to exist. First, many town residents cling to the belief that they are the victims of "dual taxation," and second, town residents feel that they unjustly subsidize the county's Public Service Authority. Third, some town residents feel that the

county board is too concerned with the interests of Blacksburg over those of Christiansburg.

Conclusion

Christiansburg enjoys a strong and somewhat diversified tax base making its fiscal condition quite healthy. In the recent past a positive relationship has evolved between Christiansburg and Montgomery County, resulting in tangible cooperation between the two jurisdictions and, to some degree, cooperation with the Town of Blacksburg.



The Town of Dendron, situated about 60 miles southeast of Richmond, is located in Surry County. The town received its charter in 1906. The location of a thriving lumber and timber industry in the 1920s, Dendron has steadily lost population and has a present population of about 300 citizens, a significant number of whom are retired. Many Dendron residents commute to jobs outside of town.

Dendron's retail business core includes several retail stores, two automobile garages, a post office, and the municipal building. Although clean and orderly, Dendron's retail core is modest and aging.

Form of Government

The Town of Dendron has a mayor-council form of government. The mayor is elected on a non-partisan basis for a two-year term. A six-member council is also elected on a non-partisan, at-large basis and, like the mayor, the members serve a two-year term. JLARC was told by one council member that it is becoming much more difficult to recruit people to serve on the council. The mayor and council members are assisted by a part-time clerk, who handles most of the administrative and clerical matters of the town government. The town government has been hampered by the recent rapid turnover of town clerks. At the time of JLARC's interview, the incumbent clerk had served six months in the position.

Sources of Revenue

In order to finance town expenditures, Dendron relies upon few sources of local revenues. Dendron's estimated sources of local revenues for FY 1985 are listed in Table 15. The town does not levy either a real estate or personal property tax. A member of the political leadership of the town told

JLARC that the imposition of a town real estate or personal property tax would constitute a hardship upon the citizens of the town, especially retired senior citizens.

Table 15

ESTIMATED MUNICIPALLY-GENERATED REVENUES
FY 1984-85

<u>Source</u>	<u>Amount</u>
Consumer Utility Taxes	\$4,948
Automobile Licenses	2,088
Sales Tax Receipts	1,600
Traffic Violation Fines	1,400
Business Licenses	550
Other	<u>1,050</u>
TOTAL	\$11,636

Source: Town of Dendron Proposed Budget.

Dendron is heavily dependent upon funds derived from the Commonwealth of Virginia and the federal government. Approximately 31 percent of the revenues available to Dendron are secured from external governmental sources. A town council member and the clerk told JLARC that the town desperately needed significant additional State and federal fiscal aid. For FY 1985, Dendron will receive ABC profits of \$1,100 and a law enforcement grant of \$2,750. Because of bureaucratic error, Dendron has not regularly received its share of General Revenue Sharing (GRS) funds over the last year-and-a-half. However, it is scheduled to receive \$1,500 in GRS funds in FY 1985. Further, the town is seeking a federal grant which would allow it to update its water system and service additional town residents.

Town Staffing and Services

Dendron retains two permanent part-time employees. In addition to the town clerk, the town employs a town sergeant whose duties primarily involve the enforcement of traffic regulations. Water meters are read by a local private contractor who is occasionally called upon to perform water system maintenance duties.

Dendron provides a minimal number of services to its citizens. These services primarily include law enforcement and the provision of water. A private contractor carries out a limited amount of street cleaning and sidewalk repair, and also replaces burned-out street lights. The town provides the volunteer fire department a grant of \$500 each fiscal year. Dendron does not have a volunteer rescue squad.

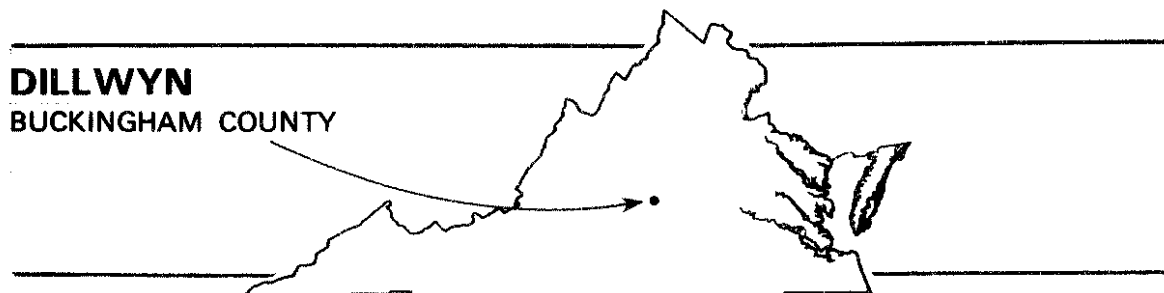
Town-County Relations

Of the three towns located in Surry County -- Dendron, Claremont, and Surry -- Dendron has the least active relationship with the county. In general, there appears to be a lack of dialogue between the officials of Dendron and the county. For example, the Surry County administrator told JLARC that she regularly maintains an "open door" policy for each of the three towns in the county, but she is rarely contacted by the political leadership of Dendron.

In addition to the usual county services, Surry County provides dumpster facilities for the disposal of garbage and trash and an animal control service. The county also recently constructed a new facility in Dendron for the use of its volunteer fire department and provided the volunteers with a new fire truck.

Conclusion

The Town of Dendron is confronting a somewhat difficult fiscal challenge. Revenues are not keeping pace with expenditures. In the recent past, the town has borrowed money from a county bank in order to adequately meet expenditure requirements for the modest services it provides. Despite the financial challenge confronting the town, the council is reluctant to increase existing or impose new taxes because of the large number of town residents living on fixed incomes. The present level of town-county relations may not be adequate to meet the challenges posed by Dendron's long-term problems.



The Town of Dillwyn, with a population of about 800, is situated approximately 50 miles due west of Richmond in rural Buckingham County. Buckingham is a relatively poor county with a persistent annual unemployment rate of ten percent. The economy of the county is heavily based upon lumber and timber enterprises. In addition, significant elements of the work force are engaged in either farming or small-scale mining. The local State correctional facility provides residents with another source of employment. Further, some residents are employed outside of the county, especially in Farmville and Charlottesville. Finally, a sizeable "retired component" resides in the town.

Dillwyn, the sole incorporated town in Buckingham County, originated as a lumber and timber center in the late 1880 and was incorporated in 1912. It serves as the retail center for the county. The commercial business district in Dillwyn houses a variety of small business establishments, including a drug store, grocery, clothing store, and several agricultural enterprises. Although modest in character and scope, the commercial business district of Dillwyn is quite active, with an absence of vacated stores. Several merchants are committed to the concept of revitalization of the business district.

Form of Government

Dillwyn has a mayor-council form of government. The mayor, who is directly elected by the populace, is assisted by a vice-mayor (chosen by the council); and a six-member town council, each of whom are elected at-large on a non-partisan basis. The mayor and the other office-holders serve a two-year term. The incumbent mayor in various official capacities -- as a member of council, as town treasurer, and as mayor -- has served the town for 27 years. The elected officials of Dillwyn are assisted by the clerk of council, a full-time employee who primarily handles the day-to-day affairs of the town. According to both the mayor and the clerk of council, recruiting qualified individuals to run for and hold public office in Dillwyn has been a somewhat persistent problem.

Sources of Revenue

Dillwyn funds its operating expenditures through a variety of municipally-generated and externally-derived revenues. The major sources of local revenues are identified in Table 16. Even though the town modestly increased its business license fee, according to the clerk of council (who also serves as the town treasurer), it is increasingly difficult to raise sufficient levels of municipally-generated revenues to help defray operating expenditures. This is due primarily to the prevailing low-tax sentiment of the town's citizens.

Table 16

MAJOR SOURCES OF MUNICIPALLY-GENERATED REVENUES
FY 1982-83

Source	<u>Amount</u>
Revenue from Use of Money & Property	\$15,922
Business License Fees	11,243
Real Estate and Personal Property Taxes	5,168
Bank Franchise Taxes	4,251
Sales Tax Receipts	3,135
Other	316
TOTAL	<u>\$40,035</u>

Source: Town of Dillwyn Budget.

Approximately 28 percent of Dillwyn's general fund revenues are derived from the State and federal government. In FY 1984, Dillwyn received \$2,231 in ABC profits. In the same fiscal year the town received a law enforcement grant of \$5,668. Also for the same fiscal year, Dillwyn received a total of \$6,924 in General Revenue Sharing funds from the federal government which it utilized for a variety of small capital improvements. The mayor felt that the town's share of local sales tax receipts is unfair, estimating that about 40 percent of the county sales taxes are generated in Dillwyn. Further, she thought that the Commonwealth should provide some funding for the town's police.

Town Staffing and Services

The Town of Dillwyn has two fulltime employees. In addition to the clerk of council, Dillwyn retains a town sergeant whose responsibilities are divided between law enforcement and water system maintenance duties. The town also has two part-time employees. One assists the clerk of council with

routine clerical matters, while the other is responsible for duties pertaining to the town's sewage system and performs other chores as needed.

Dillwyn provides a number of services to its residents including: law enforcement; street, bridge, and highway cleaning; and street lighting. The town also provides water and sewer services to its residents, purchasing water through a contract with the county. Finally, the town provides an annual monetary donation and free water to the local volunteer fire and rescue organizations.

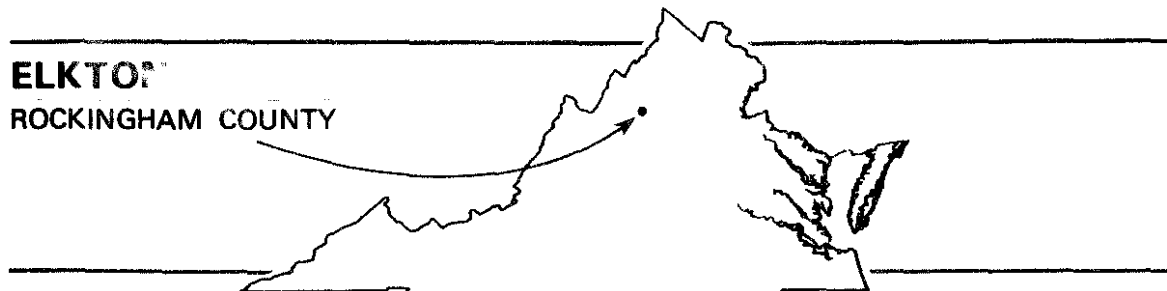
Town-County Relations

Each of the local officials interviewed for this case study concurred that the town is well represented on the seven-member county board of supervisors by the supervisor, a former member of the town council whose district includes Dillwyn. According to one official, the town has a very good relationship with the county, hampered only by the frequent turnover of county administrators. As previously noted, the county provides the town with water on a contract basis. Upon request, the sheriff's department of the county provides assistance and relief for the town sergeant.

Notwithstanding the generally good relationship between the town and county, several issues have arisen between these two bodies. Some friction is present between the town sergeant and the county sheriff's department, which inhibits a satisfactory working relationship. In addition, town officials believe that the town should realize a greater share of the revenue that the county gains through the sale of automobile decals. Town officials also told JLARC that the county should provide more "dumpster" service for its citizens. And finally, many town residents share the attitude that they are the unfortunate victims of "double taxation," since they must pay a real estate and personal property tax to both the town and the county.

Conclusion

Although Dillwyn is finding it somewhat difficult to raise an adequate amount of municipal revenues to meet governmental expenditures, its overall financial condition is satisfactory. Undoubtedly, this is due to the prudent financial management of town affairs and the dedication of town employees who receive modest compensation and employee benefits and who also make use of their own resources in the conduct of town affairs. For example, the town sergeant utilizes his own vehicle, for which he is compensated on a cost basis, in carrying out his law enforcement duties. However, future expenditures will have to be made by the Town of Dillwyn to improve an antiquated water system which results in a considerable loss of water through leakage. Although conflicts on issues have arisen periodically between the town and the county, these conflicts have not been of the magnitude to preclude a good overall working relationship between the town and the county. Indeed, the positive attitude of officials of the county towards the town provides evidence of a strong commitment to helping the town cope with its problems.



The Town of Elkton, located about 120 miles northwest of Richmond in the Shenandoah Valley, is situated in the eastern portion of Rockingham County. Although Elkton was not incorporated until 1908, the first permanent settlement within the present boundaries of the town commenced in 1726. The population of Elkton, which has remained rather constant in the last decade, is about 1,500 residents. Over the years, Elkton has served as a regional retail and transportation center.

Elkton's central business district contains a multitude of retail businesses, several banks, the municipal building, and several small manufacturing concerns. Located within the town's boundaries are a soft drink distributor, a small lumber plant, and a construction company. A significant number of Elkton's residents are employees of the Merck Company, which operates a large chemical plant near the town's southern boundary.

Form of Government

Elkton utilizes a mayor-council form of government. The mayor is directly elected for a two-year term and is assisted in the policy-making process by a six-member council. Each of the council members is elected at-large and serves a four-year term. All municipal elections in Elkton are conducted on a non-partisan basis. The clerk of council, who also serves as the town treasurer, is primarily responsible for the day-to-day operation of the town government. The incumbent clerk has held the position for about 20 years.

Sources of Revenue

Elkton relies upon a variety of internally and externally generated funds to meet its operating expenditures. Major sources of revenue for fiscal year 1984-85 are listed in Table 17. Revenues realized from the operation

of water and sewer services are placed in a separate account. The fiscal condition of the Town of Elkton is substantially enhanced because the town operates its own municipal electrical distribution system and is able to utilize some of the profits gained from the sale of electricity to defray town governmental expenses. Although one official indicated that it was becoming "increasingly difficult" to raise sufficient levels of internally-generated revenue, the town in recent years has not had to raise taxes.

