

**Report on the  
Town of South Hill - County of Mecklenburg  
Voluntary Settlement Agreement**



**Commission on Local Government  
Commonwealth of Virginia**

**May 2000**

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**REPORT ON THE  
TOWN OF SOUTH HILL - COUNTY OF MECKLENBURG  
VOLUNTARY SETTLEMENT AGREEMENT**

**PROCEEDINGS OF THE COMMISSION**

On March 6, 1999 the Town of South Hill filed notice with the Commission on Local Government, pursuant to the provisions of Section 15.2-2907 of the Code of Virginia, of its intentions to petition the court for the annexation of approximately 3.5 square miles of territory in Mecklenburg County. Consistent with the Commission's Rules of Procedure, the Town's notice was accompanied by data supporting the annexation action.<sup>1</sup> Further, and in accordance with the Commission's rules, the Town concurrently gave notice of its annexation to the County and nine other localities with which it was contiguous or with which it shared functions, revenues, or tax sources.<sup>2</sup> Moreover, the Town's notice to the Commission advised that the municipality would continue to work toward an amicable resolution of this matter with the appropriate officials of Mecklenburg County.<sup>3</sup>

On March 30, 1999 the Commission met with representatives of the Town of South Hill and Mecklenburg County for the purpose of making preliminary arrangements for its formal review of the Town's annexation action and to explore the possibility of assisting the localities in negotiating a settlement of the annexation issue. At that meeting the Commission established a schedule which called for submission of the County's materials in response to the annexation action by June 16, 1999, oral presentations

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<sup>1</sup>Town of South Hill, **Notice by the Town of South Hill of Its Intent to Petition for Annexation of Territory in the County of Mecklenburg and Supporting Data** (hereinafter cited as **Town Annexation Notice**).

<sup>2</sup>Commission on Local Government, **Rules of Procedure**, Rule 3.8.

<sup>3</sup>This statement appeared in a resolution adopted by the Town Council on January 11, 1999. The resolution is set forth in **Town Annexation Notice**, p. 5.

and a public hearing in early July, and the submission of its report on September 4, 1999. With the concurrence of the Town and the County, the Commission deferred the designation of an independent mediator to assist the parties in negotiations relative to the annexation action. On May 25, 1999, pursuant to a joint request of the parties, the Commission agreed to delay its review of the Town's annexation petition for a period of 90 days to allow the two jurisdictions time to endeavor to negotiate a settlement of that issue.<sup>4</sup>

At the conclusion of the 90-day period, the Town of South Hill notified the Commission that the interlocal negotiations had not been successful and requested that the Commission designate an independent mediator to assist in the negotiations relative to the annexation issue. Further, the Town urged the Commission to proceed with its hearings on the Town's annexation petition. Pursuant to that request and with the agreement of Mecklenburg County, on September 8, 1999 the Chairman designated Dr. Roger Richman of Old Dominion University as an independent mediator to assist the parties in their negotiations.<sup>5</sup> Further, the Commission recognized the Town of La Crosse as an interested party and accorded it an opportunity to participate in the South Hill annexation proceedings.<sup>6</sup>

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<sup>4</sup>Philip B. Morris, Special Counsel, Town of South Hill, letter to Russell O. Slayton, Jr., County Attorney, County of Mecklenburg, May 21, 1999; and Gregory J. Haley, Special Counsel, County of Mecklenburg, letter to staff of Commission on Local Government, May 25, 1999.

<sup>5</sup>The Commission had delegated to the Chairman the authority to designate an independent mediator to assist the parties at a regular meeting on July 7, 1999. Dr. Richman's mediation activities were aided by James B. Oliver, former City Manager for the City of Norfolk.

<sup>6</sup>On April 12, 1999 Mecklenburg County and the Town of La Crosse entered into an agreement to adjust the boundary line of that Town pursuant to Section 15.2-3106 et seq. of the Code of Virginia. Those sections of the Code of Virginia authorize local circuit courts to review and approve agreements which "...relocate or change..." the boundary line between two

As a result of negotiations between the Town and County, aided by the Commission's designated mediator, an interlocal agreement was reached by the jurisdictions and presented to the Commission on December 16, 1999.<sup>7</sup> This proposed agreement contained provisions which would (1) grant the Town an annexation of 2.96 square miles of territory in Mecklenburg County, (2) establish a moratorium on further Town-initiated annexations for a period of ten years subsequent to the effective date of the annexation, (3) require the Town to complete certain street and utilities capital improvements in the annexed areas, and (4) require the Town to

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or more localities. Under the terms of that agreement, approximately 578 acres of County territory would be annexed by La Crosse. However, approximately 200 acres of territory proposed for incorporation into La Crosse were also included in the area sought for annexation by South Hill. In addition, La Crosse and the County signed a "Memorandum of Understanding" that called for the Town to install certain water and sewer facilities in the area annexed and to share certain local sales tax receipts with the County. While the boundary line adjustment agreement was presented to the Circuit Court of Mecklenburg County for review and approval, the latter accord was not. On April 16, 1999 South Hill filed a petition for declaratory judgment with the Court challenging the legality of the two agreements, and the Court granted South Hill's request to delay the review of the La Crosse - Mecklenburg County boundary line adjustment. On September 3, 1999, the Circuit Court of Mecklenburg County dismissed South Hill's request, but called for hearings to determine if the voluntary boundary settlement between La Crosse and the County should proceed under Section 15.2-3108 of the Code of Virginia or under the procedures set forth in Section 15.2-3400 of the Code of Virginia. (Charles L. McCormick, III, Judge, Tenth Circuit of Virginia, letter to Slayton, Haley, Morris, and Roger C. Wiley, Special Counsel, Town of La Crosse, Sep. 3, 1999.) The latter statutory provision requires agreements settling local boundary change and governmental transition issues to be reviewed first by this Commission before being presented to a special three-judge court for final disposition.

<sup>7</sup>The proposed agreement was submitted for review by the Commission pursuant to Sec. 15.2-3400 of the Code of Va. (Morris, letter to staff of Commission on Local Government, Dec. 16, 1999.)

compensate the County for loss of revenue for a five-year period.<sup>8</sup> The settlement accord also contained provisions that resolved the dispute between the Towns of South Hill and La Crosse concerning the latter's boundary line adjustment agreement with Mecklenburg County.<sup>9</sup> On January 6, 2000, consistent with a request from the Commission, South Hill filed revised materials and exhibits in support of the negotiated settlement.<sup>10</sup>

The Commission convened in South Hill on January 10, 2000 to tour the Town and relevant areas in Mecklenburg County, to receive oral testimony from local officials regarding the agreement, and to conduct a public hearing for the purpose of receiving citizen comment. The public hearing, which was advertised in accordance with Section 15.2-2907(B) of the Code of Virginia, was attended by approximately 49 persons and produced testimony from 12 individuals. In order to permit receipt of additional public comment, the Commission agreed to keep open its record for written submissions through January 24, 2000.

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<sup>8</sup>**Voluntary Settlement Agreement Between the Town of South Hill and the County of Mecklenburg** (hereinafter cited as **Settlement Agreement**). See **Appendix A** for the complete text of the **Settlement Agreement**.

<sup>9</sup>**Settlement Agreement**, Sec. 2.8 and Exh. F. Under the terms of the proposed voluntary settlement, the Town of La Crosse reduced the amount of the territory which would be annexed by agreement with the County and South Hill withdrew objections to the boundary line adjustment. On January 1, 2000, the Town of La Crosse annexed by agreement approximately 470 acres of County territory which contained an estimated 750 persons. In addition, the Towns of South Hill and La Crosse adopted a separate agreement that further amplifies the terms and conditions of the settlement between those municipalities. [**Agreement Between the Town of La Crosse and the Town of South Hill** (hereinafter cited as **La Crosse Agreement**).] See **Appendix B** for the complete text of the **La Crosse Agreement**.

<sup>10</sup>Town of South Hill, **Supplemental Notice by the Town of South Hill of Its Intent to Petition for Approval of a Voluntary Settlement Agreement and Supporting Data** (hereinafter cited as **Settlement Notice**).

## SCOPE OF REVIEW

The Commission on Local Government is directed by law to review proposed annexations, petitions for partial county immunity, and other local boundary change and transition issues, as well as negotiated agreements settling such matters, prior to their presentation to the courts for ultimate disposition. Upon receipt of notice of such proposed action or agreement, the Commission is directed "to hold hearings, make investigations, analyze local needs" and to submit a report containing findings of fact and recommendations regarding the issue to the affected local governments.<sup>11</sup> With respect to a proposed agreement negotiated under the authority of Section 15.2-3400 of the Code of Virginia, the Commission is required to determine in its review "whether the proposed settlement is in the best interest of the Commonwealth."

As we have noted in previous reports, it is evident that the General Assembly encourages local governments to attempt to negotiate settlements of their interlocal concerns. Indeed, one of the statutory responsibilities of this Commission is to assist local governments in such efforts. In view of this legislative intent, the Commission believes that proposed interlocal agreements, such as that negotiated by the Town of South Hill and Mecklenburg County, should be approached with respect and a presumption of their compatibility with applicable statutory standards. The Commission notes, however, that the General Assembly has decreed that interlocal agreements negotiated under the authority of Section 15.2-3400 of the Code of Virginia shall be reviewed by this body prior to their final adoption by the local governing bodies. We are obliged to conclude, therefore, that while interlocal agreements are due respect and should be approached with a presumption of their consistency with statutory standards, such respect and presumption cannot be permitted to render our review a **pro forma**

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<sup>11</sup>Sec. 15.2-2907(A), Code of Va.

endorsement of any proposed settlement. Our responsibility to the Commonwealth and to the affected localities requires more.

**GENERAL CHARACTERISTICS OF THE TOWN,  
THE COUNTY, AND THE AREA SUBJECT TO ANNEXATION**

**TOWN OF SOUTH HILL**

The Town of South Hill was incorporated by the General Assembly in 1901.<sup>12</sup> Much of the Town's history was influenced by its location at the junction of several major highways and a railroad line.<sup>13</sup> Demographic data indicate that the Town experienced a population decline of 3.0% between 1980 and 1990.<sup>14</sup> A population estimate for 1998, however, placed the Town's populace at 4,478 persons, an increase of 6.2% since the 1990 decennial census.<sup>15</sup> Based on its land area of 6.35 square miles and the

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<sup>12</sup>J. Devereux Weeks, Dates of Origin of Virginia Counties and Municipalities (Charlottesville: Institute of Government, University of Virginia, 1967).

<sup>13</sup>Town of South Hill, Virginia, Town of South Hill Comprehensive Plan (hereinafter cited as Town Comprehensive Plan), Sep. 1997, p. 3; and Settlement Notice, p. 50.

<sup>14</sup>U. S. Department of Commerce, Bureau of the Census, 1980 Census of Population, Number of Inhabitants, Virginia, Table 5; and 1990 Census of Population and Housing, Summary Population and Housing Characteristics, Virginia, Table 2. As of 1990, South Hill's population represented 14.4% of Mecklenburg County's total population. Less than one-third of Virginia's 189 towns experienced an increase in population during the decade of the 1980s.

<sup>15</sup>1990 Census of Population and Housing, Summary Population and Housing Characteristics, Virginia; and Weldon Cooper Center for Public Service, "Population of Towns in Virginia, 1990-98" (electronic data set), June 30, 1999. See **Appendix C** for a statistical profile of the Town of South Hill, Mecklenburg County, and the area proposed for annexation. See **Appendix D** for a map of the area proposed for annexation.

1998 population estimate, the Town has a population density of 705 persons per square mile.<sup>16</sup>

With respect to the nature of its population, the evidence indicates that the Town's population is older and less affluent than that of the State as a whole. As of 1990 (the most recent year for which data are available), the median age of South Hill's residents was 37.2 years, an age substantially greater than the statewide median (32.6 years).<sup>17</sup> Further, the percentage of South Hill's 1990 population which was 65 years of age or older was 18.8%, while the comparable measure for the Commonwealth generally was 10.7%.<sup>18</sup> With respect to income, data reveal that as of 1989 (the latest year for which such data are available) median family income in South Hill was \$29,717, or approximately 78% of the statistic for the Commonwealth as a whole (\$38,213).<sup>19</sup>

South Hill constitutes a significant center of social and economic activity in Mecklenburg County. Due to its various public, commercial, and industrial facilities, the Town provides significant employment opportunities

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<sup>16</sup>**Settlement Notice**, p. 53. The Town's last major boundary expansion, which occurred in 1967, increased the size of South Hill by 4.84 square miles and added approximately 600 persons to its population. (County of Mecklenburg, **Mecklenburg County Responsive Pleadings**, p. 10.) The Commission notes, however, that between 1984 and 1998 the Town annexed seven times by agreement with Mecklenburg County. Those boundary adjustments collectively resulted in the addition of 1.45 square miles but only 8 persons to the Town. (*Ibid.*, pp. 10-12.)

<sup>17</sup>**1990 Census of Population and Housing, Summary Population and Housing Characteristics, Virginia**, Table 2.

<sup>18</sup>**Ibid.**

<sup>19</sup>U. S. Department of Commerce, Bureau of the Census, **1990 Census of Population and Housing, Summary Social, Economic, and Housing Characteristics, Virginia**, Table 10.

within its boundaries. Indeed, the evidence suggests that the Town is the locus of employment for many residents of the surrounding area. In 2000 the nine largest businesses in South Hill employed approximately 2,300 persons, or more than 16% of the nonagricultural wage and salary positions in Mecklenburg County overall.<sup>20</sup>

In regard to the Town's present physical development, 1999 land use data reveal that 26.4% of South Hill's total area is devoted to residential development, 7.2% to commercial enterprise, 3.2% to industrial activity, 4.6% to public or semi-public uses, and 12.1% to transportation purposes, with 46.5% (1,888 acres) remaining undeveloped.<sup>21</sup> While the development potential of the vacant property is not significantly constrained by steep slopes or location in the floodplain, much of that acreage has limitations imposed by locational concerns, parcel size, access to utilities or public arterials, or appropriate land use considerations.<sup>22</sup>

### **COUNTY OF MECKLENBURG**

The County of Mecklenburg was created in 1765 from territory formerly a part of Lunenburg County.<sup>23</sup> Like the Town, Mecklenburg County experienced a decrease in its population during the decade of the 1980s.

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<sup>20</sup>Mark Whitley, Director of Municipal Services, Town of South Hill, letter to staff of Commission on Local Government, Mar. 14, 2000; and Virginia Employment Commission, "Covered Employment and Wages in Virginia by 2-Digit SIC Industry for Quarter Ending March 31, 1999 - Mecklenburg County (unpublished data). Employment statistics for Mecklenburg County do not include persons employed by local, State, or federal governments.

<sup>21</sup>**Settlement Notice**, Table 1, p. 145.

<sup>22</sup>**Ibid.**, Table 1A, pp. 146-147.

<sup>23</sup>**Dates of Origin of Virginia Counties and Municipalities**.

though only a marginal one. From 1980 to 1990 the County's population decreased from 29,444 to 29,241 or by only 0.7%.<sup>24</sup> However, the official population estimate for 1998 placed the County's populace at 31,000, an increase of 6.0% since the preceding decennial census.<sup>25</sup> On the basis of its 1998 population estimate and an area of 681.4 square miles, the County has an overall population density of 45 persons per square mile.<sup>26</sup>

With regard to the nature of its population, statistical indices disclose that the age profile of Mecklenburg County's populace exceeds that of the State generally while the income level of its residents is less than that of the Commonwealth overall. Data indicate that, as of 1990 (the most recent year for which data are available), the median age of County residents was 37.4 years, a statistic virtually the same as that of the Town (37.2 years) while exceeding that for the State as a whole (32.6).<sup>27</sup> Similarly, the data indicate that, as of 1990, 17.2% of the County's population was age 65 or over, a figure comparable to that of the Town (18.8%) but considerably in excess of that of the State collectively (10.7%).<sup>28</sup> In terms of earnings, the median

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<sup>24</sup>1980 Census of Population, Number of Inhabitants, Virginia, Table 2; and 1990 Census of Population and Housing, Summary Population and Housing Characteristics, Virginia, Table 1. In addition to South Hill, there are four other incorporated towns and a portion of a fifth (Brodnax) in Mecklenburg County. Between 1980 and 1990 the population of the unincorporated portion of the County increased by 3.6%.

