

**Report on the
Town of Pearisburg - County of Giles
Revised Voluntary Settlement Agreement**



**Commission on Local Government
Commonwealth of Virginia**

July 1997

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**REPORT ON THE
TOWN OF PEARISBURG - COUNTY OF GILES
REVISED VOLUNTARY SETTLEMENT AGREEMENT**

PROCEEDINGS OF THE COMMISSION

On February 18, 1997 the Town of Pearisburg, in concert with Giles County, formally submitted to the Commission on Local Government for review a proposed voluntary settlement agreement which had been negotiated under the authority of Section 15.1-1167.1 of the Code of Virginia. Consistent with the Commission's Rules of Procedure, the Town's notice was accompanied by data and materials supporting the proposed agreement.¹ Further, in accordance with statutory requirements, the Town concurrently gave notice of the proposed agreement to 15 other political subdivisions with which the parties were contiguous or with which they shared functions, revenues, or tax sources.² The proposed agreement contains provisions which would (1) grant the Town an annexation of 1.4 square miles of territory in Giles County, (2) permit the Town to adjust its boundaries to incorporate an additional 64 acres of County territory on December 31, 1999, (3) establish a moratorium on further Town-initiated annexations for a period of five years subsequent to the effective date of the agreement, and (4) engage the Town and County in a collaborative planning effort.³ The proposed settlement constitutes a revision of a 1995

¹Town of Pearisburg, **Petition to Commission on Local Government for Approval of an Annexation Agreement with Giles County** (hereinafter cited as **Town Notice**).

²Sec. 15.1-945.7(A), Code of Va.

³Amended Annexation Agreement Between the Town of Pearisburg and the County of Giles (hereinafter cited as Amended Annexation Agreement). See **Appendix A** for the complete text of the Amended Annexation Agreement.

agreement between the Town and County that had been reviewed previously by this Commission.⁴

The Commission convened in Pearisburg on June 2, 1997 to tour the Town and relevant areas in Giles County, to receive oral testimony from local officials regarding the agreement, and to conduct a public hearing for the purpose of receiving citizen comment.⁵ The public hearing, which was advertised in accordance with Section 15.1-945.7(B) of the Code of Virginia, was attended by approximately 28 persons but produced testimony from only one individual. In order to permit receipt of additional public comment, the Commission agreed to keep open its record for written submissions through June 16, 1997.

PREVIOUS COMMISSION FINDINGS

The initially proposed Town of Pearisburg - County of Giles agreement, which was submitted to this Commission for review in March 1995, contained provisions which (1) granted Pearisburg an initial annexation of 2.66 square miles of territory in Giles County, (2) permitted the Town to adjust its boundaries by ordinance to incorporate an additional 1.3 square miles of County territory anytime during the period between 1999 and 2009, (3) required the municipality to remit to the County 50% of its annual collections from sales, motor vehicle license, and consumer utility taxes within each annexed area for a period of five years following its incorporation into the Town, (4) imposed a moratorium on further Town-initiated annexations for a period of 15 years subsequent to the

⁴The Commission issued its report on the prior settlement agreement in December 1995. See Commission on Local Government, **Report on the Town of Pearisburg-County of Giles Voluntary Settlement Agreement**.

⁵Due to illness, Harold S. Atkinson did not take part in the June 2, 1997 proceedings and was not a participant in the discussions, deliberations, drafting, or approval of the Commission's report on this settlement agreement.

effective date of the initial annexation, and (5) required Pearisburg to waive in perpetuity its authority to seek city status.⁶

In its report on the prior agreement rendered in December 1995, the Commission determined that, while Pearisburg was a strong and viable municipality that offered a broad range of public services to its residents and the surrounding community, the Town bore an inordinate fiscal burden due, in part, to the added responsibilities it had assumed for the benefit of the general area. Further, the data revealed that the scarcity of vacant land and competitive sites for future economic development in Pearisburg significantly diminished the Town's capacity to bear added financial obligations. After a detailed and extensive analysis of the evidence, the Commission's report on the previously proposed agreement concluded that, although the annexation called for in that instrument would bring within Pearisburg vacant land suitable for development and additional fiscal assets, it did not provide the Town with sufficient local-source revenues to address the significant and costly utility concerns of the areas proposed for annexation.⁷ In addition, because of Pearisburg's existing fiscal condition, the Town offered only a qualified commitment to address those needs.⁸ Accordingly, the Commission concluded that the prior agreement could not be found consistent with the interest of the Commonwealth in the

⁶Annexation Agreement Between the Town of Pearisburg and the County of Giles. (**Report on the Town of Pearisburg-County of Giles Voluntary Settlement Agreement.**)

⁷Pearisburg presented data during the 1995 proceedings indicating that it could meet operating and capital costs for the extension of general governmental services to the area annexed initially under the terms of the prior agreement. Additional evidence submitted by the Town, however, revealed that the annexation called for in the earlier accord would result initially in an annual deficit in the Town's enterprise funds of approximately \$94,900. (**Ibid.**, pp. 14-23.)

