Report on the
Town of Grottoes - County of Rockingham
Agreement Defining Town
Annexation Rights

Commission on Local Government
Commonwealth of Virginia

May 2002

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REPORT ON THE
TOWN OF GROTTOES - COUNTY OF ROCKINGHAM
AGREEMENT DEFINING ANNEXATION RIGHTS

PROCEEDINGS OF THE COMMISSION

On November 14, 2001 the Town of Grottoes and Rockingham County, submitted to this Commission for review a proposed agreement defining the Town's future annexation rights that had been negotiated under the authority of Article 2, Chapter 32 of Title 15.2 of the Code of Virginia. Consistent with the Commission's Rules of Procedure, the Town also submitted data and other material to assist this body in its review of the proposed agreement and concurrently gave notice of the submission to 14 local governments with which they were contiguous or with which they shared functions, revenue, or tax sources.[1]

Following its receipt of the proposed agreement, the Commission met in Grottoes on March 18, 2002 to tour the Town and relevant areas in Rockingham County, to receive oral testimony from local officials regarding the agreement, and to conduct a public hearing for the purpose of receiving citizen comment.[2] The public hearing, which was advertised in accordance with Section 15.2-2905.7(B) of the Code of Virginia, was attended by approximately 45 individuals and produced testimony from eight persons. In order to permit receipt of additional public comment, the Commission agreed to keep open its record for written submissions through April 1, 2002.

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[1]Town of Grottoes, Virginia; County of Rockingham, Virginia, **Annexation Agreement: Submission to the Commission on Local Government**, (hereinafter cited as **Joint Submission**), November 2001.

[2]Due to illness, Commissioner James J. Heston did not take part in the March 18, 2002 proceedings and, accordingly, was not a participant in the discussions, deliberation, drafting, or approval of the Commission's report on this agreement defining annexation rights.

SCOPE OF REVIEW

In 1979 the General Assembly amended the Commonwealth's annexation laws to authorize towns to negotiate agreements with their counties by which a municipality is permitted to annex, in accordance with conditions specified in such agreements, merely by the adoption of a town ordinance.[3] Thus, where town annexations are pursued under such agreements, the State's general annexation procedure whereby proposed boundary changes are decided by the courts subsequent to Commission review is supplanted by the simple and direct process of annexation by town ordinance. The formal and final adoption of such an agreement by a town and county, however, divests the town permanently of its authority to seek city status.

While the Code of Virginia grants broad authority to towns and counties to fashion such annexation agreements to meet their peculiar needs and circumstances, there are certain statutorily prescribed criteria which must be met in their development. Based upon those statutory criteria, this Commission is directed to determine in its review:

> . . . whether the proposed agreement provides for the orderly and regular growth of the town and county together, for an equitable sharing of resources and liabilities of the town and county, and whether the agreement is in the best interest of the community at large, . . .[4]

It should be noted here that whatever the findings and recommendations of the Commission regarding an agreement negotiated under the previously referenced statutory authority, the local governing bodies are free to adopt or reject the proposed agreement as they see fit. If,

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[3]Article 2, Chapter 32, Title 15.2, Code of Va.

[4]Sec. 15.2-3232, Code of Va.

however, the Commission's review of an agreement of this nature is "unfavorable," the local governing bodies may not adopt the agreement until after they have jointly held an advertised public hearing on the issue.[5]

EVALUATION OF THE AGREEMENT

In brief, the principal provisions of the proposed agreement negotiated by the Town of Grottoes and Rockingham County would:

1. require the Town to renounce permanently its authority to become a city;

2. authorize the Town to annex by municipal ordinance property within a specified area in the County, designated collectively as the Grottoes Growth Area (GGA), following the effective date of the agreement;

3. commit the Town to extend water and sewer services into any areas annexed within five years from the effective date of annexation if such is requested by the property owners and in accordance with Town policies;

4. require the Town to extend other municipal services to annexed areas immediately upon the effective date of annexation at the level and quality such services are available within the Town generally;

5. require the Town to take measures to protect agricultural properties which might be annexed under the agreement;

6. require the Town to develop a comprehensive land use and development plan for the entire GGA within two years of the execution of the agreement; and

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[5]Sec. 15.2-3233, Code of Va. It should be observed that State law authorizes a town to proceed unilaterally to obtain an order defining its future annexation rights in instances where it is unable to conclude an agreement with its county on the issue. (See Sec. 15.2-3234, Code of Va.)