Table 17

ESTIMATED MUNICIPALLY-GENERATED REVENUES
FY 1984-1985

<u>Source</u>	<u>Amount</u>
Real Estate and Personal Property Taxes	\$58,000
Business and Automobile Licenses	40,600
Refuse Collection Fees	31,500
Sales Tax Receipts	18,000
Telephone Utility Taxes	17,000
Fines	7,000
Other	12,100
TOTAL	\$184,200

Source: Town of Elkton Budget.

The Town of Elkton is quite dependent on intergovernmental aid, receiving about 41 percent of its general fund revenues from the Commonwealth of Virginia and the federal government. For FY 1984-85, Elkton will receive from the Commonwealth the following major funds: (1) highway maintenance (\$93,055), (2) a law enforcement grant (\$13,985), and (3) ABC profits (\$5,572). In addition, the town will receive federal funds in the amount of \$14,018.

Town Staffing and Services

The Town of Elkton has 22 full-time employees, with 8.5 positions allocated to law enforcement. Similar to other towns of comparable size, Elkton provides the following services: law enforcement, water and sewer, street maintenance, garbage and trash collection, and planning and zoning. In addition, Elkton operates its own municipal electrical system, purchasing electricity wholesale from Virginia Power and selling it at prevailing retail rates to the town citizens. Elkton also operates a small library, museum, and park. The town provides fiscal and other forms of assistance to the volunteer fire and rescue squads.

Town-County Relations

Both the mayor and the town clerk expressed general satisfaction with the town's relations with the county board. Nevertheless, one official described the relationship between the town and the county as "somewhat distant." In part, this is due to the geographical distance between Elkton and the county seat, located in Harrisonburg. It appears that the county enjoys a much closer and more productive relationship with the towns located in the western portion of the county than with the towns situated in the eastern portion of the county.

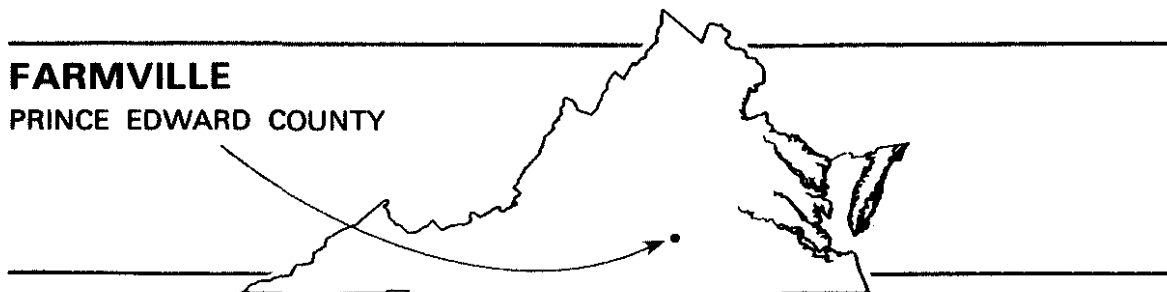
Beyond the usual county services, Rockingham County provides a number of services to the town of Elkton. These include: (1) the enforcement of building codes, (2) provision of an animal control program, (3) provision of some library books, and (4) free garbage and trash disposal in the county landfill. Further, the county provided monetary assistance for the construction of a new town park.

However, two issues have served to promote friction between Elkton and Rockingham County. First, although the county does provide a number of services to the town, many residents feel that they are the victims of "double taxation." For example, some Elkton residents expressed annoyance at what they perceive as the county's use of property taxes derived from the citizens of Elkton to finance capital improvements, specifically sewer construction, in other sectors of the county. Second, Elkton residents were generally dissatisfied a few years ago when the county closed the Elkton High School. The mayor noted that the high school meant a great deal to the citizens of the town.

Conclusion

Elkton enjoys a diverse internal revenue-raising structure. And, although the town's fiscal condition is significantly enhanced by the revenues generated from its municipal electrical system, Elkton has become increasingly dependent on revenues received from the Commonwealth and the federal government. This dependence could create fiscal problems if future intergovernmental aid is reduced.

The relationship between the Town of Elkton and Rockingham County appears to be satisfactory. However, enhanced communication could foster a more cooperative climate.



The Town of Farmville, situated about 63 miles southwest of Richmond, is principally located in Prince Edward County. A small portion of Farmville is in Cumberland County. The economy of Prince Edward County is heavily oriented toward agriculture, forestry, and light manufacturing. The products manufactured in the county include electrical components, shoes, clothing, and sporting equipment. While some light manufacturing is carried out within the town, Farmville's economy reflects its central role as the retail core of the county.

Over the past decade, the population of Prince Edward County has stabilized at about 16,465 while that of Farmville has increased from 4,331 in 1970 to 6,067 in 1980.

The central business district of Farmville contains an assortment of retail stores, restaurants, banks, and governmental offices. The Prince Edward County Courthouse and the municipal building are adjacent to each other. Despite the recent establishment of several relatively large shopping centers in the area, Farmville's central business district is quite active, and there are few vacant stores. The attractive campus of Longwood College, a co-educational State institution of higher education established in 1839, is located near the central business district.

Form of Government

The Town of Farmville has a council-manager form of government. The mayor, who serves part-time, is directly elected by the citizenry and is assisted by a seven-member town council, two of whom are elected at-large, while the remaining five are elected from wards. The council members, usually drawn from the business community, are elected as non-partisans to serve staggered four-year terms. The town manager, who is appointed and serves at the pleasure of the council, is responsible for the conduct and administration of the town's government.

Sources of Revenue

The Town of Farmville utilizes an assortment of internally- and externally-generated revenues to meet its operating expenditures. Farmville's estimated major sources of municipally-generated revenues for FY 1984 are listed in Table 18.

In the last several years the town has not had to institute new taxes or raise existing taxes, and the fiscal condition of the town appears to be quite satisfactory. Farmville receives significant levels of funding from the Commonwealth of Virginia and the federal government. About 38 percent of the general fund revenues are derived from higher levels of government. For FY 1985, Farmville will receive \$24,000 in ABC profits. State categorical aid includes \$305,000 for street and highway maintenance, \$55,000 for aid to law enforcement, and a \$6,500 emergency services grant. However, both the mayor and the manager voiced some concern over the distribution of sales-tax-generated revenue by the county. Although the town generates about 90 percent of all sales tax receipts in the county, its share of the sales tax receipts is significantly less. Further, the mayor asserted that State funding for street and highway maintenance was inadequate. For FY 1983-84, Farmville's sole source of federal fiscal aid was \$165,000 in General Revenue Sharing funds, which is utilized for law enforcement.

Table 18

ESTIMATED MUNICIPALLY-GENERATED REVENUES
FY 1983-84

<u>Source</u>	<u>Amount</u>
Utility Taxes	\$250,000
Business License Fees	227,000
Real Estate Taxes	131,500
Sales Tax Receipts	78,000
Bank Franchise Taxes	38,000
Motor Vehicle License Fees	30,000
Personal Property Taxes	19,050
Cable TV Franchise Tax	18,000
Court Fines and Costs	15,500
Parking Meter Collections	8,000
Parking Fines	6,000
Consumer Cable TV Tax	4,800
Building Permits	4,000
Mobile Home Taxes	1,700
Tax on Machinery and Tools	1,500
Other	127,195
TOTAL	\$960,245

Source: Town of Farmville Budget.

Town Staffing and Services

The Town of Farmville has about 85 employees. Services provided by the town include law enforcement, fire protection (supplemented by volunteers), highway and street maintenance, water and sewer services, trash and garbage collection, animal control, and planning and zoning. In addition, the town operates its own sanitary landfill operation, emergency rescue service, airport, and cemetery.

Town-County Relations

In spite of the proximity of the respective governmental offices, there is relatively little cooperation between Farmville and Prince Edward County. Relations between the two jurisdictions appear to be hampered by the legacy of the town's successful annexation efforts in the 1970s, and officials' perceptions that the county is indifferent to the problems of Farmville. These perceptions prevail despite the fact that three members of the eight-member county board of supervisors are elected from portions of Farmville. However, the town manager and the county administrator maintain contact, and the town and the county are involved in some limited cooperation with regard to water and sewer services and industrial development.

The following examples illustrate some of the difficulties affecting this relationship:

The town and county's strained relationship can be, in part, accounted for by Farmville's recent interest in seeking city status. In early FY 1981, the Farmville town council retained a consultant to study the feasibility and impact upon the town of gaining city status. The county responded by commissioning its own study to determine the impact upon Farmville and the remainder of Prince Edward County. Ultimately, the town council decided in November 1984 not to pursue city status and to seek to initiate new cooperative efforts with the county, especially in the area of economic development. This strategy has led to several meetings involving all of the members of the town council and the county board of supervisors.

* * *

Of a less pivotal nature, the following problems have inhibited satisfactory town-county relations. First, somewhat to the ire and dismay of the county, the town continues to utilize its own landfill for trash and garbage disposal, rather than the county landfill. Another specific issue dividing the two jurisdictions is that the town has not yet agreed to contract a water and sewer line to a proposed new motel in the county. Currently, the town is only willing to do so on a shared fifty-fifty cost basis with the county. Third, some tension is present between the law enforcement agencies of the town and county,

partially due to personality differences. The conflict is somewhat reflected in the continued utilization of two separate dispatching systems.

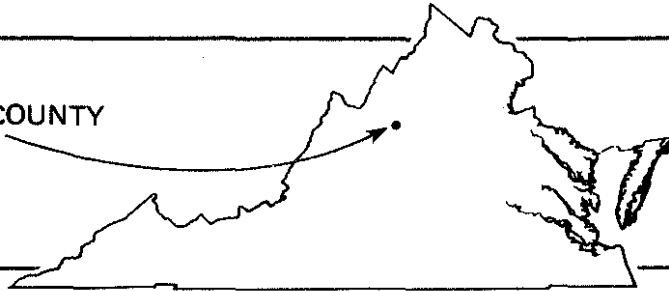
Finally, contributing to this relationship is the existence of the issue of double taxation. There appears to be some perception in the town that Prince Edward County does not provide many services for the residents of Farmville. This attitude is undoubtedly reinforced by the practice of many town residents of enrolling their children in the privately-sponsored and -operated Prince Edward Academy.

Conclusion

The Town of Farmville is a growing and vibrant community with a strong economic, social, and cultural base. The town government provides its citizens with a broad range of services, somewhat in excess of those usually provided by towns. Historically, the relationship between Farmville and Prince Edward County has been somewhat strained, and although this may be attributed to a number of factors, it is primarily due to Farmville's recent interest in seeking city status. Nevertheless, the town's recent decision to abandon its quest for city status and to initiate new cooperative efforts with the county may well lead to a more positive and productive relationship between the two jurisdictions.

GROTTOES

ROCKINGHAM COUNTY



The Town of Grottoes, located about 105 miles northwest of Richmond in the Shenandoah Valley, is largely situated in Rockingham County. A small portion of the town is in Augusta County. Founded as a transportation center, Grottoes was incorporated in 1892. Grottoes has a population of 1350 residents, reflecting an increase of about 100 citizens over the last decade. About 20 percent of the population is retired and lives on fixed incomes. While there are a few small employers in Grottoes, a substantial portion of the town's work force is employed in the local Reynolds Metals plant. A somewhat smaller number are employees of the Merck Corporation, a large chemical firm.

Grottoes has a rather undefined central business district, with commercial enterprises and the municipal building interspersed with residential housing units. The only public school is located in relative proximity to the few businesses in the town.

Form of Government

Grottoes utilizes a mayor-council form of government. The mayor is elected every two years and the six members of council, each of whom are elected at-large, serve a four-year term. All municipal contests in Grottoes are conducted on a non-partisan basis. Routine administrative matters of the town are largely handled by the town clerk.

Of late, Grottoes has experienced a considerable degree of political turmoil largely brought about by issues related to the installation of a new sewer line in the community. The previous mayor was defeated in 1984 by a former mayor who ran opposed to the incumbent's policy that required mandatory sewer hook-up for all town dwellings. The successful challenger was aided in his bid for office by a group titled "Citizens Against the Sewer (CATS)" which later evolved into "Citizens Aware of the Sewer (CATS)."

Sources of Revenues

Grottoes depends upon a variety of internal and external sources of revenue to fund its general operating budget. (Water and trash collection fees are allocated to a separate account.) Major town sources of revenues for FY 1985 are listed in Table 19. Grottoes has not had to raise or impose new taxes in the past few years, which reflects its somewhat stable financial condition.

Table 19

ESTIMATED MUNICIPALLY-GENERATED REVENUES
FY 1984-85

<u>Source</u>	<u>Amount</u>
Utility Taxes	\$21,000
Real Estate Taxes	18,000
Sales Tax Receipts	17,500
Motor Vehicle Licenses	14,500
Fines	9,000
Business License Fees	8,500
Personal Property Taxes	6,500
Bank Stock Tax	2,300
Other	<u>27,645</u>
TOTAL	\$124,945

Source: Town of Grottoes Proposed Budget.

Grottoes receives a considerable amount of funding from higher levels of government. Approximately 12 percent of general fund dollars are derived from the State and nine percent from the federal government. For the 1984-85 fiscal year, Grottoes will receive the following from the Commonwealth of Virginia: (1) ABC profits (\$5,000), (2) law enforcement fiscal support (\$13,500), and (3) road maintenance funds (\$91,000). In addition, Grottoes will be the recipient of about \$620,000 from the Commonwealth to help finance the construction of its new sewer system. The political leadership of Grottoes is basically satisfied with the level of monetary support the town derives from the Commonwealth. In addition, during the present fiscal year, Grottoes will receive the following federal funds: (1) a grant of \$2.6 million from the Environmental Protection Agency for the town's sewer project and (2) approximately \$12,000 in General Revenue Sharing funds.

