

**Report on the  
Town of Hillsville - County of Carroll  
Voluntary Settlement Agreement**



**Commission on Local Government  
Commonwealth of Virginia**

**March 1995**



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**REPORT ON THE  
TOWN OF HILLSVILLE - COUNTY OF CARROLL  
VOLUNTARY SETTLEMENT AGREEMENT**

**PROCEEDINGS OF THE COMMISSION**

On December 23, 1993 the Town of Hillsville filed notice with the Commission on Local Government, pursuant to the provisions of Section 15.1-945.7(A) of the Code of Virginia, of its intention to petition the court for the annexation of approximately 3.35 square miles of territory in Carroll County. Consistent with the Commission's Rules of Procedure, the Town's notice was accompanied by data and materials supporting the annexation action.<sup>1</sup> In conjunction with its initiation of the annexation issue, the Town Council indicated that it would "continue to work toward an amicable resolution of [the] matter with the appropriate officials of Carroll County."<sup>2</sup>

On January 10, 1994 the Commission met with representatives of the Town of Hillsville and Carroll County for purposes of making preliminary arrangements for its formal review of the Town's annexation action and for offering mediation assistance to the parties in an endeavor to effect a negotiated settlement. At that meeting the Commission established a schedule which called for oral presentations and a public hearing on the Town's annexation petition on April 6-7, 1994 and for submission of the Commission's report by July 22, 1994.<sup>3</sup> Pursuant to subsequent communications between the Commission and representatives of the Town

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

<sup>2</sup>See the resolution adopted by the Town Council to initiate the annexation proceedings in **Town Annexation Notice**.

<sup>3</sup>The report date was extended to August 22, 1994 by agreement of the Town and County due to a protracted delay in the publication of the transcript of the Commission's annexation proceedings in Hillsville.

and County, Dr. Donald P. Lacy of Virginia Polytechnic Institute and State University was appointed in May as an independent mediator to assist the parties in negotiations with respect to the annexation issue. On June 6, 1994 the Commission received notice from the Town of Hillsville that it had invoked Section 15.1-945.7(E) of the Code of Virginia for the purpose of formally supporting the interlocal negotiations and the Commission's mediation initiative.<sup>4</sup>

Consistent with its previously adopted schedule, the Commission toured relevant areas and facilities in the Town of Hillsville and Carroll County and received oral testimony from the parties on the annexation issue on April 6-7, 1994. In addition, the Commission held a public hearing, which was advertised in accordance with the requirements of Section 15.1-945.7(B) of the Code of Virginia, on the evening of April 6, 1994 at the Carroll County High School.

The ensuing negotiations between representatives of the Town and the County following the Commission's proceedings in April 1994 resulted in an interlocal agreement being reached by the jurisdictions on August 11, 1994.<sup>5</sup> The proposed agreement contained provisions which would (1) grant the Town an annexation of 2.33 square miles of territory in Carroll County, (2) permit the Town to adjust its boundaries by ordinance in the future to incorporate additional certain areas as specified in the agreement, (3) establish a moratorium on further Town-initiated annexations for a period of 15 years subsequent to the effective date of the specified

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<sup>4</sup>This statutory provision assigns to the Commission certain oversight responsibilities with respect to interlocal negotiations and precludes any court proceedings relative to an annexation issue while negotiations continue.

<sup>5</sup>Dr. Donald P. Lacy, letter to staff of Commission on Local Government, Aug. 12, 1994. Concurrent with the adoption of the proposed voluntary settlement, the Town and County requested the Commission to delay indefinitely the issuance of its report on Hillsville's annexation petition.

annexation, and (4) require the County to retain certain of its offices within Hillsville for a period of 15 years following the effective date of the initial Town annexation specified in the agreement.<sup>6</sup>

On November 14, 1994 the Town of Hillsville and Carroll County formally submitted to the Commission for review the proposed voluntary settlement agreement which had been negotiated under the authority of Section 15.1-1167.1 of the Code of Virginia.<sup>7</sup> The Town and the County concurrently gave notice of their proposed agreement to 17 other local governments with which they were contiguous or with which they shared functions, revenues, or tax sources. Further, in support of the negotiated settlement, the Town filed revised materials and exhibits with the Commission.<sup>8</sup>

Following its receipt of the proposed agreement, the Commission met in Hillsville on November 30, 1994 to tour the Town and relevant areas in Carroll County, to receive oral testimony from local officials regarding the agreement, and to conduct a public hearing for the purpose of receiving

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<sup>6</sup>Voluntary Settlement of Annexation and Immunity between the Town of Hillsville and the County of Carroll (hereinafter cited as Voluntary Settlement). See Appendix A for the complete text of the Voluntary Settlement.

<sup>7</sup>Town of Hillsville, **Notice by the Town of Hillsville and Carroll County of Their Intent to Petition for Approval of a Voluntary Settlement** (hereinafter cited as **Settlement Notice**). At the request of the parties, all of the "data, documents, and testimony" provided during the review of Hillsville's annexation petition was incorporated as a supplement to the materials submitted by the Town and the County in support of the current agreement. (Carter Glass, IV, Special Counsel, Town of Hillsville, letter to staff of Commission on Local Government, Nov. 14, 1994.)

<sup>8</sup>Town of Hillsville, **Supplemental Data by the Town of Hillsville in support of a Voluntary Settlement Agreement** (hereinafter cited as **Town Supplemental Data**).

citizen comment.<sup>9</sup> The public hearing, which was advertised in accordance with Section 15.1-945.7(B) of the Code of Virginia, was attended by approximately 60 persons and produced testimony from five individuals. In order to permit receipt of additional public comment, the Commission agreed to keep open its record for written submissions through December 15, 1994.

### **SCOPE OF REVIEW**

The Commission on Local Government is directed by law to review proposed annexations, petitions for partial county immunity, 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>10</sup> With respect to a proposed agreement negotiated under the authority of Section 15.1-1167.1 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

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<sup>9</sup>Due to business concerns, Harold S. Atkinson did not take part in the November 30, 1994 proceedings and was not a participant in the discussions, deliberations, drafting, or approval of the Commission's report on this settlement agreement.

<sup>10</sup>Sec. 15.1-945.7(A), Code of Va.

this legislative intent, the Commission believes that proposed interlocal agreements, such as that negotiated by the Town of Hillsville and Carroll 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 15.1-1167.1 of the Code of Virginia 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** 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 AREAS SUBJECT TO ANNEXATION**

**TOWN OF HILLSVILLE**

The Town of Hillsville was founded during the early 1800s and was incorporated as a town by the General Assembly in 1878.<sup>11</sup> Located in the central portion of Carroll County, Hillsville has been the governmental center of the County since its incorporation. Demographic data indicate that the Town of Hillsville experienced population loss during the proceeding decade, with its populace decreasing between 1980 and 1990 by 5.4%.<sup>12</sup> A

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<sup>11</sup>Town of Hillsville, **Comprehensive Plan, Town of Hillsville, Virginia** (hereinafter cited as **Town Comprehensive Plan**), p. I-4. The Town's charter was repealed by the Virginia General Assembly in 1888, but was reenacted by that body in 1900. (**Ibid.**)

<sup>12</sup>U. S. Department of Commerce, Bureau of the Census, **1980 Census of Population, General Population Characteristics, Virginia**, Table 15; and U. S. Department of Commerce, Bureau of the Census, **1990 Census of**

population estimate for 1992, however, placed the Town's populace at 2,051 persons, an increase of 2.1% since the preceding decennial census.<sup>13</sup> Based on its land area of 2.94 square miles and the 1992 population estimate, the Town has a population density of 698 persons per square mile.<sup>14</sup>

In terms of the nature of its population, the evidence reveals that the Town's populace is considerably older and has a lower average income than that of the State as a whole. As of 1990 (the most recent year for which data are available) the median age of Hillsville residents was 41.2 years, a statistic more than 26% higher than that for the State overall (32.6 years).<sup>15</sup> Further, the percentage of the Hillsville's 1990 population which was age 65 years or over was 22.0%, or more than double the comparable figure for the State generally (10.7%).<sup>16</sup> In terms of personal earnings, data reveal that as of 1989 (the latest year for which such data are available) the median family income in Hillsville was \$26,694, or only 69.9% of the statistic for the

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**Population and Housing, Summary Population and Housing Characteristics, Virginia**, Table 1. The Town's last boundary expansion, which occurred in 1976, increased the size of Hillsville from 1.34 square miles to its current size (2.94 square miles) and added approximately 700 persons to the Town's population. (**Town Comprehensive Plan**, Table II-3.) The Town's 1990 population represented 7.6% of Carroll County's total population as of that date.

<sup>13</sup>Center for Public Service, University of Virginia, "Census County, City, and Town Estimates: April 1990, July 1992."

<sup>14</sup>**Town Annexation Notice**, Tab "General Data," p. 3. See Appendix B for a statistical profile of the Town, the County, and the areas subject to annexation under the terms of the settlement agreement. See Appendix C for a map of the Town and those areas.

<sup>15</sup>**1990 Census of Population and Housing, Summary Population and Housing Characteristics, Virginia**, Table 1.

<sup>16</sup>**Ibid.**

Commonwealth as a whole (\$38,213).<sup>17</sup>

In regard to the Town's present physical development, 1992 land use data reveal that 25.1% of Hillsville's total area is devoted to residential development, 3.8% to commercial enterprise, 3.3% to industrial activity, 7.4% to public or semi-public uses, 5.6% to transportation or utility purposes, with 54.8% (1.6 square miles) remaining undeveloped.<sup>18</sup> Of this undeveloped land, however, 487 acres are situated on slopes greater than 20% or located within the 100-year floodplain. Exclusive of this land affected by major environmental constraints, Hillsville retains approximately 544 acres of property, or 28.9% of its total land area, vacant and suitable for development.<sup>19</sup> However, the Town has submitted evidence that much of that acreage has development limitations imposed by locational concerns, parcel size, access to utilities or public roads, or other appropriate land use considerations.<sup>20</sup>

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<sup>17</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.

<sup>18</sup>**Town Supplemental Data**, Tab 1, p. 4.

<sup>19</sup>Town of Hillsville, **Town of Hillsville Rebuttal Exhibits** (hereinafter cited as **Town Rebuttal Exhibits**), Exh. 6, Table 1.

<sup>20</sup>**Ibid.**, Exh. 6, Table 2. Data presented by Hillsville reveal that 69 acres of the vacant land within the Town are unavailable for development because of their location in the proposed right-of-way of the U. S. Route 58 Bypass or within a nature preserve.

**COUNTY OF CARROLL**

Carroll County was established in 1842 from territory that was formerly part of Grayson and Patrick Counties.<sup>21</sup> As in the case of the Town, Carroll County experienced a decline in its population during the decade of the 1980s, with its populace decreasing from 27,270 to 26,594 persons, or by 2.5%.<sup>22</sup> The official population estimate for 1992, however, placed the County's population at 27,000 persons, an increase of 1.5% since the preceding decennial census.<sup>23</sup> On the basis of its 1992 population and an area of 496 square miles, Carroll County has an overall population density of 54 persons per square mile.<sup>24</sup>

With respect to the nature of its population, statistical indices disclose that the County's populace, like that of Hillsville, is older and less affluent than that of the Commonwealth overall. As of 1990 (the most recent year for which data are available) the median age of residents of Carroll County was 37.8 years, a figure less than that of the Town (41.2 years), but

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<sup>21</sup>J. Devereux Weeks, **Dates of Origin of Virginia Counties and Municipalities** (Charlottesville: Institute of Government, University of Virginia, 1967).

<sup>22</sup>**1980 Census of Population, General Population Characteristics, Virginia, Table 15; and 1990 Census of Population and Housing, Summary Population and Housing Characteristics, Virginia, Table 1.** Approximately 17% of the County's population loss between 1980 and 1990 is attributable to the decline in Hillsville's population during that decade. Between 1980 and 1990 the population of the unincorporated portion of Carroll County decreased by 2.2%, or by less than half the percentage in Hillsville (5.4%).

<sup>23</sup>"Census County, City, and Town Estimates: April 1990, July 1992."

<sup>24</sup>County of Carroll, **Response of the County of Carroll to the Town of Hillsville's Notice of Intent to Petition for Annexation** (hereinafter cited as **County Annexation Response**), p. 14. In 1990 the population density of the unincorporated portion of Carroll County was 50 persons per square mile.

significantly in excess of that of the State as a whole (32.6 years).<sup>25</sup> Further, the data indicate that, as of 1990, 16.0% of the County's population was age 65 or over, a statistic less than that for Hillsville (22.0%), but greater than that for the State generally (10.7%).<sup>26</sup> In terms of earnings, the median family income for Carroll County residents in 1989 was \$24,885, a figure less than that for the Town (\$26,694), and only 65.1% of the comparable statistic for the Commonwealth overall (\$38,213).<sup>27</sup>

In terms of the nature of its development, statistics indicate that Carroll County has experienced growth and diversification in its economy during the decade of the 1980s. Between 1980 and 1990 the number of nonagricultural wage and salary positions in the County grew from 4,509 to 4,991, or by 10.7%.<sup>28</sup> Despite this increase in nonagricultural employment during the previous decade, data collected in April 1990 reveal that more than two-thirds of the County's total civilian labor force (13,749 persons) either continued to be engaged in agricultural or forestal activity, was

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<sup>25</sup>**1990 Census of Population and Housing, Summary Population and Housing Characteristics, Virginia**, Table 1. The data for Carroll County include that for the residents of the Town of Hillsville.

<sup>26</sup>**Ibid.**

<sup>27</sup>**1990 Census of Population and Housing, Summary Social, Economic, and Housing Characteristics, Virginia**, Table 10.

<sup>28</sup>Virginia Employment Commission, "ES-202 Covered Employment and Wages File, Annual Average Employment" (unpublished data for 1980 and 1990), Apr. 1992. Official estimates for March 1994 placed the number of nonagricultural wage and salary positions in the County at 5,439, an increase of 9.0% since 1990. (Virginia Employment Commission, "Covered Employment and Wages in Virginia by 2-Digit SIC Industry for Quarter Ending March 31, 1994 - Carroll County.")

required to seek employment outside Carroll County, or was unemployed.<sup>29</sup> Indeed, the evidence suggests that agricultural and forestal activities remain significant components of the County's economy. According to 1992 U. S. Bureau of the Census data, there were 884 farms in Carroll County occupying a total of 113,165 acres (approximately 177 square miles), with the average market value of their agricultural products being \$22,333.<sup>30</sup> Moreover, 1992 data disclosed that 182,605 acres (approximately 285 square miles) in Carroll County continued to be classified as "timberland."<sup>31</sup> In sum, while Carroll County has experienced substantial growth in nonagricultural wage and salary employment since 1980, the County remains predominantly rural.

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<sup>29</sup>Virginia Employment Commission, **Labor Market Review**, Vol. 4, No. 4, Apr. 1991. Statistics for Carroll County include that for the residents of Hillsville. The term "civilian labor force" is defined to include all individuals 16 years of age or over (exclusive of persons serving in the armed forces) within a specified geographic area who are either employed or unemployed. In 1990, 5,430 County residents traveled to jobs located outside the borders of Carroll County. (Virginia Employment Commission, **Commuting Patterns of Virginia Workers: County and City Level for 1990**, Mar. 1993.)