7. commit the Town not to seek to annex any other areas of the County until the entire GGA is annexed.[6]

As indicated previously, the Commission is required to determine in its review whether a proposed agreement defining town annexation rights (1) provides for the orderly and regular growth of Grottoes and Rockingham County together, (2) permits an equitable sharing of the area's resources and liabilities, and (3) is in the best interest of the community at large. In the following sections of this report the Commission endeavors to analyze the proposed Town of Grottoes - County of Rockingham agreement on the basis of these general criteria.

ORDERLY AND REGULAR GROWTH OF THE TOWN AND COUNTY

Demographic data reveal that during the decade of the 1990s the rate of growth in the Town of Grottoes exceeded that in Rockingham County generally. Between 1990 and 2000, the population of the Town increased from 1,455 to 2,114 persons, or by 45.3%.[7] During that same period, the

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[6]**The County of Rockingham and the Town of Grottoes Annexation Agreement** (hereinafter cited as **Annexation Agreement**). See **Appendix A** for the complete text of the proposed Agreement Defining Annexation Rights between the Town of Grottoes and Rockingham County.

[7]U. S. Department of Commerce, Bureau of the Census, **1990 Census of Population and Housing, Summary Population and Housing Characteristics, Virginia**, Table 2; and **2000 Census of Population and Housing, Profiles of General Demographic Characteristics, Virginia**, Table DP-1, p. 289. The Town of Grottoes encompasses territory in both Rockingham and Augusta Counties. In 2000, only 4 of the Town's 2,114 residents resided in that portion of Grottoes located in Augusta County. [Donna J. Tolson. Information Request. (Online) Available email: tmccormack@clg.state.va.us from dtolson@virginia.edu, April 29, 2002.] Unless otherwise noted, all data concerning Grottoes cited in this report include elements for the portions of the Town located in both counties. See **Appendix B** for a statistical profile of the Town, County, and the area covered by the proposed agreement. See **Appendix C** for a map of that area.

total population of the County increased from 57,482 to 67,725, or by 17.8%, a rate of growth less than half that of the Town.[8]

With respect to fiscal resources, however, recent property assessment data reveal that the growth in the Town has not been commensurate with that of the County overall. Between FY1997 and FY2001 the value of locally assessed real property within the corporate limits of the Town of Grottoes grew from $61.1 million to $72.3 million, or by 18.3%.[9] During the same span of years such values in Rockingham County increased from $2,716.0 million to $3,363.0 million, or by 23.8%.[10] Hence, the rate of growth in real estate subject to local taxation in the County generally has been somewhat in excess of that experienced within the Town in recent years.

More significantly, the prospects for future development within the current boundaries of the Town of Grottoes appear to be quite limited. Recent land use statistics reveal that of Grottoes' total land area of 832 acres, approximately 188 acres, or 22.6% of its total land area are vacant and undeveloped.[11] Much of that vacant property, however, is limited in its

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[8]**Ibid**. Population statistics for Rockingham County include persons residing in the Towns of Bridgewater, Broadway, Dayton, Elkton, Mount Crawford, Timberville, and that portion of Grottoes which lies within the County.

[9]Town of Grottoes, **Comprehensive Annual Financial Report, Year Ended June 30, 2000**, June 29, 2001; and Timothy E. Crider, Town Superintendent, Town of Grottoes, letter to staff of Commission on Local Government, Jan. 23, 2002.

[10]County of Rockingham, **Comprehensive Annual Financial Report**, **Year Ended June 30, 2001**, Nov. 30, 2001. The assessed property values for Rockingham County include those within the Towns of Dayton, Bridgewater, Broadway, Elkton, Mount Crawford, Timberville, and that portion of the Town of Grottoes which lies within the County.

[11]Timothy E. Crider. Vacant Acreage. (Online) Available email: lmcmillan@clg.state.va.us from tcrider@ci.grottoes.va.us, April 29, 2002.

development potential by environmental constraints, parcel size or configuration, access to major transportation thoroughfares, or other appropriate land use considerations. Further, the data also indicate that the Town contains only 46.1 acres of vacant property on tracts of five acres or more.[12] Additional evidence of the limited potential for development within the Town is provided by the fact that there were 37 residential subdivision lots platted within Grottoes in the last five years.[13]

The proposed agreement, if ultimately adopted by the parties, will permit the Town to annex by ordinance property within a portion of Rockingham County, specified as the Grottoes Growth Area (GGA), comprising 704 acres of territory and currently containing an estimated 213 persons and approximately $7.8 million in assessed real property values.[14] Although not explicitly stated in the proposed agreement, a representative for Grottoes has indicated that the Town proposes to incorporate a portion of the GGA, identified by the parties as the Immediate Annexation Area

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[12]Crider, letter to staff of Commission on Local Government, Jan. 23, 2002. Most of the large tracts of vacant land remaining within the Town are zoned for residential use or are located in the floodplain of the South River, and thus, reserved for conservation purposes.