⁸The Town's commitment to addressing the identified utility concerns in the area proposed for annexation was contingent upon its receipt of intergovernmental grants and loans.

concurrent promotion and preservation of the viability of the affected local governments.

In its previous report the Commission recommended several modifications to the 1995 settlement to enhance the fiscal capacity of Pearisburg and, thus, to enable the Town to address the identified utility needs of the annexed area. In terms of those recommendations, the Commission proposed several modifications to the area subject to annexation. Of paramount importance to the Commission was the inclusion of the Mountain View Industrial Park in the area to be annexed by the Town following the effective date of the agreement. Under the previously proposed agreement, the Mountain View Industrial Park had been excluded from the area proposed for annexation and, following the completion of the second phase annexation authorized in the agreement, that facility would have been completely surrounded by the enlarged Town. As our earlier report noted:

The Commission finds no justifiable basis for the exclusion of this tract from the Town, which has sustained and supported the industrial park with its utilities from its inception. Industrial firms should be prepared to be good corporate citizens of their communities and to support fully and equitably the localities which sustain them.⁹

In addition, the Commission proposed two other changes with respect to the area subject to immediate annexation. First, it recommended that a tract of land, identified by the parties as the Mason Farm area, be included in the initial annexation phase. That area was viewed by the Commission as providing Pearisburg with property which had "a significant development potential in the immediate future and [which would] enhance the capacity of the Town to extend needed sewerage."¹⁰ Second, the Commission

⁹Report on the Town of Pearisburg - County of Giles Voluntary Settlement Agreement, p. 47.

¹⁰Ibid., p. 48.

recommended that the Virginia Heights community be removed from the territory that would have been immediately incorporated into the Town. Since Pearisburg did not propose to extend its sewer service to that community in a reasonable and specified time frame, the Commission recommended that Virginia Heights not be annexed until such time as a commitment to provide the needed sewer service could be made by the Town.

With respect to the area subject to annexation by municipal ordinance in the period between 1999 and 2009, the Commission recommended that no portion of that area be incorporated into Pearisburg unless the Town made an "unequivocal" commitment to provide needed sewerage services within five years following the effective date of annexation. The Commission also recommended that the earlier agreement be amended such that the Town's authority to annex by ordinance within the specified areas not be terminated at the end of 2009. In its report the Commission noted that its recommendation which required an unequivocal commitment by the Town to the prompt extension of utilities to the annexed areas, as well as Pearisburg's permanent renunciation of its authority to seek city status, obviated the need for a time limit on municipal annexations within the specified areas.

In addition to our recommendations affecting the area proposed for annexation under the terms of the 1995 accord, the Commission also recommended that the proposed agreement be amended to eliminate the provision which called for Pearisburg to compensate Giles County for certain lost revenues resulting from Town annexations and that the funds in question be placed in escrow by Pearisburg and dedicated to the extension of sewerage to the annexed areas. As our earlier report noted:

While the impact of this modification on the County's finances would be negligible, constituting an amount equivalent to the yield of slightly more than one-half cent on its real estate tax rate (based on

FY1993/94 assessments), it would have a more pronounced effect on the sewerage concerns in the areas adjacent to Pearisburg, an issue of obvious concern to both the Town and the County.¹¹

The Commission concluded that the adoption of the proposed modifications reviewed above would enable it to find the proposed agreement "in the best interest of the Commonwealth" and to recommend the court's approval of the revised accord.

PROPOSED REVISIONS

The revised settlement agreement between the Town of Pearisburg and Giles County currently before this Commission has been modified to address a number of the concerns which were specified in our previous report. Under the terms of the amended agreement, Pearisburg would be granted an annexation immediately following the effective date of the proposed accord and would be permitted to annex additional territory on or after December 31, 1999. The territory subject to annexation by Pearisburg under the currently proposed agreement varies from that subject to annexation under the previous instrument. The changes in the areas to be annexed address this Commission's earlier concerns as manifested in our recommendations. In this regard, we note that the area subject to annexation under the amended agreement includes the Mason Farm property, which would be immediately annexed by the Town upon final approval of the agreement, and the Mountain View Industrial Park, which would be incorporated into Pearisburg in the year 2000. Further, other territory adjacent to the Town, such as the Virginia Heights, Ingram Village, Hidden Meadows, Fairview Acres, and Lilly Haven communities, were removed from the area to be annexed by the Town. The elimination of those communities, which generally have major utility needs, from the area proposed for annexation will have the effect of reducing the Town's future

¹¹Ibid., p. 51.

public service liability and fiscal burden.¹² While the utility concerns of those areas demand attention, it is not evident to this Commission that Pearisburg has, absent significant intergovernmental assistance, the fiscal prowess to address those concerns at this time.