<sup>25</sup>1990 Census of Population and Housing, Summary Population and Housing Characteristics, Virginia; and Weldon Cooper Center for Public Service, "Virginia's Population, 1990 and 1998-1999" (electronic dataset), January 21, 2000.

<sup>26</sup>Settlement Notice, p. 53.

<sup>27</sup>1990 Census of Population and Housing, Summary Population and Housing Characteristics, Virginia, Table 1. Data for Mecklenburg County include that for the residents of the County's six incorporated towns.

<sup>28</sup>Ibid.

family income for Mecklenburg County residents in 1989 was \$26,346, a figure somewhat less than that for the Town (\$29,717), and only 69.0% of the comparable statistic for the Commonwealth generally (\$38,213).<sup>29</sup>

Despite the County's population growth since 1990 the evidence suggest that Mecklenburg County remains largely rural, with agricultural and forestal activities continuing as major components of the County's economic base. As of 1997, there were 604 farms in the County occupying a total of 166,821 acres (38% of the County's total land area), with the average market value of their agricultural products being \$69,450.<sup>30</sup> Further, 1991 data disclose that 263,242 acres in Mecklenburg County (60% of the County's total land area) were classified as "timberland."<sup>31</sup>

Commercial and industrial activities in Mecklenburg County do, however, play an important role in the County's economy. Statistics indicate that between 1980 and 1990 the number of nonagricultural wage and salary

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<sup>29</sup>1990 Census of Population and Housing, Summary Social, Economic, and Housing Characteristics, Virginia, Table 10.

<sup>30</sup>U. S. Department of Agriculture, Virginia Agricultural Statistics Service, "1997 Census of Agriculture" (electronic data set). The average market value of agricultural products generated by Mecklenburg County farms in 1997 was 122% of the statewide per farm average (\$57,027). Further, the County was the third leading locality in the Commonwealth in terms of the market value of tobacco sold (\$25.8 million).

<sup>31</sup>U. S. Department of Agriculture, Forest Service, Forest Statistics for the Southern Piedmont of Virginia, 1991, Table 1. The Forest Service defines "timberland" as property being at least 16.7% stocked by forest trees of any size, or formerly having had such tree cover and not currently developed for nonforest use, capable of producing 20 cubic feet of industrial wood per acre per year and not withdrawn from timber utilization by legislative action. Such property may also be included in the Department of Agriculture's definition of "farm land."

positions in the County grew from 11,308 to 13,533, or by 19.7%.<sup>32</sup> Official estimates for 1999 placed the number of such employment positions in the County at 13,986, a further increase of 3.3% since the beginning of the decade.<sup>33</sup> By the latter date, manufacturing employment comprised almost 30% of the jobs available in the County, while nonmanufacturing activity, principally wholesale and retail trade and the service sector, made up an additional 40%.<sup>34</sup> Much of this nonagricultural wage and salary employment is concentrated, however, within the boundaries of the County's incorporated towns.

### **AREA PROPOSED FOR ANNEXATION**

The area proposed for annexation in the agreement between the Town of South Hill and Mecklenburg County consists of seven separate parcels adjacent to the Town which contain collectively 2.96 square miles of territory, 128 persons, and, based on 1998 assessment data, \$12.7 million in total assessed property values subject to local taxation.<sup>35</sup> Thus, the area contains approximately 0.4% of the County's total land area, 0.4% of its population, and 0.8% of its total 1998 assessed property values. Based on its area and the 1998 population estimate, the area proposed for annexation has a population density of 43 persons per square mile.

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<sup>32</sup>Virginia Employment Commission, "ES-202 Annual Average Employment - Mecklenburg County" (unpublished data).

<sup>33</sup>"Covered Employment and Wages in Virginia by 2-Digit SIC Industry for Quarter Ending March 31, 1999 - Mecklenburg County" (unpublished data).

<sup>34</sup>**Ibid.**

<sup>35</sup>**Settlement Notice**, pp. 53, 55-56. Assessed values for the area proposed for annexation include those for real estate, personal property, and public service corporation property.

In terms of current development, the area proposed for annexation contains an industrial operation, several commercial establishments, a mobile home park, and scattered residential development.<sup>36</sup> By general description, the area is primarily vacant with development concentrated adjacent to South Hill and along major thoroughfares. According to the most recent land use data, 6.3% of the area is devoted to residential development, 1.3% to commercial enterprise, 1.8% to industrial operations, and 0.3% to public and semi-public uses, with 90.3% of the area (1,708 acres) remaining vacant or engaged in agricultural production.<sup>37</sup> Similar to vacant property within the current Town boundaries, the undeveloped tracts in the area proposed for annexation have few development restrictions due to steep slopes or floodplain.<sup>38</sup> In sum, although the area proposed for annexation is predominantly vacant, it does contain significant focal points of development.<sup>39</sup>

### STANDARDS FOR REVIEW

As a previous section of this report has noted, the Commission on Local Government is charged with reviewing proposed interlocal settlements negotiated under the authority of Section 15.2-3400 of the Code of Virginia to determine whether such settlements are "in the best interest of the Commonwealth." In our judgment, the State's interest in this and

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<sup>36</sup>Ibid., p. 52. The area proposed for annexation contains only 67 households, the majority of which are located in territory between the existing boundaries of South Hill and the Town of La Crosse.

<sup>37</sup>Ibid., Table 2, p. 148.

<sup>38</sup>Ibid., Table 2A, pp. 149-150.

<sup>39</sup>Major transportation facilities in the area proposed for annexation include almost all of the U. S. Route 58 Bypass, as well as, two access points to that arterial, and two interchanges for Interstate Highway 85.

other proposed interlocal agreements is fundamentally the preservation and promotion of the general viability of the affected localities. In this instance, the Commission is required to review an interlocal agreement which provides for (1) an annexation by the Town of South Hill of 2.96 square miles of territory in Mecklenburg County, (2) the waiver by the Town of its authority to initiate succeeding annexation actions for a period of ten years following the effective date of the proposed annexation, (3) the Town's construction of specified public facilities during the ten-year period subsequent to the effective date of the annexation, and (4) compensation to the County for the loss of certain local tax revenues resulting from the expansion of South Hill's boundaries. A proper analysis of the proposed Town of South Hill - Mecklenburg County settlement agreement, as mandated by statute, requires consideration of the ramifications of these provisions with respect to the current and future viability of the two jurisdictions.

### **INTERESTS OF THE TOWN OF SOUTH HILL**

#### **Land for Development**

While the data indicate that the Town of South Hill presently has within its boundaries approximately 1,888 acres of undeveloped property (45.0% of its total land area), much of that acreage is limited in its development potential by parcel size or configuration, multiple ownership, access to major transportation thoroughfares, or other appropriate land use considerations.<sup>40</sup> Although the Commission recognizes that parcel size and locational concerns are not absolute barriers to the development of land, they do render sites less attractive to potential commercial, industrial, and residential developers, and can indeed constitute major impediments to development.

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<sup>40</sup>**Settlement Notice**, Table 1A, pp. 146-147.

In terms of South Hill's potential for future industrial development, data reveal that the Town has approximately 510 acres of vacant property within its boundaries which are free from major environmental constraints, zoned for industrial purposes, and located on sites of five acres or more.<sup>41</sup> Included in this amount are approximately 154 acres located within the Town's Interstate Industrial Park, which is considered to be one of the most attractive sites for industrial development within the general area.<sup>42</sup> The Commission notes that the acreage encompassed within the Interstate Industrial Park was annexed into South Hill in 1980 and 1998 pursuant to agreements with the County.<sup>43</sup>

With respect to the Town's need for additional land for commercial development, the data indicate that South Hill contains approximately 190 acres of vacant property on tracts of five acres or more which are presently zoned for commercial use and free from major environmental constraints.<sup>44</sup> South Hill officials have noted that there are few vacant tracts suitable for commercial enterprise remaining within the Town's central business

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<sup>41</sup>**Ibid.** The total amount of vacant property available for industrial purposes also includes tracts that are divided between the Town's commercial and industrial zoning classifications.

<sup>42</sup>**Settlement Notice**, p. 139. There are currently four vacant parcels remaining in the Interstate Industrial Park, two of which contain over 50 acres each, and that park has direct access to the new U. S. Route 58 Bypass. Also located within the Town are two other industrial facilities, the South Hill Industrial Park and the Northside Industrial Park, but neither has vacant sites available and adjacent land are barriers to the expansion of those properties.

<sup>43</sup>**Mecklenburg County Responsive Pleadings**, pp. 11-12.

<sup>44</sup>**Settlement Notice**, Table 1A, pp. 146-147. The total amount of vacant property available for commercial uses includes tracts that contain segments zoned for industrial or residential purposes.

district or in the U. S. Highway 58/Interstate Highway 85 corridor.<sup>45</sup> Further, as was the case with the Interstate Industrial Park, the portion of the Town that has experienced significant commercial growth in recent years was incorporated into the municipality in 1984 by agreement with Mecklenburg County.<sup>46</sup>

Finally, with respect to the Town's need for land for development, the Commission considers it important to note that the general viability of all localities rests, in part, upon the capacity of the community to attract and retain a heterogenous population. A prerequisite for such is a locality's ability to offer an array of housing alternatives to prospective residents. The data suggest that South Hill has confronted difficulty in this regard. In support of this concern are statistics indicating that between 1980 and 1990 (the latest period for which data are available) married-couple families in the Town decreased by 14%.<sup>47</sup> In sum, while South Hill remains an important commercial and industrial center in Mecklenburg County, the evidence suggests that the Town has a need for additional land for development.

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<sup>45</sup>Ibid., p. 140.

<sup>46</sup>That area is located in the southeastern portion of the Town at the intersection of U. S. Route 58 and Interstate Highway 85. Located in the area incorporated into South Hill in 1984 are the headquarters and warehouse distribution complex for the Peebles Department Stores, a Wal-Mart, and other commercial enterprises.

<sup>47</sup>U. S. Department of Commerce, Bureau of the Census, 1980 Census of Population, General Population Characteristics, Virginia, Tables 21, 39, 49; and 1990 Census of Population, General Population Characteristics, Virginia, Table 2. Although Mecklenburg County, including its six towns, experienced a 2.8% decline in married-couple families between 1980 and 1990, the data for the Commonwealth overall reveal an increase of 13.4% in such families during the same period.

The proposed annexation would bring within the Town approximately 1,708 acres of vacant land generally suited for development. The development potential of the area proposed for annexation is suggested by its proximity to the major interstate and primary highways serving South Hill and existing or proposed utility lines.<sup>48</sup> The proposed annexation will, in our judgment, provide the Town with a significant amount of vacant land with considerable development potential and would, thereby, substantially enhance South Hill's viability.

### **Fiscal Assets and Public Service Liabilities**

**Fiscal Assets.** The Town of South Hill is a major service and employment center in Mecklenburg County and continues to experience growth in its fiscal base commensurate with that of the County generally. Between FY1988/89 and FY1997/98 the assessed value of real estate in the Town grew from \$99.7 million to \$182.3 million, or by 82.9%. During the same span of years, such values in Mecklenburg County overall rose from \$695.9 million to \$1,225.5 million, or by 76.1%.<sup>49</sup> Moreover, with respect to revenues derived from local sources, the data indicate that during the period in question the Town's total local-source revenue increased by 151.6%, while that of the County grew by 94.8%.<sup>50</sup> Thus, South Hill's

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<sup>48</sup>As indicated earlier, the area proposed for annexation encompasses the recently opened U. S. Route 58 Bypass, as well as two access points to that arterial, and two interchanges of Interstate Highway 85. In addition, the proposed agreement requires the Town to install water and sewerage facilities in the annexed area which will further enhance the development potential of that area.

<sup>49</sup>**Settlement Notice**, p. 59. Data for Mecklenburg County include assessed property values located in the County's six incorporated towns.

<sup>50</sup>Commonwealth of Virginia, Auditor of Public Accounts, **Comparative Report of Local Government Revenues and Expenditures**, Year Ended June 30, 1989 and June 30, 1998, Exh. B.

principal tax base (i. e., property tax assessables), as well as its total local-source revenues, increased over the past decade at rates greater than Mecklenburg County overall. The greater increase in South Hill's revenues was due, in part, to the commercial and industrial development that has occurred within the Town in recent years.<sup>51</sup>

In terms of the comparative fiscal burden borne by South Hill residents, an examination of the real estate tax rate in Virginia towns of comparative size is of relevance. Based upon the ratio between assessed property values and recorded sale prices, as calculated by the Virginia Department of Taxation, the true real property tax rate in South Hill in 1997 (the latest year for which the calculation has been made) was \$0.23 per \$100, an amount more than 20% higher than the average of such tax rates in the 30 other towns in Virginia with populations of 3,500 persons or more.<sup>52</sup>

Despite South Hill's above average true real estate tax rate, the extent of commercial activity within the Town has enabled that jurisdiction to reduce significantly the revenue demands placed on its property tax base. During FY 1997/98 South Hill derived slightly less than one-third of its general fund local-source revenue from its various property taxes, and only

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<sup>51</sup>Creedle Jones & Alga, **Town of South Hill, Virginia, Report on Audit of Financial Statements, Years Ended June 30, 1998 and 1997**, Schedule 3.

<sup>52</sup>Virginia Department of Taxation, **1997 Virginia Assessment/Sales Ratio Study**; and Virginia Department of Taxation, **Local Tax Rates, Tax Year - 1997**. The set of towns for this analysis was selected on the basis of their 1997 populations. In order to calculate a true tax rate for the jurisdictions under study, the nominal real property tax rate of each town was multiplied by the median assessment-sales ratio of the respective county. The average true real estate tax rate for the 30 towns in 1997 was \$0.19 per \$100 of true value, and the range of such rates was between a low of \$0.05 and a high of \$0.36.

15.6% from its real estate tax base.<sup>53</sup> In contrast, the municipality generated nearly 40% of its general fund local-source revenue from the application of its meals (16.9%), business license (10.3%), sales (5.5%) and lodging (4.4%) taxes. The availability of the latter tax resources has allowed South Hill to reduce its reliance on property taxes.

The proposed agreement would permit the Town to annex an area containing an estimated \$12.7 million in 1998 assessed property values, constituting an increase in South Hill's total of such values by 5.1%.<sup>54</sup> Based on current assessment data, tax rates, and fee structure, the area proposed for annexation is expected to generate a total of approximately \$245,000 in additional local-source revenue for the Town over the first three years following annexation.<sup>55</sup> However, South Hill's added revenues would be reduced by an annual revenue-sharing payment to Mecklenburg County of \$10,000 over each of the first five years following the effective date of the agreement.<sup>56</sup> In terms of intergovernmental aid, the Town has estimated that the proposed annexation will result in an increase of approximately \$40,000 in annual State aid for the municipality over that same three-year period.<sup>57</sup>

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<sup>53</sup>**Comparative Report of Local Government Revenues and Expenditures**, Year Ended June 30, 1998, Exh. B.

<sup>54</sup>**Settlement Notice**, pp. 55-56.

<sup>55</sup>**Ibid.**, Table 2, pp. 180-181. Due to local tax assessment and billing schedules, the Town estimates that it will not receive any general fund revenues from the annexed area until the second year following the effective date of the annexation.

<sup>56</sup>**Settlement Agreement**, Sec. 5.0.

<sup>57</sup>**Settlement Notice**, Table 2 pp. 180-181. South Hill estimates that it will receive approximately \$444,000 in intergovernmental revenue from the Commonwealth for the maintenance of streets and roads over the first three years following the effective date of the proposed annexation. Since those

**Public Service Liabilities.** While the proposed annexation will provide the Town of South Hill with additional revenues and the potential for future economic growth, it will concurrently present the municipality with increased public service responsibilities. Under the terms of the agreement negotiated by the two jurisdictions, the Town is committed to providing general governmental services to the annexed area at the same level as is provided within the municipality. In addition, the proposed settlement will require the Town to construct certain water and sewer facilities during the period following the effective date of the annexation.<sup>58</sup>

In order to provide general governmental services to the annexation area, South Hill estimates that it will be required to expend approximately \$278,000 from its general operating fund during the first three years following the effective date of the annexation.<sup>59</sup> Since the Town estimates that it will receive approximately \$285,000 in general fund revenues from the proposed annexation area over the three years following the effective date of the annexation, South Hill can meet the operating cost for the provision of services to that area.<sup>60</sup>

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funds can only be used for road maintenance purposes, the Town projects that it will be able to expend only approximately \$33,000 of that amount over that same three-year period and the remaining funds will revert to the State.