[13]**Ibid**. The Commission notes, however, that between January 1, 2001 and March 31, 2002 Rockingham County, which enforces the State-wide building code for Grottoes, issued building permits for 17 single-family dwellings, 1 duplex, a multi-family complex containing 26 dwelling units, and 8 new businesses to be constructed in the Town. (Crider, communication with staff of the Commission on Local Government, Apr. 1, 2002.)

[14]**Joint Submission**, Secs. "General Data" and "Parcels, Acreage, Value of Grottoes Growth Area." Although Rockingham County's South River Elementary School is located in the GGA, the assessed values of that facility are not included in such values for the area subject to annexation under the terms of the agreement.

(IAA), as soon as practicable following the adoption of the accord.[15] That area comprises 292 acres and currently contains approximately 93 persons and $3.6 million in estimated real estate assessed values subject to local taxation.[16] The addition of the IAA to the Town will increase Grottoes' population by 4.4% and its assessed real property values by 5.2%. The annexation of the IAA will also bring within the Town residential and commercial development which has occurred adjacent to Grottoes' current boundary, and, in addition, offer a limited amount of vacant land suitable for future development.[17] Town officials have also indicated that Grottoes intends to annex periodically additional portions of the GGA, identified as the Growth Area (GA), at any time after the incorporation of the IAA into the municipality. That area contains 412 acres, approximately 120 persons, and $4.1 million in estimated real estate assessed values.[18] The GA also offers Grottoes substantial amounts of vacant land suitable for future development.[19]

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[15]Crider, letter to staff of Commission on Local Government, Jan. 23, 2002.

[16]**Joint Submission**, Sec. "Parcels, Acreage, Value of Grottoes Growth Area."

[17]Commercial properties in the Immediate Annexation Area include a pallet manufacturing operation, a horticultural nursery, and a paving company. (Crider, communication with staff of the Commission on Local Government, Apr. 1, 2002.) That area also includes the aforementioned South River Elementary School, a Town park, one municipal water well, and the Grottoes sewage treatment facility. The IAA also contains approximately 145 acres (50% of its total land area) of vacant land suitable for future development. (Crider, letter to staff of Commission on Local Government, Jan. 23, 2002.)

[18]**Joint Submission**, Secs. "General Data" and "Parcels, Acreage, Value of Grottoes Growth Area."

[19]Data submitted by Grottoes reveal that approximately 81% of the undeveloped property in the Growth Area is presently in agricultural use. (Crider, letter to staff of Commission on Local Government, Jan. 23, 2002.)

In our judgment, the proposed agreement does facilitate the orderly and regular growth of the Town and County together. The agreement will permit the Town to benefit from an immediate increase in population and fiscal resources, and it will assure Grottoes an opportunity to share in further growth on its periphery. Moreover, the viability of the Town and its expanded fiscal resources will enable Grottoes to continue to contribute to the social and economic health of its area and Rockingham County generally. Finally, the proposed agreement contains a provision permitting the Town and County to modify the annexation accord by joint consent, if such is subsequently deemed appropriate.[20] This provision constitutes recognition by both jurisdictions that the agreement may require subsequent modification to meet needs and circumstances which cannot now be foreseen.

EQUITABLE SHARING OF RESOURCES AND LIABILITIES

An equitable sharing of resources and liabilities within the context of an agreement defining annexation rights requires, in our judgment, an opportunity for both the Town and County to benefit from the growth in the general area sufficient to meet the needs of their respective residents and commensurate with the contribution each makes to the social and economic viability of the general area. The following sections consider these concerns.

Resources

Statistics cited in the previous section of this report indicate that unlike the vast majority of Virginia towns, Grottoes experienced a significant increase in its population between 1990 and 2000. Further, while Grottoes did not experience a stagnating local tax base in recent years, the growth in the Town's real estate subject to local taxation has not been commensurate

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[20] **Annexation Agreement**, Sec. 12.

with that of the County overall. However, the evidence suggests that Grottoes has been and remains an important retail and service center in southeastern Rockingham County, and while it supports with its utility services development outside its present boundaries, the depletion of the Town's inventory of vacant land suitable for development will constrict Grottoes' ability to continue to support growth in the area.