With respect to the area subject to annexation by Pearisburg under the terms of the current accord, the two components of that area collectively embrace approximately 1.45 square miles of territory, a population currently estimated to be 554 persons, and, based on FY1995/96 assessment data, \$18.1 million in total assessed real estate and tangible personal property values.¹³ In addition to the Mountain View Industrial Park, that area contains a number of residential concentrations (e.g., the Lillyfair, Mason Court, Robin Hood, and Bluff City communities), a shopping center, other commercial establishments, and several public facilities.¹⁴ Further, the proposed annexation will provide the Town with approximately 719 acres of vacant land with a potential for future development. All of the area to be annexed by Pearisburg is served by municipal water, and all but one residential community located in that area presently has, or will soon be served by, Town sewerage.

¹²Under the terms of the revised agreement, Giles County expressly acknowledges that it bears sole responsibility for addressing all utility and public service needs of the unincorporated area located beyond the enlarged boundaries of the Town. (Amended Annexation Agreement, Sec. 3.02.)

¹³**Town Notice**, Tab "General Data," Tables B, D. See **Appendix B** for a statistical profile of the Town, the County, and the area proposed for annexation under the terms of the revised settlement agreement. See **Appendix C** for a map of the Town and that area.

¹⁴**Ibid.** Tab "Narrative Description of Annexation Areas." Located in the Mountain View Industrial Park are five industrial operations employing collectively approximately 300 persons. Commercial facilities in the area proposed for annexation include Wade's Shopping Plaza in Bluff City as well as other retail establishments located primarily along U. S. Route 460 Business.

In terms of the fiscal impact of the revised agreement on Pearisburg, the initial and subsequent annexations will bring within the Town property which is expected to generate annually a total of approximately \$225,000 in local-source revenue and intergovernmental aid.¹⁵ In order to extend its general governmental services to the area, however, the Town has estimated that it will be required to expend \$79,000 annually for operational purposes and an additional \$91,000 within the two-year period following the initial annexation for capital improvements and equipment.¹⁶ As those data indicate, the additional general fund revenues Pearisburg expects to receive from the proposed annexation will more than offset the operating cost for the extension of general governmental services to the annexed area and the limited capital improvements required for the extension of such services.

In several respects the revised accord will alleviate the fiscal concerns which would have confronted Pearisburg under the previously proposed instrument and, as a consequence, will enhance the Town's ability to address the needs of the annexed areas. First, with the exception of the Bluff City commercial area and the Bluff City residential community, all of the area subject to annexation under the revised agreement is currently served by municipal sewerage. With respect to the Bluff City commercial area, Pearisburg has already begun the installation of sewerage lines to serve that area and has obtained funds for that purpose.¹⁷ In terms of the Bluff

¹⁵Ibid., Tab "Town's Ability to Finance Annexation," Table 2.

¹⁶Ibid., Tables 1, 3A.

¹⁷According to a Town official, the sewer project to serve the Bluff City commercial area, which is currently under construction and scheduled for completion by the end of 1997, will cost approximately \$766,000. The Town has secured a low-interest loan from the Virginia Resource Authority to fund that project. When completed, the new sewer lines will serve seven connections, including Wade's Shopping Plaza. [Testimony of Kenneth F. Vittum, Town Manager, Town of Pearisburg, Transcript of Town of Pearisburg - County of Giles Voluntary Settlement Agreement, Oral Presentations (hereinafter cited as Transcript), p. 82; and Town Notice, Tab

City residential community, the Town has, for purposes of avoiding an overextension of its fiscal resources, restricted its commitment to a "good faith" effort to extend sewerage to that community within a decade.¹⁸ Thus, while the previously proposed agreement would have brought within the municipality several other communities (e.g., Ingram Village and Virginia Heights) with major sewage concerns and would have presented the Town with concomitant cost, the present instrument leaves those communities under the sole jurisdiction of the County.

In terms of the public service responsibility accepted by Giles County under the revised agreement, our prior report noted that the communities located adjacent to the Town had major sewage concerns due to insufficient lot size and unfavorable soil conditions.¹⁹ The New River Health District has recently confirmed our previous assertion and has indicated that the continued absence of central sewage collection and treatment in the Hidden Meadows, Ingram Village, Lilly Haven, Fairview Acres, and Virginia Heights neighborhoods, all of which are beyond the area proposed for annexation under the current agreement, has resulted in pervasive sanitation problems due to septic tank failures and the presence of cesspools and other unapproved means of sewage disposal.²⁰ While the Town's water lines serving those communities reduce the threat of health hazard resulting from contaminated drinking water, the Director of the New River Health District

"Service Plan," p. 1.]

¹⁸Amended Annexation Agreement, Sec. 3.03. The Town estimates that the Bluff City residential area sewer project will cost approximately \$1.5 million. (**Town Notice**, Tab "Service Plan," Table 1.)

¹⁹**Report on the Town of Pearisburg-County of Giles Voluntary Settlement Agreement**, pp. 28-29.