<sup>58</sup>**Settlement Agreement**, Sec. 4.

<sup>59</sup>**Settlement Notice**, Table 1, pp. 178-179.

<sup>60</sup>**Ibid.**, Table 2, pp. 180-181. South Hill projects that during the ten-year period following the effective date of the annexation the Town will receive approximately \$3.4 million in general fund revenues, and further, will be required to expend approximately \$1.9 million from its general fund to extend non-utility governmental services to the annexed area. (**Ibid.**, Table 3, p. 182.) The estimate of Town revenues has been reduced to reflect the excess road maintenance funds that will be returned to the Commonwealth.

With respect to the impact of the proposed annexation on the Town's water and sewer fund, several points merit note. First, as noted previously, the proposed agreement requires South Hill to make certain water and sewer improvements to serve the area to be annexed, and the Town has developed a ten-year plan to construct the specified facilities.<sup>61</sup> The extension of Town utility service to the annexed area will require South Hill to expend \$2.5 million within a ten-year period following the effective date of the proposed annexation.<sup>62</sup> Town officials have indicated that the municipality anticipates issuing bonds and utilizing commercial loans from local banks to fund these utility improvements.<sup>63</sup>

Second, following the effective date of annexation, South Hill's water customers in the area annexed will be relieved of paying the surcharge imposed by the Town on nonresidents.<sup>64</sup> Since there are only 17

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<sup>61</sup>**Ibid.** Tables 1, 2, pp. 166-171.

<sup>62</sup>**Ibid.**

<sup>63</sup>The extension of water and sewerage to the annexed area, which will be completed within five years of the effective date of the proposed annexation, is estimated by the Town to cost approximately \$2.1 million and will be funded through the Virginia Resource Authority for a 30-year period. Utility capital improvements to be installed in that area within the second five-year period following annexation will require South Hill to expend an additional \$398,000, and the Town expects to fund those projects through a 10-year loan agreement with a local bank. Collectively, the Town projects that it will be required to expend approximately \$204,000 for annual debt service for the construction of water and sewer facilities as called for in the proposed agreement. In addition, the settlement also requires South Hill to apply for funds from the Virginia Department of Transportation to construct a new arterial in the annexed area, and the Town estimates that its share of the project will be approximately \$11,000 which will be funded through the municipality's general fund.

<sup>64</sup>**Settlement Notice**, Table 2, p. 89. The Town imposes a surcharge of 100% and 120% on all nonresident water and sewer customers, respectively. (**Ibid.**, Table 1, p. 88.)

connections to South Hill's utility lines located in that area, the reduction in the annual receipts by the Town's enterprise fund will be minimal. Further, during the first three years following the effective date of the annexation, the Town anticipates an overall increase in enterprise fund revenue of approximately \$188,000 from service to new water and sewer customers in the area annexed.<sup>65</sup>

Despite that additional source of revenue, however, South Hill officials have projected that the indebtedness incurred as a result of the estimated ten-year capital expenditures required to extend public utility services to the area proposed for annexation (\$2.5 million) will result in a cumulative deficit in its enterprise fund over that period of approximately \$222,000.<sup>66</sup> As a consequence, representatives of the Town have indicated that general fund revenues will be transferred to the water and sewer accounts to address the projected annual deficits.<sup>67</sup> In our judgment, however, that reliance on transfers from the Town's general fund reserves to supplement its enterprise activities, which should be supported by user fees and charges, offers only an interim solution to a locality's fiscal concerns.

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<sup>65</sup>Ibid., Table 2, pp. 180-181.

<sup>66</sup>Ibid., Table 3, p. 182. South Hill officials estimate that the water and sewer fund will incur a deficit of approximately \$177,000 over the first three years following the effective date of the proposed annexation.

<sup>67</sup>Ibid., p. 176. The Town projects that the proposed annexation will result in general fund revenues exceeding expenditures by approximately \$1.5 million for the ten-year period following the effective date of the agreement. Further, South Hill officials have indicated that for the 1998/99 Fiscal Year the Town had an unexpended balance in its general fund of approximately \$1.7 million. A portion of the latter amount has been used by the Town to construct a sewage pump station in the area proposed for annexation which is one of the capital projects called for in the proposed agreement.

The ability of the Town to meet the major water and sewer capital needs of the area proposed for annexation may also be impacted by non-annexation related utility improvements. In this regard, we note that in October 1998 South Hill and the Towns of La Crosse, Brodnax, and Boydton and the Counties of Mecklenburg and Brunswick formed the Roanoke River Service Authority (RRSA) to provide potable water to those localities, and toward that end, the Authority is in the process of constructing a 4.0 million gallon per day water treatment plant on Lake Gaston.<sup>68</sup> Once that facility is operational, South Hill is obligated to purchase water from the RRSA and to cease using its municipal water treatment plant.<sup>69</sup> A representative for South Hill has indicated that the contractual commitments to the Authority may require the Town to increase municipal water rates.<sup>70</sup>

In terms of South Hill's fiscal projections relative to its enterprise accounts, the Commission notes that the Town's methodology relies, to a significant degree, upon estimates of growth in water and sewer connection fees and user charges and on assumptions concerning the availability of low-interest loans for capital needs. While the projections and assumptions of this nature are not without uncertainty and vulnerability, and while the Town may confront significant non-annexation related water and sewer improvements in the future, it is our judgment that South Hill's estimates

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<sup>68</sup>*Ibid.*, p. 82. The RRSA water treatment plant is estimated to cost approximately \$10 million. The Authority is in the process of acquiring the land on which to construct the facility, and the treatment plant is expected to be operational by the latter part of 2001. (Whitley, communication with staff of Commission on Local Government, Apr. 10, 2000.)

<sup>69</sup>The Town is also committed to providing 75% of the initial funding for the RRSA. (*Ibid.*, pp. 83-84.) If the Authority does not construct the new facility, South Hill plans to construct a new water treatment plant to serve its needs as well as those of the Towns of La Crosse and Brodnax, and the Virginia Department of Corrections prison facilities.

<sup>70</sup>John W. Stockton, Town Manager, Town of South Hill, presentation to Commission on Local Government, Jan. 10, 2000.

are reasonable and that, based upon current data, the Town has the fiscal capacity to meet the utility needs of the area proposed for annexation. In sum, the proposed agreement presents the Town of South Hill with a reasonable balance of fiscal assets and public service liabilities.

### **Other Provisions**

Aside from the benefits that may accrue to the Town from the proposed annexation, there are two other components of the settlement agreement which affect the interest of South Hill. First, the accord reserves for future municipal annexation certain territory in the County. That area, which is identified in the agreement as the "Future Boundary Adjustment Area," contains approximately 773 acres and will be located adjacent to the eastern boundaries of the enlarged Town.<sup>71</sup> The acreage encompassed within the Future Boundary Adjustment Area is currently used for agricultural purposes and has been identified by the Town and County as containing the most suitable sites for future industrial growth in the South Hill environs by virtue of its visibility from Interstate Highway 85 and absence of environmental constraints to development.<sup>72</sup> Second, the County has agreed to amend its zoning ordinance to establish a new zoning district, known as the Agricultural Low Density District, in order to protect the Future Boundary Adjustment Area from untimely or inappropriate

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<sup>71</sup>**Settlement Agreement**, Sec. 2.5. Under the terms of the proposed settlement, the County will approve all boundary adjustment requests from South Hill to annex territory within the Future Boundary Adjustment Area if the property owners consent to be incorporated into the Town.

<sup>72</sup>**Settlement Notice**, pp. 24-25. A portion of the area reserved for future Town boundary adjustments was formerly sought for annexation by South Hill. (See **Town Annexation Notice**, Exh. B, p. 12.)

development.<sup>73</sup> The new zoning district will establish enhanced development standards to preserve the current agricultural and open space nature of the affected properties until such time as adequate roads and public utilities can be provided to enable an orderly transition to industrial and related land uses.<sup>74</sup> In sum, these various provisions are features of the proposed agreement which are, in our judgment, in the best interest of the Town of South Hill.

### INTERESTS OF THE AREA PROPOSED FOR ANNEXATION

#### Community of Interest

Another of the factors appropriate for consideration in the analysis of proposed voluntary settlements of this nature is the strength of the community of interest which joins the area proposed for annexation to the adjacent municipality. The evidence suggests that there exists a significant degree of interdependence between the Town of South Hill and the area proposed for annexation, as well as other areas adjacent to the municipality. The data reveal that the presence in the Town of numerous public, semi-public, and other facilities serving the populace of the general area increases the community of interest between South Hill and the property on its periphery. Such facilities include government agencies, schools, churches, a major medical center, various offices for professional services, and

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<sup>73</sup>**Settlement Agreement**, Sec. 3.0. The new zoning district establishes a minimum lot size for permitted uses of two acres and limits special exceptions within that district.

<sup>74</sup>The County also agrees not to change the requirements of the Agricultural Low Density District for a period of ten years following the effective date of the agreement or approve any rezoning requests within the Future Boundary Adjustment Area without the consent of the Town. Moreover, the County will amend its comprehensive plan to reflect the changes to its zoning regulations. (**Settlement Agreement**, Sec. 3.1.)

community organizations serving eastern Mecklenburg County.<sup>75</sup> Further, the Town is a focal point of economic activity in Mecklenburg County. As noted in an earlier section of this report, the nine largest businesses located in South Hill employed more than 16% of the nonagricultural wage and salary positions in Mecklenburg County overall.<sup>76</sup> In addition, as of 1997, sales by retail and wholesale establishments located in the Town comprised approximately 54% and 43%, respectively, of the total of such sales in Mecklenburg County overall.<sup>77</sup> It is reasonable to infer that the Town's commercial establishments serve to a substantial extent the needs of the residents and businesses in the areas adjacent to the municipality.

With respect to the strength and general nature of the community of interest between the Town of South Hill and its adjacent areas, two additional points should be cited. First, South Hill would be the logical source of urban-type services needed in the area proposed for annexation as it develops. The Town currently operates the only public water and sewage

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<sup>75</sup>**Settlement Notice**, pp. 126-136. The Community Memorial Health Center, which is located in the Town, is a regional medical facility serving the residents of the general area. Also located within the Town are the R. T. Arnold Public Library, County elementary and primary schools, and several State and federal government offices.

<sup>76</sup>Whitley, letter to staff of Commission on Local Government, Mar. 14, 2000; and "Covered Employment and Wages in Virginia by 2-Digit SIC Industry for Quarter Ending March 31, 1999 - Mecklenburg County (unpublished data). Statistics for Mecklenburg County to not include persons employed by any level of government.

<sup>77</sup>U. S. Department of Commerce, Bureau of the Census, **1997 Economic Census, Retail Trade, Geographic Area Series, Virginia**, Tables 3, 4; and U. S. Department of Commerce, Bureau of the Census, **1997 Economic Census, Wholesale Trade, Geographic Area Series, Virginia**, Tables 5, 7.

utility systems available to serve that area.<sup>78</sup> In addition, located within the Town is the volunteer fire department and rescue squad which serves both South Hill and almost all of the proposed annexation area.<sup>79</sup> Second, U. S. Routes 1, 58 and 58 Bypass and Interstate Highway 85, which transit the area proposed for annexation, constitute the principal "gateways" to South Hill. The quality and nature of development along those thoroughfares is of considerable significance to that municipality. On the basis of these factors, the Commission finds that the area proposed for annexation has a strong and pervasive community of interest with the Town of South Hill. Such a community of interest supports the proposed annexation.

### **Need for Urban Services**

The 2.96 square miles of territory proposed for annexation by the Town of South Hill are estimated to contain a population of 128 persons, giving the area a population density of only 43 persons per square mile. As indicated previously, portions of that area are enhanced in their development potential due to access to major thoroughfares and existing or planned public utility lines. Although the future development of the area proposed for annexation will depend upon various factors, not all of which can be controlled by either the Town or County, the ability of South Hill to meet the urban service needs of the area, especially the provision of public water and sewerage facilities, will increase the growth potential of that territory. Thus, in the Commission's judgment, the area subject to annexation by the Town will experience future commercial, industrial, and residential development and will increasingly need and benefit from the

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<sup>78</sup>Although there are currently 16 Town water customers located in the area proposed for annexation, there is only 1 municipal sewage connections in that area. (**Settlement Notice**, pp. 87, 94.)

<sup>79</sup>Part of the southeastern portion of the area proposed for annexation is served by the La Crosse Volunteer Fire Department.

urban services which can be provided by the Town.

**Water Supply and Distribution.** The Town of South Hill is the only source of treated water currently available to the residents and businesses of the area proposed for annexation.<sup>80</sup> The Town's water treatment plant utilizes the Meherrin River as its raw water source, and according to its rated capacity, can receive and treat 1.5 million gallons per day (MGD).<sup>81</sup> The Town's water distribution system required, as of 1998, 0.87 MGD, leaving the system an unused reserve of 0.63 MGD, or 42% of its permitted capacity.<sup>82</sup> With respect to its storage facilities, the Town currently owns four storage tanks which collectively hold 1.8 million gallons of water, or approximately two days supply based 1998 data for average daily demand.<sup>83</sup> The municipal distribution system currently serves 2,205 connections, with 16 of that number being located in the area proposed for annexation and an additional 98 in other areas of the County.<sup>84</sup> Further, South Hill also sells potable water to the Virginia Department of Corrections' prison facilities located near the Town of Boydton. Moreover, Boydton and the Towns of

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<sup>80</sup>Although Mecklenburg County is a member of the Roanoke River Service Authority, the County does not provide any water service to the area proposed for annexation.

<sup>81</sup>**Settlement Notice**, p. 79. The rated safe yield for the Meherrin River is 2.1 MGD.

<sup>82</sup>**Ibid.**, pp. 80, 81.

<sup>83</sup>**Ibid.**, pp. 85-86. Two additional storage tanks are under construction and an official for the Town estimates that both storage facilities will be in use by June 2000. A 500,000 gallon facility, which will be located near the Town's Northside Industrial Park, and a second tank of the same capacity which will be located near La Crosse. (Whitley, communication with staff of Commission on Local Government, Apr. 17, 2000.) Addition of those facilities to the Town's distribution system will give South Hill a total storage capacity of 2.8 million gallons.

<sup>84</sup>**Ibid.**, pp. 86-87.

Brodnax and La Crosse are taking steps to connect to South Hill's water system.<sup>85</sup> Due to projected demands for water service in the general area, in October 1998 South Hill, Mecklenburg County and four other localities formed the Roanoke River Service Authority (RRSA).<sup>86</sup> Plans call for the Authority to construct a 4.0 MGD regional water treatment plant on Lake Gaston, and South Hill will purchase potable water from the RRSA to serve all existing and future municipal water customers.<sup>87</sup>

With respect to the impact of the proposed annexation on water service in the area to be annexed, the settlement agreement between the Town and County requires South Hill to install new water lines in that area within ten years following its incorporation into the municipality.<sup>88</sup> Further,

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<sup>85</sup>**Ibid.**, p. 86. Although South Hill is committed by contract to supply a maximum of 0.25 MGD of treated water to the State's Mecklenburg Correctional Center and the Baskerville Correctional Unit, those facilities currently consume 0.13 MGD of that allocation. The Town estimates that the sale of water to La Crosse and Brodnax will increase average daily demand by approximately 0.10 MGD. (**Settlement Notice**, pp. 79 - 82.)

<sup>86</sup>The Towns of La Crosse, Brodnax, and Boydton and Brunswick County are also members of the RRSA.

<sup>87</sup>**Settlement Notice**, p. 82. Under the terms of the agreement with the RRSA, once the Authority's plant is operational, South Hill will abandon its existing facility and purchase water from the Authority for distribution. If the Authority does not construct the planned water treatment plant, however, South Hill will construct a new facility with sufficient capacity to serve its future needs as well as those of La Crosse, Brodnax, and the Virginia Department of Corrections.

<sup>88</sup>**Settlement Agreement**, Sec. 4.0, Exh. C, and **Settlement Notice**, pp. 166-171. The Town estimates that it will spend approximately \$410,000 over a ten-year period to extend water service to the annexed area as required by the proposed agreement. (Whitley, letter to staff of Commission on Local Government, Mar. 14, 2000.) The Commission notes, however, that all but one of the water system projects designed to serve that area will be completed within five years of the effective date of the proposed annexation.

since the Town places a surcharge on its connection fees and water rates for nonresident customers, the proposed annexation will result in reduced charges for water service for those residents and businesses in the annexed area.<sup>89</sup> In sum, the proposed annexation will result in the extension of water lines to serve additional connections in the annexed area and lower water rates for existing and future customers in that area.