Consistent with the terms of the proposed agreement, and as previously noted, Grottoes has indicated its intentions to annex immediately the Immediate Annexation Area, which contains 292 acres, 93 persons, and a modest amount of vacant land suitable for future development. With respect to fiscal resources, the annexation of that area will initially provide the Town with approximately $5,000 in real property tax revenue based on current assessed values and tax rates.[21] Additionally, the IAA will initially provide approximately $15,000 annually in other local-source revenues and intergovernmental transfers (e.g., bank stock taxes, business, professional and occupational licenses and ABC profits distributions).[22] These fiscal benefits to the Town will increase with the future growth and development of the annexed area. Further, the proposed agreement will permit Grottoes to annex additional territory, designated as the Growth Area, after adoption of the agreement and when the Town determines such to be appropriate.

It is important to note here that town annexations in Virginia, unlike those initiated by cities, do not remove property from a county's tax rolls. Thus, the major tax sources of Rockingham County will be unaffected by annexations by the Town of Grottoes. While town annexations do constrict, however, some of a county's more modest revenue sources (e.g., automobile license taxes, consumer utility taxes, sales taxes, etc.), no significant loss of

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[21] **Joint Submission**, Sec. "Fiscal Impact."

[22] **Ibid**.

revenue to Rockingham County is anticipated as a result of the annexations effected by Grottoes under the terms of the proposed agreement.[23] Moreover, any development facilitated by the extension of Grottoes' services to annexed areas will redound to the benefit of Rockingham County. On the basis of these considerations, the Commission concludes that the proposed agreement should provide the Town of Grottoes and Rockingham County with an equitable share of the area's resources.

Liabilities for Services

The Town of Grottoes plays an important role in southeastern Rockingham County in the provision of public services. The Town not only offers its residents a significant array of public services, it also extends a number of them to residents and businesses beyond its present boundaries. Any annexation by the Town under the terms of the proposed agreement will, however, increase Grottoes' public service responsibilities. While such expanded responsibility for public services in the areas annexed constitutes a liability to be assumed by the Town, the extension of such services represents, at the same time, a consequence of the agreement which is in the general interest of the community at large. The following sections of this report address these public service concerns.

Water Supply and Distribution. The Town of Grottoes owns and operates a public water storage and distribution system which presently serves a total of 763 connections, with 24 being located in the IAA, with an

[23]The Town estimates that Rockingham County will incur a loss in taxes and fees amounting to approximately $5,000 due to the annexation of the IAA. (Crider, letter to staff of Commission on Local Government, Jan. 23, 2002.)

additional 3 in the other territory covered by the agreement.[24] Water for the system is obtained from two wells, one of which is located in the IAA adjacent to the current Town boundaries. While the aggregate yield from those wells is 0.85 million gallons per day (MGD) under normal weather conditions, the Town currently has the pumping capacity to withdraw only 0.40 MGD from those water sources.[25] Since Grottoes' present water distribution system required in 2001 approximately 0.28 MGD, the system currently retains an unused reserve of 0.12 MGD.[26] In terms of storage capacity, the Town has two facilities which collectively hold 0.60 million gallons of water, or an amount slightly in excess of two days' demand.[27]

Due to the quality of the water emanating from the Town's wells, Grottoes has no treatment plant nor does it chlorinate or fluoridate the ground water prior to distribution for use.[28] The Town has recognized, however, that its water system is potentially vulnerable to contamination. The possibility of contamination of the system's ground water source is

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[24]**Ibid**. Only four residences in the IAA are not connected to municipal water service. Town water lines also serve 3 connections beyond the GGA in Rockingham County, and an additional 18 connections in the unincorporated portions of Augusta County. The Commission notes that user fees and connection charges for non-residents are equivalent to those paid by in-Town water connections.

[25]**Ibid**.; and Virginia Department of Health, Bureau of Water Supply Engineering, Waterworks Operating Permit, Town of Grottoes, Jan. 31, 1985.

[26]Crider, letter to staff of Commission on Local Government, Jan. 23, 2002.

[27]**Ibid**.

[28]**Ibid**. State regulations do not require the treatment of ground water used in public water systems as long as such sources are tested on a regular basis and found free of contamination. (12 VAC 590-380 and 12 VAC 590-840)

increased by the fact that subterranean features in the general area result in an intricate interconnection of subsurface water which permits pollution from a distant site to contaminate the source utilized by the Town. Moreover, the intricate interconnection of subsurface water in the area could render the identification of the source of contamination extremely difficult. In order to address this concern, Grottoes is implementing a wellhead protection program to safeguard the ground water resources in the areas adjacent to it water wells.[29] Once adopted, such a program will greatly reduce the threats of contamination to the Town's ground water source, and thus, increase the reliability of the municipal water system.