<sup>30</sup>U. S. Department of Commerce, Bureau of the Census, **1992 Census of Agriculture, Virginia**, Table 1, p. 164 and Table 2, p. 177. In 1992 the average market value of agricultural products sold by farms in the State collectively was \$48,694, or more than twice that for farms in Carroll County. (**Ibid.**, Table 2, p. 175.)

<sup>31</sup>U. S. Department of Agriculture, Forest Service, **Forest Statistics for the Southern Mountains of Virginia, 1992**, 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 Census Bureau's definition of "farm land."

## AREAS SUBJECT TO ANNEXATION

### Area Proposed for Immediate Annexation

Under the terms of the proposed agreement with Carroll County, the Town of Hillsville would be permitted to annex two parcels of territory in the County, formally designated as the "Annexation Areas," immediately following affirmation of the agreement by the reviewing court and its adoption by the two jurisdictions. The "Annexation Areas," which comprise collectively an area of 2.33 square miles, contained, as of 1993, a population of 429 persons and, based on FY1992/93 assessment data, \$16.6 million in total assessed property values subject to local taxation.<sup>32</sup> Thus, the area proposed for immediate annexation contains approximately 0.5% of the County's total land area, 1.6% of its population, and 2.1% of its total FY1992/93 assessed property values subject to local taxation. Based on its aggregate area and the 1993 population estimate, the total area proposed for immediate annexation has an overall population density of 184 persons per square miles, or more than three times that of the unincorporated portion of Carroll County generally (54 persons per square mile).

In terms of current development, the area proposed for immediate annexation contains three residential concentrations, one industrial operation, some commercial development, and several public facilities.<sup>33</sup>

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<sup>32</sup>**Town Supplemental Data**, Tab 1, pp. 1,5. Annexation Area 1, situated to the west of Hillsville's present corporate limits and extending on both sides of U. S. Route 58 West, contains 496 acres (0.78 square miles) and 47 persons. Annexation Area 2, located south and east of the Town encompassing U. S. Routes 52 South, 58 East, and 221 East, embraces 1,001 acres (1.56 square miles) and 382 persons.

<sup>33</sup>Major residential concentrations in the area proposed for immediate annexation include Highland Park, Forest Drive Heights, and, to a lesser degree, Fairview Estates. Commercial facilities in that area are located primarily along the major arterials adjacent to the Town's present borders.

According to the most recent land use data, 8.7% of the immediate annexation area is devoted to residential development, 1.1% to commercial enterprise, 0.5% to industrial activity, and 2.1% to public and semi-public uses, with 87.6% (1,311 acres) remaining vacant or engaged in agricultural production.<sup>34</sup> Exclusive of land restricted in its development potential due to major environmental constraints (either located in the floodplain or situated on slopes greater than 20%), the area contains 858 acres of vacant land generally suitable for development.<sup>35</sup> In sum, although the area is predominantly vacant, it does contain focal points of development with some growth potential.<sup>36</sup>

The Commission observes that the territory subject to immediate annexation by Hillsville under the terms of the proposed agreement excludes three areas which were originally sought for annexation by the Town. The first area includes those properties located adjacent to the Interstate Highway 77 - U. S. Route 58 interchange, encompassing the

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Also located in the property proposed for immediate annexation is the Town's water treatment plant and other utility facilities, and utility lines and appurtenances belonging to the Carroll County Public Service Authority (CCPSA). (**County Annexation Response**, Map B.)

<sup>34</sup>**Town Supplemental Data**, Tab 1, p. 11.

<sup>35</sup>**Ibid.** According to data provided by the Town, 165 acres of the vacant land suitable for development are currently engaged in agricultural production.

<sup>36</sup>The Commission notes that the proposed bypass of U. S. Route 58 transits the immediate annexation area. Further, a portion of that area encompassing U. S. Route 58 west of the current Town boundaries is identified in the County's comprehensive plan as a major growth corridor for Carroll County. [**Town Rebuttal Exhibits**, Map M-10; and County of Carroll, **Comprehensive Plan, Carroll County, Virginia** (hereinafter cited as **County Comprehensive Plan**), Feb. 1992 Update, p. 9 - 10.] Moreover, portions of the U. S. Route 58 West corridor are served by Town water and sewer lines.

Carroll County Industrial Park, a number of commercial firms, and several County facilities.<sup>37</sup> Also omitted from the area proposed for immediate annexation is the tract containing the Carroll County High School, which is located near the intersection of U. S. Routes 58 and 221,<sup>38</sup> and all or a portion of approximately eight parcels of property located to the west of Howlett Street (State Route 780).<sup>39</sup>

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<sup>37</sup>The Carroll County Industrial Park is located at the southeastern quadrant of the Interstate Highway 77 interchange and contains two existing industrial operations and one scheduled to locate in a vacant building in the near future. Further, a sawmill and a construction company are located adjacent to the Carroll County Industrial Park. Also currently located adjacent to the interchange are two motels, as well as another under construction, three restaurants, two convenience stores, and a truck stop. The County facilities located in the vicinity of the interchange are its health, social services, and recreation departments, as well as the County's only active recreational facility.

<sup>38</sup>A representative for Hillsville, who was a participant in the interlocal negotiations, stated that the County requested that the high school and adjacent property not be within the Town because of the name of that facility. [Testimony of R. Barton Cooley, Sr., Mayor, Town of Hillsville, **Transcript of Oral Presentations by the Town of Hillsville and County of Carroll on their Voluntary Settlement** (hereinafter cited as **Transcript of Settlement Proceedings**), Nov. 30, 1994, p. 23.] A Hillsville official also indicated that the Town acceded to the County's request because the tax-exempt nature of the high school property, and if the high school was incorporated into Hillsville, the Town would be responsible for providing services, such as law enforcement, to the facility. (**Ibid.**, pp. 23-24.) The Commission observes that following the effective date of the initial annexation by the Town, the high school property will be completely surrounded by municipal territory.

<sup>39</sup>A representative for Hillsville stated that the property adjacent to Howlett Street was excluded belatedly from the immediate annexation area at the request of Carroll County. (**Ibid.**, pp. 44-45.) The Howlett Street parcels separate the two components of the immediate annexation areas and will be surrounded on three sides by the Town following the effective date of the initial annexation.

### **Future Boundary Adjustment Areas**

The proposed agreement would also allow the Town of Hillsville to annex by ordinance additional territory in Carroll County, designated as the "Future Boundary Adjustment Areas A and B," during certain specified periods of time following the effective date of the initial annexation.<sup>40</sup> Area A will be subject to annexation by Town ordinance during the interval between 2 to 15 years following the effective date of the initial annexation. That area, situated to the north and west of the Town's present corporate limits, embraces 1.65 square miles of territory containing a 1993 estimated population of 58 persons and \$7.0 million in assessed property values.<sup>41</sup> Although Future Boundary Adjustment Area A at the current time is predominantly undeveloped or in agricultural or forestal uses, it does contain an industrial operation, the Town's sewage treatment plant, and the site of the Carroll-Grayson-Galax regional landfill. According to the most recent land use data, 1.5% of Area A is devoted to residential development, 0.7% to commercial enterprise, 0.8% to industrial activity, 4.5% to public and semi-public uses, with 92.5% of the area (976 acres) remaining vacant or engaged in agricultural production.<sup>42</sup> Exclusive of land restricted in its development potential due to major environmental constraints (i. e., located in the floodplain or situated on slopes greater than 20%), Future Boundary

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<sup>40</sup>Voluntary Settlement, Sec. 3.20. Under the terms of the proposed agreement, Town ordinances to annex all or a portion of the Future Boundary Adjustment Areas shall take effect on the date specified in the ordinance without further review by the Commission or the special court. Provisions in the proposed agreement require that the Town notify the County in writing six months prior to the effective date of the proposed boundary adjustment and provide a description of any municipal plans to install sewerage in the areas to be incorporated into the Town. (Ibid., Section 3.03.)

<sup>41</sup>Town Supplemental Data, Tab 1, pp. 1, 2, 6.

<sup>42</sup>Ibid., Tab 1, p. 12.

Adjustment Area A contains approximately 700 acres of vacant land generally suitable for development.<sup>43</sup>

Area B will be subject to annexation by municipal ordinance during the period of 5 to 15 years following the effective date of the initial annexation authorized by the agreement. Future Boundary Adjustment Area B adjoins the northeastern boundary of the Town and embraces 1.60 square miles of territory. According the 1993 estimates, the area contained a population of 163 persons and approximately \$4.4 million in assessed property values subject to local taxation.<sup>44</sup> Similar to Area A, this future boundary adjustment area is predominantly undeveloped or in agricultural or forestal uses. Land use data for 1994 reveal that 2.8% of Area B is devoted to residential development, 0.8% to commercial enterprise, 11.2% to industrial activity, with 85.2% of that area (875 acres) remaining vacant or engaged in agricultural production.<sup>45</sup> Exclusive of land restricted in its development potential due to major environmental constraints (i. e., located in the floodplain or situated on slopes of greater than 20%), Area B contains approximately 800 acres of vacant land generally suitable for development.<sup>46</sup>

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<sup>43</sup>Testimony of John B. Steadman, Consultant, Town of Hillsville, **Transcript of Settlement Proceedings**, p. 99. Town officials have indicated that the characteristics of the property adjacent to the one existing industrial operation in Future Boundary Adjustment Area A are suitable for future commercial and industrial development. The Commission notes that the property along U. S. Route 52 North in that area is currently served by municipal water lines and that a portion of a Community Development Block Grant awarded to Hillsville may be used to extend sewerage in that area. (Testimony of Larry G. South, Town Manager, Town of Hillsville, **Transcript of Settlement Proceedings**, p. 65; and South, communication with staff of Commission on Local Government, Feb. 21, 1995.)

<sup>44</sup>**Town Supplemental Data**, Tab 1, pp. 2,6.

<sup>45</sup>**Ibid.**, Tab 1, p. 13.

<sup>46</sup>Testimony of Steadman, **Transcript of Settlement Proceedings**, p. 100.

**PROPERTY IMMUNIZED FROM ANNEXATION**

The proposed agreement excludes from the property subject to immediate annexation by Hillsville and from the territory that the Town is permitted to annex in the future by municipal ordinance a 75-acre tract on which is being constructed a Parkdale Industries manufacturing facility.<sup>47</sup> Under the terms of the proposed settlement the 75-acre tract is immunized from incorporation into the Town for 15 years following the effective date of the initial annexation by Hillsville. The site in question is a portion of an approximately 360-acre parcel owned by the Carroll County Industrial Development Authority (CCIDA) extending into Future Boundary Adjustment Area B.<sup>48</sup> The balance of the CCIDA property in that area, however, will be

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<sup>47</sup>Voluntary Settlement, Section 4.00. According to a representative for the County, the site of the Parkdale manufacturing facility was excluded from the territory subject to municipal annexation at the request of Carroll County in order to attract the industrial concern to the community. It was further stated by a County representative that the site selection consulting firm representing Parkdale Industries required that the property under consideration for Parkdale's new facility be located in unincorporated territory. (Testimony of William E. Mitchell, Jr., County Administrator, County of Carroll, **Transcript of Settlement Proceedings**, pp. 155-157, 181-182.)

<sup>48</sup>As part of an incentive package to attract Parkdale Industries to the County, CCIDA gave the industrial concern approximately 180 acres of its property currently in Future Boundary Adjustment Area B. Overall, County and State incentives to Parkdale Industries totalled approximately \$6.2 million, which included costs for site preparation and the extension of utilities. (Testimony of Mitchell, **Transcript of Settlement Proceedings**, pp. 158-159; and Mitchell, communication with staff of Commission on Local Government, Jan. 5, 1995.) In return for the incentives from the County and the State, Parkdale Industries agreed to invest approximately \$160 million in plant construction and equipment and to create 350 jobs within five years. (Testimony of Mitchell, **Transcript of Settlement Proceedings**, p. 167.) The first phase of the project, which is currently under construction, represents an initial investment by the company of approximately \$90 million in buildings, equipment, and start-up costs. (Mitchell, communication with staff of Commission on Local Government, Jan. 5,

subject to annexation by municipal ordinance during the interval specified in the interlocal settlement.

### 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 15.1-1167.1 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 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 immediate annexation by the Town of Hillsville of 2.33 square miles of territory in Carroll County, (2) the future extension of Hillsville's boundaries, at the sole discretion of the Town, into certain designated areas of the County, (3) the waiver by the Town of its authority to initiate any other annexation actions outside the areas covered by the agreement for a period of 15 years following the effective date of the initial annexation, and (4) a commitment by Carroll County to retain certain of its offices within Hillsville for the same 15-year period. A proper analysis of the proposed Town of Hillsville - Carroll 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.

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1995.) Under the terms of the proposed agreement, the balance of the property given to Parkdale Industries (105 acres) will contain facilities ancillary to the manufacturing operation and will be subject to annexation by Town ordinance during the period 5—15 years following the date of the initial annexation by Hillsville. (South, communication with staff of Commission on Local Government, Jan. 5, 1995.)

## **INTERESTS OF THE TOWN OF HILLSVILLE**

### **Land for Development**

As indicated previously, the Town of Hillsville currently has within its boundaries approximately 1,031 acres of undeveloped land, with that acreage constituting 54.8% of the Town's total land area.<sup>49</sup> Excluding property situated on slopes exceeding 20%, in the 100-year floodplain, owned by the Nature Conservancy, or located within the proposed right-of-way of the planned U. S. Route 58 Bypass (comprising collectively 556 acres), the Town has 475 acres, or 25.3% of its total land area, vacant and generally amenable to development.<sup>50</sup> It is important to note, however, that a portion of this vacant land is limited in its development potential by parcel size, poor access to transportation facilities, land ownership patterns, or by adjacent land uses. While such factors are not absolute barriers to development, they constitute significant impediments which render such vacant sites within the Town less attractive to prospective developers.<sup>51</sup>

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<sup>49</sup>**Town Rebuttal Exhibits**, Exh. 6, Table 1.

<sup>50</sup>**Ibid.**, Exh. 6, Table 2. A 42-acre parcel located near the Town Hall was conveyed by its owner to the Nature Conservancy and is required to be maintained in its natural state in perpetuity. (Glass, letter to staff of Commission on Local Government, Feb. 25, 1994.) The Commission notes, however, that the County has designated the Nature Conservancy parcel as the site of the new County office building, and plans to initiate proceedings to exercise its powers of eminent domain to condemn the property for public use. Testimony by Glass, **Transcript of Settlement Proceedings**, pp. 33-34; and testimony of Mitchell, **Transcript of Settlement Proceedings**, p. 169)

<sup>51</sup>**Town Annexation Notice**, Tab "Town's Need to Annex," pp. 1-2; and **Town Rebuttal Exhibits**, Exh. 6, Table 1. Hillsville has contended that 97 acres of vacant land within the Town are unsuitable for commercial or industrial development because of their location in tracts of less than five acres and that an additional 188 acres of undeveloped land located in tracts of more than five acres also should be excluded from consideration because

The comparative quality of the development potential of the sites available within the Town is revealed by the differential rates of growth which have occurred in the general area in recent years. In terms of industrial development, the data indicate that between 1989 and 1993 only one building permit was issued for construction within the Town (and that called for the expansion of an existing facility), while during the same period Carroll County issued four permits for industrial construction within the unincorporated portion of the County.<sup>52</sup> Further, in terms of the prospects for future industrial development in Hillsville, there are no parcels of vacant land within the Town's present corporate boundaries which are zoned for industrial activity.<sup>53</sup>

With regard to commercial activity, the data indicate that between 1989 and 1993 only 12 building permits for the construction of new commercial properties or additions to existing business enterprises have been issued by Hillsville, while during the same period Carroll County issued 29 such permits for commercial properties outside the boundaries of the

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of lack of access, unusual shape, or division into smaller parcels by slopes or floodplains. (**Town Rebuttal Exhibits**, Exh. 6, Table 2; and testimony of Jon P. Weersing, Consultant, Town of Hillsville, **Transcript of Town Annexation Presentations**, pp. 242-247.)