Town Staffing and Services

The Town of Grottoes employs seven full-time employees. The clerk of council is assisted by a clerical assistant. Two employees are involved with

law enforcement, while three individuals are assigned public works responsibilities. Grottoes provides an array of services including law enforcement, garbage and trash collection, water, and planning and zoning. The town also maintains a ball park, operates a small recreation program, and provides a small monetary donation to the local fire and rescue squad. Commencing this fiscal year, the town will maintain its own streets, and beginning in the spring of 1985 will operate its own sewer system.

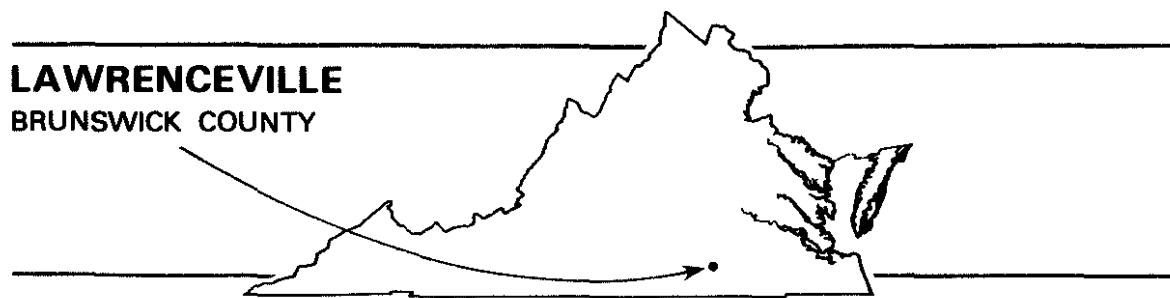
Town-County Relations

The Town of Grottoes and Rockingham County have a somewhat strained relationship. In addition to the provision of the usual county services, Rockingham County provides Grottoes with a variety of additional services, including property assessment and the preparation of real estate tax bills, animal control, building code enforcement, and a limited amount of back-up law enforcement. The county also provides a library bookmobile service. In addition, the town uses the county jail facilities and disposes its trash, at no charge, in the county landfill. The town police rely to a considerable extent upon the dispatching system of the county. Nevertheless, a widely held perception in Grottoes is that the county "does not do much for the town." This somewhat ambiguous perception may reflect the fact that the town of Grottoes is somewhat distant geographically from the county seat, thus limiting informal interaction.

A number of specific incidents and concerns have served to strain relations between the town and county. First, town officials are disappointed that the county has refused to help Grottoes finance its new sewer system, especially since the county has provided this assistance to several other towns in the county. Second, county officials were perturbed that the town delayed its payment to the county for the preparation of real estate tax bills. Town officials, on the other hand, felt that the charge was unreasonable. Third, the county judicial system is perceived by at least one official as somewhat lax in upholding the laws of the town. And finally, town officials fear that any future consolidation of county public schools will result in the loss of a public school facility in Grottoes.

Conclusion

Although the political leadership of the town is finding it moderately more difficult to raise sufficient revenues, Grottoes enjoys a sound fiscal posture and has not had to raise existing taxes or impose new taxes. Grottoes provides all of the usual town services and in addition maintains a ball park and conducts a modest recreation program. Beginning this fiscal year, the town will maintain its own streets and sewer system. Finally, Grottoes and Rockingham County have a somewhat strained relationship. This is probably due to the physical distance of Grottoes from Harrisonburg (the county seat), recent political changes in the town, and the widespread perception held by town residents that the county is inattentive to their needs.



Lawrenceville, a small town of one square mile which was granted its charter in 1874, is located approximately 75 miles from Richmond. The county seat of Brunswick County, it has a population of about 1500. Over the past decade significant downtown redevelopment has taken place which has resulted in a fairly new bank and an attractive municipal building, located near the county courthouse. The major employers in the town are an assortment of retail businesses, town and county government, and St. Paul's College. Over the past decade Lawrenceville has lost a small amount of population.

Lawrenceville has a manager-council form of government, with a seven-member council. As in the case of the mayor, each of the members of the council is elected on an at-large, non-partisan basis. The mayor also serves in a dual capacity as manager and provides both administrative and political leadership. In the government and management of the town, the mayor works in concert with the clerk of council, who has held the position for a number of years. The mayor and the clerk of council function as a team in the routine conduct of town governmental affairs.

Sources of Revenue

For FY 1984-85 Lawrenceville generated internally about \$252,000 in revenue for general town purposes. Lawrenceville's sources of local revenues for fiscal year 1984-85 are listed in Table 20.

Lawrenceville has enjoyed prolonged financial stability, in marked contrast to the rather severe financial challenges confronted by Brunswick County. However, there are indications that even though the town is generally making full and appropriate use of its taxing powers, it is becoming somewhat more difficult for the town to internally raise adequate revenues to meet expenditures.

Table 20

ESTIMATED MUNICIPALLY-GENERATED REVENUES
FY 1984-85

<u>Source</u>	<u>Amount</u>
General Property Taxes*	\$100,000
Utility Tax	45,000
Business License Fees	33,800
Bank Stock Tax	13,700
Auto License Fees	12,000
Sales Tax Receipt	7,300
Other**	47,500
TOTAL	\$259,300

*Includes revenues derived from taxes levied on real estate, tangible personal property, and machinery and tools.

**Includes revenues from fines, the sale of labor and material, and equipment rental.

Source: Town of Lawrenceville Proposed Budget.

Similar to other towns in the Commonwealth, Lawrenceville receives a significant amount of funding from external sources. Approximately 13 percent of the town's general fund dollars are derived from the federal government and six percent from the State. Brunswick County provides Lawrenceville with a cash grant of about \$10,000 each fiscal year to help defray the expenses of the town's fire-fighting force. In addition, in FY 1985 Lawrenceville will receive the following amounts of State revenues: (1) \$5,440 in ABC profits, and (2) almost \$15,000 in State funds for law enforcement. Although the mayor was generally satisfied with the current level of funds Lawrenceville received from the sales tax and ABC profits, he maintained that State funding for the town's police force was inadequate. Finally, in FY 1985 Lawrenceville will receive approximately \$39,000 in federal General Revenue Sharing (GRS) funds. Unlike many other communities, where the recent practice has been to fold GRS funds into the general budget, Lawrenceville sets aside these funds to be used for special projects. For example, a significant share of the costs of the new municipal building was funded by GRS funds.

Town Services

Lawrenceville provides an array of highly visible services from a municipal work force of 21, five of whom are police officers. Town services include law enforcement, refuse collection, water distribution and treatment,

the collection and treatment of sewage, and planning and zoning. Lawrenceville, with the only water and sewer system in the immediate area, furnishes water on a 50 percent surcharge basis, to a limited number of county residents and business firms, and sells water to the neighboring town of Alberta. Although fire-fighting in Lawrenceville is provided by an all-volunteer force, the town (with the assistance of the county) underwrites the costs of equipment and supplies for the force. A sizeable portion of the municipal building is used to house the fire equipment. The town also provides fiscal assistance to the local volunteer rescue squad. Finally, Lawrenceville cleans its streets and provides a limited amount of street maintenance.

Town-County Relations

According to the mayor, the overall relations between Lawrenceville and Brunswick County have significantly improved over the past 20 years. The interests of the town in the proceedings of the county board appear to be well articulated by the county supervisor, a former member of the town council, whose district includes Lawrenceville. As previously noted, a limited number of county residents and business firms receive water from the town. Garbage and trash collected by Lawrenceville is disposed of in the county landfill. The town police force generally has a good working relationship with the county sheriff's department, and the town's force relies upon the county dispatching system. Although in the past the town had its own building inspection service, this responsibility is now carried out by the county. The town relies upon the county for the assessment of property and animal control.

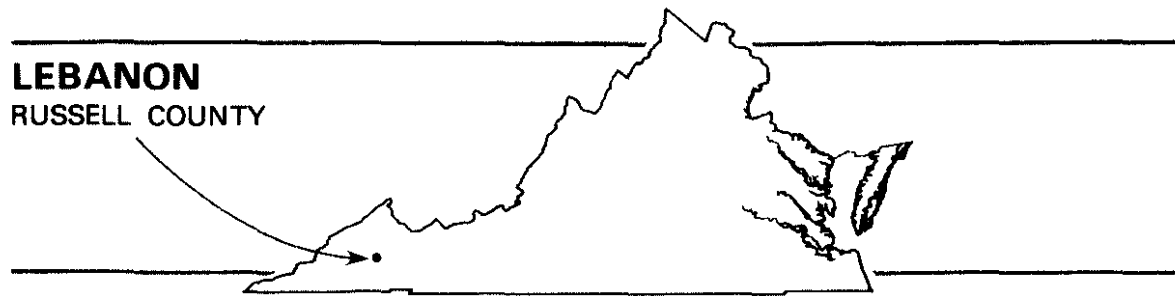
However, relations between Lawrenceville and Brunswick County have not been uniformly cordial. In the past, conflict has arisen between the law enforcement agencies of the town and county, in part due to personality conflicts and "contests over turf." Lawrenceville and Brunswick County have clashed on several occasions over the alleged procrastination of the town to provide additional water services to the county. Of late, town officials, have found it somewhat difficult to obtain appropriate information on financial matters from some county officials. Finally, a limited amount of conflict has arisen between the county and the town over the use of business license fees and the inability of the two governments to reach a compromise whereby this source of revenue would be shared by the county and town.

In addition, town-county relations are somewhat undermined by the attitude of some town residents, who feel that they receive "very little from the county," but are obligated to pay both town and county real estate taxes. Undoubtedly, this attitude is significantly reinforced by the fact that a majority of parents in Lawrenceville enroll their children in the privately-funded Brunswick Academy rather than in the county schools.

Conclusion

Although the beneficiary of efficient and prudent financial management practices, Lawrenceville is encountering moderate difficulty in raising sufficient levels of internal revenues. Lawrenceville depends to a significant degree on fiscal aid from higher levels of government and, in

contrast to the general pattern, receives more funding from the federal than the State government. Although the relationship between Lawrenceville and Brunswick County is generally positive, some distrust exists between the two bodies, which inhibits interaction and a more cooperative and productive working relationship.



The Town of Lebanon is located in Russell County, which is in the far southwestern portion of Virginia. Russell County was formed in 1786, and Lebanon, which serves as the county seat, was incorporated in 1873. The town has a population of approximately 3,200 residents and serves as the retail center of the county. Although there are a few small manufacturers in Lebanon, the economy of the town is largely based on retail sales. Unemployment in Lebanon and Russell County over the last few years has been relatively high, averaging about 11 to 14 percent annually, primarily because of the relatively depressed nature of the coal mining industry. A significant segment of the population of the town is composed of retired senior citizens.

Lebanon has a relatively compact and active business district. Located in the central business district are a variety of retail stores, service stations, and other concerns. The county courthouse is also located in the central business district. In contrast, the town governmental offices are located several miles from the central business district, in a building which was formerly owned by the State Department of Highways and Transportation.

Form of Government

Lebanon utilizes a town council-manager form of government. The mayor, who is directly elected, is assisted by a six-member town council. Each of the town council members is elected at-large. All municipal elections in Lebanon are conducted on a non-partisan basis and successful candidates serve a four-year term. The town charter provides that the manager, appointed by the council, is responsible for administering the government of the town.

Sources of Revenue

Similar to other towns, Lebanon depends upon a variety of municipal taxes and fees, and externally-derived revenues to fund its operating budget.

Major sources of town revenues for FY 1985 are listed in Table 21. In addition, Lebanon receives sizeable amounts of revenue from water, sewer, and other fees.

In FY 1985, Lebanon will receive significant levels of funding from other governmental bodies, including \$10,000 from Russell County to help defray the operating expenses of its fire department. The Commonwealth of Virginia provides funding from A.B.C. profits (\$12,000) and law enforcement assistance funding (\$21,736). Lebanon will be the recipient of \$28,394 in General Revenue Sharing funds from the federal government. Exclusive of sales tax receipts, in FY 1985 approximately seven percent of Lebanon's general fund dollars will be derived from the State and five percent from the federal government.

Table 21

ESTIMATED MUNICIPALLY-GENERATED REVENUES
FY 1984-85

<u>Source</u>	<u>Amount</u>
Garbage Collection Fees	\$172,000
Real Estate Taxes	107,400
Business License Fees	42,000
Utility Taxes	35,000
Sales Tax Receipts	32,000
Personal Property Taxes	31,500
Bank Stock Taxes	28,000
Town Auto Tags	22,500
Park and Recreation Fees	10,000
Merchants Capital Tax	8,000
Parking Meter Collections	3,510
Fines	3,200
Franchise License Fees	3,000
Other	10,896
TOTAL	\$509,006

Source: Town of Lebanon Proposed Budget.

Lebanon is presently experiencing a fiscal crisis. One explanation of the crisis, advanced by local officials, points to overprojection of revenue. First, Lebanon did not receive an anticipated grant from the Environmental Protection Agency in FY 1984. This grant would have substantially defrayed the costs associated with the upgrading of its water and sewer facilities. Second, Lebanon was ultimately unsuccessful in annexing about 1.5 square miles of adjacent land which would have increased its real estate and personal property tax revenues. The town's expansion plans were strongly opposed by the county residents residing in the proposed annexed area.

Lebanon's fiscal crisis has prompted several important political developments in the town, including a change in the town's administrative and political leadership. During the first half of the current calendar year the town imposed a "hiring freeze," which has since been rescinded. Lebanon also imposed new lodging and meal taxes.