In view of the extent of water service already provided the IAA by the Town and the excess capacity in the municipal system, we find that Grottoes is capable of meeting the needs of the general area for the foreseeable future. Moreover, it is important to note that, at the present time, the Town is the only source for central water available to serve residents and businesses in the Grottoes area.[30]

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[29]A wellhead protection program consists of the assessment of potential threats to public water supply wells, management of nearby land uses through zoning and other land development control regulations, and planning to prevent ground water pollution problems. (Virginia Ground Water Protection Steering Committee, **Wellhead Protection: A Handbook for Local Governments in Virginia**; and **Implementing Wellhead Protection: Model Components for Local Governments in Virginia**, September 1998.) Currently, the Virginia Department of Health is conducting a source water assessment for the Grottoes community water system, and that study is expected to be completed by the end of 2002. (Christopher D. Adkins, Source Water Supervisor, Division of Drinking Water, Virginia Department of Health, communication with staff of Commission on Local Government, May 3, 2002.)

[30]The Commission also observes that private contractors routinely transport water from the Town to residences and farms located in the unincorporated portions of Rockingham and Augusta Counties who utilize wells or cisterns.

Sewerage. The Town's sewerage system currently serves directly 651 connections, including 6 in the IAA.[31] The municipal treatment plant, which was constructed in 1986, has an authorized capacity of 0.20 MGD, and received in 2001 an average daily flow of 0.15 MGD, leaving an excess capacity of 0.05 MGD.[32] The Town is prevented, however, from utilizing fully this reserve because of strict standards on the nature of effluent discharged through the plant's outfall into South River. As a consequence of that higher standard, the Town is currently making improvements to its sewage treatment plant that will increase its treatment capacity to 0.40 MGD.[33] Those improvements will permit the Town's system to accommodate anticipated needs for the immediate future.

In our judgment, the Town of Grottoes should assume responsibility for sewerage service in the areas covered by the agreement and, by further development of its system, can properly serve those areas and its residents. Indeed, the Town's sewerage facilities constitute the only public sewerage system available to serve the Grottoes environs.

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[31]Crider, letter to staff of Commission on Local Government, Jan. 23, 2002. Although the Town's sewerage system serves 5 connections in the unincorporated portion of Augusta County, there are no municipal sewage connections in the balance of the Grottoes Growth Area. As is the case with water, the Town does not place a surcharge on sewerage service fees for non-residents.

[32]**Ibid**.; and **Joint Submission**, Sec. "Public Services". The Town's sewage treatment plant is located in the IAA.

[33]Crider, letter to staff of Commission on Local Government, Jan. 23, 2002. In order to meet the new effluent treatment standards, Grottoes is adding ultraviolet disinfection to its sewage treatment facility rather than a chlorination process which is typically used in similar situations. Concurrent with that addition, the Town is also upgrading the treatment capacity of the municipal wastewater plant. The improvements, which will require approximately $100,000 in Town funds, are scheduled to be completed in July 2002. (**Ibid**.)

Solid Waste. The Town of Grottoes currently contracts with a private firm for the provision of solid waste collection services to Town residents and businesses.[34] While the Town subsidizes this activity with an appropriation from its general fund, Grottoes residents are charged $12.40 bimonthly for weekly collection services.[35] Residents in the areas subject to annexation under the terms of the proposed agreement can dispose of their waste in bulk containers located at various sites in the County. None of these containers, however, are presently located in the GGA. County residents in the IAA can also contract with private firms for refuse collection, at a cost reported to be $15.00 per month.[36]

In our judgment, the developed areas adjacent to Grottoes would benefit from the solid waste collection services provided by the Town. The extension of the Town's services to areas annexed can be expected to result in greater utilization of these collection services, as well as in reduced charges for all users. Clearly, the Town can and should bear responsibility for the provision of this public service in the areas covered by the agreement.

Law Enforcement. Law enforcement services in the Town of Grottoes are provided by the Town's police department which is staffed by five full-

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[34]**Joint Submission**, Sec. "Public Services." The Town's contractor utilizes the County's landfill, which is located southeast of the City of Harrisonburg, for the disposal of refuse.

[35]**Ibid**. Businesses in the Town are charged $13.40 bimonthly for refuse disposal services. During FY2000, the Town's subsidy of its solid waste collection and disposal services was approximately $58,000. Seasonal collection of leaves and brush are provided, however, using Town personnel and equipment. (Crider, letter to staff of Commission on Local Government, Jan. 23, 2002.)