<sup>52</sup>Glass, letter to staff of Commission on Local Government, Feb. 25, 1994; South, communication with staff of Commission on Local Government, July 11, 1994; **Town Annexation Notice**, Tab "General Data," p. 24; and Michael A. Spar, **Housing Units Authorized in Virginia Counties and Cities, Annual, 1993** (Charlottesville: Center for Public Service, University of Virginia, July, 1993.) The one industrial building permit issued for construction within the Town authorized an addition to the Paxar Corporation facility. (South, communication with staff of Commission on Local Government, July 11, 1994.)

<sup>53</sup>**Town Rebuttal Exhibits**, Exh. 6, Table 2.

Town.<sup>54</sup> Further, there are no undeveloped parcels located within the present boundaries of the Town zoned for commercial uses.<sup>55</sup> Moreover, recent development patterns and the migration of commercial establishments from Hillsville can be cited as evidence of the relative unattractiveness of Town sites for future commercial development. Town officials have testified that over the past five years approximately 89 businesses ceased operation within Hillsville, with approximately five of those commercial concerns relocating to the area proposed for annexation.<sup>56</sup> This migratory pattern suggests that sites within the Town are at a competitive disadvantage with those on its periphery.

With respect to the prospect for future residential development in Hillsville, the data reveal that the Town contains 190 acres of residentially zoned vacant property on sites of five acres or more and free from major

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<sup>54</sup>Glass, letter to staff of Commission on Local Government, Feb 25, 1994; South, communication with staff of Commission on Local Government, July 11, 1994; and **Town Annexation Notice**, Tab "General Data," p. 24; and **Housing Units Authorized in Virginia Counties and Cities, Annual, 1993**. According to information furnished by the Town, only four of the commercial building permits issued between 1989 and 1993 were for the construction of new businesses. "Commercial" properties include parking garages; service stations and repair garages; office, bank and professional buildings; and stores and mercantile buildings. (**Housing Units Authorized in Virginia's Counties and Cities, Annual, 1993**, Appendix A.)

<sup>55</sup>**Town Rebuttal Exhibits**, Exh. 6, Table 2. During the annexation proceedings the County identified eight currently unoccupied or underutilized facilities within the Town, containing collectively approximately 94,000 square feet of business space, as being presently available for commercial activity. (**County Annexation Response**, Exh. 10-VIII.) Three of those sites, however, contained existing business concerns. In addition, we note that the vacant commercial properties identified by the County are often less attractive to potential developers due to costs associated with renovation or redevelopment.

<sup>56</sup>Testimony of South, **Transcript of Town Annexation Presentations**, pp. 30-31. Town records indicate that 69 new businesses opened in Hillsville between 1988 and 1993 utilizing existing facilities.

environment constraint.<sup>57</sup> Again, however, statistics indicate that between 1988 and 1992 there were only 31 permits issued for various forms of residential construction in the Town, while during the same span of years Carroll County issued 604 permits for various categories of residential units in the unincorporated portions of the County.<sup>58</sup> Moreover, between 1980 and 1993 no new residential subdivisions were recorded within the current boundaries of the Town, while during the same period 63 subdivisions containing 836 lots were platted in other portions of the County.<sup>59</sup> Thus, unlike the County, Hillsville has not witnessed the establishment of any new residential subdivisions for at least 14 years and has experienced only a modest amount of in-fill construction in the preceding five years.

In regard to the significance of future residential construction in the Hillsville area, we wish to observe, as we have done in previous reports, that the general viability of a community rests, in part, upon its capacity to attract and retain a heterogeneous population. A prerequisite for the retention of such a population is, in our judgment, a locality's ability to offer an array of housing alternatives to prospective residents. The absence of

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<sup>57</sup>**Town Rebuttal Exhibits**, Exh. 6, Table 2. This total of 190 acres of vacant property does not include parcels of less than five acres which may be appropriate for infill development. Vacant tracts of more than five acres deemed to have inadequate access or other restrictions were also excluded from the Town's calculations.

<sup>58</sup>**Town Annexation Notice**, Tab "General Data," p. 23; Judith K. Bolt, Town Clerk, Town of Hillsville, communication with staff of Commission on Local Government, Aug. 8, 1994; and **Housing Units Authorized in Virginia Counties and Cities, Annual, 1993**. Statistics for residential construction do not include data for mobile homes.

<sup>59</sup>**Town Rebuttal Exhibits**, Exh. 5, pp. 1-2. Two of the subdivisions which were recorded in the County are located in the area proposed for immediate annexation. (Glass, letter to staff of Commission on Local Government, May 4, 1994.) The Commission acknowledges the importance of second-home development in Carroll County and notes that some of the subdivisions that were recorded in the unincorporated portions of the County during the period may have been for residences of that nature.

moderately priced single-family residential alternatives can result in the loss of young families which contribute significantly to a community's economic, social, and civic life. With respect this concern, we note that during the decade of the 1980s the number of married couple families in the Town decreased by 9.2%, or three times the rate of decline witnessed by the County overall (3.0%).<sup>60</sup> This notable decline in married families in the Town contributes to the fact that between 1980 and 1990 the percentage of Hillsville's population age 65 and over increased from 15.4% to 22.0%, significantly greater than that experienced by the County generally (13.7% to 16.0%).<sup>61</sup>

In terms of the impact of the proposed agreement on Hillsville's prospects for future economic and demographic growth, the initial annexation authorized by that instrument would bring within the Town approximately 858 acres of vacant land generally suitable for development and with access to major thoroughfares and, in some instances, public utilities.<sup>62</sup> In addition, the immediate annexation area also will bring within the Town a modest amount of existing commercial development and one industrial operation located adjacent to Hillsville's current boundary.

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<sup>60</sup>**1980 Census of Population, General Population Characteristics, Virginia**, Tables 43, 49; and **1990 Census of Population and Housing, Summary Population and Housing Characteristics, Virginia**, Table 5.

<sup>61</sup>**1980 Census of Population, General Population Characteristics, Virginia**, Table 14; and **1990 Census of Population and Housing, Summary Population and Housing Characteristics, Virginia**, Table 1. Between 1980 and 1990 the percentage of the State's population age 65 and over increased from 9.5% and 10.7%.

<sup>62</sup>**County Annexation Response**, Map Exh. H. Properties in the immediate annexation area adjacent to U. S. Route 58 West are served by water lines owned by the Town and the CCPSA, as well as a sewer force main owned by Hillsville. Further, the Town has a water line installed along U. S. Route 52 South which can serve that area. Furthermore, a portion of the immediate annexation area located adjacent to U. S. Route 221 East are served by water and sewerage lines owned by the CCPSA.

Further, the proposed agreement affords the Town the opportunity to annex by ordinance additional property in the Future Boundary Adjustment Areas. While these areas contain collectively approximately 2.3 square miles of vacant land generally suitable for development, they are not, in our judgment, the areas adjacent to Hillsville with the primary growth potential.<sup>63</sup>

Located within the immediate annexation area, however, are two proposed interchanges on the currently planned U. S. Route 58 Bypass, one at State Route 703 west of Town and the other at State Route 670 east of Hillsville.<sup>64</sup> While the prospective impact of the proposed bypass cannot be foreseen with certainty, it is reasonable to expect that, if constructed with the placement of the interchanges as tentatively planned, it can have a

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<sup>63</sup>As noted previously, the Town has indicated the industrial development suitability of property adjacent to U. S. Route 52 North in Future Boundary Adjustment Area A. Further, Future Area B also contains property owned by CCIDA which may be appropriate for further commercial or industrial development.

<sup>64</sup>The Virginia Department of Transportation has tentatively approved a route for the U. S. Route 58 Bypass which transits the southern portion of the Town and intersects with U. S. Route 52 within the municipality. (Maguire Associates, Inc., **U. S. Route 58 Corridor Study, Study Area 3 Report, Hillsville to Martinsville**, July 1991.) According to a State official, the Virginia Department of Transportation (VDOT) is currently conducting a preliminary engineering study to determine the precise location of improvements proposed for U. S. Route 58 between State Route 703 west of Hillsville and the Town of Stuart. (Hugh C. Epperly, Principal Transportation Engineer, Transportation Planning Division, Virginia Department of Transportation, communications with staff of Commission on Local Government, June 6, 1994 and Feb. 16, 1995.) The preliminary engineering study, which is not expected to be completed until early 1996, will be used to make a final determination if a bypass around Hillsville should be constructed. The Commission also has been advised that VDOT's current six-year transportation plan for the 1995-2000 period does not include funds for the construction of any improvements to U. S. Route 58 between Hillsville and Stuart. Thus, if a bypass is constructed around Hillsville, it would not be open to traffic until after 2000. (**Ibid.**)

positive impact on the Town's economy.<sup>65</sup> The Town's efforts to attract new retail concerns to the proposed interchanges may be hampered, however, by the current and prospective commercial development adjacent to the Interstate Highway 77 - U. S. Route 58 interchange and by the adjoining Carroll County Industrial Park, which are located in a portion of Carroll County not subject to annexation by the Town.<sup>66</sup> Although only two manufacturing concerns have located within the industrial park since it was opened in 1988, the attractive attributes of that facility place potential industrial sites within the enlarged Town of Hillsville at a distinct disadvantage.<sup>67</sup> While the area originally sought for annexation by Hillsville encompassed the County's industrial park and adjacent industries, those properties are not included in the territory the Town would be authorized to annex under the terms of the proposed agreement.

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

**Fiscal Assets.** While the Town of Hillsville is a major service and employment center in Carroll County, the evidence suggests that the Town has not experienced growth in its real property tax base commensurate with

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<sup>65</sup>The Commission notes that there is virtually no current development in the vicinity of the two U. S. Route 58 Bypass interchanges tentatively planned for the immediate annexation area. Further, public water and sewerage are available at the proposed State Route 703 interchange west of the Town and can be expected to facilitate commercial development in that area. (**County Response**, Maps F, G.)

<sup>66</sup>Located in the vicinity of the I-77 interchange are three restaurants, two convenience stores, a truck stop, and two motels. A third motel is currently being constructed in that area.

<sup>67</sup>As noted previously, the County's industrial park is adjacent to the Interstate Highway 77 interchange on a 200-acre site and is served by CCPSA water and sewer lines. The industrial park currently contains two industrial operations, with a third scheduled to be operation in the near future. At the present time, there are also four vacant building sites remaining in the industrial park. (Mitchell, communication with staff of Commission on Local Government, July 25, 1994.)

that of the unincorporated portion of the County. Based upon assessment at 100% of fair market value, real property values (exclusive of those of public service corporations) increased in Hillsville from \$41.5 million in FY1982/83 to \$66.2 million in FY1992/93, or by 59.5%.<sup>68</sup> During the same period, such values in the unincorporated portion of Carroll County increased from \$353.7 million to \$606.5 million, or by 71.5%.<sup>69</sup> Thus, notwithstanding its economic significance to the County, Hillsville has experienced a rate of fiscal growth less than that of the County generally.

An examination of the real estate tax rates in Virginia towns of comparable size provides some evidence of the relative fiscal burden borne by Hillsville residents. Based upon the ratio between assessed property values and recorded sale prices in Carroll County, as calculated by the Virginia Department of Taxation, the true real property tax rate in Hillsville in 1992 (the latest year for which the calculation has been made) in Hillsville was \$0.21 per \$100, an amount more than 15% higher than the average of such tax rates paid by property owners in the 54 other towns in Virginia with populations of similar size (1,000 - 3,000).<sup>70</sup> Based on its

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<sup>68</sup>Town of Hillsville, **Comprehensive Annual Financial Report, June 30, 1992**, Schedule 5, p. 45; and **Comprehensive Annual Financial Report, June 30, 1993** (hereinafter cited as **Town 1993 Financial Report**), Schedule 5, p. 46.

<sup>69</sup>County of Carroll, **Financial Report, Year Ended June 30, 1992**, Schedule 5, p. 42; and **Financial Report, Year Ended June 30, 1993** (hereinafter cited as **County 1993 Financial Report**), Schedule 5, p. 41. Between FY1982/83 and FY1992/93 locally assessed real property values in the County as a whole increased from \$395.1 million to \$672.7 million, or by 70.1%.

<sup>70</sup>Virginia Department of Taxation, **1992 Virginia Assessment/Sales Ratio Study**; and Virginia Department of Taxation, **Local Tax Rates, Tax Year - 1992**. The set of towns for this analysis was selected on the basis of their 1990 population. 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 ratio of the respective county. The average true real estate tax rate for the 54 towns in 1992 was \$0.18 per \$100 of assessed

1992 true real property tax rate, Hillsville residents carried a real property tax burden more than 50% greater than that borne by other County residents (\$0.38).<sup>71</sup> In terms of total property taxes actually paid, in FY1992/93 Hillsville residents contributed \$136.59 per capita to the Town and, in conjunction with residents in Carroll County generally, \$181.51 per capita in such taxes to the County.<sup>72</sup> Thus, considering these taxes collectively, Hillsville residents bore a per capita local real property tax burden in FY1992/93 more than 75% greater than that of residents in unincorporated portions of the County.

The proposed agreement will permit the Town to annex initially an area containing approximately \$16.6 million in total FY1992/93 assessed property values, thereby increasing the Town's total of such values by 22.0%.<sup>73</sup> Based on current assessment data, tax rates, and fee structure, the immediate annexation area is expected to generate initially approximately \$104,000 annually in additional local-source revenue for the Town, an increase of 12.3% above Hillsville's total local-source revenue collection in 1992/93.<sup>74</sup> In addition, Hillsville has estimated that the immediate annexation area will result in an increase of approximately \$7,500 in State

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value, and the range of such rates was between a low of \$0.05 and a high of \$0.52.

<sup>71</sup>1992 Virginia Assessment/Sales Ratio Study; and Local Tax Rates, Tax Year - 1992.

<sup>72</sup>County 1993 Financial Report, Schedule 1, p. 30. Towns in Virginia may tax all classes of property eligible for taxation by a county. In such instances, town property taxes do not supplant county property taxes.

<sup>73</sup>Town Supplemental Data, Tab 1, pp. 4-5.

<sup>74</sup>Ibid., Tab 4, p. 3. The estimate of local-source revenues does not include receipts from the Town's water or sewer enterprise activities.

aid for the municipality.<sup>75</sup> In addition, the proposed agreement will also permit the Town to annex by municipal ordinance in subsequent years property in the Future Boundary Expansion Areas; however, those areas are predominantly vacant, containing only approximately \$11.0 million in total 1994 assessed property values and have, in our view, only modest potential for net revenue generation.<sup>76</sup>

**Public Service Liabilities.** While the incorporation of the immediate annexation areas into Hillsville will provide the Town with additional revenues and the potential for future economic growth, it will concurrently present the municipality with increased public service responsibilities. The proposed settlement will require the Town to extend its general governmental services to the citizens in areas annexed at the same level as currently provided to those within the municipality. In terms of these additional public service liabilities, the Town estimates that it will be required to expend \$110,700 annually from its general fund, a level of expenditure essentially offsetting the anticipated increase in general fund revenue.<sup>77</sup>

With respect to the impact of the proposed annexation on the Town's enterprise funds, several points merit note. First, although Hillsville has identified specific water and sewer improvements which may be needed in the immediate annexation area, the proposed agreement only commits the

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<sup>75</sup>**Ibid.**

<sup>76</sup>**Ibid.**, Tab 1, pp. 5-6. Based on current assessment data, tax rates, fee schedules and State aid formula, Hillsville estimates that the annexation of all of Future Boundary Adjustment Areas A and B is expected to generate initially approximately \$25,600 and \$26,100, respectively, in general fund revenue for the Town. (**Ibid.**, pp. 7-8.)