²⁰J. Henry Hershey, M. D., M.P.H., Director, New River Health District, letter to Chairman of Commission on Local Government, July 7, 1997; and V. B. Marcussen, Environmental Health Manager, New River Health District, letter to staff of Commission on Local Government, July 14, 1997.

With respect to Pearisburg's proposal to use interfund transfers to address a portion of the projected annual shortfall in utility revenues, our prior report noted that reliance on general fund transfers to supplement services which should be supported by user fees and charges should constitute only an interim solution to a locality's fiscal concerns. In this instance, however, an extended use of interfund transfer might be appropriate to allow a more gradual adjustment in the Town's utility rate structure following the proposed annexation. With the extension of sewer lines into the annexed area, interfund transfers should be reduced as the Town receives additional revenues from new connections. Accordingly, we acknowledge that the confluence of conditions confronting Pearisburg may temporarily require the Town to address the deficits in its enterprise accounts by transfers from the general fund.

Two other modifications in the previously proposed agreement, however, improve the fiscal prospects and viability of Pearisburg. First, the Town and County have agreed to eliminate the revenue-sharing plan included in the prior accord. As noted in our earlier report, the payment required of Pearisburg under the previously proposed agreement reduced the capacity of the Town to address, in a prompt manner, the public service needs of the communities incorporated into the municipality. Further, we reaffirm our previous judgment that the elimination of the revenue sharing provision will have only a modest impact on the County's finances.²⁴

²⁴The Town has estimated the amount of the loss to the County's general fund to be approximately \$29,100, or 0.3% of the County's total FY1995/96 general fund revenues (\$11,230,000). (Town Notice, Tab "Impact on County," Table 1; and Hicok and Fern, County of Giles, Virginia, Comprehensive Annual Financial Report, June 30, 1996, Schedule 1.) A representative for Giles County has subsequently reviewed and expressed concurrence with the Town's calculations. (Roger C. Mullins, County Administrator, County of Giles, letter to staff of Commission on Local Government, May 30, 1997.)

Second, the parties have also modified the previous agreement to reduce significantly the proposed moratorium on the Town's future annexation authority. While the prior instrument barred the Town from initiating a succeeding annexation action for a 15-year period, the present settlement reduces that moratorium to only a five-year period.²⁵ The future viability of Pearisburg will be affected by its ability to annex adjacent territory that has been nurtured and sustained, in large part, by the proximity of the Town and its services. In our judgment, these several amendments to the previous agreement are appropriate and promote the viability of both jurisdictions.

In sum, the revised agreement will bring within Pearisburg additional demographic and fiscal resources, will provide the municipality with an enlarged potential for future economic growth, and will, accordingly, increase the Town's ability to serve its community. Pearisburg's enhanced capability for the provision of public services can be a positive factor in supporting and properly managing desirable development in its environs and in strengthening the economy of the County generally.

FINDINGS

In our judgment, the Town of Pearisburg and the County of Giles have negotiated significant and beneficial revisions to their settlement agreement. The modifications to the area proposed for annexation, the elimination of the revenue-sharing provision, and the reduction in the previously proposed moratorium on succeeding annexation initiatives by Pearisburg are appropriate adjustments which are founded on recognition of

²⁵Amended Annexation Agreement, Sec. 2.03. In addition, the revised settlement agreement eliminates the bar to the Town seeking status as an independent city. The Commission observes, however, that the Town does not currently have the requisite population (5,000) to be eligible to seek city status, nor will any annexation under the terms of the current agreement result in Pearisburg reaching such a population threshold.

the social and economic interdependence of the Town and County. We find that the amended agreement equitably addresses the concerns of both jurisdictions and, accordingly, is in the best interest of the Commonwealth. The Commission recommends the court's approval of the revised settlement agreement.

OTHER RECOMMENDATIONS

In our report on the previously proposed interlocal agreement the Commission made two recommendations affecting the general operations of the Town. Those recommendations merit further comment in this report. First, in our 1995 report the Commission commended Pearisburg for the unusually wide range of services (e.g. parks and recreation, street maintenance, and a public library) that it provided its residents and the surrounding community, but we concurrently noted that the additional services imposed a substantial fiscal burden on the municipality. The Commission recommended that Pearisburg examine alternative means to defray the impact of those additional services on the Town's general fund, and we encouraged Pearisburg to explore the utilization of user fees for nonresidents, to seek additional financial support from Giles County, and to investigate the joint interlocal provision of services and State assumption of street maintenance.

During our review of the current agreement, Pearisburg officials indicated that subsequent to the Commission's earlier report the Town had explored opportunities to alleviate its fiscal burden, principally in terms of increased contributions from the County for services that benefit the community at large. The Town cited several instances in which the County had responded positively to the municipal request for assistance. First, the County's contribution to the Town's recreation program increased from

\$9,475 in FY1994/95 to \$14,500 in FY1995/96, or by more than 50%.²⁶ Second, the County waived an interest payment on its loan to Pearisburg for the purchase of its recreation center, thereby enabling the Town to replace the roof on that facility.²⁷ Third, Giles County contributed \$5,000 to equip the Town's new library building.²⁸ Those actions by the County to increase its support for services that Pearisburg provides to the residents of the community at large merit recognition in this report. We encourage the Town to continue to explore such opportunities to alleviate its financial burden.