[36]Crider, letter to staff of Commission on Local Government, Jan. 23, 2002.

time officers, including the Chief of Police.[37] Each full-time officer is assigned patrol responsibility, with the duty shifts structured so that the Town is regularly patrolled during most hours of the day.[38] The Rockingham County Sheriff's Department, which maintains its headquarters in the City of Harrisonburg, assists the Town in meeting its law enforcement needs. Close cooperation exists among the two departments, with each agency responding to calls to the other when circumstances warrant.[39] Further, the County provides dispatch services and jail facilities for the Town as needed.[40]

The Commission has no knowledge of any extraordinary law enforcement problems in the Immediate Annexation Area, and the incorporation of that area into the Town is not expected to add substantially to the law enforcement burden of Grottoes' police department. The extension of the Town's law enforcement services to the areas annexed should be of benefit to its residents and businesses.

Other Service Considerations. The Commission notes that with respect to certain public services, residents of the GGA will not experience any immediate change in service levels as a result of their incorporation into

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[37]**Ibid**. The personnel complement of the Town's police department also includes one part-time sworn officer.

[38]During the two-hour period of each day when Town police officers are not on duty, calls for service are responded to by the Rockingham County Sheriff's Department. (**Joint Submission**, Sec. "Public Services"; and Crider, letter to staff of Commission on Local Government, Jan. 23, 2002.)

[39]A representative for Grottoes has indicated that Town police officers generally respond to approximately two to four calls for service per week from the IAA on an as-needed basis. (Crider, communication with staff of Commission on Local Government, Apr. 1, 2002.)

[40]Crider, letter to staff of Commission on Local Government, Jan. 23, 2002.

the Town of Grottoes. With respect to fire protection services, the Town and Rockingham County jointly support the Grottoes Volunteer Fire Department (VFD), which serves the municipality and adjacent areas outside the corporate limits, including the GGA.[41] The fire suppression capabilities of the Grottoes VFD and the Town's water distribution system are such that properties within the municipality, as well as those portions of the IAA which are located within 1,000 feet of a Town fire hydrant are classified "5" by the Insurance Services Office (ISO) of Virginia in terms of their exposure to fire loss.[42] Other properties in the IAA, as well as the Growth Area, situated more distant from a fire hydrant have a higher ISO classification.

In terms of public recreational services, residents of the area proposed for annexation and the County generally are currently free to utilize the Town's recreational facilities.[43] The Grottoes Town Park, which is a significant community asset located on a 54-acre tract in IAA, offers two little league baseball diamonds, a golf driving range, a boat landing, two

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[41]**Ibid**. Between FY1996/97 and FY2000/01 the Town contributed approximately $22,300 to the Grottoes Volunteer Fire Department.

[42]The Commission notes that while only four fire hydrants connected to municipal water lines are located in the IAA, approximately ten additional hydrants located on the periphery of Grottoes are available to provide fire suppression services to areas contiguous to the Town's current borders. (**Ibid**.) 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 Services** (Washington, DC: International City Management Association, 1979), p. 102.]

[43]**Joint Submission**, Sec. "Public Services"; and Crider, presentation to the Commission on Local Government, Mar. 18, 2002.

picnic pavilions, horseshoe pits, and playground.[44] At the present time, the Town is planning to expand the recreational facilities located at its Town Park.[45]

While any annexation proposed under the terms of the proposed agreement will not immediately affect the level of fire suppression and recreational programs in the areas annexed, the Town's commitment to such services and programs will increasingly benefit that area and its residents.

Summary

The annexation of the Immediate Annexation Area will provide the Town of Grottoes with an immediate infusion of additional revenues and a modest amount of vacant land for future development. Since the Town presently provides water service to much of the IAA, the annexation of that area will not present Grottoes with major additional public utility service liabilities. Moreover, the opportunity for subsequent expansions of the Town's boundaries in the Growth Area will allow Grottoes to share appropriately in the growth in its environs and will provide the Town with the necessary resources to extend its services to areas of need. From the Commission's perspective, the proposed agreement does allow an equitable sharing of both the area's resources and liabilities.

INTEREST OF THE COMMUNITY AT LARGE

In reviewing a proposed agreement defining a town's annexation rights, the Commission is also directed by the Code of Virginia to consider

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[44] **Joint Submission**, Sec. "Public Services."

[45] **Ibid**.

whether such an agreement in "the best interest of the community at large."[46] As indicated in the previous sections of this report, the Commission has found that the proposed Town of Grottoes–Rockingham County agreement as providing for the orderly and regular growth of the Town and County and facilitating an equitable sharing of the area's public resources and liabilities. These attributes are clearly promotive of the best interest of the community at large. There are, however, additional aspects of the proposed agreement which are relevant to this criterion and which merit comment in this report.