<sup>77</sup>**Ibid.**, Tab 4, p. 6. The Town's estimate of general fund expenditures required as a result of the initial annexation includes an increase of approximately \$9,700 for general fund debt service payments.

Town to installing those capital improvements which are deemed financially "feasible."<sup>78</sup> As specified in the agreement, financial "feasibility" will be determined by Hillsville, considering the cost of a project, the funding available to the Town, and the number of residents to be served by the specific capital improvement. Thus, the Town may not be confronted with, or may avoid, any significant capital expenditures for utility service to the annexed area for an indefinite period of time.<sup>79</sup>

Second, following the effective date of the initial annexation the Town's utility customers in the areas annexed will be relieved of paying the surcharge imposed on nonresidents receiving utility services from the municipality.<sup>80</sup> As a consequence, Hillsville officials estimate that annual receipts by the Town's enterprise funds will be reduced by approximately

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<sup>78</sup>Voluntary Settlement, Section 2.05. During the Commission's review of Hillsville's annexation petition, the Town identified approximately \$1.7 million in water and sewerage improvements which would be needed to serve properly the area sought for annexation and which were to be installed in a phased manner during the first ten years after annexation. (**Town Annexation Notice**, Tab "Terms and Conditions," pp. 5-10.) The utility improvements identified during the contested annexation proceedings are the same as those which Hillsville has stated it will install in the immediate annexation if the projects are financially feasible. (**Town Supplemental Data**, Tab 3, p. 1.)

<sup>79</sup>Hillsville officials have indicated, however, that the Town proposes to begin installing water and sewer improvements to serve the Highland Park subdivision during the third year following the effective date of the initial annexation, if the Town can secure a low interest loan from the Farmers Home Administration for that project. (Testimony of Steadman, **Transcript of Settlement Proceedings**, p. 119.) The total cost of the Highland Park utility project is estimated by the Town to be approximately \$900,000. [Town of Hillsville, "Projected Effect on Water and Sewer Enterprise Funds, 1st Through 20 Years Following Annexation," Exhibit A-Revised (hereinafter cited as "Exhibit A-Revised.")]

<sup>80</sup>Municipal water customers located beyond the Hillsville's corporate limits pay user fees between 15% and 49% greater than those paid by in-town users. In addition, Town sewer user fees are between 14% and 48% higher for out-of-town residential, commercial, and industrial customers. (**Town Annexation Notice**, Tab "Urban Services," pp. 9-11.)

\$5,800 during the first two years following the effective date of the initial annexation.<sup>81</sup> Data presented by the Town indicate, however, that the initial reduction in revenues, as well as the potential capital expenditures for utility purposes, will not result in a deficit in the net annual operating income of the Town's water and sewer enterprise accounts.<sup>82</sup> Indeed, Hillsville contends that it has sufficient financial reserve in these enterprise accounts to defray a portion of the cost of both the anticipated and any unanticipated capital needs for its utility systems that may result from the proposed annexation.<sup>83</sup>

In terms of Hillsville'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 based on recent historical trends and on assumptions

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<sup>81</sup>"Exhibit A-Revised." Town officials estimate that the reduction in annual enterprise fund receipts as a consequence the elimination of the nonresident surcharge will be offset during the third year following the effective date of the initial annexation by the additional utility customers resulting from the construction of the proposed Highland Park water and sewer improvements.

<sup>82</sup>***ibid.*** In addition to the capital improvements that Hillsville proposes to install in the immediate annexation area, the Town also has included in its projections the capital and debt service costs for other utility improvements that are unrelated to the proposed annexation. Such improvements include the routine replacement and extension of water and sewer lines, two expansions of the Town's water treatment plant, and the construction of a new sewage treatment plant. In order to finance the annexation and non-annexation related capital expenditures, the Town proposes to seek low interest loans and utilize revenue and cash reserves generated by its water and sewer service operations. (Town of Hillsville, "Hillsville Water and Sewer Improvements Unrelated to Annexation," Exhibit B, Jan. 6, 1995.)

<sup>83</sup>At the end of the FY1993/94, the Town had an accumulated cash balance in its water and sewer enterprise accounts of approximately \$258,000 and had reserved for the future expansion of the municipal water and sewage treatment facilities approximately \$152,700 and \$285,800, respectively. ("Exhibit A-Revised.")

concerning the availability of low-interest loans for capital needs.<sup>84</sup> While the projections and assumptions made by Hillsville appear reasonable, they are not without uncertainty and vulnerability. Given the qualified nature of the Town's commitment for the extension of utility services in the annexed areas, however, Hillsville can avoid undue fiscal exposure in serving the enlarged municipality.<sup>85</sup>

With respect to the overall impact of the proposed agreement on the fiscal viability of Hillsville, the data suggest that the Town's extension of general governmental services to the immediate annexation area will result, at most, in only a negligible increase in net fiscal resources to the municipality. As noted previously, the Town estimates that annual receipts by its general fund will increase by approximately \$111,000 as a result of the initial annexation, but that it expects to expend \$110,700 annually in general fund monies to extend municipal services to the annexed area.<sup>86</sup>

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<sup>84</sup>For example, the Town projects that the operating revenue of its enterprise fund will increase at an average annual rate of 6.8% per year based on an examination of the data for FY1989/90 through FY1993/94. ("Exhibit A-Revised.") A representative for the Town has indicated that during those five fiscal years the growth in Hillsville's enterprise fund revenues was the consequence of an admixture of increases in water and sewer rates, new connections to municipal utility lines, and increased average annual water consumption. (Glass, presentation to Commission on Local Government, Jan. 9, 1995; and Glass, communication with staff of Commission on Local Government, Feb. 14, 1995.)

<sup>85</sup>The Commission has been advised that a representative for Carroll County has reviewed and expressed concurrence with Hillsville's projections of the effect of the proposed annexation on the Town's water and sewer enterprise funds. (Glass, presentation to Commission on Local Government, Jan. 9, 1995.)

<sup>86</sup>**Town Supplemental Data**, Tab 4, pp. 3-6. The Commission notes that while officials for Carroll County concur in Hillsville's estimate of the needed annual general fund expenditures to serve areas annexed initially, the County has estimated that the immediate annexation area should generate for the Town an initial increase in general fund revenues of approximately \$142,100, or \$31,000 more than that estimated by Hillsville. [County of Carroll, "Net Impact of Annexation on Governmental Operations

Thus, Hillsville officials project that the initial annexation called for in the proposed agreement will have virtually no positive impact on the Town's general fund. While the Commission acknowledges that Hillsville's estimates of the impact of the proposed annexation on the Town's general fund may be conservative in view of the growth which may occur in the annexed area, and while it is cognizant of the larger estimate made by the County of potential Town collections from within that area, it is far from clear to us that the incorporation of that area into Hillsville will significantly strengthen the fiscal viability of the municipality.

### **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 interests of Hillsville. First, the agreement contains a provision which commits the Town and County to collaborate on a strategic plan for future water and sewer development in both jurisdictions.<sup>87</sup> While the direct benefits of this joint effort may accrue primarily to residents and business located beyond the boundaries of the enlarged Town, cooperation with the County could also assist Hillsville in addressing its major utility capital improvement needs in the future.<sup>88</sup>

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(Present)." This exhibit was filed by Carroll County during the Commission's November 30, 1994 proceedings.]

<sup>87</sup>Voluntary Settlement, Sec. 2.08. The agreement also calls for the CCPSA to participate in the development of the strategic plan.

<sup>88</sup>In both proceedings before the Commission, the Town has indicated it may confront significant non-annexation related water and sewer improvements in the future. (Testimony of Steadman, **Transcript of Town Annexation Proceedings**, pp. 136, 167; and testimony of Steadman, **Transcript of Settlement Proceedings**, pp. 117-118.) Those improvements include two proposed expansions of the Town's water treatment plant, as well as the construction of a new wastewater treatment facility. At the present time, Hillsville estimates the total cost for those three projects to be approximately \$8.9 million. ("Hillsville Water and Sewer Improvements

Second, under the terms of the proposed settlement, the County has agreed to keep its administrative offices, as well as its court facilities, within the boundaries of the Town for a period of 15 years following the effective date of the initial annexation.<sup>89</sup> The retention of those offices within Hillsville will assist the Town in its efforts to remain a major retail and service center and, thus, to retain its viability.<sup>90</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 Hillsville.

## **INTERESTS OF THE AREA PROPOSED FOR ANNEXATION**

### **Community of Interest**

One of the factors appropriate for consideration in the analysis of proposed voluntary settlements involving annexations is the strength of the community of interest which joins the area proposed for annexation to the adjacent municipality. In this instance, the evidence suggests that there

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Unrelated to Annexation.”) With respect to the expansion of the municipal wastewater facility, however, a representative for the Town has indicated that Hillsville has sufficient sewage treatment capacity in its present facilities to meet current and projected needs. (Glass, presentation to Commission on Local Government, Jan. 9, 1995.)

<sup>89</sup>Voluntary Settlement, Sec. 2.07. Under the terms of the agreement, however, Carroll County is not required to keep its jail within the Town. The Commission notes that Article 3, Chapter 12 of Title 15.1 of the Code of Virginia (Section 15.1-559, et seq.) requires county voters to approve the relocation of a courthouse to a site other than land contiguous to its present location. That referendum can be initiated by petition signed by one-third of a county’s registered voters or by resolution of a county board of supervisors.

<sup>90</sup>The County is proceeding with plans to construct within the Town a new governmental facility to house both its administrative offices and courts on property adjacent to the current courthouse. Carroll County estimates the cost of the new facility to be approximately \$7.7 million. (Testimony of Cooley, Transcript of Settlement Proceedings, pp. 18-19; and testimony of Mitchell, Transcript of Settlement Proceedings, pp. 172-173.)

exists a significant degree of interdependence between the immediate annexation area and the Town of Hillsville. The data reveal that Hillsville contains various State and federal offices and is the site of numerous public facilities serving the general area.<sup>91</sup> As a consequence, the Town is the center of much of the community's public life. Further, the evidence clearly reveals strong economic ties between the Town of Hillsville and the areas on its periphery. Indicative of this economic relationship is the fact that as of 1993 the Town had within its corporate limits approximately 600 positions in the manufacturing sector, a statistic more than double the number of Hillsville residents employed in manufacturing as of 1990 (263).<sup>92</sup> It is reasonable to conclude that a significant number of the nonresidents employed in these positions in Hillsville resided in the areas adjacent to the municipality.

Further, according to data submitted by the Town, there are over 100 retail and wholesale business establishments located in Hillsville which serve the general area.<sup>93</sup> The preeminence of these businesses in serving the adjoining areas is manifested by the fact that in 1991 approximately 90% of the taxable retail sales in Carroll County emanated from businesses located within Hillsville.<sup>94</sup> The concentration of this commercial activity in

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<sup>91</sup>**Town Annexation Notice**, Tab "Community of Interest," pp. 3-4. Also located in the Town is a branch office of the Virginia Department of Motor Vehicles and a U. S. Post Office.

<sup>92</sup>Glass, letter to staff of Commission on Local Government, Feb. 25, 1994; and **Town Comprehensive Plan**, Table III-6. In 1993 the manufacturing positions located within Hillsville represented almost 47% of Carroll County's total manufacturing employment.

<sup>93</sup>**Town Annexation Notice**, Tab "Community of Interest," pp. 10-14. Hillsville also is the site of three medical clinics which provide medical services to residents of the Town and the general area.

<sup>94</sup>**Town Comprehensive Plan**, Table III-12; and James A. Cutts and John L. Knapp, **Taxable Sales in Virginia, 1991** (Charlottesville: Center for Public Service, University of Virginia, May 1992). According to Town

Hillsville creates significant economic interdependency between the municipality and its adjacent communities.

With respect to the strength and general nature of the community of interest between the Town of Hillsville and its adjacent areas, five additional points should be cited. First, U. S. Route 58 west of the Town constitutes the principal "gateway" to Hillsville from Interstate Highway 77. The quality and nature of development along that thoroughfare is of considerable significance to that municipality. Second, the Town's water treatment plant is located in the western portion of the immediate annexation area, giving Hillsville a tangible interest in the property adjacent to that facility. Third, Hillsville is presently providing water service to a large number of the residents in the initial area proposed for annexation.<sup>95</sup> Fourth, the Town houses the volunteer fire department and rescue squad which serves both Hillsville and the proposed annexation area. Finally, the immediate annexation area has an urban character and service needs which more closely parallel those of the Town than those of the outlying portions of the County. With respect to urbanization in that area, a number of developments along the primary highways radiating from the Town are, in our judgment, extensions of development patterns originating within Hillsville. On the basis of these various considerations, we have no difficulty

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records, businesses in Hillsville reported approximately \$58.3 million in taxable retail sales in 1991, while during that year such sales in Carroll County overall were approximately \$62.2 million. Data for total retail sales in Hillsville were extracted from municipal business license records which included information concerning the gross receipts of all businesses within the Town. Not included in the data reported for taxable sales in Carroll County are sales of motor vehicles and travel trailers, motor vehicle fuels, products sold in Alcohol Beverage Control stores, and prescription drugs. (**Taxable Sales in Virginia, 1991**, p. 10.)

<sup>95</sup>The Town serves 126 water connections in the immediate annexation area, with 111 serving residential users. In addition, Hillsville serves 32 sewer connections in that area. (**Town Annexation Notice**, Tab "Urban Services," Table 1, p. 8; and South, communication with staff of Commission on Local Government, July 11, 1994, and Feb. 21, 1995.)

concluding that there exist strong relationships which unite the Town of Hillsville and its adjacent areas, constituting, in the aggregate, a significant community of interest.<sup>96</sup>

**Need for Urban Services**

The 2.33 square miles of territory which is immediately subject to annexation by the Town of Hillsville following the effective date of the agreement are estimated to contain a population of 429 persons, giving the area a population density of 184 persons per square mile. While slightly more than 87% of the immediate annexation area is currently vacant or in agricultural use, the area does contain two residential concentrations and a portion of a third, an industrial operation, and several public facilities. With respect to its prospective future conditions, the current Carroll County comprehensive plan, which was based upon a comprehensive analysis of the County's needs and anticipated growth, calls for development to occur within that area and on other property immediately adjacent to Hillsville.<sup>97</sup> Thus, the evidence indicates that the areas subject to immediate annexation by the Town will experience development and will increasingly need the urban services offered by Hillsville.

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<sup>96</sup>In 1990 Section 15.1-1167.1 of the Code of Virginia, the statute under which the current agreement has been negotiated, was amended to require a municipality annexing under its provisions to redraw election districts and to hold elections if the annexation increased the population of the affected jurisdiction by more than five percent. Since the annexation authorized by the proposed agreement will increase the Town's population by approximately 23%, the residents of the area annexed will become engaged quickly in the electoral affairs of the municipality.