With respect to the second proposal presented in our previous report, the Commission strongly recommended that the Town adopt and annually revise a capital improvements program as an integral component of its fiscal management. As noted in our earlier report, Pearisburg's overall planning and land development control efforts functioned without such a program. In our judgment, the pending physical enlargement of the Town and the extension of its services into annexed areas underscored the need for the adoption and utilization of a capital improvements program. Town officials have indicated concurrence with that previous recommendation and have begun work on such a program, with formal adoption expected within 12 to 15 months.²⁹ This initiative by the Town also merits our recognition.

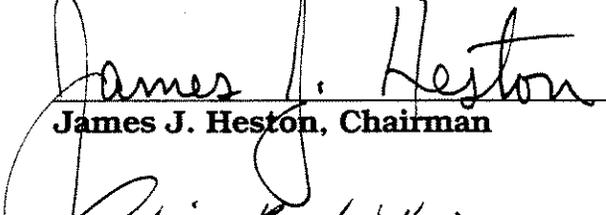
²⁶Report on the Town of Pearisburg-County of Giles Voluntary Settlement Agreement, p. 40; and Robinson, Farmer, Cox Associates, Town of Pearisburg, Virginia, Financial Report, Year Ended June 30, 1996, Schedule 1.

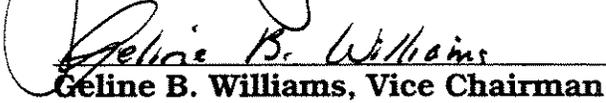
²⁷Testimony of Vittum, Transcript, p. 90.

²⁸Ibid., p. 89.

²⁹Ibid., p. 59.

Respectfully submitted,


James J. Heston, Chairman


Geline B. Williams, Vice Chairman


William S. Hubbard


Frank Raflo

Final 10/23/96

**AMENDED ANNEXATION AGREEMENT BETWEEN THE TOWN
OF PEARISBURG AND THE COUNTY OF GILES**

This Agreement made and entered into this 7 day of November, 1996, by and between the Town of Pearisburg, an incorporated town of the Commonwealth of Virginia (the "Town"), and the County of Giles, a county of the Commonwealth of Virginia (the "County").

RECITALS

WHEREAS, the Board of Supervisors for the County of Giles together with the Town Council for the Town of Pearisburg recognize the benefits of cooperative efforts to the mutual advantage for all citizens of the County and the Town;

WHEREAS, both governments desire to cooperate in an effort to promote and effectively manage growth;

WHEREAS, the Town and County recognize the need to support growth with adequate infrastructure and a sound fiscal base;

WHEREAS, on the issue of the annexation currently under discussion, the Town and County have reached agreement on the issue;

WHEREAS, the Town and County entered into a Memorandum Agreement dated October 6, 1994 addressing annexation and related issues;

WHEREAS, the Town and County entered into an Annexation Agreement between the Town of Pearisburg and the County of Giles dated January 3, 1995;

WHEREAS, the County and Town submitted the January 3, 1995 Annexation Agreement to the Commission on Local Government for its review in August 1995. The

Commission on Local Government issued its report dated December 1995, commenting on the Annexation Agreement and suggesting certain revisions.

WHEREAS, this Amended Agreement has been executed after consideration of the Commission on Local Government's Report and additional negotiations between the parties.

WHEREAS, the Town and County have negotiated this Amended Annexation Agreement which will be in the best interests of all the citizens of the County, including the citizens of the Town and the annexation areas;

WHEREAS, Va. Code Ann. § 15.1-1167.1 authorizes the Town and County to enter voluntarily into an agreement addressing annexation issues, subdivision arrangements and arrangements for infrastructure, and boundary line adjustments; and

WHEREAS, the Town and County have reached this Agreement pursuant to Title 15.1, Chapter 26.1:1 of the Code of Virginia, providing for: (i) the annexation of certain territory; (ii) a moratorium on any other town initiated annexations for a period of five years; (iii) certain utility improvements; and (iv) certain land use and subdivision regulation arrangements.

AGREEMENT

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

SECTION 1.00 - DEFINITIONS

The parties agree that the following words, terms and abbreviations as used in this Agreement shall have the following defined meanings, unless the context clearly provides otherwise:

Section 1.01. "Town" shall mean the Town of Pearisburg.

Section 1.02. "Code" shall mean the Code of Virginia of 1950, as amended. Reference to a specific Code provision shall mean that particular Code provision, or any similar provision should the Code be amended after the execution of this Agreement.

Section 1.03. "Commission" shall mean the Commission on Local Government.

Section 1.04. "County" shall mean the County of Giles.