Town Staffing and Services

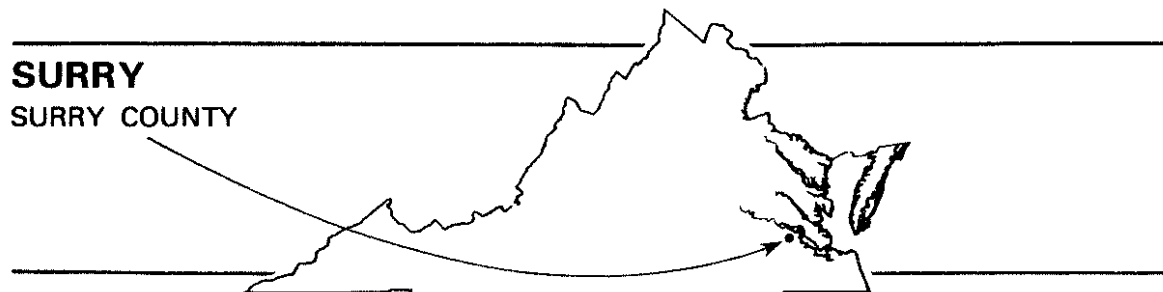
Lebanon has a total full-time work force of 14. Major services provided by the town include law enforcement, water and sewer services, garbage and trash collection, and planning and zoning. The town also operates its own fire department and rescue squad, which is staffed largely by volunteers. Lebanon operates a parks and recreation program, including a public swimming facility. Finally, the town is involved in a limited amount of street cleaning and maintenance in cooperation with the county and the State.

Town-County Relations

Although two of the six members of the board of supervisors of Russell County reside in Lebanon, the relationship between the town and county appears to be somewhat distant. Although the county is concerned with the fate of Lebanon and its ability to successfully deal with its current fiscal challenge, there is, on the whole, relatively little programmatic interaction and cooperation between the two governments. It should be noted, however, that the county has agreed to reimburse the town for the costs involved in extending a town water line to a sewing plant in the county, and the town and county are currently working on a proposal to jointly construct and operate a dog pound. The only recent overt conflict involved the perception of town leaders that the county animal control warden was not adequately enforcing the town's leash law.

Conclusion

Lebanon is presently challenged by a severe fiscal crisis which has resulted in a significant degree of local political and personnel changes. Although Lebanon's fiscal stress became more acute this year, prior indications of its deteriorating fiscal condition occurred in FY 1980-81 when the town granted no salary increases, and in FY 1982-83 when Lebanon postponed capital equipment improvements. However, Lebanon's immediate fiscal problem appears to be one of a temporary nature, and the mayor is confident that the town "will be in the clear" in the immediate future. Lebanon and Russell County have a somewhat distant relationship which is characterized by an overall lack of productive interaction between these two local governmental bodies.



The Town of Surry, about 55 miles southeast of Richmond, is located in Surry County. Over the past decade, the population of the town has remained relatively constant at about 240 inhabitants.

The central business district of Surry is attractive. It is the locale of a number of small stores, several automobile garages, and the Surry House Restaurant. The county courthouse is also located in the central business district. Near the central business district is a meat packing plant, which is the largest employer in town. In addition, a significant number of the residents commute beyond the town to work, especially to Williamsburg and Newport News.

Form of Government

The Town of Surry has a mayor-council form of government. The mayor is directly elected by the citizens and is assisted by a five-member council, each of whom is elected at-large. The mayor and the council members are elected on a non-partisan basis and serve a two-year term. Typically, the mayor and the members of the council have been drawn from the business sector of the town. The clerical and administrative duties of the town government are handled primarily by the clerk of council.

Revenue Sources

Surry relies upon a limited array of internal and external sources of revenue to finance its operating budget. The major sources of municipally-generated revenue are the utility tax and the bank franchise tax. In FY 1985, these two sources will account for about 60 percent of the municipally-generated revenue. Other sources of municipally-generated revenues are listed in Table 22. Surry does not levy either a real estate or personal property tax, although the mayor indicated that perhaps some time in the near future the town may have to impose a modest real estate tax.

Exclusive of franchise fees from the State Department of Motor Vehicles, about four percent of Surry's general fund revenues are derived from the federal government and two percent from the State. In the present fiscal year, Surry will receive \$2,900 from the Commonwealth of Virginia -- \$400 in ABC profits, and \$2,500 in franchise revenues from the Department of Motor Vehicles. Surry will also receive about \$1,200 in federal General Revenue Sharing funds. Surry recently received a Community Development Block Grant, supplemented with funds from the Farmer's Home Administration, for the construction of a new sewer system.

Table 22

ESTIMATED MUNICIPALLY-GENERATED REVENUES
FY 1984-85

<u>Source</u>	<u>Amount</u>
Utility Taxes	\$7,500
Bank Franchise Taxes	6,445
Automobile Decals	3,200
Receipts from Division of Motor Vehicles	2,500
Rent Receipts	1,500
Sales Tax Receipts	1,168
Garbage and Trash Removal	1,056
Business License Fees	1,050
Total	\$24,419

Source: Town of Surry Budget.

Town Staffing and Services

The only employee of the Town of Surry is the clerk of council, who is retained on a full-time basis. The town employs no part-time personnel. Services provided by the town are limited and include garbage and trash collection, planning and zoning, and a recently instituted sewer service. The collection of garbage and trash is done by a private contractor, who is paid a flat monthly fee. Town water service is provided by a private company. Surry is seeking a community improvement grant from the Virginia Department of Housing and Community Development to purchase the water system and make needed improvements. As a franchised agent of the Department of Motor Vehicles, the town provides the basic services of that State agency.

Town-County Relations

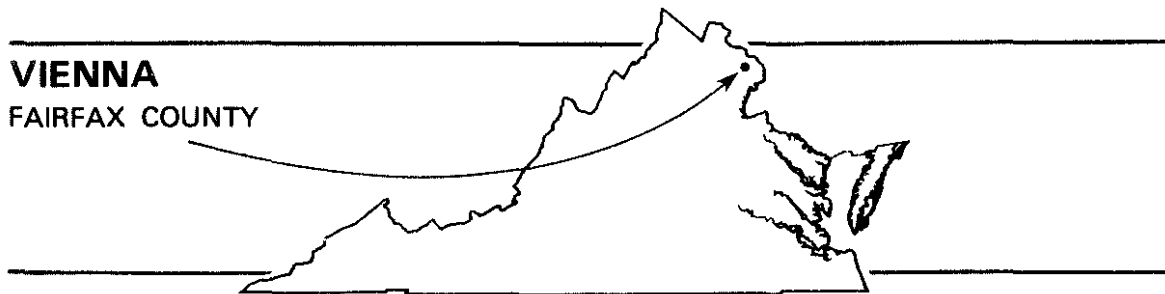
From the perspective of both town and county officials, Surry and Surry County enjoy an excellent and productive relationship. Town officials believe that county officials have a real interest in ensuring the well-being of the town and noted that the county was instrumental in helping the town get

federal funding for its new sewer system. The county administrator stressed that it was easy to work with the officials of the town on projects of joint interest and mutual benefit. Cooperation between the two governmental bodies is obviously facilitated by the attitude of town officials, who are anxious to "move their town ahead" and feel that county assistance is essential if they are going to succeed. The location of the county courthouse in Surry's business district may facilitate this high level of cooperation.

Conclusion

Surry is an excellent example of a town which until fairly recently provided a distinctly minimal number of services and levied relatively few taxes. Recently, however, the town has instituted a new sewer service and is anticipating the acquisition of a privately-owned water company (if federal funds are secured). Further, serious thought is now being given by the town politicians to adopting a real estate tax.

To an extent, Surry's well-being can be attributed to its favorable and productive relationship with Surry County. The county has actively assisted the town's development in the past and appears eager to further assist the town in its endeavors. This mutual intergovernmental cooperation appears to be one method by which towns such as Surry are able to pursue development in the face of limited resources.



The Town of Vienna, located in the Washington, D.C. metropolitan area, is situated in Fairfax County, the most populous county in Virginia. Vienna was incorporated in 1890 and for many years served as a small retail center for the county. Upon the close of World War II the population of Vienna rapidly increased from about 1800 residents in 1945 to the present approximate figure of 16,000. A large segment of the labor force is employed by the federal government or by various private consulting firms. A significant number of Vienna's citizens are retired civilian or military federal employees. Vienna, unlike the other towns included in this investigation, is part of a highly complex, interdependent, and fast-paced metropolitan region, although the town has managed to retain its own character and sense of autonomy. Both the mayor and the manager asserted that a major asset of the town was its sense of "livability."

Form of Government

Vienna utilizes a council-manager form of government. The mayor is directly elected by the citizens and in the policymaking process is assisted by a six-member council. All members of the town council are elected at-large. Municipal contests in Vienna are conducted on a non-partisan basis and successful candidates serve a two-year term. The incumbent mayor is a highly visible figure who has played an active role in the Virginia Municipal League. The manager is appointed by and serves at the pleasure of the council, and works closely with the mayor.

Sources of Revenue

Similar to other towns, Vienna depends upon an assortment of locally-derived taxes and fees, and fiscal assistance from higher levels of government to fund its general operating budget. Vienna's major sources of internally-derived revenue for fiscal year 1984-85 are listed in Table 23.

Table 23

ESTIMATED MUNICIPALLY-GENERATED REVENUES
FY 1984-85

<u>Source</u>	<u>Amount</u>
Real Estate Taxes	\$1,984,946
Utility Taxes	830,000
Business License Fees	675,000
Sales Tax Receipts	405,000
Tobacco Taxes	275,000
Motor Vehicle License Fees	185,000
Park and Recreation Fees	90,000
Fines	82,000
Bank Franchise Taxes	53,000
Use of Property	46,000
Public Service Real Estate Taxes	27,000
Animal Licenses	11,500
Permits	10,500
Other	74,000
TOTAL	\$4,748,946

Source: Town of Vienna Proposed Budget.

Vienna relies on an array of sources to generate municipal revenues. However, unlike most towns in the Commonwealth, Vienna does not levy a personal property tax. The town receives substantial revenues from business and license fees, reflecting the large number of health, legal, and other professionals who maintain offices in Vienna. And, although Vienna enjoys a healthy fiscal condition overall, one official indicated that it is becoming more difficult to raise an adequate amount of municipally-derived revenue.

In FY 1984-85, Vienna will receive the following sources of revenue from the Commonwealth: (1) street construction and maintenance aid (\$545,400), (2) law enforcement aid (\$169,800), and (3) ABC profits (\$60,700). During the present fiscal year the town is scheduled to receive \$98,820 in federal General Revenue Sharing (GRS) funds. About 16 percent of Vienna's general fund dollars are derived from higher levels of government -- 14 percent from the State and two percent from the federal government.

Town Staffing and Services

Vienna has a work force of about 145 employees, of whom 35 are involved with law enforcement. Services provided by the town include law enforcement, water, garbage and refuse collection, and planning and zoning. Vienna also cleans and maintains its own streets and bridges. In addition, the town provides fiscal assistance to the local volunteer fire and rescue squads.

Unlike most towns included in this study, Vienna residents are provided water services by the county. The management and operation of the town's police department has been the subject of considerable community debate and has resulted in the turnover of several police chiefs.

Town-County Relations

JLARC was told by both the political leadership of Vienna and Fairfax County that the town is well represented on the nine-member county board by a former member of the town council. Further, according to the county manager, the county pursues a deliberate policy of involving the town political leadership in all county political decisions which significantly impact upon the town. Members of the county political leadership believe they have an obligation to ensure the well-being of several towns in the county.

Vienna and Fairfax County enjoy a close and productive working relationship. There is a high degree of interaction between the political and administrative leaders of the two jurisdictions. The town manager indicated that he always felt free to call upon his county counterpart if he needed some particular assistance or advice. For example, the current acting chief of the town's police department is "on loan" from the county sheriff's department and is responsible for improving the efficacy and productivity of the town's police force. In addition to the usual county services, Fairfax County provides parks and recreation, library, hospital, and sewer services to the residents of Vienna. In addition, the town utilizes the county landfill to dispose of its garbage and trash.

Several factors account for the positive relationship between Vienna and Fairfax County. First, cooperation between the two jurisdictions is undoubtedly facilitated by Vienna's strong and seemingly permanent disinclination to seek city status. Although the political leadership of the town did exhibit some interest about 15 years ago in gaining city status for Vienna, they eventually abandoned this alternative as being excessively costly, especially with regard to public education. No further serious discussion has taken place on this matter.

Another factor promoting a good relationship between Vienna and Fairfax County concerns the metropolitan setting of the area. The increasing urbanization of the area and the resultant interdependence of local governments has served as a strong catalyst in promoting intergovernmental cooperation in the region. The political leadership of Vienna and Fairfax County view such cooperation as a natural and necessary phenomenon.

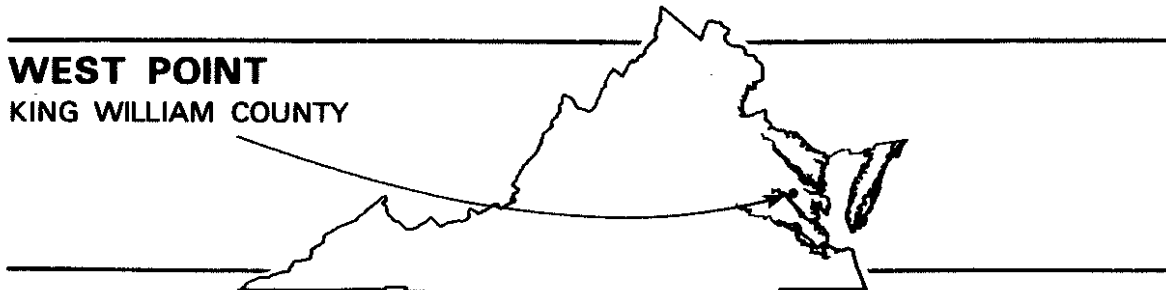
It should be acknowledged, nevertheless, that the issue of economic growth does provoke some conflict between the Town of Vienna and Fairfax County. While the town is committed to a no-growth policy, Fairfax County is committed to pursuing an aggressive high-growth policy. The issue of "high-growth vs. low growth" became a tangible issue in the summer of 1984 when the town closed several of its primary streets to commuter traffic, which had proved to be an irritant to several town neighborhoods.