**Sewerage.** The Town of South Hill's sewage treatment plant has a permitted capacity of 2.0 MGD and received in 1998 an average daily flow of 0.84 MGD, leaving the facility an excess capacity of 1.16 MGD, or 58% of its rated capacity.<sup>90</sup> South Hill's present sewage collection system consists of 11 pump stations and approximately 50 miles of gravity lines and force mains located within and beyond its present boundaries. The Town's sewage collection system provides service to 1,598 connections, including one located in the area proposed for annexation.<sup>91</sup> Further, the Town's wastewater facility recently began to receive and treat effluent emanating from the Towns of La Crosse and Brodnax pursuant to a contract with those two localities.<sup>92</sup>

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<sup>89</sup>**Settlement Notice**, p. 89. Non-resident customers of the Town's water system pay a monthly surcharge of 100%.

<sup>90</sup>**Ibid.**, p. 91. The Town has recently implemented a program to reduce the infiltration of groundwater and inflow of stormwater into its sewer lines which has had the effect of increasing the effluent which can be treated at that facility. (**Ibid.**, pp. 91, 92.)

<sup>91</sup>**Ibid.**, p. 94; and Whitley, communication with staff of Commission on Local Government, Apr. 17, 2000. According to data provided by South Hill, municipal sewerage serves approximately 95% of the properties within the Town's current boundaries.

<sup>92</sup>Over the first six months of 1999, sewage from La Crosse and Brodnax constituted approximately 7.5% of total effluent treated at South Hill's facility.

In terms of the interests of the area proposed for annexation, the Town of South Hill is the only source of sewage treatment presently available to serve that area. Residents and businesses located in that area not served by the Town are dependent on individual septic tanks.<sup>93</sup> Under the terms of the proposed agreement, the Town will extend its sewage collection lines into the area annexed within ten years following the effective date of the annexation.<sup>94</sup> In the Commission's judgment, the area proposed for annexation should benefit from the extension of the Town's central sewage collection and treatment facilities, and the need for such facilities will increase with the further development of that area.

**Solid Waste Collection and Disposal.** The Town of South Hill provides solid waste collection services on a fee basis to its residents and commercial concerns.<sup>95</sup> South Hill residents are charged \$7.00 per month for twice weekly collection service, with the fee for businesses based on the frequency of collection and volume of refuse. Town residents not utilizing the municipal service also have the option of disposing of their household wastes

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<sup>93</sup>According to South Hill officials, the Town has no information concerning septic system failures or water well contamination problems in the area proposed for annexation. (Town of South Hill, **Supplemental Filing, Supporting Data for Town of South Hill Annexation Notice**, September 1, 1999, p. 8.)

<sup>94</sup>**Settlement Agreement**, Sec. 4.0, Exh. C, and **Settlement Notice**, pp. 166-171. South Hill projects that the sewer extension projects called for in the settlement agreement will require the Town to expend approximately \$1.2 million over the ten-year period following the effective date of the proposed annexation. (Whitley, letter to staff of Commission on Local Government, Mar. 14, 2000.) As was the case with the planned water system improvements, almost all of the sewerage projects designed to serve the annexed area will be completed within five years of the effective date of the proposed annexation.

<sup>95</sup>**Settlement Notice**, pp. 98-99. The Town also provides periodic collections of leaves and large, bulky items.

at the bulk container sites operated by Mecklenburg County.<sup>96</sup> In terms of disposal, South Hill utilizes the Mecklenburg County landfill, which is located approximately four miles east of the Town of Boynton.<sup>97</sup>

Although Mecklenburg County offers refuse collection services to commercial establishments, the County does not provide a similar service to individual residences.<sup>98</sup> County residents can, however, dispose of their household wastes at the County landfill or through the use of bulk containers located throughout its territory.<sup>99</sup>

In terms of the impact of the proposed agreement on solid waste collection services in the area proposed for annexation, South Hill has indicated its intention to provide residences and businesses in that area with the same level of service and frequency of collections as it currently

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<sup>96</sup>There is no charge for South Hill residents to use the County's disposal sites. The Commission notes that five of those sites are located within close proximity to Town. (**Settlement Notice**, p. 99; and Carter, communication with staff of Commission on Local Government, Feb. 22, 2000.)

<sup>97</sup>Carter, communication with staff of Commission on Local Government, Feb. 22, 2000. Although the County's landfill is expected to reach capacity in 2006, Mecklenburg County is taking preliminary steps to construct a new facility which would have an expected life span of more than 50 years. (Haley, letter to staff of Commission on Local Government, Jan. 7, 2000.)

<sup>98</sup>The County only provides commercial refuse disposal services to 35 customers throughout its jurisdiction and none of those firms are located in the area proposed for annexation. (**Ibid.**)

<sup>99</sup>Carter, communication with staff of Commission on Local Government, Feb. 22, 2000. The County operates 170 bulk container collection sites located throughout the County.

provides within the Town.<sup>100</sup> In the Commission's judgment, the provision of regular municipal solid waste collection services promotes the utilization of the services, reduces the incidence of illegal disposal, and has a salutary effect on the overall community. Moreover, as areas adjacent to South Hill increase in development, the Town's solid waste collection services will grow in significance.

**Planning, Zoning, and Subdivision Regulation.** The Town of South Hill conducts its public planning efforts with the assistance of a planning commission and a comprehensive plan which was last revised and adopted in 1997.<sup>101</sup> Further, the Town has zoning and subdivision ordinances to assist in the management of its physical development. The Town's current zoning ordinance was adopted in 1974 and periodically revised since that date.<sup>102</sup> South Hill's subdivision ordinance, which was adopted in 1980, requires developers to meet the standards of the Virginia Department of Transportation with respect to the construction of new roads, prohibits the development of private streets, mandates the connection to Town utilities where such are available, and establishes criteria for the installation of curbs, gutters, and sidewalks.<sup>103</sup> By virtue of an exception in the Code of Virginia, South Hill's subdivision regulations apply within that portion of the County

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<sup>100</sup>South Hill does not anticipate the need for additional personnel or equipment to extend solid waste pickup to the area proposed for annexation during the first three years following the effective date of the agreement. (**Settlement Notice**, p. 163.)

<sup>101</sup>**Ibid.**, p. 103.

<sup>102</sup>**Ibid.**, p. 104. According to South Hill officials, the Town is in the process of revising its current zoning ordinance. (Whitley, presentation to Commission on Local Government, Jan. 10, 2000.)

<sup>103</sup>Town of South Hill, Virginia, **Code of the Town of South Hill, Virginia** (Ch. 74, "Subdivisions"), Oct. 13, 1997; and **Settlement Notice**, p. 105.

within two miles of the Town's current boundaries.<sup>104</sup> At the present time, the Town has a full-time building codes official and a part-time planner to assist in the administration and management of its planning and development control instruments.<sup>105</sup>

Mecklenburg County has an established planning commission and utilizes a comprehensive plan which was adopted in 1993.<sup>106</sup> The County also utilizes a zoning ordinance which was adopted initially in 1990 and revised in 1998.<sup>107</sup> In addition, the County administers a subdivision ordinance which was last revised in 1995.<sup>108</sup> Although the Mecklenburg County subdivision ordinance contains elements similar to those of the Town, the County's regulations permit, in certain instances, the establishment of private streets.<sup>109</sup> In addition, the County employs a full-time planner to assist in the day-to-day management of the development

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<sup>104</sup>See Chapter 47, Acts of the Assembly, 1980.

<sup>105</sup>The Town's building codes official also serves as its zoning administrator.

<sup>106</sup>Although Section 15.2-2230 of the Code of Virginia requires comprehensive plans to be reviewed at least once every five years by the local planning commission, there is no evidence that Mecklenburg County has reviewed its comprehensive plan for updating. The Commission notes, however, that the County is in the process of revising its comprehensive plan. (Haley, letter to staff of Commission on Local Government, Jan. 7, 2000; and **Mecklenburg County Responsive Pleadings**, p. 19.)

<sup>107</sup>County of Mecklenburg, **Zoning Ordinance, Mecklenburg County, Virginia.**

<sup>108</sup>County of Mecklenburg, **Subdivision of Land.**

<sup>109</sup>Because of South Hill's extraterritorial subdivision control authority, however, no plat can be recorded within two miles of the Town unless the location and dimension of any street have met the requirements and specifications of that municipality's subdivision ordinance. [See Sec. 74-127(c), **Code of the Town of South Hill, Virginia.**]

control processes in the County.<sup>110</sup>

Following the effective date of annexation, the Town will extend its comprehensive planning and its other regulatory instruments to the annexed area. While the Commission sees the need for revisions to the Town's planning and development control instruments, the application of municipal policies, which are designed to address the needs of urban and urbanizing areas, should result in a more consistent and comprehensive approach to managing future growth and in protecting the distinctive features of the South Hill area.

The Town's current planning and development instruments do, however, have two deficiencies which reduce their appropriateness for the area proposed for annexation. First, although South Hill currently has within its boundary active agricultural operations, and while the proposed agreement calls for the annexation of additional agricultural properties, the Town should have a zoning district which will appropriately protect such properties from the incursion of incompatible uses.<sup>111</sup> Second, the Town's instruments fail to include an adopted five-year capital improvements plan to coordinate the provision of public facilities consistent with the comprehensive plan.

**Crime Prevention and Detection.** Since law enforcement activities by towns augment those provided by a county's sheriff's department, the proposed annexation by the Town of South Hill will have the effect of providing additional and intensified law enforcement services to the

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<sup>110</sup>**Mecklenburg County Responsive Pleadings**, p. 18.

<sup>111</sup>The stated purpose of the Town's Agricultural Zoning District is to provide "...for the orderly expansion of urban development into territory surrounding presently urbanized areas...." (Sec. 94-221, **Code of the Town of South Hill, Virginia.**)

residents and commercial entities in the annexed area. The Town presently has 18 full-time sworn personnel, 14 of whom are regularly assigned patrol responsibility.<sup>112</sup> This level of staffing is sufficient to maintain on duty a minimum of three officers per patrol shift.<sup>113</sup> It should also be noted that the Town maintains an organized crime prevention program, with a portion of two officers' time consumed by those services.<sup>114</sup> The Town's law enforcement efforts are, as noted previously, assisted by the activities of the Mecklenburg County Sheriff's Department with its total complement of 40 sworn officers, of whom 14 are regularly assigned patrol responsibility.<sup>115</sup>

In order to extend its law enforcement services to the area annexed, South Hill proposes to add two patrolmen to the police department.<sup>116</sup> Although the Commission has no knowledge of any unmet law enforcement needs in the area proposed for annexation, the extension of the Town's law enforcement services to the annexed area will benefit that area, particularly as further development occurs.

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<sup>112</sup>Settlement Notice, p. 108. The Town also maintains its own dispatch center for non-emergency calls for service, which operates in conjunction with the County's 911 center.

<sup>113</sup>Response time for emergency calls for service averages approximately five minutes. (Ibid.)

<sup>114</sup>Ibid., p. 109. The Town's crime prevention programs include the Drug Abuse Resistance Education program, organized neighborhood watches, and the citizen's police academy.

<sup>115</sup>Mecklenburg County Responsive Pleading, p. 19; and Haley, letter to staff of Commission on Local Government, Jan. 7, 2000. At present, the South Hill Police Department does not routinely respond to calls for service in the area proposed for annexation but does assist the County Sheriff's department upon request. The Commission notes that the Mecklenburg County Sheriff's Department also has an active crime prevention program. (Settlement Notice, p. 110.)

<sup>116</sup>Ibid., p. 163.

**Public Works.** The proposed annexation will result in the application of the Town's policies and procedures for the construction and maintenance of various public works in the annexed area. Those various policies and procedures are, in our view, properly designed to meet the needs of urbanizing areas and should be increasingly beneficial as the areas incorporated into the Town develop in the future.

First, the Town of South Hill will assume responsibility for the construction and maintenance of roads in the annexed area. The ability of the Town to schedule and administer the maintenance of its public thoroughfares, as well as its demonstrated willingness to appropriate and expend local funds for that purpose, will, in our judgment, benefit the annexed area. With respect to the latter point, the data indicate that between FY1994/95 and FY1998/99, South Hill expended approximately \$1.6 million of local funds to improve and maintain approximately 38 miles of public roadway within its corporate boundaries.<sup>117</sup> The proposed annexation will add approximately five miles of roadway to the Town's street network, almost all of which qualify for State maintenance payments.<sup>118</sup> South Hill has indicated that it is prepared to assume responsibility for the maintenance of all the public thoroughfares in the area annexed.<sup>119</sup>

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<sup>117</sup>Whitley, facsimile transmission to staff, Commission on Local Government, Apr. 10, 2000. The Town's expenditures for street maintenance also include the costs for snow removal within its jurisdiction. (**Settlement Notice**, p. 118.)

<sup>118</sup>**Ibid.**, p. 119. In the area proposed for annexation, only an approximately 1000 foot unpaved segment of Hillsman Road does not qualify for State road maintenance payments. (Whitley, communication with staff of Commission on Local Government, Apr. 10, 2000.)

<sup>119</sup>**Settlement Notice**, p. 164. South Hill has indicated that its existing public works personnel and equipment complement are sufficient to serve the annexed area in the immediate future. The Commission notes, however, that the proposed agreement calls for the Town to apply to the Virginia Department of Transportation within two years following the effective date

Second, South Hill will assume full responsibility for snow removal from public thoroughfares in the area proposed for annexation.<sup>120</sup> With respect to its snow removal services, the Town adheres to a policy that gives priority to major thoroughfares and the central business district, with other areas receiving deferred treatment. Town officials have stated that upon annexation, the municipality can extend appropriate snow removal services to the annexed area.

Third, the Town of South Hill adheres to a policy by which it will in qualifying circumstances install, maintain, and operate streetlights at public expense.<sup>121</sup> At the present time there are 503 publicly funded streetlights within the Town's corporate limits.<sup>122</sup> In order to extend this public service to the annexed area, the Town proposes to install and operate, at public expense, approximately 29 streetlights at appropriate locations in that area.<sup>123</sup> Streetlights are, in our judgment, a positive factor in traffic control, pedestrian safety, and crime prevention. Again, the area proposed for annexation will benefit from the application of the Town's policies regarding the installation and operation of these facilities.

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of the annexation for construction funds to extend Raleigh Avenue to Goodes Ferry Road which transits a portion of the annexed area. If the funding request is approved by the State, the Town will be required to provide 10% of the total cost of the project, and South Hill estimates that its share of the construction cost will be approximately \$11,000.

<sup>120</sup>**Ibid.**, p. 165.

<sup>121</sup>**Ibid.**, p. 120.

<sup>122</sup>**Ibid.**

<sup>123</sup>**Ibid.**, p. 164. South Hill proposes to complete the installation of the new streetlights in territory annexed within three years following the effective date of the agreement. Currently, there are no publicly funded streetlights in the area proposed for annexation.

**Other Service Considerations.** The Commission notes that with respect to fire prevention and protection, residents of the area proposed for annexation will not experience any immediate change in service levels as a result of their incorporation into South Hill. In this regard, we observe that the Town and Mecklenburg County jointly support the South Hill Volunteer Fire Department (VFD).<sup>124</sup> That department, which has a complement of approximately 35 volunteers, serves the Town and adjacent territory, including almost all of the area proposed for annexation.<sup>125</sup> The fire suppression capabilities of the South Hill VFD and the Town's water distribution system are such that properties within the municipality, as well as those portions of the area proposed for annexation which are located within 1,000 feet of a fire hydrant, are classified "5" by the Insurance Services Office (ISO) of Virginia in terms of their exposure to fire loss.<sup>126</sup>

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<sup>124</sup>Between FY1994/95 and FY1998/99, the Town contributed approximately \$911,000 for capital and operating purposes to the South Hill VFD. (*Ibid.*, p. 112.) During that same period, Mecklenburg County provided approximately \$143,000 to support the capital and operating costs of the VFD. (Haley, letter to staff of Commission on Local Government, Jan. 7, 2000.)