<sup>97</sup>County of Carroll, **Carroll County Comprehensive Plan: An Update**, Sep. 1983, p. 70; and **Carroll County Comprehensive Plan, Update**, July 1989. The future land use map contained in the 1983 comprehensive plan identified the Town and adjacent areas as a focal point for development in the County, and that recommendation was not changed in the 1989 revision to that document.

**Sewerage.** The Town's sewerage system is served by two separate treatment facilities, which have a combined permitted capacity of 0.5 million gallons per day (MGD).<sup>98</sup> The plants currently treat an average daily flow of 0.25 MGD, leaving an excess capacity of 0.25 MGD, or 50% of its permitted capacity.<sup>99</sup> The Town's present sewage collection system consists of approximately 20 miles of lines and three pump stations, which are located within and beyond Hillsville's present boundaries.<sup>100</sup> That system provides service to 1,146 connections, including 32 in the immediate annexation area.<sup>101</sup> Most of the residents of the immediate annexation area, however, are currently dependent on individual septic tanks.<sup>102</sup>

With respect to the impact of the proposed agreement on sewerage service in the annexed areas, their incorporation into Hillsville will have the

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<sup>98</sup>**Town Annexation Notice**, Tab "Urban Services," p. 4. The Town employs a crossover lift station to use efficiently both sewage treatment facilities.

<sup>99</sup>**Ibid.**

<sup>100</sup>**Ibid.**

<sup>101</sup>**Ibid.**, p. 8. Approximately 97% of the residences and businesses in Hillsville are connected to its sewage collection system. [Town of Hillsville, **Proposed Findings and Conclusions by the Town of Hillsville**, (hereinafter cited as **Town Proposed Annexation Findings**), p. 5.] In addition to residential connections, Town sewer lines serve three commercial establishments and one industry in the immediate annexation area.

<sup>102</sup>The Carroll County Public Service Authority (CCPSA) Hillsville Area system serves one industrial and five residential connections in the northeastern portion of the immediate annexation area adjacent to U. S. Route 221. (Harwell M. Darby, Special Counsel, County of Carroll, letter to staff of Commission on Local Government, Apr. 6, 1994.) Sewage collected by the County's system in the Hillsville area is treated by the Town's sewage treatment plants under the terms of a 1986 agreement. (**County Annexation Response**, p. 31.)

effect of terminating surcharges on connection fees and user charges and will, thereby, substantially reduce the cost of service to the residents and commercial entities located therein.<sup>103</sup> In terms of the expansion of public sewer service in areas annexed, the Town has developed a plan to extend its sewage collection lines in the immediate annexation area during the 20-year period following the effective date of the initial annexation based upon need and economic feasibility.<sup>104</sup> Under the terms of the proposed agreement, Hillsville will install sewer lines and appurtenances in the annexed area contingent upon the cost of each project, the funding available to the Town, and the number of residents to be served by each new facility.<sup>105</sup>

With respect to the immediacy of any need to extend sewerage to the area subject to immediate annexation by the Town, the Commission notes that the Forest Drive Heights subdivision, which is located to the east of Hillsville, and the Highland Park subdivision, which is located to the south of the Town, are not served by central sewerage and confront conditions suggesting the need for such. Surveys made by the U. S. Soil Conservation

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<sup>103</sup>**Town Annexation Notice**, Tab "Urban Services," pp. 9-11. Sewer connection fees imposed by Hillsville are between 50% and 200% greater for residential and commercial users located beyond its corporate limits. In addition, user fees charged by the Town are between 14% and 48% higher for out-of-town residential, commercial, and industrial customers. Since Hillsville has not expressed an interest in acquiring the sewer lines and facilities belonging to the CCPSA in immediate annexation area, those residents and businesses in that area that are customers of the CCPSA will not be affected by the expansion of the Town's boundaries. (Glass, letter to staff of Commission on Local Government, Feb. 25, 1994.)

<sup>104</sup>**Town Supplemental Data**, Tab 3, p. 1. Hillsville proposes to install, over a 20-year period, those sewer projects identified by the Town in its contested annexation action. Those projects include the construction of ten miles of sewage collection lines and force mains and pump stations in the immediate annexation area at a cost of approximately \$1.2 million. (**Town Annexation Notice**, Tab "Terms and Conditions," pp. 5, 6-10.)

<sup>105</sup>Voluntary Settlement, Sec. 2.05.

Service reveal that the soils within those subdivisions possess qualities which generally create moderate or severe restrictions for the installation of septic tank absorption fields.<sup>106</sup> Further, County records disclose that such soil conditions have generally limited the construction of new residential structures in subdivisions requiring on-site sewage disposal.<sup>107</sup> The prospective need for public sewerage in the Highland Park and Forest Drive Heights subdivisions is heightened by the fact that the lot size in portions of those subdivisions will not permit the installation of an additional drainfield if such are needed.<sup>108</sup> While Hillsville proposes to begin the construction of sewage collection lines to serve the Highland Park subdivision during the third year following the effective date of the initial annexation, that proposal is contingent upon Hillsville's determination if it is feasible.<sup>109</sup> In the Commission's judgment, the Town's plans to extend sewer service to the immediate annexation area, if implemented in a timely fashion, would appropriately address the needs of that area.

**Water Supply and Distribution.** The Town of Hillsville's water treatment plant, which utilizes the Little Reed Island Creek as its raw water

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<sup>106</sup>U. S. Department of Agriculture, Soil Conservation Service, **Soil Survey, Carroll County, Virginia**, Dec. 1967.

<sup>107</sup>Gregory Gibson, Environmental Health Specialists, Carroll County Health Department, communication with staff of Commission on Local Government, May 31, 1994.

<sup>108</sup>**Ibid.** According to a representative for the Town, the lots in a portion of the Highland Park subdivision average 11,700 square feet. (Testimony of Steadman, **Transcript of Town Annexation Proceedings**, pp. 163-164.) The Commission observes, however, that Town water lines currently serving the Highland Park subdivision greatly reduce the threat that failing septic tanks could create a health hazard by contaminating individual drinking water wells. (Testimony of Steadman, **Transcript of Settlement Proceedings**, pp. 134-135; and **Town Annexation Notice**, Map M-4.

<sup>109</sup>"Exhibit A-Revised."

source, can receive and treat, according to its rated capacity, 0.60 MGD.<sup>110</sup> The Town's water distribution system required, as of 1992, approximately 0.35 MGD, including approximately 0.05 MGD provided by contract to the County, to meet the needs of its customers.<sup>111</sup> That average rate of consumption left the Hillsville system with an unused reserve of 0.25 MGD, or 42% of its rated capacity. With respect to its storage facilities, the Town owns three storage tanks which collectively hold 1.2 million gallons (MG) of treated water, a quantity sufficient to meet the average needs of its customers for more than three days.<sup>112</sup> The municipal distribution system currently serves 1,310 connections, with 126 of that number being located in the immediate annexation area.<sup>113</sup> A majority of the residents in the

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<sup>110</sup>**Town Annexation Notice**, Tab "Urban Services," p. 1. The Hillsville water treatment plant, which is located in the western portion of the immediate annexation area, was constructed in 1981.

<sup>111</sup>**Town Annexation Notice**, Tab "Urban Services," p. 1. Under the terms of the 1986 intergovernmental agreement between Carroll County and Hillsville, the County can purchase up to 0.1 MGD of potable water from the Town to serve the I-77 interchange area. ("Contract for Water and Sewer Service between the Town of Hillsville and Carroll County.") Town records indicate that County water purchases average approximately 0.05 MGD. (**Town Annexation Notice**, Tab "Urban Services," p. 1.)

<sup>112</sup>**Ibid.**, p. 2. In addition, Hillsville owns a 48,000 gallon storage basin which is located adjacent to one of the Town's water supply wells. Although that facility is not being used at the present time, a representative for the Town has indicated that it can be activated within a short period of time. (Glass, letter to staff of Commission on Local Government, Feb. 25, 1994.)

<sup>113</sup>**Town Annexation Notice**, Tab "Urban Services," p. 8. Town water lines also serve three connections located beyond the immediate annexation area. (South, communication with staff of Commission on Local Government, Feb. 21, 1995.) CCPSA provides water to seven connections located in the eastern portion of Hillsville. (Mitchell, communication with staff of Commission on Local Government, July 25, 1994.)

immediate annexation area, however, rely on individual wells.<sup>114</sup>

While the evidence indicates that there are currently no portions of the area subject to immediate annexation which require an extension of public water service, the further development of the area will ultimately require such. To that end, the Town has developed a plan to install new distribution lines in the immediate annexation area based upon need and economic feasibility.<sup>115</sup> Of immediate benefit to that area, however, is the fact that its incorporation into the Town will have the effect of terminating the nonresident surcharges on connection fees and water rates and, thereby, of reducing the cost for water service to residences and businesses.<sup>116</sup> Hillsville has indicated, as noted above, that the construction of new water facilities in the immediate annexation area or the improvement

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<sup>114</sup>CCPSA's Hillsville Area system, which is located in the eastern portion of the immediate annexation area, serves approximately 15 connections, including 7 within Hillsville's current boundaries. (**County Annexation Response**, pp. 26-27.) This system has as its water source two wells, which have an aggregate capacity of approximately 0.30 MGD, and is interconnected to the Town's water supply lines for emergency purposes.

<sup>115</sup>Voluntary Settlement, Sec. 2.05; and **Town Supplemental Data**, Tab 3, p. 1. Hillsville proposes to install, over a 20-year period, those capital improvements identified by the Town in its contested annexation action. Those projects include the construction of 3.5 miles of water lines and appurtenances in the immediate annexation area costing approximately \$450,000. (**Town Annexation Notice**, Tab "Terms and Conditions," pp. 5-9.) At the present time, the Town's plans call for replacing its existing water system serving the Highland Park subdivision south of Hillsville beginning in the third year following the effective date of the annexation if the project is financially feasible. ("Exhibit A-Revised.") The Commission notes that some residents in the Highland Park Subdivision have experienced problems with low water pressure in the past due, in part, to the undersized water lines within that development. (Testimony of Steadman, **Transcript of Town Annexation Proceedings**, pp. 130-131.)

<sup>116</sup>Hillsville's water connection fees are 27% and 38% greater and its user fees 15%-49% higher for nonresidents. (**Town Annexation Notice**, Tab "Urban Services," pp. 9-11.)

of existing water lines in that area will depend on the cost of each project, the availability of funds for the improvements, and the number of residents to be served by the project.<sup>117</sup> In sum, the annexed area will benefit from an immediate reduction of water rates for the area's residents and businesses and from the Town's future extension of water service.

**Solid Waste Collection and Disposal.** The Town of Hillsville provides its residents with weekly solid waste collection and extends to its commercial establishments and other nonresidential users three collections per week.<sup>118</sup> The cost of this service is borne by general fund revenues and is not supported by user charges. Seasonal collection of leaves and brush, as well as the curbside collection of recyclables, is also provided in residential areas through general fund expenditures.<sup>119</sup> Hillsville disposes of its refuse at the Carroll-Grayson-Galax Regional Landfill, which is located north of U. S. Highway 58 adjacent to the Town's current boundary.<sup>120</sup>

Carroll County does not provide any solid waste collection services to its residents and business firms. The County has granted, however, an exclusive franchise to a private firm which offers weekly residential services

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<sup>117</sup>Voluntary Settlement, Sec. 2.05. Hillsville contemplates that water service in a portion of the immediate annexation area will remain the responsibility of the CCPSA following the effective date of the annexation. (Glass, letter to staff of Commission on Local Government, Feb. 25, 1994.)

<sup>118</sup>**Town Annexation Notice**, Tab "Urban Services," p. 12.

<sup>119</sup>**Ibid.**, pp. 12-13.

<sup>120</sup>The landfill, which was opened in 1988, is operated by the Carroll-Grayson-Galax Regional Solid Waste Authority and has a life expectancy of approximately 15 years. (**Ibid.**, p. 13; and **County Annexation Response**, p. 33.) The Town is charged a tipping fee of \$43.00 per ton to dispose of its refuse at the regional facility. (South, communication with staff of Commission on Local Government, July 6, 1994.)

in the areas subject to annexation under the proposed agreement.<sup>121</sup> The private contractor imposes a charge of \$10.70 per month for this residential service and offers special debris pickup to residents for an additional fee.<sup>122</sup> Private refuse collection service is also available to commercial establishments in the County, with the frequency and cost of collection based upon the particular needs of each firm.<sup>123</sup> County residents, including those in the areas subject to annexation under the proposed agreement, who do not utilize the services of the private collection firm can dispose of their household wastes at the regional landfill.<sup>124</sup> Unlike many other Virginia counties, however, Carroll County does not utilize a "green box" system, whereby receptacles are dispersed throughout the jurisdiction for solid waste collection purposes.

In terms of the impact of the proposed agreement on solid waste collection in the immediate annexation area, the Town has indicated its intention to provide residences and businesses in that area with the same level of service and frequency of collection as it currently provides within the municipality.<sup>125</sup> As a consequence, those residences and businesses in

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<sup>121</sup> **County Annexation Response**, pp. 32-33.

<sup>122</sup> **Ibid.**, p. 33. While the County offers no service for the collection of recyclables, a manned recycling center is available at the regional landfill one and one-half days a week.

<sup>123</sup> **Ibid.**

<sup>124</sup> Residents disposing of household wastes at the regional landfill are charged \$2.00 per vehicle containing up to three garbage bags and \$5.00 per vehicle containing more than three such bags. (**Town Annexation Notice**, Tab "Urban Services," p. 13.)

<sup>125</sup> **Town Supplemental Data**, Tab 3, p. 2. Hillsville will also extend curbside collection of recyclables to residences in areas annexed. To extend its solid waste and recyclable collections to the area proposed for immediate annexation, the Town proposes to hire one additional sanitation worker.

areas annexed which currently receive solid waste collection services from the County's private contractor will be relieved of the cost of such service. Further, the extension of Hillsville's service to areas incorporated into the municipality will be of general benefit to the community.<sup>126</sup> The provision of solid waste collection service supported by general fund revenues, and not requiring individual user charges, encourages the proper disposal of refuse. As areas adjacent to Hillsville increase in development, the Town's solid waste collection services will grow in significance.

**Planning, Zoning and Subdivision Regulation.** The Town of Hillsville conducts its public planning efforts with the assistance of a planning commission and guided by a comprehensive plan which was last revised in 1993.<sup>127</sup> The Town's comprehensive plan is augmented by a capital improvement program which was initially adopted in 1993. In terms of other development control instruments, Hillsville utilizes a zoning ordinance adopted initially in 1984 and subjected that ordinance to its last major revision in 1987.<sup>128</sup> The Town's ordinance contains provisions authorizing the use of conditional zoning which enables the municipality to

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Hillsville estimates that its annual expenses related to solid waste collection and disposal will increase by approximately \$53,500 as a result of the expanded service. (Ibid., Tab 4, p. 5.)

<sup>126</sup>Consistent with this perspective, a Hillsville official has indicated that nonresidents are placing their refuse in collection containers owned by businesses within the Town and are depositing bags of trash in Hillsville's residential areas. (South, communication with staff of Commission on Local Government, Aug. 3, 1994.)

<sup>127</sup>Hillsville's current comprehensive plan was prepared with the assistance of the Mount Rogers Planning District Commission.