Section 1.05. "Court" shall mean the Special Three-Judge Court appointed by the Supreme Court of Virginia pursuant to Title 15.1, Chapter 26.2, § 15.1-1168 of the Code.

Section 1.06. "Section" or "subsection" refers to parts of this Agreement unless the context indicates that the reference is to parts of the Code.

SECTION 2.00 - ANNEXATION

TERMS AND CONDITIONS

Section 2.01. Annexation Areas. The Town and County agree to the annexation to the Town of the following areas:

A. Bluff City Annexation Area. The Bluff City Annexation Area shall include that area west of the Town commonly known as Bluff City including the residential and commercial areas as described in the attached metes and bounds Exhibit. The Bluff City Annexation Area is generally bounded by the Charles Johnson, Robert Compton, Lewis P. Anderson, Marshall Concrete and Fairchild Corporation property lines on the southern, western and northern sides. On the northeastern side of the Bluff City Annexation Area, the area is bounded by property lines one parcel deep along State Route 640 to the southern side of the State Route 460 right-of-way and returning to the existing Town limits.

B. East End Area. The East End Annexation Area includes the Lilly Fair, Mason Court, Mason Farm, Robin Hood and the Woodland Drive subareas. The overall

boundaries of the East End Annexation Area begin at the existing Town limits and follow the south side of the right-of-way of State Route 460 around the Mason Farm tract to the north side of the State Route 460 Business right-of-way. From that point, follow State Route 460 Business west to Woodland Drive and then Woodland Drive to the Ballard property and return to the present Town limits.

C. Mountain View Industrial Park Annexation Area. The Mountain View Industrial Park Annexation Area shall include the area commonly known and platted as the Mountain View Industrial Park and shall also include the S.B. Thompson Estate property. The Mountain View Industrial Park Annexation Area is located on the southern side of the Town adjoining State Route 100 and on the eastern side of State Route 100.

Section 2.02. Annexation Areas Map. Metes and Bounds Property Description. The boundaries of the Annexation Areas are shown on an official map and attached as Exhibit A to this Agreement. A metes and bounds property description of the Annexation Areas is attached as Exhibit B to this Agreement.

Section 2.03. Effective Date of Annexation. The annexation provided for in § 2.01 shall become effective at midnight, June 30, 1997, except as provided below. If the Court has not entered an order approving and affirming this Agreement on or before June 1, 1997, then the annexation shall become effective at (i) midnight on the 31st day of December or (ii) midnight of the 30th day of June following the date of entry of an order by such Court, whichever date is earlier. The annexation of the Mountain View Industrial Park Annexation Area shall be effective at midnight, December 31, 1999.

Section 2.04. Moratorium.

A. The Town shall not initiate a proceeding to annex any area of the County not herein specified before January 1, 2002.

B. The Town specifically waives any and all rights it may have to annex any portions of the County not described in this Agreement through and until January 1, 2002.

C. Annexation pursuant to Va. Code Ann. § 15.1-1034 of areas is not prohibited by the terms and provisions of this Agreement; that is to say specifically that citizen-initiated annexations pursuant to § 15.1-1034 may be accepted by the Town of areas other than those described in this Agreement.

3.00 - UTILITIES AND SERVICE ARRANGEMENTS

Section 3.01. Bluff City Commercial Area Sewer Service. The Town agrees to begin immediately upon the signing of this Amended Agreement to extend sewer service to the Bluff City Commercial Area. The Bluff City Commercial Area refers to the northeast side of U.S. 460 including and adjacent to the shopping center. The Town shall be responsible for all costs associated with the sewer extensions including engineering, materials, construction and financing for the project. The Town agrees to complete the Phase I (shopping center) part of the sewer extension project as soon as reasonably possible. The actual completion date shall depend on the Town's success in obtaining all necessary permits in a timely manner. The obligation of the Town to extend sewer service to the Bluff City Commercial Area pursuant to this section shall terminate if this Amended Agreement is not approved by the Commission and affirmed by the Court or if proceedings to obtain such approvals are terminated.

Section 3.02. County Service Obligations. The County recognizes that any future utilities and service needs of areas outside the Annexation Areas shall be the sole responsibility

of the County. The County further recognizes that the Town assumes no governmental responsibility to provide any additional services to areas outside the Annexation Areas.

Section 3.03. Bluff City Residential Sewer Project. The Town shall actively pursue funding for the extension of sanitary sewer service to the residential portions of the Bluff City area. The Town shall submit an application for a planning grant in 1997 to provide for the completion of a preliminary engineering study and cost estimates for the Bluff City Residential Area Sewer Service Project. The Town shall identify the Bluff City Residential Area Sewer Service Project as its priority project for utility extension with the intent to submit a community improvement grant application for construction financing upon the completion of the preliminary engineering report. The Town agrees to make a good faith effort to fund and construct this project within ten years.