<sup>125</sup>The Commission notes that the southeastern portion of the area proposed for annexation is within the first-run coverage area of the La Crosse Volunteer Fire Department and over the past five fiscal years, the County has provided approximately \$57,000 to support the capital and operating costs of that fire company. (*Ibid.*, p. 111; and Haley, letter to staff of Commission on Local Government, Jan. 7, 2000.) In addition to the South Hill and La Crosse fire departments, Mecklenburg County also provides financial support to ten other fire companies that provide fire protection services to County residents.

<sup>126</sup>**Settlement Notice**, p. 111. The ISO classification is based on a scale of "1" to "10" for comparison with other municipal fire protection systems and represents an indication of a system's ability to defend against the major fire which may be expected in any given community. Where protection class "10" is assigned, there is no or minimal protection. Protection class "1" represents a fire protection system of extreme capability. The principal features used by ISO in grading a community's fire system are water supply, fire department, fire communications, and fire safety control. [John L. Bryan and Raymond C. Picard, **Managing Fire**

Other properties more distant from a fire hydrant have an ISO classification of "9".<sup>127</sup> Future plans of the Town to extend its water distribution system within the annexed area should result in improved fire protection to the affected properties and, in some cases, in reduced fire insurance premiums.<sup>128</sup>

### **Summary of Service Needs**

In the preceding sections of this report, the Commission has endeavored to analyze the existing and prospective urban service needs of the area proposed for annexation and the ability of the Town of South Hill to meet those needs. On the basis of the data cited previously, we find that the area proposed for annexation will benefit from the extension of Town services and policies. Further, the Town is capable, in our judgment, of meeting the future needs of that area as it develops.

### **INTERESTS OF THE COUNTY OF MECKLENBURG**

While the annexation proposed in the agreement negotiated by the Town of South Hill and Mecklenburg County will result initially in a modest constriction of County revenues, it will have, in our judgment, a long-term positive impact on both jurisdictions. Although the proposed annexation will not affect the County's property tax receipts, it will modestly reduce the

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**Services** (Washington, DC: International City Management Association, 1979), p. 102.]

<sup>127</sup>Currently, there are 4 fire hydrants in the area proposed for annexation that are connected to the Town's water lines.

<sup>128</sup>Although the proposed agreement calls for the Town to install certain water facilities in the area annexed within ten years following the effective date of annexation, all but one of those projects are scheduled to be completed within five years of that date.

County's collections from some of its secondary revenue sources.<sup>129</sup> Estimates developed by the Town indicate that the proposed agreement will result in the County's loss during the first year after annexation of approximately \$8,235 in general fund revenues.<sup>130</sup> That estimated revenue loss constitutes an amount equal to only 0.05% of the County's total general fund receipts during FY1997/98.<sup>131</sup> Further, a provision in the proposed agreement which calls for South Hill to compensate the County for its loss of certain revenues resulting from the Town's annexation would more than offset even that minimal reduction in County revenues. Under the terms of the interlocal settlement, the Town is required to make an annual payment to the County of \$10,000 for five years following the effective date of the annexation.<sup>132</sup> Moreover, upon annexation the Town will assume responsibility for providing certain municipal services to the annexed area, such as law enforcement, planning, and development control, which should reduce to some degree the demand on County staff and resources.

In terms of the overall and long-term impact on the County, the proposed annexation will permit the Town to benefit from an immediate infusion of fiscal resources, will provide the municipality land for future development, and will, accordingly, improve the Town's ability to serve the general area. The Town's increased capacity for the provision of public

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<sup>129</sup>**Settlement Notice**, pp. 155-158. Those revenue sources include local sales and use taxes, franchise fees, and motor vehicle license taxes, as well as non-categorical aid from the State from ABC profits and wine taxes and mobile home titling taxes.

<sup>130</sup>**Ibid.**

<sup>131</sup>During that period, the County had total general fund receipts of approximately \$16.4 million. (Creedle Jones & Alga, **County of Mecklenburg, Virginia, Report on Audit of Financial Statements, Years Ended June 30, 1998 and 1997**, Schedule 1.

<sup>132</sup>**Settlement Agreement**, Sec. 5.

services can be a positive factor in supporting and properly managing desirable development in the County. In brief, the enhanced fiscal viability of the Town will be a positive factor in strengthening the economy of the general area, with economic benefits accruing to the citizens of Mecklenburg County generally.

Aside from the proposed annexation, there are two other elements of the proposed settlement which affect the interests of Mecklenburg County. First, the agreement contains a provision by which South Hill agrees not to initiate any subsequent annexation actions for a ten-year period following the effective date of the currently proposed boundary expansion.<sup>133</sup> That provision can be beneficial in allowing Mecklenburg County, as well as South Hill, an opportunity to become acclimated to the extension of the Town's boundaries and ensures time for deliberate adjustment to changing circumstances. Second, the agreement commits the Town to the construction of specified public improvements in the area proposed for annexation during the ten-year period following the effective date of the annexation. Those commitments will enable the area proposed for annexation to receive the public services required for its proper development. In sum, these various provisions, coupled with the long-term positive impact of the proposed annexation, are features of the settlement which are, in our judgment, in the best interest of Mecklenburg County.

### **INTERESTS OF THE COMMONWEALTH**

The Commission notes that the Town of South Hill - Mecklenburg County agreement is the product of negotiations conducted under a State-

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<sup>133</sup>**Settlement Agreement**, Secs. 2.5-2.7. Under the terms of the settlement, however, the County will approve requests from South Hill to incorporate within its enlarged boundaries portions of the "Future Boundary Adjustment Area" if the Town has the consent of the affected property owners.

established process which encourages the settlement of interlocal issues. By the establishment of this negotiation process the State has expressed its desire for local governments to effect a resolution of their interlocal concerns within the parameters established by law. This agreement, which constitutes a locally effected reconciliation of the needs and interests of the Town and County, is consistent with the interest of the Commonwealth in the promotion of negotiated settlements.

The principal interest of the State in the resolution of this and all other interlocal issues subject to the Commission's review is, in our view, the preservation and promotion of the viability of the affected local governments. As previous sections of this report have indicated, the annexation provision in the proposed settlement agreement will afford South Hill with an opportunity to extend its boundaries and to increase its fiscal resources. The increased viability of the Town of South Hill, which has historically played a significant role in northeastern Mecklenburg County with its utilities and other urban services, will enhance its capacity to serve the general area. In sum, the Commission finds that the proposed agreement, fashioned by the governing bodies of the Town and the County, is consistent with the interest of the Commonwealth in the promotion and preservation of the viability of Virginia's local governments.

### **FINDINGS AND RECOMMENDATIONS**

In the preceding sections of this report the Commission has reviewed a proposed agreement negotiated by the Town of South Hill and Mecklenburg County addressing the interests of the two jurisdictions. Based on that review, we find the agreement promotive of the viability of both jurisdictions and consistent with the best interests of the Commonwealth. Accordingly, we recommend the court's approval of the agreement as presented. While finding the agreement in the best interest of the

Commonwealth, there are three related issues which we are obliged to address.

### Boundaries of Area Proposed for Annexation

By oral testimony received at the public hearing on January 10, 2000 and by a number of written submissions, the Commission was urged to recommend the exclusion of certain parcels of land from the area proposed for annexation.<sup>134</sup> The requests for exclusion of those properties rest upon the contention that the individual tracts have no need of municipal services and would derive no benefit from incorporation into South Hill. After extensive consideration of these contentions, the Commission is unable to find any appropriate basis for proposing the exclusion of these properties from the area to be annexed. The Commission notes that the proposed annexation boundaries constitute a rational basis for corporate lines and embrace a reasonably compact body of land. Further, the inclusion of the properties in question in the area proposed for annexation does not appear to be arbitrary in light of existing and planned municipal services in the general area.<sup>135</sup> Furthermore, the properties which would be brought into

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<sup>134</sup>Almost all of the properties in question are located in that portion of the area proposed for annexation identified in the agreement as Area 5 and have frontage along State Route 903 (Goodes Ferry Road). Area 5 is located adjacent to the Town's current southern borders and encompasses the U. S. Route 58 Bypass. Further, Goodes Ferry Road constitutes one of the two access points to that recently completed thoroughfare.

<sup>135</sup>The Commission notes that a water main owned by South Hill transits almost the entire length of Goodes Ferry Road in the area proposed for annexation and that there are nine properties along that thoroughfare that are non-resident water customers of the Town. (Settlement Notice, Exh. 5; and Whitley, communication with staff of Commission on Local Government, Apr. 17, 2000.) Further, while a Town sewage collection line is currently located in the northeastern portion of Area 5, there is only one parcel along Goodes Ferry Road connected to that facility. Under the terms of the proposed agreement, however, South Hill is required to install in that area 10,700 feet of sewer lines and force mains and construct a new pump

the Town by the proposed agreement have no unique features which would distinguish them from properties historically annexed by Virginia municipalities. In sum, the Commission finds no appropriate basis for recommending, without the joint agreement of the Town and the County, any modification of the proposed annexation boundary line.

### **Protection of Agricultural Properties**

The General Assembly has declared that it is the policy of the Commonwealth of Virginia to preserve the State's agricultural properties.<sup>136</sup> Consistent with that policy, the Commission recommends that the Town of South Hill establish by ordinance a use value assessment program for the protection of the agricultural, forestal, horticultural, and open space property which may be annexed immediately or in the future pursuant to the terms of the agreement. Alternatively, since these active agricultural lands may not require the level of services needed by the area annexed generally, the Town should consider the use of reduced tax rates on such properties for a period of time as authorized by Section 15.2-3219 of the Code of Virginia. In addition to the establishment of a use value assessment program, the Commission recommends that the Town of South Hill amend its zoning ordinance to establish an agricultural zoning district which would prohibit incompatible uses within that district even on a conditional basis. The protection of such properties not only is of benefit to the owners of those parcels, but it serves the general community by enhancing its diversity and physical attractiveness.

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station within the first five years of the effective date of the annexation, and further, to install an additional 2,500 feet of water line and 2,500 feet of sewerage within the subsequent five-year period following annexation. (**Settlement Agreement**, Sec. 4.0; and **Settlement Notice**, pp. 170-171.)

<sup>136</sup>Sec. 15.2-4301, Code of Va.

### Fiscal Management

The Town has indicated that it intends to address, in part, a projected deficit in its enterprise accounts following the proposed annexation by transfers from its general fund. We recommend that the Town not adhere to this practice on a continuing basis, but that it take appropriate steps to have its enterprise activities be self-supporting. To that end, South Hill might consider increasing its user charges and connection fees for both water and sewer, with an accompanying increase in the surcharge for nonresidents. This Commission also strongly recommends that the Town adopt and annually revise a capital improvements program as authorized by Section 15.2-2239 of the Code of Virginia.<sup>137</sup> The physical enlargement of the Town and the extension of its services into annexed areas underscore the need for the adoption and utilization of such a planning instrument.

### OBSERVATIONS REGARDING AGREEMENTS WITH TOWN OF LA CROSSE

An integral component of the settlement between South Hill and Mecklenburg County are the agreements negotiated between the County and the Town of La Crosse. Those include the boundary line adjustment agreement, which was effected on January 1, 2000, as well as the accompanying "Memorandum of Understanding."<sup>138</sup> Various provisions in

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<sup>137</sup>Section 15.2-2239 of the Code of Virginia authorizes local planning commissions to prepare and revise annually a five-year capital improvements program, based on the comprehensive plan of the locality, for submission to the governing body or chief administrative officer of the affected jurisdiction. The adoption of a capital improvements program assists localities in the proper implementation of their development control measures.

<sup>138</sup>See **Boundary Change Agreement Between the Town of La Crosse and the County of Mecklenburg**; and **Memorandum of Understanding Concerning Tax Revenues and Utility Services Between the Town of La Crosse and the County of Mecklenburg** (hereinafter cited as **Memorandum of Understanding**).

the latter document purport to commit La Crosse to certain future actions affecting the area annexed under the terms of the former accord.<sup>139</sup> We note that while the La Crosse - Mecklenburg County boundary line adjustment was sanctioned by the Mecklenburg County Circuit Court pursuant to statutory requirements, the Memorandum of Understanding has not been reviewed by the courts or this Commission. Further, components of that agreement conflict with well established restrictions on the authority of local governing bodies to bind the hands of their subsequently elected successors and are, therefore, unenforceable upon the Town. Indeed, a provision of the Memorandum of Understanding acknowledges that the present town council cannot "...impose a binding legal obligation on future members..." of the La Crosse governing body, but the commitments in the agreement represent a "continuing intention and moral obligation" which are "fair and reasonable in view of the [Mecklenburg County] Board's approval of the Boundary Change Agreement."<sup>140</sup>

### CONCLUDING COMMENT

The Commission on Local Government is cognizant of the intensive and extended effort required by the officials of the Town of South Hill and Mecklenburg County to negotiate the agreement before us. The Town of South Hill has played a major role in the economic life of Mecklenburg County for almost 100 years and has supported development in its general area by its utility services and by the other community and commercial entities sustained within the municipality. The general viability of the Town of South Hill is an issue of concern to both jurisdictions, and this agreement

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<sup>139</sup>For example, Section 3 of the **Memorandum of Understanding** requires La Crosse to share with the County in perpetuity a portion of its local option sales tax receipts following the effective date of the boundary line adjustment.

<sup>140</sup>**Ibid.**, Sec. 5.

will serve to promote that viability. We commend the officials of the two jurisdictions for their public leadership and for the interlocal agreement which they have negotiated.

Respectfully submitted,

  
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Peter T. Way, Chairman

  
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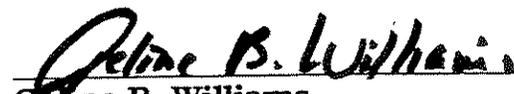
James E. Kickler, Vice Chairman

  
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James J. Heston

  
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Frank Raflo

  
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Gene B. Williams

VOLUNTARY SETTLEMENT AGREEMENT  
BETWEEN THE TOWN OF SOUTH HILL  
AND THE COUNTY OF MECKLENBURG

This Agreement is made and entered into this 13<sup>th</sup> day of December, 1999, by and between the Town of South Hill, an incorporated town of the Commonwealth of Virginia (the "Town") and the County of Mecklenburg, a political subdivision of the Commonwealth of Virginia (the "County").

RECITALS

WHEREAS, the Town has determined that it needs to expand its current boundaries to include unincorporated territory within the County to acquire vacant land suitable for development and to obtain additional tax resources.

WHEREAS, the Town Council and County Board of Supervisors have determined that such a change of boundaries, subject to certain other terms and conditions, will benefit the citizens of the Town and of the County.

WHEREAS, the Town and the County, pursuant to Chapter 34 of Title 15.2 of the Code of Virginia, as amended, have reached a voluntary settlement which provides for the annexation of certain territory, for future boundary adjustments, for the temporary waiver of certain annexation rights, for certain land use arrangements, for the construction of certain infrastructure capital improvements, for certain revenue sharing arrangements, and for other terms and conditions.

## AGREEMENT

NOW, THEREFORE, in consideration of the material covenants and promises contained herein, the parties agree as follows:

### Section 1.0 – Definitions

The parties agree that the following terms as used in this Agreement shall have the meaning set forth below.

1.1 “Code” means the Code of Virginia of 1950, as amended. A reference to a specific Code provision shall mean the Code provision as it existed on the date of the execution of this Agreement, or any successor provisions should the Code be amended after the execution of this Agreement.

1.2 “Commission” means the Commission on Local Government.

1.3 “County” means the County of Mecklenburg.

1.4 “Court” means the special three-judge court appointed by the Supreme Court of Virginia pursuant to Chapter 30 of the Title 15.2 of the Code.

1.5 “Section” refers to parts of this Agreement unless the context indicates that the reference is to sections of the Code.

1.6 “Town” means the Town of South Hill.