<sup>128</sup>Ibid.

mitigate the impact of development on public resources and concerns.<sup>129</sup> The Town of Hillsville also administers a subdivision ordinance which was originally adopted in 1975.<sup>130</sup> Those regulations prohibit private streets, mandate connection to Town utilities where such are available, require the installation of fire hydrants (if water lines are in place), and establish street construction standards.<sup>131</sup> While the Town currently has no staff assigned exclusively to the administration and application of its planning and development control instruments, due to the paucity of development in Hillsville in recent years, the scope and nature of those municipal instruments will clearly benefit the areas subject to annexation.<sup>132</sup>

Carroll County has an established planning commission and utilizes a comprehensive plan which was adopted in 1978 and subsequently amended in 1992.<sup>133</sup> While the County's comprehensive plan contains the various elements required by the Code of Virginia, the plan is not founded on

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<sup>129</sup>Town of Hillsville, **Zoning Ordinance of Hillsville, Virginia** (hereinafter cited as **Town Zoning Ordinance**, Aug. 22, 1984, Article 16.

<sup>130</sup>**Town Annexation Notice**, Tab "Urban Services," p. 17.

<sup>131</sup>Town of Hillsville, **Subdivision Ordinance of the Town of Hillsville** (hereinafter cited as **Town Subdivision Ordinance**), Articles 8-1.4, 8-2, 10-1.1, 10-1.4, and 10-1.5. The subdivision administrator can also require a developer to install curbs, gutters, and sidewalks, if such is deemed appropriate. (**Ibid.**, Article 10-1.5.)

<sup>132</sup>The Town Manager acts as Hillsville's planner and land development control administrator. (**Town Annexation Notice**, Tab "Urban Services," p. 16.)

<sup>133</sup>The County's comprehensive plan was prepared with the assistance of the Mount Rogers Planning District Commission. The two revisions to the County's plan updated the goals and implementation sections of the document. Although Section 15.1-454 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 Carroll County reviewed its 1978 comprehensive plan for updating until 1986.

current data.<sup>134</sup> Moreover, the County has not adopted a five-year capital improvements plan to coordinate its fiscal planning and land development control processes.<sup>135</sup>

With respect to other development control measures, Carroll County has never adopted a zoning ordinance, despite several recommendations from its planning commission that it do so, and, consequently, it lacks an essential element for the management of its physical growth.<sup>136</sup> The absence of such an implement, in our judgment, severely reduces the County's capability of effectively protecting its residents and the environment in which they live. The County adopted subdivision regulations in 1977 and last revised those provisions in 1990. Although the Carroll County subdivision ordinance contains elements similar to those of the Town with respect to the mandatory connection to public utility lines, the installation of fire hydrants, and construction standards for public roads, the County's regulations permit the establishment of private streets in certain

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<sup>134</sup>See Sections 15.1-446.1 and 15.1-447, Code of Virginia. For example, all socio-economic data in the County's comprehensive plan pre-date the 1980 Census. The County, with the assistance of the Mount Rogers Planning District Commission, is currently preparing a revision to its comprehensive plan. (Testimony of Mitchell, **Transcript of Settlement Proceedings**, pp. 180-181.)

<sup>135</sup>**County Annexation Response**, p. 34. The adoption of a capital improvements plan was a recommendation found in the 1978 comprehensive plan as well as in its two subsequent revisions. (See, for example, **County Comprehensive Plan**, 1992 Update, p. 9-23.)

<sup>136</sup>**Ibid.**, pp. 35-36. The Commission observes that the County's 1978 comprehensive plan and its two subsequent amendments recommended the adoption of a zoning ordinance. (See, for example, **County Comprehensive Plan**, 1992 Update, p. 9-23.) Carroll County has adopted, however, components of a zoning ordinance to control development within airport flight paths and within the 100-year floodplain, as well as an ordinance to regulate mobile home parks and the location of individual mobile homes. (**County Annexation Response**, p. 36; and Darby, letter to staff of Commission on Local Government, Jan. 31, 1995.)

instances.<sup>137</sup> The existence of such private streets often become a source of considerable difficulty in urbanizing areas. As in the case of the Town, the County does not devote any staff member on a full-time basis to the administration and implementation of its various planning and development control instruments, but it assigns those responsibilities to the County Administrator.<sup>138</sup>

While the Commission finds that both the Town and the County have established all of the State required planning instruments, the obsolete nature of elements of the County's comprehensive plan, the absence of a zoning ordinance to regulate its development, and its less effective subdivision regulation require this body to conclude that Hillsville has a more effective set of instruments for guiding the future growth occurring on its periphery. In our judgment, the areas proposed for annexation would substantially benefit from the application of the Town's development control measures.

Following the effective date of the annexation, the Town will extend its zoning and subdivision regulations, as well as its comprehensive planning efforts, to the areas annexed.<sup>139</sup> The Town's current development

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<sup>137</sup>County of Carroll, **Subdivision Ordinance of Carroll County, Virginia (hereinafter cited as County Subdivision Ordinance)**, Sec. 113-32. Testimony by the Carroll County Administrator revealed that the provision requiring connection to public water and sewer lines has not been utilized during his tenure as the County's subdivision agent. (Testimony of Mitchell, **Transcript of County Annexation Presentations**, p. 235.) Roads within "recreational or resort subdivisions" are not required to meet the street constructions standards of the Virginia Department of Transportation. (**County Subdivision Ordinance**, Sec. 113-28.)

<sup>138</sup>**County Annexation Response**, p. 34. The County also utilizes the personnel of the Mount Rogers Planning District Commission in its planning activities.

<sup>139</sup>**Town Supplemental Data**, Tab 3, p. 2.

regulations have one deficiency which reduces their appropriateness for the area subject to immediate annexation. While the proposed agreement authorizes the annexation of agricultural properties, the Town does not have a zoning district which would appropriately protect such properties from the incursion of incompatible uses.<sup>140</sup> The proper protection of agricultural properties in the area proposed for annexation requires a revision of the Town's ordinance to prevent such incursion. In sum, while the Commission recommends the amendment to Hillsville's zoning ordinance as specified above, the application of the Town's development control instruments in the areas subject to annexation should result in a more effective, consistent, and comprehensive approach to managing their future growth and to protecting the distinctive features of the Hillsville environs.

**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 Hillsville will have the effect of providing additional and more intensive law enforcement services to the area's residents.<sup>141</sup> The Town presently has six full-time, sworn law

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<sup>140</sup>The stated intention of the Town's Agricultural/Residential zoning district is to "protect the agricultural sections of the community from an influx of uses likely to render them undesirable for farms . . ." as well as ". . . to provide for the orderly expansion of urban development into predominantly agricultural territory within the incorporated areas." (**Town Zoning Ordinance**, Article 7.1.) The Commission notes, however, that within the agricultural/residential district two-family dwellings and offices are allowed by right, and retail and convenience stores are permitted as conditional uses. (**Ibid.**, Article 8.) Such uses are generally considered inappropriate for agricultural areas.

<sup>141</sup>Law enforcement services in the areas subject to annexation and in Carroll County generally are provided by the County Sheriff's Department. The personnel complement of the Sheriff's Department consists of 31 full-time sworn officers, 13 of whom are assigned regular patrol responsibility. (James W. Matthews, Assistant Executive Secretary, Virginia Compensation Board, communication with staff of Commission on Local Government, Feb. 17, 1995; and Darby, letter to staff of Commission on Local Government, Apr. 6, 1994.) The Sheriff's Department also has four investigators.

enforcement personnel, five of whom are assigned patrol responsibility.<sup>142</sup> This number of patrol officers is sufficient to provide Hillsville with one such officer for each 402 municipal residents.

In terms of patrol activity, the data indicate that the Town maintains officers on its streets 24-hours per day, with an average of one patrol officer on duty at all times.<sup>143</sup> This staffing arrangement provides the Town with an average geographic intensity of patrol equivalent to one officer for each 2.94 square miles of territory. Another measure of the intensity and adequacy of patrol service in a locality is the number of "calls for service" being borne by each law enforcement position. The data indicate that during calendar year 1993 each patrol officer in the Town was responsible for an average of 853 calls for service, or approximately three per day.<sup>144</sup> The average patrol staffing level in Hillsville and the incidence of activity requiring police response permitted the police department to respond to calls for service generally within a 2-3 minute period.<sup>145</sup> The Town's law enforcement

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<sup>142</sup>**Town Annexation Notice**, Tab "Urban Services," pp. 19, 20. The Town's police department also employs one sergeant/investigator who is assigned patrol duties as needed. In addition, Hillsville's law enforcement efforts are assisted by two part-time sworn police officers.

<sup>143</sup>**Ibid.** The Chief of Police and one patrol officer are on duty during the daytime shift. The Carroll County Sheriff's Department does not assign its patrol personnel to territorial districts. Rather, each patrol officer has countywide patrol responsibilities, with an average of two to three patrol deputies on duty throughout the course of a day. (R. D. Carrico, Sheriff, County of Carroll, communication with staff of Commission on Local Government, June 7, 1994.)

<sup>144</sup>Glass, letter to staff of Commission on Local Government, Feb. 25, 1994. Hillsville officials have indicated that some of the calls for service originating within the Town were counted twice because of the record keeping system employed by the municipal police department.

<sup>145</sup>Testimony of South, **Transcript of Town Annexation Presentations**, p. 44. The Town's police department also provides nightly escort service to local merchants making bank deposits and is engaged in a limited number of

efforts are assisted by Carroll County's provision of after-hours dispatch services, as well as by County deputies who respond to calls for service from within Hillsville during periods when such assistance is needed.<sup>146</sup>

In order to extend its law enforcement services to the area proposed for immediate annexation, Hillsville proposes to add one patrolman to its personnel complement and to purchase an additional police vehicle.<sup>147</sup> Although the Commission has no knowledge of any unmet law enforcement needs in the area proposed for immediate annexation, the extension of the Town's law enforcement services will benefit that area, particularly as further development occurs.

**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 areas. In several respects, Hillsville's policies and procedures should be increasingly beneficial to the annexed areas and their residents.

First, Hillsville's subdivision ordinance mandates the installation of curbs, gutters, and sidewalks in new subdivisions where the nature and density of the development warrant such.<sup>148</sup> Further, the Town requires

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crime prevention programs. (James Alderman, Patrolman, Town of Hillsville Police Department, communication with staff of Commission on Local Government, June 7, 1994.)

<sup>146</sup>Testimony of South, **Transcript of Town Annexation Presentations**, p. 44; and **County Annexation Response**, p. 38. The Town also utilizes the jail facilities provided by Carroll County.

<sup>147</sup>**Town Supplemental Data**, Tab 3, p. 2.

<sup>148</sup>**Town Annexation Notice**, Tab "Urban Services," p. 27; and **Town Subdivision Ordinance**, Article 10-1.

that storm drainage facilities be installed in all new developments.<sup>149</sup> Moreover, although the Town does not have a formal policy for the construction of curbs, gutters, or storm drains in existing development, Hillsville will install such facilities upon citizen request, subject to review and approval by the Town Council.<sup>150</sup> Hillsville also adheres to a practice of installing sidewalks upon request of property owners and upon their agreement to bear half of the construction cost.<sup>151</sup> The Town's policies and practices with respect to the provision of these facilities will be increasingly beneficial to the annexed areas as they develop.

Second, the Town of Hillsville adheres to a policy by which it will arrange for the installation of streetlights and for the operation of those lights at public expense.<sup>152</sup> Further, the Town will consider requests from its citizens for additional streetlights, and where such are deemed appropriate and necessary for public safety and welfare, new lights are installed and operated at public expense.<sup>153</sup> During FY1992/93 the Town expended \$21,880 for the operation of approximately 300 streetlights within its boundaries.<sup>154</sup> Streetlights are, in our judgment, a positive factor

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<sup>149</sup>Ibid.

<sup>150</sup>Glass, letter to staff of Commission on Local Government, Feb. 25, 1994; and testimony of South, Transcript of Town Annexation Presentations, p. 80.

<sup>151</sup>Ibid.

<sup>152</sup>Town Annexation Notice, Tab "Urban Services," p. 30. Streetlights within the Town are actually installed and maintained by Appalachian Power Company, but at the expense of Hillsville.

<sup>153</sup>Ibid.; and testimony of South, Transcript of Town Annexation Presentations, p. 52.

<sup>154</sup>Town 1993 Financial Report, Schedule 2, p. 1; and Town Annexation Notice, Tab "Urban Services," p. 30.

in traffic control, pedestrian safety, and crime prevention. Again, the Town's policies and practices with respect to the provision of streetlights will be increasingly beneficial to the annexed areas as they develop. Although Hillsville is not required by the proposed settlement to install streetlights in the area annexed initially, the Town has developed a plan for the installation of those facilities in those areas during the 20 years following the effective date of the annexation based upon need and economic feasibility.<sup>155</sup>

#### **Other Service Considerations.**

The Commission notes that with respect to two other principal public concerns — fire protection and street maintenance — residents of the areas annexed by Hillsville will not experience any immediate change in service level as a result of their incorporation into the Town. In regard to fire prevention and protection services, both Hillsville and Carroll County currently support the Hillsville Volunteer Fire Department (VFD), which serves the Town, the immediate annexation area, and an additional portion of Carroll County.<sup>156</sup> Hillsville's water distribution system and the fire suppression capabilities of the Hillsville VFD are such, however, that properties within the Town are classified "6" by the Insurance Services

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<sup>155</sup>Voluntary Settlement, Sec. 2.05; and **Town Supplemental Data**, Tab 3, p. 4. Hillsville proposes to install, over a 20-year period, approximately 100 streetlights at various locations in the immediate annexation area as specified by the Town in its contested action.

<sup>156</sup>**Town Annexation Notice**, Tab "Urban Services," p. 24. During 1992 approximately 80% of the fire calls answered by the Hillsville VFD came from areas outside the Town's current boundaries. Between FY1988/89 and FY1992/93, Hillsville contributed approximately \$51,000 for the capital and operating expenses of the Hillsville VFD, while during that same period the County contributed approximately \$233,000 in support of that volunteer entity. (Glass, letter to staff of Commission on Local Government, Feb. 25, 1994; and Darby, letter to staff of Commission on Local Government, Apr. 6, 1994.)

Office (ISO) of Virginia in terms of their exposure to fire loss, whereas similar properties in the area subject to immediate annexation currently carry an ISO classification of "9."<sup>157</sup> Future plans by the Town to install fire hydrants the area proposed for annexation and to make other improvements to its existing water system should result in the ISO classification of that area being reduced to that presently assigned to properties in Hillsville.<sup>158</sup> This change in ISO classification should benefit the residents of areas annexed through reduced premiums for fire insurance.

With respect to street maintenance, all of the public roads in Hillsville, in the area proposed for immediate annexation, and in Carroll County generally are maintained by the Virginia Department of Transportation (VDOT) in accordance with State-prescribed policies. While the State bears total financial responsibility for the maintenance of those thoroughfares in the Town which have been accepted into the State's highway system, Hillsville has, at its own volition, invested local funds to improve and

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<sup>157</sup>Glass, letter to staff of Commission on Local Government, Feb. 25, 1994. 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.]