Relinquishment of Authority to Seek City Status

A major element of the proposed agreement is the provision which calls for the Town of Grottoes to relinquish in perpetuity its authority to seek city status. At the present time the Town does not have the requisite population (5,000) to be eligible to seek the status as an independent city, nor will any annexation contemplated under the terms of the proposed agreement result in Grottoes attaining that required threshold. If Grottoes were to exercise its present statutory prerogative to seek city status at some future date, such an event would remove totally the Town's population and tax resources from County authority, with the consequence that the remaining residents of Rockingham County could be confronted with a greater local tax burden. With the adoption of this proposed agreement, the Town commits itself to remaining permanently an integral part of Rockingham County and supporting with its residents and resources the needs of the County generally. Unless a variance in political values or service needs create insurmountable differences, the best interest of the community at large is, in our judgment, served by the Town of Grottoes remaining a part of Rockingham County.

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[46] Sec. 15.2-3232, Code of Va.

Simplification of the Annexation Process

The proposed agreement would permits the growth of the Town of Grottoes by a simple process (i. e., annexation by municipal ordinance) which avoids protracted and often expensive adversarial annexation proceedings. Although the State's traditional annexation process has many commendable features, experience has shown that such proceedings can be costly in terms of legal fees, consultants' charges, administrative time, and other expenses incidental to litigation. In addition to such tangible costs, annexation litigation often results in strained interlocal relations which can inhibit cooperative efforts, collaboration on mutual problems, and long-range planning. The proposed agreement will permit the growth of Grottoes in a nonadversarial manner with a minimum of attendant cost. This aspect of the proposed agreement is in the general interest of the community at large.

Economic Development of the Grottoes Environs

The proposed agreement will facilitate the growth of the Town of Grottoes and provide that municipality with additional resources which can be used to meet the public service needs of its general area. Grottoes' increased capacity for the provision of public services can be an important factor in supporting desirable development in the enlarged Town. Any development which does occur within the enlarged Town will benefit both Grottoes and Rockingham County. This aspect of the proposed agreement is clearly in the best interest of the total community.

Protection of Agricultural Properties

The proposed County agreement includes several provisions designed to protect properties.[47] First, the agreement states:

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[47]**Annexation Agreement**, Sec. 6.

> The Town has no desire to annex acreage which is principally and actively devoted to agricultural production unless such acreage is largely embraced by property appropriate for annexation and cannot, in the judgment of the Town, be reasonably excluded therefrom.

While this provision would allow the incidental annexation of agricultural properties which might be encompassed by developed areas, it is intended to prevent any large and indiscriminate incorporation of such properties into the Town. Further, the proposed agreement commits the Town to protecting existing farmlands in areas annexed "...through the use of zoning and land use ordinances, including the land use assessment system." And finally, the proposed agreement states the Town's intention to "...allow the continued agricultural use of any farm land which it annexes by way of favorable ordinances, subject to best management practices."[48] The Commission recognizes and fully supports the State's strong concern for the preservation of agricultural properties, and the significance of Rockingham County as the premier agricultural resource of the Commonwealth.[49] In our judgment, the provisions of the agreement concerning the protection of agricultural lands are fully consistent with the best interest of the community at large.

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[48] **Ibid**.

[49] Of the total market value of agricultural products sold by farming operations in the Commonwealth in 1997 ($2.34 billion), 18.7% was as a result of agricultural operations in Rockingham County. (U. S. Department of Agriculture, National Agricultural Statistics Service, **1997 Census of Agriculture, State and County Profiles**.) In addition, in 1997 Rockingham County was the second leading county in the nation in terms of the value of poultry and poultry products sold. (U. S. Department of Agriculture, National Agricultural Statistics Service, **1997 Census of Agriculture, Ranking of States and Counties**, Table 26.)

Cooperative Planning Efforts

The proposed agreement contains provisions which commit the Town and County to a coordinated and cooperative planning and land use regulatory program for managing future growth in the areas adjacent to Grottoes. The agreement calls for the County to consult with the Town on land use decisions relative to the GGA.[50] In addition, the Town, in consultation with the County, is required to develop a comprehensive plan for the GGA within two years following the effective date of the proposed agreement. These efforts on the part of the Town of Grottoes and Rockingham County to plan in a collaborative manner for managing future development of the GGA are clearly in the best interest of the community at large.

FINDINGS AND RECOMMENDATION

The Commission finds that the proposed agreement appropriately provides concurrently for the orderly and regular growth of the Town of Grottoes and Rockingham County, that it facilitates an equitable sharing of the area's public resources and liabilities, and that it is in the best interest of the community at large. While the Commission has reviewed the proposed agreement and reports it "favorably," we offer the recommendation set forth below.