### Section 2.0 – Annexation/Terms and Conditions

2.1 Annexation. The corporate boundaries of the Town shall be modified and adjusted by the annexation to the Town of certain unincorporated territory in the County consisting of seven separate areas (the “Annexation Areas”) which are depicted on the Map attached as Exhibit A. The Annexation Areas can be generally described as follows:

- A. Area 1. Route 1 North. Approximately 285 acres.
- B. Area 2. Route 1 and Interstate 85 intersection. Approximately 307 acres.
- C. Area 3. Area east of Interstate 85 and north of the Interstate 85 and Route 58 intersection. Approximately 149 acres.
- D. Area 4. Area in the vicinity of the Interstate 85 and Route 58 intersection. Approximately 301 acres.
- E. Area 5. Route 58 Bypass Corridor. Approximately 796 acres.
- F. Area 6. Small parcel surrounded by incorporated territory comprised of approximately three (3) acres.
- G. Area 7. Area consisting of any portion of the Interstate 85 right-of-way that is not currently within Town limits or that is not included in Area 4 reaching from the Northern-most to the Southern-most Town limits as agreed in this Agreement, comprising approximately 51 acres.

The Annexation Areas contain a total of approximately 1892 acres.

2.2 Effective Date of Annexation. The annexation provided for in Section 2.1 will become effective at midnight, June 30, 2000, except as provided below. If the Court has not entered an order approving and affirming this Agreement on or before June 30, 2000, then the annexation shall become effective at midnight on the last day of the calendar quarter in which the Court enters such order.

2.3 Survey. The Town shall cause the Annexation Areas to be surveyed, platted and appropriately monumented at the Town's expense. A plat of each Annexation Area shall be submitted to the Court and shall be incorporated in the final order approving and implementing this Agreement, and thereafter recorded in the Circuit Court Clerk's office.

2.4 Extension of Municipal Services. The Town agrees that, upon the effective date of the annexation provided herein, it will extend general municipal services (including, for example, police protection, solid waste collection, and subdivision and zoning controls) to the Annexation Areas on the same basis as such services are now or hereafter provided to the areas within the Town's current corporate limits where like conditions exist.

2.5 Future Boundary Adjustment Area. The Town believes that the area east of Interstate 85 between Annexation Area 2 and Annexation Area 3, and shown on the attached Exhibit A as the "Future Boundary Adjustment Area," is a suitable site for future industrial development and the extension of Town services into the area.

The parties agree that the Town may initiate Boundary Adjustments for areas contiguous to the Town within the Future Boundary Adjustment Area by delivering to the County a Boundary Change Agreement and an implementing Order conforming to the requirements of Chapter 31 of Title 15.2 of the Code. The Town shall also submit a statement signed by all property owners in the area subject to the Boundary Adjustment stating their consent to the Boundary Adjustment. At any time prior to the tenth anniversary of the effective date of the annexation, upon receipt of such documents, the County shall forthwith approve the requested Boundary Adjustment and shall cooperate with the Town to seek Court approval of the Boundary Adjustment as set forth in Chapter 31 of Title 15.2 of the Code. After such tenth anniversary, the County shall have no duty to approve a Boundary Adjustment initiated by the Town but shall give due consideration to each such proposal.

2.6 Partial Waiver of Annexation Rights. The Town agrees that it will not institute, participate in, or financially support any proceedings to annex, including any landowner - initiated annexations, any portion of the County for a period of ten years from the effective date

of the annexation; provided, however, that this partial waiver of annexation rights shall not restrict the Town from any of the following:

- a. One or more Boundary Adjustments in the Future Boundary Adjustment Area pursuant to § 2.5 above.
- b. Requesting the County's approval to any voluntary boundary adjustment outside the Future Boundary Adjustment Area except with respect to the "Reserved Area" as provided in § 2.7 below.
- c. Any action that is consistent with the provisions of § 2.7 below concerning the "Reserved Area."

2.7 Boundary Change and Expansion Restrictions Applicable to Reserved Area Between Town of South Hill and Town of La Crosse. The County agrees that it will not enter into a boundary change agreement pursuant to Article 2, Chapter 31 of Title 15.2 of the Code (§ 15.2-3106, et seq.) or a voluntary settlement agreement pursuant to Chapter 34 of Title 15.2 (§ 15.2-3400, et seq.) with the Town of La Crosse or the Town of South Hill for a period of ten years from the effective date of the annexation with respect to the area identified as the "Reserved Area" on the map attached as Exhibit A. However, this section shall not prohibit:

(a) A boundary adjustment by the Town of South Hill or the Town of La Crosse if (1) all of the property owners in the Reserved Area consent to the proposed boundary adjustment, and (2) the Board of Supervisors of the County approves the proposed boundary adjustment pursuant to Article 2, Chapter 31 of Title 15.2 of the Code; or

(b) A voluntary settlement agreement pursuant to Chapter 34 of Title 15.2 (§ 15.2-3400, et seq.) if one or more voters or property owners in the Reserved Area files a petition pursuant to § 15.2-3203 for annexation to the Town of La Crosse or the Town of South Hill.

2.8 La Crosse Boundary Adjustment. The Town shall endorse an order consenting to the dismissal with prejudice of the declaratory judgment action styled Town of South Hill v. County of Mecklenburg and Town of La Crosse, Circuit Court of Mecklenburg County, Case No. 99-77, and further consenting to the entry of an order implementing the Boundary Change Agreement Between the Town of La Crosse and the County of Mecklenburg dated April 12, 1999, subject to the exclusion of the areas agreed to in the La Crosse/South Hill agreement, as specified in the Map attached as Exhibit F.

### Section 3.0 – Land Use Provisions

3.1 New County Zoning District. The parties recognize that the area east of Interstate 85 and subject to future boundary adjustment pursuant to Section 2.5 of this Agreement may experience development in the future and that reasonable steps are appropriate to preserve the agricultural and low density uses in the area pending the potential orderly transition of the area to industrial uses without unduly restricting the rights of property owners.

The parties also recognize that the Town exercises certain subdivision review and approval powers pursuant to §§ 5-1-1 and 5-1-2 of the County's Subdivision Ordinance and §§74-127 and 74-225 of the of the Town's Subdivision Ordinance. The Town's subdivision review and approval powers shall apply to both major and minor subdivisions under the County's Subdivision Ordinance.

In order to implement the objectives set forth in the first paragraph of this Section, the County agrees to amend its Zoning Ordinance to provide for a new "Agricultural Low Density District" zoning classification (the "new District"). The new District shall be applied to the area subject to future boundary adjustment pursuant to Section 2.5. The new District shall be generally consistent with the County's existing Agricultural District Zoning regulations, except

that area and lot regulations shall establish a minimum lot area for permitted uses of two acres and a minimum lot width of 125 feet at the building setback line; the uses requiring a special exception permit in the Agricultural District, except temporary sawmills and government uses, shall not be permitted in the new District; and preserves, conservation uses and open space uses shall be permitted. The County's Zoning and Subdivision Ordinances shall be amended, as may be necessary, to provide that in the case of conflicting regulations between the two, the more stringent, or that which imposes the higher standard, shall apply.

The County shall not reduce the minimum lot area or lot width requirements, change the permitted use regulations within the new District, or approve a rezoning request within the Future Boundary Adjustment Area for a period of ten years, unless agreed to by the Town. The County shall have no obligation to continue the application of the new District after the tenth anniversary of the effective date of the annexation.

The County shall enforce the provisions of the new District consistently with its zoning enforcement policies for a period of ten years from the effective date of the annexation.

3.2 Comprehensive Plan Amendments. The County agrees to amend its Comprehensive Plan to include a statement incorporating the land use and development timing objectives set forth in Section 3.1, and to state that it is County policy to discourage development in the subject area, including strip residential development along existing roads and extensions thereof, and to preserve the existing agricultural and forestal character of the area until such time as adequate roads and utilities can be provided to enable an orderly transition to industrial and related land uses.

The County agrees to amend its Comprehensive Plan to recognize the potential extension of Thompson Road northward to Alpine Road and to graphically depict a general alignment for

such extension as identified by the Town. The Comprehensive Plan amendment shall state that it is the County's policy to protect the future right-of-way for the Thompson Road extension to the extent possible under applicable laws.

3.3 Timing. The County agrees to amend its Zoning Ordinance, Zoning District Map and Comprehensive Plan as described in Sections 3.1 and 3.2 to be effective prior to or as of the effective date of the annexation provided herein.

3.4 Notification. The County agrees to notify the Town Manager in writing not less than fifteen (15) days prior to any scheduled public hearing pertaining to any requested rezoning, special exception, Zoning or Subdivision Ordinance amendment or Board of Zoning Appeals matter affecting property within the future boundary adjustment area pursuant to Section 2.5 of this Agreement.

3.5 Enforcement. In the event the County does not abide by the agreements set forth in this section 3 within the time limits established in this Agreement, the Town or any person aggrieved by the County's failure may enforce the County's obligations pursuant to Sections 6.5 or 6.6 of this Agreement.

#### **Section 4.0 – Infrastructure Capital Improvements**

4.1 The annexation provided for in Section 2.1 shall be subject to the terms and conditions regarding the construction of certain infrastructure capital improvements as set forth in this Section 4.

4.2 The Town shall complete the construction of the following utilities capital improvements identified below within five years of the effective date of the annexation:

A. Parcel 1 Improvements (U.S. 1 North)

1. The construction of the U. S. Highway 1 North wastewater pump station as described in attached Exhibit C. This new pump station shall be constructed at the approximate location shown on attached Exhibit B.

This project shall include the construction of a force main to connect the new pump station with the existing sewer system.

This project shall include the construction of gravity sewer lines to the vicinity of the existing uses within the parcel including the Karobway Furniture Store and the Sears Dealer Store and the Countryside Mobile Home Park.

2. The extension of the existing waterline from the south side of U.S. Highway 1 to the north side of U. S. Highway 1 within Parcel 1 or to the boundary of Parcel 1.

B. Parcel 2 Improvements (I-85/U.S. 1 North Intersection)

1. The construction of the U.S. Highway 1 North/I-85 intersection wastewater pump station as described in attached Exhibit C. This new pump station shall be constructed at the approximate location shown on attached Exhibit B.

This project shall include the construction of a force main to connect the new pump station with the existing sewer system.

2. The extension of the existing water line along U. S. Highway 1 from the western side of Interstate 85 to the approximate location of the U. S. Highway 1/Alpine Road intersection.

C. Parcel 3 Improvements (East of I-85/Thompson Road area)

1. The construction of gravity sewer lines to the property boundaries of parcels within Parcel 3.

2. The construction of waterline extensions to the property boundaries of parcels within Parcel 3.

D. Parcel 5 Improvements. (Route 58 Bypass Corridor)

1. The construction of the U.S. Highway 1 South Industrial Park wastewater pump station relocation project as described in the attached Exhibit C. The relocated pump station shall be constructed at the approximate location shown on Exhibit B. This project shall include the construction of a gravity sewer line from the South Hill Industrial Park to the relocated pump station.

This project shall include the construction of a force main running eastward to the ridge along Goode's Ferry Road and a gravity sewer line running eastward from the force main and connecting to the Town's existing sewer system as shown on Exhibit B.

4.3 The Town shall complete the construction of the following utilities capital improvements identified below within ten years of the effective date of the annexation:

A. Parcel 2 Improvements (Interstate 85/US 1 North Intersection).

1. The construction of a gravity sewer line from the vicinity of U.S. Highway 1 to the new pump station.

B. Parcel 5 Improvements. (Route 58 Bypass Corridor)

1. This project shall include the construction of a gravity sewer line of approximately 2,500 feet into Parcel 5 to the relocated pump station.

2. The construction of a replacement water line along Goode's Ferry Road as demand shall indicate.

4.4 Raleigh Avenue Street extension. The Town agrees within two years to apply to the Virginia Department of Transportation for Urban construction funds to construct street

improvements extending from Raleigh Avenue to Goode's Ferry Road, as described on attached Exhibit C, and to complete such construction as VDOT funds are available. The Town shall designate this project as its number one priority project during the time period prior to VDOT's action on the application for funding.

4.5 Enforcement. In the event the Town does not complete the construction of the infrastructure capital improvements required pursuant to this Agreement within the time limits established in this Agreement, the County or any person aggrieved by the Town's failure to construct the required improvements may enforce the Town's obligations pursuant to § 6.5 or §6.6 of this Agreement.

#### Section 5.0 – Revenue Sharing

5.1 The Town shall compensate the County for the loss of revenue in the Annexation Areas at a rate of \$10,000 per year for a period of five years. The first revenue sharing payment shall be made on the effective date of the annexation with like \$10,000 payments on each of the four ensuing anniversaries of the effective date of the annexation.

#### Section 6.0 – Miscellaneous

6.1 Binding Agreement. This Agreement shall bind the Town and the County and will be submitted to the Commission and the Court for review and approval. This Agreement shall be binding on and inure to the benefit of the Town and the County and each of the future governing bodies of the Town and the County and on any successor to either the Town or the County.

6.2 Commission Approval. The Town and the County agree to initiate the steps necessary and required by Title 15.2, Chapter 34 of the Code (in particular, § 15.2-3400 ¶¶ 3

and 4) and Title 15.2, Chapter 29 of the Code to obtain review of this Agreement by the Commission.

6.3 Court Approval. The Town and the County agree to initiate the steps necessary and required by Title 15.2, Chapter 34 of the Code (in particular § 15.2-3400, ¶¶ 5 and 6) to obtain affirmation of this Agreement by the Court.

6.4 Amendments. This Agreement may be amended, modified or supplemented, in whole or in part, by mutual consent of the Town and the County, by a written document of equal formality and dignity, duly executed by the authorized representatives of the Town and the County.

6.5 Remedies. In the event either the County or the Town fails to perform or observe any covenant under this Agreement and such failure is not cured within thirty (30) days after receipt of written notice from the other party, either the County or the Town may sue in the Circuit Court for Mecklenburg County for specific performance and pursue other legal remedies or rights available to it under the laws of the Commonwealth of Virginia. The Court may, in its discretion, award attorneys' fees and court and other reasonable costs to the prevailing party in any such litigation.

6.6 Full Force and Effect. The Court shall not be dissolved after affirming this Agreement but shall remain in existence for a period of ten years from the effective date of the Annexation. Vacancies occurring in the Court during such ten year period shall be filled as provided in Va. Code § 15.2-3004.

The Court may be reconvened at any time during the ten year period on the motion of the governing body of the County or of the Town, or on the petition of any person

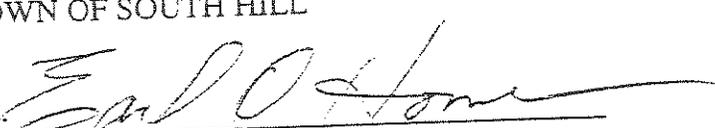
aggrieved by the failure of the County or the Town to perform their obligations pursuant to this Agreement.

The Court shall have the power and it shall be its duty at any time during such period to enforce the performance of the terms and conditions under which the annexation was granted or other obligations established by this Agreement and to issue appropriate process to compel such performance. The Court may, in its discretion, award attorneys' fees and court and other reasonable costs to the prevailing party in any such litigation.

6.7 Requirement of Approval. The Town and the County agree that if this Agreement is not approved without modification by the Commission, the parties may adopt either the original or a modified agreement acceptable to the parties for presentation to the Court.

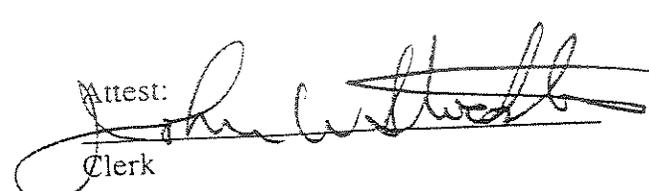
WITNESS the following signatures and seals:

TOWN OF SOUTH HILL

By: 

Mayor

Attest:

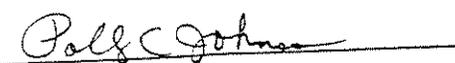
  
Clerk

COUNTY OF MECKLENBURG

By: 

Chairman, Board of Supervisors

Attest:

  
Clerk

## LIST OF EXHIBITS

1. Exhibit A. Map of Annexation Areas, Future Boundary Adjustment Area and Reserved Area. (Sections 2.3, 2.5 and 2.7).
2. Exhibit B. Map showing approximate location of infrastructure improvements. (Section 4.2).
3. Exhibit C. Table showing approximate description of infrastructure improvements (Section 4.2).
4. Exhibit D. La Crosse Boundary Adjustment (Section 2.8).