<sup>158</sup>Within the immediate annexation area there are six fire hydrants connected to Town maintained water lines and approximately the same number of hydrants served by water lines owned by CCPSA. (Glass, letter to staff of Commission on Local Government, Feb. 25, 1994; and Darby, letter to staff of Commission on Local Government, Apr. 6, 1994.) The Town's plans to extend or improve its water lines in the immediate annexation area during the 20-year period following the initial annexation include the addition of 21 fire hydrants along the new water mains installed in that area. (Town Annexation Notice, Tab "Terms and Conditions," pp. 6-9.)

maintain other roadways within its corporate limits. The data reveal that between FY1982/83 and FY1992/93 the Town expended a total of approximately \$1.5 million in local revenue to improve and maintain the 5.5 lane-miles of public thoroughfare within its corporate boundaries which are not part of the State system.<sup>159</sup> This municipal policy of augmenting State expenditures for street and road maintenance will benefit areas annexed by the Town in terms of addressing both their immediate and prospective needs.<sup>160</sup> In summary, while annexation by Hillsville will not immediately affect the level of fire suppression and street maintenance services in the areas annexed, the Town's commitment to such services and programs will increasingly benefit that area as it develops.

### **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 immediate annexation area and the ability of the Town of Hillsville to meet those needs. On the basis of the data previously cited, the Commission finds that the immediate annexation area would benefit from the extension of Town services and policies, and, given adequate resources, Hillsville can

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<sup>159</sup>**Ibid.**, Tab "Urban Services," p. 28; and **Town Rebuttal Exhibits**, Exh. 3. Town expenditures for road construction and maintenance also include outlays for curbs, gutters, sidewalks, and storm drains. Town personnel furnish maintenance services, such as snow removal, repaving, and patching to those streets within Hillsville's current boundaries that are not maintained by VDOT. In addition, the Town performs minor maintenance to State roadways, such as street sweeping and grass cutting. According to Hillsville officials, the presence of roadway within the Town's present boundaries that is not currently maintained by VDOT is due to the fact that there is insufficient right-of-way for those streets to be accepted into the State highway system for maintenance purposes.

<sup>160</sup>Glass, letter to staff of Commission on Local Government, Feb. 25, 1994. According to a representative of the Town, there are several private roads in the immediate annexation area that are not maintained by VDOT but serve multiple residences.

extend its services in a timely fashion.

### INTERESTS OF THE COUNTY OF CARROLL

While the initial annexation authorized by the agreement between the Town of Hillsville and Carroll County will result initially in a small loss of general revenue to Carroll County, estimated to be approximately \$19,000 annually, that loss should be quickly offset.<sup>161</sup> While all properties annexed by the Town will remain subject to taxation by Carroll County, the County will experience a reduction in its minor (e. g., sales, utility, and motor vehicle taxes) revenue sources as a result of the initial annexation. Further, upon annexation the Town will assume responsibility for providing certain municipal services to the areas annexed, such as law enforcement, planning, and land development control, which should reduce to some degree the demand on County staff and resources. Furthermore, the initial annexation called for in the proposed agreement will also assure the Town of Hillsville of land for future development, and any growth which does occur in the annexed areas will redound to the benefit of the County. The physical and economic growth of Hillsville will have positive ramifications for Carroll County. Alternatively, the demographic and economic decline of Hillsville will have negative repercussions for its County.

Two other elements of the proposed agreement are, from our perspective, in the interests of the County. First, the proposed settlement commits the Town and County to a collaborative effort to address

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<sup>161</sup>The estimated revenue loss constitutes 0.07% of Carroll County's FY1991/92 total general fund revenues. (Town Supplemental Data, Tab 2, pp. 3 - 4.) A representative for Carroll County has expressed general concurrence with the Town's calculations. (Testimony of Mitchell, Transcript of Settlement Proceedings, p. 179.)

prospective water and sewer needs in both jurisdictions.<sup>162</sup> Second, the various provisions of the agreement which authorize future Town boundary expansions by municipal ordinance will facilitate the growth of the municipality, while avoiding the prospect of costly adversarial annexation proceedings. The growth of Hillsville in a simple, non-adversarial manner with a minimum of attendant costs will enhance the viability of the Town and concurrently strengthen Carroll County. These various provisions in the proposed agreement are features of the settlement which are, in our judgment, in the best interests of Carroll County.

#### **INTERESTS OF THE COMMONWEALTH**

The paramount interest of the State in the resolution of this and all other interlocal issues subject to the Commission's review is, in our judgment, the preservation and promotion of the viability of the affected local governments. In this regard, we note that the various annexation provisions in the proposed settlement agreement will provide the Town of Hillsville with an opportunity to extend its boundaries, to increase its demographic and economic resources, and, as a consequence, to enhance its opportunity to contribute to social and economic viability of Carroll County. Moreover, the provisions in the proposed agreement which insure that the County court and administrative offices remain within Hillsville, as well as those that establish a framework for future collaboration on long-term utility issues, are, in our judgment, promotive of interlocal comity and cooperation. These elements of the settlement agreement are clearly in the interest of the Commonwealth.

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<sup>162</sup>Voluntary Settlement, Sec. 2.08. The agreement calls for the Town and County, with the participation of the CCPSA, to begin negotiations to develop a strategic plan for water and sewerage to serve both jurisdictions.

From the Commission's perspective, however, there are aspects of the proposed agreement which are of fundamental concern to this body. First, as noted in previous sections of this report, the incorporation of the immediate annexation area into Hillsville will barely generate revenue sufficient to meet the increase in general fund expenditures necessary to serve the enlarged municipality.<sup>163</sup> Unless the areas subject to annexation develop a commercial and/or industrial base substantially in excess of that which we can envisage, neither the immediate annexation nor the subsequent municipal boundary extensions authorized by the proposed agreement can be realistically expected to provide Hillsville with sufficient resources. Second, in recognition of the negligible increase in general fund revenues available to the Town as a consequence of the immediate annexation, Hillsville has offered only a qualified commitment to make utility and other improvements in the immediate annexation area, despite having previously identified considerable need for such in its initial annexation submissions.<sup>164</sup> In our judgment, those initially proposed improvements are important to the residents of the affected communities and should be scheduled and completed without qualification.

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<sup>163</sup>The Commission notes that the Town and County have estimated that the net increase in general governmental revenues resulting from the initial annexation will be approximately \$300 and \$31,000, respectively. [**Town Supplemental Data**, Tab 4, pp. 3-6; and "Net Impact of Annexation on Governmental Operations (Present)".] In either instance, the proposed annexation represents a very modest increase in resources available to Hillsville.

<sup>164</sup>During the Commission's review of Hillsville's previous annexation petition, the Town identified a number of water and sewer capital improvement needs in the area subject to immediate annexation under the terms of the current agreement and proposed a ten-year plan to address those concerns. At that time the Town was prepared to improve water service to the Highland Park subdivision and to install new sewerage to serve that area within the first four years following the effective date of annexation.

Accordingly, while the Commission finds that certain provisions of the proposed agreement are in the best interest of the two jurisdictions, we cannot conclude the settlement is consistent with the interest of the Commonwealth in the concurrent promotion and preservation of the viability of the affected local governments.

## **FINDINGS AND RECOMMENDATIONS**

### **AREA PROPOSED FOR ANNEXATION**

The agreement negotiated by the Town of Hillsville and Carroll County proposes a significant enlargement of the municipality in terms of area and population. Those areas specified for annexation in the proposed agreement are appropriate for incorporation into Hillsville and should be made a part of the civic and economic life of that municipality. However, the proposed annexation offers the Town, according to estimates by both jurisdictions, only a negligible increase in net general revenues to serve the enlarged municipality. Moreover, with respect to the future economic prospects of Hillsville, it is clear to this Commission that the Interstate 77 interchange west of the Town and the adjacent areas will siphon fiscal vitality from Hillsville and will severely discount the economic growth potential of the municipality even after the implementation of the initial annexation. Thus, while the annexation proposed in the agreement significantly extends the Town's boundaries, it leaves the municipality, in our view, in an increasingly vulnerable economic position. Without a modification of the agreement to increase substantially the opportunity for Hillsville to share in the prospective economic growth of the general area, this Commission cannot recommend the court's approval of the proposed accord. Accordingly, we recommend to the parties and to the reviewing court that the area to be annexed by the Town of Hillsville be modified as described below.

**Areas Adjacent to the I-77 Interchange**

The area to be annexed by the Town of Hillsville should be extended to encompass that property west of the municipality identified by the Town in its initial submissions to the Commission in December 1993 as Areas 1 and 2. The incorporation of that additional property into the Town would initially increase Hillsville's net general fund revenue collections by approximately \$190,000 per year. While such a modification of the area annexed by the Town would afford a significant increase in revenues to Hillsville, it would result in only a modest reduction in the County's receipts -- less than 1% of its general fund collections. This proposed modification of the annexation would provide Hillsville with an appropriate opportunity to share in the economic growth of that geographic segment on its periphery possessing the greatest potential for commercial development.

With respect to the fiscal needs of the Town, the utility concerns of Hillsville and the adjacent areas are of relevance. In the Town's initial annexation proposal, Hillsville identified significant sewage concerns, which were confirmed by the Commission's analysis, in the Highland Park, Race Track Road, and Forest Drive Heights subdivision areas. In response to the problems in the Highland Park area alone, the Town committed itself in its initial filings to expenditures in excess of \$900,000 for various water and sewerage improvements during the first four years after annexation. While all three of the specified communities are within the territory which would be annexed by the Town under the proposed agreement, Hillsville now offers only contingent plans for completing those improvements. In recognition of the reduced resources which would be available to the Town under the proposed agreement, Hillsville has essentially withdrawn from any time commitment for effecting the specified improvements and, even then, has conditioned its proposed improvements on the availability and receipt of intergovernmental aid. The inclusion of the Interstate 77 interchange area

and adjacent parcels would significantly enhance the capacity of the Town to address the public service concerns of the general area.

In terms of the propriety of Hillsville's annexation of the Interstate 77 interchange area and the adjacent parcels, it is evident that development in those areas will have a direct and significant impact on the future viability of the Town. The commercial development in that area will not only serve the interstate traveler, but it will attract economic activity from the municipality itself. Unless that property and its economic potential is incorporated into the Town and used to enhance and sustain the municipality, it will become an instrument of Hillsville's fiscal disability.

One of the beneficial consequences for the Hillsville environs which will result as a consequence of the extension of the Town's boundaries will be the application of the municipality's planning and development control instruments in the annexed areas. While all of the areas adjacent to Hillsville will benefit from the application of the Town's instruments, no property in the vicinity of Hillsville has a greater need for the application of those measures than the I-77 interchange area and the U. S. Route 58 corridor connecting it to the municipality. If the interchange area and the U. S. Route 58 corridor are permitted to develop in a random and uncontrolled manner, such unconstrained development will have pervasive negative consequences for the community and its residents. The Hillsville area and Carroll County in general are beneficiaries of an extraordinary natural setting which merits protection for succeeding generations through development control instruments which result in set-back requirements, proper landscaping, and signage regulation. Such measures have, in our view, major economic and social consequences for an area and its citizens.

While Carroll County is currently in the process of revising its comprehensive plan, the current document is dated and based in part on pre-1980 data. Moreover, the County does not have a zoning ordinance nor a capital improvements program which are vital elements for implementing a comprehensive plan. Thus, the evidence suggests that the unincorporated areas of the County will continue to develop with little or no public oversight. In contrast, the Town of Hillsville has a current comprehensive plan and an effective zoning ordinance which requires site plan review for virtually all development, except that in medium density residential districts. The Town's development control instruments will not only have a positive effect on the undeveloped parcels adjacent to the Interstate 77 interchange and along the U. S. Route 58 corridor, but they will also control the modification of existing development in those areas and eventually improve their orderliness and visual quality through the application of the nonconforming use provisions. In sum, the absence of effective County measures to regulate development in the interchange area and in the connecting corridor underscores the essentiality of Areas 1 and 2 being incorporated into the Town of Hillsville.

#### **Site Adjacent to U.S. Highway 221**

Near the conclusion of their negotiations, the Town of Hillsville and Carroll County identified a parcel encompassing approximately 75 acres adjacent to U. S. Route 221 northeast of the municipality and agreed to modify the instrument for the purpose of excising from the area subject to annexation. That excision will leave the parcel in question completely surrounded by Hillsville following the annexation and boundary adjustments authorized by the agreement. Both jurisdictions have advised the Commission that their agreement to delete the site in question from the areas subject to annexation under the agreement was founded upon their understanding that the industry which would occupy the site preferred to be

in an unincorporated area.

This Commission recommends that the 75-acre parcel in question be included in the area subject to immediate annexation by the Town of Hillsville. From our perspective, it is eminently unwise State policy to sanction the modification of the boundaries of localities to meet the preferences or pecuniary interests of any singular industrial concern. Moreover, the adoption of a general policy by the Commonwealth by which all future industrial prospects would be assured of sites in unincorporated areas would place Virginia's municipalities and their residents in a precarious economic predicament. While the annexation of the site in question into Hillsville will increase the tax burden of the industry sited on that property, industrial firms locating in Virginia should be expected to be good corporate citizens of the area in which they locate and not to minimize their financial support for the communities which endeavor to sustain them and their employees. In that regard, the evidence indicates that local taxes generally constitute a minuscule component of the total operating cost of most industries, with even that negligible impact being reduced by the accompanying deduction for local taxes in the calculation of the federal tax liability.<sup>165</sup> Absent the presence of industrial and commercial properties in a municipality, the cost of maintaining municipalities will fall disproportionately on residential property owners and aggravate the already pronounced demographic, social, and fiscal concerns of those localities.<sup>166</sup>

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<sup>165</sup>See Sec. 164, Internal Revenue Code. Included among the deductible taxes on federal corporate tax returns are ordinary state and local taxes. (Leo Troy, **Almanac of Business and Industrial Financial Ratios** [Englewood Cliffs, NJ: Prentice Hall, 1994], p. xiv.)

<sup>166</sup>An examination of the trends and conditions affecting Virginia's towns indicates the breadth of concerns confronting those jurisdictions. Over the course of the prior decade more than two-thirds of the 188 towns which existed in Virginia during the 1980s experienced zero or negative population growth, with 23 of those jurisdictions losing over 25% of their residents. Further, when the Commonwealth's towns are examined

### REVENUE SHARING ARRANGEMENT

While the prospective revenue loss to the County as a consequence of the modified annexation as proposed above would be minimal, this Commission recommends that the parties develop and include in a revised agreement a revenue sharing component. This revenue sharing arrangement should assure the County's receipt for a specified number of years of a portion of the meals and transient occupancy taxes collected from within Areas 1 and 2, as identified in the Town's original annexation submissions. Carroll County's loss of revenue from those two sources in the two areas in question has been estimated to be approximately \$144,000 a year, an amount approximately two-thirds of the County's total receipts from those two sources throughout its entire jurisdiction. Such a revenue sharing arrangement might entail a settlement by which the County would retain initially the bulk (e. g., 75%) of the meals and lodging tax receipts from Areas 1 and 2, with its proportion being gradually phased-out over a period of time (e. g., five years). Such an arrangement would minimize the already prospective modest impact which the annexation of Areas 1 and 2 would have on the County's finances, while gradually increasing the Town's revenues. The importance of the economic viability of Hillsville to Carroll County and the pervasive interdependence of the two jurisdictions should prompt, in our judgment, the elected leadership in the community to proceed with the development of a revised agreement encompassing the modifications proposed by this Commission.

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collectively in relation to their counties, as of the end of the prior decade, the municipalities had (a) an elderly component (age 65 and over) 50% greater than their counties, (b) per capita resident income 21.8% less, and (c) a median value of owner-occupied housing only 64% of that of their counties. (See Commission on Local Government, **Change in the Commonwealth: The Town Experience in Virginia during the 1980s**, May 1994.)