Conclusion

Despite its location in a large metropolitan region, Vienna has been able to retain a strong sense of community identity. Although Vienna is experiencing more difficulty in raising an adequate level of municipally-derived revenues, the town overall enjoys a sound fiscal condition. Vienna and Fairfax County enjoy a close and productive working relationship which is obviously nurtured by town and county political leaders who are strongly oriented toward the concept of intergovernmental consultation and cooperation.

WEST POINT

KING WILLIAM COUNTY



The Town of West Point, about 40 miles directly east of Richmond, is located in King William County. Originating as a transportation center, West Point was incorporated in 1869. Over the past decade, the population of the town has stabilized at about 2600 citizens. The Chesapeake Corporation, which operates a large paper mill, is the dominant employer in the town and provides the local government with about 55 percent of West Point's real estate taxes. Citizens of the town are also employed in the fishing and lumbering industries, and a significant number commute to jobs in Hampton, Newport News, and Richmond.

West Point has a fairly large central business district adjacent to the town offices. Located in the central business district are numerous retail stores, restaurants, and banks. The King William County Courthouse complex is situated about 12 miles from downtown West Point.

Form of Government

West Point utilizes a council-manager form of government. The mayor is directly elected by the citizenry and is assisted in the policymaking process by a seven-member town council. All municipal contests in West Point are conducted on a non-partisan basis and successful candidates serve a four-year term. The incumbent mayor has served the town for about 20 years. The day-to-day administration of the town government is the responsibility of the manager, who is appointed by and serves at the pleasure of the council.

Sources of Revenues

As in other towns, West Point depends upon an array of municipally-derived and externally-generated revenues to fund its general operating budget. (As is the common practice, water and sewer receipts are

lodged in a separate account.) Estimated major sources of municipally-derived revenue for FY 1985 are listed in Table 24. Additional sources of municipally-derived revenues include various fees and fines and cemetery receipts. In recent years, West Point has not had to raise existing taxes or impose new taxes. The primary reason for this, according to the manager, is that the several plant expansions of the Chesapeake Corporation have yielded significant increases in property tax revenue.

Table 24

ESTIMATED MUNICIPALLY-GENERATED REVENUES
FY 1984-85

<u>Source</u>	<u>Amount</u>
General Property Taxes	\$1,204,000
Business License Tax	100,000
Sales Tax Receipts	78,000
Consumer Utility Tax	75,000
Bank Franchise Tax	50,000
Motor Vehicle Licenses	28,000
Other	77,000
TOTAL	\$1,612,000

Source: Town of West Point Proposed Budget.

West Point receives a significant amount of funding from the Commonwealth of Virginia and the federal government. In FY 1985, West Point is scheduled to receive the following funds from the Commonwealth: (1) ABC profits (\$8,000), (2) aid for elementary and secondary education (\$1,284,350), and (3) law enforcement assistance funds (\$26,800). Both the mayor and the manager expressed the belief that West Point should receive a greater share of local sales tax receipts and were critical of the Commonwealth for not adequately funding State-mandated programs. In the present fiscal year West Point will receive approximately \$36,000 in federal General Revenue Sharing funds.

Town Staffing and Services

West Point employs an average of 21 employees. The town directly provides the following services: (1) garbage and trash collection, (2) water and sewer services, (3) street cleaning and maintenance, and (4) planning and zoning. In addition, West Point operates an airport and a cemetery, and provides fiscal assistance to the local volunteer fire department and rescue squad. In a somewhat unique and novel arrangement, law enforcement within the town is provided through a contract by the county sheriff's department. West Point is one of four towns in the Commonwealth which has its own school system. However, it should be noted that a joint town-county board is

responsible for administering and operating the schools of both West Point and King William County.

Town-County Relations

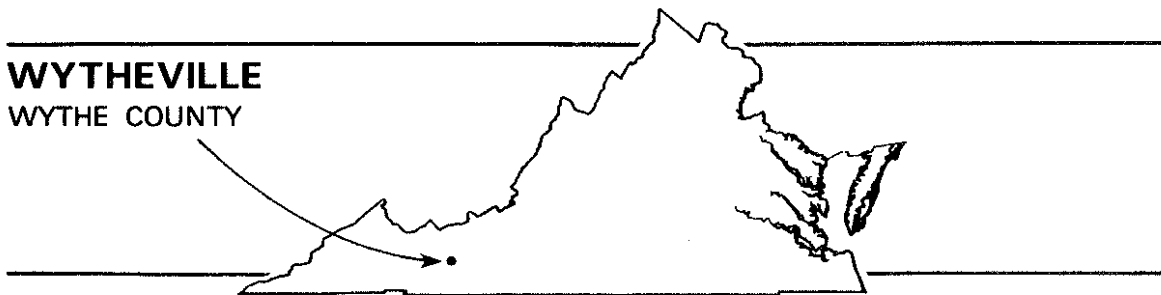
Since two of the five members of the King William County Board of Supervisors are at least partially elected to office by West Point citizens, the town is well represented in the deliberations of the county board. Indeed, the supervisor who represents the West Point district (other citizens of West Point are included in the Port Richmond district) has long been active in town and county politics and in the recent past served as chairman of the county board.

In reality, there is relatively little interaction between the governing bodies of West Point and King William County. In the service delivery area, however, there is a good deal of mutual effort. The town is provided law enforcement services by the sheriff's department, and the two jurisdictions are cooperatively involved in the provision of elementary and public education. Other county services made available to the town include building inspection, animal control services, free disposal of solid waste in the county landfill, and some financial assistance.

Town officials do not believe in the need for any further interaction or cooperative endeavors with the county. A relative lack of interaction, rather than conflict or cooperation, accurately portrays the prevailing political relationship between West Point and King William County.

Conclusion

West Point may be characterized as basically a one-industry town. Given the dominant economic position of the Chesapeake Corporation in the town, one can reasonably assert that the destiny of West Point is intertwined with that of the Chesapeake Corporation. West Point raises internally an extraordinarily high percentage of its general fund dollars and enjoys a sound fiscal condition. The relationship between West Point and King William County can be best described as one of a "distant political nature."



The Town of Wytheville, founded as a resort and transportation center in 1790, was incorporated in 1839. Wytheville is located about 250 miles southwest of Richmond in Wythe County. The county seat, Wytheville serves as the retail center for the county. The town's central business district contains numerous stores, restaurants, banks, governmental offices, a theater, and a variety of other enterprises. The central business district is quite pleasant and clean, with few symptoms of urban decay.

Although Wythe County is distinctly rural in character, there are 356 business firms in the county. Of these firms, 41 percent are engaged in wholesale and retail trade, 27 percent in service activities, and 11 percent in manufacturing. Products manufactured in the county include women's apparel, heating elements, refrigeration valves, and metal hardware fixtures.

Over the last few years, both Wytheville and Wythe County have experienced an increase in population. Specifically, while the population of the county was 22,139 in 1970, by 1980 this figure had reached 25,522. Much of this growth occurred in the town, which increased from 5,634 in 1970 to 7,135 in 1980. Undoubtedly, a major reason for the growth of the region is due to the juncture of Interstate 77 and 81 in the area.

Form of Government

Wytheville has a council-town manager form of government. The mayor is directly elected on a non-partisan basis and is assisted by a four-member council. Each member of the council is elected at-large on a non-partisan basis and, like the mayor, serves a four-year term. The manager is appointed by and serves at the pleasure of the council. Over the years, Wytheville has been noted for its strong political leadership. A former town manager, the immediate predecessor of the incumbent, served the town for more than a quarter-of-a-century.

Sources of Revenue

Wytheville relies upon a broad array of municipally-generated and externally-generated revenues to fund its general operating budget. For the 1984-85 fiscal year, major sources of internally-generated revenues for the town's general fund are listed in Table 25. As is the common practice, revenues gained from water and sewer services are placed in a separate account. In the recent past, Wytheville has increased its lodging and tobacco taxes, but has maintained a stable real estate and personal property tax rate. Due to its strong and diversified tax base, Wytheville enjoys a healthy fiscal position.

Table 25

ESTIMATED MUNICIPALLY-GENERATED REVENUES
FY 1984-1985

<u>Source</u>	<u>Amount</u>
Real Estate Taxes	\$288,000
Business License Fees	228,300
Sales Tax Receipt	130,000
Utility Taxes	121,000
Motor Vehicle Licenses	67,000
Hotel and Motel Taxes	65,000
Tobacco Taxes	64,000
Personal Property Taxes	49,100
Franchise License Taxes	47,000
Public Service Corporation Taxes	33,100
Charges for Services	30,500
Bank Franchise Tax	25,000
Permits, Fees, and Regulatory Licenses	21,800
Tax on Machinery and Tools	8,300
Other	<u>150,250</u>
TOTAL	\$1,328,350

Source: Town of Wytheville Proposed Budget.

Wytheville has been the recipient of a considerable amount of funding from other governmental entities. Approximately 37 percent -- 29 percent from the State and eight percent from the federal government -- of the town's FY 1985 general fund revenues are externally derived. The town has enjoyed considerable success in securing State and federal grants for a variety of capital projects, including a sewage treatment plant, low income housing, and a water project. Very significantly, in exchange for not seeking city status in 1976,

Wythe County agreed to share a portion of its sales tax receipts with the town; for FY 1985 this figure amounts to \$150,000. In FY 1985, Wytheville will receive \$27,950 in ABC profits from the Commonwealth. Categorical funding includes: (1) \$70,000 for law enforcement, (2) \$533,600 allocated to street and highway maintenance, (3) \$560,500 for a water project, and (4) a \$1,500 litter control grant. Federal funding consists of \$1,488,000 in water project funds and \$185,600 in General Revenue Sharing receipts.

Town Staffing and Services

Wytheville has about 100 full-time employees. The town provides an array of services including law enforcement, fire protection (supplemented with volunteers), garbage and trash pickup, street and highway maintenance, water and sewer services, building inspection, and a recreational program. In addition, the town operates its own landfill for the disposal of garbage and trash and conducts an animal control program. A cemetery is also maintained by the town. Finally, the town provides free-of-charge water and sewer services to the local rescue squad.

Town-County Relations

Town-county relations are generally good at present. However, in the past, relations between Wytheville and Wythe County are said to have suffered from a pattern of rivalry and, at times, overt conflict. This strained relationship between the town and the county was due to a variety of reasons.

First, from the perspective of county political leaders, tension between Wytheville and Wythe County was primarily the result of personality conflicts and clashes in leadership style. Second, several specific problems had a negative impact upon the relationship, including functional conflict between the town police and the county sheriff's department. Problems with the appropriate division of responsibility for the control of stray animals is also said to have contributed to the conflict. In 1976 these relations resulted in Wytheville's serious consideration of seeking city status. This further exacerbated relations. The conflict was ultimately resolved when the town accepted a Wythe County proposal to share sales tax revenues.

Despite earlier problems, the relationship between Wytheville and Wythe County has evolved in a more positive direction. Wytheville enjoys strong representation on the county board of supervisors, since two of the seven members of the board have constituencies which include Wytheville citizens. In addition to the usual county services, the county provides library services to town residents. Also, the town is extending a water and sewer line to serve an industrial park located in the county. Significantly, all of the members of the governing bodies of Wytheville, Rural Retreat (an extremely small town in the county), and Wythe County meet quarterly to converse about common issues and problems confronting the region and seek to develop uniform governmental responses to these problems. Meaningful communication and dialogue now characterize town-county relations, rather than overt conflict. Nevertheless, the town political leadership is somewhat concerned that the county is using a

portion of its general revenues, part of which are derived from the town, to finance capital facilities outside of town.

Conclusion

Wytheville is a prosperous community with a strong and diversified economic base and a strong tax structure. The town not only provides services generally provided by towns -- such as law enforcement, trash and garbage pickup, and water and sewer services -- but it also provides a recreational program. Relations between Wytheville and Wythe County have become much more positive in recent years, promoting increased opportunity for mutual cooperation.

APPENDIX: AGENCY AND LOCALITY RESPONSES

As part of JLARC's extensive data validation process, each State entity involved in a review and evaluation effort is given the opportunity to comment on an exposure draft of the report. Appropriate technical corrections resulting from the written comments have been made in this final report. Page references in responses relate to the exposure draft and may not correspond to the final page numbers.

This appendix contains the following locality or agency responses:

- Buckingham County
- Town of Christiansburg
- Northampton County
- Virginia Department of Housing and
Community Development
- Town of Lawrenceville
- Rockingham County
- King William County
- Town of Waverly

THOMAS B. HALL, JR., Chairman
Maysville District
FRANK W. BRYANT, JR., Vice Chairman
Slate River District

EDWARD J. LeSUEUR
Curdsville District

DR. FILLMER HEVENER, JR.
Francisco District

ESSIE H. WYLAND
James River District

C. A. JONES, JR.
Marshall District

I. MONROE SNODDY
Marshall District

Buckingham County

Board of Supervisors

Office of the County Administrator

P. O. Box 252

Buckingham Court House, Virginia 23921-0252

Telephone 804-969-4242

May 2, 1985

ARTHUR L. LANE, JR., D.P.A.
County Administrator

E. M. WRIGHT, JR.
Commonwealth Attorney

MAY 06 1985

Mr. Ray D. Pethtel, Director
Joint Legislative Audit & Review Commission
Commonwealth of Virginia
Suite 1100, 910 Capitol Street
Richmond, Virginia 23219

Dear Mr. Pethtel:

This is in reference to your exposure draft "Towns in Virginia" and more particularly as pertains to the Town of Dillwyn and Buckingham.