4.00 - SUBDIVISION ARRANGEMENTS

Section 4.01. Town Relinquishment of Extra-Territorial Subdivision Powers and Joint Review Procedure. The Town and County shall establish an area for the joint review of zoning, subdivision, and other land use planning issues and regulatory actions. This area shall be bounded by the New River, Walker Creek, Broad Hollow Road, and the National Forest Boundary. The Town hereby waives and delegates to the County, on the effective date of annexation, the power to regulate extraterritorial subdivisions as set forth in this section. The County's Zoning, Subdivision, and other Land Use Ordinances shall apply to property located outside the boundaries of the Town. Whenever an issue or development proposal arises that impacts land use in the designated joint review area, the County shall refer such issues to the Town for review within three days of receiving the documentation for the proposal or other development issue. The Town Planning Commission shall be empowered to review such issues

and make recommendations to the Town Council. The Town Council may then accept, reject or modify those recommendations. The recommendations of the Town Council shall then be submitted to the Giles County Planning Commission and Board of Supervisors. The Town shall complete its review process within thirty days after receiving the documentation from the County. If the Town fails to transmit its recommendations to the County within this thirty day period, the County may proceed to act on the proposal or issue. The Town shall complete its review process in a timely manner to permit the presentation of the Town's recommendations at any public hearing held by the County to review the proposal or issue. If the Town fails to communicate its recommendations to the County at or prior to any such public hearing, the County may act on such proposal or issue with the assumption that the Town has no comment or objection. The Giles County Planning Commission shall review and make recommendations to the Board of Supervisors. The Board shall act upon such recommendations. Final approval of such land use issues shall rest with the Board of Supervisors.

5.00 - MISCELLANEOUS

Section 5.01.

A. Binding Agreement. This Agreement shall bind the Town and 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 and County.

B. Liquidated Damages. If either party fails to honor the provisions of this Agreement prior to a decision by the Commission and the Court, the breaching party shall pay compensation of \$175,000.00 to the non-breaching party.

Section 5.02. Commission Approval. The Town and County agree to initiate the steps necessary and required by Title 15.1, Chapter 26.1:1 of the Code (in particular § 15.1-1167.1, paragraphs 3, 4, 5, and 6) and Title 15.1, Chapter 19.1 of the Code (§ 15.1-945.1 et seq.) to obtain review of this Agreement by the Commission.

Section 5.03. Court Approval. The Town and County agree to initiate the steps necessary and required by Title 15.1, Chapter 26.1:1 of the Code (in particular § 15.1-1167.1, paragraphs 3, 4, 5, and 6) to obtain affirmation of this Agreement by the Court.

Section 5.04. Amendments. This Agreement may be amended, modified or supplemented, in whole or in part, by mutual consent of the Town and County, by a written document of equal formality and dignity, duly executed by the authorized representatives of the Town and County.

Section 5.05. Superseding Nature of Agreement. This Agreement supersedes and replaces all prior Annexation Agreements between the Town and the County.

Witness the following signatures and seals:

TOWN OF PEARISBURG

By: John B. Givens
Mayor

Attest: Judy R. Hance
Clerk

COUNTY OF GILES

By: William D. [Signature]
Chairman, Board of Supervisors

Attest: Roger C. Mullins
Clerk

APPENDIX B

STATISTICAL PROFILE OF THE TOWN OF PEARISBURG, THE COUNTY OF GILES, AND THE AREAS PROPOSED FOR ANNEXATION

	<u>Town of Pearisburg</u>	<u>County of Giles</u>	<u>Initial Annexation Area</u>	<u>Future Annexation Area</u>
Population (1994)	2,054	16,500	554	0
Land Area (Square Miles)	1.76	362.06	1.35	0.10
Total Assessed Values	\$68,582,729	\$560,032,273	\$13,551,100	\$4,585,804
Real Estate	\$59,548,800	\$403,734,962	\$11,806,900	\$4,186,200
Mobile Homes	\$121,900	N/A	N/A	N/A
Public Service Corporation	\$5,715,711	\$108,118,553	N/A	N/A
Personal Property	\$3,188,680	\$48,178,758	\$1,744,200	\$32,855
Machinery and Tools	\$7,638	N/A	N/A	\$366,749
Existing Land Use (Acres)				
Residential	442	5,355	75	N/A
Commercial	50	525	20	N/A
Industrial	1	250	70	N/A
Public and Semi-Public	73	323	10	N/A
Transportation	62	3,235	10	N/A
Agricultural, Wooded, or Vacant	498	222,030	749	N/A

NOTES:

N/A = Not Available.

County Population, Land Area, and Assessed Value statistics include the Town of Pearisburg.

Land Use data for the Initial Annexation Area include that for the Future Annexation Area.

Population data are estimates; data for the Annexation Areas are for 1997.