### SUMMARY OF FINDINGS

This Commission cannot recommend the court's approval of the proposed agreement in its present form. In our judgment, the interest of the State requires that the agreement be modified to provide Hillsville with a more significant and equitable opportunity to share in the growth of its area, a growth which it has nurtured and sustained by its proximity and services. The recommendations in the preceding section of the report would afford Hillsville that opportunity, while minimizing the initial adverse fiscal impact on the County.

### **CONCLUDING COMMENT**

While the modifications proposed above would enable this Commission to find the proposed accord "in the best interest of the Commonwealth," there are additional recommendations which the parties should consider. First, the agreement excludes from the proposed annexation a small segment of property located between the two discrete "Annexation Areas" (as specified in the agreement) and immediately west of State Route 780 (Howlett Street). The implementation of the annexation as proposed in the agreement would leave the property in question surrounded on three sides by the enlarged Town of Hillsville. While that property is predominantly vacant, the Town has a six-inch water main adjacent to the parcel and has indicated its intention to extend sewerage lines to that area in the future. Thus, the property can be readily served by Hillsville and is appropriate for inclusion within the municipality. Since testimony before the Commission failed to disclose a basis for the exclusion of this property from the annexed area, and in view of the considerations cited above, we recommend its inclusion in the area to be annexed by the Town.

Second, the Commission recommends that the site containing the Carroll County High School, located near the intersection of U. S. Highways 58 and 221, be included in the area annexed by Hillsville. Without this modification, the proposed annexation would leave that site on unincorporated property completely surrounded by the Town of Hillsville. While the high school is served by water and sewerage lines owned by the Carroll County PSA, and while the incorporation of that property into the Town will be of little or no fiscal benefit to Hillsville, there is no rational basis for the exclusion of that property from the Town. Hillsville should be permitted and expected to serve that facility, which constitutes a significant part of its civic and communal life as well as that of the County.

Respectfully submitted,

Wm. S. Hubbard  
William S. Hubbard, Vice Chairman

Layton Fairchild, Jr.  
Layton R. Fairchild, Jr.

Mary Shearwood Holt  
Mary Shearwood Holt

Frank Raflo  
Frank Raflo



## VOLUNTARY SETTLEMENT AGREEMENT

This AGREEMENT is made and entered into this 1st day of November, 1994, and executed in quintuplicate originals (each executed copy constituting an original) by and between the TOWN OF HILLSVILLE, VIRGINIA, a municipal corporation of the Commonwealth of Virginia (the "Town"), and the COUNTY OF CARROLL, VIRGINIA, a political subdivision of the Commonwealth of Virginia (the "County").

WHEREAS, the Town and the County have reached this Agreement, pursuant to Title 15.1, Chapter 26.1:1 of the Virginia Code, providing for the annexation of certain territory, defining the Town's ability to adjust its boundaries in the future, and defining the County's immunity from annexation for fifteen (15) years from the effective date of annexation.

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

SECTION 1.00 DEFINITIONS

The parties hereto 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:

1.01 "Town" shall mean the Town of Hillsville, Virginia.

1.02 "Code" shall mean the Code of Virginia of 1950, as amended.

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

1.04 "County" shall mean the County of Carroll, Virginia.

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.

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

2.01 Annexation Areas. The Town and County agree that the following areas (the "Annexation Areas") shall be annexed to the Town:

(a) Area #1 - Route 58 West from the Town limits to a point beyond Little Reed Island Creek, which area contains approximately 496 acres; and

(b) Area #2 - Route 52 South, Route 58 East, and Route 221 East, which area contains approximately 1001 acres.

2.02 Effective Date of Annexation. The annexation provided for in subsection 2.01 of this Agreement shall become effective at midnight on June 30, 1995. If the Court, pursuant to § 15.1-1167.1 of the Code, has not entered an order prior to June 30, 1995, approving and affirming this Agreement, then the annexation shall become effective at midnight on the 31st day of December or at midnight on the 30th of June following the date of entry of such order, whichever date is earlier.

2.03 Metes and Bounds and Survey of Annexation Areas.

The Annexation Areas are fully described by metes and bounds in Exhibit No. 1 attached to this Agreement and are shown on a map attached to this Agreement as Exhibit No. 2. The Town shall cause the Annexation Areas to be surveyed and shall provide the County with a copy of a map reflecting that survey. If the County does not object within a reasonable time, not to exceed 30 days, the map reflecting the survey shall be submitted to the Court and shall be incorporated in the final order approving and implementing this Agreement.

2.04 Extension of Municipal Services. The Town agrees that upon the effective date of annexation provided for in subsection 2.02 of this Agreement, the Town will extend its general governmental services to the Annexation Areas (including, for example, police protection, solid waste collection, and subdivision and zoning controls) on the same basis and at the same level as such services are now or hereafter provided to the areas within its current corporate limits where like conditions exist.

2.05 Construction of Capital Improvements. Within a reasonable period of time following the effective date of the annexation provided for in subsection 2.02, the Town will construct or install within the Annexation Areas those capital improvements (including, for example, water facilities, sewer facilities, and street lights) which, in its judgment, are (a) necessary to meet the service needs of residents within the Annexation Areas and (b) are financially feasible, considering the cost of any such project, the funding available to the Town, and

the number of residents to be benefitted by the project. A "reasonable period of time" shall mean the 20 years following the effective date of the annexation provided for in subsection 2.02 of this Agreement.

2.06 Moratorium on Annexation. The Town covenants and agrees that it shall not, either directly or indirectly, (i) file any annexation notice against the County with the Commission or (ii) institute any court action or other proceeding for annexation against the County for a period of fifteen (15) years following the effective date of the annexation provided for in subsection 2.02 of this Agreement. This prohibition shall not bar the Town from incorporating within its boundaries, by ordinance, those additional areas specified in Section 3.00 of this Agreement. The waivers and/or agreements contained in this subsection 2.06 shall be binding upon each and every subsequent and future governing body of the Town.

2.07 County Offices. The County covenants and agrees that all County offices currently located within the boundaries of the Town will continue to be located within the boundaries of the Town for a period of 15 years from the effective date of the annexation provided in subsection 2.02. Such offices shall include, but not be limited to, the administrative offices of the County and the County School Board, the County courthouse, and offices of the County constitutional officers. The County shall not, however, be required to keep the County jail within the boundaries of Hillsville during this period.

2.08 Water and Sewer Development. The Town and the County covenant and agree to begin immediate negotiations for the formulation of a strategic plan for future water and sewer development in the Town and the County. The Town and the County further covenant and agree that the Carroll County Public Service Authority shall participate in all such negotiations.

2.09 Litigation. The Town and the County agree to cease immediately any and all litigation and/or appellate procedures related to that certain annexation proceeding initiated by the Town against the County before the Commission on December 22, 1993 (the "contested annexation proceeding"), and styled as follows: "In the Matter of the Notice by the Town of Hillsville, Virginia, a municipal corporation of the Commonwealth of Virginia, of its intention to petition for the annexation of territory within Carroll County, Virginia, a political subdivision of the Commonwealth of Virginia, pursuant to Chapter 25 of Title 15.1 of the Code of Virginia (1950) as amended." Upon entry of the final order of the Court approving this Agreement, the Town and the County shall jointly request the dismissal of the contested annexation proceeding.

### SECTION 3.00 FUTURE BOUNDARY ADJUSTMENTS

3.01 Future Boundary Adjustment Areas. The Town and the County agree that the Town shall have the right to incorporate within its boundaries the following areas ("Future Boundary Adjustment Areas") during the time periods specified below, provided that the Town satisfies those conditions set forth in subsection 3.03:

(a) Area A - Route 52 North area. Area A may be incorporated within the Town at any time between two (2) and fifteen (15) years after the effective date of the annexation provided for in subsection 2.02 of this Agreement.

(b) Area B - Beaver Dam Road area. Area B may be incorporated within the Town at any time between five (5) and fifteen (15) years after the effective date of the annexation provided for in subsection 2.02 of this Agreement.

Area A, consisting of approximately 1055 acres, and Area B, consisting of approximately 1027 acres, are described by metes and bounds on Exhibit 3 attached hereto and are depicted on a map attached as Exhibit 2 hereto.

3.02 Procedure. If the Town decides to incorporate within its boundaries Future Boundary Adjustment Areas A or B, it shall exercise that right by the adoption of one or more ordinances providing for the incorporation of either or both of said Areas into the Town. The incorporation of said Areas into Hillsville shall automatically take effect on the date specified in the ordinance without any further action of the Commission or any court.

3.03 Conditions Precedent to Town Boundary Adjustment Pursuant to Subsection 3.01 of this Agreement. The Town shall not adjust its boundaries to include any portion of the Future Boundary Adjustment Areas set forth in subsection 3.01 of this Agreement unless and until:

(a) The Town provides the County with written notice of its intent to adopt an ordinance to incorporate within its

boundaries Future Boundary Adjustment Areas A or B. Such notice shall be delivered at least six (6) months prior to the effective date of the boundary adjustment; and

(b) The Town gives the County in advance of the effective date of the boundary adjustment a written description of its plans, if any, to construct sewage collection, transmission and/or treatment facilities within the Future Boundary Adjustment Area.

#### SECTION 4.00 PARKDALE MILLS SITE

4.01 Notwithstanding the provisions of subsection 2.01, subsection 3.01, or any other provision to the contrary, the Town and the County agree that a 75-acre parcel of land (the "Parkdale Site") lying to the north of Route 221 and to the east of the current Town limits shall not be annexed to Hillsville as part of the Annexation Areas and shall not be incorporated within the Town boundaries as part of the Future Boundary Adjustment Areas within the 15 years following the effective date of the annexation provided for in subsection 2.02 of this Agreement. The County shall designate the exact location of the Parkdale Site, which is a portion of a larger tract of land to be used by Parkdale Mills, Inc. for a manufacturing facility.

4.02 The County agrees that it will provide, at its expense, a map reflecting a survey of the Parkdale Site. The County further agrees to provide, at its expense, a map reflecting a survey of the Gardner tract of land lying to the north of Route

221 which has been purchased by the County and which contains the Parkdale Site.

SECTION 5.00 COMMISSION APPROVAL

5.01 The Town and the 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 of the Code) and Title 15.1, Chapter 19.1 of the Code (§ 15.1-945.1 et seq.) to obtain a review of this Agreement by the Commission.

SECTION 6.00 COURT APPROVAL

6.01 The Town and the 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 of the Code) to obtain affirmation of this Agreement by the Court.

SECTION 7.00 REQUIREMENTS OF APPROVAL

7.01 The Town and County agree that if this Agreement is not affirmed without modification, this Agreement shall immediately terminate. However, the parties may waive termination by mutually agreeing to any recommended modifications.

SECTION 8.00 MISCELLANEOUS PROVISIONS

8.01 This Agreement shall be binding upon 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 upon any successor to either the Town or the County.

8.02 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 representative of the Town and the County.

8.03 This Agreement shall be enforceable only by the Court affirming and giving full force and effect to this Agreement or by any successor Court appointed pursuant to Title 15.1, Chapter 26.2, § 15.1-1168 of the Code, pursuant to an action, at law or in equity, initiated by either or both parties hereto to secure the performance of the covenants, conditions or terms herein contained or any order affirming and giving full force and effect to this Agreement.

WITNESS the following signatures and seals:

TOWN OF HILLSVILLE, VIRGINIA, a municipal corporation of the Commonwealth of Virginia

By:

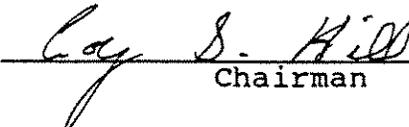
  
\_\_\_\_\_  
Mayor

ATTEST:

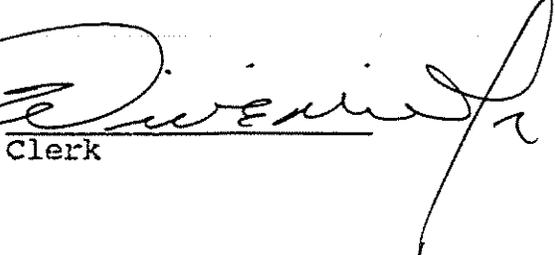
  
Clerk

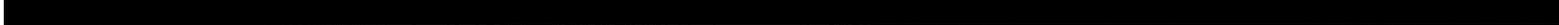
COUNTY OF CARROLL, VIRGINIA, a political subdivision of the Commonwealth of Virginia

By:

  
\_\_\_\_\_  
Chairman

ATTEST:

  
Clerk



**APPENDIX B**

**STATISTICAL PROFILE OF THE TOWN OF HILLSVILLE,  
COUNTY OF CARROLL, AND THE AREAS SUBJECT TO ANNEXATION**

|                                      | <u>Town of<br/>Hillsville</u> | <u>County of<br/>Carroll</u> | <u>Immediate<br/>Annexation<br/>Area</u> | <u>Future Boundary Adjustment Areas</u> |               |
|--------------------------------------|-------------------------------|------------------------------|--|---|---------------|
|                                      |                               |                              |  | <u>Area A</u>                           | <u>Area B</u> |
| Population (1992)                    | 2,051                         | 27,000                       | 429                                      | 58                                      | 163           |
| Land Area (Square Miles)             | 2.94                          | 496.00                       | 2.33                                     | 1.65                                    | 1.60          |
| Total Assessed Values (FY1993)       | \$75,329,637                  | \$782,966,770                | \$16,576,114                             | \$6,994,020                             | \$4,443,035   |
| Real Estate Values                   | \$66,074,400                  | \$673,449,150                | \$13,874,800                             | \$3,061,350                             | \$4,238,880   |
| Mobile Home Values                   | \$250,000                     | \$12,342,800                 | \$794,400                                | \$0                                     | \$2,800       |
| Public Service<br>Corporation Values | \$3,512,002                   | \$48,739,960                 | \$737,600                                | \$3,664,800                             | \$0           |
| Personal Property Values             | \$3,550,440                   | \$40,653,725                 | \$1,026,857                              | \$85,880                                | \$201,435     |
| Machinery and Tools<br>Values        | \$1,942,795                   | \$3,843,575                  | \$142,457                                | \$181,990                               | \$0           |
| Merchants' Capital Values            | N/A                           | \$3,937,560                  | N/A                                      | N/A                                     | N/A           |
| <b>Existing Land Use (Acres)</b>     |                               |                              |  |   |               |
| Residential                          | 470.4                         | N/A                          | 131.0                                    | 16.0                                    | 29.0          |
| Commercial                           | 72.9                          | N/A                          | 17.0                                     | 7.0                                     | 8.0           |
| Industrial                           | 61.9                          | N/A                          | 7.0                                      | 8.0                                     | 115.0         |
| Public and Semi-Public               | 139.6                         | N/A                          | 31.0                                     | 48.0                                    | 0.0           |
| Transportation and Utilities         | 105.1                         | N/A                          | N/A                                      | N/A                                     | N/A           |
| Agricultural, Wooded<br>or Vacant    | 1030.9                        | N/A                          | 1311.0                                   | 976.0                                   | 875.0         |

**NOTES:**

N/A=Not Available

County population, land area, and property value statistics include the Town of Hillsville.

Data for the areas subject to annexation are estimated by the Town of Hillsville.

Assessed values for the Future Boundary Adjustment Areas are for 1994.

**SOURCE:**

Town of Hillsville, Supplemental Data by the Town of Hillsville in Support of a Voluntary Settlement Agreement.