Basically, I agree, to some extent, with each of your recommendations except No. 2. Many towns are larger in population, able to obtain revenues to finance their functions and many have well qualified town managers. Other smaller towns should work more closely with the encompassing county to coordinate their services and functions performed. To have an "Office of Town Regulations" would be somewhat redundant, costly and, ultimately, create more paper work and restrictions for towns. (This is my personal view based on twenty-five years in local government.)

I think the relationship between the Town of Dillwyn and the County of Buckingham is very good. We do work together on a number of things and, hopefully, more will result in the future. The County is certainly willing to work with or assist the Town in whatever manner we can. The framework is in place.

Sincerely,



Arthur L. Lane, Jr., D.P.A.
County Administrator

ALLjr/bwa
c-d



ESTABLISHED
NOVEMBER 10, 1792

INCORPORATED
JANUARY 7, 1833

Town of Christiansburg, Virginia

MAY 03 1985

24073

2 May 1985

OFFICE OF: Town Manager

AYOR
J.B. HORNBARGER

COUNCILMEN
J.D. CARTER
HAROLD G. LINKOUS
B.O. "BILL" CHAFIN
TRUMAN K. DANIEL, JR.
W. SCOTT WEAVER
NELSON J. WIMMER

TOWN MANAGER
JOHN E. LEMLEY

TREASURER
JACKIE SUE EPPERLY

CLERK OF COUNCIL
FRANK P. BERSCH

TOWN ATTORNEY
W.R.L. CRAFT, JR.

DEPT. OF PUBLIC WORKS
ROBERT M. GEARHEART

PARKS & RECREATION
MORTON V. GILMORE

CHIEF POLICE
ALVIN L. HALE

CHIEF FIRE DEPT.
JAMES W. EPPERLY

Mr. Ray D. Pethtel, Director
JLARC
Suite 1100, 910 Capitol Street
Richmond, VA 23219

Dear Mr. Pethtel:

This is to acknowledge receipt of your letter of 26 April and the accompanying JLARC Exposure Draft of Towns in Virginia.

The remark on page 61 of the draft regarding "...some past town managers, whose college education centered largely upon civil engineering and who usually enjoyed a long tenure in their position, often developed a proprietorship attitude toward their town and were reluctant to develop a cooperative relationship with the county..." makes me somewhat hesitant to offer comments on the draft since I am a civil engineering graduate and have been town manager of Christiansburg since 1956. Nevertheless, in a spirit of cooperation and constructive criticism, I offer the following:

ERRATA:

- Pages 5 & 20 - Christiansburg also maintains its roads and receives state aid for this purpose. This is correctly shown in Figure 3, page 38 and page 92.
- Page 6 - Christiansburg was incorporated in 1833 not 1916. This is shown correctly on page 91.
- Page 59 - Lebanon is in Russell County; Berryville in Clarke.
- Page 60 - Christiansburg undertook a city status study and an annexation study simultaneously in 1970-71. The study indicated that city status would be economically feasible, however, the Town Council decided against city status because the interests of the citizens of both Christiansburg and Montgomery County would be served best by annexation rather than city status. (See copy of enclosed news release.) The statement that "...decided not to seek city status because of financial costs associated with providing elementary and secondary education" is incorrect as far as Christiansburg's decision was concerned.

Ray D. Pethtel
2 May 1985
Page 2

Page 94 Please revise the last sentence on this page to reflect that the tension between the Police Department and the Sheriff's Office occurred in the past and was due largely to personality conflicts which resulted in poor cooperation.

Page 95 - In the second paragraph dealing with the fire department. The Town also dispatches both fire and rescue calls for the southern half of the county.

Page 96 - In the first line at the top of the page the phrase "...county trash collection service.", should be changed to read "...the county's Public Service Authority."

COMMENTS:

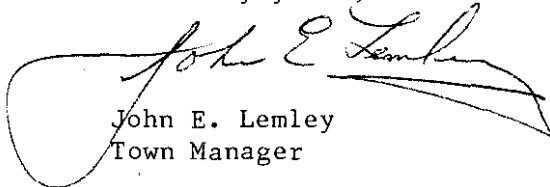
I think your recommendation No. 2 to establish an Office of Town Relations is an excellant idea.

I do not concur in your suggestion that counties collect Town real estate and personal property taxes. A great many taxpayers think the Town receives county tax money even though they receive separate tax tickets. Having both Town and County tax combined on one tax ticket would only add to this problem.

With regard to dual taxation. I do not think the complaint is excessive taxes to Town citizens as much as it is the County providing or subsidizing services from general fund revenues (real estate and personal property taxes) to out of town residents which do not benefit or are not provided to town residents, such as subsidization of a county public service authority.

I think the draft report is well done and I hope you will take my comments in the constructive spirit in which they are intended.

Sincerely yours,


John E. Lemley
Town Manager

JEL:igb
Encl.

The Christiansburg Town Council in an adjourned meeting held on 9 August 1973, voted unanimously to release a city status study previously commissioned. This study resulted from a single action of Council in July 1970, commissioning two studies, one to report the feasibility of annexation of areas adjacent to the Town of Christiansburg having need for expanded services to the mutual benefit of both the town and out-of-town areas, and the other to report on the economic feasibility of city status for Christiansburg. Both reports indicated feasibility, that of annexation or city status. The Christiansburg Town Council studied both reports thoroughly with the conclusion that, at that time, the best interests of the citizens of both Christiansburg and Montgomery County as a whole lay in annexation by the Town of Christiansburg.

Recent inquiries about the availability of the report for public examination prompted the decision by the Christiansburg Town Council to make a copy of the city status report available for examination in the office of the Town Manager of the Town of Christiansburg during regular office hours (8:00 AM - 5:00 PM) Monday through Friday of each week.



Board of Supervisors of Northampton County
Castville, Virginia 23347

R. KEITH BULL
COUNTY ADMINISTRATOR
PHONE: 804 678-5148

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H. J. Lambertson, Jr.
Charles S. Bell
Reade H. Belote

May 7, 1985

Mr. Ray D. Pethtel, Director
Joint Legislative Audit & Review Commsn.
Suite 1100
910 Capitol Square
Richmond, VA. 23219

MAY 10 1985

Dear Mr. Pethtel:

Thank you for providing me with an exposure draft of the JLARC report, Towns in Virginia. I found the report to be objective and accurate. You are to be complimented on a job well done.

Sincerely yours,

R. Keith Bull

R. KEITH BULL
County Administrator

RKB:jw



MAY 29 1985

COMMONWEALTH of VIRGINIA

NEAL J. BARBER
ACTING DIRECTOR

DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT

Fourth Street Office Building
205 North Fourth Street
Richmond, Virginia 23219-1747
(804) 786-1575

May 28, 1985

Mr. Ray D. Pethtel
Director
Joint Legislative Audit and
Review Commission
Suite 1100
910 Capitol Street
Richmond, Virginia 23219

Dear Ray:

The Department of Housing and Community Development (DHCD) has reviewed an exposure draft of the Joint Legislative Audit and Review Commission (JLARC) report, Towns in Virginia. Overall, the analysis seems to be accurate and well-balanced. We offer the following observations and comments:

Comments for Accuracy and Clarification

Page 4	Reference should be to county administrator instead of county manager. Only two counties have county managers, and county administrator is the generally accepted term.
Page 12	Table 4 is somewhat confusing. It would appear that there should be four additional boxes in the second column. The second column "Provided to Residents" needs some explanation in the text.
Pages 13-16	Comparison of real estate taxes is assumed to be based on effective true tax rates. This point should be added to the text.
Page 17	Are bank franchise taxes levied on <u>all</u> towns or by 12 of the 15 towns surveyed? We suggest clarification.
Page 26	Indicating the names of the five towns operating public school systems would be helpful.
Page 55	Subheadings in Figure 5 might be listed in the order in which they appear in the text. The term "Functional Conflicts" might be added to Figure 5 above the categories of law enforcement, water and sewer, county fees, education, and animal control.

Mr. Ray D. Pethtel
Page Two
May 28, 1985

- Page 59 The Town of Lebanon is located in Russell County not Clarke County.
- Pages 65-66 Reference should generally be to county administrators instead of county managers.
- Page 128 The footnote (Table 20) explaining the sources of revenue included in "Other" is helpful. A similar footnote, if the information is available, would be helpful in Tables 11 through 19, 21, and 23 through 25.
- Page 135 In Table 21, are garbage collection fees (about 34 percent) the largest source of municipally-generated revenue?

Comments for Recommendations from the Report

Recommendation (1). Towns should be encouraged to consider the possibility of having the county collect their real property and personal property taxes. Such tax revenues would be returned to the town minus a small administrative fee.

While this procedure might result in some administrative cost savings, it would appear that a county assuming this responsibility would want to make it clear to town residents that the "additional" taxes are taxes imposed by the town government.

An alternative to your recommendation would be to consider having the town collect both town and county real property and personal property taxes for town residents. County tax revenues would be returned to the county minus a small administrative fee. This arrangement would provide a single tax bill for town residents and might lessen the feeling of dual taxation.

Recommendation (2). The State should consider establishing an Office of Town Relations in an existing State agency, such as the Department of Housing and Community Development. The office should serve as a point of contact for town concerns. The office should conduct a study of the most efficient allocation of functional activities between counties and towns, particularly those involving water and sewer services, law enforcement, and parks and recreation services. It should also monitor the potential loss of federal funds, particularly GRS funds, and help identify alternative sources of funding. These study efforts should be coordinated with the Commission on Local Government.

Mr. Ray D. Pethtel
Page Three
May 28, 1985

Prior to state government setting up an Office of Town Relations, comments from statewide associations such as the Virginia Municipal League, the Virginia Association of Counties and the Virginia Association of Planning District Commissions should be considered. These groups actively represent local governments and provide some services. There is no need to duplicate existing services or to assume responsibility for services already provided.

The efficient allocation of functional activities between towns and counties is a continuing concern of many state and local government officials. The tremendous diversity of towns and counties, the general lack of detailed, uniform data about towns, the role of special districts, and the dynamics of town-county relations highlight some of the hard questions related to this kind of study. We agree that such a study might be useful but feel that it should be conducted by an organization other than the Office of Town Relations, because a study of town-county functional activity allocation done by this Office might appear to lack objectivity.

Summary

The Department of Housing and Community Development is in general agreement with the recommendations of the exposure draft. It should be pointed out, however, that establishing an Office of Town Relations in DHCD or any other agency will require additional resources if the Office is to be effective in its program.

If I can provide additional information, please let me know.

Sincerely,



Neal J. Barber
Acting Director

NJB:pd

Town of Lawrenceville

400 N. Main Street
Lawrenceville, Virginia 23868
Telephone 848-2414

JUN 7 1985

E. N. Doyle, Jr. Mayor

June 6, 1985

Councillmen:

Keith W. Clarke
Edward G. Dawson
John J. Miller, Jr.
John Bayley Rawlings
Russell O. Slayton, Jr.
V. Earl Stanley, Jr.
Wayne W. Talbert

Mr. Kirk Jonas
Senior Division Chief
JLARC
910 Capitol Street, Suite 1100
Richmond, Virginia 23219

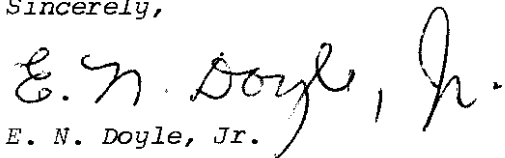
Dear Mr. Jonas

I have reviewed the exposure draft of JLARC's Study on towns, and found it to be very accurate in summarizing the general conditions of towns. Your recommendations are, for the most part, valid. I especially support the establishment of a Town Relations Office in DHCD. As things now exist, towns have very little voice in state government.

One of my major concerns pertains to law enforcement funds. This was covered very well in the report, but events since the draft was prepared have created even more dire conditions. The huge increase in deputies salaries, coupled with the recent Supreme Court decision regarding overtime for municipal employees will be devastating to town police forces. We simply will not be able to compete, and with ever increasing mandated training levels for police officers, the law enforcement picture at the town level appears quite bleak. Unless the legislature amends the Michie bill to assist towns to a greater extent, I believe law enforcement as we know it will cease to exist.

In conclusion, I was impressed with the report. I sincerely hope the powers that be will recognize that towns are an integral part of the State of Virginia.

Sincerely,

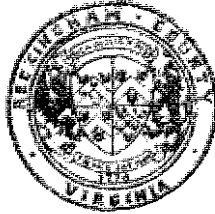


E. N. Doyle, Jr.
Mayor

END/meb

cc Dr. Nelson Wikstrom

JUN 7 1985



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Election District No. 4

TIMOTHY G. HULINGS
Election District No. 5

WILLIAM G. O'BRIEN
County Administrator

ROCKINGHAM COUNTY

June 6, 1985

Mr. Ray D. Pethtel, Director
Joint Legislative Audit and Review Commission
Suite 1100, 910 Capitol Street
Richmond, Virginia 23219

Dear Mr. Pethtel:

Thank you for providing a copy of the Exposure Draft of the JLARC Report, Towns in Virginia, for our review and comment. The following are offered for your consideration:

1. We concur with recommendation Number 1 on Page 4.
2. The comments on Page 8 of the Executive Summary are noted and well taken.
3. We disagree with recommendation Number 2. We question if this will lead to a burgeoning bureaucracy with the subsequent creation of an office of county relations and an office of city relations. In the alternative, it is suggested that town concerns be addressed by the Local Government Advisory Council or the Commission on Local Government.
4. We concur with recommendations 3, 4, and 5.
5. Recommendation Number 8 appears to be redundant to the JLARC study.
6. We disagree with the conclusion that has been drawn by the author as set forth on page 62 in the sentence included within the parenthesis.