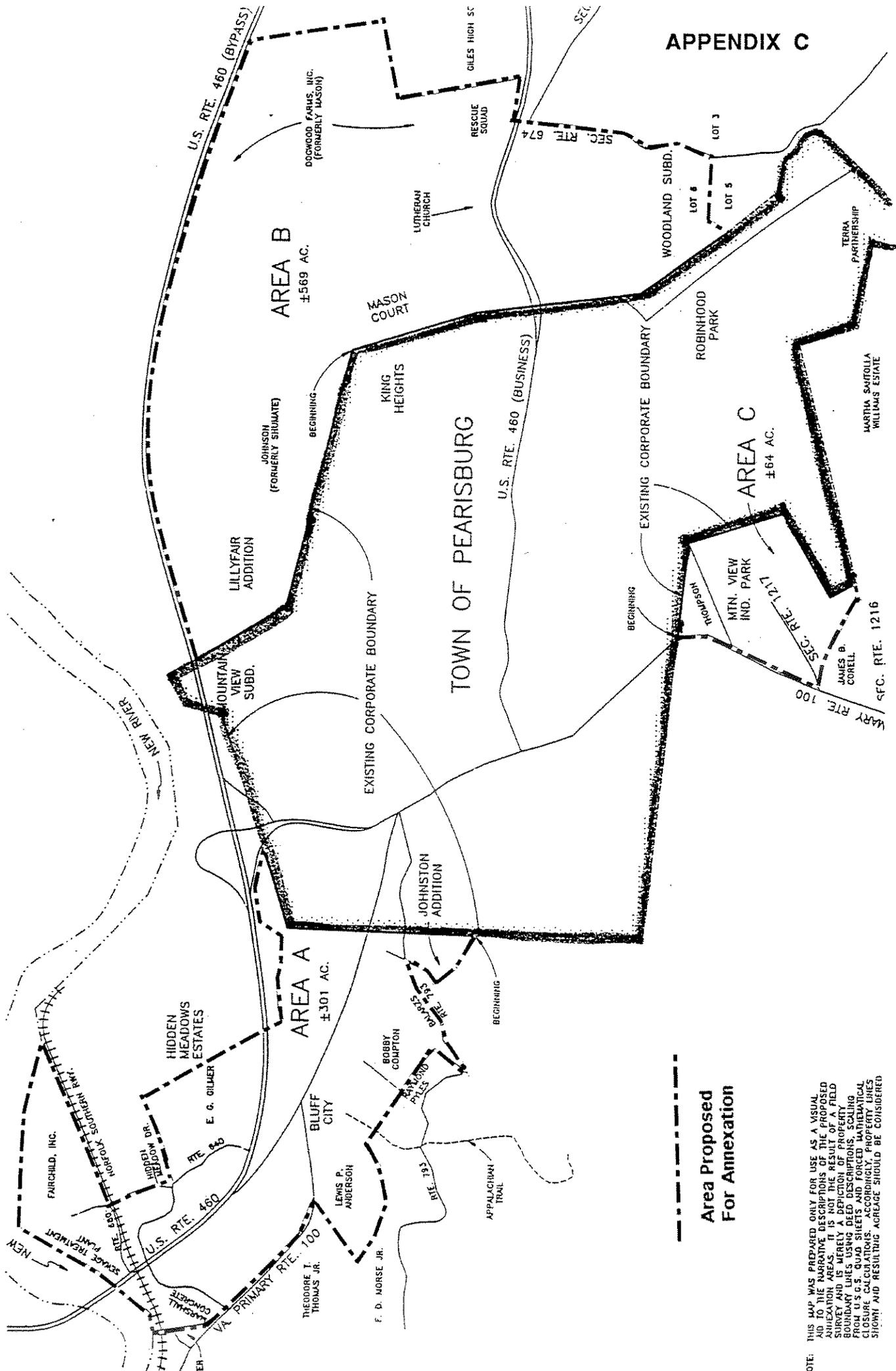
Total Assessed Values are for FY1996 for the Town and the Areas Proposed for Annexation and FY1995 for the County.

SOURCES:

Julia H. Martin and Donna J. Tolson, Virginia's Population: 1995 Estimates
(Charlottesville: Weldon Cooper Center for Public Service, University of Virginia, June 1996).

Town of Pearisburg, Petition to Commission on Local Government for Approval of an Annexation Agreement with Giles County, February 1997.

Unpublished data from the U. S. Department of Commerce, Bureau of the Census, May 1995.



Area Proposed For Annexation

NOTE: THIS MAP WAS PREPARED ONLY FOR USE AS A VISUAL AID TO THE NARRATIVE DESCRIPTIONS OF THE PROPOSED ANNEXATION AREAS. IT IS NOT THE RESULT OF A FIELD SURVEY AND DOES NOT REPRESENT A FIELD DEPICTION OF PROPERTY BOUNDARIES. THESE AREAS WERE DERIVED FROM U.S.C.S. QUAD SHEETS AND FIELD SURVEYING CLOSURE CALCULATIONS. ACCORDINGLY, PROPERTY LINES SHOWN AND RESULTING AGREEMENT SHOULD BE CONSIDERED