**LEGEND**

-  EXISTING TOWN OF SOUTH HILL
-  TOWN OF SOUTH HILL ANNEXATION AREA
-  TOWN OF SOUTH HILL FUTURE BOUNDARY ADJUSTMENT AREA
-  RESERVED AREA (NO IMMEDIATE INCORPORATION PROPOSED)
-  TOWN OF LA CROSSE ANNEXATION AREA

**AGREED UPON ANNEXATION BETWEEN  
TOWN OF SOUTH HILL &  
MECKLENBURG COUNTY**

**TOWN OF SOUTH HILL  
EXHIBIT 1**



PREPARED BY:  
**B & B Consultants, Inc.**  
Engineering - Surveying - Lab Analysis -  
Plan Operations - Environmental Services  
Chase City & South Hill, Virginia

**EXHIBIT C**  
South Hill/Mecklenburg County  
Voluntary Settlement Agreement  
Infrastructure Improvements

**Area 1 – 0 to 5 years Improvements**

- 1 – 200 gpm Wastewater Pumping Station
- 1000' of all weather access road
- 1800' – 8" sewer
- 6700' – 6" Force Main
- 60' – Bored Force Main Highway Crossing
- 60' – Bored Water Main Highway Crossing

**Area 2 – 0 to 5 years Improvements**

- 1 – 150 gpm Wastewater Pumping Station
- 1500' – all weather access road
- 5900' – 4" Force Main
- 200' – Bored Force Main Highway Crossing
- Increase Capacity of Ferrell Street Pump Station from 185 gpm to 370 gpm
- 2650' – 12" Water Main Extension

**Area 3 – 0 to 5 years Improvements**

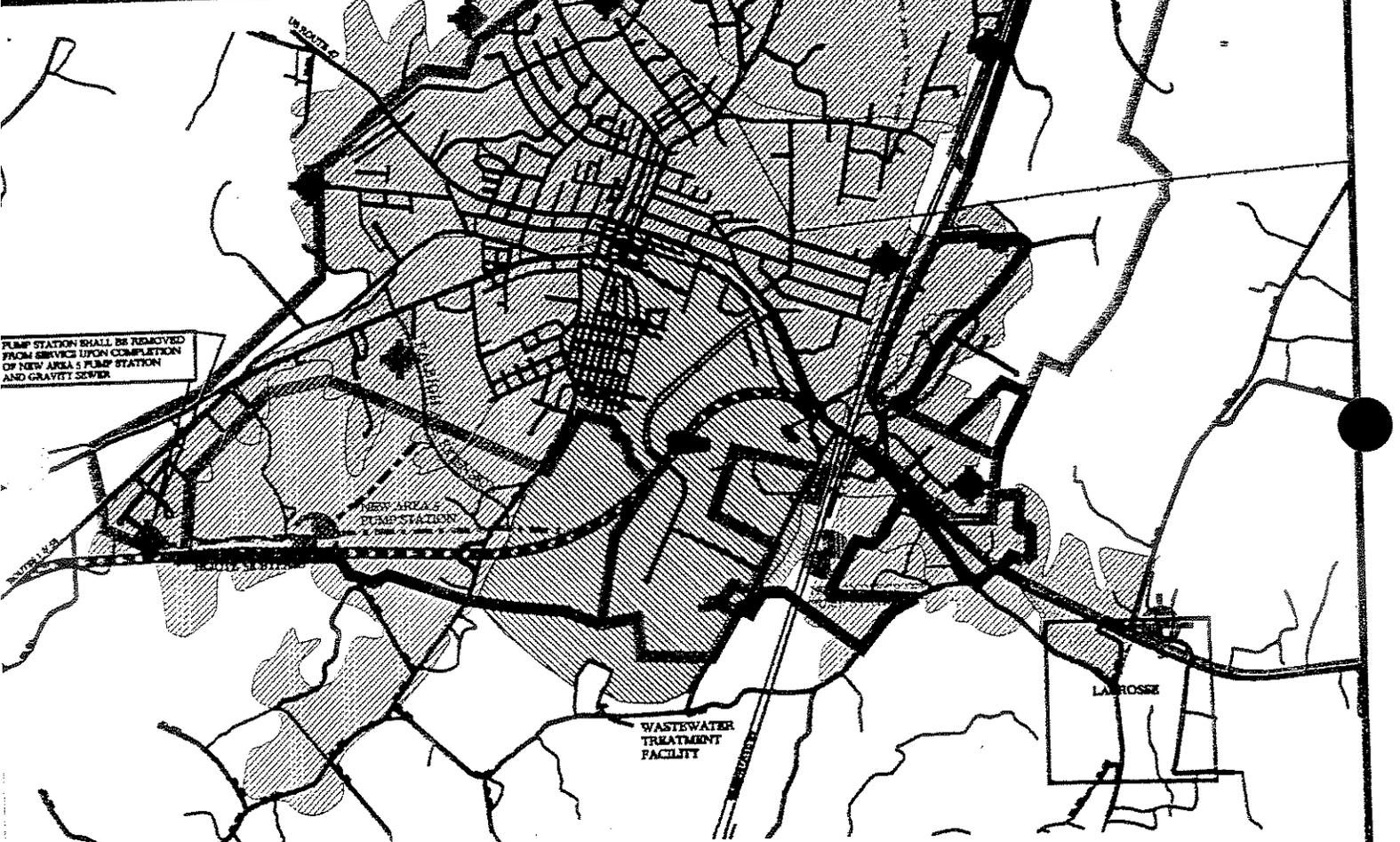
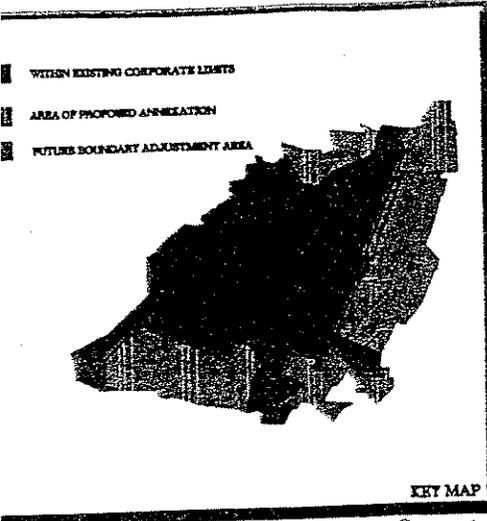
- 1000' – 8" sewer
- 200' – Bored Highway Crossing
- 2600' – 12" Water Main Extension

**Area 5 – 0 to 5 years Improvements**

- Abandon Existing Pumping Station
- 7150' – 12" sewer
- 3450' – 12" Force main
- 30' Bored Highway Crossing
- Installation of Existing Pumping Station and new Wet Well
- Electrical & Telemonitor System
- Connection to Existing Manholes
- Pumping Station Site Work & Access Road

**Raleigh Avenue Extension from Highway 58 to Goodes Ferry Road**  
**Area 5, Based Upon VDOT's 6 Year Funding Plan**

- 5300' Street including grading, aggregate base, 30' wide pavement, erosion and sediment control and miscellaneous improvements



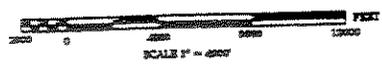
PUMP STATION SHALL BE REMOVED FROM SERVICE UPON COMPLETION OF NEW AREA 3 PUMP STATION AND GRAVITY SEWER

**LEGEND**

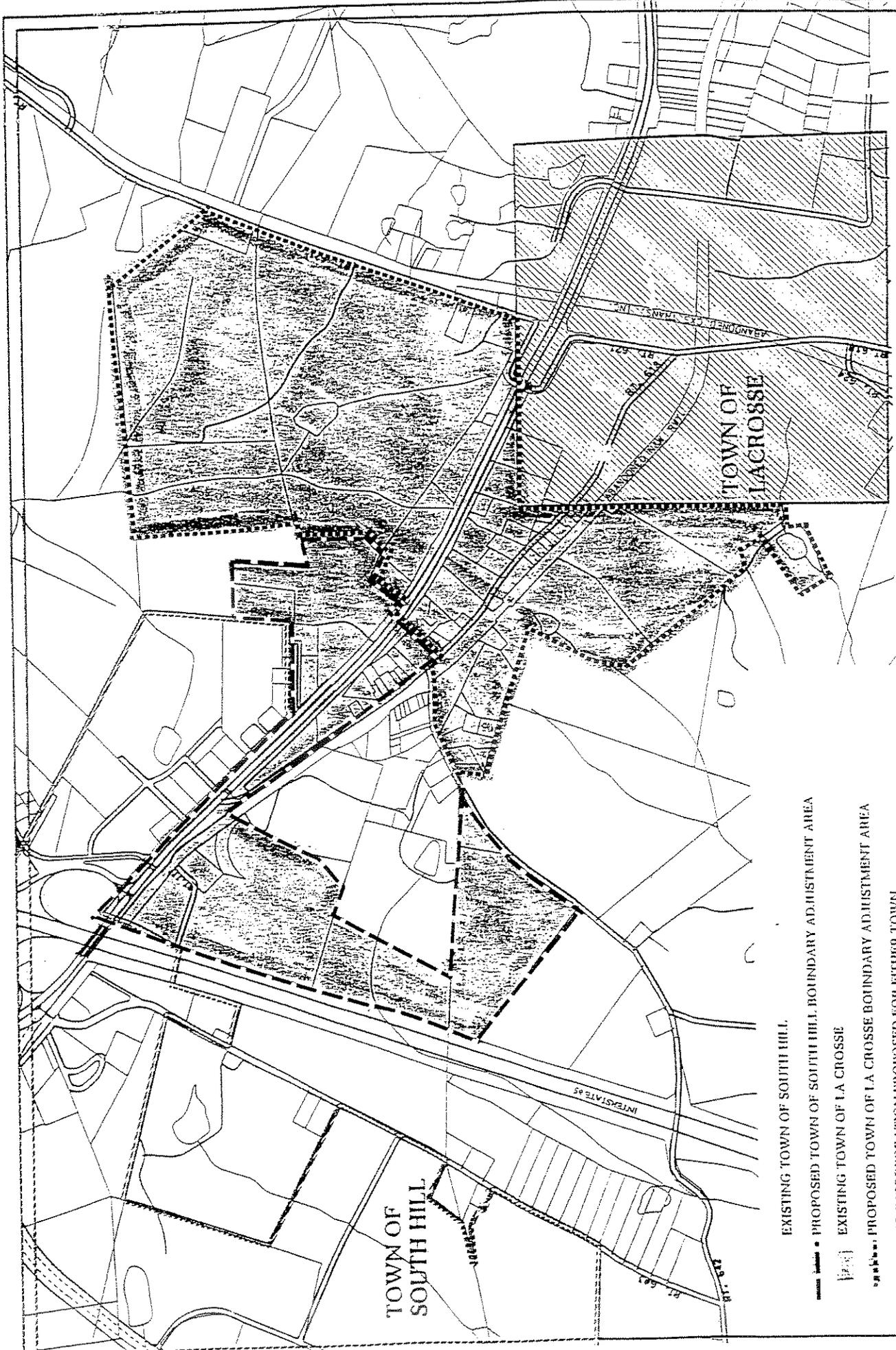
- PROPOSED GRAVITY SEWER (5 YEAR)
- PROPOSED GRAVITY SEWER (10 YEAR)
- PROPOSED FORCE MAIN
- EXISTING PUMP STATION DESIGNATION
- RECENTLY CONSTRUCTED PUMP STATION
- PROPOSED PUMP STATION DESIGNATION
- ▨ AREAS SERVICEABLE BY EXISTING SOUTH HILL PUMP STATION
- ▨ AREAS SERVICEABLE BY PROPOSED SOUTH HILL PUMP STATION
- ▨ AREAS THAT GRAVITY FLOW TO TREATMENT FACILITY
- ELEVATED WATER STORAGE (UNDER CONSTRUCTION)
- ▬ WATER MAIN (UNDER CONSTRUCTION)
- ▬ PROPOSED WATER MAIN
- ▬ PROPOSED STREET

**PROPOSED INFRASTRUCTURE IMPROVEMENTS**

**TOWN OF SOUTH HILL  
EXHIBIT 3**



PREPARED BY:  
**B & B Consultants, Inc.**  
 Engineers - Surveyors - Land Appraisers -  
 Plant Operators - Environmental Services  
 Charlottesville & South Hill, Virginia



PREPARED BY:

**B & B Consultants, Inc.**  
 Engineer - Surveyor - L.S. & A.L.S.  
 Plant Operator - Environmental Services  
 1388 City & South Hill, Virginia



- EXISTING TOWN OF SOUTH HILL.
- — — — — PROPOSED TOWN OF SOUTH HILL BOUNDARY ADJUSTMENT AREA
- [Hatched Area] EXISTING TOWN OF L.A. CROSSE
- · · · · PROPOSED TOWN OF L.A. CROSSE BOUNDARY ADJUSTMENT AREA
- NO INCORPORATION PROPOSED FOR EITHER TOWN

TOWN OF  
SOUTH HILL

TOWN OF  
LACROSSE

INTERSTATE 95

**THIS AGREEMENT** is made as of the 13th day of December, 1999, by and between the Town of La Crosse ("La Crosse") and the Town of South Hill ("South Hill") (collectively referred to as the "Towns"), each a political subdivision of the Commonwealth of Virginia, acting through their respective governing bodies, as follows:

**WITNESS:**

**1. Recitals.**

A. La Crosse and the County of Mecklenburg ("Mecklenburg") have previously executed an agreement pursuant to Virginia Code Ann. §§ 15.2-3106, et seq., for the voluntary expansion of La Crosse's boundaries, to be effective December 31, 1999 (the "La Crosse Boundary Change Agreement"). La Crosse has petitioned the Circuit Court of Mecklenburg County (the "Court"), for approval of the La Crosse Boundary Change Agreement.

B. South Hill has previously initiated proceedings before the Virginia Commission on Local Government (the "Annexation Case"), seeking to compel the involuntary annexation of portions of Mecklenburg, including approximately 200 acres of the same territory that would be incorporated by La Crosse under the La Crosse Boundary Change Agreement (the "Disputed Area").

C. South Hill has filed a petition for declaratory judgment with the Court, seeking to invalidate the La Crosse Boundary Change Agreement as it relates to the Disputed Area.

D. The Court has consolidated La Crosse's petition for approval of the La Crosse Boundary Change Agreement and South Hill's petition for declaratory judgment into a single proceeding (the "LaCrosse Litigation").

E. With the assistance of mediators appointed by the Commission, Mecklenburg and South Hill have negotiated a settlement (the Annexation Settlement Agreement) of all pending issues in the Annexation Case except the disposition of the territory in the Disputed Area. Mecklenburg and South Hill intend to present the Annexation Settlement Agreement to the Commission, pursuant to Va. Code § 15.2-3400, on January 10, 2000, or such other date as the Commission may direct, and after receiving the Commission's recommendation, to petition the Court to make the Annexation Settlement Agreement effective July 1, 2000.

F. Also with assistance from the Commission-appointed mediators, La Crosse and South Hill have agreed to divide the territory in the Disputed Area, with a part of such territory to be incorporated into La Crosse under the La Crosse Boundary Change Agreement, a part to be incorporated into South Hill under the Annexation Settlement Agreement, and a part to remain unincorporated territory of Mecklenburg. La Crosse and South Hill have also agreed to certain provisions concerning water and sanitary sewer services. All of such territorial and water and sewer service provisions are set forth below.

G. The Towns intend their several agreements to be placed into effect in stages, with the result that the La Crosse Boundary Change Agreement, as amended to reflect the changes made in this Agreement, may take effect January 1, 2000, or at such other time as the Court may order, and that Annexation Settlement Agreement may take effect July 1, 2000, or at such other time as the Court may order.

H. Certain of the provisions in this Agreement require the agreement of Mecklenburg, and the Towns and Mecklenburg have agreed to language that is contained in or will be added to the Annexation Settlement Agreement, as shown on Exhibit B to this Agreement.

## **2. Provisions Concerning Disputed Territory and Boundary Changes.**

The territory within the Disputed Area shall be divided among the Towns as shown on the map attached to this Agreement as Exhibit A, and subject to the following:

A. The territory shown in green on Exhibit A shall be incorporated into La Crosse in the manner provided by the La Crosse Boundary Change Agreement.

B. The territory shown in blue on Exhibit A shall be annexed by South Hill in the manner provided by the Annexation Settlement Agreement.