Except for the foregoing comments, we find the study of Virginia towns to be well written and accurate, except that it appears to be somewhat negatively written, but that may be a natural result when examining problems.

ROCKINGHAM COUNTY

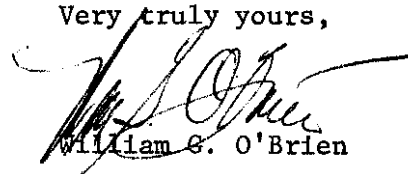
Mr. Pethtel:

6/6/85

Page 2

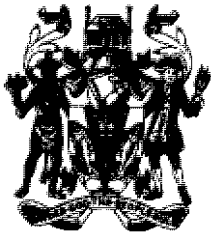
Again, we appreciate the opportunity that you have afforded us to comment on this Exposure Draft.

Very truly yours,

A handwritten signature in dark ink, appearing to read 'W. G. O'Brien', is written over the typed name. The signature is fluid and cursive, with a long horizontal stroke extending to the right.

William G. O'Brien

WGO'B/mww



DALE R. BURTON
County Administrator

Telephone
769-3011
843-3422
994-2937

KING WILLIAM COUNTY

FOUNDED 1702 IN VIRGINIA
EXECUTIVE OFFICES: KING WILLIAM, VIRGINIA 23086

MAY 22 1985

May 22, 1985

BOARD OF SUPERVISORS
J. P. TOWNSEND, Chairman
W. C. JOHNSON
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B. J. SKINNER
D. L. WRIGHT

Mr. Ray D. Pethtel
Director
Joint Legislative Audit and Review Commission
Suite 1100
910 Capitol Street
Richmond, Virginia 23219

Dear Mr. Pethtel:

In response to your letter of April 26, 1985, requesting comments on the exposure draft of Towns in Virginia, I would like to offer a clarification of a statement made on page 154 concerning relations between West Point and King William County. Interaction between the town and county goes beyond provision of law enforcement services and the sharing of school administrative staff. The county also provides building inspection and animal control services to town residents and the County Treasurer spends one day per week in the town office building for the convenience of town residents. In addition, the town disposes of solid waste in the county landfill without a fee. King William County also makes a large annual contribution to the West Point Volunteer Fire Department and Rescue Squad and to the Pamunkey Regional Library, which maintains a branch in West Point. It is true that there is relatively little interaction between the governing bodies of the town and county, but this is not true of service delivery.

There is one additional error on page 151. The County Courthouse complex is 17 miles from downtown West Point, not 12 miles.

Thank you for this opportunity to comment on this informative and potentially very useful report.

Sincerely,

Dale R. Burton
County Administrator

DRB/mw

*King
FYI
R*

JUL 05 1985



TOWN OF WAVERLY

P.O. Box 318
WAVERLY, VIRGINIA 23080

BANK STREET

(804) 834-2330

July 1, 1985

Mr. Ray D. Pethtel, Director
Joint Legislative Audit and Review Commission
Suite 1100, 910 Capitol Street
Richmond, Virginia 23219

RE: JLARC Exposure Draft, Towns in Virginia

Dear Mr. Pethtel:

Thank you for your cover letter and accompanying copy of the above referenced Report, received April 28, 1985. The following comments and observations are offered in my capacity as Mayor of the Town of Waverly, a Municipality of 2,284 inhabitants, which is a part of Sussex County (Population 10,874), located in rural Southeastern Virginia.

I want to express my appreciation to you, JLARC, and, especially, to Dr. Nelson Wikstrom and Mr. Kirk Jonas for the courtesies extended as well as for your efforts to gather data concerning towns within our Commonwealth in an attempt to more clearly define the proper role, function and direction which might best be developed and followed by these political subdivisions. On the whole, I feel your Draft accomplishes a first and significant step in this regard. As I envision it, however, further work needs to be done in the collection and refinement of data, together with the conclusions derived from these, and other factors affecting town-county relations in the overall scheme of government within Virginia. This, I think, should be accomplished both by the continuance of the JLARC study of towns as well as through the simultaneous establishment of a joint General Assembly subcommittee to study town-county relations, similar in composition and scope to that proposed by Senate Joint Resolution No. 118 introduced during the 1985 Session, which could also provide for Public Hearings wherein issues of concern might be aired. I, therefore, wholeheartedly concur along the lines proposed in Recommendation No. 8 of the Draft Report.

In keeping with the Report's format and content, below are observations and comments which may be worthy of the Commission's additional consideration in the further study of Towns:

Mr. Ray D. Pethtel, Director
Joint Legislative Audit and Review Commission
July 1, 1985
Page Two

Town Revenues - The Report states that, "On the face of it, towns in Virginia, especially when compared to cities, do not appear to be subject to a significant degree of fiscal stress" (p. 25), and that, "Town residents (when combining taxes paid to the town and to the county by the same resident) . . . do not pay more taxes than residents in comparable cities" (p. 15). These statements assume that the tax base in cities of comparable population size to that of a county is the same as the tax base in the combined unincorporated (rural) areas of the County and its incorporated areas and that the median income of those living in these cities is the same as the combined median income of those residing in both unincorporated and incorporated areas of a given county and, further, that town residents receive the same level and equivalent of services as these city residents (pp. 14, 15 and 54). Here, I think, we have a case of "comparing apples and oranges." Fiscal stress is a proportionate matter of need vs. ability to pay for the manpower and facilities necessary to meet these perceived requirements. Fiscal stress is, indeed, a matter of "degree," but not in the context and inference which might be drawn from the aforementioned statement on page 25 of the Report.

To combine town and county taxes paid by residents of our municipality as a comparison of taxes paid by residents in a city with a population of 10,874 is simply not relevant in my opinion. County taxes are appropriated by a Board of Supervisors, in our case representing five (5) magisterial districts; town taxes are appropriated by the municipality's Council for services within our corporate limits. Hence, the Administration of these sources of revenue involve two separate and distinct governing bodies, while taxes paid to a city involve only one level of government which is elected to serve and is directly responsible to a single constituency. It should also be noted in this regard that County personal property and real estate taxes are much higher in our area than are those of the Town (\$0.46 per \$100 of assessed value County vs. \$0.14 per \$100 of assessed value on Real Estate Town, and \$4.25 County vs. \$1.75 Town on Personal Property in our respective 1984-85 Budgets.)

Although the Towns BPOL and Gross Receipts tax preempts such tax by the County, the County does levy a Merchants' Capital tax at a rate of \$1.00 per \$100 on one hundred percent of inventory as of January 1 (see p. 16). In addition, Counties are to a much greater degree the recipients of federal and state funding and the beneficiary of certain funds, such as those provided by the State Compensation Board, to which Towns are not entitled. Until provided for by the 1985 General Assembly, in the biennium budget, towns were excluded from proceeds generated by the state wine tax, while cities and counties shared in profits realized by these sales.

Mr. Ray D. Pethtel, Director
Joint Legislative Audit and Review Commission
July 1, 1985
Page Three

The distribution formula for the one percent (1%) Local Option Sales Tax is another area which JLARC may wish to consider. At present, this tax is returned directly to the County in which it is collected. The County government retains automatically 50% of this tax. The remaining 50% is distributed on the basis of the town's school age population in "ratio that the school-age population of the entire county," which, in effect, means that the county also receives a proportionate share of this remaining half of the 1% Local Option Sales tax for school-age children living in the unincorporated portions of the County. (Code Reference: Section 58-441.49(h).) At the very best, it is recommended that JLARC request, or the General Assembly direct, the Virginia Department of Taxation include on its sales tax form a designation to determine if this tax was collected in a town. Current provisions ask only if the tax was collected in a City or in a County. (It should be pointed out that the 1% Local Option Sales Tax is not mandated to go for educational purposes as is one-percent of the 3% State Sales Tax and has no direct relevance to schools or education, even though predicated on school-age population.)

Although certain other points related to "Town Revenues" could be addressed here, it is perhaps best at this point simply to state that, in the Town of Waverly's case, we feel we are fiscally stressed, at least from our perspective, in meeting the requirements of our residents. With the imminent demise of General Revenue Sharing, our situation will certainly be made worse. Should the deduction of local and state taxes on federal income tax returns be disallowed, it will be compounded.

In reference to Recommendation No. 1 of the Report, I see little merit in such concept. The Town has a vested interest in the collection of these taxes and, therefore, it is supposed, would more vigorously pursue and have tighter control over their collection; the County, in fact, often uses the Town to locate residents within our municipality who are delinquent in the payment of their County taxes; and town residents will not be fooled into thinking they're paying taxes to only one level of government anyway. Our procedure is that the County Commissioner of Revenue's Office does the assessment and evaluation of personal property and Real Estate for the Town. These figures are sent to a computer company, which prepares the landbook and tax billings for the Town at a cost of from \$300-\$400. The Town sends the tax bills and collects the taxes. This procedure, we have found, is not overburdensome on our two-member Clerk's Office. In short, I support the arguments against Recommendation No. 1 as contained on page 32 of the Report for reasons previously ascribed. The propriety of "dual" or "double" taxation to which the Town taxpayer is subjected as well as a perhaps more equitable distribution of the Local Option Sales Tax

Mr. Ray D. Pethtel, Director
Joint Legislative Audit and Review Commission
July 1, 1985
Page Four

between Town and County governments are questions which, in my opinion, deserve further study, analysis and possible action by JLARC and by our General Assembly.

Town Staffing and Services - In the opening statement of the Report it is asserted that: "In Virginia there are 189 towns. Reflecting the movement of population into more metropolitan areas, only eight percent (352,009) of the Commonwealth's population resides in towns." (p. 1). It would be interesting to know the overall state trend of persons moving from unincorporated areas of a county into towns (ie., incorporated areas) within the same or neighboring counties. Since Virginia's counties had a total population of 3,326,659 in 1980 as opposed to 2,020,159 city dwellers in that year, there may be a future trend towards the increase of town population in certain instances, rather than the past migration to metropolitan areas, which could affect town staffing and service demands. Of the 15 "Case Study Towns," it is noted that between 1970 and 1980 eight towns shared an increase in population; six declined in population; and one remained the same. In our case, the Town of Waverly increased its population by 0.7% between 1960 and 1970, while Sussex County showed a decrease of 0.8% during the same decade. Between 1970 and 1980, the Town's population grew by 2.5% (partially due to a 1975 annexation which resulted in an addition of 733 persons), while the County's population decreased by .04% (Source: U. S. Bureau of the Census, Census of Population, 1970 and 1980.) The Town of Waverly represents 21% of the entire Sussex County population. Although perhaps taken out of context, the JLARC statement that, "In light of the increasing capacity of Virginia's counties, the question arises - are . . . towns viable" (p. 47, emphasis mine), is somewhat open to question; particularly as it pertains to rural counties.

One very expensive service provided by the Town is the operation and maintenance of a wastewater treatment plant and sanitary sewerage system. In the late 1960's the U. S. Environmental Protection Agency (EPA) and State Water Control Board (SWCB) mandated that the Town construct new sewerage facilities. In order to comply with this mandate, which would eventually cost \$2.1 million, it was necessary for our municipality to secure a \$479,400 loan (a rather significant sum for a town of our population) to provide the required amount of local funding. At present, the Town is attempting to rehabilitate and/or replace a significant quantity of deteriorated 50-year old sewer lines, many of which are in imminent danger of collapse and have contributed to severe inflow/infiltration and exfiltration problems with attending hydrolic overload at our plant. Thus far, the Town has spent from its Treasury about \$65,000 in a study and survey of its sewer lines and an additional \$169,000 towards rehabilitation and replacement of the same. Estimated costs to complete the survey work is \$91,000, and an additional \$800,000 to \$1,000,000 in estimated construction costs. With a construction authorization

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for fiscal 1985-86 of \$200,000 our reserves for this project will be more than depleted and no federal or state grant assistance is anticipated. This situation is not unique to Waverly and it is felt that many other towns are, or will shortly be, faced with similar challenges.

To a somewhat lesser degree, the operation of the Town's waterworks, provision of street lighting and general electrical usage associated with the operation of pumps and generators for the municipal water and sewer facilities, together with sidewalks and street cleaning, trash and garbage collection are all expensive services provided our residents. With the exception of trash and garbage collection, it should be pointed out that Sussex County does not have wastewater or water facilities, and is not much involved with street lighting, street cleaning and sidewalks, curb and gutter projects, and, therefore, avoids significant monetary outlays in these areas.