BOUNDARIES OF THE IMMEDIATE ANNEXATION AREA

As noted in a previous section of this report, the Town of Grottoes has initiated a comprehensive wellhead protection program to insure the safety

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[50]Under the terms of the land development review process established by the proposed agreement, Grottoes will be afforded an opportunity to comment on all applications for rezoning and requests for the subdivision of property in the GGA. (**Annexation Agreement**, Sec. 7.)

and integrity of its ground water resources. Of particular concern to the Town is the approximately 430 acre portion of the Grottoes Growth Area (GGA) located to the east of the current municipal boundaries. During the presentations to this Commission, a representative for Grottoes indicated that the protection of the municipal water supply is a principal reason for the Town's annexation of a 20-acre tract within the GGA, which contains one of the municipal water wells, immediately following the effective date of the proposed agreement.[51]

The Commission observes, however, that the Town is only in the preliminary stages of a wellhead protection program. On behalf of Grottoes, the Virginia Department of Health has initiated a source water assessment study for Grottoes to identify any potential threats of contamination to the Town's water wells.[52] Following the completion of that study, the next components of the wellhead protection program will require the Town to adopt an overlay zone to control land uses that could be detrimental to the groundwater recharge areas for the water wells and to develop contingency plans for emergencies that could threaten those wells. We note that the latter two activities will require coordination with Rockingham County since the areas not annexed initially by Grottoes under the terms of the agreement, as well as other unincorporated territory not subject to municipal annexation which may encompass the ground water recharge areas of the Town's wells, will remain under County jurisdiction.[53]

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[51]Crider, presentation to the Commission on Local Government, Mar. 18, 2002. Grottoes' other well is located within the Town approximately 300 feet west of the water well in the IAA. (Crider, letter to staff of Commission on Local Government, Jan. 23, 2002.)

[52]Adkins, communication with staff of Commission on Local Government, May 3, 2002.

[53]One of the purposes for the cooperative planning arrangement as called for in the proposed agreement is the "...protection of the water shed in both the GGA and the area of the County immediately surrounding the

Therefore, the Commission recommends that with the exception of the specific parcel in the IAA that contains the Town's well, Grottoes postpone the annexation of other property east of its current boundaries until the source water assessment study is completed.[54] Once the results of that study are known and analyzed, Grottoes may find it appropriate to annex all, or a significant segment, of the eastern portion of the GGA in order to protect the Town's water supply.

GGA,..." (**Annexation Agreement**, Sec. 7.)

[54]The Commission's recommendation does not apply, however, to any other portion of the IAA, including the two tracts located to the south and southeast of the Town's current borders.

Respectfully submitted,

_____/ S /_____
Geline B. Williams, Chairman

_____/S/_____
Peter T. Way, Vice Chairman

_____/S/_____
James E. Kickler

_____/S/_____
Frank Raflo

Appendix A

The County of Rockingham and the Town of Grottoes Annexation Agreement

STATISTICAL PROFILE OF THE TOWN OF GROTTOES, COUNTY OF ROCKINGHAM AND THE AREAS COVERED UNDER THE AGREEMENT DEFINING ANNEXATION RIGHTS

			Grottoes Growth Area	
	Town of Grottoes	**County of Rockingham**	**Immediate Annexation Area**	**Growth Area**
Population (2000)	2,114	67,725	93	120
Land Area	832 ac.	851.2 sq. mi.	292 ac.	412 ac.
Assessed Property Values (FY1999/2000)				
Real Estate Values	$68,889,400	$3,279,291,613	$3,645,000	$4,124,700
Personal Property Values	$8,449,400	$365,497,000	N/A	N/A
Mobile Homes Values	N/A	$37,360,588	N/A	N/A
Machinery and Tool Values	N/A	$169,290,980	N/A	N/A
Merchants Capital Values	N/A	$67,291,724	N/A	N/A
Public Service Corporation Values	N/A	$138,518,902	N/A	N/A
Farm Equipment Values	N/A	$57,764,545	N/A	N/A

NOTES:

N/A = Not Available

Statistics for Rockingham County include data for the Town of Grottoes.

Statistics for Grottoes includes data for that portion of the Town located in Augusta County.

SOURCES:

Town of Grottoes and County of Rockingham, Annexation Agreement: Submission to the Commission on Local Government, November 2001.

Town of Grottoes, Comprehensive Annual Financial Report, Year Ending June 30, 2000.

County of Rockingham, Comprehensive Annual Financial Report, Year Ending June 30, 2000.