C. The territory shown in yellow on Exhibit A (the "Reserved Area") shall not be incorporated into either Town at this time, but shall remain part of the unincorporated territory of Mecklenburg. Neither town shall initiate an annexation of any part of the Reserved Area for ten years; provided that this section shall not prohibit:

(a) A boundary adjustment by the Town of South Hill or the Town of La Crosse if (1) all of the property owners in the Reserved Area consent to the proposed boundary adjustment, (2) the Town to which such property is being added agrees to provide water and sewer service to undeveloped properties in such area, and (3) the Board of Supervisors of the County approves the proposed boundary adjustment pursuant to Article 2, Chapter 31 of Title 15.2 of the Code; or

(b) A petition brought by one or more voters or property owners in the Reserved Area pursuant to § 15.2-3203 for annexation to the Town of La Crosse or the Town of South Hill, provided that the Town to which such property is being added agrees to provide water and sewer service to undeveloped properties in such area.

In the event that the conditions are met for a boundary adjustment under subparagraph (a) above, or for a citizen-initiated annexation petition under subparagraph (b) above, with respect to either South Hill or La Crosse, the other Town agrees not to oppose such action.

## **3. Provisions Concerning Water and Sewer Services.**

As consideration for La Crosse's agreement concerning the disposition of territory in the Disputed Area, South Hill agrees to the following provisions concerning utilities:

A. South Hill shall purchase the portion of La Crosse's existing water main in the Disputed Area (running generally along High Street) that will lie west of the western boundary of La Crosse as established above. The price for such purpose shall be Thirty-six Thousand Dollars (\$36,000.00), to be paid by certified check or wire transfer on July 1, 2000, or such other date as the Court may order the Annexation Settlement Agreement to be effective. Upon the effective date of annexation pursuant to the Annexation Settlement Agreement, South Hill will serve the existing and future water customers served by that portion of the water main purchased by South Hill.

B. South Hill agrees to allocate 70,000 gallons per day (gpd) of guaranteed capacity in South Hill's Wal-Mart pump station to serve existing and future customers of La Crosse's water and sewer system that are located in the Wal-Mart pump station drainage area. La Crosse will be charged an operations and maintenance fee of \$.20 per thousand gallons with respect to its usage of the Wal-Mart pump station. This agreement to provide La Crosse with capacity in the Wal-Mart pump stations does not alter the existing agreements or capacity limitations among South Hill, La Crosse and the Town of Brodnax for sewage treatment.

C. La Crosse's access to any other South Hill pump stations will be negotiated on a case by-case basis.

D. South Hill agrees to negotiate with La Crosse and the Town of Brodnax to determine whether their existing contract for sewage treatment should be modified. Subjects for discussion in such negotiations shall include, but are not limited to, the method for determining future rates for sewage treatment, and the handling of penalty charges incurred due to system overflows.

**4. Implementation.**

By their adoption of this Agreement, the respective governing bodies of the Towns authorize and direct their respective attorneys and administrative officials to take all necessary steps to implement this Agreement, including without limitation:

A. Endorsement of a consent order to be submitted to the Court requesting that the Court dismiss South Hill's petition for declaratory judgment and approve the La Crosse Boundary Change Agreement, as amended by this Agreement.

B. Inclusion of the provisions shown on Exhibit B hereto in the final version of the Annexation Settlement Agreement.

C. Execution, delivery and acceptance and recordation of a deed transferring the water line from La Crosse to South Hill as contemplated by Paragraph 3(A) of this Agreement.

In witness whereof, the governing bodies of the Towns have caused two signature copies of this Agreement to be executed by their undersigned respective duly authorized officials.

TOWN OF LA CROSSE

BY: \_\_\_\_\_  
Mayor

Attest:

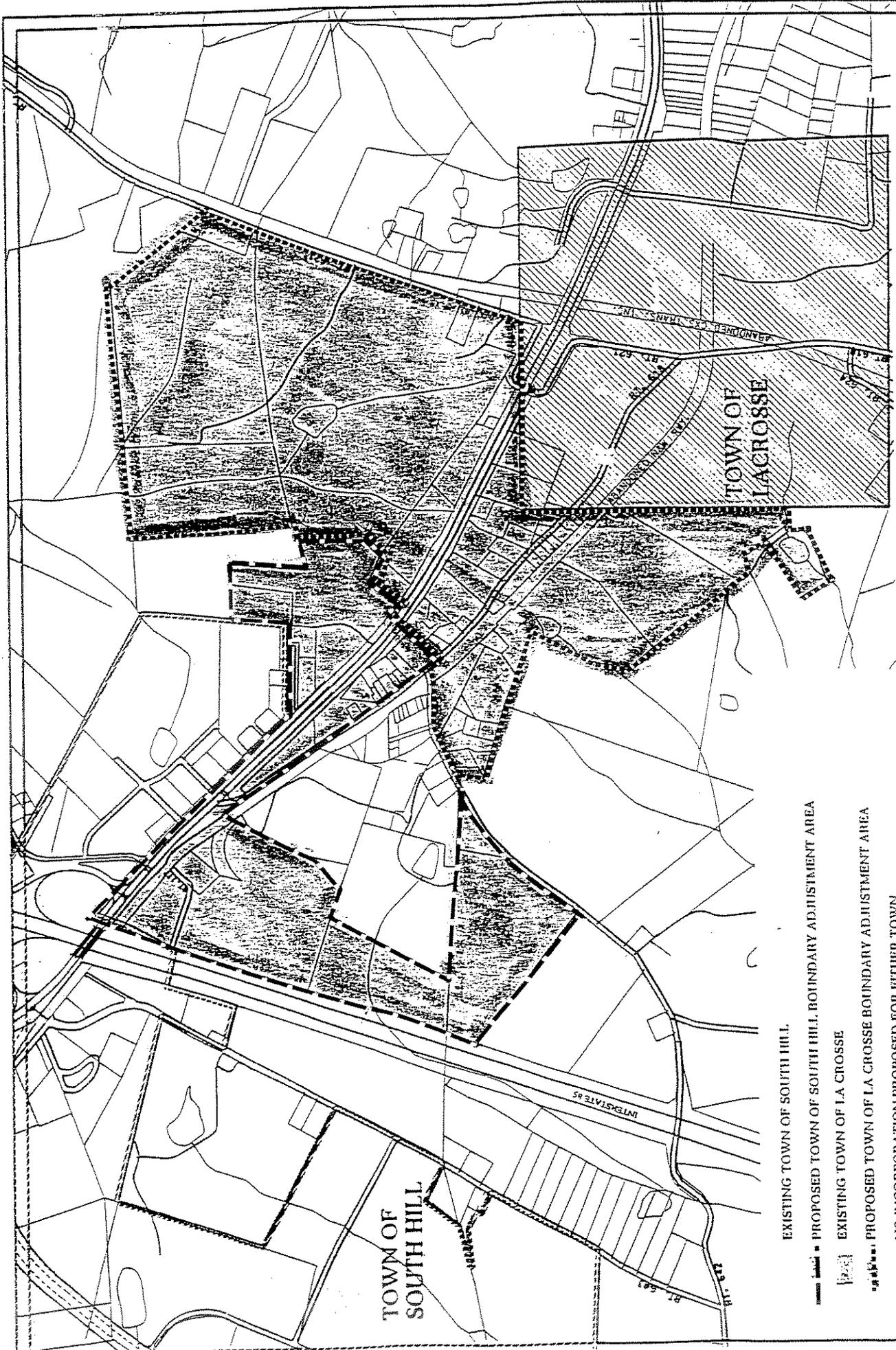
Clerk \_\_\_\_\_

TOWN OF SOUTH HILL

BY: \_\_\_\_\_  
Mayor

Attest:

Clerk: \_\_\_\_\_



EXISTING TOWN OF SOUTH HILL  
 - - - - - PROPOSED TOWN OF SOUTH HILL BOUNDARY ADJUSTMENT AREA  
 . . . . . EXISTING TOWN OF LACROSSE  
 - - - - - PROPOSED TOWN OF LACROSSE BOUNDARY ADJUSTMENT AREA

NO INCORPORATION PROPOSED FOR EITHER TOWN

## EXHIBIT B

The following provisions are contained in or will be inserted in the Annexation Settlement Agreement, between the Town of South Hill and the County of Mecklenburg, to implement the La Crosse/South Hill settlement agreement.

1. A new section 2.8 of the Annexation Settlement Agreement will be added, as follows:

Section 2.8 La Crosse Boundary Adjustment The Town shall endorse an order consenting to the dismissal with prejudice of the declaratory judgment action styled *Town of South Hill v. County of Mecklenburg and Town of La Crosse*, Circuit Court of Mecklenburg County, Case No. 99-77, and further consenting to the entry of an order implementing the Boundary Change Agreement Between the Town of La Crosse and the County of Mecklenburg dated April 12, 1999, subject to the exclusion of the areas agreed to in the La Crosse/South Hill agreement, as specified in the Map attached as Exhibit F.

2. A new Section 2.7 of the Annexation Agreement will be added, as follows:

Section 2.7 Boundary Change and Expansion Restrictions Applicable to Reserved Area Between Town of South Hill and Town of La Crosse. The County agrees that it will not enter into a boundary change agreement pursuant to Article 2, Chapter 31 of Title 15.2 of the Code (§ 15.2-3106, et seq.) or a voluntary settlement agreement pursuant to Chapter 34 of Title 15.2 (§ 15.2-3400, et seq.), with the Town of La Crosse or the Town of South Hill for a period of ten years from the effective date of the annexation with respect to the area identified as the "Reserved Area" on the map attached as Exhibit A. However, this section shall not prohibit:

(a) A boundary adjustment by the Town of South Hill or the Town of La Crosse if (1) all of the property owners in the Reserved Area consent to the proposed boundary adjustment, (2) the Board of Supervisors of the County approves the proposed boundary adjustment pursuant to Article 2, Chapter 31 of Title 15.2 of the Code; or

(b) A voluntary settlement agreement pursuant to Chapter 34 of Title 15.2 (§15.2-3400, et seq.), if one or more voters or property owners in the Reserved Area files a petition pursuant to § 15.2-3203 for annexation to the Town of La Crosse or the Town of South Hill.

3. Section 2.6(b) of the Annexation Settlement Agreement will be amended to include the clause at the end, as follows:

**“. . . except with respect to the "Reserved Area" as provided in paragraph 2.7 below."**

4. A new Section 2.6(c) will be added to the Annexation Settlement Agreement, as follows:

**Any Action that is consistent with the provisions of section 2.7 below, concerning the Reserved Area.**

## APPENDIX C

### STATISTICAL PROFILE OF THE TOWN OF SOUTH HILL, COUNTY OF MECKLENBURG, AND THE AREA PROPOSED FOR ANNEXATION

	<u>Town of South Hill</u>	<u>County of Mecklenburg</u>	<u>Area Proposed for Annexation</u>
Population (1998)	4,478	31,000	128
Land Area (Square Miles)	6.35	681.40	2.96
Total Assessed Values (1998)	\$250,999,385	\$1,681,381,673	\$12,709,720
Real Estate Values*	\$220,728,719	\$1,467,992,306	\$11,461,063
Public Service Corporation Values	\$12,229,819	\$97,272,354	\$749,623
Personal Property Values	\$10,253,039	\$60,237,166	\$449,623
Machinery and Tools Values	\$7,787,808	\$34,983,740	\$0
Merchants' Capital Values	N/A	\$20,896,107	N/A
Existing Land Use (Acres)			
Residential	1,072	N/A	119
Commercial	292	N/A	25
Industrial	130	N/A	34
Public and Semi-Public	185	N/A	6
Streets or Rights-of-Way	493	N/A	N/A
Agricultural, Wooded or Vacant	1,888	N/A	1,708

**NOTES:**

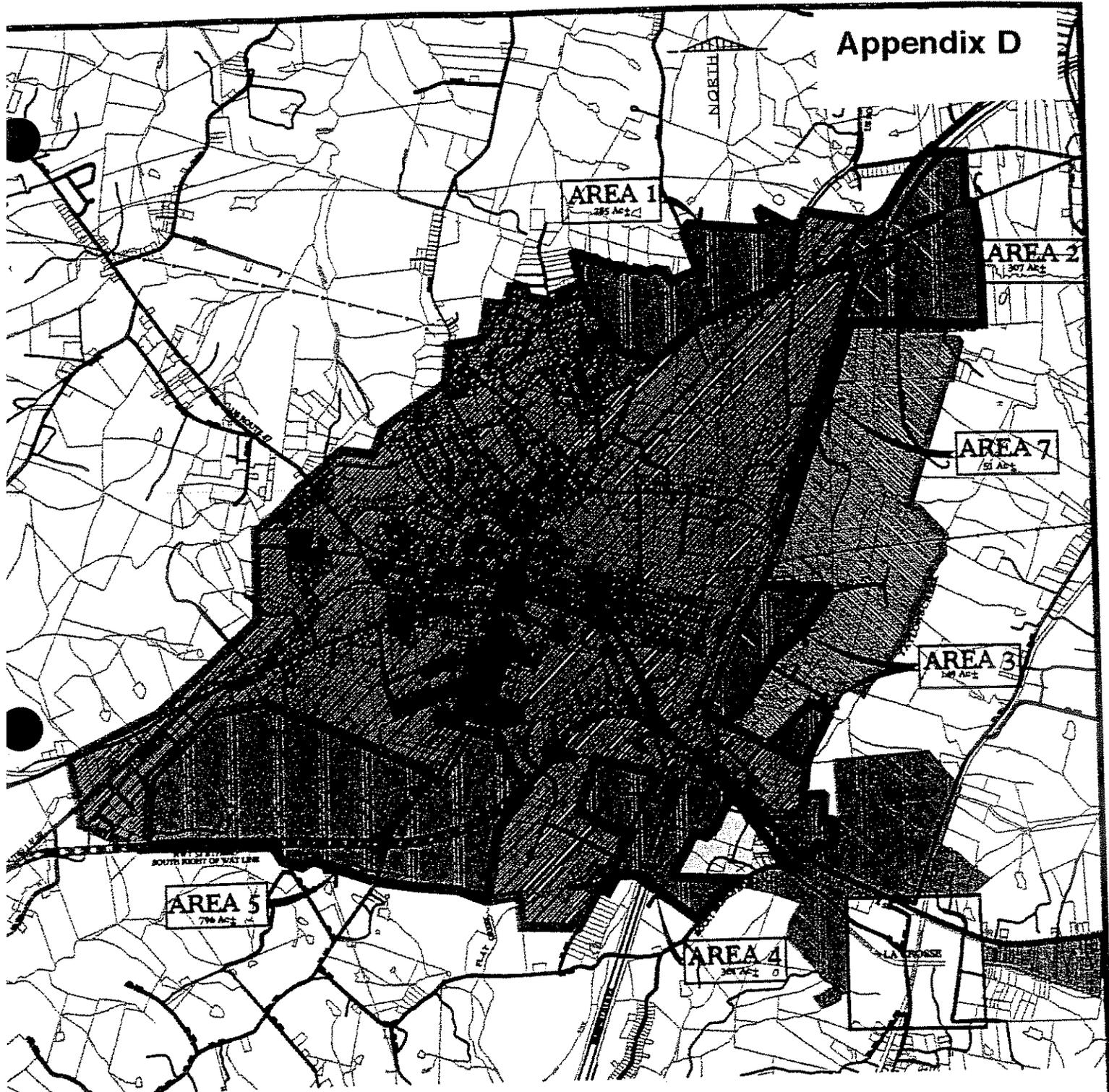
N/A = Not Available

\* = Real estate values include those for mobile homes.

County population, land area, and property value statistics include all towns within Mecklenburg County.

**SOURCE:**

Town of South Hill, Supplemental Notice by the Town of South Hill of Its Intent to Petition for Approval of a Voluntary Settlement Agreement and Supporting Data.



**LEGEND**

-  EXISTING TOWN OF SOUTH HILL
-  TOWN OF SOUTH HILL ANNEXATION AREA
-  TOWN OF SOUTH HILL FUTURE BOUNDARY ADJUSTMENT AREA
-  RESERVED AREA (NO IMMEDIATE INCORPORATION PROPOSED)
-  TOWN OF LA CROSSE ANNEXATION AREA

**AGREED UPON ANNEXATION BETWEEN  
TOWN OF SOUTH HILL &  
MECKLENBURG COUNTY**

**TOWN OF SOUTH HILL  
EXHIBIT 1**



PREPARED BY:  
**B & B Consultants, Inc.**  
Engineers - Surveyors - Lab Analysts -  
Plant Operators - Environmental Services  
Chase City & South Hill, Virginia