Of particular concern and expense also are our Town's crime prevention and law enforcement activities. Since 1982, within one year of their date of employment, law enforcement officers, with certain "grandfathered" exceptions, "whether full-time or part-time, and whether permanently or temporarily employed," are required to successfully complete a basic police officers' course at an approved Criminal Justice Academy (Code Ref.: 14.1-84.2, et seq.). These courses generally are of about 13 weeks duration, and the officers' services are lost to his or her employer during this period. This requirement has had the effect of (1) For all practical purposes precluding the employment of part-time officers, whose major source of income is derived from a regularly held job; and (2) Increased both competition for and salary/wage requirements necessary to attract and retain qualified law enforcement officers, since once the Officer becomes certified he is "fair game" for any municipal or county law enforcement agency in the state. From a financial perspective, Municipalities are at a considerable competitive disadvantage in relationship to Sheriff's Departments when seeking police personnel services since both the Sheriff and his Deputies' salaries are 100% underwritten by the State Compensation Board. (In addition, certain other functions and equipment of Sheriff's Departments are either fully or partially underwritten by the Board.) This adverse situation, as it pertains to towns generally has been compounded by the recent Supreme Court decision in the case of Garcia v. San Antonio, which mandates that municipal and county law enforcement officers be compensated at a rate of time-and-a-half for performance of duty amounting to more than 43 hours per week. In addition, actions of the General Assembly in April of this year which gave the "administration and the State Compensation Board budget authority to permit the hiring of additional deputy sheriffs - if such a move makes more fiscal sense than paying the expensive overtime compensation now required . . ." has further

complicated our situation. This overtime was estimated by the administration to cost the state an additional \$1.8 million by July 1, and about \$6 million in extra pay in 1985-86. (Source: News Article, Richmond Times-Dispatch, 4/4/85 edition.) Even though Waverly receives "State Aid to Units of Government with Police Departments" (599 Funds), the \$23,000 received during F.Y. 1984-85, although helpful, does not begin to off-set the above mentioned competitive and financial disadvantages encountered in the operation of our police department. (To a lesser degree, it might be mentioned that State licensing requirements for Wastewater Treatment Plant operators have also created a competitive situation, with its attendant financial consequences.)

Other concerns alluded to in Chapter III of the JLARC Draft Report include the State Consolidated Laboratory charging local governments, effective July 1, 1984, for the testing of mandated water samples, whether routine, periodic, or special; statements made on pages 45 and 50, relating to services offered by Sheriff's Departments and "town frustrations", respectively; and tipping fees charged by counties for the use of sanitary land fills. In the former case, not only do local governments pay for these tests, but the State Laboratory additionally disclaims any responsibility for their failure to test them, for whatever reason, within the prescribed time period. In addition, the processing of photographic films and prints for police departments, formerly done free, is now a cost item. It is my understanding that this Agency was under no particular financial stress when performing these services at no charge, but adopted the current policy, with the General Assembly's assistance, in order to save money in keeping with this Governor's policy of "fiscal austerity." As political subdivisions, it is felt that the former courtesy to local governing bodies and constituent taxpayers should be reinstituted.

On page 45 the assertion is made that "County Sheriffs have jurisdiction within towns and often supplement town law enforcement services. Typically, towns house prisoners in county jail facilities, and most towns utilize the county sheriff's dispatcher" (emphasis mine.) In Waverly's case, law enforcement within the corporate limits is left almost exclusively to town officers, and, in cases of emergency back-up requirements, it is as common for our officers to assist county officers as it is for theirs to assist us. Although such is not the case in Sussex County, Sheriffs can charge for the housing of town prisoners, even though the jail operation is, by and large, underwritten by the State. Finally, the Town of Waverly had a 24-hour dispatch service long before the county instituted one. Certainly, most towns use the Sheriff's dispatcher but primarily, I think, as a means of having interlocking communications, just as Sheriff's Departments use the town's dispatcher

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for the same purpose. It is not my belief that the foregoing are unique to Waverly and, therefore, am inclined to challenge the validity of this statement within the context presented.

Statements on page 50 to the effect that, "Town officials feel lost in the shuffle with the State distant and inattentive to their problems . . . Town officials appear to seek greater responsiveness from the State, and because of their limited staffing, they appear to want more simplified and streamlined access to State bureaucracies and decision-makers . . .", are ones with which I generally agree. Our perception is that, "the concerns of the towns are often misplaced between those of the cities and counties," due to the lack of our political influence and strength in numbers represented, together with the cohesiveness and funds necessary to mount successful lobbying efforts. Also, in the past, instances have occurred where legislation is enacted that includes cities and counties, but inadvertently leaves out any reference to towns which have a similar concern. Before 1984, as a minor example, cities could have leash laws, but towns could not, simply because they were not mentioned in the enabling legislation.

Finally, State law permits counties to charge towns for the use of landfills established and maintained by the county when the town places a tax on the municipality's utilities. Sussex County does not impose this "tipping fee," although it could. It is my understanding that several counties do, however, apply this law to towns within their jurisdiction. In at least one instance, this has become a source of irritation to town residents and officials. The argument here, as in the case of other "county services," is that TOWN RESIDENTS PAY TAXES TO THE COUNTY AT THE SAME RATE AND LEVY AS THOSE WHO RESIDE IN THE UNINCORPORATED AREAS OF THE COUNTY AND ARE THEREFORE ENTITLED TO THE SAME TREATMENT AND SERVICES ACCORDED OTHER COUNTY RESIDENTS, a point which is mentioned but never very strongly stressed throughout this Report.

Recommendation No. 2 and No. 3 contained on page 51 of the Report present no problem for me and perhaps should be given a try, although I am personally somewhat skeptical as to their practicality and effectiveness if actually implemented. A somewhat related idea, however, might be to suggest amendment of Section 15.1-800 of the Code so as to allow Councilmembers and Mayors leaving office to be immediately appointed to such town agencies as the municipality's Planning Commission or hold other municipal offices. This would be particularly beneficial in Towns with a population of 3,500 or less, where reserves of those willing to give of their time and talent to municipal government are extremely limited. Under current law, the services of those not

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returning to elective office, who, after all, should be the most knowledgeable members in the Community concerning local government functions, are lost for a period of one year. I have no objection to Recommendation 4, (p. 52), although such legislation should be very explicit and carefully drafted.

Town-County Relations - "Virginia towns . . . are a part of the county in which they are located. This frees towns of the obligation . . . of providing residents with cost-intensive judicial, health, welfare, and public education services, which are usually the responsibility of the county government" (JLARC TOWN EXPOSURE DRAFT, p. 53.) It does not as previously pointed out, free town residents from paying taxes to support these "cost-intensive" services. It would be well to consider also, that there is a significant amount of state and federal money made available to provide the aforementioned "cost-intensive" services. For example the F.Y. 1984-85 Sussex County Budget was approximately \$8 million. Of this amount, 9%, or \$705,300, came from the federal government; 37% or \$2,974,500 from Local government (ie., property taxes, etc.); and 54%, or \$4,253,722, from the state government. The Sussex School Board, for instance, received of 66% of all funds available to the County Treasurer; however, of this amount 65% came from State and Federal funding, with a local appropriation of only 35% (other sources made up an additional 1%.) In a similar manner, the Social Services Department received 9% of all funds available to the County Treasurer, but of this amount 80% came from State grants and only 20% through local appropriation. Thus, the county, after the above "Local Appropriations" was left with 25% of all funds available to the Treasurer, or \$1,952,792, for "General County" purposes. (Source: Sussex County Treasurer.) The Town of Waverly's Budget for F.Y. 1984-85 was \$692,148 compared with a F.Y. 1974-75 Budget of \$185,132, when construction was started on our Wastewater Treatment Plant and Sanitary Sewerage System and before the 1975 annexation of 1,256 acres of land with an additional population of 733 became effective. Based on the foregoing, I would have to disagree that "the problem of dual taxation is . . . more symbolic than real," and that "Combined town and county tax rates and services are comparable to rates and services in small cities," for reasons previously stated. In the former instance, there is real competition for the taxpayer dollar for relevant services to which town residents contribute on two levels, without benefit of significant state and federal funding on the town level; in the latter, the question of efficiency, effectiveness and applicability inevitably arises.

Historically, in rural Virginia, towns have served as the economic, industrial, business and commercial centers of the county. This continues in Sussex County today. In like manner, the County, in our case, has been more dependent on the town than

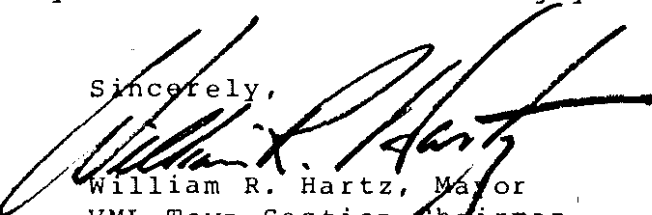
Mr. Ray D. Pethtel, Director
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the town upon the county. Personally, I would like to see greater economic growth in unincorporated Sussex County, since this would tend to broaden its tax base. With regard to annexation by towns, it should be pointed out that Counties do not lose any appreciable amount of revenue, since the residents and businesses annexed are still county taxpayers. Moreover, if businesses want such benefits as public water and sewer (a moratorium has been placed on septic tanks throughout most of our County), they should be willing to pay for them. From our perspective, I cannot, therefore, agree with such statements as "town dependence on counties has . . . been the genesis of town-county conflicts" (p. 53); "As counties continue (emphasis mine) to provide more services and become more urban in Character, the potential for conflict . . . between towns and counties increases" (p. 59); and potentially affected business . . . do not want to be liable for and pay town business license fees" (p. 60) (as mentioned, the county levies a Merchant's capital tax, and several business enterprises in the past have requested to be annexed in order to receive town water and sewer services.)

It is my feeling that wherever there is a concentration of at least 5,000 or more people sharing common civic, social and governmental interests, and are willing to take on the obligations and responsibilities of city status, they should be permitted to do so. Raising the requirement for city status to populations of 10,000 or better might "tidy things up a bit," as suggested in Recommendation No. 5 (p. 71), but I don't think it ought to be done. Recommendation No. 6 (p. 71) may be fine in concept, but I don't think it is really a State function. Also, where people don't want, or can't see the need, to communicate and cooperate, they simply can't be forced to do so. In our case, many efforts have been made to communicate with our Supervisors and to encourage their and the County Administrator's involvement with our concerns and allow us to be a party to theirs. Although somewhat improved, the majority perception of the Board is still that their purpose is to look after the interests of the unincorporated areas of the county and let the towns "do their own thing." For similar reasons, I would hope that Recommendation No. 7 (p. 72) will be realized, although, again, I don't really think it a State prerogative.

Thank you for your attention and for your consideration of these matters. I would certainly be interested in sharing your thoughts in this regard.

Sincerely,



William R. Hartz, Mayor
VML Town Section Chairman

cc: The Honorable Commissioners
JLARC



JUL 08 1985

BANK STREET

TOWN OF WAVERLY

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(804) 834-2330

July 5, 1985

Mr. Ray D. Pethtel, Director
Joint Legislative Audit and Review Commission
Suite 1100, 910 Capitol Street
Richmond, Virginia 23219

RE: JLARC Exposure Draft, Towns in Virginia (Follow-up)

Dear Mr. Pethtel:

Reference is made to my letter to you dated July 1, 1985 concerning the above styled matter. There are several errors of omission and commission in the aforementioned communication which, although they do not affect the overall premise of positions taken, nonetheless, I feel, should be corrected in the interest of accuracy. These are as follow:

1. On page three (3), paragraph one, the sentence beginning, "The remaining 50% is distributed on. . ." should be corrected to read: "The remaining 50% is distributed on the basis of the town's school age population in 'ratio that the school-age population of such town bears to the school age population of the entire county', which (continued as is, with appropriate Code citation);

2. On page three (3), in the next sentence following that referenced in item no. 1 above, change the word "best" to "least," the sentence as amended to read, "At the very least, it is recommended that JLARC request, or the General Assembly direct, the Virginia Department of Taxation include on its sales tax form a designation to determine if this tax was collected in a town."

3. On page four (4), first paragraph under Town Staffing and Services, the sentence beginning on line 18 and ending on a line 22, the .04% should be changed to 0.5%, the corrected sentence reading, "Between 1970 and 1980, the Town's population grew by 2.5%. . . while the County's population decreased by 0.5% (Source: U. S. Bereau of the Census, Census of Population, 1970 and 1980.)

4. On page five (5), paragraph beginning, "To a somewhat lesser degree. . .", insert on line 8 the word "public" before the words "wastewater or water facilities."

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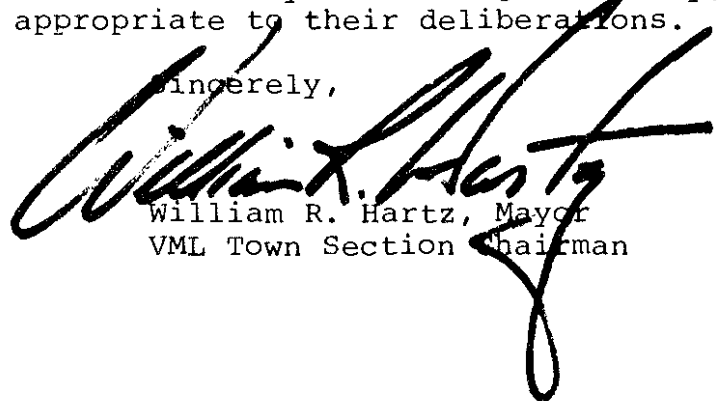
5. On page seven (7), by way of clarification, in the second paragraph beginning, "Finally, State law permits. . .", the appropriate Code citation is 32.1 - 183, paragraph 2, which states in part, "If a county levies a consumer utility tax and the ordinance provides that revenues derived from such source. . . be used for solid waste disposal, the county may charge a town or its residents . . . an amount not to exceed their pro rata cost, based upon population for such solid waste management if the town levies a consumer utility tax."

6. On page eight (8), lines 18 and 19 under Town - County Relations, strike "(other sources made up an additonal 1%.)" The one percent, "other" is included in the "Local Appropriation" of 35%.

7. On page eight (8), under Town - County Relations, insert the following sentence after that sentence beginning on line 25 and ending with the word "effective" on line 30: "At this time (1974-75) we were still paying an average of one-cent (\$0.1) per kilowatt-hour for municipal electrical usage."

Thank you for your attention with regard to these corrections. Please pass them on to the JLARC Commissioners at your meeting on Monday, July 8, 1985, if you think such are appropriate to their deliberations.

Sincerely,

A large, stylized handwritten signature in black ink, appearing to read "William R. Hartz". The signature is written over the typed name and title.

William R. Hartz, Mayor
VML Town Section Chairman

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